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**INTER RELATION OF COMPANY'S MANAGEMENT AND
STRATEGY AND THE RATIONALIZATION OF THE
MANAGEMENT AVAILABLE OF RESOURCES**

Živko Erceg *

Predrag Đurić •

Boris Novarlić ♦

Aneta Risteska Jankuloska *

Abstract: *In conditions of globalization and market instability, there is a growing need for adopting a rational management concept of available assets in an enterprise. The global economic and financial crisis, which began in early 2008 and is still "deeply rooted" in transitional countries, such as the Republic of Srpska, is changing the philosophy of business of successful, but also all other companies that are trying to "compete" in an increasingly demanding market. Therefore, the aim of this paper is to prove that the rational management of the available funds indirectly contributes to the business success and sustainability of economic entities, by choosing an appropriate management strategy. The survey was conducted on the territory of 5 towns and 4 municipalities in the Republic of Srpska, on a sample of 130 companies. We found that as much as 90.00% of all respondents think that the rationalization of capital management significantly influences the formulation of the company's strategy, while on the other hand 80.00% of the respondents consider that rational engagement of the capital positively influences the creation of a competitive advantage of the observed company in the target market.*

Keywords: *efficiency and effectiveness, globalization, rationalization, management strategy.*

* Faculty of Business Economics Bijeljina, University of East Sarajevo, Republic of Srpska - Bosnia and Herzegovina, ✉ zivkoerceg@gmail.com

• Agency for development SMEs City of Doboј, Republic of Srpska - Bosnia and Herzegovina, ✉ predodjuric@gmail.com

♦ Utility company „Progres“ a.c. Doboј, Republic of Srpska - Bosnia and Herzegovina, ✉ boris.novarlic11@gmail.com

* Faculty of Economics Prilep, University St. Kliment Ohridski – Bitola, Republic of Macedonia, ✉ a_risteska@yahoo.com

1. Introduction

Realizing the business goals of a company requires the application of modern management methods by those who are authorized to do it. Most often, management activities should focus on the best possible market positioning, regardless of whether it is a current business or the definition or realization of strategic goals related to growth and development. As one segment of management decisions created by the company management, there are also decisions related to the management of the available funds. Defining an adequate managerial strategy of an enterprise aimed at making the most efficient and effective management of the available funds should result in the achievement of the defined goals (Jovičić & Stavrić, 2011).

The rationalization of engaging the funds is an essential requirement for acquiring, maintaining and improving the market position of the company, which should result in a time shortening of the funds engagement in the cycle of reproduction, as well as a reduction for assets involved (Berberović & Stavrić, 1990). This should result in a lowering of the cost of goods and services, which in conditions where the sales price is a constant provide additional profit that can be used in the function of raising the efficiency of operations. Starting from the above circumstances, the empirical research of this paper focuses on finding such solutions in the domain of management, which can contribute to rationalizing the management of the available funds in establishing the current business and development of the company, which then further contributes to improving its competitive ability. These management measures contribute to the acquisition, maintenance and upgrading of the company's market position, as well as the improvement of its economic quality.

Therefore, this paper consists of a theoretical review and an empirical research related to the presentation of research results, whereas the methodological bases of the research, the presented sample, statistical research analysis, and representation of concrete results, as well as hypothesis testing of both the major and two auxiliary hypotheses. In context of the topic that this paper is studying, we will focus only on analysis in the research hypothesis, while we will declare all other segments constant. The research for the needs of this work was carried out on the territory of the Republic of Srpska, in the period between February and December 2016, in 5 towns and 4 municipalities, on a sample of 130 companies; which theses we will try to prove that the management's responsibility for total increase in the performance of the company is directly seen through the process of rationalizing the management of the available funds. The representation of enterprises by towns and municipalities is as it follows: Dobož (89), Prijedor (7), Banja Luka (6), Modriča (5), Petrovo (5), Bijeljina (5), Istočno Sarajevo (5), Derвента (5) and Teslic (3).

Studying this issue will make a significant contribution to the development of contemporary concepts of corporate social responsibility, which in modern economic conditions becomes an extremely actual problems, both in the management theory and in the practice of successful companies.

2. The role of rationalizing available resources in creating the company's management strategy

The strategy implies a rational reaction of the organization to events in its environment in which it carries out its business and social missions (Casadesus-Masanell &

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Joan Enric Ricart, 2010; Stacey, 1998; Glaister, 1991). If we start from the systemic analysis and prediction of the factors of the organization's environment and on the basis of its established visions, missions and goals, the formulation of the strategy is, in short, the choice of the basic directions and ways for the realization of the defined goals and mission of the enterprise (Berberović & Erceg, 2012; Argwal, 1990). According to Freeman (2010), the formulation of the company strategy involves determining different ways, i.e. different strategic variants for the realization of the goals and mission of the organization within which the rationalization of the available funds is very important. The mission and development goals of the company raise the question of how to achieve them, and the answer is only in formulating the appropriate, adequate strategy as a very important step in strategic management (Panić & Jusufrić, 2010; Mašić, 2009).

The formulation of the strategy is within the responsibility of the strategic organization, the people who make the general management that is the owners, the owners of the Board of Directors, CEOs, top managers of corporations and line managers, including professional planners (Robbins, 1998). Strategic organizations do not only deal with formulating the strategy, they live with it, they question it, adjust it, develop a sense of it, and often use intuition because of the complexity of the situation that does not allow for rational analysis (Malešević & Malešević, 2011). Strategic management systems and function of strategists are changing due to the acceleration of changes in the strategic environment and the complexity of the environment in which the organization performs its business and wider social mission (Todorović, et al., 2000). *The rationalization strategy of the available funds* implies achieving lower costs than competitors, but without reducing the quality and service of the products (Swedish Institute for Rationalization, 1995).

Securing the business of companies with the tendency of its constant growth and development is the main goal of engaging funds (Berberović & Todorović, 2009). This is achieved by constantly carrying out the reproduction process for which it is necessary to engage resources in a timely manner, by which the expected results and profit are achieved. As the material elements of the reproduction process, the engaged means include two basic elements that differ in their process by their purpose and behavior. These elements are the means of work that the worker uses as a tool through which he transfers his work to the objects of work, and objects of work transformed into new usable values in the reproduction process.

Business success from an economic point of view is achieved when the company achieves the goal and motive of the business. For the economic success of a business, it is important that:

- Finished products or services provided quantitatively and qualitatively meet customer requirements and needs, given the quantity and quality of production factors that have been invested in production;
- Satisfies the relationship between the value of the effects (results) and the value of the invested factors of production;
- The total capital employed is best used, so that all obligations of the company towards suppliers, workers and the community are settled within the deadline (Jakovičević, 2006, pp. 7-8).

On the other hand, the biggest problem for the countries in transition is that the supply of equipment is provided by individuals and groups of legal entities that are not in line with the needs of the labor market. Less developed countries are "forced" to purchase the necessary equipment according to their currently available budget, which in most cases is not proportionate to the needs of the survey observed. The obsolete equipment, the planning of its procurement and price are the main factors that diminish the possibility of progress in the field of scientific and technological creativity in the Republic of Srpska and other neighboring countries in transition (Appendix to the Strategy of Scientific and Technological Development of the Republic of Srpska 2012-2016, 2012).

Therefore, further in this paper the primary focus is on establishing causative and consequential dependence between the selection of an adequate management strategy of the company and the rationalization of the available funds on the business success of the company. Since the subject matter of this paper is extremely broad, we will base it only on the conditions presented in research hypotheses.

3. Empirical research

The data collected during the research were processed statistically in one of the most common software packages *IBM SPSS Statistics*. The methods used in statistical data processing are from the domain of descriptive statistics and statistical conclusions. Of the descriptive measures that were used in the work that aimed to indicate the state of occurrence at a given moment the following are distinguished: arithmetic mean (MEAN), standard deviation (ST. DEV.), MODUS (MODE), Median (MEDIAN), Asymmetry Measures and Proportions.

The central part of statistical data processing refers to the statistical conclusion. It is extremely important to determine whether there is a statistically significant difference in the results or there is a significant dependence between certain observed events.

3.1. Research results

In this paper, one main and two auxiliary hypotheses were set up. Confirming the auxiliary hypotheses will also contribute to the confirmation of the main hypothesis, which claims (H_0): *The results of the organizational system are directly proportional to the degree of rationalization in the management of the available funds*. Hypothesis testing is based on the results obtained in this study.

Proof of the first auxiliary hypothesis is made on the basis of the data obtained from the results of the questionnaire made for the purposes of this paper and states (H_1): *A rational management concept based on adaptation, i.e. management of changes, ensures the effectiveness and efficiency of the organizational system*.

The efficiency of the business system, and thus its effectiveness, depends directly on the performance of the business, expressed by reducing the cost of performing the business. The majority of respondents from the sample dominate the rationalization of the management of engaged capital with a significant impact on the reduction of operating costs (60% or 78/130 enterprises). By further investigation it has been concluded that the

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rational concept of capital management greatly contributes to the increase in productivity of labor (40.00%), because this same rational management of capital results in greater motivation of the workers to the so-called effective work outcome in a particular business process.

Furthermore, the effect of rationalizing the management of available capital to increase the economy of operations was examined, confirming that as much as 80.00% of all enterprises from the sample clearly state that the causal relationship is *extremely* significant. The next phenomenon that came into this analysis is studying the dependence between rationalizing the management of available capital and its impact on the dynamics of total changes. Unlike in previous cases where the *extremely* high rationalization of the management of available capital was demonstrated, in this case its representation is 50.80%, and it refers to the dynamics of total changes. In this regard, the respondents were more "cautious" towards rational capital engagement in relation to the result of overall changes, which implies that the respondents (managers, business owners and others) are more "inclined" to the classic style of business in relation to the contemporary style that the globalization imposes. Despite this fact the dynamics of overall changes depend on the rational management concept of the available funds, and it can be concluded that it significantly contributes to the efficient and effective functioning of the business system.

On the other hand, in confirming/denying the first auxiliary hypothesis, it was necessary to test *whether the rationalization of the management of the engaged capital contributed to the improvement of the overall characteristics of the company*. The answer to this question is affirmative because 49.20% of the sample companies consider rationalized management of available capital to *greatly* contribute to improving the overall characteristics of the company, while 40.80% consider that this same phenomenon contributes *significantly*, and only 10.00% of the companies from the sample chose the answer *partially*. This has confirmed the existence of a causable dependence among variables which certainly influences the confirmation of the first auxiliary hypothesis.

However, in order for the same hypothesis to be confirmed, there will be an analysis of the causal dependence between the rationalization of the management of the available capital on one side, and on the other side the efficiency of capital utilization and the flexibility of the company's operations.

According to the first relationship in which rationalization of the management of available capital is observed in relation to the efficiency of using it, the result from the questionnaire is as follows:

- 78/130 (or 60.00%) of companies from the sample, the opinion is that this dependence is *extremely* significant;
- 39/130 (or 30.00%) of companies from the sample, it is thought that the dependency is *significant* and
- 13/130 (or 10.00%) of companies from the sample, it is thought that the dependency is *partially significant*.

Accordingly, this dependence can be treated as statistically significant, and give a clear conclusion that the rationalization of the management of the available capital has a great impact on the efficiency of capital utilization.

According to the results of the research, which tests the dependence between the rationalization of the management of engaged capital and the flexibility of business operations, the results are as follows:

- 52/130 (or 40.00%) of companies from the sample, it is believed that the dependency is *extremely* significant;
- 52/130 (or 40.00%) of companies from the sample, the opinion is that the dependency is *significant* and
- 26/130 (or 20.00%) of companies from the sample, the opinion is that the dependency is *partially significant*.

Therefore, the above testing is statistically significant and it can be concluded that the rationalization of the management of the available capital *greatly/significantly* contributes to the flexible business operations of the company.

Looking at the discussion of the obtained research results corresponding to the first auxiliary hypothesis, it can be stated that they are confirmed as true. The existence of statistical dependence between variables (but not all of them) shows the necessary statistical correlation proving the truthfulness of the assertion that the rational management concept is based on the adaptation, i.e. management of changes, by providing an effective and efficient organizational system.

The second auxiliary hypothesis is proved based on the results from the questionnaire and states (H₂): *Rationalizing the management of the engaged funds is very important in creating the company's management strategy in conditions of market instability and change.*

Rationalization of management of available capital *greatly* contributes to the improvement of production. The previous claim can be supported by concrete evidence from the research results, which was decided by as much as 70.00% of all respondents, or 91/130 enterprises. Improving production today, in conditions of market instability, or unfair competition, is a major challenge, and what encourages a large number of companies from the sample who believe that rational involvement of capital in the production process increases their management role in the observed market.

Through further analysis, it is noted that as many as 65/130 of the respondents think that formulating a clear strategy in an enterprise is significant for its business success, that is, taking into account the rationalization of the management of available capital for the mentioned purposes, an optimal result will be achieved in the observed period, and for the observed legal entity. Here, it is still necessary to note that when expressing the question "*Rationalization of capital management affects the formulation of company strategy*", 50% of all respondents consider it to be significant contributors, and here one can notice the "small" uncertainty of the respondents when it comes to creating an adequate strategy for rational use of capital. However, in general, 90.00% of all respondents think that the rationalization of capital management has an *important/significant* impact on the formulation of the company strategy.

Furthermore, the market position of the company, which depends on the rational engagement of capital is observed. According to the results of the research, it is clear that

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80.00% of respondents consider that the rationalization of capital management has an *extremely / significant* impact on the market position of the company. Only 26 respondents (20.00%) think that the previous dependency is *partial*, while there are no respondents who have negatively declared themselves in this regard.

In further analysis, for the purposes of the second auxiliary hypothesis, the effect of rational capital engagement on the organizational structure of the enterprise and the faster development of the same enterprises was observed. The conclusions reached in the survey are given below. The largest percentage of all respondents (50.80%) think that rational use of capital for the result has an excellent organizational structure. However, there are 13 respondents (10.00%) who consider that rational involvement of capital in a particular business enterprise does not contribute to the construction of the organizational structure at all. Regardless of the negligible number of respondents who made a negative statement on this issue, the conclusion is clear: *the rationalization of the management of available capital positively influences the organizational structure.*

On the other hand when it comes to the rational involvement of capital and its contribution to the faster development of the company, the result is:

- 91/130 (or 70.00%) of companies from the sample, the opinion is that the dependency is *extremely significant*;
- 26/130 (or 20.00%) of companies from the sample, it is thought that the dependency is *significant* and
- 13/130 (or 10.00%) of companies from the sample, it is thought that the dependency is *partially significant*.

The conclusion is clear, the rational management of available capital *greatly* contributes to the faster development of the company.

In conditions of market instability and change, it is important to note whether rational engagement of capital positively influences the creation of a competitive advantage of the observed company in the target market. According to the results of the research of this paper, it was determined that the above mentioned level was extremely important (104/130 respondents positively stated that, or a percentage of 80.00%), this claim was proved to be true.

The following question was considered so that the two issues were analyzed, between which parallel was made, and they relate to the claim that the rationalization of capital management positively influences the sum of the available capital/time of the engaged capital. The results will be displayed accordingly. According to the first claim that *the rationalization of capital management positively influences the amount of available capital*, the result is that 60.00% of the respondents consider that the correlation is *extremely important*, while 20.00% of them think that the causal relationship is *significant*, and the remaining 20.00% of the respondents opted for the option of the *partial* significance of these phenomena, and there are no respondents who have made a negative statement on this issue.

On the other hand, approximate results of research are related to rational capital management in relation to the time period of its engagement. Thus, 50.00% of respondents

think that the rationalization of capital management positively influences the time of capital engagement, 20.00% of respondents decided to opt for the option, as much as they opted for the option partially, while the remaining 10.00% of the opinion that in general does not affect. The conclusion that can be drawn from these issues is clear and it reads: *rationalization of capital management positively influences the sum of engaged capital/time of engaged capital, in the observed sample of all companies.*

The last question, but not least important of the previous ones, is to examine whether rationalization in capital management directly influences the making of managerial decisions. According to the results of the research, it can be noted that 89.20% of the respondents consider that the rational involvement of capital in a particular business process directly influences/contributes to making management decisions in the company, especially today, in conditions of turbulent and unstable business.

Therefore, in terms of the analysis of the parameters set, which relate to the other (auxiliary) hypothesis, a clear conclusion is drawn that the second auxiliary hypothesis was accepted as true.

After verifying the truth of the auxiliary hypotheses H_1 and H_2 , all of which are properly accepted as true, and the main hypothesis H_0 : *The results of the organizational system are directly proportional to the degree of rationalization in the management of the engaged means, they will also be accepted as true.*

4. Conclusion

According to the Chamber of Commerce of the Republic of Srpska (2016), in the Republic of Srpska the total number of companies that submitted their final accounts in 2015 amounted to 9.504, which will say that our sample, although not representative (1.37% of the total number of listed companies), has shown that this research represents an extremely good starting point for new research on a larger scale, since the results from the research are objective and transparent. We suggest that the same research be carried out on a larger sample in the Republic of Srpska, which would properly encompass all the towns and municipalities of the Republic of Srpska, after which we will get a real picture of the business environment of the same and point to the further directions that the country's economy should go through.

Based on the conducted empirical research in order to prove the influence of the observed variables, the following conclusions have been drawn in this paper:

- Rational management of the available capital affects the reduction of operating expenses, which indirectly influences the improvement of the business result, regardless of the legal form, headquarters, activity or year of establishment of the company;
- There is a direct causal dependence between the process of rationalizing the management of available capital and productivity of labor, since it has been found that rational management of available capital greatly affects the increase in productivity of the work, regardless of the legal form of the company, because there is an additional motivation of the employees in the company, and the effective workflow in the business process increases;

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- Regardless of the organizational form of the company, it has been proven that a rational management concept based on customization, or management of changes, contributes to the provision of an effective and efficient organizational system. Improving production today, in conditions of market instability, or unfair competition, is a major challenge, and it encourages a large number of companies to influence the increase in their management role through the rational involvement of capital in the production process;

- Rationalization of the management available funds significantly influences the formulation of the company strategy, which is related to the business success of the same; that is, if we take into account the rationalization of the management of the available capital for the mentioned purposes, the optimal business result can be achieved;

- The rationalization of the management of available capital significantly contributes to the faster development of the company, i.e. it affects the improvement of the competitive position of the companies on the market, which has implications directed towards internationalization in the global market;

- There is a significant inter dependence between rationalizing the management of engaged capital and making management decisions. The dominant number of companies that participated in the realization of the research finds that rational use of capital has a major influence on the adoption of managerial decisions, which can be further assessed as statistically significant phenomenon.

Defining an adequate managerial strategy of the company aimed at the most efficient and effective management of the available funds, results in the realization of the defined business goals. The companies are forced to realize the segment of the rationalization of the engaged funds in a modern way, using the current methods in managing the elements in the process of reproduction. Based on these circumstances, this research was based on finding suitable solutions in the company's management of elements, which resulted in improvement of total business, which simultaneously contributes to the improvement of the overall competitive position in the market.

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MEĐUUSLOVLJENOST UPRAVLJAČKE STRATEGIJE PREDUZEĆA I RACIONALIZACIJE UPRAVLJANJA ANGAŽOVANIM SREDSTVIMA

Apstrakt: U uslovima globalizacije i tržišne netabilnosti, sve je veća potreba za usvajanjem racionalnog koncepta upravljanja angažovanim sredstvima u preduzeću. Svjetska ekonomska i finansijska kriza, koja je nastupila početkom 2008. godine i koja je još uvijek "duboko ukorijenjena" u tranzicionim zemljama, kakva je i Republika Srpska, mijenja filozofiju poslovanja uspješnih ali i svih ostalih preduzeća koji nastoje i dalje da se "takmiče" na sve zahtjevnijem tržištu. Prema tome, cilj ovog rada jeste da dokažemo da se racionalnim upravljanjem angažovanim sredstvima, indirektno doprinosi poslovnoj uspješnosti i održivosti privrednih subjekata, izborom adekvatne upravljačke strategije. Istraživanje je sprovedeno na teritoriji 5 gradova i 4 opštine Republike Srpske, na uzorku od 130 preduzeća. Ustanovili smo da čak 90,00% svih ispitanika smatra da racionalizacija upravljanja kapitalom značajno utiče na formulisanje strategije preduzeća, dok s druge strane 80,00% ispitanika smatra da racionalno angažovanje kapitala pozitivno utiče na stvaranje konkurentne prednosti posmatranog preduzeća na ciljnom tržištu.

Ključne reči: efikasnost i efektivnost, globalizacija, racionalizacija, upravljačka strategija.