DEVELOPMENT OF AN EFFECTIVE PLANNING MODEL FOR IMPROVING FINANCIAL PERFORMANCE

ANDREA IVANISEVIC, ALPAR LOSONC, MLADEN RADISIC, MILICA NJEGOVAN, ALEKSANDRA PAVLOVIC

ABSTRACT

Mastering business processes indicates a well-developed system of planning and analysis, as well as management activities that define the direction and pace of activity, and thus evaluate the efficiency of the change process. Hence, planning and business analysis are the parts which control functions that are integrated into an entire business process, the realisation of which depends on the synchronisation and performance process, which is the main subject of this paper. Given this fact, the aim of this paper is to propose a model that will seek to integrate all major segments of the planning process by means of its structure in order to achieve multiple benefits for an industrial enterprise through synergy. The survey covered executives of all levels, from top management, to managers of business units, to a number of workers from shared services and manufacturing – a total of 60 employees. The paper emphasises the fact that a carefully designed planning system which covers all important segments of the process will result in modelling business and management processes, which will direct business operations and results towards accomplishing the defined goals of industrial enterprises.

KEY WORDS

Planning, analysis, economic indicators, effectiveness, efficiency of operations.

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Introduction

In contemporary business operations, planning and analysis are the most important links in the system of economic science and practice. Well-designed and positioned manufacturing and other dynamic operation plans developed and implemented by companies have made planning effective. Influenced by internal and external values and priorities, the objectives of an organisation are based on an analysis of market and cost options. Companies have many goals and they choose appropriate strategies to achieve them, attempting to achieve a differential advantage over their competitors. Strategies result from leadership activities, but also from development in the economic, social and political environment of companies (Glaister and Falshaw, 1999). Due to the dynamic environment, planning has to be

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flexible in order to respond to changing environmental conditions and costs (Douma and Schreuder, 2010).

Planning and analysis, as the most important functions of management, are of great importance in formulating company strategy (Lekovic, 2006). Since the appropriate development strategy should enable the company to use new opportunities to achieve efficient business operations, it is important to take this into consideration when choosing the key factors of the planning process that will ensure successful operations (Tan and Takakuwa, 2011).

It is obvious that business conditions in Serbia have completely changed over the last 15 years. In this time period, both the political and economic systems have changed significantly: state property has been transformed into private property, collective management was replaced by modern management models, and the planned economy was replaced by the market economy (Podhorska et al., 2019). Domestic producers with outdated and bulky systems of organisation, outdated technology and product structure, indebted and mainly with a reduced volume of production, are fighting on both the domestic and foreign markets. In these circumstances, planning individual business activities is the highest priority, regardless of the size of the company. On the domestic market, foreign multinational companies appear to bring new organisation, technology and approaches to the planning system, by means of which the overall business conditions on the domestic market are affected. One should, however, stress that the process of planning has been present in modern business conditions in Serbia for many years now (Weetman, 2003). Yet problems such as the inadequately developed planning system (planning is implemented only in segments of business processes, without linking them into a whole), the absence of technical and economic standards as process parameters, and the fact that the analysis of the process and its results is performed only occasionally – often only in the context of final and interim balance sheets – highlight the problem of asynchronism in planning activities and financial flows. This leads to delays in procurement, production and sales processes, irrational allocation of financial resources, and a slowdown in the dynamics pertaining to the return of these assets to their sources (Ivanisevic, 2008). This paper emphasises strategic planning as opposed to traditional planning, specifically analysing the relationship between all significant segments of the planning process and the key indicators of financial performance. Its purpose is to propose a model that will seek to integrate all major segments of the planning process in order to achieve multiple benefits for an industrial enterprise by means of synergy effects.

1. Theoretical background

Planning is the process of work that can be defined in many different ways, however its meaning is essentially the same (Adizes, 2004; Kliestikova et al., 2019). In that sense, planning is a managerial function involving the selection of a successful course of action, the goal of which is the acquisition, distribution, use and exchange of the organisation's resources (Wren and Voich, 1994; Ćurčić et al., 2018). Planning is also a process of setting organisational goals; it is well known that organisations with goals perform better, since goals ensure that activities and resources are focused on addressing basic issues, and employees have a better understanding of the organisation's priorities (George et al., 2019). On the other hand, strategic planning is the ongoing attempts of organisations and firms to improve the firm's performance by designing and producing the techniques/

strategies to generate results (Hunjra et al., 2014: 97).

The prescriptive strategic management literature implies that there is a positive association between strategic planning and company performance, with the direction of causation from strategic planning to performance (Glaister and Falshaw, 1999). Studies have shown that strategic planning has a positive association and predictive relationship with the performance of small and medium-sized enterprises, which had far better results than enterprises without written business plans (Sandada et al., 2014; Karel et al., 2013). One of the main reasons for the emergence of strategic management in the last quarter of the 20th century was to pay proper attention to the implementation of strategy in companies. There is no doubt that strategic planning is important; yet the formulated strategies must also be implemented, otherwise the whole planning phase becomes worthless (Farrel, 1995). However, many enterprises struggle to make planning cycles effective - most companies have planned strategies but only a few actually realise them (Jedox, 2018). Low success rates are discouraging, especially since many companies have recently invested huge amounts of money in improving their strategic planning (Raps, 2004, c.f. Cater and Pucko, 2010). At the end of the 20th century, for example, American companies were spending more than US$10 billion annually analysing their industries, markets and competitors, and subsequently formulating their strategic plans (Judson, 1991, c.f. Cater and Pucko, 2010). In addition to the enormous waste of money involved, the low success rates of strategy implementation processes are also problematic because poor implementation strategy weakens the subsequent planning cycle (Cater and Pucko, 2010). Some studies have shown that 50% to 90% of all strategic initiatives fail (e.g. Mintzberg, 1994: 25, 284; Kaplan and Norton, 2001: 1), but newer ones found that there is a variation in implementation, spanning from a failure rate as low as 7% to one as high as 90% percent, with several factors explaining such a large variation (Candido and Santos, 2015). One Serbian study showed that business planning in domestic companies is carried out as a formal process, but the control of this process throughout the year is lacking (Ivanisevic et al., 2019). In any case, deficient strategy implementation therefore inhibits the formulation of future strategy, which creates a deadly spiral of two mutually enforcing factors – poor planning and poor implementation (Oh and Chow, 2011).

When it comes to countries that have undergone the transition process, this represented a radical change and a real turning point in the future development of the domestic economy and its actors (Cvijanovic et al., 2009). In the process of transition, changes occur in the structure and method of operation of business systems, primarily in terms of changes in political system and ownership structure, but also in terms of the method of operations, the position on the capital and goods markets, and consideration regarding the development of existing business systems. Major production systems (enterprises) in most transition countries are particular in bankruptcy, or acquisition by related and/or financially powerful foreign companies, sometimes by multinational companies and often by domestic or foreign companies of different sizes and different financial potential (Pucko and Cater, 2001). Many new business systems from the category of small and medium-sized enterprises are created parallel to this process. They develop as independent technological, financial and market systems or follow large technological systems in the sphere of cooperative relations.

The economic success of any transition country depends on companies' ability to choose a business strategy that suits the situation of that country (Peng, 2000). Regarding the Serbian market, transitional processes were a chance to discern ways of increasing business performance. In such circumstances, the processes of planning and analysis became increasingly important, because the results of business operations depend on the success of their implementation. Without adequate strategic planning and action, external environment factors that are still "transitory" in nature will have a much greater impact on enterprise performance (Lazarević–Moravčević et al., 2018: 51). Domestic authors concluded that the success of Serbian companies, especially on the international stage, is conditioned by their management and leadership capabilities (Miletic and Bozilovic, 2015: 260).

Mastering business processes therefore implies a well-developed system of planning and analysis, as well as management activities by which the direction and the dynamics of activities are defined, thereby also evaluating the success of their development. Hence, planning and business analysis are indeed the parts of the managerial function that are integrated in the entire business process. The synchronisation and the success of the process depend on the degree of realisation of the entire business process; this is the main subject of this paper. One should stress that a carefully arranged planning system, which covers all important segments of this process, will result in business modelling and management processes by means of which business operations and results will be directed towards the achievement of the defined goals of an industrial enterprise. Therefore, the following hypothesis is tested in the paper:

The introduction of an integrated model of planning and business process analysis, which will consolidate and provide the synchronised application of all major segments of the planning process, is beneficial in the form of improved economic effectiveness and efficiency of the industrial enterprise.

2. Methodology

In this paper, we analysed the situation in two domestic companies operating in the metal processing industry. The survey covered executives of all levels, from top management, to business unit managers, as well as a number of workers from common services and manufacturing. A total of 60 questionnaires were completed across both companies. The sample of respondents showed that employees are a good source of information pertaining to the company. The questionnaire is based on current theoretical postulates of the subject area, covering all the important parts of a business process which can be identified by means of a survey of employee attitudes. The aim of this research was to investigate the conditions for the development of a new model that would help management to examine the existing attitudes of employees towards planning within the company, but also to overcome resistance which can occur in regard to this process.

Data obtained in the course of the research were entered into a table that was created in Microsoft Excel, with the rows representing the respondents in the survey, and the columns representing the observed variables. The table was subsequently fed into statistical data processing software (SPSS ver. 13) by means of which the data were processed. The research provided qualitative and quantitative data, so the following statistical procedures were used: a) factorial analysis, through which the respondents' attitudes were reduced

to four factors and the level of resistance to plans was reduced to three factors; b) correlation (the Pearson coefficient) was used to determine whether there is a relationship between the observed variables (both dependent and independent), and if so, the nature thereof (positive or negative correlation); c) measures of central tendency and the dispersion of quantitative data (mean standard deviation and variance).

According to the collected and processed data, the conditions for the development of an integrated model of planning and analysis of business processes within the company were evaluated. Upon establishing the correlation between these conditions and the selected economic indicators, the benefits of the model were subsequently analysed. In doing so, it began with the basic assumption that financial performance should be tightly controlled and monitored and long-term financial objectives clearly specified over a five-year planning horizon (Maureen, 1998). Key financial results are shown as selected economic indicators which best represent the success of the company.

The following are used throughout the study: dependent variables (enterprise, selected economic indicators) and independent variables (factorial attitudes of the respondents, planning policies, planning assumptions, the planning process, and factorial resistance to planning). The *independent variables* are discussed and described through factorial analysis, while the *dependent variables* will be linked through a regression analysis with the independent variables in order to finally define the conditions for the study of an integrated model, while also assessing the benefits that can be expected. In the analysis, all dependent variables, i.e. the selected economic indicators, receive the same treatment. The analysis of the financial position of the companies studied is used as the parameter for evaluating the independent variables.

3. Research findings and Discussion

In the analysis of the research results, a factorial analysis was first carried out, consisting of several steps. Firstly, it is stated whether each individual planning guideline was equally accounted for (past planning, industrial processes and major competitors) and whether there are differences between the companies in this respect. Based on the research results, it was revealed that the present guidelines used by employees in the planning process do not show significant mutual deviations, i.e. each individual planning guideline was equally accounted for. Secondly, individual planning assumptions are identified (the company, economic conditions and the industry), as well as the differences in the structure of the companies analysed. The research has shown that the planning process is mainly focused on the company, with the importance of the economic situation and the importance of the industry in which the company operates being ranked second and third on the list of factors, respectively. Thirdly, the core of the planning process and the identified differences between the companies were presented. The results indicate that the first company was more focused on the directions of managerial activities, and less so on goals and standards, while the second company was more focused on goals and standards, and less so on the reduction of uncertainty. There is a clear lack of attention paid to goals and standards as the desired outcomes and directions towards which the company should move. Fourth, the 10 most common reasons for resistance to planning within the companies were processed and ranked, and the key factors were

distinguished by factorial analysis. Based on the survey carried out on a sample of 308 managers, the research on potential reasons behind resistance to planning began with the 10 most common reasons. The reasons given for resistance to said planning (referred to later in the factorial analysis of the attitudes of the respondents) were further investigated by means of factorial analysis using the method of principal components, and taking into account factors with characteristic roots which are larger than 1, while using the varimax rotation. The quantitative analysis of the rotation matrix of the factorial assembly shows that 76% of the total variance is explained by three factors.

Thus, three factors constitute the highest percentage of variance of the observed phenomena; the first factor contributes 34% of the total variance, the second 27%, and the third 15%. The method of principal components and varimax rotation of the obtained factors were used. Based on the rotated component matrix, three key factors were identified, which can be classified as the following:

- The first factor consists of reasons behind resistance to planning which indicate fear arising from a misunderstanding of the process itself. In this sense, the most frequently stated reasons for resistance to planning are the following: a) lack of skills (factorial saturation is 0.708), b) it requires too much work (factorial saturation is 0.811), c) lack of understanding of the process (factorial saturation is 0.819), d) it requires too much time (factorial saturation is 0.577), and e) fear of mistakes (factorial saturation is 0.621).
- The reasons grouped under the second factor indicate a tendency to prefer an uncontrolled way of life; accordingly, the reasons given are as follows: a) living for today (factorial saturation is 0.707), b) life by intuition (factorial saturation is 0.820), and c) other reasons (factorial saturation is 0.834).
- The third factor indicates the following reasons for resistance to planning: a) improper attitude towards planning (factorial saturation is 0.775), b) lack of knowledge (factorial saturation is 0.821), and c) uncertainty (factorial saturation is 0.478).

The attitudes of participants were presented by means of factorial analysis, according to which the key factors affecting the planning process itself were identified, and thus the differences between enterprises were established. The strength of the attitudes of respondents in the questionnaire was tested. The questionnaire was analysed and the attitudes were identified and subsequently presented in the table; subsequently it was investigated through factorial analysis using the principal components method, and the factors with characteristic roots higher than 1 were accounted for using varimax rotation. The questionnaire was researched by means of factorial analysis – a quantitative analysis of the rotated matrix of the factorial assembly shows that 49% of the total variance is explained by four factors. Hence, four factors were identified which have the highest percentage of variance of the observed phenomena; the first factor contributes 20% of the total variance, the second 14%, the third 9% and the fourth 7%.

The method of principal components and the varimax rotation of the factors obtained were used. The factorial analysis of the matrix of rotated components shows that four factors were distinguished after the varimax rotation, which explain most of the total variance. Communalities of questionnaire items range from 0.404 (the attitude 'it is good to leave a professional impression) to 0.751 (the attitude 'I participate substantially in the planning process

and the adoption of plans'), thereby indicating the existence of four factors, namely: a systematic approach to work (emphasising rationality in addition to attitudes such as neither allowing delays, nor any loss of time, the need to strictly set a plan submission deadline, a clear annual training plan, etc.), cooperativeness (refers to the tendency of respondents towards precision in the functioning of the entire system, and not just their own work - in this sense, the hierarchical background is clearly emphasised, and attitudes indicating the proper relationship between subordinates and superiors, mutual compliance with goals, etc. were distinguished), accuracy in work and comfort level at work. The matrix of rotated components clearly shows the four factors which have been distinguished.

As a final step in the analysis of the research results, the correlation between the data obtained (formulated in the form of the conditions of development of the model) and the economic indicators are established in order to assess the benefits of the implementation of the model. Therefore, correlation analysis and regression analysis were used.

Correlation analysis is the first step in evaluating the expected results from the implementation of an integrated model of planning and business processes analysis. Therefore, the level of statistical significance is established between all major segments of the planning process that were obtained by extracting the factors from the questionnaire and the selected economic indicators. The theoretical foundation for the ratios is that there is a fundamental relationship between income, debt levels, and savings rates. The better managers understand these fundamental relationships, the more likely it is that they will personally make good financial decisions, and the financial ratios will provide a good start. In this way, the expected potential effects of the introduction of this model are assessed. The correlation matrix clearly shows (Table 1 and Table 2) that there is a statistically significant linear correlation between the analysed economic factors which were taken into account and the following factors: cooperativeness (the correlation is 0.256, and the significance is 0.04) and accuracy in the work (the correlation is 0.234, and the significance is 0.07).

Table 1. Correlation analysis of the extracted factors with the economic indicators

		The rate of business profit in the current year	The rate of return on own capital in the current year	The rate of inventory turnover in the current year	The general liquidity rate in the current year	Cash flow in the current year	The rate of customer turnover in the current year
Systematic approach to work	Correlation	-.002	-.002	-.002	-.002	.002	.002
	Significance	.987	.987	.987	.987	.987	.987
	Number	60	60	60	60	60	60
Cooperative-ness	Correlation	.256(*)	.256(*)	.256(*)	.256(*)	-.256(*)	-.256(*)
	Significance	.049	.049	.049	.049	.049	.049
	Number	60	60	60	60	60	60
Accuracy in work	Significance	.234	.234	.234	.234	-.234	-.234
	Significance	.072	.072	.072	.072	.072	.072
	Number	60	60	60	60	60	60

Convenience of work	Correlation	-.044	-.044	-.044	-.044	.044	.044
	Significance	.736	.736	.736	.736	.736	.736
	Number	60	60	60	60	60	60
Unsystematic approach to work	Correlation	.186	.186	.186	.186	-.186	-.186
	Significance	.156	.156	.156	.156	.156	.156
	Number	60	60	60	60	60	60
Lack of control	Correlation	-.021	-.021	-.021	-.021	.021	.021
	Significance	.873	.873	.873	.873	.873	.873
	Number	60	60	60	60	60	60
Ignorance of the process	Correlation	-.094	-.094	-.094	-.094	.094	.094
	Significance	.475	.475	.475	.475	.475	.475
	Number	60	60	60	60	60	60

Source: Own elaboration.

Table 2. Correlation analysis of the extracted factors with the economic indicators

		The rate of business profit in the current year	The rate of return on own capital in the current year	The rate of inventory turnover in the current year	The general liquidity rate in the current year	Cash flow in the current year	The rate of customer turnover in the current year
Systematic approach to work	Correlation	-.002	-.002	-.002	-.002	.002	.002
	Significance	.987	.987	.987	.987	.987	.987
	Number	60	60	60	60	60	60
Cooperative-ness	Correlation	.256(*)	.256(*)	.256(*)	.256(*)	-.256(*)	-.256(*)
	Significance	.049	.049	.049	.049	.049	.049
	Number	60	60	60	60	60	60
Accuracy in work	Significance	.234	.234	.234	.234	-.234	-.234
	Significance	.072	.072	.072	.072	.072	.072
	Number	60	60	60	60	60	60
Convenience of work	Correlation	-.044	-.044	-.044	-.044	.044	.044
	Significance	.736	.736	.736	.736	.736	.736
	Number	60	60	60	60	60	60
Unsystematic approach to work	Correlation	.186	.186	.186	.186	-.186	-.186
	Significance	.156	.156	.156	.156	.156	.156
	Number	60	60	60	60	60	60
Lack of control	Correlation	-.021	-.021	-.021	-.021	.021	.021
	Significance	.873	.873	.873	.873	.873	.873
	Number	60	60	60	60	60	60
Ignorance of the process	Correlation	-.094	-.094	-.094	-.094	.094	.094
	Significance	.475	.475	.475	.475	.475	.475
	Number	60	60	60	60	60	60

Source: Own elaboration.

The correlation analysis was the first step in evaluating the expected results with the introduction of an integrated model of planning and business process analysis, as well as determining the level of statistical significance between all major segments of the planning process, which have been obtained by extracting the factors from the questionnaire and the selected economic indicators.

Regression analysis revealed clear links between the dependent and independent variables which were defined in the paper, thereby allowing a clear insight into the benefits that can be expected from the introduction of an integrated model. Regression analysis connected all the key segments of the planning process with the main economic indicators from the related ratio analyses. In this paper, only the regression analysis is presented for the cash flow variable, where the following is shown: a) clear and pre-set targets and standards will enable improvements in all key business indicators of efficiency and effectiveness, formulated in the form of economic indicators such as cash flow, the rate of business profits, inventory turnover ratio, etc.; b) the reduction of excess activities and non-core activities to a minimum also leads to an obvious improvement in the company's business performance; c) the increase of cooperativeness among employees clearly contributes to improved business performance; and d) the improvement in the accuracy of the work contributes to improved operating results in the same direction.

Table 3 shows that cash flow is not influenced by the planning guidelines in the current year. Thus, the cash flow could not be improved based on planning guidelines within the firm. Table 3 shows the regression analysis of planning guidelines for the cash flow variable in the current year.

Table 3. Regression analysis of planning guidelines for the cash flow variable in the current year

		Non-standardised coefficients		Standardised coefficient	t	Significance
		B	Standard error	Beta		
Model	Planning guidelines	62623.418	5704.612		10.978	.000
	Past planning	-274.319	1307.765	-.030	-.210	.835
	Industrial processes	1961.772	1417.108	.229	1.384	.172
	Main competitors	290.722	1371.455	.036	.212	.833

Source: Own elaboration.

Table 4 shows the regression analysis of the planning assumptions for the cash flow variable in the current year. From Table 4 it can be concluded that, based on planning assumptions, cash flow cannot be affected in the current year.

Table 4. Regression analysis of planning assumptions for the cash flow variable in the current year

		Non-standardised coefficients		Standardised coefficient	t	Significance
		B	Standard error	Beta		
Model	Planning assumption	65993.893	6129.756	10.766	.000	
	Economic situation	578.583	1281.053	.068	.452	.653

Model	Industry	1257.918	1530.398	.126	.822	.415
	Company	-606.695	1413.847	-.065	-.429	.669

Source: Own elaboration.

Table 5 shows the regression analysis of the process of planning for the cash flow variable in the current year. The results from Table 5 suggest that, due to the decrease in excess and non-core activities in the planning process and the increase in the level and the adequacy of goals and standards, cash flow in the current year will increase.

Table 5. Regression analysis of the process of planning for the cash flow variable in the current year.

		Non-standardised coefficients		Standardised coefficient	t	Significance
		B	Standard error	Beta		
Model	Planning process	74387.271	6458.777		11.517	.000
	The direction of managerial actions	-1769.331	1233.512	-.192	-1.434	.157
	Decrease in uncertainty	702.992	1218.532	.098	.577	.566
	Decrease in excess and non-core activities	-3571.943	1699.811	-.348	-2.101	.040
	Goals and standards	3697.998	1097.944	.427	3.368	.001

Source: Own elaboration.

Table 6 shows the regression analysis of the factors extracted from the questionnaire for the cash flow variable in the current year. Based on the results, it can be seen in Table 6 that with the increase in cooperativeness in work and accuracy in practice, an increase in cash flow for the current year can also be expected.

Table 6. Regression analysis of the factors extracted from the questionnaire for the cash flow variable in the current year

		Non-standardised coefficients		Standardised coefficient	t	Significance
		B	Standard error	Beta		
Model	Factors	70248.283	987.757		71.119	.000
	Systematic approach to work	-17.543	996.092	-.002	-.018	.986
	Cooperativeness	2017.169	996.092	.256	2.025	.048
	Accuracy in work	1847.311	996.092	.234	1.855	.069
	Convenience of work	-350.088	996.092	-.044	-.351	.727

Source: Own elaboration

Table 7 shows the regression analysis of resistance for the cash flow variable in the current year. Table 7 shows that the cash flow in the current year is not affected by resistance. Regression analysis showed a clear link between economic factors, cash flow in the current year and the factors related to the process of planning in one hand (reduction in excess and non-core activities, and objectives and standards), and the attitudes of employees in the questionnaire on the other hand (the extracted factors of cooperativeness and accuracy in work).

Table 7. Regression analysis of resistance

		Non-standardised coefficients		Standardised coefficient	t	Significance
		B	Standard error	Beta		
Model	Resistance	70248.283	1021.789		68.750	.000
	Unsystematic approach to work	1463.164	1030.411	.186	1.420	.161
	Lack of control	-166.775	1030.411	-.021	-.162	.872
	Ignorance of the process	-740.860	1030.411	-.094	-.719	.475

Source: Own elaboration.

In conclusion, the results of the research indicate a high and clear level of contribution of the introduction of an integrated model in the business processes of an industrial enterprise, all with the aim of achieving increased business efficiency of the company, which shows that our hypothesis is proven. Multiple benefits in terms of improving the economic efficiency and effectiveness of industrial enterprises are realised through the introduction of an integrated model of business planning and analysis process, which should integrate the operation of all major segments of the planning process and be synchronised.

In this regard, it can be said that the research results presented in this paper contribute to the theory and practice of business operations, providing insights into new, relevant issues that focus on unexplored aspects of business planning and the development of an effective planning model that can contribute to the financial performance of businesses.

Conclusions

Planning is the basis for undertaking a number of managerial activities in the fields of forecasting, decision making, organising, monitoring, analysis and information. Accordingly, planning and analysis are two inseparable management functions in the company, and companies need to treat them as such. Without a clearly defined plan, a company has little chance to achieve its predetermined objectives. The lack of analysis means that the company is unable to monitor its achievements in real time. These are definitely some of the reasons that suggest the extraordinary importance of having an integrated model of planning and analysis of business processes in enterprises, especially in changed business circumstances.

The survey of the current state of local companies clearly indicates the lack of adequate systems for the planning and analysis of business functions in the enterprise. The absence of an effective, comprehensive plan in most companies is beyond doubt, while business analysis is performed only occasionally – as previously mentioned, usually in the framework of balance sheets at the conclusion of the fiscal year.

In accordance with the above, the basis for the development of a general and comprehensive model of planning was presented in the paper, which could lead to improved business efficiency and effectiveness of companies. However, this is a specific task which is influenced by numerous factors of both external (e.g. the environment and its impact, or a company's field of activity) and internal character (e.g. ownership status, or the willingness of employees to accept changes). In order to comprehend part of the internal conditions which are necessary for the introduction of a new, integrated model of planning and

analysis, a questionnaire was developed and applied in the investigated companies. In the analysis of responses, it was found that all resistance to and problems in implementing the planning process should be divided into two structurally different groups: *objective*, which refers to realistic and existing weaknesses of the companies' organisational systems, and *subjective*, which refers to employees' real fear of changes brought about by the planning system.

In order to obtain both measurable and comparable results, the research programme defined an identical survey model, adjusted to a common structure and operating conditions within each observed and analysed company. In preparing the research model and the definition of its structure, an effort was made to overcome the differences in the organisation, in the conditions and in the manner of operations of each company, of which the most important elements are listed here. Common to both observed companies are their operations in the metal processing area – a branch that is exposed to foreign competition and that is not protected by any measures of the state. Both companies have operated on the market for decades. During the transition in Serbia, the companies were faced with a reduced volume of production and weaker business. Not all enterprises were affected equally by the privatisation process. In the same environmental conditions, some companies have increased the volume of production, shown better results and faced privatisation in stable conditions, while the business operations of other companies have not been significantly improved by this process.

These differences in the organisation, operations and status of companies which undertake the same activities lead to the following conclusion: the conditions and the core of an integrated model of planning need to be carefully analysed and adapted to specific conditions, which, as stated, come from the environment, or are of internal, objective or subjective character.

To ensure the comparability of results obtained from the survey data (by means of statistical data analysis), the financial position of each company, as well as the selection of some of the most important economic indicators presented in this paper, had to be clearly comprehended. Correlation analysis revealed the relationship between the effects which can be expected with the implementation of an integrated model of planning and analysis of business processes, and selected economic indicators, which present the business success of the enterprise. The following is indicated by the results of the research:

1. Improvements could be expected in all key indicators of business efficiency and effectiveness through the introduction of an integrated model of the planning and analysis of business processes, in which goals and standards will be set clearly and in advance, formulated in the form of economic indicators such as cash flow, the rate of business profits, inventory turnover ratio, etc.
2. The model will lead to a reduction in excess activity, minimising non-core activities, thereby leading to an obvious improvement in the business results of the enterprises,
3. The model will lead to an increase in cooperativeness among the employees in the enterprise, contributing thereby to the improvement of business performance, and
4. The accuracy of work will be significantly improved through the introduction of an integrated model, and thus the company will be more successful.

The research was primarily focused on the conditions for establishing an integrated model of the planning and analysis of business processes, and since large free areas were created in the field of planning, a basic arrangement was made at the level of conceptual design in order to review the possibility of constructing such a model. Although our research was partly methodologically limited, primarily by the size of the sample of the research, as well as by the lack of similar research in Serbian companies that would allow for a comparison of the results, we modestly think that we have opened the question of planning for future research that should be directed towards the definition of a general model of planning, which could be developed further, in a simple manner and in accordance with the specific requirements of the company where it would be applied.

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