

MANAGEMENT OF THE COMPANY'S FINANCES WITH THE OBJECTIVE OF ESTABLISHING SUSTAINABLE CONTINUOUS LIQUIDITY AND FINANCIAL STABILITY UNDER GLOBAL PROCESSES

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Abstract: Globalization, in its current form, represents a new dynamic complex, especially when it comes to its implications for the economy and business of economic entities. It manifests its implications not only through competition, but also through economic growth and development. A modern company should provide adequate management that is able to create and develop comparative advantages that will enable it to be actively involved in global market flows. Global changes have conditioned a new way of doing business, and thus a significant turn in the approach to financial management. This has led to changes in the basic economic settings and criteria for successful management and business. The financial position of a company is one of the indicators of the company's success to function in a global and turbulent market environment. Starting from this fact, a practical treatment of this problem and analytical indicators of the financial position of the three dependent production companies operating within the MH Elektroprivreda Republike Srpske will be done. The aim of the research is to show the extent to which the management of these companies has

accepted the requirements of global economic processes and adapted their business to them. That is, whether financial management provides a satisfactory level of liquidity and financial stability of these three companies.

Key words: globalization, enterprise, financial management, financial position, liquidity, financial stability.

INTRODUCTION

The process of globalization has been greatly helped by reaching the level of the process of regional connection, association and development in the world, so that globalization has manifested itself as the final stage of market integration around the world.

Globalization today is reflected through cheaper transportation costs, better information technology, removal of barriers between countries, and with the goal of achieving greater efficiency and a high level of specialization. Starting from the fact that globalization takes place through the economic, political and cultural process, the basic

preconditions for the development of the globalization process are the free trade zone, customs union, economic union, as the highest degree of economic cooperation, political and cultural cooperation. "Globalization is a global process of connecting and uniting national economies (states) into one global system.

Globalization seeks to build a modern society that should provide: long-term stability, security, sustainability, development, world peace, optimal use of natural resources, unique environmental protection, poverty reduction, etc. "(Starčević, Subotić, 2014, p. 68.)

The economic entities of each national economy must adapt to the process of globalization and the global market environment if they want to achieve the desired growth and development.

Therefore, the research in this paper is focused on determining the level of adjustment of the management of selected subsidiaries, which operate within the Mixed Holding of Elektroprivreda of The Republic of Srpska, global financial processes and financial flow management.

1. Economic and social aspects of globalization

Globalization represents an increased level of integration in the world economy based on five interrelated factors:

- 1) international trade,
- 2) financial flows,
- 3) communication,
- 4) technological advantages in transport, electronics, etc.,
- 5) labor mobility. Globalization encompasses economic and social aspects.

The economic aspects of globalization are:

1. Power and profit as effects of globalization (deepening the gap between rich and poor);
2. Monopoly position of large corporations;
3. Migration of capital according to more favorable business conditions;
4. Accelerated technological development and deepening of the world division of labor;
5. Unhindered flow of people, goods and capital. (<https://www.slideserve.com/tarala/1-globalizacija-u-savremenom-dru-tvu>, 06.04.2020.)

The economic aspect of globalization includes general liberalization of trade and financial activities, general deregulation in terms of minimizing state activities and privatization of state functions and services, the emergence of new actors on the international scene with a growing impact on international economic relations (World Bank, International Monetary Fund, World Trade Organization). , transnational and multinational companies) (Becker, 2005, p.149).

The social aspects of globalization refer to the social aspects of globalization, the political implications of globalization, and contemporary consumer culture as a consequence of the globalization process.

2. Necessity of adaptation of states and companies to global processes

The global economy requires, especially from developing and transition countries with an economic history characterized by centralist planning and control of the economy, significant changes in defining the role of the state in conducting economic policy. This means changes in ideology, way of thinking, capacity of institutions and organization of public-private partnerships.

The basis of these changes is the creation and support of a favorable environment for the development and increase of competitive capabilities of the production sector (Stojanović, Petrović <http://www.tf.Ni.ac.rs/casopis/zbornik17/5.pdf>, 06.04.2020). All countries in the world, especially those in development and transition, need to be prepared for a new wave of globalization.

The goal of this activity is not to predict the future with a high degree of precision, but to adequately and timely prepare the economies of these countries for the many opportunities and challenges, but also for the stressful situations that globalization brings.

"Therefore, governments are consciously changing the policy of reducing and eliminating obstacles so that the movement of goods, capital and services runs smoothly, especially when the government finds out through its own actions how much such barriers cost them."

On the other hand, powerful companies are changing their business strategy and emphasizing profit growth by reducing costs, rather than by increasing the prices of goods and services. " (Vesić, 2010, p.140).

The growing globalization of product and service markets around the world is the most pronounced trend of modern business. Companies, regardless of their country of origin, generate an increasing share of sales in the international market.

The importance of the international activity of enterprises of every national economy, and especially those in development and transition, is undoubtedly a key factor of growth and development in modern conditions. It is a well-known fact that in modern markets, which are exposed to protectionist measures, traditional forms of entry are becoming more expensive and uncertain.

Namely, the internationalization of international operations and activities outside the national space has no alternative in the conception and establishment of economic relations with foreign countries.

Today, restructuring is a generally present process in developed market economies and one of the conditions for efficient and effective business operations. For domicile companies, which have embarked on the path of market business, restructuring is both a necessary intervention and the only way to survive in a market economy based on ownership risk and strong market competition.

The process of restructuring domicile companies, in addition to ownership, management and organizational transformation, also requires a revision of production programs and target markets, as well as a change in the strategy of market performance.

Isolation from the international environment, sluggishness and indecision in adapting the economic system, have led to gaps in the areas of management, marketing, technology, organization and motivation. Existing gaps can be eliminated by including domicile companies in the international division of labor (Starčević, Subotić, 2014, p. 70).

3. Financial management in selected companies of MH Elektroprivreda of The Republic of Srpska in global processes

Major changes and uncertainty in the global environment have emphasized the importance of financial management, whose main role is in making and implementing business decisions. In the conditions and uncertainty of a changing environment, the financial manager must be a coordinator and controller when making business decisions, in full cooperation with managers from other sectors of the company.

Therefore, financial management should play a major role in defining and achieving the financial goals of the company ([http://www.danijel-ruzicic.blogspot.com / 2006_12_01_archive.html](http://www.danijel-ruzicic.blogspot.com/2006_12_01_archive.html), 06.04.2020).

The efficiency and effectiveness of financial policy, in the system of corporate governance as one of the basic elements of corporate financial management, can be seen through the results of financial analysis.

The results of financial analysis are important for the formation and adoption of adequate financial policy. Financial policy, as an integral part of the overall business policy of the company, is the basis of financial management of the company.

The main goal of financial policy is to increase the financial capacity of the company. Financial capacity has its short-term and long-term financial component.

The short-term component refers to the ability to pay due liabilities, ie the liquidity of the company. The long-term component of the company's financial capacity refers to the financial structure and the ability to invest and increase assets, which is reflected in the profitability of the company's operations (Starčević, Subotić, 2019, p.93). In order to understand the real and objective situation about the financial condition of the company, it is necessary to perform a financial analysis.

Financial analysis determines the past and present of business, and is especially important for predicting the future financial condition.

The results of the financial analysis will enable the identification and perception of weaknesses that may lead to problems in the company in the future and take adequate measures to eliminate them.

In order to assess the financial stability and efficiency of financial management of selected companies, by management, it is necessary to present some of the key analytical indicators of financial position, for a longer period of time.

3.1. Short-term financial balance

Short-term financial balance includes, on the one side, short-term (immobilized) assets, and on the other side, includes short-term sources of funds (due liabilities and liabilities that fall due in a short period of time).

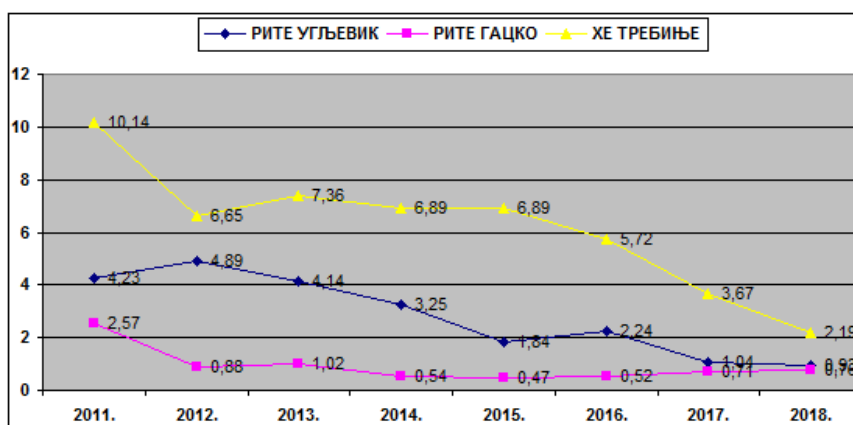
Short-term financial equilibrium exists if the ratio is 1: 1 (Vunjak, Kovačević, 2009, p. 113).

Table 1. Short-term financial balance

Year	РИТЕ УГЉЕВИК Mine and Thermal Power Plant UGLJEVIK		РИТЕ ГАЦКО Mine and Thermal Power Plant GACKO		ХЕ ТРЕБИЊЕ Hydro Power Plant TREBINJE	
	KVS/KIF	Kf.	KVS/KIF	Kf.	KVS/KIF	Kf.
2011.	87.459.994/20.656.824	4,23	47.118.494/18.352.242	2,57	73.346.367/7.228.086	10,14
2012.	95.438.701/19.504.127	4,89	31.148.244/35.184.869	0,88	65.459.925/9.847.069	6,65
2013.	80.962.398/19.577.503	4,14	32.282.565/31.627.478	1,02	95.558.443/12.989.857	7,36
2014.	59.114.203/18.181.419	3,25	30.832.469/57.209.837	0,54	79.633.861/11.547.905	6,89
2015.	51.094.426/27.735.533	1,84	29.670.136/62.954.176	0,47	86.496.299/12.551.853	6,89
2016.	77.905.548/34.809.204	2,24	35.065.575/67.137.525	0,52	65.567.844/11.462.547	5,72
2017.	53.025.788/50.981.911	1,04	40.825.083/57.256.605	0,71	48.152.203/13.124.734	3,67
2018.	63.399.903/67.869.860	0,93	49.965.770/65.080.415	0,76	38.091.947/17.369.048	2,19

Source: Original balance sheets of selected companies

Graph 1. Graphic presentation of data from table 1.



Source: Original balance sheets of selected companies

Indicators of short-term financial balance (Table 1) show that the company Mine and Thermal Power Plant Ugljevik a.d. Ugljevik maintained permanent liquidity until 2018, when the KFR ratio was less than one, which indicates the fact that the mentioned company had liquidity problems in that year.

Unlike this company, Mine and Thermal Power Plant Gacko a.d. Gacko was permanently illiquid for years, from 2012 to 2018, with the exception of 2013, when the KFR coefficient was higher than one (1.02).

The company HPP Trebinje a.d. Trebinje maintained permanently high liquidity ratios with a pronounced sharp decline in 2012, as well as from 2016 to 2018. Nevertheless, this company

managed to maintain continuous liquidity during the observed eight-year period.

3.2. Long-term financial balance

Long-term financial balance exists if long-term tied funds are equal to quality sources of financing (equity and long-term debt).

If long-term tied funds are less than quality sources of financing, then in the area of long-term financing of a joint stock company, security has been created to maintain liquidity in the long run. If the long-term fixed assets of the company are higher than quality sources, then part of the long-term fixed assets is financed from short-term sources. This situation threatens the current and future liquidity of the company. (<http://univerzitetpim.com/wp->

content/uploads/2019/07/Finansijski-polozaj.pdf). Long-term financial balance is obtained when long-term assets on the one hand, with permanent and long-term capital on the other

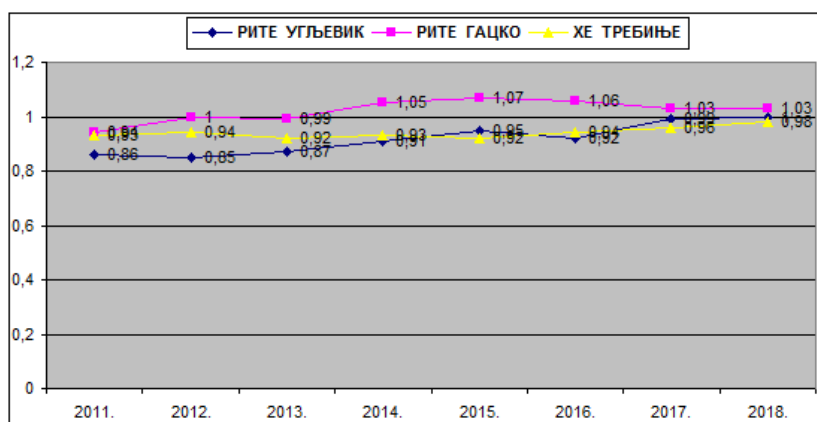
hand are compared. A 1: 1 ratio shows the existence of a long-term financial balance. Namely, if there is a short-term financial balance, then there must be a long-term financial balance.

Table 2. Long-term financial balance

Year	РИТЕ УГЉЕВИК Mine and Thermal Power Plant UGLJEVIK		РИТЕ ГАЦКО Mine and Power Plant GACKO		ХЕ ТРЕБИЊЕ HPP TREBINJE	
	DVS/DIF	Kf.	DVS/DIF	Kf.	DVS/DIF	Kf.
2011.	426.182.982/493.785.352	0,86	464.943.745/493.709.997	0,94	924.699.186/990.817.467	0,93
2012.	420.755.027/496.689.601	0,85	507.870.454/503.833.829	1,00	928.814.729/984.427.585	0,94
2013.	419.895.309/481.280.204	0,87	504.396.689/505.051.716	0,99	915.969.491/998.532.077	0,92
2014.	428.954.467/469.887.251	0,91	511.727.599/485.350.231	1,05	934.235.784/999.321.740	0,93
2015.	433.809.112/457.168.005	0,95	516.276.795/482.992.755	1,07	898.000.179/971.944.625	0,92
2016.	467.553.068/510.649.412	0,92	518.425.034/486.317.084	1,06	925.724.032/981.829.302	0,94
2017.	524.297.060/526.340.937	0,99	498.503.014/482.071.490	1,03	929.934.769/964.962.238	0,96
2018.	599.611.896/594.871.411	1,00	487.171.746/472.057.101	1,03	952.972.589/973.695.488	0,98

Source: Original balance sheets of selected companies

Graph 2. Graphic presentation of data from table 2.



Source: Original balance sheets of selected companies

Indicators of long-term financial balance (Table 2) indicate the fact that those companies that in some years had a short-term financial balance, also have a long-term financial balance. Mine and Thermal Power Plant Ugljevik a.d. Ugljevik maintained continuous liquidity until 2018, which shows the state of KFR, while this company was financially stable until 2018, as shown by the DFR coefficients. Opposite him, Mine and Thermal Power Plant Gacko a.d. Gacko has been financially unstable since 2014, because the DFR coefficients are higher than one every following year, and thus this company was illiquid. The company HPP

Trebinje a.d. Trebinje possessed financial stability in each observed year, which means that the DFR coefficient of this company was higher than one, ie that long-term tied funds were lower than long-term sources of financing.

3.3. Current liquidity

Current liquidity is obtained by the ratio of current assets and short-term liabilities and, accordingly, shows the coverage of short-term liabilities by current assets. In the professional literature

(especially the American one), a company is considered liquid if it has a current liquidity ratio of 2 or more. However, this opinion could not be accepted from our point of view. Namely, if the current liquidity ratio is 2, it means that fixed stocks are half of current assets, while in real business fixed stocks can be higher or less than half of current assets. If fixed inventories are

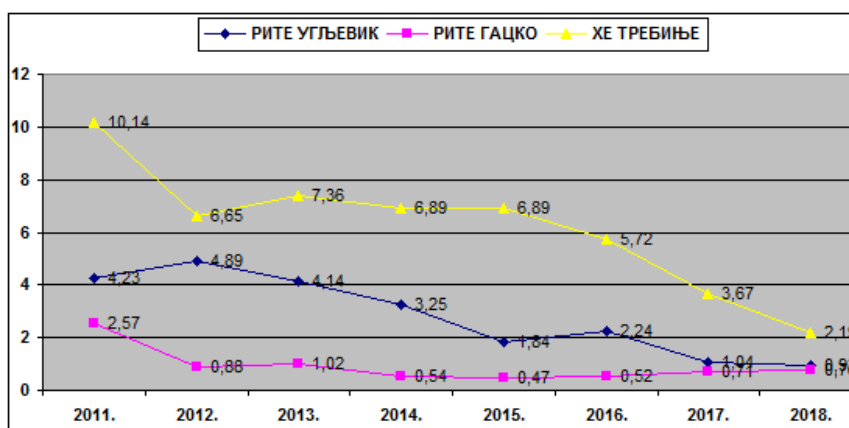
greater than half of current assets, a current liquidity ratio of 2 does not guarantee the liquidity of the company. Conversely, if fixed stocks are less than half of current assets, a current liquidity ratio of 2 can guarantee the liquidity of the company. (Mikerević, 2005, p. 261.) During the analysis of current liquidity, the value of the coefficient 2 was taken as a reference value.

Table 3. Current liquidity indicators

Year	Mine and Power Plant UGLJEVIK		Mine and Power Plant GACKO		HPP TREBINJE	
	OI/KO	Kf.	OI/KO	Kf.	OI/KO	Kf.
2011.	87.459.949/20.656.824	4,23	47.118.494/18.352.242	2,57	73.346.367/7.228.086	10,14
2012.	95.438.701/19.504.127	4,89	31.148.244/35.184.869	0,88	65.459.925/9.847.069	6,65
2013.	80.962.398/19.577.503	4,14	32.282.565/31.627.478	1,02	95.558.443/12.989.857	7,36
2014.	59.114.203/18.181.419	3,25	30.832.469/57.209.837	0,54	79.633.861/11.547.905	6,89
2015.	51.094.426/27.735.533	1,84	29.670.136/62.954.176	0,47	86.496.299/12.551.853	6,89
2016.	77.905.548/34.809.204	2,24	35.065.575/67.137.525	0,52	65.567.844/11.462.547	5,72
2017.	53.025.788/50.981.911	1,04	40.825.083/57.256.605	0,71	48.152.203/13.124.734	3,67
2018.	63.399.903/67.869.860	0,93	49.965.770/65.080.415	0,76	38.091.947/17.369.048	2,19

Source: Original balance sheets of selected companies

Graph 3. Graphic presentation of data from table 3.



Source: Original balance sheets of selected companies

The indicators from Table 3 present the current liquidity situation of the selected companies. Mine and Power Plant Ugljevik a.d. Ugljevik maintained current liquidity until 2017, when the current liquidity ratio was less than two. The sharp decline in current liquidity at this company was manifested from 2013 to 2015. Mine and Power Plant Gacko a.d. Gacko has had problems with current liquidity since 2012, because the current liquidity ratio of this company was less than two during the entire

observed period, until 2018. In addition to the fact that the company HPP Trebinje a.d. Trebinje maintained current liquidity during the observed eight-year period, it also had the strongest oscillations in the value of this ratio. The marked decrease in the value of the current liquidity ratio of this company was expressed in 2012, and from 2016 to 2018.

3.4. Current liquidity

The current liquidity ratio shows the coverage of short-term liabilities by liquid short-term assets, ie. cash. It is considered that this coefficient should not be less than 0.10. The current liquidity ratio is calculated by the ratio of cash and short-term liabilities

(<https://profitiraj.hr/financijski-pokazatelji-pokazatelji-likvidnosti/>). It is not to be

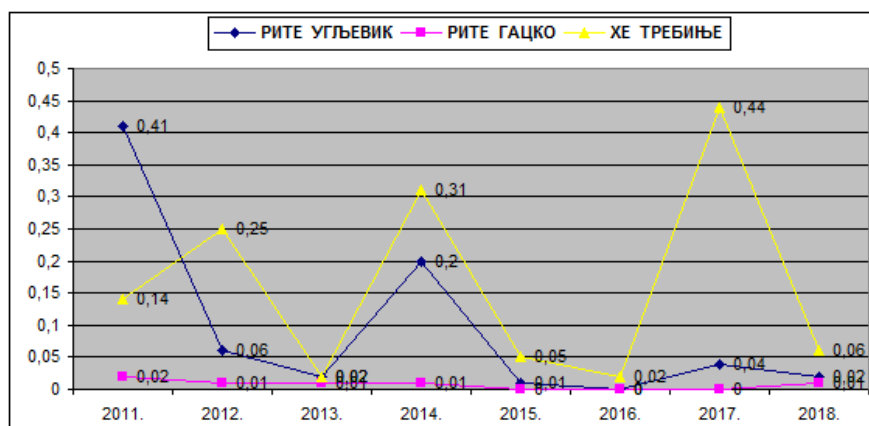
expected that an enterprise seeks to dispose of short-term liquid assets in cash and cash equivalents (immediately redeemable) to settle fully due liabilities; even if we keep in mind modern payment technology when cash is less and less present. Hence, current liquidity indicators will, as a rule, be less than one (Malešević, Starčević, 2010, p. 357).

Table 4. Current liquidity indicators

Year	Mine and Power Plant UGLJEVIK		Mine and Power Plant GACKO		HPP TREBINJE	
	NS/KO	Kf.	NS/KO	Kf.	NS/KO	Kf.
2011.	8.580.069/20.656.824	0,41	334.319/18.352.242	0,02	1.007.123/7.228.086	0,14
2012.	1.116.736/19.504.127	0,06	267.988/35.184.869	0,01	2.432.466/9.847.069	0,25
2013.	464.096/19.577.503	0,02	282.196/31.627.478	0,01	296.586/12.989.857	0,02
2014.	3.807.633/18.181.419	0,20	575.930/57.209.837	0,01	3.606.493/11.547.905	0,31
2015.	522.191/27.735.533	0,01	67.726/62.954.176	0,00	636.573/12.551.853	0,05
2016.	78.635/34.809.204	0,00	64.325/67.137.525	0,00	289.988/11.462.547	0,02
2017.	2.381.428/50.981.911	0,04	176.907/57.256.605	0,00	5.741.063/13.124.734	0,44
2018.	175.048/67.869.860	0,02	343.954/65.080.415	0,01	1.059.551/17.369.048	0,06

Source: Original balance sheets of selected companies

Graph 4. Graphic presentation of data from table 4.



Source: Original balance sheets of selected companies

Ratio indicators of current liquidity (Table 4) indicate the fact that the company Mine and Power Plant Ugljevik a.d. Ugljevik met the current liquidity criterion in 2011 and 2014, with significantly pronounced trend oscillations in these two observed years. Mine and Power Plant Gacko a.d. Gacko did not meet the criteria of current liquidity in any business year, which was to be expected, because this company did not show

current liquidity in any of the observed business years. The company HPP Trebinje a.d. Trebinje also had pronounced oscillations of the trend line for those years in which it met the criteria of current liquidity (2011, 2012, 2014 and 2017).

Financial stability is checked in the form of solvency (long-term observed solvency of the company). The solvency or solvency of a company consists in its ability to settle liabilities and debts

at some point (at the time of bankruptcy). Otherwise, the company is insolvent. Solvency is measured by the ratio of operating assets to total debts. The higher the solvency ratio, the more acceptable the solvency, because the company can

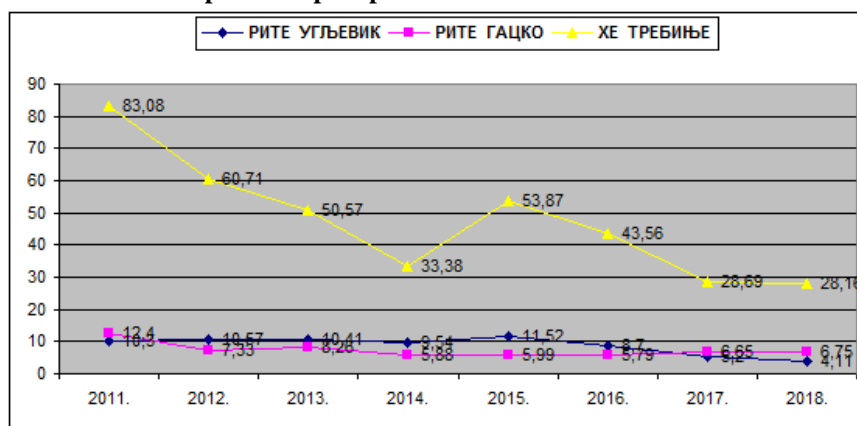
settle (pay) the total debts and the remaining part of the assets remains (Malešević, Starčević, 2010, p. 444).

Table 5. Solvency ratios

YEAR	MINE AND POWER PLANT UGLJEVIK		MPP GACKO		HPP TREBINJE	
	PI/VO	Kf.	PI/VO	Kf.	PI/VO	Kf.
2011.	514.441.176/49.901.318	10,30	512.062.239/41.285.177	12,40	998.045.553/12.013.637	83,08
2012.	516.193.728/48.828.232	10,57	539.018.698/73.498.281	7,33	994.274.654/16.376.966	60,71
2013.	500.857.707/48.094.963	10,41	536.679.194/64.918.513	8,26	998.521.934/19.743.928	50,57
2014.	488.068.670/51.153.049	9,54	542.560.068/92.254.921	5,88	999.869.645/29.954.801	33,38
2015.	484.903.538/42.103.156	11,52	545.946.931/91.000.117	5,99	984.496.478/18.274.198	53,87
2016.	545.458.616/62.659.051	8,70	553.490.609/95.551.764	5,79	993.291.878/22.802.202	43,56
2017.	577.322.848/111.025.111	5,20	539.328.097/81.081.280	6,65	978.086.972/34.090.011	28,69
2018.	663.011.759/161.229.595	4,11	537.137.516/79.556.461	6,75	991.064.536/35.187.028	28,16

Source: Original balance sheets of selected companies

Graph 5. Graphic presentation of data from table



Source: Original balance sheets of selected companies

The results of the solvency analysis (Table 5) show that all three selected companies were solvent in each year of the observed eight-year period. It should be noted that the company HPP Trebinje a.d. Trebinje had the best ratio of solvency indicators, but with a significantly declining trend until 2014 and a further decline since 2016.

The other two companies had a more even trend line without pronounced sharp jumps and falls.

3.6. Indebtedness

The indebtedness of the company is assessed through the structure of liabilities of the balance sheet from the point of view of ownership. The structure of liabilities affects the security, profitability and autonomy of debtors. The degree of indebtedness of a company is determined as: "the ratio of other people's sources (debts in total) and own sources (own capital). If the structure of total sources of financing is dominated by other people's sources of property financing, then

financial security has deteriorated. This can be seen even more clearly from the indicators where other people's sources (total debts) exceed their

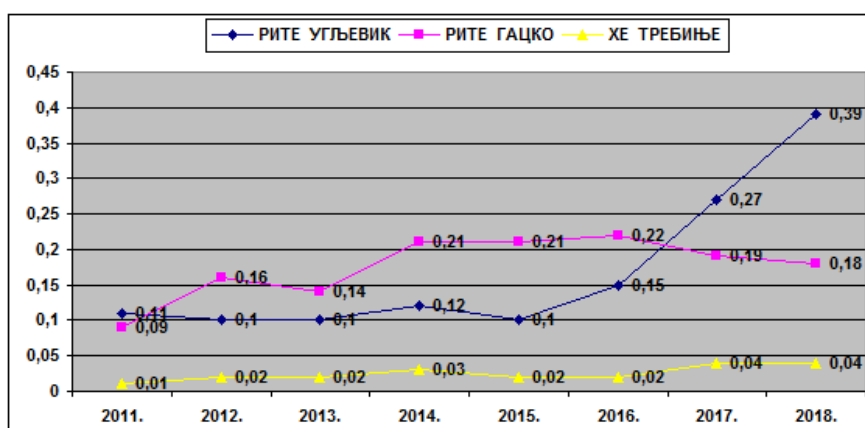
own sources (own capital above 1), which means that the debtor is over-indebted and loses financing autonomy " (Malešević, Starčević, 2010, p. 430).

Table 6. Indebtedness indicators

YEAR	MPP UGLJEVIK		MPP GACKO		HPP TREBINJE	
	UO/SK	Kf.	UO/SK	Kf.	UO/SK	Kf.
2011.	49.901.318/443.709.602	0,11	41.285.177/456.921.092	0,09	12.013.637/978.756.435	0,01
2012.	48.828.232/446.268.323	0,10	73.498.281/452.912.278	0,16	16.376.966/974.744.970	0,02
2013.	48.094.963/439.748.834	0,10	64.918.513/457.505.269	0,14	19.743.928/979.509.435	0,02
2014.	51.153.049/424.695.543	0,12	92.254.921/441.003.547	0,21	29.954.801/972.764.094	0,03
2015.	42.103.156/406.207.771	0,10	91.000.117/430.586.673	0,21	18.274.198/949.773.171	0,02
2016.	62.659.051/439.363.581	0,15	95.551.764/426.607.687	0,22	22.802.202/953.336.075	0,02
2017.	111.025.111/409.974.251	0,27	81.081.280/428.330.639	0,19	34.090.011/924.506.836	0,04
2018.	161.229.595/406.692.917	0,39	79.556.461/430.244.970	0,18	35.187.028/929.924.131	0,04

Source: Original balance sheets of selected companies

Graph 6. Graphic presentation of data from table 6.



Source: Original balance sheets of selected companies

The indicators presented in Table 6 show that the total liabilities in relation to the equity of the company Mine and Power Plant Ugljevik a.d. Coal ranged from 10% (2012, 2013 and 2015) to 39% in 2018. This company had an increase in total liabilities from 2016 to 2018, with a strong increase in indebtedness. Given that this is a company with a high organic composition of assets, the level of indebtedness has been maintained at a satisfactory level. Share of total liabilities in relation to equity with the company Mine and Power Plant Gacko a.d. Gacko ranged from 9% in 2011 to 22% in 2016. Slightly more pronounced jumps in indebtedness at this company were recorded in 2012 and 2014. The indebtedness trend line of the company HPP Trebinje a.d.

Trebinje is, for the most part, even. The share of total costs in relation to equity was the lowest in 2011 with only 1%, and the highest in 2017 and 2018 with 4%.

CONCLUSION

The results of the comparative analysis of the financial position of the selected companies show that two out of three companies, in the observed time period, maintained continuous liquidity and possessed a state of financial stability. All three selected companies had solvency ratios above the benchmarks, as well as satisfactory indebtedness indicators. However, if individual movements of certain parameters are observed, it can be noticed

that the trend line of each of them is of ascending and descending character with pronounced sudden oscillations. This is especially characteristic for the indicators of short-term financial balance, current and current liquidity in the company Mine and Power Plant Ugljevik a.d. Ugljevik and HPP Trebinje a.d. Trebinje. Sudden jumps and falls in the solvency and indebtedness indicators of the HPP Trebinje a.d. Trebinje, although this company had the best indicators of financial position in the observed eight-year period.

Starting from the fact that these are companies that operate within the Mixed Holding of Elektroprivreda of the Republic of Srpska, which can be said to be dominant on the market of Republic of Srpska, the question arises whether the financial management of these companies is well established. That is, whether the financial management of these companies is able to meet the demands of a turbulent global environment. It should be borne in mind that governance in domicile enterprises has for many years been accompanied by many misconceptions, negative results, poor privatization, burdened with outdated approaches and inefficient solutions. Therefore, the process of globalization requires the necessary substantial changes and innovations in the management system, because otherwise the numerous weaknesses of the management of domicile companies cannot be eliminated. Global market changes have led to an increase in the complexity of the management system and initiated the need for its improvement, which, while respecting internal and external conditions, required raising the efficiency of management to a higher level. To raise the efficiency of management to a higher level, it is necessary to fundamentally change the way of thinking and patterns of behavior, which did not happen in these companies. It is obvious that the management of selected companies from MH Elektroprivreda RS was not primarily based on finding an adequate and rational management concept, which solves specific problems of internal and external adaptation of these companies to global market changes.

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SUMMARY

Globalization is a worldwide process of connecting and integrating national economies into a single global system. A modern enterprise should provide adequate management that is capable of creating and developing comparative advantages that will enable it to actively engage in global market flows. Major changes and uncertainty in the global environment have reinforced the importance of financial management, whose primary role is in making and executing business decisions. In order to view the real and objective situation of the financial condition of the company, it is necessary to carry out a financial analysis. Financial analysis determines the past and present of the business, and is particularly important for predicting future financial position. For many years, management in domicile businesses has been, in many ways, accompanied by many misconceptions, negative results, poor privatization, burdened with outdated approaches and inefficient solutions. Therefore, the process of globalization requires the necessary fundamental changes and innovations in the management system, since the numerous weaknesses in the management of domicile enterprises cannot otherwise be eliminated