Corporate Management and its Principles in Financial

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Abstract- Corporations are clear forms of association of people in order to achieve certain roles, goals and tasks. The corporation encompasses different actions and different knowledge and skills, as well as combining them into one meaningful, targeted, purposeful process. Managing such a process requires such coherence both in time and space, and in the part related to quality and quantity. That is why it is necessary for the management of the corporation to put as much emphasis as possible on the control of corporate governance. The function of control is a modern business philosophy, which represents professional support to management, and which contributes to transparency, coordination and integration of business. In order for corporate governance to be implemented effectively, it is necessary that certain factors be met. First, these are factors that are conditioned by the environment in which the organization operates. Second, international business is characterized by market instability and increasing competition.

Key words: financial management, corporate governance, human resources, enterprise management,

I. INTRODUCTION

There are many definitions of corporate governance in the world. In the text that follows, we will present and analyze the definitions that are most often cited and that present the concept of corporate governance in a comprehensive way.

The International Finance Corporation has defined corporate governance as structures and processes for the management and control of companies. Corporate management deals with the process of leading, administering and directing the company towards defined goals. The success of any business is closely related to the success of the corporate management of the organization. This is because corporate managers are in charge of strategic planning, managing resources and deploying them to meet the company's goals.

If we observe the concept of corporate governance from an etymological aspect, then we come to the conclusion that the concept originates from the English language, most likely from the term corporate governance. Namely, the word "governance", i.e. management, has its root from the Latin words gubernare and gubernator, which mean the ship's manager, respectively. the captain of the ship and from the Old French word gouvernance, which meant control and the state of government."[1]

In 1999, the Organization for Economic Cooperation and Development (OECD) defined corporate governance as: "the internal means by which joint-stock companies are managed and controlled, and which include a group of relationships between the company's management, its board, its shareholders and other stakeholders." Corporate governance also provides a structure through which the company's goals are set and the means to achieve those goals are determined and performance is monitored. Good corporate governance should provide appropriate incentives to executives and board members in a company to pursue goals that are in the interest of the company and shareholders and enable effective oversight, thereby encouraging companies to use resources more efficiently."[2] These are 10 rules that should be followed for successful corporate management are presented:

1. Resources - One of the main goals of corporate management is the efficient and effective use of resources within the organization. This may include designated staff and technology used in the organization. To do this, corporate management needs to figure out a way to minimize production time and improve productivity to increase profits.
2. Policy Formulation - Corporate management is tasked with formulating company policy. The policy should follow the various rules and guidelines that are specific to the industry in which the company operates. This means that the policy should be able to bring together the different departments or branches of the company and ensure that they are working towards one unified goal.
3. Finance and Budgets - One of the many functions of corporate management is to define the budget for the company (or the department they head) and spend it accordingly. Each manager should spend the budget according to the amount of money the company is able to spend. Failure to do so may adversely affect the company.

[1] John Farrar, Susan Watson (2011), Contemporary Issues in Corporate Governance, University of Auckland.

[2] Zakon o privrednim društvima, ZPD, čl. 398. i 441.

4. Coordination - To achieve company goals, it is important that there is coordination between different departments. Coordination can be achieved through various communications, meetings and an organized line of transmission of information results. For example, this can help coordinate the level of sales with the level of production so that demand for a product is met by the company's supply.
5. Control - Control of progress in achieving the company's goals can be done through adequate reviews, reports and feedback from employees. Having a reporting structure provides insight into an organization's strengths and weaknesses. Control also helps to ensure that employees are doing their part in meeting business goals and are working in accordance with the business plan.
6. Communication - Good communication is a key feature of any company's success. One of the manager's tasks is to ensure that there is a well-established communication system in which employees can freely express their suggestions for improving the organization and are not afraid to admit that they have made a mistake.
7. Employees - Selecting candidates who fit the job, academically and intellectually, is very important to the company. Managers must ensure that the appointed employees can work towards the company's goals. They have to make sure that the staff is competent enough to handle any kind of situation, good or bad.
8. Training and development of personnel - Training of new employees is very important in helping them understand the way the company works, as well as in introducing the rules and regulations of the organization. Equally important is the training and development of existing employees.
9. Performance appraisal - Rewarding employees for a job well done, whether it's a public appraisal or a bonus, is very important. This not only helps employees stay motivated, but also shows managers the level of enthusiasm employees have and how well they are working towards the company's goals.
10. Technological development - Technology is always changing. Therefore, it is important for the manager to ensure that the company uses the latest technology whenever possible. Using outdated technology will not only contribute to inefficient work, but can also threaten the success of the company and management. That's why it's crucial for any organization to update their technology and keep their stuff up to date on the technology being used.

Corporate management works as a team that guides and directs the work of the company towards the goals at the executive level. Managers are expected to understand the company's strategic goals and then work to allocate the company's resources to achieve those goals. Managers at the same level are expected to work together, putting their teams in a position to complete the tasks and projects assigned to their department. Managers at different levels also communicate, sending reports and data back and forth and ensuring that all ongoing work is moving in the right direction.

Corporate management represents the aspect of management that deals with all types of projects and the production function of business, as well as employee productivity. Corporate business management refers to the managers and executives who are the primary leaders of the company. The scope of managerial roles can be found in different areas of the organization such as HR department, IT department, legal department and executive department, etc. The success of any business organization mainly depends on the success of the corporate management of the organization. As a corporation usually refers to a large business organization with various departments and divisions that are kept to produce goods and services for the end consumer.

Guiding main principles of corporate governance

- The Board approves corporate strategies aimed at building sustainable long-term value; elects the Chief Executive Officer (CEO); supervises the CEO and senior management in the conduct of the Company's operations, including capital allocation for long-term growth and risk assessment and management; and sets the "tone at the top" for ethical behavior.
- Management develops and implements corporate strategy and manages the company's operations under the supervision of the board, with the aim of creating sustainable long-term value creation.
- Management, under the supervision of the board and its audit committee, prepares financial statements that fairly represent the company's financial condition and operating results and timely discloses the information investors need to assess the company's financial and business stability and risks.
- The Board Audit Committee maintains and manages the relationship with the external auditor, oversees the annual audit of the company's financial statements and internal control over financial reporting, and oversees the company's risk management and compliance programs.
- The Board's Nominating/Corporate Governance Committee plays a leading role in shaping the company's corporate governance, seeks to build an engaged and diverse board whose composition is appropriate in light of the company's needs and strategy, and actively conducts succession planning for the board, the board.
- The Board's Compensation Committee develops an executive compensation philosophy, adopts and oversees the implementation of a compensation policy that aligns with its philosophy, designs compensation packages for the CEO and senior management to drive long-term value creation, and develops meaningful performance-based compensation goals that support the company's long-term value creation strategy.
- The board and management should engage with long-term shareholders on issues and concerns that are of broad interest to them and that affect the company's long-term value creation. Shareholders who engage with the board and management in a manner that may influence corporate decision-making or strategy are encouraged to disclose appropriate identifying information and to assume some responsibility for the long-term interests of the company and its shareholders as a whole. As part of

this responsibility, shareholders should understand that the board must constantly weigh both the short- and long-term uses of capital when deciding how to deploy it in a way that is most beneficial to shareholders and to building long-term value.

- In making decisions, the board can take into account the interests of all members of the company, including stakeholders such as employees, customers, suppliers and the community in which the company operates, when it directly and meaningfully contributes to building a long-term business. creating term value.

II. Conclusion

Corporate governance provides rules and appropriate control mechanisms through which, on the one hand, shareholders can monitor the decisions of managers and, on the other hand, of allocating partners. Such a system, in a modern business environment, should initiate and support research and development activities, to contribute to the social stability of human and cultural capital through construction. It is easy to come to the conclusion that the modeling of corporate governance should be integrated into strategies concerning sustainable development, through continuous involvement in the restructuring of the main economic branches or the reform of the social sector. If in the traditional management model the company was led by the owner's family, economic, managerial and technological factors determined the need for leadership realized by professional managers. In this way, new relationships and economic processes between business owners and managers were created. Their modeling and practice forms the subject of corporate governance, but its basic goals remain unchanged.

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