

**A STUDY OF
INDUSTRIAL MANAGEMENT PERFORMANCE
IN YUGOSLAVIA**

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INTRODUCTION

Although a number of macro-level studies of economic performance have been carried out,¹⁾ there are few available analyses of operations in Yugoslavia at the level of the individual firm. All evaluations of performance, of course, lend themselves to criticism on the grounds that the total socio-economic goals set are not merely to be measured in economic terms. However, being a practice, rather than a science or profession, the ultimate test of management is business performance²⁾ and a study of any management system is incomplete without some measurement of economic results. Therefore, although an evaluation of this nature presents several difficulties, it was decided to investigate the business results of Yugoslav companies, in a manner adopted by well organised western companies. Such an analysis, even if not precise, will enable us to learn more about the Yugoslav company and its method of operation and provide additional means of evaluating its activities. This study does not purport to examine environmental factors which may influence management performance. Yugoslavia is a developing country involved in a vast and complex change-process, as self-management is refined and implemented, and under these circumstances it is to be expected that companies will be subject to constraints imposed by environmental conditions.

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¹⁾ Based on data provided in an article by B. Cox, "Added value and »The Corporate Report«" Management Accounting Journal of the Institute of Cost and Management Accountants, London, April 1976.

²⁾ For example: B. Horvat paper on "comparative efficiency" presented to seminar on 'Participation' workers control and self-management, Dubrovnik, January 1976; J. Vaňek and A. Vahčić, "Self-management, workers management and labour management in theory and practice: a comparative study", seminar Bielefeld University, May 1976; also World Bank Economic Report on Yugoslavia 1975.

³⁾ P. Drucker, "Practice of management", Pan Books 1968, p. 21.

There are several reasons why a micro-level study is difficult. First, the accounting conventions, which provide the basic information for such an analysis, are considerably different to Anglo-american practice. Secondly, often only partial data is available for such research and there is frequently a lack of uniformity in published results, which mean that interpolations and extrapolations have to be made. On the other hand, a comparative analysis is also difficult due to the lack of conformity concerning available data on western firms. Few, for example, publish information on 'added value' and the lack of uniformity and precision of the profit calculation is well known.³⁾

The results of Yugoslav company operations are processed and analysed by the Social Accounting Service ((SDK) from the balance sheets and profit and loss accounts submitted regularly by all companies and these are then made available, as confidential information, in the form of so-called 'zelene knjige', to certain persons and institutions. These statistics are often quoted by Yugoslav writers but are not generally available. It was therefore necessary to use other sources for this study and the following analyses are based on statistics collated from a variety of publications. Although it was not, of course, possible to use actual confidential information made available to the writer during the course of previous consultancy work carried out for Yugoslav enterprises, the knowledge thereby obtained enabled a more precise interpretation of results than would otherwise have been possible. Access to more complete data would, however, be necessary in order to provide conclusive evidence of the inferences made from this study.

ACCOUNTING CONVENTIONS

In general good, clear statistical and accounting analyses of management operations in Yugoslav companies are rare, even when full data is on hand. The lack of professional persons, such as accountants, skilled in the presentation and analysis of business activities and the predominantly macro-economic approach used means that important factors are often missing.⁴⁾ For example, the standard management accounting variance analysis, especially by products, is rarely performed. Indeed the lack of a basic costing system is a serious omission in the management information system in the majority of companies. Budgetary control and standard costing which form the basis for control of the operations of major, successful western companies are rarely to be seen. The common approach is to prepare extremely detailed forecasts and plans but usually to neglect the opportunity for better management and control which is obtainable by means of a systema-

³⁾ For example, the statement by R. Trueblood, past president of the American Institute of Certified Public Accountants, at a meeting of the council of the Institute on 2nd May, 1966, "Few non-accountants understand, I fear, that precision in an income statement for a single year is unattainable", quote by A. Goch, "Finance and accountants for managers", Pan Books 1969, p. 16.

⁴⁾ For a more detailed account of these problems see A. Eames, "Accountancy profession in Yugoslavia", *The Accountant*, July 3rd, 1975.

tic analysis of actual results and variances. This situation is not, of course, unusual in a country undergoing a period of industrial development and, for example, similar observations were made concerning UK industry by the various British teams which visited the USA, seeking ways of improving productivity, after the second world war.⁵⁾

Above all, however, the differences in accounting procedures make comparisons difficult. To mention one example, the inclusion of internal sales and profits in the accounts of Yugoslav enterprises can provide a misleading picture. The greatest difficulty lies therefore in endeavouring to ensure that the same bases and definitions are used and the major problem in this instance arose in translating the figure for 'Dohodak' into the customary 'profit before taxes' used in the west and the 'prosečno korišćenje sredstava' (average assets in use figure) to a western basis. It must be stated that in neither of these cases was this completely successful, for two main reasons. First, the official revaluation of assets⁶⁾ carried out periodically in respect of all organisations means that the fixed asset values are somewhat higher than under western (anglo-american) accounting conventions, where few companies adopt this procedure. Secondly, inventories are usually valued by Yugoslav companies to include selling and administration costs, as well as unrealised profits arising from sales from one BOAL to another (i.e. interdepartmental sales). Thus, both inventories and net profits may be higher than under western accounting practice.

RETURN ON INVESTMENT

Despite objections and shortcomings, present to some degree in all measures of business and economic performance, it was decided to use the well established 'Dupont' return on investment technique, as the basis for this analysis. This method is used by many of the world's leading companies and, despite weaknesses, is arguably the best available measure of industrial management performance.⁷⁾ This is, of course, in contrast to the usual theoretical assumption of maximisation of income per worker as the aim of a firm under self-management, which, however, in practice, can lead to fairly arbitrary results, since the number of workers is rarely proportional to the income earning po-

⁵⁾ See, for example, "Measurement of productivity: applications and limitations", issued by the joint committee of the Institute of Cost and Works Accountants and the Institute of Production Engineers, in cooperation with the Anglo-american Council on Productivity, London. Undated but refers to investigations carried out between 1948 and 1950.

⁶⁾ These were revalued in 1962, 1966, 1971 and 1975, according to „Industrijske organizacije udruženog rada 1975", Bilten 1025 of the Savezni Zavod za Statistiku, Belgrade, April 1977, p9.

⁷⁾ Thus, in a recent survey completed by over 170 representatives from industry, the academic world, accountancy and management consultancy, Sanitocki received an overwhelming preference for this method. J. Sanitocki, "Management audit survey", sponsored by the Institute of Cost and Management Accountants and the City of Birmingham Polytechnic, July 1974, pp. 31-34.

tential of an enterprise and, furthermore, it ignores the vital factor of the success in managing the, usually scarce, non-human resources.

Unfortunately, there are a variety of definitions of the factors involved. Thus, the calculation of 'capital employed', as the denominator in the return on investment (also called return on capital) equation may be taken to mean:

Fixed assets at cost, or valuation, less depreciation, plus
Current assets, plus
Other tangible assets, minus
Current liabilities,⁸⁾

which we shall use as our definition but for the return on investment (Dupont) calculation, total assets is used, without deduction of current liabilities. Net profit, before interest and tax, which is used in the following calculations, is the numerator in the 'Times 1000' analysis, whereas General Motors, for example, uses both this net profit figure, which is called 'net income' and also a true net profit figure, after taxes and interest charges.

It is of interest to note that this measure of performance is similar to one of the indices which Yugoslav companies are now bound to use in accordance with the provisions of the 1976 'Zakon o udruženom radu' (article 140).

AN HYPOTHESIS

From practical observations, even the less efficient companies in the less efficient companies in the west are often able to achieve a reasonable 'profit on sales' percentage. However, the efficient use of resources, in order to obtain a satisfactory 'return on investment', requires a high level of managerial ability and relatively sophisticated general management and financial planning and controls. In Yugoslavia, a developing country, the level of management ability, productivity and, especially, the level of the more sophisticated management techniques, such as the management accounting controls mentioned earlier, will be lower than in the majority of companies in western developed countries and it therefore seems reasonable to suppose that:

The use of resources, measured by the return on investment, will be generally less efficient in Yugoslav companies and, further, that the major reason for this will be a lower investment turnover ratio⁹⁾.

The performance of Yugoslav companies in the industrial sector

⁸⁾ Definition in a letter dated 6th January, 1977 from Extel Statistical Services Ltd., London, in answer to an enquiry by the author concerning the "Times 1000 — 1966/77", published by Times Newspapers Ltd.

measured in this manner is shown in figure 1, together with figures for British companies.⁹⁾

Figure 1

	Yugoslav companies	British companies
Return on investment	15%	19%
Turnover ratio	1.2	2.1
Profit on sales	13%	9%

At first sight the results appear to support our hypothesis. However, there are several reasons why the large discrepancy in the turnover figures of 1.2 and 2.1 for Yugoslav and British companies respectively, may also be due to other factors. First of all, it was not possible to obtain sufficient information on this basis in order to make a comparison between firms in similar industries. The two samples are therefore quite probably differently weighted, although their size ensures that a good cross section of industry is included. Secondly, as was pointed out earlier, the revaluation of fixed assets carried out by Yugoslav companies could account for at least some of the difference, although one would expect Yugoslav industry not to be so intensively capitalised. In order to examine these points further, the study was therefore extended to investigate the returns on Fixed Assets and net Current Assets separately, as shown in figure 2.

Figure 2

	Yugoslav coys.			British coys.		
	Total	F.A.	C.A.	Total	F.A.	C.A.
Return %	15	30	30	19	24	55
Turnover	1.2	2.4	2.4	2.1	2.9	6.6

⁹⁾ These figures relate to the results of Yugoslav companies in the industrial sector for 1974 and 1975 and of 100 British companies, representing approximately fifty percent of total turnover of all companies included in the "Times 1000 — 1967/77" and covering financial results for the years 1973—1976. Further samples and statistics were used in both cases as a check on the representativeness of the results and in order to obtain supporting information for analyses. The main sources were: „Statistički Godišnjak Jugoslavije 1976“, „Dve stotine najvećih“ of *Ekonomska Politika* 1975, 1976 and 1977; *Ekonomska Politika* no 1319 of 11th July, 1977 pp. 23—25; „Industrijske organizacije udruženog rada 1975“, *Bilten* 1025 Savezni zavod za statistiku, Beograd, April 1977; „Industrija“ magazine of the Institut za ekonomiku industrije, no 3, Jul—Sep. 1977, pp. 7—18; „Times 1000 — 1976/77“, Times Newspapers Ltd.; „Trend of Industrial Profits“, *Financial Times*, June 1976 and January 1974. The segregation into fixed and current assets is based on Financial Times data.

From these figures it is seen that the Yugoslav companies in this sample have, in fact, a higher return on fixed assets, which may mean undercapitalisation offsets any effects of revaluation. However, the return on net current assets shows a very different picture. In this case Yugoslav companies have, on average, a return of only just over half and a turnover ratio of only just over one-third of the rates for British companies. It therefore seems reasonable to assume that this is the major cause of the large difference in the rates of total turnover. Further analysis, in fact, shows that current assets, less accounts receivable, which leaves essentially stocks, account for the relatively low rate of turnover in respect of net current assets. Total stocks of Yugoslav enterprises, including raw materials stocks often represent up to five months of production and a recent study by Madžar¹⁰) has confirmed the large proportion of investment funds required to finance stocks in the Yugoslav economy.

Evaluation

If our hypothesis is correct and despite the difficulties in establishing strictly comparative data, the wide difference in turnover rate would indicate that it is at least partially so, then several effects may be expected. First, due to the higher profit percentage, prices, which are based, at a minimum level, on costs, will tend to be higher and thus lead to a situation where Yugoslav products may be less competitive on world markets. Observations tend to support this conclusion and, in practice, prices are often higher from Yugoslav companies. Of course, other factors, such as lower productivity may also raise costs, however, a 44% higher profit margin will certainly have its effect on pricing policy. Second, the poorer management of investments, indicated by the lower turnover ratio for Yugoslav companies, means that existing resources are not fully utilised and this will aggravate any shortages of capital. Lack of capital and underutilisation of capacities is a common subject of discussion in Yugoslavia, as in many countries, however, one of the easiest of excuses for management the world over is, in fact, lack of capital, since it is often not realised, or admitted, that the basic problem is poor management of existing resources. Budgetary-administrative procedures often also encourage this behaviour; for example, by making much easier the acquisition of funds for investment in fixed or current assets, than for disbursement as operating expenses, such as may be required for the maintenance of existing plant and equipment, or for the installation of improved planning and control systems.

It is, however, not entirely fair to blame management for the poor return on capital in Yugoslavia, especially as regards stocks. There are many difficulties in obtaining, say, raw materials, due to import regulations and also, sometimes, due to poor deliveries. Under these circumstances management will tend to play safe and hold higher stocks.

¹⁰) Lj. Madžar, „Zalihe i akumulativnost privrede“, Ekonomika Politika no. 1366 of 5th June 1978 pp. 18—24.

On the other hand, it was at one time not uncommon for Yugoslav companies to carry out-of-date stocks longer than usual in order to avoid write-offs, which would, according to the regulations at that time, directly affect the funds available for personal incomes. Another reason for a preference by management for capital, as opposed to revenue, expenditure may also be the fact that such outlays do not affect the profit (or dohodak) calculation, which is often used as a measure of performance, if not directly as a basis for remuneration.

In summary, therefore, a poor return on investment may lead to higher profit margins and prices, as an attempt is made to compensate for the less efficient use of capital. It is also not uncommon within the management process for capital expenditures and investments, which may lead to excess capacities and a shortage of capital, to be encouraged by financial, administrative and personnel policies. The use of an evaluation of performance based on the use of resources (the basic management function), such as is provided by the return on investment analysis, may help to control these tendencies.

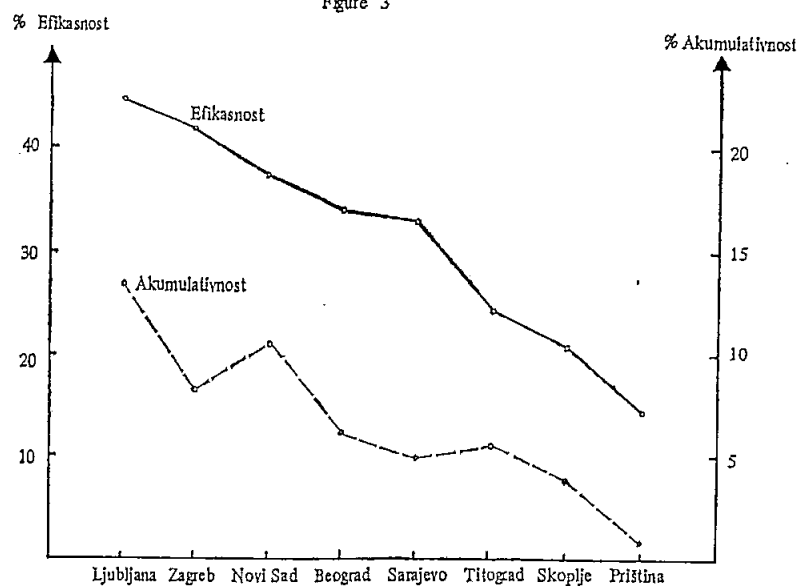
SOME OTHER INDICES OF PERFORMANCE

In view of the difficulties involved in making such calculations of return on investment, it is desirable to examine other indices of business performance, not least in order to see if some confirmation of the above results may be obtained. Probably one of the most comprehensive studies of the performance of Yugoslav companies, although limited in the total amount of information provided, is that which has been produced by Turčić.¹¹) He examined efficiency of industry, by branches and by districts, based on the indices: „efikasnost angažiranih sredstava“ (efficiency of assets in use) and „akumulativnost angažiranih sredstava“ (profitability of assets in use) which are calculated by measuring „dohodak“ and „akumulacija“, respectively, against fixed assets, less depreciation, plus current assets. The aim of his study was to „improve the analytical bases at the level of the commune in the process of planning and programming their industrial development“ and the results for some of the main geographical locations is shown in figure 3.

As may be seen, this sample, taken from the total study, shows a pattern following very closely the level of development of the various regions. Because of the wide differences in the efficiency of the use of assets between the more and less successful areas, Turčić concluded that, „...there exists a relatively low level of utilisation of assets in all areas... (and)... there are therefore large reserves“. His study therefore, in general, supports the results of our previous analysis and shows, once again, that the basic problem may not be so much the shortage of capital per se but the efficiency of the use of investments.

¹¹) I. Turčić, „Indikator o efikasnosti jugoslavenske industrije po općinama“, Informator, Zagreb, 1975.

Figure 3



	Efikasnost %	Akumulativnost %
Ljubljana	43.0	14.0
Zagreb	40.6	8.0
Novi Sad	37.2	10.0
Beograd	34.9	5.9
Sarajevo	34.2	4.7
Titograd	24.7	5.3
Skopje	20.6	3.4
Priština	12.6	0.7

He also refers to a phenomenon already spotlighted by others,¹²⁾ whereby a relatively constant growth of wage levels in all areas, irrespective of efficiency, leads to considerable differences in retained earnings and, thus, to differences in the ability of companies to finance growth themselves.

¹²⁾ For example: H—C. Iverson, „Tertiäre Einkommensverteilung in Jugoslawien und Ansätze der jugoslawischen Einkommenspolitik“, Bielefeld, December 1976; J. Waller unpublished paper, „Wage rates and accumulation“, Bradford University, 1976; H. Baltića, „Samoupravljanje i dohodak“, Informativne službe CK SKH i Vajeća SSH, p. 46, Zagreb 1970, quoted by S. Tonković, „Samoupravljanje 1950—1974“, Globus, Zagreb, 1974, p. 109. However, A. Vacić, „Principi i politika dohotka“, Radnička Stampa, Belgrade, 1976, p. 419 draws other conclusions.

Unfortunately, the use of dohodak (added value less depreciation) by Turčić, instead of, say, the Yugoslav figures for social product (equivalent for all practical purposes to added value) means that direct comparison with firms in other countries is rather difficult. There is in any case a lack of statistics available concerning the ratio of added value to fixed assets for, say, western companies. The Accounting Standards Committee document, „The Corporate Report“, published in the UK, proposed that companies should include a statement of 'value added' in their published accounts, however, as Cox has pointed out, definitions of added value are not yet standardised.¹³⁾

A few examples of the actual results of British companies presented in this manner are shown in figure 4 but, since asset figures are not available for the British companies, it is not possible to compare these directly with the results achieved by Turčić. However, as one form of comparison, it is possible to calculate from the available indices the ratios of accumulation: dohodak.

As shown in figure 5, the Yugoslav results range from 32.6% for Ljubljana, to 5.6% for Priština and the British companies (figure 4) provide a range of 16.6% to 4.8%. The sample of British companies is too small to draw any valid conclusions but the fact that these ratios are lower does raise interesting implications for further study; not least of which is the fact that such a difference, if proven, would mean that Yugoslav companies retain more earnings than their (capitalist) counterparts.

Yugoslav enterprises, because of their relatively inefficient use of capital, need more capital; on the other hand western companies pay dividends to shareholders, which is, of course, not the case in Yugoslavia.¹⁴⁾ However, it is possible that fiscal policies and accounting conventions account for the difference. Thus, whereas British companies are subjected to taxes of more than 10% of added value, the equivalent rate in Yugoslavia at the time of this analysis was probably only just over half that amount. At the same time it is not clear whether the surplus arising from fixed asset revaluations has also influenced these figures.

Subject to these limitations, we may also attempt a comparison of the actual 'akumulativnost' calculations prepared by Turčić, which

¹³⁾ B. Cox, „Added Value and 'The Corporate Report'“, Management Accounting, Institute of Cost and Management Accountants, London, April, 1976.

¹⁴⁾ As a result of the unavailability of shareholder funds, bank borrowing in Yugoslavia is, of course, much higher than in the west. On the other hand Yugoslav enterprises enjoy the use of socially owned resources interest free and certain of the implications arising therefrom are examined by G. Lemán, „Das jugoslawische Modell“, Europäische Verlagsanstalt, Frankfurt, 1976, p. 159 and p. 180.

Figure 4

Added Value Calculations*

1975 (£'000)

	Tate&Lyle	Record Ridgeway	Allied Breweries	HP Blumer (6 mos.)
Sales	1,274,400	11,992	737,000	12,842
Added Value	120,000	5,833	378,700	8,604
Distribution:				
— employees	62,900	4,180	129,100	2,877
— overheads	n/a	n/a	n/a	3,121
— interest	8,700	149	14,200	452
— shareholders	5,900	255	15,900	97
— customs	n/a	n/a	156,100	n/a
— taxes	23,400	628	36,700	993
— depreciation	10,400	139	17,200	321
— surplus	8,700	482	9,500	742
	120,000	5,833	378,700	8,604
Misc. income	9,500	—	7,700	—
Dohodak	109,600	5,694	361,520	8,283
Akumulacija	18,200	482	17,200	742
Akum.: dohodak	0.16	0.09	0.05	0.09

* Based on data provided in an article by B. Cox, "Added value and 'The Corporate Report'", Management Accounting Journal of the Institute of Cost and Management Accountants, London, April 1976.

in figure 3 show a range of 14% to 0.7%. These figures are roughly equal to net profit after tax in western terms and in 1976 a Financial Times analysis showed an equivalent figure for industrial companies of 5.9% and in the previous year 7.3%.¹⁵⁾ However, in this British analysis a different base figure for investment is used. Instead of total assets, the lower figure of capital employed serves as the denominator. In spite of the great number of uncertainties, the evidence, therefore, very strongly indicates once again a likely higher retained earnings figure by Yugoslav companies.

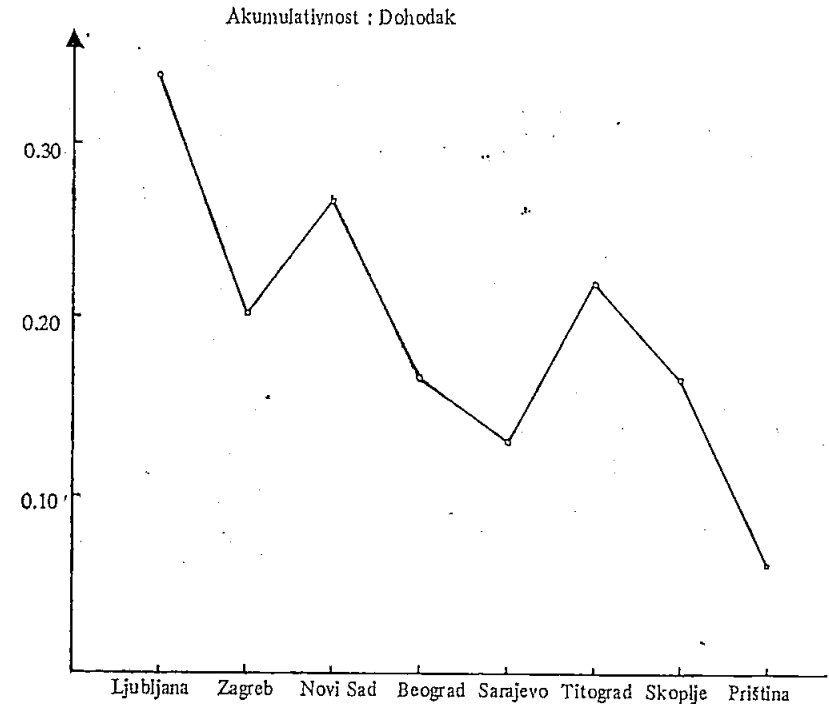
Employee share

In a book published in 1971 in which he argued for the use of added value as a measure of management performance, Gilchrist¹⁶⁾ in effect substituted 'added value' for 'sales' in the return on investment equation. Although one can perhaps sympathise with the desire to utilise added value as a measure of efficiency, this proposal would appear to have the considerable disadvantage of removing a direct evaluation of marketing effort, as measured by sales. Added value does not provide sufficient detail concerning sales results, which are a function of the very important factors of price and volume. It would seem the-

¹⁵⁾ In this case the calculations are made before the appropriations for payment of dividends.

¹⁶⁾ R. Gilchrist, "Managing for profit", G. Allen and Unwin Ltd., 1971, p.81.

Figure 5.



Ljubljana	0.33
Zagreb	0.20
Novi Sad	0.27
Beograd	0.17
Sarajevo	0.14
Titograd	0.22
Skopje	0.17
Priština	0.06

refore, that a substitution of added value for profit, instead of sales, would provide a better measure of management performance.

In Yugoslavia some preliminary work has been done, inter alia by Kiralj and Turk, in developing an analytical technique using the usual economic ratio of income per worker as the final index but measuring

this by the factors of income, added value and capital employed. Gillchrist also examined the index of salaries and wages to added value as a possible yardstick of socio-economic performance and, as other authors have also more recently demonstrated, there is a remarkable consistency in this ratio, which for manufacturing industry in most developed countries usually lies at about 0.50. As Wood¹⁷⁾ has shown, there are variances between industries, depending on a number of factors, including the degree of labour intensity but also due to the relative efficiency in generating added value and the incomes policy adopted. Once again definitions make comparisons difficult but some corresponding figures for Yugoslavia are shown in figure 6.¹⁸⁾

Figure 6

	1970	1971	1972	1973	1974	1975
Personal incomes (gross): social product	0.55	0.53	0.53	0.51	0.47	0.50
Personal incomes (net): social product	0.38	0.37	0.37	0.36	0.34	0.37

A surprisingly similar proportion of added value appears to be distributed to workers as wages both under self-management and under capitalism, supporting arguments that the system of remuneration in effect remains the same. It also shows, however, that Yugoslav firms are responsibly (self) managed and that usual by the relative proportions of 'akumulacija' to 'dohodak' achieved by Yugoslav and British companies.

CONCLUSIONS

As a developing country, it is to be expected that the business results of enterprises in Yugoslavia will differ from those for companies in western industrial developed countries. This study has been carried out in order to endeavour to learn more about the nature and causes of such differences.

Despite the difficulties in making comparisons and the impossibility of producing absolutely valid results, it does seem that certain tentative conclusions may be drawn:

1. Yugoslav companies show a pattern of results very similar to that of less successful western firms. This is typified by poor use of resources, with low capital turnover, high stocks and underutilised capacities, which is also probably emphasised by poor sales and marketing achievements.

¹⁷⁾ E. G. Wood, "A policy for pay and productivity", The Times, 4th May, 1977.

¹⁸⁾ „Privredni Bilansi Jugoslavije 1975, Savezni zavod za statistiku, Belgrade, p. 121 and „Statistički Godišnjak Jugoslavije 1975", p. 136.

2. Because of the relatively inefficient use of capital, Yugoslav companies suffer from the need to use a higher profit percentage in order to ensure adequate income. This in turn causes pricing and other marketing problems.

3. Although replacements and modernisation are necessary, it appears that a basic problem in Yugoslav industry (as in some western countries) most probably lies not so much in shortage of capital but in efficiency of use (i. e. management) of existing resources.

4. Some of the management activities most needing improvement in Yugoslav companies are therefore those concerned with the use of resources — industrial engineering (work-study and production control), management accounting (costing, cash flow and budgetary control) and marketing.

5. Similar proportions of added value appear to be distributed directly to employees under both capitalist and self-management systems.

6. Due to several reasons there appears to be a higher rate of retained earnings by Yugoslav companies. This confirms that, under self-management, organizations are responsibly managed and, in particular, that no excessive proportion of added value is distributed to employees.

EFIKASNOST POSLOVANJA JUGOSLOVENSКИH INDUSTRIJSКИH PREDUZEĆA

Alan Eames

R e z i m e

Uvažavajući činjenicu da evaluacija ekonomske efikasnosti (performansi) može biti kritikovana polazeći od stava da postulirani globalni društveno-ekonomski ciljevi ne mogu da budu mereni u čisto ekonomskim terminima, ovaj članak ispituje samo finansijske rezultate industrijskih preduzeća u Jugoslaviji u cilju bližeg upoznavanja sa jugoslovenskim preduzećima i metodima njihovog poslovanja.

Izučavanja poslovanja jugoslovenskih preduzeća na mikro nivou veoma su retka i skopčana sa mnogim problemima terminologije i računovodstvenih konvencija, što otežava finansijsku analizu koja polazi od anglosaksonskih standarda. Problemi u analizi su takođe uzrokovani i relativno minornom ulogom koju u Jugoslaviji ima računovodstvo kao profesija i dominantnom upotrebom makroekonomskog pristupa, što znači da se u pripremanju informacija za rukovodstvo preduzeća često zanemaruju veoma značajni činioci.

Članak polazi od pretpostavke da je u Jugoslaviji kao zemlji u razvoju nivo upravljačkih sposobnosti (management ability), produktivnost, i naročito nivo rafiniranih upravljačkih tehnika, kao što je upravljačko računovodstvo, niži nego u većini preduzeća u zapadnim razvijenim zemljama i stoga će:

„Upotreba resursa, merena prinosom investicija ('return to investment') biti, uopšte uzev, manje efikasna u jugoslovenskim preduzećima, pri čemu glavni uzrok tome leži u nižem proizvodnom koeficijentu ('investment-turnover ratio').”

Uzimajući u obzir sve teškoće i nedostatke jedne ovakve komparativne analize, rezultati jugoslovenskih i britanskih preduzeća svedeni na istu osnovu, izgleda da potvrđuju napred iznetu hipotezu. Štaviše, izgleda da glavni uzrok nižeg povraćaja sredstava leži u veoma niskoj stopi prometa (ukupne realizacije) u odnosu na tekuća sredstva, što je opet, uzrokovano visokim nivoom zaliha.

Kao rezultat ovih razlika, zaključuje se u članku, cene teže da budu više, a zbog relativno nižeg kvaliteta investicionog odlučivanja i postojeći resursi se u potpunosti ne koriste, što opet, pogoršava situaciju u pogledu raspoloživosti kapitala, zaoštravaju dalje problem njegove nedovoljnosti. Takođe se naglašava da oskudica kapitala može često da služi kao isprika za de facto loše upravljanje postojećim resursima. Administrativno-budžetske procedure često upravo podstiču ovakvo ponašanje; npr., mnogo je lakša akvizicija sredstava za osnovne i obrtne fondove nego gotovinske isplate za troškove poslovanja, koje zahteva održavanje postojećih postrojenja, ili za uvođenje poboljšanja u sistemu planiranja i upravljanja. Pored toga, rukovodstvo preduzeća može preferirati kapitalne, nasuprot tekućih rashoda ("capital as opposed to revenue expenditure"), budući da takvi izdaci ne utiču na obračun dobiti, koja se, često koristi kao mera poslovnog uspeha ("measure of performance"), ako ne direktno i kao osnova za nagrađivanje.

S obzirom na teškoće u pribavljanju informacija o poslovanju jugoslovenskih preduzeća i njihovom poređenju sa rezultatima u drugim zemljama, ispituje se neki drugi pokazatelj efikasnosti funkcioniranja da bi se videlo da li oni mogu da potvrde neke od osnovnih nalaza članka. Izgleda da studija Turčiča potvrđuje neke od rezultata autorovih istraživanja i istovremeno rađa podsticanje za nova izučavanja: name, da li je stvarno tačno da jugoslovenska preduzeća zadržavaju za sebe relativno veći deo prihoda nego njihovi kapitalistički pandani.

Na kraju, u članku se ispituje tzv. učešće zaposlenih (lični dohoci radnika i administrativnog osoblja: novostvorena vrednost) koja, kao što to dosadašnja istraživanja pokazuju, u razvijenim zemljama stoji na primetno konsistentnom nivou od otprilike 0,50.

U zaključku, autor ponovo podvlači da treba očekivati da se u Jugoslaviji kao zemlji u razvoju, poslovni rezultati preduzeća razlikuju od poslovnih rezultata kompanija u zapadnim industrijskim razvijenim zemljama. Uprkos teškoćama prilikom kompariranja i nemogućnosti da se dođe do apsolutno valjanih rezultata, moguće je doneti sledeće okvirne zaključke:

1. Jugoslovenska preduzeća pokazuju obrasce poslovnih rezultata koji su veoma slični obrascima poslovanja manje uspešnih zapadnih firma. Za ove obrasce su tipični suboptimalna upotreba resursa sa niskim proizvodnim koeficijentom, visoke zalihe i neiskorišćeni kapaciteti, čemu verovatno doprinose nedovoljna nastojanja u pogledu prodaje i marketinga.

2. Zbog relativno neefikasne upotrebe kapitala, jugoslovenska preduzeća pate od potrebe da primenjuju veći procenat dobiti da bi obezbedila adekvatan dohodak. To, opet, utiče na način formiranja cena i uzrokuje niz marketing problema.

3. Iako su, zamena i modernizacija nužne, izgleda da osnovni problem u jugoslovenskoj industriji (ka i u nekim zapadnim zemljama) leži ne toliko u oskudici kapitala nego u efikasnoj upotrebi postojećih resursa (tj. u managementu).

4. Stoga, management aktivnosti koje u jugoslovenskim preduzećima zahtevaju u najvećoj meri usavršavanje, su upravo one koje se tiču upotrebe resursa: industrijsko inženjerstvo (studij rada i kontrole proizvodnje), management računovodstvo ("costing, cash flow and budgetary control") i marketing.

5. Slična proporcija novostvorene vrednosti direktno se raspoređuje zaposlenima i u kapitalističkom i u samoupravnom sistemu.

6. Usled različitih razloga jugoslovensko preduzeće zadržava relativno veći deo ukupnog prihoda. Ovo potvrđuje da se u uslovima samoupravljanja radnim organizacijama odgovorno upravlja, i, posebno, da se zaposlenima ne distribuira preveliki deo novostvorene vrednosti.