

THE IMPORTANCE OF THE PLANNING FUNCTION IN THE BUSINESS FINANCIAL DECISION-MAKING PROCESS IN TOURISM ENTERPRISES

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Abstract

Planning is an introduction to selecting findings and goals, and the first activity to successfully implement the above. The result of the planning process is the plans. Many elements that go into the plans, before being taken for consideration, should be selected in detail. Plans are made for different intervals. They strongly imply not only new ideas but also sensitivity, equipment in the workplace and so on. It should be apostrophed that the plan is a means of action and a way to achieve the goal. If planning is efficient, it can also be expected to be successfully implemented.

Key words: tourism, finance, goals, plans, efficiency, effectiveness

JEL classification: G3, Z3

1. Introduction

To explain the concept of planning in tourism and to understand its essence, it is necessary to start from the nature of man as a conscious being. Every person in their daily life tends to anticipate the consequences of their current actions. His actions are always predetermined by considerations of events that may or are expected to occur in the future. At the same time, he seeks to influence future events based on his own needs and desires. Therefore, he sets goals that he strives to achieve within a certain period of time, thinks about possible methods to achieve them, and chooses the means to best achieve them. With it, individuals think about the future, make decisions, and take action. Planning means mentally bridging the gap between the present and future states, judiciously linking what is to be done with what is to be achieved. It permeates all human activities, in his personal and business life.

2. Theoretical and Methodological Approach to Research

For any empirical research to be carried out effectively, it is necessary to first develop a research project. The research project encompasses several main stages:

- Determine the purpose and subject of the research;
- Hypothesis;
- Sample selection (sample selection);
- Development of methodological instruments for field data collection;
- On-the-ground data collection;
- Data processing;
- Interpretation of the data, i.e. the design of the study.¹

¹ Todorović, A., (1978), Metodologija istrazivanja slobodnog vremena, Savremena Administracija – Beograd, Beograd, 51, изнесено според Бунташески, Б., (1994), Социо - психолошки проучувања на активностите на посетителите во туристичкото место, Просветно дело - Скопје, Скопје, 52.

2.1. Objectives of the study

This research has a scientific and practical purpose. The scientific objective refers to the specific theoretical knowledge about the significance of the planning function and the consideration of the implications of planning in the financial decision-making process in tourism enterprises, and the practical objective is related to the specific implementation of the theoretical knowledge in practice.

2.1.1. Scientific objective

The scientific objective is to uncover certain theoretical insights by taking into account the implications of planning in the financial decision-making process of tourism enterprises. The scientific aim of this research is to uncover new insights into how if planning considerations are taken into account in the financial decision-making process of tourism enterprises, rapid tourism development will be ensured. Namely, through the method of analysis, through a survey with managers, we determined the representation of planning instruments in the financial decision-making process of enterprises in the field of tourism.

2.1.2. Practical objective

This research also has a practical purpose, which is closely related to the scientific purpose. It is related to a particular implementation of theoretical knowledge in practice. The practical objective of the research is to implement the discovered theoretical knowledge about the representation of planning instruments in the process of financial decision-making, which will contribute to the dynamic development of tourism enterprises, and thus tourism. Therefore, the practical objective of this research has broad dimensions, as it should mobilize all factors that are directly and indirectly involved in tourism, i.e. are interested in this issue.

2.2. Subject of the study

The subject of research in this paper is the importance of the planning function and the use of planning input in the financial decisions of enterprises in the field of tourism. The subject of this research analyzes three concepts that need to be operationalized:

- planning,
- financial decisions, and
- tourism enterprises.

2.2.1. Planning

Etymologically, the term planing derives from the Latin word planum, meaning flat surface. It has long been used in architecture and construction to express the preparation of a sketch, draft, or plan of a building structure. However, its content is far broader and more complex. It can be argued that there is no universally accepted definition in theory that can explain the essence of planning. There are a number of definitions in which authors express their views on planning, starting from different aspects of consideration. This is especially true for business planning in tourism enterprises.

Planning is a primary function in tourism management. Planning is a process that involves the selection of goals and objectives as well as actions to achieve them, as well as decision-making, i.e. the choice of alternative courses of action. Plans provide a rational approach to achieving pre-selected goals. Planning has the task of the tourism company to provide: to know why it exists and what is its basic area of activity, to know which are its good and which are its bad sides, to know what conditions and threats come from the external environment, to be able to recognize and incorporate adequate standards of operation and to have defined rules of conduct (policy) to be followed by all employees in order to achieve the goals of tourism enterprise.

2.2.2. Financial decisions

Financial decisions include investment decisions, then strategic financial decisions, and finally tactical financial decisions. In order to prepare an investment decision for the successful operation of enterprises in the field of tourism, it is necessary to make an investment project that contains numerous interdependent and related activities. Investing is the exchange of available assets for expected future returns. One of the key reasons why businesses fail is the lack of money to settle obligations. In other words, businesses fail to maintain a steady cash flow. Also, financial institutions such as banks will ask first and first ask of a tourism company is what its cash flow is. Cash flow is an overview of the inflows and outflows of money in a business. It's a two-way process – cash inflows and outflows. What needs to be done is to effectively manage both suppliers (cash outflow) and buyers (cash flow).

Cash flow forecasts, capital budgeting, cost of capital, and risk are important in investment deferrals because they provide information about how much money should be provided for the tourism business. Usually, these forecasts/projections are made on a monthly basis. Also, to the extent that a tourism company has a positive cash flow for years, there is a big plus for banks to realize a line of credit.

The decision to invest is the wisest decision of every individual, every family, every enterprise, and especially in the field of tourism. Simply put, if we don't put everything we have earned into the right investment, i.e. the money that a tourism company puts in today, will bring in additional income tomorrow. All that is required is that the money saved, regardless of its amount, is invested with a clearly defined goal that will ultimately bring profit to the tourism enterprise. All investments with a maturity of more than one year are called long-term investments. Making long-term financial decisions is a complex and time-consuming process that is determined by the following factors: savings, interest rates, and expectations.

The term capital has several interrelated meanings in economics, finance, and accounting. In finance and accounting, capital generally refers to financial wealth, especially that which is used to start and maintain a business. The dividend policy is part of the tourism company's financing decision. The dividend payout ratio indicates how much of the profit can be retained in the company as a source of funding.

The existence of an enterprise in the field of tourism and in any field in general cannot be imagined without a good management structure. Behind the success of any enterprise, and in this context in tourism, is a successful management team. Management teams are the key subjects for making tactical financial decisions in a tourism enterprise. Tourism managers behave in accordance with managerial roles to accomplish management functions. Every tourism manager needs to know how to perform their tasks, to know how to organize the rest of the employees and, ultimately, to successfully perceive the results of the work. In contrast to strategy, financial tactics are the concretization of strategy, and it differs in that it is adaptable, quick to use results, corrects mistakes, and changes its own goals, but still stays within the framework of strategic goals.

2.2.3. Tourism Enterprises

Management is very important because the existence of the tourist enterprise and its activity depends on it, which is very important, both for a national economy such as the Republic of Macedonia and beyond. In today's industrialized society, complex technologies dominate and it is the organization that connects people, knowledge, and raw materials to perform tasks that no single individual can perform alone. It can be pointed out that management is a very important, and often often decisive factor for a successful business in today's turbulent working environment. In this connotation, the importance of professional management is emphasized. More specifically, it means that professional management is not carried out by the entrepreneur (the owner of the capital), but by engaged professional managers. Peter Drucker believes that in today's

turbulent economic conditions, management is the basis and factor for the successful business of any enterprise, especially in tourism. It is inevitable when the firm reaches a certain volume of activity. When an entrepreneur needs to move from a management system to professional management, the critical point is 300–1000 employees, depending on the degree of complexity and differentiation of his work, as well as the ability of the entrepreneur. The main preoccupation of managers is to ensure the growth and development of the enterprise, and this means to achieve its business and development goals.

The importance of tourism management lies in the need for effective functioning of the tourism enterprise in the Republic of Macedonia. More specifically, it means achieving goals in an effective and efficient manner. Efficiency is the degree to which a tourism company achieves its goals. Essentially, it means whether the firm succeeds in achieving the goals that have been set in advance, or whether it means providing tourism products and services that consumers will value. From the above, it can be pointed out that efficiency is the achievement of the tasks of the enterprise qualitatively and quantitatively, including the characteristics of the output i.e. the end results.

2.3. Hypotheses

One of the most important issues in empirical research is hypothesis formulation and verification. "It is a claim that can be put to the test to prove its worth. The hypothesis may appear to be contrary to or consistent with conventional wisdom. It can be proven whether it is true or incorrect. In any case, it leads to empirical inquiry. Whatever the outcome, the hypothesis is a question, posed in such a way that some kind of answer can be obtained. It is an example of organized skepticism of science, a refusal to adopt any claim without empirical verification".² Each hypothesis shows the relationship between independent and dependent variables.³

2.3.1. General hypothesis

The planning function is important in making quality financial decisions regardless of the size of the enterprise, its organizational structure, and the type of activity.

2.3.1.1. Special hypothesis

A separate hypothesis is that the tourism company takes into account the inputs of planning in part to the financial decision-making by management.

2.4. Research methods and organization

2.4.1. Research methods

In the study of social phenomena, general and specific methods are used. "All the social sciences, in addition to general methods, apply and use special and specific methods that are appropriate for collecting data in the appropriate field".⁴ Hence, this research is based on a particular methodology. In processing the data obtained from the study, we applied the method of analysis and the method of synthesis.

² Gud, V., Het, P, (1966), *Metodi socijalnog istraživanja*, Beograd, 56 - 57, изнесено според Бунташески, Б., (1994), *Социо - психолошки проучувања на активностите на посетителите во туристичкото место*, Просветно дело - Скопје, Скопје, 55.

³ Бунташески, Б., (1994), *Социо - психолошки проучувања на активностите на посетителите во туристичкото место*, Просветно дело - Скопје, Скопје, 55.

⁴ Todorović, A., (1978), *Ibid*, 58.

2.4.1.1. Method of analysis

The term "analysis" comes from the Greek word >>analysis<< which means the dismemberment of a whole into its constituent parts.⁵ Thus, parsing is a fundamental feature of the method of analysis. In fact, dismemberment means the separation of a complex object into the parts of which it consists in order to perceive their qualities, determine the quality of the complex object, and indicate their effect on it.⁶ Namely, on the tabular data, we applied a breakdown of their content and gave an explicit explanation.

2.4.1.2. Synthesis method

The synthesis method is the process of scientifically investigating and explaining reality and by means of synthesizing simple judgments into more complex ones. Synthesis is the process of generalization in which all more abstract terms arise compared to previous terms. Synthesis is a way of systematizing knowledge according to the regularity of formal logic, as the process of creating theoretical knowledge in the direction of the particular to the general, i.e. from the species to the genus. All the findings obtained through the method of analysis, using the synthesis method, we turned them into conclusions from which we further gave recommendations for improving financial planning in tourism enterprises.

2.4.2. Methodological research techniques

In the defined object of research as methodological techniques we used:

- Questionnaire
- Scaling method and
- Statistical method.2.4.2.1. Анкета

We applied the survey to managers in several enterprises in the field of tourism. It aimed to get a clear picture of their views, in terms of whether planning inputs are taken into account in financial decision-making.

2.4.2.2. Scaling method

This method is used to obtain data from multiple survey questions. We applied scaling to activate opportunities to take into account the inputs of planning in financial decision-making. In formulating the degrees, the statistical processing of the data was taken into account, which was the next step.

2.4.2.3. Statistical method

In this study, this method is used because it achieves greater accuracy in the study of phenomena. We used the following statistical technique: calculating percentages. Statistical processing of the data is done by computers.

2.4.2.4. Specimen design and selection

In the design and selection of the sample, consideration was taken into account. Representation depends on the size and manner of its acquisition. The sample size depends on the number of subjects taken for examination. In addition, the sample must contain at least 100 members of the population in order to make reliable statistical conclusions.⁷ In this context, this survey surveyed 200 tourism managers.

⁵ Стојановиќ, Т., (1990), *Анализа на работењето на претпријатијата, Сојуз на сметководствените и финансиските работници на Македонија - Скопје, Скопје*, 21.

⁶ Стојановиќ, Т., (1990), *Ибид*, 156.

⁷ Бунташески, Б., (1994), *Ибид*, 60.

2.4.2.5. Implementation of the research

This phase of the study was operational. The survey was carried out in the time period from June 2018 to September 2018 in a number of enterprises in the field of tourism. From the management team of the tourism companies we have come across full understanding and assistance.

3. Analysis of the resulting research data

This section is the most important part of the paper and is actually the final stage of the research. As we have pointed out, using the method of analysis, we also analyzed the obtained empirical data from the survey of managers in several tourism enterprises, after systematizing them, tabulating, determining the number of respondents, calculating the percentage according to the number of respondents.

3.1. Respondents' views on the prevalence of the use of planning inputs for quality financial decision-making in tourism enterprises

As we have pointed out earlier, the basis of this research is the analysis of the empirical data obtained from the survey of managers in several tourism enterprises, after we systematized, tabulated, determined the number of respondents and calculated the percentage according to the number of respondents. In that connotation, on the tabular data presented and on the basis of respondents' responses, we applied a breakdown of their content and gave a precise explanation. Accordingly, the separate hypothesis reads: "It is assumed that the tourism company partially takes into account the inputs of planning in financial decision-making by management."

Table 1 presents the respondents' views on taking into account the inputs from planning in financial decision-making by management in the firms where they have established their employment relationship, which were realized through a survey.

The planning function of tourism enterprises in the Republic of Macedonia is one of the key steps in making a profit. This feature traces the path to the desired goals of the tourism enterprise in a specified period of time. The goal of the financial planning function is to deliver quality outputs that will be a good basis for making quality financial decisions. Namely, its goal is the long-term management of the financial structure of the enterprise in the field of tourism. This type of planning also analyses the feasibility of using certain sources of funding in order to make sound financial decisions that enable value creation and increase investment while preserving financial stability.

There are differences regarding the importance of the planning function in financial decision-making in tourism enterprises. The planning function is important in making quality financial decisions regardless of the size of the enterprise, its organizational structure, and the type of activity. The respondents' views on the question of whether planning inputs are taken into account in financial decision-making by management in the firms where they have based their employment relationship are given in Table 1.

Table 1. Does your company take into account the inputs of planning into management's financial decision-making?

	Considered	Partly taken into account	Not taken into account	Total
Number of respondents	13	171	16	200
Participation in %	6,50%	85,50%	8,00%	100%

From the data in Table 1, which presents the respondents' views on whether planning inputs are taken into account in financial decision-making by management, it can be stated that for the most part in the analyzed tourism enterprises, planning inputs are partially taken into account in financial decision-making by management, While it is almost negligible the number of respondents who said that they do not take into account the output of planning at all In financial decision-making, management takes into account the inputs of planning into management's financial decision-making. This situation points to the fact that financial decision-making in tourism sector enterprises, for the most part, does not take the inputs of planning as the primary function of management in tourism enterprises. That is, the mere fact that planning inputs are partially taken into account in financial decision-making by management, they are not qualitative, because financial management at any given time does not have insight into the inflows and outflows of financial assets, whether larger or smaller inflows are expected compared to the previous period, the amount of cash available, but there is a need for additional funding, How long and under what conditions will borrowed funds be needed, and the like. Hence, it follows that decisions related to finance, without proper application of planning inputs, in the analyzed tourism enterprises, financial decisions are not entirely relevant and do not fully contribute to the future growth and development of enterprises. The consistent application of planning inputs to financial decision-making in tourism enterprises would undoubtedly contribute to effective and efficient operations.

It is generally stated that the inputs from planning in financial decision-making by the management in the operation of enterprises in the field of tourism sector in the Republic of Macedonia are partially taken into account, regardless of the activity they perform.

In order to overcome these conditions, which are present in the tourism sector of the Republic of North Macedonia, it is necessary to take into account the inputs from planning in financial decision-making by the management in the operation of enterprises in the field of tourism.

Conclusion

The planning function of tourism enterprises in the Republic of Macedonia is one of the key steps in making a profit. This feature traces the path to the desired goals of the tourism enterprise in a specified period of time. The goal of the financial planning function is to deliver quality outputs that will be a good basis for making quality financial decisions. Namely, its goal is the long-term management of the financial structure of the enterprise in the field of tourism. This type of planning also analyses the feasibility of using certain sources of funding in order to make sound financial decisions that enable value creation and increase investment while preserving financial stability.

It is generally stated that the inputs from planning in financial decision-making by the management in the operation of enterprises in the field of tourism sector in the Republic of Macedonia are partially taken into account, regardless of the activity they perform. In the face of fierce competition, challenges, legal regulations, changes, a tourism enterprise needs to have a good strategy on how to survive. That's exactly what the planning function offers with its outlets for making quality financial decisions. When the financial manager does not have a plan in front of him, which does not have to be in writing, then each subsequent financial decision he makes may defocus and distract him from those financial activities that would mean greater success and growth of the tourism enterprise.

In order to overcome these conditions, which are present in the tourism sector of the Republic of North Macedonia, it is necessary to take into account the inputs from planning in financial decision-making by the management in the operation of enterprises in the field of tourism. Because planning means implementing techniques and methods that provide a simpler and more practical mechanism for successfully executing plans in real time.

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