

# CHANGE MANAGEMENT IN THE PROCESS OF RESTRUCTURING OF ENTERPRISES IN SERBIA

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## **ABSTRACT**

One of the depressing facts reflecting the economic reality in Serbia lies in the big discrepancy between an urgent need for restructuring of still a large number of controversial enterprises and the activities that are being undertaken in practice. Success in the transformation of this group of enterprises would be a representative indicator of the extent of transition endeavors. Restructuring of these enterprises would assume the implementation of different recovery strategies, such as bankruptcy, which are the core element in the change management process. These changes correspond with the proactive search for the new ways of business, behavior, beliefs, and implementation of the new strategies. Restructuring should be treated as late reaction to changes in environment and obsolete managing concepts, namely, restructuring assumes managing actions in order to remedy already evident state of crisis. Hence, this work in its systematized form points out to major elements of the change management process in the process of restructuring of Serbian enterprises.

## **1. INTRODUCTION**

The process of restructuring should be treated as a late response to changes in the surrounding and outdated management concepts, that is, the restructuring assumes the management activities undertaken to eliminate evident critical conditions. Dynamism of various factors of internal and external nature accentuates deterioration of enterprise's business position and its falling into critical state. This requires pursuing major changes aimed at radical transformation of the entire "anatomy and physiology" of the enterprise in order to secure its survival. Unfortunately, these changes only represent a reaction to external threats rather than a proactive attempt to take advantage of opportunities. In fact, restructuring and recovery of these enterprises include management endeavors directed at the elimination of critical conditions. Therefore, an efficient realization of these changes calls for crisis management and a well-planned approach including an adequate diagnosis, definition of restructuring strategy and support and efforts invested in their implementation. The basic prerequisite for undertaking such a serious task is raising the level of awareness that restructuring is necessary, thus creating a favorable climate for change implementation.

The reality of Serbian economy is underlined by its considerable lagging behind transitional processes and impeded privatization. This is mainly evident in two neuralgic fields of real sector. The first includes the enterprises from the commercial sector with controversial business activities that are in very poor financial condition. They are mainly large social

















