

## CHALLENGES AND LIMITATIONS IN RESTRUCTURING OF ENTERPRISES IN SERBIA

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*Abstract - Bearing in mind that a large number of enterprises in Serbia is in the state of crisis, it is inevitable that managerial efforts should be directed towards their restructuring. On the other hand, forthcoming processes of entire reforming of economic and institutional environment open many problems and challenges and on this ground the business activity of many enterprises has to undertake a series of fundamental reforms. This work, therefore, emphasizes the crucial elements which characterize the process of their restructuring and possible strategic solutions. A special part of this work is devoted to restructuring within the privatization process in Serbia.*

Key words: restructuring, privatization, management of change

### INTRODUCTION

In the economic conditions which currently exist in Serbia, different processes of business restructuring are of great importance since the scope and structure of business activities in a large number of enterprises is seriously threatened and the quality of their business performance has been below the acceptable level for quite some time. It is not possible to obtain a successful transformation of economy without a successful transformation of these enterprises, which represents a specific method of the change management, and their adjusting to respond to contemporary standards of conducting business activities. The range of these strategic efforts, which have to be made in the case of these enterprises, is frequently described with the term restructuring, although there is an opinion that it can be replaced with the terms recovery and reconstruction as synonyms. This is the case of market restructuring, that is a developmental transformation, change in ownership and organizational structure, management style, technology and financial position.

The need for change should grow in line with the increasing number of problems in the function of enterprises with a different methods for their healing and recovery ( the aspirin phase, the penicillin phase and the surgical phase). However, recovery and reconstruction in majority of Serbian enterprises will mean that the managerial efforts will be directed towards the elimination of this critical state which requires a surgical intervention. Bearing in mind that these enterprises are not only in the state of crisis, but also in the phase of maturity, than it is obvious why special forms of management or corporative function plays a significant role in overcoming the situations and processes which threaten and prevent the enterprises existence, growth and development. In fact, these strategic efforts will involve business activities which are identical to the activities of the fire station in quenching the fire, and to a small extent, to the activities of the scout troop engaged in timely warning to forthcoming dangers. Therefore, in order to have

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