

## **ENTERPRISE RESTRUCTURING MANAGEMENT BY OBJECTIVES IN THE PRIVATIZATION PROCESS \***

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**Abstract.** *Enterprises organizational restructuring, as a organizational change, require adequate management. The main reason is employees refusal to organizational changes. Participative management models, consultative and colaborative, represent effective and efficient styles of organizational changes management, globally, and enterprises organizational restructuring, concrete. Motivation is key component of supporting management by objectives model*

### INTRODUCTION

The term of restructuring has been applied in many aspects in the enterprise privatization process. Having been determined as a specific kind of the enterprise preparation for privatization, the restructuring is discussed from its organizational aspect in this paper. As an organizational change in the process of privatization, the organizational restructuring requires adequate management. The decision on the management model significantly influences the course, efficiency and effectiveness of achieving the set objectives. The enterprise organizational restructuring, as an organizational change, is accompanied by the evident problem of resistance to change. Apart from other reasons for such resistance, people also refuse changes when they are not included in the process. Introduction of non-management structures of employees in the management process eliminates their destructive reactions and provides support for an organizing, motivated behavior.

The relationship between the aims of the organization members and the objective of the organization as a system is interactive in principle. At the same time, the level of the objective attainment is conditioned mainly by the motives of the employees. The motive affects the objective, while achieving of one objective initiates new motives. In this respect, the objective also affects the motive. It is generally impossible, however, to influ-

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ence directly the alterations of human motives, as they are hidden, invisible, incomprehensible. It is therefore important that the management structure recognize, through the behavior of employees, possible alternatives for activating and positive directing of motivation. On the other hand, the manner of leadership should be adjusted to the actual situation. Influencing motivation from the aspect of objectives may often be the most favorable solution. It is for this reason that the concept of management by objectives has increasingly been investigated and applied.

### 1. THE CONCEPT OF MANAGEMENT BY OBJECTIVES

1. Enterprises do not represent isolated entities and they cannot function in static conditions. As the sub-systems of a higher rank system, they have their own structure consisting of lower rank systems. Thus, an enterprise functions in accordance with the demands of the higher-rank system and capacities of its sub-systems - the lower-rank systems. In a situation like this, the question is raised: How to manage an enterprise to achieve a consistent objective? This problem becomes multidimensional in the case of organizational restructuring during the process of privatization.

Taken from this point of view, the role of the enterprise management is very significant, but very complex at the same time. Its complexity primarily results from the need of reconciling a set of heterogeneous objectives: society - environment, enterprise - organization, individuals - organization members. It further causes a complexity in relationships in the process of achieving the general objective of the enterprise, as it requires adjustment of different interests: social, collective, individual. In such situations, also immanent to the organizational restructuring of enterprises, adequate direction of all the actors is an essential precondition for a successful outcome.

The necessity of managing the behavior of individuals and enterprises originates also from the fact that their actions are affected not only by the factors of the environment, but by internal factors, as well. Besides, the characteristics of the organizational structure model elements, particularly the "soft" ones, exert substantial influence on the selection of a model of managing organizational design, that is organizational restructuring of the enterprise. Adequate behavior of organizational systems, as opposed to natural and technical, cannot be achieved through self-regulating impulses. This statement is derived from the fact that man is the supporter of the organizational structure modeling. Man is the creator of the organizational structure model, but man is at the same time the advocate of all the model alterations - minor and radical, continual and discontinuous. However, subjectivism is typical of man. Therefore, the organization members should have the characteristics of organizational behavior, or motivated behavior. Taken from this aspect, the enterprise management plays the essential role, especially in the transition processes.

The management is one of the basic enterprise subsystems, which directs its activities towards achieving the desired aim. The enterprise management, as the carrier of managerial activities, performs this role through the development of the management process and performance of management duties. The structure of the management process, determined as a set of specific continuous activities, consists of the establishment, accomplishment and control of managerial activities. The permanence of the management process execution is based on adequate carrying on of a set of managerial duties. Their adequacy is

provided by the application of specific methods, models and criteria. Adequate management of changes in general, and of organizational enterprise restructuring in the privatization procedure in particular, diminishes or eliminates human subjectivism that produces resistance to changes. Individual and collective objectives are of an interactive character, and this fact explains the growing intensity of the research of the concept of management by objectives in the theory and practice of organization and management.

2. The management by objectives is not a new idea. It appeared in literature in the middle of the 20th century, while its practical application started but recently, in the period of more intensive research of the objective-motive relation, that is the use of enterprise objectives to increase the motivation level of employees. Therefore, the enterprise management can influence human behavior by objectives.

The concept of management by objectives includes several important determinants. First, it is the definition and specification of objectives - clarity, reality, measurability, capability of evaluation. Second, it is the participance of objectives - participation of managerial and non-managerial structures of employees in objective determination and achievement. Third, it is the time limit of objectives - to anticipate periods and fix time limits of the objective-attaining processes and activities concerning the relation between the objectives of employees and the objectives of the enterprise. Fourth, to provide feedback performances - to design a communication system that would enable adequate support of feedback performances to the control, analysis and corrections of objective-attaining activities and processes. Fifth, it is the stimulation - to use economic and non-economic means and principles of motivation in creating organizational behavior, that is the behavior motivated by objectives to be achieved.

According to modern literature in the field of organization and management, the motivation is determined more and more frequently as a psychological relationship - an agreement between the employees and the enterprise. For this reason, it may be stated that the adequacy level of human behavior management shall be conditioned by the expectations permeant to the activities of each individual. The interactivity between the employees and the enterprise is more expressively manifested in transitional processes, i.e. in the process of the enterprise organizational restructuring. There are many reasons for this, but the fact is ever present that the motive affects the objective and the objective influences the motive. This is the essence of the concept of management by objectives.

## 2. MODELS OF MANAGEMENT BY OBJECTIVES

The management model falls into relevant categories for adequate management of the organizational restructuring. There is a set of models, which may generally be divided into non-participant and participant ones.

The models of non-participant management contain a general characteristic: non-managerial structure of employees is absolutely excluded from the process of management. In this case, they get orders from the management of the enterprise. The orders include a delegated task - job, authority, responsibility. Concerning the literature, there are two predominant models of non-participant management: the directive and the forced management.

The model of directive non-participant management is based on the enforcement of management formal authority in conducting the organizational changes and the enterprise organizational restructuring. In the application of this method, the basic precondition for efficient and effective management is the respect of the manager's formal authority by the non-managerial structure of employees. However, this precondition either has a deprecatory effect or does not even touch the motives and objectives of the employed, which represent the subsystems in the hierarchical structural system of the enterprise objectives. In this regard, another fact may be pointed out. Namely, as the non-managerial structure of employees is the carrier of executive activities, the violation of the motive-objective conjunction may exert negative effects on the outcome of change - the enterprise organizational restructuring.

The model of forced non-participant management goes even further in this respect. It is usually applied in the situations characterized with a threat of potential or real resistance to organizational changes in the enterprise. In order to overcome the resistance to changes, in the concrete case to the organizational restructuring, managers apply certain explicit or implicit means of compulsion. Embedding them into the model of management, the enterprise manager tries to provide efficient and effective implementation of the organizational change. Nevertheless, the expected effects are either unsatisfactory or missing completely. The absence of organizational behavior, i.e. motivated behavior is the main reason for this, violating the conjugation of objectives of individuals - objectives of organizational parts - objectives of the enterprise.

The application of the model of non-participant management of organizational changes is not grounded on the use of appropriate motivators. Elimination of the motivation as the essential determinant of the organizational behavior of employees leads to the conclusion that the models of non-participant management of the enterprise organizational restructuring are generally inadequate. Such style of managing may jeopardize the project of organizational restructuring.

As opposed to the previous, the models of participant management of changes are characterized by the organizational behavior - motivated behavior. It is achieved by including all the structures of employees in certain activities related to organizational changes. Theoreticians and practitioners in the field of organizational development are consistent in referring to such management of changes in the enterprise as the style of a universal character. Regarded from the aspect of managing the enterprise organizational restructuring by objectives, the models of participant management represent suitable forms of carrying out this type of organizational changes. The appropriateness of these models is mainly based on a wide participation of employees in initiating and conducting the projects of organizational changes. It enhances the motivation level of people, while the organizational behavior of employees has a positive effect on the efficiency and effectiveness in carrying out the organizational restructuring project of the enterprise in the procedure of privatization. The models of participant management of changes are generally divided into the consultative and collaborative groups.

The model of consultative management is based on consultations of the manager with other members of the organization on particular issues related to the organizational restructuring. The role of participants, non-managerial structures of employees, is mainly of an advisory character. The accomplishment of this role manifests in: proposals, sugges-

tions, feedback performances. This way the organization members get involved into the process of organizational changes, from initiating to achieving them.

The other group of participant management models is characterized with collaboration. A collaborative management of organizational changes requires a wide participation of all the structures of employees. This is the collaboration among all the carriers of the process of changes. They have their respective authority and rights, as well as responsibility, depending on their position in the hierarchy of the organizational structure. Thus, every participant in the collaboration has the possibility, according to his position, to influence the objectives of the organizational change projects.

Therefore, the management of organizational restructuring as a discontinuous organizational change is optimally accomplished by implementing participant models. The organizational behavior, induced by initiating and positive directing of the motives of employees, reduces or eliminates the risk in the desired objective attainment. Accordingly, these models play a substantial role in the implementation of the concepts of general management of changes by objectives and concrete management of the enterprise organizational restructuring.

#### CONCLUSION

1. The enterprise organizational restructuring, as an organizational change, should be adequately managed. One of the reasons for this is the resistance to changes. The employees mainly resist the changes when they are not included in this process. For this reason, the participation of all the structures of employees in the management of the enterprise organizational restructuring eliminates their destructive reactions and elevates the level of the project development efficiency and effectiveness.

2. The enterprise management, using their personal characteristics and skills, should affect the behavior of the organization members in order to create organizational behavior - motivated behavior. Motivation is a key presumption of the management by objectives, as motives influence objectives and objectives influence motives. This is the issue of a motivational cycle, which explains the interactivity between the objectives of the employees and the enterprise. Starting from the essential determinants of the concept of management by objectives, it is necessary to select a corresponding model of the enterprise organizational restructuring management.

3. There is a set of models for the organizational change management. In theory and practice, the classification into non-participant and participant models is predominant. The models of non-participant management, directive and forced, are not adequate for the management by objectives, as they exclude the non-managerial structure from the process. The models of participant management, consultative and collaborative, represent adequate styles of conducting the organizational changes, being that they are based on the participation of all the structures of employees in the management. They are, therefore, immanent to the concept of the enterprise organizational restructuring management by objectives in the procedure of privatization.

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## **UPRAVLJANJE RESTRUKTURIRANJEM PREDUZEĆA PUTEM CILJEVA U POSTUPKU PRIVATIZACIJE**

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*Organizacionim restrukturiranjem preduzeća, kao organizacionom promenom, treba adekvatno upravljati. Osnovni razlog je otpor zaposlenih organizacionim promenama. Modeli participativnog upravljanja, konsultativni i kolaborativni, predstavljaju efektivne i efikasne stilove vođenja organizacionih promena, načelno, i organizacionog restrukturiranja preduzeća putem ciljeva, konkretno. Motivacija je ključna komponenta podrške modela upravljanja putem ciljeva.*