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# THE SPECIFITIES OF STRATEGIC CHANGES MANAGEMENT IN DEVELOPED MARKET ECONOMIES

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**Abstract:** *In the conditions of global progress in technics, technology, communications and interconnection of business entities, globally, it is understandable that in the search of databases, the analysis of scientific and professional literature, the first approach immediately indicates that for the developed countries it is a key feature - maximizing the use of knowledge and putting into the forefront adequate management competencies, which, in turbulent conditions, educates and improves not only managers but also all employees through special, additional programs. A new resource of power and success is knowledge, not labor, land or financial capital. This resource is an invisible intellectual property that must be managed. The key challenge for a knowledge-based economy is to encourage information. Increasing knowledge, as an asset, is evident in transforming and creating additional value of the product. Finding ways to manage materials and assets is the biggest gain.*

**Keywords:** *strategic change, organization, information and communication technologies*

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## INTRODUCTION

In the 1980s, knowledge received the treatment of the corporate good, but was still not treated as such by the classical economy. The development of knowledge management systems is based on achievements in the field of expert systems and artificial intelligence, which underpin the concept known as knowledge based systems.

Having said that, flexibility and adaptability and quick decision making at all levels of management are at the forefront. Also, in developed countries, in developed market economies, transformational rather than transactional management concepts are increasingly

being applied, because only transformational management can adequately respond to the turbulence of change.

In order to be able to consider the issue of the specificity of strategic change management in developed market countries, it is necessary to first consider the position and role of the basic unit of such an economy - a developed organization - in one, any, developed country.<sup>1</sup>

Organization, as one of the oldest and most important creations of man, exists as long as purposeful human work. Due to the complexity of the phenomenon of the organization and the different approaches in its study, the concept of organization is still not precisely defined. According to one of a multitude of definitions, an organization is a scheme (network) of connections and relationships through which people, according to managers' instructions, achieve common goals. But organization is not the same as organizing; organization is the process and function of management, while the organization is the most effective means of achieving the goal, in various ways, including the effects of synergy.

Organizing, as a function of management, is a phase of the management process, in which the jobs (in appropriate sets and structures) that are to be defined and grouped are to be done; division of labor is performed, and the activities of all members of the organization are coordinated in order to achieve the set goals.

A company, as one of the forms of organization, represents the basic subject of market economy; it is a specific organizational system inherent in a market economy. The company bases its formation, functioning and development on the private property of the means of production and the private appropriation of surplus value in the form of profit. In modern conditions, the enterprise management system develops in the form of management that functions according to the principles of efficiency of material and human resources utilization, as well as the effectiveness of meeting the needs of consumers, expressed in the form of increasingly subtle and demanding market demand. Such tendencies have led to the creation of highly developed forms of companies through the pooling of capital such as corporations, holdings, multinational companies; all with the managers of the first, second, and every subsequent association, both at horizontal and vertical lines of joining.

## **STRUCTURES AND FUNCTIONS OF COMPANIES IN THE DEVELOPED CONDITIONS**

A company can also be defined as an independent economic organization (in which the interrelations of production elements are matched qualitatively, quantitatively and temporally), which performs certain functions in the process of social reproduction. Contemporary market economy companies are constantly improving the organizational structure that ensures a high degree of business efficiency. Adequate organizational structure is a prerequisite for the functioning of the modern management system, which, globally, has evolved under the conditions of organization of economic entities, in the form of company of persons and companies of capital. These forms of companies are based on the management of capital flows in the reproduction process, which enables the creation of small and medium-sized

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1 The main developed countries, according to Thomas Pikety, are: the United States, Japan, Germany, France and Britain.

companies managed by successful entrepreneurs, as well as the creation of giant corporations in which professional management has developed.

The function of a company in contemporary business conditions is based, among other things, on developing awareness of the need for a broader social mission that companies should have as producers of certain goods. In a situation where we have a global process of total globalization, the involvement of modern and developed companies in the world financial flows has proved to be the only way to overcome the “gaps” in relation to competitors from the more developed economies. In doing so, it is necessary to create such portfolios where, in addition to product groups, we must also take into account design, quality and other characteristics.

A company is exposed to constant uncertainty, and is under constant pressure to adapt its strategy and organizational structure; it possesses its own internal structure of relationships. The importance of structure in a company is analogous to the importance of anatomy for a human or other living organism, and is often referred to as the anatomy of an enterprise. The organizational structure of the company is not a static but a dynamic element of organization. Within the company, just like in a living organism, changes are constantly happening, so the organizational structure of the company changes depending on the influential factors of the organization that cause the need for change of the structure as such. Therefore, the choice of organizational structure in the company is a decision of strategic importance, primarily in the system of strategic business units, which are an integral part of the internal organization of large enterprises, and arise as a result of the need for strategic planning to be carried out at multiple locations and levels.

Among the forms of organizing large business systems we first find a *holding* company. It is a company that owns shares or bonds. It primarily performs the activities of managing, acquiring equity interests in another company through shares, etc.

*Corporation* is another form of organizing large business systems, which dominates the world. Although these are mostly large gigantic enterprises, medium-sized and even small enterprises can be organized in a corporate manner. The first advantage of corporate organization is the limited liability of the owners, since they bear the risk only in the amount of invested capital. The corporation is institutionally organized as a joint stock company, which means that its capital is divided into shares or bonds. Another benefit of the corporation is the ability to transfer ownership. Stock owners can sell them quickly and easily. The third, perhaps most significant, advantage of a corporation is that it provides the opportunity to raise large funds through a share issue. The corporation is a unique entity both in business and proprietary terms; it is one company, one legal entity, one accounting unit, in relation to the company. It owns its capital and management bodies. Although corporations have a number of units, these do not have legal and economic autonomy, although they may partly operate independently, on behalf of, or for the account of, a corporation.

### **Frame 1. Leading principles of corporate management**

1. The Board of Directors shall endeavor to select as good a General Manager as possible and to constantly monitor the work of management;
2. It is the duty of management to conduct the affairs of the corporation in an effective and ethically sound manner;

3. It is the responsibility of management to timely submit financial statements that are a credible reflection of the financial position and results of the corporate business;
4. It is the responsibility of the board of directors to hire an independent accounting firm to audit;
5. It is the duty of the board to play a leading role in providing guidance for corporate governance;
6. It is the responsibility of the board of directors to adopt and oversee the process of implementing compensation policies, etc. ;
7. It is the duty of the board of directors to adequately respond to shareholder concerns;
8. It is the duty of the corporation to treat its employees, customers, suppliers and other clientele in a fair and impartial manner.

## NEW FORMS OF ORGANIZATIONAL STRUCTURES

Internationalization and the creation of a global economy have led to an increase in pressure on modern organizations due to the emergence of hypercompetition. In such conditions, managers are forced to look for new forms of organizational structures to adapt to the many changes that are taking place in the environment. This means modifying basic structures, adapting, building multiple modalities, forcing teamwork, etc. The difference between a classic and a new and / or innovative organization is that the new way of organizing favours processes that focus precisely on innovation and new technologies; but at the same time they face the expectations of consumers, that is, they face their needs, desires and requirements. Innovation can be technical and technological, but also organizational. But fundamental changes are most often reengineering, as a radical redesign of the business process, which aims to achieve a marked improvement in the cost of the product, in quality, service and speed of handling and change. Reengineering breaks the continuity of established rules, procedures, and business practices in general.

However, contemporary trends in organizational structure design often do not mean total but “dosed” change, in terms of adapting to new conditions, or overcoming them, adjusting to changes in the environment, or changing them in the direction of their own benefit. Therefore, changes in the organizational structure may be smaller or larger, depending on the focus:

- centralization or decentralization;
- deeper or shallower division of labor;
- narrow or wide range of controls;
- rigid or flexible structure;
- static or innovative organization;
- bureaucratic or organic structure;
- individual authority or teamwork;
- the respect or disrespect of the people in the organization;
- managing people as opposed to managing things and processes;
- the existence or non-existence of a corporate culture;
- willingness or unwillingness to implement organizational change.

At the turn of the XX to the XXI century, the companies of developed countries were directed towards decentralized, flexible and innovative organizations. They are characterized by a corporate culture, a willingness to implement rapid, efficient and rational organizational change; a stronger foundation on the development of information technology; increasingly effective controls; faster decision making. Increasingly, the organization is turning from a vertical to a horizontal structure, which is less and less a hierarchical pyramid, but an increasingly flattened shield. [With a horizontal organization, there is no classic hierarchy, but there are teams of experts responsible for specific tasks.]

According to Peter Drucker (2001), we are now transitioning from a command-and-control organization to an information-based organization, a specialist knowledge organization, with the help and support of Information and Communication Technologies (ICT). Hence the importance of ICT data in exploring ways to manage strategic change in a dynamic environment, which we will further and specifically (more fully) point out.

**MIS (Management Information Systems) for more efficient decision-making and management.** Information management systems are being developed with the aim of assisting managers in management and decision making. They are based on Knowledge Work Systems (KWS), which help professionals and executives create and integrate new knowledge within the organization. Management information systems are expected to provide an information base for decision-making at mid- and upper-level management. For the realization of this role of MIS, appropriate qualitative shifts are made, from the use of databases with online access, to the inclusion of quantitative methods and models in appropriate software packages. The development of the MIS system came about when the preconditions for this were created in terms of powerful work stations with great graphical and analytical capabilities, document and communication management capabilities and access to distributed databases within and outside the enterprise. (Laundon Laundon, 2007)

In order to avoid information overflow, it is necessary to build an adequate IT infrastructure in a timely manner, using an efficient storage method, accessing databases, searching and properly using sufficient and adequate knowledge, as well as information. On top of that, in addition to effective data management in databases, it is necessary to establish methods, procedures and tools for the correct interpretation of information, requiring the use of intelligent and expert systems.

At the level of middle management and management control, MIS systems supply managers with reports, enabling them to access online business data. Management information systems are also used in planning, control and decision-making functions. They also summarize information that is collected within transaction systems and present it to managers in the form of regular summary reports, or special reports on deviations from planned.

The current development of MIS systems brings another important feature that they have: they become more and more open systems connected to computer networks, thus bringing the importance of external information. At the same time own information can be made available to external users through the www system or targeted (allowed) access to the company databases.

**Information technology (IT) in the function of innovation and creativity.** Innovation is one of the most important business concepts of the second half of the twentieth century and is the key to success in the modern economy, and there can be no innovation with-

out creativity. On the other hand, in the modern age, neither is enough if it is not supported by the latest information technology.

Information technology contributes to meeting the innovative needs in strategic management in many ways. First of all, in creating new applications that give the company a direct strategic advantage. [Federal Express in the US is the first company to use IT to track every package in the business system.] Information systems have long been recognized as a competitive advantage, since their full and adequate use can bring direct savings to both organizations and consumers. In addition, the information technologies assist strategic management in the following activities:

- IT also supports concrete strategic changes, such as re-projecting and re-engineering; it enables effective decentralization by providing fast communications, which directs and shortens product design and construction time with the help of computer-aided engineering tools;
- IT effectively and efficiently connects the company with its business partners, engaging in relevant information networks, connecting, globally, with agents, customers and suppliers;
- IT also contributes to reducing business costs. Thus, according to some data, selling online shares online is cheaper than selling offline and up to ninety percent; [Price innovation is often a key driving force in delivering strategic advantage.]
- IT performs business information work by collecting and analyzing information about products, markets, rivals and changes in the environment. [For example, if an enterprise acquires important information before competition, it will be able to introduce the necessary innovations sooner and thus gain a strategic advantage.]

**ES - Expert Systems as a form of support for concrete problem solving.** These are systems with the most advanced categories of computer software, which use the formal means of presenting knowledge that a human expert possesses; logical inference methods are also used to provide expert advice or opinion on a problem that the user is interested in through appropriate computer programs. Expert systems are actually intended to provide answers to questions - problems that require reasoning, recognition and comparison of forms; acquisition of new concepts and thoughtful thinking. At the core of expert systems is the tendency to build powerful software support that will allow simulating human-expert behavior in a particular problematic decision-making situation. The term "behavior" refers to the whole process, which includes diagnosing problems, mechanisms and logic of conclusion, transfer and application of knowledge, evaluation of alternatives, etc.

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Therefore, in creating new forms of organizational structures, a strong competitive drive and lifelong learning need to be developed, and these are the factors that fulfill people. It is a certain energy in man that boosts his competitive potential. The competitive urge is constantly raising the level of knowledge and ability, especially leadership skills, creating enormous potential to cope with an increasingly complex and dynamic global economy.

Competitively oriented contemporary organizations have to offer a quality product on the market and on more favorable terms than their competitors. Such an orientation of the company makes itself more demanding, but at the same time it is ready for new challenges. Acceptance of risk undoubtedly leads to greater successes and better performance. And embracing the challenge is something that is rooted in every successful leader.

Business economy strategies that do not deliver positive results must be quickly forgotten, and management must turn to strategies oriented towards achieving a competitive advantage in the market. And since today's companies perform their business in a complex environment, this fact must be taken into account when designing a strategy that is appropriate for those conditions. A modern business strategy means achieving good results that will be achieved with the latest developments in the fields of innovation, total quality management (TQM), information technology achievements and reengineering. In order to achieve good business, every company must be oriented to product development, modern technology, sophisticated production processes, interest in possible changes in consumer demands, in the work of competitors and in their market orientation.

## **TRANSFORMATIONAL MANAGEMENT AND TRANSFORMATIONAL LEADERSHIP**

The transformational approach to management has become the subject of much research since the early 1980s. Transformational management is actually part of a paradigm of a new mode of management in which greater attention is paid to those elements of leadership that concern authority, charisma and emotion. This approach became especially popular when it recognized the possibility of emphasizing the intrinsic motivation of both one's own and followers. Transformational management responds to the needs of contemporary working groups, which seek to be further inspired and empowered, to succeed in times of turbulence and uncertainty. It is a process in which people change, it concerns emotions, values, ethics, standards and long-term goals, and includes evaluating followers as well as meeting their needs.

Downton (1973) was the first to use the term transformational management (and transformational leadership). However, this approach became important only with the advent of the classic work of political sociologist James McGregor Burns, entitled *Leadership*. In this paper, he wrote, among other things, that leaders are people who encourage the motivation of followers to achieve the goals of each other (leaders and followers) in the best possible way. According to this author, management is different from the power to impose obligations, in that it must be understood that management cannot be separated from the needs of followers.

Burns also made a distinction between transformational and transactional leadership. Generally speaking, transactive leaders motivate their followers through a reward system ("I give to you, you give to me"), (Jokić, 2005) but also through the punishment<sup>2</sup>, while transformative leaders inspire followers by appealing to the mission, vision, and core values of the organization. Transformational leaders strive to positively influence people, drive them towards achieving the vision and common goal of the organization, and therefore all employees. Their influence also includes the involvement of not only the mind but also the "heart", emotions and thoughts. Transactive leaders, on the other hand, focus more on implementing the vision and implementing a concrete business plan.

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2 Any overdraft, incompletely completed work, or insufficiently completed work will, adequately, reduce financial income, etc.

Transformational management is a key quality to successfully manage transformational organizational change. At stake is the quality that transactional management just lacks to effectively complete the transformation cycle. In this sense, success in implementing transformational-organizational change implies that key people in the organization (managers) develop the sets of appropriate skills and attributes inherent in transformational leaders. Hence, from the perspective of the idea of transformational management, a leader is a person who must constantly drive others and be the first driver of change. This follows from the fact that transformational management is the key to creating and redirecting energy in the process of taking changes in the desired direction.

## THE CONCEPT OF A 'LEARNING ORGANIZATION'

In a situation where only change is constant and when stability in movement is the only possible stability, the eminent Peter Drucker rightly points out that knowledge today becomes the only meaningful resource. The traditional "factors of production", land (or natural resources), labor and capital, have not disappeared, but have become secondary. They can be easily obtained, provided knowledge is possessed. Applying knowledge to get new results is, in essence, what is meant by management. In the mid-20th century, managers were seen as responsible for the work of subordinates. The manager was 'boss' or 'chief' and management signified levels of power and authority. Today, the manager is the main mobile and dynamic "channel" for knowledge transfer. Skills, technologies, learning and their synergy are at the heart of a company's competence. Competence can be central (core) and peripheral. Peripheral competence is a young position that gradually evolves into the "core" of competence. The organization represents a core and peripheral competence portfolio; together, the two form a competence profile. The radical changes that underpin the work of the modern developed enterprise require the so-called generative learning, which means permanently leaving the old and introducing new competences.

"Learning Organization" is a company capable of creating, acquiring and transferring knowledge; it is able to permanently modify its behavior in a way that reflects new knowledge, enlightens and develops an organizational culture. In order to determine the profile of the learning organization, it is first necessary to determine whether learning requires a change in behavior or whether new ways of thinking are involved; whether these innovations are sufficient for new actions and activities. Learning, among other things, means that through the processing of information the actor changes the scope of his potential behaviors. The learning organization is skilled in creating, acquiring and transferring knowledge and in modifying its behavior with new knowledge and insights.

Based on the relevant literature, it can be said that the view that learning in an organization takes place in three stages is accepted. The first is the cognitive phase in which employees are exposed to new knowledge and the need to think differently. The second phase is the stage of new behavior, in which employees adopt new knowledge and change their behavior. In the third stage, positive changes in performance are realized.

## CRITICAL ANALYSIS OF THE 'LEARNING DISCIPLINES' OF PETER SENGE

Organizations increasingly base their competitive advantage on intangible assets, and intangible property of the company consists of: experience, information and their ability to process, know-how, management ability, brand, image, reputation, organizational culture, consumer loyalty, trust, consumer preferences, etc. But what is “tangible” in that “intangibility” is the knowledge and the learning process through which knowledge is acquired. Peter Senge, the author whose name most commonly refers to the concept of a “Learning Organization”, states that “a learning organization encourages continuous learning and knowledge generation at all levels.”

Peter Senge has put together five “learning disciplines”, which each organization would need to develop if it wanted to have the status of a “learning organization”. It is a kind of lifelong learning program. In short, the characteristics of these five disciplines are as follows:

**Personal Mastery.** In a “learning organization”, all employees are responsible for personally enhancing and expanding the “space” of personal abilities necessary to create the most desirable results for their organization. In other words, all members of the organization must learn, improve, and develop. Learning increases the knowledge that is a prerequisite for effective and efficient action. In doing so, organizations should encourage individual experimentation, support innovation, and crave and look forward to change rather than being scared of them.

**Mental Models.** Mental models are personal paradigms and “images” of how the world works, including explicit and implicit understandings and assumptions, in the quest to determine one’s own decisions and actions. Learning happens when people change their mental model or mental map. A “learning organization” must ensure that it overcomes the “defense routine” and creates different mental models that will contribute to improving its competitive position.

**Building Shared Vision.** Vision, as a unique ideal and view of the future, is the basis for bringing people together and (re) directing the organization. The shared vision achieves the most significant performance of the organization - employee integration. Vision is increasingly playing a role in the context of increased levels of turbulence, complexity and ambiguity in the environment in which organizations achieve their mission and goals. Vision as a roadmap (“what can be”), it directs, organizes, controls and integrates employees. A shared vision also builds a sense of commitment, ie. members’ attachment to the group. It is important for managers to periodically check that employees have accepted and understood the vision.

**Team Learning.** People need to learn how to work together to reach a common goal. Team learning exists when two or more individuals learn together, from the same experience or activity. Team learning improves conversation and thinking skills so that people in the group can develop and improve their skills more reliably and intelligently than would be the case with the sheer amount of individual team member talents. New management challenges require that learning be transferred from the individual to the group (team) and the organization as a whole. In order to achieve team learning, organizations need to cultivate a culture and climate that will encourage communication and foster independence and development, both for individuals and teams and for the organization as a whole. An

organization can adapt to change and initiate change in its environment only if it is capable of learning and cross-functional learning.

**System Thinking.** System thinking is a systematic process of exploring, using, and communicating, describing and understanding the forces and internal relationships in system behavior. "Learning Organization" systematically approaches problem solving; learns from its own experience, but also from the best practices of others, with the inclusion of a rapid knowledge transfer system. System thinking also helps us figure out how to change an organization to be more effective and efficient, in line with economic, technological and other management challenges in an increasingly globalized world.

As is often the case in science, especially in the social sciences, Peter Senge's views could not pass without criticism. Mark Smith, in his study of Peter Senge's theory, places those criticisms at stake as merely "another utopia". Admittedly, Peter Senge himself describes himself as a "pragmatic idealist." In doing so, he gave occasion and opportunity for critics to recognize and characterize his theory as "utopian," with ideas that are too abstract.

However, with all of the above remarks, it is irrefutable that Peter Senge's theory of the "five disciplines of learning" in a "learning organization" is widely accepted in practice, as evidenced by the recognition of the Journal of Business Strategy, which declared him a "business strategist of the century" in a group of 24 most influential theorists and / or practitioners in the field of business theory and practice and strategic management. Therefore, it makes sense in our region not only to study his theory, but also to take practical solutions from those organizations (companies) that have been guided in their practice by strategic change management, both by the results of science in the general field, as well as by the Senge's research results. In particular, the consistency of our findings with the substance of Senge's concept (which remains beyond the foregoing remarks) is also due to the fact that his five learning disciplines imply gradualism, which is a key feature of our concept of "continuity through change".

## THE EVOLUTION OF A 'LEARNING ORGANIZATION'

Starting from Peter Senge's five "learning disciplines", from everything positive (and acceptable) in this project, which is a lifelong learning and practice program, as well as key change management issues raised and addressed through three generations of researchers (Kurt Levin with his thawing and re-freezing theory - Chris Argyris with single and double loop theory in knowledge and learning - Peter Senge with the concept of five learning disciplines), John Thompson (Thompson, 1995) developed a specific evolutionary matrix for the creation of a "learning organization". "Learning organization" is based on teams and the integration of employees into teams, as well as a culture that encourages independence and development. A learning organization is an innovative organization with a willingness to initiate change entrepreneurially and to take risks in this context. Supportive organization are also based on teams and team learning, ie. they incorporate multi-functional teams into their structure so that they can respond quickly to the pressures of change.

I	oriented towards effectiveness; Focus is on the approach to problem solving. <b>(b) Changes are acknowledged</b>	Learning organization; Innovative; Entrepreneurs; Willing to take a risk. <b>(c) Changes are initiated</b>
II	Focus is on the efficiency of the resources; consistent and systematic <b>(a) Resistance to change</b>	Supporting organization; Multi-funct. cooperation <b>(d) Quickly react to change</b>
	Individuals and tasks	Teams and integration
	Structural focus	

Overview 1 The evolution of a “learning organization”: I. Independence and development; II. Orientation to efficiency and result; I + II. Culture and values (adapted from: Thompson, 1995).

There is no doubt that the concept of strategic change management, expressed in the “learning organization” model, presented here in overview 1, is an essential characteristic of a developed market economy organization, which in itself represents an immediate and obvious knowledge and science foundation. This obviousness makes it easier for countries in transition (as is the case with Serbia) to make their decisions in implementing the management practices of such organizations in their midst.

As for the model itself, on the way to its possible implementation as well as further development, it makes sense to analyze it from the perspective of new possible scientific approaches and interpretations, which we will continue to do here. We foresee that the matrix in Preview 1 can also be considered as a logical square, in which case we have the following situation: in position zero ( $a = 00$ ), there is a resistance - an area where there are no changes. In the unit position ( $b = 01$ ), changes are recognized. In the position of the troika ( $c = 11$ ) changes are initiated - intensive work. Finally, in the position of two ( $d = 10$ ) we have “calmness”, stability and permanence. The organization supports all changes and establishes multifunctional cooperation. It should be noted that the order is in accordance with the Gray Code, so that at each step there is a change for one unit (00-01-11-10), which is not the case if it were in the order in force in the sequence of natural numbers (00-01 -10-11).

Originally, Gray code is one of the machine codes that alternates between light and dark fields in each subsequent step. Here we see that the whole thing is played out so that it makes sense to flatten the square and reduce it to the initial initial length (0, 1). Then we have only the starting point that marks the beginning in learning (resistance to learning, ie resistance to change), and the end point of the learning process (continuous learning, ie rapid response to change). Analogous to this reading of the evolutionary steps of a “learning organization,” Gray code can also read a portfolio of matrices, primarily a four-field matrix. The situation is quite appropriate, because in the end there are “milking cows”, ie. profit, which is the goal of the business.

Organizations and their management, with a focus on individuals and specific tasks, as well as a culture focused on efficiency and results, is fundamentally resistant to change and the resulting productive philosophy in business. Progress is being made by organizations that recognize change, and have focused their attention on being adaptive to change. Certainly, the concept of a “learning organization” represents the biggest step in the evolution of a “learning” organization.

The very evolution of a “learning organization” takes place in three stages: 1. Survival. 2. Adaptation, and 3. Maintenance. In the first phase, companies develop basic habits and processes and face problems on an ongoing basis as they find themselves. In the second phase, businesses are constantly adjusting their habits according to accurate “reading” and anticipation of changes in their environment. In the third phase, companies create their contexts so that they are created to reach a sustainable position, through adaptability, in symbiotic connection with their environment.

The need for change in our businesses is more than obvious. Ownership and organizational changes are necessary for the survival of domestic organizations in the face of intense competition. However, despite the clear and well-known fact that deep strategic changes are needed, resistance will persist. Therefore, additional efforts must be made to recruit employees for their involvement in implementing change.

## CONCLUSION

Given the overall progress in technics, technology, communications and business interconnection globally, it is understandable that for the organizations of developed countries, the key feature is to maximize the use of knowledge and to put adequate management competence at the forefront. In conditions of turbulence, education and training in the knowledge of not only managers of all employees, through special, additional programs, is necessary. In all of this, flexibility and adaptability and quick decision making at all levels of management are at the forefront. Also, transformational rather than transactional management concepts are increasingly being applied in developed countries today, as only transformational management can adequately respond to turbulence.

A company, as one of the forms of organization, represents the basic subject of market economy. The company bases its formation, functioning and development on the private property of the means of production and the private appropriation of surplus value in the form of profit. In modern conditions, the enterprise management system develops in the form of management that functions according to the principles of efficiency of material and human resources utilization, as well as the effectiveness of meeting the needs of consumers, expressed in the form of increasingly subtle and demanding market demand. Such tendencies have led to the creation of highly developed forms of enterprise on the basis of capital association.

Internationalization and the creation of a global economy have led to an increase in pressure on modern organizations due to the emergence of hypercompetition. In such conditions, managers are forced to modify basic structures, to reengineer the continuity of established rules, procedures and ways of doing business; to allow for easier customization, build more modalities, inforce teamwork, etc.

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