

CONFLICT MANAGEMENT AS A FUNCTION OF CHANGE MANAGEMENT IN PUBLIC ENTERPRISES

UPRAVLJANJE KONFLIKTIMA U FUNKCIJI UPRAVLJANJA PROMJENAMA U JAVNIM PREDUZEĆIMA

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Abstract

Conflict management represents a key challenge and tool in the process of managing organizational change, particularly in public enterprises operating in complex and bureaucratically structured environments. This paper explores the theoretical and empirical aspects of conflict management as a function of more effective implementation of changes in the public sector, with a specific focus on public enterprises in the Canton of Sarajevo. Thus, the subject of this research is public enterprises and conflict management within them, while the function of change management refers to the identification of factors that influence the emergence of conflicts during the implementation of changes, as well as the analysis and evaluation of methods by which such conflicts can be managed and resolved. The aim of this study is to examine workplace conflicts, perspectives on conflicts, their causes, the most effective resolution strategies, and personal experiences with conflicts and how they were resolved in the workplace — all with the ultimate goal of improving change management in public enterprises.

Quantitative and qualitative research methods were used, including a survey conducted among employees of eleven public enterprises. The results show that the absence of formal conflict management strategies negatively affects the success of change implementation and that leadership styles and organizational culture are decisive factors in conflict resolution. The paper offers recommendations for establishing institutional mechanisms for conflict management to improve organizational adaptability.

Keywords: Conflict management, change management, public enterprises, organizational culture, leadership styles

Sažetak

Upravljanje konfliktima predstavlja ključni izazov i alat u procesu upravljanja organizacijskim promjenama, posebno u javnim preduzećima koja djeluju u kompleksnom i birokratski strukturiranom okruženju. Ovaj rad istražuje teorijske i empirijske aspekte upravljanja konfliktima u funkciji efikasnijeg sprovođenja promjena

u javnom sektoru, s posebnim fokusom na javna preduzeća u Kantonu Sarajevo. Dakle, predmet istraživanja su javna preduzeća i upravljanje konfliktima u njima, a u funkciji upravljanja promjenama je identifikacija faktora koji utiču na pojavu sukoba prilikom implementacije promjena u javnim preduzećima, te analiza i procjena načina na koje se konflikti u ovom kontekstu mogu upravljati i rješavati. Cilj ovog rada je sagledavanje konflikata na radnim mjestima, gledišta na konflikte, uzroke konflikata, najbolje načine rješavanja i osobno iskustvo sa konfliktima i načinom na koji su riješeni na radnom mjestu, a sve u cilju upravljanja promjenama u javnim preduzećima.

Korištene su kvantitativne i kvalitativne metode istraživanja, uključujući anketiranje zaposlenika jedanaest javnih preduzeća. Rezultati pokazuju da nepostojanje formalnih strategija za upravljanje konfliktima negativno utiče na uspjeh implementacije promjena, te da su stilovi rukovođenja i organizacijska kultura presudni faktori u rješavanju konflikata. Rad nudi preporuke za kreiranje institucionalnih mehanizama upravljanja konfliktima u cilju poboljšanja organizacione adaptacije.

Ključne riječi: upravljanje konfliktima, upravljanje promjenama, javna preduzeća, organizacijska kultura, stilovi rukovođenja

1. INTRODUCTION

In contemporary organizational conditions, public enterprises face unavoidable challenges of change caused by technological, economic, and socio-political transformations. Change is necessary but often provokes conflicts among employees, managers, and external stakeholders. Therefore, conflict management becomes essential for ensuring a successful transition. The aim of this paper is to explore how conflicts arise and are managed in the context of public enterprises in Bosnia and Herzegovina, and how their resolution contributes to effective change management. Public enterprises often face numerous challenges, including changes in legislation, demands for greater transparency, and the need to adapt to rapid social, technological, and economic changes. Conflicts are a natural part of any organization, but how they are perceived, resolved, and managed can significantly impact the outcome of changes within the organization. Changes in public enterprises often meet resistance, both from employees and from external participants (service users, suppliers, the local community, and regulatory bodies overseeing and regulating public enterprises). Conflicts arising from these disagreements can significantly slow down or even jeopardize change processes. Conflict management in the function of change management is a very important aspect of successful organizational leadership, and their interconnection becomes especially significant in the context of public enterprises. Therefore, the question arises: how to effectively manage conflicts to ensure that changes are successfully implemented and that the organization continues to provide quality services to its users.

This paper will explore how conflict management becomes a key tool in facilitating change processes in public enterprises and whether public enterprises have conflict management strategies and what tools and practices they apply for conflict management in the function of change management. There are a number of factors that influence the functioning of public enterprises. Some of these factors have causal relationships and affect the very organization of public enterprises, as well as conflict and change management within them. Therefore, the role of top management in introducing changes and improving organizational culture is crucial, as it positively influences conflict dynamics during change processes. One of the objectives of this research is to highlight the importance and better understanding of conflict management in facilitating changes and improving the efficiency of public enterprises. Conflict management today can be a key tool for facilitating change processes in public enterprises and helps and encourages positive change and the preservation of stability within them. Conflict management and change management become inseparably linked aspects of successful public enterprise management. This topic is becoming increasingly important in light of the rapid social, political, and technological changes that shape the environment of public enterprises, which are often viewed as having lower productivity compared to privately-owned enterprises. In the era of the Fourth Industrial Revolution, digital transformation and the introduction of innovations are more characteristic of the private sector than the public one — especially in transition countries such as Bosnia and Herzegovina.

Through this paper, we aim to identify key obstacles hindering effective transformation of organizational culture and management in public enterprises and propose realistic guidelines for improvement, thereby providing recommendations for enhancing top management performance in the context of change and conflict management in public enterprises in Bosnia and Herzegovina.

2. LITERATURE REVIEW

Conflict management in public enterprises presents a significant challenge, but also an opportunity to enhance organizational efficiency, particularly in the context of implementing changes. Change is a constant phenomenon in all areas of life, including organizational operations. Organizational changes can be defined as a process of modifying or adapting the existing organization. In today's fast-paced world, changes occur frequently, and such changes in the environment inevitably affect the internal workings of organizations. The need for change arises from the unsustainability of the current state of the organization. Change becomes necessary when there is disharmony between actual events (what is happening) and desired events (what you want to happen). Organizations introduce changes

in response to shifts in their environment, to remain competitive and improve performance. Therefore, organizational changes can be planned or simply reactive to environmental pressures. Despite frequent changes, maintaining a certain degree of stability remains important for the organization.

Utility companies represent a significant phenomenon, both in terms of their role in modern economies and the attention they receive in economic literature. In most cases, these enterprises are state-owned, and rarely privately owned, except in some Western countries. In former socialist countries, they are predominantly publicly owned. The wide variety of forms in which public enterprises appear requires a conceptual definition and examination of their most important shared characteristics.

Some authors claim that the main reasons public institutions change their working methods include: achieving greater efficiency, improving service delivery, enhancing policy implementation, and actively participating in local community projects. However, this entire process also involves digitalization. Digitalization in the public sector includes new ways of working with stakeholders, new services, new service delivery frameworks, and new forms of relationships. According to Pelse, few systematic empirical studies have been conducted on how public sector institutions implement and manage digital transformation in their daily practices and what the actual effects are. Digitalization should be user-focused and centered on their interests to rationalize operational costs and offer acceptable service prices, thereby fulfilling the mission of public enterprises.

3. RESEARCH METHODOLOGY

In the methodological section of this paper, a combination of basic, general scientific, and specific research methods was used to enable a thorough and comprehensive study. The scientific justification of this research lies in the attempt to provide scientifically valid insights into the efficiency and potential of public enterprises, by evaluating key issues and tracking trends relevant to their long-term growth and development. The social justification stems from the potential of the research results to contribute to improving governance in public enterprises, promoting employee involvement in system improvement processes, and increasing efficiency and satisfaction in the work environment so that employees can adapt more easily to change and become advocates for innovation and organizational culture transformation (a proactive rather than reactive approach).

This research aimed to examine the role of top management in conflict management as a function of implementing organizational changes in public enterprises in the Sarajevo Canton area. A mixed methodological approach was used, combining

quantitative and qualitative techniques. Accordingly, the following research hypotheses were set:

H1: The absence of conflict management strategies in public enterprises affects the effectiveness of change management.

H2: A lack of transparency in conflict management in public enterprises leads to increased uncertainty and resistance among employees during the change process. Respondents included employees from various hierarchical levels, including top management, department heads, and operational staff. Collected data were analyzed using descriptive statistics, and responses were presented through frequency distributions and comparative analyses.

The main data collection instrument was a survey distributed via an online tool (Google Forms). Over the research period, the survey — consisting of thirty-five questions — was sent to eighteen public enterprises. The data were processed using Excel and SPSS and presented graphically. Nine public enterprises responded to the survey, accounting for 36% of the total twenty-five public enterprises in the Sarajevo Canton.

One of the most commonly used indicators of internal consistency is Cronbach's alpha coefficient. Ideally, the coefficient should be above 0.7 (DeVellis, 2003). The reliability of the measurement instrument used in this study was quite high; the Cronbach's alpha on our sample was 0.823, indicating excellent internal consistency. The measurement instrument contained 19 items with five options: Strongly disagree, Disagree, Neutral, Agree, and Strongly agree — which helped determine respondents' views on the existence and application of conflict management strategies.

The survey was completed by 111 employees from the following public enterprises: KJKP Gras, KJKP Sarajevogas, JP Sarajevo, KJKP Toplane, KJKP Park, JKP Komunalac Hadžići, JKP Vodostan Ilijaš, KJKP Rad, and KJKP Vodovod i kanalizacija.

4. RESEARCH RESULTS

The aim of this research is to demonstrate that implementing conflict management as a function of change management contributes to improving the efficiency of business processes in public enterprises. Accordingly, hypotheses regarding the dependent and independent variables and their causal relationships were established.

According to respondents, the most common cause of conflict is misunderstandings regarding the division of responsibilities, confirmed by 50.90% of participants. Lack of communication is also a significant factor, cited by 24.50% of respondents.

A lack of clear rules and procedures was identified as a cause by 16.40% of participants.

The majority of respondents — 53.00% — stated that their organization does not have a conflict management strategy. A significant portion, 43.00%, were unaware of whether such a strategy exists in their organization. Only 4.00% reported the existence of a conflict management strategy in their workplace.

These findings suggest that most public enterprises, according to employees, do not have an established strategy for managing conflicts. This points to the need for developing and implementing conflict management strategies to improve workplace atmosphere and productivity. This directly supports the general hypothesis: “The absence of conflict management strategies in public enterprises affects the effectiveness of change management,” which can be considered proven based on the results.

We were also interested in whether there was a statistically significant difference in responses regarding the existence of conflict resolution strategies based on respondents’ job positions. A one-way ANOVA was used for this analysis.

Table 1. Testing Mean Differences in Employee Responses Regarding the Existence of a Conflict Management Strategy

| | Job Position | N | Mean | F | p |
|-----------------------------|------------------------|----------|-------------|----------|----------|
| The existence of a strategy | Worker, Clerk | 42 | 2,67 | 8,040 | 0,001 |
| | Professional Associate | 29 | 2,42 | | |
| | Department Head | 22 | 2,23 | | |
| | Sector Manager | 14 | 1,93 | | |
| | Director, Manager | 4 | 1,75 | | |

The one-way ANOVA showed a statistically significant difference in responses. The analysis yielded $F = 8.040$ at a significance level of $p = 0.001$. While ANOVA confirmed the existence of differences, it did not indicate which subgroups differed. Therefore, a post hoc LSD test was used.

Table 2. Post Hoc Analysis: LSD Test – Existence of a Strategy

| Comparison Groups | | Mean Difference | Std. Error | Significance |
|------------------------|----------------------|-----------------|------------|--------------|
| Worker, Clerk | Worker vs. Associate | 0,287* | 0,123 | 0,022 |
| | Dept. Head | 0,439* | 0,135 | 0,001 |
| | Sector Manager | 0,738* | 0,158 | 0,000 |
| | Director, Manager | 0,917* | 0,268 | 0,001 |
| Professional Associate | Department Head | 0,152 | 0,145 | 0,295 |
| | Sector Manager | 0,451* | 0,166 | 0,008 |
| Head of Department | Director, Manager | 0,629* | 0,273 | 0,023 |
| | Sector Manager | 0,299 | 0,175 | 0,090 |
| Sector Manager | Director, Manager | 0,477 | 0,278 | 0,089 |
| | Director, Manager | 0,179 | 0,290 | 0,539 |

(*) – statistically significant at the 0.05 level.

A statistically significant difference was found between most respondent groups, except between department heads, sector managers, and directors. Workers and clerks had the most negative attitudes regarding the existence of conflict resolution strategies, with a mean score of 2.67.

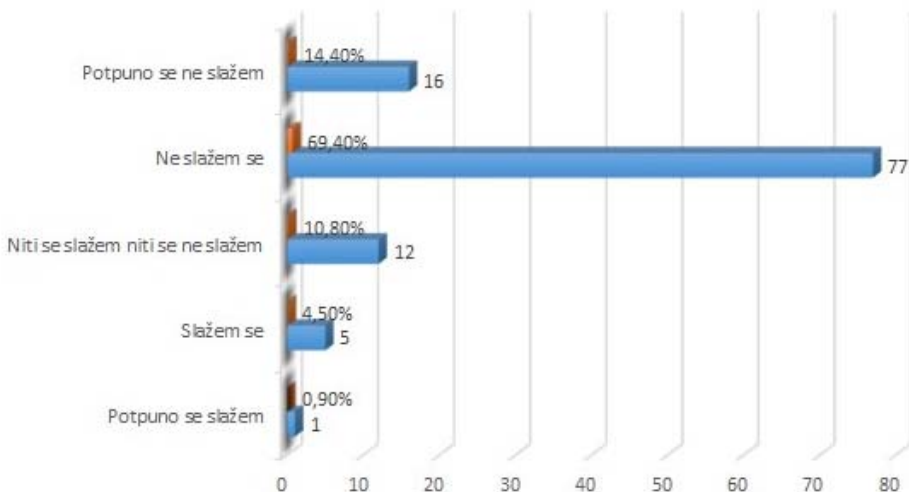


Chart 1: Conflict management strategies are regularly applied in your organization
Source: Authors' research

A majority of respondents — 69.40% — believe that conflict management strategies are not regularly applied in their public enterprise. Additionally, 14.40% strongly disagree with the claim that such strategies are applied. About 10.80% were

neutral, neither agreeing nor disagreeing with the statement. Only 4.50% stated that conflict management strategies are regularly implemented in their enterprise, and an extremely small percentage — 0.90% — strongly agreed. These results suggest that most employees in public enterprises believe that conflict management strategies are not regularly applied. This indicates a need to improve approaches to conflict management to enhance the work environment and productivity. The small percentage of employees who agree with the implementation of strategies further supports the need for developing more effective conflict management systems. These findings confirm the general hypothesis: *“The absence of conflict management strategies in public enterprises affects the effectiveness of change management.”*

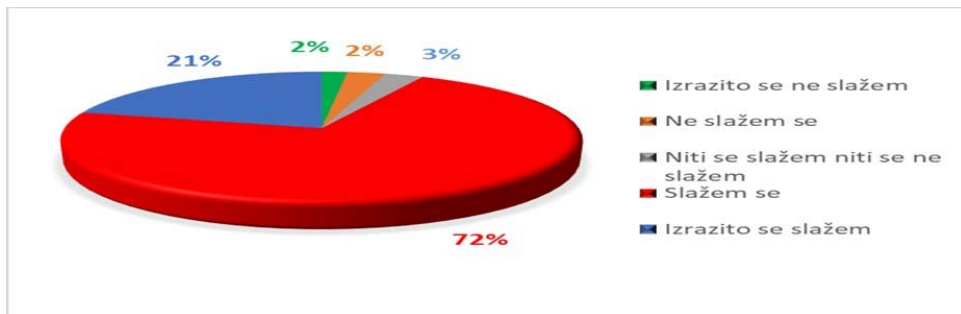


Chart 2: Enterprises that actively communicate about conflicts and conflict management strategies experience less employee resistance during changes

Source: Authors' research

From the analyzed results, 72.00% of respondents agree with the statement that enterprises which actively communicate about conflicts and conflict management strategies face less employee resistance during change processes. An additional 21.00% strongly agree. A small portion — 3.00% — neither agree nor disagree, while 2.00% disagree, and another 2.00% strongly disagree.

The conclusion is that most employees believe that active communication about conflict and its management strategies helps reduce resistance to organizational changes. This underlines the importance of transparency and communication in conflict management to facilitate smoother implementation of changes. These findings support the specific hypothesis: *“A lack of transparency in conflict management in public enterprises leads to increased uncertainty and resistance among employees during change processes.”*

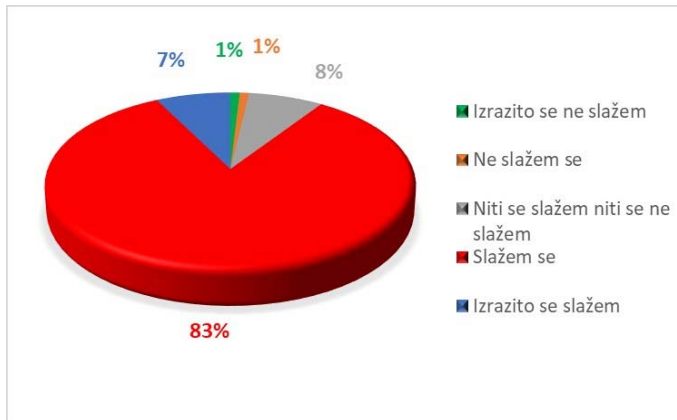


Chart 3: Lack of awareness about the importance of conflict management slows down progress in implementing changes
Source: Authors' research

The data show that 83.00% of respondents agree that lack of awareness about the importance of conflict management hinders the implementation of changes. Another 7.00% strongly agree. About 8.00% were neutral, 1.00% disagreed, and 1.00% strongly disagreed.

This confirms that most respondents recognize the significance of conflict management in the context of implementing organizational changes. It emphasizes the need to raise awareness about conflict management to accelerate progress and successfully implement change initiatives.

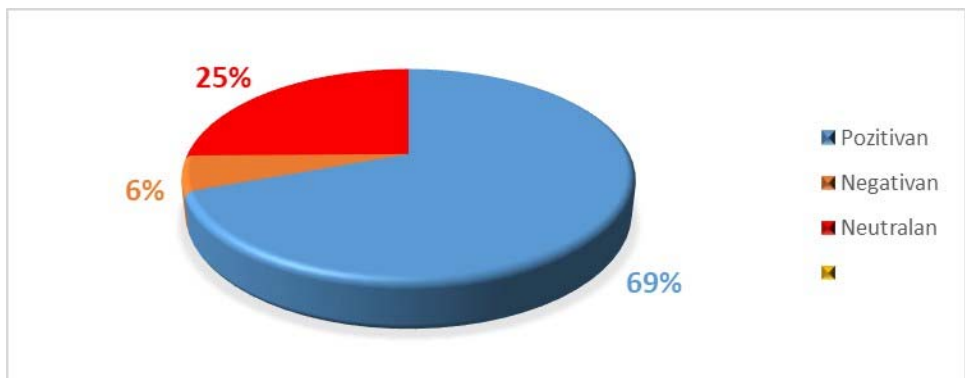


Chart 4: What is your attitude toward potential change (e.g., introduction of new technology) in your organization?
Source: Authors' research

69.00% of respondents expressed a positive attitude toward potential changes, such as the introduction of new technology, in their organization. A significant portion — 25.00% — reported a neutral stance on the matter. Only 6.00% expressed a negative attitude toward such changes.

The conclusion is that the majority of respondents are open to change, while a smaller percentage are resistant, and a notable number remain indifferent. This suggests that while most employees are receptive to change, attention should be given to those who are skeptical or neutral, to better engage and support them during transition processes.

In response to the question: “What potential problems could your organization face during a change (e.g., introducing new technologies)?”, more than half of the respondents (51.00%) cited difficulties in adapting current processes to new technologies.

A significant 33.00% pointed to a lack of knowledge and skills for using new technologies. A smaller percentage (7.00%) identified employee training as a possible issue. 6.00% mentioned a lack of funding for implementing new technologies, while 3.00% listed other unspecified problems. The takeaway is that most respondents agree that adapting existing processes to new technologies is the biggest challenge during change. There is also a clear need for employee training to address knowledge and skill gaps when adopting new tools or systems.

The survey also asked respondents about fear of job loss due to technological advancements. 50.00% said they are somewhat afraid of losing their jobs, 30.00% are not afraid, 18.00% are very afraid,

while 2.00% had no opinion or did not know how to answer. In conclusion, most respondents expressed a certain level of fear or concern about potential job loss as a result of introducing new technologies, while a smaller number were either not afraid or highly fearful.

We were also interested in whether there was a statistically significant difference in employee responses regarding fear that the introduction of new technologies could lead to job loss, based on their job position within the enterprise. A one-way ANOVA was used to determine if such differences exist.

Table 3: Testing Mean Differences in Employee Responses Regarding Fear of Job Loss

| Job Position | N | Mean | F | p |
|------------------------|----|------|-------|-------|
| Worker, Clerk | 42 | 1,86 | | |
| Professional Associate | 29 | 2,18 | | |
| Department Head | 22 | 2,32 | 4,273 | 0,003 |
| Sector Manager | 14 | 2,57 | | |
| Director, Manager | 4 | 2,75 | | |

Source: Authors' research

This table shows the results of a one-way analysis of variance (ANOVA), listing the number of respondents, mean values, F-value, and significance level. The results revealed a statistically significant difference in responses. The ANOVA yielded $F = 4.273$ at a $p = 0.003$ level of significance. While ANOVA confirmed that significant differences exist between groups, it did not specify which groups differed. For this, a post hoc LSD test was conducted.

Tabela 4. Posthoc analysis of the existence of fear, LSD test

| Comparison Groups | | Mean Difference | Std. Error | Significance |
|------------------------|----------------------|-----------------|------------|--------------|
| Worker, Clerk | Worker vs. Associate | -0,321 | 0,169 | 0,059 |
| | Dept. Head | -0,461(*) | 0,182 | 0,013 |
| | Sector Manager | -0,714(*) | 0,213 | 0,001 |
| | Director, Manager | -0,893(*) | 0,362 | 0,015 |
| Professional Associate | Department Head | -0,140 | 0,197 | 0,480 |
| | Sector Manager | -0,393 | 0,226 | 0,086 |
| | Director, Manager | -0,571 | 0,370 | 0,125 |
| Head of Department | Sector Manager | -0,253 | 0,236 | 0,286 |
| | Director, Manager | -0,432 | 0,376 | 0,253 |
| Sector Manager | Director, Manager | -0,179 | 0,392 | 0,650 |

(*) – difference in arithmetic mean significant at the level 0,05.

The statistically significant difference was mostly found between workers and higher-ranking positions such as department heads, sector

managers, and directors. Respondents in the worker/clerk category reported the strongest fear that introducing new technologies could lead to job losses, with a mean score of 1.86.

Discussion of Research Results

The findings of this study provide important insights into the role of conflict management in facilitating organizational change within public enterprises. The results demonstrate that a majority of respondents acknowledge the significance of conflict management as a mechanism that supports the effectiveness of change implementation. This suggests that conflict, if properly managed, can serve not merely as an obstacle but as a constructive driver of transformation.

Analysis of employee attitudes toward organizational change, particularly regarding the introduction of new technologies, reveals that 69% of respondents hold a positive perspective. A further 25% remain neutral, while only 6% express resistance to change. These figures suggest that although openness to change is generally widespread, a non-negligible segment of employees either demonstrates skepticism or indecisiveness. For public enterprises, this finding underscores the need for targeted engagement strategies that aim to build trust and secure active participation from all employees during periods of transformation.

Regarding anticipated challenges, more than half of respondents (51%) identified difficulties in adapting existing processes to new technologies as a central obstacle. Additionally, 33% emphasized the lack of knowledge and skills, while 7% pointed to challenges associated with training, and 6% highlighted financial constraints. A smaller proportion (3%) cited other unspecified issues. These results suggest that capacity-building, continuous learning, and structured training programs should be prioritized to minimize organizational resistance and reduce the risks of ineffective implementation.

The issue of job security also emerged as a significant concern. Half of the respondents (50%) expressed some degree of fear of job loss due to technological changes, while 18% reported being very concerned. In contrast, 30% indicated they were not worried, and 2% had no opinion. This distribution reflects a relatively high level of insecurity that could potentially undermine change initiatives if not addressed. Transparent communication,

participatory decision-making, and the provision of reassurances regarding employment stability may therefore play a critical role in mitigating conflict and sustaining employee morale.

Furthermore, the results of the ANOVA test revealed statistically significant differences in perceptions across hierarchical positions. Workers and clerks expressed the greatest level of concern regarding job loss ($M = 1.86$), whereas managers and directors reported greater confidence and less fear. The LSD post hoc test confirmed that the most pronounced differences were between employees at the operational level and those in senior management positions. This finding highlights the influence of hierarchical roles on perceptions of organizational change and suggests that interventions must be tailored to address the distinct concerns of different employee groups.

In conclusion, the study confirms that while the general orientation toward change is positive, significant concerns remain with respect to technological adaptation and job security. From a theoretical perspective, these findings reinforce the argument that conflict management is a central element of organizational change strategies, particularly in public enterprises characterized by bureaucratic complexity. Practically, they indicate that effective conflict management requires a proactive approach focused on transparent communication, participatory engagement, and targeted training programs, all of which can reduce resistance and foster a culture of trust conducive to successful organizational transformation.

5. CONCLUSION

Conflict management as a function of change management in public enterprises plays a crucial role in ensuring successful transitions and achieving organizational goals. Conflicts are an inherent part of change processes, but constructive handling of conflicts can bring numerous benefits.

Managing conflicts during organizational change requires a structured approach that includes identifying, monitoring, analyzing, and resolving conflict situations. This means careful planning of changes, clear communication with stakeholders, and the use of various conflict resolution strategies — including cooperation and compromise.

In the context of public enterprises, where political and social interests are often present, conflict management becomes even more complex. However, it also opens space for transparency and dialogue, which can improve employee acceptance of changes.

A key factor in successful conflict management during organizational change is leadership engagement. Managers must be effective and capable of recognizing and understanding conflicts, promoting a culture of openness and adaptability, and guiding the organization through change processes.

Organizational culture can provide a framework for managing both conflicts and changes. Organizations that promote collaboration and communication often have better mechanisms for resolving conflict. Moreover, culture can define priorities during changes and help preserve or adapt key values. Successfully managing conflict during change requires careful attention to organizational culture. Organizations that foster a culture of dialogue, learning, and adaptation are more likely to manage change-related conflicts effectively.

Awareness of the role of culture in connection with conflict and change can help management better understand and more effectively guide these processes. Conflict management is not merely a necessity but an opportunity to strengthen the organization and its ability to adapt to dynamic environments. Through a strategic approach to conflict, public enterprises can achieve their goals, improve services to citizens, and contribute to broader social development.

The study on conflict management as a function of change management in public enterprises has provided valuable insights into the dynamics within workplace environments. The key areas explored included:

- Conflict management strategies
- Leadership support
- Causes of conflict
- Ways to overcome conflicts
- Preparedness for change
- Communication and consensus

One of the main findings is that most public enterprises lack clearly defined conflict management strategies. This reveals the need to develop and implement specific frameworks for resolving conflict effectively. Without such strategies, misunderstandings and tensions among employees are more likely to escalate.

Leadership support during conflict resolution was rated as low to moderate by most respondents, highlighting the need for stronger engagement from managers in helping employees navigate conflict during changes. When leadership is actively involved, the success rate in managing conflict significantly improves.

The most common causes of conflict were:

- Lack of problem understanding
- Disagreements over roles and responsibilities

This underlines the importance of clear communication and well-defined procedures to minimize misunderstandings within public enterprises. Most respondents indicated that direct communication and open conversation are the most effective methods for overcoming conflicts, pointing to the need for cultivating a transparent communication culture.

Additionally, employees stressed the importance of preparation and planning for change, noting that having clear change plans and well-communicated intentions leads to better employee readiness and reduced conflict. Transparent communication was also identified as essential for resolving team-level conflicts, helping employees understand the purpose of changes and reducing uncertainty. Achieving consensus among employees with differing views and interests was highlighted as a key to managing change effectively. Consensus fosters collaboration and lowers the potential for conflict.

These results emphasize the importance of proper conflict and change management in public enterprises. Implementing targeted conflict resolution strategies, increasing leadership involvement, improving communication, and thoroughly preparing for change can all significantly enhance workplace climate and the organization's success in handling challenges.

The main recommendation emerging from this research is that a general conflict management strategy should be developed at the founding level of public enterprises, while specific strategies should be defined at the level of the company's assembly, tailored to the activities of each public enterprise. Successful management and continuous development of employee skills are the most significant factors in helping an organization respond to future environmental challenges.

Effective conflict management requires institutionalization of strategies and mechanisms that allow for early identification and constructive resolution of conflicts. A critical element in this process is the leadership style — leaders who foster cooperation, open communication, and employee inclusion contribute to building a positive organizational climate in which changes are more readily accepted.

Given their social role and exposure to political and regulatory influences, public utility enterprises must develop specific management models that include conflict management as an integral part of strategic change management.

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