

The impact of global economic crisis on the operations of Montenegrin economy

MERSAD MUJEVIĆ (*University of Novi Pazar, Faculty of Informatics and Information Technology, Serbia, mersadm@t-com.me*)

It is more than obvious that the world has become a global village. No economy is fully independent. The most influential countries, such as the United States of America, Canada, China, India, Russia, Japan, Great Britain etc., depend on global trends and oscillations in the world market.

There is an everyday dispute among world leaders, experts, managers of financial corporations, on how deep this crisis is going to impact the world economy. According to the opinion of the majority, it is biggest since the Great Depression from the early 30s of the last century. Financial crisis led to a serious crisis and recession, hence it resulted in deceleration of economic activities and exhaustion of one model of economy. From many countries, including ours, we can almost everyday hear the news on dismissal of workers, reduced production, limitation of spending etc., which represent basic elements and indicators of recession.

Since the crisis emerged, the situation has significantly changed, both in the country and abroad. The money has become more expensive, there are much less foreign investments, the real sector is gradually entering the recession in the majority of developed countries, which makes export more difficult for domestic producers. In addition to that, the investors are now, and they will be even more in the forthcoming period, much more cautious when it comes to investing their funds.

What is the response to recession?

Financial crisis and global recession in the world are just a chance for the development of entrepreneurship. Montenegro, dependent on import and being a small economy, just like many countries with similar features, can ensure mitigation of the crisis consequences by stimulating and developing the entrepreneurship area. Opening of small and medium enterprises would allow the creation of products intended to fulfill the needs of the population and, at the same time, it would reduce dependence on the import and ensure economic development.

In the environment of pessimistic reports on the current situation and future perspectives of the world economy, the entrepreneurship and entrepreneurs appear as a response to the requirements of recession, growth and development. The entrepreneurs use changes as a trump card and they use them in the right way and at the right place in order to achieve their business breakthroughs. Upon that, technological improvements and innovations, although significant, are not the only basis for the overall technological progress. They can also include organizational improvements, innovations of marketing or administrative procedures, which lead to business success, that is, to the changes in the environment in the form of creative destruction. All these changes are carried out in the purpose of placing the high quality goods and services at acceptable prices on the market.

The job opportunities are no longer in the public or local sector, but they are rather in the private sector. The private sector is much more flexible and that makes it more resistant to recessions. That is the case of a Japanese steel processing plant, which faced a reduced demand of its products from the basic assortment, and virtually over night it was reorganized in order to preserve its employees and its profit. The plant identified the demand on the market, reoriented its production, and now one half of the plant produces season salad, which it places on the local market. As you can see, it was a diametrical restructuring.

That kind of flexibility is not achieved over night. It is obvious that the complete program had been designed as an alternative solution long before the recession occurred. In that regard, one must bear in mind that the crisis could not be "survived" without a strategical and fundamentally new way of thinking and approach. For each product or service, program, project - there has to be an alternative. An optimal alternative always has to be analyzed in the environment of the recession as the one which will ensure efficacy and effectiveness when the recession is over, and the normal economic situation takes its place.

Also, the employees in the government and in the local authorities may have their opportunities in launching their own businesses. The current crisis and possible threats that the employees could be dismissed from their jobs, in the conditions when the chances for getting a new job are scarce, put us all in a temptation and check the character and strength of a personality. Those who are positive, proactive, and who believe in the power of the entrepreneurial spirit and their own ability, think of turning that loss of a job into a new challenge and new opportunity, launching their own businesses and finding alternative jobs. An attitude that can often be heard – that the global crisis is in fact a new opportunity – describes just those who are thinking of starting their business and test themselves in the entrepreneurship. Upon that, one must bear in mind the following:

- You must plan!
- Invest in yourselves now!
- Maintain and take care of the long-term investments
- Act like an entrepreneur and an innovator
- Spend less
- Reexamine your liaisons, contacts and
- Don't panic!
- Create a demand
- Separate your company from your personal or family expenditures

Running your own business is much more complex than working for somebody else. If you lose your business or fail, you can lose much more than just a job. At the same time, your own business provides you with much more freedom, opportunities and possibilities. That is why we hope that these few pieces of advice will serve as a brief and a simple tool, intended to warn you and to help you.