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**Economic response and crisis recovery caused
by the Covid-19 pandemic**

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E-mail: rlukic@ekof.bg.ac.rs**Emira Kozarević, PhD**

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E-mail: emira.kozarevic@untz.ba**APPLICATION OF ARAS METHOD IN ASSESSMENT OF TRADE EFFICIENCY
IN SERBIA****Abstract**

The issue of trade efficiency assessment based on multi-criteria analysis is very actual, complex, and important. It provides a basis for improvement through the application of adequate trade efficiency measures in the future. Bearing that in mind, this paper analyses the efficiency of Serbia's trade based on an additive ratio assessment (ARAS) method. The results obtained from the empirical research of trade efficiency in Serbia using the ARAS method show that it was the best in 2020. Recently, trade efficiency in Serbia has been continuously increasing. This was positively influenced by numerous factors, such as: economic climate, living standard, employment, inflow of foreign direct investment (global chains), digitalization of the entire business, online sales, contemporary business management concepts, etc. Negative impact of the coronavirus COVID-19 pandemic on trade efficiency in Serbia is negligible (compared to other economic activities, for example, tourism and hospitality) and partially alleviated by increased sales via the Internet.

Keywords: efficiency, Serbia's trade, determinants, ARAS method**JEL Classification:** L81, M31, M41, O32

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BANK AND SYSTEM-WIDE NPL RESOLUTION STRATEGIES: THEORETICAL AND PRACTICAL INSIGHTS

Abstract

Non-performing loans (NPLs) are as old as banks, they bring a certain degree of risk of loss on bank loans, often noticeably increasing in times of crises. Research conducted worldwide has mostly confirmed negative relationship between NPLs and economic growth. Bearing in mind the global financial crisis as well as the ongoing crisis caused by the COVID-19 pandemic, the main goal of this article is to present a brief theoretical insight into policy instruments, both debtor-focused and bank-focused, in resolving NPL issues, including a review of country/region-specific experiences regarding resolving these issues.

Keywords: banking sector, non-performing loans, resolution strategies, policy instruments

JEL Classification: G21, G01

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TRENDS IN FINANCING PUBLIC INVESTMENT OF LOCAL GOVERNMENT UNITS

Abstract

In every country due to fiscal decentralization, revenue sources for local government units vary. Therefore, the goal of local government is to create an efficient business environment by increasing domestic and foreign investment, employment, and quality of life. Local government units play an important role in providing of public services and goods to citizens. Unfortunately, they have less revenue and expenditure autonomy than regional government. Therefore, the aim of this paper is to present the trends and the level of financing of public investment by local government. The results of the analysis show that there are significant differences in the trends and levels of local government public investment across countries. Moreover, this analysis could serve as a basic tool for improving the economic, social or environmental development of local government units.

Keywords: public investment, expenditures, local government

JEL Classification: H11, H70, H72

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**COUNTRY OF ORIGIN PHENOMENON IN THE CONTEXT OF EXPORT
 BRANDING**

Abstract

Companies from transitional economies and with orientation towards international markets face a set of challenges in the process of gaining a competitive position. One of the most relevant challenges is the negative image of the company's country of origin. The challenge is particularly significant in cases of products with greater added value, or in cases when the company engages into technology intensive production. Purpose of this paper is to present the possibility of Signal Theory application in the context of export branding. The Signal Theory can be used as basis for building powerful corporate brands focused on creating strong consumer perceptions in international markets, detaching them from the negative image of the country of origin. Therefore, aim of this paper is to investigate how managers of export oriented companies in the wood industry of Bosnia and Herzegovina perceive branding possibilities which would include combination of country of origin and brand name as an option for avoiding negative effects of the country of origin. Qualitative research methodology was applied, with semi-structured interviews as data collection method. The sample consisted of wood industry SMEs from Bosnia and Herzegovina, producing furniture and conducting business operations in international markets. Relevance of this paper is mainly practical, in terms of how Signal Theory postulates are applied in the case of export-oriented SMEs from Bosnia and Herzegovina. Research results point to the conclusion that negative effects can be exceeded by adequate branding strategies which are based on Signal Theory postulates. Results further indicate that brands, brand strength and brand associations are perceived as the only valid symbol of value for customers

Keywords: Signal Theory, Export branding, Country of origin image, SMEs, Bosnia and Herzegovina

JEL Classification: F23

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STRATEGIC APPROACH IN BRAND EQUITY CREATION THROUGH SOCIAL MEDIA IN BANKING SECTOR

Abstract

Social media has caused a kind of revolution in marketing communication between customers and the brand by providing a completely new way of interaction, by which companies can significantly increase the market value of the brand. The market value of a brand is based on the knowledge that customers have about the brand, therefore on brand awareness and brand image. In order for marketing activities through social media to achieve positive effects on the market value of the brand, they must be planned and in accordance with the overall strategy of the company. The strategic approach to creating the market value of a brand through social media includes knowledge about the market value of the brand and its essence, as well as the implementation of planned and organized marketing activities through social media. As customer engagement in banks is increasingly realized digitally, understanding the importance and effects of marketing activities through social media is becoming indispensable in creating market brand value. The aim of this study is to examine whether the B&H banks have a strategic approach to marketing activities through web social media and whether marketing activities through web social media are related to the market value of the bank's brand. Empirical data were collected by designing two separate survey questionnaires, one of which was distributed to the total population of banks in B&H, and the other to a random sample of respondents who follow the content of banks on one of the selected social media networks (Facebook, YouTube, Instagram). Descriptive and correlation analysis were used in data processing. The results showed that B&H banks strategically approach marketing activities through web social media, and that there is a positive statistically significant correlation between marketing activities through web social media and the market value of the bank's brand.

Keywords: strategy, brand equity, brand image, brand awareness, social media, marketing activities

JEL Classification: M10, M31

Melisa Kurbašić, Bachelor of Economics

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Email: melisa.kurbasic@live.com**THE IMPACT OF COVID 19 PANDEMIC ON DIGITAL TRANSFORMATION****Abstract**

This paper presents new research, which has shown that responses to the COVID-19 crisis have accelerated the adoption of digital technologies by several years - and that many of these changes could be long-term. According to a survey by McKinsey executives (a strategic management consulting firm), their companies have accelerated the process of digitizing the supply-side interaction chain, as well as their internal campaigns, by 3 to 4 years, and the percentage of digitally or digitally enabled products in their business plans increased by a shocking seven years. Research also shows that after the onset of coronavirus, respondents are three times more likely to state that a minimum of 80% of communication with clients is done digitally. In response to the Covid-19 pandemic, governments are making significant interventions to stabilize the economy, and companies are trying to adapt to the changing needs of their employees, customers and suppliers. The notion of a turning point in the adoption of digital technologies has not existed for a long time, but research data suggest that the COVID-19 pandemic is a turning point of historical proportions, and that further changes will be needed as the economy and humanity progress.

Keywords: Covid -19, digital transformation**JEL Classification:** O3

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INFLUENCE AND CONSEQUENCES OF CORONAVIRUS COVID-19 ON DIGITAL MARKETING

Abstract

A large number of businesses and trades shared the view that the world was "falling apart" due to the impact of the global coronavirus pandemic COVID-19, and that it was largely entering a time of recession. This paper presents the impact of the global coronavirus pandemic COVID-19 on the field of digital marketing at the global, regional and local levels. The impact of the COVID-19 pandemic on digital marketing was in most cases positive unlike other industries. The paper points out that the coronavirus pandemic due to lockdown of movement and work has positively affected and provided excellent and unplanned opportunities for the realization of honest, moral and ethical digital marketing that could counter the global society, economic and social challenges posed by the pandemic. While the virus has caused a lot of uncertainty among consumers and marketers, especially in the health, social life, economic stability, jobs, etc. sectors, the same pandemic has on the other hand led to behavioural changes such as working from home, spending more time indoors / home, adapting online teaching, increasing attention to health and hygiene, avoiding large gatherings, increased use of social media, more attention focused on online content. All these changes have caused more extensive use of digital platforms and digital content, which has led to better connectivity between companies and consumers through modern digital technologies. The increased use of social media and digital content provides marketers with unprecedented opportunities. The aim of this paper is to analyse, highlight and encourage understanding of the impact that the COVID-19 coronavirus pandemic has had and still has on digital marketing, and to highlight certain post-covid trends that will characterize the future environment of the business world.

Keywords: COVID-19, digital marketing, digital platforms, digital content

JEL Classification: F63, M31, O33, P11

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E-mail: ruzica.stanic@efos.hr**THE IMPACT OF COVID -19 ON THE IT SECTOR: WAS IT ALL THAT EASY AS IT SEEMED? THE CASE OF CROATIA****Abstract**

The crisis caused by the Covid-19 pandemic affected almost all organizations, regardless of the industry in which they operate. The new working conditions created to protect the health of all employees required a new mind-set and a "switch" to more digitized performance. A large number of organizations had to adapt or even completely change their business model in order to survive and save jobs. Since digitized performance was already in place in an IT industry, it seemed that the organization with in had an easier adjustment process to the new pandemic conditions. But did IT companies survive the pandemic as unscathed as they appeared to? The purpose of this paper is to examine how Croatian IT companies mitigated the effects of Covid-19 and how they managed their employees during this crisis. This paper examines the impact of the pandemic on employees in the IT sector and analyses how leaders managed to ensure the psychological safety of their employees under these uncertain conditions. In addition, this paper answers the question of whether and to what extent the IT companies had to adapt their business models and what other challenges (cyber security, new platforms, etc.) they had to respond to. Using questionnaires and semi-structured interviews, managers and employees of ten IT companies operating in Croatia were surveyed. It was found that most IT companies experienced a short-term decline in revenue during the pandemic. The results of the research showed that companies from the IT sector also organized remote work, but unlike other sectors, employees from the IT sector were more likely to permanently switch to remote work, as they were more satisfied, motivated and productive when working remotely. Moreover, adapting to the new working conditions led IT companies to accelerate digitalization and reduce operating costs without reducing the quality of services. This research can serve as an example of good practice for all organizations looking to digitize their business and respond to potentially new, unexpected crises.

Keywords: Covid-19, IT sector, remote work, managing employees, digitalization**JEL Classification:** D80

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E-mail: nedžad.piric@eutec.org**THE IMPACT OF INFORMATION SYSTEMS ON HUMAN RESOURCE MANAGEMENT IN COMPANIES IN BOSNIA AND HERZEGOVINA****Abstract**

The purpose of this research is to identify the impact of information system functions on human resource management activities in enterprises in Bosnia and Herzegovina. By analyzing the results of the research, it can be confirmed and concluded that there is an impact of information system functions on human resource management functions, with statistically significant indicators of "data collection" and "data distribution". Also, research has shown that the same indicators are dominant in the impact of information system functions on the performance of human resource management. According to the results and based on relevant theoretical sources and conducted analyzes, procedures, and results of empirical research, information systems have a positive impact on human resource management in companies in Bosnia and Herzegovina. The results of the research on human resource management confirm that companies only using basic functions such as keeping records of employees with very little attention to career development and performance management with automated processes. Collectively, a small number of companies in Bosnia and Herzegovina have advanced and quality human resource management supported by information systems. The sample consisted of 245 ($n = 245$) randomly selected small, medium, and large size companies. When it comes to Bosnia and Herzegovina, there is no relevant research on the impact of information systems on human resource management in the business sector in Bosnia and Herzegovina, which is the main motive of the research.

Keywords: information system, human resource management**JEL Classification:** D8, O15

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RELIABILITY OF BUDGETING AND REPORTING ON MODIFIED ACCRUAL BASIS

Abstract

The financial reporting is widely accepted to ground on the accrual basis, there is a global debate on what platform is considered appropriate for budgeting in the public sector accounting. Those countries that have adopted the accruals-based reporting and budgeting underline that the budgets need to inform on the entire resource consumption in the consistent manner. There are also governments that oppose this stand point and argue that the cash spending needs to be clearly presented in the budgets. Cash-based budgeting with accrual financial reporting represents less ambitious reform modality, but is believed to be more complex and time consuming than the accruals modality for both, budgeting and reporting. We argued that modified accrual basis, determined in the regulatory framework applicable in Federation BiH, allows for wide participation of discretionary rights in both, budgeting and reporting processes, significantly impairing reliability of the disclosed accounting information. We conducted the in-depth analysis as a case study of five-year budgeting and reporting and the review of relevant analytical data that impacts position and performance of Zenica-doboj canton government. The analysis resulted in produced comprehensive sets of trial balances applying accrual based model. This enabled measuring differences by applying two different modes of accounting. Our estimates show significant overstatement of government performance, latent budgetary deficits and threatening insolvency. We conclude that modified accrual basis is possibly used to intentionally omission contingent liabilities and suppress current liabilities and reserves that have meanwhile arisen from lost litigations.

Keywords: Accrual-based accounting, Budgeting, Cash-based accounting, Reliability

JEL Classification: M48

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EFFECTS OF APPLICATION OF THE FAIR VALUE ACCOUNTING OF LONG-TERM ASSETS ON THE EXPRESSED VALUE OF EQUITY

Abstract

One of the unavoidable problems of accounting theory and regulation is measuring the positions of assets, liabilities, capital, income and expenses. The using of different accounting concepts of measurement of economic activities and the results of these activities, monitoring through accounting and financial reporting is a main problem that reflects of the company and the presentation of financial results. All concepts of measuring asset positions inevitably have a value effect that is expressed through equity positions within the financial statements, but this effects is not always easy to measure. When we talk about the accounting concept of fair value, a special influence on the expressed value in equity positions has the level of application fair value accounting concept, which will be the subject of research in the work. On the basis of this work will be tested following research hypothesis: „The application of the fair value accounting concept, observed trough the expressed value of long-term assets, affects the expressed value of equity in the financial reporting of companies in B&H“. The research will be conducted in 98 join stock companies quoted on capital market in B&H (68 companies quoted on SASE and 30companies quoted on BLSE). The research results will provide what and how fair value accounting has value effects on expressed equity in financial reports.

Keywords: accounting concept of fair value, financial reporting, value effects

JEL Classification: M41

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**CHALLENGES IN PUBLIC SECTOR ACCOUNTING CONTEXTS: A
COMPARATIVE STUDY OF POLAND AND BOSNIA & HERZEGOVINA**

Abstract

This paper presents the comparative analysis outcomes concerning the characteristics of public sector accounting established in Poland and Bosnia and Herzegovina. The analysis aims in informing on the current state on the application of the accounting standards for public sector and determining path ways for reforms, respective expectations and challenges, in the process of harmonizing public accounting frameworks across Europe. The methodology used embrace extensive literature review, documentary research and comparative method. In more concrete, the paper provide contextual analysis, explores recent public accounting regulation reforms and trends across two emerging economies, Poland as the EU-member state and Bosnia and Herzegovina in its pre-accession. Since, Bosnia and Herzegovina is a potential candidate for EU membership it is interesting to compare experiences of Poland as EU member that applied International Public Sector Accounting Standards. Motivated by ongoing process of European public accounting framework development, this study will serve as review of a consequences and future challenges in public sector accounting.

Keywords: public sector accounting, International Public Sector Accounting Standards, European Public Sector Accounting Standards.

JEL Classification: M480

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COMPARISON OF SOCIALLY RESPONSIBLE BUSINESS IN ISLAMIC AND CONVENTIONAL ECONOMIES

Abstract

The general aim of this paper is to compare the approach to social responsibility in conventional and Islamic economics. The paper will determine and present in detail the relationship between these variables, and establish similarities or differences in the approach to social responsibility in these two different business concepts. Accordingly, the central research hypothesis was set, ie; that there is a high level of alignment between the approach to social responsibility in the conventional and Islamic economies. Empirical research was conducted on the basis of primary data collection via e-mail using a survey method (written examination technique), using a highly structured survey questionnaire as a form for data collection. Respondents were company managers in BiH, the Kingdom of Saudi Arabia, the United Arab Emirates and Malaysia. The empirical research was conducted on a sample of economic entities of different economic activities, ie it included three strata: manufacturing companies, trading companies and banks. On the other hand, in Islamic economics, ethical responsibility is mandatory. Adequate methods will be used in writing the paper, such as: methods of analysis and synthesis, generalization and abstraction, methods of systematized approach (holistic approach), classification and comparison, and methods of induction.

Keywords: corporate social responsibility, Islamic economics, conventional economics.

JEL Classification: M14

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LEADERSHIP STYLE AND ORGANIZATIONAL CHANGE IN B&H COMPANIES

Abstract

Leadership implies the ability of a person to use his knowledge, skills, abilities and charisma to influence his followers, within an organization to employees, to perform certain tasks in order to achieve certain planned goals. Over time, different approaches and theories of studying leadership have developed, and through this paper the presence of leadership has been observed through transformational and transactional leadership. This paper contains the results of a survey of the attitudes of managers of B&H companies about the preferences of these leadership styles. Organizational changes represent the process of accepting a new situation, and the transition from one working condition to a new one, through the process of learning and adapting to new conditions. The only thing that is certain in the business of a company are the changes that occur due to the action of various internal and external factors. Globalization and technological changes have brought new business conditions and continuously pose new challenges for companies, managers and employees. In this paper, organizational change will be viewed through a connection to leadership style. The main goal of this paper is to examine the relationship between leadership style and organizational change in large B&H companies. Given that managers are in direct contact with employees and are the first to delegate new responsibilities and any changes that need to be implemented, the research will be conducted by examining managers' attitudes about the relationship between leadership style and organizational change. Respondents are managers of large B&H companies.

Keywords: transformational leadership style, transactional leadership style, organizational change

JEL Classification: M29

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WHEN PANDEMIC STOPS YOUR ROUTINE: QUALITATIVE STUDY ACROSS INDUSTRIES

Abstract

We currently live in a world where digital transformation is forced, not planned because of the consequences of the pandemic that in previous year took human lives and endangered or shut down the business of many companies around the world. Many markets, especially in the areas of tourism and hospitality, do not exist or currently suffer large losses. All activities in the organization are aimed at prioritizing and optimizing spending or postponing tasks that will not bring value in the current environment. Companies in general, especially start-ups, have stopped hiring new workers. In parallel, online communication, online entertainment and online shopping are seeing unprecedented growth. As the COVID-19 pandemic continues to evolve, there has never been a more pressing need for organisations to rethink and reconfigure their businesses for a changed world. Now is the time for organisations to focus their efforts on supporting key areas of their businesses that will help them to stabilise in the new environment and strategies for what is coming next. The paper aims to identify the factual situation and the effects caused by the pandemic through a qualitative research conducted through interviews with managers or directors of companies from various sectors in Bosnia and Herzegovina. Also, this paper identified key areas of focus for organizations: crisis management, workforce, operations and supply chain, finance and liquidity and tax, trade and regulations.

Keywords: pandemic, crisis, business impact, technology role

JEL Classification: M15

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**QUALITY MANAGEMENT AND LEADERSHIP OF LEADERS AND MANAGERS
DETERMINED BY EMOTIONAL INTELLIGENCE AND MOTIVATIONAL
FACTORS**

Abstract

The subject and problem of work research relate to the connection of emotional intelligence and motivational factors as the basic elements necessary for quality management of managers and leaders, and through IQ and professional experience. Due to the lack of important personality factors, as has been demonstrated in this paper, and based on research on emotional intelligence and motivational factors, a clear connection and dominance of emotional intelligence factors has been observed in solving the problem of quality human resource management. The key to each company's success lies in the ability of leaders and managers to maximize profits by applying appropriate models, techniques and conceptual tools, while maximizing consumer needs and achieving the goals of key company stakeholders. This paper singles out one special aspect of human resource management, which is based on emotional intelligence settings, determining their awareness, position and success in jobs and tasks, as well as how to conduct or motivate both themselves and the environment. This work mirrors all levels of leaders and managers, their personality traits, the amount of emotional intelligence, and the motivation factors defined by their actual possibilities. The paper clearly shows the real value of the scientific approach to defining successful managers and leaders through their personality lines in Bosnia and Herzegovina. As part of the test method, three standardized psychological tests were used relating to performance in work, motivation and emotional intelligence, neo PI-R personality test, ŪEK-45 and Competence Test – situational judgments. The data was processed through the SPSS statistical software package, where the starting hypothesis has confirmed, that leaders and managers with a higher emotional intelligence are more successful and have a clearer and more flexible management role as well as a relationship with the employee.

Keywords: modern management, emotional intelligence, motivational factors, leaders and managers, profits.

JEL Classification: D91, L20, L21, L26, M12, M51

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E-mail: elvir.cizmic@efsa.unsa.ba**ENTREPRENEURIAL PERCEPTION ON THE STATE INTERVENTIONISM
MEASURES IN CRISIS CIRCUMSTANCES****Abstract**

Within the current crisis period caused by the COVID-19 pandemic and the future business context in general, government measures will be present within different areas of social, business and individual life. According to the theoretical framework, two extreme and diametrically opposite concepts of economics could be recognized, from full state interventionism to entirely liberal economy, but real-life situations show that most economies are a hybrid of these two extremes. This means that in reality there is no “pure” interventionism or “pure” liberal economy, but a certain level of state interventionism in the economy has always been present, especially within some crisis circumstances. In the stable phases of economic development, it is preferably to find the optimal level of state interventionism avoiding of suppression entrepreneurial activities that spur innovation and economic development through entrepreneurial companies operations. This manuscript will elaborate the results of research focused on the entrepreneurial perception on the state interventionism measures based on survey conducted during the second half of the 2020 in Bosnia and Herzegovina. During the research process, a special set of survey questions was applied with the aim to reveal entrepreneurial activities and perceptions on state interventionism measures implemented during the “second wave” of the pandemic crisis. Thus, the first part of the questionnaire refers to the entrepreneurs’ features and their approach towards organizational and operational changes caused by the pandemic crisis, and the second part of the questionnaire refers to the entrepreneurs’ perceptions towards state intervention measures to reduce the negative consequences of the pandemic crisis. The survey sample is composed by 202 entrepreneurial companies in Bosnia and Herzegovina, and the findings on entrepreneurial perception related to the activities of state interventionism that differ according to the type of state measure and the respondents’ gender.

Keywords: Economic policy, State interventionism, Crisis management, Entrepreneurship**JEL Classification:** A12, A13, L26

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RELATIONSHIP BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND THE LOCAL COMMUNITY

Abstract

Corporate social responsibility is a concept that has become the dominant approach in conducting business on a global scale, including Bosnia and Herzegovina. Corporate social responsibility is a way of doing business in which companies undertake various types of activities that will positively affect society as a whole, the environment, the local community, its employees, and other stakeholders. The main goal of this paper is to investigate and analyse the relationship of corporate social responsibility in Bosnia and Herzegovina on the local community, as primary stakeholders of a company. An empirical study was conducted to examine the relationship between enterprises in Bosnia and Herzegovina and the local community, aiming at the relationship of corporate social responsible activities of a company towards the local community, on its development. The research was conducted using a survey questionnaire on a sample of 30 companies from all over Bosnia and Herzegovina.

Keywords: corporate social responsibility, stakeholders, local community

JEL Classification: M14

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CONNECTION BETWEEN CORPORATE BRAND AND EMPLOYEE SATISFACTION

Abstract

Employees are the key resources of any organization, especially in the service sectors. It is increasingly important to attract young talents, but also to keep quality and loyal employees. Employee satisfaction is influenced by different factors, from material and intangible compensations, the quality of the working environment to increasingly important, the image and reputation of the company itself. It is believed that companies who have built a strong brand, ensure a competitive advantage not only through customer loyalty, but also through the satisfaction of their employees. In this research, the primary goal is to determine if there exists a connection between the corporate brand and employee job satisfaction. In the primary research, we are using the survey questionnaire as a form for data collection, the research will be conducted on a sample composed of microfinance institutions that are spatially dispersed in the territory of Bosnia and Herzegovina.

Keywords: corporate brand, employee satisfaction

JEL Classification: M10, M29, M39

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THE INFLUENCE OF MANAGEMENT STYLE ON WORK PERFORMANCES OF EMPLOYEES IN LARGE BOSNIA AND HERZEGOVINA ENTERPRISES DURING THE COVID-19 PANDEMIC

Abstract

Motivation and employee satisfaction become the basis of modern human resources management, because only by building a quality motivation system can help the organization to increase its competitiveness and value. The subject of research in this paper is the work performance of employees under the influence of the application of management style as an intangible motivation strategy in large companies in Bosnia and Herzegovina. Primary data were collected using the survey technique, i.e. using a survey questionnaire as a research instrument. Measures of descriptive and inferential statistics were used in the data analysis, and the obtained data were processed in the statistical software package Statistical Package for Social Science (SPSS) 17.0 for Windows. As a measure of inferential statistics, the chi-square test was used, because the research empirically determined the existence of a statistically significant difference in percentage between top managers who agree and top managers who do not agree with the proposed claims about the impact of management style on employee performance in large Bosnian companies.

Keywords: motivation, intangible motivation strategies, management style and employee performance.

JEL Classification: M12, D23

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E mail: bahrija.umihanic@untz.ba**STRENGTHENING COMPETITIVE ADVANTAGES BY DEVELOPING
INTRAPRENEURSHIP IN RESPONSE TO BUSINESS CHALLENGES IN THE
PANDEMIC CONDITION****Abstract**

The subject of the research presented in this paper is strengthening the competitive advantages by the development of intrapreneurship. Based on the theoretical and empirical findings, the aim of the research is to explore and create a model of connectivity between intrapreneurship activities and innovations and their impact on the competitive advantages of manufacturing companies. Hypotheses testing has resulted in the formation of a theoretical model of strengthening competitive advantages which was made by creating innovations that were created by the influence of intrapreneurship activities. The basic scientific method used in the research is hypothetical-deductive method. The deduction and induction methods, the analysis and synthesis methods and the systematization and classification methods were used as well. The primary survey was conducted among 300 employees in manufacturing companies in Bosnia and Herzegovina. The testing of established models was achieved by different statistical techniques: Multivariate analysis interdependence and dependence techniques, Principal Components Analysis and Multiple Linear Regression Analysis. The testing provided the accurate indicators of the company's competitive advantages strengthening under the influence of innovations created by intrapreneurship activity. According to the results of the research, it can be concluded that the theoretical model has a well-defined way of measuring the level of intrapreneurship activities, innovations and competitive advantages in manufacturing companies, as well as that the same model can determine average increases in company's competitive advantages that occur as the result of an increase in intrapreneurship activities. Therefore, this model can be applied in order to overcome the crisis caused by the Covid-19 pandemic.

Keywords: entrepreneurship, intrapreneurship, intrapreneurship activities, innovations, competitive advantages

JEL Classification: L26, O30, O31

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THE IMPACT OF ORGANIZATIONAL STRUCTURE ON EMPLOYEES' MOTIVATION IN INSTITUTIONS OF BOSNIA AND HERZEGOVINA

Abstract

The organizational structure presents a systematized arrangement of available human and material resources, which enables the organization's effectiveness and efficiency. Employees' motivation is becoming a key issue of a modern organization. As many authors argue, the organizational structure has a unique impact on employees' motivation, and it is described as a mechanism that integrates employees' efforts through coordination and control. Researches on employees' motivation are increasingly focusing on approaches that link motivation concepts with change in organizational structure. The institutions of Bosnia and Herzegovina are characterized by a classic hierarchical organizational structure which has no positive impact on employees' motivation. This paper starts from the assumption that it is necessary to implement changes in the organizational structure of these institutions with aim to increase the level of employees' motivation. The subject of the research interest presents analysing of the compliance of organizational structure with motivation of civil servants and employees. The research results determined indicators of the interdependence of organizational structure of institutions and employees' motivation. Opportunities for managing changes in the existing organizational structure of state-level institutions are presented. Recommendations and possibilities for applying the experiences of good practice of institutions on the state level of EU countries and developing countries to the institutions of Bosnia and Herzegovina are given.

Keywords: organizational structure, institutions, changes, employees' motivation

JEL Classification: H10, H83, M12

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BH Telecom dd Sarajevo, BiH

E-mail: nerka.asceric@bhtelecom.ba**IMPACT OF DIGITAL STRATEGY ON PERFORMANCE OF HOTELS IN
FEDERATION BOSNIA AND HERZEGOVINA****Abstract**

Digitalization and digital transformation have achieved macroeconomic scale and are at the forefront of nearly every industry's investment priorities. The hospitality industry is forced to face the digital transformation, as well. COVID-19 has made the use of technology even more important. Hotels aiming to improve their business performance should have a digital strategy which focuses on use of technology. The environment, consumer behavior and the market are changing and a change in the way hotels operate is necessary in order to keep up with the competition. The main aim of this article is to investigate whether hotels in FBH have a digital strategy, and how are some aspects of their digital strategy related to their performance. The results in the paper indicate that many of the hotels still do not have a digital strategy and that hotels with a digital strategy actually achieve better business performance.

Keywords: strategy, digital strategy, marketing, hospitality industry, FBiH**JEL Classification:** M00, M3

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GENDER GAP IN YOUTH ENTREPRENEURIAL PREFERENCES: CASE OF TUZLA CANTON, BOSNIA AND HERZEGOVINA

Abstract

The concept of entrepreneurial inclination is associated with the development of certain personality traits, skills and abilities that enable people to act entrepreneurially, create personal development and realize opportunities in a changing social environment. The purpose of this research is to examine entrepreneurial preferences among young population and gender differences, and whether and in what way the different dimensions of entrepreneurial preferences are interconnected, as well as the overall level of youth entrepreneurial preferences. This is a quantitative study, which will use the Questionnaire of Entrepreneurial Preferences based on the work of Irena Miljković Krečar (2008). Using a deliberate sampling technique, young respondents from public and private organizations will be selected. The research will be conducted in Tuzla Canton, Bosnia and Herzegovina, during the COVID-19 pandemic. Data will be collected using online questionnaires that will, in addition to socio-demographic variables, include different dimensions of entrepreneurial preferences. To gain a better understanding of the gender difference in youth entrepreneurial preferences, descriptive statistics, Cronbach's Alpha, t-test of independent samples, and correlation analysis of correlation using the Pearson coefficient will be used. The results of the research should show that there are gender differences in the entrepreneurial preferences of young people according to the observed dimensions, but also in the overall level of entrepreneurial preference.

Keywords: gender gap, entrepreneurship, entrepreneurial preferences, demographic characteristics, youth

JEL Classification: C3, J16, L26

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Marko Marulić Polytechnic in Knin, Croatia

Email: amalfirevic@velekini.hr**DETERMINANTS OF FEMALE ENTREPRENEURSHIP DEVELOPMENT IN
TUZLA CANTON****Abstract**

Long-term unemployment and high rate of female unemployment in Bosnia and Herzegovina has been one of the main economic problem for years. Female entrepreneurship and its development has been seen as one of the answers to this problem. Female entrepreneurs contribute significantly to economic growth, employment and poverty reduction. Studies on female entrepreneurship have witnessed a growth in the past decades, in Bosnia and Herzegovina as well. This research of female entrepreneurship in Tuzla Canton has been focusing on the challenges women encounter before starting a business and determining the main determinants of female entrepreneurship development in this region. The results presented in this paper indicate that there should be more support from the environment and the institutions for female entrepreneurs with business ideas, and that future development policies should focus more on specific needs of female entrepreneurs.

Keywords: entrepreneurship, female entrepreneurship, determinants, Tuzla canton**JEL Classification:** L26, O40, R11

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COVID-19 AND WOMEN IN THE LABOUR MARKET IN THE FEDERATION OF BOSNIA AND HERZEGOVINA

Abstract

In this paper, authors present the results of a research study on the representation of women in the labour market within fifteen activities in the Federation of Bosnia and Herzegovina. In four of the fifteen industries, women are more represented than men. Authors investigated the resilience of companies to the challenges of the COVID-19 pandemic using a large sample of 1,232 companies operating in the Federation of BiH and focusing on determining the success of companies measured by financial performance and reducing the number of women and men employed in companies. The results of the research indicate that 50.1% of companies in which women are more represented reported a decline in financial performance, compared to 38.6% of companies in which men are more represented, and that 4.1% of women lost their jobs compared to 2.6% of men. The results of this study could be valuable in promoting the need to establish various measures to combat the low participation of women in the labor market.

Keywords: COVID-19, labour market, women, gender

JEL Classification: J16, J21, J23, J82

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TWO SIDES OF HEAVY WORK INVESTMENT: WORK ENGAGEMENT AND WORKAHOLISM

Abstract

This study aims to investigate two aspects of heavy work investment: work engagement and work holism. While work engagement refers to a positive, fulfilling, work-related state of mind characterized by vigour, dedication, and absorption, work holism is often observed as a negative form of heavy work investment described by excessive and compulsive work. Regardless of the different drivers and different individual and organizational outcomes, conceptual and empirical distinctions between the two remain insufficiently clarified. As measurement instruments, we used UWES-17 work engagement and DUWAS work holism scales. In order to empirically examine the difference between the observed constructs, two models were tested using structural equation modelling. In addition, the differences between generational cohorts and career stages related to the positive and negative side of heavy work investment were examined. In the end, implications of the study's findings are discussed.

Keywords: work engagement, work holism, heavy work investment, generational cohorts, career stages

JEL Classification: D23

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THE COMPETITIVENESS OF THE WOOD PROCESSING INDUSTRY IN BOSNIA AND HERZEGOVINA AT THE TIME OF COVID 19

Abstract

Industrial competitiveness is an extremely contemporary topic in the discussion of experts and researchers in economics, with a special focus on competitiveness factors that contribute to greater or lesser competitiveness at the time of Covid 19. Competitiveness in this research paper is positive as a theoretical concept, it was published through three different factors - productivity, innovation and profitability, which, through a review of the literature, are determined as optimal factors for observing industrial competitiveness. The general goal of this research paper is to review and analyse the relationship between forestry and wood processing in the BiH, identify the most significant problems and find proposals for measures to improve relations or increase the economic activities as a whole. Also, the aim of this papers to demonstrate the fastest factors for the competitiveness of the wood processing industry, as well as the furniture industry in Bosnia and Herzegovina. This topic is extremely important and interesting, it is special because the wood industry is one of the top three industries in Bosnia and Herzegovina, with a great tendency to become the strongest industry in Bosnia and Herzegovina. Precisely because of this, it is very important to know the factors that take advantage of the competitiveness of the wood-processing industry and industrial furniture. Using factor analysis to reduce factors, it was demonstrated that the factors of innovation, productivity and profitability have a tremendous pact on the competitiveness of the wood processing industry in Bosnia and Herzegovina, and the central hypothesis was confirmed through research. Therefore, the improvement in the factors demonstrates a positive effect on strengthening competitiveness in the wood processing industry, as well as the furniture industry, and at the individual level of firm sand companies in BiH.

Keywords: Wood processing industry, Competitiveness, Competitiveness factors, Productivity.

JEL Classification: A11, D22, L68

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CHANGES IN HOUSEHOLD AND GENERAL GOVERNMENT CONSUMPTION AND SAVINGS DURING COVID-19 PANDEMIC IN EUROPEAN UNION

Abstract

In March 2020, the Covid-19 pandemic caused a significant economic shock in countries worldwide, negatively affecting every aspect of the world economy. Due to the situation with the COVID-19 pandemic, governments imposed a blockade on households to slow the spread of the pandemic. It was unknown how long the lock could last and how much impact it would have on households and the general government. Household consumption is a specific component of final GDP consumption and generally represents about 60% of GDP. Crises most often affect the individual and manifest in unplanned and unnecessary costs that affect household consumption and savings, and thus growth and development. Eurostat states that the household savings rate of the European Union (EU) decreased in the third quarter of 2020 but was 4.5% higher than in 2019. This paper aims to analyse the differences in household consumption expenditure and net savings across the EU from 2018 until 2021 and general government consumption expenditure and net savings. In addition, it will compare the differences in household and general government consumption and savings in 2019 and 2020. This paper uses univariate statistical methods to define the differences between the EU Member States and their private and public consumption expenditure and net savings. The authors will suggest further research on the topic mentioned above and provide evidence on how households should react to future pandemic situations.

Keywords: Covid-19, household consumption, household savings, general government, European Union

JEL Classification: A10, D10, D14

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**ECONOMIC CONSEQUENCES OF THE COVID-19 PANDEMIC ON THE EXPORT
SECTOR OF BOSNIA AND HERZEGOVINA - CURRENT SITUATION AND
PERSPECTIVE**

Abstract

The economic crisis caused by the COVID pandemic has had negative effects on the economy of Bosnia and Herzegovina according to all macroeconomic indicators. Observing the decline in economic activity, the loss of jobs, the decline in industrial production, and the volume of foreign trade, the economic crisis has turned the economy of Bosnia and Herzegovina back to the level achieved a few years ago. In addition to the negative aspects of the economic crisis, this crisis also offered an opportunity for export companies from Bosnia and Herzegovina to better position themselves in the markets of the European Union. When it comes to exports, the consequences of the COVID-19 pandemic are reflected in changes in the distribution chains of raw materials from East Asia, primarily China, increased distribution costs and raw materials for companies in the EU, new sources of supply are being found in Europe and demand in the EU market, which was well used by companies from Bosnia and Herzegovina, through increased production, which led to an increase in exports. Exports are very important for the growth of GDP in our country, especially in the context of globalization and relatively low demand in the domestic market. In order to show the importance of exports and industrial production, two linear regression models were created, which tested the relationship between 84 quarterly values of exports of goods and GDP, and the movement of 49 monthly percentage changes in values between exports and industrial production since 2017, and analyse data on foreign trade and industrial production of Bosnia and Herzegovina in the period of the first half of 2021.

Keywords: Exports, Industrial production, COVID-19, GDP.

JEL Classification: F10, F47

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E-mail: emina.resic@efsa.unsa.ba**THE RELATIONSHIP BETWEEN TOURISM AND ECONOMIC GROWTH: THE CASE OF BOSNIA AND HERZEGOVINA****Abstract**

This paper analyses the role and the contribution of tourism to the economic growth of Bosnia and Herzegovina (BiH). By applying the vector autoregressive (VAR) model and Granger causality test over quarterly data for BiH in the period from the first quarter of 2007 to the second quarter of 2018, the relationship between tourist arrivals and overnight stays and gross domestic product (GDP) is analysed. The results of conducted analysis reveal the existence of a one-way causal relationship going from tourist arrivals to GDP and from tourist overnight stays to GDP. Also, there is a one-way causal relationship going from tourist arrivals to tourist overnight stays. The results of conducted analysis confirm the results of previous analyses and studies conducted in the world, and confirm the hypothesis of the existence of the relationship and contribution of tourism to the economic growth of a country. Furthermore, the obtained results show that the development and improvement of tourism should be one of the priority goals of the development policy of BiH in the coming period.

Keywords: BiH, economic growth, Granger causality test, tourism, VAR model

JEL Classification: C01, C32, C53, C87

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CHALLENGES OF CROATIA ON ITS WAY TO THE EUROPEAN MONETARY UNION

Abstract

More advanced level of economic integration than the European Union (EU) is the European Monetary Union (EMU). It implies closely coordinated economic policies of member states as well as a common monetary policy. By joining the economic, and especially the monetary union, the market expands, and thus the volume of exchange of products and services, which has a great impact on the macroeconomic aggregates of these countries. The dilemma here is whether to allow the "new" member states to adopt the euro as soon as possible or to apply a more cautious strategy. A more cautious strategy implies a higher degree of fulfilment of the convergence criteria. Therefore, the issue of countries joining EMU is crucial for the survival and stability of this type of integration because its benefits are long-term. The subject of this paper is the challenges of Croatia, an EU member, observed through the oscillations of macroeconomic aggregates in the process of joining the EMU. The macroeconomic aggregates we observe are: inflation rate, interest rate, exchange rate, public debt-to-GDP ratio and budget deficit-to-GDP ratio. It is possible to set the mathematical functions of the movement of these four observed indicators. Since a fitted (mathematical) function of motion will be set for each macroeconomic aggregate, we will be able to predict the state of individual aggregates in the future on that basis. On this basis, it will be possible to set up a mathematical model for planning the optimal time of entry of individual EU countries into the EMU on the example of Croatia. Namely, through a studious approach, they want to list the challenges (from the macroeconomic aspect) that EU member states face, as well as the path that countries that want to join EMU must go through.

Keywords: accession process, Croatia, European Monetary Union, convergence criteria.

JEL Classification: E27

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E-mail: mirela.omerovic11@gmail.com**EFFECTS OF THE COVID 19 PANDEMIC ON LABOUR MARKET IN BOSNIA AND HERZEGOVINA****Abstract**

Besides health issues, the outbreak of the pandemic COVID-19 has awoken a crisis characterized by shocks on both the aggregate supply side and the aggregate demand side. As the pandemic spread, a number of sectors that were negatively affected increased, primarily due to a reduction in aggregate demand (in many cases caused by governmental restrictions) and a slowdown in the supply chain. It furthermore reduced employment rate, investment, and production and productivity. The pandemic consequences affected the reduction of business activities, unemployment rates and put pressure on sustainability of companies, and lead to temporarily or even permanent shut down of businesses with many employed people confined to their homes or even loss of their jobs. Generally speaking, it is global phenomenon that governmental activities, in front of all lock-down and other health-related measures implied a slowdown of the business activity, increase of unemployment and closure of businesses. This paper contains research results on the impact of the COVID-19 pandemic on the labor market in Bosnia and Herzegovina, implemented on the stratified sample of employers in Federation of BiH, Republic of Srpska and Brčko district BiH. Its aim is to identify specific aspects of the effects of COVID 19 on business operations such as scope of business operations, changes in number of employees and financial results but as well as the reaction of companies to COVID 19. This research identifies industries that were most negatively affected by the COVID 19 but also the ones that experienced higher scope of their business activities during the COVID 19 pandemic. In this paper, authors also provide an overview of recommendations for policy makers as well as for companies in terms of good practices dealing with crisis situations, but also the ones aimed at further support to business development in Bosnia and Herzegovina.

Key words: labor market, business operations, crisis, COVID 19 pandemic.

JEL Classification: J08, L1

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REBUILDING TOURISM FOR THE FUTURE: TRANSITION FROM URBAN TO RURAL TOURISM

Abstract

The paper investigates the transition from urban to rural areas in the European Union. Considering the Covid - 19 pandemic and the great effect it has left on tourism, the paper focuses on changing the emphasis from urban to rural tourism. The aim of this paper is to point out the role of rural tourism in providing potential for improving the economic position of European Union countries. This study uses Eurostat as a source of data on the number of overnight stays and a comparative analysis of urban and rural areas in the EU. The results indicate a change in tourist spending and an increase in the number of overnight stays in rural accommodation units.

Keywords: urban tourism, rural tourism, Covid – 19, European union

JEL Classification: Z30, Z32, I15

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Email: mirza.suljic@untz.ba**ANALYSIS OF THE STATE OF ENERGY POVERTY
IN TUZLA CANTON****Abstract**

In the crisis caused by COVID-19, the fact came to the fore that it is necessary to solve the issue of energy poverty if we want to build a welfare state that cares for the needs of all its inhabitants. The level of energy poverty has been increasingly in the focus of interest in Bosnia and Herzegovina in the last three years, as the majority of the population will not be able to afford access to basic energy services, especially due to rising unemployment. In this context, it is necessary to achieve the key goals of the European Green Plan, despite the current and unprecedented disturbances in national economies around the world. According to the above, the subject of research is energy poverty in the Tuzla Canton. The main goal of the paper is to identify energy sources and energy costs of households, identify energy-poor households, and identify key recommendations for combating energy poverty in Tuzla Canton. Primary data will be used, collected by applying the survey technique, and when processing them, certain methods of description and inferential statistical methods will be applied.

Keywords: energy poverty, energy costs, Tuzla Canton**JEL Classification:** Q4

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THE CHALLENGES OF THE EUROPEAN UNION DURING THE COVID PANDEMIC

Abstract

In recent years, the European Union has been marked by numerous crises and challenges that have seriously threatened to affect its further development and prosperity. Building a common European identity, the economic crisis, the euro crisis, the migration crisis, the UK's exit from the EU, are the weaknesses that the EU has faced and have posed a threat to the unity and togetherness of the EU. However, the crisis caused by the corona virus pandemic is probably one of the most severe crises in the history of the EU, and has once again shown the need for solidarity needed for the future development of the EU. The EU Recovery Fund is a new temporary recovery instrument to repair the economic and social damage caused by the coronavirus pandemic. The main goal of the research is to determine whether the corona virus pandemic only indicated the real danger of the EU's survival and how much solidarity and unity is present among the EU members. The pandemic once again called into question the sustainability of the EU concept and pointed to the evident need for changes in its action. Secondary data collected from relevant sources will be used, which will be processed using the method of internal research. In addition, other methods are distinguished: methods of analysis and synthesis, generalization and abstraction, methods of systematized approach (holistic approach), classification and comparison, and methods of induction.

Keywords: European Union, crisis, challenges, COVID-19

JEL Classification: F15

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THE IMPACT OF THE COVID-19 PANDEMIC ON THE FINANCING OF THE EUROPEAN UNION ENERGY EFFICIENCY PROGRAM

Abstract

The paper tries to determine the cause-and-effect relationship between the COVID-19 pandemic and the financing models of the European Union's energy efficiency programs. One of the goals is to present how the pandemic has shaped the economy in the member states and whether it has had an impact on the priorities of meeting the sustainable goals of the European Union. Observing the impact of the pandemic on the level of financing of energy efficiency programs, not only evaluates the financial aspect of these investments, but also the growth of the member state, but also the area that regulates this issue. The results of the research, with the expected consequences of a pandemic, showed that each model has its own specifics, with its application depending on the environment in which it is applied, and that it is influenced by numerous factors that increase or decrease economic growth in each member state. The COVID 19 pandemic had an impact on economic trends in the member states, but it did not reduce the level of financial assistance through the model of financing green projects, because investing in ecology eliminates one of the causes of the pandemic in the future. When writing the paper, secondary data collected from relevant sources will be used, which will be processed using the method of internal research. In addition, other methods are distinguished: methods of analysis and synthesis, generalization and abstraction, methods of systematized approach (holistic approach), classification and comparison, and methods of induction.

Keywords: financing models, energy efficiency, economic growth, Western Balkans

JEL Classification: Q 43, Q47

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RISK MANAGEMENT AND INSURANCE OF EXPORT CREDITS IN BOSNIA AND HERZEGOVINA

Abstract

The subject of research in the paper is the most commonly used methods of credit risk protection in the export-oriented companies in Bosnia and Herzegovina. This primarily includes export credit insurance, letters of credit, bank guarantees, and factoring. The paper aims to identify the existing methods of credit risk management in export companies and their consequent impact on their efficiency in foreign markets. The impact of the COVID-19 pandemic on their export business has also been determined. The research showed that export credit insurance is a rather underdeveloped area in Bosnia and Herzegovina, and its export companies are forced to use other types of protection against export credit risk if they decide to operate with the deferred payment. The relationship between satisfaction with market position and market performance of export companies and credit risk management methods was established. Also, the research found that there are differences in the active use of methods of protection against export credit risk, depending on the amount of income that the company generates. The results showed that the attitude of employees on the complexity and requirements of doing business in the international market, the development and clarity of risk management plan and active use of available instruments to protect against credit risks of export business differ significantly depending on the need for additional training on export risk management. The research also confirmed the connection between the perception of risk managers in export companies on the legal framework and regulation of the insurance market, with the perception of variability and ease of application of export credit insurance in Bosnia and Herzegovina.

Keywords: credit risk, risk management, export credit agencies, export credit insurance.

JEL Classification: G22, G32

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NON-DAMAGE BUSINESS INTERRUPTION INSURANCE POLICIES DURING COVID-19 PANDEMIC

Abstract

Pandemic risks, such as Covid-19, are difficult to insure as they are characterized by multiple factor risks and losses and involve simultaneously different types of businesses and people. The scarcity of time series and statistical data prevents insurers from developing correct pricing. We propose a model of Catastrophe Risk with Non-Damage Business Interruption Policies to manage the pandemic risk due to the spread of Covid-19. The model implies a Monte Carlo simulation on different lockdown scenarios; the frequency and severity distributions of losses of Italian SMEs. The main results show that for the historical period that we are all experiencing, the importance of a “Covid-19 lockdown exposure NDBI policy”, which not only benefits SMEs, for the reasonable gross premium required to cover the net profit that would have been lost in a month due to business interruption, but, from the results obtained, also the insurer reaches a profit margin, which increases when a reinsurance treaty is signed (in our case “catastrophe excess of loss”).

Keywords: Covid-19; Insurance policies; Reinsurance; Catastrophe Risk

JEL Classification: C15, G22

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ENVIRONMENTAL SOCIAL GOVERNANCE IN INSURANCE COMPANIES

Abstract

Environmental Social Governance is nowadays a fundamental issue in every field of economics. Despite the increasing interest by policy makers and regulators in financial intermediation, the literature on insurance industry is still humble. We contribute in filling this gap by exploring the relationships between a set of financial ratios and environmental social governance scores of 107 large listed US insurance companies during 2010-2018. Larger, more profitable and more solvent insurance companies reach the highest level of environmental social governance awareness. Our model helps in obtaining significant and relevant findings to share with policy makers and researchers.

Keywords: ESG; insurance companies; profitability; sustainability; solvency

JEL Classification: G22, G34, Q50

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E-mail: jasenka.djulic@hotmail.com**APPLICATION OF MULTIPLE REGRESSION ANALYSIS IN EXAMINING THE
IMPACT OF DIMENSIONS OF BUSINESS EXCELLENCE ON TOURIST
SATISFACTION IN BOSNIA AND HERZEGOVINA****Abstract**

The primary goal of the author of this paper is to determine the intensity and direction of the impact of key dimensions of business excellence on tourist satisfaction in Bosnia and Herzegovina. The paper will determine and present in detail the correlation between these variables, and establish which of the dimensions has the statistically most significant impact on tourist satisfaction. Independent variables in the research are dimensions of business excellence of hotel companies, while tourist satisfaction is a dependent variable. In order to conduct an objective test of the central research hypothesis, indicators for measuring independent variables were determined. Indicators for measuring the independent variable are: hotel offer - value for money, staff training, process and resource management, quality assurance, social responsibility and continuous improvement. Data collection was performed on the basis of a proportional stratified sample. As a stratification criterion, the categorization of hotel facilities was used, which is determined by the number of stars in hotels. The choice of hotel categorization is based on the results of examinations by experts from the Association of Hoteliers and Restaurateurs of BiH and the Federal Ministry of Environment and Tourism. Empirical research was conducted on a sample of hotels of the first and second category, ie it included two strata, as follows: four-star hotels and five-star hotels. Subjects within both strata were selected on the principle of a simple random sample. In conclusion, a survey of hotel managers was conducted in 43 hotels. Finally, based on simultaneous multiple regression analysis, the central research hypothesis was confirmed: "There is a statistically significant impact of business excellence dimensions on tourist satisfaction, with statistically significant quality assurance, hotel offer - value for money, staff training and continuous improvement."

Keywords: dimensions of business excellence, tourist satisfaction, correlation analysis, ANOVA, simultaneous multiple regression analysis.

JEL Classification: C19, A12

