

ICAMSS'19

**International Conference on Administration Management and
Social Studies**

**PUBLIC ADMINISTRATION REFORM
European Union Issues and Challenges**

BOOK OF ABSTRACTS

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BOOK OF ABSTRACTS

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Foreword

The purpose of International Conference on Administration, Management and Social Studies (ICAMSS) is a scientific platform that brings social science researchers together to discuss subjects related primarily to Public Administration Reform. Priority in this year's conference will be given to research papers that deal with "European Union Issues and Challenges".

Conference is organized with the main purpose to attract and bring together researchers and participants with the administration management and international relation backgrounds from the different countries such as: Austria, Bosnia and Herzegovina, Croatia, Germany, Macedonia, Montenegro, Palestine, Poland, Russia, Serbia, Slovenia, Turkey, United Arab Emirates and United Kingdom.

We would like to thank all participants, partners in organization and organizing members at the ICAMSS 2019 for contributing their theme, effort and skills to make this amazing event possible.

Following is the list of themes which conference will cover explore and discuss: Business Ethics, Business Intelligence, Leadership, Corporate Social Responsibility, E-Commerce, Entrepreneurship, International Business, International Finance, Accounting, Corporate Finance, Organizational Behavior, Business Information Systems, Business Law, Tourism and Hospitality Management, Operations Management, Supply Chain Management, Innovation Management, Strategic Management, Human Resource Management, Change Management, Management Science, Information Technology Management, Operations Management/ Total Quality Management, Cross Cultural Management, Customer Relationship Management (CRM), Risk Management, Marketing Management, Management History and other relevant topics.

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Islamic Digital Banks and Fintech Developments in Islamic Banking Driven by Millennial Customers

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***Abstract:** The purpose of this paper is to present recent development in Islamic banking such as introduction of fintech technologies and digital banks to the industry. With almost instant adaptation of financial technologies and widespread requirement for personalisation, and customisation of the services, and products by Millennial customers, Islamic banking industry is required to introduce the change. The paper presents few innovative examples of the new personalised and fintech wave of Islamic banks in the global scenery.*

Concluded with further perspectives for widespread entrance of the new, fintech participants in Islamic banking industry globally, including presentation of factors influencing possible future growth and limitations. As Islamic banking is starting to be perceived as real, ethical alternative to conventional banking and fintech and strong personalisation trends are slowly picking up, however the elements of risk mainly driven by relatively low barriers of entry and data are also driving new emerging business model. Paper presents also short introduction to traditional Islamic banking principles, giving theoretical setup onto further analysis.

***Keywords:** Islamic Banking, fintech, Millennials, personalisation, customisation*

Fiscal Decentralization in EU Member States: Analysis of Selected Indicators of Fiscal Decentralization

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***Abstract:** The majority of today modern states, aside from being unitarian or federal, are distinguished by the existence of several levels of local government. Accordingly, this creates unique government organization and hierarchically arranged government entities, who in return enable citizens to decide on how they want to distribute and finance public goods. Public sector reforms in the second half of the 20th century increased the importance of fiscal decentralization. Nowadays, decentralization of public finances has become mandatory for the most developing countries and countries in transition. This paper analyses aspects and experiences of fiscal decentralization by comparing EU member states and their degree of fiscal decentralization through selected indicators (fiscal and non-fiscal). Evidence conclude the process of gradual increase in the degree of fiscal decentralization in the majority of the EU member states during the last three decades. Analyzing different indicators, it has been proven that states from the North and West are achieving better results in the degree of fiscal decentralization than the states from the South and East of the EU.*

***Keywords:** local self-government, local public administration, fiscal decentralization, fiscal decentralization indicators, EU members states*

Assessing the Level of Understanding of Insurance Terms and the Degree of Confidence of Citizens in the Insurance Industry: Survey from Montenegro

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Abstract: *Montenegro's insurance market is at lower level of development compared to EU countries, primarily due to poor living standards, but also because of some other factors that limit its growth and development, such as: economic, demographic and political. The aim of this research is to analyze the level of understanding the basic insurance terminology and citizens' confidence in Montenegrin insurance companies. The research is striving to show to what degree citizens understand the basic components of insurance, their contract rights and obligations, and accordingly to determine their trust in the insurance industry in Montenegro. The data were obtained by interviewing citizens of Montenegro on a sample of 1500 citizens. The analysis was carried out using logistic regression models. The results showed that the confidence of respondents in the insurance companies in Montenegro is at a very low level. Respondents do not have a sufficiently developed awareness how important are the general and special insurance conditions, as over 40% of them state that they do not read them at all. The results clearly state that the respondents from Montenegro, are not familiar with the basic concepts of insurance, such as insurer, insurance beneficiaries, insurance premium, insurance indemnity and sum insured. The results of this research are troubling and give clear guidelines to the regulators and insurance companies that it is necessary to work on raising consciousness and better acquaintance of citizens in Montenegro with all aspects of insurance.*

Keywords: *insurance terms, insurance market, logistic regression, confidence, Montenegro*

Possibilities and Perspectives of Applying the E-Learning Model in Educational Institutions in Bosnia and Herzegovina

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Abstract: *E- learning is a type of learning by using electronic technologies to access an educational program outside of a traditional classroom. As conventional classrooms continue to be transformed into digital, it is necessary for teachers to deliver lectures through multiple learning modes. Digitally enriched content and personal learning should be the primary way of teaching, as well as collaborative and interactive learning.*

The paper deals with issues of education in a virtual environment, the role of virtual reality and artificial intelligence that is increasingly entering the classrooms of developed countries. The paper explores what application of artificial intelligence in the near future means for the development and wider application of electronic learning in virtual classrooms around the world, as well as in developing countries such as Bosnia and Herzegovina. The paper presents

the advantages and opportunities that contribute to the improvement of e-learning in educational institutions and the benefits for students and other involved parties in the educational process, such as teachers and parents.

Keywords: *artificial intelligence; digital content; digital literacy; online platforms; virtual reality*

A Model of Higher Education Institutions Choice – Conceptual Approach

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Abstract: *Choice of adequate higher education institution and study program is one of the most important decisions for future career. From the aspect of social and economic development of the country, it is crucial to have efficient educational system. In Bosnia and Herzegovina there is space for concern since our educational system lacks strategic planning, coordination with the market needs and thus future students are confused in making decisions which faculty/university to enroll to. That is why higher education institutions are faced with a difficult situation of trying to understand how students select HEIs.*

This conceptual paper seeks to use the existing literature on the topic and to evaluate the factors that are relevant during decision making process of future university students. Reflection on the current state of Bosnia and Herzegovina and its hither educational system was presented. The conceptual model was created using famous tools of marketing, so called marketing mix. Areas for future research are highlighted.

Keywords: *higher education institutions, factors, students choice, marketing mix*

The Quality of Management and Service Quality Offerings: Some Qualitative Evidence from TQM Adopters

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Abstract: *Despite its roots in manufacturing and other more traditional mass production, process-driven organisations, quality management in its multitude of forms has also been considered increasingly important for the global competitiveness of service industries. There is even considerable research evidence that the quality of key supporting services of manufacturing firms play a crucial role in enhancing the competitiveness of goods-producing industries. Despite the recent surge of interest in the adoption and diffusion of quality management in services, the existing research evidence shows inconsistent results for the performance impact of TQM on service quality. While some studies attribute poor service quality to individual and person-level factors (e.g. customer-contact employees), others lay stress on system-level forces to account for the lion's share of variance in the performance impact of TQM on service quality. Using the writings of quality gurus and several like-minded organisational scholars, the contingency theory of management and theories of action (i.e. theory in use and espoused theory), it is argued that the quality of management and the capacity to create an environment that inspires employees to perceive quality as a personal value should be viewed as a determinant factor for sustaining organisation-wide commitment to service quality. Hence, the aim of the current study is to apply several different but complementary organizational and managerial theories to elucidate differences in management initial orientations and intentions and their subsequent course of actions towards quality management practices in service organisations and their consequences for the quality of service offerings.*

In this light, the current study adopts a qualitative case study of six Middle East based affiliates of large international hotel chains to study the research phenomenon. In order to conduct the qualitative case study design, multiple sources of data (e.g. semi-structured interviews, observation and document review) were gathered and analysed.

Content analysis of the data points to three types of managerial orientations towards quality in the sample organisations. These include outcome orientation, process orientation, and process-outcome orientation. Of these a combined process-outcome orientation towards the application of TQM in services was found to be associated with TQM sustainability and superior quality of service offerings.

Overall, the results of the current study contribute to the contingency approach to quality management as well as Argyris and Schon's (1992) concept of espoused theories versus theories-

in-use in a sense that the effectiveness of TQM in services hinges on the interplay between the management orientation and intension for TQM adoption and diffusion and their actual actions in the course of TQM implementation. Our findings provide tangible evidence that encourage managers to adopt an orientation which is congruent with the dynamic and continuous learning orientation of the quality management paradigm and can create a memorable experience for customer at a point in time. Furthermore, such orientation can help managers narrow the intention–action gaps, thereby leading to sustained TQM transformation and supervisor service quality offerings in the long run.

Keywords: *total quality management, service quality, management orientation, qualitative case study, developing economies*

Management of Changes in State Administration Organizations on the Level of the Federation of BiH - Reform Significance and Perspectives of Transformational Leadership

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***Abstract:** Introduction of managerial forms and standards into the public administration system in Bosnia and Herzegovina is one of the key requirements envisaged by the SIGMA principles of public administration in the reform area of public service and human resources management. The socio-political and normative-legal status quo caused by the absence of reform political will and the presence of political instability imposes the idea of expert-analytical review of the possibilities and perspectives of transformational leadership in the function of contributing to the improvement of individual administrative organization. Management of state administration bodies is an activity and the art of connecting organizational elements in order to achieve efficiency, effectiveness and organizational success.*

The rights, obligations and responsibilities of the manager are being modified into the process of constructing effective leadership, as a key determinant of public administration reform in limiting legal frameworks.

Managing change in state administration bodies depends on a number of external and internal factors, and in particular from linking structural elements of an organization, an effective human resource management system, a personality of a leader, and choosing a leadership style, which cumulatively affects the future and "fate" of the administrative organization. Successful management as a key management function requires a special level of knowledge, skills and competencies, as well as the individual characteristics of leader's

personality who achieves an evolutionary influence on the organizational environment, initiates the development of organizational culture and gives motivational incentives for innovations and changes.

Visionary and transformational leadership in static state administration bodies opens up opportunities and creates preconditions for efficient, effective and professional civil service, but also implies the emergence of complex obstacles and challenges in the process of implementing and adapting to changes.

Keywords: *change management, human resource management in the civil service, transformational leadership, civil service system, principles of good governance, strengthening of administrative capacities, public administration reform*

Public Administration in Front of Challenges of Contemporary Technologies: State and Perspectives

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***Abstract:** This paper is about the impact that modern technologies have and exert on the understanding and functioning of public administrations. The first part of the paper gives a brief descriptive overview of the basic concepts, principles and functions related to public administration.*

The second part presents the position of the basic topic in a somewhat broader framework of the biotechnological epoch, without which one cannot think about the concepts of modern technologies, that is, influence them to do one another rightly.

The concretization of consideration and critical view is developed in the central, third, chapter, which seeks to develop a prospective view, that is, to consider the possible bases with which to face the challenges ahead.

***Keywords:** Public administration, new technologies, challenges, condition and perspectives*

The Causal Linkage between Political Stability and Foreign Direct Investments in Bosnia and Herzegovina

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Abstract: *This research aims to explore the causal link between political stability and foreign direct investments (FDI) in the case of Bosnia and Herzegovina. The motivation to conduct this study lies in the fact that literature to date has paid little attention to the impact of political stability on FDI in the country of interest. In order to investigate the present causal linkage, annual time-series data were collected in the time-span running from 2002 to 2016. To provide empirical evidence we have employed the time-series econometrics. The obtained results indicate that political stability positively influences foreign direct investments both in the long and short term. In addition, the results suggest that foreign direct investments can also positively contribute to political stability. This result is of particular importance, given that Bosnia and Herzegovina can benefit significantly from the FDI, especially in the initial period, although long-term economic growth requires a sustainable and stable political environment. Outcome of this paper can provide significant insights for policy makers. This is why the concluding remark summarizes in detail policy implications together with the recommendations for future research.*

Key words: *Bosnia and Herzegovina, causality, foreign direct investments, political stability*

The Financing Incentives for Smart Cities and Importance for Local Government

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Abstract: *Nowadays, the processes of globalisation and digitalisation have deliver rapid and profound development of the cities and local governments around the world, including, the European Union member states. This has led to consider a new concept to navigate and manage urban expansion in local government units. Therefore, the concept of smart cities offers huge economic and financial potential. In addition, the importance of smart cities is to enhance the quality of life, stimulate economic growth, sustain local government budget, and create new value for both investors and local population. To maintain all above mentioned and make it sustainable in the future, the main obstacle is to find appropriate financial resources. The aim of this paper is to present the main financial incentives for smart cities and importance for local government within European Union member states. Moreover, the paper provides the analysis of capacity of governments and public financial institutions to promote smart cities innovative solutions. The results of analysis showed that some countries like Croatia, Slovakia and Austria have fiscal rules within local government budget that limit the ability of cities to take on additional debt to fund some new projects or programmes. To solve this problem, local government need to find a new way of financing the concept of smart cities.*

Keywords: *smart cities, local government, budget, financial incentives*

Determining the Relations between Work-Leisure Conflict, Leisure Participation, Job Burnout and Overall Life Satisfaction

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***Abstract:** The lifestyle is often determined by the manner of spending the leisure time. On the other hand, the leisure activities are determined by diverse subjective factors such as the social position, education degree and usual life habits, but also by the various objective factors such as the cultural heritage within specific environment, as well as the current offer and possibility of participating in concrete leisure activities. Work and leisure participation are two opposite constructs, and there is often a conflict between them. Nowadays, establishing a balance between work and leisure participation became one of the important issues, which resulted in increased interest of numerous authors related to researching this topic. The survey research was conducted in Vojvodina on the sample of 353 respondents.*

The main aim of this research was focused on determining the correlation between the factors, termed as Work-leisure conflict (WLC), Leisure participation (LP), Job burnout (JB) and Overall life satisfaction (OLS). The research results showed that there is a negative correlation between WLC and LP, as well as the positive one between WLC and JB. Correlation between WLC and OLS was not significant. Besides theoretical contribution, the research results provide practical implications in the sense of determining the necessary information which could contribute towards decreasing the level of conflict at work, on the one hand, and stimulating participation in the leisure activities, on the other.

Keywords: *work-leisure conflict, job burnout, leisure participation, life satisfaction*

Can Trade Credit Rejuvenate Universal Banking?

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Abstract: *This study critiques the mark-up (contemporary murabaha) facility used in 'Islamic' banking. We employ the Johansen and Toda-Yamamoto tests to empirically confirm that the so-called 'Islamic' Interbank Benchmark Rate fails to offer a robust pricing solution. We adopt an operations research and corporate finance approach to improve the efficiency of financial contracting. This is conducted by focusing on a working capital setting in the real sector of the economy. We identify the classic murabaha facility as a forward sale and link it to Trade Credit. Using a partial-equilibrium framework, we conceptualize a universal banking architecture that not only severs the facility from an interest-based index but also offers more competitive financing rates.*

Keywords: *Finance, Cointegration, Markup (murabaha) financing, Universal banking, Working capital management (WCM).*

Diversification Benefits of Gold and Other Precious Metals in an Investment Portfolio

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Abstract: *Precious metals, especially gold had an important role through the almost entire history of a mankind. Throughout the centuries, gold and other precious metals have always been considered as investors safe store of value especially during financial crisis. This indicate that precious metals could be good diversifiers in investment portfolio. For example, investors can buy gold in many ways: through exchange traded funds, buying stocks of gold mining and related companies or buying physical product.*

Aim of this research was to find diversification possibilities of gold and other precious metals in investment portfolio which was consisted of equities, fixed income and money market instruments on the example of the Republic of Croatia in the time frame from 2005 to 2019. In this research Modern Portfolio Theory was applied as an investment framework for the selection of investment portfolios based on the risk and return. The second aim of this paper was to research which of the precious metals can offer the best diversification possibilities in investment portfolio. Research analysis has provided interesting empirical results.

Keywords: *Modern portfolio theory, efficient frontier, silver, platinum, Croatia*

Financial Stability and Business Performance of Hotel Companies in the Republic of Croatia

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***Abstract:** Tourism is one of the most complex socio-economic phenomena of the new era. As one of the fastest growing economic sectors in the Republic of Croatia, tourism plays an important role for the entire Croatian economy. Croatia is a country with great tourism potential as well as the potential for developing and achieving good business results for hotel companies. Therefore, analysis of business performance, profitability, indebtedness and liquidity is in the focus of this paper. The financial stability and success of Croatian hotel companies is quantified and evaluated through financial analysis indicators on a selected sample of 22 business entities from the sector of “Accommodation and food service activities”, whose financial statements are available on the Zagreb Stock Exchange. Certain financial ratios from the financial statements have been analysed in order to assess the stability and success of Croatian hotel companies. The financial analysis has provided interesting facts which can be of great use to internal and external users.*

***Keywords:** financial analysis, financial indicators, liquidity, indebtedness, profitability*

Marine Le Pen's Presidential Campaign Discourse on Social Media: An Analysis of its Performative Structure

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Abstract: *The present research study focuses on the Twitter activity of National Rally (formerly called National Front) political leader and a presidential candidate of 2017 French presidential elections, Marine Le Pen. The study examines her activity on social networking and microblogging site Twitter before the French presidential elections in 2017. Since its emergence in 2006, Twitter has become a popular platform for different purposes of political communication. It is widely used by politicians all around the world, mainly for sharing short political announcements, quick reactions on important news and events, and for self-mediated communication with supporters. Being very convenient for mass communication, it has been widely used by populist parties and leaders who use the platform to popularize their political stances through extensive tweeting. This study will analyze the tweeting activity of Marine Le Pen during her presidential campaign to decode her political discourse through analysis of the most popular tweets during the last month of the campaign. Each tweet exhibiting a certain function is related and measured upon four common elements of populist communicative style. The framework upon which Marine Le Pen's tweets will be measured is borrowed from the similar research on the left-wing populist party in Spain (Podemos), only that this study will solely focus on functions of Marine Le Pen's most popular (liked) tweets before the presidential election in 2017. The outcomes of the analysis indicate an immense presence of right-wing populism communicative elements during election campaigning such as nationalism, anti-elitist sentiments, and opposition to (Muslim) immigration and otherness. In the end, these findings confirm our doubts about Marine Le Pen's mainstream political discourse and raise the caution of "blowing hot and cold" populist politics.*

Keywords: *political communication, elections, populism, Marine Le Pen, social media.*

Advanced Entrepreneurship Success Factors to Transform Digital B2b Startups to Economically Viable Enterprises in Germany

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***Abstract:** The objective of this research is to investigate the gaps of the current literature and explore new insights of advanced entrepreneurship. These gaps and new insights are based on the main research question:*

What are the success factors to transform digital B2B startups to viable enterprises in Germany?

The research aims to provide insight into the core transforming factors within a start-up in its lifecycle to a mature enterprise. The research should divide the different factors into individual categories. A fundamental hypothesis of this paper states that the individual indicators of the categories must be weighted differently, since they have different strong influences on a successful transformation. The success factors are categorized into six different pillars which are grounded on three bases – organization, market value and environment.

This pillar model is based on the sustainability pillar model invented by Bern Heins in 1998. The reason is that his model is also designed for sustainability. Although not regarding start-ups, but the parallels of his model are similar in the target. Sustainability and sustainable growth are intersections of a uniform value. In the integrated sustainability approach, these basic values are further developed. This further developed model will be used in this research work in a modified form.

All successful digital B2B start-ups are built up based on these pillars. In this case to transform a start-up into an economically viable medium-sized company. Even if the pillars are the same in shape and size, the internal indicators differ greatly in number and weighting. This in turn means that the total weight of the individual pillars differs from each other.

The aim is to first verify the defined categories to ensure the completeness the model. Secondly, indicators of the individual categories need to be examined to determine literature gaps which need to be researched.

Keynotes: *German Start-Up; Digital transformation; B2B Business; Entrepreneurship; Transformation*

Reporting on Ethics and CSR in Slovenian Banking System

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Abstract: *Corporate social responsibility in general encompasses business ethics as a key factor, which not only foresees common social positive goals but also aims for profitability as such. Ethical behaviour, high level of CSR and sound profitably business can co-exist. This paper presents the importance of social responsible practice and ethical behaviour in banking system. Banks are namely due to the latest financial turmoil often seen as main cause and drive of bad financial practices that had a huge impact on all levels of day-to-day lives. Article consist of two parts, theoretical background given in literature overview, dealing with definitions of CSR and ethics in financial markets/banking, and relation between both concepts. In the empirical part we focus on Slovenia, which is as a relative young democracy still in more folded transition. Our main research question, on which several hypotheses are derived, is whether CSR and ethics are at all mentioned and addressed to in banks' publicly accessible documents in Slovenian banking system. The research is by that fact geographically and content wise limited and based on the main presumption that information held in annual reports and other publicly accessible sources are authentic.*

Keywords: *banking system, CSR report, ethical behaviour, reporting, Slovenia*

Performing Preventive Activities in the Process of Improving Social and Economic Development - Role of Inspection Services

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Abstract: *Prevention (lat. praevenire - to prevent) is a proactive activity whose purpose is to prevent unwanted phenomena. Legally, the term prevention implies prevention of regulation violation, ie prevention of occurrence of the irregularities, as a behavior that is contrary to socially accepted values protected by corresponding legal norms. Quality preventive activity can significantly contribute to social and economic development. Inspection Authorities can be significant performer of preventive function, although they (with aim to ensure consistent application of the regulations) mainly base their activities on corrective and repressive function. Usually, preventive activities are executed for fulfillment of the sectoral policies, as governmental activities aimed at design, organization, management and regulation of one area/sector in accordance with the goals, needs and interests of the respective society. Namely, there is certain sectoral policy in every single area that is regulated by the law. The real significance and reach of some sectoral policy depends on the level of its development, as well as on its relation with other policies. Preventive activity can be performed in a variety of methods. For Inspection Authorities is typical that they inform the subjects of supervision (timely, professionally and thoroughly) about the laws and regulations they are obliged to apply and about the detrimental consequences of their non-compliance. While providing those information Inspection Authorities are also suggesting measures to eliminate causes that can*

lead to detrimental consequences, through information on more effective ways for implementation of regulations etc. Due to their direct contact with subjects of supervision, Inspection Authorities are an excellent mechanism for performance of preventive activities. In this paper authors will present results and experiences of Inspection Authorities while performing preventive activities.

Keywords: *Preventive activity, Inspection service, Sectoral Policy*

Curious Case of Bosnia-Herzegovina: Implementing Basic Principles of Fiscal Federalism in one of the Most Federalist Countries in the World

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***Abstract:** Bosnia's fiscal system structure originates from the constitutional framework defined by Dayton peace agreement, and it follows the complex structure of multiple government levels, both horizontally and vertically. Based on that historical fact we present the argument that the organic or at least functional evolution of the fiscal system never took place to this day.*

A present burdened with issues from the recent past and blurred with precarious future, namely uncertain EU and NATO accession, is reflected in the suboptimal design and functioning of fiscal system. Therefore, the challenge ahead of policy makers and all concerned stakeholders, including the researchers, is at least threefold: a) to design organically functional system of fiscal federalism respecting the given constitutional and political framework and characteristics of Bosnia's economy; b) to solve basic contradictions and shortcomings of fiscal federalism in light of different levels of government being already confronted over existing vertical fiscal imbalances; c) to successfully complete previous two tasks while keeping them compatible with the EU framework of existing fiscal rules and aspiring fiscal union reforms.

In many ways Bosnia's fiscal system issues are a sui generis case, but there is much to learn and adopt from relevant theoretical and practical experiences, with equal attention to successes and failures of fiscal federalism.

This paper attempts to fill the existing gap in relevant literature regarding fiscal federalism effects in transitional economies. Specifically, we try to draw clear distinction between political dimension of federalism and its fiscal aspect. Then, we sketch theoretical overview of crucial developments in the theory of fiscal federalism pertinent to EU and Bosnian circumstances. Finally, we present the possible outlook of necessary reforms on the road to of

solving mentioned challenges (tackling the issues of soft budget constraints, intergovernmental grant schemes, and the definition and choice of appropriate tax base).

Keywords: *Fiscal federalism, EU fiscal rules and reforms, soft budget constraints, intergovernmental grant schemes, tax base*

Cross-Border Cooperation of the EU and Russia for Innovative Development: The Case of Karelia

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***Abstract:** The article describes the specific character of cross-border cooperation in EU policy. The main focus is on cooperation between the EU and Russia in the field of innovation. Karelia Cross-border cooperation program as well as Karelia and Finland cross-border cooperation process are analyzed. The growing cross-border business cooperation is emphasized. Recommendations for deepening cooperation in the innovation industry are proposed.*

Keywords: *Innovation policy, regional policy, cross-border cooperation*

**Cross-Regional Cooperation in the EU for Effective Innovation
Development: Experience for Russia**

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***Abstract:** The article is devoted to the study of the European experience of cross-regional cooperation in the field of innovation. The implementation of Smart specialization strategies in EU member states is considered. Based on the Smart specialization platform, which provide support to implement national and regional smart specialization strategies, the specifics of the four EU macro-regional strategies implementation and the possibilities for increasing cooperation in innovation investment across regions are examined. In conclusion, recommendations on the implementation of the European experience in Russia to increase the effectiveness of regional innovation policy are given.*

***Keywords:** Innovation policy, regional policy, cross-regional cooperation*

Building the Entrepreneurial Ecosystem – an Attempt to Reconsider the Role of the Entrepreneur

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Abstract: *The concept of an entrepreneurial ecosystem, analogous to the notion of the natural and biological ecosystem, is terminologically set up to include a relatively broad theoretical framework for the analysis of a set of interrelated actors and factors that together participate in creating new value.*

The focus on entrepreneurial activity as the primary output of such an ecosystem is what this concept makes potentially different from other related perspectives in literature. However, when considering the issue of measuring the performance of such a system, the question is who are the actors, ie what are their results, what can be considered as an output of entrepreneurial activity, and the thought arises: who makes entrepreneurs, whether all actors together build an entrepreneurial ecosystem by acting entrepreneurially? In order for the entrepreneurial ecosystem to be adequately measured, it must first be defined, which leads to a reconsideration of the very role of entrepreneurship and entrepreneur.

The concept of the entrepreneurial ecosystem through the breadth of understanding of the actors who everyone through their effort contributes to the creation of a new value, sheds light on the concept of entrepreneurship, focusing precisely on the ability to combine and organize resources in an innovative way, thus highlighting its essence.

The purpose of the paper is to analyze, through the concept of entrepreneurial ecosystem, certain aspects in defining entrepreneurship and to identify the key ones, ie to determine the concept of entrepreneur and entrepreneurship through the prism of entrepreneurial ecosystem.

Keywords: *entrepreneurial ecosystem, entrepreneur, entrepreneurship, definition, analysis*

Application of Data Analytics and Artificial Intelligence to the Blockchain-Based Governance of Smart-Cities

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***Abstract:** In recent years the concept of smart cities has gained popularity, covering numerous aspects based on the understanding of the term "smart" and taking advantage of uses of blockchain, data analytic and artificial intelligence.*

This article offers a theoretical model with three layers i.e. technology layer, organisation layer, consumer layer by discussing a number of variables that investigate smart cities. We explore the contribution made by evolving blockchain, data analytics and AI technologies, on mentioned three layers to assist smart cities in the development of public administration.

This study examines theoretical basis on how applying data analytics, AI to blockchain-based public administration can support the smart city initiatives.

***Keywords:** blockchain; analytics; public administration; smart cities*

Application of „Common Assessment Framework" Model in Performance Measurement of Public Sector Organizations

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***Abstract:** The paper deals with a particular quality management problems of the public sector. Organisations implement quality management by means of specific models and tools within the Total Quality Management concept. Common Assessment Framework represents one of these public sector models. Common Assessment Framework (CAF) has been applied in public sector for many years.*

Further, the paper deals with evaluation of launching the Common Assessment Framework in the countries of the European Union and its Users structure within the specified public sector spheres.

Public sector organizations use CAF as a self-assessment tool to enhance organizational performance (efficiency, effectiveness and economy). The results of the research clearly point to the high potential of the Common Evaluation Framework as a tool for overall quality management in the public sector in the EU countries.

This paper analyzes the advantages and disadvantage of the model as well as the cumulative benefits of its implementation in public sector organizations.

***Keywords:** Public sector, Service quality, model Common Assessment Framework, public sector, Total Quality Management*

Internal Reporting as a Tool for Strengthening of Management and Decision Making in Public Sector

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Abstract: *Economically and efficiently management is nowadays one of the most important challenges for public sector entities. Public services are financed by public resources and they need to be available to all citizens of certain country. In global environment public resources are increasingly scarce. As a result of these circumstances, the need for accountable, economical and efficient spending of public resources is highlighted. Consequently, in last few decades different changes and reforms occurred in public sector. Focus is reallocated from accountability for processes to accountability for results. Quality accounting information system is extremely important preconditions for improvement the management processes and ensuring the efficient management in public sector. Wide range of accounting information is useful for management, decision making as well for control of spending of public resources, cost control and performance measurement in public sector. However, accounting systems of public sector entities are still dominantly focused only on the external reporting that is required and prescribed by normative framework. Therefore, the main goal of this paper was to examine the level of application the internal reporting in public sector entities and importance of implementation the management accounting in public sector entities for the purpose of strengthening management and decision making in public sector. Internal reporting and implementation of management accounting in public sector entities was analysed through surveys that were conducted in the year 2012 and 2018 on a sample of public sector entities in Croatia. Based on conducted research it was concluded that public sector entities have made a positive progress regarding preparing internal reports and usage of tools of management accounting. Research results showed that significant portion of surveyed entities prepare different types of internal reports where the most often are prepared internal reports on costs and internal reports on revenues. Surveyed entities ranked significance of internal reports for different purposes. The results of this paper are based on the opinion of accountants in surveyed public sector entities, so the certain degree of subjectivity can be found. In further research, focus will be put on the managers in public*

sector entities and their knowledge and experiences in the use of internal reports and tools of management accounting in decision making.

Keywords: *internal reporting, management accounting, decision making, public sector entities, Croatia*

Evolution of Strategic Directions of Business Groups: Evidence from Turkey

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Abstract: *The aim of this research is to define and present the evolution of strategic directions of business groups in Turkey in different periods (before 1950, 1950 – 1979, 1980 – 1999 and 2000 and after). Our research included 102 business groups that are active in various sectors in Turkey. The business groups were analyzed according to the period that is divided in four time periods, first considered period is before 1950, the second is between 1950 and 1979, the third is between 1980 and 1999, and the last period is considered from 2000 and after. The all process of entrance into the new sectors of each business group was analyzed in order to determine whether there were similarities between business groups or not, and starting from the periods of strategic direction how they were presented. Also, it was analyzed whether there was difference or not when it comes to control variables such as date of establishment of business groups, first sectors of entrance. The analyses of variance (ANOVA) were used in order to analyze the date taken from the webpages and coded by the NACE codes. The results of the study can be the useful resource for future research and help better understanding of strategic directions of business groups in Turkey in different periods.*

Keywords: *Business Groups, Redirection, Turkey, Evolution, NACE Code*

Legal Aspects of Military Order in Bosnia and Herzegovina

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***Abstract:** Military order, as a means of communication and control within military structures, in its evolutionary development, from the unconditional subordinate maxim "Ordering the superior - the law of the committed", or the old Latin dictum „Inter arma en silent lēgēs", has acquired its legal dimension. The legal aspects of a military order are reflected in its form, content, reality, and the legal consequences of its issuance and (non) application. The legal basis for issuing orders, and obligation to execute them, in one social dynamic process, have evolved from a simple military reality, to the complex administrative-technical, administrative and criminal law institute. Civilian control and command of the defense system, a change in the concept of military service as a profession, the concept of military personnel as citizens in uniform, then the requirements of regional and global interoperability of tools used through the processes of planning, organizing, conducting, and controlling military missions, made military order to evolve into a technical-tactical and legal document sui generis. Military authorities in performing their function, are both, organs of command, and administrative authorities, therefore, they possess a concentrated power. Military orders, such as acts of command, must be based on a lawful basis, but their source is not law or regulation, but doctrinal, strategic, tactical, or technical instructions for use of the resources and manpower, derived from an experience and research results of the military scientific discipline. Although authoritative, military orders are not the same as military acts of management, but have very similar characteristics, because they often coincide personal, real and territorial jurisdiction.*

This paper will critically present the administrative, criminal and labor-law (disciplinary) aspects of military order in Bosnia and Herzegovina, in the spirit when such acts, requiring interoperability, in one, conditionally speaking, single-administrative space for military

bodies (national and international). The author will try to eliminate dilemma of equality between command acts and management acts, through relations, in which they are located both, subjects of command and managing subjects.

Keywords: *military order, administrative act, command, responsibility*

Exploring the Association between Gender Performativity and Work Alienation: An Analysis of Nurses' Experiences in Five Public Hospitals in Palestine

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***Abstract:** This study represents a conceptual shift in contemporary analysis of the relationship between gender and work alienation. While the prior literature considers gender in its biological component only and focuses on differences in work alienation between the biological gender, this study assesses the association between gender performativity and work alienation. Data was collected through a quantitative survey design from a sample of 376 nurses working in five public hospitals in Palestine. The results show that gender performativity affects alienation. Females who follow the gendered scripts experience a sense of subordination and marginalization that negatively affects their feeling at work and leads them to have a higher sense of work alienation than females who do not perform their gendered roles. However, gender performativity gives males a sense of superiority and dominance that is also reflected in their feelings at work and leads them to have lower rates of feeling alienated compared with males who do not perform their gendered roles.*

***Keywords:** Gender performativity, work alienation, public hospitals.*

The Predictions for the Introductions of E-government in Bosnia and Herzegovina in State-level Institutions

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***Abstract:** Public administrations is one of the most important state tools for the implementations of the state policies and it can be defined in different ways. According to some authors it deals with the organisations of government policies and programs as well as the behaviour of officials who are formally responsible for their actions.*

The reform of the public administration in Bosnia and Herzegovina is a precondition for integration into the EU, which administrative capacities as well as the ability to adapt and implement the EU regulations, are considered the main conditions for EU membership. The precondition for successful introduction of e-government into institutions is the adoption of legal and bylaw acts that enable electronic business both in institutions and for all physical and legal persons in Bosnia and Herzegovina.

The law of electronic signatures together with the already issued closing of the electronic document, represents a whole that opens the door for the application of the highest and best technical, technological, information and communication achievements in the legal systems of the EU and the world. To the contrary, although both laws have been adopted in Bosnia and Herzegovina, this way of verifying signatures and documents have not yet begun to apply.

In this paper has considered and evaluated existing legal legislation as a preamble to the successful implementation of E-government. The paper also analyzes and outlines the establishment of appropriate coordination between institutions to improve the efficiency of

introducing and developing E-government in the state-level institutions of Bosnia and Herzegovina.

Keywords: *E-government, electronic signature, electronic document, interoperability*

Development of the Smart Regulatory Framework in Bosnia and Herzegovina

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Abstract: *In the contemporary society and economy, there is a constant need for new legislation. The creation of new legislation requires a different perspective of the procedure of drafting and compilation of legislation. The contemporary (“smart”) regulation is based on the principle that new legislation must not create additional barriers to the development of the society and economy. New legislation needs to reflect quality, responsible and transparent public policy that supports the development of the society, the growth of the economy and the creation of new values without unnecessary barriers to business activity. In order for the Western Balkans countries to meet the conditions for the accession to the European Union, i.e. for them to meet the membership requirements and firmly strengthen their democracies, comprehensive and convincing reforms in the key areas are required, primarily in the rule of law, competitiveness and regional cooperation. "To make the ambitious best-case scenario a reality, action must be taken now" (COM, 2018:65).*

Legal certainty, and therefore predictability as well, are conditioned by the quality of legal regulations. The strengthening of the rule of law is not merely an institutional issue; it requires social reforms.

The goal of this paper is to show that Bosnia and Herzegovina must rigorously assess the impact of legislation in the making, including best practices and principles during the legislative process which relies on evidence and transparent processes.

Keywords: *Regulatory Impact Assessment, better regulation, law, public administration Reform*

Online Shopping: Its Impact on Consumer Behaviour in Federation of Bosnia and Herzegovina

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***Abstract:** Throughout a day, millions of people use the Internet, and every single person is a potential consumer in the online market. Therefore, it is crucial to understand how consumers perceive online purchases.*

The aim of this study was to examine certain factors that influence the online buying behaviour of consumer in Federation of Bosnia & Herzegovina. Perceived risk, Perceived benefit, Usefulness, Enjoyment were identified as important factors.

In this research we used quantitative method where we designed the survey and delivered it to 300 people in Federation of Bosnia and Herzegovina.

The finding of a research provided useful insights for online stores selling in Bosnia and Herzegovina. Understanding consumer behaviour can help them increase online shopping. Moreover, findings revealed that usefulness had significant impact on online purchasing behaviour while enjoyment, perceived benefit and perceived risk did not.

***Keywords:** Online shopping, Consumer Buyer Behaviour, Perception, Internet*

Usage of Computer Decision-Making Systems in Public Procurement Procedures

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***Abstract:** Is there a real need and possibility for the tasks of the Public Procurement Commission to be automated in such a way that it is performed by a computer or decision-making system. In addition to the significant savings that would result from less involvement of committee members, the subjective factor of discretionary evaluation of evidence and thus the possibility of bargaining would be significantly eliminated, implying the exclusion of corrupt practices and crime in the evaluation of bids. The way in which this could be realized in Bosnia and Herzegovina is the focus of this work.*

***Keywords:** public procurement, public procurement commission, evaluation of bids, decision-making systems.*

Missmatch of Political Interests- the most Powerful Barrier in the Reform of Public Sector

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***Abstract:** The authors are elaborating the marginalisation of domestic science taught in their management expression, and conclude that Bosnian and Herzegovinian science taught is not matching with the interest of plural political public and imperfect political market yet to be developed which at significant level has a negative effect on re-defining the concept of public sector at all levels.*

Awareness on needs to reform the public sector is present for quite some time now in the developed part of the world, whereas in BiH, the public sector is still closed, mismatched and represents quite outdated part of unprofit sector, which in the most profitable sense serves those who do not want its modernisation. However, regardless the condition, it is evident that one of the main challenges of the management in the public sector is the need to provide the most qualitative service to their users, service described as positive, effective and expected. Moreover, one of the basic issues in functioning of public sector is centralized way of providing public services and goods, whose main idea is to try to provide public goods, i.e. services to entire population in equal manner. This means that entire service providing is defined by the center itself, top of the public authority without previously conducted research in needs and preferences of some social groups which causes the inability to make a choice, and thus the dissatisfaction of public service users. One of the main problems of transition countries, including Bosnia and Herzegovina, is that the idea of modern management and the very notion of "managers" in the public sector, especially in our political environment, are

not adequately valued, resulting in outdated or inadequate governance, public goods, dissatisfaction with users of public services, and poor image of the community at in general.

These occasions should be added to the widespread corruption in the public and private sectors in Bosnia and Herzegovina, which has long been recognized as one of the greatest obstacles to the country's progress, and which threatens to destroy any normal initiative and investment if not suppressed or at least minimized. The consequences of this situation in the country are the stratification of society, the maintenance of the concept of criminal enrichment of people, unsuccessful privatization processes, etc. These are the reasons why it is increasingly accepted by the BiH public that knowledge, skills and abilities are not needed to achieve success, earn wealth or earn professional status in the profession. All of these and many other circumstances have influenced the overall management practice and (in) efficiency of business, especially in the public sector. In order to establish better governance in the public sector in these circumstances, by outsourcing, in the face of competitive competition, it is inevitable that public sector jobs and activities must be entrusted to partner institutions that are not an organizational part of the public sector, but are very well prepared to provide quality and adequate service to their customers.

Keywords: *public sector, public administration reform, new business concept, modern management, customer satisfaction.*

**Misapplication of the Law on Public Procurement, Ignorance or
Obstruction in the Functioning of the Contracting Authority - a Case Study
of IGA BiH**

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***Abstract:** The Law on Public Procurement of BiH prescribes the conditions to be fulfilled by the contracting authorities when selecting the type of public procurement procedure or fulfilling the conditions for exemption from the application of this Law when conducting public procurement. In practice, cases of incorrect selection of the type of procedure or usage or non-usage of the exemption from the application of the Law on Public Procurement are common. What could be the reasons for the incorrect application of this regulation can be seen in the specific case of the Export Credit Agency of Bosnia and Herzegovina - IGA. By qualitative methods, considering all the important aspects of a procurement of this agency, we come to the answer whether and how the proper application of the Law on Public Procurement is being implemented.*

***Keywords:** public procurement, type of procedure, exemption, IGA BiH*

Commission Opinion on Bosnia and Herzegovina's Application for Membership of the European Union – Analysis of the State of Play and Challenges Regarding Public Administration Reform

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Abstract: *On February 15, 2016, Bosnia and Herzegovina applied for membership of the European Union. Seven months later, on 20 September 2016, the Council of the European Union invited, in accordance with Article 49 of the Treaty on European Union, the European Commission to submit its opinion on Bosnia and Herzegovina's application for membership. The European Commission submitted its opinion to the European Parliament and the Council of the European Union on 29 May 2019. The opinion was drawn up on the basis of an assessment of Bosnia and Herzegovina's ability to meet the key pre-accession criteria - the Copenhagen Criteria (1993) and the Madrid Criteria (1995), as well as on the basis of the achievements to date of fulfilling the obligations arising from the Stabilization and Association Agreement, which entered into force on 1 June 2015.*

In this paper, the author will present and analyze key findings from the European Commission's Opinion on Bosnia and Herzegovina's membership of the European Union, as well as the related Analytical report for Bosnia and Herzegovina. On the basis of that, the author will analyze what are the challenges that Bosnia and Herzegovina is facing, what are the obstacles, and what in this respect is realistic to expect from the authorities and institutions of Bosnia and Herzegovina. In concluding remarks, the author will give an overview of the possible steps and measures that Bosnia and Herzegovina and its authorities need to take, with the aim of substantially fulfilling the pre-accession criteria and recommendations and priorities arising from the Opinion and the Analytical Report.

Keywords: *membership, opinion, public administration reform, challenges, opportunities*

Marketing Strategies of Private Higher Education Institutions in Bosnia and Herzegovina

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***Abstract:** Enormous changes in the field of the education happened, especially at the beginning of this century which is recognized through innovations and up growing educational reforms, which can be seen in its contents and educational practice of higher education institutions. These changes are recognizable, in one hand, in massification public education, and in the other hand in the emergence of higher education institutions whose founder is no longer a state, but a domestic or foreign person, and informal groups from the non-governmental (civil) sector. A number of factors have contributed to this, and the European Union's efforts to unify the European educational field and to facilitate the transfer of knowledge, human resources and educational technology through the process recognized as Bologna have made a particularly strong impact.*

These changes can be particularly recognized through student benefits and their role in the educational process, both through internal and external educational goals. Students have become subjects of the educational process, their needs are the focus of attention, quality work is ensured in the interest of their well-being and better development, which the labor market will well recognize. Since education is like any other organization - a system, it is subject to a systematic analysis that captures elements such as inputs, outputs and feedbacks that speak to the quality of that system. Considering the higher education in Bosnia and Herzegovina and the institutional organization regulated by the Laws at all levels envisaged by the Dayton Contract, they have been significantly reduced in relation to the countries in the environment and the European Union. On the basis of the above, this paper addresses the

essential issues that are not only current but also of the future of Bosnia and Herzegovina relevant to the trend of „brain drain" and relate to marketing strategies that reach students or which higher education institutions animate high school graduates to choose a particular course of study at their higher education institution. In the market, promotional strategies are directed towards the student as the most valuable resource of the higher education institution, so the basic marketing goal should be to create conditions for better student relations in which students will be satisfied. This student satisfaction will have a positive effect on their motivation, their overall performance, the influx of new students, and thus the increase in the founders' total income.

Keywords: *student, higher education institutions, marketing strategies*

Ideal Types of Planning in Education Institutions

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Abstract: *According to all previous knowledge, literature and interpretations, ideal types stand for a certain general ideas of the unreal type, in another word, something that does not exist in life practice, yet something that can be a goal - aspiration and measure of practice. No matter what the ideal types are, they are the creations of the human mind made of imagining abstractions, their application and their existence does are closely related to concretization and empiricism.*

The study deals with the research questions regarding "Ideal Types in the Planning of Educational Institutions" such as: a) Is the ideal type set as a part of the plans that envisage the establishment of educational institutions in certain territories and social settings? and b) What is the role of the ideal types in the design and implementation of the plans adopted (built and executed) by the educational institution?

The results of the research show that units of an organized society / state form a relatively complete idea of current, short, medium and long-term needs for education of certain content, levels and forms that function as the part of society progress. Although it may not be a formal (formalized) plan, it does occur as the development of education and state policy in the field of education, which is clearly expressed by the relationship between the budget and its rationale, applicable regulations and the way laws are applied, and other regulations.

The main goals of education and the mechanisms for their realization, as well as the means, are determined by the State. The ideal type which exists within each plan is mixed, ie diagnostic-prognostic. In another word, it outlines the essential provisions of the current situation and what's more, it sets requirements for some future education conceived as a structure of necessary, functional and attainable by appropriate activity. This ideal type is expressed in the form of a system of norms that are compulsorily applied, but also in the form of a system of by-laws and internal rules, understanding and evaluation of public opinion. The reason for this is that the ideal type of education is not only a product of the government and its immediate peers, but also of the social elites: intellectual, economic, political, cultural, etc.

Keywords: *education, educational institutions, ideal types*

Modernization and Harmonization of Company Law of the Countries Candidates for a Membership in the European Union with the EU Acquis

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***Abstract:** Any country that wants to become a member of the European Union (EU) is obliged to harmonize national legislation with the EU acquis in order to be able to act within existing and already established rules. For the Western Balkans countries, Stabilisation and Association Agreement (SAA) has appeared as a new, third generation of European agreements offered exclusively to the Western Balkans countries, enabling them to establish close and long-lasting relations with the European Union and prospective EU membership. Company law is one of the 33 chapters of the acquis with which the laws of the aspiring EU member states on the path of a full membership needs to be aligned, and is also one of the most complex, since company law is closely tied to the market and economy of each country and it is therefore subject to a constant change. In this paper the focus will be on a strengthening and modernization of companies, and fostering their efficiency and competitiveness, especially through the establishment of The European Economic Interest Grouping and The European Society. These groups are the results of the recent achievements in the European company law, and they will come to life in the Balkan countries in the moments of their accession to the European Union. The possibility of establishing these new forms of the companies at the national and supranational level, their regulation, organization and importance are current issues and a special challenge for all Western Balkan countries whose legal systems have not been recognized and regulated those forms so far, which will highly affect national companies and also already established business practices.*

***Keywords:** European Union, Company law, European Economic Interest Grouping, European Society*

Profile of Construction Managers in Bosnia and Herzegovina

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***Abstract:** Having the war in recent history, as a huge obstacle in development, Bosnia and Herzegovina faced with very hard recovery, which occurs even nowadays. The big part of recovery process is construction business. Having the clear profile of construction managers abroad with all duties and responsibilities included, this research treats the profile of construction manager in Bosnia and Herzegovina, with all aspects of construction management in its five project groups; residential, commercial, industrial, infrastructural and environmental. The aim of this research is to define the profile of construction manager, to define current situation of management in construction business in Bosnia and its contribution to recovery process and to show the real situation of constructions made after the war.*

The majority of researches regarding the construction management treat the construction companies, but this work treats the construction management as body who leads the process of construction in certain conditions. Having the certain conditions as mentioned above, it is important to define the character of manager in Bosnia.

This research will contribute to theory but mainly to practice, because construction business is not pure constructing, it involves different activities starting from project design, administrative duties, materials selection, pricing, to completeness of building.

Keywords: *Construction, Manager, building design, construction company*

Tourist's Attitudes towards Cultural Tourist Offer in Croatian Coastal Destinations

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Abstract: *Cultural resources represent the main and key part of an integral tourist product of a tourist destination. This has been witnessed by the fact that Cultural Tourism, as a specific form of tourism, registered a strong and powerful growth within world, and European tourism flows in particular. Through successful development of Cultural Tourist offer European countries are contributing towards further development of its tourist offer in general, and they are strengthening their country's cultural identity through its preservation, which enables for them to be more recognizable and competitive on the tourist market. In the Republic of Croatia the most significant majority of tourist turnover is achieved in the summer period and in the coastal destinations. In order to be able to overpass this seasonal character of business of coastal destinations, it is necessary to focus attention on development of specific forms of tourism such as Cultural Tourism, considering that its services can be used and experienced throughout the entire year, and they are not conditioned by a particular seasonal period. The main purpose of this paper is to determine which are the current attitudes of tourists towards the cultural tourist offer in Croatian coastal destinations. Based on the determined results the authors will be able to propose potential directions of further improvement and development.*

Keywords: *cultural tourism, coastal destinations, tourist offer, Republic of Croatia, satisfaction*

Tourist's satisfaction with the Nautical Tourism Offer in function of achieving Destination's Competitiveness

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Abstract: *For the Republic of Croatia tourism represents an essential branch of economic sustainability and insurance for sustainable economic growth. According to its characteristics, tourism also represents one of the most fragile branches strongly influenced by changes in its surrounding such as legislative solutions, organizational structure of tourist offer carriers, crisis, tourist trends, and similar. Besides its positive effects on country's economic development, tourism represents a threat to the preservation of resource basis (a foundation of tourism's development), if not formed in a sustainable way. Nautical tourism represents a specific form of tourism which registers constant growth, and its demand is marked by heterogeneity, economic power and the desire for top quality tourist offer. In order to be able to provide top quality service for the yachtsmen, it is necessary to observe to which extent they are satisfied with the elements of Nautical tourist offer. Only through provision of high quality offer it is possible to form an adequate image and achieve competitiveness on the tourist market, which will also result in destination's economic sustainability. Successful development of Nautical tourism offer provides an opportunity of integration of local community's maritime tradition into the tourist product with a goal of its preservation. Through previously mentioned it is possible to achieve multiple benefits for the destination-recognizability, uniqueness of the offer, growth of the destination's competitiveness, etc. The purpose of this paper is to present the current state of Nautical tourist offer of the Republic of Croatia with the use of appropriate qualitative and quantitative data gathered from the secondary sources. The primary aim is to contribute towards increasing even greater level of satisfaction and strengthening the destination's competitiveness on the tourist market. Based on the findings the authors will propose the developmental guidelines for further sustainable development of tourist offer with a goal of permanent*

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preservation of resource basis, increasing the level of satisfaction, and destination competitiveness on the tourist market. The authors will also present the model Maritime Croatis, whose goal is to emphasize the need of greater level of synergy among all the destination stakeholders, in order to achieve all the previously stated activities.

Keywords: *Nautical Tourism, tourist's satisfaction, competitiveness, sustainability, management of Nautical Tourism*

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