

## CORPORATE SECURITY IN BUSINESS OF THE COMPANY

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**Abstract:** *Corporate security in the business of the company requires a number of conditions that profit company must fulfill. In the first instance it must be a good organization of the company as an organizational form according the market conditions and internal organization of work so that each profit entity has sufficient independence in decision-making to fit the laws of the market in order to ensure dialogue between the machines in the production and workers, including intellectual ability of each employee for higher profits. The operating results of the company does not only involve its owners but all employees and institutions outside the company (credit organizations) that are interested in the business of the company. Employees participate in management of the company, especially when it comes to detect of its shortcomings in the process of work or investment. In this way, it is a significant contribution of employees in obtaining and transmitting information to the appropriate center. Therefore, all participants in the supply chain process overall relations of social reproduction are interested in the business of the company and contribute.*

**Keywords:** *Corporation, labor organization, market, management of a company, transition, implementation, single internal market*

### INTRODUCTION

Modern society operates in conditions of intense changes, general globalization and the challenges it brings. It faces rapid technological changes, enhanced by the competition of companies in the world market, and demands a modern market for different customers. Hence, the issue of the survival and development of certain companies and the selection of competitive assets in environmental conditions is becoming more and more important. Technology, organization, flexible structure and quality of products and services play a key role in this. In stable environments, companies operate programmatically, implementing a high-level specialization by separating the line of authority and responsibility.

In an environment that is rapidly changing the organization of the business of corporations, it is based on the special skills and knowledge, the affinities of their leaders and the ability to communicate. The necessity is to adapt to the rules and standards of the world process. Transformation leaves no one aside. With different successes of the state, they turn on and influence the process of transformation. The developed part of the world is the bearer of change, the leader of economic development.

The key role for the market is the concept of quality of products and services, the phase of implementation of market changes. Accordingly, it is necessary to adapt to certain stages of quality implementation. Quality produces knowledge. The corporate society will provide security in the business with the

organization of work, fitting in the overall relations of social reproduction with its products, but also with the services.

Corporate business corporation safety is based on motivating teams to perform certain tasks using different methods. These methods are based on knowledge, moral values, and experiences. They can be oriented according to the task or oriented towards the team. The use of corporate business corporation methods depends on internal personal factors, but also on many extreme factors.

Transition as a general concept of transformation and inclusion in the world process must go in an accelerated way. Goals must be transformed into tasks, restructure the entire social being. Insufficient knowledge, relying on experience from the previous period contests the conditions of change. It is still a preoccupation in thinking about jobs that need to be provided for individuals, not for collectivity. The structure of the previous period can not be incorporated into the new system - value system. Self-employment in its own corporate societies is the foundation of the progress of the social community, whereby it is obligatory to create legal and economic conditions for personal entrepreneurship. The basis for this is mastering new knowledge, using information technology and effectively applying existing professional knowledge. Informatics, genetic engineering, lasers change the functioning of the economy. Accurate, timely and effective use of information in the corporate governance system, its reciprocal parts and market and environment functions are important for corporate safety in business operations. Without such information, they would not

be able to make quality, important decisions, as well as the process of monitoring and implementing decisions and the consequences of deviation.

The most important decisions about investments, about profit and its distribution, about covering losses are in the company. Decisions are preceded by a series of analytical expert analyzes of the relevant services, and even professional or scientific analyzes. Therefore, a wider range of institutions and persons are engaged in making important decisions for the business and development of the company, and meeting the needs of not only interested (owners, employees, creditors and consumers), but also the social community. All of them have an interest in the business of a company, so depending on that, the way of managing a society is deprived.

The end of the previous century has passed in the reorientation of the production of material goods based on the large share of material and energy in production, in the production of goods based on knowledge and high technology. This kind of economic development was conditioned by the breakthrough of informatics. The success of the company depends on how organized and represented the processing of information. Economic growth must be qualitative and not disruptive for the social environment. The European Union may be the model for this. By removing all obstacles to the transition from a common to the internal market, the Union has harmonized trade-law norms. The harmonization of regulations on corporate companies at Union level aims to ensure an equal level of protection for shareholders, employees, creditors and third parties

throughout the Union. In this way, the differences in national laws are overcome, and the Council of the European Union has made a significant contribution. The second approach is the introduction of a uniform law at the Union level that would replace or complement national laws. The first approach to the harmonization of national laws of status character in Bosnia and Herzegovina has been completed, although in the ongoing process.

## **1. Characteristics of the company in transition countries**

Countries in transition have or are still doing the process of privatization and reorganization of their economic system and corporations. This creates the necessary precondition for the creation of a new legal system and, consequently, of a new system of corporate governance that ensures the corporate safety of the business community. However, in the process of transition, there are childhood diseases such as: inconsistent legal system, dispersed shareholder, poor protection of minority shareholders, weak judicial system with insufficient independence from economic and executive authorities, insufficiently developed professional management, undeveloped business practice. In the domain of corporate governance, the problems are: managerial irresponsibility and weak control from dispersed shareholders, lack of staff for corporate governance, conflict of interests of

controlling and minority shareholders, underdeveloped capital market, interventionism of state authorities in the economy, numerous law violations.<sup>99</sup>

How and in what direction will you opt for the corporate governance model in a transit company that would ensure the successful business of a business? The answer to this question is as follows: through managers, shareholders, social democracy, state-oriented model, multigroup interest model. Adjusting the interests of shareholders, management, creditors, employees, corporations and societies in a sociological sense is the concept of corporate social responsibility. Under such conditions, the concentration of shareholders will be based on banks and other investors, on groups of companies, on rich and powerful shareholders and participation of employees in the capital of the structure of the company. Such a model provides an equilibrium balance with good prerequisites for economic success and satisfaction of the basic needs of every person who participates in the business of a company.<sup>100</sup>

## **2. Management of the company at the implementation stage**

Different stages of implementation of the overall quality require a different method of managing a company. In the phase of giving initiative, or creating conditions for

<sup>99</sup> More: Lojpur A. (2004), Corporate governance in theory and practice of privatization, Podgorica, p. 59 - 109.

<sup>100</sup> According to the teachings of the American industrial psychologist Maslov, the human need is protection, security, contact with people, homesteading - for their own self. When a person

achieved this, there was a need for self-actualization. These are physiological needs. The basic physiological needs are: oxygen, water, food, ejection of waste materials from the body, temperature control, rest. What a man gets more and more. Maslov's desires are: satisfaction, success, satisfaction, money and power.

change, in which gradually creating awareness of the necessity of implementing the quality in which the coalition for change is constituted, the issuing of orders in the process of managing the society dominates. At the stage of moving or changing the existing philosophy of quality and the way it is applied, or transfer into practice, teamwork and team organizational structure are dominated. Accordingly, different ways of acting, making changes and directing the organization of work are different.

Corporate security in the business of a company is closely linked to the choice of management style, which is influenced by a number of factors, whose intensity and influence are altered according to the nature of changes in the organization and programs that are realized according to the defined goals. In the case of the implementation of the quality concept, mutual harmonization of individual phases and leadership styles in the company arises, which results in the efficient application of leadership, quality, implementation, TQM in different organizations, with different production programs and technological potentials, production volume and quality values.<sup>101</sup>

The basic goal of every business is its efficient functioning, because only then do they maximize incomes, employment and general well-being. This requires a good management of a business, and business decisions that are made to suit the given circumstances - adapting to market

requirements. The method of management and control of labor, that is, the set of the most important rules under which the internal organization of the company operates and the control of their application is the basis of the safety of the company.

Implementation of the quality of the work of the company is the implementation of standards conditioned by market demands, which means managing a company that achieves its safety on the market. The basic prerequisite for making valid business decisions is a well-established corporate governance system. We have two types of companies. The first group of companies are those managed by the owner or a small number of them. The second group consists of large companies with a large number of owners who are not directly managed by the owners, but on their own behalf are professional managers. Thus, the main cause of the problems of the safety of the company from the point of view of management: the separation of ownership and management. Only in large companies with a large number of owners appear problems of corporate governance, while the societies of the first group have a favorable status - the owners manage the firm and the difficulties of the standard-defined safety of the company from the point of view of management does not appear here.

How to ensure that professional management in companies with dispersed ownership works in the interests of the owner, not in their own?<sup>102</sup> Owners usually

<sup>101</sup> Leadership Style in the Concept of Quality, Leadership in Theory and Practice, Faculty of Economics, Banja Luka, 2006.

<sup>102</sup> The mentioned problem appears in the economic theory as the so-called. agency problem: there are

two persons - principal and agent (his employee). The question is how the principal can ensure that his agent works for his benefit, not for his own benefit. The problem is of a general nature, so it arises in the form of a question, for example how to ensure that a

do not have enough information, they are not professional to properly monitor the work of a person (manager) managing a company. How does the owner not only lose the principal of the investment, but also to make a profit in such circumstances? It is a question of trust that is proving to be the most dynamic in the developed countries. A possible solution is usually sought through different mechanisms: a support for the tendency of managers to preserve and gain their own reputation; aligning the interests of the managers with the interests of the corporation and its owner by encouraging a reward scheme for managers; delegating control over the management board; clearly defined duties of the manager etc. Another issue is that in a concentrated-owned business, it ensures that the controlling owner does not abuse his control over the company in order to extract more from it than it belongs to. The classic way of abuse of control over the company is the excessive salaries of the manager / controlling owner, the affairs of the controlling owner, related persons or his other company with societies that are unfavorable, the use of insider information in the personal interest.

There are various systems for protecting the business of the company: strengthening the position of minority owners; the lack of special voting privileges that would be owned by individual owners, the convening of the shareholders' assembly, which should enable the launch of the action on

occasional occasions; right of pre-acquisition of shares from new issue; strengthening of internal management; timely informing the shareholders about the business of the company.

The issue of ensuring the safety of business operations through management is a rather old question. Adam Smith in the 12th century noticed the passivity of shareholders and the wastefulness to be afraid of in their management of others, not their own capital (separation of property, shareholders from management, managers).<sup>103</sup> This is the first agency problem of corporate governance (the first conflict of interest of shareholders and administration - agency costs).<sup>104</sup> The problem of corporate governance (control of shareholders over the management of the company) is not so much in the separation of ownership<sup>105</sup> from management as it is in the fact of dispersive shareholding, which neutralizes the power of shareholders and affects their passivity. The answer to the solution of this issue is the takeover of joint stock companies publicly, as a constant threat to the poor and uncompetitive governance of corporations and the inoperative responsibility of the shareholders' management.<sup>106</sup> Quality management of the company with the possession of useful timely information, knowledge of the market and harmonization of the quality of work at all levels provides good business results or corporate security of the company.

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policeman, a customs officer or a minister are working in the general interest, not in their own interests. However, this is solved by general legal norms. - Begović B. et al. (2008), Corporate Governance, Belgrade.

<sup>103</sup> Smit A. (1726), *La richesse des nationis*, ed. Flamarion G. F. (1991), t 2, pp. 366.

<sup>104</sup> Paillusseau J. (1990), *L'efficacite des entreprises et la legitimacy du pouvoir*, RIDE, pp 289.

<sup>105</sup> Protection is possible through majority voting, co-ownership of the board, non-voting shares, pre-emptive right purchase agreement, deposit agreement agreement.

<sup>106</sup> Vasiljević M. (2007), *Corporate Governance*, Belgrade, p. 20.

### 3. Developmental tendencies

The globalization of the economic system is done by companies acting on the domestic market as domestic, which condition the opening of international borders. By creating the conditions for a pacific equalization of domestic and foreign companies, the European Union has organized an internal market.

The key issue of the globalization of the economic relations in the world is a kind of reform of the economic and political system of countries in the process of transition. The market is increasingly being replaced by cooperative cooperation between business entities. The tendency is the establishment of very small companies, and within large societies smaller autonomous cells are created. Due to the favorable purchasing power, cultural level, free time, man offers a greater opportunity to influence his environment, but conditions are created for his individualisation. Supplying basic components into a product or raw material is largely solved, which is greatly assisted by the information system, so that a company can turn to quality, such as the use of options for its own development and the development of opportunities for participation in the organization and running of the company. We distinguish several tendencies of organizing and running a company: the rationalization of the traditional system, the mechanistic trend and the trend of self-organization.

Rationalization of the traditional system exists in cases where the company has a special market and special production. The growth of the assortment enables the production of machines with no flaws,

which provides precise control of planning and adjustment of conditions. This is a division of tasks into a precisely defined large number. This wave is spreading to retail and catering. This results in the competition of man and machine, because human labor replaces the machine. In the end, this development trend ends with factories and trade without people - without labor.

The mechanical trend requires the provision of a new qualification structure for workers, a new technology with focused and precise production. This tendency diminishes the importance of reducing production costs by products and we get individualized markets where mass products can not be sold. This results in directional production at the discretion of the customer. As a result, autonomous types of experts are related because marketing and production can not be separated.

The trend of self-organization is based on dialogue. Instead of moving orders vertically, we arrive at a direct basic cell dialog in the form of self-organization. It is closely related to the shifting of product initiatives to the workplace itself. The dualism between man and machine leads to a new division of labor, according to which there are no factories without people.

### 4. Organization of the company as a basis for business success

The appropriate organization of a company with a fair degree of autonomy for each profit cell is the basis for a successful business operation. The basic cells must be entrepreneurial independent teams that are small enough with a combination of a

mechanicalist system and a system of self-organization, with vertical connection. These may be small companies or parts of larger companies. On the contrary, there are central services that make decisions about a common problem solution. They have to look for markets for these societies. The services are organized by small companies, or belong to the services of the group, or more services by specialization, for several small companies.

The organization of the company is focused on the creation of small specialized companies, and within them, they are divided into narrower organizational parts, with interest, in order to achieve greater profits and increase the employment rate, because wealthy citizens form a rich society. Such an organized company ensures successful business and good business results, while respecting the regulations on unfair competition. It does not have the need for monopolistic behavior at the expense of other companies because it is able to enter into competition with other companies. This is created by the conditions of a single internal market of the European Union, and in case of violation of equal conditions of business by individual economic entities, the European Union is a participant in the internal market, protected by the principle of equal conditions of employment, which is conditioned by the principle of the right of residence for economic purposes.

As Bosnia and Herzegovina has an economic interest to be integrated into the single internal market of the European Union, it is its economic and political obligation to create conditions for the integration of the economic, political, security and autonomy of the judicial

system and foreign policy.

## CONCLUSION

The social community is responsible, through its authorities, to create a prosperous society and conditions in order to achieve this. The key role in this is the economy and the financial market with corporations as key players.

Since its inception, the financial market has been the dominant mechanism for the redistribution of ownership rights. The strategic goal of developing the financial market is its training for the basic industry. This can be achieved by adjusting the basic framework that would enable the issuance of securities of the corporate and public sector. The main goal is to harmonize laws with European Union standards (89/298 EEC Directive).

An important goal is to strengthen the regulatory and supervisory function. It is necessary to redefine the competence of the regulatory body and increase its real ability to control the supposition of the independent, without any influence from the side. An important task is to strengthen self-regulatory bodies and professional associations that enable the strengthening of market discipline and the improvement of ethical standards of the profession, the increase of professional knowledge and skills, and increased responsibility for undertaken commitments in companies.

Transparency, or a high level of disclosure of company information, represents an important segment of participation in making timely and right decisions, or important strategic decisions.

Publication of information enables potential investors to make a reliable decision on investment, ie purchase of securities.

Transparency should not lead to the discovery of business secrets and deterioration of the competitive ability of the company.

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## THE INTRODUCTION OF ELECTRONIC SIGNATURES IN BUSINESS PROCESSES - CONTRIBUTES TO IMPROVING THE BUSINESS ENVIRONMENT IN BIH

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**Abstract:** *The eBusiness has become an important tool in doing business that gives a competitive advantage in the European and global markets. Prerequisites for the successful implementation of eBusiness are resolved legal regulations and interoperability, clearly defined business processes, regulated master data and flexible information system capable of rapid adaptation to changes in environment. The adoption of the Law on Electronic Signature, Law on Electronic Legal and Business Transactions and the Law on Electronic Document and their by-laws, created the legal framework for the functioning and development of information society in Bosnia and Herzegovina. The implementation of the law of e-services, there will be a significant change in the ease of doing business in Bosnia and Herzegovina, and will create conditions for further investment and development of small and medium enterprises in BiH.*

**Keywords:** *Bosnia and Herzegovina, laws, e-Business, business environment*