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DEVELOPMENT TRENDS OF THE WESTERN BALKAN COUNTRIES BASED ON KNOWLEDGE WITH A SPECIAL OVERVIEW ON B&H WITHIN THE PROCESS OF ACCESSION TO EU

Ibrahim Jusufrić

Abstract: *The Western Balkan countries have experienced significant progress over the past 15 years. They have gone through the systems of the market economy, privatized many inefficient state and socially owned enterprises, quickly adopted modern banking systems and strengthened the external orientation of their economies. However, the pace of systemic reforms are disappointing, thanks to the combination of reform fatigue, stakeholder resistance, policy impetus that limited the reform efforts and delays with membership in the European Union. The Western Balkan countries are still lagging behind for the new EU member states in terms of economic change and income levels, which account for about one-third of the level of advanced EU economies. In addition, these countries are burdened with a large deficit in foreign trade, which is why a large number of unemployed people are present. To improve living standards and revival of income convergence will be crucial to reviving reform momentum.*

Key words: *Western Balkan countries, economy, European Union, reform, digitalization*

INTRODUCTION

Competitiveness in the economy of Bosnia and Herzegovina, as one of the most important indicators of a country's economic viability, is crucial in market conditions and is the basis for increasing real income of the population. The main objective of competitiveness is to increase the standard of living of citizens, which is achieved with stable economic growth, and balanced imports and exports on the international market. When it comes to competitiveness, it can be said that the countries of the Western Balkans, including Bosnia and Herzegovina, are significantly behind the countries of the European Union. Namely, the countries of the Western Balkans have been experiencing accelerated economic growth since 1995 to the present day, supported mainly by external financing, which has ultimately led to an increase in public debt. When foreign capital inflows declined, economic growth stalled so that the Western Balkans could not join the European Union, resulting in GDP per capita, as the main instrument for measuring wealth or living standards, far below the average standard of living of EU citizens, and ranges from around 60% in Croatia and 30% in Bosnia and Herzegovina.

One of the biggest problems of the economy of Bosnia and Herzegovina and the countries of the Western Balkans is the high foreign trade deficit, caused by poor competitiveness on the international market and high import-export dependence. This means that the Western Balkan countries are unable to satisfy their own production and have poor foreign trade integration.

The decline of the world economy had a strong impact on the most important economic partners of Bosnia and Herzegovina - the countries of the European Union and CEFTA, which reflected on the changes in the regional structure of export and import of goods, as

well as the fall of total trade with most of these countries. Bosnia and Herzegovina's merchandise exports in the first ten months of this year amounted to KM 9 billion and KM 912 million, 8.9% higher than in the same period last year, while imports reached KM 16 billion and KM 131 million, which is 7.3% more %. The export / import ratio was 61.4%, while the foreign trade deficit amounted to KM 6 billion and KM 219 million. Such a high share of imports in the total exchange is an indicator of the low competitiveness of the domestic economy. The problem of a large deficit in foreign trade is certainly a great burden for both the state and the economy. The structure of exports is worrying and without a change it can hardly be affected by a deficit reduction.

One of the aggravating items, which contributes greatly to the lagging behind in B&H's standard of living, is the low level of wages, which is a result of the poor position of the country in the international division of labor. Namely, export-oriented companies in Bosnia and Herzegovina usually get jobs for cheap processing or processing, so-called Lohn jobs, which generally require cheap labor. In order to bring the B&H standard of living closer to the standard of the EU countries, it is primarily necessary to attract more foreign investments, ie to facilitate the arrival and operation of foreign companies through a smaller bureaucratic procedure as well as incentives for foreign investments. Foreign direct investment in the country can be used as an essential component and driver of further economic growth in the country. Unfortunately, by many parameters, B&H is not currently too attractive compared to similar countries in the region, although according to available data from 2017, there is a 37.9% increase in foreign investment compared to 2016 or 28.8% compared to the five-year period average (2012-2016 period).

In B&H there is also a very pronounced price competitiveness, as low labor costs are accompanied by low labor productivity. Outdated technology and the level of innovation have greatly contributed to low productivity levels. Not only is Bosnia and Herzegovina performing poorly when it comes to certain factors affecting productivity growth, it is also far below the EU average. The reasons for low productivity in B&H are multiple. Labor productivity is most determined by the level of technological development, innovation and investment in human capital. The balanced combination of each of these factors, along with appropriate economic reforms / policies, determines how quickly labor productivity will increase.

Although the level of GDP per employee in B&H is higher than in the previous year, it is still below every EU average. In order to improve the standard of living, it is necessary to provide more jobs, increase labor productivity, reform the education system, include various programs for further qualification and retraining as well as professional development. All these programs should be accompanied by adequate labor market reforms as well as the compliance of the education system with market needs.

Based on the aforementioned, it can be concluded that the increase in labor productivity over the long term cannot be achieved without well-planned structural reforms and implementation. This implies that economic policies and measures should embrace long-term plans for innovation, investment in research and development, and human capital, and be a primary goal in the future.

PART I - ECONOMIC SITUATION OF B&H IN 2017

1. Current situation and economic activities in Bosnia and Herzegovina

After 23 years of transitional reforms, B&H still faces low levels of economic activity, high unemployment rates and widespread poverty. The total population decreased by 20% compared to 1991 when there were 4,377,033 inhabitants in B&H. The reduction of the population by 870,000, together with the internal migration of more than one million inhabitants, had a strong impact on the decline in economic activity. Prior to the transition, 1.68 million people were economically active, the vast majority of whom were employed in the formal sector, mainly in the manufacturing industry. Most of those who changed their place of residence during the 1990s lost their jobs, and their acquired professional knowledge and skills became less relevant in new places of residence. B&H has not recovered from this shock to this day. Migration in particular affected persons with intermediate levels of professional skills that were relevant to working in specialized factories, which generally existed only in their pre-war places of residence.

Although 58.2% of the adult population was economically active (employed or unemployed), the employment rate was only 29.1%, while the unemployment rate was as high as 50%. The lack of job opportunities forced as many as 47.3% of adults to be economically inactive, causing half of the population to be at risk of poverty. Yet the need for economic growth and development and the participation of foreign and direct investment have led to positive economic trends. In 2017, B&H's gross domestic product increased by 3.07% in real terms compared to 2016. Based on the available short-term indicators, it can be concluded that in 2017, Bosnia and Herzegovina achieved economic growth compared to last year. The estimated

economic growth rate of about 3% compared to the previous year, however, is a continuation of the trend of economic recovery in B&H, which is, to a large extent, a consequence of favorable economic trends in EU countries and to a lesser extent in the countries of the region. Over the last few years, our country has seen economic growth of about 3% per year, which is certainly good, but nowhere near enough for some significant recovery, since it would require at least 6% per year growth.

In addition to GDP growth, B&H achieved export of goods worth KM 11 billion in 2017, which represents a nominal increase of 17.4% compared to the previous year, and the coverage of import by export improved by 3%, and at the end of the year was 61%. This indicates that B&H has left behind negative economic trends and finally embarked on a recovery path.

Based on the available data, it can be concluded with certainty that the increases were in the sign of the external sector, where foreign trade in goods with the world is especially emphasized. Namely, during the year, according to BHAS¹ data, B&H recorded double-digit growth rates of total trade in goods, exports and imports of goods. Increasing export demand and prices of certain export products (metals and energy) resulted in an increase in B&H. of goods exports of 17.4% compared to the previous year. In the context of export growth, it is worth pointing out that, unlike in previous years, it was retained owing to an increase in exports of goods within more product categories, ie greater diversification of B&H. export offers.

This increase in exports, a generally higher level of economic activity in the country in the presence of a price effect, also led to a 12.2% increase in merchandise imports

compared to the previous year. Such developments in the export and import of goods have resulted in a nominal increase in the trade deficit. However, given the significant rise in prices, it can be almost certain that the commodity deficit in 2017 stagnated in real terms. If this is added to the positive balance in the field of export of services, the growth of cash inflows from abroad, and the positive trend of FDI growth, it can be concluded with certainty that the external sector has a positive feature in 2017 when it comes to economic trends in B&H.

Foreign direct investment (FDI) has had a particularly positive impact on the growth of the economy and jobs. Foreign direct investment for 2017 amounted to KM 777.7 million or EUR 397.6 million. Data for the period January - December 2017 indicate an increase of foreign investments by 37.9% compared to the amount in 2016 or by 28.8% compared to the five-year average (period 2012-2016). Economic recovery gives hope that domestic authorities have finally faced the challenges of unemployment, which is one of the country's major economic and social problems.

In December 2017, excise duties and tolls were adopted and introduced, but it remained unclear for the construction of which routes B&H opted for. Namely, by joining the Transport Community, B&H has committed itself to the construction of a large number of routes, but without economic analysis on the justification of the construction of those routes.

In the period 2013-2017. The growth of economic indicators was recorded, which included the growth of exports, industrial production, the number of employees, tourism revenues and the reduction of trade deficit. The main economic indicators in

¹B&H Statistics Agency

B&H tend to grow, so the nominal GDP increased from KM 28 374 million in 2013 to KM 31 862 million in 2017. The number of unemployed in B&H in 2017 also decreased to 489,400 compared to 2013, when it amounted to 552,500, or about 12%. Based on available data from 2013 to 2017, it can be seen that the average net salary increased by about 2.9%, ie it increased from KM 827 (2013) to KM 851 in 2017 .

2. Foreign trade trends in Bosnia and Herzegovina

In terms of major trading blocks, exports of goods to the EU market in 2017 amounted to KM 7.8 billion, representing 71% of the total B&H. exports and an increase of 16.8%. On the other hand, exports to the CEFTA countries amounted to KM 1.8 billion, representing 16.3% of the total B&H. of goods exports and increased by about 28.5% compared to the same period last year. The value of imported goods in B&H last year amounted to KM 18.1 billion, which represents a nominal increase of 12.2%. In addition to electricity and coal, a significant contribution to imports was registered in the framework of oil and petroleum products, crude aluminum and motor vehicles.

B&H's foreign trade in the first quarter of 2018 amounted to KM 7.34 billion, with the coverage of imports by exports of 63.9%. The main cause of the high deficit in the foreign trade balance is the structure of traded products, since B&H mainly exports lower value added products **while imports higher value added goods.**

In B&H, foreign direct investment increased by 57.3%, which is an important result, as global direct investment is down 16.3% compared to last year despite recorded economic growth. Only developing countries recorded a 2.4% increase in investment, while those in transition recorded a 17.9% decline in

investment.

All of this has led to economic growth that ranged from 2% to 3.2%. There has also been an increase in employment. Improved control of undeclared workers, ie suppression of the gray economy, is also a significant challenge for the large entry of new pensioners into the system, about 25,000 of them in the FB&H alone, which significantly mitigates positive employment trends, and it is unclear to what extent the positive external factors are , such as the growth of demand for B&H goods in the European market and the expansion of tourism, influenced the positive results of the B&H economy in this period.

3. Gross Domestic Product Movement in Bosnia and Herzegovina in 2017

By 2017, B&H had achieved remarkable success in terms of GDP growth, exports and attracting investment, which led to a significant increase in the number of employees and the standard of living of the population. The total number of employees at the end of 2017 increased by almost 2.5% compared to 2016 (467 900 in FiH Bi 260 600 in RS), while the number of unemployed decreased by 6.1% to 39.6% (358,000 in the FB&H and 120,100 in the RS).

Gross domestic product of B&H in the last year amounted to KM 29.8 billion and is nominally higher by 4.5% and real by 3% compared to the GDP of 2015. GDP per capita in 2016 was KM 8,516, or EUR 4,354 or \$ 4,817. As we can see, GDP growth was 3% in real terms in the past. This indicator of the governing structure is now very much used and often used to show that the B&H economy is moving forward, that everything is moving towards a better tomorrow, and that the implemented "reforms" are delivering results.

4. Europe 2020 strategy

The New Decade Strategy, which replaced the Lisbon Strategy, the Europe 2020 Strategy, more precisely defined as a strategy for smart, sustainable and inclusive growth, has emerged as a strategy that will help emerge from the economic crisis and prepare the economy for the new decade.

The Europe 2020 strategy highlights three interconnected priorities:

- Smart growth: developing an economy based on knowledge and innovation,
- Sustainable development: Promotes more efficient use of resources, greener and more competitive,
- Increasing inclusiveness: fostering high employment, increasing market participation, and delivering social and territorial cohesion.

The key goals of the Strategy are:

- The 20-64 age group should increase from the current 69% to at least 75%, emphasizing the need for greater involvement of women and older workers,
- Earmarking 3% of the total EU GNP value for science and research,
- Filling the so-called 20-20-20² climate and energy goals. First of all, we are thinking of reducing greenhouse gas emissions into the atmosphere by at least 20% compared to 1990,
- Increase the share of renewable energy in total consumption,
- Reduce the number of students who drop out of school to 10% and at least 40% with a college degree,

- Reduce the number of Europeans living below the poverty line by 25% and lift more than 20 million people out of poverty.

The success of the Europe 2020 strategy will depend most on the willingness of Member States (and future members) to accept it as their own national program. The crisis has made it clear that there is no alternative to catching up with the world's most competitive economies. It can therefore be expected that in the next decade, Member States that have hitherto inadequately pursued the Lisbon goals will be under a lot of pressure from the EU institutions and the successful Member States.

PART II - SMALL AND MEDIUM-SIZED ENTERPRISES

1. Small and Medium Business in the European Union

According to the EU, the category of micro, small and medium-sized enterprises includes enterprises employing less than 250 people and whose annual turnover does not exceed EUR 50 million, and / or whose total balance sheet does not exceed EUR 43 million. Over 20 million SMEs in Europe form the pillar of the European economy.

The average European company employs 6 people, including its owner - manager. In 2017, EU GDP decreased by 0.3%. Data from GDP and other macroeconomic indicators show a slight increase in forecasts from Q2 2017. While inflation is steady in 2017 and unemployment is at a stable double-digit level, domestic demand from public and private consumption shows no clear signs of recovery.

² At the end of 2008, the European Union adopted the so-called energy-climate package of laws to be implemented by 2020

EU countries have a network of business incubators, science technology parks and clusters, micro-credit lines, business angels and other small business support instruments.

Table 1. Entrepreneurship, employment and gross value added of SMEs in the EU-27 in 2017

	Micro enterprises	Small businesses	Medium enterprises	MSP	Big enterprises	Total
Number of enterprises	19.14 3.521	1.357 .533	226.5 73	20.72 7.627	43.65 4	20.77 1.281
%	92,2	6,5	1,1	99,8	0,2	100
Employment	38.39 5.819	26.77 1.287	22.31 0.205	87.47 7.311	42.31 8.854	129.7 96.165
%	29,6	20,6	17,2	67,4	32,6	100
Gross value added (billions of euros)	1.307	1.144	1.136	3.588	2592	6179
%	21,2	18,5	18,4	58,1	41,9	100

It can be concluded that in the EU there is a balance between SMEs and large enterprises. Existence with the SME sector and a significant number of large enterprises is an important factor in balancing the overall economy and the degree of its efficiency, that is, a prerequisite for the optimal use of inputs and international competitiveness. Based on examples in the EU, it is evident that SMEs significantly less than large enterprises are involved in creating employment in the primary industry and in the manufacturing sector. The role of SMEs is greater when it comes to the service

(tertiary) sector and trade. A significant contribution of European SMEs in 2017 is in the services and manufacturing sectors. The two sectors together employ 74 million people and produce € 2.9 trillion in added value, with 85% of all European SMEs operating in the two sectors. In 2017, there were over 5.7 million SMEs in the wholesale and retail sector, of which 93% had fewer than 10 employees.

2. SMEs as a carrier of the development of the European Union economy

SMEs, as the main generators of employment and economic development, play a key role in the EU economy. According to official EU statistics, around 99.8% of enterprises are SMEs, making them a priority for the development of the overall economy. Their importance is especially reflected in the fact that the European Commission recognizes this sector of the economy as the main generators of economic development and employment growth, which is especially important in times of crisis.

An enterprise is considered to be any entity engaged in economic activity, regardless of its legal form. This includes in particular self-employed persons and family businesses engaged in crafts or other activities, and partnerships and associations regularly involved in economic activities. According to the legislation and recommendations of the EU Commission, the main factors that determine whether or not an enterprise is an SME are: number of employees and total turnover or total balance sheet. The following categories are distinguished: the category of micro, small and medium-sized enterprises, consisting of enterprises employing less than 250 persons and whose annual turnover does not exceed EUR 50 million, and / or the total annual balance sheet does not exceed EUR 43 million. In the SME category, a

small business is one that employs fewer than 50 people and whose annual turnover and / or total annual balance sheet does not exceed EUR 10 million. In the SME category, micro enterprises are those enterprises employing less than 10 persons and whose annual turnover and / or total annual balance sheet does not exceed EUR 2 million. Aware of the importance and role of SMEs that form the basis of entrepreneurship and development, the European Union has promoted innovation as a basis for healthy SMEs and their competitive advantage, and places increasing emphasis on development policies and the development of entrepreneurial capacity in this sector. The European Union aims to create competitive, dynamic, innovative and healthy, knowledge-based entrepreneurship and capable of sustainable economic growth and development.

3. How did small, medium and large enterprises in Bosnia and Herzegovina operate in 2017?

According to the data for 2017, there are 32,292 companies in B&H, which collectively generated a total income of KM 65,485,823,432.

Of these, small enterprises account for a total of 27,595 or 85.45%, medium-sized 3,558 or 11.11%, while large enterprises have 1,109 or 3.43%. Out of the total number of companies, 85.45% of companies generate KM 8.867 billion in sales, or 13.54%. On the other hand, 1,109 large enterprises, or 3.43% of the total, generate KM 44.385 billion in sales revenue or 67.78%. From this it can be seen that in B&H, a small number of large companies make 2/3 of the total sales revenue, and that they are the backbone of B&H's economic system.

Regarding the concentration of companies

and economic activity by regions in B&H, most of the total number of registered companies are concentrated in the two largest administrative regions - Canton Sarajevo and Banja Luka region.

Out of the total number of companies in B&H, 43.61% of enterprises are headquartered in these two regions alone. If the number of regions is expanded to the top five, then they make up almost 3/4 of the total number of firms. On the other hand, if we analyze the data for the five worst regions, we see that it is 5.65% of the total number of enterprises in the country, which is a big disparity between the top five largest and smallest regions. This information shows how much more developed some regions are than others.

Interesting data is a comparison of total sales revenue for all businesses with salary costs.

According to these data, large enterprises are the most efficient, and the worker costs 11.85% of the total sales revenue. Interestingly, 58.86% of all wage costs are generated in large enterprises, while the remaining 41.14% in small and medium-sized enterprises. Reasons also need to be found in the fact that large enterprises, due to economies of scale, can generate higher sales revenues.

When it comes to revenues from export activities, the results obtained are quite modest for our companies, and ultimately for the country. According to the official data of KM 65.485 billion in sales revenues, as our companies have achieved in total, only 15.42% was generated from export revenues or KM 10.09 billion.

Of the total export revenues, large enterprises account for 69.06%, while the remainder relates to small and medium-sized enterprises. However, these results are also quite modest, which in fact shows

that we are the country where the companies make the majority of their income in doing business with other B&H companies. Considering that we are a small market, it is expected that B&H companies, regardless of their size, will seek their space for expansion and market placement in foreign markets in the coming period.

When it comes to the small business segment, although they make up 13.54% of total sales revenue, they make 17.09% of total net profit, they have the highest ratio of income and wage costs, and pay the state taxes most in relative terms. The medium-sized enterprise segment shows almost the same ratios for all indicators except for the corporate tax ratio, where there are similar tendencies as for small businesses.

Large enterprises, although they have the highest ratios of sales and export revenues, give the state the least amount of corporate income tax payments. When it comes to wage costs, they have a favorable ratio, compared to small and medium-sized enterprises.

4. Business environment and problems in the SME sector in Bosnia and Herzegovina

The business environment is characterized by numerous factors (economic, legal, political, technological, etc.) that directly or indirectly affect the business of the company. Environmental factors can be stimulating, but they can also be limiting. Unstable conditions in the macro environment affect the business environment of legal entities adversely.

It is evident that activities at all levels are determined and conducted spontaneously and irresponsibly. However, if we look historically, SMEs appeared a long time ago, during the Austro-Hungarian occupation at the end of the 19th century, and characterized the B&H economy until

the end of World War II, when the communist regime transformed private ownership into state and then into social ownership. The situation began to change in 1989. One of the reasons for our economic backwardness in the surrounding countries is the lack of institutional support for the SME sector, modeled on other transition countries. In addition, basic laws have not yet been enacted, no SME strategy has been established, no state SME agency has been established, etc. It is often stated in the literature that due to flexibility, informal structures and good connections with the environment, SMEs have certain advantages over large organizations. What particularly limits the opening of small businesses in B&H is the large number of state institutions involved in the registration process (as many as 11). The number of these institutions must be significantly reduced, which would allow the registration of a company in one place. The following table shows what has changed since 2010 - 2017 according to World Bank studies.

Table 2. Western Balkan countries ranking by ease of doing business for the period 2010-2017

Country	2010	2011	2012	2013	2014	2015	2016	2017
Albania	120	136	89	82	82	82	85	90
B&H	95	105	119	116	127	125	126	131
Montenegro	70	81	77	77	66	56	51	44
Croatia	124	97	110	103	84	80	84	89
Macedonia	92	75	69	32	38	22	23	25
Serbia	68	86	90	88	89	92	86	93

It is evident that the authorities in B&H do almost nothing to simplify the business environment for entrepreneurs who create new value and contribute to the creation of GDP and who, after all, provide salaries to the public administration and the same government. The stepmother's attitude of

the authorities towards entrepreneurs and young people with creative business ideas is evident.

In the same time period, all the countries of the Western Balkans, except Serbia, have made significant progress, e.g. Macedonia came in from 92nd place to 25th place, and Montenegro from 70th to 44th place.

Improving the business environment or business climate is one of the most important economic policy priorities for B&H. It is very important for all business entities that the environment in which they do business is organized. As few administrative obstacles as possible with appropriate legal regulations, the availability of adequate workforce and favorable sources of financing are the basic prerequisites for a favorable business climate.

According to the B&H Agency for Statistics in 2017, significantly fewer companies submitted their final accounts than in 2016. The following table shows their number.

Table 3. Number of micro SMEs in B&H in 2017

Micro	Small	Medium	Big	Total
23183	5891	1907	300	33.266
73,8%	18,8%	6,1%	0,9%	100%

Table 4. Number of employees by size of enterprises in B&H in 2018

Total employment in SMEs	Micro	Small	Medium	Big	Total
380.204	69.382	128.205	181.941	237.751	617.279
61,5%	11,2%	20,8%	29,5%	38,5%	100%

The number of SME employees in 2017 decreased from 388,361 to 380,204 employees in 2018.

The survey found that most of the support measures implemented had the character of selective measures, ie. measures targeted at specific users or activities. At the same time, the implementation of important general measures foreseen in the strategic and programming documents, aimed at creating better conditions and creating a stimulating business environment, was lacking. In order to advance in the area of SMEs, B&H needs to use the experience of Japan, in which the entire SME sector is networked in the socio-economic fabric of the country. The government of this country and the state as a whole live for SMEs, share their destiny, and in many ways strongly encourage their entrepreneurial intensity and development. The government especially encourages innovative businesses and those businesses that create something new (new products, services, materials, etc.). The government supports SME associations directly or through regional chambers, so they sometimes have the strength of a large

enterprise. Through various associations (clusters) these companies increase their competitiveness and minimize risks. Thus, the share of SMEs in employment accounts for 79% (in the USA 53%), in the total number of enterprises with 99% (in the USA 99%), and in exports with 13% (in the USA 29).

B&H Government's incentive measures for SME development should be permanent and comprehensive, and framed in the philosophy of overall economic policy. That is why our government and its institutions, according to newly established small businesses, should be treated maternally, and in their further development and growth in partnership. A key element of economic reform in B&H must be the continued transition to a market economy with a vibrant private sector. Experience in Central Europe has shown that progress in this regard requires simultaneous effort in three critical areas: developing a motivating business environment for existing and new private businesses, privatizing state-owned assets, and developing a disciplined and competitive financial sector.

The Government of B&H should be influenced by the development of SMEs:

- Macroeconomic policy that favors a favorable economic environment for all businesses and especially SMEs,
- By making legal and other decisions that take into account the different size of the enterprise and by deregulation, create favorable relationships for SMEs,
- By involving SMEs in industrial policy,
- As well as strengthening the necessary infrastructure needed by the SME sector.

B&H's economic development must be based on the affirmation of a privately owned market economy, the liberalization of internal economic flows, creating a favorable environment for foreign direct investment, and the development of new private SMEs and entrepreneurship.

PART III - ENVIRONMENTAL ECONOMY

1. Conceptualization of ecological economics and ecological management

The greening of production and all types of business in a new way erases the boundaries between the so-called microeconomics and the so-called Macroeconomics inaugurating the eco-economy as the best and most complete analytical framework for evaluating the success of a business, especially production activity. Economics in real life can only be divided into successful and unsuccessful, and all other divisions have limited methodological significance, so that in the coming period, economic success can be viewed if ecological benchmarks of success are incorporated into its achievement. In short, savings on environmental costs can no longer and should not become a source of economic success, since in the long run this would mean unethically capturing someone else's income. The essence of this

process comes down to realizing sustainable development as a paradigm that can no longer have an alternative. Unfortunately, today a significant part of the world still has great problems in incorporating the logic of economic (rational) behavior into its developmental philosophy and practical life, while its ecological logic still seems to be too fashionable and unnecessary for now, all together, not only to bring about any more serious development, but to directly contribute to the development of underdevelopment.

The basic features of this new concept of ecological economics are reflected, first of all, in the significant theoretical and methodological shifting of the traditional analytical frameworks of economics and ecology with the primary aim of maintaining the ecological and economic system, not just either ecological or merely economic, because such reductionism and partial approaches cannot be the basis for the realization of sustainable development. Environmental management is a fully human-centric concept of business management, which differentiates it significantly from all other management approaches and systems. Likewise, it is not only the science and skill of effectively and efficiently behaving and achieving goals in the right way, but is the true knowledge and practice of achieving the right goals, that is, those concerning the survival of man and the quality of his life.

In this respect, environmental management can become a kind of management infrastructure and a basic test of the success of any management practice. Eco-management already goes beyond any

practice of business and government management and grows into a kind of meta-management.

The unstoppable processes of globalization and the accompanying greening of consciousness, but also of business, can be a good chance, not just a threat, for those who think wide and far, who have a long-term vision of their business, as well as knowledge of possible trends in science and technology and culture. . After all, the ultimate goal and measure of economic growth must be to improve the quality of life of all citizens, expanding not only the content of the term "quality of life", but also the circle of people to whom it refers, on a daily basis.

2. Product life in a modern business environment

The concept of "product life cycle" ("product life cycle"), used in the modern economy, is an excellent basis for product development and adaptation of products to the needs of consumers. All products on the market have a shorter or longer life span. Products are born, live and die. The time from product launch to product exclusion is called the product life cycle. Regardless of the life cycle duration, each product undergoes four phases: the product formation and introduction phase, the growth and development phase, the maturity phase of stability and saturation, and the decline and age stages.

If we know the above facts, how do business organizations operating in the contemporary environment ie. in the 21st century, can they achieve the much needed

savings of (non) material resources when innovating products?

If you do not achieve the desired and expected results, this means that there are unplanned energy losses in the business process, and that it is necessary to identify patterns of losses incurred or to eliminate unwanted damages. Insofar as the thought process, when designing business processes, is created in such a way that the last phase of output is also the first phase of input in a business process, then there are many different ways to achieve business process innovation and create additional (non) material benefits for the whole business environment with the application of innovated products ie. innovative technologies. Creating new products in the 21st century is unthinkable without simultaneously looking at the environmental aspects of the products so created, but also applying the holistic marketing concept of the so-called. Green marketing. Namely, more and more environmentally conscious consumers are willing to pay "more money" for products that are more environmentally friendly than products that do not contain this component. Namely, modern consumers ie. environmentally conscious consumers have learned the importance of environmental aspects of business and are willing to invest (in) material resources to preserve nature, or planet Earth, for future generations. It should not be forgotten that investing "more money" for the so-called green products can also mean lower costs, ie. saving resources.

The environmental aspects of business have long determined our contemporary moment. If, as entrepreneurs and business

organizations, we do not already take the necessary activities today to, in the coming period, first repair the existing situation and then create a healthier business environment and environment, the generations to come will not have the opportunity, our business success, to evaluate with a positive assessment. The future belongs to new generations, therefore new eco-friendly products that are appropriate for the way of life and work in the 21st century should be created for new generations of entrepreneurs.

3. Importance of Corporate Social Responsibility for Contemporary Business

The idea of corporate social responsibility is as old as business itself. From the very beginning, employers were wondering how to do business in order to maximize their positive contribution to society, while minimizing negative impacts on people and the environment.

Corporate Social Responsibility is seen as "committing businesses to contributing to sustainable economic development through collaboration with employees, their families, the local community and society as a whole, with the aim of improving the quality of their lives." The European Commission defines this concept as "a concept whereby a company voluntarily integrates social and environmental concerns into its business activities and relationships with stakeholders" (owners, shareholders, employees, customers, suppliers, government, media and the general public) .

For the company to make a good impression and benefit from investing in

socially responsible business practices, it is a very important way of communicating with customers and other important target groups and partners, which requires understanding the angle from which they view corporate social responsibility. Emphasis must be placed on assessing the importance that the concept of corporate responsibility has on customers in order to create a program of adequate communication of corporate social initiatives. Customer-centric communication to inform them of what the company is doing to benefit the community in which it operates is an indispensable part of a planned and systematic approach to the concept itself.

The initiators of the responsible business initiative believe that socially responsible business is a concept whereby companies that accept it voluntarily and in many innovative ways contribute to a better, healthier, more advanced, not only work environment, but to society in the broadest sense and in a cleaner, more preserved natural environment.

4. Traffic and the environment

4.1. Basic concepts in traffic

Transport is an economic activity that is of great importance for the development of the economy and culture of a society. It enables the spatial integration of all factors of production, stimulates the development of other activities and influences the development of the country and its connection with the world. Although it has a significant function in the social reproduction process, the development of traffic during the 20th century has

contributed to the adverse impact on the environment.

Knowledge of the causes and level of contamination and the great progress made in all branches of transport have contributed to the problem of traffic taking on a new shape and dimension. It is no longer the task of time and cost of transportation to be the deciding factor in customer choice for a particular branch or means of transport. Today, there are increasing demands from users regarding traffic safety and environmental impact. The general tendency in developed countries is that the model of environmentally compatible production system is becoming increasingly accepted in the economy. Hence the area of traffic, although in some features different from other areas of production, can be no exception.

Traffic activity is an activity with pronounced negative external effects on the environment. In considering the directions of traffic development, the external costs, which result from the negative external effects caused by the traffic, must also be taken into account. According to an estimate of external costs for the 28 EU Member States, the total external cost of transport for 2017 was EUR 514 billion (excluding the cost of traffic congestion), which was 4% of total GDP. In the cost structure, road transport accounted for 93%, rail by 2%, air (continental flights only) by 4% and inland water transport by a negligible 0.3%. More than three quarters of the total cost is transported by passengers. Only 23% of total external costs are freight-related costs. From the management point of view, eliminating the causes of external costs and environmental

protection should be part of the company's business policy, part of its development policy and quality policy. In developed countries, measures are being taken to achieve greater environmental tolerance for all modes of transport, taking into account the fact that more resources need to be invested in these modes of transport. In 2011, the European Commission adopted guidelines for the development of transport by 2050 and recommended that Member States find 1,500 billion euros to invest in infrastructure and vehicles by 2050.

The proposals aim to completely eliminate fuel-efficient vehicles from cities, to increase the share of low-carbon fuels in air transport to 40%, to reduce carbon dioxide emissions by sea by 40% and to 50% of road freight and transfer medium-sized passenger traffic to rail. Thanks to these measures, it would be possible to reduce by 60% the greenhouse gas emissions in the transport sector by the middle of this century.

4.2. Consequences of environmental traffic

It is quite certain that addressing traffic development issues in the future will depend on "the advancement of technology as well as the kind of energy that will be most cost-effective both in terms of efficiency and environmental impact." In the process of finding solutions to reduce the negative impacts of traffic on the environment, two steps are identified. In the first step, part of the environment (most often it is the urban environment) is viewed through the evaluation, analysis and evaluation of that environment from an ecological point of view. Subsequently, the

second step identifies the measures that bring the observed environment to the desired state.

When it comes to the urban environment, then measures on the implementation and enforcement of environmental protection can be classified into three categories:

- Urban measures,
- Technical measures i
- Traffic measures.

Urban measures mean a wide range of environmental activities that can be implemented by planning and construction interventions in urban areas (streets). The implementation of these measures requires major investments, so they must be properly and carefully planned in order to be effectively implemented.

The following steps are necessary to implement these measures:

- Reconstruction and construction of road network through the city,
- Protect buildings and streets,
- Renew street cross sections.

Technical measures rely on technological innovation to solve specific traffic problems. In addition to technical improvements in used vehicles, emphasis is placed on new production techniques (for example, recycled materials), alternative fuels and intelligent transport systems (ITS). As a motor vehicle is a significant and large pollutant, technical interventions on motor vehicles can contribute to reducing and mitigating the harmful effects of pollutant emissions. Environmental regulations related to reducing the emission

of pollutants into the atmosphere condition the rapid development of the technique, bringing about more sophisticated design solutions for internal combustion engines aimed at improving environmental parameters.

These measures include:

- Reduction of engine exhaust,
- Reducing vehicle noise,
- Vehicle (pollutant) emission control.

Although technical measures improve the environmental performance of vehicles, they alone are not sufficient for the overall improvement of environmental factors, especially in large urban areas. The effect of these measures can be negligible if adequate traffic measures are not available. Traffic measures mean all those measures which enable proper functioning and influence the better functioning of the most vital city functions. These measures are classified in the field of traffic regulation and their implementation raises the level of environmental protection of the urban environment. Their goal is to properly plan traffic flows so that the street network can accommodate all users in the traffic system.

PART IV - ECONOMIC SYSTEM REFORM IN BOSNIA AND HERZEGOVINA

1. Economic development

Economic development can be defined as a dynamic process of increasing the level of satisfaction of human needs, that is, a process in which real national income

increases in the long run. The basis of economic development is economy, or production. It is manifested by an increase in the economic wealth of society and the introduction of innovations in development management (human control / action, active development management).

Economic development covers a wide range of economic, social and human goals:

- Increasing income and living standards,
- Increase in employment,
- Poverty reduction,
- Equal access to opportunities,
- Equality in the distribution of income and wealth,
- Political participation of citizens,
- Increased role of women, minority and other vulnerable groups in economic, political and social life.

Development factors include:

- Human capital (population, labor supply, education, ...),
- Natural resources (land, ores, fuels, climatic conditions, ...),
- Capital (accumulation, foreign sources, ...) and
- Technology (modern, achievements, IT ...).

2. Economic functions of the state

Authorities and administrations influence the economy by seeking to enable, support and direct it. The economic functions of the state are those in the sphere of economic

activities with the intention of achieving certain social goals.

The role of the state in the economy relates to:

- Increasing efficiency (combating monopolies, high prices, low production),
- Improving equity (income sharing, taxation, transfer payments, social justice),
- Encouraging macroeconomic growth and stability (reducing unemployment and inflation, fiscal and monetary policy),
- Establishing a legal framework for market economy.

The state acts through the law (legal framework). Legal regulation of ownership relations, business conditions of business entities, labor legislation, basic rules of behavior of business entities.

The influence of the state on the allocation of resources for raising and improving the efficiency of economy relates to:

- Elimination of market failures and appearance of externalities (damage),
- Restricting and directing competition (monopolies vs. perfect competition),
- Introducing taxes as a permanent source of revenue to meet public needs.

Improving income distribution includes:

- Income redistribution (due to unequal distribution),

- It is taken from the rich and given to the poor,
- Transfers of payments (subsidies, etc.).

Macroeconomic policy measures to stabilize the economy are achieved by:

- By mitigating economic cycles, preventing unemployment, curbing inflation, stagnating,
- By settling property issues (public vs. private),
- Active monetary policy (regulation, masses of money in circulation),
- Active fiscal policy (tax and public expenditure policy).

3. On the reform of the economic system in Bosnia and Herzegovina

Lags in economic development have led to a change in the approach of the European Union and the international community to the process of European integration in B&H. The previous criteria and approach, on the basis of which the EU viewed the integration process, were predominantly political and legal. Starting in 2014, B&H, but also the Western Balkans as a whole, are increasingly viewed from the perspective of economic reforms. Following the conclusions of the April 2014 European Council, economic reforms are taking over political and legal reforms.

The priority objectives of the reform in the areas of public finances, taxation and fiscal sustainability are defined: fiscal consolidation at all levels of government, which is planned to be implemented primarily through the reduction of the

budget deficit, and better public debt control; public expenditure reductions are planned through public administration reform, employment and wage controls, and social and pension sector reform; the increase in public revenues is planned to be implemented through a reform of the tax system, which includes better tax collection, an increase in the tax base, improved cooperation between tax administrations, and a reduction in the participation of the government sector in the economy.

In the area of business climate and competitiveness, the main purpose of the reforms was to reduce parafiscal (non-tax) levies on the economy, to relieve the economy through reducing the tax burden on labor and to simplify complex procedures for registering businesses, starting a business, obtaining a building permit and electricity connection, or progress. on the so-called The World Bank's Doing Business list, which measures the competitiveness of economies in terms of ease of starting a business. The purpose of these reforms is also to improve the legal framework for business operations by adopting new corporate and bank laws and bankruptcy laws. In the area of labor market and employment, the basic premise of international financial institutions and governments in B&H is that by introducing more flexible conditions for employment and termination of employment, and the ability to express wages according to performance, without bonuses for years of service, and by encouraging measures for first employment, can have a favorable effect on structural problems in this area. Although getting an IMF loan has never been touted as a key measure of the Reform

Agenda, it becomes clear that since some of the key conditions for implementation are tied to an IMF loan, getting it is actually becoming a central issue in implementing economic reform measures. agenda. Specifically, in reducing tax burdens on work, with the inability to raise VAT and insufficient funds that would eventually be collected through the more up-to-date work of tax administrations, an arrangement with the IMF would be essential, both to maintain budgetary stability and liquidity, and to implement other reforms. When qualifying for this loan, the IMF positioned itself much more rigorously than it did when approving earlier loan arrangements. In order for the success of the reforms of the economic system in B&H to produce definite results, it is necessary to reduce parafiscal levies, these are different types of fees imposed by the state (its different levels). These fees are paid by businesses and citizens for the "use of goods of general interest" (water, forest, ore, construction land and other resources), or government services. Abolishing these fees would relieve the economy.

The registry identified the existence of over 3,400 para-fiscal levies in B&H at all levels. Unlike B&H, Croatia has about 170, and Serbia around 340.

4. Systematic approach to solving obstacles in business in Bosnia and Herzegovina

A recent World Bank Group Doing Business report states that B&H is ranked three places lower this year than 2017, in terms of overall ease of doing business. Other Western Balkan countries are ranked

as follows: Macedonia (10), Kosovo (44), Serbia (48), Montenegro (50) and Albania (63). The report also showed that other countries in Europe and Central Asia have accelerated the pace of reform in order to improve the ease of doing business for SMEs. Governments have a great responsibility to improve regulation, especially for SMEs. Without it, there is no economic prosperity and no jobs. The regulation must be of good quality, easy to understand, easily implemented and effective in its application.

B&H ranks 89th out of 190 countries observed with a score of 63.82 out of 100 points, which means 64% of the ideal business environment. As noted above, our ranking is down by three places compared to the previous year. All elements of the business environment have been exacerbated except in the resolution of bankruptcies, which is surprising given that the Bankruptcy Law has not yet been adopted in the FB&H.

B&H is best valued for those elements that are the biggest problem in the world in solving business problems (starting a business).

In the world, the second most difficult problem is securing licenses; In our country it is the third most difficult to solve the problem of obtaining electricity, in the world it is the third one in the ease of solving. We can estimate that the lag in the ease of doing business in B&H is the result of the lack of reforms in many areas and the lack of a systematic approach to addressing business barriers. Everyone, including the B&H government, should have a database and a center of knowledge and excellence for managing reforms that make it possible

to apply and improve the business environment. This is absent, so measures to improve the environment in B&H are the result of coincidence and uncertain about the expected effects.

Only a few good things have been made of the Reform Agenda such as the Labor Law and the PIO. The problem with the judiciary is that when we look at the cost structure of a company, what goes directly behind the payroll is the highest cost. They are very high compared to other countries in the region, and even among the largest in Europe.

IN PART - DIGITALIZATION

1. Enterprises in the conditions of digitalization

According to the Digital Skills Survey of most businesses, 73% say digital skills are very important or crucial to their business, however, most (49%) have not provided any digital skills training for their employees in the last year. By type of business and sector, the least is invested in digital education of employees in the media, healthcare, manufacturing, and fourth place is education, science and research. It is very interesting that as many as 52% of ICT employees have not received any digital skills training in the workplace.

Today, the European Commission, together with Member States, businesses, social partners, NGOs and educational institutions, is launching a Coalition for Digital Skills and Jobs to help meet the high demand in Europe for the digital skills needed for today's job market and society.

Digital skills encompass a variety of citizen-friendly skills, from searching for information and messaging on the internet, to creating digital content, such as application coding. There are not enough digital skills in Europe to fill job vacancies in all sectors, which could leave up to 750 000 ICT jobs left unused by 2020.

The Commission is launching a Coalition for Digital Skills and Jobs to help its citizens in business and private life.

Joint initiatives are expected to achieve the following by 2020:

- Training young unemployed for digital jobs through internships and short-term training programs,
- Encouraging the advancement and retraining of workforce skills, and in particular taking concrete measures to support SMEs facing the particular challenges of attracting and retaining digital talent and retraining their workforce,
- Modernization of education and training to enable all students, students and teachers to use digital tools and materials while teaching and learning, and to develop and upgrade their own digital skills,
- Redirecting and using the resources available to foster digital skills and raise awareness of the importance of digital skills for employment, competitiveness and participation in society.
- The Commission will support the work of the coalition by coordinating activities at EU level,

facilitating partnerships and supporting the exchange of best practice.

2. Digitization of business processes

Digitization is not only a process of transformation of society and the economy as a whole, but also a condition for the survival of a company in the domestic and global market. And, the digitalization process has been recognized as a key global trend in the world economy. The application of modern and innovative technological solutions, which digitalization implies, is today one of the basic instruments for raising the competitiveness, productivity and efficiency of the economy. Digitization is the greatest chance for faster growth, higher wages and pensions.

The digitalization process has been recognized as a key global trend in the global economy. Digitization encourages firms to operate and evolve normally. The digitalization process has been recognized as a key global trend in the global economy. Digitization is today one of the preconditions for developing and strengthening the competitiveness of an economy and a modern society that has enormous potential. Digitization is the process of translating an object, image, sound, document or signal into a digital form, while a digital strategy can be defined as a blueprint that defines how a process will be digitized.

“The buyer is always right!” - every seller first hears and learns this sentence. Why?

The answer is simple: there are few buyers and many sellers, and they all want to win as many pieces of the market cake as possible. For this reason, companies are constantly looking for ways to always provide the customer with little more than their competitors, in order to win them first and later retain them. Customers, on the other hand, have become quite "spoiled" because of this and their expectations are constantly rising.

In order for businesses to meet market expectations, they need to hear what they have to say and find the optimal way to respond to those demands. Fast, quality, efficient and economical - these are no longer additional benefits for the buyer, but an imperative for the seller, which ultimately leads us to digitize business processes as a solution that leads to the optimal use of all resources.

By setting a digital strategy for a company, it defines how to go about the process of business digitization. When defining a digital strategy, the digitization of internal business processes should be addressed first and foremost. Before setting up a digital strategy, you should thoroughly analyze all business processes. It is especially important to define the touch points of different business processes, because this is where the effects of digitalization are most strongly felt.

The goal is always the same - automation of all business processes, with the complete elimination of manual data entry and duplication of work.

3. Digital skills and jobs

A strong digital economy has a vital impact on innovation, growth, jobs and European competitiveness. The expansion of the

digital economy has a massive impact on the labor market and the types of skills needed in the economy and society. For this reason, the European Commission promotes various initiatives aimed at increasing training in digital skills for the workforce and for consumers, modernizing education across the EU, using digital technologies for learning and for identifying and evaluating skills and for anticipating and analyzing needs for skills. These activities have been recognized to address the need for more skilled ICT professionals in all sectors of the economy. This need for digital skills is related to almost all jobs where information and communication technologies are used as a tool. In professions such as engineering, accounting, management, marketing, medicine, architecture, computer aided manufacturing, and more, digital skills are increasingly required, and an increasing number of more complex jobs require employees to have a good knowledge of complex computer programs to solve problems, collaboration and creative work. In order to contribute to raising awareness of the importance of digital skills, a large number of top level government representatives, including heads of state, ministers, members of national parliaments, are directly involved in the EU. Their inclusion shows their strong commitment to national digital skills development policies that have already had positive results, incorporating digital skills development tools through curriculum reforms, integrating coding into school curricula in 15 Member States, upgrading computer science curricula, introducing IT security and copyright in higher education curricula, establishing closer cooperation between schools and industry, establishing

partnerships between programs promoting digital skills and employment agencies to raise awareness among unemployed people about possible digital skills training and the like.

What are digital skills and jobs? The European Union is aware that many citizens lack the capacity to harness the full potential of digital technologies in their daily lives. On the other hand, there was no common understanding of what digital skills were or how to evaluate them. This was the reason why the European Commission developed the European Digital Competence Framework for Citizens (DigComp) and the related self-assessment tool.

In essence, the framework identified 21 competencies in five key areas, describing what it means to be digitally excellent. People should have competencies in each of the identified areas in order to achieve goals related to work, employment, learning, entertainment and participation in society. Being digitally competent is much more than just being able to use a smartphone or computer software and is required to be able to use such technologies in a critical, collaborative and creative way.

The European e-Competence Framework is a component of the long-term e-skills agenda of the European Union "E-Skills for the 21st Century", supported by the European Commission and the Council of Ministers and by the "Grand Coalition for Digital Affairs", which is launched by the European Commission in March 2013 with the aim of filling the digital divide.

This framework is made up of four dimensions that reflect different levels of business and HR requirements regarding the degree of complexity of the workplace.

Within the first dimension, five areas of competence have been identified that are derived from the ICT business process, namely: planning, designing, launching, enabling and managing. The second dimension defines a set of e-competency references for each area with a generic description for each competency.

A total of 40 competencies were identified. The third dimension defines the level of knowledge for each competency in Levels 1 to 5, which is related to the level of knowledge in the European Qualifications Framework of Levels 3 to 8. This is especially important because according to the Basics of the Qualifications Framework in Bosnia and Herzegovina, which has been adopted EQF enabled identification of e-competences from secondary education level (level 3-4), which provides opportunities for effective curriculum planning in e-qualifications in secondary schools, secondary general education (level 4), post-secondary education for the highly qualified workers (level 5) and for university education (6-8).

As competencies for ICT professionals have encompassed competences since high school, they represent an exceptional tool for all education authorities who wish to upgrade the school system with the professions sought in the ICT sector. This qualification framework defines seven ICT competences that can be acquired in secondary education - application design, application development, testing, solution development, documentation production, customer support and service delivery, while an additional 14 competencies have been defined for post-secondary rather than tertiary education (product / service planning, component integration, change

support, problem management, education and training provisioning, procurement, sales proposal development, contract management, staff development, digital marketing, project and portfolio management, risk management, ICT quality management, information security management).

PART VI - STABILIZATION AND ASSOCIATION AGREEMENT

1. Importance of the Stabilization and Association Agreement for Bosnia and Herzegovina

The Stabilization and Association Agreement is the first political and economic agreement with the European Union and is a binding Treaty that acts as a catalyst for change. Full implementation of the provisions of the Stabilization and Association Agreement for Bosnia and Herzegovina is an extremely important step towards integration. This Agreement allows the creation of a free trade area between B&H and the EU for industrial products and most agricultural products. B&H will establish trade relations with the largest market in the world; a market of nearly 500 million leads. Business opportunities for export to EU countries have increased. Bosnia and Herzegovina's products will be able to be exported free of charge while Bosnia and Herzegovina may retain customs duties on EU products during the transition period. It is extremely important to use this momentum to strengthen our country's economy. The Stabilization and Association Agreement establishes a formal framework for Bosnia and Herzegovina to gradually align its

legislative and economic framework with that of the EU and to work closely with the European Union in a number of sectors at the heart of the internal market.

Example: What does it really mean to be part of the single market? This means that a Hungarian engineer with a German college diploma can work at a British factory based in Italy and funded by a Belgian bank that uses electricity produced in France. The Stabilization and Association Agreement encourages the active development of regional cooperation in a specific Western Balkan country, with the support of the European Union. Using the "Community Program" - opens opportunities for Bosnia and Herzegovina to receive EU funding for areas such as health, education, sports, culture, social policy, employment and environmental protection, postgraduate funding in the EU, student exchange programs, research, cooperation in the field of culture, regional development, etc.

Education example: Over the last 20 years, with the support of the European Union, 1.5 million students from EU countries have studied in other EU countries. So far, very few B&H citizens have taken advantage of this opportunity. The European Union will allow more scholarships to study in EU countries this year for students coming from the Western Balkans.

2. Bosnia and Herzegovina Reform Agenda 2015-2018. years

B&H's continued growth and prosperity must be based on attracting investment. There is a need to improve competitiveness by eliminating already well-known and documented barriers to investment. In

addition, there is a need to level the playing field for investment by removing hidden grants and other forms of assistance to many large companies and improving bankruptcy procedures and continuing activities to address problems with some unsustainable businesses.

In addition, there are inconsistencies and intricacies in regulatory frameworks and tax systems that pose major problems for potential investors in the economy, and are accompanied by high administrative barriers:

- Reforms of the business environment will include: in the FB&H, cantons and Brcko District new laws on companies and FDI and simplification and automation of business registration; expedite procedures for obtaining building permits and electricity connections; will facilitate exports by continuing inspection reforms and strengthening national quality control, aligned with EU requirements, examining the feasibility of implementing fiscally sustainable public-private partnerships and gaining greater private sector involvement in infrastructure development; all levels of government will compile (and publish) a comprehensive inventory of para-fiscal levies in order to ensure their transparency and reduce them in accordance with the division of competences,
- Better investor protection laws and practices are needed, including better corporate governance, strengthened risk management

practices to improve access to finance (especially for start-ups), better protection of minority shareholders, and more effective insolvency frameworks by amending bankruptcy laws to introduce a new institute. "pre-bankruptcy procedure" with the aim of financial restructuring of the debtor in order to avoid bankruptcy in order to preserve jobs and continue performing the basic activity of the company. Both Entities, Cantons and Brcko District will review their bankruptcy legislation in order to shorten their bankruptcy proceedings. Commercial courts will be introduced in the FB&H,

- Public enterprises will be divided into those that are sustainable (with more or less restructuring needs) and those that are not, with the anticipated publication of a list of such enterprises. These lists will form the basis for comprehensive restructuring and privatization / liquidation programs in the medium term. The Governments of the Entities, Cantons and Brcko District will seek financial and technical assistance from the World Bank to prepare and implement a restructuring program for public companies. Particular attention will be paid to the restructuring of the railways (in both Entities) and the mine (in the Federation of B&H), which implies a new organization and number of employees. Preliminary plans are planned to

prepare BH Telekom for partial privatization in the FB&H,

- Further efforts to preserve the stability of the financial sector and create the conditions necessary to revive bank lending will be actively pursued in consultation with the Central Bank of Bosnia and Herzegovina and the IMF. As part of this, financial sector laws will need to be aligned with EU directives and Basel conditions applicable to the degree of development of the domestic financial market while strengthening the supervision of banks by entity banking agencies,
- It is necessary to ensure that a new draft Customs Policy Bill is implemented, which will simplify customs processing and reduce administrative requirements, thus facilitating trade.

In order to move steadily through sustainable growth, B&H must embrace its strategic strengths. These include significant potential in a workforce that is currently underutilized. The low rate of activity of the working-age population and the high rate of unemployment, which is largely a consequence of the mismatch between supply and demand for skilled labor, limits development opportunities. There are also a significant number of long-term unemployed in B&H who are discouraged from seeking employment. The existing labor laws no longer reflect social and economic relations in B&H, and are in some provisions contradictory to other laws and, in some provisions, unclear and not sufficiently flexible. The culture of

collective bargaining and social dialogue is underdeveloped and often burdened with unrealistic demands from social partners. Significant reductions in social security contributions (especially for low-income earners) would reduce labor costs, help attract investors and bring more formal sector employees (and reduce the dominance of informal employment), but it is also impossible to implement without securing additional extrabudgetary funds. In the medium term, an education system will be needed in order to make it more integrated with the labor market.

3. Enlargement Perspective - Enhanced European Union cooperation with Western Balkan

The Western Balkans is part of Europe and is geographically surrounded by EU Member States. The peoples of the EU and the regions share a common heritage and history and a future determined by common opportunities and challenges. The EU has long been strongly engaged in the region.

Thanks to the European perspective of the region, the countries of the Western Balkans have succeeded in achieving general political and economic reforms and improving democratic processes. Visa liberalization and significantly improved regional cooperation encourage the development of more open societies. In 2016, the region recorded a total value of trade with the EU of over 43 billion euros, an increase of 80% since 2008, and has the potential for significant further growth. At the same time, EU companies are the largest investors in the Western Balkans,

with more than € 10 billion in foreign direct investment in the region over the past five years alone. The interconnectedness and interdependence of the region and the European Union was evident during the migration crisis. Countries in the region are increasingly acting as partners globally.

The strong prospects for merit-based membership of the Western Balkans in the EU are of interest to the Union itself in political, security and economic terms. It is a strategic investment in a stable, strong and united Europe based on shared values and a powerful tool for promoting democracy, the rule of law and respect for fundamental rights.

Furthermore, EU enlargement policy must be pursued in the context of a broader strategy of strengthening the Union by 2025. It is an investment in security, economic growth and EU influence and in its ability to protect its citizens.

The Western Balkan countries are given a historic opportunity to firmly and unequivocally bind their future to the European Union. In doing so, they will have to act decisively. Accession is, and will remain, a merit-based process that depends entirely on the objective progress of each country. Countries can reach or overtake each other depending on the progress made.

Everyday life in the Western Balkans should gradually become closer to life in the European Union. Ultimately, citizens strive to live in countries of strong rule of law governed by prosperity and justice and corruption eradicated. This Strategy identifies how Western Balkan countries, with greater EU support, including

participation in certain Union policies and programs, can already begin to enjoy greater stability and prosperity, which will facilitate their progress towards Europe.

4. Rule of law and good governance

There is a need to ensure the irreversible strengthening of the rule of law, which must be built on the basis of concrete progress in the fight against organized crime, terrorism and corruption. All operational and institutional activities will aim to provide citizens throughout Bosnia and Herzegovina with a more secure environment free of corruption. At the same time, authorities at all levels in B&H need to increase their commitment to restore citizens' confidence in the institutions responsible for the rule of law, by developing capacity, accountability, professionalism and integrity.

It is necessary to adopt anti-corruption strategies and establish effective structures for prevention and control in accordance with relevant international standards and with respect to constitutional competencies and adopted documents at all levels of government. The rule of law institutions themselves should abide by the highest standards of integrity, while adequate integrity measures will be put in place at all levels of government to ensure that corruption and sanctions are effectively enforced. The fight against serious crime and corruption, in addition to more effective investigation, prosecution and conviction, should also be based on stronger legal and institutional frameworks governing property seizures, money

laundering and restitution at all levels of government in B&H.

PART VII – INNOVATION

1. Introduction

It is known that the basic factors of production (land, labor, capital) characterized in the so-called. old economic science. Today, economic science is characterized by information, space and time, which are emerging factors of economic growth and development.

This is conditional on the demarcation of the so-called. old and new economic science, there are technological and technological changes in the form of technological revolutions that characterized today's civilization. The first technological revolution was marked by the advent of steam, propulsion, steamboat, rail, etc., and the characteristic is that animal and human physical labor have been replaced by a steam-powered device. The centerpiece belonged to workers who provided relatively primitive means of labor. The second technological revolution is marked by the emergence of electricity, and technological characteristics are electronics, mechanization, conveyor, telephone, radio, car, aircraft where the primary place is occupied by experts. The focus of the third technological revolution is on information technology, with the emergence of computers, microprocessors, rockets, televisions and robots. The fourth technological revolution is accompanied by the emergence of fusion of atoms, biochips, artificial raw materials, biotechnology, genetic engineering, and the basic subject is

the scientist. The fifth technological revolution is made by teams of scientists and should take place in the 21st century. Then it is perfectly reasonable to expect that it will form the basis for a new, even more modern and progressive, sixth technological revolution. Following the evolution of technical and technological changes, the "new economy" could be said to refer to the observation and reorganization of the economy from the point of view of business operations.

Namely, in the so-called. In the old economy, owning physical assets meant more than anything else, a large number of workers were important, and productivity goals were about how quickly or cheaper something could be made from physical things using manual labor. It can be concluded that enterprises in the old economy were dependent on tangible assets, while in today's conditions of the new economy, attention is paid to intangible assets in the form of information and knowledge.

The new economy is a term closely linked to the strengthening of globalization trends and the importance of the information society. In this global and information economy, knowledge is the factor that simultaneously creates new, added value but also new knowledge. Therefore, the availability of capital is no longer important but information. In this context, the new economy is an economy based on knowledge, high technology, developed infrastructure with information and ideas, that is, innovation as the most significant sources of improving living standards and job creation.

Knowledge and skills are today the most important source of competitive advantage, and investments aimed at increasing knowledge levels can significantly increase a country's economic prospects and the well-being of its inhabitants. Namely, knowledge (if regularly used and renewed) over time contributes to the personal development of life and emphasizes its creative abilities as well as to the development of the community in which one lives, works and acts. In addition to the direct economic benefits, the community has positive effects on the environment, health, crime rates and the productivity of others who work with and around people who have been educated. Thus, knowledge becomes the main precondition for wealth creation and the most important developmental driver.

2. Innovation as the basis of national economic well-being

Companies that want to be successful in today's business environment need to make more use of innovation as part of the company's business strategy because it drives the economic well-being of the whole country. Over time, the way business is changed, firms are becoming international, the market is global economy. In such a global economy, nations striving for global prosperity understand that innovation plays a key role in fostering prosperity. This means that it is necessary to constantly change, improve, improve certain ideas, procedures, goods and services, and to apply it all in the right way by creating a sustainable business concept. Innovation can be described as transforming existing conditions into

desired conditions. Creating the desired conditions, services, products, strategies, creates the opportunity for economic growth, growth of employment and income, improving the quality of life and competitiveness of the nation.

Clearly, there are countries that have achieved their success thanks to their innovation policies and thus become globally competitive and extremely successful and advanced. However, there are also countries that have not achieved significant competitive advantages but are ready to invest in development and progress, and thus affect their competitiveness in the world market. Such countries should have an active innovation policy to overcome numerous investment barriers when developing their country's innovation potential. . An active innovation policy must take into account the productivity of all economic sectors with an emphasis on human resources, financial resources, research and development and management that would make the right decisions.

According to the Global Innovation Index for 2018, Bosnia and Herzegovina is ranked 36th.

Table 5. Global Innovation Index for 2018

Country	Number of points	Rank (141 countries)
Slovenia	46,87	19
Croatia	40,73	28
Monte Negro	36,49	34
Macedonia	29,91	38
Serbia	35,46	35
B&H	31,09	36
Albania	29,98	37

3. Innovation and competitive advantage

The basic and most difficult task of modern organizations is to create and maintain a competitive edge. An open question posed to the managers of contemporary organizations is how, in a turbulent environment, to become a stable enterprise capable of creating change, overcoming the instability that governs the market and providing success in chaos. The former traditional way of doing business entailed longer periods of "calm" and shorter periods of change in the environment that needed to be adequately responded to. Today, change is happening too fast for managers to indulge in the metaphor of the "stable waters" of business. Any organization that views change as an occasional disruption in a stable business world is at high risk of market survival. Managers need to be prepared to manage change in an uncertain dynamic business environment increasingly dominated by information, ideas and knowledge. The country's competitive advantage and wealth are being created at the microeconomic level. A stable macroeconomic environment, quality public institutions, a stable political and legal system are necessary but not sufficient to achieve long-term economic progress and progress. National business entities must be able to create quality products and services using sophisticated methods. The state should encourage change, encourage innovation, enhance domestic competition, avoid excessive market interventions, encourage the creation and implementation of standards, and reduce trade barriers. It is the companies that create and maintain a

competitive edge, personally. Both developed and underdeveloped countries can innovate. Underdeveloped countries can make progress through innovation and / or through the acquisition of knowledge already developed in one of the advanced countries.

New ideas, applied and exploited so as to increase profitability, directly or indirectly lead to an increase in value. This qualifies them as innovation activities that make the business more (competitive). Increased value can be reflected through higher profits, better positioning in customer awareness, and also through more efficient business processes.

The first step in the process of creating sustainable superiority is to become familiar with environmental conditions or to perform industry analysis seeking answers to specific questions from the seven forces - political factors, non-transferable costs, new competing companies, rivalry, consumer resistance, consumer base and alternatives.

New profitable ideas do not come easily. Competitive advantage is key to the survival of the business, so all employees need to be involved - if the company finds the right people to bring these ideas and then use them to create superior value, they will gain a competitive advantage and become (and remain) profitable in the business.

It is considered that one of the main factors for increasing the competitiveness of a company is the constant increase of their intellectual capital. Intellectual capital and innovation capability cannot do without each other. Increasing intellectual capital will allow the company to come up with new ideas, but only increased innovation

capacity will allow those new profitable ideas to be put into action.

4. Innovation as a factor in gaining competitive advantage

The basic competitive advantage of any modern company is its ability to innovate. Today, the most sought after goods and services on the market are those based on innovation and knowledge. Innovation is a factor of competitiveness of great importance for both the domestic and global markets. Innovation is a challenge for every business, and the basic philosophy behind every innovation is to connect the technical capabilities and needs of the market.

The notion of innovation cannot be related only to science and high technology. Innovation is an innate part of every human being. Innovation has always been a human virtue. Innovation is the driving force that has always made progress through history. For a long time, the field of innovation has not been solely related to technological progress. The vast field of innovation lies in the different combination of existing technological solutions and the creation of new value for consumers. Innovation is not just new technology or new products, it's also new and smarter ways to do business, new management methods, new business systems or new services - the concept of managing the flow of knowledge within and across all functions within an enterprise that supports communication with the environment, in order to increase competitiveness and achieve overall business success.

An innovative approach always puts into operation all the potential resources available. Innovative companies are embracing the philosophy that there is always a better way of doing business and are looking for new ideas that will increase their value, that is, reduce costs. Innovation is a look at things, process and a key element in creating a competitive strategy. Innovation is a process that starts with an idea that is new, the idea is transformed into a proposal, a proposal into a plan, followed by a detailed presentation of the business plan, as a basis for investment. The investment realized increases the value of the company and brings profit. Innovation is not the same as creativity. The essence is not in the possession, but in the application of profitable ideas.

Innovation is needed for every company, from the smallest to the ones to whom innovation is the key driver of development. Very few organizations can survive indefinitely without innovation. An innovative organization is inversely proportional to economies of scale: the larger the enterprise, the fewer innovative solutions it has.

Small and medium-sized enterprises are coming up with new ideas and looking for fast and efficient economic solutions. Seeking opportunities and managing risks belongs to small and medium-sized enterprises, which are by definition more flexible and adaptable than powerful economic systems. In large companies, the lack of inventions and innovations of employees is offset by powerful economic strength, huge capital and staffing.

Innovation can help businesses in many ways:

- It can offer goods and services that the consumer believes are better than those offered by competitors - a strategy of differentiation,
- By reducing the cost structure of an organization - a cost leadership strategy,
- Processes within the company and within the supply chain can be more reliable and delivery faster - an agility strategy,
- New ways to sell your product, brand, or organization - Market Position Strategy,
- One can find a new business formation formula - a change strategy.

5. A strategy for smart, sustainable and inclusive growth - smart Europe 2020

The European Union has adopted a new European Strategy for smart, sustainable and inclusive growth - Smart Europe 2020. The strategy defines 3 priorities and initiatives for achieving the objectives: increasing employment, boosting research and innovation, education, reducing gas emissions and boosting energy efficiency and reducing poverty. Priority “Smart growth” implies enhancing knowledge and innovation, ie improving the quality of education, research, technology transfer with full use of information and communication technologies and improving conditions for access to R&D funding.

Innovation and its impact on the economy are one of the main areas whose

development is foreseen in this Strategy, which highlights the growth of innovation through the application of research results, as the most important factor for economic growth and competitiveness.

Candidate countries and potential candidates are expected to contribute to the achievement and achievement of the Union's innovation objectives through the National Strategies for Increasing Investment in Research, in particular by increasing investment from the business sector.

Competitiveness and Innovation Framework Program - CIP is a European Union program aimed at boosting the competitiveness of European businesses.

The program supports innovative activities including eco-innovation, facilitates access to capital and business support services.

The Competitiveness and Innovation Program consists of three sub-programs:

- Entrepreneurship and Innovation Program - EIP,
- Information and Communication Technology Policy Support Program,
- Intelligent Energy Program for Europe.

CONCLUSION

I

In modern conditions, competitiveness of the economy and creation of attractive business environment are gaining in importance. Strengthening competitiveness is the process of improving the business environment, which should enable the increase of exports, imports, and the inflow of domestic and foreign direct investments.

Raising the level of competitiveness and productivity must be a basic idea in implementing economic policy measures. Only policies aimed at improving the competitiveness of the economy can provide the desired path to economic development and social well-being in general and towards EU accession. The low competitiveness of the economy of B&H and the Western Balkan countries is conditioned to a great extent by the delayed transition, as well as by the technological lag behind the developed economies. High operating costs, high fiscal burdens and public debt have all contributed to low competitiveness. A problem that directly affects the level of productivity and price competitiveness of B&H. The product is obsolete technology in B&H. enterprises. One way to increase competitiveness and achieve strong economic development is to encourage international competitors to produce and distribute knowledge. Increasing the competitiveness of the economy depends, first of all, on domestic and foreign investment and on this basis an increase in exports. Strategic investors and a part of the domestic private sector that has the capacity to innovate, invest and which can make a quality product and find markets for sophisticated products, should play a key role in increasing exports. The transfer of technology and knowledge through foreign direct investment improves the competitiveness of the economy resulting in export growth and generation of development.

For enterprises in Bosnia and Herzegovina, as well as countries in the region, to be able to penetrate and position themselves on the international market, it is necessary to quickly adopt new technologies, have an accelerated production cycle and quality

products, be flexible to change the activity of companies, to know foreign markets and characteristics of their demand.

II

International regional integration of the Western Balkans as a strategic development issue is conditioned by the elimination of difficulties, overcoming the crisis situation, as well as by changing the economic and geopolitical behavior and activities of the European Union towards the region of Southeast Europe. More intensive interregional cooperation would multiply growth and development and stimulate foreign investment because it would lead to an improvement in the business climate due to the reduction of instability. In addition, integration into the European Union would be accelerated. Creating the preconditions for the equal inclusion of countries in the region in Euro-Atlantic integration, following the rules imposed by economically powerful partners, is a complex and long-term process. The Western Balkan countries are at a crossroads where intensive adjustments are being made to European integration and where the competitive capacity of institutions, businesses and individuals is growing strongly. The Western Balkan countries are on the path to defining those development clusters and economic sectors with a chance of success where, independently and with the support of the international community, they will need to build and implement competitive growth strategies as soon as possible. The potential of the Western Balkan countries has not been sufficiently valorized so far for the simple reason that they have never been a serious topic of development policy.

III

The biggest problem for the private sector and existing SMEs, in addition to administrative barriers, is lack of capital. Developed countries' experience shows that entrepreneurs need to secure favorable financial incentives from the budget and / or loans (longer repayment period, grace period, lower interest rate, tax exemption in the first three years of business, etc.) to secure investment funds. to a certain number of workers. In order to allow expansion of existing businesses, it is necessary to provide conditions for their faster growth and development. The process of accession to the European Union and the implementation of the reform agenda necessitate the initiation of a process of economic recovery and modernization in order to strengthen sustainable, efficient, socially just and stable economic growth, job creation, increase and better distribution of social benefits and create a sustainable and equitable social environment. Specific actions for fiscal and financial sustainability and socio-economic reform would be complemented by measures to strengthen the rule of law and the fight against corruption, while strengthening administrative capacity and increasing the efficiency of public institutions at all levels of government in B&H.

Reduce the workload by reducing contributions, but at the same time it is necessary to provide additional revenue to extrabudgetary funds to cover the losses that will result from the reduction of the contribution rate. It is necessary to determine the total wage bill and all current

expenditures at all levels of government, which will not be able to increase regardless of tax revenue growth. Measures to improve tax collection will be actively pursued. This will include efforts to exchange information between the four tax administrations and adopt a risk-based audit and inspection approach, all in accordance with the constitutional arrangements and responsibilities of each tax agency and within the framework of the memorandum of cooperation concluded, as well as increasing efforts to collect unpaid tax debts .

Public enterprises should be divided into those that are sustainable (with more or less restructuring needs) and those that are not, with the anticipated publication of a list of such enterprises. These lists should form the basis for comprehensive restructuring and privatization / liquidation programs in the medium term. The Governments of the Entities, Cantons and Brcko District should seek financial and technical assistance from the World Bank in order to prepare and implement a restructuring program for public companies. Particular attention should be paid to the restructuring of the railways (in both entities) and the mine (in the Federation of B&H), which implies a new organization and number of employees. B&H government's incentive measures in SME development should be permanent and comprehensive, and framed in the philosophy of overall economic policy. That is why our government and its institutions, according to newly established small enterprises, should be treated maternally and in their further development and growth in partnership. A key element of economic reform in B&H must be the continued transition to a market economy

with a vibrant private sector. Experience in Central Europe has shown that progress in this regard requires simultaneous effort in three critical areas: developing a motivating business environment for existing and new private businesses, privatizing state-owned assets, and developing a disciplined and competitive financial sector.

The Government of B&H should be influenced by the development of SMEs:

- Macroeconomic policy that favors a favorable economic environment for all businesses and especially SMEs,
- By making legal and other decisions that take into account the different size of the enterprise and by deregulation, create favorable relationships for SMEs,
- By involving SMEs in industrial policy,
- As well as strengthening the necessary infrastructure needed by the SME sector.

B&H's economic development must be based on the affirmation of a privately owned market economy, the liberalization of internal economic flows, creating a favorable environment for foreign direct investment, and the development of new private SMEs and entrepreneurship.

IV

The greening of production and all types of business in a new way erases the boundaries between the so-called microeconomics and the so-called Macroeconomics inaugurating the eco-economy as the best, most complete, and

we believe in the future perhaps the only, analytical framework for evaluating the success of a business, and especially production, activity. Economics in real life can only be divided into successful and unsuccessful, and all other divisions have only a limited methodological significance, so that in the coming period, economic success can be viewed if ecological benchmarks of success are incorporated into its achievement. The environmental aspects of business have long determined our contemporary moment. To the extent that as entrepreneurs and business organizations, we do not already take the necessary activities today to, in the coming period, first repair the existing situation, and then create a healthier business environment and environment, generations to come will not have the opportunity, our business success, to evaluate with a positive assessment. The future belongs to new generations, therefore new eco-friendly products that are appropriate for the way of life and work in the 21st century should be created for new generations of entrepreneurs.

Transport is an economic activity that is of great importance for the development of the economy and culture of a society. Transport enables the spatial integration of all factors of production, has a stimulating effect on the development of other activities and affects the development of the country and its connection with the world. Although traffic plays a significant role in the process of social reproduction, the development of traffic during the 20th century has contributed to the adverse impact on the environment. Traffic activity is an activity with pronounced negative external effects on the environment. In considering the

directions of traffic development, the external costs, which result from the negative external effects caused by traffic, must also be taken into account. According to an estimate of external costs for the 27 EU Member States, the total external cost of transport for 2017 was EUR 514 billion (excluding the cost of traffic congestion), which was 4% of total GDP.

The proposals aim to completely eliminate fuel-efficient vehicles from cities, to increase the share of low-carbon fuels in air transport to 40%, to reduce carbon dioxide emissions by sea by 40% and to 50% of road freight and transfer medium-sized passenger traffic to rail. Thanks to these measures, it would be possible to reduce by 60% the greenhouse gas emissions in the transport sector by the middle of this century.

It is quite certain that addressing the issue of traffic development in the future will depend on "the advancement of technology as well as the type of energy that will be most cost-effective" both in terms of efficiency and environmental impact. " In the process of finding solutions to reduce the negative impacts of traffic on the environment, two steps are identified. In the first step, the part of the environment (most often it is the urban environment) is viewed through the evaluation, analysis and evaluation of that environment from an ecological point of view. Subsequently, the second step identifies the measures that bring the observed environment to the desired state.

When it comes to the urban environment, the measures on implementation and

implementation of environmental protection can be classified into three categories, namely:

- Urban measures,
- Technical measures and
- Traffic measures.

V

The Stabilization and Association Agreement is the first political and economic agreement with the European Union. The Stabilization and Association Agreement is a binding Treaty which acts as a catalyst for change. The full implementation of the provisions of the Stabilization and Association Agreement is an extremely important step for Bosnia and Herzegovina towards integration. This agreement allows the creation of a free trade area between B&H and the EU for industrial products and most agricultural products. B&H will establish trade relations with the largest market in the world; a market of nearly 500 million leads.

Business opportunities for export to EU countries have increased. Bosnia and Herzegovina's products will be able to be exported free of charge while Bosnia and Herzegovina may retain customs duties on EU products during the transition period. It is extremely important to use this momentum to strengthen the economy of Bosnia and Herzegovina. The Stabilization and Association Agreement establishes a formal framework for Bosnia and Herzegovina to gradually align its legislative and economic framework with that of the EU and to work closely with the European Union in a number of sectors at the heart of the internal market.

VI

Companies that want to be successful in today's business environment need to make more use of innovation as part of the company's business strategy because it drives the economic well-being of the whole country. Over time, the way business is changed, firms are becoming international, the market is global economy. In such a global economy, nations striving for global prosperity understand that innovation plays a key role in fostering prosperity. This means that it is necessary to constantly change, improve, improve certain ideas, procedures, goods and services, and to apply it all in the right way by creating a sustainable business concept. Innovation can be described as transforming existing conditions into desired conditions. Creating the desired conditions, services, products, strategies, creates the opportunity for economic growth, growth of employment and income, improving the quality of life and competitiveness of the nation. The basic competitive advantage of any modern company is its ability to innovate. Today, the most sought after goods and services on the market are those based on innovation and knowledge.

Innovation is a factor of competitiveness of great importance for both the domestic and global markets. Innovation is a challenge for every business, and the basic philosophy behind every innovation is to connect the technical capabilities and needs of the market.

Innovation can help businesses in many ways:

- It can offer goods and services that the consumer believes are better

- than those offered by competitors - a strategy of differentiation,
- By reducing the cost structure of an organization - a cost leadership strategy,
- Processes within the company and within the supply chain can be more reliable and delivery faster - an agility strategy,
- New ways to sell your product, brand, or organization - Market Position Strategy,
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POST-MODERN EDUCATION AND DIGITAL ECONOMY IN THE CONTEXT OF THE EUROPEANIZATION OF THE WESTERN BALKANS COUNTRY

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***Abstract:** Global trends have sparked radical changes in all spheres of society, based on the knowledge and application of high technologies. Postmodern education is the basic postulate and strategic resource for the prosperity of all creatures and the countries of the Western Balkans. Digital or Internet economies are designed to achieve competitive advantages at the national, regional and planetary levels. The optimal use of intellectual and production capacities in the available areas of organization is required. The Europeanization of the countries of the said subregion implies the incorporation of the existing European Union program documents, based on the implementation of modern information and communication systems and permanent training. The new education paradigm and the digital economy must be harmonized with the needs of a single market, while fostering innovation and entrepreneurship in the context of sustainable social development.*

***Key words:** post-modern education, digital economy, knowledge, Europeanization, information communication technologies, innovation, Western Balkans*

INTRODUCTION

The processes of globalization in recent decades have implied a series of technological and social changes that have transformed the world market and affected the business environment. The period of industrialization reached its peak and the factors on which the success of previous economies were no longer sufficient. These changes have resulted in the industrial era being replaced by the postmodern era - the era of the new economy, which bears the epitome of "Knowledge Economy", or "Digital / Internet Economy". The globalization process has "reduced the world" and imposed a number of new challenges in the process of creating and sustaining economic development and competitiveness. Contemporary business is conducted on a global scale, competition is enormous, so today, in order to survive in the market, it must respond quickly to changes, constantly adapt and strategically manage knowledge and information.

According to the OECD, today's global economy is driven and carried by - knowledge. That is why in modern society, knowledge and education are becoming one of the most significant factors of development and an extremely important developmental resource. Postmodern education, among other essential components, plays a decisive role not only for the progress of one country in general, but also for the progress of each individual. One of the most visible features of our time is the rapid spread of knowledge growth. The development of technology and the widespread use of computers have caused more information to appear on the Internet today in a year than in all previous years of human history. It can be said that today the

total knowledge is doubling from hour to hour.

In recent decades, many national economies have been transformed from manufacturing economies to digital economies. This process is greatly facilitated by the application of information and communication technologies. Knowledge economies are those that are based on the production, distribution and use of knowledge and information. This has a direct impact on the rise in investment in high technology, high sophistication and productivity growth. Many countries today cannot compete with countries that have developed mass production or other resources. It is therefore of the utmost importance that competitive human resources are developed through the application of information and communication technologies in the education system. With the quality of the workforce and the application of information and communication technologies in the modern world, it is possible to secure a significant place in the global community.

In addition to information, knowledge is becoming the most important success factor in the world market. Knowledge includes information, but it also includes know-how, know-why, and the economic future and development of countries are less and less dependent on natural resources, and increasingly on the people who work in it and for it. How successful they will be in their work depends largely on the knowledge they have acquired during their education and which they acquire during their life and work. Differences in knowledge and technological application of knowledge become the main factors that divide the successful from the unsuccessful.

Technological advancement, knowledge, education, vocational training, free movement of labor and capital, as well as other factors of quality of knowledge, have become generators of growth leading to the development and improvement of competitive advantage.

1. POSTMODERN EDUCATION AND IK TECHNOLOGY

Once upon a time, the monopoly of knowledge could last for quite a while, and companies and countries had tens of years to redeem their specific advantages and uniqueness globally. As knowledge spread very slowly, it took competitors quite a while to find out what was going on and to "copy" the idea. This is no longer the case today, however, because knowledge is spreading around the world almost instantaneously. Success and survival in such an environment can only be achieved by those who are able to produce and permanently enhance and strategically manage their own knowledge.

History has shown and proved that every economic development has been substantially determined by scientific and technological development. During the historical development of human society, the role of science has changed, but also the role of man as the main driver of change. "During the first scientific and technological revolution, man - worker was the main driver of change, and production was an important experience. The main role of science in this period was to analyze what happened and how something works. During the second scientific and technological revolution. At that stage, science is the driving force and the bearer

of development is man-expert. Today, in the period of the third scientific and technological revolution, science is the key to development. It is leading because progress is made on the basis of the results of scientific research. "(Sundać, Švast, 2009).

The added value that is being created today in the business process comes primarily from the knowledge, abilities and skills of the people who participate or collaborate in it. Human knowledge is the basis that all modern companies must rely on if they are to reach high standards in today's extremely competitive global market. In line with emerging trends, a successful future and the path of development of each country must be a knowledge-based economy, ie. higher education. The turn towards information and technological development shows that modern society is undergoing major changes, which are not remembered by the dimensions and richness of content in the development of human society so far. New technologies have made education more massive, dynamic, flexible and open. New trends, driven by changes in the global market, are also driving changes in education. "In the transition from the industrial society to the information society, it is important to note that the strategic resource in the industrial society was capital, while in the information society, it is knowledge that is not only renewed but self-developing" (Neskovic, 2011).

Table no. 1. Comparative analysis of traditional and contemporary education (Nešković, 2017)

TRADITIONAL EDUCATION	EDUCATION SUPPORTED BY ICT TECHNOLOGIES
<ul style="list-style-type: none"> - Teaching oriented to the realization of the content of the program - Passive model of teaching content transfer - The emphasis is on the lecturer and the teaching process - The implementation of the program is monitored and evaluated - Insufficient encouragement of students to actively acquire knowledge - There is no flexibility in the timing and location of the teaching process - Frontal work is applied - Classical teaching aids and classical pedagogical principles are used - Printed teaching materials and classic models are used to display them - The venue for the process is a classic classroom - Modern ICT tools do not apply 	<ul style="list-style-type: none"> - Teaching oriented towards the realization of goals and outcomes - Emphasis is placed on the student and the learning process - The role of the lecturer in teaching has changed - The quality of education is monitored and evaluated - The extent to which outcomes are achieved is measured - The student occupies a central place - Internet, knowledge bases and educational software are used - Interactive work models are used - Modern teaching theory is in force - Multimedia interactive models are used - Interdisciplinarity - Virtual reality - Financial and economic effects are increasing - With the use of the internet service remote learning is enabled, ie. online learning

An unpredictable and changing environment of high complexity requires having adequate knowledge of the use and evaluation of constantly new information. In the context of the dynamics of change, the need for postmodernism education implies education in order to master the necessary skills and information to use new work programs. This requires a new conception of education - education for modern society. Increasing population, increasing demand and limited resources have led the economy to seek the highest quality and most creative staff, the latest equipment and the best technology.

The fact is that today the richest countries in the world have achieved their competitiveness through continuous learning, research, innovation, strategic management of their own knowledge and implementation of information and communication technologies in business and all other processes. Education positively contributes to economic growth in two ways (Nešković, 2015):

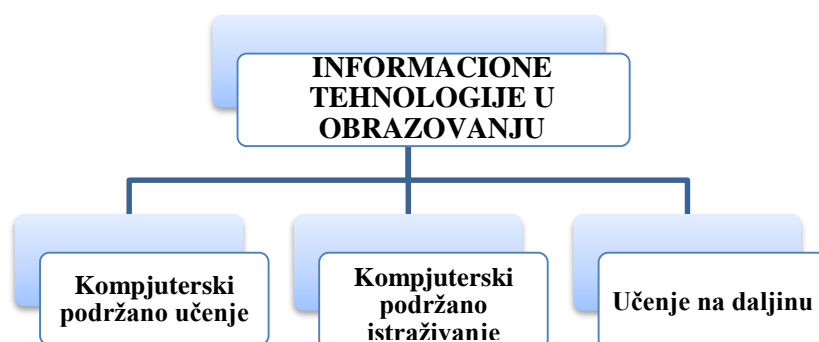
Strengthens the quality of the workforce and contributes to the increase in worker productivity;

A more educated workforce is more capable of innovating and adopting new technologies.

Picture no. 1. Presentation of information and communication technologies in education (Nešković, 2014)

Conventional, traditional education is based on the assumption of a reproductive, static, and theoretical approach. However, such an educational system does not work in modern society, as it creates staff who do not have the capacity to respond adequately to changes in society.

The contemporary concept of education views education as a lifelong learning process. Modern society needs new skills and additional knowledge, while constantly promoting sustainability. It is clear that education has become the basic instrument and fundamental force of development, not only in the life and behavior of the



individual, but also in the way of managing states and communities globally. Regardless of the goals, the basic quality of

modern education should be the transition from reproductive to productive education, from static to dynamic, from inapplicable to operational. All of the above, necessitates the need for the education system to evolve in accordance with the requirements and needs of a modern knowledge-based society. The increasing importance of knowledge resources confronts individuals with new demands, choices, and new responsibilities. The concept of an educated person means education that will develop the ability to understand and use constantly new knowledge and which will provide every individual in modern society with the required readiness and literacy.

Global processes in the economy and society have spurred a number of changes in the education system. Postmodern education today has become a system based on openness and connectivity to technology, which requires constant upgrading of its structure and adaptation to changes in the environment.

New communication technologies and the Internet have provided new educational opportunities, but this also entails the formation of new requirements in relation to traditional educational institutions. Maintaining teaching standards and preserving the quality of work of educational institutions is only possible today through the use of information and communication technologies and constant innovation in the teaching process (Neskovic, 2018).

The impact of globalization on education is caused by the impact of globalization on the production process. As the global economy expands, there is a need for specialist education and adequate workforce. Of particular interest is the impact of the globalization of economic trends on education. Research shows and practice confirms that economic globalization and the IT revolution require radical changes in the very nature of the learning process and the modernization of the education system.

The most important task of education is to monitor changes in all spheres and to implement changes in relation to them. The traditional definition of education starts from the understanding of education as the systematic acquisition of scientific knowledge of nature, society and human thought. However, the modern understanding of education starts from the fact that education is a system of institutional acquisition of knowledge and empowerment of people to acquire the knowledge, skills and habits they need, and the 21st century emphasizes that a diploma is not a guarantee for a job unless they have the appropriate personal qualities as what they are (Neskovic, 2016):

- ability for teamwork and collaboration
- sense of responsibility and personal discipline
- the ability to make decisions and the willingness to take risks
- initiative, curiosity and creativity
- professionalism, striving for perfection in reaching borderline opportunities, etc.

The importance of knowledge in human life, living and acting is increasing. It contributes to the expansion and deepening of human knowledge and cognition, enhancing practical action in all areas of human interest, developing, faster and easier business operations, managing business processes and saving available resources, fuller realization of human rights and freedoms, participation in social and state decision-making and directing the path to the future. All this affects the motivation of the individual and each community in acquiring more knowledge and developing information and communication skills and culture, especially since information and communication knowledge becomes one of the main conditions for advancement in business, in the profession, in every field of

human and economic activities, that is, in the life and work of each individual and community.

2. The digital economy in the context of the Europeanization of the Western Balkans

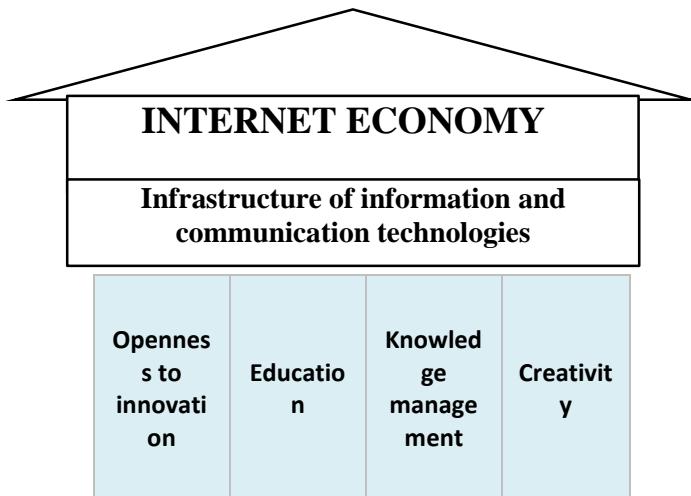
The rapid changes that determine the process of globalization have led to major changes in the market. The traditional market has been replaced by a new market, which is dynamic, changeable and rich in information. All market participants today struggle to find such sources of competitive advantage that will bring them better financial and other performance. The goal is to be better than others, and today, this can only be achieved with knowledge, innovation and creativity. In the so-called "old economy" the key to competitiveness was cheap labor, raw materials and machinery.

Today's global environment is evidently characterized by constant change, increased competition and market uncertainty, the expansion of the digital economy, where only those who are fast learners, respond quickly to change and use all available knowledge and information are successful. In addition, well-designed and implemented strategies are essential for the achievement of goals, with the aim of targeting the most effective achievement of goals and responding to changes in the environment. The aim is to create competitive advantages faster than competitors can copy them, and therefore activities should be directed to segments in which the country has already acquired a positive status, with the most efficient use of production, intellectual and information and communication resources. It is the only path that ensures competitiveness and survival in today's global business environment, and only by applying these rules will countries be able to compete with anyone, anywhere, anytime (Neskovic, 2014).

Today there is a trend of change in the educational system all over the world. In line with the recent changes, the education system must include the application of information and communication technologies. The traditional form of teaching, where teaching is a central part of the teaching process, is attempted to be replaced by a more effective form of learning. Highly globalized times and changing ways of doing things require the education process to be flexible, agile, quick to learn and adapt to the situation. Considering the continuous progression of technology, the application of modern technological solutions in learning implies all modern solutions applicable to the teaching process, including the possibility of artificial intelligence, process simulation and virtualization of certain processes in the field of education.

Research in the world shows that information and communication teaching aids enable control, regulation, management of teaching and learning through continuous feedback that has strong motivational power. Modern digital devices enable a completely different organization of educational work and provide better and more efficient emission and absorption of knowledge. The application of information and communication technology solutions in education is a fundamental driver of the development of the educational process. Contemporary education requires active learning, based on available technical support. The introduction of modern technologies into the teaching process has led to significant changes in existing teaching and learning methods (Nešković, Jovanović, 2017).

Picture no. 2. Components Required for Development in the "Internet Economy"



In order to keep up with the times, it is necessary to innovate in the educational sector. The implementation of information and communication technologies in the educational process involves encouraging new approaches to teaching and new teaching methods, which aim to improve the quality of learning. These innovations must be aimed at raising the level and quality of work, with the most rational use of the staff, time and creativity of teachers and students. Technology implemented in the educational process has great importance and important pedagogical effects, for both teachers and students. Teachers of this technology are enabled to use modern teaching methods, to direct students towards research, to always have feedback on the acquired knowledge, etc. On the other hand, information and communication technologies in teaching enable students to develop the ability to work independently, to easily and effectively exchange their knowledge, to use various sources of information, etc. The most valuable knowledge that can be gained today is the acquisition of computer literacy, ie. Knowledge of how, where and how to find the information you need. Adequate application of information and communication technologies in a country's

educational system involves three steps (Babic, Matkovic, Sobic, 2006):

1. teaching staff competence
2. providing financial resources for smooth functioning and improvement of the education system
3. acceptance and implementation of modern information and communication technologies

These are three crucial conditions for advancing education and creating the preconditions for developing the most important resources of a country - human resources. Also, this is the only way for countries that do not have favorable geographic, natural or other resources to successfully compete and compete with developed countries. A key segment is the application of information and communication technologies in the development of competitive intellectual potential. The increasing civilizational need to solve the problem has led to the fact that it was only a matter of time before education would experience expansion and cross the boundary of the traditional. However, due to the limitations of information transmission techniques in the past, there was no physical opportunity for a more serious development of distance learning. Earlier today there were no technological advances such as computers and the Internet, so distance learning was realized through the means of communication between people in remote geographical areas at that time. These were primarily letters and correspondence, since then mail was the most developed form of communication (Neskovic, 2016).

Progress in development and realization is made by the invention of radio and television when there are unprecedented opportunities for the transmission of knowledge at a distance. Massive and fast transmission of information over long geographical distances is possible. Only with the discovery of new, faster and more powerful ways of transmitting information

did the conditions for the development of modern ways of acquiring knowledge be created. New audio and image processing capabilities have now become accessible to anyone with a personal computer. The possibilities for easier and cheaper creation of multimedia educational content have been opened, and with the advent of the Internet and the possibility of sharing these contents around the world. The multiplicity of ideas and the possibility of their rapid exchange and distribution through the Internet has significantly improved the quality of educational material, and there has been an interest in individualizing the learning process. In addition to classical education, today there is a need for permanent acquisition of new knowledge throughout life, which is the result of constant changes in technology and the introduction of computer technology in almost all areas of human activity.

Today, we live in a technologically rich environment, so education also needs changes in line with the education imperatives of the 21st century. In this sense, post-modern education introduces multimedia systems, computer-aided learning, distance learning, virtual schools and other technologies that lead to increased student activity, a better evaluation of knowledge and advancement in accordance with individual abilities and backgrounds.

In modern teaching conditions, it is no longer a question whether modern information and communication technologies should be applied, but how and how to apply new technologies to improve the quality of teaching and make learning more efficient. As the most promising area of the 21st century, information and communication technologies offer the opportunity to take advantage of the Internet and to acquire new knowledge through distance learning. Classical forms of classroom education are increasingly being replaced by more

modern forms, taking advantage of information and communication technologies. One of the basic features of this type of education is that there is no direct contact between the teacher and the student.

This method of education opens up new opportunities for lifelong learning for people of all ages, regardless of their location. Traditional education also provides everyone with an opportunity to study, but requires regular classes, which can often involve moving to another city or making long trips to a place of learning. One of the biggest advantages of learning online is that it saves time and money and is a much easier way to acquire the skills you need. The considerable amount of time that traditional education requires is the main reason that prevents many employed people, as well as those with family, from perfecting themselves. Online education, on the other hand, offers the freedom for the individual to organize himself and to decide at which point he will take classes online, take tests, or ask questions to the lecturer regarding any ambiguities. This kind of education is an ideal solution for anyone who plays a big role in life and work.

However, in order to improve education, it is necessary to implement applied informatics into the education system. An essential prerequisite for this is the computer skills and literacy of both teachers and students. Information technology-based education involves at least three basic components (Zgaga, P. et al. 2013):

1. Computer Assisted Learning - most commonly used and well-suited to interact to enhance existing learning technology and make teaching more dynamic and interesting in order to gain new knowledge. Computer-aided learning includes multimedia educational software, computer simulations, virtual reality, artificial intelligence, and more. The use of information technology enables

individual knowledge acquisition, continuous feedback, monitoring of progress and more realistic evaluation of knowledge.

2. Computer Assisted Research (Computer Assisted Research) - used in higher education institutions for theoretical research of literature in various fields and for empirical research using adequate statistical software. The theoretical study of literature today is almost unimaginable without the use of computer technology, since almost all major books, papers, studies and proceedings from professional and scientific conferences are being translated into electronic editions.
3. Distance Learning - is defined as a method of learning that does not require the physical presence of students in a designated classroom location. When it comes to learning, ie. distance education, a variety of terms are used such as: distance learning, digital learning, distance education, e-learning, online education, virtual education and more. Online learning has been a new wave of education for many years now, and because of its benefits, it is becoming increasingly popular around the world. In order to equalize the level of knowledge provided to students, many universities in the world have introduced the practice of exchanging ideas using information and communication technologies. Professors are increasingly giving lectures at their home faculty and this is being transmitted to other sites through the Internet, which significantly reduces material costs.

Today is characterized by the rapid development of science, technology and technology as well as the rapid increase of knowledge. Numerous results of scientific

research are increasingly being applied in production and daily life, which has contributed to scientific and technical progress in the field of education. Today, education is not acquired by obtaining a diploma, but a continuing education is necessary - it is a prerequisite for modern productivity and quality of production, and therefore for national growth, development and competitiveness. Successful development of the information society presupposes an appropriate level of knowledge and skills, both from experts of various professions and from all citizens. The key requirements for the development and application of information and communication technologies in education are (Nešković, Jovanović, 2017):

- establishment of a modern education system that is adapted to the needs of the information society;
- development of digital educational content;
- trainers' training in ICT use;
- raising the level of knowledge and skills for using ICT in the broadest population;
- ability to deploy ICT in as many jobs as possible (as this increases efficiency, improves quality of work and provides better jobs);
- introduction of the modern concept of e-learning and open distance learning;
- development of lifelong learning and learning concepts;
- inclusion of social groups with special educational needs, etc.

The modern organization of teaching today is unthinkable without the introduction of innovation. Information and communication technologies must be an integral part of educational programs, educational programs and teaching processes adapted to the needs of the

information society, and teaching staff and students trained in modern forms of teaching. It is necessary to integrate these technologies into all aspects of the educational process with the aim of a more effective and efficient education. This achieves ICT-related skills that are crucial for the competitiveness of national economies and for increasing opportunities for new jobs and employment. Higher education plays a significant role in integration processes and in fostering economic and social development. Keeping track of global trends and persisting in higher education reform processes are essential, and reforms should be based on advanced technologies, knowledge and skills in various fields. The trend of higher education development and international harmonization of the higher education system exists in all parts of the world.

In order to ensure a sustainable development and a secure future for the Western Balkan countries, in 2000 the European Union Adopt a development strategy known as the Lisbon Strategy with the strategic goals of making the EU the most competitive and dynamic knowledge-based economy in the world by 2010 and capable of delivering sustainable economic growth. A key component of this strategy was the development and advancement of knowledge, which entailed greater investment in education and training, scientific and technological research and innovation. However, some of the strategic goals of the Lisbon Strategy have remained unfulfilled, so the EU has begun the process of creating a new strategic framework that has resulted in the Europe 2020 strategy for smart, sustainable and inclusive growth, which aims at EU-based economic development with environmental protection, high levels of employment, productivity and social cohesion. Education is one of the central themes of this strategy and involves the use of alternative instruments and mechanisms in the implementation of EU policies, such as the

Lifelong Learning Program, Tempus, Erasmus Mundus and others. The strategy outlined five goals, two of which relate directly to higher education and research: min. 3% of GDP should be spent on R&D; at least 40% of the younger generation should have a tertiary education or diploma; the proportion of adults (30-34 years of age) with tertiary education should be at least 40%; on average, at least 15% of adults should participate in lifelong learning.

This strategy is not only important for EU Member States, but also represents a significant potential for EU candidate countries to which the Western Balkan countries belong. In the process of global and especially European integration, Serbia, B&H and other countries are making great efforts in adapting higher education to world trends. Most of the activities are directed towards the implementation of all parts of the Bologna process and the achievement of the objectives of the Lisbon Strategy and the Europe 2020 document on higher education. Accordingly, our country has taken part in Tempus, Erasmus Mundus and other EU higher education programs (Neskovic, 2018).

CONCLUSION

Education is the cradle of society and a treasure trove of knowledge, but it should be constantly refined and enriched with new knowledge in accordance with the developmental needs of modern society. Post-modern education means, above all, the modernization of resources and aids in the teaching process in the form of the introduction of new educational technology (computers, video technology, digital education, distance learning, etc.), as well as the enrichment of teaching content, internationalization of knowledge, globalization of the system. education, high specialization of educational profiles, etc.

The changes that bring about the development of information technologies, the ability to use various sources of knowledge that are no longer limited to the book, as well as a new system of communication, bring with them a new atmosphere - teachers are no longer the only sources of knowledge and information, nor is the school the only learning center and development. This situation causes the value system to change and deepen significantly, obliging the teaching staff to constantly improve, keep up with the changes and constantly work on their additional education, in order to guide students in all that will require them in the future society. Today, educational institutions are increasingly expected to provide adequate general education, develop ethical values, form character and instill the key values necessary for further life. These are all values that will, in the future, give young people a better chance of having a successful job and earning money. economic security.

Creating a knowledge society is the primary task of every postmodern society. Formerly knowledge was a privilege and could not be accessed and used by anyone. Today, thanks to the Internet, knowledge is accessible to everyone and traditional teaching is clearly no longer the only way to reach knowledge and skills. Although most people are still skeptical about online training, this mode of education was created precisely to avoid all the disadvantages that traditional education brings with it. Saving time and money, as well as the availability of educational programs for everyone at any time, no matter where they are, are just some of the reasons why more and more people are learning by using their computer. In modern education there is a wide variety of knowledge sources, which increases the quantity of knowledge, advances the digital economy, and the use of educational technology improves the quality of knowledge. That is why today it is

necessary to make the most of modern educational technology.

The time we are in is a time of great change where technology is advancing daily in all areas of life. Accordingly, the field of educational technology is advancing. First of all, education itself is becoming more needed than ever. Introducing innovation into the educational process is a reaction to traditional teaching in which the frontal form of work with a pronounced teaching function of teachers is dominant. This kind of teaching is often formalized, verbalized, and blatantly obvious, which diminishes the permanence of knowledge and the ability to relate theory to real life. Also, this form of teaching does not provide sufficient interaction between lecturers and students, nor does it leave enough time for independent activities of students in the function of better mastering the teaching contents. The solution to these problems is the implementation of information and communication technologies in the education system and the provision of new communication opportunities.

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A REVIEW OF NEW TECHNOLOGIES IN URBAN MASS PASSENGER TRANSPORT

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Abstract: *Modern urban mass passenger transport cannot be imagined without the use of information and communication technologies. Information technologies become irreplaceable in general informing of users, system of tickets and billing and other systems of public passenger transport. They also provide the ability for introducing uninterrupted and reliable services, in order to satisfy users for an affordable level of quality of service. The paper first provides a brief overview about some of the most important events in the history of the development of urban mass passenger transport on a world level, with a special focus on the city of Belgrade. The system of urban mass passenger transport represents one of the most important elements of the transport policy from the point of view of sustainable development and raising the quality of life of residents in cities. The perspectives of all stakeholders according to the system of urban mass passenger transport are presented in the paper. Hereinafter, new trends in the system of payment of transport services and system of tickets are presented. In addition, a brief overview of alternative technologies is provided for vehicles and fuels and especially for charging technologies of electric vehicles.*

Key words: *public transport, passenger transport, new technologies, vehicles*

1. Introduction

In accordance with (Gladovic, 1995), the function of the mass transit public passenger transport system (JMTP) as a transport activity is to provide transport services in a particular area. This activity should encourage the socio-economic development of cities and municipalities in the implementation of complex spatial planning programs. At the same time, it would have to reduce the level of environmental pollution through noise and pollution, contribute to the economic exploitation of material resources and increase the mobility of the population. JMTP has a dual function: it is a spatially economical form of transport, which on the one hand relieves congested roads and on the other hand provides transportation for those who do not have any other means of transport.

In most world and European countries, JMTP is understood as a general social interest, not as a simple utility, whose benefits are not only measured by the number of passengers carried and the cost of transportation, but also by factors such as:

- reduction of traffic congestion,
- increasing traffic safety,
- improving the environment,
- increasing the mobility of the population, etc.

Today, it is no longer necessary to prove the importance and role of public transport of passengers, as it is widely accepted that it is an irreplaceable function in the life of all citizens, the economy and all activities in the city. The importance of the public mass transit system is reflected in:

1. The JMTP system enables a large number of residents to fulfill one of their basic needs, the need for movement,
2. The quality of the transportation service of this system affects the

efficiency and effectiveness of all production, supporting processes and other activities of people in the city.

3. Indirectly, it affects the rational use of urban areas, traffic congestion, speed and capacity, safety and environmental pollution in the overall urban transport system,
4. For a large number of residents, given their financial capabilities, as well as certain social groups (students, students, people with disabilities, retirees, the elderly, the unemployed, etc.), the JMTP is often the only option to meet transportation needs.

The public transport system is also an activity that engages large funds invested in resources: vehicles, employees, facilities and equipment, energy, etc. so for the economy of cities, it is of interest for every JMTP enterprise to function effectively.

According to several papers (ISOTOPE, 1997; Veselinovic, 2008; Gladovic & Deretic, 2014), goals and requirements for the public mass transit system can be formulated on the basis of goals and requirements of three interest groups: 1) city administration, 2) transport organizers-carriers and 3) users. In line with (Tica, 2016), besides the three interest groups mentioned, industry should be included as the fourth interest group. According to this source (Tica, 2016), there is a direct link between all stakeholders except the industry and users. JMTP, as a business, is faced with a number of challenges and opportunities arising from the transport area itself, as well as from external influences that originate from the socio-economic environment.

According to a report by UITP (2015), there are six major issues that are important for public mass transit of passengers: 1) demographic trends and increasing

mobility in urban areas; 2) managing and ensuring mobility in urban areas; 3) financing of mass transit of passengers; 4) globalization of the market and merger of companies whose activity is the transport of passengers; 5) climate change, air pollution and energy; 6) Human resources and employees. The JMTP system monitors the development of modern technologies, and in traffic and transport, new technologies are in the narrow sense of the term Intelligent Transport Systems (ITS), which make the necessary information available at all times. According to (Jovanovic, 2014), the World Bank has been advocating for decades for the construction of city highways and the use of motor vehicles. Before the same source, stated the position of Vukic Vucic (2000), the position of a well-known world expert on public transport: "The World Bank has long had a hostile attitude to public urban transport."

2. Development of public mass transit system for passengers

The development and advancement of public mass transit systems is directly linked to advances in vehicle technology and technology. According to (Vucic, 1987; Tica, 2016), some of the most important events in the history of the development of public mass transit systems for the city of Belgrade and in general for cities around the world are given in the following table (Table 1). The invention of the omnibus has initiated a further evolution of a new significant function in the life of cities. The advent of electric trams has made an unbreakable connection between JMTP and the city, leaving a strong influence on the way of life in modern metropolises. As stated in (Vucic, 1987), there are three basic categories of urban transport by mode of operation and use: individual, for rent (paratransit) and public and mass transportation. According to the same source (Vučić, 1987), innovations in technological and

organizational sense in public transport can be divided according to their application into three basic categories: 1) technical components, 2) basic technological and organizational concepts and 3) systems and mode of transportation.

As stated in (Gladovic & Popovic, 2010), transport of passengers and goods is an integral part of the overall functioning of society and is directly related to the history of human civilization, the way and quality of life, the location and intensity of production and other activities, the volume and quality of goods and services. The introduction of new or refinement of existing transport technologies, which can also be seen from the data in Table 1, coincides spatially and temporally with important steps in the development of modern civilization.

According to (Gladovic & Popovic, 2010), the modern JMTP system cannot be imagined without the G3 system. According to this source, the G3 system integrates three modern information "system" technologies: the Geographic Information System (GIS), the Global Positioning System (GPS) and the Global System of Mobile Communications (Global System). for Mobile Communication (GSM). The aim of the G3 system is to create a highly functional and precise system, with the ability to monitor and manage vehicles (vehicles and trailers) and the process of transporting goods and passengers. The DIRD report (2014) emphasizes the importance of mass transit of passengers within the wider urban areas. Lack of reliable, efficient and affordable transportation, within or between cities, can cause social isolation and restrict access to health care, education and various services.

Table 1. Some of the important events in the history of the development of public mass transit system in Belgrade and in general for the world

Year	Town/Region	Event
1600	London	Public carriage as a taxi service
1765	London	The invention of the steam engine
1798	London	Omnibus with horse-drawn
1838	London	The first line of the suburban railway
1863	London	First subway line (city rail)
1881	Berlin	The first electric tram (Siemens & Halske)
1892	Belgrade	The first tram line in Belgrade for horse-drawn traction
1894	Belgrade	The first tram line in Belgrade on electric traction
1947	Belgrade	The first trolley line in Belgrade
2000	European Union	An era of sustainable urban mobility development
2003	European Union	Start testing buses with Fuel Cell technology
2010	European Union	Development of combined mobility services
2015	European Union	Mass application of electric buses

Source: Tica (2016), excerpt from Table 1.

The paper (Buehler & Pucher, 2012) is one of the first papers to provide a brief overview of international trends in public mass passenger transport from 1980 to 2010, which noted differences between countries. As shown in Figure 1, the number of trips per capita per year (annual mobility) in the JMTP system varies in the range of approximately 10: 1, if the number of trips in Switzerland (237 trips per year) compared to the United States (24 trips per year). The surprising fact is that a country like the Netherlands has the second lowest number of trips per capita out of just 51 trips a year. However, the explanation can be found in the extreme importance of cycling, since in

a country such as the Netherlands, cycling accounts for about 26% of all travel, which is a 2008 figure. The Netherlands has the highest share of cycling in the visual distribution of all countries in Europe. (Pucher & Buehler, 2010; Buehler & Pucher, 2012) Due to differences in research methodology, travel definitions and timetables, the results obtained by the survey are not fully comparable.

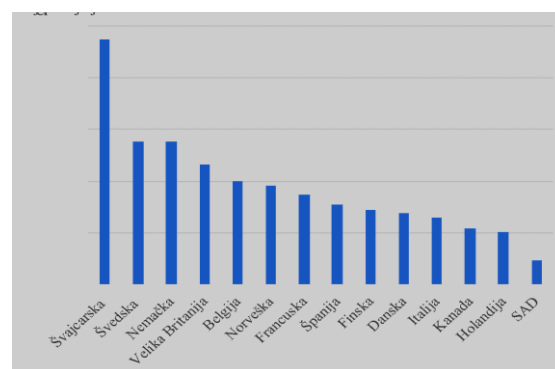


Figure 1. Number of JMTP residents' trips per year.

Source: Buehler & Pucher (2012).

In cities, there are several ways businesses operate in the transportation business. According to a study by Carroll & Walsh (2015), according to the degree of control by city authorities, these companies are divided into three groups: 1) direct control, 2) indirect control, and 3) no control.

Under the direct control, the city administration carries out the transport of passengers and procures vehicles or has direct control over the undertaking which carries out the transport of passengers. In the case of indirect control, the city administration shall announce a tender specifying the conditions to be fulfilled by the companies, which will carry out the activity of transporting passengers. In unattended conditions, the city government does not operate vehicles or contract passengers, although in some cases it may subsidize a smaller number of passenger lines. In the direct control model, the city can purchase vehicles of any technology.

With the indirect control model, the city can tenderly define the characteristics of the vehicle. For the unattended model, the market is deregulated and any company, with the appropriate license, can carry passengers around the city with vehicles of any technology.

According to (Litman, 2006), travel requirements take into account both perspectives, that is, community and individual requirements when making public policies and planning assessments. The community perspective reflects on the types of travel activities that support community goals, such as reducing total traffic and congestion due to parking, traffic accidents, exhaust emissions and other pollution. Such goals tend to increase the demand on the part of the community for efficient modes of transport, such as improved cycling, ridesharing and public mass transit of passengers. According to Liftshare (2018), ridesharing is, by definition, a transportation service where a person uses a smartphone application to schedule a ride in a vehicle, which is usually privately owned, citing Uber as an example. On the other hand, community goals relate to demand management strategies that foster an efficient way of using modes of transportation.

The individual demand perspective is reflected in the travel activities that individual travelers or households choose if travel options are available. For example, an aging population, rising fuel prices and increasing concern for individuals about their own health tend to increase demand for walking, cycling, "carpooling" vehicles and mass transit of passengers. Both of these perspectives need to be considered when assessing overall transportation requirements. Consistent with (Litman, 2006), this is significant because both perspectives have multiple magnifying effects: if the demands of the community and individuals for an alternative mode of

transport are doubled, then the total demands are quadrupled because the community wants the residents to use the said form and more residents are willing to use that mode of transportation.

3. Vehicle and fuel related technologies

Alternative technologies related to vehicles and fuels are presented in the following tables (Tables 1 and 2), based on the division given in Carroll & Walsh (2015), while part of the explanation is taken from Vukasovic (2005).

Table 1. Alternative vehicle technologies

Abbreviation	Description and explanation
EV	Electric vehicles.
HEV	Hybrid electric vehicles powered by a combination of internal combustion engines and one or more electric motors.
PHEV	Plug-in hybrid electric vehicles with a relatively large battery that is recharged from an external power source.
REEV	Range Extended Extended Range Electric Vehicles. These vehicles have the ability to charge the battery from a vehicle-powered generator powered by diesel or fuel cell technology.
FH	Flywheel hybrid vehicles that use flywheel to accumulate energy that is typically lost through braking and deceleration.
HH	Hydraulic hybrid vehicles that use pressurized fluids to accumulate energy that is normally lost through braking and deceleration.
FCEV	Electric vehicles with fuel cells that combine hydrogen and fuel cells to generate electricity used to start a vehicle.
AFEV	Internal combustion engine vehicles modified to run on alternative fuels such as: biofuels, natural gas and LPG.

Source: Carroll & Walsh (2015)

Up to 5 years, new technologies (eg stop-start, hybrid vehicles combined with an

internal combustion engine and flywheel hybrid vehicles) offer a relatively quick return on investment. It can be expected that by 2020, these technologies will be implemented in a large number of cities in public transport vehicles. Other technologies, such as electric vehicles, depend primarily on planning strategies, development policies and financing methods.

Tabela 2. Alternativne tehnologije goriva

Abbreviation or name	Description and explanation
High blend biofuels	A mixture of fossil fuels and biofuels above the permissible limits prescribed by current European standards for diesel (EN590) and gasoline (EN228).
Drop-in fuel	Biofuels that can mix up to 100% with fossil fuels, while maintaining current European standards for diesel (EN590) and gasoline (EN228).
PPO	100% vegetable oil.
CNG	Fossil fuel consisting mainly of methane.
Biomethane	Biomethane is chemically similar and can be exchanged with natural gas as a fuel.
LPG	Liquid petroleum gas, which is a fossil fuel, consists mainly of propane and butane.
Hydrogen	Hydrogen is a chemical element used to drive a vehicle, either through direct combustion or through fuel cells.

Source: Carroll & Walsh (2015)

With regard to biofuels, it is generally expected to use them in blending with standard fuels within the applicable EN standards. As for natural gas vehicles, their numbers will grow with the improvement of engine utilization and the reduction of CO₂ emissions. The breakdown of alternative charging technologies for electric vehicles is given in Table 3. Wireless charging of vehicles, in the short

term, can be expected within experimental and pilot projects.

Table 3. Alternative charging technologies for electric vehicles

Name	Description and explanation
Conductive charge	Charging electric vehicles when vehicles are connected directly to the mains.
Static inductive charging	Wireless charging. Using an electromagnetic field to transfer energy to a vehicle while the vehicle is parked. The vehicle does not need to be directly connected to the mains.
Dynamic inductive charging	Wireless charging. Using an electromagnetic field to transfer energy to a vehicle while the vehicle is in motion.

Source: Carroll & Walsh (2015)

4. The tariff system and the ticket system

According to (Veselinović, 2008), the characteristics and magnitude of transport demands in cities are influenced by many factors: social and demographic structure of population, population growth, inherited and acquired behaviors, housing structure, as well as the volume and quality of transport supply. One of the limiting factors of the quality of transport service may be the tariff policy.

According to (Filipović, 1995), optimization of the tariff system represents one of the most important tasks of managing the JMTP system. In transportation, the price of the service is determined according to the so-called. performance and depends on the length (distance) of transportation. According to this source, in JMTP, it is not possible to set fares for each individual ride of a certain length, as this would greatly complicate the billing system. For this reason, it is necessary for the JMTP system to replace the prices for individual rides by group prices per performance, so that one price applies to all rides whose length is within a

certain class of lengths. The newly chosen optimal tariff system, according to (Gladovic, 1995), is a compromise between desires - requirements (selection criteria) and possibilities (constraints).

As stated in (Filipović, 1995), from the point of view of passengers, the tariff system is a list of prices by type of ticket. From the carrier's point of view, compiling the above price list is a very complex job that involves:

- setting optimization criteria,
- choice of the optimal type of tariff system (unique, zone, relational, combined) of the ticket system,
- selection of the optimal ticket system (in terms of revenue and collection),
- determining the level of the basic price, etc.

In (Gladovic, 1995), it is stated that the ticket system in use on a network of JMTP lines in a city must reflect the traditional goals and functions resulting from its use:

- collection of revenue,
- development of tariff structures and levels,
- Contribution to the design of optimal transport capacities based on the creation of a database of transport service users (relation: flat - business),
- facilitating the use of public transport,
- improving the awareness of the users of the transport service (passengers), and therefore the commercial policy of the enterprise,
- assistance in better utilization of transport capacities,
- contribution to the fight against non-payment of transport.

Perspectives on the development of particular types of ticket at JMTP were discussed at the end of 1993 by the Automation Committee of the Union Internationale des Transports Publics (UITP). Based on their report (Ampeles, Blasco Gonzales, 1994; Gladovic, 1995), it is concluded that over the next ten years it was envisaged that the replacement of existing ticket types would be made through three stages of the election:

Phase I - application of paper maps,
Phase II - application of magnetic cards,
Phase III - application of contactless cards (in perspective).

Electronic billing systems and electronic billing management have been in operation for almost two decades. The division of electronic payment systems can be done according to validation or cancellation technology, according to (Tica, 2016), while examples from urban transport studies are given in several studies (GWT-TUD GmbH, 2009; VRR & KCEFM, 2014):

- **Check In - CI.** Validation of tickets by passengers only when entering vehicles, ie system (stops).
- **Check In / Check Out - CICO.** Validation of tickets by passengers when entering and leaving the vehicle or system (stop).
- **Be In / Be Out - BIBO.** Billing system for transport services in which no entry or exit activity is required from the user as it is automatically detected by the user in the vehicle / system. A special case of this technology is the **Walk-In / Walk-Out technology - WIWO**, as it captures the direction of travel of passengers when passing by a vehicle door or access points to the system.

- **Check In / Be Out - CIBO.** The user only validates the ticket when entering the vehicle (system), while leaving the vehicle (system) is automatically detected.

5. Conclusion

On the one hand, JMTP needs to function better, be more efficient, and in line with changing expectations, be more customer-oriented and take an entrepreneurial approach. On the other hand, it contributes to jobs and growth, cities are more competitive, attract investors and reduce congestion. Also, JMTP contributes to the environment and quality of life in the city. From the point of view of carriers as service providers and users of transport services, it can be concluded that the application of modern information technologies is a prerequisite for safer operation and improvement of the quality of transport service.

The JMTP system is constantly changing. From one point of view, change is conditioned by people's desire for change and progress as technology evolves. On the other hand, changes are influenced by changes in conditions and circumstances in urban agglomerations where most people live and work, that is, where there is the largest set of connections, decision-making tools and information. The JMTP system as a mode of transport can play an optimal role only in cities that have a long-term development policy. The impact of short-term actions, inadequate investment, favoring one mode of transport over another, political and various other influences can lead to a loss of citizens' confidence in the JMTP system.

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HARMONIZATION OF MACEDONIAN LEGAL ORDER IN THE FIELD OF HUMAN RIGHTS AND FREEDOMS WITH THE EUROPEAN ORDER IN THE CONTEXT OF THE EURO-ATLANTIC ASPIRATIONS

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Abstract: *In the past decades, Republic of Macedonia on its way to the European Union has made significant reforms in the overall socio-economic, political, cultural and social system. The foundation of these European-oriented reform processes is human freedoms and rights, their promotion in practice and providing protection according to European standards and principles. Among other things, the reform process has been implemented through the multi-annual harmonization of the national legislation with the European acquis in all the areas of the society. The regulation that refers to human freedoms and rights is of a particular importance to the structure of harmonization and approximation. In addition, it can be said that this process has two opposite tendencies in our country: on the one hand, there is a strongly expressed declarative will of the political establishment for the Europeanization of the Macedonian legal system, and, on the other, there are continuous violations of the human freedoms and rights by the institutions that, at the very same time, are being Europeanized. This dilemma has a security, social, economic and wider national significance on the way to the EU and NATO. The establishment of an effective system for protection of fundamental freedoms and rights is determined by the constellation of the social, political, economic, cultural conditions and relations, and it has an impact on the democratization of the national institutions and the strengthening of citizens' confidence in their credibility and integrity. The harmonization of the national regulations and the daily adaptation of the institutions are unthinkable without a consistent respect for human freedoms and rights.*

Key words: *reforms, regulation, approximation, institutions.*

Introduction

The process of harmonization of national legislation with European aquis has its genesis and development tendency in our country. Evolutionarily, with the adoption of the Constitution of 1991 in the period of independence of the Republic of Macedonia, the foundation for the ratification of the norms of international law was laid. "Their respect is one of the fundamental values of the constitutional order of the Republic of Macedonia, regulated in Article 8 of the Constitution."³ Namely, in our country "monism has been accepted as a constitutional technique of implementing international treaties and they are directly applicable in our legal system."⁴ This constitutional foundation was further concretized by the signing of the Stabilization and Association Agreement in 2001, the submission of an application for EU membership in 2004, the acquisition of the status of a candidate country for EU membership in 2005, and numerous other documents and processes. Our country's progress in meeting political criteria: stability of institutions that will guarantee democracy, the rule of law, protection of human rights and respect for and protection of minority rights which occur in the path of harmonization and approximation. However, it is indisputable that starting from "the ontological nature of law as a unity of meta-legal and social substance, the idea of law (trans-experiential law) and legal reality (experiential, positive law), basic human

freedoms and rights are not some goal and value distanced from it, but are interpreted in the very essence of law and represent the material criterion for its correctness."⁵ For transitional and post-conflict societies such as Macedonia, "human rights also define the goals of transition, bring moral significance and hope to social change and individual activity in them and have the potential to reduce fear and insecurity by saying what is good and valuable."⁶

In reality, this primary postulate is related to the security dilemma - can human freedoms and rights be compromised in the interests and interests of national security? Is there an overriding security interest over the interests of protecting human dignity and integrity? These questions are very serious, and their answers are complex, bearing in mind that in the past there have been cases of abuse of intelligence and security with a specific derogation of human freedoms and rights. As an example, we can cite the famous case of El Masri, which revealed serious allegations against members of the Macedonian secret police in terms of respect for human rights and freedoms.⁷ More recently, the well-known "Sopot" case, which was started by a regular public prosecutor's office but ended by a decision of the Special Public Prosecutor's Office with two opposing public prosecutor's decisions, one of which is a conviction and the other, which is final, is: withdrawal of the charge because the testimony on which the verdict was based on the witness was extorted, and he survived mental and physical torture.⁸

³ Klimovski S., et al. *Constitutional Law, Enlightenment AD*, 2010, p. 34.

⁴ Treneska-Deskoska R., *Constitutionalism and Human Rights*, Skopje, 2006, p. 244-246.

⁵ Kambovski V., *Foreword, European Human Rights Standards and Their Implementation in the Legal System of the Republic of Macedonia*, Proceedings of the Scientific Debate, Skopje 2008, p. 9-10.

⁶ Grazina S., *From Rights to Myths: Transformation in Post-Communist Europe*, bo

Andras S., (ed.) *Western Rights? Post-Communist Application*, Kluwer Law International, 1996 y. p. 87.

⁷ The European Court of Human Rights, acting on Prosecutor El Masri's lawsuit for inhuman and degrading conduct, violation of the right to liberty and security, privacy and family life, freedom of expression and right to a fair trial, charged our country and awarded EUR 60,000 in damages.

⁸<http://sky.com.mk/blog/2018/03/19/potresno-svedoshtvo-ja-voznemiri-makedonija-ona-shto-go->

Police abuses also affect citizens' confidence in the police system, and this problem "involves two aspects: first, the prevention of ill-treatment and torture by persons whose freedom of movement is restricted by the Macedonian police, and second, the fight against impunity."⁹ In security theory, they develop paradigms and doctrines that contribute to the development of human security as a concept of great importance for the development of human rights. "under the supervision and security measures understands and supports that mission."¹⁰

The final result of the harmonization process is the realization of the Europeanization of the area of human freedoms and rights and the establishment of the rule of law, not only in a declarative sense, but also in fact. This approach is a guarantee of the democratic development of society, because "democracy cannot function without the rule of law."¹¹

1. Natural - legal character of human freedoms and rights

The value system of rights, among other things, is characterized by numerous directions and elements of human consciousness and at the same time it is a reflection of the concrete reality, the reality with which man is surrounded. By

increasing differentiation in the normative system and expanding the range of interest, values become more abstract in order to encompass as many and varied contents as possible, even at the cost of making those values even more vague.¹² Everyday interaction between people, as the value expressed through the notion of cooperation, will signify continuity (as opposed to conflict) in development or freedom as the value expressed through the limitlessness of human creative potentials (as opposed to the dependency-independence) and thus the legitimacy of the system, through its daily adaptation to social flows. and tendencies, will not be questioned.¹³

As with freedom, natural human rights could be explained more as an essence of law itself than as values that are protected by law. They are not "recognized" by law, but right "recognized" as right insofar as they determine its content: legitimate is only a right that starts from the respect and full protection of human natural rights.¹⁴

The national conception in relation to natural law in the second half of the 20th century emphasized respect and protection of human freedoms and natural rights as a categorical imperative of the modern state.¹⁵ The idea of natural law in medieval philosophical thought, developed under the auspices of the church, has religious connotations (*ius divinum*) and manifests

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⁹ Krstevska K., Impunity Management - Standards of the European Committee for the Prevention of Torture and the State of Macedonia, European Standards for Human Rights and Their Implementation in the Legal System of the Republic of Macedonia, Proceedings of the Scientific Debate, Skopje 2008, p. 409.

¹⁰ Masleša R., Intelligence Theories, Hrestomatija, Sarajevo, 2010, p. 47.

¹¹ Vasovic V., Contemporary Democracies I, Belgrade, 2006, p. 73.

¹² Pusić E., Social Regulation, Zagreb, 1989, p. 198. (in this context, the author states that there are values-standards, that is, such value terms, which,

from the very beginning, even with the conscious intention of those who create them, do not have specific content, but simply denote only a positive evaluation of a particular behavior, that is, a certain attitude no matter what the content refers to).

¹³ Bajaldzhiev D., The notion of value - general and for some legal values, Proceedings: European Integration - Ideas, Statutes, Realization, University of Sv. Cyril and Methodius, Faculty of Law, "Justinian First", Skopje, 2002, p. 40.

¹⁴ Kambovski V., Philosophy of Law, Skopje, 2010, p. 235.

¹⁵ Perovic S., Freedom and Natural Law, Legal Life, Thematic Number: Law and Freedom, Volume 1, 2007/9, LVIII.

itself as an emanation of the will of God, which commands to do good while avoiding evil (*bonum faciendum, malum evitandum*). Natural law *kaolumen intellectus* is a gift of God, with the help of which man learns what should and what should not be done. If positive law is not harmonized with natural law, then it has no property of law, but an expression of force, naked power and arbitrariness (*legis corruption*).¹⁶

According to positive law theory, a person is born with certain freedoms and rights, which correspond to human nature: freedom of thought and belief, right to liberty, right to life, right to happiness, right to personal dignity, right to security, right to property, etc.¹⁷ The modern conception of human rights is only a simple declaration unless respect for the natural rights of man is ensured, bearing in mind that the norms relating to the natural rights of man are first and foremost incorporated in international law and the legal regime gradually it becomes part of the national system and expresses the relationship of the national and the supranational.

It is indisputable that every state at the national level is obliged to respect human freedoms and rights and to ensure their protection against harm and abuse, which includes the following: 1) Guaranteeing a unified, complete and indiscriminate treatment of freedoms and rights at the constitutional and legislative levels; 2) Subordination to international mechanisms of anti-national protection of fundamental freedoms and rights, through ratification of international human rights conventions and acceptance of the competences of international bodies and judicial instances; 3) Provision of internal legal mechanisms for the prevention of violations of human freedoms and rights (including an effective security and defense system, prevention of

corruption, efficient functioning of the Ombudsman, effective administration, etc.); and 4) Extending the powers of the courts to protect the integral and universal corpus of fundamental freedoms and rights.¹⁸

Knowledge and perseverance of the citizen as individual action on the one hand and public action as a collective action on the other are particularly effective instruments in cases where the flagrantly violates human freedoms and rights. This is because the police, as the executive body, are most afraid of informing the public about the injustice inflicted on the citizen and of his persistence in defending his own rights. This is why fear of government stimulates the violation of rights, not their protection. Conversely, the persistent struggle of the citizen against the violation of rights contributes to the fear of the citizen and the public.¹⁹

2. The Charter of Fundamental Rights of the European Union and the European Convention on Human Rights - the source of European standards on human freedoms and rights

Every modern and civilized state is aware of the imperative character of the norms that recognize and guarantee the rights of all citizens under their jurisdiction. The roots of these guarantees and regulation are as old as the birth of modern democratic states, supplemented and enhanced by new developments in this direction.

The Program of Action and the Vienna Declaration, adopted at the 1993 World Conference on Human Rights, which, *inter alia*, establish that human rights and fundamental freedoms are the rights which

¹⁶Tadić Lj., *Philosophy of Law*, Forward, Zagreb, 1983.

¹⁷Zlatkova B., *cit. effort*, p. 491.

¹⁸Kambovski V., *cit. effort*, p. 131.

¹⁹Škarik S., *Constitutional Law*, Second Book, Skopje, 1995, p.223.

all human beings acquire by birth; their protection and promotion are the most important responsibility of governments.²⁰

”Democracy is based on the freely expressed will of the people to determine their own political, economic, social and cultural systems and their full participation in all aspects of life. In the context of the above, the promotion of the protection of human rights and fundamental freedoms at all national and international levels should be universally and unconditionally implemented.”²¹

The European Charter of Fundamental Rights is continually based on the Union's core value system of respect for national identity, a system of rule based on democratic principles and respect for fundamental rights. This is why assuming the so-called political conditionality upon accession to the EU, whose concept refers to the need to meet not only certain economic but also minimal political conditions, such as democratic institutions, the rule of law and respect for liberties and rights.²²

In its most complex form, European standards on fundamental freedoms and rights and their legal protection are enshrined in the 2009 EU Charter of Fundamental Rights, which amended the EU Treaty and the EU Functioning Agreement (the said Charter represents the Lisbon Reform Treaty, which entered into force of 2009, which amended the EU Treaty and the EU Functioning Agreement) The benefits of adopting the Charter of Fundamental Rights of the European Union

are numerous, but can be summarized in several points:

- Strengthening guarantees for the protection of human rights in the EU legal order, a condition which was not fulfilled before the adoption of the Charter on a legally binding act, in accordance with the Lisbon Treaty.
- The inclusion of the catalog of fundamental rights in the Lisbon Treaty will strengthen the visibility of the human rights guaranteed by the Union. Namely, the Charter does not aim to create new fundamental rights, but to make existing ones more visible and known in order to be more accessible and noticed by citizens.
- The Charter ensures consistent protection of rights and their smooth enjoyment in the European Union. At the same time, it codified existing rights, a process that resulted in the delimitation of the boundaries and spaces within which the discretionary powers of the European Court of Justice and the national courts of the Member States when acting in accordance with EU law or fundamental rights may extend.
- The Charter goes beyond the boundaries of EU internal policies and finds application on the international scene as well.²³

²⁰ Viena 14-25 June 1993. O.H. Document A / Conf.157 / 24 (Part 1) 20 (1993).

²¹http://amos.org.mk/building_local_capacities/me_gunarodni9.htm, 07/15/2018.

²²Taskovska D., Political Conditions for Membership in the European Union, Proceedings: European Integration - Ideas, Status, Realization, University of Sv. Cyril and Methodius, Faculty of Law, “Justinian the First,” Skpje, 2002, p. 432 (democracy, the rule of law and respect for liberties and rights are becoming a prerequisite for the lowest

forms of cooperation (so-called development aid) and with non-European countries that are not even potential candidates for EU member states. Article 130 of the Maastricht Treaty provides that EU policy in the field of development assistance, aims to consolidate democracy, the rule of law and respect for liberties and rights, with general objectives, and the Lome Convention contains similar provisions.

²³http://studiorum.org.mk/evrodijalog/16/pdf/Evro_dijalog_br_16_6_H-Runceva.pdf

3. Balance between human freedoms and rights and higher security interests

Modern democratic institutions face the challenge of ensuring that human rights and national security and defense interests are respected at the same time. How to achieve this goal? How to ensure that the needs of citizens in the domain of human freedoms and rights are met at the same time, and thus their need for security, on the one hand, but also the need of the state to achieve national security goals? These complex issues only confirm the need to study and analyze this problem, which is increasingly surfacing, in the face of increasingly evident actions by the international community, as well as by individual states in the fight against terrorism and other current threats to national security as a whole. Leaving these security areas briefly and moving into the field of psychology, we can try to explain this situation by explaining mental conflicts when conflicting motives occur in man, namely the conflict of dual attraction: this conflict in reality consists of the hesitation we will choose when we two motives are equally appealing. In these situations, a person may become hesitant and thus become conflicted. But at one point, one of the motives (goals) becomes more attractive and the subject decides on it.²⁴ This interesting explanation in the field of mental conflict, applied in an attempt to answer the above questions, reveals the basis of the problem: the state has a duty to guarantee human freedoms and rights and at the same time guarantee national security. Since the state is an institution, not a human organism, we cannot talk about motives, mental conflicts, but we can analogously determine that the conflict in the interests of human rights and security must be resolved within the framework of

European values, universal values, meta-legal categories and general (constitutional) clauses. A long time ago, Aristotle wrote that justice is good to which the state strives, which is of general use.²⁵ Otherwise, the legal order allows the state apparatus for higher security purposes to act contrary to the interests and goods of all citizens, as opposed to the public interest or the public good.²⁶ Therefore, in explaining this complex relationship, it is necessary to start with the notion of the public good, in the definition of which we have previously explained the term good. The public good is not any interest a group may have. It is a common interest of all individuals, which identifies them in a lasting way in one essential sense, so that it partly becomes constitutive of the very identity of the members of the community and may form the basis of longer-term solidarity. The public interest (public good) of an individual as a member of a political community, that is, citizens of a state, rather than as a member of another community, is to solve important problems from the aspect of justice.²⁷ The interests of the individuals constituting the community are not immediate and ad hoc interests, but long-term in their durability and therefore constitute a constitutive interest of the community. In this context, the demand for respect for liberties and human rights is at the same time a universal demand for justice that applies to all individuals in the country. There is no just community if it is riddled with the demand for a universal principle of justice and the demands that flow from the common life of citizens as members of the political community. Universal standards of justice must exist and be respected in order for moral reasons

²⁴Josifoski D., *Criminal Psychology*, Skopje, 1995, p. 193

²⁵Aristotle, *Politics*, Belgrade, 1970, p. 3, 84.

²⁶Bajaldzhiev D., *Introduction to Law*, Law, Faculty of Law Justinian First, Skopje, 1999, p. 411.

²⁷*Legal Life*, no. 12/1996, Skopje, p. 91.

to be respected by political institutions and the political system as a whole.²⁸

The existence of an imbalance between the interest in respect for human rights and security, defense, intelligence, counterintelligence, police interests undermines human dignity as a social and legal value.

4. Human rights, democracy and security

Human rights are exercised in a particular system of government, and in those with a democratic background. It is important to note that within the framework of different democratic systems, there is a different level of realization of human rights. In this context, Professor S. Skaric explains that they have a wider scope for development in a participatory framework than in a representative democracy. Participatory democracy affirms the personal sovereignty of the citizen, and the representative sovereignty of the representative. The first form of democracy is more acceptable to human rights because the citizen can be an active factor, with the real possibility of extending his influence to the extreme limits of the universal. Participatory democracy is a society with fully informed and involved citizens in the decision-making process. Within such a democracy, the citizen is more successful in resisting abuse of power and corruption as dishonest or unlawful acts in exchange for money or for personal gain. In contrast, representative democracy is a form of elite rule, because, in essence, the electoral

aristocracy does not accept the direct participation of the people in the exercise of power.²⁹ It is a long-lasting process of system maturation, and at the moment when they reach the level of development of democratic values in which human rights have a special place, the foundations of a democratic order that are bounded by right and legal norm are laid. An example of this connection in the relation of democracies - human rights is the creation and increase of the number of democracies in the world in the last two centuries: in the beginning of the XIX century there were 12 democratic countries, in the beginning of the XX century 36, and in the beginning of the last decade of the XX century there were 65 democratic countries.³⁰ After independence, a democratic political system is developing in our country, in which respect for human rights is guaranteed by the highest legal norms - constitutional norms, which are further a source of legal and other norms of the legal regime. areas, and especially for the purposes of the police procedure and beyond for the purposes of national security: Vasilkovski et al. v. Macedonia (A.28169 / 08) - Violation of Article 5 § 3 (right to liberty and security, legality of length of detention, release pending trial); Mitreski v. Macedonia (11621/09) - violation of Article 5 § 4 (lawfulness of arrest and detention, accusatory procedure); Lazaroski v. Macedonia - Violation of Article 5 § 2, Count v. (reasonable suspicion of a criminal offense); violation of Article 6 paragraph 1 (accusatory procedure), violation of Article 6 paragraph 1 (fair trial), etc.³¹ The violation of human

²⁸Mukoska - Činko V., cited paper, p. 172-173 (the unity and stability of the system are achieved by satisfying these universal standards of justice, so recognition of the rights of groups in the system should strengthen its unity and stability, not undermine it. A just state must not be based on partial value systems, but should represents a neutral framework for their realization in accordance with the concept of the common good of the state,

especially that it has a neutral institutional framework to protect value pluralism.

²⁹Škarić S., Macedonia on All Continents, Peace-Democracy-Geopolitics, Skopje, 2000, p. 286.

³⁰Huntington S., Democracy's third wave, Journal of Democracy, Vol. 2, N. 2, 1991 y.

³¹See more: Collection of European Court of Human Rights Reference Judgments in Relation to Article

rights confirmed in European judgments shows that it is necessary to develop mechanisms for democratization, first of all representatives of the authorities and institutions of government as a determinant of conscientious and European the application of the legal norm on the one hand, and on the other these and many other violations show that their evidence in the European Court of Justice has a repercussion on the perception of the democratic level of development of our country by the European Union, which has special competences in this field. We can undoubtedly point out that politicization has its negative impact on these processes, but only if it is in the function of narrow-minded party interests to maintain power. In such situations, the realization of human rights is largely questioned. There is no greater threat and risk to human rights in one country than a party sword that can very easily violate the fundamentality of a system (social, security, cultural, political, economic, informatics, etc.). This is also a basic condition for the existence and nurture of political pluralism and a sign of the democracy and maturity of society and its citizens. Only through developed democratic political pluralism and especially the holding of free, fair democratic elections is the legal and legitimate political power in the country constituted.

Conclusion

European integration is a strategic priority. It is inconceivable without the development and implementation of European human rights standards. The implementation process itself is time consuming and complex, in fact it is also a European concept of human rights. All the more so when there is a case where states show a strong declarative willingness to guarantee human rights on the one hand, but at the

same time very poor practical implementation forwarded by subtle methods of derogation. formulating security goals and interests. There is no magic formula that can easily and easily strike a balance between human rights and security interests. Why? Because this relationship can be seen as a relationship between the private sphere, protected by law, and international agreements (human rights), and the state sphere (public interest in uncompromising maintenance of security at national and global levels). Or, more specifically, it can be understood as the relationship between normative and factual, viewed through the dynamism of both goals, and equal access to liberties and rights on the one hand, and security on the other. The application of European standards enables the Europeanization of the Macedonian social system, and in this context, of national security institutions, interests and goals, bearing in mind that the European concept is based on fundamental human rights, democratic rule and institutions, as well as the rule of law. If these values are not respected, harmonious development and future are impeded.

3,5,6 and 8 of the European Convention on Human Rights, Skopje, 2012, p.176 et seq.

MONEY LAUNDRY IN BOSNIA AND HERZEGOVINA AND INTERNATIONAL STANDARDS

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Abstract: *Today, crimes directed against the property of other natural and legal persons prevail in the structure of national, as well as international crime, where individuals, groups and entire organizations commit their criminal activities lead by the intention to acquire illegal property gain. However, this is not enough, so these persons try to legalize such acquired money and other property gain, i.e. to put them in legal traffic. On the other side, perpetrators of such crimes have a need to cover real source of such money or benefit. Therefore, not only states, but the whole international community, have recognized danger from such crimes of individuals and groups whose aim is money laundry and hiding of money and other property gain acquired by commission of criminal offenses. Accordingly, international law, as well as criminal law of Bosnia and Herzegovina, foresee criminal responsibility for money laundry as criminal offense threatened by severe punishments.*

Key words: *criminal offense, money, guilty, punishment, international standards.*

1. Introduction

Modern society is characterized by great dynamism in the structure of national as well as international crime, where property crimes predominate, which are primarily managed at the expense of property, property rights and interests of other natural and legal persons (and even entire states). In doing so, individuals, groups, and even organizations act in pursuit of their criminal activity, guided primarily by property interests - with the intention of obtaining unlawful material gain or illicit profit, profit, and therefore power. But this is not enough, nor is the primary aim of criminals. It is logical that acquired illicit property gain, if hidden, in the sphere of illegal activity, is irrelevant to the perpetrators of such crimes (Levi, William, 2002: 337–364).

Therefore, they are compelled to acquire so-called “dirty”, illegally acquired property and other forms of property benefits “opera”, to give them a legal basis of acquisition, to place them in legal economic, monetary, banking, stock exchange and other similar flows. This means that, through criminal activity, the money and other types of material gain obtained by these persons are trying to legalize, or put them into legal circulation, circulation. On the other hand, the perpetrators of such crimes have the need to conceal the true origin of such "dirty", illegally obtained money or benefits, and thus avoid prosecution and punishment. Recognizing the dangers of such criminal activities by individuals and groups aiming at money laundering and concealment and other material gain gained through the commission of criminal offenses, international and national law provide for the criminal liability and punishment of perpetrators for the criminal offense of "money laundering".

In order to prevent, suppress and reduce to a socially acceptable level the various illegal activities of individuals and groups,

within the framework of international, transnational, organized, cross-border crime, internationally, the standardization of the rights and obligations of individual countries in taking adequate measures, resources and procedures to prevention and suppression of money laundering. Thus, several international legal acts were adopted (Petrovic, Jovasevic, 2010: 89-92) specifying illicit activities and certain forms and types of money laundering, as well as measures, organs and actions in individual national legislations in order to create a suitable legal basis for prevention and suppressing this negative social phenomenon. Thus, in international and European criminal law, money laundering has acquired the status of an independent crime.

2. Money laundering and international standards

Realizing the real danger of organized crime of an international character that does not know the political, state and ideological boundaries between nations and states, the international community has developed a strategy to combat the most dangerous form of modern crime - trafficking in narcotic drugs, nuclear substances, people, women and children, organs for transplantation, weapons, etc. which is closely related to money laundering. In this regard, several international legal acts have been adopted, such as: 1) UN Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances (1988, Vienna), 2) Council of Europe Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime (1990 Strasbourg), 3) Directive for the Prevention of Money Laundering (1991); 4) Communiqués resulting from the agreement of the Heads of Government of the Commonwealth (1993, Cyprus). On this occasion, money laundering was identified as a serious threat to the financial system worldwide, 5) the UN Convention against

Transnational Organized Crime (2000, Palermo), 6) the International Convention for the Suppression of the Financing of Terrorism (1999 in New York), and 7) the Council Convention Europe on the laundering, search, seizure and confiscation of proceeds of crime and on the financing of terrorism (2005, Warsaw) (Degan, Pavišić, 2005: 197-203). These international legal acts are the legal basis for prescribing criminalized behaviors related to money laundering in national criminal legislation, as well as criminal sanctions for their perpetrators (Jovasevic, Ikanovic, 2015: 111-115).

2.1. UN Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances

The 1988 Vienna Convention on Illicit Trafficking in Narcotic Drugs and Psychotropic Substances (Vienna Convention) (also accepted by the former SFRY) provides for an obligation on States parties to carry out activities related to drug trafficking and the laundering of money acquired in their national legislation. predict as a felony. This convention provides the precondition for effective combating of money laundering, which is its criminalization in a manner sensitive to the demands of the international community. This significant international document has set minimum standards for states' engagement in combating these phenomena.

Article 3 of the Vienna Convention defines the criminal offense of money laundering. It exists when the following activities are intentionally (knowingly and intentionally) undertaken: a) conversion or transfer of property with the knowledge that such property was the result of a criminal offense with a view to concealing the illegal origin of the property, b) assisting any person involved. the commission of such a crime in order to avoid the legal consequences of these activities, c) concealment or

concealment of the true nature, source, location, disposition and movement of derived property or property rights with the knowledge that such property is the result of the crime committed, d) acquisition, possession or the use of goods, items or other value with knowledge at the time of their receipt that they were the result of unauthorized trafficking in narcotic drugs, and e. money.

In this way, the criminal offense of money laundering is defined by various activities (at home and abroad) which include preparatory actions, attempt and complicity (inciting, aiding or organizing a criminal association), as independent actions of execution. This broadly sets out a sphere of punishable behavior that is equated with the act of committing this crime. An essential, constitutive element of the criminal offense of money laundering is the existence of "knowledge, consciousness, intention or purpose", as subjective elements of a psychological nature on the side of the perpetrator at the time of the crime.

2.2. UN Convention against Transnational Organized Crime

The Palermo Convention on the Transnational Organized Crime of 2000, with its additional protocols: a) the Protocol for the Prevention, Suppression and Punishment of Trafficking in Human Beings, Especially Women and Children, and b) The Anti-Smuggling Protocol also addressed the problem of taking effective measures to prevent and combat money laundering. migrants by land, sea and air. This convention, in Article 6, entitled "Criminalization of the laundering of proceeds of crime", defines the concept and characteristics of the crime of money laundering (Novoselec, 2004: 3-5). This is logical because in the criminal literature it is often pointed out that one of the basic features of organized crime is precisely the money laundering of members of a criminal group illegally obtained through the

commission of criminal activities. The following are mentioned as methods of money laundering: a) manual laundering - when members of the group use smaller sums of money to buy goods and pay for the needs of a criminal organization, b) family money laundering machine - when the group launders money through banks and other financial organizations c) shared laundry machines - when multiple criminal organizations, in collaboration with banking, financial, stock exchange and other institutions, organize money laundering as a permanent activity and laundry - when organized crime groups offer local criminals or smaller groups "service" for money laundering. " Article 7 of the Palermo Convention also provides for a system of measures to combat money laundering.

3. Money laundering in European documents

Regional European organizations have also become involved in organized international activity in preventing and combating various forms and forms of committing a criminal offense of money laundering. These activities are led by: a) the European Union and b) the Council of Europe. Within and under the auspices of the Council of Europe, extremely important acts have been adopted defining the concept and elements of money laundering as a criminal offense. They also require all Member States of this regional organization to incorporate into their national criminal law the characteristics of the creatures of this crime and to determine the type and measure of punishment for its perpetrators.

3.1. Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime

In 1990, the Convention on Laundering, Search, Seizure and Confiscation of Proceeds from Crime was adopted by the

Council of Europe in Strasbourg. In addition to the conceptual definition of money laundering as a criminal offense, this Convention provides for a series of general and specific prevention measures to be applied by the competent state authorities to prevent and suppress the activities of individuals and groups for the purpose of laundering illicitly acquired property, or concealing its origin and source. Later in 2005, the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of Crime Proceeds and on the Financing of Terrorism was adopted in Warsaw in 2005.

The characteristics of the criminal offense of money laundering have been defined in almost identical terms to those of the Vienna Convention in the acts of the Council of Europe. The only difference is foreseen in the regional act, which seeks to seize and confiscate any property gain acquired not only by illicit drug-related activities, but also by other types of serious crimes such as: a) terrorism, b) trafficking in white slaves, c) arms trafficking and) high-profit offenses. In addition, in the European (Strasbourg) Convention, the concept of "dirty money" was defined as the illicit proceeds of any crime, thus significantly expanding this term, previously given in the Vienna Convention. Article 6 of the European Convention provides that the criminal offense of money laundering consists in the deliberate pursuit of one or more of the following activities: is involved in the commission of a predicate offense to avoid the legal consequences of his acts, b) concealing or misrepresenting the legal nature, source, location, use, movement, rights or property of the property - knowing that the property constitutes proceeds of crime; c) the acquisition, possession or use of property with knowledge at the time of receipt that such property constitutes proceeds of the offense;

For the purposes of the application of this Convention, a predicate offense is one that

has been obtained by a proceeds of illegality which may be the subject of money laundering. Namely, money laundering also appears as a “subsidiary” crime because its existence is dependent on a previously committed other crime whose perpetrator is motivated by the intent to obtain unlawful material gain or other illegal gain. In the legal theory, the need to criminalize money laundering is considered to be the result of the inability of the state (and the entire international community) to effectively counter crime, especially organized transnational crime, which has enormous financial power.

3.2. Warsaw Convention

Finally, in 2005, the Council of Europe adopted the new Convention on Money Laundering, Investigation, Confiscation and Confiscation of Profit from Crime and the Financing of Terrorism. The preamble to this convention explicitly states "that in the modern world it is necessary to combat serious crimes that are becoming a serious international problem and which require modern and efficient methods at the international level." In Article 1 of the Convention, the term "profit" is defined as directly or indirectly obtained, through the commission of criminal offenses, property in the sense of tangible and intangible, movable or immovable property, securities or assets which speak of ownership or interest in such property.

Article 9 defines the crime of money laundering in the same way as the 1990 European Convention. The novelty of the earlier rulings is reflected in the fact that criminal prosecution for the criminal offense of money laundering can be undertaken irrespective of the fact that the perpetrator was previously convicted of a predicate crime from which unlawful profit arose.

3.3. Money Laundering Directives

The European Union has also joined the international community in combating money laundering. Two Directives of the Council and the European Parliament are particularly relevant in this respect: a) Directive (91/308 / EEC) of the European Communities on the prevention of the use of the financial system for the purpose of money laundering in 1991 and b) Directive (2001/97 / EEC) supplementing the Directive Of the Council of the European Communities on the prevention of the use of the financial system for money laundering in 2001 (Pavišić, Bubalović, 2013: 128-131).

The Council of the European Communities Directive (91/308 / EEC) on the prevention of the use of the financial system for the purpose of money laundering of 1991 (known as the "Money Laundering Directive") promoted a preventive approach to the prevention of money laundering and imposed a number of financial and credit institutions obligations and measures that should ensure timely and effective detection and proof of various forms and types of money laundering in economic activities that would "ensure the integrity and integrity of the financial system". The directive starts from the fact that "money laundering occurs not only in terms of drug proceeds, but also in proceeds from other criminal activities." The preamble to this directive emphasizes that it is necessary to treat the problem of money laundering at European Union level, since the existence of a single market and the free movement of capital and services can be used to launder money resulting from criminal activity. It is therefore necessary to adopt at Union level certain measures that will enable coordinated action by Member States. This engagement is in the interest of both the individual countries and the general interest of the Union, because when financial and credit institutions are used to launder money resulting from criminal

activity, the stability of those institutions, as well as confidence in the financial system as a whole, are seriously compromised.

Article 1 of the Directive defines the concept of money laundering (Jovasevic, 2011a: 617-619) as "act done intentionally in the form of: a) conversion or transfer of property with the knowledge that it was acquired through criminal activity or engaging in such activity for the purpose of concealment or masking the unlawful origin of the property or assisting any person involved in the conduct of such activity to avoid the legal consequences of such an act; b) concealing or masking the true nature, source, location, disposition, movement and rights of ownership of the property with the knowledge that that property is acquired through criminal activity or participation in such activity, c) acquisition, possession or use of property with knowledge at the time of its acquisition that it was acquired through criminal activity or participation in such activity and d) associating with other persons, attempting to act or aiding, inciting , to facilitate or cover up any of the foregoing actions.

Given the international character of money laundering, it is of great importance for the effective functioning of international cooperation that the Directive provides that money laundering will be treated as a criminal offense even when activities resulting in assets to be laundered have been undertaken in the territory of some other Union Member States as well as in the territory of a third country. This approach to providing international legal assistance was fully taken from the 1990 European Convention, which also required signatory states to adopt an extraterritorial approach in the field of combating money laundering - unlike the Vienna Convention, which was not aware of this approach. After all, such efforts fit into solidarity among states in combating and preventing the most dangerous forms and forms of crime, especially of an organized character.

The Second Protocol to the Convention on the Protection of the Financial Interests of the European Communities (OJC316) of 1995, which requires the criminalization of the laundering of proceeds of financial evasion and other criminal offenses, is treated in the same way in defining the concept, elements and characteristics of money laundering as an independent offense. types. Of particular importance in the activities of the European Union is the Joint Action of 3 December 1998 on money laundering, identification, detection, seizure and confiscation of proceeds of crime and the means to obtain them.

In the meantime, several recommendations or framework decisions have been made within the European Union to intensify activities aimed at preventing and combating money laundering: a) the Protocol on Criminal Liability for Legal Entities, Property Confiscation and Money Laundering of 19 July 1997 (OJC221), b) Council Framework Decision of 29 May 2000 on strengthening the protection of penalties and other sanctions for counterfeiting money with a view to the introduction of the euro (OJL140), c) Council Framework Decision of 28 May 2001 on combating fraud and non-cash means of payment (OJL69), d) Council Framework Decision of 26 June 2001 on the laundering, identification, retrieval, freezing, confiscation and confiscation of criminal offenses (OJL182) and d) Council Framework Decision of 22 July 2001 2003 on the Prevention of Corruption in the Private Sector (OJL192).

Finally, Directive (2001/97 / EEC), which complements the 2001 Council Directive of the European Communities on the prevention of the use of the financial system for the purpose of money laundering, starting from the fact that 'money laundering has a clear impact on the rise of organized crime and the fight against laundering it must lead mainly to penalties and within the international cooperation of

judicial and other law enforcement authorities, "Article 1 defines money laundering in an identical manner, as does the 1991 Directive. The primary objective of this Directive is to modernize international anti-money laundering instruments and to establish high standards of protection for the financial sector.

The concept of money laundering is given in Article 1 of this Directive: as intentionally committing the following activities: a) conversion or transfer of property known to originate from a criminal activity or from any act of participation in such activity for the purpose of concealing or misrepresenting the unlawful origin of property, b) assisting any person involved in the performance of such an activity to avoid the legal consequences of their activity, c) concealing the true nature, source, location, disposition, movement of rights, or ownership of property known to have originated from criminal activity or the act of participation in such activity, d) the acquisition, possession or use of property known at the time of its receipt that the property originates from a criminal activity or the act of participation in such activity, and e) participation in the execution, association for the purpose of execution, attempted execution, aiding and abetting, encouraging, contributing, or advising to carry out any of the activities listed.

Criminal activity, within the meaning of this directive, which acquires property (which is the subject of money laundering), is considered to be any form of participation in the commission of a serious criminal offense. In doing so, this serious crime is linked to the concealment (disguise) of material gain obtained by any kind of criminal involvement in the commission of serious crimes, among which (in addition to the offenses provided for in Article 3 of the 1988 Vienna Convention), the following offenses: a) fraud defined in Art. 1 and 2 of the Convention on the protection of the

European Communities' financial interests; b) corruption; and c) misdemeanors that can generate substantial revenue, punishable by serious prison sentences in accordance with the criminal law of the Member States of the Union.

A milestone in the further activities of the European Union in opposing the various forms and types of organized crime in general, and in particular corruption and money laundering, is the adoption of the 1995 Convention on the Protection of the European Union's Financial Interests with two additional protocols of 1996 and 1997 (Jovasevic, 2017: 212-214).

4. Money Laundering in the Law of Bosnia and Herzegovina

Money laundering - accountability and punishment - in the positive law of Bosnia and Herzegovina is governed by several legal regulations. These are: a) the Criminal Code of Bosnia and Herzegovina and b) the Law on Prevention of Money Laundering and Financing of Terrorist Activities.

4.1. Money laundering in the Law on Prevention of Money Laundering and Financing of Terrorist Activities

The Law on Prevention of Money Laundering and Terrorist Activities of 2014 stipulates: a) measures, actions and procedures in the financial and non-financial sectors that are undertaken with the aim of preventing and detecting money laundering and the financing of theoretical activities; b) persons obliged to implement measures, actions and procedures which are obliged to act in accordance with this Law; c) supervision of taxpayers in the implementation of measures, actions and procedures in financial and non-financial operations undertaken to prevent money laundering and terrorist financing; d) the tasks and responsibilities of the Financial Intelligence Division of the State Investigation and Protection Agency (SIPA

FID); e) inter-institutional cooperation between the competent authorities of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina, the Republika Srpska and the Brcko District of Bosnia and Herzegovina, and other levels of the State organization of Bosnia and Herzegovina in the prevention of money laundering and terrorist financing; f) international cooperation in the field of money laundering and terrorist financing, and g) tasks, competencies and procedures of other bodies and legal entities with public authority in the prevention of money laundering and terrorist financing in B&H. In Article 2, this law defined money laundering as: 1) the replacement or transfer of property, if such property was obtained through criminal activities, with the purpose of concealing or concealing the unlawful origin of the property or providing assistance to a person involved in such activities in order to avoid the legal consequences of the committed actions; 2) concealment or concealment of the true nature, place of origin, disposition, movement, right to or ownership of property if such property was acquired through criminal acts or the act of involvement in such acts; 3) acquisition, possession or use of property acquired through criminal acts or the act of involvement in such acts; and 4) participation or association for the purpose of executing, attempting to execute, or aiding, abetting, facilitating or giving advice in the performance of any of the said acts. In doing so, the purpose, knowledge and intent required as elements of a money laundering action can be inferred from objective and factual circumstances. Money laundering is also considered when the actions that acquired the laundered property were carried out in the territory of another state.

4.2. Money Laundering in the Criminal Code of Bosnia and Herzegovina

4.2.1. Conception and elements of the offense

On the basis of the above mentioned international and European standards in the field of financial crime suppression and the Criminal Code of Bosnia and Herzegovina of 2003, with later updates, in the group of criminal offenses against economy and market unity and customs - Article 209 prescribes the criminal offense of Money Laundering ". This offense consists in receiving, exchanging, holding, disposing of, using it in a commercial or other business or otherwise concealing money or property of a higher value known to have been obtained through the commission of a criminal offense or if it jeopardizes the common economic space of Bosnia and Herzegovina and Or if it has adverse effects on the activities or financing of the institutions of Bosnia and Herzegovina (Simović, Simović, Todorović, 2015: 135). In theory (Djordjevic, Djordjevic, 2016: 173), it is believed that the basis of this incrimination is the inability of the state to detect, in a timely and effective manner, a previously committed criminal offense (one or more) that obtained unlawful material gain. This act has been designated by the Law on the Prevention of Money Laundering and Financing of Terrorist Activities as a previous criminal offense, that is, the act from which the property subject to the criminal offense of Money Laundering originated, regardless of whether it was committed in the territory of Bosnia and Herzegovina or abroad. (Pavisić, Grozdanić, Veić, 2007: 628-630). The object of criminal protection (Petrovic, Jovasevic, Ferhatovic, 2016: 274-276) is the financial system - the common economic space of Bosnia and Herzegovina. Money and property obtained through criminal activity (through the commission of criminal offenses, either by

the perpetrator himself or another person, but not by performing other unlawful activities such as economic offenses), are reported as the object of the attack.

The enforcement action consists of several alternatively legally prescribed activities (Lazarević, Vučković, Vučković, 2004: 667-669). These are the actions envisaged by the Law on Prevention of Money Laundering and Financing of Terrorist Activities, as well as the mentioned universal and regional international documents (Vienna, Strasbourg or Warsaw Convention): a) receipt, b) exchange, c) holding, d) disposition, e) use in a business or other business, or f) conceal otherwise money or property of greater value known to have been obtained through the commission of a criminal offense. All of these activities are related to the receipt, conversion (exchange, tramp, exchange), holding or transfer (encumbrance or non-freight) of illegally acquired property with the intention of concealing (silent, not communicating at all or at a certain time) or falsely, incorrectly displaying its illegal origin, whether or not this intention is actually fulfilled in the present case.

For the existence of this crime, it is essential that it is: 1) money or property that is: a) obtained through the crime and b) of greater value. When there is a "higher" value, it is a factual path that the court decides in each case. Here, the enforcement action refers to money or other (movable or immovable) property (Jovasevic, Mitrovic, Ikanovic, 2018: 378-381) that is known to originate from criminal activity. The enforcement action is taken in relation to the facts of the "origin" of the illegally acquired property, and not to the property itself. Silence, non-disclosure is the failure to enter the correct information in the supporting documentation with the property or not (directly or indirectly, in any way) of another, authorized person with information on the origin of the property, which prevents the competent

authorities from obtaining at all or in a timely manner about the illegal origin of the property. False, false representation in whole or in part of the fact of illegal property originating from criminal activity is the expression, verbally or in writing, of making available to the competent competent authorities the knowledge of the illegal origin of the property at all or in a timely manner.

The acquisition, holding or use (use) of an economic or other business of property relates to property known at the time of receipt to be derived from criminal activity. Acquisition (acquisition, acquisition) is any activity that comes into possession of illegally acquired property. Holding is only the possession of such property, its (direct or indirect) state, factual authority, possession, in a certain space for a certain period of time by the offender. The use of illegal property is its use, putting into circulation, in circulation in any way, most often for the payment of goods or services. It is important for the existence of this shop that the perpetrator, at the time of coming into possession (at the time of admission), has an awareness of the illegal origin of such property, that is, property originating from criminal activity (Turković et al., 2013: 336-340).

The fulfillment of two more constituent elements is essential to the existence of this crime. These are: 1) that the perpetrator commits the act of execution with the knowledge (with awareness) that it is money or property originating from a criminal activity (regardless of whether he or she knows the legal qualification of a specific crime, whether he or another person the perpetrator of such a "previous" crime, whether he knows his perpetrator and where the act was committed - in Bosnia and Herzegovina or abroad) and 2) that there is an intention on the part of the perpetrator at the time of the perpetration to conceal or falsely display the unlawful origin of property which originates from

criminal activity (Jovasevic, 2017: 172-174).

The perpetrator of the act may be any person (both the person who undertook the criminal activity with which the money or property was acquired as a "laundering" object, as well as any other person) as well as the responsible person in the legal entity. Guilt requires direct intentions that qualify: a) the perpetrator's awareness, knowledge that money and property are derived from criminal activity, and b) the intent of the perpetrator to conceal (silence) or falsely (in whole or in part, false, contrary to objective reality) "illegal the origin of the property '.

This offense is punishable by one to eight years in prison. In addition to the punishment, the perpetrator of the act must also be pronounced a security measure of confiscation of objects - money and property originating from criminal activity.

4.2.2. Forms of criminal offense

The criminal offense referred to in Article 209 of the Criminal Code of Bosnia and Herzegovina has an easier (privileged) and two more serious (qualified) forms of expression. The lighter form of this offense, for which the law prescribes lighter punishment, is determined by the lenient form of guilt - negligence on the part of the perpetrator at the time of committing the act of execution. Thus, an easier form of this act exists if the enforcement action was taken by a person who did not know that the money or property represented income generated by criminal activity, but could and should have known it. The form of guilt in the form of unconscious negligence is a circumstance for which the law prescribes a lighter sentence - imprisonment of up to three years or a fine (Jovašević, Mitrović, Ikanović, 2017: 314-316). However, the crime of money laundering also has two serious, qualifying forms of manifestation, for which fair punishment is prescribed.

The first serious form of the offense exists if the act of execution was undertaken in relation to money and property obtained through the criminal act in which the perpetrator of the act of money laundering participated as a perpetrator or accomplice. So, here we are talking about two necessarily, cumulatively connected activities for which the Law imposes a sentence of imprisonment of one to ten years. Another serious form of offense, for which a sentence of imprisonment of at least three years has been prescribed, exists if the object of the act of execution - money laundering - is money and property in the amount exceeding 200,000 KM. The value of the object on which the offense is committed in any form of manifestation - is a qualifying circumstance. It is determined according to market conditions at the time the enforcement action is taken (Djordjevic, 2011: 125-126).

5. Conclusion

The structure of national but organized crime is dominated by crime managed to the detriment of property of other natural and legal persons (and even entire states), with individuals, groups and entire organizations acting in pursuit of their criminal activity guided by the intention of obtaining illicit property gain. However, this is not enough, so these "dirty" money or other property acquired by these persons are trying to legalize, or put into legal circulation, circulation (to provide them with a legal basis of acquisition). On the other hand, the perpetrators of such offenses have the need to conceal the true origin of such money or property derived from criminal activity. Therefore, at the international and national level, the danger of such criminal activities of individuals and groups is being realized, aimed at laundering and concealing money and other property originating from criminal activity (by committing criminal offenses). Thus, international law, as well as individual

national legislations, provide for criminal liability for money laundering, as a criminal offense punished by severe penalties aimed at preventing and combating such socially dangerous activities.

The aim of the perpetrators is not to directly obtain the unlawful material gain, because if it remains hidden, in the sphere of illegal activity, it has no significance for the perpetrators of the previous crimes. Therefore, they are forced to obtain their or others "dirty, illegal, illegal" money or property "washed", to obtain a legal basis for their acquisition, to place them in legal economic, monetary, banking, stock exchange, financial, trading and other similar streams. This means that, through criminal activity, the money and other property acquired by these persons are trying to legalize, or to put into legal circulation, circulation (to provide them with a legal basis of acquisition).

On the other hand, the perpetrators of previous criminal offenses, who obtained money or property in an unlawful manner, have the need to conceal the true origin of such "dirty", illegally obtained money or benefits and thus avoid prosecution and punishment. In order to prevent, suppress, suppress and reduce various illegal activities of individuals and groups to a socially acceptable level, the standardization of the rights and obligations of States in taking adequate measures, resources and procedures to prevent and combat money laundering has been initiated at the international level. To this end, a number of universal and regional international documents have been adopted specifying illicit activities and particular forms and types of manifestation of money laundering, as well as measures, organs and actions in national legislation to create a suitable legal basis for preventing and combating this negative social phenomenon.

Thus, in Bosnia and Herzegovina, the adoption of the Law on Prevention of

Money Laundering and Financing of Terrorist Activities in 2014, with the 2016 amendment, as well as the Criminal Code (in the group of economic offenses) prescribes the criminal offense of money laundering in basic, lighter and more severe forms of imprisonment for which imprisonment and the security measure of confiscation of money and property are prescribed. Otherwise, this criminal offense consists in the conversion or transfer of property known to have originated from a criminal activity with the intention of concealing or falsely displaying the unlawful origin of property, in concealing or misrepresenting the facts of property known to have originated in a criminal activity or in the acquisition, possession or use of property known at the time of its admission from criminal activity.

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MODERN MANAGEMENT PARADIGMES AND MANAGEMENT CHANGES

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Abstract: *The managerial challenge of modern times is the replacement of orthodox management systems and identities, which are based on industrial civilization, the insecure world brought by postindustrial civilization. Modern technological, social and market changes require new managerial rules, different methods under different management systems and identity management in the future. Clearly, these evolutionary changes are monitored at the organizational level, but we can take some typologies of titles that will enable us to understand the new trends in managerial philosophy: network organization, learning organization, intellectual enterprise, virtual corporation, renovated corporation, information organization, creative business skills, smart organization and abstained balanced organizations. The new managerial paradigm, which is crucial for a different managerial position, is based on completely new scientific knowledge. Organizations as compound dynamic complex systems are based on the principles of self-organization and learning, and are thus subject to the laws of spontaneous evolutionary development. Companies and institutions on the market are most stable when they are creative and innovative, and when creative chaos dominates.*

Key words: *competitiveness, organization, strategic planning, management concepts.*

Introduction

The basic managerial challenge of modern times is the replacement of entrenched managerial systems and identities based on industrial civilization, an uncertain environment brought about by post-industrial civilization. Everything changes, thinking and theoretical approaches, technologies and business processes, human resources organizations and management, products and services, sales channels and markets, consumer habits and consumption patterns. All this causes dramatic changes in the market. Intellectual capital has become the decisive productive factor and the bearer of value in the 21st century. For the last three hundred years, entrepreneurship has capitalized on technological development, economic change and market approaches, in the future it will capitalize on knowledge and entrepreneurial personalities. All these changes require different approaches to management and management systems, that is, we are talking about new paradigms.

1. Managers in the paradigm world

The paradigm originates from the word "paradigma" and means an example, a reputation, a pattern, a pattern (gram-change pattern)³². It is independently founded in the theory of science, where the system of thought is a kind of conceptual core that is common to members of the scientific community.

Today, managers operate in a world of management paradigms. The "new" system is created through management policies and is the unwritten business practice of successful organizations that talk about

how to deal with certain problems and how to achieve the desired business goals.

In the managerial world, there is a relatively unambiguous definition of management or managerial paradigms on one side of the hard core, on the other, a multitude of different management systems and identities. Managers consider a precise paradigm, but their management systems represent many adjustments and changes throughout the theoretical paradigm.³³

In addition, organizations face a variety of management paradigms, which articulate to managers different needs and goals. No dominant paradigm can have a monopoly on an organization as one that uses complementary and competitive paradigms.

Management paradigms cover three main areas:

- Global technological, economic and social changes,
- Changes in Corporate Organization and Business i
- Changes in management.³⁴

2. Global change and business philosophy of the organization

The uncrowned king of global change in the modern world is John Naisbitt³⁵, whose megatrends have been the most influential in marking global social processes for over thirty years. The book articulated a new American society that was not fully developed at the time. But the mere fact that the restructuring of America is changing

³²M. Vujaklija, *The Lexicon of Foreign Words and Expressions*, Education, Belgrade 1980, 665.

³³E. Huseinagić, *Basic Management*, II updated and revised edition, International University Travnik in Travnik, Travnik 2018, 79th

³⁴S. Možina et al. *Management - New Knowledge for Success*, Didakta, Radovljica 2002, 777.

³⁵John Naisbitt (January 15, 1929) is an American author and public speaker in the field of future studies. His first book, *Megatrends: Ten New Directions Transforming Our Lives*, was published in 1982. It was the result of almost ten years of research. The book has been published in 57 countries and has sold over 14 million copies.

both private and social life, Naisitt's prediction becomes significant.³⁶

Table 1 shows some of his global social movements that outlived his predictions:

OLD PARADIGM	THE NEW PARADIGM
Industrial Society	Information Society
Traditional energy technology	High information technology
National Economy	Globalization and the world economy
Export orientation	Consumer orientation
Short-term decision making	Long-term policies
Centralization of decision making	Decentralization of decision making
Hierarchical organization	Network organization
The dominant influence of the West	Important Eastern way
The dominant role of the state	The rise of cultural, artistic and religious contradictions

Table 1. Naisbitt paradigms³⁷

The global paradox that Nisbitt reminds is surprising. Much larger companies and the global economy will play a greater role and importance on smaller "players". Ninety percent of the US economy is made up of small and medium-sized enterprises. They are the "designers" of the US and the global economy. The larger the system, the more efficient its components will be, and the end result is quite clear. In all areas, visibly smaller and more powerful units dominate, that is, the most influential innovative and enterprising individuals. Although wealth creation and sharing will remain an essential lever of power, in the future it will only be possible without coercion and violence. The new system of social power will be based on knowledge, mutual trust and global integration.

This is one of the most uncertain and exciting changes throughout the history of political - economic power. We live in a time when industrial capitalism has undoubtedly come to an end, with the effective organization of the world economy and its dominance in the global world.

Where will existing capitalism stay and what will it be like tomorrow? Lester Thurow³⁸ described the end of the last century as a time of devastation that spanned five directions in the 1990s: the end of the communist economy, intellectual capital technology, population explosion and third-world social inequality, global economies and business networks, and a period without a dominant world in terms of economic, political and military forces. We are facing capitalism of the "knowledge economy". This is a time when new rules for individuals, organizations and states dominate based on the knowledge economy and represent the dominance of intellectual capital.³⁹

2.1. Changes in management systems

Modern technological, social and market changes require new managerial rules, different methods under different systems management and identity management in the future. These evolutionary changes are most clearly monitored at the organizational level, but we can take some typologies of titles that will allow us to understand new developments in managerial philosophy: network

³⁶J. Naisbitt, *Megatrends - Ten New Directions for Changing Our Lives*, Globus, Zagreb 1985,9.

³⁷ J. Naisbitt, *Megatrends: Ten New Directions Transforming Our Lives*, Warner Books / Warner Communications Company 1982, 76.

³⁸Lester Carl Thurow (May 7, 1938 - March 25, 2016) was an American political economist, former Dean of the MIT Sloan School of Management and author of books on economic topics.

³⁹ L. Thurrow, *The Future Capitalism*, William Marrow & Co. P, London 1999, 87.

organization⁴⁰, learning organization⁴¹, intellectual endeavor⁴², virtual corporation⁴³, renovated corporation⁴⁴, information organization⁴⁵, creative business ability⁴⁶, smart organization⁴⁷ and restrained balanced organizations.

The new business philosophy is based on the following settings:

- Long-term business orientation (Law: "Today, as a long-term future before you",
- Time economics is replaced by volume economics (mass production is replaced by rapid production;
- Internal trust of employees, shareholders and business partners ("Hope is the new managerial religion",
- Replacing Profit with Business Partner Satisfaction, Maximizing Values and Values (Our goal is to maximize the value of an organization with the values of all employees, shareholders and business partners;
- Domination of intellectual capital as a basis for competitive advantage ("most people, their knowledge and entrepreneurial skills),
- Complex measurement of non-financial business processes for more efficient leadership changes ("our effective leadership depends

on our measurement of error and competitiveness"),

- Economics of business processes and business reengineering ("information technology and new human resources management are the main tools for continuous improvement of business processes");
- Business strategies are about reengineering business processes and competitive advantages that help improve business excellence ("our competitors are the best mentors who teach you how to overcome them").⁴⁸

2.2. The role and importance of managers in contemporary business

Change is the only constant of this unpredictable, faster and global world. At the top of the pyramid is a manager with his creation. A modern organization must implement changes that encourage managers to:

- openly deal with market challenges,
- be faster than an entrepreneurial organization,
- have a new vision and strategic renewal process,
- have different managerial involvement,
- have greater responsibility for business results.

⁴⁰P. Drucker, *The Coming of the New Organization*, Harvard Business Review, Jan-Feb., 1988.

⁴¹P. Senge, *The Fifth Discipline*, Doubleday, New York 1992.

⁴²J.B. Quinn, *The Intelligent Enterprise*, Free Press, New York 1992.

⁴³W.H. Davidow & M.A. Malone, *The Virtual Corporation: Structuring and Revitalizing the 21st Century Corporation*, Harper Collins, New York 1992.

⁴⁴ M. Hammer & J. Champy, *Re-engineering the Corporation: A Manifesto for the Business Revolution*, Nicholas Brealey, London 1993.

⁴⁵ R.D. Hames, *The Management Myth*, Business Publishing, Sydney 1994.

⁴⁶ I. Nonaka & H. Takeuchi, *The Knowledge Creating Company*, Oxford UP, Oxford 1995.

⁴⁷ D. Matheson & J. Matheson, *The Smart Organization*, Business Scholl Press, Boston 1998.

⁴⁸B. Kovač, *New Management Challenges and Slovenian Managers*, Didakta, Radovljica 2002, 779.

The new managerial paradigm, which is central to the position of manager, is based on three new scientific insights:

- Organizations are complex, dynamically complex systems that are based on the principles of self-organization and learning, and are thus subject to the laws of spontaneous evolutionary development;
- Companies and institutions are the most stable in the market when they are creative and innovative and creative chaos dominates;
- Therefore, entrepreneurship is a key driver of business change and organizational development. Organizations do better when left to spontaneously arrange things and make competitive choices in the marketplace rather than over-intervening. The modern organization no longer needs conventional managers. So, as a result of these changes, all four classic managerial functions are transformed:
 - planning becomes focused learning and promotion,
 - organizing involves decentralization, standardization and quality management,
 - managing to replace business ventures through self-initiative,
 - monitoring changes in the form of self-regulation and general accountability to others.

Table 2 shows the change, that is, the way of transforming the four classic management functions.

CLASSIC FUNCTIONS	NEW BUSINESS PROCESSES	NEW FORMS OF CAPITAL
Planning	Learning and Knowledge Management	Social capital
Organizing	Editing business processes	Intellectual capital
Guiding	Business initiative	Intellectual capital
Control	Self-control and social responsibility	Human capital

Table 2. Changes in classical managerial functions from the perspective of knowledge management

Asset management requires the right people in the right places at the right time and in the right way to jointly increase the value of the organization and the satisfaction of commercial actors. Contemporary management is people-oriented and wants to deliver value to people. This means balancing human, social and intellectual capital in organizations. All these forms of capital are the key to creating value and effectively fulfilling the goals of the organization.⁴⁹

Human capital is a part of intellectual capital that consists of knowledge, understanding, skills, experiences and connections between employees.⁵⁰ This means that human capital involves investing in the ability of individuals to use their knowledge in terms of solving business problems.

Social capital is a concept that dates from the eighteenth century and has only recently

⁴⁹E. Huseinagic, Basic Management, II Edited, Travnik International University, Travnik 2018, 256.

⁵⁰E. Huseinagic et al. Lexicon of Management, Travnik International University, Travnik 2017, 298.

been revitalized in the midst of debates on civil society. A useful understanding of social capital is as "systems of norms and networks (within the community / society) that facilitate collective action." Another useful concept is the understanding of "social capital as a social (common) resource that facilitates and / or impedes an individual's access to other social, economic or natural resources." From a management perspective, social capital is the value of a system, such as trust, common norms and rules that promote communication and coordinate the work of an organization.

Intellectual capital is a combination of social and human capital, which allows for increased value and greater operational efficiency of the organization. Modern societies today are represented as "knowledge societies", companies and institutions are becoming "learning organizations", and employees are increasingly recognizing "intellectual workers". Knowledge becomes a diversified commodity in the market, it becomes a capital in companies which is necessary for achieving new competitive advantages and business excellence.

3. B&H managers and the applicability of management paradigms

Research shows that in the last ten years in the private sector, certain managerial paradigms have existed in the private sector, maintaining a certain managerial identity, and in addition certain managerial systems have evolved. To date, public companies and institutions have paid little attention to the intellectualization of their businesses. The combination of managerial paradigms is not clearly identified.

In principle, there are three types of organizations in B&H:

- Traditional organizations that intend to maintain existing business forms;
- Organizations that follow managerial trends and imitate leading companies in terms of business excellence;
- Revolutionary organizations that want to radically change their business culture and the management systems and criteria used in the global business world of success.

Traditional organizations, characteristic of the first post-socialist period of the 1990s, have the upper hand in Bosnia and Herzegovina. At the beginning of the 21st century, in the countries of the region, there was a transition from traditional organizations to organizations that would be able to articulate, among other things, an intellectual view of the most important management paradigms in the world.

Figure 1, illustrates the pyramid of global management paradigms in recent decades.

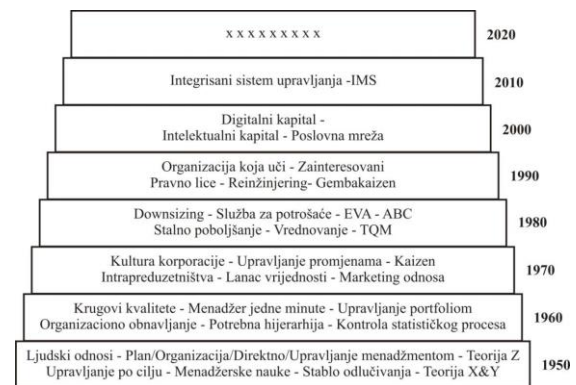


Figure 1. Pyramid of global management paradigms in recent decades

Thus, traditional organizations dominate in Bosnia and Herzegovina, but the future belongs to the creative drivers of managerial change. With the advent of EU pre-accession funds in the countries of the region and B&H, significant regional and global corporate firms are beginning to develop. Revolutionary organizations came forward. It is essentially an imitation approach but over time it will be possible to create a whole new and creative management approach. Successful competition requires knowledge, entrepreneurial spirit, quality of products and services and quality access to markets, which can only be achieved by mobilizing development potential and entrepreneurial organization through initiatives. B&H management is largely part of a post-socialist adversarial social practice. In the period of transition, we describe this practice as a central economic (driver of growth and development) and social role development. In transition, it is normal for managers, in addition to managing organizations, to have some political responsibility for a favorable outcome to the level of European integration and overall social development in B&H at the end of the 1990s and the beginning of the 21st century. If B&H is to stimulate successful company development comparable to prosperous European countries and the region, it must first and foremost create its human, social and intellectual capital in organizations more effectively. The question is, who manages B&H enterprises after the formal privatization. On the one hand, these are internal owners (employees, managers, former employees ...) and on the other, external owners (authorized companies, funds, the state, individual shareholders ...). It should be remembered that the privatization of B&H companies was such that the participation of strategic owners was minimal and that foreign investors were virtually excluded from the privatization process. The state and

"parastate" hold one third of the share in the companies (somewhere and the whole part), while other funds form a non-homogeneous group with all problems of unfinished privatization.

3.1. Competitive ability of organizations and management in Bosnia and Herzegovina

Empirical studies have shown that B&H companies are unable to achieve maximum productivity. Companies are increasing their production efficiency in B&H mainly by reducing the number of employees. Modern methods of cost rationalization, technology advancement, innovative products and marketing approaches, new work organizations and more efficient management methods are lacking.

B&H managers implemented business improvement primarily through standard methods of work that are based more on experience and less on the knowledge of modern management paradigms. Thus, in the late 1990s, managers felt that managerial understanding of competitive advantages was relatively less important. Their negative attitude towards entrepreneurial innovation and improvement of global competitiveness is justified by the dominant struggle for business, survival and especially subsequent privatization. As early as early 2000, it turned out that most companies could not cope with contemporary elements of international competitiveness, and that under such conditions, B&H managers were the most responsible.

There are three groups of managers and management systems in Bosnia and Herzegovina:

- The first group of managers understand the business conditions and are not satisfied with the competitiveness of their business. Seek to improve the competitiveness and promotion of new management systems, which

are comparable to the best organizations in the market;

- The second group of managers, less successful companies are aware of competitive disadvantages and they mainly use existing managerial models and working methods;
- The third group of systems is filled with firms without sufficient capacity to successfully restructure without managers, who would be able to rotate and resolve the structural organization and to prevent the crisis from developing.

3.2. Strategic planning and mergers

One important indicator of the performance of B&H managers is to measure the quality of their strategy. Based on numerous analyzes in the last ten years, it can be concluded that the strategic direction of B&H companies has been improved. Leading companies (in the top 100 in B&H) have abandoned the traditional method of annual and medium-term planning and moved to the introduction of advanced strategic planning methods.

Among strategic orientations, the following prevails:

- niche development strategies and product differentiation,
- business quality strategies (especially ISO),
- export strategies and entry into foreign markets.

Foreign direct investment is an important instrument of international economic relations (globalization). The modest share of the B&H economy is due to the uncertain institutional environment. Of course, managers in this section do not have the power to do something productive. It is true that in the mid-late 1990s, B&H managers did not specifically plan domestic and foreign acquisitions of strategic alliances. This is explained by the high share of

internal ownership, limited competition in the domestic market and unfavorable conditions for foreign investment.

Conclusion

All of these concepts result in what is today called the "fifth generation of management," characterized by co-creation through virtual enterprise, dynamic teams and knowledge networking. These concepts are complemented by other concepts that already exist in developed countries today, such as "radical management", "reinventive management", "agile management" and "management 2.0." Contemporary management literature states that all these models should indicate that there has been no reflection on previous management knowledge, but should be accepted as an improvement in management practice. Finally, it should be emphasized that at the beginning of the 21st century, "integration" became the key word, and "integrated management systems" the best management approach for the simultaneous balanced satisfaction of customers and other stakeholders and the long-term sustainable development of the organization. Integrated Management System (IMS) is based on the integrated application of multiple international management standards and is a way to effectively manage an organization. The only thing that does not change is the quality of people and good management: companies and companies cannot be successful without them for a long time. In this sense, we can state that the management in Bosnia and Herzegovina must be viewed through effective (useful) knowledge that is applied in the continuous process of planning, organizing, managing and controlling business activities in order to achieve organizational goals in order to make the enterprises in Bosnia and Herzegovina more effective and more efficient. Only by investing in human resources can long-term competitiveness be

created that cannot be copied. All research shows that the right practices, that is, modern management concepts, contribute to creating a significant advantage in all areas of organizational performance.

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TRAFFIC CONNECTION AS A KEY FACTOR OF ECONOMIC DEVELOPMENT

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Abstract: *Traffic connection and modern transport infrastructure are one of the key factors of economic development. The need for everyday travel to citizens of different business goals, as well as ordinary daily or occasional migration of the population, have a significant impact on the mobility system. Creating a network of modern roads and developing smart traffic infrastructure is a precondition for a sustainable transport system. At the same time, developing a network of modern roads and smart infrastructure has a crucial impact on the development of an efficient and well-connected sustainable mobility system. Good traffic connectivity and multimodal transportation are key to a sustainable mobility system. Such a mobility system will provide greater comfort, flexibility, faster travel, reliability and traffic safety. For a sustainable transport system in the future, it is crucial to meet the needs for smart sustainable mobility solutions. It is therefore necessary to develop new solutions that increase the accessibility of the infrastructure, optimize bandwidth and improve the quality of transport services. Traffic connectivity with smart traffic infrastructure that needs to be digitized and automated should provide future conditions for connected and automated mobility. A sustainable transport system with such a concept of smart mobility will ensure economic growth and development and improved traffic safety.*

Key words: *traffic connection, sustainable traffic system, smart mobility.*

1. INTRODUCTION

Transport and infrastructure are one of the key factors for economic and economic development as well as the ability to attract investors for new investments. The daily journeys of citizens with different business goals, as well as the usual daily or occasional migration of the population, significantly affect the mobility system. Creating a network of modern roads and developing smart transport infrastructure has a key impact on the development of an efficient and well-connected mobility system. The interconnection of different transport modules (airport, rail, road) is crucial for a sustainable mobility system. Such a system should provide maximum comfort, shorter travel from destination to destination and safe and reliable travel. Addressing the transport needs of the 500 million citizens of the European Union (EU) for travel as well as the needs of the transport economy, while considering resource and environmental constraints, is a priority for the future mobility system. As a key problem, and as the analysis shows, in the transport sector, a significant and still growing source of greenhouse gases, a reduction of at least 60% of greenhouse gas emissions is required by 2050 compared to 1990 [1]. By 2030, the target will be a reduction to about 20% below their 2008 level.

Taking into account the fact that transport has become cleaner and more energy efficient, fossil fuels are still used for 96% of transport energy needs in the EU. Its increased volume implies that it remains a major source of noise and local air pollution. New technologies for vehicles and traffic management will be key in reducing emissions in the European Economic Area (EEA). However, without the support of an adequate network of modern roads and its smart use, no qualitative changes in the transport system are possible. In general, investments in transport infrastructure and transport

connectivity have a positive effect on economic growth, create prosperity and new jobs, and enhance trade, accessibility and mobility of people.

2. TRAFFIC CONNECTION AND ECONOMIC GROWTH

Transport as a condition of economic growth and development requires the construction of the necessary modern roads and the integration of national road networks into a single network of roads in a particular economic area. In concrete terms, an important prerequisite for the economic development and development of all its members is the linking of the basic transport infrastructure network with the trans-European networks and corridors as one of the basic objectives. Efforts are therefore constantly being made to enable the necessary roads to be built and to integrate national road networks into a single Trans-European Network-Transport (TEN-T).

2.1. Trans-European Road Network

The creation of such a European network results in the removal of bottlenecks and the integration of certain areas into a common road system, which would be a basic prerequisite for a sustainable transport system and economic development. This approach allows the 500 million EU population to be distributed evenly, as some countries and regions are more populated than others, such as the Benelux countries, the German border area, as well as England and northern Italy. Traffic flows are closely related to population density. Some key sources of transport are industrial enterprises, such as the automotive, mining, and marine and airports for the import and export of goods. The main destinations are cities and metropolitan areas, energy companies, ports and other transshipment points. The main features of such transport interconnections are: cross-border traffic,

transport volume, causes of economic development, consequences for rail development, trans-European road network and degree of completion of the TEN-T corridor. Figure 1 shows the great importance of cross-border (international) traffic in Central Europe and through the South-East Corridor.

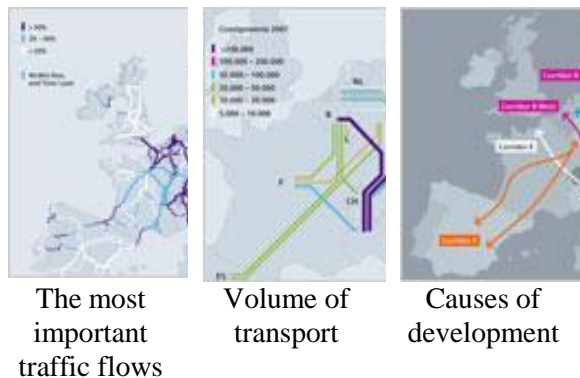


Figure 1. Overview of basic traffic connection features, Source: [4]

The main routes with an international traffic share of more than 50% are:

- The hinterland serving the ports of Amsterdam, Rotterdam and Antwerp and traffic through the Benelux countries, Trans-Alpine traffic, West-east traffic through the Baltic States, North-south traffic through Poland and West-east traffic on the Czech Republic-Slovakia-Hungary corridor and further east .

The leading demand routes based on the annual shipment are:

- Germany - Italy, with almost 300,000 shipments in each direction,
- Belgium - Italy, with more than 100,000 shipments in each direction,
- Austria - Germany (about 75,000 / 56,000 shipments),
- Germany - Poland (about 67,000 / 46,000 shipments),

- Austria - Italy (about 47,000 / 44,000 shipments).

Combined traffic on the European South East Corridor continues to grow in importance. This growth is fueled by economic relations between Europe and Turkey, such as important ports on the Black Sea and the economic development of new EU Member States. That is why the EU-funded Trend Project defines the main freight corridors according to the main material goods flows. Freight rail is also gaining importance far beyond the EU. As international rail transport becomes more and more important, national rail transport is also more important, especially because of the increasing need for environmental awareness.

The idea of the Trans-European Network (TEN) emerged in the late 1980s as a precondition for creating an integrated European market. The basic idea was that flexible passenger and freight traffic is difficult to achieve without adequate network infrastructure for energy, telecommunications and transport. Therefore, the objective of the Trans-European Transport Network (TEN-T) is to ensure an efficient and reliable transport system by creating a standardized multimodal network in terms of infrastructure, vehicles and traffic management. The network includes air, water, rail and road transport. The European Commission has defined 30 priority projects for completion by 2020. Priority projects include 18 projects in the field of rail links, three mixed projects in the area of rail-roads and two projects in inland waterways.

These projects have sent clear signals towards the development of environmentally sustainable transport systems. The Trans-European Corridor Network, in line with the proposal for a Regulation on the EU Guidelines for the development of the Trans-European

Transport Network and the Connecting Europe Facility for Transport, Energy and Information and Communication Infrastructures, would be developed on the basis of a two-tier approach, consisting of a comprehensive and core network, Figure 2.

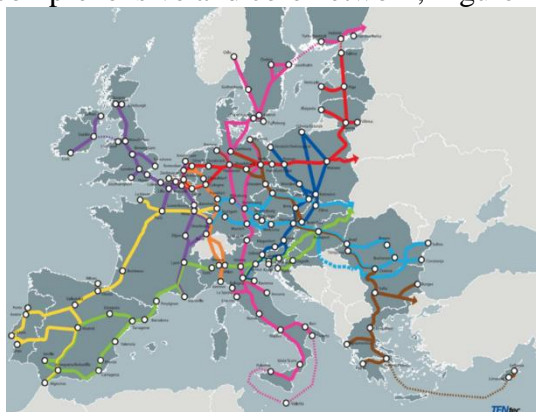


Figure 2. View of TEN corridor network, Source [4]

The comprehensive network includes all existing and planned infrastructure that meets the requirements of the Guidelines and should be in place by 31 December 2050 at the latest.

The core network includes only those parts of the comprehensive network that are strategically most significant and should be established by 31 December 2030 at the latest. The European Commission Decision on 18 October 2013 defined nine corridors of the EU Basic Transport Network as the backbone for the connection of 94 major European ports and 38 key airports with rail and roads in the capitals of European countries, and the development of 15 thousand kilometers of railway infrastructure capable of achieving satisfactory speed for passenger and freight trains, as well as 35 border crossings. These nine corridors are a priority for European Union transport policy, which is why an additional € 26 billion financial facility called CEF (Connecting Europe Facility-CEF) has been set up, from which Member States can also finance projects in addition to existing structural and cohesion funds. these corridors on the basis of calls for proposals by the European Commission.

The network of nine corridors consists of corridors: Baltic-Adriatic, North Sea-Baltic, Mediterranean, Middle East-Eastern Mediterranean, Scandinavian-Mediterranean, Rhine-Alpine, Atlantic, North Sea-Mediterranean, Rhine-Danube. Each must include three types of transport infrastructure, passing through three Member States and two border crossings.

2.2. Economic effects of transport connectivity

At the meeting held in the first half of this year in Ljubljana, there were no changes in the previously established plans of the European Network of nine key corridors, related to the EU's strategic transport routes. Investments in all trans-European corridors were considered. The most valuable investments in all the trans-European corridors are currently the construction of a waterway between France and Belgium worth around one billion euros, the extension of the Brenner tunnel worth 879 million euros and the construction of the 814 million euro high-speed Lyon-Turin railway [b]. Of the investments made in the new EU member states, the largest amount was provided by Romania, in the reconstruction of the Brasov-Simeria line of close to EUR 800 million [6].

The EU expects that by the completion of all nine corridors by 2030, 13 million new jobs will be created and new economic activity of 8% of EU GDP will be achieved. Of the Western Balkan countries, Croatia is the only EU Member State on two of the nine corridors mentioned, the Baltic-Adriatic and the Rhine-Danube direction. Within these two corridors, there are two major strategic transport projects in Croatia that the Union is ready to co-finance in a high percentage, the railway from the Hungarian border across Zagreb to Rijeka and the Zagreb-Ljubljana railway line.

2.3. Transport connection of B&H

B&H Transport Connectivity is based on the Framework Transport Strategy developed in accordance with the B&H Framework Transport Policy 2015-2030. This document is a framework and basic document on the basis of which the development strategy, laws, plans, programs, regulations and decisions on the process of development of the transport sector will be created. Horizontal Goal in the B&H Transport Framework Policy 2015-2030. is set for the country's integration into the EU, following the Land Transport Protocol incorporated into the Stabilization and Association Agreement. Consequently, the transport sector must contribute to sustainable and stable economic development through four general objectives: to ensure institutional efficiency, to ensure financial sustainability, to stimulate economic development, to address environmental and social impacts, and to comply with EU standards and regulation.

Part of the B&H road network has international strategic importance in the Western Balkans region due to its inclusion in the SEETO comprehensive network.⁵¹ In this regard, the comprehensive network identified by the SEETO Memorandum of Understanding should be seen as a multimodal regional transport network, which is the basis for the implementation of transport investment programs. In addition, on 27 August 2015, during the Western Balkans Summit 6 (WB6) held in Vienna, representatives of WB6 and the European Union reached an agreement on an indicative extension of the Trans-European Transport Network in the Balkans. As a result of this agreement, the entire SEETO

comprehensive network is now integrated into the TEN-T network. In this regard, the map shows all road sections that are part of Europe's TEN-T core and comprehensive network, Figure 3.

WB6 Annex 1 includes a list of "pre-identified projects", ie. identification of priority works and studies to improve the quality of infrastructure at the extension of the TEN-T corridor and core network in the Western Balkans. As regards the B&H road network, the projects in Annex 1 WB6 are clearly identified. The list of pre-identified projects highlights the importance of cross-border projects (B&H-Croatia) for the implementation of the Mediterranean Corridor and the TEN-T extension of the core network. Figure 3 shows the connection between the TEN-T and the SEETO comprehensive network. In this respect, the map clearly states that the SEETO comprehensive routes and corridors (R1, R2a, R2b, R3 and Vc) form part of the Trans-European Transport Network. It is important to note that the indicative extension of the Western Balkans TEN-T network is grouped into SEETO "routes" and "corridors": the existing ones are coded according to the adopted "traditional" codification previously used by the "Pan-European Corridors". Thus, "Corridor Vc" stands for the southern extension of the former "Pan-European Corridor V".

⁵¹SEETO (South East Europe Transport Observatory) is a regional transport organization established by the Memorandum of Understanding for the Development of a Regional Transport Network (MoU) signed on June 11, 2004 by the

Governments of Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia and the United Nations Mission in Kosovo and the European Commission.

of the use of electric vehicles in the Union is expected from 2021, which will depend on the forthcoming decision by the European Commission to maximize the use of electric cars in the work of public institutions and agencies of EU Member States.

3.2. Green mobility and energy efficiency

Some solutions show how green carbon-free mobility can become established and become a reality in transport by coordinating a number of energy efficiency measures, such as: electric buses on public transport, multimodal transport management, adaptive street lighting, adaptive traffic management, LED signaling systems, environmental protection through traffic management, etc. The use of electric buses in public transport shows that operating costs (energy and services) are about 25% lower than buses powered by internal combustion engines. The benefits of eBUS are the reduction of CO₂ emissions, noise reduction and energy savings due to its excellent efficiency and optimized renewable energy. The concept of multimodal traffic management and the information system informs drivers of the current traffic situation and free parking and the timing of the arrival of the next tram, which shows that smart networking of the transport system module optimizes traffic and makes public transport more attractive to citizens, such as the city of Halle in Germany. Traffic and street lighting management require close coordination, with street lights automatically adjusting to the current traffic situation. At other times, such as late at night, lighting intensity can be reduced significantly, resulting in energy savings of up to 60%. Research has shown that adaptive traffic management or the Green Wave research has shown helping the city reduce CO₂ emissions by a thousand tonnes a year, reducing congestion, noise and emissions. At the same time, it speeds up

traffic by up to 15%, such as in Muenster, Germany.

LED-based signaling systems reduce energy costs by up to 90%. LED signal systems consume only a tenth of the energy of standard incandescent bulbs, but this is not the only reason more operators are adopting this new technology. LEDs also last ten times longer than conventional incandescent bulbs and are twice as cost effective.

3.3. Connected and automated mobility

Mobility under the current conditions is crossing a new, digital border by increasing automation and connectivity, allowing vehicles to "communicate" with each other, with road infrastructure and with other road users. These developments, driven by advances in artificial intelligence [2], are opening a whole new level of cooperation among road users. Connected mobility implies the integration and connectivity of vehicles with mobile technology, and above all internet connectivity. This will mean less accidents, less fuel consumption and less stress. Connected vehicles have a networked wireless communication between the vehicle, the infrastructure and the personal communication devices of the passengers. Electric cars that were once thought to be real only on film are now present in reality, on the road. They think ahead of us, they are safer, find free parking spaces, etc. Today's vehicles are already connected in many respects. However, in the very near future it will interact directly with and interact with the road infrastructure. Automated driving encompasses a wide range of technologies and infrastructures, opportunities and applications in different service cases, Figure 4. It should also be seen in the broader context of new developments in automation and connectivity enabled by new technologies and systems in mobility and other areas.



Figure 4. Automated driving and networking,
Source: [8]

The implementation of a high level of automation and related mobility includes:

- connecting vehicles to a traffic situation (V2X): V2X technologies include the use of wireless technologies to achieve real-time two-way communication and how to adapt the ride to the road conditions in advance.
- vehicle-to-vehicle (V2V) and vehicle-to-infrastructure (V2I) connectivity, with technology that enables cars to communicate with one another.

In the near future by 2020, coupled mobility and automated driving will take effect on highways, such as tractor-trailer traffic, and in cities at lower speeds such as garbage collection by lorries, full autonomous mobility should be achieved by 2030. Automated low-speed mobility in gardens, such as urban transport and urban small-vehicle delivery, should take place by 2020 for public transport. Travel to cities should be covered by up to 25% shared automated vehicles. All new vehicles should be connected to the Internet by 2022, and many of them can communicate directly with each other in their environment starting in 2019. New vehicles will be supported by free high-precision digital mapping services thanks to Galileo satellite data from 2019. How Europe does 23 % of world motor vehicle production, therefore, the vision is to be the world leader in fully autonomous safe mobility. Automated and connected vehicles will generate large

amounts of data that can be shared through communication devices. This information has enormous potential to create new and personalized services and products that could radically alter existing business models, such as roadside assistance, vehicle insurance, vehicle repair, vehicle rental or the development of new ones.

4. CONCLUSION

Transport will have a key impact on the economic development of a particular area in the future. Requirements for a sustainable transport system and a smart sustainable mobility system will affect the creation of new solutions that will significantly change the way business and economic processes are managed. Smart, connected and automated mobility is likely to change the way we move and the way we use, sell and own vehicles. It will open new areas for business development and enable new mobility services. A comprehensive strategy can harness the potential of automated mobility while anticipating and mitigating new societal challenges.

In a rapidly changing world, B&H must take this opportunity to establish standards that will allow for better transport connectivity and quality improvement in providing safe, efficient, socially responsible and environmentally friendly mobility to its citizens.

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REPORTING ON CORPORATE RESPONSIBILITY

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Abstract: *Business entities that have incorporated corporate social responsibility into their activities most often present this to the general public as part of their annual report or as a stand-alone report on corporate responsibility. Reporting helps the business entity to clearly set goals and measure the performance and effectiveness of the implemented changes, and from the obtained results, are read data on the influence of the enterprise on the environment, society and economy. Publication of a wider scope of information about a business enables users of this information to make better business decisions, primarily on investments in certain economic entities and financing. Users want information that allows them to understand the business model, strategy, risks (including sustainability risks) and the corporate governance system. One of the more important goals of an entity when compiling and publishing a Corporate Responsibility Report is to increase the level of customer confidence in information about business entity. Through this communication with users, an atmosphere is created based on responsibility, openness, transparency, evaluation of results and commitment to the company.*

Key words: *reporting on corporate responsibility, trust, corporate social responsibility, business decisions, interested users*

1. INTRODUCTION

Contemporary market trends and the development of social responsibility and environmental awareness have stimulated changes in corporate reporting, and the importance and importance of integrated reporting, ie reporting that contains financial information in addition to financial information, is increasingly emphasized.

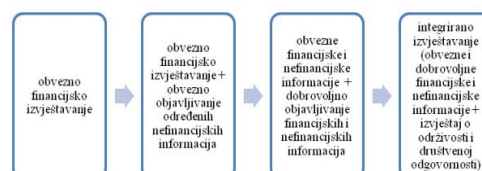
Not only the financial information presented in the financial statements is sufficient for interested beneficiaries, who make business decisions about investing and financing, because they need different information to get a broader picture of the business of an entity. The financial statements provide information on the financial position, financial performance and cash flows of an entity that are the result of past business decisions and relate to past periods. And investors need information to evaluate the earnings and cash flows of businesses in future periods of time.

Publication of non-financial information, along with financial information, enhances the transparency of business operations, and users gain greater confidence in the business and business prospects of such businesses.

According to Hladika M. and Valenta I. (2018) integrated reporting is a process that involves financial and non-financial reporting in a single report - an integrated report. Therefore, an integrated report is a report that should be made public and should be accessible to interested parties and should include financial and non-financial information about the business entity. Publication of a broader scope of information about a business entity enables users of that information to make better business decisions, primarily about investments in certain businesses and financing. Customers want to have

information on which to understand the business model, strategy, risks (including sustainability risks) and business entity management system. Understanding these categories helps users assess the capacity of an entity to create sustainable value in the short, medium and long term.

Figure 1. Corporate reporting development



Source: Gulin, D., Grbavac, J., Hladika, M. (2016). Corporate reporting quality as a prerequisite for transparency of business entities. Proceedings (Journal of Economy and Business), Special Issue, p. 159.

2. CORPORATE LIABILITY REPORT

Corporate social responsibility is the way in which business entities manage their business processes in order to have a positive impact on the company, more specifically it refers to the assumption of responsibility of the business entity for the impact of its activities on society and the environment, and these activities must be in accordance with the interests of the company, then be based on ethical conduct and comply with the law and other legal regulations. Businesses that have incorporated CSR into their activities most often present this to the general public as part of their annual report or as a standalone corporate responsibility report. Reporting helps the business entity to clearly set goals and measure the impact and success of the changes made, and from the results obtained, information about the environmental impact of the business entity, society and economy is obtained.

In order to develop a sustainability reporting framework, the Global Reporting Initiative (GRI) project was established, resulting in the first version of the guidance in 2000. The reporting framework, meanwhile, has evolved and in 2013 the fourth generation - GRI 4 - was introduced. According to Rogošić, A. and Bekavac, J. (2015) The GRI framework is designed for businesses, regardless of size, sector or location, and contains principles (materiality, participant involvement, context for sustainability, completeness, balance, comparability, accuracy, timeliness, clarity and reliability) to determine the content of the report and to ensure the quality of the information published therein.

The framework contains both general and sector-specific content, which are sectoral supplements that supplement the guidelines with interpretations and guidance on how to apply the guidelines in a particular sector and include sector-specific performance indicators. The guidelines also cover standard information, the general part of which contains:

- Strategy and analysis (general strategic review of the viability of an entity to provide context for subsequent more detailed reporting),
- Organizational profile (information on business entity, headquarters, major brands, products and services, nature of ownership, legal form, etc.),
- Identified material aspects and boundaries (an overview of the process followed by an entity in determining the content of the report),
- Involvement of participants (overview of involvement of interest groups of a business entity during the reporting period),
- Report profile (overview of basic information about: report, its

- contents as well as access when applying for external verification),
- Management (information on: the governance structure and composition, the roles of the highest management body in determining the purpose, value and strategy of the business entity, the powers and performance appraisal of the highest management body, the roles of the highest management body in risk management, sustainability reporting, etc.)
- Ethics and integrity (review of the values, principles, standards and norms of the organization and internal and external mechanisms of the entity to seek advice on ethical and lawful conduct, as well as to express concerns about unethical or illegal behavior and integrity issues).

One of the most important goals of a business entity when drafting and publishing a Corporate Responsibility Report is to increase the degree of user confidence in information about the business entity itself. Through this communication with customers, an atmosphere is created that rests on responsibility, openness, transparency, evaluation of results and dedication to the company.

2.1. International framework for the preparation of the Corporate Responsibility Report

Financial reporting is mandatory, regulated and regulated by national law, and International Financial Reporting Standards and / or different national accounting standards are applied to the preparation of financial statements.

There is no prescribed framework for non-financial reporting at national and international level, and according to Hladika M. and Valenta I. (2018), there are

various relevant international frameworks in practice, namely:

- GRI Standards (GRI);
- International Framework for the Preparation of Integrated Reports (IR);
- Guidelines for Multinational Societies of the Organization for Economic Co-operation and Development (OECD);
- Standard (ISO) 26000 of International Organization for Standardization;
- Tripartite Declaration on the Principles Relating to Multinational Societies and Social Policy of the International Labor Organization;
- United Nations Global Compact (UNGC);

The most common framework for non-financial reporting today is the GRI standards. Standardization of non-financial reporting would enable comparison of economic entities on issues related to economic, environmental and social criteria, both nationally and internationally.

2.2. Regulatory framework for drafting the Corporate Responsibility Report

The number of business entities that publish non-financial statements is largely influenced by legislation, or the fact that the law prescribes the obligation to prepare non-financial statements or whether they are prepared on a voluntary basis. Also, it is possible that in a particular country the stock market prescribes non-financial reporting requirements. In eight countries where the non-financial reporting rate is 90% or more, the non-financial reporting obligation is prescribed: India, Indonesia, Malaysia, South Africa, United Kingdom, France, Denmark and Norway (KPMG, 2015).

In the United States, non-financial reporting is not required by law, but most businesses publish non-financial

statements. The Sustainability Accounting Standards Board (SASB) was established in 2011 to adopt and develop accounting standards for 79 industries, and standards allow businesses to easily publish meaningful and useful information to all interested users.

In the territory of the European Union, the European Commission, by Directive 2014/95 / EU, required all Member States to implement in their legislation new requirements requiring certain economic operators to prepare non-financial reports. Directive 2014/95 / EU applies to large and public-interest entities with an average number of employees of 500 employees, and by Directive 2014/95 / EU non-financial reporting becomes compulsory for the accounting period beginning on or after 1 January 2017. calendar year 2017.

3. CORPORATE LIABILITY REPORTING IN BOSNIA AND HERZEGOVINA

Joint stock companies whose shares are listed on stock exchanges should adhere to the principles of corporate governance and should therefore have the practice of publishing a Corporate Governance Report. In Bosnia and Herzegovina, this reporting is not legally binding but is voluntary.

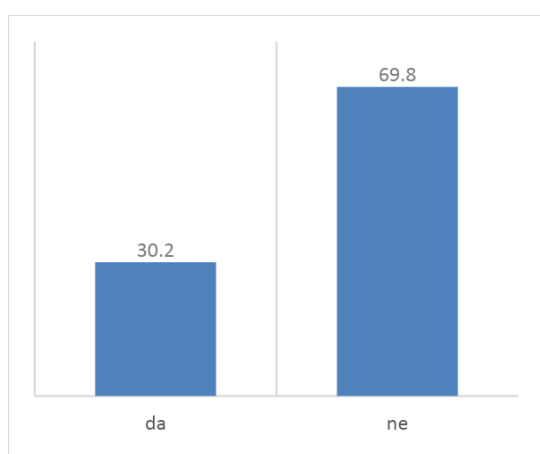
In addition to the financial information, this report also contains non-financial information as well as the ratio of d.d. according to the company, on the basis of which investors could acquire a more complete picture of the business and on that basis make a business decision.

In B&H d.d. corporate governance principles are still not widely applied and therefore they do not publish reports on the same.

We analyzed a total of 330 companies listed on the stock exchanges in Bosnia and Herzegovina and the results of the research show that we are 30.2% and 49 d.d. they publish these reports and it is mainly the financial sector, ie banks and insurance

companies, then telecom operators, power distribution companies or joint stock companies that are part of corporations operating in a foreign market, such as the. Kakanj Cement.

Chart 1. Percentage of practice of publishing the Report on Corporate Governance of Joint Stock Companies in B&H in 2017



Source: Author calculation based on data collected

We can conclude that this percentage is quite low in our country, but it is also expected since the capital market is not developed and therefore the relationship with the users of the business entity's business report has not been developed.

4. CONCLUSION

A new corporate reporting practice that is still in the phase of intensive development and implementation at the international level is the integrated report, ie the Corporate Responsibility Report, which contains both financial and non-financial statements. The integrated report provides information on how a business entity realizes its vision and strategy in terms of past events, but also in the future, points to the corporate social responsibility of the entity and the viability of the business entity.

The publication of non-financial information, either in the form of stand-alone reports or in the framework of an integrated report, significantly contributes to transparency, enhances the reputation of a business entity and increases confidence in the business of a business entity. Non-financial reporting, and especially its publication within the integrated report, significantly improves the quality of corporate reporting. The added value of non-financial reporting is quantifying the effects of a business entity on society, the environment and the economy as a whole, and, consequently, the impact of a business entity on the sustainable development of Hladik and Valenta (2017).

A key role should be played by national legislation and regulation governing corporate reporting, as well as stock exchange requirements for the listing of listed entities. Prescribing mandatory compilation of an integrated report would achieve the goal of better corporate communication between business entities and all interested users, which requires cooperation with regulatory authorities, standard-setters, auditors, accountants and all other business process stakeholders interested in corporate reporting.

The fact is that internationally, business entities have begun to publish non-financial information in increasing numbers. Therefore, we hope that this practice will be adopted by business entities in Bosnia and Herzegovina.

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REFORM OF THE JUDICIARY IN ORDER TO STRENGTHEN THE RULE OF LAW

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***Abstract:** Regarding the segment of the judiciary, whose independence, impartiality, professionalism and unharmed integrity represents the sine qua non of the rule of law and legal and general security, at all levels, it is necessary to point out that Bosnia and Herzegovina already since the nineties and in accordance with its constitutional guarantees, is oriented towards the systematic judiciary reform, on its determined path towards EU membership. Besides the fact that a very important, if not the decisive role in the BiH negotiations for EU accession, plays chapter 23 "Judiciary and human rights" and chapter 24 "Justice, freedom and security", steps which already have been taken for a more complete implementation of the principle where all citizens have equal access to justice and equal status before the law, is of crucial importance for the overall democratic progress and status of Bosnia and Herzegovina.*

***Key words:** judiciary, reform, rule of law, European integration, prosperity*

JUSTICE REFORM TO STRENGTHEN THE RULE OF LAW

In all transition countries, the judiciary and its reform deserves special attention, especially in Bosnia and Herzegovina, a sui generis state with a dysfunctional political system, a coherent legal system, and the same fragmented judiciary, politically infected. Due to the lack of the Supreme Court of B&H, there is no single judicial system hierarchically established to the level of the state, in which, therefore, there is no uniform case law, so participants in court proceedings (individuals and institutions) for the same legal matters often have different legal consequences (better or worse), depending on which part of the country is being prosecuted. Judicial decisions are often widely commented, not rarely enforced, not even by constitutional courts, which are final and enforceable, as well as by the European Court of Human Rights.

According to the members of the Governing Board of the Peace Implementation Council (PIK) in B&H (June 5-6, 2018), "Progress on political and economic reforms has slowed to near a deadlock with few exceptions." All this puts citizens in an unequal legal position before the law and in legal and general uncertainty. Because of all this, the country is in a permanent crisis, which is not an ordinary transient political crisis, which lasts only in the period from the termination of one to the establishment of a new government, but in the socio-political sense a deeper, real crisis of the ruling relations in society - a social crisis, with its own specifics, which they are looking for and a special way of solving it.

We live in a B&H society where personal, narrow group-related, ethno-national, political, economic, social, cultural and other interests are deeply divergent and opposed to the common common interests

and in a reduced, unfinished, dysfunctional state, unable to articulate a common denominator in pluralism of split interests. for the good of all. Therefore, it can be said that there is no defined common interest in the country, or it is difficult and often only partially arisen. The state functions more through its separate and significantly autonomous parts, and less with its whole.

We are ranked third in the world in terms of unemployment and last in Europe in terms of purchasing power; 1% of the population in banks has KM 5 billion, at the same time we are a country with a growing number of national cuisines and consumers with one meal a day, a country of closed ethnonational identities; a country where ethnic, political, and religious affiliation is a measure of all other human values, and often a condition for the subsistence and subsistence of individuals and their families, a country where there is no social sensibility, which has led to enormous social inequalities. In this darkness of retrograde tendencies, man, citizen as an individual, his knowledge and ability, unable to apply them in his own and in the interests of the state and society, were lost.

This situation in society and the state is causally linked to the unsatisfactory situation in the judiciary. Namely, the judiciary has its own weaknesses: insufficient independence, insufficient impartiality, susceptibility to politicization, weaknesses in personnel policy, ie insufficient professional competence of certain judicial officials (judges and prosecutors) and their rapid advancement in the judicial hierarchy with little experience and legal) knowledge for election to higher judicial positions, including for the members of the High Judicial and Prosecutorial Council of Bosnia and Herzegovina (HJPC), has greatly contributed to the collapse of the rule of law, the failure of the rule of law, and the devaluation of its dignity. The judiciary, in order to fulfill its expected mission in the given circumstances, in overcoming the

current all-out crisis into the country, must first overcome itself, that is, eliminate the said weaknesses in its activities and with the strength of its more consistent professionalism, independence, impartiality and, on that basis, with its restored traditional authority. , more responsible to secure the rule of law. The accomplishment of this task of the judiciary must be greater and a general broader interest in the country and the willingness of the competent institutions, above all the legislative ones, to give it all the assistance it needs.

At the same time, the country has become in this condition a suitable socially and globally strategically important space for tutoring individual foreign entities in synergy with domestic like-minded people. The "wolves" smelled possible prey without being aware of how difficult it was to take it, if at all possible.

Whether and how much this critical timing for B&H, in its current strategy and tactics towards B&H, will be calculated by NATO and the EU, for B&H is a question of all questions of its survival, within the present internationally recognized borders of a sovereign state. In anticipation of the answer to this question, let us recall one TV statement by Prof. Zdravka Grebe: "Difficult for us with them, and even harder without them". A precondition and one of the conditions for the EU and NATO to fulfill our expectations in their engagement, among other things, is reforming our judiciary and empowering it to more consistently create the rule of law and the functioning of the rule of law, which will be able to prevent and counteract any anti-constitutional and illegal activities that calls into question the territorial integrity and sovereignty of the country and its stable democratic development.

B&H society and the state can successfully develop and function if they are organized on the basis of all equal rights of citizens throughout the country, whose freedoms

and rights will be limited only by the equal rights and freedoms of others and the general common interests of society and the state and which will have an effective judicial protection guaranteed by constitutions and laws, which can only be guaranteed by an independent, impartial and depoliticized judiciary, which is a prerequisite for establishing democratic relations in society and the rule of law, which can only ensure its stable and long-lasting prosperity.

The results achieved so far in the B&H judiciary through structural dialogue, which are almost never mentioned, are modest, or less than expected. The reform of the judiciary in its present state and in the exposed social and state circumstances is being made more difficult and slower, which complicates and slows down other reforms in the country.

In the interdependence of the inevitable reforms of the B&H society and the state, the issue of independence and impartiality of the judiciary is especially actualized in the conditions of separation of powers into legislative, executive and judicial, where each of them should exercise its function, independently of the others, why B&H decided. In the real relations of the three authorities, however, there are evident differences between the normative and the real state, that is, the holders of legislative and executive power, sometimes, act by inertia and practice appropriate to the earlier organization of the state on the principle of unity of power, in which, between the three authorities, it stands out. one (legislative or executive) that is higher than the others and which interferes with the affairs of other subordinate bodies. In order to change the situation in favor of an independent judiciary, but also to ensure the unavoidable, legal, legitimate and transparent institutional participation of the social community embodied in its representative (legislative) bodies, except through their legislative activity in the field of justice, it is necessary for the holders of

all three branches authorities, to foster a culture of consistent application of the tripartite authority and to prevent abuse of the powers of each of them, and to avoid that the holders of the judiciary also narrow and misunderstand their independence.

The principle of independence of the judiciary implies that in determining political and legal requirements, the primacy should have legal standards, a positive right, and that the judiciary must accept and consistently implement only those political standards, goals and specific requirements only when they receive their normative expression in the constitution, law and other legal acts, because the judge is obliged to apply the law and not to create it at one's request. However, in order not to take this view too rigidly and incorrectly, it should be recalled that the court applies the general rules of law to specific cases. The court is free to come up with the rules that seem best and most appropriate to it, in accordance with certain rules of interpretation, from the point of view of the norm to be applied and the values protected by law, which it must protect in this case. Therefore, the job of judicial enforcement is not mechanical, but creative, all the more so if the general norm is at a higher level of attraction, or less clear and precise. In this sense, a judge's successful work entails his or her required (appropriate) legal experience and knowledge.

Otherwise, the actions of the political and judicial authorities are leading to the politicization of the judiciary and the negation of the principles of its independence.

But in order to avoid the danger of falling into the formalism and technocratism that always lurks legal thinking, I will use sociological knowledge and say: there can be no absolute, unquestionable independence in the functioning of the

judiciary, in its pragmatics, which must, within the limits of positive law, adapt to the needs and the interests of the state and society and the current phenomena in them, without prejudice to the principle of the independence of the judiciary, as its constant, limited by law. That is why, in a normative view, and even more so in real relations, it is most difficult to find a satisfactory answer to the question of how to achieve the independence of the judiciary, while at the same time avoiding its isolation and self-sufficiency and acting "under the glass bell", independent of real social needs.

Certainly, the reform of the judiciary and its more efficient functioning is more than limited by the current deepest and ever deepening social and political crisis in the country, at the same time it would defend the territorial integrity of the country and the sovereignty of the state of B&H, and thus the realization of human rights and legality throughout its entirety. the territory should have a judiciary. Recall, for example, in this regard, Article 1 (1) of the Law on the Prosecutor's Office of B&H⁵² states: "In order to ensure the effective exercise of the jurisdiction of the State of B&H and respect for human rights and legality in its territory, this Law establishes the Prosecutor's Office of B&H. " The judiciary can only play its indispensable role in overcoming the current crisis in the country if its institutions consistently implement their formal legal powers into their "living life" if they go from offensive to offensive. Is there enough professional dignity, courage, determination, social responsibility and patriotism in them ?! None of this should be lacking for judges and prosecutors, because, among other things, they have well and long-term resolved their personal, basic, status and existential issues: they are elected under the law for an unlimited term, have solid

⁵²Law on the Prosecutor's Office of Bosnia and Herzegovina (Official Gazette of B&H, Nos. 24/02,

42 / 03,03,03, 37/03, 42 / 03,09 / 04,35 / 04,61 / 04 and 97 / 09)

salaries (though they have not yet reached salaries, that is, the total earnings of politicians), retired in large numbers with the maximum amount, traditionally enjoying an enviable social reputation, which, in truth, due to justified negative criticism of the state of the judiciary, is diminished in some or at the limit of its unquestionability.

A reliable confirmation of the unsatisfactory situation in the judiciary and difficulties in exercising human rights in the ordinary court proceedings is certainly an enormously large increase in cases (appeals) filed with the Constitutional Court of Bosnia and Herzegovina. The Constitutional Court receives from 5,500 to 6,000 annually, or an average of 20 cases per day, and the average time for resolving cases is three years, with the Court's orientation to shorten this period to two years. By these parameters, the Constitutional Court of Bosnia and Herzegovina is increasingly approaching a regular court, which diminishes its productivity in work, that is, the ability to make its decisions within a reasonable time and to avoid delayed justice for the appellants. The failure of the Constitutional Court to enforce the constitutionality of the law (there are currently nine such non-enforced decisions) deserves special attention, as it leads, by far more than in the case of non-enforcement of the Court's decisions on appeal by citizens, to the dangerous collapse of the constitutional order. countries, and thus to widespread legal, social and general insecurity in it.

The delay in judicial reform leaves the possibility, most often, for a slightly transparent, and more elegant, subtle politicization, which is contributed not only by political entities individuals and institutions outside the judiciary, but also within the judiciary itself. A number of examples confirm this. One recent hijacking initiative in the HJPC (thankfully unfulfilled) condemned the domestic public and international institutions to prosecute

the work of military court judges after twenty-two years, circumventing the HJPC's established practice of determining the disciplinary responsibility of judicial office holders. which was eventually abandoned by the HJPC itself.

The politicization of the judiciary is also when changes to the entity laws, due to the populist unrealistic personal ambitions of individuals and their indulgence in local environments, contrary to the HJPC opinion, establish courts in those environments where there is objectively no need for it and in which judges will not have enough work (cases). Of the four courts established in B&H last year, the HJPC gave a positive opinion only to form one. Or, an example of the politicization of the judiciary is that of the executive in the Federation

B&H does not, at the end of its four-year term, have yet to provide all the necessary conditions for the establishment of the Special Department of the Federal Prosecutor's Office for Combating Corruption and Organized Crime, and the Special Department of the Supreme Court of the Federation of B&H with the same task, envisaged by the 2014 Law, whose establishment is should be completed in 2015. What are the real reasons for this: difficulties in finding offices for new judges and prosecutors? - what the money was provided for; politicization of the judiciary and obstruction of its future more efficient work; perhaps someone's disguised fear that, tomorrow, a better and more efficient judiciary might expose B&H Senadera? We leave the answer to the readers. Obviously, at least in this case, it is not about the inability of those responsible. On the contrary.

Need a more convincing example of the politicization of the judiciary than almost a year of political competition in the B&H Parliamentary Assembly to enforce the Constitutional Court's decision binding on amendments to the B&H Criminal

Procedure Code (CPC) pertaining to the investigative part of criminal proceedings. Although the international community announced the possibility of imposing sanctions on Bosnia and Herzegovina, such as the abolition of the visa-free regime, it was not enough for Parliament to implement the Constitutional Court's decision without delay. Personal and group interests, above all the interests of individuals and groups, have proven to be above all national and international legal standards that bind the state and are a prerequisite for its inclusion in Euro-Atlantic integrations. This ipso facto means official, institutional, tacit, support for the perpetrators of corruption and organized crime and other crimes and still creeping, soft adaptation to life with crime in the country.

An undoubted and dangerous example of the politicization of the judiciary is the decision of the House of Representatives of the Parliament of the Federation of Bosnia and Herzegovina to amend Article 382 of the Criminal Code of the Federation of Bosnia and Herzegovina relating to the offense of "Receiving a reward or other form of benefit for trade in influence" as one of the offenses of corruption. direct influence on the outcome of certain court proceedings.

Recently, the EU and OSCE in B&H, recognizing the gravely devastating consequences of our inefficient judiciary (the rise in corruption and organized crime, which are increasingly becoming a "normal" condition and a prerequisite for "business success" in all areas of work and life, especially in the economy that citizens lose legal, material and social security and trust in the political system and the current government) and offer concrete forms of assistance to enable the judiciary to work more effectively. This helping hand, of course, should be embraced. However, according to public perception, it is less about the incompetence of judicial office holders, but more that some of them lack

professional courage, determination, social responsibility and that this needs to be addressed within the judicial community, more specifically in the HJPC.

However, there is no doubt that without the reform of the judiciary, even with its limited initial results, the situation in the field of law and justice would now be even worse, and thus the overall situation in the country. Therefore, judicial reform should continue with more enthusiasm, creativity and responsibility and in the broadest social and professional dialogue articulate basic principles that would be politically verified in the B&H Parliament and serve as a basis and guide for the adoption of the Law on Amendments to the HJPC Law, which justifiably proposes Ministry of Justice of B&H, the official proponent of this law. A thorough approach to the amendments to this law is necessary, because the HJPC, as a regulatory body in the B&H judiciary, is responsible for all that has happened in it, but is also most responsible for its current unsatisfactory state. Therefore, the focus of judicial reform should be on the HJPC its organization, composition, ie election of its members, its management, decision-making in it, its institutional connection with the B&H Parliament and its personnel policy. The importance of passing this law is also confirmed by the fact that, except for the Ministry of Justice of B&H, only the HJPC, citizens' forums work on its preparation, and that the social and judicial communities and institutions of the EU and the OSCE in B&H are increasingly interested in this. At the same time, the preparation of this law is accompanied by obstructions and resistance motivated by the particular and personal interests of individuals.

It is important that certain proposals that smell of retaining the status quo in the judiciary and of its untouchability, or that may even bring it into its pre-reform state, such as proposals to abolish the HJPC and elect judicial office holders for a limited

time, request that they are approached cautiously and with convincing counterarguments. Namely, in social and professional discourse, the stated weaknesses in the state of the judiciary should not jeopardize the judicial system. It is necessary to upgrade and repair it with concrete constructive proposals in order to make it more efficient and to establish a unified hierarchically regulated sub-coordinated judicial system with the Supreme Court of B&H, which will create a uniform case law throughout the country in order to achieve equality of citizens before the law and their legal security. The judiciary organized in this way, but still until then and in the state of its present organization, should be given the now missing constitutional guarantee of its independence.

The politicization of the judiciary, as well as the misunderstanding and narrow understanding of its independence by its individual actors, led to serious weaknesses in its personnel policy. As in B&H society and the judiciary, in the practice of selecting judicial office holders in the order of priority of application, although listed first in the above criteria, the criterion of the candidate's competence, ability and competence to successfully perform the duties of judge and prosecutor was neglected. In practice, the criterion of the ethnic and regional affiliation of the candidates was of greater importance. However, these, in their order of application, unacceptable criteria are applied selectively, so that there are currently no Bosniaks, as the most numerous people, in the position of the President of the HJPC (where there have never been any Bosniaks), the President of the Court of B&H, the President of the Supreme Court of the Federation of B&H, the Prosecutor General of the Prosecutor's Office of B&H, or the Chief Prosecutor of

the Federal Prosecutor's Office, which is a derogation from Article 43, item 2 of the Law on the HJPC B&H on Equal Rights of Representation of Constituent Peoples and Others in Appointments at All Levels in the Judiciary. It is necessary to overcome the practice that only members of particular nations are elected to leadership positions in certain top judicial institutions only continuously, since this is also the case with the HJPC, since it has already been well observed that the holders of some of these functions have greater executive power than individual members. B&H Presidency. In this context, the proposal of the Federation of Judges Association contained in its letter to the HJPC and representatives of the international community should be supported, that the HJPC President may not be elected twice consecutively from the same entity or District of Brcko B&H.

Weaknesses in personnel policy are also compounded by the HJPC Law, which establishes the requirement that judges of the Court of B&H, entity supreme courts and judges of the Brcko Appellate Court must have at least eight (8) years of experience as judges, prosecutors (does not state which court, ie prosecutors), which results in the selection of judges from these courts, coming directly from the municipal or primary courts, with little knowledge and no second-hand procedure required to work in the highest judicial institutions, which negatively affected the quality of work in the judiciary and the personal dignity of judicial office holders. Therefore, the Law on the HJPC and its Rules of Procedure⁵³ should adopt the principle and introduce the practice of progressively progressing in the judicial hierarchy and acquiring the necessary prior experience and knowledge for election to higher courts and prosecutor's offices (the higher the court and the prosecution, the more experience

⁵³HJPC Rules of Procedure "Official Gazette of B&H", no. 55/13, 96/13, 46/14, 61/14, 78/14, 27/15, 46/15, 93/16, 48/17, 88/17 and 41/18

and knowledge). In this regard, and in order to raise the quality of the holders of judicial functions and to enhance the affirmation of their experience and knowledge, the HJPC Rules of Procedure have been amended (Article 59a). In addition to these, the changes in Art. 46. Rules of Procedure according to which the earlier criteria for the ranking of candidates for judicial positions have been extended to the new criteria (past work experience of candidates, education and training, publication of scientific papers and other professional activities, etc.), which apply not only to judges and judges; prosecutors, but also to holders of leadership positions in the judiciary, with the requirement of managerial skills and experience, and the ability to manage human resources and minimal success achieved in the competition procedure⁵⁴, or Article 38, which provides for the formation of four nomination papers candidates for judicial office: a sub-state at the level of B&H, a sub-district of the Brcko District of B&H, a sub-district of the Federation of B&H and a sub-district of the Republika Srpska, as well as a five-member HJPC from the Federation of Bosnia and Herzegovina Srpske. This latter solution, from the point of view of efficiency and costs of conducting the competition procedure, probably has its justification. However, some other fundamental questions may be raised. First, how much will the Commission, within the candidate candidate and the four nominating candidates for appointment to the HJPC, uniformly apply the criteria for ranking candidates, and how different will be and how much will lead to differences in the

quality of the candidates finally nominated. Second, how much will the sub-members of the Federation of B&H consist of only members of the Federation Councils, and the members of the Republika Srpska sub-councils only members of the Republika Srpska, will further fragment the already fragmented non-unified judicial system in the country. Therefore, in the interest of a unified approach to the tendering procedure and the uniform evaluation of candidates for judicial positions, all sub-committees should be composed of Council members from both Entities. Similarly, in order to better evaluate the professional capacity of candidates for judicial office, it would be useful for one of the three members of the committee to be an active second-instance judge who is not a HJPC, especially when the committee evaluates (credits) the first-instance judge. This solution would contribute not only to improving the quality of the appointed judicial office holders, but also to greater working connections and opening up the HJPC to the judicial community.

It is unacceptable and nepotistic views of some HJPC members not to see anything "dangerous in the situation of a husband and wife sitting in court", which show that some members of the judicial "government" unfortunately live our gloomy social reality. Therefore, the decision in the innovator of the HJPC Rules of Procedure (Art. 49) should be respected that, when selecting a candidate for interview, the candidate will not be invited to the interview if he / she is: his blood relative employed in a straight line, without restriction, in a sideline to the fourth

⁵⁴The ranking of candidates who have applied for the leadership position is based on the following criteria:

a) the candidate's expertise;
 b) legal analysis capacity;
 c) the ability of the applicant to responsibly, independently and impartially perform the function for which he or she has applied, professional

impartiality and reputation, and out-of-work behavior;

d) the applicant's previous work experience;
 e) education and training, publication of scientific papers and other professional activities;
 f) communicativeness;
 g) managerial skills and experience and ability to manage human resources.

degree, or spouse or spouse by degree or relative of an extramarital spouse to another degree. This is probably ever in our public places, formally the best-regulated protection against nepotism. Let reality alone be no different from the norm, and let this be an example to everyone in public affairs.

However, the HJPC Rules of Procedure, by its legal nature and scope, is an act on its organization and internal work (as otherwise, every rulebook) and does not have the legal force of law, so that it cannot even elaborate on all current key issues of judicial reform, strengthening its independence and impartiality, or respond to them. After all, the HJPC does not solely, in isolation and independently of social needs and interests, create a "judicial life" on a "one-on-one" principle. Therefore, a larger, rightly expected contribution to this, as per the rule of law and democratic society, can only be made by adopting and consistently implementing the Law on Amendments to the HJPC Law, the Law on Courts, then the Criminal Legislation and other legal regulations on the B&H judiciary. Considering that this is an urgent rather complex and extensive work, in which complete and not half-solutions should be reached, which presupposes a great deal of experience and knowledge in the domestic judiciary and the European acquis, and a particularly complete commitment to the principle of independence and impartiality of the judiciary and its depoliticization, the task can be successfully accomplished by proposing to the Parliamentary Assembly of B&H the Law on Amendments to the Law on the HJPC, only a representative and competent working group organized by the Ministry of Justice of B&H and the HJPC, which would be, apart from their representatives and representatives of the Entity Ministries of Justice, current and former judges. The Court of B&H, the Entity Supreme Courts, the Prosecutor's Office of B&H and the Entity Prosecutor's

Offices, prominent legal experts and theorists in various fields of work, representatives of civil society and representatives of the European Union and the OSCE in B&H. It would be useful and productive for as many members of the working group to be politically non-aligned, since persons politically connected and obliged to any political option, objectively, in current B&H social and political realities, cannot make the expected, necessary contribution to creating an independent, an impartial and depoliticised effective judiciary.

In order to prepare and direct future candidates for judges and prosecutors in a timely and quality manner, it would be worth considering the introduction of a judicial course at law faculties, and also that the education (students on them) lasts longer than the education of students in the general legal direction. For, we will agree, between the work of a lawyer in routine legal administrative and similar affairs, and the demanding work of a judge or prosecutor, which presupposes more legal knowledge, possession of the whole set of interdisciplinary skills, personal independence and self-confidence, and considering the legal consequences that their jobs produce, cannot to put a sign of equality. Traditionally, the esteemed and respected title of judge, truncated by current weaknesses in the judiciary, can only be reaffirmed by their necessary professional knowledge, consistent professional, independent and independent work in the application of law.

In order to take a more objective view of the state of the judiciary, it may be counterproductive, even offensive in the ongoing rage of justifying criticism of the state of the judiciary, to impose a collective stigma on all its actors, since a large proportion (not say most) of judges and prosecutors, linking their legal knowledge with sociological knowledge, legal facts and social phenomena, avoiding falling into formalism and technocratism, doing their

job professionally and responsibly. But, precisely because of this, it is their moral obligation to use the power of personal example, and such, in their own interest, to become the internal generator of positive change in the judiciary. Otherwise, they themselves could become morally responsible for the unsatisfactory condition in it.

THE IMPORTANCE OF ESTABLISHING THE LEGAL FRAMEWORK FOR UNMANNED AERIAL VEHICLE

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Abstract: *Unmanned aerial vehicles are a new technology that continues to evolve and overtake its original military purpose. The implementation of modern navigation and communication systems has enabled practically unlimited use of drones in police, customs, scientific, geographic, agricultural, commercial and other purposes. Recognizing the potential of unmanned aircraft technology for the innovations and benefits of society, and the expansion and development of civilian use of these aircraft, there are certain problems that require the establishment of legal frameworks that will regulate and prevent the illegal use of unmanned aircraft, and enable safe and sustainable growth of a new and prospective sectors. A number of issues relating primarily to security, privacy, insurance as a result of causing damage to third parties, environmental protection and many other issues will have to be resolved. In particular, this refers to situations where there is a danger of using drones for illegal purposes, even for the purposes of terrorism, and in the sense of the risk of citizens' privacy due to illegal recording.*

Key words: *unmanned aerial vehicle, legislation, data protection, environmental protection, privacy protection*

Introduction

Unmanned Aerial Vehicles (UAVs) are unmanned aerial vehicles that can be monitored remotely or flown independently using a pre-programmed flight plan or through complex autonomous dynamic systems. Unmanned aerial vehicles are often used for military purposes for reconnaissance and attack on targets as well as for civilian use, such as firefighting tasks, police monitoring or field investigation.

The advancement and emergence of new technologies in the electronics domain, especially the development of microprocessors, has led to the rapid expansion of drones. Unmanned aerial vehicles are a new technology that continues to evolve and go beyond its original military purpose. The implementation of modern navigation and communication systems has enabled the unlimited use of drones for police, customs, scientific, geographical, agricultural, commercial and other purposes.



Figure 1. Drone layout view

Recognizing the potential of unmanned aerial vehicles technology for the innovation and benefits of society, and the expansion and development of civilian use of these drones, there are also some problems that necessitate the establishment of legal frameworks to regulate and prevent the unlawful use of drones and to enable safe and sustainable growth new and promising sector.

With the development and expansion of civilian use of drones, numerous illegal uses have been reported worldwide that endanger human lives and which do not comply with certain laws such as personal data protection laws. The dramatic rise in situations where aircraft crashes have almost prompted industry and responsible authorities worldwide to accelerate efforts to develop standards and regulations in this area.

Nowadays, when such aircraft are mostly equipped with a camera or other visual sensor, and when there is a possibility of storing data, questions are increasingly raised regarding privacy, data protection and various ethical issues. Also, with the advent of new technologies, especially the development of computers and the Internet, there is a problem of personal data protection. The type of data that can be collected and stored by RPAS⁵⁵ is diverse, depending on the type of sensor the aircraft has, such as pictures, recordings, sound, biometric data, location data, telecommunication data and others that can be linked to an identified or identifiable person, which imposes the need to protect the privacy and personal information of citizens.

To ensure a high level of security, they will have to address a number of issues, from security and privacy to insurance, environmental protection and more. This is especially true of situations where there is a risk of using drones for illegal and even terrorism purposes, and in terms of risks to citizens' privacy by abusing drones and illegal shooting and even blackmail.

Since the unmanned aerial vehicle industry has great potential and potential to expand into various spheres, in recent months in the world and in the region, but also in Bosnia and Herzegovina, with the advent of remote control aviation systems, that is, drones or drones, the authorities of European Union

⁵⁵RPAS (Remotely Piloted Aircraft System) - Remote control of aviation systems

countries and countries in the region, recognized the importance of this issue by seeking to legally regulate the use of these systems and the conditions under which airspace operations may be performed. With the aim of regulating and limiting the use of drones, many states have enacted specific laws that apply to drones or are in the process of being drafted.




Vrsta	Prednosti	Mane
Quadcopter (letjelica s četiri elise) 	<ul style="list-style-type: none"> može lebdjeti (stacionaran let) može poletjeti s mjesta i sletjeti 	<ul style="list-style-type: none"> nije za velike udaljenosti ni visine kratak vijek trajanja baterije
Oblik zrakoplova (plane shaped drone) 	<ul style="list-style-type: none"> dobar manevar velike udaljenosti velike visine 	<ul style="list-style-type: none"> ne može lebdjeti, odnosno biti na jednom mjestu (zasad) ne može poletjeti s mjesta (zasad)
Oblik muhe (insect fly shaped drone) 	<ul style="list-style-type: none"> vrio je mal može se zavlaziti te ići na nepristupačan teren oponaa kretanje muhe ili insekta 	<ul style="list-style-type: none"> mali dron = mala baterija (postoji primjer ovog drona kojeg su razvijali i s njega visi žica za moguće priključke)

Figure 2. Overview of basic types and forms of drones (UAVs), with certain advantages and disadvantages, depending on the purpose

At EU level, the applicable regulation for the field of drones by the end of August 2018 was Regulation (EC) No. 216/2008 of the European Parliament and of the Council, in force since 20 February 2008. Regulation 216/2008 / EC provides that the use of drones weighing more than 150 kg is the responsibility of EASA⁵⁶ - the European Aviation Safety Agency, in which drones are subject to the same rules as conventional manned aircraft when used in controlled airspace. Unmanned aerial vehicles weighing up to 150 kg are subject to the regulations of EU Member States. Thus, states have regulated this area in different ways. Due to the lack of uniformity of legislation for all types of drones, many EU Member States have elaborated this matter in national

frameworks, prescribing and passing regulations and laws, such as: Denmark back in 2009, then Sweden in 2010, Czech Republic in 2011, Germany in 2012, France in 2013, Austria in 2014. The Republic of Croatia law is one of the latest to come into force and modeled on the laws in Europe. In May 2015, the Ordinance on Unmanned Aerial Vehicles was published. This Ordinance lays down the general, technical and operational requirements for the safe use of unmanned aerial vehicles, unmanned aerial vehicles and aeronautical models, and the conditions to be met by persons participating in the management of those aircraft and systems with the classification of drones and flight areas. Common to these Regulations and Regulations is that in most cases they restrict or prohibit the flight of unmanned aerial vehicles above or near densely built and / or populated areas, airports, groups of people and other sensitive infrastructures.

In December 2015, at the request of the European Commission, EASA issued a technical opinion on "Introducing a legal framework for unmanned aerial vehicle operations", which divided the aircraft into three categories, open, specific and certified (validated), with respect to environmental risk.

Due to increased use of drones, the European Commission has proposed tighter regulation of drones in order to improve EU air traffic safety. The European Commission then also in December of the same year made a proposal for a regulation extending EASA's jurisdiction to drones weighing less than 150 kilograms, giving EASA jurisdiction over all drones across the EU. The main objective of the commission's proposal is to establish and maintain uniform safety standards in the field of unmanned aeronautical and environmental protection at the highest possible level.

⁵⁶EASA (engl. European Aviation Safety Agency)

The European unmanned aerial vehicle sector is developing at an extremely rapid pace and is projected to deliver over 150,000 jobs by 2050. worth about € 15 billion a year. Unmanned aerial vehicles, known as drones, are a rapidly evolving aeronautical sector with great potential for economic growth in the European Union.

2. EU aviation security reform

2.1. Regulation (EU) 2018/1139 of the European Parliament and of the Council

In order to ensure and maintain a high level of security in EU aviation, there has also been a reform of EU aviation security by adopting a Regulation on the Safe Integration of Remote Control Unmanned Aerial Vehicles into European Airspace (Common Civil Aviation Regulation Regulation and the establishment of the Agency Of the European Union for the safety of air traffic and amending Regulations (EC) No 2111/2005⁵⁷, (EC) No 1008/2008⁵⁸, (EU) No 996/2010⁵⁹, (EU) No 376/2014⁶⁰ and Directive 2014/30 / EU⁶¹ and 2014/53 / EU⁶² of the European Parliament and of the Council and repealing Regulation (EC) No 552/2004⁶³ and (EC) No 216/2008⁶⁴ of the European Parliament and of the Council and Council Regulation (EEC) No 3922/91⁶⁵ July 2018. The purpose of the new rules is to create the conditions for the EU to be able to cope with the expected growth of air traffic. The

proposed regulation establishes common rules in the field of civil aviation security and revises the mandate of the European Aviation Safety Agency (EASA). The new EASA regulation replaces the existing 2008 legislative framework. Furthermore, the changes encourage cooperation between EASE and national authorities in assessing flight risks over conflict zones.

The new EU rules stipulate that a drone operator must ensure that the unmanned aerial vehicle is operated in such a way that it does not pose a risk to human life and that it takes place at a safe distance from other airspace users. In accordance with safety rules, drones will be fitted with accessories such as an automatic landing in case the operator loses contact with the drone or collision avoidance system. The regulation also mandates mandatory training for individual drone operators, as well as certification of drones depending on the danger they present. In accordance with these Unmanned Aerial Vehicle Rules, basic principles will be introduced to guarantee the security, privacy and protection of personal data. The aircraft will be designed to reduce noise and air pollution, thereby ensuring environmental protection. The text establishes a threshold for registering drones - they must be registered if they operate drones capable of transmitting more than 80 joules of kinetic energy in a collision with a person.

EASA, together with Member States and industry, is trying to set up a comprehensive

⁵⁷Regulation establishing a Community list containing air carriers which are subject to an intra-Community ban on air travel information to air travelers on the identity of the air carrier operating the flight

⁵⁸Regulation on common rules for the operation of air services in the Community (recast)

⁵⁹Regulation on Investigation and Prevention of Civil Aviation Accidents and Accidents

⁶⁰Regulation on civil aviation incident reporting, analysis and follow-up

⁶¹Regulation on the approximation of the laws of the Member States with regard to electromagnetic compatibility (recast)

⁶²Directive on the approximation of the laws of the Member States relating to the making available of radio equipment on the market

⁶³Regulation on the interoperability of the European Air Traffic Management Network

⁶⁴Regulation on common rules in the field of civil aviation and establishing a European Aviation Safety Agency

⁶⁵Regulation on the harmonization of technical requirements and administrative procedures in the field of civil aviation

security legal framework that will include basic EU security laws. The integration of drones into the existing system is necessary and inevitable, and the European Union has recognized this need. The Commission anticipates that by 2019, there will be systems for operator and drone registration, e-identification and geofencing⁶⁶. The European Commission plans to implement rules for small drone operations within the European Union. The aim of the European Commission is to make drones by 2019 everyday participants in air operations.



Figure 3. Quadcopter (four-flight aircraft)

3. Legal regulation of unmanned aerial vehicles in Serbia and Montenegro

The Ordinance on Unmanned Aerial Vehicles (Official Gazette of the RS, No. 108/2015) stipulates that a specific permission of the Civil Aviation Directorate must be obtained for the operation and possession of a drone. According to the Law on Public Order and Peace, if you operate a drone by compromising one's security or public order and peace, a fine of 800 to 2500 KM is paid. A prison sentence of 30 to 60 days is also expected. According to the official records, 120 drones were registered, and 141 persons passed the professional examination in the knowledge of the regulations stipulated by the Regulations.

⁶⁶A feature of a software program that uses a Global Positioning System (GPS) or Radio

The ordinance provides that, in certain situations, the approval of the Directorate for Unmanned Aerial Flight - that is, for aerial photography - from the Ministry of Defense is also required.

In addition to the Civil Aviation Act, which recognizes drones, in Montenegro this area is regulated by the Ordinance on the requirements for the use of drones and aeronautical models, adopted in 2016. However, although adopted two years ago, the Civil Aviation Agency is preparing a new regulation to bring this area into line with new EU solutions.

4. Legal regulation of drones in the legal framework of B&H

Due to the increasing technological development, which is often accompanied by unsatisfactory and incomplete development of legal norms, we are witnessing the existence of legal loopholes regarding the regulation of modern technologies and the legal uncertainty that arises as a result of these loopholes.

There is currently no rulebook in B&H to determine how drones should be registered, their use, purpose and the like. The Directorate, like any other service, does not keep records of the number of drones in our country, nor is their sale regulated in any way. We can say that the regulation is partially covered by Article 26 of the 2013 Aircraft Ruling Ordinance Ordinance and Article 22 of the 2016 Flight Authorization Regulations, which describes the procedure for obtaining a permit for an unmanned aerial vehicle. Since it is necessary to systematically regulate the issue of drones, the B&H Civil Aviation Directorate is 13.06.2016. organized a seminar on the topic: "Use of Remote Control Aeronautical Systems (Unmanned Aerial Vehicles / Drones)" with the participation of all interested parties (airports, aeroclubs,

Frequency Identification (RFID) to define geographical boundaries.

B&H Air Navigation Services Agency, B&H Ministry of Defense, law enforcement agency, insurance companies, equipment distributors).

The B&H Aviation Law currently in force does not define remote control drone aircraft, but can be treated as aeronautical models in one segment. Accordingly, the BHDCA⁶⁷ authorizes the use of drones only within the controlled zones of international airports in B&H and within the zone of sports airports, on the basis of the Flight Rules Order⁶⁸ and the Rules on the Authorization of Flights⁶⁹.

According to the current legislation in B&H, in order to operate a drone in the immediate vicinity of airports and sports airports, prior approval of the BHDCA must be obtained in order not to impair air traffic safety, which is the overriding authority and role of the BHDCA.

The B&H Civil Aviation Directorate (BHDCA), in cooperation with the competent authorities, should soon introduce a rulebook governing the use of aeronautical systems for remote control. In this way, users of drones or drones will have exactly the prescribed flight measures, as well as obtaining clearance to fly. The rulebook is based on the experience of the countries in the region and the European Aviation Safety Agency.

The Directorate for Civil Aviation of Bosnia and Herzegovina has published a draft Rulebook on conditions for conducting drone operations. This ordinance lays down the general, technical and operational requirements to be fulfilled by operators of "aeronautical models and remote control aircraft or aeronautical remote control systems" (drones) and shall apply to drones with a maximum weight of up to 25 kg. which raises the issue of legal regulation of unmanned aerial vehicles above 25 kg.

Under the Rule, those operating the drone will need to have a certificate of knowledge of civil aviation regulations, and it will be obtained by passing the exam and checking their knowledge of the Civil Aviation Act, the Flight Rules Ordinance and the Conditions of Flight Operations for Drones. The same Regulation classifies and categorizes drones, areas and types of flights (operations), obligations of the owner and operator of the drones, as well as the responsibilities of the competent authorities.

The responsibility of the Directorate is first and foremost to provide all participants in air traffic, so it is necessary to protect the airspace in order not to compromise the safety of drones. Although efforts are being made to ensure safe operations, everyone is aware that accidents are occurring and will continue to occur in the future, and therefore adequate compensation to victims should be provided.

The Draft Ordinance on the Conditions for Performing Drone Operations for Damage Insurance stipulates that a drone operator in the category "specific" and "certified" must have a drone insurance policy covering damage to third parties in the territory of B&H.

Modeling EU legislation, categorization of drone operations was classified into one of the following three risk-based categories, namely:⁷⁰

1. "Open" is a category of drone operations which, given its risks, does not require prior approval by the competent authority before commencing operations;
2. 'Specific' is a category of drone operations which, given the risk, requires approval by the competent authority before commencing

⁶⁷Directorate for Civil Aviation of Bosnia and Herzegovina

⁶⁸Official Gazette 52/13

⁶⁹Official Gazette 53/13

⁷⁰ Draft Rulebook on Conditions for Conducting Flight Operations on Drones of B&H

operations, taking into account risk mitigation measures;

3. "Certified" is a category of drone operations that, given the risk, requires a drone certification, a pilot-operated pilot's license and an operator approved by the competent authority, which is required to provide an acceptable level of safety.

Conclusion

Legislation on drones - drones is still in development, unfinished and unknown, some regions have adopted, and some have just drafted regulations on the conditions for conducting drones. Unmanned aerial vehicles pose a threat to data protection and privacy, therefore all authorities should develop guidelines and controls to protect citizens' rights and privacy. The expansion of unmanned aerial vehicles (drones) has, in addition to its advantages in the areas of surveillance and video, brought numerous risks. Therefore, it is necessary to further regulate the use of drones.

Given that this is a new technology, in front of B&H, the countries of the region, as well as the European Union, it is a great challenge to properly regulate this area, because it is a new technology that is constantly improving.

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KNOWLEDGE AND EDUCATION IN THE FUNCTION OF FASTER ECONOMIC DEVELOPMENT OF BOSNIA AND HERZEGOVINA

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Abstract: *Insufficient economic development of some countries can be result of insufficient financial investments in knowledge and education. One of those countries is Bosnia and Herzegovina. Authorities at all levels have appropriated minimal funds for these purposes so far. The importance of knowledge and education in economic development can be detected on the example of Turkey that, thanks to the adequate approach in these areas, has completely repaid its debt to the IMF and developed the economy further so that Turkey is one of the most developed countries in this region today. How we should solve the problem of insufficient economic development of Bosnia and Herzegovina? The answer is very simple. The knowledge that Bosnia and Herzegovina has at its disposal should be treated with respect, using it for development of our country. However, we have had just opposite experience so far. Namely, local youth with specific knowledge highly demanded in Bosnia and abroad have been disregarded easily, and young population continues leaving the country without an intention to come back.*

Keywords: *knowledge, education, economic development*

1. Introduction

At a time when many countries have major economic and social problems, the question arises of how to solve these problems in view of all the deficiencies they have in their socio-political and economic development. Nor did these problems bypass Bosnia and Herzegovina. The development of a society depends in part on the financial investment in one of the most important resources available to Bosnia and Herzegovina, which is the knowledge available to its inhabitants, among which the most educated are young educated people. These people, unfortunately, go abroad every day for various reasons. Given that they are one of the key factors in the development of the economy and society, much more attention should be paid to their understanding and investment in order to retain them in Bosnia and Herzegovina. In this paper we will make a brief analysis of the current situation in some of the countries that have paid sufficient attention to fostering one of the most important resources available to those countries, namely knowledge and education. Examples will be presented of some countries in the region that based their socio-economic development on greater financial support and greater investment in knowledge and education, such as the Republic of Turkey. Also, the importance of knowledge, education and scientific research will be presented in Bosnia and Herzegovina as well as in the countries of the region, Southeast Europe and the world as a whole.

2. The importance of knowledge and education in the economic development of society

Today, there is no sustainable and accelerated economic development without quality knowledge and education. Modern economics and economic development are

based on continuous acquisition of knowledge and constant investment in intellectual capital. Each country bases its economic development on knowledge and education, which have always been one of the basic instruments for the development of national economies. Today is characterized by daily changes, especially in terms of economic development. It cannot be said that some countries are independent from other countries, given that in the modern conditions of globalization, knowledge and education are something that is valued and valued in the global market. Knowledge and education depend in particular on the amount of investment supported by each state through budgetary allocations to science and research. How much money is allocated from the budget of individual countries to knowledge and education is best reflected in the speed of economic development. Since economic development is based on state incentives for innovation and scientific research, as they are a key factor in the development of a particular society and the economy as a whole. Unless sufficient attention is paid to innovation and research, it is not possible to expect faster development of the entire community. Throughout history, we have witnessed that countries that were politically and economically isolated from the rest of the world had slowed or stopped economic development. The result of this isolation is the economic and technological backwardness of both the economy and the population in every segment of economic and social life. Examples of countries that have been isolated from the rest of the world for various reasons (mostly political in nature) are interesting. In these countries, economic development was almost halted, which had a negative impact on the standard of living of the population. The most recent examples from recent history are Albania during the reign of dictator Enver Hoxha, Cuba during the reign of Fidel Castro, North Korea under the rule of

today's leader Kim and his predecessors from the same family. The reason for the economic backwardness of these countries is primarily due to economic sanctions and political isolation from the rest of the world, and especially to the large economically and politically powerful countries from which the US stands out. Also, the Balkan countries, among which Bosnia and Herzegovina is particularly prominent, were not left behind in the economic and social development of the 1990s when war was raging in these regions. Global trends in the 1990s have bypassed those economically, information, media, transport and technology lagging behind other countries that have been keeping pace with global change and adapting to global trends, especially investing in knowledge and education. . Bosnia and Herzegovina has not yet completed the transition, while privatization has been unfairly implemented and reforms in many areas of economic and social life have not been fully implemented. All of the above has a negative impact on the faster economic development of Bosnia and Herzegovina and the growing economic backwardness in other countries of Europe and the world.

3. Accelerated economic development of the Republic of Turkey through investment in knowledge and education

Differences in knowledge and its technological application are becoming major factors that separate developed countries from underdeveloped, rich from poor, high living standards from low.

A country is said to have sustainable economic growth and development if it has a GDP growth of at least 5% or more over a period of at least three years. The best example of accelerated and sustainable economic development is Turkey. By investing in education and knowledge, Turkey has dramatically increased the

number of schools, colleges, universities and students, and this has had very positive effects on the economic growth and development of the country and its economic and political roles in the world.

Along with investing in education, Turkey's economic growth, development and prosperity have started. It is the country that has invested most in education in recent years and during this period Turkey has experienced economic expansion, has repaid all its debt to the IMF and is developing in all fields. Turkey is one of the countries in the world with the highest annual economic growth, and Turkey is the best example of the hypothesis that investing in education and knowledge is the most profitable investment, bringing future economic growth, prosperity and prosperity at all levels. There are sufficient resources, resources and modern technology in the global market, but there are fewer and fewer people trained and prepared to work and operate in the open market. This is why they call this century a "life of knowledge", in which the "global passport" will receive only quality and innovative staff. Despite this fact, little has been done in Bosnia and Herzegovina to reform the curriculum, so that teaching is mostly done as it was at the beginning of the last century. Existing education is based more on information and less on research and facts, instead of teamwork, individual work is stimulated, instead of multimedia lessons, outdated textbooks etc. are used. Modern times and contemporary trends are generating new occupations, which are looking for a whole new way of training. The education system is not adapted to new structures in society, world trends and the ways in which knowledge is acquired today. Bosnia and Herzegovina has a chance for accelerated and sustainable economic development if it invests much more in education and science in the future and adjusts its educational programs to the needs of the labor market. The best example is the Republic of Turkey, while in Bosnia and Herzegovina

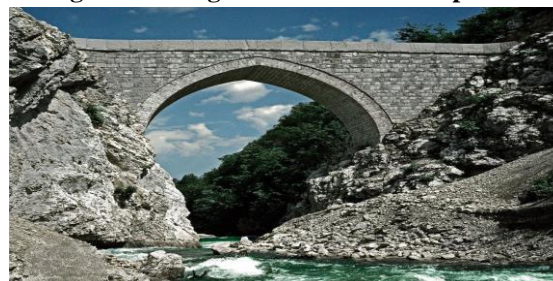
the key problem is unemployment and an inadequate education system, that is, its incompatibility with the labor market. The government and its bodies should focus on training to the required knowledge and skills as well as adopting an adequate education strategy and policy at all levels. Attention should be paid to the revision of school curricula in order to adapt the acquired skills and knowledge to market requirements. The unity, cooperation and integration of educational institutions with employers is necessary and necessary in order to start the economy, employment, accelerated economic development and progress (Bahtić S., 2018).

4. Knowledge - a resource of the new age

A knowledge-based economy is a modern economy, where the value of goods and services produced and realized is created on the basis of applied knowledge, which will say that the exploitation of knowledge plays a dominant role in the creation of material goods and social wealth. That is why it is said that today's world has entered a new age - the age of knowledge. The basic infrastructural elements for prosperity in the knowledge economy are: knowledge as a source of economic development, innovation - as the most valuable source of creating new value and creating change. The age of knowledge lays the foundations for a new economic order and the chance to create a new future, which is increasingly reliant on the value of human potential. The New Economic Age is defined by many scientists, one of them is Peter Drucker, who points out that in the knowledge economy, natural resources and labor are no longer basic economic resources, but rather intellectual capital, which is defined as "knowledge flowing through technology and residing in humans." From the above it follows that knowledge is a priority factor for competitiveness. In the global business in the knowledge economy,

competitiveness becomes tied to individual businesses, enterprises and other organizational systems. As a universal process, globalization pervades all aspects of society, it breaks borders and establishes new relationships and relationships, creating the conditions for faster and more efficient exchange of people, capital, goods, services, money, information and knowledge. Figure 1 shows a bridge from the Ottoman period built with the technique and materials available to the builders at the time.

Figure 1. Bridge from the Ottoman period



Source: <https://www.bing.com/images/search?q=mostovi&FORM=HDRSC2>

Globalization of knowledge can be understood as the growth, development and exchange of knowledge between different economic entities on a global basis. In the knowledge economy, knowledge acquires some specificities and becomes the focus of interest in economic science and practice. Today it is becoming organizational knowledge (at the level of the business system) and is increasingly becoming the essence and carrier of business development and growth, as well as the structure for creating new knowledge. Business in the knowledge economy is characterized by big and sudden changes at all levels and in all sectors and branches, business entities are becoming more numerous (new products, services, market expansion), business is international, nothing new forms of cooperation between business systems, competition in competition is becoming sophisticated and taking on new forms, the market is

becoming more assertive, new demands for competitiveness are emerging. The knowledge economy as a whole is a transformed industrial economy where employees in the industrial economy and all its economic entities are treated with a cost generator. In the knowledge economy, they are considered as the generator of income and wealth and constitute the most valuable economic capital. The power of management in the industrial economy depends on the level in the organizational hierarchy, in the knowledge economy the power of management depends on the level of knowledge. The basic form of profit in the industrial economy was "tangible" - money, in the new economy profit becomes "intangible", "invisible" - learning, new ideas, new qualities, new customers and clients, because they are the bearers of economic development. The bottlenecks were money and skills in the modern economy, they are becoming time and knowledge. The Age of Knowledge brings a whole new perspective on the world of economics and inaugurates a whole new management. A person with his knowledge, abilities, habits, skills, creativity, motivation and energy is the most important factor of all human creativity and the holder of all economic development. Thanks to the development of human knowledge, the modern world has found itself in a scientific and technological revolution characterized by an adequate concept of production, exchange and consumption. It shows that modern conditions of economy are interacting with new forms of organization and management at all levels from business system, branch, national to world economy, where quality human resources play a crucial role. The time we live in is therefore a time of knowledge, creativity and information. These are the resources of the modern economy that are expected to expand the boundaries of knowledge as well as productivity and business results. Without new creativity and knowledge, it is

not possible to restructure large systems, address redundancies, and function large organizational systems. Creativity and ideas are the most valuable gifts an individual can possess, the greatest social wealth. Therefore, today's economic development focuses on the human side of the organization where human capital is central to strategic business. In today's conditions of development of globalization of the world economy, an appropriate system of international division of labor was created. That is why the world economic experts rightly claim that the functioning of the world economy is the most complex system that is developing and improving every day. . All developments on the world scene and in the global economy, as well as all developments in national economies and all economic entities, depend primarily on the knowledge and ability of the human factor (Radovanovic, V., Rendulic, G., 2014).

Fig. 2. A modern bridge built on the basis of knowledge and modern technologies



Source:

<https://www.bing.com/images/search?q=most+ovi&FORM=HDRSC2>

Today, most of the basic factors of production in the world are the most invested in the workforce, as the conditions of economy in the world economy are

increasingly demanding increasing knowledge, innovations and motives for work. In the world, in addition to all the revolutions that have taken place to date (industrial revolution, scientific and technological revolution, energy revolution), the "revolution of intelligence and profession" is very important. It implies the rapid transfer and application of intensive knowledge in the development of economy and technology. That is why no one today even questions the crucial role of human resources in overall development. Quality human resources require investment in their development as a "knowledge industry". This is achieved through the allocation of financial resources for the development of human resources - for education and for scientific research. Such financial allocations in the world are uneven and different, which depends on the development of individual countries, and therefore high knowledge and developed human resources are concentrated in certain parts (Radovanovic, V., Rendulic, G., 2014). Figures 1 and 2 show the technological development in the construction of infrastructure infrastructures in the world thanks to continuous investment in knowledge and education.

5. Education - a factor of economic growth and development

Equity can take the form of: physical capital, monetary and human capital. Without technological advances, neither physical nor human capital will lead to growth and development. Gary Becker, in his classic work *Human Capital*, points out that any activity that carries costs in the current period, and increases productivity

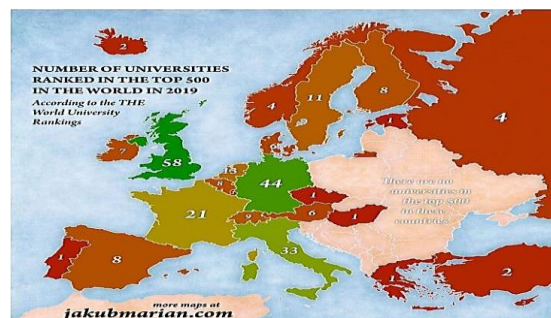
in the future, can be analyzed within the framework of investment theory, Grecic, V., (2004). All productivity enhancing activities require investment, investment but return with profit. Investments are related to the problems of cost and performance measurement, ie how to make a rational choice between the options available. Human capital is an economic term for knowledge, skills that workers acquire through education, training and work experience. The main form of human capital formation is education. Education has accumulated skills, which are also acquired through on-the-job training. Education, training and experience are not as tangible enough as machinery, buildings, but human capital and physical capital have the effect of increasing the economy's ability to produce goods and services. In countries where human capital is scarce, the gap between the earnings of educated and uneducated workers is greater. Good educational institutions should be provided and used. Investing in human capital has its opportunity cost. While in college, one gives up the earnings he or she can earn through work. However, educated individuals may have more ideas that can contribute to the overall development of a society's knowledge that anyone can benefit from. The contribution to society from schooling may be greater than the contribution to the individual. Knowledge must be used to solve many structural problems of the economy. The acquisition, improvement and use of knowledge certainly drives the growth and competitiveness of the economy (Mušikić. S., Krulj, Mladenović. M., 2015). No country has so far experienced rapid economic growth and development without

a more serious approach to education and the improvement of the education system.

6. The University of B&H is not among the best ranked in the region and in the world

The British newspaper specializing in higher education annually publishes a ranking of the world's universities, with more than 1250 top universities in the world. And a Czech linguist, mathematician, cartographer and musician, Jakub Marian, published a map of Europe with the number of top universities in each country on his blog, which publishes educational geographic maps with different data. He took the top 500 in Times Higher Education's last rankings as a criterion. And as it can be seen, B&H is one of the countries that have no universities among the best. Only Hungary, the Czech Republic and Estonia each have one top university. Admittedly, in Eastern Europe, except B&H, almost all of Eastern Europe, all the countries of the former Yugoslavia, Albania, Bulgaria, Romania, Poland, Ukraine, Moldova, Belarus, Lithuania, Latvia and Latvia, belong to this infamous category. Yet even Estonia, a country with less than a million and a half inhabitants, has one university among the top 500 in the world, according to these statistics. Hungary and the Czech Republic also have one top university. Western European countries, on the other hand, are performing far better.⁷¹

Figure 3. Map of the top ranked universities in Europe



Source: <http://tip.ba/2018/11/09/objavljena-karta-najboljih-univerziteta-u-evropi-eko-kako-stoji-bosna-i-hercegovina/>

Germany has 44 top universities, the UK 58, France 21, Italy 33, and relatively small Western European countries are not bad either: Ireland has 7 top universities, Denmark and Austria 6 each, Sweden 11, and Switzerland 9. And as Marian explained in its article, Times Higher Education values universities according to the following criteria: teaching (learning environment), research (quantity, revenue, reputation), quotes (research impact), international perspective (international students, staff and collaboration) and industrial income (transfer) knowledge. But since these statistics do not take into account the population and students in a country, it is logical to expect that a larger country will have more universities, and thus more top universities than a smaller country. US universities dominate the list of top ranked universities and are the most represented within the top 100 higher education institutions. British universities Oxford and Cambridge are in the top two places. US universities dominate the list of top ranked universities and are the most represented within the top 100 higher education institutions. So the third place on the list is Stanford American University,

⁷¹ Based on the latest research recently published on <http://tip.ba/2018/11/09/published-map-of-the->

[most-universities-in-the-Europe-Evo-How-to-Bosna-andHercegovina/\(Download:10/11/2018\)](http://tip.ba/2018/11/09/published-map-of-the-most-universities-in-the-Europe-Evo-How-to-Bosna-andHercegovina/(Download:10/11/2018))

the fourth Massachusetts Institute of Technology (MIT), and the fifth California Institute of Technology. Japan is the second highest ranked country after the US with its 103 universities on the list. As far as Europe is concerned, eight of the top 100 places are from Germany, of which the Ludwig Maximilian University in Munich ranked 32nd on the list. Two French universities, Paris Sciences et Lettres (PSL) and Sorbonne, and one Belgian, KU Leuven, ranked in the top 100 of the world's top universities.⁷²

7. Scientific research in the function of economic development

1. Fundamental (basic); 2. Applied (Applied); 3. Developmental. Fundamental or basic research aims at discovering the interdependence and legality of phenomena in nature and society. This research contributes to the broadening and deepening of existing knowledge, their fuller understanding, facilitating the redefinition of existing laws and theories, while basic research creates the foundations and source of ideas for applied and developmental research. Fundamental research aims to discover new laws and hypotheses and expand knowledge. Basic research is the initial research that results in scientific discovery, and in further research, it translates into practice and translates into innovation, ie. invention applied and tested in practice. The result of fundamental research can be epochal knowledge, ie. scientific discoveries that cannot be appropriated and legally protected but

represent a common property of humanity. Applied or applied research aims to solve a practical problem, that is, to find new solutions related to products, processes, materials and other technology. Applied research supplies the production process with innovation, that is, inventions and other scientific and technological information on possible better solutions to certain problems. Developmental research or experimental development does not, in principle, involve some new methods and results, but is based on already verified results of fundamental and applied research. Development research is targeted research for the development of new technologies (Lajović D., Vulić. V., script, 2015, pp. 32-33).

8. Conclusion

The importance of knowledge and education in the development of a social community is best demonstrated by the degree of economic development of individual countries. In this paper, we have come to the conclusion that those countries that have taken a serious approach to supporting education and research have developed rapidly, become politically and economically independent from the influence of international financial institutions, have raised the quality of life of their citizens through rising living standards and experienced a rapid increase in GDP for a short time. One of the bright examples presented in this paper is the Republic of Turkey. Given that in Bosnia and Herzegovina there is little budgetary allocation at all levels of government for science and scientific-research work, in

⁷²Top rated universities in the recently published list. <http://tip.ba/2018/11/09/published-card-the>

best-universities-in- Europe-evo-how-to- stand-bosna-i-hercegovina/(Download/10/11/2018.)

such circumstances faster economic development and socio-political independence cannot be expected. In today's market economy, knowledge is one of the most valuable and expensive resources. Many developed countries allocate significant financial resources from the budget for the purpose of acquiring knowledge and improving educational institutions. Bosnia and Herzegovina is not investing sufficiently in the education system, which is reflected in the lagging behind of research institutions and higher education institutions such as universities. There are no universities in Bosnia and Herzegovina among the top ranked universities in the world. This information tells us that with this approach to knowledge and education, no positive changes can be expected in the economic and socio-political development of the country.

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GUIDELINES FOR IMPLEMENTATION OF E-GOVERNMENT AT INSTITUTIONS OF BOSNIA AND HERZEGOVINA

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Abstract: *Most of the information systems that are introduced to e-government bring with them many innovations and many complications. Each system is introduced individually by use of heterogeneous information technologies, which almost immediately disable quality data exchange (G2G) and reduce the usability of existing data in the system. By combining traditional business habits and new information systems, instead of making business easier for users, many things become slower and repetitive processes through the information system and paper processing. In fact, the IS are an addition for the traditional way of doing business, not theirs replacement as it should be. This paper will contain a new concept that should be followed by institutions that introduce e-government as well as software companies that implement such systems in order to increase data usability, security and accessibility to those for which they are intended.*

Key words: *E-government, data, G2G, information system*

1. Fundamentals of Public Administration and eGovernment

In this chapter, the characteristics of public administration will be discussed and key concepts relevant to the introduction of eGovernment will be presented.

1.1. Public administration

- Since the concept of public administration is very important for this work, we will describe it in more detail and present the basic elements for defining the concept of public administration: Public administration is based on the Constitution, laws, decrees, orders, ordinances and other general acts. The lower legal acts interpret the Constitution and laws. This enables management to adapt to tasks and tasks, understanding and multidisciplinary interpretation.
- Public administration is the structure of bodies and organizations and at the same time a set of tasks and tasks whose function is to interpret and apply the law, ie. application of general rules to individual cases with judicial review.
- Public administration is focused on the public system.
- The administration has not only, or even the accompanying control and function, but is focused on providing services to users and supporting and facilitating economic development - the administration is in the service of citizens and the economy.
- Public administration rests on the information base, the

communication system, the relationships that arise under the conditions of use of modern information technology. New methods of management and management are being developed in public administration, such as goal management, result management, quality management, process management.

Of the many definitions of public administration, we will single out:

“Public administration is a set of bodies, organizations, bodies, an interdependent set of competences of tasks and tasks, specifically linked and guided with the aim of applying legal norms, organizational instruments, methods of managing processes and procedures to fulfill the mandate of the elected government. Its basic functions are: service, regulatory, organizational and executive.” (Caravan D., 2003)

1.2. eGovernment

eGovernment can be viewed from “online access to services” to “tools for building and rebuilding democracy.” (Gonnet P., 2001) The view of eGovernment depends first and foremost on the interests of the person who describes it. To a business person, it is a quick electronic registration of a business, an organized, electronically maintained cadastre or online public procurement. Citizens are most interested in checking and paying taxes online, an electoral system that has no theft, the results of enrollment in schools and colleges on the Internet. The journalist is primarily interested in unrestricted, fast and free access to public information. Human rights

defenders have a significant system of monitoring the work of the authorities, etc.

Technology is transforming the traditional view of development, opening up new horizons for people and creating the potential to bring about the progress that has lasted for generations in a decade.

Analyzing the definitions given so far, and knowing the relevant issues, we will propose one definition that we believe would best describe the term eGovernment: *“eGovernment is a web based technology used by local, cantonal, entity and state government (public administration) as a communication channel offered to visitors, citizens, business partners, other administrations and employees.”* (Latinović B, 2007)

2. Governance Model in B&H and the World

2.1. Management model in B&H

The role of the state of public administration in Bosnia and Herzegovina plays an important role in the tradition, the cultural environment, the history of the relationship between politics and administration, and external influences. In addition to these factors, there is the transition process, the state and level of development of the private sector, the relationship between society and government.

The basic specificity of the transition in B&H is the slowness that is not only caused by the consequences of the war or institutional post-war ambiguities, but also by the fact that it is a threefold transition: from war to peace, from the recipient of great international aid to sustainable

development, from the socialist economy and political monopoly to market economy, democracy and civil society. The fourth transition process is yet to come, namely the transition from the current (traditional) model of public administration work to the new eGovernment model. It is now very difficult to exert any influence on the first three transition processes. The transition process of traditional eGovernment can be influenced and that influence and desire for success must be felt by everyone.

Bosnia and Herzegovina is still burdened with the burden of a socialist-era legacy when the private sector was very weak. It was therefore necessary to carry out a large number of reforms in the short term. The desire to form a professional administration was approached empirically. Appropriate regulations were enacted. There is some doubt as to whether the efforts made have come from a clear understanding of the objectives set and what are the means that must be invested to achieve them. The need to try to achieve the neutrality, stability and efficiency of the administration was accepted.

Public administration in B&H includes state, entity, cantonal, local self-government and the administration of the Brcko District. Public administration institutions are ministries, local administrative services and other administrative institutions that perform administrative and professional tasks.

GOVERNMENT LEVELS	STATE OF B&H	ENTITIES		DISTRICT BRČKO	TOTAL
		FB &H	RS		
CENTRAL	1				1

ENTITY		1	1		2
CANTON		10			10
MUNICIPALITY		79	6	1	142
DISTRICT			2		
TOTAL	1	90	6	2	156
			3		

Table 1 - Administrative Structure of Bosnia and Herzegovina [4, page 67]

According to the latest available WEF⁷³ report in 2018 and the Global Competitiveness Index (GCI) 2015/16, B&H is at 111th place out of 140, which certainly indicates that there is a lot of room for improvement and improvement in all areas.

Bosnia and Herzegovina

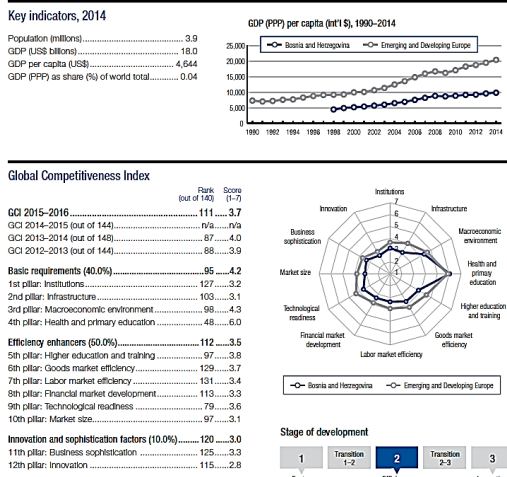


Figure 1: GCI [5]

This report also lists the data and factors that are responsible for this country's “poor” position in the world. This is said to be an inefficient Government bureaucracy. Although many people think it is irrelevant, this research clearly shows that it is the cause of many problems, and if public administration reform is undertaken, it is certainly through this act and steps towards the introduction of quality eGovernment

that we can indirectly make improvements in all fields.

It is high time to do so, as compared to 2012-13 data, we notice that our index is increasing, which means that the situation is getting worse. If we compare the countries of the region, this may indicate that the reform is urgently needed because the GCI in the Republic of Croatia is 77, in Serbia it is 94, in Montenegro 70, and in Slovenia 59. In Estonia, which is often taken as an example of a well-off country GCI has 30 regulated ecosystems and 12 in Denmark.

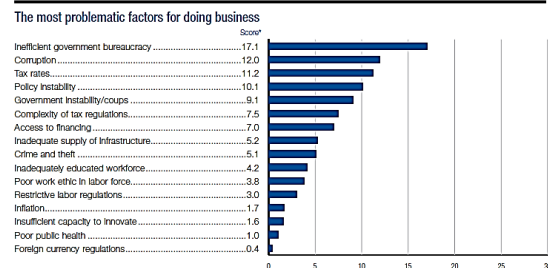


Figure 2: Critical factors for doing the job [5]

According to a 2018 United Nations (UN) survey, statistics are not that bad. According to the EPI⁷⁴, Bosnia and Herzegovina is one of the high index countries.

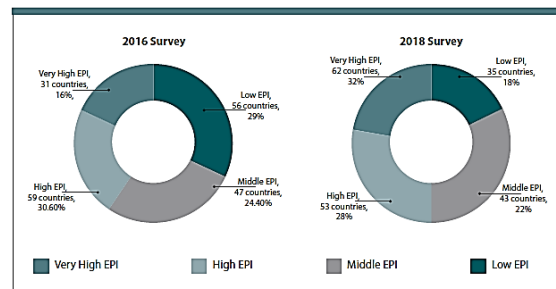


Figure 3: EPI [6]

2.2. The need for public administration reform

⁷⁴ e-Participation Index (It can be Low, Middle, High, Very High)

⁷³ World Economic Forum

Public administration reform is one of the priority goals in Bosnia and Herzegovina. The system of governance and management must be reorganized, a substantially new position, organization and affairs of public services must be established, in order to ensure constitutionality and legality, as well as the rule of law as a whole. The reform process is very slow. Most of the reason for this was the reluctance of local political actors and authorities to implement the reforms decisively. Legislative regulation of public administration should, above all, promote these commitments by consistently implementing the principles of depoliticisation, transparency, professionalisation and efficiency in its operation.

The most important existing laws in this area:

- Law on Communications (Official Gazette of B&H No. 31/03; last amended in 2012)
- Law on Freedom of Access to Information in B&H (SI B&H Gazette 28/00; last amended 2011)
- Law on Copyright and Related Rights in B&H (SI B&H Gazette No. 63/10)
- Law on Industrial Property in B&H (Official Gazette of B&H No. 3/02)
- Law on Consumer Protection of B&H (Official Gazette of B&H No.25/06; last amended in 2015)
- Law on Electronic Signature (Official Gazette of B&H No. 91/06)
- Law on Electronic Legal and Business Traffic (Official Gazette of B&H No. 88/07)
- Electronic Document Law (FB&H Official Gazette 55/13) [7]

What will be the reform of the administration?

- Reform should enable professional and professional, ethically and politically independent work. Management should consist of a team of professionals who will be hired and promoted based on their professional skills and performance.
- The organization and decision-making system will be simplified to avoid the problems of duplication and the emergence of bureaucratic tendencies, and to allow concentrating on providing services to citizens as well as developing a market economy.
- Cost-effective, efficient and effective management of human, technical, financial and other resources will be achieved.
- A flexible management and decision-making system will be provided to meet the challenge of concrete social change.
- Transparency of the work of public administration, which will enable the employees of the administration to be held accountable for their decision-making and action, as well as to make the information available to the general public.
- The newly created administration will operate in accordance with European values and standards,
- There will be a clear distinction between the roles and responsibilities of appointees in political processes and the responsibilities of officials in administrative bodies who are not involved in political processes.

Bosnia and Herzegovina is 17.07.2013. published in the Official Gazette of the Federation of B&H, No. 55/13 / Law on Electronic Document, which was a very significant step towards the implementation of eGovernment in Bosnia and Herzegovina, but unfortunately to this day that Law has not received its amendments and no it is applied in its entirety. [8]

3. Guidelines for the introduction of eGovernment

This chapter should provide brief guidelines that should be followed by eGovernment institutions as well as software companies implementing such systems to address data usability, security and accessibility.

3.1. Digital (electronic) signature

Handwritten signatures have long been accepted as an element of identifying people and authenticating a document. Transactions of electronic (digital) documents and electronic (digital) money would lose their meaning if they had to be signed manually, so the introduction of a digital (electronic) signature must be avoided. Regulations governing their implementation have already been adopted in many developed countries of the world. It is now possible, in most developed countries of the world, to send documents signed electronically to government authorities and businesses. A Digital Signature Directive has been adopted in the European Union, which requires all Member States to adopt local national laws

related to this topic. Most Member States have enacted these laws, but they have proven to be inconsistent, so certification institutions have evolved only in areas where legal solutions are more appropriate.

Definition from the Law on Electronic Signature of B&H: “*Electronic signature is data in electronic form that accompanies other data in electronic form or is logically related to them and enables identification of signatories*” (JP NIO Official Gazette of B&H, 2018).

A digital signature on a digital document ensures the authenticity of data and information. Sender identity verification is achieved through the use of digital signatures and digital certificates.

The purpose of the digital signature is to authenticate the content of the message (proof that the message has not been changed on the way from the sender to the recipient), as well as to guarantee the identity of the sender of the message (makes a substitute for a handwritten signature). The basis of the digital signature is the content of the message itself.

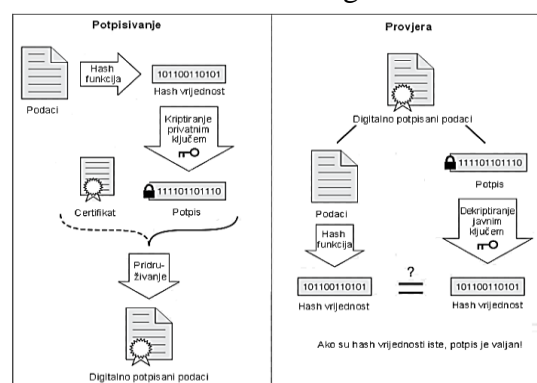


Figure 4: Using digital signatures [9, page

8]

3.2. PKI infrastructure (public key infrastructure)

With the advent of the ability to communicate over the Internet, the problem of secure communication has also arisen. The Internet is different from traditional communication media - there is no physical contact between the interviewees and it is not easy to determine the identity of the person on the other side of the communication channel. Messages can be easily intercepted and the identity of the sender can be forged if no security mechanisms are used. For this reason, it is necessary to implement system security by appropriate cryptographic methods (encryption). Cryptography⁷⁵ has developed mechanisms that allow the digital signature of messages (by function equivalent to a traditional signature) and the creation of digital certificates, and mechanisms such as public key⁷⁶ infrastructure should ensure their transparent use. PKI is a combination of software, encryption technology and services that enable legal and natural persons to protect the security of their communications and business transactions over the Internet. PKI⁷⁷ integrates digital certificates, public key encryption and certification centers into a complete system. Public Key Infrastructure (PKI) does not provide certain business functions but is the basis for other security services. In this paper, the primary role of the PKI would be to facilitate the distribution of public keys

and certificates with a high level of security and integrity.

A certificate is a collection of information digitally tagged by its publisher and consists of pieces of information that it contains. An identity certificate is an electronic document used to identify an individual, server, company or other entity (ministry) and associates that entity with a public key.

CAs are entities⁷⁸ that authenticate and issue a certificate. The certification center is the basic building component of the PKI mechanism. The term “certification center” has two basic meanings. It may refer to an institution providing a digital certification service or a set of required computer hardware and software. The primary task of the certification center, as an institution, is to be a trusted third party trusted by the communication participants. There may also be organizations that run their own certificate server. The methods used to verify your identity depend on the CA policy, ie who is issuing the certificate and to whom it is intended. Basically, before issuing a certificate, the CA must use the published verification procedures for that type of certificate in order to verify the entity that required the certificate to be the one it should be. The CA-issued certificate binds a special public key with the name of the entity (eg MINISTRY 1 and MINISTRY 2), and may in practice be the name of an employee or server. Certificates

⁷⁵Encryption - The process of transforming readable text into a form that is unreadable to those who are not intended for it

⁷⁶Key - The initial value of the encryption algorithm

⁷⁷ *Public Key Infrastructure – infrastruktura javnog ključa*

⁷⁸Entities involved in PKI management include end entities (eg entities whose name is listed in the “entity” of the certificate) as well as certification centers (eg, entity whose name is listed in the “issuer” field of the certificate).

help protect against the use of a fake public key. Only a CA-certified public key (in this example, ONE AND TWO MINISTRY) will function with a corresponding private key owned by the CA-identified entity.

In actual implementation (future implementation), participants in the PKI submit a certificate authority (CA) certification request for a public key. The Certification Body - CA then verifies the accuracy of the information provided in the application and, in accordance with the certification policy (CP) and the certificate practice statement (CPS)⁷⁹, accepts or rejects the application. If the request is accepted, the CA signs the public key and the request information with its private key. The signed public key together with the information from the request (MINISTRY, legal or natural person, name of the person, name of the computer on the network) is called a certificate. The CA certificate associates the key with the identity of the entity (s). The certificate is then placed in the certificate store and distributed with distribution protocols (e.g. SSL⁸⁰)

In addition to issuing certificates, the Certification Center (CA) must also enable the revocation of certificates (certificates that compromise private key confidentiality are revoked). To this end, the CA maintains a certificate revocation list (CRL).

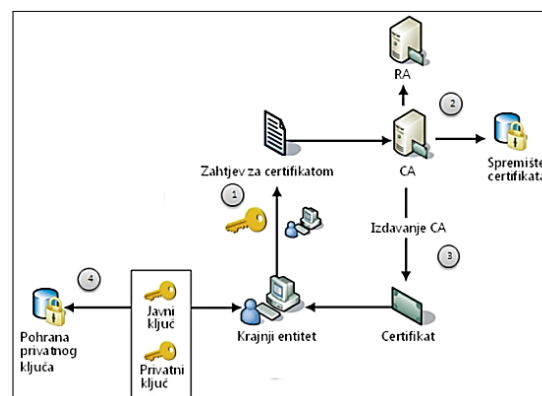


Figure 5: Certification [9, page 15]

3.3. Database

Given that different institutions introduce different information systems that are created mainly for each one from the standpoint of databases, this means that it is not uncommon for institutions that deal with almost the same business to use different types of databases. The concept of introducing eGovernment, among other things, implies a high degree of communication between public administration institutions (G2G). To enable this, it is necessary to find a way in which data from different data sources can be used and combined. One way to take a database solution proposal is to abstract database access through ODBC.

ODBC (Open Database Connectivity) provides a standard software interface for database management system access. The goal of ODBC was to separate it from programming languages, databases and operating systems, meaning that ODBC is supported by all programming languages, systems, databases, etc. Therefore, any

⁷⁹In some forms of the PKI, the special Registration Center decides whether to accept the certification application

⁸⁰Secure Socket Layer (SSL) - an application security protocol for transmitting data over the web.

Developed by Netscape Communication. It is based on a digital server certificate mechanism issued by independent CAs.

application can use ODBC for SQL query from the database, regardless of the platform. The application only needs to know ODBC syntax, and DBMS (Database Management Systems) returns data that the application can use. [10]

It is important to mention that ODBC provides access to various databases through the ODBC API (Application Programming Interface) programming environment.

For a better understanding, we will present a diagram where we can see that we have two different applications with different databases in the infrastructure, a new web application was created for the needs of the business, which will have a relational DBMS for the database. That new web application should use data from the existing two. Data exchange will work through ODBC API functions and ODBC drivers.

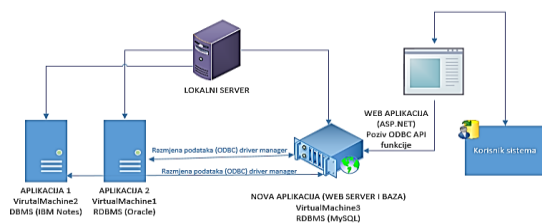


Figure 6: Example of using ODBC (source: authors of the paper)

4. CONCLUSION

Considering that almost every information system (IS) is introduced individually using heterogeneous information technologies, which later almost prevents quality data exchange (G2G) and reduces the usability of existing data in the system, and by combining traditional business and new information system instead of facilitating to

users, this actually causes them difficulty in doing business because many things are done more slowly by repeating processes through the information system and paper processing. In fact, IS is a replacement for the traditional way of doing business, not its replacement as it should be. Through this work, we were able to get acquainted with the basic concepts related to public administration and eGovernment in order to be able to better understand the need for governance reform for better business. The survey showed that according to the latest information available on the Global Competitiveness Index (GCI) 2015/16, B&H is in 111th position out of 140, which certainly indicates that there is a lot of room for improvement and improvement in all areas. An inefficient Government bureaucracy stands out as the main cause of such a position. One way to put this in order is to introduce eGovernment. We all have a predisposition for it. This is evidenced by the EPI (e-Participation Index), where we belong to countries with a very high index. The survey also showed that we have many laws that are a prerequisite for implementing eGovernment. Many of them are outdated, but surely if we tend to work harder on projects aimed at introducing eGovernment, this will also imply that adequate changes and additions are made to existing "old" laws.

In addition to the legal framework, the technical realization of projects aimed at introducing eGovernment is also very important. This paper also provides guidance on the technical side of project implementation, where it is primarily proposed to use digital signatures on digital documents, thus ensuring the authenticity of data and information. Thus, sender

identity verification is achieved through the use of digital signatures and digital certificates. To protect the security of communications and business transactions over the Internet, it is proposed to use a public key infrastructure (PKI) that integrates digital certificates, public key encryption and certification centers into a single system. The security aspect is very important because information systems are generally designed to meet business functionality, less attention is paid to security. Due to the multitude of malicious users and the importance of data transmitted through the network, great emphasis must also be placed on data security. The third thing, no less important, is the use of data from different sources (databases). For this purpose, ODBC was proposed in this paper as a way of abstracting access to the database, since in practice almost every new information system that emerges with the aim of introducing eGovernment basically uses data from some other systems. To avoid the same data being manually moved and losing their integrity in this proposed way of connecting different databases, we can avoid this.

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CORPORATE-SOCIAL RESPONSIBILITY FOR SUCCESSFUL IN BUSINESS AND LIFE AMENDMENTS

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Abstract: *The basic rule of corporate governance in the company is that ownership is separate from management, and equity, accountability and transparency in business activities are highlighted. Corporate social responsibility of business entities is already important today, and it is certain that in the future it will become even more relevant. Management structures through the rules and procedures, concretize the rights and obligations of all participants in the management chain, while respecting the principles that are in the interests of the company and the company. An essential element of the free market is the transparency and availability of socially relevant information, upon which other parties, i.e. stakeholders may form their opinions and attitudes and make final decisions concerning their behaviour. In this respect, promoting companies' social goals must be a continuous process, by which a lasting dedication to socially responsible business activities is explicitly expressed, and not just the completion of some „ad hoc“ activities. In this paper, the authors monitor and analyze the necessity of applying the modern concept of corporate governance and social responsibility, in the function of achieving business excellence goals, i.e. improvement of working and living environment.*

Key words: *corporate governance, social responsibility, productivity, efficiency, competitiveness, business quality, benefits of application*

Introduction

Production is a basic area of human activity. There are a number of definitions of production adapted to different fields of production. Production is a purposeful activity aimed at obtaining useful values and appropriation of natural resources for human needs, which means that it is a general condition for the exchange of matter between man and nature, or an eternal natural condition for human life, and is therefore equally characteristic of all forms of human society. Manufacturing is a focused activity, which aims to obtain products useful to society whose structure varies widely in both type and quality and quantity. Industrial production should, wherever possible, work on as many batches of the same products as possible. Individual production involves a small number of pieces with minimal technological preparation. Batch production involves the production of multiple pieces of the same type and technological elaboration is more detailed. Mass production involves a very narrow range of products that are made over a long period of time and technological preparation goes into the smallest detail. Any setback or correction during production significantly affects the cost of production and therefore the price of the finished product.

In a typical business firm (which produces eco-principles), there are three types of organization:

1. The corporate strategy explains the overall development direction of the company and its relationship to the growth and management of

various businesses and product lines.

2. A business strategy is adopted at the business unit or product level and seeks to enhance the competitive position of the corporation's products and services in a specific branch or in the specific markets addressed by that psalm unit.
3. A functional strategy is tied to the functional area and is established to meet the goals and strategies while maximizing resource productivity.

1. Technical and technological systems

Technology encompasses the skill, knowledge and ability to use products and make useful things / assets / objects / objects. It encompasses the means, equipment, manners, and tools that result from this conscious human effort to "survive" and then to satisfy the worlds and needs of others. In fact, technology is the organization of knowledge to achieve practical goals.

The technology can be seen as a projected unit, which entails all potential potential applications. The potentials of technology are expressed through an appropriate critical set of relevant characteristics inherent in that technology and in this general interpretation technology is seen as a macro phenomenon.

Strategic technology management is accomplished through the following steps:

1. Analysis of relevant technological factors,

2. Creating a technology strategy,
3. Implementation of technological strategy,
4. Performance appraisal and control.

The three core activities of technology are: process technology, product technology and IT technology. The types of resources they use differ: Information Technology (IT), Traditional Manufacturing Technology (TPT), Modern Manufacturing Technology (SPT)

Product Technology Elements:

- Product Planning - begins with identifying consumer needs, identifying product features that will meet consumer needs, and at the same time providing the necessary value for money for an appropriate volume of production that will generate profits;
- Product Engineering - Starts with the existing design and technology of product design and in accordance with the requirements for new or modified products, considers the possibilities of new product solutions that would satisfy customers in terms of performance, quality, cost (price);
- Applied Engineering - enhancing sales or meeting customer specific requirements, tailoring products to meet these perceived requirements and demonstrating to the public, consumers the utility and new features as product benefits;

Field and Service Engineering - Development of systems and processes to support field construction, installation, maintenance and repair, product servicing.

Process technology connects six key elements: material, equipment and tools, material transportation, production

systems, quality control, maintenance.

Elements and specifics of it technology:

- Information hardware and software - embrace the physical and intellectual principles embedded in the performance of information technology;
- Information systems implemented - include system configuration, hardware, operating systems, software and communication protocols that are designed for very specific applications;
- Connection with physical processes - includes hardware, software and physical understanding that links physical events and changes to the information system (linking humans, machines and materials with artificial intelligence, expert systems);
- Decision support systems - can provide advancement in the efficiency and performance of executives, which is a significant strategic advantage;
- Business information systems - represents a new form of goods and services that can be offered through the creative application of new information processing capabilities;

Divide technologies by resources they use:

- Information Technology (IT) whose primary resources are information that they process;
- Traditional Manufacturing Technologies (TPT) process physical resources include traditional manufacturing equipment;

- Hybrid technologies / advanced production technologies (SPTs) process physical resources under the control of automated information systems, including flexible manufacturing systems (FMS), robots, automated factories.

Differences in information technology compared to traditional:

- that information as a commodity is indivisible in production;
- that information as a commodity and as a resource cannot be appropriated.

Elements of the Technology Package: Technology "know how", Energy, Equipment (machines, tools, devices ...), Materials, Organization, Management, Human work, Buildings, Eco-protection measures and products, Products (services).

The direct link between the technology and the organization's strategy is conditioned by:

- the changing role of technology in today's tougher competition in markets that are increasingly recognizing technology, at the root of all operations within an organization;
- with the advent of new, information-communication and modern production technologies that have new properties in relation to traditional ones, which affects all aspects and dimensions of an organization, and in particular its strategy.



Figure 1. Metal industry dominant in economic development

There are three approaches to understanding the strategic position of technology and technological innovation:

- Technology push starts from the classic postulates on the primary role of R&D in the process of technological innovation. This approach is based on the thesis that it is sufficient to ensure a successful business development research activity that will generate new inventions, and everything else goes without saying. This model can simply be shown schematically;
- Market pull has evolved with a growing need to respect the market, customers as the end-user of all directional efforts in the company to create new value in the form of service products. The market-oriented approach starts from the primary role of the market in which the needs of customers are researched and identified, so in the next step projects of development of new technologies that are applied in practice, provide new value in the form of products-services that meet the needs of customers, for which there is a real demand on the market;

- Strategy pull is based on the principles of strategic management that take into account the specifics of the macro and micro environment of the company, as well as internal factors - resources, abilities and competencies, emphasizing the importance of creating, implementing and constantly reviewing the strategy in the conditions of marked dynamics and constant changes that characterize the business of contemporary firms. The possibility to combine the technology push and marketing pull strategies is taken into account here.

2. Corporate social responsibility

Corporate Social Responsibility (CSR) refers to an organization's commitment to ethical behavior and to contributing to socio-economic development, while showing respect for people, the community, society and the environment. This specific responsibility is the commitment of the company to contribute to the sustainability of economic development, working with employees, families, the local community and society to improve the quality and innovation of products and secure placement in an increasingly vibrant market. Being socially responsible does not only mean fulfilling legal obligations, but going further and investing even more in human and economic capital, the environment and relations with all stakeholders, ie. with employees, shareholders, customers, suppliers, competitors, the local community, government and NGOs.

The mission of the organization is the goal or reasons for the existence of the organization. It reflects what the organization provides to society in the form of new value, which it creates as a service or physical product-commodity.

Objectives are the end results of planned activities that define what and when should be achieved and, wherever possible, quantified. As with the mission, goals can be outlined, or quite precisely when the desired result is most often quantified.

The strategy as the development direction of the organization is a long-term development plan that effectively manages the opportunities and dangers of the environment, in accordance with the strengths and weaknesses and as internal factors of the organization itself.



Figure 2. Contemporary Company / Enterprise Organization Model

Who and what are the companies / companies responsible for?

There are two answers here:

The first gave the so-called. The classic theory of stockholder theory and, according to it, the primary responsibility is the

responsibility that they have towards the owners (shareholders), and profit making is the main goal of the business.

On the other hand, representatives of stakeholder theory believe that a company has a responsibility to all those who in some way affect its activities, that is, to individuals and groups that bear a certain risk (stake) of the business.

According to the understanding of the "social performance of the company", the activities shape economic, legal and ethical principles. Managers' decisions can reflect one of four attitudes toward CSR:

The first is reactive - a company responds to a strategic issue only when it is opposed to its goals.

The second is defensive - the company reacts to respond to the request.

Third, he is biased - the company takes the same position as public opinion.

The fourth is proactive - the company anticipates requirements that have not yet been made.

Resources are strategically tested with:

- value - in relation to the competitive advantage criterion it brings;
- rarity - availability of resources to competitors;
- imitability - how difficult and expensive it is for others to imitate a resource;
- organization - organizational readiness and ability to make full use of the resource.

Features: Durability of expressive competencies, Transferability, Imitability of expressive competencies, Ease of replication, and Transparency

The value chain for a physical product is represented as follows:

*Raw Materials -> Primary Processing
-> Processing -> Production of the End
Product -> Distribution -> Sales*

Model SEDAM-S, named after the initial letters of English words, should be noted here:

- strategy - a course of action that gives priority to competitors while enhancing appropriate resources;
- structure (organizational structure) in defining the division of tasks and responsibilities;
- systems (systems) - input-output flows and processes by which all activities that take place in an organization (information, production) can be represented;
- style - an objective view of all those categories that are considered significant in the organization, primarily related to personnel, management of the organization;
- staff - people in the organization, it is recommended that they be viewed in the right way as a whole, structurally and dynamically by constantly monitoring all changes related to them;
- skills - the ability and potential of the organization as a whole, which is not a simple sum of individual abilities and skills;
- shared values - values that stand out above all others in the organization.

Integrative Business Model - BIM, which lists strategy, people, technology and business processes as key domains of an organization:

- Strategy - defining competitive, market strategy, business,

organizational and technological strategies;

- People - all formal organizational structures, job content, personnel management, leadership and style;
- Technology - refers to telecommunications and networks, expert systems, the introduction of information technology;
- Business Processes - involves key process definitions, defining outputs, workflows ...

Components (sources) of competence of the organization:

- managerial competencies and strategic focus,
- resource-based competencies,
- competencies based on transformations,
- output-based competence,
- competencies in pursuing technological cooperation, networks and alliances with the environment.

Organizational lifecycle stages:

- New venture - Establishing a new business or entrepreneurial venture. Critical management activities consist in identifying and preparing the market for product placement, while refining the product to market requirements;
- Expansion - occurs abruptly and causes very rapid development, as the previous phase ended successfully. Sales are increasing, the number of employees and capacities engaged;
- Professionalization and integration - moving to a new regime of

organizing the work of the company as a whole, there are significant changes caused by the growth and development of the venture;

- Consolidation - There is a need to improve organizational culture. The venture needs to be understood in the right way, fully adopted and accepted by all employees;
- Diversification - the business is enriched and expanded, thus extending the life of the business;
- Decline and revitalization - decline is recognized through aging, fatigue, the absence of new ideas. As a result, businesses have to react to make a revival. Another possibility is decay. The strategies that are possible at this stage are: liquidation, portfolio restructuring, multinational diversification, corporate diversion

The growth and development strategy relies on various collaboration and networking opportunities between companies:

- Merger - A transaction in which two or more companies that exchange shares, own capital, but only one company survives;
- Acquisition - the acquisition of a company / business, which is fully absorbed as a branch;
- Strategic Alliance - A partnership of two or more companies or business units to achieve strategically significant goals, all of which benefit;
- Licensing - a form of technology transfer, where the licensing firm gives another firm the rights to produce the product;

- Franchise - A form of expansion through a franchise agreement, under which the franchisor provides another company to set up a business unit using the franchisor's name and operating systems. In turn, the franchisor pays the franchisee a percentage of the sale as a royalty ...



Figure 3. Comparative models of circular economy

3. Environmental protection in the future

World Environment Education Day is celebrated worldwide today to highlight the role and importance of knowledge and awareness raising in achieving a better quality of life and preserving the planet's natural resources. Companies and larger companies and institutions today emphasize more than ever before that continuing education from the youngest age is crucial for raising public awareness, enabling people to learn to identify and solve environmental problems that affect health and quality. citizens' environment. Ecological education acquires knowledge that helps to understand the eco-processes and to recognize the problems that the

modern way of life brings, their pernicious impact on the safety and health of people, as well as the state and survival of the entire nature of which man is an integral part. EU regulations on environmental protection in the broadest sense are numerous and varied. They include several basic categories according to which they are classified: climate change, sustainable development, waste management, air pollution, water management, conservation of nature and diversity of plant and animal species, soil protection, population protection, noise and vibration protection, protection against EM radiation, the fight against NHB terrorism and the like. Corporate social responsibility in the field of environmental protection includes the process of production or use of energy for carrying out activities where priority is given to renewable energy sources. Socially responsible companies use materials and raw materials that are less harmful to the environment, respect the standards of organic production and waste management. They use more efficient production systems that consume less energy and do not pollute the environment. Recycling and reuse of products and raw materials are also an important segment of CSR when it comes to environmental protection. When it comes to non-production companies, they can, besides using renewable energy sources, boost the manufacturing industry by favoring the products of those companies that promote and operate in accordance with environmental standards. In addition, all companies-companies can support public and private projects in this field, both through direct funding and through volunteering. In doing so, environmental protection can also have concrete economic

benefits⁸¹. However, although the legal framework for environmental protection appears to be well established, the implementation of the regulations does not work as intended. The best evidence of this is environmental accidents, most often those related to inadequate transport or storage of hazardous substances and wastes, as well as illicit emissions into water systems and the atmosphere, which have very serious consequences for the environment, but also for safety and human health. . Environmental issues go far beyond the (non) application of regulations in this area, so e.g. due to corruption of the state administration and local self-government, they are increasingly able to see situations where construction permits are being obtained in places where this is not allowed. The non-implementation of the law also led to the fact that in most of these situations the responsible persons did not suffer legal consequences. What the citizens say in a survey conducted by the Smart Collective highlights the great need for socially responsible business for companies, which citizens unfortunately do not see sufficiently: As many as 81% of citizens believe that health would be preserved and quality of life improved if most companies / businesses operated socially responsible. Specifically, this would mean that 73% of citizens would sooner shop at a CSR store, even if the prices were slightly higher, or that 68% of citizens would sooner use CSR services, even if they were spatially distant . As

⁸¹E.g. reducing energy and materials invested automatically increases competitiveness in the market and lowers the price of products, which increases the company's profits. The use of cheaper recycled raw materials can reduce the cost of

employees, citizens value corporate social responsibility even more than consumers, because 87% of citizens would sooner work in a socially responsible company, even if the cash benefits / salaries of that company are slightly lower. For 80% of citizens, the condition that they consider a company socially responsible is that it cares about the health and safety of employees at work. For 78% of citizens, the requirement that they consider a company socially responsible is that it provides consumers with true and complete product information. Also, for 80% of citizens the condition that they consider a company socially responsible is that it cares about the environment. In contrast, for 55% of citizens, the condition that they consider a company socially responsible is that it donates money to charity. This shows that the citizens of the region distinguish corporate social responsibility from corporate philanthropy, which is a small part of CSR. What citizens would like to see from their economy, however, is in stark contrast to how they actually perceive the behavior of companies. Thus, only 16% of citizens think that companies in the region are socially responsible, and only 8% of citizens think that companies are truly responsible to their employees.

Product life cycle management is characterized by:

- The product life cycle represents the stages through which the product goes through its life;

production, and companies that introduce innovative, modern technologies to reduce their environmental impact will have a significantly higher number of attractive jobs and will be able to be more competitive in the job market in attracting better quality job candidates.

- A product life cycle (PLC) is a useful concept that explains how a product evolves, introduces, grows, matures, and declines;
- The product life cycle consists of five phases / steps: development, introduction, growth, maturity and decline.

Eco - risk mapping in companies / enterprises should be realized with the use of innovative GIS and BIM tools. It is an effective model of human and material resource management in the stages of identification, analysis (evaluation) and evaluation of the NHB et al. risk. The tool provides a more functional "response" in order to reduce the impact (impact) on human health and lives, material resources and local self-government. It is directly proportional to losses and risk level $x = c / y$ (higher investments, lower losses and risk level, I to VII). Mapping and visualizing quantitative and qualitative risk data.

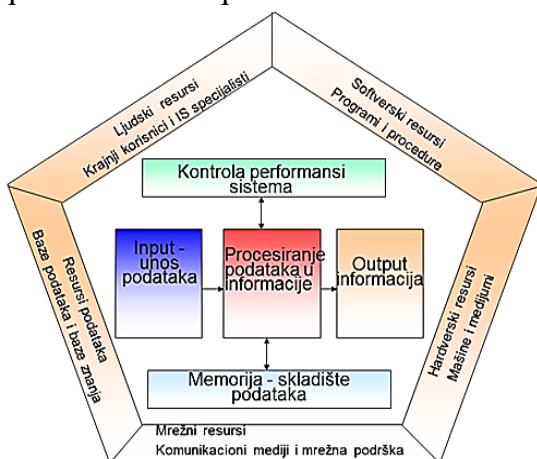


Figure 5. IS components and activities in eco-production

Conclusion

Today, in a modern society, company / company employees are ready to take the initiative and identify their goals with corporate social responsibility, if there is concern for employees who are educated, promoted, motivated and informed on a continuous basis.

The ability of an organization to take care of employees depends on recognizing the importance of the concept of internal marketing, but at the same time on the level of development of emotional intelligence of managers. It is important, but not enough, for all citizens, especially decision-makers, to understand what it means and how environmental improvement is achieved. When I talk about what we have achieved and want to achieve, I am sure many understand me, but not enough to feel the seriousness and complexity of the problem. In addition to understanding, we also need a personal conviction that we all feel the need and responsibility to protect the environment and nature for ourselves, for our family and for the future, "he emphasized on the occasion of World Environment Education Day. Without environmental education there is no healthy environment. The basis for this is a change in behavior and an active attitude to the challenges of recognizing and solving numerous environmental problems. Each of us, with greater knowledge and awareness of what threats in the environment are and how to deal with them, will be encouraged to be active, to make our own personal contribution to environmental protection. Environmental education ensures the future of future generations and the preservation of the planet. Security and Ethical Issues Imposed by DNA Technology: These are

the paradoxes of power and humanity: the possibilities of science and technology are enormous, but the human temptations in their application also. The sciences today are more troublesome and troubling than soothing human beings.

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THE IMPORTANCE OF MATHEMATICS LEARNING IN EXPERTS' REPORT OF MARITIME AVERAGE

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Abstract: *Mathematics is all around us, affecting different aspects of our lives, although we are often not aware of it. Without mathematics there would be no technology, which means we would live in a very different world. Mathematics is the basis of all technical knowledge, and therefore also of maritime affairs. Mathematics as science as well as maritime affairs as maritime activities were created almost at the same time, precisely because of the human need for performing various activities. In the event of maritime accidents, mathematics is and indispensable science in the process of forensic marine investigation and estimation of the damage. This paper is just an insight into examples of the application of mathematics in forensic investigations.*

Key words: *Mathematics, sea damage, practical examples, forensic marine investigation.*

1. Introduction

Maritime accidents happen on a daily basis. The human need for the security of their property has caused the emergence of insurance companies and companies. In modern transport, minimal insurance is legally required and without it the ship cannot be used. Insurance companies offer a variety of shelves for all types of vessels. The policies vary in the amount of the premium, the level of insurance and the cases of damage. When damage occurs on board, it is reported to the insurer. The Insured is obliged to take all measures in order to preserve the current state and to prevent further damage to the vessel. The insured is also obliged to report to the harbor master's office or the police if the damage was caused by a criminal act (theft, retaliation ..). The insurer arranges for damage assessment in agreement with the insured. The Insured is obliged to maintain the same condition and use measures to reduce further damage until the arrival of the damage assessor.

It is difficult to imagine at all any human activity where at least basic mathematics is not encountered. In assessing damage, elementary mathematics is indispensable. Most commonly used are simple addition and multiplication operations and percentage calculations. Therefore, every expert must have a basic knowledge of mathematics. At first glance, marine math and math have nothing in common. However, if attention is paid to the consequences resulting from the accident, it should be noted that the consequences had to be measured and that the results obtained had to be recorded in order to reach conclusions. In this case, the measure will be money. Ships are usually extremely

expensive, even the smallest ones, so almost every damage is extremely high. Insurance companies therefore pay great attention to damage to ships. Each insurance company individually has a number of expert assessors who go to the field and determine the facts on the spot. Later, in the process, they express their opinion on the level of damage and the most favorable repairs for their company.

2. Maritime accidents

The notion of maritime accident in technical and legal sense has evolved in the past from the many hazards inherent in maritime navigation. The exact origin of the term itself is difficult to determine because it is attributed to various sources by linguists and historians. Today, however, the same or very similar term is used in the languages of almost all maritime nations. A maritime accident means any extraordinary damage, loss or expense that affects a maritime property (ie ship, cargo and / or freight) for the duration of the maritime voyage, ie from boarding and departure to the port of destination and disembarkation, or to any other place where this voyage was terminated prematurely.

The main characteristic and typical feature of maritime accidents is their extraordinary nature. It is an event, damage or expense that was not anticipated or accounted for in the regular development of the navigation course. It is the extraordinary nature of such events that separates accidents, in legal and economic terms, from all other fixed and variable costs that the shipowner, by the nature of his business, must count for (eg fuel consumption, port fees, pilotage, towing), or costs or losses. which have been

regularly burdened during transport by sea (eg freight, partial wastage of bulk cargo, kalo, livestock feed). It should be stressed that the character of the accident may also incur a seemingly regular expense (eg fuel consumption), if incurred in extraordinary and unforeseen circumstances (eg during a diversion to an unplanned port to repair damage that occurred during navigation).

3. Damage caused by misjudgment

The vessel on which the damage occurred is Bavaria 46 vision. The inspection revealed damage to the fins due to a keel strike to the seabed.

It is recommended to remove the boat to dry berth and repair damage according to the rules of the profession.



Figure 1. Damage to the keel (Source: Authors 2018)

TABLE 1: ESTIMATED COST OF WORK

Work (1hour = 200kn)	Work hours	
Dismantling and installation of keel	30	6.000,00 kn
Dismantling and installation of interiors	75	15.000,00 kn
Repair of damaged rib part	105	21.000,00 kn

Security (setup and download)	25	5.000,00 kn
Cleaning	25	5.000,00 kn
Mast (disassembly and assembly)		7.500,00 kn
TOTAL		59.500,00 kn

TABLE 2: ESTIMATION OF MATERIALS AND ADDITIONAL COSTS

Material	
Repair material	15.000,00 kn
Additional costs	
Manipulation according to the official price list in the marina and berth	5.500,00 kn
Crane (keel and mast)	5.600,00 kn
TOTAL	26.100,00 kn

The adverse event and damage to the vehicle in question was due to a wrong estimate of the maneuvering of the boat where the boat struck the seabed with the keel.

The injured party is obliged to immediately report any damage noticed during the repair in order to make a supplementary report of the damage.

4. Damage caused by lightning

Figure 2. Damage to circuits (Source: .Autors 2018)



The vessel damaged by the lightning strike was Jenneau Prestige 46. The inspection found damage to electronic and electrical equipment and equipment. It is recommended to repair and replace according to the rules of the profession.

TABLE 3: ESTIMATION OF THE DAMAGE REPAIR COST

Engine repair on request (work + material)	76.828,12 kn
Electricity on offer (work + material)	13.413,75 kn
Electronics on offer (work + material)	103.934,70 kn
TOTAL	194.176,57 kn

Note (cost estimate made on the basis of offer for repair):

TABLE 4: COST ESTIMATE

Repair	Offer	Amount (excluding VAT)
Drive motor	R marina d.o.o.	76.828,12 kn
Electrical equipment	Elmar d.o.o.	13.413,75 kn
Electronic navigation equipment	Rados Eletronic d.o.o.	105.734,70 kn *

* The following items have not been calculated from the offer:

U26 - fault detection - 900 kn

U20 - writing insurance report - \$ 900

Subtract 1,800.00 kn (VAT excluded) from the total amount.

Therefore, the calculated amount is 103.934,70 kn (without VAT).

5. Damage from propeller impact

The vessel that was damaged in this case was Adriana 36. The damage was caused to the gearbox (prop) of the engine and propeller. It is recommended to remove the boat to dry berth and repair damage according to the rules of the profession.



Figure 3. Damage to the engine clamp (Source: Authors 2018)

TABLE 5: LABOR COSTS

Work (1 hour = 200kn)	Work Hours	
Damage repair	16	3.200,00 kn
TOTAL		3.200,00 kn

TABLE 6: MATERIAL COSTS AND ADDITIONAL COSTS

Material	
Reducer - by bill	28.222,00 kn
Propeller propeller - by bill	1.800,00 kn
Additional costs	
Manipulation - by account	2.142,00 kn

TOTAL**32.164,00 kn**

An adverse event and damage to the vessel in question was due to the propeller hitting the rocks during rotation. during his work.

6. Total damage

The technical data is taken from the official website of the HRB. Ship documentation is not available because it sank with the ship.

Number of engines: 8145 (left engine)
 Engine power: 95 kw (130 HP)
 Year of production: 1974.
 Portable generator: 6 kw

Figure 4. Ship MB (Source: ship owner 2018)

<p>1) <u>Technical information about the ship:</u> <u>Length: 19.65 m</u> Width: 4.36 m Bt: 49 Gaz: 0.867 m Hight: 1.76 m</p>	<p>2) <u>Hull and hull equipment:</u> Hull and deck construction material: wood Number of decks: 1 (2) Drinking water capacity: 2x 2000 l Fuel capacity: 2x 1500 l Rudder machine: hydraulic Anchor winch Anchors: 1 piece</p>
<p>3) <u>Engine room of the ship:</u> Propulsion machine: 2 pieces Manufacturer: Ford (Mermaid Mariner) Type: D 5049</p>	<p>4) <u>Navigation equipment:</u> GPS – Garmin Radar VHF Navigation lights Magnetic compass</p>



Estimation of the value of the ship was made on the basis of data from the official web site of the Croatian Register of Boats and photographs of the vessel before sinking, which was sent by the shipowner.

According to the photographs obtained from the owners and according to the official HRB data, as well as the prices on the market of ships of such characteristics (size, equipment, age, construction material and safety), this valuation was made. So, based on the photographs that were obtained from the owner, it is a solid ship that could safely navigate within the documents (authorizations) that he owned. The specification and valuation of the equipment was made on the basis of the specification submitted by the owner, the

photograph and the average equipment of the vessel of such characteristics in use.

The details of the ship's equipment and their value are shown in the following tables.

TABLE 7: Equipment A

GPS navigation equipment	500,00 €
Compass	100,00 €
VHF	150,00 €
Navigation lights	100,00 €
Radar	1.000,00 €
TOTAL	1.850,00 €

TABLE 8: EQUIPMENT B (INOX EQUIPMENT, OPERATING EQUIPMENT, INVENTORY...)

Deck equipment	15.000,00 €
Rescue equipment and PP equipment	2.500 €
Housing inventory	12.000 €
TOTAL	29.500,00 €

TABLE 9: VESSEL VALUE ASSESSMENT

Hull and deck with equipment	110.000,00 €
Power motors with equipment	30.000,00 €
Equipment A	1.850,00 €
Equipment B	32.500,00 €
TOTAL	174.350,000 €

The market value of the ship at the time of the sinking was approximately € 174,350,000, VAT was not included in the price.

7. Conclusion

Mathematics is a scientific discipline that has existed for thousands of years. It is present in almost all spheres of human activity. In some industries, it is necessary to know more complex mathematical concepts, while in others it is sufficient to know only elementary mathematics, which includes basic mathematical operations.

Maritime accidents and their estimations belong to those fields in human life that could not be solved without the knowledge and application of mathematics. This paper presents practical examples of maritime accidents and provides an insight into how an assessor performs an expert evaluation on a damaged vessel and how he / she gives his / her expert judgment on the damage caused. Through the examples described, it can be seen that it is of great importance to have a good expert education and it would not be possible without mathematical background.

The prices of the vessels are high, and therefore the prices of repair and replacement parts follow the same. require large financial investments. This is why the expertise of the assessor performing the expert evaluation is of great importance. He must, among other things, be familiar with the construction side of the ship, the seafaring industry, monitor the market prices of replacement parts, compare the monetary amounts of offers received from repairer companies, evaluate those offers and be able to identify and choose the most favorable ones. In fact, there are many factors that a quality and well-trained expert must adopt in order to do his or her job better.

It is well known that neither economic nor technical knowledge goes without mathematics. Therefore, while math may not seem very important at first, it should start from the beginning. from the very construction of the ship and the technical drawing, through various calculations and financial investments to logical conclusion. And it is well known that mathematics is the basis for all of the above.

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THE ANALYSIS OF THE ASPECTS OF MODERN COMPETITIVE RELATIONS

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Abstract: *The contemporary economy has been globalized. One of the most obvious consequences of globalization is global competition, which is becoming more and more notable and intensive. Companies that wish to be successful in the long run are looking for the source of their growth in the global market. Today competitors in the global market come from all countries - the most developed countries in the world, the newly-industrialized countries of the world, countries that have completed the process of economic transition, etc. Regardless the country of origin only the best win.*

Key words: *Globalization, competitiveness, management, knowledge.*

1. INTRODUCTION

The modern economy is globalized. Business organizations produce where business costs are lowest, products are standardized, and are sold worldwide at uniform prices. Globalization means strengthening competition and focusing the global market. Globalization views the world as a single market where the most efficient and competitive ones will thrive. Global competition is becoming more and more noticeable today. Global competition is taking place not only between companies operating within the same industry or group, but also between different industries and areas of business. Competition takes place between different technologies and innovations, and SMEs compete with large business systems. Competitive relationships will continue to compound in the global marketplace and the number of competitors is increasing every day.

According to some understandings (5, p. 651), global marketing competitiveness is increasingly based on the rational use of available business resources, the active innovation of marketing know-how, the orientation of both customers and competitors. It is based on a sustainable and transferable competitive advantage. Global economic trends indicate an accelerated transformation of the world economy. In this sense, the future of competitive development lies in harnessing the economic and market potential of the regions.

The economic center of the world is moving east. These are not the first time, they have been in the past. However, now this process is fast and visible. China and India are becoming world economic powers and more countries in Asia, such

as South Korea, Indonesia, Taiwan, Singapore, etc. has a significant role in the world economy. One of the world's most prominent market authorities, Philip Kotler, notes: "No matter how much a company can produce its product cheaply in the domestic field, it cannot be cheaper as long as China has something to offer" (6, p. 2005).

Adequate business performance, driven by global market thinking, is of particular importance to businesses coming from countries in transition. Competitors from enterprises in transition countries are not only companies from the most developed countries of the world, but more and more often companies from newly industrialized countries (China, India, Russia, Brazil, etc.), not only in the global market, but also in the regional as well as the domestic market.

2. BASIC ASPECTS OF COMPETITIVENESS

Competition is a condition that influences the behavior of businesses in the exchange sphere. Competitiveness means the ability of a company to compete with other companies - competitors in the market.

Author Porter believes (11, p. 22) that competitive advantage essentially arises from the value a firm is able to create for its customers, which outweighs the cost of creating it. *From the point of view of a business organization, competitive advantage means the position of a particular organization when its offer is perceived by consumers as providing greater value than competitors.*

Competitive relationships between market participants depend on the following factors:

1. *number and individual size of customers,*
2. *the number and individual size of the vendors,*
3. *opportunities for new competitors to appear on the market,*
4. *the spatial layout of sellers and buyers,*
5. *homogeneity, that is, product differentiation,*
6. *stability of elasticity of demand for a given product,*
7. *states of vertical integration*

The **five forces** determine the attractiveness of a particular industry and its potential for long-term profitability. These five forces are: **the nature of rivalry, the danger of new competitors entering, the danger of alternative products or services, the bargaining power of suppliers and the bargaining power of customers.**

One way to measure competitiveness in the global market when it comes to national economies is to list the World Economic Forum, which publishes a *Global Competitiveness Report* every month in September. Competitiveness is analyzed based on the fulfillment of certain requirements defined by the World Economic Forum. The basic indicators of a country's competitiveness are the following indicators - *institutions, infrastructure, macroeconomic environment, health and basic education.* **Efficiency** requirements consist of higher education and training, commodity market efficiency, labor market efficiency, financial market development, technological capability and market size.

The requirements for **innovation** are business sophistication and innovation.

According to a new report from the 2017 World Economic Forum, which included 137 countries in the world, Switzerland, the US and Singapore are the top three ranked economies in the world in terms of competitiveness in a global context. When it comes to the top ten most competitive economies in the world, the list of countries is the same as last year.

Table 1: Ranking of the top 10 countries in the world by competitiveness in 2017

Country	Place in 2017-2018	Place in 2016-2017
Switzerland	1	1
USA	2	3
Singapore	3	2
Netherlands	4	4
Germany	5	5
Hong Kong	6	9
Sweden	7	6
Great Britain	8	7
Japan	9	8
Finland	10	10

Source: *The Global Competitiveness Report 2017-2018*, World Economic Forum, 2017, p. 13.

Switzerland is still the first, with the US and Singapore swapping places this year. The Netherlands is fourth and Germany in 5th (same as last year). Hong Kong has improved its position and is ranked 6th this year (last year it was 9th). Sweden is seventh (last year it was 6th), the United Kingdom is eighth (last year it was 7th) and Japan is ninth (last year 8th). And finally,

Finland is in tenth place, which it was last year.

According to the World Economic Forum's 2017 list, China is ranked 27th (28th last year). It should be emphasized that China is making some progress on this list every year. India ranked 40th (last year ranked 39th), Russia ranked 38th (last year it was 43rd). South Africa is 61st (last year ranked 47th) and Brazil is 80th (last year it was 81st). From the BRIKS Group, China, Russia and Brazil have improved their position, while India and South Africa have worsened their ranking in 2016 compared to 2016. South Africa actually recorded a significant decline from 2016 (up 14 positions).

3. ANALYSIS OF ASPECTS OF MODERN COMPETITION RELATIONS

In the early 1990s, several countries in the world defined competitive relations. Namely, the three leading economies of the world, the USA, Japan and Germany, were determining the direction of competition. This Triad Model, which operated in the late 1980s and into the 1990s, is no longer functional. The economic development of China and India, as well as other newly industrialized countries in the world (Brazil, South Africa, Indonesia, Turkey, UAE, etc.), has caused competitive changes to change. According to Brzezinski, the rise of the three Asian powers, Japan, China and India, in the rank of global powers has drastically altered the global division of power and paved the way for its dispersion (2, p. 22).

Since the 1990s, the rapid economic development of China, the reform of the

economic system in India, the completion of the transition process of socialist countries in Eastern Europe, have influenced the improvement of the economic performance of the global market. The liberalization of world trade has facilitated the flow of products and services, resulting in an increase in the number of competitors in the global market. The top five countries in the world by economic strength are the USA, China, Germany, Japan and India. Although China is not currently among the top 20 competitive economies, it will soon be. Some of the newly industrialized countries, such as the UAE, are well listed on the World Economic Forum list and rank among the top 20 most competitive nations in the world.

On the other hand, some of the countries of the former socialist bloc, such as the Czech Republic or Slovenia, are now well listed on the World Economic Formula list. Thus, Slovenia and the Czech Republic are in the group of leading countries in the world when it comes to innovation of national economies - the best group of countries, which in the World Economic Forum Report is designated as a group of countries driven by innovation. According to the World Economic Forum, all countries in the world are divided into five groups. The first group consists of countries that base their economy on resources, the second group consists of countries in transition from the first to the third group, the third group consists of countries that are driven by efficiency (this is also Serbia), the fourth group consists of the countries in transition from the third to the fifth group and the fifth group are innovation-driven countries. This situation with the Czech Republic and

Slovenia was not possible in the 1990s, when only a few of the most developed countries in the world based their economy on innovation.

The importance of the newly industrialized countries is best illustrated by the fact that the most developed countries of the world organized a G20 meeting at the end of 2008 and 2009, groups of countries that, in addition to the G8 (the most developed countries in the world), comprise newly industrialized countries. So in addition to China, India, Brazil and countries like Mexico, Indonesia, Turkey, South Africa, etc.

China, US and India contribute to creating global growth at 61.7% (cumulatively). Euro zone countries and the United Kingdom account for just under 10%. Other countries in the world account for 27.9%. Countries with a share of between 1% and 2% are also South Korea, Australia, Canada, United Kingdom, Mexico, Japan, Brazil Turkey, Iran and Russia.

It is a common opinion (10, p. 171) that the Pacific becomes the heart of the world, an ocean of business. China, Singapore, Indonesia, Australia, California, Siberia are replacing the leading Atlantic nations. Japanese economists and managers hoped that the leader of the future Pacific civilization would be Japan, because of its technological advances and banks. And so it was until 2008 and the beginning of the global economic crisis.

Today, it is quite obvious that the leader of the Pacific region is China and that it is the main axis of cooperation in the China-US world. The largest trade takes place on both sides of the Pacific. The Shanghai region

and Southern California are the focus of economic attention in the global economy.

How are countries competing today?

According to Vietor (14, p. 297), they today compete for export markets and foreign investment. *They compete in education, productivity and defense.*

4. THE ROLE OF NEW INDUSTRIAL COUNTRIES IN THE DEVELOPMENT OF GLOBAL COMPETITION

The role of the newly industrialized countries of the world, such as China and India, is extremely important today. Other countries are also often mentioned in the context of emerging market leaders - Turkey, Brazil, South Africa, Russia, UAE, Indonesia, etc. Investment bank Global Sachs has designed the acronym BRIK (from Brazil, Russia, India and China), aiming to point to markets that will play a significant role in the future development of economic relations. Later, South Africa was added to these countries. The global economy has been a key factor in the economic progress of these countries.

According to some (7, p. 267), two things differentiate these five countries from other emerging market economies. ***The first*** is an effort to change the social structure by strengthening the middle classes of society. This is the basis for strengthening domestic purchasing power and demand in the domestic market. ***The second*** is to stimulate the emergence of businesses that are not many of the leading companies but are very present in the global market. These enterprises are the engine for driving the economic activity of these enterprises.

The rapid growth of the newly industrialized countries is one of the most significant features of the new business environment. These markets mean the future. With rapid population growth and revenue in emerging markets, these markets are gaining importance in determining the future of many industries. They are already helping to set technological standards. Upcoming countries, as some call the newly industrialized countries, are slowly becoming economic woes, and are significantly affecting the growth of the global economy. The importance of newly industrialized countries for improving global competition is best illustrated by the fact that developing countries and transition economies in 2010 attracted more foreign investment for the first time than developed countries. Companies from the newly industrialized countries, following modern trends, applying modern management methods and techniques and improving their operations, become global competitors, which was impossible only twenty years ago.

According to Jacques Atali, the first president of the European Bank for Reconstruction and Development, 11 new *economic and political powers* dominate the market: *Japan, China, India, Russia, Indonesia, Korea, Australia, Canada, South Africa, Brazil and Mexico*. In addition, there are countries with strong economic potential, such as: *Argentina, Iran, Vietnam, Malaysia, Philippines, Venezuela, Kazakhstan, Turkey, Pakistan, Arabia, Algeria, Morocco, Nigeria, Egypt, Norway, Dubai, Singapore, Israel* (1, p. 143).

So, these are mostly newly industrialized countries of the world, with a few exceptions, and certainly the most significant region is the region of Southeast Asia, which will become the future economic center of the world, taking into account the importance of cooperation with the USA. (8, p. 46) It is thought that the BRICS countries do not have the right leader - economically this is convincing China. In a way, the story of the BRICS countries is first and foremost the story of China. About the country that has achieved the highest economic growth in the history of civilization in the last three and a half decades. When this gin is excluded, the other four BRICS countries have seen a slight increase in the share of the world economy in the last decade.

The BRIC countries and the Middle East countries are currently stabilizing the global economy as consumption in these leading emerging market economies exceeds the slowdowns in the US and Europe.

The economic crisis has not greatly affected the development of newly industrialized countries, such as China, India, Brazil, Indonesia, etc. These markets mean the future. With rapid population growth and revenue in emerging markets, these markets are central to determining the future of many industries. They are already helping to set technological standards and are of increasing importance in culture and entertainment.

Chinese President at the World Economic Forum in Davos 2017, proposed a new model of global economic relations. President of China, Xi Jinping said, ***“Like it or not, the global economy is a big ocean***

you can't escape. States should view their interests in a broader context and refrain from pursuing their goals to the detriment of others. We should not retreat to port every time we face a storm, otherwise we will never reach the other shore. " The Chinese leader believes that globalization has been unfairly blamed for the social and economic woes of today's world.

Protectionism is once again emerging as a barrier to the development of globalization. The China-US trade dispute poses a significant threat to global trade and can negatively affect other aspects of business globalization. According to President Siiping (9), protectionism is like locking yourself in a dark room with the intention of avoiding danger while depriving yourself of light and air. Also, Beijing does not intend to devalue the yuan to boost export competitiveness.

Given all the above facts, developing countries that want to join the globalization process have no long-term choice but to restructure and integrate into global market flows.

5. CHINA AND INDIA AND GLOBAL MARKETS

China's long-term economic goal in the global market is to promote cooperation and economic development in a group of countries on the so-called *Silk Road*. This model of global economic cooperation involves building partnerships with countries in the Silk Road Economic Belt. In this way, the countries of South and Southeast Asia establish new production channels, expanding and deepening existing value chains, ensuring economic

and technical cooperation between Asia and Europe.

The Silk Road Economic Belt (3) is a development strategy proposed by the Government of China that focuses on the linkage and cooperation between countries on the Silk Road Land and Sea. This initiative has been known since 2016 as the One Belt and One Road Initiative, or abbreviated the *Belt and Road* Initiative. This initiative includes China's cooperation with the following countries - Kyrgyzstan, Uzbekistan, Turkmenistan, Iran, Turkey, Bulgaria, Ukraine, Russia, Belarus, Poland, Germany, Belgium, France and Italy - on the Silk Road. With regard to the Silk Road, China has cooperation with the following countries - Vietnam, Malaysia, Indonesia, India, Sri Lanka, Kenya, Djibouti, Greece and Italy. For China to achieve long-term economic growth, it needs to expand its market as well as its influence. All analysts are aware that China will become the No. 1 global economy in a relatively short period of time. This means that China already has to establish new markets in order to be able to readily reach global economic supremacy and maintain that position in the long term.

In 2017, Chinese President Xi Jinping announced in Davos ambitious investment ventures at home and abroad. Over the next five years, it is planned to import about \$ 8 trillion worth of goods, about \$ 600 billion in foreign investment and about \$ 750 billion in Chinese foreign investment. Chinese tourists will make 700 million overseas trips in the next five years. China will be open to the world. In order to realize the new economic model, China has entered a new phase of slower but also

sustainable economic growth, reaching 6.7% in 2016. With this economic growth, China's share of the world's total GDP growth is 1.2%. By comparison, the US recorded 2.2% growth last year, but its share of global GDP is 0.3%.

This vision of connecting Asian countries to other continents is shared by India and Japan, with Africa's focus on India's vision of cooperation. Namely, it is an initiative to establish the Asia-Africa Growth Corridor (13). The ultimate goal of this initiative is the industrial integration and cooperation of Southeast Asia and South Asia across the Indian Region. Indian Prime Minister Modi stressed that India will engage in the development of the Asia-Africa Corridor along with Japan. From this point of view, it is obvious that India also wants to play a more significant role in the global economy, at least in the part related to more significant cooperation with African countries (East Africa and the Mediterranean basin) and Southeast Europe. The governments of China and India have drawn up long-term business strategies targeting both the regional Asian market and globally, with the aim of gaining more significant influence in the economic and especially trade flows in the future.

However, one should also take into account the fact that, although China and India are viewed together from an economic point of view, and especially the analysis of global competitive relations, India is not yet an economic factor of such importance as China, which has already begun implementing its new global economic development strategies on a new silk road.

Table 2: India vs. China

	Cultural attractions	Administrative Attractions	Geographic Attractions	Economic attractiveness
India	<ul style="list-style-type: none"> ➤ English language, Western-oriented elite. 	<ul style="list-style-type: none"> ➤ a common colonizer, ➤ common law, ➤ political friendship, ➤ lower long-term risk. 		<ul style="list-style-type: none"> ➤ specialized workforce, ➤ profitability, ➤ stable strategy and progress.
China	<ul style="list-style-type: none"> ➤ linguistic and ethnic homogeneity, diaspora. 	<ul style="list-style-type: none"> ➤ ease of doing business, ➤ enclaves. 	<ul style="list-style-type: none"> ➤ closer to the US West Coast, better ports and other infrastructure. 	<ul style="list-style-type: none"> ➤ bigger market, ➤ higher revenues, ➤ labor inputs productivity, ➤ availability of capital, ➤ supply channels and ➤ foreign companies as export bridges.

Source: Ghemawat P., *Redefining Global Strategy*, Mate, Zagreb, 2010, p. 46.

The Silk Road, like most Chinese economic projects, is of a long-term nature and goes beyond the framework of a single state administration. Klaus Schwab, the conceptual creator of the SEF initiative, expects China to become a responsible and receptive global leader. China is strong when it comes to the deglobalization and disintegration of global cooperation. China has stabilized its relations with India and is focusing on economic development and

trade. India is distrustful of its huge neighbor (there are strong memories of an episode of China's military and political support for Pakistan and the traumatic border war of 1962).

6. CONCLUSION

Global competitive relationships have changed. The newly industrialized countries have become involved in the global market competition. The actions of companies from these countries influenced the creation of new competitive relationships. Future economic growth will come from newly industrialized countries. Countries in transition need to turn to the global market. Businesses from countries in transition that target national and regional markets (eg the Western Balkans, or parts of the EU) are not an adequate approach in the long term. Companies in transition need to change their business philosophy based on doing business in the domestic market and address the challenges of the global market. The sources of growth are in the global context, and the best path for the economic development of countries in transition is to turn to industrial production and the global market.

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