

MASTERARBEIT/MASTER'S THESIS

Titel der Masterarbeit / Title of the Master's Thesis

„Local Economic Development and Entrepreneurship In The
Bosnia and Herzegovina “

The Case Of The Zenica-Doboj Canton

verfasst von / submitted by

LEKSIJA KUSIĆ

angestrebter akademischer Grad / in partial fulfillment of the requirements for the degree of
Master of Arts (MA)

Wien, 2022/ Vienna, 2022

Studienkennzahl lt. Studienblatt /
degree programme code as it appears on
the student record sheet:

UA 066 589

Studienrichtung lt. Studienblatt /
degree programme as it appears on
the student record sheet:

Masterstudium Internationale Entwicklung

Betreut von / Supervisor:

ao. Univ.-Prof. Mag. Dr. Friedrich Edelmayer, MAS

TABLE OF CONTENT

LIST OF TABLES	3
LIST OF ABBREVIATIONS	4
ABSTRACT	5
ABSTRAKT	6
CHAPTER 1: INTRODUCTION	8
INTRODUCTION TO THIS STUDY	8
RESEARCH QUESTION	10
CHAPTER 2: LITERATURE REVIEW	12
LOCAL ECONOMIC DEVELOPMENT	12
ENTREPRENEURSHIP	13
TRADITIONAL ENTREPRENEURSHIP	14
GROWTH AND DEVELOPMENT	15
CHAPTER 3: LOCAL ECONOMIC DEVELOPMENT and ENTREPRENEURSHIP	19
CHAPTER 4: IS ENTREPRENEURSHIP A RURAL ECONOMIC DEVELOPMENT POLICY?	22
LOCAL INSTITUTIONS AND THE POLITICS	23
CLUSTERS AND REGIONAL DIVERGENCE	26
CHAPTER 5: LOCAL ECONOMIC DEVELOPMENT AND ENTREPRENEURSHIP IN BOSNIA AND HERZEGOVINA – ZENICA DOBOJ CANTON	28
HISTORICAL BACKGROUND	28
ZENICA-DOBOJ CANTON	35
REGIONAL DEVELOPMENT AGENCY IN BOSNIA AND HERZEGOVINA	39
PROPOSED HYPOTHESIS	40
CHAPTER 7: CONCLUSION	64
APPENDIX	67
SOURCES AND BIBLIOGRAPHY:	77

LIST OF TABLES

Figure 1 Map of Zenica - Dobož Canton with all significant municipalities. Own source ----- 38

Figure 2 Results of survey responses for Hypothesis 1 ----- 43

Figure 3 Results of survey responses on Hypothesis 2 ----- 46

Figure 4 Bosnia and Herzegovina - Remittance Inflow to GDP: Source: Worldbank/Tradingeconomics.com 2021 ----- 49

Figure 5 Results of survey responses on Hypothesis 3 ----- 51

Figure 6 Number of registered entities in Zenica Dobož Canton, taken from: invest.pkzedo.ba. Original source: Federal Bureau of Statistics, 2020 ----- 53

Figure 7 Results of survey responses on Hypothesis 4 ----- 56

Figure 8 Percent of survey responses on Hypothesis 6 ----- 59

Figure 9 Highlight of the respondent answers in a survey on question 19 ----- 63

Figure 10 Results Summary of the case study ----- 63

Figure 11 Summary of respondents answers ----- 67

Figure 12 Summary of respondents answers ----- 68

Figure 13 Summary of respondent's answers ----- 68

Figure 14 Summary of respondents answers ----- 69

Figure 15 Summary of respondent's answers ----- 69

Figure 16 Summary of respondents answers ----- 70

Figure 17 Summary of respondents answers ----- 70

Figure 18 Summary of respondents answers ----- 71

Figure 19 Summary of respondents answers ----- 71

Figure 20 Summary of respondents answers ----- 72

Figure 21 Summary of respondents answers ----- 72

Figure 22 Summary of respondents answers ----- 73

Figure 23 Summary of respondents answers ----- 73

Figure 24 Summary of respondents answers ----- 74

Figure 25 Summary of respondents answers ----- 74

Figure 26 Summary of respondents answers ----- 75

LIST OF ABBREVIATIONS

Cases

- ADA : Austrian Development Agency.....
- BaH : Bosnia and Herzegovina
- BaM : BaH Official Currency
- ECCP : European Cluster Collaboration Platform
- etc: et cetera.....
- EU : European Union
- FBaH: Federation of Bosnia and Herzegovina.....
- FDI : Foreign Direct Investment
- GEM : Global Entrepreneurship Monitor.....
- GIZ : Die Deutsche Gesellschaft für Internationale Zusammenarbeit
- i.e. : that is
- MIPRO: Methodology for Integrated Local Development Planning (MiPRO) for Bosnia and Herzegovina (BiH), prepared following its practical application in 23 municipalities in BiH.....
- ODA : Official Development Assistance
- OECD : Organisation for Economic Cooperation and Development.....
- OHR: The Office of the High Representative (OHR) is an ad hoc international institution responsible for overseeing the implementation of civilian aspects of the Peace Agreement ending the war in Bosnia and Herzegovina. The position of High Representative was created under the General Framework Agreement for Peace in Bosnia and Herzegovina, usually referred to as the Dayton Peace Agreement....
- REZ: Regional Development Agency for the Central BaH region
- RS: Republic of Srpska
- Udba
- Udba: The worst slander, probably the worst stamp that can be put on a person or an organization. The secret organization of Yugoslavia, which led in terms of terror and the number of extrajudicial executions compared to other countries in Europe.....
- ZDC : Zenica Dobož Canton

ABSTRACT

Local economic development gained importance in recent years. And its significance has grown over the years. Why is this so? The healthy and developed living and the business area don't come over the night. Local economic development is a process through which actors within small and large cities work with partners from the public, business, and non-governmental sectors to create better economic growth and job creation conditions. This mutual development process allows personal and environmental development, further maintaining a dynamic entrepreneurial culture and creating business well-being to improve the quality of life for all in the community. But, what about the communities and environment affected by war and unrest, and later by corruption and unstable political structure such as Bosnia and Herzegovina? Bosnia and Herzegovina is a very unusual country based on three constituent peoples. The annexation of Bosnia and Herzegovina by the Austro-Hungarian Empire at the beginning of the 20th century left lasting consequences for this country, deepening the political disagreement that shapes this country to this day. These disagreements culminated even more in the civil war of the 1990s. Today, no prefix in front of the name, just Bosnia and Herzegovina with two asymmetrical entities - the Republic of Srpska (a very centralized entity made up of Serbs as a majority) and the Federation of Bosnia and Herzegovina (a highly decentralized entity divided into cantons and controlled by Croats or Bosniaks depending on who the majority is). In the last 30 years, Bosnia and Herzegovina suffered serious migration, whether they were seasonal workers, permanently emigrated, or just guest workers. This led most households in Bosnia and Herzegovina to rely on remittances and diaspora linkages. One region, in particular, stands out, the Zenica-Doboj Canton. Since entrepreneurship is an activity that involves starting a business, coming up with new ideas and setting up new markets in local economic development, this will direct his attention primarily to entrepreneurship. This paper will refer to Zenica-Doboj Canton as a cultural cluster/district which has become the key engine in local development, despite the difficulties inside the government/regional local policies. This further awakens the individual's creative spirit, responsibility, and driving spirit and enriches human needs. Growing up in such an environment makes you only succeed and contribute to society and the opposite. As a result, life standard grows, and the atmosphere is evolving. Such an environment in which new generations are born can only make progress.

ABSTRAKT

Die lokale Wirtschaftsförderung hat in den letzten Jahren an Bedeutung gewonnen. Und ihre Bedeutung wächst mit den Jahren. Warum ist das so? Das gesunde und entwickelte Wohn- und Geschäftsviertel kommt nicht über Nacht. Lokale Wirtschaftsentwicklung ist ein Prozess, durch den Akteure in kleinen und großen Städten mit Partnern aus dem öffentlichen, geschäftlichen und nichtstaatlichen Sektor zusammenarbeiten, um bessere Bedingungen für Wirtschaftswachstum und die Schaffung von Arbeitsplätzen zu schaffen. Dieser Prozess der gegenseitigen Entwicklung ermöglicht die persönliche Entwicklung und die Entwicklung der Umgebung, wodurch eine dynamische Unternehmenskultur weiter aufrechterhalten und eine neue Gemeinschaft und geschäftliches Wohlergehen geschaffen werden, um die Lebensqualität für alle in der Gemeinschaft zu verbessern. Aber was ist mit den Gemeinschaften und der Umwelt, die von Krieg und Unruhen und später von Korruption und instabilen politischen Strukturen wie Bosnien und Herzegowina betroffen sind? Bosnien und Herzegowina, ein sehr ungewöhnliches Land, ein Land, das auf der Gleichheit der drei konstituierenden Völker basiert. Die Annexion von Bosnien und Herzegowina durch die Österreich-Ungarische Monarchie zu Beginn des 20. Jahrhunderts hinterließ nachhaltige Folgen für dieses Land und vertiefte noch mehr die politischen Meinungsverschiedenheiten, die dieses Land bis heute prägen. Diese Meinungsverschiedenheiten kulminierten noch mehr im Bürgerkrieg der 1990er Jahre. Heute kein Präfix vor dem Namen, nur Bosnien und Herzegowina mit zwei asymmetrischen Einheiten – die Republik Srpska (eine sehr zentralisierte Einheit, die mehrheitlich aus Serben besteht) und die Föderation Bosnien und Herzegowina (stark dezentralisierte Einheit, die in Kantone unterteilt ist und von Kroaten oder Bosniaken kontrolliert wird, je nachdem, wer die Mehrheit hat. Bosnien und Herzegowina hat in den letzten 30 Jahren eine Migration von gravierendem Ausmaß erlebt, unabhängig davon, ob es sich um Saisonarbeiter, dauerhaft Ausgewanderte oder nur um Gastarbeiter handelt. Dies führte dazu, dass die meisten Haushalte in Bosnien und Herzegovina auf Überweisungen und Verbindungen zur Diaspora angewiesen waren. Eine Region sticht besonders hervor, der Kanton Zenica Doboј. Dies wird seinen Schwerpunkt hauptsächlich auf das Unternehmertum richten, da das Unternehmertum in der lokalen Wirtschaftsentwicklung als Aktivität fungiert, die darauf abzielt, ein Unternehmen zu gründen, neue Ideen zu schaffen und neue Märkte zu erschließen. In dieser Arbeit wird der Kanton Zenica Doboј als kulturelles Cluster/Bezirk bezeichnet, der trotz der

Schwierigkeiten innerhalb der Regierungs-/Regionalpolitik zum Schlüsselmotor der lokalen Entwicklung geworden ist. Dies weckt den individuellen Schaffensgeist, die Verantwortung, den Antriebsgeist und bereichert die menschlichen Bedürfnisse. In einem solchen Umfeld zu wachsen, bringt die Menschen nur dazu, erfolgreich zu sein, einen Beitrag zur Gesellschaft zu leisten und nicht das Gegenteil. Infolgedessen wächst der Lebensstandard und die Umwelt entwickelt sich weiter. Ein solches Umfeld, in dem neue Generationen geboren werden, kann nur Fortschritte machen.

CHAPTER 1: INTRODUCTION

INTRODUCTION TO THIS STUDY

Entering the 21st century, we unconsciously accepted the new concepts of life, education, technologies, and the environment. Significant revolutionary changes in technology, science, education, and market requirement demand new and improved standards of learning which are not based solely on mere knowledge. It further promotes a whole life learning, which enables education at all levels of the society – not just government, but also civil society, academia, economic, and business society. Such whole-life learning enables a dynamic process of multidimensional development locally, as the bare ground of every culture, state, and community. Regional development, according to European Commission Report, may be seen as a 'method that helps improve quality of life, support or accelerate the empowerment of ordinary people, develop or preserve local assets, overcome market failures, strengthen cohesion, and define delivering grass-roots development projects', European Commission Report, (2010, p. 10). The process of local economic development inevitably includes all actors of local communities together with partners from the public, business, and non-governmental sectors to create better conditions for economic growth. This development process runs faster or slower, depending on the country's economic, political, and social situations. Looking at the current situation in BaH, this country's historical, political, geographical, and demographic aspects must be considered. The Ottoman Empire enslaved and set back the progress of this country, along with two great wars and communism and its disintegration followed by the civil war of the 1990s. Exacted migration, war, inflation, ubiquitous hunger, and poverty often forced the population to find their way to survive. Some regions are strongly affected by migration, and people simply went go belly up for bread in hopes of providing their families the best they can. Certain areas are more developed than others due to this fact. According to Oruč (2011), migration remittances represent the most significant inflow to BaH, as they are six times larger than FDI and three times more than ODA to this country. This phenomenon caused unequal developments where one region is significantly more developed than others.

The main idea of this paper was to empirically investigate and present the state of entrepreneurship and local economic development in BaH, focusing on ZDC. Why this region? This region has

recorded great economic-financial in recent decades, placing this region at a high standard of living compared to the rest of BaH. The leading indicators and trends in BaH indicate that the ZDC region has great potential in total production and sales, export revenues, number of employees, and investments. The ZDC region's unique potential for business zones and developed organizations to support entrepreneurship grows inevitable. Therefore, the interest in the European Union and its development agencies has increased tremendously in the last ten years. The purpose of empirical research was to find the reasons for the industrial and craft tradition which caused the flourishing of entrepreneurship, especially in the years after the war.

This paper is divided into two parts. The first part presents a literature review that attempts to cover and answer relevant and valid questions related to research, theoretical concepts, and practical academic issues related to entrepreneurship and local economic development. Local economic development in itself requires a wide range of aspects. The purpose of regional economic development is cooperation and joint work of local communities to strengthen the financial capacity of the local area to empower and encourage local people to contribute to local development. Many local development functions like local government and the private sector play a key role in gaining and organizing civil society and supporting local initiatives and needs. The goal of theories and literature is to recognize and point this out because the foundation of a healthy entrepreneur is precisely the strength of local institutions. Only that ensures further progress and development of entrepreneurs. These theories, proposals, and critical reviews will give me a basis for creating hypotheses based on which I can draw later conclusions as well as the answer to the central question of this paper: What triggers and mechanisms are responsible for local economic development in the ZDC - BaH? Hypotheses will contribute to the creation of a questionnaire that will be sent to a large number of entrepreneurs in the ZDC. In addition, insight into the perspective of the region's development agencies will be needed. For that reason, one survey will be sent to one of the employees in the development agency of this region. In addition, respondents' answers will provide insight into local government, development agencies, and civil society organizations in the ZDC region.

We are already talking about the second part of the paper here. This work will present a case study of entrepreneurship and the process of local economic development in the ZDC. Gathering information on the spot gives a detailed insight into the overview of the situation, which is then reinforced and strengthened by a theoretical framework. Entrepreneurs of this region have proven their ability, long industrial and craft tradition, and achieved a comparative competitive advantage despite the challenges and difficulties caused by the civil war. Of course, we should not forget the

developed metal-turning, metal-processing, wood-processing, chemical industry, construction, mining, and energy in this area before the civil war. Yet the challenges posed by the causes of the devastating war, which devastated administrative, technical, and economic, plague even the most economically developed countries. Increased corruption, unrest, the state of 'wild Texas' unstable political situation, inflation, and sanctions have enslaved and hindered the progress of this country for decades, and thus of this region. However, the inhabitants of this region record good results and achieve a comparative economic advantage over the rest of the country. For years, they have been attracting attention with flawless exports and attracting the attention of development agencies and programs from the European Union. This paper seeks to identify and discover the causes, mechanisms, and triggers that led to this situation. In the final part of the paper, the respondents' answers are presented as answers to hypotheses. The discussion of the obtained results will be done in the conclusion.

RESEARCH QUESTION

The following analysis will guide this research and work:

What triggers and mechanisms are responsible for local economic development in Zenica Dobojski Canton – Bosnia and Herzegovina?

1. What triggers and mechanisms do local economic development need and meet?
2. How should local economic development look like?
3. How does should entrepreneurship look like? What type of entrepreneurship is in BaH?
4. To what extent does the current social and political situation in BaH affect local economic development?
5. What can be done to fill the gap between needed 'triggers and mechanisms' and the situation where local economic development works?

Sub questions will be formed so that they can create a structure and skeleton of this Master thesis.

Besides the goal to investigate the current local economic development situation in BaH,

The first three questions are of a literature nature and ask for material, research, and theoretical study. This thesis aims to establish and support the significance of entrepreneurship and local economic development in countries like BaH. Also, the goal is to show the potential of

supporting entrepreneurship and local economic development. The fourth question is the manner of an empirical study of this work. The idea is to show the current social and political situation in BaH, actually in ZDC, where allegedly migration and remittances play a crucial role in the development, process, and tempo of entrepreneurship in BaH (the survey and the answers will provide us the answer to this question). This also compares the ideal situation in literature and is based on the empirical study situation in the field. The fifth question will be a set of suggestions on how to fit many triggers and mechanisms into local economic development to maintain this development process.

CHAPTER 2: LITERATURE REVIEW

As mentioned above, the literature review asks for material and theoretical research to outline the basic terms of this work, local economic development entrepreneurship, and its significance in this study. This chapter will outline the basic meaning of regional economic development and entrepreneurship. This literature review provides a description, critique, and definition of the research problem based on the books, literature, and materials surveyed.

And finally, it provides a valid comparison and review of things and situations, both in the field and theoretically. Why is this important? Because very often, the definitions give a rough overview of things and what should be strived for, but time changes and the environment adapts and strives for perfection.

LOCAL ECONOMIC DEVELOPMENT

Local economic development definition changed over by time because it has changed its conditions, the way it influences, and the significance it makes for the environment. 30 years ago, we would maybe evaluate local economic development in terms of great jobs, increased production productivity, or the construction of urban infrastructure. It internalizes the notion of serving the public interest, addressing the needs of disadvantaged persons, and environmental protection referenced in the core values above. To help the public interest in economic development planning, market failures must be addressed, Green Leigh and Patterson (2019). Additionally, despite being very critical of local economic development, this work supports and measures growth, according to Leigh and Blakely (2016), where a community's standard of living can be preserved and improved through human and physical development based on equitable and sustainable principles.

According to Blakely et al. (2013), there is nothing wrong with creating wealth and jobs, but equating economic growth with economic development can be misleading. Blakely et al. (2013) claim that the blind pursuit of economic growth can destroy the foundation for economic development. They further explain that very logical and picturesque, where exhaustible natural resource supply leads to economic growth, but not necessary to a local economic development where his part is green economy and sustainability. Malizia et al. (2021) strongly emphasize the local development process, bringing together the economic base, linkages, product cycles, entrepreneurship, and in-

stitutions. Although this model is primarily demand-driven and sensitive to the distribution of resources within the economy, it also acknowledges essential factors on the supply side, such as entrepreneurship. In the long run, urban growth leads to larger markets and more interaction within industrial complexes and clusters, including technology-linked companies with buyer-supplier agreements. According to Malizia et al. (2021), development is not just a continuous and upward trajectory but also an interactive process of invention, innovation, and commercialization. The result is a higher level of welfare in terms of (1) income level, (2) income stability, and (3) income distribution. Also, an immutable fact is that the global economic system is primarily being impacted by the local economic system and planning, infrastructure, politics, policies, and general local atmosphere and all goes upwards, from more minor to bigger economies.

ENTREPRENEURSHIP

Entrepreneurship gained in a new age of significance. It promotes knowledge, creativity, driving spirit, courage, responsibility, dynamism, dedication, and perseverance. The literature mainly focused on entrepreneurship sees entrepreneurs primarily as an innovator who has the skills and initiative necessary to anticipate future needs and place new ideas on the market. They are not represented as the typical person who owns a business and pays bills and taxes regularly. This is why became important to stimulate entrepreneurial activity, to keep the economic development sustainable. Small entrepreneurship targets and influences development and yields in small and underdeveloped environments, providing opportunities for people with limited resources to be part of the entrepreneurial family and to contribute to their own family. Dabson (2001) suggests that micro-enterprises, sole proprietorships, partnerships, or family businesses can raise income and assets among low-income and disadvantaged populations. On the other hand, the understanding of entrepreneurship is broadly accepted and supported from different angles. Considerably widespread, torn and misunderstood, reduced to raw capitalism and moneymaking, often taken for granted. Knudsen and Swedberg (2009) claim that by tradition economists have not paid attention to entrepreneurship. They argue that it is crucial to realize the difference between a general theory of entrepreneurship and one that deals with entrepreneurship in a capitalist economy.

After that, being dragged into this process of changes, advancement, and adjustment, a particular group of people and population rejects changes for different reasons. Traditional reasons, age, obsolescence of technology, and lack of knowledge get in the way and refuse to cooperate.

The question of geographical proximity or distance has been circulating for years in the literature related to entrepreneurship and the sharing of so-called tacit knowledge. According to Audretsch and Thurik (2000), geographic location proximity importance can be seen as paradoxical or even unnecessary in the era of technological innovations and conveniences. Knowledge and information are distinct, which resolves this paradox.

The entrepreneur is often subject to local policy phenomena. Thus, his behavior and decisions are often influenced by these policies. Korunka et al. (2010), researching and predicting individual variables of start-up companies, concluded the vast majority still depends and are conditioned by environment/resource interactions.

TRADITIONAL ENTREPRENEURSHIP

Traditional entrepreneurship is mostly related to starting your own, family business in small communities. Small communities have different motivations for starting a business where resources, markets, and opportunities are limited. An entrepreneur emerges out of a sea of ideas, mainly driven by a desire for proof, profit, and personal fulfillment.

Depending on the motives of starting own business, it also depends on the models and ways of running a company in the future, as well as the rules of doing business in one market. First, the most important motive is the opportunity, created and gathered through years and years of work and experience of an entrepreneur Baron (2006). It turns out that experience and knowledge are most crucial, and decisive in starting and surviving a business.

Working on this research, many encountered the reasons of the necessity, and the need to survive among the respondents. To put it simply, self-employment is seen as the only opportunity for work and job enjoyment. They often do not have an adequate business idea, but copy existing businesses, close to the knowledge, skills, and competencies they possess or believe they will master. There are many small craft shops, such as merchants, carpenters, electricians, upholsterers, shoemakers, and painters started on the basis of previous work experience of business founders. Frequent mistakes of the founders of such business activities are to enter a private business without carefully done business analysis formalized in the form of a created business model and business plan, Petković (2021). Numerous firms run by these business people are there to remain, in spite of the fact that they are littler and anticipate to develop less than other firms, Poschke (2010).

On the other hand, in small communities, it has always boiled over from entrepreneurial artisans, born and learned in the family circle, or simply those who opened something of their own and continued to do so because they recognized the local market's need for this type of product or service. Business plans and market expansion are not their priority, they balance the demands of work with their family lives and survive.

Out of these reasons and categories here, not every enterprise can be considered entrepreneurial. An entrepreneurial firm, company, merchant, and enterprise is considered to growing, full of potential business that shows exponential growth, creates new products and opportunities in accordance with customer's needs, and experiences dramatic changes relating to personal development and growth. Increased investments, investing in new own products and services, creating the vision and mission of the company with continuous improvement of marketing and business plans is a feature of a company that has the potential for full growth and development, expansion, and distribution outside the region or state where it allows itself the opportunity to create its own rules and regulations.

GROWTH AND DEVELOPMENT

After years and years of literature insisting on the growth and development of a local community, environment, region, and state, many authors have decided to make an essential distinction between growth and development. These differences in practice are really difficult to distinguish, but one thing is for sure: growth always means a change expressed in physical quantitative characteristics, and development cannot often be expressed in units. This is the kind of progress that often stagnates but never ends. Becker et al. (2005, p. 110) claim that Schumpeter makes a gradual distinction between incremental change which he called, growth, and a more fundamental change which he named economic development. How does this work in rural areas?

What is characteristic of rural areas is the underdeveloped consciousness of citizens and entrepreneurs in the development of critical awareness and divergent thinking. The desperate entrepreneurial culture contributes to that, lack of reformed education, lack of clear market rules, and external sources of funding. Small population size and density, and as a result, constrained local demand, make it troublesome for provincial businesses to attain economies of scale or basic mass, Dabson (2001). This is the reason small economies mostly don't achieve the true sense of world economic growth. The increased outcome in products and services through a significant number of small

businesses and entrepreneurship firms leads to a broad aspect of possibilities for locals to buy and spend. In that case, only the purchasing power of consumers grows, is in a large number of cases satisfies and silences. In these cases, some nations find themselves overcoming difficulties very easily and reach incredible levels of economic growth, the others stagnate or even drown in their own debts. Salem (2014) claims that the advanced political hypothesis of financial development moreover affirms this. The modern political development hypothesis centers on the fundamental determinants of financial development such as the quality of administration, legitimate roots, ethnic differences, vote-based system, belief, debasement, teaching in common, geological imperatives, characteristic assets, and the association between worldwide financial integration and development. The modern political development hypothesis states that destitute nations, even though they have the potential for economic growth, will never accomplish financially.

It seems that reading the global literature of various researchers, economic growth policies are in fact tools for the global economic development of developed countries for developing countries. The idea that reducing poverty is correlated with economic growth is the foundation of economic expansion initiatives in developing nations. As it is currently practiced, economic development involves a wide range of public and private sector participants, including development organizations, national governments, businesses from industrialized and developing nations, community organizations, and populations in need who are dedicated to ending poverty and related conditions in developing countries, Salem (2014).

Economic development in rural areas takes care of securing jobs and monitoring market demand and providing products and services. Broader aspects of economic and regional development are often left out, such as environmental protection, infrastructure, and development of local institutions, the production and use of alternative energy sources, healthy food labels, etc. Development of the necessary institutional infrastructure (specialized government agencies, NGOs, advisory services supporting the local administration) and technology infrastructure is essential for the economic stimulation of rural regions (road systems, water supply systems, sewage systems). There must be multifunctional development, Sobczyk (2014). The importance of social entrepreneurship is also taken into consideration in this case.

ENTREPRENEURIAL CLUSTER

According to Porter (1998, p.10) “clusters are geographic concentrations of interconnected companies and institutions in a particular field”. Clusters include a variety of related sectors and other crucial to competitive entities. They include providers of specialist infrastructure services as well as suppliers of specialized inputs like parts and machines. Additionally, clusters frequently go downstream to channels and clients and laterally to businesses in sectors connected by shared expertise, technology, or input standards. Finally, many clusters contain governmental and other organizations like colleges, organizations that create standards, organizations that offer vocational training, and trade groups. They offer expert instruction, knowledge, data, research, and technological assistance, Porter (1998). Since some countries and regions have per percent more self-employers and entrepreneurs than other countries and regions in this way, within a certain time, when in the region are enough entrepreneurs and the development rises, it can be noticed some sort of the entrepreneurship pandemic, caused by regional entrepreneurship clusters. The interest in entrepreneurial clusters has grown among academics, scholars, and economic development experts for a reason. Delgado et al. (2010) raised the question of whether clusters originate from entrepreneurship and activities related to entrepreneurship or if they are formed independently of and impact entrepreneurship. Small and medium-sized businesses and clusters are forced to discover alternatives to development through large managerial corporations as the global economy imposes its tendencies and traditional regional development plans and models can't keep up with them. Entrepreneurship is, without a doubt, positively associated with economic growth creating fertile ground where entrepreneurship impacts development and growth. The answer to the question of how to trigger entrepreneurial activity lies maybe in clustered entrepreneurial society, where geographically grouped industrially similar firms and associated with economic and social needs. According to GIZ (2021) report, when suppliers and additional service providers migrate to locations where there are already enough partners with complementary skills, clusters might form on their own. This may result in an improvement in the region's economic situation, making it more appealing for the relocation of new, complementing businesses and the creation of associated clusters. [2022-04-02].

Porter (1998) does not guarantee the success of the company by operating within the cluster. Small, but local elements of entrepreneurship and achieving competitive advantage are definitely a long

and safe path to establishing global competition. In principle, the key advantages of geographical proximity are definitely the flow and availability of information, thus facilitating access to suppliers of human resources and tools, insight into innovation, and the ability to respond to change due to drastic external influences. In principle, these are all tools that companies can use to achieve their competitive advantage, which of course does not guarantee all companies are the same. Why? The key is to be different and innovative, which means that the wrong strategic positioning can eliminate all the positive effects of improving operational performance.

Rocha (2004) claims that given the spatial variations of entrepreneurial activity across regions, it is worth studying how clusters, a special regional context, moderate the relationship between entrepreneurship and development. Rocha (2004) tried to explore from a literature review standpoint, whether clustered entrepreneurial activity generates more development than non-clustered. In order to identify the potential causes of the effect of clusters on the relationship between entrepreneurship and development, Rocha (2004) summarized the “evolution of the cluster concept, the associated schools of thought, the context in which the theoretical development took place, and the antecedents and consequences of clusters” (p. 369). His main focus is Marshall (1966) and his “localization of economies” in form of clusters, which he defines as “industrial districts”. “Industrial districts” have the role of localization industry - i.e. “concentration of small businesses of a similar character in particular localities” Rocha (2004, p. 369).

By fostering a competitive environment and fierce competition among businesses due to the presence of close competitors, clusters provide established relationships and more information about opportunities, lower entry, and exit barriers, open up specialized market niches and complement other local businesses that have succeeded by providing role models and capturing necessary links (see more Rocha, 2002, p.38). Based on these claims and assumptions, one parallel can be drawn: the clusters are indeed a litter of comparative advantage in the global economic competition since they provide knowledge, proximity advantage, and relationships.

CHAPTER 3: LOCAL ECONOMIC DEVELOPMENT and ENTREPRENEURSHIP

Local economic development is one of the most researched and controversial areas in the economy. Its impact is being investigated and observed, directly or indirectly, in order to determine the development degree of area, region, or state. Economic development is a broad, multidisciplinary umbrella over a range of sub-disciplines in social and physical sciences such as economics, engineering, geography, political science, and sociology, Leigh and Patterson (2016). Local economic development has been inevitable when it comes to new world order and geography, where central positions in development have been undertaken by the periphery and locals. In their 2012 article, Carroll and Blair cite Krugman (1991) for opening this new chapter in the dialogue by demonstrating how “multiple pole-periphery end states could arise from the interaction between economies of scale, transportation costs, and market size” (p. 51). The presence of such a local sector encourages all types of innovation externalities that involves knowledge, innovation, skilled labor prosperity, and better standard for the local environment.

On the other hand, traditional rural assets like inexpensive land and labor cannot now guarantee long-term regional development in a fast globalizing economy. In an increasingly globalized context, new asset combinations, such as those that make use of regional labor, innovation, lifestyle, financial, and information capabilities, will determine the economic prospects for both rural and urban communities. Despite the fact that small businesses have been adversely affected by the existence of “the world of global markets, global products, and global players”, Thurik (2011) emphasizes the significance of small and young firms, which have emerged as engines of economic and social development in highly developed economies, (p. 147-148). The transition from a controlled to an entrepreneurial economy was described by Thurik (2011).

Obviously, local economic development and prosperity don't go without entrepreneurship itself. Whenever development itself is mentioned in the literature, it has always gone hand in hand with entrepreneurship. The fact is that for decades the world economy and order were based on public companies, non-governmental organizations, and companies that provide services in general. Guaranteed life employment and social security have long been the basic pillars of security for an individual in the 1990s and early 2000s. The advent of technology and the daily influx of new

information and innovation are transforming communities around the world. Additionally, the growing literature on this phenomenon and its inseparable combination has spread awareness and lobbied for complementary local economic development and entrepreneurship. The new business patterns and strategies evolving from this process demanded also the participation of educational institutions, universities, and colleges that would spread awareness of the widespread use of entrepreneurship but also entrepreneurship in a new form such as social entrepreneurship. The importance of social trust, local networks, and community connectivity as being fundamental to a community's social and economic health is highlighted in this way. The social capital literature contained various policy recommendations, from supporting anchor public institutions like schools and civic groups to bolstering local business networks, Pages et al. (2003). Therefore, entrepreneurship, in itself, if not properly nurtured can challenge challenging environments in which one local community may find itself. The emergence of wild competition that suffocates the domestic economy, creating a bottleneck in a small environment for business ventures, attracting foreign investors without previously protected domestic interests, too light regulations for seeing business and etc. were just one of the cases we witnessed when it came to “violent growth” in an environment. There is a great need in supporting a new approach to strengthening the linkage between entrepreneurship and economic development.

Martinez-Fierro et al. (2016) explored in their work the relationship between the entrepreneurial environment and the country's stage of economic development. Many studies find evidence of how the entrepreneurial impact changes and differs among the regions and countries. Martinez-Fierro et al. stress what is arguably the greatest explanation of the link between these two concepts ever (2016). The role of entrepreneurship reduced numerically but rose qualitatively with rising economic growth. The fundamental idea is that business strategies and policies derived from developed institutions nurture entrepreneurial activities, and they themselves did not arise that previous entrepreneurial activities did not create the basis for the creation of these strategies.

The division of entrepreneurial activity depends on the game's rules. This means that entrepreneurship is not inherently productive or unproductive. Rather, the available rewards make entrepreneurship socially productive or unproductive, Sautet (2013). Furthermore, the paradox of success of some entrepreneurs, despite the low incomes and poor economic growth situation in many countries is often something to be encountered. Even in the cruelest conditions in one state, there are always a few individuals who find their way to make gains from trade. This is also how the illicit and black markets arise and survive.

Based on the examples above, it can be concluded that the current state of theories and empirical research about the correlation between entrepreneurship and economic growth does not depict the true state of affairs nor does it prove a causal relationship. Sautet (2013) reports the results of the study conducted by Acs and Varga (2005). It has been shown by Acs and Varga (2005) that entrepreneurship contributes significantly to economic development through the knowledge spillover effects it generates, but this was not found empirically for necessity-based entrepreneurship, which usually does not lead to technological change. Sautet (2013), on the other hand, does not consider this necessary. An entrepreneur's offer on the market is not a real growth indicator. Rather, it is the incentives affecting entrepreneurs that lead to unproductive entrepreneurship. Acs (2006) was a chair of the research committee in the Global Entrepreneurship Monitor project, where the understanding of entrepreneurship has moved to other high levels. The GEM (2009) report also testifies to this, where the development curve, as grows, moves from necessity entrepreneurship towards opportunity-based entrepreneurship. The industrial sector, in different stages of development, grows and expands, starts supporting industrialization, and connects with business and educational institutions, consolidating its support in all aspects. As a key element of entrepreneurship, GEM (2009) also monitored and assessed entrepreneurial activities. For instance, due to its motivation by economic need, entrepreneurial activity occurs to be quite high in factor-driven sorts of economies. Compared to finance and efficiency-driven economies, opportunity-driven entrepreneurship is anticipated to be more prevalent in innovation-driven economies.

Entrepreneurship, in terms of economic strategies, can be observed on local and systemic levels. Many researchers, in recent studies, started to distinguish and differentiate entrepreneurship, considering that entrepreneurship has a limited impact on growth, especially in developing countries. This is how local entrepreneurship stands out, in a nascent stage, and remains mostly on local institutions and simple organizational structures, exploiting mostly local opportunities and resources. Local entrepreneurship, in most cases, doesn't impact economies of scale and remains mostly personal and informal relations. The approaches to international economic growth are not universally effective; no one size fits all, Acs et al. (2008). Furthermore, insists on understanding the nexus between entrepreneurship, economic development, and institutions. These realizations help to explain why local, productive entrepreneurship, but not systemic entrepreneurship, appears to be advantageous for emerging nations, Acs et al. (2008). Distinguishing local from systemic

entrepreneurship, according to Sautet 2013, the foreground insights we put on the surface are the inside relations and social cooperation state.

The term 'systemic entrepreneurship' refers contrary to local entrepreneurship and activities heading above local entrepreneurship. This is the situation where a formal and complex institutional framework is being included, through international networks, policies, and politics. By creating organizational structures that enable the exploitation of possibilities beyond the original local level through the capture of economies of scale and scope, systemic entrepreneurship takes place, Sautet (2013).

CHAPTER 4: IS ENTREPRENEURSHIP A RURAL ECONOMIC DEVELOPMENT POLICY?

When thinking about entrepreneurship and its significance for economic development it is certainly that became an article of faith and hope that it will lead to positive economic outcomes. And while researching and reading about this topic, it is impossible not to notice the different attitudes and controversies that are taking place parallel. While researchers and scholars express concern and doubt about how to properly define and find the right place for entrepreneurship in local economic development, local authorities are competing to include entrepreneurship in local economic development policy in order to improve the regional economies and prevent the poverty.

Dabson (2001) insists on two things when it comes to promoting rural entrepreneurship: identifying constraints to minimize losses and training on gaining comparative advantage. Henderson et al. (2007), based on many articles, find entrepreneurship as a valuable mechanism for rural economic prosperity and boost. According to Henderson et al. (2007), local entrepreneurs provide money, jobs, and economic growth in addition to being creative consumers of other resources and assets. At the local level, research has discovered a significant link between entrepreneurship and long-term employment growth, Acs and Armington (2003). Fostering local innovation and entrepreneurship is a preferred method for promoting economic growth, Pages (2004). However, there aren't many metrics for measuring rural areas entrepreneurial strengths.

It might seem easy and reachable to the amount of information and transparency in a small, limited, and easily manageable environment. Entrepreneurs depend on internal connections that promote the exchange of products, services, knowledge, and concepts. In rural areas, the intensity of familial

and personal relationships can occasionally be beneficial, but they can also be a barrier to productive commercial interactions. The inter-community rivalry may limit opportunities for regional collaboration and economic transactions may get less than rigorous impartiality. For fear of permitting more competition in a small market, existing firms may be resistant to new business development. Local politics might muddy up power structures and decision-making procedures, Dabson (2001). But, on the other hand, an easily manageable and limited environment has problems of saturation, limited income, and a small, non - interested (passive) market.

There are some locational effects that come into question when dealing with rural economic policy. According to OECD, “territorial divides affect all aspects of living: distribution of income and wealth; access to quality fundamental public services, and recognition of one’s values, roles, and aspirations. Inequalities exist between small towns and mega-cities, peripheries and centers, and rural and urban areas. These territorial and spatial divides are at the root of growing public anger, in some places more than in others, and have become a source of social and political turmoil” (2019, p. 1). “Indeed, regional development is a policy of policies, and one of the very objectives of the place-based approach actually becomes reforming national and regional sectoral policies in a space-aware direction” (ibid, p.2).

LOCAL INSTITUTIONS AND THE POLITICS

This section is extremely important for understanding the relationship between local institutions, local development as a process, and the enterprise in general. The structure of local, and political institutions is a key variable that determines the business outcomes of companies, their policies, and their relationships with the environment. Local institutions and their politics are crucial key players and performance indicators of an environment, creating a fertile ground for the successful functioning of the company and harmonizing its work with the local community. Unfortunately, it is an indisputable fact that local institutions and policies are vulnerable to influences and changes from the governing structure of government. The nature of local political games and the incentives of local political actors can also be shaped by government structures. Many authors discuss the influences and instruments of local politics, however, most agree on one thing: local politics is less an instrument of economic competition between regions and more serves the function of local needs.

Hajnal and Trounstein (2010), chose a challenging task and tried to explain the type of local government that works best and mediates between state institutions, local policies, and the needs of residents. Specifically, “nonpartisan elections and the city manager form of government” (p.1134). The argument for replacing mayors with city managers concerns that a non-elected city manager has a much greater ability to ignore voters, thereby reducing public influence over policy. Economic concerns could take precedence over political considerations, allowing the local policy to align with business interests more with development spending. Nonpartisanship will result in a smaller number of well-off residents exerting influence, resulting in a greater emphasis on development and less on redistribution. The more significant fundraising constraints are expected to limit the amount cities can spend on redistribution and result in a concentration of resources on development. In order to limit and control the consumption of the local self-government, it is necessary to introduce fiscal restrictions that can control the amount of debt that the city reaches. In order to limit and control the consumption of the local self-government, it is necessary to introduce fiscal restrictions that can control the amount of debt that the city reaches. This is due to the existence of constitutional or legal restrictions, which control e.g. local property taxes and allows for a balanced budget for the city. Unfortunately, according to the research of *ibid*, development spending is far from dominating local self-government expenditures. Spending on the construction of streets, highways, improvement of transport and public transport, and airports accounts for only 12% of local budget expenditures. Although the central government holds the key instruments for defining the rules of the game, certain instruments are also available to local government units. On the one hand, these are opportunities for local institutional experiments, and on the other, for the use of some institutional solutions, both for the purpose of encouraging economic development. Of course, those institutional solutions are not equally effective. Some solutions are more a matter of planning others are more pro-market.

Local self-government, therefore, faces constant challenges of constant economic progress and monitoring of market demands, as well as changes in attitudes towards citizens, thus the need and responsibility for better business and provision of better services, and improvement of living standards arise. Apart from the financial effects, there is an obligation and need for better transparency, respect for human rights and obligations towards the worker, social insurance for quality assurance of public services, measures to protect the environment, and attitude towards the community. Reforms of state administration, monetary policy, the judiciary, and strengthening of the rule of law are essential for the local government to promote economic and social development. The result is

a good business environment that only attracts investors. In a legal state, contracts are guaranteed and the market is open. A higher level of political freedom inevitably follows economic freedoms. Administration at the municipal level is the responsibility of the mayor/or city manager in more modern societies. That position, unfortunately, is still seen as only an executor and enforcer of laws and authorities. He should coordinate, cooperate with the heads of individual secretariats, and implement reforms and improvements. Unfortunately, in many post-Soviet as well as modern societies, there is no continuous public training program for this job position, neither at universities nor as a training and training program. Within the administration of most societies, the so-called merit system is in force. Public administration jobs are based on educational and occupational qualifications, ability tests, and business performance. The merit system is part of personnel management and aims at productivity and efficiency. The system introduces the spirit of the private sector to the public sector, where workers are protected from punishment for inactivity, jobs are safer, rights are more important, and political suitability is more important than expertise. An inefficient, incompetent bureaucracy is spawned from such a relationship, which produces evil employees and demotivates good ones.

CLUSTERS AND REGIONAL DIVERGENCE

Even how the development paradigm and needs to declare some places as industrial clusters emerge is unclear. In one situation, it places the particular area in an overall framework to help policy-makers in the creation of efforts to encourage that growth. In another case, it defines clusters as specialized, functional groups of entrepreneurs stationed inside a region. The first concepts underlying justification is to produce analytical findings that can offer perceptions of the factors that successfully support cluster growth and, in turn, help local and regional policymakers in formulating their development policies, Wolfe and Gertler (2003). Martin and Sunley (2003) rather urge us to be careful in the construction of this term. In most countries, the current regional politics and rural development politics haven't made it, in most cases, to stop the regional divergence and lagging behind rural areas. Delgado et al. (2010) also state that it is helpful to take into account how similar clusters in nearby areas affect entrepreneurship. On the one hand, robust clusters in nearby regions increase potential and reduce startup costs (e.g. by providing access to suppliers and customers, allowing firms to leverage local technology and institutions, etc.). There are possible problems that could arise in connection with regional divergence:

- Is it even possible to create stable and constructive forms of cooperation between regions without toxic competition?
- is it possible to involve other regions in cluster concepts in order to reduce regional divergence and establish a worthy competitive cluster?
- Is it possible to establish collaborative networks between them in order to flow information and innovation?

Based on Delgado et al. (2010), clusters that are co-located in nearby regions benefit from inter-regional spillovers. Locational rivalry is enabled by the presence of clusters. Delgado et al. (2010) discovered in their research many yet concurrent factors in the increasing number of enterprises. They refer to all newly founded, newly established, and expanding businesses within a cluster together as 'convergence'. The dynamics of the enterprises are in fact impacted by clusters, but further investigation calls for new study issues. One thing is certain, though: robust regional clusters increase the variety and breadth of entrepreneurial start-up options while simultaneously lowering startup costs.

Also, some regions tend to be more developed than others, because of many reasons. Geographical availability and flow of information, relief, natural resources, and the demographic picture all tend to shape the region according to their standards. As a result, the cluster can grow and generate benefits in terms of innovation and efficiencies, and become more and more attractive to employees, firms, researchers, and bigger companies. Some smaller firms, whose focus is not on this activity tend to decrease their activity since the focus is mainly oriented on only one group of work and industry type.

There is no general agreement on a definition of a cluster, for a simple obvious reason: every region, country, state, or area has its own cultural, political, historical, bureaucratic, and local demand differences. What is inevitable in the small and narrow concentration of one region is the effect of knowledge spillover. The concentration of many people working on a similar set of economic problems produces a widely shared understanding of an industry and its workings, Cortright (2006, p. 21). In most cases, the focus lies on ideas and innovation, in order to create a great output. The creation process enables knowledge spillover and tacit knowledge, also the process of turning tacit knowledge into explicit knowledge.

When it comes to entrepreneurship, it is often argued that entrepreneurship is the main engine for knowledge spillover, innovation, and economic growth in general. In this case, entrepreneurship is being included in this cluster characterization with purpose and reason. According to Block et al. (2012), entrepreneurship is more likely to have an impact on the process by which information is transformed into new-to-the-market innovations than new-to-the-firm inventions. According to Cortright (2006), entrepreneurship encompasses both a person's readiness to start a new firm and a business owner's willingness to implement novel ideas. It is unavoidable and crucial that entrepreneurship plays a big role in clusters. Clusters are made up of individuals who have ideas that blossom into enterprises and environments. Rarely does any literature highlight how important entrepreneurship is to growth, development, and cluster influence, as well as to development in general.

CHAPTER 5: LOCAL ECONOMIC DEVELOPMENT AND ENTREPRENEURSHIP IN BOSNIA AND HERZEGOVINA – ZENICA DOBOJ CANTON

HISTORICAL BACKGROUND

Economic development, in general, has always been driven from the top of the administration and politics of a state or organization. When talking about this, it is mostly thought about the stimulation of entrepreneurship, recognized as the engine of economic development, according to many researchers (Armstrong 1999, Ateljevic et al. 2013). Encouragement of economic growth, or entrepreneurship, in particular, entails the introduction and promotion of measures that significantly boost employment rates and energize regional enterprises, Skica et al. (2013). That means investing in small and medium businesses and their entrepreneurs, support of locally owned businesses by buying their products and also lobbying for their purchase, and restitution of the local governments through policy improvement in order to boost the development in many aspects of life. Local people have practical knowledge and are mostly sources of great ideas that can improve local living standards.

BaH, a post-communist and post-war state is located in the heart of the Balkan peninsula, and borders three states that are struggling with the same problem (Serbia, Montenegro, and Croatia transition problems from communism to capitalism, same problems introduced Croatia into the EU). BaH, at the crossroad between two worlds (East and West), is in the process of integration into the European Union. Destroyed from within by war, ethnic disagreements and differences seek within this process of integration to implement the standards of local self-government development according to the standards of the European Union. However, the process of migration and emigration of the population complicates this process significantly. According to Kadusic and Suljic (2018), forced migration (induced by war, political reasons, corruption, and crime) resulted in a reduction in the pace of economic growth, unemployment, adverse social circumstances, etc. As a result, BaH's unfavorable economic conditions have accelerated post-war economic emigration. As part of former Yugoslavia, BaH was considered as the economically weakest link in communist

Yugoslavia in the pre-war period. BaH partially declared its independence in March 1992 and gained international recognition in April 1992.

Historically, BaH, in a multiethnic sense, was considered a dominantly Christian country before the Ottoman Empire's arrival. Various tortures, persecutions, looting, and troubles by Ottoman Empire forced the population to convert to Islam. However, specific by itself like every country, BaH has been the subject of discussion and research by many historians, consuls, and diplomats both in the distant past and today. Reading all these writings, documents, and reports, one gets a clear impression that the characteristics of the people of BaH arose both under duress and from themselves. Ivo Andrić, the most famous Bosnian writer and Nobel Prize winner, spent most of his life penning and dedicating his works to this country. Certain characteristic features, both in the Christian world and in the Muslim world, said Andrić, arose in centuries of unequal struggle and constant defense, they crossed the line of permanent character. This resistance and aversion to news and innovation surprised and broke the spirit of many consuls and diplomats who came to this country. Four types of religion, inhabiting this narrow and hilly part of the Balkans, have become a great obstacle to progress as well as the evil legacy of a serious illness. They all live under one sky and in the same country, and each of them is bloodily faithful to the centers of his spiritual life far away, in another world, Andrić (1945). Honestly, this can only be understood by one who was born and raised in such an environment. Today, BaH is a multiethnic and multireligious state with three constitutive ethnic groups (Serbs, Croats, and Bosniaks). Consisted of three co-independent entities, the RS (entity-state mostly inhabited and controlled by Serbs), the FBaH (inhabited mostly by Bosniaks and Croats - also further divided by cantons and controlled by these ethnic groups, depending on who is the majority in the canton), and also the Brčko-District - unique entity that demanded special international intervention due to his significance for all three ethnic groups.

The last war in BaH lasted from 1991 to 1995. It left long-lasting material and non-material consequences, which society will face for decades. However, the process of dealing with the past, accepting responsibility for committed mistakes and crimes, and overcoming conflict is a long-term process that this society must go through to rise to a higher level of development finally. After 30 years since the end of the war in BaH and a series of analyzes and checks of the attempts of international institutions, the US Administration, and many non-governmental organizations in the implementation of the seemingly complex Dayton Agreement, the following can be concluded: while administrations and politicians in the US discuss economic, political, and social issues of topics, political sessions in BaH are based on inciting national hatred and issues of ethnicity.

Nationalist feelings in a political system easily override economic and other problems in BaH. In some cases, those who committed some of the worst war crimes in BaH achieved their objectives, and their supporters remained in power. Such people, unfortunately, do not give a positive image of the current situation, and even less the will to improve the standard of living in BaH.

Workers' councils provided a unique system of 'self-management' for political and economic life in the socialist Yugoslavian system, which far outstripped other socialist economies in terms of consumer goods production. Several western European countries offered guest worker arrangements to relieve the pressure of mounting unemployment in Yugoslavia. This guest-working arrangement continued today. Dimova and Wolf (2015) claimed that BaH is the second-largest non-OECD exporter of immigrants into the OECD. According to Shera and Meyer (2013), worker emigration enables receiving countries to address their labor market shortages, while from the standpoint of the sending country, one of the major advantages of emigration comes from the money transfers made by migrants to their families back home, which have a positive impact on the balance of payments. Despite the many advantages of migration, a sizable body of scholarship has also highlighted some of its drawbacks, particularly the brain drain. Also, very important to note is that, according to Haas (2005), "development effects of migration are not limited to remittances and investments, but also include an important sociopolitical dimension. Through such social and political investments, migrants can contribute to shaping a better societal climate in countries of origin in general" (p. 1273). For instance, migration remittances gain in housing and well-being tend to boost their productivity, freedom of choice, and ability to engage in public discourse. Particularly Haas (2005) underlines the fact that development is not always directly supported by migration as a process. Local policies, politics, and environmental conditions must align with the local community's understanding that greater development planning should be done locally. The degree to which migration and remittances may help development depends on the particular political, economic, and social conditions in both the sending and receiving nations.

BaH, as a post-war country, painfully transitioned from communism to capitalism and a free-market economy. At the time of the centralized welfare state, and especially in socialism, the local level did not have independence in decision-making and sufficient financial autonomy and was mostly in a vassal relationship to the center. After the reforms and the introduction of an entrepreneurial way of management at all levels, the local government received many important functions according to the principle of subsidiarity, and it is still struggling with this. The term 'painfully' needs a little attention. In the transition to free markets, the lack of secure employment and housing

and inflation distorted social inequality as entrepreneurs with connections to the new political elites enriched themselves. Those pressures intersected in Yugoslavia with escalating armed conflict and fought on ethnopolitical terms by leaders striving for state resources and mobilizing populations. The pre-war period developed different fractions among citizens. In the pre-war period, you could find the neo-liberalists, nationalists and after that war criminals and profiteers, profederalists, and technocrats, and they all together were spread among ethnic lines inside of the state. Pugh (2002) highlights how businesses and armed groups were extraordinarily skilled at diversifying the economy in the face of price distortion, destitution, and economic deterioration. Such a situation degenerated a new generation of gangsters (local, and regional) in every ethnic group. Pugh (2002) outlines how business people responded to the peace by making investments in postwar businesses and making use of privileges that were previously only available to urban middle-class technocrats who were hired by the state or a political party (many of whom fled the violence). Political and economic power are intertwined, there is great inequality in wealth distribution and access to rights and opportunities, there is no regulation of economic activity's privatization, and social service is partially based on customer spending.

The constitution stipulated that the municipal assembly decides on the method of electing the executive body, which means that the mayor is weakened, while the council is an outpost of the political parties that manage the work of the municipality. In the second case, even the possibility of appointing a manager is meaningless, because his original role is to contribute to the quality of management with special moral and professional qualities. His powers are broad, while in this country he is not responsible for appointing and replacing executive officials, so basically there is no change in the way of administration compared to the old centralized system. The status of local self-governments is still characterized by high financial dependence on the center, narrow competencies, and outdated and redundant administration. As a result, services are poor and expensive, and citizens are still far from participating in the work of local services, which are actually their services. The relationship with the center is still hierarchical instead of a partnership.

The government of BaH is just a special story and requires special attention. The Government of BaH "has a bicameral legislature and a three-member Presidency composed of a member of each major ethnic group" (europeanwesternbalkans.com, 2022-09.06). International organizations that control financial resources and administrative authority over monetary policy and economic growth dominate the governance of BaH's formal economy. The move from a centralized economy that favored public ownership to a market-based one that is projected to allow foreign investment to

infiltrate the division of spoils is fueled by organizational authority and the leverage gained through control over assistance flows. Pugh (2006) regrettably notes that BaH's transformation dynamics have a negative impact on economically disadvantaged elements of society in the context of uncertain economic growth and a contentious power balance between foreign direction and local control. Politics in BaH remained relatively unstable through the entire post-war period. There were challenges in coordinating and harmonizing democratic decision-making. The efficiency of established institutions is low. BaH's organization is often questioned, democratic institutions are rather fragile, national homogenization is far stronger than civil homogenization, and the OHR is the most powerful political, legislative, and executive entity. All aspects of reform are often burdened by the clash between unitarist and separatist conceptions. As a result of changed circumstances and other means, BaH is attempting to prolong the attainment of war objectives in peace. By contrast, the representatives of the international community attempt to place BaH's future in a simplified model of a small European country that is unlike any other European country. As the international community plays a decisive role in all important events in BaH, it creates the space for political manipulations in BaH's negotiations, decision-making, and strategic positioning. In BaH, political stability implies that many, currently powerful, political actors would have to renounce their own political identities and roles.

BaH, as a formally independent state since 1992, started its development and entrepreneurial activity divided into legal entities in the 1990s. Dana (1999), according to his research conducted in the 90s, the FBaH received a significant amount of money and foundations from Arab countries and 'welcomed the post-war reconstruction boom, and is headed for a market economy' (p. 111). It is important to emphasize that these two ethnic groups are connected on a religious basis, according to Islam. The RS, which struggled with post-war politics and policies based on entrepreneurship, and thanks to global media propaganda, has been significantly excluded from the global market. 'Dirty business' had its beginnings during the conflict. Due to shortages during the war, businesses flourished on the black market, and some people gained money by smuggling firearms. Others made money by selling orphans whose parents were slain in the battle or by exporting narcotics. Also, besides the black market, wartime opened the field for other possibilities. Even while opportunistic business practices dominated most of the wartime economy, the crisis nevertheless gave rise to legitimate value-adding endeavors. Houses need roofs, damaged walls required reconstruction, and broken windows required replacement. Construction, rebuilding, plumbing, painting, and

related fields offered opportunities. One industry that saw notable expansion was the media, Dana (1999).

In the meantime, BaH created a complex political and economic situation, one-sided political power, and unequal wealth distribution. During Dayton Peace Agreement negotiations, high levels of decentralization were required, especially by Croats and Serbs. Muslims wanted however a strong centralized state, where they expected to be the majority. These requirements were expected, considering the fact that Serbs formed the Republic of Srpska at the beginning of the war and it de facto existed in BaH. Croats feared for their survival, given the fact that they are a minority within the Federation of BaH, and their quasi-state of Herceg Bosna did not pass in Dayton. Ever since the first agreements reached in Dayton, BaH was strongly decentralized and ethnically oriented, where international organizations guaranteed human rights respect, political independence, territorial integrity, and sovereignty of the three independent states. Unfortunately, the two biggest firefighters during the war, Slobodan Milosevic (then president of Yugoslavia) and Franjo Tudjman (then president of wartime Croatia), took the most part during the Dayton talks, often excluding demands from Serbs and Croats in BaH. What became clear to international forces and negotiators was the state of the institutions of wartime BaH, which was in the hands of nationalists and war profiteers. They faced here a dilemma. Nationalists controlled state resources, military structure, and state security. And it was clear to the blind that the vast amount of autonomy given to the entities was just waiting to be converted from wartime power to political authority, O'Brien (2010). The fact is that state institutions and constitutional structures always affect the way in which the population act and thinks, but it should not be forgotten how lately non-institutional and non-governmental organizations that mobilize the population have been playing an increasingly important role in shaping society's narrative and awareness of development, elevating it from the ethnic level of identification.

The fragmented power-sharing type of system in BaH (where all ethnic groups have the power right and authority on a permanent basis) is the starting point of the consociational constitutional order and as such conditioned by numerous factors. This system means a political-social order in which all and one ethnic structure exercises an equal right to participate in government. According to the creators of Dayton, this political, legal, and social order was allegedly the only real solution for calming the conflict in BaH. The real problem arises when the degree of freedom of decision-making, decentralization, and distribution of power in BaH is taken into account, especially immediately after the war. This problem is further complicated by the fact that the established, Udba

mentality of the ruling elites in BaH, is unwilling to sacrifice their privileges for the rights of individuals. Also, the balance of power between the entities and the central government, the fragmented nature of electoral institutions, ethnic polarization, and the constant competition between domestic institutions and political authorities also further complicate the situation in this country. In line with this (so it is in post-conflict societies), the entrepreneurial institutional structure is weak and very short-term oriented, on the elimination of basic, formal institutional difficulties, and everyday socio-economic challenges. If distrust in institutions is added to this, entrepreneurship is slowly but surely suffocating. A number of problems plague BaH's economy, including the lack of a resource use strategy and policy, very low efficiency of resource use, and non-economic valuation of the contribution of resources to societal development. In comparison to the supply and demand of labor on the market, labor has a relatively low net price that has been artificially inflated by high taxes and contributions. Unemployment is high. Wages, although low, are growing faster than labor productivity. Its interest rates are higher than other neighboring countries, credit insurance is often stricter, and borrowing procedures are more complex.

The uneven development is especially evident on the entity level. The highest authority level is divided into two parts at the very beginning of the state functioning and their individual policies have generated different rates of development parameters. Observing the development and functioning of BaH as a state, since the end of the war, one could see greater cooperation between the FBaH and international development institutions (this was significantly contributed by international support provided to the majority Muslim population during the war). On the other side the RS, however, obstructed and blocked any kind of cooperation with international institutions out of obvious distrust and as a direct reaction of the policy of the RS to the media propaganda that was directed at it during the war. More importantly, entities have never maintained the inter-relation trade, deepening their gap and economic holes. The RS developed and maintained their trade links with Serbia and Montenegro (because of similar nationalities) and Croats inside of the FBaH mostly with Croatia. BaH struggled for centuries with railroad infrastructure and geographical difficulties due to unfavorable hilly and mountainous terrain. This has significantly affected trade relations with other regions as well as with other countries. Various medieval Frankish, Venetian, and Serbian writings, as well as writings from the time of Ottoman rule, testify to this. Thus, for example, western Herzegovina, as well as central Bosnia, are significantly more developed in relation to other regions, considering that geographically it is very easy to maintain trade relations with western countries. In addition, central Bosnia is very suitable for crossings from the west due

to the plain in the north and the Sava River, which is very easy to cross. Although more developed than the rest of the country, these countries still cannot be formally considered fully developed. The lack of policy state infrastructure and the absence of local business community support caused significant rural areas and bigger cities disparities, which furthermore caused increased tertiary sector activity development. This means to transport and communication services, telecommunication and internet services, communication media, and commercial activity involving small, medium, and large distributors or shops. In the last decade, there is a significant increase in aesthetic care activities and services, gastronomy, sport and sports games, betting games, etc. However, in the case of BaH, this hasn't indicated economic growth, considering the fact that only two incomplete regions cannot compensate for economic losses in the rest of the country. Looking at the overview of theoretical research and findings by different authors in the last 50 years, according to Osmankovic (2001), it is evident that the four most typical regional centers remain the same: Banjaluka, Tuzla, Mostar, and Sarajevo. Indeed, concentration and polarization of regional development were spinning around these four cities. Significant universities and research centers, Embassies and development agencies, industry, and production zones chose to come to these cities. Between these 3 main centers one region developed in particular, Zenica-Doboj Canton. BaH, when it comes to density and percentage of the population, differs from the rest of the European Union countries where most of the population percentage in cities is almost the same as in rural settlements. Regional development became irrelevant due to the governmental focus on regionalization, and the city, which was tasked with carrying out the plan, was forced to work in support of narrow interests in order to maintain the status quo, Bošnjak and Mijočević (2020). So, for example, Tešanj municipality, a small town centered in the Northern part of the FBaH and administratively belongs to ZDC traditionally records great results in terms of living standards, working conditions, and local development in general. Tešanj is declared a Municipality with European quality of living, economic power, and ecological awareness.

ZENICA-DOBOJ CANTON

In this case, the ZDC will not be investigated as a formal Canton in the FBaH. It is more important to emphasize in this paper the importance of the proximity of these regional centers as well as the fact that the business atmosphere is always maintained in this environment, regardless of whether the city or settlement is in the Republik of Srpska or the FBaH. Somehow, significant growth of

small and medium enterprises has been noticed in the last 25 years after the devastating war in BaH. Small municipalities such as Tešanj, Jelah, Matuzići, Žepče, and Maglaj as well as all other settlements along the Bosna River towards Zenica and further towards Sarajevo. Although ZDC has never been given the status of fixed organizational form as a cluster, it certainly acted like one. Observing the work and activities of this region, its municipalities, and entrepreneurs, one gets the impression of joint cooperation, collaboration, and mutual support as a reflection of a kind of cluster network. Besides that, respondents answered in favor of this. Also, clusters are only one of the ways in which companies connect and operate. Consequently, companies and firms connect on local/regional levels in order to exchange knowledge, opportunities, and clients in order to generate business opportunities and trade gains. These results are visible from an interview with a respondent. This is corroborated by the lack of a regional development plan at the national level in BaH, despite funding from the European Commission for many programs, including the EURED project, that was supposed to lead to the definition and adoption of policies, Osmanković (2020). Also, BaH is organized by the inside according to regions. Based on the regional distribution of economic development determinants and their significance for investment effectiveness, areas were divided into development zones. Most of the already-built industrial capacity, population concentration, raw and energy potentials, and the key north-south communications are located in the priority zone's territories (the Neretva valley belt, upper and middle course of the Bosna river, and Posavina belt with the Una river valley). All the components for logical and economically efficient growth are present in the priority zone, Osmanković (2019).

- Metal processing sector (production of iron, steel, rolled and forged products, and castings of iron, steel, and non-ferrous metals). In the area of the present Canton, in the pre-war period, these activities were very developed and occupied a significant place in the economic structure. These include business entities, 'Željezara Zenica', 'BH STEEL-ŽELJEZARA' - Zenica, and Foundries 'Novi život' - Zenica, 'Visoko', 'Vareš' (source: <https://zdk.ba/press/item/2962-industrija>, 2022-04-25)
- Food industry,
- Chemical industry (many capacities are connected on a raw material basis whose development was based on large plants for processing wool, acrylic, leather, as well as confection). Their products, due to their enviable quality, are placed on the demanding European market. Significant capacities from these activities are located in Visoko, Zavidovići, Zenica, and Tešanj [source: <https://zdk.ba/press/item/2962-industrija>, 2021-11-13]

- Retail and wholesale,
- Services,
- Production of construction materials (in the Canton there is the production of construction materials of the processing type (brick, tile, cement, lime, concrete accessories, construction carpentry, installation materials, etc.) is organized in independent companies. Companies such as 'Cement Factory' - Kakanj, IGM - Visoko, 'Usora' - Jelah, 'BBM-amphibolite' Vareš, 'Asfaltgradnja' - Visoko and many others are of special importance in this activity [source: <https://zdk.ba/press/item/2962-industrija>, 2021-11-13].
- Metal processing and metal work itself has increased significantly in the last 10 years due to the low production costs and possibility to export these products to European Union market conveniently. Independent development in the field of metal processing was experienced by Tešanj companies 'UNICO-FILTER', 'FAD', 'ENKER', 'POBJEDA', Visoko 'KOVINA'. Due to their long-term presence on the world market, these economic entities have gained the trust of customers such as WV, MAM, FIAT, RENAULT and many others [source: <https://zdk.ba/press/item/2962-industrija>, 2021-11-13] .
- Wood, pulp and paper processing, and graphic activity

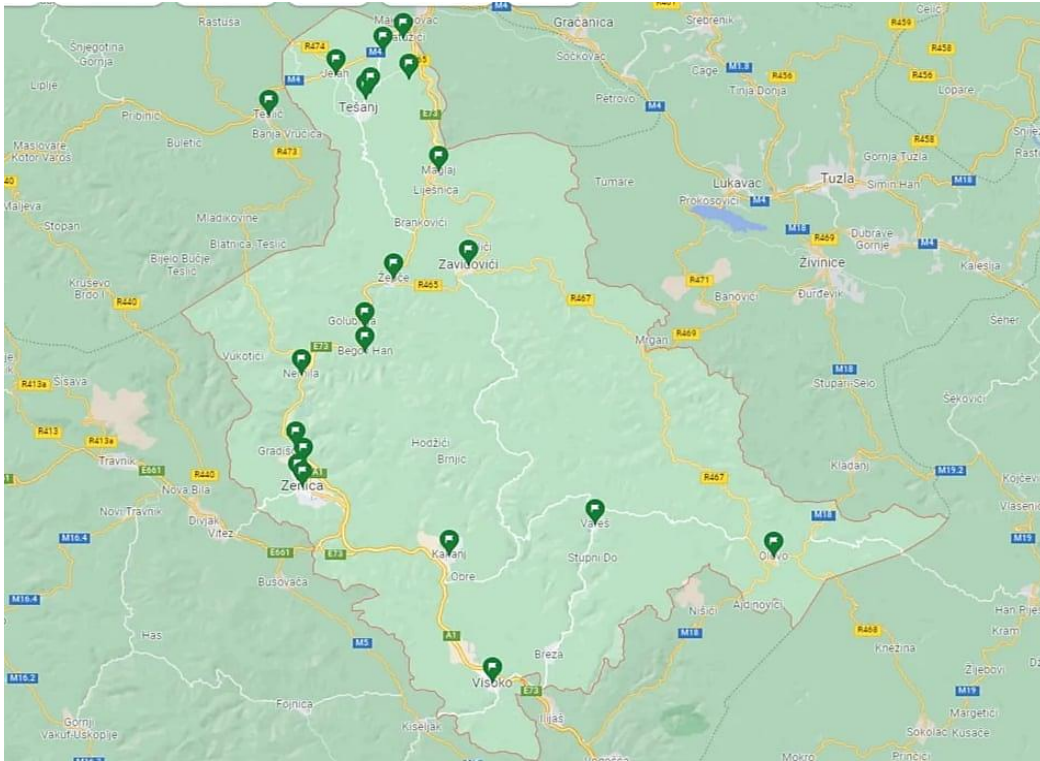


Figure 1 Map of Zenica - Doboj Canton with all significant municipalities. Own source

The municipality of Tešanj stands out significantly from other municipalities in the region by introducing various policies to improve business conditions and the functioning of local environment development policies. Entrepreneurs of the municipality of Tešanj are significantly different from other regions for decades in terms of their creative business, good entrepreneurial spirit, and vision. Since it has the biggest filter factory in the region (Mann Hummel BA), the only spark plug factory in the Western Balkans (Enker), the biggest pump producer in the area, and brake discs (FAD Prevent) for passenger and truck programs, Tešanj has a reputation as a leader in the production of automotive parts. Asval (car parts), BME (truck semi-trailers), Medena Commerce (transport systems and components of assembly systems in the automotive industry), Inox Ajanović (stainless steel), Gear (gears), KPM BH (parts for the automotive, special-purpose industry, and energy sector), and others have all established themselves on the regional map of metal processing in the past 20 years, Alagić and Petković (2016). As part of its efforts to achieve development goals, the Municipality of Tešanj has developed a vision, and a strategic approach, and improved its management system, which has become a very efficient service for citizens and businesses. Using the methodology of integrated local economic development, Tešanj's Develop-

ment Strategy for the period 2013-2018 has been developed, which includes all four existing strategic documents. Teams were formed at the Mayor's initiative and with the support of the Municipal Council to develop this strategy, following the MIPRO methodology, which consists of members from public, private, and non-governmental sectors to develop an integrated document that targets social, economic, and environmental goals. The Tešanj Municipality Development Strategy 2013-2018 was adopted by the Municipal Council at the start of 2013. The Strategy outlines 65 initiatives and projects that are slated for implementation by 2018 along with 9 strategic goals. The plan was developed in compliance with the policies and plans at the BaH, FBaH, and ZDC levels, Alagić and Petković (2016).

BaH, indeed, is one of the simplest countries when it comes to starting a business and registering a business. According to many regional media and experiences of entrepreneurs, there are significant moves in the digitalization of business and administrative procedures. Also, a person alone can do a simple online registration of the business and the minimum initial capital for that is 1000 BaM or 500 Euro. If not, there is always possible to hire help from a professional legal entity or the Accounting and Auditing Agency. Based on the information above, we are gonna develop a couple of hypotheses.

REGIONAL DEVELOPMENT AGENCY IN BOSNIA AND HERZEGOVINA

There is no official classification of economic regions in BaH. However, five economic regions have been identified in BiH according to historical, economic, social, and cultural relations. Regional Development Agencies (RDAs) are key participants in the development and implementation of the economic development strategy at the regional level. The action of different agencies is divided in geographical order [fipa.gov.ba, 2022-07-08]

- ARDA – covers the northwestern economic region
- NERDA – covers the northeastern economic region
- REDAH – covers the economic region of Herzegovina
- REZ – covers the economic region of central Bosnia
- SERDA – covers the macro-region of Sarajevo

Regional Economic Community-REZ is a Regional Development Agency operating in the Central BaH region and was established in May 2004. The platform for the establishment of the Agency was a partnership of governmental and non-governmental institutions. The founders are 15 municipalities, 2 cantons, 15 business associations, 1 international organization, and 1 microcredit

organization. Geographically, the REZ Agency covers 10.34% of the territory of BaH with a population of about 600,000. The ultimate goal of the REZ Agency is the transformation of the Central BaH region into a modern European region. The basic principles of the REZ Agency are manifested through services tailored to the real needs of development stakeholders in the Region with the application of acquired knowledge and experience, cooperation with institutions and experts, necessary synergies, and implementation of best practices in the following areas: strategic planning, capacity building of local actors, strengthening the competitiveness of the region, human resources and employment, and interregional cooperation.

PROPOSED HYPOTHESIS

As a proposed or predicted answer to a question, a hypothesis is usually thought of as part of a scientific experiment. In this case, the definition of a hypothesis is a tentative proposition or posit based on insufficient knowledge. Also, in this case, the hypothesis followed the research questions. This paper attempts to identify the triggers and mechanisms responsible for the entrepreneurial boom in ZDC Canton. Testing is proposed for an idea. As long as a hypothesis is widely accepted and supported by extensive testing, it can be accepted as a theory. The concept of hypothesis in this work refers to a verifiable explanation of what caused or affected something. Hypotheses must be testable in order to be considered scientific. In this case, the hypotheses have two variables that are in relation to each other. As a result of this research, there will be a conclusion, a theory, or an understanding that will be useful or applicable beyond the scope of the project. Each hypothesis elicited different responses, therefore this paper will tend to avoid specific responses such as 'accepted,' 'rejected' or 'partially confirmed.' Entrepreneurs from Zenica-Doboj Canton were selected for this research. Their businesses are mainly in the fields of mechanical engineering, metalworking, woodworking, public services, printing, and graphic services. Because activities from these branches of industry are the most important for this region, only entrepreneurs who operate within these branches were chosen. This way of categorizing and selecting entrepreneurs from these branches ensures the validity of the survey and responses, considering that these branches of industry dominate this region. Entrepreneurs with a long tradition of business, as well as entrepreneurs who recently opened their own company or thanks to the proximity and infrastructure of the business zone, were chosen. These entrepreneurs are located in the most frequented places and municipalities of the Zenica-Doboj Canton, such as Tešanj, Jelah, Zenica,

Maglaj, Žepče, Dobož-Jug, and Visoko. Research on this topic has been quite limited and difficult. For a simple reason. Entrepreneurs from this region, although asked politely several times, initially refused to answer the survey. The answers were common: Unfortunately, we don't have time; You again with questions; Great, another survey; Or no response at all. Dissatisfaction with the system and rejection of any kind of formality is immediately noticeable at the very beginning. However, given the state of the country, that is, in the Zenica-Dobož Canton, these things were to be expected. State bodies and institutions, and therefore local institutions, must still put in a lot of effort in order to instill in the residents of this region as well as entrepreneurs the necessity of formality, openness to research, and the need for responsibility and control. The idea was to send a survey to 30 selected, most promising entrepreneurs of the Zenica-Dobož Canton according to reviews, success, and business tradition. After several calls and requests, at the same time persistently sending the survey to email addresses, 16 entrepreneurs responded to the survey.

Also, in order to gain insight into entrepreneurship from the perspective of development agencies, a survey was sent to one employee of the ZEDA development agency. The survey questions can be found below, in the appendix section.

Also, for this work and the survey the 5-point Likert scale was used. There are five response options, two extremes, and a neutral option linked to the middle answer. Five-point satisfaction scales included:

Strongly disagree	1
Disagree	2
Neutral	3
Agree	4
Strongly Agree	5

Hypothesis 1: Zenica-Doboj Canton isn't a formally declared industrial cluster, but certainly acts as if it is

According to ECCP, “clusters are defined as groups of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialized expertise, services, resources, suppliers and skills” [<https://clustercollaboration.eu/cluster-definitions>, 27.04.2022]. This hypothesis is also supported by the claim that “clusters should not be understood as fitting into the narrow sectoral view that most industrial policies have, but be considered as regional ecosystems of related industries with a broad array of inter-industry interdependencies”, Naumanen, (2019, p.10). The similarity in locations, occupational and technological needs, knowledge spillovers, and cross-sector investments can be observed among these linkages. In clusters, companies can gain efficiency from the proximity of similar industries. To boost regional innovation, competitiveness, and growth, it is therefore important to understand how these linkages form and facilitate their development, Naumanen (2019). Besides that, many authors recently also reject the claim that the establishment of clusters, formal policies, and laws actually promotes the entrepreneurship of a region, and puts it at the top of the regions with successful entrepreneurs. Why is this so? In recent times, many governments take a misguided approach to building an entrepreneurship culture and environment. Without the right knowledge and experience, they focus on wrong things, restrictions, and laws and thus actually encourage already successful companies to grow even more ‘quantitatively’ and thus devour small start-ups that are often the strength and engine of a region and drivers of local development. In increasingly remote parts of the world, where resources, legal frameworks, transparent governance, and democratic values may be scarce, the most effective practices emerge. It is here that entrepreneurship takes on a completely new form, Isenberg (2010). The literature is cluttered with statements and claims by the authors about Silicon Valley as a contender for entrepreneurship in every sense. In addition, as well as something that every government should strive for and include in one of its regions.

ZDC concentrated and narrowed entrepreneurs around business zones, and built in the desire to create the necessary infrastructure to support existing and future entrepreneurs. This caused an additional concentration, which, however, was already pronounced, in a narrow and small space. Just like in Silicon Valley, this has led to a large number of rewritten occupations, business ideas, and service delivery. Many studies have conducted empirical research on attempts to establish an

automotive cluster in the Sarajevo Canton, which eventually failed. There were never, however, attempts to establish the same thing in ZDC, even though there were conditions for that. Instead, we can consider the move to establish a business zone as an attempt to establish an industrial cluster. When asked “to what extent it helps that you are within the business zone”, 25% of respondents rated on a scale 5. 43.8% of respondents think that a business zone is a great thing, but their business does not depend to some extent on the business zone, since their business is export-oriented. The other 31.3% believe that the proximity of the business zone has a very positive impact on the business of their company. One of the most common responses to the benefits of a business zone is the fact that such a zone increases the turnover of goods, customers, and passers-by, thus the local community attaches importance to the business zone and invests more in it. What is indicated in most of the respondents’ answers as a negative consequence of business zones is increased competition in a very narrow space, and insufficient regulation of the business zone in terms of infrastructure and bureaucracy. Therefore, all the rules of operation of the business zone were not initially established and a large number of entrepreneurs, customers, and participants in the business zone wander and disrupt the rules.

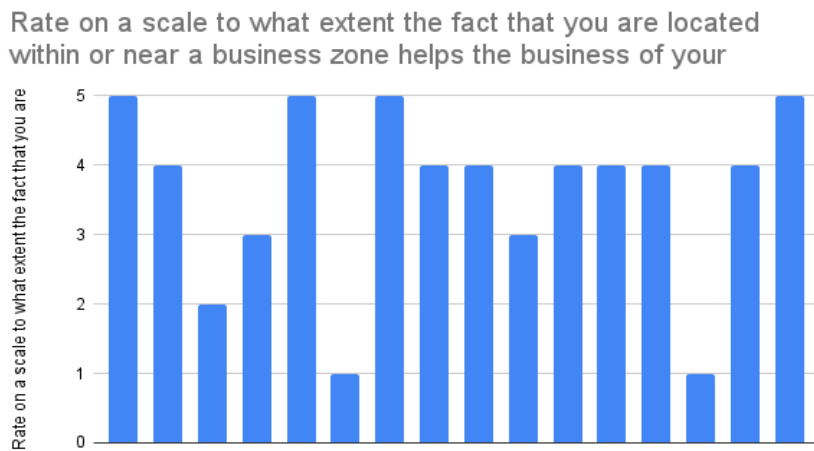


Figure 2 Results of survey responses for Hypothesis 1

Hypothesis 2: Local Economic Development and Entrepreneurship in Zenica-Doboj Canton is determined by the rate and percentage of investments, especially foreign investments.

Foreign direct investments play a significant role in both macroeconomics and microeconomics. They create a field for new opportunities and jobs. They provide a platform for the exchange of entrepreneurial, managerial experiences, and knowledge, and boost domestic production by new technologies, workforce, and strategies. Second, they promote the growth of the host nation through technology transfer, workforce training, collaboration with the local economy, and improved visibility of local businesses on the global market.

Immediately after war, Islamic type of banking began to enter the market of BaH in support of rebuilding war-torn infrastructure and businesses to rebuild and start their own businesses. In 2001, the Islamic Relief charity organization with headquarters in Birmingham, United Kingdom established the first Islamic Microcredit Foundation (MFI) in BaH. Through its major and significant humanitarian projects, Islamic Relief has helped thousands of citizens in BaH since 1992, Smolo et al. (2020). Ever since arriving on the market, since 2001 the Foundation has placed more than 17000 interest-free Qard Hasan loans to the BaH market and helped many citizens improve their standards of living. With help of these interest-free micro-credits many citizens in ZDC have started their small businesses, completed schools, renovated their home, etc. Smolo et al. (2020). However, islamic investments in BaH have been demonstrated to end up building religious structures and humanitarian initiatives, as well as perhaps investing in real estate, throughout the last 20 years. There are, however, some controversial findings regarding these investments. According to Stopić (2021), after the year 2016 state inspection found that many companies registered in BaH with owners from Arab countries had been fictive, and foreign investments to Arab countries have been halted or very slow in their processes.

The other type of investment in BaH was by development agencies throughout Europe like ADA (Austrian Development Agency), CIDA (Canadian International Development Agency), Italian Development Programmes and Initiatives, German Federal Ministry for Economic Cooperation and Development (BMZ), SIDA (Swedish International Development Agency), etc. They all have something in common, support sustainable development through education programs, enabling peace, humanitarian assistance, social, and health security, etc. The long-term assistance provided

helps BaH through these development programs aims to achieve accountability and responsibility, and change the mindset of the government as well as the population. The program should support governments to create stable infrastructure (political, economic, health, and education), and enable the environment for economic and local development by supporting entrepreneurship activities. On the question “Rate on a scale from 1 to 5 to what extent do you think that the investments directly or indirectly affected the business of your company”, 43.8% of respondents rated 1 (strongly disagree), and also 18.8% rated 2 (disagree). The other 37.5% of respondents were either neutral (rated with 3) or hadn’t found a significant effect (rated with 4 or 5). When asked to explain shortly the foreign investment effect on their business the answers were mostly based on no direct effect on their business or the effect is very minimal. Indeed, according to the data of the Ministry of Economy ZDC, so far there are no registered public-private contracts partnerships with foreign investors. Also, there is no reliable data at the cantonal level on the number of companies registered by BaH citizens residing outside BaH or on the number of persons of BaH origin who have acquired citizenship in another state. Significant foreign investments in the area of the ZDC are Arcelor Mittal, Natron Hayat, and Kakanj Cement Factory [2022-06-16].

However, the empirical results did show the positive impacts on the economic development of BaH in different periods in general. According to Sušić et al. (2017), the instrument for capital inflows through the free zones showed outstanding results, i.e. the value of production increased four times, the export value grew five times, the number of employees increased five times, while the share of exports from the free zones increased from 4.14% to 9.25%. Even though the foreign direct investment does not record significant results in the region of ZDC, survey participants do not ignore the impacts that foreign direct investment has on the cantonal government infrastructure.

Rate on a scale from 1 to 5 to what extent do you think that the investments directly or indirectly affected the business of your

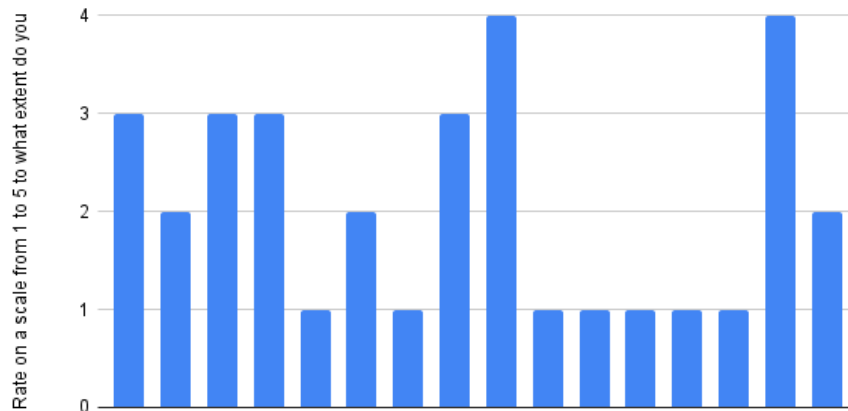


Figure 3 Results of survey responses on Hypothesis 2

Hypothesis 3: Local Economic Development and Entrepreneurship in Zenica-Doboj Canton is mainly boosted by migration remittances.

According to Umihanić et al. (2009), Diaspora is spending and investing 2,5 billion euros annually into the country. GDP in the year 2007 was 10,7 billion €. BaH is one of the primary exporters of migrants and recipients of remittances in the world. Young and educated people, in search of welfare, migrate to work and possibly send the money to their families. Later on, married or single, they continue to send it to the household left behind. In order to increase the well-being at home, migrants send the proper amount of money home, provide additional income and increase the consumer power and consumption level. The consumption level and power boost in some sort of way the level of economic activity in the host country. Increased revenues further strengthen purchasing power, especially in middle-income countries. According to Matuzeviciute and Butkus (2016), the growth of income allows consumers to spend more, accumulate assets, establish self-employment, and invest in small businesses. Although, while remittances can contribute to long-term economic growth, they cannot solve structural economic problems, such as unstable political climates and economic policies, or corruption, which is prevalent in developing countries. Furthermore, in the time of capitalism, where consumption is high, overestimated, and overemphasized demand is

growing and cannot be met by domestic production, so the need for imports is growing and dominating.

According to the size of the economy, BaH has regularly ranked among the top recipients of remittance flows from abroad since 1998, the first year for which relatively trustworthy data are available in the post-war era. In fact, according to data from the World Bank, BaH had the highest remittances to GDP ratio of any nation in the world in 1998, 1999, and 2000. Additionally, the flows of legally documented migrant money transfers to Bosnia nearly quadrupled in magnitude from the turn of the millennium to 2008. More than 2.7 billion dollars in remittances from the Bosnian diaspora were sent home in 2008, contributing significantly to Bosnia's GDP, Jacobsen (2016). Additionally, Halilovich and Efendic (2019), in several studies they describe in their work, support their hypothesis. They show a wider trend among Bosnian refugees living abroad investing in their home country by heavily relying on informal networks and practices, while concurrently fully relying on their businesses abroad. These investors' desire to transform these regions from 'once sites of agony into new places of hopes' is what drives them to come to Bosnia rather than just investing for financial gain.

There is no consensus on remittances among scientists. Spending remittances on consumer, household, and business items, according to Glytsos (2005), reveals only consumers' insatiable desire for consumption without their desire to further invest in home recipient land and is frequently viewed as a loss of resources for fostering long-term growth and development. Additionally, remittances can increase inflation, harm the tradable sector by increasing the real exchange rate, and lower labor market participation rates as receiving households choose to rely on remittances from migrants rather than working. The impact of remittances on growth and poverty may also lessen incentives for enacting sensible macroeconomic policies or essential structural changes, Catrinescu et al. (2009). This problem can be further exacerbated by the fact that many developing country governments do not work to encourage investment and do not allow the accumulation of positive assets. Also, creating an unfavorable environment for entrepreneurship and economic development governments affect directly negative on labor supply, forcing the population and households to rely solely on remittances.

On the other hand, there are several implications that confirm how remittances promote growth. First, according to Issahaku et al. (2018), receiving remittances can free up state funds, which might

increase the government's investments in advancing the development of local institutions that promote growth. Second, the introduction of remittances frequently results in the creation of civil society organizations like hometown associations, whose initiatives may promote growth.

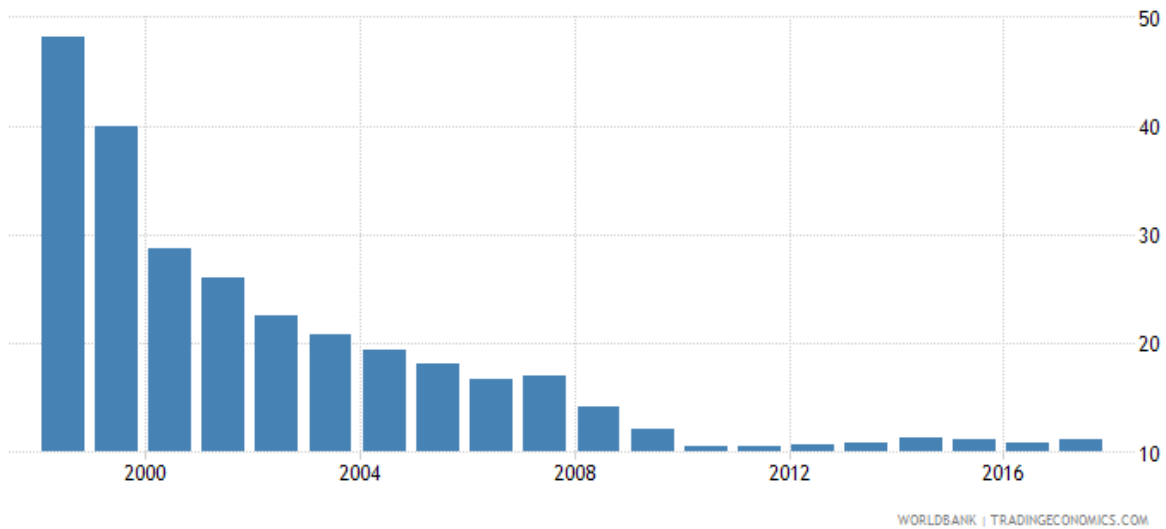


Figure 4 Bosnia and Herzegovina - Remittance Inflow to GDP: Source: Worldbank/Tradingeconomics.com 2021

Remittances indeed promote growth and development, after all, any kind of help is welcome and if it is well planned it can be used for good purposes. On top of all that, if the population has a business tradition, that means only one thing, starting their own business. Entrepreneurship expands the market and demand, and supply meets new technologies and innovations. Thereby, it encourages other members to participate in the development, directly or indirectly through buying or selling. This is exactly what happened in BaH, according mostly to residents' statements. A large influx of remittances in the early 2000s, both through foundations and through immigrants. Due to war, corruption, unstable political situation after the war, destroyed infrastructure, and non-existent functional state institutions migration was an unavoidable side effect in this country. There has never been a greater increase in remittances from abroad, both through donations and in the private sphere in begin 2000s.

Yet, although remittances were a significant help during that difficult period, the awareness of the population in this region encouraged the development and renewal of their environment in order to provide the best possible for themselves and future generations. ZDC is for centuries known for its trade tradition and for maintaining trade relations with other regions and countries. After all, according to SME Policy Index for Western Balkan and Turkey (2019), BaH's economy is mainly dominated by small and medium enterprises. That means, jobs, workplaces, and employment largely depends on small enterprises. "In 2017 there were around 30000 SMEs (99.1% of all businesses) operating in BaH, with a large majority (77.1%) being small enterprises" (ibid, p. 536).

BaH, despite its complex operational business environment, somehow manages to overcome the complications. The Republic of Srpska, according to *ibid*, adopted 2016 the SME (Small and Medium Enterprises) policy strategy document for the Development of SMEs and is being implemented under the Department for SMEs in the Ministry of Industry, Energy, and Mining in cooperation with RARS (Republic Agency of Republic of Srpska). The FBaH has neither an SME strategy nor a policy agency to coordinate the SME policy implementation of related activities. Despite that, the number of recorded enterprises is significantly larger in the FBaH.

Despite all of these facts above, there is no significant evidence of boosting entrepreneurship in ZDC through migration remittances, besides the fact that the purchasing power of consumers and residents has increased significantly. According to the respondents, no significant donations from abroad have contributed to the business of their company, except for significant frequent and increased purchases of their products at certain times of the year due to the visit of returnees from abroad. When it comes to the answers and attitudes of the respondents and entrepreneurs of the ZDC region, opinions are divided. 50% of respondents (rated on a scale of 1) don't consider remittances as an important factor in their business, given that they are a company that only and exclusively deals with exports. 6.3% of respondents (rated on a scale of 2) stated that remittances do not directly affect their business, but they consciously emphasize that remittances greatly affect the region's infrastructure as an inflow of money that affects the local community and thus their business positively. The other 50% of respondents rated it on a scale of 3. They take a neutral position, claiming that remittances affect the purchasing power of their customers, which is very much felt seasonal, so the demand for the products is higher. None of the respondents rated the impact of the remittances on a scale of 4 or 5. However, it is very important to emphasize the fact that the region of ZDC is predominantly the metalworking and wood industry. ZDC is the leading Canton in the total export of BaH in the metal processing sector and records significant results. The machinery and transport devices, products classified by material and various finished products are predominantly exported to Germany, Italy, and neighboring countries of BaH, according to the website of the Agency for Foreign Investment Promotion in BaH [2022-16-18]. Looking at these data, it is clear that remittances from abroad do not have a significant impact on the business, but certainly contribute to the development of the local community through cash inflows in the ZDC region.

Rate on a scale of 1 to 5 how much do remittances from abroad affect your company's business?

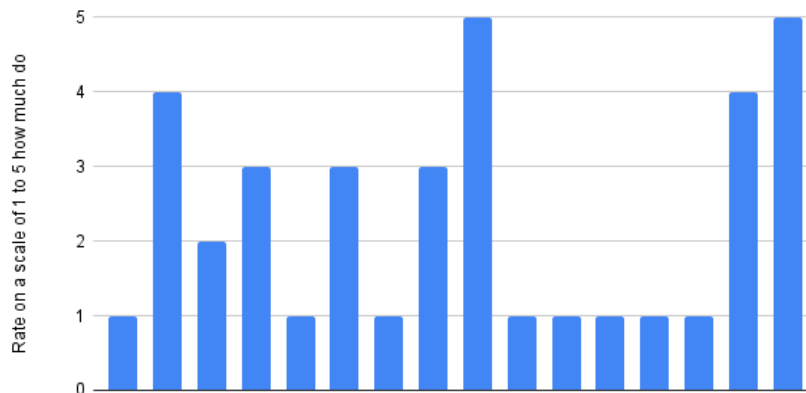


Figure 5 Results of survey responses on Hypothesis 3

Hypothesis 4: Institutional framework determines the outcome of interactions between entrepreneurship and public institutions in Zenica-Doboj Canton

The work and actions of local authorities and public institutions depend mostly on their ability to react to global market challenges and changes. That means, timely development of policies and economies for access to global entrepreneurial activities so that they can implement them in their environment, both at the local, regional, and national levels. Public institutions play a significant role in the life cycle of one enterprise or entrepreneur. They obtain all activities from the youngest age of enterprise to his rise. That means, from the founding until the prosperity of the company and obtaining an entrepreneurial license and regular payment of taxes as a stable company. Additionally, local governments play a key role in managing initiatives to enhance the local environment for economic development, which might lead to processes of local economic development being more successful with the growth of local government's entrepreneurial mindset and competitiveness (spatial planning, local infrastructure, improving living conditions, support to entrepreneurship, etc.), Umihanić et al. (2009). The fact is that from the very beginning of business and the first business ventures, companies have been working with public institutions and adapting their business to them.

ZDC's life standard in this region began to grow significantly and to be seen. Indicators such as living standards, life expectancy, education, access to safe water, the establishment of business zones, development and establishment of local infrastructure, implementation of development

projects, and etc. Mayor of Zenica City, Fuad Kaumović, in an interview with a local newspaper, claims the significant progress of this canton in establishing a business environment in the last 10 years. According to him, the internal reorganization of city services, the restructuring of the Zenica Development Agency, and the formation of the Economic Council created the preconditions for the implementation of active local development measures [poslovnenovine.ba, 2021-10-12]. One of the chosen initiatives in Zenica Municipality's development strategy is the establishment of a business incubator; as such, this marks one of the strategy's initial implementation milestones. Two buildings were converted for general incubator use over the course of one year, which finished in 2005, it is stated in the announcement of the Business Innovation and Technology Center Website [2021-10-12]. Because entrepreneurs face everyday problems such as long customs clearance times, high import and export taxes, high taxes, border delays, and limited documentation or documentation that requires EU standards and is not official in BaH, establishing a business in BaH presents a particular challenge. Analyzing the survey of respondents from the development agency, it was concluded that a lot of work remains for both of them to do when it comes to cooperation between the development agency and the environment and entrepreneurs in this region. Although he rounded up the 'satisfactory' scale when it comes to interaction with the environment, he explained this in an additional question as follows: REZ agency implements its activities within approved projects, from international and domestic donors. Companies are often the final beneficiaries of these projects and cooperation with entrepreneurs but also with other actors is very constructive during the implementation of specific projects. However, after the completion of the same and until the beginning of the new ones, that cooperation is not at a satisfactory level.

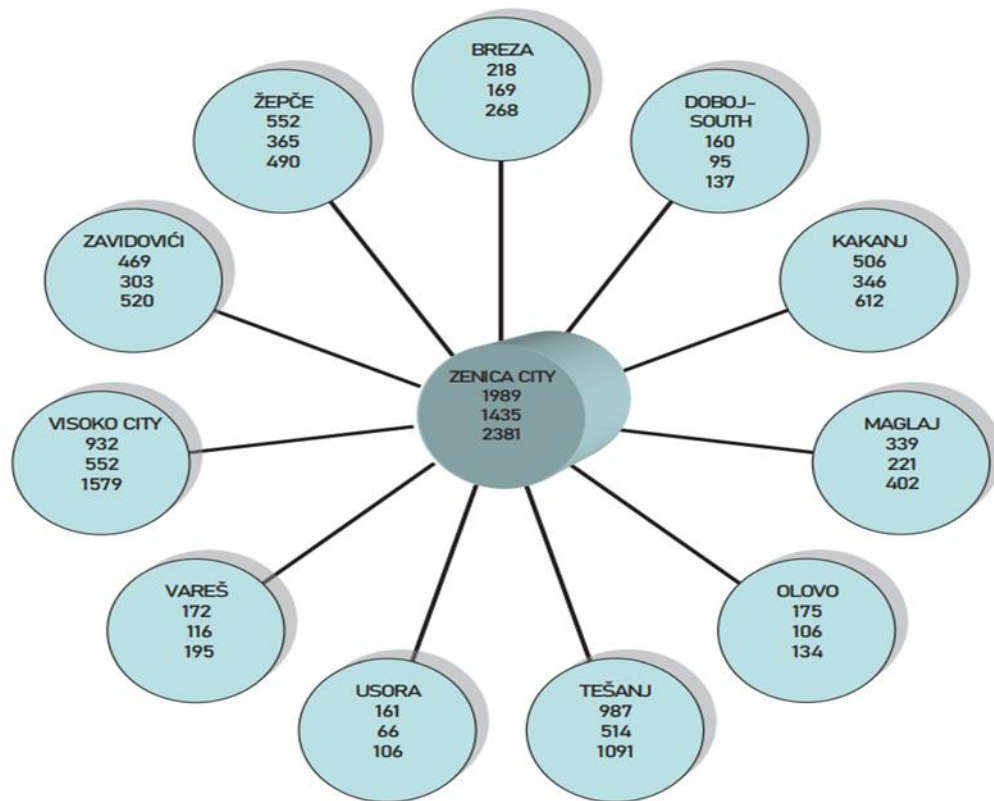


Figure 6 Number of registered entities in Zenica Doboj Canton, taken from invest.pkzdo.ba. Original source: Federal Bureau of Statistics, 2020

ZDC, in the picture above, registered 18,863 business entities by the end of 2019, up 2.8% from last year. Of these, 42% are crafts (first row), 35.3% are legal entities (second row), and 22.7% (third row) are units within legal entities. During the period 2014-2019, the number of business entities increased continuously, so the number in 2018 (16,319) is 15.6% higher than in 2014. The total number of entities per thousand inhabitants in 2018 was 51.1 (63.8 in the FBaH), and in 2019 52.6 (65.7 in the FBaH). There are 21.2% legal entities registered in wholesale and retail trade, repair of motor vehicles and motorcycles (21.9% in 2014), 20.1% in other service activities (22.7% in 2014), and 13.6% in manufacturing (12.6% in 2014). All of these registered trades are located and established within or near business zones. In the ZDC area, there are 58 candidate business zones. The total number of candidate business zones is 61% green, 33% brown, and 6% other. The spatial planning documentation and infrastructure for 27 of the 58 potential business zones have been developed. Cities and municipalities promote investment opportunities and business zones on

their websites. The Ministry of Economy ZDC offers information on the following verified industrial-business zones: Zenica 1 in Zenica, Matuzići in the municipalities of Doboj Jug, Žabljak, Usora, Bukva-Vila, Tešanj, Vrtlište Kakanj, and Ekonomija Batvice Zavidovići.

BaH, although unitary in terms of the Dayton Accords, still enjoy a different status in practice. The institutional framework is still underdeveloped at the state level. That means all actions and policies regarding the institutional framework fostering entrepreneurship are mostly being taken on the entity level. They are also being monitored and measured on the entity level. A state-wide institutional framework, i.e. an SME development strategy for BaH, is essential in fostering SME policy synergies between various government levels and serving as an appropriate basis for SME policy development. This process will require vertical coordination and linkages to help align SME policy objectives between the entities. Because of the political and entity composition of its government, the FBaH's Government always states its support for decentralization, yet the government of FBaH is destroyed by ethnic disagreements and political differences, which is why local authorities suffer. Despite this, not every municipality makes efforts and invests in development policies. This is why development has become a matter of local politics only, very rarely a topic at the state level. Left mostly to themselves, every local municipality and environment is trying to find a solution to the new problems. Based on a report from the US State Department 2019 [2022-06-22], BaH does not maintain an ongoing, formal dialogue with foreign investors. A few government officials have made media announcements inviting foreign investment in the energy, transportation, and agriculture sectors, but these announcements are rarely accompanied by tangible, commercially viable investments.

However, based on empirical research in the course of this paper, it seems that municipalities and the local community are still undertaking certain things in terms of improving the standards of entrepreneurship development and local development standards. Obviously what is the problem is the lack of a direct entity between development agencies, local institutions, and entrepreneurs as legal entities at the time of the company's operation. Based on the answers of our respondent, the project manager from regional development agencies for the region of Central BaH the growth and development of the company in recent years has led to complication of problems within the company. Due to the lack of knowledge of the initiators of the business venture about new circumstances and its unwillingness to hire professional managers, this growth is slower than expected. Companies are often the final beneficiaries of REZ projects and cooperation with entrepreneurs

but also with other actors is very constructive during the implementation of specific projects. However, after the completion of the same and until the beginning of the new ones, that cooperation is not at a satisfactory level. Entrepreneurs were also asked about the situation and attitude towards local community policy. When asked about the functioning of local community policy, the general dissatisfaction of local entrepreneurs prevails. 62,5% of respondents are generally dissatisfied with the involvement of the local community and its policy, therefore they do not consider any positive impact of local community policy on the business of their company. 12,5% of respondents on a scale from 1 to 5, assessed the policy of the local community with 2. In detailed answers, they explained this assessment as the fact that local politics does not have much understanding for small entrepreneurs. It is aggravated by various levies and by the failure to prevent illegal competition. 25% of respondents on a scale of 1 to 5 rated the policy of the local community with 3. This group of respondents believes that their business is not closely related to politics, but some of their policies indirectly affect the outcome of the business.

Based on the conducted empirical research, the following can be concluded: Local economic development and the dynamics of entrepreneurship in ZDC very much depend on the interaction of entrepreneurs and public institutions of the local community. It is true that more than half of the economy of BaH consists of public companies and companies that work for the state on the basis of tenders, a part is made up of the truly real sector. If we take into account the high level of corruption in government structures, government bodies, and non-transparent business procedures, it is clear why there is a high level of mistrust among businessmen. There is a lot of work ahead of the government of BaH, along with the cantonal and entity governing structures, where they need to strengthen the real economic sector. Of course, in order to be able to promote a healthy entrepreneurial spirit at all, they must first remove the shortcomings within the governing structure and thus set an example to the people of BaH and inspire them to cultivate true economic values.

Rate on a scale of 1 to 5 to what extent local community policy helps your company's business?

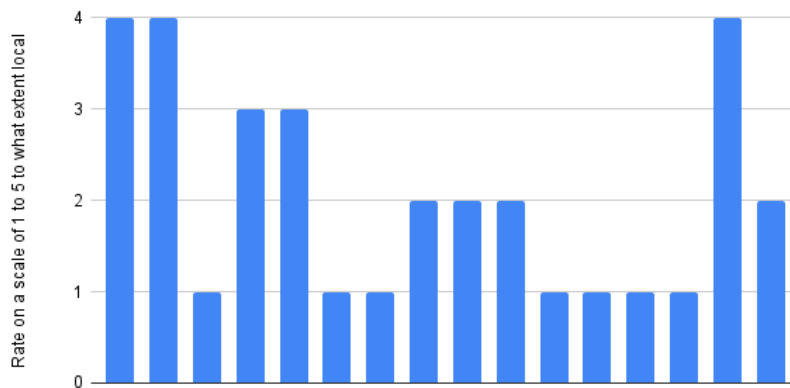


Figure 7 Results of survey responses on Hypothesis 4

Hypothesis 5: Local Economic development and entrepreneurship in Zenica-Doboj Canton is widely widespread because of trade tradition in this area

According to Sacco et al. (2013), System-wide cultural districts represent a reimagined approach to local development where cultural production and participation are strategically complemented. According to National Human Development Report (2013), many municipalities that have been chosen as one of the most populated and therefore the most developed come from the region of ZDC. Many of them have their own traditional economic history, trade tradition, and exchange of goods, as well as the provision of services. Different municipalities such as Žepče, Zenica, Tešanj, and Maglaj have a long tradition of doing business with both the surrounding regions and the surrounding countries. Family business with food, textile, artisans, and merchants but also providers of various services. Doboj, the neighboring Municipality has always been the main hub and connecting point with other cities, which is why a large railway station was built during Austro-Hungarian Empire, in 1912. For many years, Doboj was the main departure station for all passengers and the port of transport. Tešanj is also known, even during Ottoman rule, as the seat of the great Ottoman beys and thus as the main place for the exchange and trade of goods. Tešanj, known for family businesses, is a place where a person's lifestyle, eating habits, clothing, and other daily activities are strongly influenced by their culture, Ratten et al. (2018). Modern industrialization in Tešanj began in the 1950s with the emergence of the industrial system Pobjeda, Tešanj. On

the way to the production of automotive parts, this fact will greatly influence the further economic development of Tešanj. After the beginning of the manufacturing of filters (Unico filter / Mann Hummel BA) and spark plugs (Enker), the automotive industry gained affirmation in the '80s with the advent of brake components for the passenger market (FAD / FAD Prevent). Since 1996, there have been many new companies working in metal processing, including BME, Medena Commerce, Inox Ajanović, Kalim, Zupčanik, KPM BH, Metalskop, Asval, and others. Markets of more than 50 countries receive products from the metal processing sector. In Tešanj, it serves as the locomotive and backbone of local economic growth, Agency for the development of Tešanj Municipality, (2022-01-17).

Although, according to Nurković (2020), it is challenging to improve the legacy structure in BaH through sectoral restructuring. In contrast, high-tech and waste-free industries are developing very slowly, dominated by natural resources and cheap labor. Space tends to manifest the consequences of recessions. Even though the industry in BaH was facing a crisis in the late 1980s, it had an adverse effect on the ground as we already know from capitalist countries. International relief organizations and shopping centers occupy factory halls of closed industrial facilities in Sarajevo. The privatization process that began in 1999 is likely to cause the same problems in Mostar, Banja Luka, Zenica, and Tuzla. As a result, BaH's manufacturing industry will decay. Additionally, industrial land will decrease in volume, and urban land will change significantly in its functional use. On the basis of this, it can be concluded that the economic process of small and medium enterprises in BaH is mainly oriented toward a skilled labor force. Agricultural jobs, car repair shops, cafes, boutiques, and local retail stores together with local construction companies are the dominant area of service provision in the economy of BaH. These occupations were born and created in the vicinity of the former large industries such as construction, metal, textile, food, and chemical industries. What is characteristic of the Zenica Dobož Canton region is precisely the desire and will of the inhabitants of this region for independent work as well as learning. This is why local policies matter for creating productive entrepreneurship and pulling out the best from inhabitants. Even though we still don't know exactly the effect of these policies, certainly, looking at real-life examples, it is impossible not to notice the positive effect that government policy has on local entrepreneurship in which the institutional environment significantly influences entrepreneurial decisions.

So yes, the trade tradition of this area is widely credited for development and progress, adapting its craft to modern business conditions and market requirements. Also, with hard work and effort,

the inhabitants of this region have provided stable production and placement in the foreign and domestic markets with good quality, prices, and respect for deadlines. Thus, by expanding their production, they provided new jobs and included local people in their business. Despite the unstable regulations of the state, the political situation, and the lack of a common system for the improvement of local development, these people do not lack fight for further progress and development, as can be seen from the survey. Looking at the percentage of dissatisfaction of the respondents' entrepreneurs regarding the situation in government, the non-functionality of the bureaucratic apparatus, and the failure to take measures regarding investments, it can be concluded that entrepreneurs from the ZDC region are forced to improvise. And they do it very well. Over 60% of respondents consider the situation unfavorable when it comes to the availability of training courses. Programs, according to respondents, either does not exist for the industries in which they operate or are simply too expensive and unavailable for attendance and training.

Hypothesis 6: Local Economic Development and Entrepreneurship in Zenica – Dobož Canton is determined by the rate and volume of 'creative industry' individuals

Looking at the type of business activity, quality, speed of service provision, and entrepreneurial morale, a feature of entrepreneurs in this region is fair and honest business, according to surveys and statements of the respondents. Entrepreneurial morale in this region is defined as high, knowledge-sharing, and unselfish. Recommendation and sharing of clients among entrepreneurs is one of the main characteristics of this part of BaH. High morale kept these people engaged, motivated and efficient, despite the disaster and agony they survived in the past decade. The inhabitants of this region are proud of their origins and are very happy to complement their tradition with customs through business and the sale of their products. Cultural events, sporting events, music festivals, and holidays of all three dominant religions give birth to great ideas that are later transformed into wonderful products and services. According to Jovičić (2006), the creation and exploitation of intellectual property are what make up the creative industries, which are those endeavors that spring from an individual's creativity, ability, and abilities. Making a profit in an environment ravaged by civil war making a profit is one of the main drivers and stimulations when it comes to starting a business. 75% of respondents rated the realization of profit on a scale of 5 as one of the incentives for the continuation of the business. Of course, making a profit is always a stimulus, and this desire is further strengthened by the fact that the war-torn environment is desperately crying

out for income, quickly and in a short time. What is very encouraging and surprising are the further answers of the respondents to the question: Do you think that it is possible to find any kind of incentive (financially or other) for the entrepreneur to persevere and overcome all obstacles in the environment such as ZDC? Many of the answers are mostly similar: 1) Entrepreneurs in ZDC are extremely great patriots who love their country and this is one of the most important incentives for them. It is extremely difficult to be an entrepreneur in BaH, but we are extremely great workers and we fight every day to achieve the best possible results. 2) It is possible, but I think that young people are quite impatient and often decide to go abroad due to the political situation. 3) Programs and grants EU grant programs should be better distributed (influence of local authorities), and enable small entrepreneurs to further develop and survive in the fight against large market players. Willingness to work, fair business and customer sharing, creativity, and business skills are one of the main characteristics of entrepreneurs in this region. If we take into account the poor availability of training courses in the hypothesis mentioned above, the willingness to learn and find great business results is certainly another great feature of these entrepreneurs. So yes, the hypothesis can be confirmed. However, it takes will, creativity, resources, and effort to start and maintain a business in a post-war environment such as ZDC, regardless of the way the business is managed and run. In the picture below it can be seen the view of the entrepreneurs themselves. It is obvious that the entrepreneurs from this region are very proud of their achievements considering the business conditions that the local community makes difficult for them every day. Of course, we should not forget the fact that entrepreneurial risk in ZDC is very low.

Rate on a scale from 1 to 5 to what extent do you think that entrepreneurs are creative and self-taught individuals of the

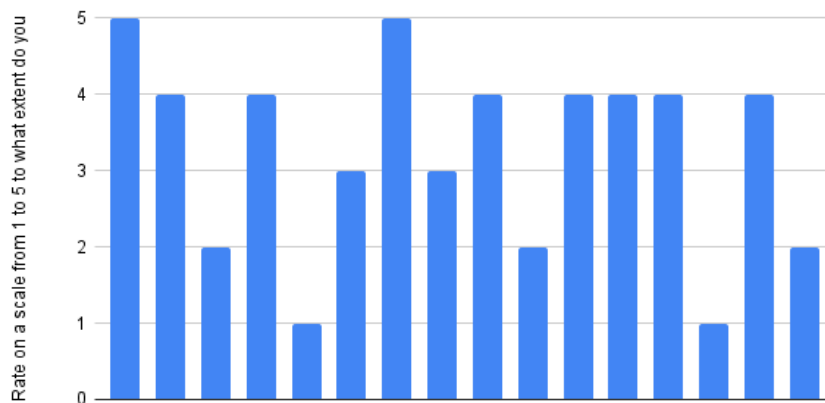


Figure 8 Percent of survey responses on Hypothesis 6

The respondent in a survey from a development agency sees these entrepreneurs however slightly different: 'The growth and development of the company in recent years has led to the complication of problems within the company. Due to the lack of knowledge of the initiator of the business venture for new circumstances and his unwillingness to hire professional managers, this growth is slower than expected. However, recently there has been a noticeable trend of young educated people starting their own businesses following modern trends in management and communication'. Looking at these explanations above, the probability of independent businesses starting up will always be high. There will always be someone who wants to start something of their own. Unfortunately, looking at education and the poor offering of entrepreneur training programs by ZDC institutions, it can be concluded that the old bureaucratic model of state organization still rules. There is an evident lack of entrepreneurial knowledge and skills that would further lead to innovation, in this case not exclusively among entrepreneurs per se, but also in the institutional structures themselves, which have the ultimate goal of creating a climate that will lead to the growth of entrepreneurial activity in the country.

Hypothesis 7: Local Economic Development and Entrepreneurship in Zenica-Doboj Canton is not determined by market conditions, but by the necessary need to start a business due to the lack of jobs and solving family social issues

Among the young in BaH, the opinion that living and working abroad are more attractive is particularly dominant, with an average score of 4.61. Having grown up in such an environment, spending time with young people and listening to their views, one gets the impression both among the young and among the mature. Due to the fact that the existing structure and institutions cannot be easily changed (especially 30 years after the devastating civil war), young and mature entrepreneurs take matters into their own hands by embarking on entrepreneurial ventures without any prior knowledge or experience. The reason is often: insufficient salary, dissatisfaction with the benefits of the workplace, dissatisfaction with the treatment by the employer, the desire to be your own man, and the desire for personal achievement. According to the GEM (2012) Report, there is a lack of perception among BaH residents that entrepreneurship can improve development levels, recover from crises, create self-employment, or support entrepreneurship development in the country. Entrepreneurship opportunities are declining in BaH, indicating low economic development, limited market opportunities, and inadequate interventions to improve entrepreneurship policy. There is a

history of hardship, uncertainty, poor standards, isolation, political instability, poor public services, poor infrastructure, corruption, the inefficiency of the rule of law, violation of rights, restriction of freedoms, loss of property, and loss of jobs here. These factors have fundamentally altered the motivation of ordinary people compared to those in developed Western countries.

BaH has one specific characteristic that was, still is, and will be attractive for starting a business in the near future: its simple price-performance ratio. BaH is not a member of the European Union, so taxation on products, services, and costs per product and service are lower than European Union standards. Due to its stable exchange rate and currency, BaH's monetary policy acts as a lender of banknotes and coins. As a result of the war, BaH immediately established a liberal trade regime. In order to establish trade, import barriers had to be removed. The result of long-term business in this manner, without any protective barriers for the domestic market, was low margins due to cheap raw materials and labor. That is the strength, advantage, and attractiveness of this country. Over the last decade, there has been an increasing influence of foreign investors and private entrepreneurs in BaH, who, in various ways, were able to discover cheap prices for products and services in BaH, and decided to produce at low prices and sell at a very attractive price within the borders of the European Union, particularly metal products. As a result of the lack of sanitary and food institutions in BaH that are also recognized by the European Union, this was very difficult, if not impossible.

The influence of various private entrepreneurs and investors has brought changes in the field of entrepreneurial activity in BaH, especially in the region of ZDC. As evidenced by the results of the research survey, BaH is likely to have a good ratio between the price of the product and its production costs.

Looking at answers to different types of questions related to the state of entrepreneurship and local economic development in the region of ZDC, one gets the impression that the emphasis is no longer on the primary sector of the economy such as steel or textile production, but on the exchange of information where the basic resource and capital is actually knowledge. This can be one of the main reasons for the expansion of entrepreneurship in the ZDC region. However, a significant lack of official governmental or non-governmental institutions was observed as support for the development of entrepreneurship in BaH, and therefore in this region as well. Precisely because of this, the situation of a gray economy, an economy of distorted incentives, has arisen in a politically unstable and economically ineffective, legally insecure country such as BaH with a high degree of poverty. A long time has passed since economic theory stated and proved (an economic practice

has convincingly confirmed that) that a stable community and an efficient economy cannot exist without an appropriate value system. In the long run, what appears to be a positive result will lead to an economic decline. Simply put, the system encourages processes that are directly incompatible with the functioning of a true market economy (based on permanent innovation, strong competition, and the creation of new values). Or, to use the term degenerative entrepreneurship.

Nevertheless, after the entire analysis of this hypothesis carried out above, the following can be concluded: The creativity, struggle, and persistence of the population of this region are at a satisfactory level, high enough to start one's own business out of necessity. However, the realization of business plans, efficient company management, and maintaining a stable business in order for the company to rise to the world level and be competitive in the world market. Having no effective mechanisms for synthesizing macroeconomic policy goals and not implementing some measures necessary for their realization at any level of government is disturbing from the perspective of creating long-term and dynamic development in BaH. The same cannot be expected at the local level. The attraction of the gray economy has led to a massive explosion of entrepreneurship and the ease of contracting work, where employment has skyrocketed in this region and better use of available resources along with the growth of economic activity, but in the long term, it leads to spoilage or rotting of system values and corrosion of institutions. What at first seems like a positive consequence, does not necessarily mean that it leads to the long-term well-being of economic life. That means, that although the entrepreneurs mostly claimed that they recognized the opportunities in the market of ZDC, it does not mean that they directly influence the efficiency of the economy and the stability of the local community. In the absence of the rule of law, and the low level of efficiency of institutions, there is no stable backbone and support for these entrepreneurs that would protect their rights and create quality public services in the long run. For this reason, the dissatisfaction of entrepreneurs is visible in the questionnaire.

Do you think it is possible to find any kind of incentive (financial or (apart from profit)) for an entrepreneur to perse describe them?
<ul style="list-style-type: none"> Entrepreneurs in Ze-Do Canton are extremely patriots who love their country and this is one of the most important incentive and we fight every day to achieve the best possible results.
<ul style="list-style-type: none"> Currently not
<ul style="list-style-type: none"> It is possible, but I believe that young people are quite impatient and often decide to go abroad because of the political situation.
<ul style="list-style-type: none"> If an entrepreneur depends on the authorities, it would be difficult for him to succeed in the market.
<ul style="list-style-type: none"> It is possible, but it is difficult to meet certain conditions.
<ul style="list-style-type: none"> We would be greatly helped by subsidies from the European Union and a partner in Western Europe
<ul style="list-style-type: none"> The programs and donations of the EU grant program should be better distributed (influence of local authorities!) and enable
<ul style="list-style-type: none"> no
<ul style="list-style-type: none"> It is possible to find them, but they are very difficult to find. Financial support programs exist, the conditions for which are ve construction.
<ul style="list-style-type: none"> The complex bureaucracy of the entire BiH complicates access to various programs and donations for entrepreneurs. The p
<ul style="list-style-type: none"> Be patient and persistent. There is no other way
<ul style="list-style-type: none"> The assumption of positive business is also the assumption of the sustainability of the company. Awareness of the need to h towards those who trusted the product and bought it from us, certainly affects persistence in performing our activities, but w
<ul style="list-style-type: none"> We think the main thing is the profit that drives us forward.

Figure 9 Highlight of the respondent answers in a survey on question 19

HYPOTHESIS	Confirmed/Not Confirmed
<i>H1) Zenica-Doboj Canton isn't a formally declared industrial cluster, but certainly act as if it is</i>	Partially
<i>H2) Local Economic Development and Entrepreneurship in Zenica-Doboj Canton is determined by the rate and percentage of investments, especially foreign investments</i>	No
<i>H3) Local Economic Development and Entrepreneurship in Zenica-Doboj Canton is mainly boosted by migration remittances</i>	Partially
<i>H4) Institutional framework determines the outcome of interactions between Entrepreneurship and public institutions in Zenica-Doboj Canton</i>	Yes
<i>H5) Local Economic development and Entrepreneurship in Zenica-Doboj Canton is widely widespread because of trade tradition in this area</i>	Yes
<i>H6) Local Economic Development and Entrepreneurship in Zenica – Doboj Canton is determined by rate and volume of 'creative industry' individuals</i>	Partially
<i>H7) Local Economic Development and Entrepreneurship in Zenica-Doboj Canton is not determined by market conditions, but by the necessary need to start a business due to lack of jobs and solving family social issues</i>	Partially

Figure 10 Results Summary of the case study

CHAPTER 7: CONCLUSION

The main aim of this work was to explore the type, form, way, tradition, and way of business running in BaH, specifically ZDC. There were found to be many triggers and mechanisms, that initiated the entrepreneurship and business flow, in particular in this region, where there is a significant difference in living standards and mentality in relation to other regions. During the research and writing of this paper, various advantages that this region has enjoyed for a long time were noticed, which, among other things, provided it with an advantage over the rest of the country. Geographical proximity, connection, and close intimacy with the main highways, connecting roads and highways of this country and countries in the region, the tradition of business and trade in certain municipalities, mineral and forest resources of this region, and thus the former development of industry, in addition to hilly, narrow, and endless terrain of central Bosnia has forced this population to constantly fight and create better living conditions forever. The expansion of entrepreneurship was particularly noticeable in the early 2000s, when a world technological boom consequences significantly started influencing production globally, thus in BaH. Indeed, not all firms were formed in the years after the war. Several important companies, and today large ones, enjoyed the proximity of the advantages of the former Yugoslav industry, resisted the challenges of the war, and continued their business after the war, despite inflation. The metal processing sector and production of construction materials revived this region and create jobs, then in time gave birth to skilled workers who, some of them, one day became independent businessmen and entrepreneurs.

After reviewing the analysis from the previous paragraph above, it can be concluded that the triggers for the accelerated development of this region cannot be reduced to just one. The important thing to remember is, considering the answers in the survey, that respondents as entrepreneurs are very proud of their personal unassisted achievements and very disappointed in the government engagement, and because of that entrepreneurial process reaches a satisfactory level of development. With regard to core potentials, human capacity, and potential, development in this regard has not been sufficiently achieved. Rising credit growth from the recently privatized banking sector, large remittances, and consumer-driven development were the key drivers of growth, OECD (2021). Of course, the economy of BaH and thus its development has been driven and determined

by global changes and crises that have strongly influenced the outcome of the development results of this country. However, very little has been done by the government to improve the conditions for continuous, sustainable development of BaH, and thus the ZDC. Also, it is very important to mention one argument from the OECD report (2021). Obtaining the same kind of license, permission, or other documents more than once to satisfy the regulatory and legal criteria of each organization is possible, according to the statement, if a corporation desires to operate throughout the nation, OECD (2021). Clearly, this statement is simply not true, since the firms and companies operate inside of the country without any complex procedures that issue invoices and delivery notes for their products. Considering the empirical research results of the situation in BaH and analyzing the answers of the respondents, one of the problems is the following: the appearance of a large number of competition in a narrow market is something that this country and possibly the regulatory bodies of the European Union should take into account. As mentioned in the last hypothesis, the attractions of the gray economy led to the explosion of independent businesses, without previously established rules, in the narrow spaces of the ZDC region. Unfortunately, today BaH and ZDC do not have a continuous market operation that would shape the authentic economic principles of people, companies, and the government, and these patterns cannot be spontaneously imposed.

The bad state of the economy, the lucrative gray economy, the absence of the rule of law, the lack of coordination of entity authorities, the low effectiveness of reforms, and the high rate of poverty in this country absolutely stifle the prosperity of this country. This significantly modifies the awareness of these people in the direction of corruption, the gray labor market, economic deceptions, and short-term business goals of a takeover. Therefore, the state bears a great responsibility when it comes to encouraging and providing support to entrepreneurship. Additionally, the state also fails to function continuously, which means that its relationship with the market, private property, free enterprise, political freedoms, and democratic rights has not been authenticated. In such an environment, the level of trust in the institutional and economic sphere is low. BaH lacks effective mechanisms for integrating macroeconomic policy goals, and some measures necessary for their realization are not being implemented at any level of government, which hinders long-term and dynamic development.

The hypotheses, in the section above, were set in order to find an answer to the question of what triggers and mechanisms are key in the process of local development and entrepreneurship in ZDC. Low risk of entrepreneurial failure, good price-product ratio, and the fact that ZDC Canton has a

long tradition in the metal sector and metal processing are good reasons why starting a business in this canton is very attractive. The problem, in this case, is starting a business without previously acquired entrepreneurial knowledge and a market penetration plan, and all of this is due to an insufficiently developed approach to local development, an inadequate way of executing the organization of the internal structure, the absence of strategic/development documents, and the absence of a monitoring system.

It seems that this canton is fighting the transition from centralized power in the process of socialism to decentralization. For the state to function, decentralization is essential. Budget spending and tax policy are harmonized through the decentralization of government. Most decisions made in the center don't reflect the interests of citizens and are far from their preferences. Individuals are taxed locally, and income distribution is decided by the central government, far from the individual. However, the example of the ZDC shows that despite decentralized government, municipalities can fall into the trap when it comes to local economic development. The reason is irresponsible and unprofessional management.

APPENDIX

Questionnaire for entrepreneurs:

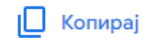
1. Type of starting income when starting your business?

Type of initial income when starting your company?
Private equity
400000
The father is the founder, I am the successor
Unknown (year of establishment 1974)
Savings and loans.
Auto parts trade
Savings + loan
satisfactory
Savings and loans.
Personal savings
Credit
Investment capital of the founder of the company
Revenues were pretty good to begin with.
The founding capital of the joint stock company

Figure 11 Summary of respondents answers

2. On the scale of the extent to which your company's business is helped by the fact that you are within or near the business zone?

Rate on a scale to what extent the fact that you are located within or near a business zone helps the business of your company?



16 одговора

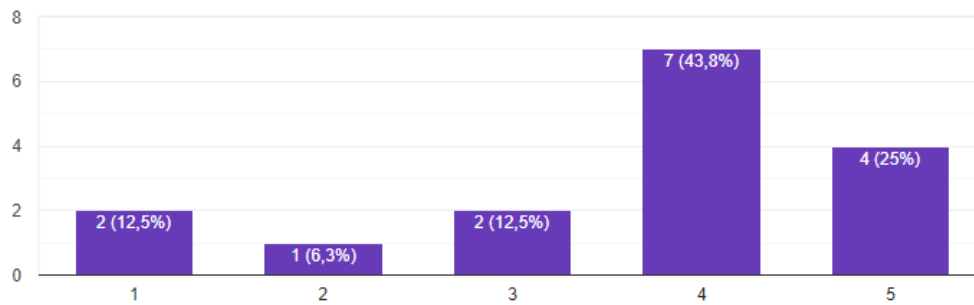


Figure 12 Summary of respondents answers


3. Describe in this paragraph how the business zone affects your business? What are the advantages and disadvantages of being inside or near a business zone?

- The advantages are: the investment of local communities in the business zone, an attractive location for foreign investors. The disadvantages are: increased competition in a "narrow" space, increased traffic congestion.
- Business zone in the broadest sense, that is, the construction of the forest road infrastructure in the region through which we get to the raw materials for the operation of the factory.
- Considering the type of business we do, our customers are either outside or outside our city, but because of the infrastructure, it's good that we are in the industrial zone
- Good location, high turnover of passers-by, people employed within the business zone, customers... disadvantages: during holidays, many companies combine non-working days, which has a big impact on our business, since we do not only work on legally prescribed holidays.
- Ease of contracting work
- I am not in the business zone, nor nearby.
- Increased circulation of people from the business world, the possibility of entering into partnerships
- This is not at all important for the business of our company.
- favorable location-advantage; increased vehicle traffic - shortage
- The proximity of the business zone enables contacts and information, the company personally does not have any benefits from the business zone
- Positive things are a large flow of people and goods, thus a greater opportunity for earning and business expansion. Disadvantages can be if the business area is not completely decorated
- Construction of new business facilities. Advantages: We have no serious competition. Disadvantages are Lack of storage space because our goods are bulky
- Concentration of customers in one place and ease of creating new contacts. Our company had no direct influence from the business zone
- Access to various infrastructure that is necessary for the successful operation of the factory.
- Proximity to the Business Zone enables me to make new contacts

Figure 13 Summary of respondent's answers

4. Rate on a scale of 1 to 5 to what extent does your company's business help local community policy?

Rate on a scale of 1 to 5 to what extent local community policy helps your company's business?

 Копирај

16 одговора

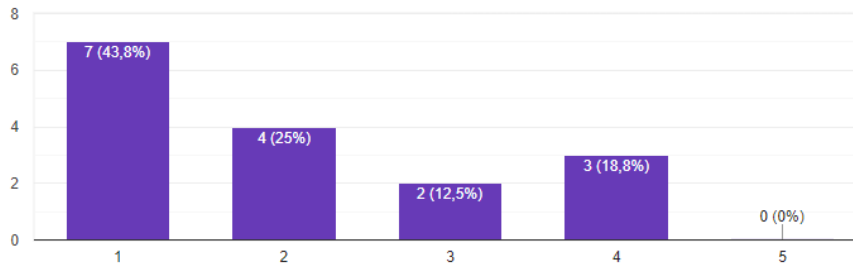


Figure 14 Summary of respondents answers

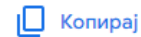
5. Describe briefly how local policies improve or hinder your business? To what extent does local community policy enable import or export as well as regional, interregional and international trade in general?

- In particular, imports and exports are well connected in our region due to the significant number of carriers. Considering the much larger supply than the demand for international and interregional transport, the price is highly favorable to exporters.
- We are lucky not to depend on the local community
- Business is not closely linked with any policy decisions
- We do not depend on the help of the local community or politics. We overlook aid to facilitate the work of export companies, and we export more than 94% of our products
- Local politics do not have much understanding for small entrepreneurs. It makes it difficult with various impositions and not by preventing the emergence of unfair competition.
- Local politics is the essential item in the business of every company in the world
- The very little interest of local authorities in small entrepreneurs, import, export, and the exchange of goods largely depends only on the orientation of the employer.
- Local politics do not significantly affect my company
- Local community policy, although it claims to be transparent, does not inform entrepreneurs about current projects, local policies, programs, and strategies. Until now, my company has not had the opportunity to implement programs to stimulate innovation and strengthen the entrepreneurial spirit
- Local politics mostly make my job difficult. Economic aspects are not the topic of local politics but only national topics.
- Local self-government should pay more attention to improving existing conditions for work and survival. Increasing barriers to entrepreneurship, low-quality formal education, and a lack of informal education stifle business in today's world.
- Politics in the local community have no impact on our company's work.
- This area belongs to the category of well-developed local communities in the country, so these segments are also at a very high level of development.
- Depending on the ruling structure's political will and the business entity's affiliation to a particular party, the local community supports or threatens the business. The politics of the local community supports all types of exchange.

Figure 15 Summary of respondent's answers

6. Rate on a scale from 1 to 5 to what extent does the diaspora (directly or indirectly) affect the business of your company?

Rate on a scale of 1 to 5 to what extent does the diaspora (directly or indirectly) affect your company's business?



16 одговора

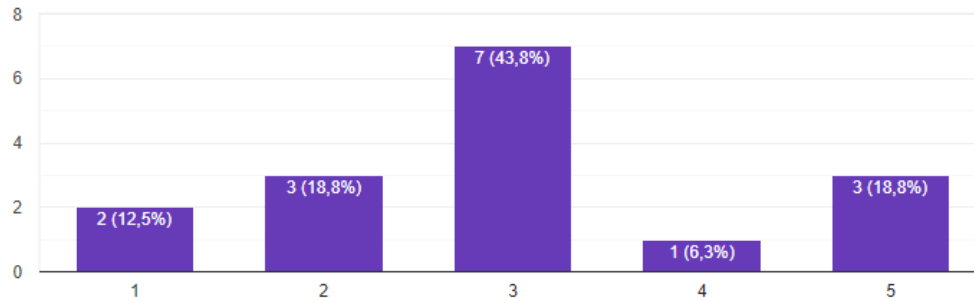


Figure 16 Summary of respondents answers

7. Describe how the diaspora (directly or indirectly) affects the business of your company.

- The diaspora certainly has a positive effect because the turnover of our company, like many others, is always increased during the holidays, in other words, they leave a large amount of money in their home country.
- No impact
- Very little influence of the diaspora, except for some contacts that may lead to some business
- By finding contacts and connecting with potential customers.
- Buying/ordering certain products that are very favorable to them.
- It has a very positive effect because they bring foreign currency to our country and thus stimulate our traffic and business:
- They are directly affected by coming and/or using the services of our company, especially in the summer season
- Affects the amount of realized traffic during the visit (during the holiday season)
- Seasonally increased customer traffic.
- Nothing in particular. Higher turnover of customers in the season.
- The degree of use of our services is higher when the diaspora visits our municipality seasonally
- Diaspora has no points of contact with our business.
- A lot of residents from this area work abroad and buy our products, so it directly affects the turnover of our company.
- Considering that the diaspora finances a large part of the purchasing power of our population through various forms of assistance (financing of the material sustainability of families, social assistance for poor categories, etc.), it directly helps the sale of our products that are placed on the domestic market.

Figure 17 Summary of respondents answers

8. Rate on a scale from 1 to 5 to what extent do you think that investments have directly or indirectly affected the business of your company?

Rate on a scale from 1 to 5 to what extent do you think that the investments directly or indirectly affected the business of your company? [Копирај](#)

16 одговора

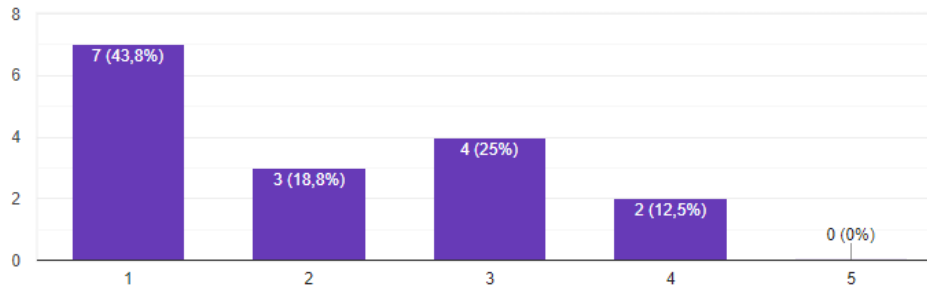


Figure 18 Summary of respondents answers


9. Explain briefly the impact of investments on your company's business.

- We did not benefit from foreign investment.
- Investments in infrastructure
- In the event that it is an investor who wants to build something, he has some minimal influence
- We invest from our own funds, so foreign investments do not affect our business.
- Facilitated the procurement of materials.
- Our company had no incentives, unfortunately.
- Very little progress in terms of innovation, products, and business improvements.
- No, nothing.
- We did not have any foreign investments in our company.
- We have not had any case of foreign investment.
- No direct impact on our company. However, the influence of foreign investments on the infrastructure of the business zone is noticeable. Specifically, we did not have the opportunity to cooperate with foreign investors.
- The products we sell to end customers are not directly related to foreign investments. In other words, I am unable to assess their impact because I am not sure if it exists at all.
- Well, the investments in the environment have influenced the increase in the turnover of our company.
- Foreign investments in infrastructure have contributed to the rapid flow of goods, money, and people.

Figure 19 Summary of respondents answers

10. Rate on a scale from 1 to 5 how many programs, training, and development courses are available to you related to the business of your company?

Rate on a scale of 1 to 5 how many programs, training and improvement courses are available to you related to your company's operations?

 Копирај

16 одговора

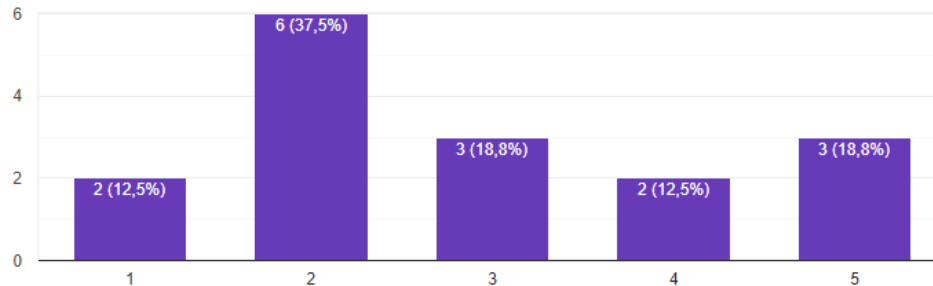


Figure 20 Summary of respondents answers


11. Can you briefly explain which programs, training, and development courses you attended or were offered? To what extent were they available to you? What led or prevented you from attending them?

- There are very few useful courses offered in the mechanical industry in our region.
- It was not
- ASSE, we do internal training with our people
- Workers are regularly educated in various fields (ZNR, ZOP, labor law, bookkeeping, ISO, etc.)
- The program I needed was CorelDraw. There is mainly online training that is quite expensive. And there is no specific training for the machine that I own.
- Everything is very complicated and dysfunctional here
- Management and modern business programs, certain software, etc. For the most part, everything was in their own control, at the local level, the authorities did not have those possibilities. The high price of certain courses and training, as well as the implementation of the program, were crucial in the decision to attend
- Courses offered by the business center and those required by the parent company of which we are a representative (they are related to sales, after-sales, quality...)
- The participation fee is too high
- Management courses are mostly available, but nothing specific to our industry. They are often expensive and unavailable.
- Programs for my industry are very expensive and hard to come by.
- Expensive and not applicable. For the most part, I did not see the benefit of training in such programs for my company.
- These are training for vehicle salesmen, and training for mechanics and employees on the sale of spare parts. The limiting factor is that the training, whether direct or online, is in English, which is a problem for most workers.
- Well, we didn't use something more intensively, because we were too busy with our obligations.
- The Chamber of Commerce and the Chamber of Foreign Trade very often organized courses and seminars in the field of accounting, foreign policy, forwarding, etc. availability was made possible under very favorable conditions, the need to improve business is what decided us to attend the courses.

Figure 21 Summary of respondents answers

12. Rate on a scale from 1 to 5 to what extent do you think that entrepreneurs are creative and self-taught individuals of the Canton of Zenica - Doboј?

Rate on a scale from 1 to 5 to what extent do you think that entrepreneurs are creative and self-taught individuals of the Canton of Zenica - Doboј?

 Копирај

16 одговора

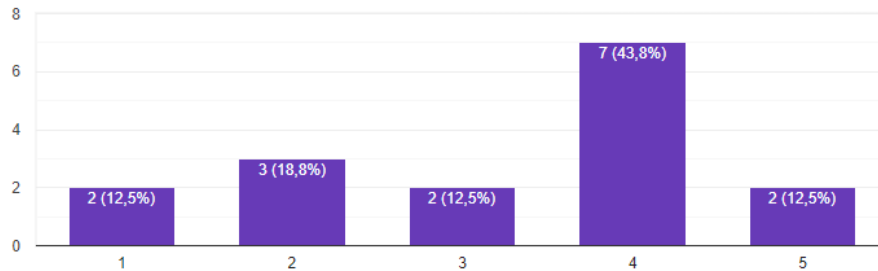



Figure 22 Summary of respondents answers

13. To what extent, when opening your company, did the environment influence you as an entrepreneur? How much did your environment stimulate you to open a company? Circle on a scale of 1 to 5.

To what extent, when opening your company, did the environment influence you as an entrepreneur? How much did your environment stimulate you to open a company? Circle on a scale of 1 to 5.

 Копирај

16 одговора

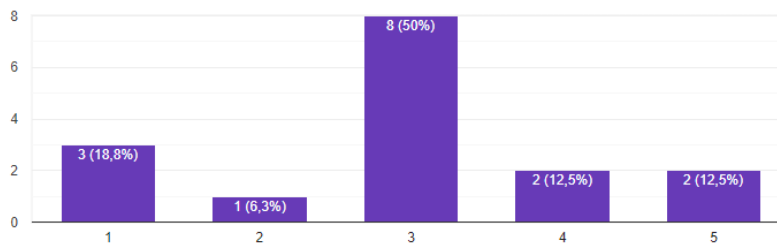


Figure 23 Summary of respondents answers

14. Can you briefly explain that type of stimulation? Was she in a negative or positive sense?

- Of course it had an impact, we simply felt the need in the market and we founded the company and we were not wrong.
- I assume positive, every entrepreneur is mostly positive because otherwise I wouldn't be one
- It is positive that the program and the schooling plan in local schools were adapted to the needs of the Bukva Business Zone, including us.
- In the main, the majority was restrained, while a very small number supported the idea of opening a company.
- At that time there were no subsidies and incentives
- Location, proximity to the business zone in the first place, proximity to traffic...
- The environment did not stimulate me
- positively
- In an environment such as the Zenica-Doboj canton, at that time there was a lack of similar activities. Stimulation was a necessity because the post-war period did not provide financial stability.
- The desire for personal fulfillment.
- Nothing special. Necessity
- The environment itself did not influence the decision to open a company. It is a combination of need and opportunity that has arisen.
- The very development of the business zone has created a greater interest in the development of enterprises.

Figure 24 Summary of respondents answers

15. Choose on a scale of 1 to 5 to what extent is making a profit in your business an incentive to continue doing business?

Choose on a scale from 1 to 5 to what extent is making a profit in your business a stimulus for continuing business? [Копирај](#)

16 одговора

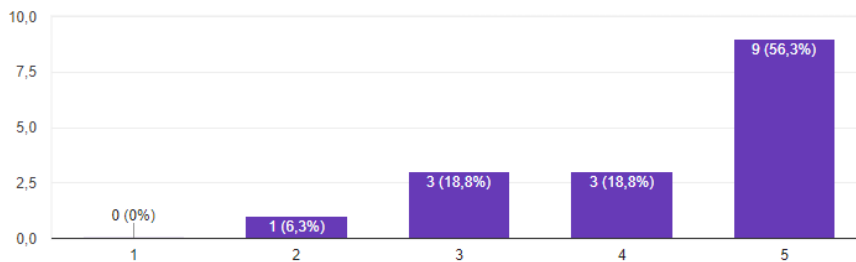


Figure 25 Summary of respondents answers

16. Do you think that it is possible to find any kind of incentive (financially or (except for profit) for the entrepreneur to persevere and overcome all obstacles in the environment such as Zenica Dobož Canton? Can you briefly describe them?

- Entrepreneurs in Ze-Do Canton are extremely patriots who love their country and this is one of the most important incentives for them. It is extremely difficult to be an entrepreneur in BiH, but we are extremely hard workers and we fight every day to achieve the best possible results.
- Currently not
- It is possible, but I believe that young people are quite impatient and often decide to go abroad because of the political situation.
- If an entrepreneur depends on the authorities, it would be difficult for him to succeed in the market.
- It is possible, but it is difficult to meet certain conditions.
- Yes. We would be greatly helped by subsidies from the European Union and a partner in Western Europe
- The programs and donations of the EU grant program should be better distributed (influence of local authorities!) and enable small entrepreneurs to further develop and survive in the fight with big players on the market.
- not
- It is possible to find them, but they are very difficult to find. Financial support programs exist, the conditions for which are very difficult to meet. We are mostly forced to look for financial support in loans for renovation and construction.
- The complex bureaucracy of the entire BiH complicates access to various programs and donations for entrepreneurs. The political situation in Bosnia and Herzegovina further complicates incentives.
- Be patient and persistent. There is no other way
- The assumption of positive business is also the assumption of the sustainability of the company. Awareness of the need to have an authorized service for DAF vehicles in Bosnia and Herzegovina, as well as the responsibility towards those who trusted the product and bought it from us, certainly affects persistence in performing our activities, but without a positive financial effect, it would not make much sense.
- We think the main thing is the profit that drives us forward.

Figure 26 Summary of respondents answers

Questionnaire for Development Agency

1. Could you briefly explain your interaction with the environment and entrepreneurs? How constructive is it? Is it in a negative or positive sense?

- The REZ agency implements its activities within the framework of approved projects from international and domestic donors. Companies are often the final users within these projects and cooperation with entrepreneurs but also with other actors is very constructive during the implementation of specific projects. However, after the end of the same and until the start of new ones, that cooperation is not at a satisfactory level.]

Figure 27 Summary of respondent answer

2. Could you briefly explain the "entrepreneurial mentality" in the environment in which you operate? What kind of entrepreneurs are born in such an environment? What kind of entrepreneurship is that anyway?

- The growth and development of the company in the past years have led to the complication of problems within the company. Due to the lack of knowledge of the initiator of the business venture for new circumstances and his unwillingness to engage professional managers, that growth is slower than expected. However, recently there has been a noticeable trend of young educated people starting their own businesses following modern management and communication trends.]

Figure 28 Summary of respondent answer

3. Rate on the scale below to what extent do you think that the capacity and potential of the region and the environment in which you currently operate have been used?
4. Depending on the answer to the previous question, could you briefly explain what are the advantages and good sides of the environment and the region in which you operate, and what are the disadvantages and bad sides?
 - The CBIH region is a naturally, climatically, geographically, and economically unique and consistent entity that includes 16 interconnected and integrated municipalities on a total area of 5,295.91 square kilometers. The region has a strong base of manufacturing companies, primarily in the metalworking and woodworking sectors. In recent years, there has been a noticeable increase in the number of new businesses launched through various startup support programs. Nevertheless, the development of the region is in direct correlation with the development of the rest of Bosnia and Herzegovina. Slow development processes caused by political relations within the country, corruption, the departure of the population, and other negative trends significantly affect the utilization of the capacities and potential of this region.]

Figure 29 Summary of respondent answer

5. Evaluate on a scale the relationship with the existing structure of the real sector (industry, economy)
6. Depending on the answer to the previous question, could you briefly explain the relationship with the existing structure of the real sector? Is the interaction positive or negative? To what extent is it constructive and gives results? What are the biggest obstacles and successes during your cooperation?
 - In the past period, the REZ agency focused its activities on supporting the real sector. During the implementation of support activities, companies are very willing to cooperate and provide information and engage staff and their own resources for the implementation of activities. However, in periods when there are no specific projects to support the real sector, this cooperation is generally not at a satisfactory level.]

Figure 30 Summary of respondent answer

7. Rate on a scale depending on how transparent you think the work of the development agency is, that it ensures the participation of citizens and generally provides access to information about the agency's work?
8. Depending on the previous answer, could you briefly explain why you do or do not consider the work of the development agency to be transparent and accessible to citizens? What is it that could be changed and improved?
 - The REZ Agency submits its annual plans and reports to all founders and presents them at the Agency's annual Assembly. The activities of the REZ agency are regularly presented through the Agency's website and social networks, as well as through specialized printed publications (REZ newsletter, brochures, project documents, etc.). In addition, promotional video materials and regular announcements for the media and interested parties are produced as part of the projects.]

Figure 31 Summary of respondent answer

SOURCES AND BIBLIOGRAPHY:

2019 Investment Climate Statements: Bosnia and Herzegovina, U.S. Department of State, <https://www.state.gov/reports/2019-investment-climate-statements/bosnia-and-herzegovina/>, 2022-06-22

Acs, Z. J., & Varga, A. (2005). Entrepreneurship, agglomeration and technological change. *Small Business Economics*, 24(3), 323–334. doi:10.1007/s11187-005-1998-4.

Acs, Z., Szerb, L., & Autio, E. (2016). *Global Entrepreneurship Index 2016*. The Global Entrepreneurship and Development Institute, Washington, D.C., USA.

Acs, Z.J., Desai, S. & Hessels, J. Entrepreneurship, economic development and institutions. *Small Bus Econ* **31**, 219–234 (2008). <https://doi-org.uaccess.univie.ac.at/10.1007/s11187-008-9135-9>

Acs, Zoltan. "How is entrepreneurship good for economic growth." *Innovations* 1.1 (2006): 97-107. Accessed 29 May 2022

Ana-Mari Bošnjak, Goran Mijočević. "Razvoj gradova u Bosni i Hercegovini". *PREGLED - časopis za društvena pitanja* 2:183-198, <https://www.ceeol.com/search/article-detail?id=915336>. Accessed on [2021-05-17]

Anas Ali Al-Qudah, Manaf Al-Okaily & Hamza Alqudah (2022) The relationship between social entrepreneurship and sustainable development from economic growth perspective: 15 'RCEP' countries, *Journal of Sustainable Finance & Investment*, 12:1, 44-61, DOI: 10.1080/20430795.2021.1880219

Armstrong, Harvey. *The Economics of Regional Policy*. Cheltenham, Glos. [u.a.]: Elgar, 1999. Print. An Elgar Reference Collection.

Arrow, Kenneth. "Economic welfare and the allocation of resources for invention." *The rate and direction of inventive activity: Economic and social factors*. Princeton University Press, 1962. 609-626.

Arslanagić-Kalajdžić, Maja, and Lejla Turulja. "Bosnia and Herzegovina." *EUT Edizioni Università di Trieste*, 2016.

Audretsch, David B., and A. Roy Thurik. "What's new about the new economy? Sources of growth in the managed and entrepreneurial economies." *Industrial and corporate change* 10.1 (2001): 267-315.

Barca, F. (2019), "Regional development: Why places matter for better policies", *OECD*, vol. /, <https://doi.org/10.1787/f755cea3-en>.

Baron, Robert A. "Opportunity recognition as pattern recognition: How entrepreneurs “connect the dots” to identify new business opportunities." *Academy of management perspectives* 20.1 (2006): 104-119.

Baumol, William J. "Entrepreneurship: Productive, unproductive, and destructive." *Journal of business venturing* 11.1 (1996): 3-22.

Block, J.H., Thurik, R. & Zhou, H. What turns knowledge into innovative products? The role of entrepreneurship and knowledge spillovers. *J Evol Econ* **23**, 693–718 (2013). <https://doi.org/10.1007/s00191-012-0265-5>

Bosnia and the Remittances–Institutions– Development Nexus written by Jo Jakobsen, fl. 2011; in *The Bosnian Diaspora: Integration in Transnational Communities, Research in Migration and Ethnic Relations Series* (Abingdon, England: Routledge (Publisher), 2016, originally published 2011), 185-206

Bosnia-Herzegovina economy briefing: The Decarbonization Process and Arab Countries Investments, Zvonimir Stopić, 2021, ISSN: 2560-1601, Vol. 39, No. 2 (BH) April 2021, https://china-cee.eu/wp-content/uploads/2021/04/2021e04_Bosnia-Herzegovina.pdf. Accessed on [2022-03-22].

Bošnjak, Ana-Mari, and Goran Mijočević. "Razvoj gradova u Bosni i Hercegovini/Urban Development in Bosnia and Herzegovina." *Pregled: časopis za društvena pitanja/Periodical for social issues* 61.2 (2020): 183-198.

Brinkman, Richard. "Economic Growth versus Economic Development: Toward a Conceptual Clarification." *Journal of Economic Issues* 29.4 (1995): 1171-188. Web.

Carroll, Michael C, and John P Blair. "Local Economic Development and the Academy." *Applied Geography (Sevenoaks)* 32.1 (2012): 51-53. Web.

Catrinescu, Natalia, Miguel Leon-Ledesma, Matloob Piracha, and Bryce Quillin. "Remittances, Institutions, and Economic Growth." *World Development* 37.1 (2009): 81-92. Web.

Cluster Development Guide a Practitioners Guide for Cluster Policy, Strategy and Implementation, accessed April 10, 2022, <https://www.giz.de/en/downloads/giz2021-en-cluster-development-guide.pdf>. Accessed on [2022-04-10].

Cluster Development Guide Report, GIZ, Deutsche Gesellschaft für Internationale Zusammenarbeit, 2021, <https://www.giz.de/en/downloads/giz2021-en-cluster-development-guide.pdf>. Accessed on [2022-04-13].

Convergence of Local Government Units in Bosnia Herzegovina, Muamer Halilbašić, Emir Agić, 2013, <https://www.ceeol.com/search/article-detail?id=5987>. Accessed on [2021-03-07].

Cortright, Joseph. "MAKING SENSE OF CLUSTERS: REGIONAL COMPETITIVENESS." (2006).

Dabson, Brian. "Supporting rural entrepreneurship." *Exploring policy options for a new rural America* (2001): 35-48.

De Backer, Koen, and Leo Sleuwaegen. "Does foreign direct investment crowd out domestic entrepreneurship" *Review of industrial organization* 22.1 (2003): 67-84.

Delgado, Mercedes and Porter, Michael E. and Stern, Scott, Clusters and Entrepreneurship (September 1, 2010). US Census Bureau Center for Economic Studies Paper No. CES-WP-10-31, Available at SSRN: <https://ssrn.com/abstract=1689084> or <http://dx.doi.org/10.2139/ssrn.1689084>. Accessed [2021-11-17].

Do Social Transfers “Crowd-Out” Remittances: Evidence from Bosnia, Nermin Oruc, 2011

EBSCO Publishing: eBook Collection (EBSCOhost) - printed on 6/23/2021 6:26 AM via UNIVERSITAET WIEN AN: 1072589; Udo H. Staber, Norbert V. Schaefer, Basu Sharma.; Business Networks: Prospects for Regional Development Account: s3700943.main.ehost. Accessed on [2021-06-23].

Economic and Functional Efficiency of Territorial Organization of Bosnia Herzegovina, Jasmina Osmanković, Marijana Galić, Ensar Šehić, 2013, <https://www.ceeol.com/search/article-detail?id=5988>. Accessed on [2021-10-07].

Economic Growth and Development. Ipswich, Massachusetts :: Salem, 2014. Business Reference Guide. Web.

Economic Implications of Remittances and Migration, World Bank Report, 2006, [2022-01-19].

Edward J. Blakely, «Planning Local Economic Development, Theory and Practice», 1989

Eric von Hippel, (1994) “Sticky Information” and the Locus of Problem Solving: Implications for Innovation. *Management Science* 40(4):429-439.

European Western Balkans, <https://europeanwesternbalkans.com/bosnia-and-herzegovina/>, Accessed on [2022-09-06].

Galindo, Miguel-Ángel, and María Teresa Méndez. "Entrepreneurship, Economic Growth, and Innovation: Are Feedback Effects at Work?" *Journal of Business Research* 67.5 (2014): 825-29. Web.

GEM (2009), available at: <http://gemconsortium.org/report>. Accessed on [2022-03-19].

GEM BiH 2012 Poduzetničkim obrazovanjem do (samo)zapošljavanja mladih Bahrija Umihanić – Rasim Tulumović – Mirela Omerović - Slađana Simić - Ranko Markuš, file:///C:/Users/Leksija%20Kusic/Downloads/1371033311GEM_BiH_2012_Report%20(1).pdf. Accessed on [2022-02-17].

Glytsos, Nicholas P. "The Contribution of Remittances to Growth." *Journal of Economic Studies (Bradford)* 32.6 (2005): 468-96. Web.

Goss, Steve, Goran Živkov, Sabahudin Bajramović, Maida Fetahagić, Armin Sirčo, and Central Eastern European Online Library. *UNDP Human Development Report 2013 - BOSNIA and HERZEGOVINA: Rural Development in Bosnia and Herzegovina, Myth and Reality*. New York [United States]: UNDP United Nations Development Programme, 2013. UNDP Regional Publications. Web

Hajnal ZL, Trounstein J. Who or What Governs? The Effects of Economics, Politics, Institutions, and Needs on Local Spending. *American Politics Research*. 2010;38(6):1130-1163. doi:10.1177/1532673X10362870

Halilovich, Hariz & Efendic, Nirha. (2019). From Refugees to Trans-local Entrepreneurs: Crossing the Borders between Formal Institutions and Informal Practices in Bosnia and Herzegovina. 10.1093/jrs/fey066/5281219.

Hang, Min, and Aldo Van Weezel. "Media and entrepreneurship: A survey of the literature relating both concepts." *Journal of Media Business Studies* 4.1 (2007): 51-70.

Hein De Haas (2005) International migration, remittances and development: myths and facts, *Third World Quarterly*, 26:8, 1269-1284, DOI: 10.1080/01436590500336757

Herman, Edward S. and Noam Chomsky 1988. *Manufacturing Consent: The Political Economy of the Mass Media*. New York: Pantheon.

<http://fipa.gov.ba/investiranje/lokacije/agencije/default.aspx?id=100&langTag=hr-HR>. Accessed on [2022-07-08].

http://www.fipa.gov.ba/informacije/statistike/izvoz_uvoz/default.aspx?id=211&langTag=hr-HR. Accessed on [2022-06-18].

https://invest.pkzedo.ba/doc/kpp_en.pdf, MAP OF ECONOMIC POTENTIALS ZDC, Ministry of Economy of Zenica-Doboj Canton, : Chamber of Commerce of Zenica-Doboj Canton, Zenica, October 2020. Accessed on [2021-12-13].

<https://poslovnenovine.ba/2020/08/21/fuad-kasumovic-zenicke-poslovne-zone-ce-izgradnjom-koridora-5c-postati-jos-znacajnije/>. Accessed on [2021-10-12].

https://read.oecd-ilibrary.org/development/sme-policy-index-western-balkans-and-turkey-2019_a09405ef-en#page12, OECD et al. (2019), "Bosnia and Herzegovina: Small Business Act profile", in *SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe*, OECD Publishing, Paris, <https://doi.org/10.1787/a09405ef-en>. Accessed on [2022-01-23].

<https://sites.google.com/a/bitcentar.com/engleski/incubator/database-of-incubators-innovation-centers-technology-parks-in-see-countries/about-incubators-innovation-centers-technology-parks-by-countries/bosnia-and-herzegovina/zeda-zenica>. Accessed on [2021-10-12].

Isenberg, Daniel J. "How to start an entrepreneurial revolution." *Harvard business review* 88.6 (2010): 40-50.

Ismar Alagić, Darko Petković. "Ekonomski razvoj malih sredina baziran na vlastitim resursima naspram postojanja/nepostojanja podrške glavnog grada". Posebna izdanja Akademije nauka i umjetnosti BiH 1:179-194. <https://www.ceeol.com/search/viewpdf?id=307054>, 2016. Accessed [2021-06-13].

Issahaku, Haruna, et al. "The Effects Of Remittances On Economic Growth: Reexamining The Role Of Institutions." *The Journal of Developing Areas*, vol. 52 no. 4, 2018, p. 29-46. *Project MUSE*, doi:10.1353/jda.2018.0050.

Ivo Andrić, *Travnička Hronika*, 1945, Beograd

Jovičić, Svetlana. "Međunarodni okviri za razvoj kreativnih industrija-preporuke za zemlje u tranziciji." *British council, Beograd* (2006).

Jovo Ateljevic ,Tony O'Rourke & Branka Zolak Poljasevic (2013) Local Economic Development in Bosnia and Herzegovina: Role of Local Development Agencies, *Journal of Balkan and Near Eastern Studies*, 15:3, 280-305, DOI: 10.1080/19448953.2013.789319

Kadusic, Alma & Suljić, Alija. (2018). Migration and Demographic changes: The Case of Bosnia and Herzegovina. *European Journal of Geography*. 9. 75-86.

Kako poslovati u Tešnju, 2018, https://opcina-tesanj.ba/wp-content/uploads/images/KAKO_POSLOVATI_U_TE%C5%A0NJU_2018.pdf. Accessed on [2021-11-06].

Knudsen, Thorbjørn, and Swedberg, Richard. "Capitalist Entrepreneurship: Making Profit through the Unmaking of Economic Orders." *Capitalism and Society* 4.2 (2009): 3. Web.

Korunka, Christian, et al. "Personal characteristics, resources, and environment as predictors of business survival." *Journal of Occupational and Organizational Psychology* 83.4 (2010): 1025-1051.

Krugman, P. 1991. *Geography and Trade*. MIT Press.

Leigh, N. G., & Blakely, E. J. (2016). *Planning Local Economic Development* (6th ed.). Thousand Oaks, California: SAGE Publications.

Leigh, N.G., French, S.P., Guhathakurta, S., & Stiftel, B. (Eds.). (2019). *The Routledge Handbook of International Planning Education* (1st ed.). Routledge. <https://doi-org.uaccess.univie.ac.at/10.4324/9781315661063>. Accessed [2021-06-17].

Leo Paul Dana. "BUSINESS AND ENTREPRENEURSHIP IN BOSNIA-HERZEGOVINA." *Journal of Business & Entrepreneurship* 11.2 (1999): 105. Web.

Mair, Johanna, and Ignasi Marti. "Social entrepreneurship research: A source of explanation, prediction, and delight." *Journal of world business* 41.1 (2006): 36-44.

Malizia, Emil E., Edward J. Feser, Henry Renski, and Joshua Drucker. *Understanding Local Economic Development*. Second ed. Abingdon, Oxon; New York, NY :: Routledge, 2021. Web.

Marshall, A. "Principles of Economics Book Four: The Agents of Production: Land." *Labour, and* (1890). Accessed on [2022-06-07], <https://ia601600.us.archive.org/15/items/in.ernet.dli.2015.217841/2015.217841.Principles-Of.pdf>

Martínez-Fierro, S., Biedma-Ferrer, J.M. & Ruiz-Navarro, J. Entrepreneurship and strategies for economic development. *Small Bus Econ* 47, 835–851 (2016). <https://doi.org/10.1007/s11187-016-9738-5>

- Martinovic, Danijela, Jasmina Karisik, and Mirha Bico-Car. 2013. Internationalization and cluster potentials with special emphasis on wood-processing sector in ... *UTMS Journal of Economics* 4 (2): 231–242.
- Matuzeviciute, Kristina, and Mindaugas Butkus. "Remittances, Development Level, and Long-Run Economic Growth." *Economies* 4.4 (2016): 28. Web.
- Michael E. Porter, and Michael P. Porter. "Location, Clusters, and the "New" Microeconomics of Competition." *Business Economics (Cleveland, Ohio)* 33.1 (1998): 7-13. Web
- Michael Pugh (2005) Transformation in the political economy of Bosnia since Dayton, *International Peacekeeping*, 12:3, 448-462, DOI: 10.1080/13533310500074564
- Mid-Term Evaluation of the Governance Accountability Project in Bosnia-Herzegovina – GAP2, Final Report, May 2010, Charles Costello, Democracy International, Inc. (Team Leader) Anamaria Golemac Powell, proMente (Senior Consultant), <https://democracyinternational.com/media/DI%20%20Bosnia%20Governance%20Accountability%20Program%20Midterm%20Evaluation%20-%20Final%20Report.pdf>. Accessed on [2021-09-03].
- Mika Naumanen, Technical Research Centre of Finland VTT and Statistics Finland, European Panorama of Clusters and Industrial Change, 2019 version, file:///C:/Users/Leksija%20Kusic/Downloads/EOCIC_European_Panorama_of_Clusters_and_Industrial_Change_2019.pdf, [27.04.2022].
- Naudé, Wim, and World Institute for Development Economics Research. *Entrepreneurship and Economic Development*. 1. Publ.. ed. Basingstoke [u.a.]: Palgrave Macmillan, 2011. Print. *Studies in Development Economics and Policy*.
- Nikolaos Tzifakis & Charalambos Tsardanidis (2006) Economic reconstruction of Bosnia and Herzegovina: The lost decade, *Ethnopolitics*, 5:1, 67-84, DOI: 10.1080/17449050600576316
- Nurković, Rahman. "Influence of tertiary activities on transformation of the rural settlements in Bosnia and Herzegovina." *Revija za geografiju* 5.1 (2010): 67-74.
- NURKOVIĆ, RAHMAN. "TRANSFORMATION OF OLD INDUSTRIAL AREAS IN BOSNIA AND HERZEGOVINA." *ROMANIAN JOURNAL OF GEOGRAPHY Учену: Editura Academiei Romane* 64.2 (2020): 187-197.
- O'Brien, James C. "The Dayton constitution of Bosnia and Herzegovina." *Framing the state in times of transition* (2010): 332-49.
- OECD (2021), *Multi-dimensional Review of the Western Balkans: Assessing Opportunities and Constraints*, OECD Development Pathways, OECD Publishing, Paris, <https://doi.org/10.1787/4d5cbc2a-en>. Accessed on [2021-07-29].
- Osmanković, J. (2019). Regionalizacija i regionalni razvoj Bosne i Hercegovine u postratnom periodu. Pregled: časopis Za društvena Pitanja / Periodical for Social Issues, 2(3-4), 189–203. Retrieved from <https://pregled.unsa.ba/index.php/pregled/article/view/68>. Accessed [2021-12-16].

Osmanković, J. (2020). Strategija regionalnog razvoja Bosne i Hercegovine u procesu pristupanja Europskoj uniji. *Pregled: časopis Za društvena Pitanja / Periodical for Social Issues*, 4(4), 93–122. Retrieved from <https://pregled.unsa.ba/index.php/pregled/article/view/145>. Accessed [2021-11-03].

Osmanković, Jasmina & Šehić, Ensar & Galić, Marijana. (2013). LOCAL COMMUNITIES AND REFORM OF TERRITORIAL ORGANIZATION: CASE OF BOSNIA AND HERZEGOVINA. 235-244. 10.5644/PI2013-153-14.

Osmankovic, Jasmina. "Regional development of Bosnia-Herzegovina." *European Regional Development Issues in the New Millennium and their Impact on Economic Policy. 41th Congress of the European Regional Science Association. Zagreb. 2001.*

Pages, Erik R., Doris Freedman, and Patrick Von Bargen. "Entrepreneurship as a state and local economic development strategy." *Entrepreneurship policy* (2003): 240-259.

Paul, Justin, and Archana Shrivastava. "Comparing Entrepreneurial Communities." *Journal of Enterprising Communities*. 9.3 (2015): 206-20. Web.

Porter ME. The Adam Smith address: Location, clusters, and the "new" microeconomics of competition. *Business Economics*. 1998;33(1):7-13. <https://uaccess.univie.ac.at/login?url=https://www.proquest.com/scholarly-journals/adam-smith-address-location-clusters-new/docview/199848783/se-2?accountid=14682>. Accessed [2022-06-01].

PORTER, MICHAEL F. "CLUSTERS AND THE NEW ECONOMICS OF COMPETITION." *Harvard Business Review*, Nov.-Dec. 1998, p. 77. *Gale Academic OneFile*, link.gale.com/apps/doc/A53221400/AONE?u=43wien&sid=bookmark-AONE&xid=52c22410. Accessed [2022-06-01].

Poschke, Markus (2010): Entrepreneurs out of necessity': A snapshot, IZA Discussion Papers, No. 4893, Institute for the Study of Labor (IZA), Bonn

Preduzetništvo i inovacije u digitalnoj eri, Univerzitet u Banjoj Luci, Ekonomski fakultet i Udruženje ekonomista Republike Srpske, SWOT, Saša Petković, 2021, https://ef.unibl.org/literatura/243292021_Preduzetnistvo-i-inovacije-u-digital.pdf. Accessed [2022-03-18].

Pugh M. Postwar political economy in Bosnia and Herzegovina: The spoils of peace. *Global Governance*.2002;8(4):467482.<https://uaccess.univie.ac.at/login?url=https://www.proquest.com/scholarly-journals/postwar-political-economy-bosnia-herzegovina/docview/213728859/se-2?accountid=14682>. Accessed on [2022-03-08].

Ralitzia Dimova & François-Charles Wolff (2015) Remittances and Chain Migration: Longitudinal Evidence from Bosnia and Herzegovina, *The Journal of Development Studies*, 51:5, 554-568, DOI: 10.1080/00220388.2014.984898

Ramadani, Veland, et al. "Knowledge creation and relationship marketing in family businesses: a case-study approach." *Knowledge, learning and innovation*. Springer, Cham, 2018. 123-157.

Regional development: Why places matter for better policies, Written by: Fabrizio Barca, Last update: 18 March 2019, <https://www.oecd-ilibrary.org/sites/f755cea3-en/index.html?itemId=/content/paper/f755cea3-en>. Accessed on [2021-04-07].

Rocha, Hector O. "Entrepreneurship and Development: The Role of Clusters." *Small Business Economics* 23.5 (2004): 363-400. Web.

Roy Thurik: *From the Managed to the Entrepreneurial Economy: Considerations for Developing and Emerging Economies*, Entrepreneurship and Economic Development. 1. Publ. ed. Basingstoke [u.a.]: Palgrave Macmillan, 2011. Print. *Studies in Development Economics and Policy*.

Sacco, Pier Luigi, Guido Ferilli, Giorgio Tavano Blessi, and Massimiliano Nuccio. "Culture as an Engine of Local Development Processes: System-Wide Cultural Districts I: Theory." *Growth and Change* 44.4 (2013): 555-70. Web.

Sautet F. Local and Systemic Entrepreneurship: Solving the Puzzle of Entrepreneurship and Economic Development. *Entrepreneurship Theory and Practice*. 2013;37(2):387-402. doi:10.1111/j.1540-6520.2011.00469.x

Schumpeter, Joseph A., et al. "Development." *Journal of Economic Literature*, vol. 43, no. 1, American Economic Association, 2005, pp. 108–20, <http://www.jstor.org/stable/4129308>.

Senka Mutabdzija Becirovic, Mersudin Avdibegovic, Bruno Maric, Ajla Mehmedovic, Amila Selmanagic Bajrovic, Sabina Delic, Riccardo Castellini, and Dzenan Becirovic. "ATTITUDES TOWARD IMPLEMENTATION OF MODEL FOREST CONCEPT - CASE STUDY OF TESANJ MUNICIPALITY." *Poljoprivreda I šumarstvo* 60.4 (2014): 43. Web.

Shera A, Meyer D. Remittances and their impact on economic growth. *Periodica Polytechnica.Social and Management Sciences*. 2013;21(1):3-19. <https://uaccess.univie.ac.at/login?url=https://www.proquest.com/scholarly-journals/remittances-their-impact-on-economic-growth/docview/1629425959/se-2?accountid=14682>. doi: DOIp://dx.doi.org/10.3311/PPso.2152. Accessed on [2021-09-23].

Skica, Tomasz; Bem, Agnieszka; Żygadło, Karolina (2013): The role of local government in the process of entrepreneurship development, *e-Finanse: Financial Internet Quarterly*, ISSN 1734-039X, University of Information Technology and Management, Rzeszów, Vol. 9, Iss. 4, pp. 1-24

Smolo, Edib, Mirzet Šeho, and M. Kabir Hassan. "Development of islamic finance in Bosnia and Herzegovina." *Journal of Economic Cooperation & Development* 41.1 (2020): 121-143.

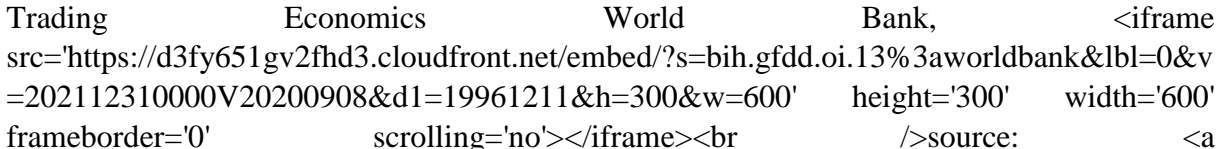
Sobczyk, Wiktoria, Sustainable Development of Rural Areas (January 20, 2014). PROBLEMY EKOROZWOJU – PROBLEMS OF SUSTAINABLE DEVELOPMENT 2014, vol. 9, no 1, 119-126, Available at SSRN: <https://ssrn.com/abstract=2387299>. Accessed on [2022-05-07].

Strategija razvoja Zeničko-dobojskog kantona za period 2021. – 2027. godina NACRT, file:///C:/Users/Leksija%20Kusic/Downloads/Nacrt_Strategije_razvoja_ZDK_za_period_2021-2027.pdf. Accessed on [2022-06-16].

Susic, I., M. Stojanovic-Trivanovic, and M. Susic. "Foreign direct investments and their impact on the economic development of Bosnia and Herzegovina." *IOP Conference Series: Materials Science and Engineering*. Vol. 200. No. 1. IOP Publishing, 2017.

The Drivers of Regional Entrepreneurship in Rural and Metro Areas Jason Henderson, Sarah A. Low, and Stephan Weiler, EBSCO Publishing: eBook Collection (EBSCOhost) printed on 6/17/2021 4:29 AM via UNIVERSITAET WIEN AN: 283932; Norman Walzer; Entrepreneurship and Local Economic Development Account: s3700943main.ehost

The Stages of Economic Growth: A Non-Communist Manifesto by Walt Whitman Rostow, W. W. Rostow, 1960

Trading Economics World Bank,  <https://tradingeconomics.com/bosnia-and-herzegovina/remittance-inflows-to-gdp-percent-wb-data.html>. Accessed on [2022-03-17].

Tulumović, Vanes. "Level and Pace Of The Regional Development Of Bosnia And Herzegovina In The Context Of Integration Into The European Union." *Ekonomski pregled* 71.2 (2020): 152-172.

Umihanić, Bahrija, Rasim Tulumović, and Esmir Spahić. "How Small Initiatives Change Bosnia and Herzegovina.", 2009

What's Culture Got to Do with It? Strategies for Strengthening an Entrepreneurial Culture Ron Hustedde; Norman Walzer. Entrepreneurship and Local Economic Development. Lexington Books; 2007. Accessed [2022-03-31]. <https://search-ebSCOhost-com.uaccess.univie.ac.at/login.aspx?direct=true&db=nlebk&AN=283932&site=ehost-live>

Wolfe, David A., and Meric S. Gertler. "Clusters from the inside and out: local dynamics and global linkages." *Urban studies* 41.5-6 (2004): 1071-1093.