

Prof. Branko Matic, Ph.D.

Faculty of Economics, University of Osijek

Nikola Papac, M.Sc.

Faculty of Economics, University of Mostar

BUSINESS REPORTING AS A MECHANISAM OF CORPORATE GOVERNMENT IN BANKS IN BOSNIA AND HERZEGOVINA

Review

Abstract

It is completely wrong to observe modern corporations only as economic entities, they are also social entities in constant and intensive interaction with their environment. In such relation different groups of stockholders emphasize their interests as primary which can lead to mutual conflict.

Business transparency is one of the most important mechanisms of corporate government. In banking sector business transparency is one of the most important elements in supervising proces but also in creating efficient market discipline.

Based on that we may conclude that corporate reporting is one of the key mechanisms of corporate government. The goal of corporate reports is not only to show financial positions and business indicators of a certain corporation, they also contain descriptive information that may or may not be obligatory. Basic chanals of informing in banks in Bosnia and Herzegovina are the websites of the banks, and basic forms are legaly required financial reports. Voluntary reporting does not have a mojour role in financial rporting. We must stress the important role of company's/bank's direction because they control the business and the process of reporting itself.

The key recomendation is to form a central register of business reports and to create a unique "on line window" for publishing reports related to key segments that determine this mechanisam of corporate government.

Keywords: *corporate government, stockholders, financial reports, corporate reports, audit and internal control*