

University of Mostar  
FACULTY OF ECONOMICS

JOURNAL OF ECONOMY AND BUSINESS  
XVII.



Mostar, 2011.

## CONTENT

Vlatka Bilas, Sanja Franc

CHARACTERISTICS OF REGIONAL ECONOMIC INTEGRATIONS IN LATIN AMERICA - CASE COUNTRIES OF MERCOSUR

Ivica Ćorić

CUSTOMER PROFITABILITY PREDICTING MODEL

Kenan Mahmutović

ONLINE DIRECT MARKETING IN THE REAL ESTATE AGENCIES OF THE WESTERN BALKANS COUNTRIES

Ruža Nedić

BUSINESS PROCESS REENGINEERING IN LOCAL GOVERNMENT, Case Study: Municipalities Orašje, Bosnia and Herzegovina

Ismeta Elezović, Nadija Nikšić

MODEL OF MEASURING SERVICE QUALITY: SERVQUAL MEASURING INSTRUMENT

Dinko Jukić

THE ROLE OF LOYALTY IN BUILDING VALUE BRAND

Gordana Kordić, Maja Mihelja Žaja

INFLUENCE OF EXTERNAL SHOCKS AND FISCAL DISCIPLINE ON MACROECONOMIC STABILITY: Case of Croatia

Goran Kutnjak

CORPORATE SOCIAL RESPONSIBILITY AS A DETERMINANT OF ENTREPRENEURIAL DEVELOPMENT IN THE REPUBLIC OF CROATIA

Edin Bandić

FINANCIAL EFFECTS OF ACCESSING OF BOSNIA AND HERZEGOVINA TO THE EU AND THE IMPACT ON THE STATE BUDGET

Adrijana Nikić-Katić

COLLABORATIVE SYSTEM AND THEIR ROLE IN THE EXCHANGE AND CREATE AN ORGANISATIONAL KNOWLEDGE

Amir Osmančević, Jagoda Osmančević

FINANCIAL MANAGING IN FUNCTION OF ENHANCING PROFITABILITY IN BH COMPANIES THROUGH INSOLVENCY SPIRAL ELIMINATION

doc.dr. Vlatka Bilas  
Ekonomski fakultet u Zagrebu  
vbilas@efzg.hr

Sanja Franc, univ.spec.oec.  
Ekonomski fakultet u Zagrebu  
sfranc@efzg.hr

## CHARACTERISTICS OF REGIONAL ECONOMIC INTEGRATIONS IN LATIN AMERICA - CASE COUNTRIES OF MERCOSUR

*Preliminary communication*

### Abstract

*Latin America is considered to be a developing region and therefore it is necessary to create closer cooperation among member countries, not only as a political goal, but as an economic imperative as well in order for their inclusion into the global trends. Regional integrations in Latin America exist for over fifty years, but considerable progress has not been achieved until the last two decades when the concept of open regionalism was accepted and the need for liberalization was realized. In order to develop closer cooperation and to achieve the inclusion into the global trends regional integration MERCOSUR (Mercado Común del Sur) was established. During its two decades of functioning, the integration has attained certain positive effects in terms of democracy and human rights promotion, affirmation of the autonomy of the regional block in order to decrease the influence of the USA, affirmation of the wider integration model, etc. However, the key argument is that in order for MERCOSUR to accomplish its goals institutional structure has to be improved. Furthermore, a serious challenge for further MERCOSUR development is the achievement of trade liberalization with fair distribution of benefits among member countries. In this paper the analysis of fundamental characteristics, institutional framework, main problems and future development perspectives of regional integration process in Latin America on the example of MERCOSUR is set forth.*

Keywords: *Latin America, MERCOSUR, regional integrations*

JEL: F15

Ivica Ćorić  
Hera doo, Mostar, BiH  
ivica.coric@hera.ba

## CUSTOMER PROFITABILITY PREDICTING MODEL

*Preliminary communication*

### Abstract

*Trends in the study of profitability focus from a product (service) on the individual customer and to alternative ways of calculating costs. Increased diversification and complexity of products, services and customers, makes that indirect costs take primacy in the total mass versus direct costs. Distribution of the costs and the calculation of the current profitability of individual customers or groups of customers provides the basis for a detailed analysis of the distribution of customer profitability within the company. The results of these studies showed that all customers do not rate equally. Even more than that, research of the current profitability led us to the conclusion that the Pareto's rule 20/80 (20% of customers generate 80% of profits) in some cases, changes the ratio up to 20/250 (20% of customers generate up to 250% profit). Managing the database of customers, therefore, requires that management changes reactive into a proactive mode of action. Envisioning of future customer profitability is the basis of accurate as possible actions of this type. The aim of this work is to create a data base model and to define the basic methods of machine learning and multivariate analysis to be used in building models to predict customer profitability.*

Keywords: *customer profitability, machine learning, multivariate analysis*

JEL: C53, F17

MSc. Kenan Mahmutović, *Senior Teaching Assistant*  
Faculty of Economics, University of Bihac, Pape Ivana Pavla II br. 2, 77000 Bihac  
kenan.mahmutovic@efbi.unbi.ba

## ONLINE DIRECT MARKETING IN THE REAL ESTATE AGENCIES OF THE WESTERN BALKANS COUNTRIES

*Preliminary communication*

### Abstract

*This paper analyzes use of online direct marketing as a promotional activity in real estate agencies in the Western Balkans countries: Bosnia, Croatia and Serbia. In the first part author defines online direct marketing, its benefits and objectives. The second part analyzes the two Internet services: World Wide Web and e-mail as channels for online direct marketing. The third part presents a mix of online tools for direct marketing in the first two phases of the real estate selling process: the phase of "listing" and "searching". In the fourth part author presents the results of empirical research on the use of online tools and techniques of direct marketing in the real estate agencies in Bosnia, Croatia and Serbia. By using two research methods, the method of content analysis of web sites and web-browser based online surveys, author determined profile of real estate agencies that use the Internet in their business, and which online techniques and tools they use for direct marketing.*

*Keywords: Internet, direct marketing, online direct marketing, real estate, Western Balkans.*

JEL: L86, M37

Mr.sc. Ruža Nedić  
Općina Orašje, 3.ul.broj 45, 76 270 Orašje, BiH  
marko.nedic@tel.net.ba

## BUSINESS PROCESS REENGINEERING IN LOCAL GOVERNMENT Case Study: Municipalities Orašje, Bosnia and Herzegovina

*Preliminary communication*

### Abstract

*Business process reengineering is one of the basic methods of improving them and implementing changes. It stands for a program of radical organizational changes whose focus is on business processes. It is based on the assumption that the existing ones are not satisfactory. Therefore we need a fresh start by defining new business processes and their practical application with help of modern information technology. The main focus of this work is business process reengineering organized by local self-governments. The research has been conducted on a case study of municipality of Orašje where a possibility of implementing business process reengineering in a local self-government has been researched. We have as well defined the phases of implementing business process reengineering and the model of implementing business process reengineering in the municipality of Orašje*

*Keywords: reengineering, business processes, local government*

JEL: L32, M11

mr.sc. Ismeta Elezović  
ASTRA d.o.o, Zelenih beretki 11, Sarajevo  
ismeta.elezovic@astra.ba

mr.sc. Nadija Nikšić  
Poreska uprava Federacije Bosne i Hercegovine, Konjic  
nadija.niksic@fpu.gov.ba

## MODEL OF MEASURING SERVICE QUALITY: SERVQUAL MEASURING INSTRUMENT

*Review paper*

### Abstract

*Service quality is difficult to quantify as it is a function of differing customer perceptions over time, the ever changing market conditions, the measurement process and the interpretation of the data that have been gathered. The SERVQUAL questionnaire and gap analysis have been used to analyse service quality within diverse organisations over the last 30 years. The measurement instrument has been analysed, changed and criticized by numerous authors. However, as a stand-alone tool, it has remained much the same.*

Keywords: *process improvement, service quality, SERVQUAL*

JEL: M30

Dinko Jukić, univ.spec.publ.admin.  
doktorand Ekonomskog fakulteta u Osijeku, Gajev Trg 7, 31 000 Osijek, Hrvatska  
dinko.jukic@os.t-com.hr

## THE ROLE OF LOYALTY IN BUILDING VALUE BRAND

*Review papaer*

### Abstract

*Brand equity is a dynamic category, and it involves the relationship of producers and consumers. The basic principles of brand equity established relation between investments in brand equity and future performance. Customer-Based Brand Equity is based on consumer's perception and consumer behavior. Keller's model is a version of Aaker's model of market value, which represents an integrated version of the cognitive and emotional components of branding and is an ideal base for analyzing the role of fidelity towards building brand equity.*

*Brand Loyalty include repeated consumers purchases, and is reflected primarily in the consumer's impressions, beliefs and perceptions that specific brand possesses a unique quality, separate image and price. The basic premise for the differentiation loyalty we find in the mode of seeing behavior that indicates consumer action and attitude that refers a consumer's perception. The phenomenon of loyalty is built up in the emotional category of consumers and therefore includes basics of emotional branding, ie, models developed by Gobe and Lindstrom.*

*Attachment theory in his being represent an interdisciplinary approach, because it is based on psychoanalysis, cognitive psychology and neuroscience, such as logic itself represent multydisciplinary approach because, it is based on semiotics, neuromarketing and social psychology. The problem of brand loyalty appears as a reflection of symbol of brand and its image rather than actual values. Therefore, brand loyalty to the brand must be viewed in terms of impressions of their customers that represent a key factor in building loyalty and thus indirectly in building brand equity.*

Keywords: *brand, brand loyalty, brand equity, brand image*

JEL: M31



Doc.dr.sc. Gordana Kordić  
Ekonomski fakultet, Trg J.F. Kennedyja 6, 10 000 Zagreb, Hrvatska  
gkordic@efzg.hr

Maja Mihelja Žaja, univ. spec. oec.  
Ekonomski fakultet, Trg J.F. Kennedyja 6, 10 000 Zagreb, Hrvatska  
mmihelja@efzg.hr

## INFLUENCE OF EXTERNAL SHOCKS AND FISCAL DISCIPLINE ON MACROECONOMIC STABILITY: Case of Croatia

*Review paper*

### Abstract

*Paper analyses the influence of external shocks on macroeconomic stability on small open and high euroized economy. The global financial crisis has worsened the risk perception on the international markets that made capital less affordable, causing typical sudden shock effect. The crisis that followed challenged both monetary and fiscal authorities. National monetary policy is based on the exchange rate anchor that is providing stability but is also widely criticized because of its rigidity. On the other side fiscal policy is characterized with weak discipline and permanent budget deficits.*

*The paper analyses monetary and fiscal policies in Croatia from 2009 to the mid-2011. Special attention is given to the definition and implementation of the fiscal rule that started in the 2011.*

**Keywords:** *monetary policy, fiscal policy, fiscal discipline, fiscal rules, Croatia*

**JEL:** E52, E58, E62

Goran Kutnjak, PhD, Assistant Professor  
Faculty of Economics Rijeka  
goran.kutnjak@efri.hr

## CORPORATE SOCIAL RESPONSIBILITY AS A DETERMINANT OF ENTREPRENEURIAL DEVELOPMENT IN THE REPUBLIC OF CROATIA

*Review paper*

### Summary

*Discrepancy, inconsistency and frequent deviation of the management and the social elites in today's economic practice of companies, as well as society in general, are often the cause of frequent entrepreneurial and social changes. Unfortunately, the same use any means or methods to reach certain goals i.e. to satisfy their own interests, which essentially leads to the derogation of confidence in the business world and its leaders. It is precisely these interest oriented approaches of individuals and /or groups that have given rise to additional awareness and prompted the society, governments and other groups to put pressure and to positively, but not always successfully, condition the activity and development of the business sector. Confronted with new challenges, the company, as well as the society in general, is faced with the need for a concrete implementation of corporate social responsibility. As the Republic of Croatia has opted for the integration into the European Union and thus committed itself to incorporate CSR into all aspects of business and social life, the acceptance of this social "draft of conduct" has become an indispensable obligation for each and every individual factor within the society - from individual to institutional level. Corporate social responsibility is a development concept of corporate governance that should, by satisfying social and environmental criteria, go beyond the sphere of purely commercial interests in order to achieve sustainable development and represent one of the main pillars of modern economic life, but also, the future determination of the society as a whole. However, very often, such a determination does not correspond with the actual application in real business practice, especially by those (business) environments that chronically express certain weaknesses of either mental or economic nature. Within this paper, the author analyses the importance and the scope of corporate social responsibility, especially in view of the current level of acceptability and feasibility of CSR in the Republic of Croatia. The author attempts to point out the importance of corporate social responsibility in the development of companies, entrepreneurship and society. Furthermore, the author singles out some possible directions for future actions that would lead to an increase in the awareness of the need for the actual implementation of corporate social responsibility and not just declaratively as has often been the practice within Croatian entrepreneurship.*

Keywords: *corporate social responsibility, development, entrepreneurship, enterprise*

JEL: J080, L260, O100, Q560

Mr.sc. Edin Bandić  
Internacionalni Univerzitet "Philip Noel-Baker" Sarajevo i Društvo za konsalting "BEHM" d.o.o.  
Sarajevo,  
bandic.edin@gmail.com

## FINANCIAL EFFECTS OF ACCESSING OF BOSNIA AND HERZEGOVINA TO THE EU AND THE IMPACT ON THE STATE BUDGET

*Professional paper*

### Abstract

*All the economic changes caused by EU accession may ultimately reduce the macroeconomic aggregates deviation from their usual paths. In order to assess the size of this divergence, in this paper is applied to several different methods. He first conducted a comparison of macroeconomic indicators of new members before and after the accession to be based on their experience of finding the possible macroeconomic indicators in Bosnia and Herzegovina. Then with the help of a general equilibrium model of World Scan estimated macroeconomic impact of institutional reforms and accession to the EU internal market. This does not include all the macroeconomic effects of accession, and the analysis certainly underestimates the overall effects. Finally, using regression analysis assessed the movement of general price level and price of basic foodstuff groups after joining the Union.*

Keywords: *Benefits, budgets, costs, assessments, accessin*

JEL: F, H6

Mr.sc. Adrijana Nikić-Katić  
Visoka poslovno tehnička škola Doboj  
Ozrenskih sprskih brigada 5a, Doboj, Bosna i Hercegovina  
adrijana.nikic@os.t-com.hr

## COLLABORATIVE SYSTEM AND THEIR ROLE IN THE EXCHANGE AND CREATE AN ORGANISATIONAL KNOWLEDGE

*Professional paper*

### Abstract

*Increase the role of knowledge today is the result of significant changes in economic value. While economic development in the past was based on material values, it is now oriented towards non-material inputs. Intangible business resources suppress tangible.*

*Knowledge as a source of competitive advantage the organization faces many challenges. Creates the need for solutions that will facilitate collaboration and communication among businesses as a precondition of creating, sharing, dissemination and knowledge development. Organizational cooperation and communication must take place continuously, regardless of weather and geographical distance, because the organization now uses only about 20% of his knowledge. One of the potential tools of the modern age is definitely a collaboration system whose foundations are exactly the values of communication and organizational cooperation. The aim is to show the possibilities offered by modern information technology products. They are now a condition for progress in global competition.*

*Keywords: knowledge, collaboration systems, organizational cooperation, communication, Facilitate*

JEL: D83

Amir Osmančević, mr.sc.  
Vakufska banka d.d. Sarajevo – filijala Bihać, Ešrefa Kovačevića H2/4, Bihać  
amiro@vakuba.ba

Jagoda Osmančević, mr.sc.  
Ekonomski fakultet Univerziteta u Bihaću, Pape Ivana Pavla II br. 2, Bihać  
jagoda.osmancevic@efbi.unbi.ba; osmancevic4@gmail.com

## FINANCIAL MANAGING IN FUNCTION OF ENHANCING PROFITABILITY IN BH COMPANIES THROUGH INSOLVENCY SPIRAL ELIMINATION

*Professional paper*

### Abstract

*The aim of the work focused on the company as a financial system that seeks unlimited in time, or continuously to do business. Considering the fact that money is a prerequisite of genesis, business continuity and development of company, focused on quality management of the finances of the company, as an imperative of profitability. More precisely, is focused on the skill of using resources and use of sources of funding. The starting point is that managing the use of resources and the use of sources of funding is a conditio sine qua non for profit maximization companies in the long term, while achieving another major goal of the company – continuity of business. The paper defines the concept of management of the finances, the tasks of financial functions, financial management systems and the goal of management of the finances. Furthermore, we investigated the possibility of increasing the profitability the company based on the quality of financial management the company and suggest measures for the affirmation of financial management in companies on the territory of BiH.*

**Keywords:** *Asset and liability management, profitability, spirals of liquidity (insolvency), the certificate on the position of credit standards*

JEL: G30