

МЕЂУУСЛОВЉЕНОСТ ТРАНСПАРЕНТНОСТИ И ПОСЛОВНЕ УСПЈЕШНОСТИ ПРЕДУЗЕЋА

INTERDEPENDENCE OF TRANSPARENCY AND BUSINESS SUCCESS OF THE COMPANY

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Abstrakt: Правовремено објављивање информација и података доноси предузећима бројне предности у пословању, што се огледа кроз привлачење домаћих и страних инвеститора, а што представља посебан аспект корпоративног управљања. Међутим, земље у транзицији суочавају се са ниским нивоом транспарентности, како услед нејасних законских регулатива, исто тако и због неуређености тржишта. Специфичан циљ овог рада, јесте да анализира улогу и значај транспарентности из угла корпоративног управљања на пословну успјешност предузећа. Истраживање је спроведено у последњем кварталу 2013. године на репрезентативном узорку предузећа из Града Добој, која котирају на Бањалучкој берзи хартија од вриједности. Анализом је обухваћен преглед значајних, материјално корисних информација које се налазе на веб сајтовима друштава, као и свих осталих информација које се објављују и доприносе унапређењу корпоративног управљања посматраних друштава. Према томе, циљ рада јесте да се на основу резултата истраживања укаже на најбоља рјешења у циљу повећања транспарентности предузећа. Прагматични допринос од овог рада ће имати домаћи и страни инвеститори, менаџери и остала заинтересована јавност на простору регије Добој, али исто тако и Републике Српске.

Кључне рећи: пословни успјех; материјално значајне информације; нематеријалне информације; етички кодекс; транспарентност; корпоративно управљање; Бањалучка берза.

Abstract: Timely disclosure of information and data brings to enterprises many benefits in the business, which is reflected in attracting domestic and foreign investors, which is a particular aspect of corporate governance. However, countries in transition are faced with low level of transparency, due to unclear legal

regulations, as well as the disorganization of the market. The specific goal of this paper is to analyze the role and importance of transparency from the perspective of corporate governance on the business success of the companies. This research was conducted in the last quarter of 2013 on a representative sample of companies from city of Doboj, which are quoted on the Banja Luka Stock Exchange. Analysis includes the review of material significant, useful information broadcasted on the websites of companies, as well as any other information which is published and contributes to improve the corporate governance of the observed associations. Therefore, the aim of this paper is to highlight the best solutions in order to increase the transparency of the company. Pragmatic contribution of this paper will have domestic and foreign investors, managers and other interested public in the area of Doboj region, but also Republic of Srpska..

Key Words: business success; material and relevant information; intangible information, code of ethics, transparency, corporate governance, Banja Luka Stock Exchange.

I. INTRODUCTION

Negative effects of financial and economical crisis from the beginning of 2008, put countries in transition in an extremely difficult position, at the moment when we expected we would get out of drop zone and general macroeconomic instability. Identical situation reflected on a business success of the companies within the city of Doboj, with a special accent on small and medium enterprises (SMEs). SMEs which represent largest share in the structure of economy of the city of Doboj, have noted a significant drop in 2012 and which reflected on the general macroeconomic situation.

Identical forecasts were realized in a first quarter of 2013 (Information, 2013).

Thus, this empirical study should point out to the possibility of economic growth and to the guidelines of the companies from the city of Doboj (a special accent to the small and medium enterprises), a sector made of the companies which issue their securities on Banja Luka Stock Exchange, in order to strengthen developmental structure of the observed city. We will intend to point to possible benefits, based on the interpreted data, in the long run. Main problem of our companies rating at Stock Exchange, lies in the lack of information, in order to motivate their developmental initiatives and on the other hand, they are not interested for data disclosure in order to hide good/bad financial result.

It is important to point out that regulation which is based on the publication of material information does not work “perfectly” in the financial markets of developing countries, such as the RS market and thus, in the city of Doboj. Disclosure of information in the domain of corporate governance is a very important factor on developing markets, with the aim of gaining regional and global recognition, which have rapidly growing markets (Feleaga, 2011). However, the low level of publishing data is a problem in many small and medium-sized enterprises in countries in transition, which is particularly reflected the high level of corruption, and unclear legal regulations (Vuković, 2011; Savović, 2009).

Unclear information and the informations with speculative content reduces business performance of enterprises (Todorović, 2010). If we add to previous, low level of disclosure information on the website of the company, the consequences will be borne by both enterprises and the whole society (Augustine, 2012). On this way all the existing as well as potential investors will be deprived of essential and reliable information during the making of important decisions and concluding business relationships with these companies.

On the other hand, corporate governance represents a business relationship between companies and investors, the immediate term, while broadly represents business relationship with all other interested parties (Cretu, 2012). Therefore, if the companies apply good corporate governance practice, it will have a positive effect on the wider community as well as the financial market.

First part of this paper gives a general insight into macroeconomic condition of the observed city, with a special attention being paid to the latest researches on SMEs sector from the city of Doboj, providing guidelines how to overcome currently bad situation in the observed city. *Second part* of the paper is focused on the analysis of results of

empirical study, with a special accent to the elements of *materially significant information, analysis of Code of Ethics and by the possession of and application of corporate calendar*. Third part of the paper focuses on a discussion by which results of our research are compared with results of similar empirical researches.

II. MACROECONOMIC INDICATORS OF STATUS OF SMES IN THE CITY OF DOBOJ

According to the results of research (Information, 2013) conducted in the area city of Doboj, authors of which have taken an active participation in Research team, according to general macroeconomic indicators on the status of the economy and the SMEs in the observed city, we present research results:

- Export-oriented companies were targets of crisis, followed by the lack of working assets, insufficient use of capacities and inadequate companies management,
- Problems with open Joint-stock companies which have problems with their structure at the market and are “like” closed Joint-stock companies,
- Increase of a certain number of companies dealing with retail/whole trade, decreasing industrial production,
- Lack of One stop shop registration system that was entered in the experimental phase in RS at the end of 2013,
- The lack of transparent business operations of Joint-stock companies.

Accordingly, a general conclusion for the development of favorable business setting of SMEs would depend on legislature in our country since the law treats Republic of Srpska SMEs in a different way, as compared to Federation B&H (for more informations, please read in the scientific journal which is written by Petković, Novarlić and Zlatković, 2014). “*Success of business activities would depend on dynamics of set up of economic and legal system accorded with Community Acquis which will enable an undisturbed and free flow of goods, services and people*” (Information, 2013, p. 5). Stimulating business environment should alleviate a company’s business operations, from the registration of a company, obtaining necessary documents, stimulating fiscal policy, introduction of system of quality and subsidy of export-oriented companies. Unfortunately, that’s not the case with Bosnia and Herzegovina, which is according to the report made by the World bank (Doing business report, 2014), regressed. In Table 1, see the ranking of Bosnia and Herzegovina, respectively, over a period of three years to the ease of doing business (Doing Business).

Table 1. Position of B&H in the world on the ease of starting business

Year	Position	Number of countries
2011	116	183
2012	125	185
2013	126	185

Source: Doing business report, 2014

It is necessary to add that small and medium-sized enterprises in Republic of Srpska does not have adequate infrastructure support and access to different sources of funding and favorable compared to large companies, although the SME sector is much more flexible than the huge companies.

A. Structure of SMEs as per its share in economic structure

The biggest problem of the companies from the city of Doboj is in its unfavorable economic structure. Technological obsolescence, non-existence of recognized standards towards EU directives, unfavorable volume of exchange with European Union is at the same time an indicator of a level of lagging behind other countries in transition which subsequently strengthen their position at the market of the European Union and decreases a possibility for sales of our products. Previous factors are the sign of a lack of competitive advantage of our companies, export decreases and there are no radical measures decreasing import and cutting deficit. Additional problem in economic structure is a decreased percentage of Joint-stock companies rating at Banja Luka Stock Exchange and by which a number of limited companies increased, mostly catering companies. In the area city of Doboj, in 2012 there were 2.531 SMEs which represents 31,4% SMEs and craft consignment shops on 1000 inhabitants. Out of total number, 416 of them are SMEs (16,4%) and 2.115 (83,6%) are craft consignment shops (Information, 2013; Republic Bureau of Statistics-RBS, 2013). In the structure of SMEs and shops, according to the size, there is the largest number of micro companies and shops: 2.204 with their dominant share of 87,1% whereas there are 283 of small SMEs and shops with their share of 11,4%, that is 38 medium enterprises with their share of 1,5% in total number of companies. *Joint-stock companies and limited companies employ only 44,8% out of total employment rate which is insufficient in relation to the existing, mainly industrial capacities they have. On the other hand, independent entrepreneurs employ 2.206 employees or 17,6% out of total number of the employed people. Public sector employs 4.712 employees or 37,6% (Information, 2013, p. 12).*

According to the results obtained from the conducted research and for the purpose of this paper, we present following observations which can serve to affect the improvement of a currently bad state of economy:

- Authorities should stimulate strengthening of business environment of SMEs,
- Strengthening of public sector through larger stimulation of technologically advanced SMEs,
- Investment in market research and a greater cooperation with academic institution (University of Banja Luka and University of East Sarajevo),
- Growth of innovative SMEs will contribute to the correction of bad image of the unemployment rate (48,6% in the area city of Doboj),
- Putting additional efforts to a better quality business environment and by strengthening of SME sector, they can contribute to overcome of social and economic difficulties in the city through the opening of new posts and providing support to export-oriented SMEs,
- We put a special accent to the strengthening of the development of business incubators, technological parks as well as to stimulation of local community to abandon unused facilities for the purpose of the development of new entrepreneurship ideas and increase of competitiveness.

III. TRANSPARENT BUSINESS OPERATIONS AS PREDICTIONS FOR DEVELOPMENT OF BUSINESS ENVIRONMENT

In order to have a total insight into results of the research conducted in last quarter of 2013, it is necessary to clarify certain notions and their meaning, following respectively: *transparent business operations, Code of Ethics and corporate calendar.*

A. Transparent business

According to the OECD (2004), transparency implies timely and accurate disclosure of information regarding to the company. The principle of transparency emphasizes that information should be prepared in accordance with the following principles: accounting standards; annual audit (internal and external) that should be performed by an independent auditor; external auditor should correspond to the shareholders, but also to provide a channel of communication on equal information to all participants. Publishing data includes items that are appropriate for the level of information about the company, such as financial results; Information about members of

management and supervisory boards; structures and management policies, etc. (Doing Business, 2014). *Transparent business operations* represent such a business philosophy which discloses materially significant information that all interested parties have benefit from (Tung and Sankaran, 2009). Not every disclosed information is materially useful and it is exactly what distinguishes it from every-day disclosure. Investors needs accurate and reliable information to make business decisions. It should be noted that results which suggest a positive relationship between transparency and mentioned advantages, often stemming from the publication of voluntary, not mandatory information (Todorović et al., 2013). According to a study conducted by Sorensen (2009), companies are in fear that too much published informations affect reduction of their competitive advantage on the market, which will in the long term represent their weakness. On the other hand Hussainey and Stapleton (2012), in their study found that many countries are publishing only the *statutory information*, and the optional information is not published, but it is kept as a trade secret. Also, according to research by the same authors, it has been proven that countries in transition are not required by law to publish regulated informations on their web sites, which has long been the practice in developed countries, and there is an even greater lack of interest of foreign investors. In this empirical study, we present the research results on transparency in city of Doboj, in relation to companies listed on the Banja Luka Stock Exchange. After that, we will discuss about results obtained in this study with other similar studies in our immediate and distant environment.

B. Code of Ethics and corporate calendar

Code of Ethics serves to set up a higher moral level of economic agents in the organization itself (IFC, 2009). This Code defines values and favorable behaviors based on them and those that would not be tolerated. Code of Ethics in Republic of Srpska (Official Gazette, Articles 309, 2008), related to Joint-stock companies rules that every company publishes its Code of business conduct on its own Internet page through which affects a fair and transparent business operations. *Corporate calendar* represents a constituent part of corporate management. Its role is to offer a long-term review of business activities of a company that the potential investors and the interested public would benefit from.

C. Research results

Research results are going to demonstrate a fair and transparent condition of Joint-stock companies

from the city of Doboj issuing their shares at Banja Luka Stock Exchange. We treat as research results all those Joint-stock companies that rated at Banja Luka Stock Exchange in the last quarter of 2013. It is necessary to determine a basic set, that is, a population, out of which we will make a selection of a sample of companies that will be researched. Basic set includes all companies who trade their securities at Market of capital (Banja Luka Stock Exchange) in the aforementioned period, having 14 of them, being registered in RS Central register of securities and all will be the subject to sampling since there are a small number of them but provide sufficient representative sample. The list of all subjects entering the basic set is given in the Table 2. From the aforementioned basic set whose units are listed alphabetically, each of them will be subject to sampling by which we get a rate of 100% of all units which is in our case 14 units.

D. Role of Code of ethics towards fair evaluation of business operations

Research results in a mentioned sample obtained by the review of contents of Internet pages of the units from the sample, by analysis of documents (statute, brochure, summons of the assembly of shareholders, annual reports) have been displayed in the Tab. 2. A company that does not have its own Internet page will be automatically treated as a company without the Code of Ethics.

Table 2. View the website and the Code of Ethics

No	THE NAME OF STOCK COMPANY	The Website	Code of Ethics
1.	Dobojka a.d. Doboj	-	-
2.	Elektro Doboj a.d. Doboj	+	+
3.	Carmeuse Integral a.d. Doboj	+	+
4.	Integral sistem a.d. Doboj	-	-
5.	Montaža a.d. Doboj	+	+
6.	Ozrenturist a.d. Doboj	-	-
7.	Progres a.d. Doboj	+	-
8.	Integral Carmeuse a.d. Doboj	-	-
9.	Šipad a.d. Doboj	-	-
10.	Terminali a.d. Doboj	-	-
11.	Trudbenik a.d. Doboj	+	-
12.	Veterinarska stanica a.d. Doboj	-	-
13.	Vodovod a.d. Doboj	+	+
14.	Željeznice RS a.d. Doboj	+	+

Source: Author's analysis

Based on the data collected and relying on the data supplied in the table above and in the graphic illustration shown below, we will display a percentage share of companies as per possession of the Internet page and the role of Code of Ethics of the companies having it.

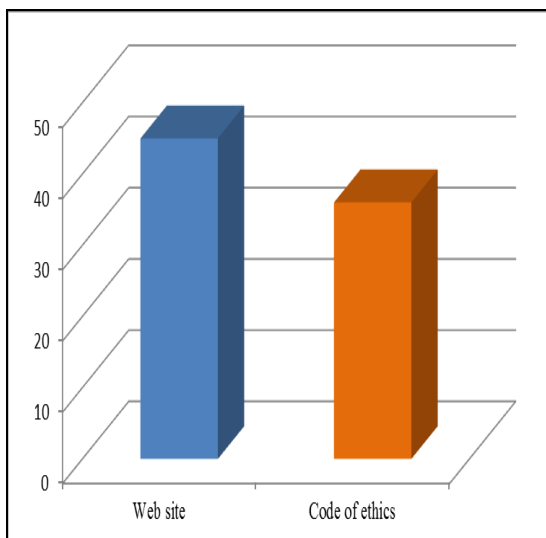


Figure 1. Share of web pages and Code of ethics in the total sample. Source: Author's calculations

Based on graphic as well as table interpretation, we make some conclusions:

- Only 50% of the companies from the total sample have their own web presentation which is insufficient in the Internet era and wireless communication,
- 36% of the companies value the principles of Code of Ethics as a best measure for a companies sustainability as well as for opening of paths to internationalization and the development of vision on competitiveness,
- Law on economic companies defines an obligation for all Joint-stock companies to publish *Codes of conduct*, on their Internet pages by which this Law has been broken for only 36% of the companies from the city of Doboј, rating at Banja Luka Stock Exchange, publish their Code of Ethics and respect the principles of corporate management,
- Researches show bad results in the whole territory of Republic of Srpska where even 66,7% of the companies have no mention of this Code, on their Internet pages,
- It is only 2 of 14 companies fall under the category of large companies or 14% by which we confirm the thesis of this study on the largest share of SMEs in the city of Doboј (we will include the 2 mentioned companies in the total analysis),

- Internet pages of the companies from the sample are not “updated” enough in order, a reasonable opinion on their devotion to the principles of a “good” corporate practice,
- The observed companies publish on their web pages, a small amount of transparent facts and data by which one makes impression that they either “hide” their good financial and other business results, to present their bad business policy to the public.

E. *Transparent business operations and materially useful information*

In order to proof or refute a thesis on respect for transparent business operating, we will show the results of the research on disclosure of materially significant information of the observed companies, obtained by the review of situation on Banja Luka Stock Exchange, in a following graphic illustration. The next graphic illustration represents the most important materially useful information being disclosed: *financial statements, audit reports and management structure*.

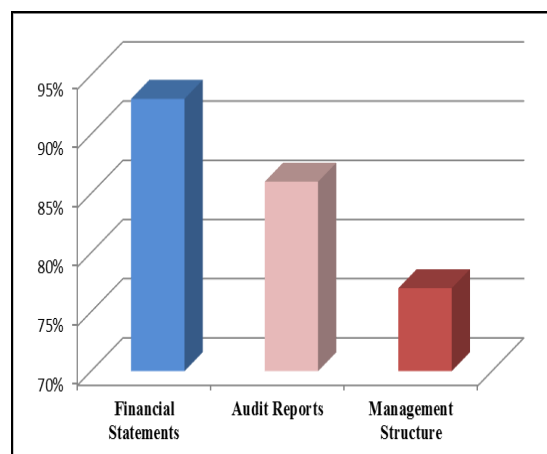


Figure 2. Disclosure of material information
Source: Author's calculations

Based on results of the research obtained by the analysis of parameters on data of the observed companies from Banja Luka Stock Exchange, we conclude additionally:

- According to our research, only 86% of the observed companies deliver their financial statements timely to Banja Luka Stock Exchange,
- Financial statements are submitted to Stock Exchange on regular basis which is illustrated by our calculation (93% of total number of the observed companies),

- Audit reports, with an independent and objective opinion are not submitted in a regular deadline, defined by the Statute of Stock Exchange. Most of the companies from the sample use services of the same independent auditor for years (in most cases it is a local auditing company) and what, in a long term, may contribute to the validity of financial statements but to the trust in the same, as well,
- The worst evaluation, of three observed focus elements, is for the management structure (79% in total sample).

When we talk about management structure, Joint-stock companies from city of Doboj, rating at Banja Luka Stock Exchange, most often, mention members of management structure only, without a reference list and a list of services which is incomplete to get a general opinion about the observed company. The best practice in observed issue may be seen on the Internet site of Nova banka a.d. (www.novabanka.com) which beside the names of the close leading circle mentions biographies of members of its management structure with all its work achievements. Such a defined practice should be adopted by the companies from the city of Doboj too, for it is only way to create preconditions for the creation of reasonable culture of corporate management. A following step refers to a detailed analysis of the *Internet site* of the company from the sample.

After conducted analysis of data subject to regular and timely disclosure on the web site of the Stock Exchange, we will give results of analysis of Internet pages for each Joint-stock company from the sample. *Remark:* Only companies having their own Internet page were the subject of analysis. Conclusions with commentaries are to follow:

1. *Elektro Doboj a.d. Doboj.* Entirely updated data, as element of materially useful reporting. All changes in upcoming period, for consumers and potential partners alike, are presented on the Internet site of the company,
2. *Fabrika kreča Carmeuse Integral a.d. Doboj.* By searching their Internet site, we established following: it contains general data on their business operations, data on special efforts on protection of the environment, there are no information about cooperation with investors and plan of their attraction,
3. *Montaža a.d. Doboj.* According to technical and financial criteria and according to the standards of organizational projects, methods shown and realization of necessary volume of works, respect for procedures and workplace safety, protection of environment during construction, this company proudly presents its greatest projects, worth more than seven

million euros. All those projects that were successfully implemented and all those that were not, that is those requiring huge investment, are displayed on their Internet page.

4. *Progres a.d. Doboj.* Contents of the web page refers only to general data, there are no data on financial statements, disclosure of voluntary information on achieved results, development of a long-term strategy. We only noted their significant efforts for one of chief megatrends forecasted until 2020 which relates to protection of the environment,
5. *Trudbenik a.d. Doboj.* Reference list of significant services, partial disclosure of information of a non-material interest. There is no established strategy and indicators,
6. *Vodovod a.d. Doboj.* A general illustration of data, without disclosure of financial indicators on the web site of the company, except its direction to the web page of Banja Luka Stock Exchange. There is no clearly visible the Statute of the Company, there is a partially illustrated wish for a vision and long-term plans of the same. There are no clearly disclosed material information on their Internet page,
7. *Željeznice RS a.d. Doboj.* Regular and public disclosure of allowed information which are of general interest and have no insider denotation. Regular disclosure of material information, and accurate disclosure of new and potential projects,
8. General assessment is as same as the one given to *Montaža a.d. Doboj TSK Doboj.*

General conclusion, produced from the analysis of the Internet sites of the observed companies, is not at high level. In order to get a higher final evaluation mark, it is necessary to complete the existing structure of these sites with the structure of regular, timely and valid information of general interest for all interested parties. Information should be disclosed constantly, especially those on significant changes for the public.

F. Corporate calendar

Huge problem of all Joint-stock companies in Republic of Srpska as well as in the city of Doboj, is putting efforts to the creation of corporate calendar. Corporate calendar may be characterized as a future plan of activities, with purpose to have a better insight into planned activities of a company. Based on the analysis of collected data on the existence of corporate calendars of the companies, we'll see a realistic status of the same for all Joint-stock companies from the sample, operating at Banja Luka Stock Exchange, in a following graphic illustration.

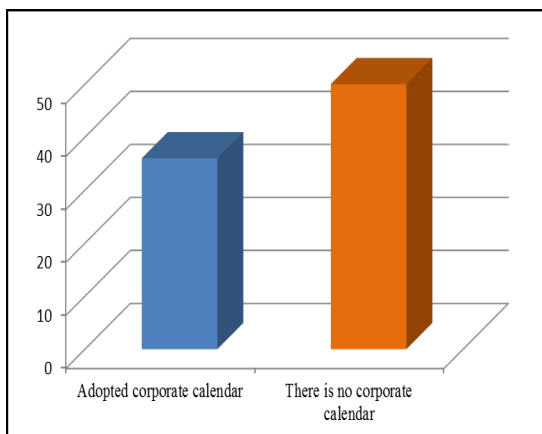


Figure 3. Corporate calendar
Source: Author's calculations

According to the results obtained from previous analysis, we may see that only 43% (3 of 7) of the companies have adopted a corporate calendar. This situation could be characterized as a good one even if it's not about the two mentioned companies that have adopted corporate calendar and fall into a category of big companies. They are not updated when it comes to timely disclosure of information on the business philosophy of a company, all aimed at long-term profitability. In the following part we will give an illustration of a good corporate calendar whose parameters should be followed by the companies from the city of Doboj.

Table 3. The example of corporate Calendar

2013	BOARD OF DIRECTORS	Audit committee	Meeting of shareholders
January			
February	28.02. unaudited financial report for 2011.		
March			
April	29.04. unaudited financial report for the first quarter		
May			
June			
July	29.07. unaudited financial report for the first half		
Aug./Sept.			
October	31.10. unaudited financial report for the third quarter		
November			
December	19.12. celebration		

Source: <http://www.banjaluca.pivara.com>, 2014

According to the table shown above (example of Banja Luka's brewery), we may see how successfully designed corporate calendar but the other elements too of the same (The Statute, shareholders assembly, auditors, consultancy firms for professional risk, state, regulators of securities, Stock exchange and the employees). According to the same author, corporate management is necessary to be introduced for several reasons: it protects its shareholders, its management, enables company to treat all shareholders in the same way, protects interests of stakeholders depending on their needs, and improves general business

operations of the subject. *Does our companies have good or indifferent staff in connection with setting corporate practices?* Mentioned but also all other issues, can be an excellent basis for further research.

IV. DISCUSSION

In this section, we will compare the research results in this study with other, similar studies in our immediate and distant environment.

According to research by Sever (2009) in Croatia, up to 5 years ago, Croatian companies published 66% of valuable financial data on their web sites, while recent research has shown that even 95% of the same informations are published on websites. This is the best example of corporate governance to all countries in the region.

According to Todorović (2007), Serbia and Croatia have a far better position in corporate governance and transparency in data publishing in relation to the Republic of Srpska, but still not enough to clearly define its strategy, such as data that are not published on their sites and are not in English. On the other hand, according Begović and others (2008), companies from the Croatia and Serbia its nontransparent business justify with lack clear legal regulations. Corruption and other elements hinder the development of countries in transition, which reduces the transparency of business, while on the other hand, the developed countries have an advantage and thus are more competitive on the stock market and the world market (Bhasin, 2005). According to the research Čeranić (2011), there are great advantages in the system of corporate governance in the Republic of Srpska, but also the limitations. Stakeholders who can improve corporate governance are: *auditors, advisory and consulting firm for professional risk, securities regulators, stock exchange as well as employees*. According to the same author, corporate governance is necessary to introduce from number of reasons: *to protect shareholders, to protect management, to allow company to treat all shareholders equally, to protect the interests of stakeholders depending on their needs and to improve overall business entity*. Transparent and fair business operations of the companies in Republic of Srpska as well as of the companies from the city of Doboj, rating at Banja Luka Stock Exchange, depend on respect for all areas of corporate management. According to the research conducted by Vuković et al. (2011), we have no adopted moral values on respect for a principle of corporate management, *"companies disclose only as much as is necessary"*, there is a form before essence, there are no adequate stimuli, we copy others instead of creating our own strategy, etc. In

the next table, we will give a comparative illustration of the status of corporate management for the observed period and through all seven areas, defined by Balanced Score Card.

Table 4. Analysis of the results on the state of corporate governance

The Corporate Governance	2010.	2011.
Commitment to principles of corporate government	21%	57%
The rights of shareholders	58%	64%
The Equitable Treatment of Shareholders	56%	66%
The Role of Stakeholders	78%	89%
Disclosure and transparency of information	53%	63%
The role and responsibilities of the board	46%	55%
Audit and internal control system	67%	80%
TOTAL SCORE	53%	66%

Source: Vuković et al., 2011, p. 16

According to the research results, we come to the conclusion that a result, that is, a total score/assessment for 2012 (66%) is not good for as per BSC method, optimal result is between 75-100%. It is necessary to put more efforts and investments in corporate management which would create and use greater opportunities in the observed market. On the other hand, in order to get a larger representativeness of our sample as well as to confirm validity of the results of the research, we'll compare conclusions made by Todorović, to our results and it's about Code of ethics and transparent business operations.

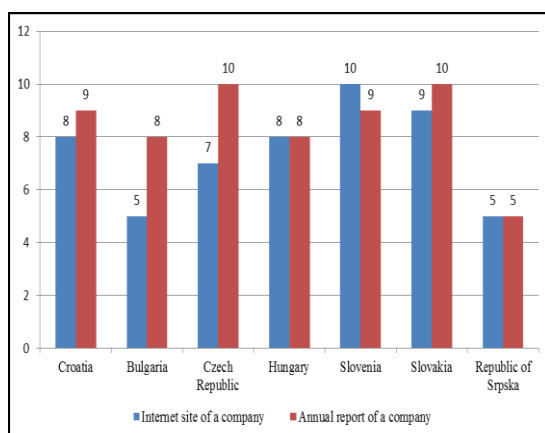


Figure 4. Disclosure of information on members of the management structure

Source: Todorović, et al. 2011, p. 19

Based on the graphic illustration, we may conclude that Professor Todorović's results are identical with the results we presented in our research. Republic of Srpska is the lowest-rated country of all countries in the region according to the disclosure of data on members of management structure via Internet page and annual reports (5/5) whereas highly-rated countries are Slovakia and Slovenia. On the other hand, we'll present results of the same author in respect of disclosure of information and consistency of Code of Ethics, a regulated and an obligatory one, with the Law on Stock Exchange.

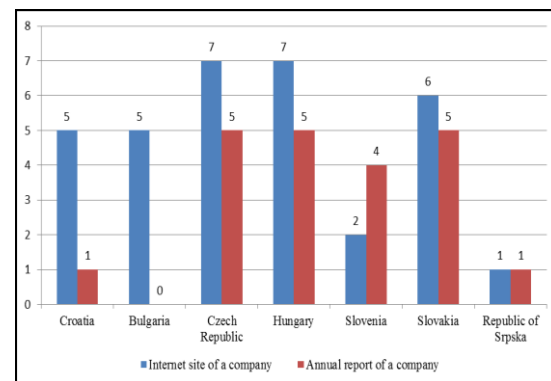


Figure 5. Disclosure of information on the compliance with the Code of Ethics

Source: Todorović, et al. 2011, p. 21

Again, we can draw a clear conclusion, clearly displayed in the graphic illustration given above, that our country gives the worst results regarding disclosure of information and consistency with Code of Ethics. According to that, Todorović, et al. (2011), mentions that: *Corporate calendar: In our companies, there is no practice of planning of all sessions of shareholders for the next period. Beside a regular annual session of shareholders, other sessions are convened when it is needed. It is only one company from our sample that plans to introduce a corporate calendar whereas others state they have no realistic possibilities for the introduction of corporate calendar.* Based on the results from Discussion, we conclude that our research has shown identical results with those obtained in the area of Republic of Srpska. It is necessary that individuals (SMEs) strive more and willingness of the country to create favorable business environment together with the local community as a vision of competitive advantage and a long-term prosperity.

V. CONCLUSION

Based on the results obtained by empirical analysis and for the purpose of this paper, we may conclude that a situation in economic structure of city of Doboj, with the analysis of SME sector, is unfavorable. Existing capacities are not used

enough, there is no clear strategy enabling long-term goals. Local community should put more efforts to design a strategy motivating private SMEs. Existing laws are not flexible when it comes to privatization. Additionally, there should be greater investment in the creation of a “positive climate” that would attract foreign investors and accorded legal regulations in both entities.

By assessment of set parameters on transparent business operations which include disclosure of materially significant information, information of a voluntary nature, introduction of corporate calendar and Code of Ethics, we conclude that the situation in city of Doboј is *alarming*. There are no clearly adopted strategic options that would improve a currently bad economic image. Financial and economic crisis additionally contributed to the drop of general macroeconomic stability. Companies from the sample do not undertake radical steps to put more efforts to introduction of corporate management, they only deliver necessary material information and are not interested to deliver additional parameters which do not fall under the category of the *obligatory ones*. A planned business success of the observed companies, in the long run, will be realized when SMEs realize fully the significance which transition and global trends offer them, when legal relations are regulated in the whole country thereby stimulating foreign capital to come to our country and when they introduce higher moral standards and respect for adopted Code of Ethics.

Are the companies located in city of Doboј ready to adopt a strong mechanism to strengthen its competitiveness in the regional and republican level in the long run? Do they have a vision? Are they aware of the environment and a strong competition? These and many other issues triggered the discussion of new research.

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