
Human Resources' Influence on Competitiveness of Bosnia and Herzegovina, Serbia and Croatia's Economies

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Article Information*

Review Article • UDC: 005.96:338(497.15+497.11+497.5)

Volume: 21, Issue: 3, pages: 28–54

Received: July 2, 2024 • Accepted: November 14, 2024

<https://doi.org/10.51738/Kpolisa2024.21.3r.28ssm>

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* Cite (APA): Stanišić, S., Spalević, Ž., & Marković, S. (2024). Human Resources' Influence on Competitiveness of Bosnia and Herzegovina, Serbia and Croatia's Economies. *Kultura polisa*, 21(3), 28-54, <https://doi.org/10.51738/Kpolisa2024.21.3r.28ssm>



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Abstract

The level of competitiveness measures the success of an economy, which is one of the most important factors of economic growth and development. Competitiveness is a concept that every economy wants to increase, which is exactly why every country improves its own economic competitiveness. This paper presents a comparison of the competitiveness of Bosnia and Herzegovina and countries in the region. The aim of this paper is to show the competitiveness with the reference neighbouring countries and the impact of human resources on the overall competitiveness of the country. In order for economic growth and sustainable development to be stable and sustainable in the long run, it is necessary to establish a quality and efficient institutional environment which would create a stimulating environment for the most successful economic activities with the aim of improving competitiveness. A well-prepared human resources strategy allow the organisation to efficiently plan and manage all processes in order to support its goals and respond flexibly to any changes. In knowledge-based societies, adult education and lifelong learning have become a necessity in order to maintain and increase employee competitiveness. According to the results in this paper, it is evident that in societies based on knowledge, adult education and lifelong learning become a necessity in order to maintain and increase the competitiveness of employees.

Key words: economic growth, competitiveness, human resources, institutional environment, economic activities.

Human Resources' Influence on Competitiveness of Bosnia and Herzegovina, Serbia and Croatia's Economies

For one economy, the level of competitiveness, compared to other countries, is crucial, whether it is an economy that records growth and development or an economy characterized by low productivity, high unemployment rate, uncertainty, exchange rate changes. The importance of the competitiveness concept has seen growth in a globalized world over the last decade. In order for the competition to strengthen, in addition to the good functioning of the market, it is necessary to strengthen and stabilize institutions, employ quality staff as well as continuous innovation in all fields. Competitive economies will be more risk-resistant in the future and more willing to adapt to the new business environment. The process of improving the business environment, which would enable an increase in exports and more foreign direct investments, also strengthens the competitiveness of an economy.

This very time is characterized by an unstable business environment with competitiveness indicators such as: local investments to increase business productivity and improve infrastructure, exports that break down the demand limits for domestic products, imports that allow access to resources abroad, providing foreign direct investments, application of modern technology, local market innovation. The World Economic Forum, which is nowadays, along with the World Bank, the most important institution that measures and analyzes competitiveness, is linked to the Global Competitiveness Index. The use of the aforementioned index is based on the assumption that a large number of factors suggesting the competitiveness of national economies exist in the global economy.

The Global Competitiveness Report presents the key factors more than 35 years, as well as their interrelationships determining a country's level of progress and economic growth both at present and in the future. These reports' purpose is identifying principal advantages and weaknesses of the economy, so that decision makers can create certain economic goals related to the economy-related issues and

challenges. The latest report covers 138 countries and their economies. This report presents a comprehensive profile of each economy and an overview with global ranking data with over 100 indicators, grouped into twelve pillars of competitiveness.

The influence of the state on companies is not negligible, as it is the state exactly that provides an advantage to companies that appear in the form of high level of savings with a low interest rate for investment, the right to ownership and the right to manage goods. Also, highly educated and technologically motivated and dedicated workforce is important for the companies, whose education was enabled via a well-developed educational system of individual countries. The low inflation rate is just as important as the investment climate.

Specificities and measuring competitiveness

Competitiveness allows each country to improve its prosperity, if it achieves productivity and competitiveness growth, regardless of the growth or decline in the level of competitiveness of other countries. In recent times, this has been particularly affected by the process of globalization, which, on the one hand, has enabled prosperity for those who increase competitiveness, but on the other hand, has at the same time relatively increased costs for those with low productivity (Porter et al., 2007). Countries have benefited from faster growth, higher living standards, and new economic opportunities with decades of globalization and increasing trade. (Chiah et al., 2023). In the field of economics, competitiveness is often the subject of research. This was to be expected given that competitiveness has topped the list of macroeconomic policies in most countries in the last 30 years (Despotović et al., 2014, p. 29). Regardless of controversies behind the reality of competitiveness concept, it is estimated there are more than a hundred different forms of indicators for this phenomenon quantification (Despotović et al., 2014, p. 29). Economic development is based upon competitiveness and on an economic growth-oriented philosophy (Jovanea et al., 2017). Stock As in previous years, some European and several Asian countries dominate among the ten most competitive highly ranked countries, in addition to the USA. The title of the most competitive world economy was retained

by Switzerland; Singapore is rated the second, followed by the Denmark, Ireland, USA, the Netherlands, Germany, Sweden, Great Britain, Japan, UAE, Hong Kong and Finland. Switzerland has maintained its leading position thanks to excellent grades in the pillars of innovation efficiency, labour market, adequate environment and technological readiness. Singapore is taking the second position with excellent grades in ten pillars. The high position was influenced by the market efficiency, with a good higher education system, public institutions' high efficiency, the best organized infrastructure in the world.

The USA is still holding the third position, where progress in macroeconomic stability is noticeable. The Netherlands continues to grow in the ranking with high marks in the quality of cooperation in social innovations between the private sector and universities. Germany has dropped by one position compared to the previous year, continuing to apply new technologies and efficiency in using the talents with the integration of immigrants in the labour market as a special challenge for the future. With the improvement in the macroeconomic environment, Sweden climbed three positions. The ranking of Great Britain was done before Brexit: this country's competitiveness is achieved via the goods market, an efficient labour market, as well as via digitalizing all areas. Japan continues to be characterized by an excellent environment, infrastructure, scientific research institutions, investments in development and research. Hong Kong recorded a decline in two positions compared to the previous year, but is still a well-developed financial sector, stability and reliability in lending operation, which still makes it the country with the largest application of technological innovations. Finland takes the tenth position, which is affected by the global financial crisis, as well as the decline in exports to Russia. Nevertheless, it records stability in terms of innovations and a high level of cooperation between industry and universities. Strong commodity prices and a healthy jobs market continue to drive Australia's competitiveness (Ceda, 2022).

Advanced and emerging economies are becoming more interdependent with rapid pace of globalization of capital markets and technological innovations in recent years (Bhattarai et al., 2021).

The Western Balkans countries are in various stages of integration into the European Union (Sadiković, 2014). For this reason, in the presence of high uncertainty and asymmetric information (Persakis et al., 2023) the expectation that both their socio-economic and financial systems will be in different phases of change is realistic. In a way, it is difficult to determine that the countries of this region can be viewed uniquely, belonging to one region, as the integration processes themselves take place slowly, often bilaterally between certain countries. When processes become obsolete and inefficient, not being able to give the desired results, they must be either redesigned or replaced (Hari Lal Bhaskar, 2018). All this has an uncoordinated approach to the development of the mentioned market as a direct consequence. Observing a period of about two decades, certain trends, specificities, circumstances and characteristics of individual countries of this region have influenced the dynamics of changes in independent financial systems in this part of Europe. When analyzing conditions and trends in the financial systems of the countries of the region in more details, the conclusion of having more similarities than differences between them can be reached.

The countries in the region have slightly changed, with Slovenia achieving the best results, followed by Croatia, Serbia, Montenegro, and Bosnia and Herzegovina outside the top 80 countries. Efforts to increase competitiveness would contribute in short-term to better position of this group of countries in international trade, and would pay off in the long run, by improving their position in international economic relations (Božić Miljković, 2012, p. 68).

Competitive advantages implies to be more innovative and more competitive in dynamic environments: The role of manufacturing, additive (Turkcan et al., 2022) that every company needs to compete in the global market are the mastery of technology; high-quality human resources (workers and managers); high creativity and motivation; a high level of efficiency and productivity in the production process; the production of good quality goods; good management systems and organizational structures; a high level of entrepreneurship; a broad vision of the products and the environment around the business

(economic, social, political, etc.); and the ability to face fierce competition in the global market (Farida et al., 2021). The achieved level of competitiveness directly indicates the position of an economy in globalized market competition, and in order to maximize the effects of economic policy measures that should increase the Western Balkans' competitiveness, it is necessary to work on connecting their financial systems and taking advantage of the additional effects of such integrations (Penezić et al., 2018). In order to enhance growth and mutual progress, finances must become more balanced and manage concessions between financial inclusion and stability. Consequently, there is an even stronger need to accelerate support for innovation, especially in key areas to innovation, such as higher education, innovation - based entrepreneurship as well as measures to increase demand. Europe demands fresh dynamism of its economy.

Developed industries in EU states also need to develop new applications of existing, as well as new business models, in order to grow and maintain their competitive position. This requires structural change based on innovations, while attracting the most talented and professional innovative entrepreneurs, providing much better conditions for starting and growing of their business (Zaušková et al., 2013).

Measuring competition

Various uncertainties can undermine growth prospects, such as geopolitical tensions, conflicts, slow growth in emerging markets. Despite aforementioned, the overall chance for economic growth remains positive. The relationship between the levels of development of financial systems and economic growth is studied through the view that efficient financial systems (developed financial markets and institutions), in line with the growth of real sector's demand, increase the financial services' offer, favorably affecting economic growth and competitiveness of national economic structures (Eschenbach, 2004). Despite differences of opinion on national competitiveness definition, both the public and politicians are very interested in countries' competitiveness. The issue of achieving, maintaining and increasing the level of competitiveness, both at the micro and macro level, is one of

the key issues to which the creators of modern development policies strive and should constantly find new responses (Zubović et al., 2013, p. 406). This was expected given the fact that in the last thirty years, competitiveness has been continuously at the top of the list of macroeconomic policy goals in most world's countries. However, there is still no generally accepted definition of a country's competitiveness (Marginean, 2006).

The importance of competitiveness concept is now firmly embedded in economic policies around the world. Therefore, measuring, understanding and analyzing competitiveness at numerous geographical levels are becoming a vital factor in creating an environmental policy that is largely informed about how possible it is to enhance the economic performances of countries and regions (Katić, 2013).

In order to accelerate their economic growth, countries must step up all efforts to adapt to new terms and conditions. Since 2005, the World Economic Forum (WEF) has based its competitiveness analysis on the Global Competitiveness Index (GCI), a comprehensive framework measuring the microeconomic and macroeconomic foundations of national competitiveness, consisting of 114 indicators grouped into 12 pillars: (World Economic Forum, 2020) 1. institutions, 2. infrastructure, 3. macroeconomic environment, 4. health and primary education, 5. higher education and vocational training, 6. commodity market efficiency, 7. labour market efficiency, 8. financial market development, 9. technical readiness, 10. market size, 11. business sophistication, 12. innovations. All pillars are grouped into three groups with the main development phases: the factor phase (pillars 1–4), the efficiency phase (pillars 5–10) and the innovation phase (pillars 11–12) (World Economic Forum, 2020). International institutions such as the International Monetary Fund, the World Bank, the United Nations, the World Economic Forum, the World Health Organisation and the Educational, Scientific and Cultural Organisation include data for the Competitiveness Index. The average grade, which is the same all over the world and is measured according to a certain methodology, includes indicators of all 12 pillars. All data, whether primary or secondary, are standardized on 1–7 scale (1 – worst grade, 7 – best grade), which is

also the range of possible values for all sub-indicators, competitiveness pillars and the Global Index itself. As for the survey, most of the questions do not even need to be standardized, because a balanced Likert scale with seven divisions is used. The share of survey data in the calculation of the Global Competitiveness Index is approximately 70%, while the share of secondary data is approximately 30%. The significance of the pillars within a group for an individual country depends on its level of development. To group countries according to the level of development, a relatively precise criterion is used, starting from the achieved level of GDP per capita, denominated in US dollars (Fondacija za razvoj ekonomske nauke, 2017).

First pillar: Institutions – includes the success of the behavior of public and private participants in socio-economic life. The administrative and legal framework within which governments, enterprises, and individuals influence each other by determining the quality of institutions that has a strong impact on competitiveness and development. Second pillar: Infrastructure – a quality infrastructure network has a great impact on economic growth and development, integrates national markets that are thus better connected with other regions. A country's economy depends on a good telecommunication network, uninterrupted supply of electricity. Third pillar: Macroeconomic environment – if a country is facing constant fiscal deficit, the ability to influence business cycles is limited; therefore without stable environment, the economy cannot develop. Pillar 4: Health and primary education – a healthy and educated workforce has a positive impact on a country's productivity. Pillar 5: Skills and skilled workforce – the competitiveness of a country's economy is greatly influenced by vocational and continued education because today's economy requires well-educated employees who can easily adapt to the new business environment and technological change. This pillar measures the enrollment of high school and college students and the quality of their education. Pillar 6: The efficiency of the commodity market – both foreign and local markets need a competitive market that is important in achieving business productivity and market efficiency. Also, market efficiency depends on customer orientation. Pillar 7: Labour market efficiency – ensuring a successful exchange of workers who will do their

best in the workplace is a consequence of labour market flexibility and efficiency. It is necessary to ensure gender equality in the business environment. Pillar Eight: Financial Market Development – state economies require financial markets that will enable the availability of capital for investments and a regulated securities market. The banking sector must be secure and transparent. Pillar 9: Technological readiness – the ability of the economy to accept and apply technology in order to improve efficiency. Pillar 10: Market size – thanks to globalization, international markets have replaced the local ones, particularly referring to small countries. Pillar 11: Business dynamics – the quality of individual companies' business operation and the quality of the overall business network and their strategy implies business sophistication. Pillar 12: Innovation – If companies would like to achieve growth and development, they must apply innovations in order to be able to create high-quality products that create new values and maintain competitiveness. All 12 pillars mentioned above, although independent, are intertwined impacting each other.

In accordance with the known economic theories on development stages, the Competitiveness Index starts from the assumption that all countries go through three stages of development. In the first phase (factor phase), the basic factors of competitiveness are important for productivity growth: good functioning of public and private institutions (Pillar 1), well-developed infrastructure (Pillar 2), stable macroeconomic framework (Pillar 3), good, healthy and a literate workforce with at least primary education completed (Pillar 4). With further development, countries become more competitive, increase productivity and enter the second phase (efficiency phase) in which they achieve more efficient production processes and growing product quality. In this phase, the competitiveness growth is influenced by higher education and vocational training (Pillar 5), efficient goods market (Pillar 6), efficient functioning of the labour market (Pillar 7), financial sector development (Pillar 8), the possibility of using existing technologies (Pillar 9), and market size (Pillar 10). As they develop further, countries move into the third phase (innovation phase) in which the growth of productivity and

competitiveness is conditioned by factors of high business dynamics (Pillar 11) and innovation (Pillar 12).

Competitiveness analysis

Competitiveness is extremely important for the small economies of the countries of the region, which must be open to the world in order to achieve higher growth that enables the achievement of a better standard of living for citizens. Investment levels and growth rates are not enough to significantly reduce the gap with the EU average and it will take a long time to close that gap. Economic development is also slowed by the deep-rooted gray economy. There is a strong emphasis on state involvement and inappropriate political interference in economic life, while competition policy and other accompanying policies are still too weak (Čolaković-Prguda, 2020). Successful economic integration within the region and integration with the European Union will be possible only with improved and stronger connections, i.e. improved regional cooperation.

Comparing the values of the Global Competitiveness Index, it can be concluded that there is a symbolic growth trend within the observed countries, but with oscillations. The global economic crisis in 2009 was followed by deterioration in the competitive position of neighbouring countries.

Observing the ranking of countries according to the Global Competitiveness Index covering a certain period of time, Slovenia is the best ranked country without major changes, Macedonia and Montenegro recorded a significant decline, while Bosnia and Herzegovina is the lowest ranked. Being poorly ranked in the areas of innovation, business dynamics, commodity and labour markets is common to nearly all countries.

Competitiveness of Bosnia and Herzegovina's economy

Bosnia and Herzegovina is ranked 91st and 92nd in the 2018–2019 Global Competitiveness Report on the most competitive economies in the world. As in previous years, Bosnia and Herzegovina, is generally poorly assessed in the same areas due to inefficiency in

implementing reform measures. Infrastructure, market size, institutions and innovation have been poorly assessed year by year.

Compared to the previous year, the largest positive change in ranking was recorded by the pillars of macroeconomic environment for 9 positions, adopting information and communication technologies for 6 positions, infrastructure for 5 positions, labour market and skills for 5 positions and the financial system for 3 positions. The largest negative change in ranking compared to the previous year was recorded by the pillars of health (-21), business dynamics (-11), institutions (3), the ability to innovate (-3), the commodity market and market size (-2). Compared to the previous year, the largest positive change in the assessment was recorded by the pillars of adoption of information and communication technologies (5.8), financial system (2.8), skills (2.4), infrastructure (2.3), labour market (2, 1), macroeconomic stability (0.6), market size (0.5) and innovation capacity (0.2). Although most of the pillars recorded an improvement in assessment compared to the previous year, the largest negative change in assessment was recorded by the pillars of health (-5.0), product markets (-2.0), business dynamics (-1.6) and institutions (-1, 2).

The low competitiveness of Bosnia and Herzegovina's economy is caused by its absence on the world market, non-investment, technological backwardness and inadequate privatization.

Factors influencing poor competitiveness are public administration's weaknesses, poor infrastructure, poor innovation encouragement, high public debt, fiscal burden. According to the latest data, Bosnia and Herzegovina invests 0.21% of total GDP in research and development.

Serbia's economy competitiveness

According to the World Economic Forum's 2018 Report, Serbia ranked 72nd out of a total of 140 countries, while in 2019, it ranked the 72nd out of a total of 138 countries. Compared to the previous year, the value of the Global Value Index for Serbia increased by 0.08%, moving up for four positions.

Within the Financial Market Development pillar, growth was achieved thanks to easier engagement of capital to finance projects.

Noticeable improvements have been noted in the pillars of Higher Education and Training and Health and Primary Education. The relations between employees and employers, the manner of employment, the relations between management engagement and company productivity were assessed within the Labour Market Efficiency Pillar. The greatest chance for future development lies in the digitalization of the market.

The decline in values at the level of individual pillars has consequently reflected on their poorer placement when Serbia is compared to other economies. However, what stands out is that despite the increase in index value in the four pillars, the drop in position was recorded. The largest decline of 17 positions took place in the pillar of Adoption of information and communication technologies, which recorded the largest decline in index value, while due to the lower value of the index, the Health pillar dropped for 9 positions. The commodity market dropped for 7 positions, while the pillars of Infrastructure, Labour Market, Financial System and Ability to Innovate dropped for 2–3 positions compared to the 2018 Report. On the other hand, four pillars have progressed with a relatively small increase of 1 position in the case of Institution, Skills and Market Size pillars and an improvement of 5 positions in the Business Dynamics pillar.

Croatia's economy competitiveness

In recent years, Croatia's economy has recorded a declining trend in ranking according to the values of the Global Value Index. This trend of competitiveness in relation to other countries suggests that Croatia is overtaken by countries that have managed to improve their competitiveness more efficiently with better quality.

The decline of Croatia was stopped on the competitiveness list, so it climbed from 68th to 63rd position. Although the growth rate is slowed down, the state avoids more aggressive reforms. Croatia is unpreparedly following the industrial revolution for the reason of which, it records a constant decline in innovation and technological equipment that affects the digital industry. Croatia's entry into the European Union paved the way for new opportunities that it lacked before, which gives it an advantage over other less developed European

countries. Progress has been made in several areas such as the labour and the commodity market, as well as health and primary education.

Investing in human resources and their impact on economic competitiveness

In general, the quality of human resources, which as a basis express all previously analyzed indicators such as technological readiness, levels of education and skills, technological readiness, innovation and health, is an important factor in the competitiveness of any economy. Considering that human capital, innovation, markets, favorable environment and economic growth (Alsaleh et al., 2021) influence the competitiveness of the country's economy.

Investing in human resources should not be seen as a cost but an investment. A revival in human capital development and labor market functioning in all economies requires focusing on renewing the training system and training in different age groups with emphasizing the skills needed in the jobs that will arise. This especially applies to urgent changes in secondary education to ensure that future generations of young people they enter the labor market with the skills needed for the job. Competent and educated workforce provides higher efficiency and productivity. For example, the education system in Bosnia and Herzegovina has experienced a moderate recovery in recent years, but there are still a number of challenges and obstacles ahead, most notably the institutional system and administrative fragmentation. Despite the progress made, Bosnia and Herzegovina lags behind its neighbours in terms of enrollment rates in schools with 89% of the gross enrollment rate in secondary schools compared to 94% of enrollment in secondary schools in Slovenia and Croatia, only North Macedonia's secondary schools enrollment rate is less. Bosnia and Herzegovina, like the neighbouring countries, has undergone fundamental social and economic transformations in recent years. Such a transition requires a highly flexible workforce that is able to adapt to the needs of the changing market, especially in the context of EU accession requirements. The lifelong learning system is crucial for the ongoing human resources' adaptation to changing labour market's

needs, given that modern economies require different professional skills and responsibilities in all sectors, unlike the previous socialist economy. There is a visible disparity between supply and demand in the labour market, which is the result of inadequate coordination of policies related to economic planning and the education system.

A well-prepared human resources strategy and action plan for its implementation, allow the organisation to efficiently plan and manage individual processes in order to support its goals and respond flexibly to any changes (Vrchota et al., 2019). The term "open innovation" refers to a management strategy centered on the necessity for businesses to expand their innovation procedures and merge internally and externally produced technology to generate business value (Del-Aguila-Arcentales et al., 2022). In the modern market, innovations, whose carriers are people, are basic competition factor. In knowledge-based societies, adult education and lifelong learning have become a necessity in order to maintain and increase employee competitiveness. The new requirements set by society and the work environment expect each individual to continue to renew, innovate knowledge and skills throughout life. The new concept of education poses a challenge to existing practices, as it requires an efficient system within formal and non-formal education systems, modernization and greater creativity and flexibility (Mitrović et al., 2015, p. 703). Such an investment not only creates competitive advantages for the organisation, but also provides an opportunity for innovation, improving the skills of employees, increasing knowledge, which affects the performance of the organisation (Salas et al., 2001). Inevitably, the new technologies and innovations have great impact on economic development. Such influence is especially important for today's economy, which is characterized by openness with entrepreneurial potential playing a significant role. It can be said there is a need to affirm entrepreneurship as a lifestyle. Based on that, it is easier to understand the scope of human resource development, especially if viewed from the entire economy perspective, and their ability to properly use all offered resources and contribute to increasing competitiveness in a special way. People, i.e. human resources in a company or organisation will be dominant creator of their health or business success only if the knowledge

of the workforce is used efficiently (Kramar et al., 2011, p. 393). Strategic advantage is gained by hiring professional and educated staff. Allocations of funds for education and research are not very significant in the Southeast Europe countries, thus we expect greater investment in human resources in the future, which is approximately as important as investing in other resources. Human resource development, in a broad sense, refers to increase of knowledge, skills, abilities and views, as well as the improvement of people's behavior. In a narrow sense, human resource development is linked to the job and the organisation in which people work (Žugoš, 1991). In the time of globalization and general reforms, human resources are reliably the main driver of economic development. Labour productivity is based on human capital (Zjalić, 2009). Long-term sustainable competitiveness presupposes successful maintenance of the quality of human resources of companies based on timely and targeted investments in them (Zubović, 2010). The development of human resources in modern conditions is of great importance for the economic growth and development of the state. Influence in the form of an individual aimed at acquiring skills has all the characteristics of investing, measuring of costs (expenditures) and effects, i.e. a rational choice between available options (Petrović, 2010, p. 104). The financial impact of a human resource investment programme must be analyzed to determine whether the programme yields the desired return on investment ratio. One of the methods for determining the potential return on investment is "benefit theory". Benefit theory provides the means to determine the economic value of human resources programmes and procedures (Greer, 2006). In this way, it is possible to identify specific programmes and benefits that can increase returns through employee behavior before the actual programme implementation, while return on investment rate is considered as the primary method of calculating benefits. Firms should not focus on accurately calculating return on investment, but rather focus on the investments with the greatest impact on creating an organisational strategy (Talent Management, 2024).

The way in which human resources are managed becomes a decisive factor in competitive advantage, but also in the survival, growth and development of the company (Kahrović et al., 2020, p. 37).

Many of the risks arise due to the lack of reliable data on the business environment in new areas. Preparation failures would result in large financial losses. Here comes the science that will empower them with appropriate economic models (Zagorcheva Petkova, et al., 2020.).

Countries with knowledge-based economy base their level of competitiveness on creating an efficient technological and scientific base, exchanging knowledge, creating new conditions for innovations and improving the quality of human resources through formal and non-formal education, as well as various forms of training. Strengthening innovation is a key prerequisite for economic growth (Sener, et al., 2011). Therefore, in order to survive in knowledge-based economies, companies must constantly improve the competitiveness of their products, organisational models, services, use of marketing and other activities which their market status depends on.

Conclusion

The achieved competitiveness level directly indicates the position of an economy in globalized market competition, so in order to maximize the effects of economic policy measures that should increase the competitiveness of the Western Balkans states, it is necessary to work primarily on connecting their financial systems and taking advantage of such integration's additional effects. In order to accelerate their economic growth, the countries must step up all efforts to adapt to new conditions. Successful economic integration within the region and integration with the European Union will be possible only with improved and stronger connections, i.e. improved regional cooperation. Observing the ranking of countries according to the Global Competitiveness Index covering a certain period of time and presented data, it can be concluded that Slovenia is the best ranked country in the region without major changes, Macedonia and Montenegro recorded a significant decline, while Bosnia and Herzegovina is ranked the lowest. Being poorly ranked in the areas of innovation, business dynamics, commodity markets and labour markets is common to almost all countries.

A competent and educated workforce provides greater efficiency, productivity and competitiveness. For similar reasons, the education

system in Bosnia and Herzegovina has experienced a moderate recovery in previous years, but there are still a number of challenges and obstacles, most notably the institutional system and administrative fragmentation. There is a visible disparity between supply and demand in the labour market, which is the result of inadequate coordination of policies related to economic planning and the education system.

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Appendix

Table 1.

Global Competitiveness Index

	2021.	2022.
Bosnia and Herzegovina	39.12	35.74
Croatia	49.99	47.19
North Macedonia	42.17	39.95
Montenegro	51.28	46.83
Serbia	49.35	44.91
Slovenia	63.16	58.27

Source: <https://www.weforum.org/reports>

Table 2.

Ranking of countries according to the Global Competitiveness Index

	BH	Croatia	N.Macedonia	Montenegro	Serbia	Slovenia
07	106	57	94	82	91	39
08	107	61	89	65	85	42
09	109	72	84	62	93	37
10	102	77	79	49	96	45
11	100	76	79	60	95	57
12	88	81	80	72	95	56
13	87	75	73	67	101	62
14	*	77	63	67	94	70
15	111	77	60	70	94	59
16	107	74	68	82	90	56
17	103	74	*	77	78	48
18	91	68	84	71	65	35
19	92	63	82	73	72	35
20	101	59	89	53	58	31
21	91	52	79	48	58	26
22	88	46	68	47	52	28

* Due to the impossibility of accessing data for Bosnia and Herzegovina in 2014, the values of the index were omitted

* In 2017, Macedonia was excluded due to lack of data

Source: www.reports.weforum.org/global-competitiveness-report

Table 3.

The value of the Competitiveness Index GCI 4.0 Bosnia and Herzegovina

Indeks Component	2021.	2022.
Institutions	46.63	48.44
Infrastructure	47.73	63.76
Macroeconomic stability	76.42	75.02
Health	79.33	80.39
ICT adoption	45.89	50.67
Product market	46.65	49.62
Labourmarkt	54.21	55.33
Skills	54.61	49.71
Financial system	50.15	51.94
Market size	33.94	31.33
Business dynamisam	39.92	27.44
Innovation capability	28.21	22.52

Source: www.reports.weforum.org/global-competitiveness-report

Table 4.

The value of the Competitiveness Index GCI 4.0 Serbia

Indeks Component	2021.	2022.
Institutions	50.69	59.51
Infrastructure	79.35	59.89
Macroeconomic stability	52.44	66.04
Health	80.57	76.04
ICT adoption	52.93	52.61
Product market	56.54	53.77
Labourmarkt	59.57	61.13
Skills	62.06	61.78
Financial system	50.93	55.49
Market size	56.57	51.82
Business dynamisam	58.92	60.19
Innovation capability	32.40	34.75

Source: www.reports.weforum.org/global-competitiveness-report

Table 5.

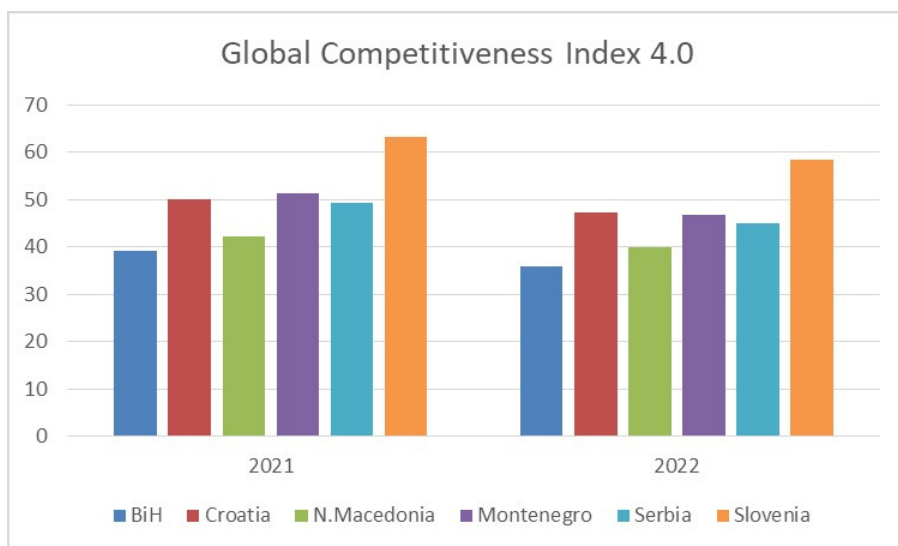
The value of the Competitiveness Index GCI 4.0 Croatia

Indeks Component	2021.	2022.
Institutions	51.55	50.34
Infrastructure	80.09	64.75
Macroeconomic stability	60.33	70.05
Health	83.72	81.44
ICT adoption	63.24	60.72
Product market	52.75	53.29
Labourmarkt	52.89	56.04
Skills	59.06	58.95
Financial system	58.63	61.96
Market size	43.92	34.96
Business dynamisam	52.74	54.61
Innovation capability	37.79	38.83

Source: www.reports.weforum.org/global-competitiveness-report

Figure 1

Global Competitiveness Index



Uticaj ljudskih resursa na konkurentnost privrede Bosne i Hercegovine, Srbije i Hrvatske

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Sažetak

Nivo konkurentnosti meri uspeh jedne privrede, to je jedan od najvažnijih faktora privrednog rasta i razvoja. Konkurentnost je koncept koji svaka privreda želi da poveća, zbog čega svaka država unapređuje sopstvenu ekonomsku konkurentnost. Ovaj rad predstavlja poređenje konkurentnosti Bosne i Hercegovine i zemalja u regionu. Cilj ovog rada je da prikaže konkurentnost sa referentnim susednim zemljama i uticaj ljudskih resursa na ukupnu konkurentnost zemlje. Da bi ekonomski rast i održivi razvoj bili stabilni i dugoročno održivi, neophodno je uspostaviti kvalitetno i efikasno institucionalno okruženje koje bi stvorilo podsticajno okruženje za najuspešnije privredne aktivnosti u cilju unapređenja konkurentnosti. Dobro pripremljena strategija ljudskih resursa omogućava organizaciji da efikasno planira i upravlja svim procesima kako bi podržala svoje ciljeve i fleksibilno odgovorila na sve promene. U društvima zasnovanim na znanju, obrazovanje odraslih i doživotno učenje postal su neophodnost da bi se održala i povećala konkurentnost zaposlenih. Prema rezultatima u ovom radu, evidentno je da u društvima zasnovanim na znanju obrazovanje odraslih i doživotno učenje postaju neophodnost kako bi se održala i povećala konkurentnost zaposlenih.

Ključne reči: privredni rast, konkurentnost, ljudski resursi, institucionalno okruženje, privredne aktivnosti.