

**Original scientific work**

**UDK 339.97:005.6(497.6 RS)**

**DOI 10.7251/SVR1510015Z**

## **MANAGEMENT OF THE RETAIL IN THE REPUBLIC OF SRPSKA UNTIL 2020**

**Professor Slobodan S. Župljanin PhD<sup>1</sup>**

Independent University Banja Luka

**Abstract:** The Republic of Srpska represents a vital community consisting of complex factors that affect its retail trade sector.

In this paper, we analyze the key retail activities in the Republic of Srpska in order to determine the actual development conditions of the retail trade sector in the Republic of Srpska. This implies the determining of the development level of the retail trade sector, ownership structure and competitiveness of the market in the Republic of Srpska, and analysis of basic economic - financial parameters of the retail trade business in the Republic of Srpska.

The research subject in this paper is the retail trade sector in the Republic of Srpska in a light of its continuous development, with an aim to possibly define the development directions of this sector in the future.

**Keywords:** *management, retail, trade sector, integral development.*

**JEL Classification:** M11; M21.

### **1. INTRODUCTION**

Each sale should be understood as buying and selling, which is understandable, because no sales cannot be done without buying, that is, no purchase cannot be done without selling. Buying and selling, i.e. trade acts as a mediator between producers and consumers<sup>2</sup>.

Trade is an economic activity that consists of constant purchasing of various types of goods and/ or services from the manufacturer, storage and safekeeping of stocks required to regularly sell to a wide range of large numbers of consumers, in amounts, in a way, at the place and time that corresponds to the consumers<sup>3</sup>.

Sales of goods depend on the needs, demands and desires of consumers as customers. Success depends on the sale of market research, procurement of goods and consumer demand, changes in testing consumer

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<sup>1</sup> e-mail: slobodan.zupljanin@nubl.org

<sup>2</sup> Aćimović, S. (2003), *Servispotrošača*, Ekonomskifakultet, Beograd, str. 256.

<sup>3</sup> Lovreta, S. (1979), *Savremena maloprodaja*, Savremena administracija, Beograd, str. 36.

demand, and adjusting the quantity and range of such revised demand. By establishing appropriate procedures (technique), sales and sales prices bring more traffic with lower costs<sup>4</sup>.

Trading in the modern developed world is the most important commercial activity in goods and services. Mediating between production and consumption achieves an important role in the economic and social development of each country<sup>5</sup>.

Through the operational functioning of trading companies, time to goods and services from production to consumption decreases, linking the two most important cycles, coordinating production activity with the demands and needs of consumers, consumer habits and creating a specific way, protecting the rights of consumers<sup>6</sup>.

The Retailing makes an important social and economic function in terms of the global economy. When the trade society is efficient, it directly affects the economic development of a country, and if operating on a global level, their competitiveness is high. Retailers in the Republic of Srpska will play an important role in the overall construction of the integrated market economy, in particular its market mechanisms and channels cause many developments in this market. Retail has such a role in all markets of developed countries<sup>7</sup>. This study shows the level of development of retail trade in the Republic of Srpska in the period 2006-2010. This time horizon is particularly interesting because it covers the period before and during the global economic and financial crisis. The results indicate the key issues and causes that affect the development of this sector. In this paper, we tried to define the possible directions of the development strategy of the retail sector in the Republic of Srpska until 2020, which would contribute to better management of retail in the Republic of Srpska.

## **2. THE RETAIL ACTIVITIES IN THE REPUBLIC OF SRPSKA**

### **2.1. The main data about the Republic of Srpska**

The Republic of Srpska is a parliamentary republic with the limited international personality. Therefore, it achieves some of its interests through common government bodies at the level of Bosnia and Herzegovina.

**The Capital:** Banja Luka

**Political organization:** parliamentary republic

**The official languages:** Serbian, Croatian and Bosnian

**Official alphabet:** Cyrillic and Latin

**Area:** 24.617 km<sup>2</sup>

**Population:** 1.439.673

**Density:** 59,9/km

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<sup>4</sup> Župljanin, S. S: *Savremena trgovina*, (2009), NUBL, Banja Luka, str. 22.

<sup>5</sup> Isto, str. 24.

<sup>6</sup> Isto, str. 28.

<sup>7</sup> Milosavljević, S., ( 2004 ), *Trgovinska politika*, Beogradska poslovna škola, Beograd, str. 26.

**Currency:** convertible mark (KM)

**Number of settlements:** 2.721

**Time zone:** UTC +1

Picture 1: The Republic of Srpska



Source: <http://www.republikasrpska.net/licna-karta/>

Most inhabitants live in rural areas (approximately 64%). In the Republic of Srpska in 2010, the average monthly household expenditure for consumption amounted to 1,346.45 KM. A household spends on average 432.62 KM per month for food and drink (of which 49.32 KM, i.e. 11.4% of food consumption refers to the estimated value of consumption from own production), while expenditures for non-food products and services amounted to 913.83 KM. Regarding the structure of expenditure on non-food products, 23.2% of total expenditures related to residential units and their maintenance, 12.5% to transport and communications. If we add to this the expenditure for health services (3.4%) and education (1.0%), we see that approximately 3/4 of household expenditure goes on products and services that are treated as necessary.

## 2.2. Trade Institutions

The basic institutions in the field of trade in the Republic of Srpska are as follows:

- **Ministry of Trade and Tourism of the Republic of Srpska** – performs administrative and other professional tasks related to: flow of goods and services in the country and abroad; tourism and hospitality; crafts; functioning of the single market; the impact of the economic system and economic policy on the market for goods and services; related supply and demand; general tourist information and promotional activities; market supply; prices of goods and services;

consumer protection; commodity reserves; companies and other legal entities in private ownership in the field of transport, tourism and hospitality; independent activities and other forms of self-employment in all economic and other activities, apart from self-employment in the industries in which the statutory scope of another Republican administration bodies is required; as well as the inspection in these areas; providing information through the media and other forms of information about their work and performing other duties in accordance with the law and other regulations of the Republic of Srpska and Bosnia and Herzegovina<sup>8</sup>.

- **The Republic of Srpska -Chamber of Commerce** - the center of the economic activity of commercial enterprises. The Chamber represents and protects the interests of its members relating to business conditions, as well as a number of other specific interests. The main tasks of the Chamber are aimed at encouraging the development of commercial activities, respect and good manners of usage in the trade, representing the interests of its members in making legal decisions related to the activities of member states.

### **2.3. Legislation in the field of trade**

Legislation related to the legal regulation of trade in Bosnia and Herzegovina is complex and dispersed, and there are a number of legal sources. The legislative framework is derived from the complexity of the legal structure of Bosnia and Herzegovina. That is why the legislative solutions are on multiple levels. These levels result from the constitutional framework of Bosnia and Herzegovina and are divided into: the framework legislation at the state level, entity legislation, common laws at the state level and cantonal legislation in the Federation of Bosnia and Herzegovina

Basic laws regulating the trade in the companies in the Republic of Srpska are:

- Law on Trade
- The Consumer Protection Act;
- Law on General Product Safety;
- The Law on Electronic Commerce;
- Law on Fiscal Cash Registers;
- Foreign Trade Law.

## **3. ANALYSIS OF DEVELOPMENT OF INTERNAL TRADE IN THE REPUBLIC OF SRPSKA**

Trade has a very important role in the overall economy - the economic and social development of the Republic of Srpska has undergone significant liberalization of the trade. Contracts were signed on free trade between Bosnia and Herzegovina and neighboring countries: Slovenia, Croatia, Serbia, Montenegro, Macedonia and Turkey. The main objectives of this contract are: encouraging the development of economic relations between the contracting

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<sup>8</sup> Zakon o ministarstvima Republike Srpske, str. 5.

parties, therefore promoting growth and development of economic activities in these countries, improving living conditions and employment conditions and financial stability, ensuring fair conditions for trade between companies of different countries.

To analyze Retail Development in the Republic of Srpska to determine its importance in the overall trade of the Republic of Srpska, the following indicators will be observed:

- structure of trade entities in The Republic of Srpska
- the number of trading companies in the Republic of Srpska
- shops in the inner retail trade turnover in domestic trade
- trade turnover in domestic trading,
- employment in domestic trade,
- the share of trade in GDP,
- the share of trade per capita,
- the share of trade in total revenue at the level of the Republic of Srpska.

Retail data are the result of the implementation of regular statistical activities - Quarterly report on retail and wholesale (TRG-15). The data sources include accounting and other records of companies engaged in commercial activity in retail and wholesale. Diagnosing the current situation in retail is difficult because of the following features:

- lack of reliable and comparable data, typically issued by national statistics,
- difficulty in observing the Republic of Srpska as an integral whole, given the aspirations for the construction of a single economic space of Bosnia and Herzegovina,
- still unconsolidated systems and methods for monitoring and publishing statistical data.

### **3.1. The structure of commercial entities in the Republic of Srpska**

The structure of commercial entities in the Republic of Srpska is made on the basis of the Register of units of classification of the Republic Institute for Statistics of the Republic of Srpska. The unit of classification is the entity that has acquired the status of a legal entity registered in the Court or some other register or on the basis of legislation - the decision on the establishment.

Legal commercial entities based in Brčko District are not included in the register of classification units of the Republic Institute for Statistics of the Republic of Srpska. The structure of trade companies in the Republic of Srpska will be observed through:

- form of organization,
- type of ownership
- origin of capital.

#### **3.1.1. Type of organization**

According to the register of classification units, the total number of commercial firms (7711), number of commercial entities by type of organization, on 31 December 2010 is as follows:

*Table 1. Overview of the number of trading entities by type of organization in the RS<sup>9</sup>*

Type of organization	DOO	AD	Public Companies	Partnerships	General Cooperative	Specialized Cooperatives	Institutes
Number of companies 31.12.2010.	6.512	901	35	95	29	27	112

The analysis shows that the largest number of companies registered as a company with limited liability, i.e. limited liability companies accounted for 84.67% of the total number of registered companies. The minimum number of registered enterprises was recorded in specialized cooperatives, while public enterprises and cooperatives generally recorded the same ratio of the total number of registered companies.

### **3.1.2. Form of ownership**

By ownership, on 31 December 2010, the total number of trading companies registered at the territory of the Republic of Srpska, there are 7343 privately owned companies, 85 state-owned enterprises, 47 companies are cooperatives, 232 companies with two or more forms of property, and 4 commercial enterprises have no form of ownership. These data indicate that the privately owned companies are prevailing, which in total structure by type of ownership share of 95.87%.

### **3.1.3. Origin of capital**

According to the origin of the capital, on 31 December 2010, the total number of commercial enterprises registered at the territory of the Republic of Srpska, 6,781 commercial enterprises consist of domestic capital, 666 commercial enterprises consist of foreign capital, 257 trading companies seem to have mixed capital, and 7 trading enterprises are without specified capital. From the above figures it is certain that the domestic equity leads, i.e. the origin of capital accounts for 87.78% in the overall structure.

## **3.2. Number of trading companies in the Republic of Srpska**

*Table 2: The number of commercial firms in RS<sup>10</sup>*

	2006	2007	2008	2009	2010
Number of trading companies	6.706	7.067	7.330	7.613	7.711

The data presented undoubtedly indicate that the number of registered companies from year to year is increasing. In the reporting period, the number

<sup>9</sup> *Statistički godišnjak Republike Srpske, ( 2010 ), Zavod za statistiku Republike Srpske, Banja Luka, str.16.*

<sup>10</sup> *Isto, str. 19*

of trading companies has increased by 14.98%. The reason for this increase can be attributed to trade - retail being one of the most attractive activities for investment. Of the total of registered trade companies in the Republic of Srpska, 55% are companies in the regional Chamber of Commerce of B. Luka.

### 3.3. The share of trade companies in the total number of registered business entities in the Republic of Srpska

Table 3. Summary of the participation of commercial firms in the total number of registered business entities in the Republic of Srpska

	2006	2007	2008	2009	2010
The share of commercial enterprises in the total number of registered legal entities	35.51	34.55	33.56	33.11	33.01

From the above table we see that the participation of commercial firms in the total number of registered businesses in the reporting period decreases from year to year. The reason for this change is recorded due to the development of other industries. Of the total number of classified entities on 31 December 2010 the largest share of 33.1% were legal entities sorted in the wholesale and retail trade.

### 3.4. Number of stores in the inner retail

Table 4. Overview of the number of stores in the inner retail trade in the Republic of Srpska<sup>11</sup>

	2006	2007	2008	2009	2010
Number of stores	4.692	4.843	5.165	5.100	5.008

As can be seen from these figures, the number of retail stores in the period 2006 - 2009 saw significant growth. In 2009, the number of stores in the retail trade did not increase, but the contrary in comparison to 2008, 65 closed. And, in 2010, compared to 2009, 92 closed retail stores were recorded. The reason for the closure of retail stores located in the presence of an increasing number of large market chains in the Republic of Srpska, as well as the consequences of the global economic and financial crisis, which this sector could not avoid.

From the above table, we can see a complete picture of the structure of retail trade by prevailing activity. In the reporting period, wholesale in the first three years witnessed a steady growth, while in 2009 and 2010 it recorded a significant decline. In contrast to the wholesale trade, retail trade in the first four years witnessed steady growth, while in 2010 there was a small decline. The reason for the reduction of growth in the present period can be attributed to the economic crisis that has engulfed the commercial sector. In the structure of non-trade activities, manufacturing and agriculture, hunting and fishing there were minor fluctuations in the five-year period, while other activities recorded small increase.

<sup>11</sup> Isto, str. 36

### 3.5. The structure of stores in retail trade by business enterprises

Table 5. Structure of stores in retail trade by main activity<sup>12</sup>

Trading activities	2006	2007	2008	2009	2010
Sale, maintenance and repair of motor vehicles and motorcycles, retail sale of automotive fuel	397	441	513	541	593
Wholesale	1.684	1.763	1.851	1.761	1.624
Retail	1.612	1.644	1.731	1.731	1.726
No-trading activities					
Manufacturing	637	632	659	659	654
Agriculture, hunting and forestry	177	178	181	173	166
Other activities	185	185	230	235	245
<b>TOTAL</b>	<b>4.692</b>	<b>4.843</b>	<b>5.165</b>	<b>5.100</b>	<b>5.008</b>

### 3.6. Total traffic of goods in internal trade

In terms of statistical monitoring under the traffic of goods in retail trade, we understand the value of goods sold to end consumers, primarily to individuals for personal consumption and for domestic use. Since 2006 traffic of goods has contained the value added tax (VAT).

Table 6. Summary of turnover in retail trade in the RS (in thousands)

Year	2006	2007	2008	2009	2010
<b>TOTAL</b>	<b>2.596.920</b>	<b>3.017.867</b>	<b>3.666.284</b>	<b>3.292.976</b>	<b>3.513.862</b>

Traffic of goods in retail trade grew in the period from 2006 to 2008, while in 2009 there was a slight decline compared to 2008. The growth of trade in goods was registered in 2010 as compared to 2009. Traffic growth is attributed to the strict controls introduced to market trends.

Table 7. Structure of the traffic of goods in retail trade in RS<sup>13</sup>

Year	2006	2007	2008	2009	2010
Retail sale in non-specialized stores	30.3	30.2	29.5	32.4	30.1
Retail sale of automotive fuel	26.7	25.1	26.7	23.5	26.4
Other retail sale in spec. stores	23.4	24.7	24.4	23.5	20.8
Retail sale of food, beverages and tobacco	11.8	11.7	10.4	10.6	9.7
Other	7.8	8.3	9.0	10.0	13
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>12</sup> Isto, str. 22

<sup>13</sup> Isto, str. 6.



When it comes to the structure of transport, retail sale in non-specialized stores in total traffic in 2010 accounted for 30.1%, followed by retail trade of fuels with 26.4%, and in third place and other retail sale in specialized stores, from 20.8%. By other stores we mean 6 different shops in the total turnover that accounted for a negligible percentage. The highest percentage of participation of retail trade in non-specialized stores may be reflected in the fact that the same have a wider range of goods and services, and therefore a greater attendance by buyers.

*Table 9. Summary of transactions per store in the retail trade in the RS (in thousands)<sup>14</sup>*

Year	2006	2007	2008	2009	2010
Transaction per store	553	623	710	646	702

Transactions per store in the retail trade in the period under study oscillated. From 2006 to 2008 a steady growth in turnover was recorded, while in 2009 there was a significant decline in turnover, which contributed to the economic crisis. In 2010, the upward trend continued.

*Table 10. Summary of traffic per employee in the retail trade in the RS<sup>15</sup>*

Year	2006	2007	2008	2009	2010
Turnover per employee in the retail trade	161	167	193	181	191

As in the previous tables where we screened traffic, this table shows that the traffic per employee in the first three years of the period increased, which is logical, while in 2009 we notice a drop in turnover and in 2010 there was an increase in traffic per employee.

*Table 12. Summary of the traffic by municipalities in the retail trade in the RS (in thousands)<sup>16</sup>*

The traffic by municipalities	2006	2007	2008	2009	2010
Banja Luka	627.843	708.765	873.599	808.064	822.543
Bijeljina	353.184	426.641	486.403	450.073	474.141
Gradiška	132.784	153.912	182.379	163.165	177.519
Doboj	110.265	129.944	164.645	164.865	172.635
Laktaši	175.203	204.374	251.946	187.327	203.616
Prijedor	174.089	190.780	226.908	193.101	204.532
Other municipalities	1.023.552	1.203.451	1.480.404	1.326.381	1.458.876
<b>TOTAL</b>	<b>2.596.920</b>	<b>3.017.867</b>	<b>3.666.284</b>	<b>3.292.976</b>	<b>3.513.862</b>

<sup>14</sup> Isto, str. 8

<sup>15</sup> Statistički bilten, (2011), Zavod za statistiku Republike Srpske, Banja Luka, s 6.

<sup>16</sup> Isto, str. 6.

In the structure of the traffic by municipalities in the internal retail trade in the Republic of Srpska, we see that the majority of trade is in the municipality of Banja Luka and Bijeljina, followed by Laktaši, etc. Other municipalities counted 56 municipal units. In the structure of traffic by mode of payment in domestic trade in the first place is the sale for cash with 84.75% of the total traffic.

### 3.7. Employment in the trade sector

The employed personnel refer to persons who are exclusively or primarily engaged in the activities of wholesale and retail trade. Data are based on personnel records to the end of the year.

*Table 13. Overview of the number of employees in the internal retail<sup>17</sup>*

Year	2006	2007	2008	2009	2010
Employees of the internal retail	16.128	18.122	19.038	18.197	18.399

In the first three years of the period, there was an increase in the number of employees by 2910 persons, while in 2009 the number of employees decreased. Compared to 2008, the number of employees decreased by 841. In 2010, employment growth was recorded compared to 2009, by 202 persons. As in the previously analyzed indicators of retail development in the RS, here we can see that 2009 differs from the rest of the observation period as well. The negative trend of the global economic crisis is reflected in our country, too.

*Table 14. Summary of employment in retail trade by business enterprises*

Year	2006	2007	2008	2009	2010
<b>Business enterprises</b>					
Sale, maintenance and repair of m / v and motorcycles, retail sale	1.577	1.953	1.923	1.908	2.391
Wholesale	5.881	6.636	6.240	5.831	5.084
Retail	6.172	6.771	7.978	7.758	8.552
<b>No-trading activities</b>					
Manufacturing	1.583	1.795	1.778	1.642	1.598
Agriculture, hunting and forestry	380	449	458	437	421
<b>Other activities</b>	<b>535</b>	<b>518</b>	<b>661</b>	<b>621</b>	<b>353</b>
<b>TOTAL</b>	<b>16.128</b>	<b>18.122</b>	<b>19.38</b>	<b>18.197</b>	<b>18.399</b>

<sup>17</sup> *Statistički godišnjak*, (2010), Zavod za statistiku republike Srpske, Banja Luka, str. 235.

In the structure of trade activities, from the data presented above, we can see that retail largely prevails, which witnessed a steady growth of employees until 2009 when it came to a slight decline, while in 2010 there was an increase in employment in a given area below wholesale, which oscillates in the reporting period by the movement of the number of employees. In the structure of non-trade activities manufacturing industry, agriculture, hunting and fishing are the dominant ones. When it comes to employee participation in domestic trade in 2010, the retail sale in non-specialized stores prevails with 35.0%, followed by other retail sale in specialized stores with 29.2%, and retail motor fuels with 13.1%. Other stores account for a very small percentage.

### 3.8. Review of the Republic of Srpska GDP for the period 2006 - 2010

Gross domestic product is the result of producing goods and services of a resident in the territory of the Republic of Srpska and is one of the most important elements of the analysis of the situation in the Republic of Srpska trade. The following table gives an overview of gross domestic product in the Republic of Srpska in the period from 2006 to 2010.

*Table 16. Overview of Developments in the RS GDP in the period from 2006 to 2010*

Year	2006	2007	2008	2009	2010
GDP	6.543.726	7.350.985	8.489.287	8.222.974	8.560.381

From these data we can see that in the first three years of the period GDP recorded significant growth, while in 2009, it was followed by a slight decline. GDP growth was recorded in 2010 as well. In 2010, according to the data from the Statistical Office of the Republic of Srpska, GDP increased particularly in the area of trade.

### 3.9. The share of trade in total GDP

*Table 17. Overview of the share of trade in total GDP*

Year	2006	2007	2008	2009	2010
%	17.1	17.8	18.0	17.9	18.6

The share of trade in total GDP in the reporting period in the first three years increased slightly. In 2006, the share of trade in total GDP amounted to 17.1%, in 2007 to 17.8%, in 2008 it was 18%. In 2009, there was a decline of participation, 17.9%. In 2010, there was a slight increase in this parameter, so that it was 18.6%.

### **3.10. The share of trade per capita**

*Table 18. Summary of participation of trade per capita (in thousands)<sup>18</sup>*

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Amount</b>	3.657	4.396	5.430	5.001	5.179

The share of trade per capita increased in the reporting period in the first three years. In 2009, there was a decline in the share of trade per capita, while in 2010, a slight increase of 5,179.

### **3.11. The share of trade in total income at the level of the Republic of Srpska**

*Table 19. Overview of the share of trade in total income at the level of RS*

<b>Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>%</b>	40,7	40,9	41,8	43,7	44,6

The share of trade in total income at the level of the Republic of Srpska increased in the reporting period each year. The average rate of increase for the reporting period amounted to 42.34%. The reason that there was increase in the rate of participation of trade in total revenue of the RS is reflected in the reduction of income in other economic activities, which are more sustained impact of the economic crisis.

### **3.12. Domestic fairs**

Fairs are markets in which the institution presents product samples, as well as different services of a large number of bidders. The presentation takes place in front of an audience, targeted visitors that visit certain points where they want to see a specific product or service. The following table gives an overview of primary data on local fairs in the Republic of Srpska. Data were obtained from the annual survey.

In 2010, there were twelve fairs. In the reporting period, it is evident that fairs were of international character. Size of exhibition space in 2010 compared to 2009 increased by 72.0%, while the number of exhibitors in comparison to 2009 decreased by 37.5%. At fairs 32.2% more foreign countries exhibited than in 2009, while the total number of visitors to fairs in 2010 increased by 1% compared to 2009. Fairs have a specialized character and very few are in the field of agriculture. In the Republic of Srpska these events are irrationally organized, not coordinated and aligned with each other.

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<sup>18</sup> Župljanin, S.S. (2009), *Savremena trgovina- Strategije i politike trgovine u BiH*, (2009), NUBL, Banja Luka, str. 539.

Table 20. Basic information about local fairs<sup>19</sup>

Year	2006	2007	2008	2009	2010
Number of fairs	1	1	2	13	12
Number of international fairs	1	1	2	13	12
Number of national fairs	0	0	0	0	0
Exhibition space in m2	2.200	3.899	13.400	45.080	77.521
The number of domestic exhibitors	45	58	186	857	589
The number of foreign exhibitors	15	12	84	371	179
Number of foreign countries	5	3	11	59	78
Number of visitors	2.905	5.217	17.000	78.904	79.720

### 3.13. Analysis of data collected through surveys

The survey covered the whole territory of the Republic of Srpska. The sector and geographical representation, the sample size of the survey, the share of surveyed companies and citizens surveyed provides the necessary representativeness of the sample.

150 trade associations and 1,200 citizens of different backgrounds were contacted in different ways for the survey.

The questions were short and precise; for each of them was offered a very short set of alternative answers, so that respondents did not have to waste a lot of time filling out the questionnaire. The aim of the survey was to test the real practice trends and developments in the Republic of Srpska retail. The results obtained through the survey correspond with results obtained by other research, and certain conclusions can be made based on them.

## CONCLUSION

Due to the relatively low investment and technological threshold of entry, retail is one of the most attractive areas for investment activities. It has the role of one of the generators of development, especially the development of entrepreneurship. The retail market in the Republic of Srpska is relatively fragmented and in the future it could result in significant acquisitions, particularly the advent of large European retail chains. From the results of the market analysis and retail, institutions and regulations relating to the area, it follows that the Republic of Srpska is an emerging market, where retail as an activity has an important role because it has the largest single contribution to the gross domestic product and employs single most workers of the total number of employees, while institutions are still being built up. Most retailers

<sup>19</sup> *Statistički bilten*, (2010), Zavod za statistiku Republike Srpske, Banja Luka, str.1.

in the Republic of Srpska have significant problems with the alignment of their own ambitions in terms of purchasing power and population density. Laws regulating the area of retail and domestic markets are mainly adopted, but there is still a significant harmonization of laws with the EU acquis, which will result in a redefinition of the role of institutions and between institutions. The development of the retail distribution network and retail activities in the Republic of Srpska are in the process of intense transition from a predominantly traditional organization of the distribution network to a single stage of advanced hybrid market, which is again a transitional phase towards the establishment of retail distribution standards that apply to advanced and highly developed markets. The full transition will be completed before 2020.

After the analysis and presentation of data collected from primary and secondary sources, it is possible to make the following reasoning:

1. The current retail activities do not contribute to the development of the trade sector, and thus the overall economy, given the underdeveloped modern retail trade formats.

2. Retail activities can significantly affect the development of the retail sector, thereby increasing the efficiency of the overall economy by 2020.

3. Consumer protection in the Republic of Srpska is insufficient and inadequate.

4. The role of the state is very significant for the growth and development of the retail trade sector and it is reflected through the creation of stimulating development strategies and policies in this sector.

5. It is necessary to bring a new scientifically based strategy and policy development in the Republic of Srpska retail sales by 2020.

And in the end, we can conclude that in the next five years, the retail trade sector has a great potential for the development of the market of the Republic of Srpska, primarily with the support of the state that will create appropriate institutional framework to stimulate potential investors to invest in this type of significant economic activity and harmonize the Consumer Protection Act with the EU Directives, while consistently implementing them in practice.

#### **UPRAVLJANJE MALOPRODAJOM U REPUBLICI SRPSKOJ DO 2020. GODINE**

**Prof. dr Slobodan S. Župljanin**

**Apstrakt:** Republika Srpska predstavlja životnu zajednicu, koja se sastoji iz kompleksnih faktora koji utiču na maloprodajni trgovinski sektor u njoj.

U ovom radu analiziramo ključne maloprodajne aktivnosti u Republici Srpskoj radi utvrđivanje realnog stanja razvijenosti maloprodajnog trgovinskog sektora na području Republike Srpske. To podrazumijeva utvrđivanje nivoa razvijenosti maloprodajnog trgovinskog sektora, strukturu vlasništva i konkurentnosti na tržištu u Republici Srpskoj, i analizu osnovnih ekonomsko – finansijskih parametara maloprodajnog trgovinskog poslovanja u Republici Srpskoj.

Predmet istraživanja u ovom radu je maloprodajni trgovinski sektor u Republici Srpskoj u svjetlu njegovog kontinuiranog razvoja, u cilju mogućeg definisanja pravaca razvoja ovog sektora u budućnosti.

**Ključne riječi:** *upravljanje, maloprodaja, trgovinski sektor, integralni razvoj.*

**JEL klasifikacija:** M11; M21.

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