Development of Firm Management Practices for Job Creation
Qualitative Survey Report

The World Bank Group
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Executive Summary

This report summarizes findings of the qualitative survey among participants of the Development of Firm Management Practices for Job Creation project. The survey was commissioned by the World Bank and conducted by Deloitte with an objective to gather feedback from participating companies. Deloitte approached SMEs who successfully completed all project phases to survey their impressions on intervention, plans for their respective businesses and expectations for future external support.

In total, 16 companies responded through an off-site questionnaire by responding to 21 questions concerning their satisfaction levels with project approach, listing notable project outcomes and sensing companies’ expectations on short and medium term growth, state of human capital and financial management for their businesses, as well as various forms of external support programmes. No specific trends were perceived in responses from companies of various groups (i.e. size, industry, years in business).

On average, companies were highly satisfied with project approach in identifying key challenges and areas for improvement, taking into account their availability and allocating sufficient time to complete assignments. Moreover, they found the coaching / mentoring process highly useful and confirmed that obtained insights and know-how would assist their businesses in future development. The only thing companies noted that they would have preferred better is more face-time with experts allocated to their businesses.

All respondents reported expectations of business expansion in the following 3-5 years. They expressed year-on-year business growth anywhere from 3% to 30%, and some noted focus on growth in exports. When it comes to perceived impediments to business growth, the respondents were close to unanimous in ascribing weak labor market and expectations of unfavorable business and political climate in Bosnia and Hercegovina.

All companies expect to create new jobs in the following 3-5 years, however mentioned their hiring rate will highly depend on business expansion and market needs. They noted that they would welcome further support to improve their capacities to manage human capital through mentoring/consulting and expressed plans for developing modern HR methods. Majority of the companies mentioned using a combination of any of the following means to finding and onboarding qualified employees: job posting ads, employment services databases, keeping close ties with vocational schools, referrals, recruitment agencies, poaching or exclusively onboarding less experienced staff and upskilling them through trainings. Companies were divided on the usefulness of various government incentives for attracting, retaining and training staff. However, more than half of the companies found such arrangements effective for retention of qualified staff, with few companies noting to have been part of such arrangements. The majority of respondents related amounts of incentives to the amounts of gross employee salaries over the period of 6-12 months or amount of minimum wage plus contributions.

Companies were not unanimous on the benefits of financial management tools. While a third was already versed in using such software, a quarter sees benefits and plans to invest in the near future. The remainder considers their decision-making effective without granular insight into their financials.
When it comes to external support, the companies emphasized consulting and mentoring approach in combination with practical work as something they appreciated the most. They particularly appreciated the outside-in view offered through such programmes. Companies reported Sales and Markets as the area they need most support in, followed by Financial Management, Strategy and Human Capital Management. In terms of support methods, companies placed tailored educational programs for capacity building as the most desired. Financial support in combination with mentoring on specific areas and export support programs were second most popular among respondent, followed by mentoring / coaching on different business topics. Support in terms of financial support only was the least favored. Finally, the companies on average reported low expectations from government in terms of direct support but would rather prefer that policy makers focus on enabling favorable business climate.

In conclusion, companies see greater value in acquiring know-how through tailored methods in combination with financial support, rather than receiving exclusively financial support. The SMEs in Bosnia and Herzegovina remain interested into more strategic to their business development however lack know-how, are burdened by high tax contributions and consider unfavorable business climate in the country as a major impediment to further growth and job creation.
Background and Aims

The World Bank and the Swedish Development and Cooperation Agency (Sida) sponsored the project entitled Development of Firm Management Practices for Job Creation in Bosnia and Herzegovina. The project, intended to support the SMEs in the country, was implemented by Deloitte over the course of a year (November 2018 - November 2019) through three phases, namely:

Phase 1: Selection through joint effort with the WBG, identification (100) and selection (41) of SMEs interested in receiving business counseling services;

Phase 2: Diagnostics through assessment of selected beneficiary firms’ business performance and job creation potential, thus identifying constraints to business growth and job creation and recommending actionable solutions to overcome such constraints; and

Phase 3: Coaching support to the firms in the implementation of their respective recommended mix of solutions.

All 41 selected companies underwent business diagnostics, however 80% of them successfully completed the coaching phase. Thus, in order to further investigate the achievements of the project and also further understand the needs of the private sector in Bosnia and Herzegovina, Deloitte was commissioned by the World Bank to perform a qualitative survey with a sample of beneficiary companies.

The aim of the survey was to gather insight into beneficiary satisfaction with participation in the project, its impact on their business, short and medium plans for their respective businesses and expectations for future cooperation.
Scope and Sample

The qualitative survey scope comprised of the following activities:

1. Survey Creation and Confirmation with the World Bank
2. Data Collection
3. Data Analysis
4. Report Drafting and Confirmation by the World Bank

The survey activities were executed over the period of December 2019 – February 2020. Conducted through primarily off-site communication, a sample of total of 16 interested companies was surveyed. The sample consisted of exclusively companies that underwent the full coaching process from all regions of the country. Companies were selected based on their demonstrated interest, cooperation and willingness to participate in the survey.

Overview of Respondents

The sample of 16 companies represented almost half of all companies that successfully completed the coaching phase. The respondents were located across all five focus regions of Bosnia and Herzegovina. As such, some 42% of all beneficiaries located in Banja Luka participated in the survey, 50% from Mostar, 60% from Sarajevo, 50% from Tešanj and 43% from Tuzla region.

Companies with less than 20 employees (micro) represented a little over the third of respondents. More than half of the participating companies employ between 20 and 100 staff members (categorized as small enterprises) and only 1 company was categorized as medium employing over 100. For a better reference, this distribution could be further compared to the total numbers of coached SMEs. Thus, medium, small and micro sized companies represented 25%, 63% and 48% of all companies that successfully completed the final phase of the project. The sample companies came from various industries. The overview of participating companies together with their respective (actual) industries can be found in the Appendix 1 of this report.

The Figure 3 shows that similarly to the overall coaching phase, majority of surveyed companies underwent coaching in the areas of marketing and financial management. Given that the surveyed sample was coached on all 9 areas of focus it could be said that the sample is a fitting representative of the general project implementation.
Overview of Contents

In order to capture a beneficiary’s feedback, Deloitte, together with the World Bank, developed a survey with a total of 21 questions. Based on the project experience and knowledge on project activities, the survey tackled the following areas:

1. Beneficiary Satisfaction and Outcomes
2. Beneficiary Expectations

Through these two areas the survey attempted to formally evaluate the quality of the technical assistance provided to the beneficiary companies, capture their satisfaction and outcomes from project activities and gain insights into their expectations for the future of their respective businesses and further external assistance.

A sample of the distributed questionnaire is depicted on the Figure 4 on the left. The survey mainly focused on open-ended questions to best capture insights and sentiments of companies on various segments such as outcomes and expectations, offer space to gather expectations, suggestions and opinions of beneficiaries on further cooperation as well as desired methods. In addition to open-ended questions, beneficiaries were offered 5-point Likert scale to express their satisfaction levels with project success (5 expressing highest satisfaction level and 1 the lowest). Overview of the full list of survey questions may be found in the Appendix 2 of this report. Collected questionnaires with respondents’ feedback are enclosed in Appendix 3.
Findings and Results

Overall ratings

Through total of four questions, the respondents were asked to rate their satisfaction levels on the following aspects of the project:

1. The extent to which the project rightfully identified key challenges and needs for improvement in the company;
2. The extent to which the project took into account the company’s availability and time necessary to complete assignments;
3. The perceived usefulness of coaching / mentoring process;
4. The extent to which obtained insights and know-how would assist the company in future development.

On average, the respondents were highly satisfied by all probed aspects. The results point at the highest average satisfaction result of 4.8 in terms of catering to a company’s availability, followed by fair identification of key challenges and areas for improvement as well as the usefulness of the coaching process. The companies on average assigned the rating of 4.4 to the perceived extent of acquired know-how being useful to the company’s future development. It is worth noting that a medium sized company rated all the aspects with the highest rating of 5. Moreover, small companies were on average more satisfied with all queried aspects than the micro firms, the only exception being company’s availability. The distribution of average ratings by company size is shown in the Figure 5 above.

Besides the satisfaction rating, companies were offered a space to add comments on their satisfaction with the four areas. In total, eight respondents shared their views, all of which are listed below.

A micro enterprise mentored in the area of Vision, Mission and Strategy located in the vicinity of Tuzla mentioned:

*The project has greatly helped to identify certain gaps in the strategic business of the company, to utilize current capacities and to consider new approaches in our business.*

A small enterprise mentored in the area of People and Talent located in Sarajevo said:

*We found coaching process extremely useful, but not everything was applicable to our company.*

A medium enterprise mentored in the area of Technology located in the vicinity of Banja Luka noted:

*It was extremely helpful to hear advice, opinions and experiences as well as possible solutions.*

A small company mentored in the area of Customers and Markets located in the vicinity of Banja Luka mentioned:

*Of the three areas (for improvement) that were proposed, we did a project (focused on the area) that we could complete in realistic circumstances and*

A micro company mentored in the areas of Customers and Markets and Financial Management located in Sarajevo said:

*Mentoring on the project was excellent, the choice of consultants also. We have many more things we need to learn in order to properly put*
that would have further positive effects as we learned new things to implement.

into practice everything we learned during the project.

A small enterprise mentored in the areas of Tax and Legal and Customers and Markets located in the vicinity of Sarajevo said:

The project adequately identified the key challenges and needs for improvement of the company, and absolutely took into account our availability and time needed to participate.

A micro enterprise mentored in the areas of Customers and Markets and Processes and Policies located in the vicinity of Sarajevo noted:

When it comes to coaching, we believe that forms you created for us were useful and will be used for all the purposes applicable, but we lacked more concrete examples of good practices.

A micro enterprise mentored in the area of Customers and Markets located in the vicinity of Tuzla said:

As our company has undergone significant changes in the structure and policy of its business, Deloitte consultants have helped us identify key issues that we need to focus on to take advantage of all the opportunities brought about by the changes.

Based on the respondents’ testimonials, it could be concluded that all of them expressed appreciation for the transfer of know-how. Only two micro enterprises mentioned the desire for further personalization of content to their businesses, what can be linked to applied scope and approach (coaching instead of full one-to-one consulting engagement).

**Impact of the intervention on actions taken by the companies**

The survey asked for participant feedback on the impact the intervention had on their business, namely segments of business or skills that the company improved through participation in the project. All the respondents indicated that the coaching process added the value to their business to some extent, whether through skills transfer, outside-in view to their operations or improved working structure. All participants in the project were clear on the direct correlation between the extent of their dedication of time and resources to the extent of transformation their business would have undergone. This is also evident from the comments listed by each respondent as shown in the Table 1 below. While some companies have managed to better absorb the transferred know-how, produce more tangible results and thus express greater satisfaction, others fell shorter in the process and expressed varying expectations. Regardless, all companies reported that they have changed the way they operate a business segment in line with the respective area they were coached in.

**Table 1: Overview of the reported impact of coaching on a beneficiary’s business (direct quotes from questionnaire responses)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Project Outcomes on Business</th>
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<tr>
<td>Bita Invest</td>
<td>The company has improved its strategic approach, that is, the way it plans and executes its business.</td>
</tr>
<tr>
<td>Cip Sistemi</td>
<td>Working with employees - working on their competencies, first and foremost leadership skills, and other skills that are essential to their personal and professional development.</td>
</tr>
<tr>
<td>Complex</td>
<td>Through our participation in the project, we have improved our market research and product placement.</td>
</tr>
<tr>
<td>Cromex</td>
<td>Especially in financial aspects of business, cash flow controls as well as potential future investment.</td>
</tr>
<tr>
<td>Eko Sir Pudja</td>
<td>We changed the external accountant and started using the business software at our full capacity to meet the project’s recommendations.</td>
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</table>
We have improved reporting and improved data collection and analysis.

As one of the few IT companies in BiH to have separate sales and marketing departments, we have been greatly enhanced in how each department operates separately and how they overlap and assist one another. We have also received significant consulting assistance with regard to analytics and performance metrics, goal setting and monitoring.

Through participation in the project, the company has improved the planning and analysis of its business operations to date, setting priorities and areas for improvement through providing advisory assistance in drafting a business plan.

Sales and presentation of the company

Creating a price list, forming one's own sales, classifying clients and potential clients, scheduling costs and determining the optimal margin in relation to the costs and prices of competitors.

Procurement, enhanced procurement planning, goods receipt and inventory planning.

Conducting marketing campaigns and managing large customers

Improved sales approach and improved marketing.

The consulting process did not affect our core business, but rather the way we organize the structure and teams in the firm

Conversations related to strategic development and planning were very useful, but the reality is, consulting and conversations are usually not enough motivation to set aside the time needed to implement such things. Of course, it is great to think about these things at all and to have a feedback / consultant who listens and asks very good questions, leads us to some conclusions, but it would be very helpful if it was accompanied by a mentoring workshop and where the final product would be some specific strategy that fits into one A4 page.

It is worth noting that all project outcomes are in line with recommendations made by consultants. However, while 56% of the respondents received support in two separate areas, all of them noted only one outcome that corresponded to one of the supported areas. This could be due to several possible reasons. Survey was responded by only one department and they reported only on the area of their direct involvement (e.g. HR omitted to report on the Marketing involvement; or CEO of the company received tax advisory, while subordinates participated in HR support). Other potential reasons could be that companies reported only on implemented changes (e.g. outcomes of Customers & Markets support while Financial Management tools required further dedication on the company’s part to implement in the operational business) or the other area focused on support through training sessions rather than task completion. On the other hand, all responses of companies that were coached in one business area corresponded to priority areas of the coaching phase. Among those, one company went further and reported an extra measure taken by the company to support implemented changes (i.e. the company was coached on marketing strategy and product pricing but reported changing an external accountant and improved use of business software). While only a handful of companies reported on internal constraints to growth and job creation, those that reported were in line with inefficient practices identified during diagnostics phase. Only one company reported an additional constraint in terms of rising sales and the need to potentially reorganize sales department. As a result of coaching support with marketing strategy, the company managed to increase its market share. As a consequence the company was faced with this newly identified challenge that was not present during the diagnostics phase of the intervention.
Perceived usefulness of the intervention

Finally, companies were asked to highlight coaching segments they appreciated the most and those they would have approached differently. Most notably, the surveyed companies pointed at usefulness of coaching process and stressed various areas their respective companies underwent during the project, which is greatly in line with aspects listed in the Table 1 in this report. The companies emphasized consulting and mentoring approach in combination with practical work as something they appreciated the most, and in particular - the availability of outside-in view. In fact, the companies indicated that they wished to have had more face-time with respective consultants. Only one micro enterprise expressed the desire to have had the training approach rather than tasks for individual work, however also stressed the need for more meeting time with consultants.

While companies expressed general satisfaction with the support they received and the extent to which business challenges were correctly identified, they alluded that the mentoring approach could be improved by extending the scope towards a fuller consulting engagement. They mentioned that more time could have been dedicated to practical approach and time spent with consultants, greater engagement of consultants through operational assistance rather than tasks for the company staff and more ready-made solutions for their respective businesses. One micro company, in particular, noted the need for concrete examples. The experience with that company was that they wanted a ready solution that could be directly applied to their business rather than being presented best practices and mentored the methods to further single-handedly adjust the approach to existing business. Some companies pointed at usefulness of the know-how received, however they could devote limited time to implementing it into operational business beyond the project duration. This further supports our experience with SMEs and their limited capacities to focus efforts outside of operational business. As such, external and project based support is desirable, especially through extended time periods. It not only assists companies with the expertise they so lack, but also provides a different perspective to their business and makes them dedicate time away from operational issues. One company that nominated all staff for certain workshops noted that sessions could have been done in smaller groups for better effectiveness. All in all, companies emphasized the usefulness of intervention in assisting with prioritization of business challenges through strategic approach and external view on their operational issues.

Companies’ projections for future growth and job creation

In terms of business growth, the companies were asked to weigh in on their expectations for the year ahead or the following 3-5 years as well as to list perceived challenges to growth and job creation. While all the respondents indicated that they have a sense of where they would like their business to go and anticipate business expansion, only half indicated year-on-year (y-o-y) revenue growth in terms of figures. Irrespective of the company size, industry or years in business, expectations varied among the respondents. As such, 19% of firms reported expectations of y-o-y growth in the range of 10-15% over the following one to three years, 25% were more optimistic and reported growth expectations in the range of 20-30% and one company was more conservative with expectations of 3% y-o-y growth. None of the companies reported having formal projections, however through the participation in the project, 25% of the sampled companies did demonstrate the practice of forward-looking projections. One company noted as setting targets to exceed the GDP growth of the country. One IT company noted plans of doubling the number of employees and tripling the revenues over the period. Only one more company explicitly noted expansion in their workforce as an
indicator of business expansion. 31% of the respondents, who all happen to be in manufacturing sector, indicated their expansion plans in terms of focus on exports or further investments into equipment.

All of the companies in the sample plan to further employ staff over the coming period. Their practices are to create jobs according to the needs of their respective businesses. While majority of the respondents expressed intentions to create jobs, 38% did not have clear projections but rather rough estimates. They mentioned their hiring rate will highly depend on business expansion and market needs.

One IT company went on to say that they always keep a job posting ad due to high fluctuation in the workforce. The only medium sized manufacturing company in the sample was the most ambitious and projects employing additional 30 staff by 2023. Two micro manufacturing companies estimated employing 5 additional employees over the following 3 and 5 years, respectively. One small manufacturing company reported plans to create additional 7 jobs in 2020. The rest of the companies, regardless of their size or industry, estimated creating anywhere between 10 and 30 jobs over the following 3-5 years. Only two companies demonstrated clear breakdown of additional positions.

**Constraints to future growth and job creation**

When it comes to perceived impediments to business growth, the respondents are close to unanimous in ascribing weak labor market and the expectations of unfavorable business and political climate in Bosnia and Herzegovina. The number one impediment that companies noted was the state of the labor market. Some 63% of the surveyed firms noted the lack of skilled workforce and ever-present brain drain as the main challenge their businesses face. Thus, while the business requirements abound for skilled workforce, onboarding and maintaining the number of employees in reality is rather challenging. The second most frequently stated challenges combine the strong presence of corruption and underground economy and unfavorable business climate. The former was pointed out by 38% of respondents and the latter by 31%. These factors combined point at all the impediments that the economic and political environment pose on the business activity in the country. Similarly, 25% of the firms noted the challenges posed by high income taxes and employee contributions to employers. Other external factors that were mentioned included various licensing procedures and *cheap labor - cheap product* market image of Bosnia and Herzegovina. Only four respondents did not mention any of the aforementioned external factors. Rather, their responses focused on challenges inherent to their respective businesses, such as low quality and global increase in price of inputs, system implementation and technological adoption in manufacturing. Some companies mentioned challenges in product development, and new product introductions to markets, business intelligence, new customer acquisition and sales, marketing and business internationalization. The recurring theme surrounding challenges in marketing and sales was addressed, in one way or another, by some 25-30% of the respondents. As such, the survey has confirmed that, regardless of their size, industry or business maturity, the companies foresee challenges quoted during the project execution to persist in the future.

During the project, we have identified that out of 16 companies in the sample, only two small-sized enterprises had a designated HR function and employed an HR manager. When enquired on their capacity to manage human capital, all the companies responded that they would welcome further support and require improvements in the business segment. However, 31% of the companies outright said that they do not have the required knowledge and skills,
whereas 44% consider to have the internal know-how to manage the human capital. All the companies recognize the increasing need for the HR and employee development due to the lack of experienced workforce in the market.

**Planned methods in addressing the constraints**

Companies reported various ideas and resources in finding and onboarding qualified staff, all of them expressed that they are comfortable with the means they use. However, only 56% of respondents disclosed their ways of acquiring skilled workforce. All of them used a combination of one or two methods. Three companies mentioned using job posting ads, two employment services databases, two keep close ties with vocational schools, two use referrals, two use recruitment agencies and one was honest to disclose they use poaching methods. Only two companies said that they prefer upskilling less experienced staff through trainings.

Following onto that, companies noted their plans to devote to new methods for attaining skilled capacities as developing HR strategy, employee career paths, investing in education or other applicable methods with examples. Only two companies expressed that they do not have such plans. All other companies expressed that they intend to introduce some methods to their businesses, however only 63% of the respondents elaborated on their planned method. Among those, 50% reported already investing into employee education, 70% indicated vocational trainings as methods of the future, whereas 30% went beyond education and noted more serious plans on formalizing the HR function, putting HR strategy in place and developing concrete employee career paths. Two companies had formal HR strategies and HR function in place and one reported actively setting up the same and mobilizing them by end of 2020.

In addition to improvements in human capital management practices, one of the major areas for improvement for large number of companies that participated in the project was in financial management, thus the survey attempted to sense the companies’ attitudes towards financial management software implementation for better decision-making. As such, 31% respondents reported using the financial software in their business, 25% recognize the benefits of such tools and are planning to invest into financial management tools in the near future. The remaining 44% of the firms in the sample indicated that they do not have such plans at the moment. Majority of those firms were micro enterprises.

**Expectations on support programmes**

Companies were inquired on preferable forms of support, aspects of their business they would need support in, useful types of external assistance and expectations on support from policy makers.

Among financial, guidance, mentoring and educational trainings as forms of external support, 19% of responders stated that they found all forms interesting. Two companies mentioned three forms, 25% noted only one preference and the rest at least two forms of support as preferred. Half of them stated they wished for financial support. The same number stated guidance as preferred form of support. Somewhat more popular was the mentoring approach with 56% respondents claiming so. The most, popular, however was the educational training as form of external support to companies with desirability among the total of 63% of respondents. No specific trends were perceived among any particular group of companies, i.e. size, industry or business longevity.
When reporting on areas their businesses need support in, almost all companies mentioned Sales and Markets as the most desirable area. The second most quoted area was Financial Management, with 56% of all mentions, followed by Strategy and Human Capital Management with popularity among 38% of companies. The companies seemed to have the least interest in support around their Customers. Again, no specific trends were noted in terms of company size and industry among surveyed companies but rather area distribution followed the sample representation of each. This can be seen in the Figure 6.

In addition to that, the companies were asked to choose among the types of assistance perceived as the most helpful to their business. The companies rated the offered types as follows:

1) Tailored educational programs for capacity building (69%)
2a) Financial support in combination with mentoring on specific areas (50%)
2b) Export support programs (50%)
3) Mentoring / coaching on different business topics (44%)
4) Financial support only (25%)
5) Any other form applicable (0%)

The percentages next to support methods listed above designate the proportion of respondents that opted for the method. It is worth noting that the only medium sized company in the sample showed interest into Financial support only option. Only one more company opted for that method exclusively. All other companies combined at least two options. None of the companies noted forms of assistance beyond the five choices offered in the survey.

The respondents addressed various government incentives for attracting, retaining and training staff. The formal financial incentives implemented by employment services were found useless by 13% of the firms in the sample. They noted that the small amount of such incentives does not compensate for the utility received from the staff for which the employer had little say in selection process. Some 25% of the respondents consider such incentives as useful but ineffective due to insufficient amounts and the fact that their implementation is not strategic. Respondents argued that the amount of incentives should not be equal for an engineer, a legal expert or an economist. The remaining 62% of the companies found such arrangements effective for retention of qualified staff, with few companies noting to have been part of such arrangements. The companies went on to say that the most effective types of incentives or employment support programs in attracting and keep staff are those support vocational education programmes tailored to industry needs and skill levels, co-financing of such programmes as well as mechanisms for tax refunds or reliefs and co-financing of employee benefits. The majority of respondents supported this argument by relating the amounts of incentives to the amounts of gross employee salaries over the period of 6-12 months or amount of minimum wage plus contributions. Few companies from construction and manufacturing sectors quoted exact amounts at various levels – BAM 30,000; those in tens of thousands; BAM 5,000-10,000; BAM 1,500 over 12 months per candidate with university degree, etc.
When addressing the forms of additional assistance in human capital management they would find useful, if required, only 63% of the companies addressed the question and mainly so through consulting/mentoring support. One company noted investments into technology and one assistance with ISO 9001 implementation. Others noted various aspects of HRM, such as increasing employee motivation, onboarding process, and development of HR strategy, employee development path as well as employee utilization measurement system.

Finally, the companies were asked to express expectations of support from policymakers and government. Some 25% of the companies either omitted to address the question or outright expressed no expectations. Moreover, additional 19% of the companies followed onto lack of confidence into the government’s ability to enable favorable business environment. Companies mostly noted the expectations of consistent application of laws and regulations, promotion of their updates to favor the real economy and fairer and faster resolution of commercial legal proceedings. Companies also desired the streamlining of administrative procedures and government mechanisms to curb corruption and shadow economy. Some companies also highlighted the need for financial support, others stressed the increase in various employment and other incentives, tax reliefs and reduction of contribution rates from businesses.
Conclusion

Upon closing of the delivery of the Development of Firm Management Practices for Job Creation, the World Bank was interested to gather feedback from participating companies. Thus, Deloitte approached SMEs who successfully completed all project phases to survey their impressions on intervention, plans for their respective businesses and expectations for external support. In total, 16 companies responded through an off-site questionnaire by responding 21 questions concerning their satisfaction levels with project approach, listing notable project outcomes and sensing companies’ expectations on short and medium growth, state of human capital and financial management for their businesses, as well as various forms of external support programmes. No specific trends were perceived in responses from companies of various groups (i.e. size, industry, years in business).

On average, companies were highly satisfied with project approach. They agreed that the project managed to rightfully identify key challenges and needs for improvement in their companies and the project took into account companies’ availability and time necessary to complete assignments. They found the coaching / mentoring process highly useful and confirmed that obtained insights and know-how would assist their businesses in future development. The only thing companies noted that they would have preferred if experts spent more time with their businesses.

All companies reported expectations of business expansion in the following 3-5 years. They expressed year-on-year business growth anywhere from 3% to 30%, and some noted focus on growth in exports. When it comes to perceived impediments to business growth, the respondents were close to unanimous in ascribing weak labor market and expectations of unfavorable business and political climate in Bosnia and Herzegovina.

All companies expect to create jobs in the following 3-5 years, however mentioned their hiring rate will highly depend on business expansion and market needs. When enquired on their capacity to manage human capital, all the companies responded that they would welcome further support and require improvements in the business segment. When it comes to ideas and resources in finding and onboarding qualified staff, all companies expressed that they are comfortable with the means they use. Majority of the companies mentioned using a combination of any of the following means: job posting ads, employment services databases, keeping close ties with vocational schools, referrals, recruitment agencies, poaching or they prefer onboarding less experienced staff and upskilling them through trainings. Only two companies in the sample had formal HR function and strategy in place. Furthermore, respondents expressed that they plan to devote to new methods for attaining skilled capacities as developing HR strategy, employee career paths, investing in education or other applicable methods. Companies were divided on the usefulness of various government incentives for attracting, retaining and training staff. However, more than half of the companies found such arrangements effective for retention of qualified staff, with few companies noting to have been part of such arrangements. The majority of respondents supported this argument by relating the amounts of incentives to the amounts of gross employee salaries over the period of 6-12 months or amount of minimum wage plus contributions. Finally, the companies were asked on forms of additional assistance in human capital management they would find useful, if required. More than half of the companies stated that assistance would be welcome in various modern HR methods and through consulting/mentoring support.
Companies were not unanimous on the benefits of financial management tools. While a third was already versed in using such software, a quarter sees benefits and plans to invest in the near future. The remainder considers their decision-making effective without granular insight into their financials.

When it comes to external support, most companies favored educational training, followed by mentoring, guidance and less popularly financial assistance. The companies emphasized consulting and mentoring approach in combination with practical work as something they appreciated the most. In particular, the availability of outside-in view. When reporting on areas their businesses need support in, almost all companies mentioned Sales and Markets as the most desirable area. The second most quoted area was Financial Management, followed by Strategy and Human Capital Management. The companies seemed to have the least interest in support around their Customers. In terms of support methods, companies placed tailored educational programs for capacity building as the most desired. Financial support in combination with mentoring on specific areas and export support programs were second most popular among respondent, followed by mentoring / coaching on different business topics. Support in terms of financial support only was the least favored. Finally, the companies on average reported low expectations from government in terms of direct support but would rather prefer that policy makers focus on enabling favorable business climate.

All in all, it can be concluded that companies see greater value in tailored training and mentoring/consulting programmes, especially if they are coupled with financial support, than outright financial support. The SMEs would like to take a more strategic approach to their business development, however they lack know-how, are burdened by high tax contributions and consider unfavorable business climate in Bosnia and Herzegovina as the major impediment to further growth and job creation.
## Appendices

### Appendix 1: Overview of Respondents

<table>
<thead>
<tr>
<th>Company name</th>
<th>Company size</th>
<th>Industry</th>
<th>Years in Business</th>
</tr>
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<tr>
<td>BITA-INVEST</td>
<td>Micro</td>
<td>Manufacturing</td>
<td>20-30</td>
</tr>
<tr>
<td>Cip Sistemi</td>
<td>Small</td>
<td>Construction Services</td>
<td>20-30</td>
</tr>
<tr>
<td>Complex</td>
<td>Small</td>
<td>Wholesale Trade</td>
<td>10 to 20</td>
</tr>
<tr>
<td>Cromex</td>
<td>Medium</td>
<td>Manufacturing</td>
<td>10 to 20</td>
</tr>
<tr>
<td>Eko Sir Pudja</td>
<td>Small</td>
<td>Manufacturing</td>
<td>10 to 20</td>
</tr>
<tr>
<td>Full Dent</td>
<td>Small</td>
<td>Manufacturing</td>
<td>10 to 20</td>
</tr>
<tr>
<td>GotSolution</td>
<td>Small</td>
<td>IT</td>
<td>10 to 20</td>
</tr>
<tr>
<td>Grijanjeinvest</td>
<td>Small</td>
<td>Construction Services</td>
<td>20-30</td>
</tr>
<tr>
<td>IceNet</td>
<td>Micro</td>
<td>IT</td>
<td>10 to 20</td>
</tr>
<tr>
<td>LED Vision</td>
<td>Micro</td>
<td>Manufacturing</td>
<td>less 10</td>
</tr>
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<td>Small</td>
<td>Manufacturing</td>
<td>20-30</td>
</tr>
<tr>
<td>MEGA-TRANS</td>
<td>Small</td>
<td>Transport</td>
<td>10 to 20</td>
</tr>
<tr>
<td>Plantago</td>
<td>Small</td>
<td>Manufacturing</td>
<td>10 to 20</td>
</tr>
<tr>
<td>Plastoflex</td>
<td>Small</td>
<td>Manufacturing</td>
<td>less 10</td>
</tr>
<tr>
<td>Porca</td>
<td>Micro</td>
<td>Wholesale Trade/Manufacturing</td>
<td>over 30</td>
</tr>
<tr>
<td>WaySevenTechnologies</td>
<td>Micro</td>
<td>IT</td>
<td>less 10</td>
</tr>
</tbody>
</table>
Appendix 2: Survey Questions

Please answer the questions below and rate the Project successes by marking the appropriate button (5=Very High/Completely Satisfied, 1=Very Low/Completely Dissatisfied).

1. To what extent did the Project rightfully identify key challenges and needs for improvement in the company?
2. To what extent did the Project take into account your availability and time necessary to complete assignments?
3. To what extent did you find the coaching / mentoring process useful?
4. To what extent would obtained insights and know-how assist the company in future development?

Please add specific comments regarding any of the four questions listed above.

5. What? Please list several applicable examples.
6. What are your expectations on future growth of the company (next year, and / or in 3-5 years)? Do you have a concrete projection?
7. Please list three main challenges you perceive in terms of growth and job creation?
8. What are your expectations on human capital management – do you have the necessary knowledge, ideas or skills to manage human capital in the company, or do you require additional support?
9. Does the company plan to employ more people in the upcoming period (next year, and/or in 3-5 years)? Do you have a concrete projection?

10. Do you have resources or ideas on how / where to seek qualified staff?
11. Does the company plan to devote to new methods for attaining skilled capacities as developing HR strategy, employee career paths, investing in education or other applicable? If yes, list some examples.
12. Do you believe financial incentive programs (implemented by employment services) are useful to formalize staff or keep qualified staff?
13. Is there a type of incentive or employment support program that is most helpful to attract and keep staff/talent in your opinion?
14. Is there an amount of incentive that is more helpful in terms of attracting/keeping/training staff?
15. If the company requires additional assistance in human capital management, what form of support would you find useful?
16. Does the company plan to invest in technology for financial management and more optimal decision-making? If yes, in what way?
17. What other forms of support would you find interesting (financial, guidance, mentoring or educational trainings)?
18. What was the most useful segment of coaching for your company that you would like to see more of in similar programs? In contrast, what would you change?
19. Which business areas require the most support – financial management, customers, sales and markets, human capital management or strategy (list those applicable to your company)?
20. Which of these types of assistance would be most helpful to you (more answers could be selected):
   a. Mentoring / coaching on different business topics
   b. Export support programs,
   c. Tailored educational programs for capacity building,
   d. Financial support only,
   e. Financial support in combination with mentoring on specific areas,
   f. Any other form applicable (please list examples below)
21. What type of support do you expect from policymakers / government?
Appendix 3: Survey Responses

BITA INVEST
CIP SISTEMI
Complex
Cromex
EKO SIR PUDJA
FULL DENT
GOT SOLUTION
Grijanje
ICE NET
LED VISION
MEDENA
MEGA-TRANS
Plantago
Plastoflex
Porca
Wayseven_BOS_WBG

BOS_WBG_SME Advisory Support_Anketa.pdf
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