



ANALYSIS OF FINANCIAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN THE BRČKO DISTRICT OF BOSNIA AND HERZEGOVINA

Ljiljana Ž. Tanasić^{a,1}, Bojan Međedović^{a,2}, Miloš Međedović^{b,3}

^a Faculty of Economics Brčko, University of East Sarajevo, Bosnia and Herzegovina

^b Carinvest doo, Kotor, Montenegro

ARTICLE INFO

Received 05/26/2022
Sent to revision 10/19/2022
Accepted 10/25/2022
Available online 12/08/2022

Keywords:

small and medium enterprises
sources of financing
credit indebtedness
financial support programs
non-financial support programs

ABSTRACT

The paper analyses the financial performance of small and medium enterprises operating in the area of the Brčko District of Bosnia and Herzegovina. The analysis is based on the results on the results obtained in 2021 from a scientific research project titled: "Analysis of the situation and problems in the business of small and medium enterprises in the Brčko District of Bosnia and Herzegovina", conducted by the Faculty of Economics Brčko.

The obtained results were compared with the results of a similar scientific survey conducted in 2016 by the Faculty of Economics Brčko, in order to identify possible changes. The results of the analysis show that micro and small enterprises mostly rely on their own sources of financing working capital and investments, while medium-sized enterprises mostly use a combination of their own and external sources. Credit indebtedness does not represent a significant financial burden for most respondents. The level of information on existing support programs of the Government of the Brčko District is satisfactory, while satisfaction with the results has not changed significantly compared to previous research, which indicates the need for a more intensive approach in the field of support for entrepreneurs, in order to increase benefits, primarily for the business sector and the local community.

Introduction

According to the Manual of the European Commission, an enterprise can be any entity engaged in economic activity, regardless of its legal form (European Commission, 2005).

Until the late 1980s, large enterprises were the dominant form of business organizations, after which the share of small and medium enterprises (SMEs) started to increase (Vuković, 2012: 5). Thurik cites the widespread presence of regularity in the change in the number of enterprises over time (as a term in the context of economic development over time) and, in connection with this, the change in the average size of enterprises (Thurik, 2008).

Today, SMEs in developed countries are a generator of economic growth reflected in: job creation, contributing to new value growth, impact on GDP growth, creating conditions for tax revenue collection, encouraging rapid technological change based on continuous healthy and creative competition, diversity of supply of goods and services, creating new consumer needs and meeting them (Isaković, 2015). In other words, small and medium entrepreneurship is an important part of any national economy because, with 60% to 70% of employees in the national economies of all European countries, SMEs are a key factor in social and national economic stability (Kutnjak, 2010: 80).

¹ ljiljana.tanasic.efb@gmail.com

² bojan.medjedovic.efb@gmail.com

³ miloshp655@gmail.com

According to the recommendation of the European Commission of May 6, 2003, (European Union, 2003), the SME sector is defined through three categories of enterprise size: micro, small and medium. The primary criterion is, among others, the number of employees, which distinguishes:

- Micro enterprise with less than 10 employees,
- Small enterprises whose number of employees ranges from 10 to 49 and
- Medium-sized companies with 50 to 249 employees.

However, until 2006, there was no definition of SMEs in Bosnia and Herzegovina (BiH), on the basis of which it would be possible to classify enterprises. The Law on Encouraging the Development of Small Business defines small business entities as natural and legal persons who permanently perform legally permitted activities for income or profit, including self-employment and family businesses related to crafts and other activities, registered with the competent authority, regardless of the form of organising (Isaković, 2015: 20). By recognizing the importance and role of SMEs in economic development, both in Bosnia and Herzegovina and its entities, including the Brcko District of Bosnia and Herzegovina, government institutions have established an infrastructure to support the development of entrepreneurship and SMEs.

Thanks to their size, flexibility, inclination and openness to innovative ventures and greater opportunities for specialization, SMEs have a fuller ability to adapt faster, easier and better to continuous changes in customer requirements and variable conditions of modern business compared to large business systems. In this way, the competitive relationship in terms of quality, prices and innovation of products and services is strengthened, which directly affects the economic growth of national economies. For that reason, striving to provide reliable information on the state and problems in the business of SMEs in the Brcko District of BiH, on the basis of which incentive measures for their future development can be proposed, the Scientific Research Center of the Faculty of Economics Brcko conducted a scientific research entitled "Analysis on the Situation and Problems in the Business of Small and Medium Enterprises in the Brcko District of Bosnia and Herzegovina." The part of the obtained results, related to the financial performance of this category of companies, is presented in this paper.

The research was conducted on the basis of examining the attitudes and opinions of representatives of a representative sample of randomly selected micro, small and medium enterprises in the area of Brcko District of BiH. For this purpose, a database from the Register of Active Micro, Small and Medium Enterprises in the Brcko District of Bosnia and Herzegovina, which submitted the final accounts for 2019, served as a sample frame. The available database contained a total of 1,460 micro, small and medium enterprises. A representative random sample, stratified according to the size of the business entity, was used in the research. The sample consisted of 96 micro, small and medium enterprises, which is 9.95% of their total number. The sample included 51 micro enterprises (up to 9 employees), i.e. 6.34%, 32 small enterprises (10 to 49 employees) or 22.38% and 13 medium enterprises (50 to 249 employees), which is 65% of their total number in the specified database. During the research, the methodology of the National Agency for Regional Development of Serbia (year 2013) was used, as well as the results of the research conducted by the Faculty of Economics Brcko from 2016.

Within the research, the financial aspects of business of micro, small and medium enterprises were taken into account, such as: sources of financing, credit indebtedness and the Brcko District of Bosnia and Herzegovina support programs for micro, small and medium enterprises. In addition to the above, the research also included non-financial forms of assistance to micro, small and medium enterprises.

1. Indicators of Financial Performance

Despite the fact that they represent the most companies in all economies (which, in some economies, cover up to 99% of companies), SMEs have limited access to external sources of financing and a narrow range of available external financial instruments (Grubišić Šeba, 2016). Also, Pulišelić (2012: 113) believes that access to financing for SMEs is particularly difficult due to the fact that many financial institutions consider this form of lending a high-risk one, with high transaction costs and low return on investment. In other words, access to finance is a major constraint for SMEs, especially for start-ups (Ploh, 2017: 84).

Based on the above, it can be said that finding appropriate sources of financing is the biggest financial problem for SME business, which is additionally expressed in unstable, uncertain and non-standard business conditions, such as pandemic conditions caused by the Covid-19. The sources of financing working capital were identified as one of the most significant obstacles in the development of SMEs. Also, the

question of the most favourable sources of financing the investment is largely one of the key dilemmas in opting whether to finance business development from borrowed or from your own sources.

In other words, SMEs, unlike large companies, are constantly faced with a chronic lack of financial resources for the needs of uninterrupted financing of their business. At the beginning of their activities, they mainly finance their business activities from their own sources, retained earnings from operations, and equity / risk capital of informal investors (families, business angels). Such a way of financing, in situations when companies grow and develop their activities, becomes insufficient, so there is a need for external sources of financing, among which the most frequent are loans from commercial banks, commercial loans, delays in settling liabilities to suppliers, and leasing and factoring (Vidučić, 2003).

1.1. Sources of financing

The analysis of the answers to the question on the sources of financing working capital (Table 1) showed that business entities in the District primarily rely on their own sources of financing when it comes to working capital (52.1%). At the same time, this source is the most dominant in the class of micro enterprises, where 62.7% of respondents independently finance their business. In the class of small enterprises, financing from their own sources also prevails with a share of 53.1% of respondents. However, in the class of medium-sized enterprises, only 7.7% of respondents answered that their own sources are dominant form of financing, while as many as 61.5% indicated that they use a combination of their own and external sources when financing working capital. On this basis, ownership forms of enterprises could be identified as a significant reason for limited access to the use of external sources of working capital financing.

Table 1. Sources of financing working capital by size of economic entity

Sources	Micro		Small		Medium		Total	
	No.	%	No.	%	No.	%	No.	%
Internal	32	62,7	17	53,1	1	7,7	50	52,1
External	3	5,9	0	0,0	0	0,0	3	3,1
Internal and external	8	15,7	7	21,9	8	61,5	23	24,0
No answer	8	15,7	8	25,0	4	30,8	20	20,8
Total	51	100,0	32	100,0	13	100,0	96	100,0

Source: Author's calculation.

Certain development goals, existing financial position and expected activities of business entities influence decisions regarding the commitment to finance investments from personal or borrowed sources. At the same time, the limiting factor is the limited access to available external sources of financing, which is why in this category of business entities the first on the list of financing sources of small and medium business are the owners' personal funds. More than 60% of respondents within the class of micro-enterprises, about 47% of respondents within the class of small enterprises and slightly more than 35% of respondents within the class of medium-sized enterprises finance investments from their personal sources (Table 2). According to the obtained data, the need for external sources of financing in all three classes is slightly more than 20%, while respondents from the middle class in a significant percentage, about 30%, use a combination of personal and external sources to finance business development. As the most frequently used external sources of financing, the respondents identified loans from commercial banks, within corporate borrowing, and financial support from business partners from abroad.

Table 2. Sources of investment financing according to the size of the business entity

Sources	Micro		Small		Medium		Total	
	No.	%	No.	%	No.	%	No.	%
Internal	32	62,7	15	46,9	5	38,4	51	53,2
External	11	21,6	7	21,9	3	23,1	20	20,8
Internal and external	0	0,0	3	9,3	4	30,8	8	8,3
No answer	8	15,7	7	21,9	1	7,7	17	17,7
Total	51	100,0	32	100,0	13	100,0	96	100,0

Source: Author's calculation.

1.2. Credit indebtedness

Out of the total number of companies covered by the survey, 55.2% (53 companies) have credit indebtedness, while 39.6% (38 companies) indicated that they do not have credit indebtedness (Table 3). Medium-sized enterprises are financed more by credit indebtedness (61.5%), compared to small (53.2%) and micro-enterprises (54.95%). Among those who have loan obligations, the largest percentage regularly settle their obligations without difficulty (33.3%), while in the class of medium-sized companies this number goes above 50%. However, almost one fifth of the respondents (17.7%) manage to repay their loans on a regular basis, but still face a certain lack of liquid assets. Delays in repayment were detected only in micro enterprises. Respondents identified the unwillingness of commercial banks to extend loan repayment deadlines and the illiquidity of companies caused by falling turnover, rising production costs and poor collection of accounts receivable as the biggest problems in terms of settling liabilities based on credit indebtedness.

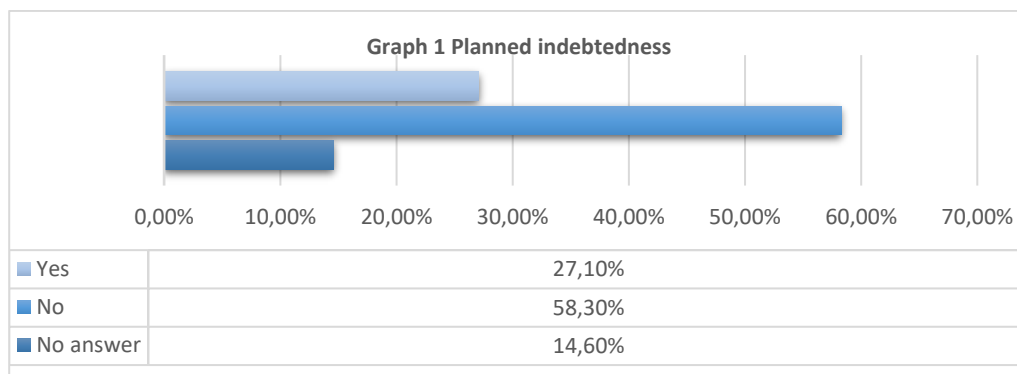
By analysing enterprises that are not credit indebted, within the structure of certain classes, the largest percentage of small enterprises (46.9%) have no credit obligations; in the class of medium-sized enterprises the percentage is 38.5%, while in the class of micro enterprises 35.3% are not credit indebted.

Table 3. Credit indebtedness according to the size of the business entity

Number and class of enterprises	Micro		Small		Medium		Total	
	No.	%	No.	%	No.	%	No.	%
Indebted (regularly repays the loan)	14	27,5	11	34,4	7	53,8	32	33,3
Indebted (regularly repays the loan with difficulties)	10	19,6	6	18,8	1	7,7	17	17,7
Indebted (repays the loan with delay)	4	7,8	0	0,0	0	0,0	4	4,2
Not indebted	18	35,3	15	46,9	5	38,5	38	39,6
No answer	5	9,8	0	0,0	0	0,0	5	5,2
Total	51	100,0	32	100,0	13	100,0	96	100,0

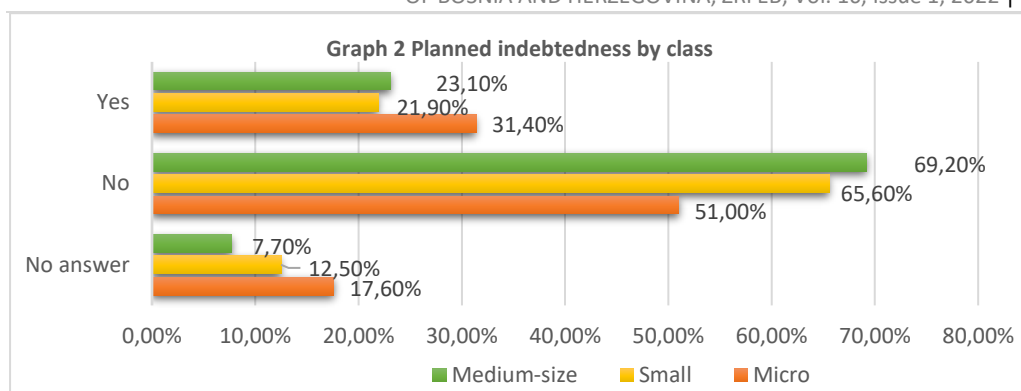
Source: Author's calculation.

Although in 2020 credit indebtedness was recorded in 55.2% of surveyed companies, in the next business year more than half of the respondents did not plan new credit indebtedness, while, on the other hand, 27.1% of surveyed companies had such plans (Chart 1).



Source: Author's calculations.

Observed within certain classes, 31.4% of micro, 21.9% of small and 23.1% of medium-sized enterprises have the need for credit funds, while 51% of micro, 65.6% of small and even 69.2% of medium-sized surveyed enterprises said that it will not seek additional forms of credit financing (Chart 2).



Source: Author's calculation.

2. Support programs of the Brcko District of Bosnia and Herzegovina

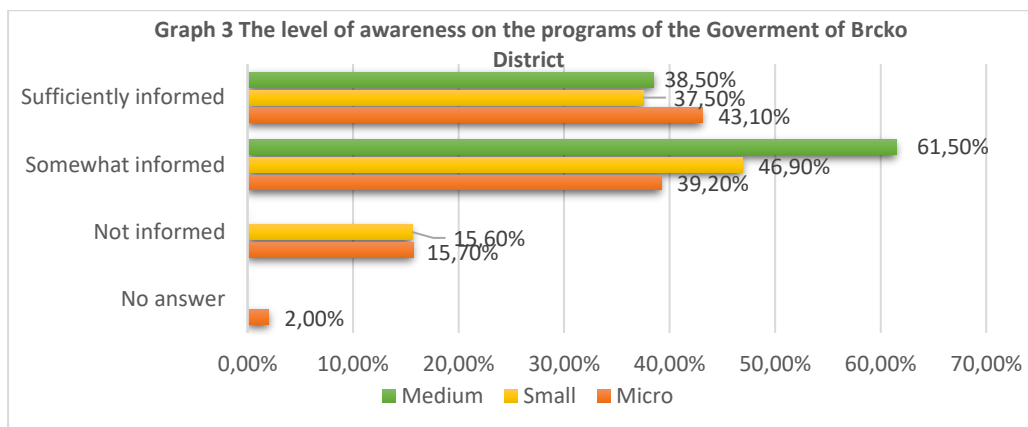
Sustainable economic development of any social community depends on the competitive development of the economy, primarily based on private entrepreneurial initiative, knowledge, innovation and implementation of new technologies. However, the creation of an appropriate economic environment in order to increase competitiveness and ensure the internationalization of business is conditioned by the existence of adequate local government support programs. On that basis, in previous years the Government of the Brcko District provided access to certain programs of financial and non-financial support, with the aim of encouraging the growth and development of business of micro, small and medium enterprises. Existing and planned support programs are highlighted in the Development Strategy of the Brcko District of BiH (BD BiH) 2021-2027, some of them are (2021: 15-16):

- Tax incentives to stimulate new investments;
- Facilitations for new employment;
- Grants and subsidies for business support;
- Implementation of the Law on Incentives in the Economy of the BD BiH;
- Implementation of the Program of Subsidizing Portion of the Interest for Loans for companies, entrepreneurs, branches and holders of agricultural holdings in the BDBiH and issuing credit guarantees through the Development Guarantee Fund of the BD BiH;
- Implementation of the Active Employment Policy Program in the BD BiH;
- Implementation of the Self-Employment Program in the BD BiH.

2.1. The level of awareness on the programs of the Brcko District of Bosnia and Herzegovina

Starting from the fact that the impact of available support programs on the growth of efficiency and productivity of the entire economy directly depends on the level of awareness of potential users, the chart 3 shows the awareness of surveyed companies on existing support programs of the Government of Brcko District.

The presented data indicate that 43.1% of respondents from the class of micro-enterprises believe that they have enough information, a slightly lower percentage of 39.2% are somewhat informed, while 15.7% are not informed at all about support programs that exist in the District. Within the class of small enterprises, the largest percentage of respondents, i.e. 46.9%, indicated that they do not have enough information on available support programs, while 37.5% of them are fully aware of the conditions and opportunities for access to financial assistance from the Government of District. At the same time, 15.6% of surveyed small enterprises stated that they were not informed about support programs at all. All respondents from the class of medium-sized companies were informed about which assistance programs are provided by the Government of Brcko District, with 61.5% of them being somewhat informed, and the rest stated that their information about this method of financing is at a satisfactory level.



Source: Author's calculation.

2.2. Using the support program of the Brcko District of Bosnia and Herzegovina

The largest percentage of business entities in the sample used financial support programs, i.e. 51% of the total number of respondents (Table 4). However, due to lack of information or inability to meet the conditions for participation in support programs, a significant percentage of those who did not participate in any program (39.6% of respondents, 39.2% from the class of micro enterprises, 43.8% from the class of small and 30.8% from the middle class).

Regarding the non-financial support program, only respondents from the small business class (6.3%) stated that they used some form of non-financial assistance from the Government of District.

Table 4. Data on used support programs of the Brcko District of BiH

Used support programs of BD	Micro		Small		Medium		Total	
	No.	%	No.	%	No.	%	No.	%
Yes, financial support programs	26	51,0	16	50,0	7	53,8	49	51,0
Yes, non-financial support programs	0	0,0	2	6,3	0	0,0	2	2,1
None	20	39,2	14	43,8	4	30,8	38	39,6
No answer	5	9,8	0	0,0	2	15,4	7	7,3
Total	51	100,0	32	100,0	13	100,0	96	100,0

Source: Author's calculation.

By comparing the obtained results with the results of a similar research from 2016, conducted by the Faculty of Economics in Brcko, it becomes evident that, in the segment regarding the awareness or fulfilment of conditions for the accessing and using of available support programs of the Government of Brcko District, there has not been significant changes or improvements. Namely, regardless of the five-year time distance, the participation of respondents from the 2016 survey, who did not participate in any program, was even lower, i.e. it was 33%. Also, only 0.9% of the total surveyed companies did not give an answer to this question (and only respondents from the class of micro enterprises, 2.0% of them). The percentage of respondents in the total sample who used financial support programs was 57.5%, respondents who used only non-financial support programs 4.7% (where, in addition to users from the class of small businesses 6.8%, there were also 4.1% users from the class of micro enterprises (which was not the case in 2021), and 3.8% of respondents (from all three categories, micro 2.0%, small 4.5% and medium-sized enterprises 7.7%) indicated that used programs from both segments, both financial and non-financial support.

By taking into account that the development and strengthening of the competitiveness of business entities is directly conditioned by the quality and harmonization of support systems with specific needs of targeted users, table 5 shows data on satisfaction of micro, small and medium enterprises with the support programs.

Slightly more than one third of the surveyed companies (35.4%) are mostly satisfied with the results of the support program of the Brcko District of BiH. 20.8% are dissatisfied, while only 9.4% of the total number of respondents are completely satisfied with the results achieved. More than one third of the surveyed companies, i.e. 34.4%, did not answer the question.

Looking at the ratios within individual classes, it can be seen that most of those who did not answer this question 39.2% belong to the class of micro enterprises, which stems from the fact that this percentage of micro enterprises did not participate in any of the support programs in the District. Of those that fall into a category of users, 35.3% of companies were mostly satisfied, 15.7% were dissatisfied, and 9.8% expressed their satisfaction. In the small class, there is an equal percentage of dissatisfied and those who are mostly satisfied (31.2%, companies), and 9.4% of companies are completely satisfied. Within the class of medium-sized enterprises, the majority are those who are mostly satisfied with the results of support programs 46.2%, (30.8% of enterprises within this class, which did not use any support program, did not answer this question, and 15.4% did not satisfied with the results they had after using the support program). Only 7.7% of their medium-sized enterprises expressed satisfaction.

Table 5. Satisfaction with the results of the support program of the Brcko District of BiH

Satisfaction with the results	Micro		Small		Medium		Total	
	No.	%	No.	%	No.	%	No.	%
Satisfied	5	9,8	3	9,4	1	7,7	9	9,4
Mostly satisfied	18	35,3	10	31,2	6	46,2	34	35,4
Dissatisfied	8	15,7	10	31,2	2	15,4	20	20,8
No answer	20	39,2	9	28,2	4	30,8	33	34,4
Total	51	100,0	32	100,0	13	100,0	96	100,0

Source: Author's calculation.

Looking at the ratios within individual classes, it can be seen that most of those who did not answer this question 39.2% belong to the class of micro enterprises, which stems from the fact that this percentage of micro enterprises did not participate in any of the support programs in the District. Of those that fall into a category of users, 35.3% of companies were mostly satisfied, 15.7% were dissatisfied, and 9.8% expressed their satisfaction. In the small class, there is an equal percentage of dissatisfied and those who are mostly satisfied (31.2%, companies), and 9.4% of companies are completely satisfied. Within the class of medium-sized enterprises, the majority are those who are mostly satisfied with the results of support programs 46.2%, (30.8% of enterprises within this class, which did not use any support program, did not answer this question, and 15.4% did not satisfied with the results they had after using the support program). Only 7.7% of their medium-sized enterprises expressed satisfaction.

Comparing the presented results with the results of the research from 2016, it is interesting to note that even then there were more companies that were mostly satisfied or completely dissatisfied with the results of the support program than those who expressed their satisfaction. However, the percentage of satisfied respondents in the total sample decreased from 16.0% (2016) to 9.4% (2021) in the five-year period, and the percentage of respondents who did not want to comment on this issue (either because that they were not participants in the program or simply did not want to comment on the entire support system) increased from 17.9% to 34.4%. Taking into account the abovementioned, it is necessary for those responsible to conduct a detailed analysis of the reasons for the current situation and significant dissatisfaction in order to take steps to eliminate it, so that the support provided to businessmen in the District really benefits both them and the local community.

Respondents who were beneficiaries of some of the existing support programs in the District shared positive experiences in terms of results achieved, such as preservation of jobs and minimum wages with benefits during the "lockdown", preservation of liquidity, subsidizing part of the interest, reimbursement of electricity costs and/or employment of new workers (thanks to the support of hard-to-employ persons).

2.3. Interest in future support programs

The interest of the surveyed business entities for the future use of the support program is shown in the following table.

Table 6. Interest in the support program of the Government of Brcko District of BiH

Program	Micro		Small		Medium		Total	
	No.	%	No.	%	No.	%	No.	%
Financial support	39	76,5	28	87,5	11	84,6	78	81,2
Non-financial support	4	7,8	0	0,0	0	0,0	4	4,2
Financial and non-financial support	3	5,9	2	6,3	1	7,7	6	6,3
None	1	1,1	0	0,0	1	7,7	2	2,1
No answer	4	4,3	2	6,3	0	0,0	6	6,2
Total	51	100,0	32	100,0	13	100,0	96	100,0

Source: Author's calculation.

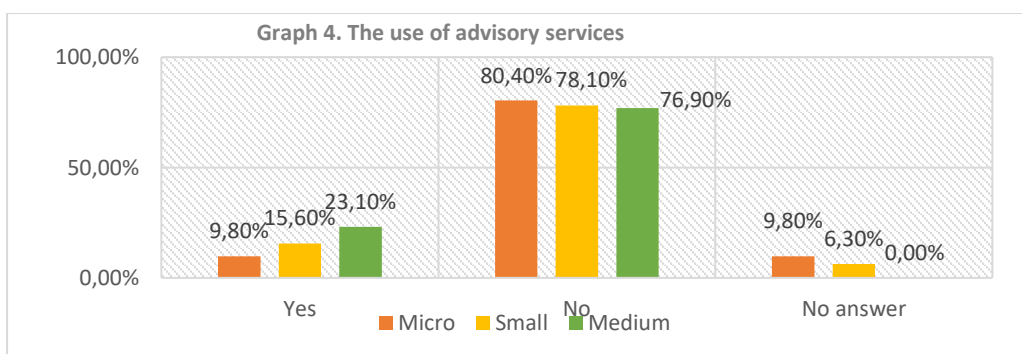
The table shows that there is a high interest of all business entities in financial support programs, regardless of size (81.2%). On the other hand, interest in non-financial support programs, in all classes, is low, only 4.2%. About 6% of respondents are interested in combined financial and non-financial support, and 2.1% of business entities in the sample are not interested in any form of future support.

The interest of surveyed companies from all classes in financial support programs, compared to the results from 2016 (57.5%), increased significantly, which is understandable because it indicates that the pandemic conditions have further indicated and intensified financial needs. Namely, limited access to sources of financing on both the money market and the capital market, especially in terms of prices and conditions of use, which have become even more acute due to the instability caused by the epidemic triggered by the Covid-19 virus, is one of the biggest financial problems. For that reason, the help of the Government, primarily for these categories of companies, lies in the domain of easier acquisition of the necessary resources under more favourable conditions than with financial institutions. Also, this statement is additionally supported by the fact that, in the 2016 survey, as many as 33% of surveyed companies from all classes stated that they were not interested in any form of support from local government, while in the 2021 survey the percentage of the respondents who chose this option dramatically decreased.

3. Non-financial support programs

Due to their organizational specifics and problems with lack of financial resources, SMEs are often not able to hire competent staff from different areas of business. Therefore, in some situations, it is desirable, even recommended, to use external consulting services, which can significantly help small businesses to achieve their business goals. In other words, the basic task of non-financial institutions and instruments to support SMEs is to provide appropriate non-financial services (consulting, education, information, etc.) for their smooth functioning and growth, under appropriate conditions (Vukotić, Cvijanović, Aničić, 2014: 151).

The largest percentage of surveyed companies from the sample, within all three classes, 79.2%, stated that they did not use consulting services, while a relatively small percentage (13.5% of surveyed companies) stated that they did (Chart 4). Observed by individual classes of enterprises (Chart 4), 80.4% of micro-enterprises answered negatively to the question, 78.1% of such enterprises are in the class of small, while 76.9% of the medium-sized enterprises have never used consulting services. Of those that are, among micro enterprises is 9.8%, among small 15.6%, while among medium-sized such enterprises is 23.1%.



Source: Author's calculations.

The companies that stated that they used consulting services pointed out that they needed the following consulting services: accounting services, market research services, tax consulting services, consulting in the field of management and marketing, financial and legal consulting in business with companies from abroad, consulting regarding business organization, consulting regarding ISO standard, advising on ways to increase productivity, etc.

In terms of interest in future advisory services, respondents were offered a choice of multiple answers. Out of the total number of respondents, 76 companies (i.e. about 80% of the respondents in the sample) answered this question. Most of them were from the class of micro enterprises 56.6%, followed by the class of small 32.9%, and then the class of medium enterprises 10.5%. Companies offered a total of 96 responses, with micro-enterprises offering 52 response modalities, small 34, while medium-sized ones offered 10 response modalities. The presented data (Table 8) indicate that the greatest interest of economic entities in consulting services in the future is in the field of marketing and market research, law, then accounting and auditing, development strategy development, etc.

Table 7. Interest in advisory services in the future

Advisory services	Micro		Small		Medium		Total	
	No.	%	No.	%	No.	%	No.	%
Marketing and market research services	13	17,1	10	13,2	5	6,6	28	36,8
Accounting and Audit	11	14,5	9	11,8	1	1,3	21	27,6
Strategy development services	10	13,2	6	7,9	1	1,3	17	22,4
Legal services	11	14,5	8	10,5	3	3,9	22	28,9
Foreign language services	1	1,3	0	0,0	0	0,0	1	1,3
Other	6	7,9	1	1,3	0	0,0	7	9,2
Total	52	100,0	34	100,0	10	100,0	96	100,0
Number of enterprises that provided answers	43	56,6	25	32,9	8	10,5	76	100,0
Number of enterprises that did not provide answers	8	40,0	7	35,0	5	25,0	20	100,0
Number of surveyed enterprises	51		32		13		96	

Micro and small enterprises are most interested in services in the field of marketing and market research, accounting and auditing, as well as law, development strategy, while medium-sized enterprises are most interested in consulting services in marketing and market research, as well as legal services. This indicates that the strategy of combating competition and market research are key missing competencies of SMEs, as well as the necessary knowledge in the field of law and accounting and auditing, which is important information for agencies and institutions that provide such services to businesses.

Conclusion

The presented results of the research, conducted within the review of the financial performance of SMEs in the BD BiH, showed personal sources of financing are predominantly used by micro and small enterprises in financing working capital, while medium enterprises give priority to a combination of external and internal sources. Also, starting from the fact that the external sources of financing of SMEs are limited, the data showed that the first on the list of sources of financing of investments are the owners' personal funds. However, unlike working capital financing, about 20% of all classes of respondents use external sources of investment financing, mainly loans from commercial banks and financial support from partners from other countries. In medium-sized companies, and in this case, the combination of own and external sources is a significant source of financing investment decisions. More than one third of the respondents included in the survey were not credit indebted. In the case of micro and medium-sized enterprises, somewhat more significant difficulties in loan repayment were recorded, while delays were recorded only in the case of respondents from the category of micro-enterprises. Regarding future credit borrowing, more than 50% of the total number of surveyed companies indicated that they do not plan new borrowing from banks. One of the alternative sources of obtaining the necessary additional financial and non-financial support are the various government programs offered by the District to micro, small and medium

enterprises operating in the local area. However, the analysed data showed that a more significant media and, in general, information approach to the presentation of available assistance programs is necessary, as well as a more adequate review of the achieved results, in order to identify existing sources of dissatisfaction of potential and existing beneficiaries, and thus strengthening the purposefulness of the designed support to economic entities in the District. Comparing the presented results of future interest in financial support programs versus non-financial support programs, the dominance of the needs of surveyed companies for certain forms of financial assistance was recorded (even to a much greater extent than in the previous 2016 survey), which is completely understandable and expected take into account that the pandemic business conditions, due to the presence of the Covid-19 virus, have further shaken and jeopardized the financial stability of micro, small and medium-sized enterprises. After the primary financial needs, these data indicate that although almost 80% of respondents were not users of consulting services in the previous period, they are aware that progress and strengthening includes consulting external knowledge and services that exceed their personal competencies, such as marketing and consulting services, market research, law, accounting and auditing, etc.

References

1. European Commission. (2005). *New Definition of SMEs, User Guide*. Enterprise and Industry Publications.
2. Evropska unija. (2003). Preporuka Evropske komisije 2003/361/EC. *Official Journal of the EU L 124*. 36-41.
3. Grubišić Šeba, M. (2016). Financing Preferences of European SMEs. Ateljević, J. & Trivić, J. (editors) *Economic Development and Entrepreneurship in Transition Economies - Issues, Obstacles and Perspectives*. Springer International Publishing Switzerland.
4. Isaković, S. (2015). *Menadžment malih i srednjih preduzeća*. Ekonomski fakultet Univerziteta u Zenici.
5. Kutnjak, G. (2010). Evropska unija u funkciji poticanja i razvoja malog i srednjeg poduzetništva. *Poslovna izvrsnost Zagreb IV*(2). 79-91.
6. Lovrić, M., Komić, J., Stević, S. (2017). *Statistička analiza- Metodi i primjena*. Banja Luka: NUB Republike Srpske.
7. Nacionalna agencija za regionalni razvoj. (2013). *Istraživanje o stanju, potrebama i problemima malih i srednjih preduzeća i preduzetnika (MSPP) u Srbiji*, Kvantitativno terensko istraživanje. TNS Medium Galup.
8. Ploh, M. (2017). Ograničenja i mogućnosti financiranja malih i srednjih poduzeća u Republici Hrvatskoj. *FIP - Financije i pravo*, 5(1). 79-106.
9. Pulišelić, M. (2012). Strategijsko-financijski okvir za podršku malog gospodarstva, Vidučić, Lj. (ured) *Mala i srednja poduzeća: financijska politika i ekonomsko-financijski okvir podrške*. Ekonomski fakultet Sveučilišta u Splitu.
10. Stević, R. S. i drugi (2016). *Stanje i problemi u poslovanju malih i srednjih preduzeća u Brčko distriktu Bosne i Hercegovine*, Naučno-stručno istraživanje. Ekonomski fakultet Brčko.
11. *Strategije razvoja Brčko distrikta BiH 2021-2027. godina*. (2021). Službeni glasnik Brčko distrikta Bosne i Hercegovine, godina XXII, broj 11.
12. Thurik, A.R. (2008). *The „managed“ and the „entrepreneurial“ economy*. World Entrepreneurship Forum.
13. Vidučić, Lj. (2003). Financiranje i razvitak malog gospodarstva (SME sektor). *Računovodstvo, revizija i financije*, br. 9. 71-76.
14. Vukotić, S., Cvijanović, D., Aničić, J. (2014). *Mala i srednja preduzeća - ključ uspeha u klsterskom povezivanju*. Institut za ekonomiku poljoprivrede u Beogradu.
15. Vuković, K. (2012). *Mala i srednja poduzeća u Evropskoj uniji*. Fakultet organizacije i informatike Sveučilišta u Zgrebu.