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* SANJIN KODRIĆ

The Paradox of Hasanaginica: A Contribution to Textual History
and the Question of Literary Cultural Identity

4-27

* MERIMA TANOVIĆ

Creating Public Value: From Theory to Operationalization in the
Practice of Public Administration in Bosnia and Herzegovina

28-45

* RIJAD DELIĆ, NERMIN LAPANDIĆ,
EMIR MEHMEDOVIĆ

Regulatory Ambiguities in Public Procurement Procedures:
Oversight of the Estimated Contract Value and the Risk of
Excessive Profits

46-67

* ĐEVAD ŠAŠIĆ, LEJLA ŠUMAN

The Role of Direct Foreign Investment in Local Economic
Development

68-81

BOSNIA N STUDIES SARAJEVO 1

SANJIN KODRIĆ

The Paradox of Hasanaginica:
A Contribution to Textual History and
the Question of Literary Cultural Identity

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Summary*

This paper examines the ballad Hasanaginica as one of the most renowned works of Bosniak oral literature and Bosniak literature in general, which, despite the pronounced literarycultural markers of belonging to Bosniak literature and culture, has been unjustifiably included in the corpora of other literatures and cultures. Ever since its first recording in Alberto Fortis's travel book Viaggio in Dalmazia in 1774, and onwards, it gained worldwide fame precisely by being extracted from its own literarycultural framework. The paper analyzes the processes of canonization and attribution of Hasanaginica primarily to Serbian or Croatian literature and culture, pointing to the long history of neglecting its actual belonging to Bosniak literature and culture. Special attention is devoted to the circumstances of the ballad's first recording by Alberto Fortis, its reception during European Romanticism and subsequent translations into numerous languages, as well as the ideological and nationalromantic conceptions of the 19th century that shaped the perception of Bosniak literature and culture. The paper highlights the longlasting consequences of denying Bosniak identity, the late recognition of Bosniak literature and culture, and the need for the ballad's restoration to its own context. Hasanaginica thus appears as a paradigmatic example of a literarycultural paradox. This work became a European and World sensation precisely because it was deattributed from its own origin, despite its distinctly marked literarycultural identity.

Keywords: Hasanaginica, Bosniak oral literature, Bosniak literature and culture, literarycultural identity, Alberto Fortis, Morlachism, Ossianism, foreign reception, national Romanticism, canonization of literature

I.

The ballad *Hasanaginica* (*Hasan Aga's Wife's Lament*) is one of the most significant works of Bosniak oral literature, or rather, Bosniak literature, not just in the ex-Yugoslav context but also in the wider European and global context. It is a text that, especially from the perspective outside of Bosnia, is attributed to other, non-Bosniak literary-cultural identities, sorted into Serb or Croat literature/culture, or, at best, to the general Yugoslav oral tradition, without any connection to Bosniak

* The paper is a result of a scientific research project *The History and Poetics of Bosniak Literature* by the Institute for Bosniak Studies of the Bosniak Community of Culture (Project Leader: Prof. Dr. Sanjin Kodrić), dedicated to the teacher and friend Prof. Dr. Munib Maglajlić (Banja Luka, 24. 3. 1945. – Sarajevo, 19. 10. 2015.), literary folklorist and long-standing professor at the Department for the Literature of the Peoples of Bosnia and Herzegovina of the Faculty of Philosophy at the University of Sarajevo and former president of the Bosniak Community of Culture, in memory of his 80th birthday and 10th death anniversary.

***SANJIN KODRIĆ**

The Paradox of Hasanaginica: A Contribution to Textual History and the Question of Literary Cultural Identity

literature and culture as such.¹ This paradox is seen in numerous other achievements of Bosniak literature, which, despite their cultural and literary markers, are counted among the corpora of other literatures and cultures. Despite sharing a basic linguistic system, the said works practically do not share a single decisive, fundamental literary-cultural trait, nor any other key identifying marker. To make the paradox even greater, *Hasanaginica* became famous despite its native literary and cultural framework, where its attribution to other, foreign literary-cultural identities enabled its wide dissemination and valorization worldwide. This has been the case with an array of other, particularly significant manifestations of Bosniak literature, including the oral traditional practice, as if the fateful price and precondition for wider importance was the identitarian extraction from the framework of its own culture and literature.²

In the case of *Hasanaginica*, as with many other works, there are numerous reasons for this, with the root cause being the 19th-century romantic nationalist conceptions of Serbian and Croatian literatures, cultures and societies. This was coupled with the unique position of the Bosniak ethno-national identity as a whole, including its wider visibility and literary-cultural recognizability.³ The latter entailed the non-recognition and negation of the ethno-national particularity of the Bosnian Muslims/Bosniaks as a people, with the intense processes of ‘nationalizing the Muslims,’ by presenting them as national Serbs and/or Croats of the Muslim faith, from the latter half of the 19th century onwards.⁴ As such, these attempts directly denied the self-conscious existence of the Bosniak Muslims/ Bosniaks as a people, and therefore, their own self-conscious literature and culture as a whole, styling it as Muslim variants of wider Serb or Croat literatures and cultures. Given this process, tied to building ethno-national identities in the Slavic South, Bosniak literature and culture, like much of Bosniak society at the time, did not have a fitting answer to the ‘nationalization’ for a long time, owing to its specific circumstances and difficulties. Hence, the ‘nationalization’ of the Muslims to the Serb and Croat sides was influential and achieved results within the Bosniak ethno-national corpus, albeit not in a deep, essential sense. ‘Nationalization’ remained surface-level, as socio-politically necessary ethno-national

1 Cf. *Hasanaginica 1774–1974: Prepjevi, varijante, studije, bibliografija*, ed. Alija Isaković, Svjetlost, Sarajevo, 1975, pp. 7-8, 621-683.

2 Cf. Sanjin Kodrić, “Status i identitet bošnjačke književnosti i usmena književnost Bošnjaka do kraja 19. stoljeća”, *Studije iz kulturalne bosnistike (Književnoteorijske i književnohistorijske teme)*, Slavistički komitet, Sarajevo, 2018, pp. 23-108.

3 Cf. Sanjin Kodrić, *Bošnjačka i bosanskohercegovačka književnost (Književnoteorijski i književnohistorijski aspekti određenja književne prakse u Bosni i Hercegovini)*, Dobra knjiga, Sarajevo, 2018.

4 Cf. Alija Isaković, ed., *O “nacionaliziranju” Muslimana: 101 godina afirmiranja i negiranja nacionalnog identiteta Muslimana*, Globus, Zagreb, 1990.

‘labels’ with little real content, continuing deep into the 20th century.⁵ Along with other socio-political and ideological factors, the consequences of these processes would be long-lasting, among which is the late recognition of a self-styled ‘Muslim’ or rather Bosniak nation, only in the late 1960s and early 1970s. The recognition of a specific Bosnian Herzegovinian, and later Bosniak, literature followed, all amid countless obstructions reminiscent of 19th-century hegemonic ethno-national conceptions that remain with us today.⁶ For much of Bosniak literature and cultural history, and their positioning within its native literary corpus and culture, this was quite late, seeing as for decades it was treated differently. Many works were canonized in the domestic and international settings into the frameworks of other literatures and cultures, without connection to their own native literature and culture.

This was precisely the case with the ballad *Hasanaginica*, for decades canonized in the frameworks of Serb or Croat literature in local and international contexts. The case of *Hasanaginica* is even more complex, given the circumstances of its first recording. Even though there is a thesis that the first record of the ballad occurred in the *Erlangen Manuscript*, from the first third of the 18th century,⁷ likely the oldest known collection of South Slavic oral history, *Hasanaginica* in its known form appears first as a ‘Moralch’ song/poem, recorded as a folk, oral literary creation in the space that no longer was inhabited by the Bosniak community. While it quickly became world-famous, it was, from the start, fully denuded of its own literary and cultural tradition and identity. This intensified in the decades to follow, leaving paradoxical consequences for one of the most famous achievements of Bosniak literature, which are among the questions and problems that continually seek a suitable answer.

II.

The Bosniak oral tradition saw its first complete records, wider reception, and recognition in the 18th century, as shown by the *Erlangen Manuscript* and some other 18th-century sources, especially Mula Mustafa Bašeskija’s (c.1731-1809) *Chronicle (Ljetopis)* or the collections of the French Consul in Ragusa, Marc René Bruère (1770-1823, also known as Marko Bruerović).⁸ This was also the start of the re-attribution of Bosniak literature and the extraction of it from its

5 Cf. Šaćir Filandra, *Bošnjačka politika u XX stoljeću*, Bošnjačka zajednica kulture “Preporod”, Sarajevo, 2023.

6 Cf. Sanjin Kodrić, *Bošnjačka i bosanskohercegovačka književnost (Književnoteorijski i književnohistorijski aspekti određenja književne prakse u Bosni i Hercegovini)*, Dobra knjiga, Sarajevo, 2018.

7 Cf. André Vaillant, “Vuk Karadžić i *Hasanaginica*”, *Hasanaginica 1774–1974: Prepjevi, varijante, studije, bibliografija*, ed. Alija Isaković, Svjetlost, Sarajevo, 1975, p. 321.

8 Cf. Munib Maglajlić, “Bošnjačka usmena lirika”, *Usmena lirika Bošnjaka*, ed. Munib Maglajlić, Bošnjačka zajednica kulture “Preporod”, Sarajevo, 2006, p. 11.

*SANJIN KODRIĆ

The Paradox of *Hasanaginica*: A Contribution to Textual History and the Question of Literary Cultural Identity

own Bosniak literary-cultural frameworks.⁹ The shift is most visible in the oft-mentioned 18th-century source – the travelogue titled *Travels into Dalmatia* (*Put po Dalmaciji/Viaggio in Dalmazia*, 1774) by the Italian/Venetian abbot-naturalist Alberto Fortis (1741-1803). He first published the text of the most famous piece of Bosniak oral literature – the renowned ballad *Hasanaginica*, or as it was originally titled, *The Mourning Song of the Noble Wife of the Hasan-Aga* (*Xalostna pjesanza plemenite Asan-Aghinize*).¹⁰

Fortis' travels, his recording and publication of *Hasanaginica* are characteristic of important processes in Europe during the final third of the 18th century. Fortis was influenced by the tradition of European Rationalism and Enlightenment, at the dawn of pre-romantic cultural movements, hoping to 'return to nature,' following the Genevan philosopher Jean-Jacques Rousseau (1712-1778) and 'Ossianism' – early interest in 'original' folk culture that dominated European Romanticism. Thus, Fortis arrived in Venetian Dalmatia in 1771, devoting special attention to a special form of European 'other' at the time – the Dalmatian hinterlands (*za-gora*). Fortis was especially interested in the European 'noble savages,' people of nature, untouched and unchanged by modern culture and civilization, finding this ideal in the form of the 'Morlachs.'¹¹ This was not an ancient community of Vlach (Eastern Romance speakers in the Balkans) that Salvicized and assimilated into the wider ethnic environment. Regardless of their origins, Fortis uses 'Morlach' to denote the inhabitants of the rural, mountainous Dalmatian interior, the border between the Republic of Venice, the Habsburg Monarchy, and the Ottoman Empire. Fortis differentiates them from the inhabitants of the Dalmatian coast, which was included in the culture and civilization of the time, namely the Venetian-Italian context. 'Morlachs' is an exonym given to the inhabitants of the Dalmatian hinterlands in line with the Venetian-Italian practices of naming in Fortis' era. This name denoted the old inhabitants of parts of the Bosnian eyalet that the Ottoman Empire lost to Venice following the Candian (1645-1699) and Morean Wars (1684-1699). The name 'Morlach' therefore refers to the population of the region that *Hasanaginica* hails from – the inhabitants of Imotski and its surroundings, Ottoman-Bosnian lands that Venice captured in 1717, after which the Muslim population retreated into the interior, to the territories owned by the Ottoman Empire, or remained under Venetian suzerainty, often converting to Christianity.¹²

9 Cf. Sanjin Kodrić, "Status i identitet bošnjačke književnosti i usmena književnost Bošnjaka do kraja 19. stoljeća", *Studije iz kulturalne bosnistike (Književnoteorijske i književnohistorijske teme)*, Slavistički komitet, Sarajevo, 2018, p. 23-108.

10 Cf. Alberto Fortis, *Viaggio in Dalmazia*, mit Einführung und Bibliographie herausgegeben von Jovan Vuković und Peter Rehder, Otto Sagner – Veselin Masleša, München – Sarajevo, 1974.

11 Cf. e.g., Larry Wolff, *Venice and the Slavs: The Discovery of Dalmatia in the Age of Enlightenment*, Stanford University Press, Stanford, 2003; Also: Inoslav Bešker, "Morlaci i morlakizam u književnosti", *Književna smotra*, vol. 34, no. 123, Hrvatsko filološko društvo, Zagreb, 2002, pp. 113-124.

12 Cf. e.g., Tea Mayhew, *Dalmatia between Ottoman and Venetian Rule: Contado di Zara 1645-1718*, Viella, Rim, 2008.

This was ‘Morlachia’¹³ – the world into which Alberto Fortis entered in 1771, and which he described in his *Travels*, the world in which he found the ballad *Hasanaginica*. Presenting the European rationalist-enlightenment readership with the ‘Morlachian’ alterity, Fortis aligned himself with the pre-romantic Ossian impulses of the time. In line with the forgotten and lost Ossian Celtic and Gaelic poems of Scottish poet James Macpherson (1736-1796) in the 1760s in Great Britain, he presented the pure, unspoiled spiritual culture of the ‘Morlachs,’ along with their ‘wild,’ but ‘noble’ literature. Fortis’ *Travels* introduced Europe to the text they came to know as *The Mourning Song of the Noble Wife of the Hasan-Aga*. *Hasanaginica* served as the exceptional example of both the ‘savage’ and ‘noble’ spiritual life of the ‘Morlachs’ and all its exoticism, all the greater due to the exceptionally exotic Muslim role played in the *Mourning Song*. It is undoubtedly one of the reasons why Fortis presents the entire original text of the ballad, followed by its Italian translation - *Canzone dolente della Canobile sposa d’Asan-Aga*, making this the first foreign language translation of Bosniak oral literature:

Scto se bjeli u gorje zelenoj?
Al-su snjezi, al-su Labutove?
Da-su snjezi vech-bi okopnuli;
Labutove vech-bi poetjeli.
Ni-su snjezi, nit-su Labutove;
Nego sciator Aghie Asan-Aghe.
On bolu-je u ranami gliutimi.
Oblaziga mater, i sestrizia;
A Gliubovza od stida ne mogla.

Kad li-mu-je ranam’ boglie bilo,
Ter poruca vjernoi Gliubi svojoj:
Ne čekai-me u dvoru bjelomu,
Ni u dvoru, ni u rodu momu.
Kad Kaduna rjeci razumjela,
Josc-je jadna u toj misli stala.
Jeka stade kogna oko dvora:
I pobjexe Asan-Aghiniza
Da vrât lomi kule niz penkere.
Za gnom terçu dve chiere djevoike:
Vrati-nam-se, mila majko nascia;
Ni-je ovo babo Asan-Ago,
Vech daixa Pintorovich Bexa.

I vrâtise Asan Aghiniza,
Ter se vjescia bratu oko vrâta.
Da! moj brate, velike framate!
Gdi-me saglie od petero dize!
Bexa muçi: ne govori nista.
Vech-se mâscia u xepe svione,
I vadi-gnoj Kgnigu oproschienja,
Da uzimglie podpunno vienčanje,
Da gre s’ gnime majci u zatraghe.
Kad Kaduna Kgnigu proučila,
Dva-je sina u čelo gliubila,

Che mai biancheggia là nel verde bosco?
Son nevi, o Cigni? Se le fosser nevi
Squagliate omai sarebbonsi: se Cigni
Mosso avrebbero il volo. Ah! non son bianche
Nevi, o Cigni colà; sono le tende
D’Asano, il Duce. Egli è ferito, e duolsi
Acerbamente. A visitarlo andaro
La Madre, e la Sorella. Anche la Sposa
Sarebbev’ita; ma rissor trattienla.

Quindi allorchèi delle ferite il duolo
Senti alleggiarsi, alla fedel mogliera
Così fece intimar: “Non aspettarmi
“Nel mio bianco cortil; non nel cortile,
“Nè fra’ parenti miei.” Nell’udir queste
Dure parole pensierosa, e mesta
L’infelice rimase. Ella d’intorno
Al maritale albergo il calpestio
Di cavalli ascoltò; verso la torre
Disperata fuggì, per darsi morte
Dalla finestra rovinando al basso.
Ma i di lei passi frettolose, ansanti
Le due figlie seguir: Deh! cara madre,
Deh! non fuggir; del genitore Asano
Non è già questo il calpestio; ne viene
Il tuo fratello, di Pintoro il figlio.

Addietro volse a questo dire i passi
D’Asan la Sposa, e le braccia distese
Al collo del fratello. “Ah! fratel mio,
“Vedi vergogna! e’ mi repudia, Madre
“Di cinque figli!” Il Begh nulla risponde;
Ma dalla tasca di vermiglia seta
Un foglio trae di libertade, ond’ella
Ricoronarsi pienamente possa,

What’s so white upon yon verdant forest?
Is it snow, or is it swans assembled?
Were it snow, it surely had been melted;
Were it swans, long since they had departed.
Lo! it is not swans, it is not snow there:
‘Tis the tent of Aga, Hassan Aga;
He is lying there severely wounded,
And his mother seeks him, and his sister;
But for very shame his wife is absent.

When the misery of his wounds was soften’d,
Hassan thus his faithful wife commanded:
“In my house thou shalt abide no longer—
Thou shalt dwell no more among my kindred.”
When his wife had heard this gloomy language,
Stiff she stood, and full of bitter sorrow.

When the horses, stamping, shook the portal,
Fled the faithful wife of Hassan Aga—
Fain would throw her from the castle window.
Anxious two beloved daughters follow’d,
Crying after her in tearful anguish—
“These are not our father Hassan’s coursers;
Tis our uncle Pintoróvich coming.”

Then approached the wife of Hassan Aga—
Threw her arms, in misery, round her brother—
“See the sorrow, brother, of thy sister:
He would tear me from my helpless children.”

He was silent—but from out his pocket,
Safely wrapp’d in silk of deepest scarlet,
Letters of divorce he drew, and bid her
Seek again her mother’s ancient dwelling—
Free to win and free to wed another.

13 Cf. Borna Fürst-Bjeliš, “Toponimija i percepcija u prostoru Triplex Confiniuma: Morlakija”, *Radovi Zavoda za hrvatsku povijest*, no. 32-22, Zavod za hrvatsku povijest Filozofskog fakulteta Sveučilišta u Zagrebu, Zagreb, 1999/2000, pp. 349-354.

*SANJIN KODRIĆ

The Paradox of Hasanaginica: A Contribution to Textual History and the Question of Literary Cultural Identity

A due chiere u rumena liza:
A s' malahnim u besicje sinkom
Odjeliti nikako ne mogla.
Vech-je brataz za ruke uzeo,
I jedva-je sinkom raztavio:
Ter-je mechie K' sebi na Kogniza,
S'gnome grede u dvoru bjelomu.

U rodu-je malo vrijeme stála,
Malo vrijeme, ne nedjegliu dana,
Dobra Kado, i od roda dobra,
Dobru Kadu prose sa svi strana;
Da majvechie Imoski Kadii.
Kaduna-se bratu svomu moli:
Aj, tako te ne xelila, bratzo!
Ne moi mene davat za nikoga,
Da ne puza jedno serze moje
Gledajuchi sirotize svoje.
Ali Bexe ne hajasce nista,
Vech-gnu daje Imoskomu Kadii.
Josć Kaduna bratu-se mogliasce,
Da gnoj pisce listak bjele Knighe,
Da-je saglie Imoskomu Kadii.
"Djevoika te ljepo pozdravljiasce,
"A u Kgnizi ljepo te mogliasce,
"Kad pokupisc Gospodu Svatove
"Dugh podkluivaz nosi na
djevoiku;
"Kada bude Aghi mimo dvora,
"Neg-ne vidi sirotize svoje."
Kad Kadii bjela Kgniga doge
Gospodu-je Svate pokupio.
Svate kuppi grede po djevoiku.
Dobro Svati dosli do djevoike,
I zdravo-se povratili s'gnome.

A kad bili Aghi mimo dvora,
Dve-je chierze s'penxere gledaju,
A dva sina prid-gnu izhogiaju,
Tere svojoj majci govoriaju.
Vrati-nam-se, mila majko nascia,
Da mi tebe uxinat damo.
Kad to čula Asan-Aghiniza,
Stariscini Svatov govorila:
Bogom, brate Svatov Stariscina,
Ustavimi Kogne uza dvora,
Da davujem sirotize moje.
Ustavise Kogne uza dvora.
Svoju dizu ljepo darovala.
Svakom' sinku nozve pozlachene,
Svakoć chieri čohu da pogliane;
A malomu u besicje sinku
Gnemu saglie uboske hagleine.

A to gleda Junak Asan-Ago;
Ter dozivglie do dva sina svoja:
Hodte amo, sirotize moje,
Kad-se nechie milovati na vas
Majko vascia, serza argiaskoa.

Dopo che avrà con lui fatto ritorno
Alla casa materna. Allor che vide
L'afflitta donna il doloroso scritto,
De' suoi due figliuolin' baciò le fronti,
E delle due fanciulle i rosei volti:
Ma al bambino, che giaceva in culla
Staccar non si poteo. Seco la trasse,
Il severo fratello a viva forza;
Sui cavallo la pose, e fe ritorno
Con essa insieme alla magion paterna.

Breve tempo restovvi. Ancor passati
Sette giorni non erano, che intorno
Fu da ogni parte ricercata in moglie
La giovane gentil d'alto legnaggio;
E fra i nobili Proci era distinto
L'Imoskese Cadi. Prega piagnendo
Ella il fratel: deh non voler di nuovo
Darmi in moglie ad alcun, te ne scongiuro
Pella tua vita, o mio fratello amato;
Onde dal petto il cor non mi si schianti
Nel riveder gli abbandonati figli!

Il Begh non bada alle sue voci; è fisso
Di darla in moglie al buon Cadi d'Imoski.
Allor di nuovo ella pregò: deh! almeno
(Poichè pur così vuoi) manda d'Imoski
Al Cadi un bianco foglio. "A te salute
"Invia la giovinetta, e vuol pregarti
"Per via di questo scritto, che allor quando
"Verrai per essa co' Signori Svati
"Un lungo velo tu le rechi, ond'ella
"Possa da capo appiè tutta coprirsi,
"Quando dinanzi alla magion d'Asano
"Passar d'uopo le sia; nè veder deggia
"I cari figli abbandonati. "Appena
Giunse al Cadi la lettera, ei raccolse
Tutti gli Svati, e pella Sposa andiede,
Il lungo velo, cui chiedea, portando.
Felicemente giunsero gli Svati
Sino alla casa della Sposa; e insieme
Felicemente ne partir con essa.
Ma allor, che presso alla magion d'Asano
Furo arrivati, dal balcon mirorno
La madre lor le due fanciulle, e i figli
Usciro incontro a lei. "Deh, cara madre,
"Tornane a noi; dentro alle nostre soglie
"A cenar vienne". La dolente Sposa
Del Duce Asano, allor che i figli udio,
Volsesi al primo degli Svati: "O vecchio
"Fratello mio, deh ferminsi i cavalli!
"Presso di questa casa, ond'io dar possa
"Qualche pegno d'amore agli orfanelli
"Figli del grembo mio". Stettersi fermi
Dinanzi alla magion tutti i cavalli;
Ed ella porse alla diletta prole

I doni suoi, scesa di sella. Diede
Ai due fanciulli bei coturni, d'oro
Tutti intarsiati, e due panni alle figlie,
Onde dal capo ai piè furon coperte:
Ma al picciolo bambin, che giacea in culla,
Da poverello un giubbettin mandava.

When she saw the letter of divorcement,
Kisses on her young boy's forehead, kisses
On her girls' red cheeks she press'd—the
nursling—
For there was a nursling in the cradle—
Could she tear her, wretched, from her infant?
But her brother seized her hand, and led her—
Led her swiftly to the agile courser;
And he hasten'd with the sorrowing woman
To the ancient dwelling of her fathers.

Short the time was—not seven days had
glided—
Short indeed the time—and many a noble
Had our lady—though in widow's garments—
Had our lady ask'd in holy marriage.

And the noblest was Imoski's Cadi;
And our lady, weeping, pray'd her brother:
"I exhort thee, on thy life exhort thee,
Give me not, oh, give me not in marriage!
For the sight of my poor orphan'd children
Sure would break the spirit of thy sister!"

Little cared her brother for her sorrows;
He had sworn she should espouse the Cadi,
But his sister pray'd him thus unceasing:
"Send at least one letter, O my brother!
With this language to Imoski's Cadi:

'Friendly greetings speeds the youthful woman;
But entreats thee, by these words entreats thee,
When the Suates' shall conduct thee hither,
Thou a long and flowing veil wilt bring me,
That, in passing Hassan's lonely dwelling,
I may hide me from my hapless orphans."

Hardly had the Cadi read the letter,
Than he gather'd his Suates together,
Arm'd himself, and hasten'd towards the lady,
Home to bring her as his bridal treasure.

Happily he reach'd the princely dwelling,
Happily were all returning homeward;
When toward Hassan's house they were
approaching,
Her two daughters saw her from the window.

Her two sons rush'd on her from the portal:
And they cried, "Come hither! O come hither!
Take thy night's repast with thine own children!"

As they stopp'd at the beloved portal,
Presents gave she unto all the children.
To the boys, boots all with gold embroider'd;
To the girls, long and resplendent dresses;
And to the poor baby in the cradle,
For the time to come, a little garment.

Near them sat their father, Hassan Aga,
And he call'd in sorrow to his children:
"Come to me, poor children! to your father;
For your mother's breast is turn'd to iron,
Closed against you, harden'd 'gainst all pity."

Kad to čula Asan Aghiniza,
Bjelim ličem u zemglju udarila;
U pút-se-je s'duscjom raztavila
Od xalosti gledajuch sirota.¹⁴

Tutto in disparte il Duce Asàn vedea;
E a se chiamò i figliuoli. "A me tornate
"Cari orfanelli miei, da che non sente
"Più pietade di voi la crudel madre
"Di arrugginito cor." Udillo; e cadde
L'afflitta donna, col pallido volto
La terra percuotendo; e a un punto istesso
Del petto uscille l'anima dolente,
Gli orfani figli suoi partir veggendo.¹⁵

When these words were heard by Hassan's
consort,
On the ground she fell, all pale and trembling,
Till her spirit burst her heavy bosom
At the glances of her orphan children.¹⁶

At the same time, Fortis provides an introductory note to his original text and Italian translation, in which he summarizes the ballad, including its exoticized and pronounced shame Hasanaginica feels. In the eyes of the 18th-century rationalist-enlightenment European readership, he says it "would be unusual to us," which made for *Hasanaginica*'s first interpretation.

Asan, Capitano Turco, resta ferito in un combattimento per modo, che non può ritornarsene alla casa propria. Va a visitarlo nel campo la madre, e la sorella: ma trattenuta da un pudore, che parrebbe strano fra noi, non à il coraggio d'andarvi la di lui moglie. Asan prende per un tratto di poco buon animo questa ritrosia; si sdegna colla Sposa, in un momento di primo impeto, e le manda il libello di repudio. L'amorosa Donna, con angoscia acerbissima di cuore, si lascia condurre lontano da cinque tenere creaturine, e particolarmente dall'ultimo suo bambino, che

Asan, turski kapetan, biva ranjen u jednoj borbi tako da se ne može vratiti u vlastitu kuću. U logoru ga posjećuju majka i sestra, ali, zadržana stidom koji bi se među nama činio neobičnim, njegova žena nema hrabrosti da ode. Asan ovu njezinu povučenost shvati kao znak slabog srca, razgnjevi se na suprugu u trenutku prvog nagona i šalje joj pismo razvoda. Gospa puna ljubavi, s najgorčom boli u srcu, dopušta da je odvedu daleko od petero njezine male djece, a osobito od posljednjeg sina, koji je još ležao u

Asan, a Turkish Captain is wounded in a battle, and is unable to return home. He is visited in his camp by his mother and sister but held back by shame that would be usual to us, his wife lacks the courage to go. Asan takes her resignation as a sign of a weak and idiffernet heart, in a moment of rash anger, sneds her a write of divorce. The devoted woman, with the deepest anguish in her heart, allows herself to be taken from her five young children, and especially her youngest son, still laying in the cradle. As soon as she returned home, the foremost neighboring lords

14 Alberto Fortis, *Viaggio in Dalmazia: Volume Primo*, Presso Alvise Milocco, all'Apolline, Venecija, 1774, pp. 98, 100, 102, 104. also: Alberto Fortis, *Viaggio in Dalmazia*, mit Einführung und Bibliographie herausgegeben von Jovan Vuković und Peter Rehder, Otto Sagner – Veselin Masleša, München – Sarajevo, 1974; also: Alberto Fortis, *Put po Dalmaciji*, ed. Josip Bratulić, trans. Mate Maras i Darko Novaković, Globus, Zagreb, 1984.

15 Alberto Fortis, *Viaggio in Dalmazia: Volume Primo*, Presso Alvise Milocco, all'Apolline, Venecija, 1774, pp. 99, 101, 103, 105.

16 Translator's note: For the convenience of readers unfamiliar with Italian and Bosnian, I reproduced John Bowring's 19th-century English translation (1827). This is for accessibility only and not a direct translation of Fortis' version. The translation is sourced from: Isaković, Alija. *Hasanaginica: 1774-1974: Prepjevi, Varijante, Studije, Bibliografija*. Svjetlost, 1975., pp 288-290. The translation also covers the versions that follow in this article.

*SANJIN KODRIĆ

The Paradox of Hasanaginica: A Contribution to Textual History and the Question of Literary Cultural Identity

giacevasi peranche nella culla. Appena ritornata alla casa paterna, fu chiesta in moglie da' principali Signori del vicinato. Il Begh Pintorovich, di lei fratello, stringe il contratto col Cadi, o Giudice d'Imoski; e non bada ai prieghi dell'afflitta giovane, che amava di perfetto amore il perduto marito, e i figliuolini suoi. La comitiva, per condurla a Imoski, dovea passare dinanzi alla casa dell'impetuoso Asan, che di già guarito delle sue ferite se n'era tornato, e trovavasi pentitissimo del repudio. Egli, conoscendo benissimo il di lei cuore, manda a incontrarla due de' suoi fanciulli, a' quali ella fa dei regali, che di già aveva preparati. Asan si fa sentire a richiamarli in casa, dolendosi che la loro madre à un cuore inflessibile. Questo rimprovero, il distacco de' figliuoli, la perdita d'un marito, che nel suo modo aspro l'amava quanto era amato, operano una sì forte rivoluzione nell'anima della giovane Sposa, ch'ella ne cade morta all'improvviso, senza proferir parola.¹⁷

kolijevci. Čim se vratila u očevu kuću, zatražili su je za ženu glavni gospodari iz susjedstva. Beg Pintorović, njezin brat, sklapa ugovor s kadijom, odnosno sudijom u Imotskom i ne obraća pažnju na molbe ožalošćene mlade žene, koja je savršenom ljubavlju voljela izgubljenog muža i svoju djecu. Povorka koja ju je trebala odvesti u Imotski morala je proći ispred kuće naglog Asana, koji se već bio oporavio od rana, vratio se i osjećao duboko kajanje zbog razvoda. On, poznajući vrlo dobro njezino srce, šalje joj u susret dvojicu svojih sinova, kojima ona daje darove koje je već bila pripremila. Asan se oglasi dozivajući ih natrag u kuću, žaleći se da njihova majka ima nepokolebljivo srce. Taj prijekor, rastanak od djece, gubitak muža koji ju je, na svoj grub način, volio koliko je i bio voljen, izazivaju tako snažnu potresenost u duši mlade supruge da ona iznenada pada mrtva, ne izgovorivši nijednu riječ.¹⁸

sought her hand in marriage. Her brother, Pinotović Bey, concluded a marriage contract with the *Cadi* (judge) of Imotski, paying no heed to the pleas of the afflicted young woman, who was perfectly devoted to her lost husband and little children. The wedding procession to Imotski had to pass before the house of the impetuous Asan, who had recovered from his wounds and returned home, repenting that he divorced her. He, knowing her heart all too well, sent two of his children to meet her, and she gave them the gifts she had already prepared. Asan then calls the children back into the house, lamenting their mother's unyielding heart. The reproach, together with the separation from her children and the loss of a husband who, despite his harsh manner, loved her as he was loved, caused such a strong upheaval in the soul of the young wife that she fell dead suddenly, without saying a single word.¹⁹

17 Alberto Fortis, *Viaggio in Dalmazia: Volume Primo*, Presso Alvise Milocco, all'Apolline, Venezia, 1774, p. 97.

18 Author's translation from the Italian original. Also: Alberto Fortis, *Viaggio in Dalmazia*, mit Einführung und Bibliographie herausgegeben von Jovan Vuković und Peter Rehder, Otto Sagner – Veselin Masleša, München – Sarajevo, 1974; also: Alberto Fortis, *Put po Dalmaciji*, ed. Josip Bratulić, trans. Mate Maras i Darko Novaković, Globus, Zagreb, 1984.

19 Translator's note: Fortis' introduction and the ballad itself were not included in the first English translation from 1778, accessible here: Alberto Fortis. *Travels into Dalmatia*. 1778. http://archive.org/details/travels_into_dalmatia_1778-alberto_fortis. The translation provided is based on the author's translation.

See also: Janković, Mira. "Tri engleska prijevoda 'Hasanaginice' u Škotskoj." *Rad Jugoslavenske akademije znanosti i umjetnosti* 8 (1955). <https://dizbi.hazu.hr/?pr=i&id=171831>.

Fortis does not say where he found *Hasanaginica*, nor does he provide further information about its translation. Despite later attempts to solve this riddle, it will likely remain unknown where Fortis heard the ballad, who told him of it, or who sang it to him, where this happened, etc. Perhaps Fortis copied an earlier recording of *Hasanaginica*, e.g., the one from the so-called *Split Manuscript* (*Splitski grbovnik/rukopis/Codex Kevešić*, 1740), which, much like the previous questions, we can only guess, without any concrete and definitive answer.²⁰ Furthermore, it is not widely agreed whether *Hasanaginica* is an oral rendering of a real event from the past, like other famous Bosniak oral ballads, nor is the historical identity of the characters widely accepted. However, this specific oral literary text likely belongs to the corpus of ballads defined by local characteristics, similar to other significant ballads of the Bosniak oral tradition.²¹ Some of the reasons why Fortis perhaps omitted this information, including the details of how he learned about the ballad itself, could relate to Fortis's undeniable reputation as a supposed collector of Ossian's poems, or Fortis's position within the 'Ossianism' of the last third of the 18th century. Namely, this may be precisely why questions related to the song he discovered were deliberately left unanswered, intriguing, and almost mystical, which is supported by the fact that this 'Ossianic' exotica and the mystery of *Hasanaginica* in Europe at that time would lead to the emergence of a kind of fascination with the 'Morlachs' and their original, 'primitive' culture known as 'Morlachism.'²² This is evidenced by the fact that *Hasanaginica* is one of only two original oral texts found in the collection *La Guzla* (1827, bos. *Gusle*) by the French 19th-century writer Prosper Mérimée (1803-1870). The collection was a "selection of Illyrian poems collected in Dalmatia, Bosnia, Croatia and Herzegovina," i.e., the famous Romantic literary mystification grounded in 'Ossianism' and 'Morlachism.'

III.

In addition to its invaluable importance in recording and preserving *Hasanaginica*, Fortis's 'Ossianism' and 'Morlachism' are equally fundamental to its broad international popularization and valorization. However, they also mark the beginning of a crisis of identity and the relativization of this ballad's belonging to Bosnian Muslim (Bosniak) oral literary creation. This is further complicated by the fact that the term 'Morlach'—which has accompanied *Hasanaginica* from the very beginning—has a highly complex meaning, different in various histori-

20 Cf. e.g. *Hasanaginica 1774–1974: Prepjevi, varijante, studije, bibliografija*, ed. Alija Isaković, Svjetlost, Sarajevo, 1975.

21 Cf. Munib Maglajlić, "Pjesma o plemenitoj Hasan-aginoj ljubii", *Usmena balada Bošnjaka*, Bošnjačka zajednica kulture "Preporod", Sarajevo, 1995, pp. 61-62.

22 Cf. e.g., Larry Wolff, *Venice and the Slavs: The Discovery of Dalmatia in the Age of Enlightenment*, Stanford University Press, Stanford, 2003; also: Inoslav Bešker, "Morlaci i morlakizam u književnosti", *Književna smotra*, vol. 34, no. 123, Hrvatsko filološko društvo, Zagreb, 2002, pp. 113- 124.

cal and cultural contexts, and in later times it would be interpreted differently, most often as Serbian and/or Croatian, especially starting from the 19th century and the era of national romanticism in the Slavic South. Thus, a paradox arises: the most famous Bosniak oral literary text, from the outset, lost the key marker of its origin and overall true belonging, while it also became one of Europe's literary sensations between the late 18th and the mid-19th century, gaining great recognition worldwide. It appeared in numerous translations into European and other languages, thus linking itself even to some of the key names in European and world literature and culture of that time.

Following the first Italian translation by Fortis, *Hasanaginica* was immediately translated into German by Clemens Werthes (1775), and then by Johann Wolfgang von Goethe (1775). It was anonymously translated into French in 1778, into Hungarian in 1789 by Ferenc Kazinczy, and into Latin by Ragusan Đuro Ferić (Giorgio Ferrich) in 1798. Two subsequent English translations followed, by Sir Walter Scott (1798/1799) and John Boyd Greenshields (1800). Translation continued into the 19th century, with another French translation by Charles Nodiere (1813), Czech by Samuel Rožnay (1813), and Polish (1826) by Therese von Jacob, known under the pseudonym Talvj. A Russian translation by Alexander H. Vostokov (1827) followed, with a new English translation by John Bowring (1827), a French translation by Prosper Mérimée (1827), and in Swedish by Johan Ludwig Runeberg (1830), with another French translation by Gérard de Nerval (1830). The first half of the 19th century also saw a Slovene translation by Jakob Zupan (1832), further French translations by Claude Fauriel (1832) and Adam Mickiewicz (1841), and a Russian translation by Alexander S. Pushkin (1835).²³ *Hasanaginica* was also immediately canonized in the famous anthology *Volkslieder*, 1778/1779, by Johann Gottfried von Herder, known by the second-edition title *Voices of the People in Their Songs* (*Stimmen der Völker in Liedern*, 1807). This was the first major, and very quickly most influential, selection of oral literature of the European peoples among the Romanticists. It was included as a representative example of what Herder's ideal of a people's language and people's genius, in Goethe's translation as *The Lament of the Noble Wife of Asan-Aga* (*Klaggesang von der edlen Frauen des Asan Aga*). However, in all these cases, including Herder's anthology of folk language and oral poetry, *Hasanaginica* was not viewed as part of the oral literary creation of a separate community of South Slavs, i.e., Bosnian Muslims/Bosniaks, nor was this community considered its own distinct creative context. Instead, along with the original 'Morlach' context, it was most often seen solely in the context of the Serbian and/or Croatian people and their literature, which meant this ballad lost its connection to its original, real literary and cultural context in reception.

23 Cf. *Hasanaginica 1774–1974: Prepjevi, varijante, studije, bibliografija*, ed. Alija Isaković, Svjetlost, Sarajevo, 1975, pp. 7–8, 621–683.

Especially important to further developments concerning the belonging and wider perception of *Hasanaginica* was the growing interest in Bosniak oral literature and the ballad, especially by one of the central figures of the 19th-century Serbian National Idea – Vuk Stefanović Karadžić (1787-1864). As the founder of Serbian philology, folklore studies and ethnography, he greatly contributed to the extraction of *Hasanaginica* and Bosniak oral tradition from the framework of Bosniak literature and culture. However, Vuk's work would also strongly contribute to the wider popularization and valorization of this ballad and Bosniak oral literature in general. Key to this was Vuk's hegemonistic-irredentist folklorism, which followed from a similar assumption that all South Slavic Shtokavian speakers were Serbs, and that among them are only Serbs of 'Greek, Roman, and Turkish Laws,' which he elaborated, among others, in his article *Srbi svi i svuda* (1836, approximately and literally *Serbs, All and Everywhere*). He explained this theory of 'linguistic Serbdom,' which would be politically elaborated on by the *Načertanije* of Ilija Garašanin (1844, 'draft/outline' of Serbian national policy).²⁴ Hence, Vuk included Bosniak oral poetry in the *Small, Slavic-Serb Folk Songbook* (*Mala prostonarodna slaveno-serbska pjesnarica*, 1814), his first collection of the 'people's creations,' which included at least three songs originating from a Bosniak milieu. Among them was *Hasanaginica*, which, thanks to her first recording by Albert Fortis, experienced its exceptional international reception even before Vuk. As Croatian ethnologist Dunja Rihtman-Auguštin (1926-2002) correctly observed — "Hasnaginica, precisely because it already has the renowned literary values, became the symbol of a new literature, new folk linguistic expression and Serb national culture."²⁵ The hegemonistic-irredentist literary, cultural, and political identity of the 'Serbs of three laws' Vuk (also) sought to implement became crucial for her later literary and cultural identity, as well as her visibility and recognizability. From its original designation as a 'Morlach song' ('morlakische Lieder') as it was included in Goethe's translation and incorporated into the famous Herder's collection of Folk Songs, or *Voices of the People in Their Songs*, after the appearance of Vuk St. Karadžić's *Small, Folk-Slavic-Serb Songbook* collection, it was completely 'de-morlachized.' Even Goethe himself, by the 1820s, would refer to it as a 'Serbian song' ('serbische Lieder'),²⁶ which would continue as almost a commonplace in later domestic, but especially international, reception. In accordance with his folkloristic concept, Vuk would also canonize

24 Cf. Vladislav B. Sotirović, *Srpski komonvelt: Lingvistički model definisanja srpske nacije Vuka Stefanovića Karadžića i projekat Ilije Garašanina o stvaranju lingvistički određene države Srba*, Pedagoški univerzitet, Vilnius, 2011, pp. 22-26.

25 Dunja Rihtman-Auguštin, "Vuk Karadžić nekad i sad ili o povijesti narodne kulture", *Etmološka tribina*, vol. 19, no. 12, Odsjek za etnologiju Filozofskog fakulteta Sveučilišta u Zagrebu, Zagreb, 1989, p. 66.

26 Cf.: Larry Wolff, "The Rise and Fall of Morlacchismo", in: Norman M. Naimark and Holly Case, ed., *Yugoslavia and Its Historians: Understanding the Balkan Wars of the 1990s*, Stanford University Press, Stanford, 2003, p. 44.

*SANJIN KODRIĆ

The Paradox of Hasanaginica: A Contribution to Textual History and the Question of Literary Cultural Identity

the ballad text, initially in *the Small Slavic-Serb Folk Songbook*, and finally in the third volume of *Serbian Folk Songs (1846)*, with numerous editorial changes and other interventions compared to the Fortis original.

Шта се бѣли у гори зеленой
Ил' є снѣг, ил' су лабудови?
Да є снѣг већ би окопнио;
Лабудови већ би одлѣтили.
Нит' є снѣг, нит су лабудови,
Него шатор аге Асан-аге.
Гди он лежи од лѣтиє рана;
Облази га мати и сестрица;
А љубовца од стида немогла.

Кад ли му є ранам боље било
Он поручи својој вѣрној љуби:
Нечекај ме у биелу двору,
Ни у двору ни у роду моме.
Кад кадуна речи разумѣла
Јошт стаяше у туги великой;
Стаде тутань коња око двора:
Тад' побѣже Асан-агиница
Да врат ломи куле низ прозоре,
За њом трче двѣ миле кћерце:
Врати нам се мила майко наша;
Ни є ово бабо Асан-ага,
Већ є уяк Пинторовић Беже.
Тад' се врати Асан-агиница,
Пак се вѣша брату око врата:
Да мой брате велике срамоте!
Гди ме тера од петоро дѣце!
Беже мучи ништа неговори;
Већ се маша у цѣпе свилене,
И вади јој књигу опроштѣња,
Да одлази својој старој майци,
И да с' опет може преудати.

Кад кадуна књигу проучила
Два є сина у чело љубила,
А две кћери у румена лица:
А смаленим у колевци синком
Разстати се никако немогла;
Већ є братац за руку узео
И єдва є од њег' разставио:
Пак є меће за се на коњица
И сњом иде двору биеломе.

У роду є мало време стала,
Мало време, ни недељу дана,
Добра када, и од добра рода,

Шта се б'јели у гори зеленој?
Ал' је снѣг, ал' су лабудови?
Да је снѣг, већ би окопнио,
лабудови већ би полетјели.
Нит' је снѣг нит' су лабудови,
него шатор аге Хасан-аге;
он болује од љутијех рана.
Облази га мати и сестрица,
а љубовца од стида не могла.

Кад ли му је ранам' боље било,
он поручи вјерној љуби својој:
"Не чекај ме у двору бјелому,
ни у двору, ни у роду мому".
Кад кадуна рјечи разумјела,
још је јадна у тој мисли стала,
јека стаде коња око двора;
тад побѣже Хасанагиница
да врат ломи кули низ пенџере;
за њом трче дв'је ћере дјевојке:
"Врати нем се, мила мајко наша!
Није ово бабо Хасан-ага,
већ даица Пинторовић беже".
И врати се Хасанагиница,
тер се вјеша брату око врата:
"Да, мој брате, велике срамоте,
гдје ме шаље од петоро дјеце!"
Беже мучи, ништа не говори,
већ се маша у цѣпе свионе
и вади јој књигу опрошћења,
да гре с њиме мајци унатраге.

Кад кадуна књигу проучила,
два је сина у чело љубила,
и дв'је ћере у румена лица,
а с малахним у бешици синком
одјелит се никако не могла;
већ је братац под руке узео
и једва је с синком раставио,
тер је меће к себи на коњица,
с њоме греде двору бијелому.

У роду је мало врјеме стала,
мало врјеме, ни недељу дана.
Добра када и од рода добра,

Добру каду просе са сви страна:
И велики Имошки Кадия.
Кадуна се брату своме моли:
Ой тако те нежелела брацо!
Немой мене давати ни за кога,
Да непуца јадно срдце мое
Гледајући сиротице свое.
Али Беже ништа нехаше,
Већ њу дае Имошком' Кадии.

Тад кадуна свог' брата мољаше,
Да напише листак беле књиге
И да пошалье Имошком Кадии:
"Млада тебе љубезно поздравља,
"И у књизи лиепо те моли,
"Кад покупиш господу сватове,
"И кад подьеш њеном белу двору,
"Да понесеш дуго покривало,
"С коим ће се она завесити,
"Када буде Аге мимо двора
"Да невиди сиротице свое."
Кад Кадии бела књига додье
Господу є свате покупио.
Свате купи иде по љубовцу,
Здраво свати двору њену дошли
И Здраво се с њоме повратили.

А кад били Аге мимо двора,
Две є кћерце с прозора углаше
А два сина пред њу изидьоше,
Тере својой майци говорау:
"С врати нам се мила майко наша
"Да ми теби ужинати дамо."
Кад то чула Асан-агиница,
Старешини свата говорила:
Богом брате свата старешина,
Устави ми коње иза двора,
Да даруем сиротице мое.

Уставише коње иза двора.
Свою децу лепо даривала:
Сваком сину местве позлаћене,
Свакој кћери чоу нерезану;
А маломе у колевце сину
њему посла свилене хаљине.

добру каду просе са свих страна,
а највише имотски кадија.
Кадуна се брату своме моли:
"Ај тако те не желила, брацо,
немој мене дават ни за кога,
да не пуца јадно срце моје
гледајући сиротице своје".
Али беже ништа не хајаше,
већ њу даје имотском кадији.

Још кадуна брату се мољаше
да напише листак бјеле књиге,
да је шаље имотском кадији:
"Дјевојка те лјепо поздрављаше,
а у књизи лјепо те мољаше:
кад покупиш господу сватове,
и кад поћеш њеном бјелу двору,
дуг покривач носи на дјевојку,
када буде аги мимо двора,
да не види сиротице своје".
Кад кадији бјела књига дође,
господу је свате покупио,
свате купи, греде по дјевојку.
Добро свати дошли до дјевојке,
и здраво се повратили с њоме;
а кад били аги мимо двора,
двје је ћерце с пенџера гледаху,
а два сина пред њу исхођаху,
тере својој мајци говораху:
"Сврати нам се, мила мајко наша,
да ми тебе ужинати дамо".
Кад то чула Хасанагиница,
старјешини свата говорила:
"Богом брате, свата старјешина,
устави ми коње уза двора
да дарујем сиротице моје".

Уставише коње уза двора.
Своју дјецу лјепо даровала:
сваком сину ноже позлаћене,
свакој ћери чоху од пољане,
а малому у бешици синку,
њему шаље у бошци хаљине.

А то гледа јунак Асан-ага
Пак дозивље до два сина своя:
Ход'те амо сиротице мое,
Кад се на вас смиловати неће
Майка ваша срдца каменого.

Кад то чула Асан-агиница,
Белим лицем у земљу ударила:
И упут се с душом разставила
од жалости гледајућ' сироте.²⁷

А то гледа јунак Хасан-ага,
пак дозивље до два сина своја:
"Ход'те амо, сиротице моје,
кад се неће смиловати на вас
мајка ваша срца каменого".

Кад то чула хасанагиница,
б'јелим лицем у земљу уд'рила,
успут се је с душом раставила
од жалости гледајућ' сироте.²⁸

Vuk Karadžić defined the Serb literary and cultural relationship with *Hasanaginica*, with Bosniak oral literature, and with its written literary practice. His model set the unquestionable standard for Serb literature and cultural consciousness, or rather Serbian studies as a scientific discipline.

At the same time, from the Croatian side as well, starting from Croatian philology, folklore studies, and ethnography of the 19th century onward, there is essentially an equivalent effort, with the difference that in these cases *Hasanaginica* is, of course, no longer a 'Serbian' poem, but a 'Croatian song.' In that sense, Croatian literary and cultural consciousness, as well as Croatian studies as a scientific discipline, do not significantly deviate from this model. Thus, the question of the belonging and definition of *Hasanaginica* quickly grew into a matter of frameworks of Serbian and Croatian literature, and their mutual relations. This was the case without any connection of this ballad to the Bosniak context, as well as in the case of other works of Bosniak oral literature, and later works, which will last throughout the 19th century. Similarly, this question was raised later during the entire 20th century, up to today, functioning both as a framework for the struggle for oral literary heritage, overall literary legacy, as well as a broader issue involving political ideologies and national territories.²⁹

There are almost innumerable examples of claims in both Serbian and Croatian traditions, including the case of Serbo-Croatian relationships with *Hasanaginica* and the case of the so-called (Ivan) Meštrović's *Hasanaginica*. This version was published in the Zagreb-based magazine *Nova Evropa* (*New Europe*) in 1932 by Milan Ćurčin (1880-1960), historian of Serb literature, as well as the founder and editor of the magazine. Ćurčin alleged this version was based on a recording of a childhood memory of the noted Croatian sculptor and architect Ivan Meštrović (1883-1962):

27 Vuk St. Karadžić, *мала простонародња славно-сербска песнарица*, Већ, 1814, pp. 113-116.

28 Vuk St. Karadžić, *Српске народне пјесме*: Пјесме јуначке средњијех времена, *Књига трећа, 1846*, издање о стогодишњици смрти Вука Стефановића Караџића 1864-1964 и двестогодишњици његова рођења 1787-1987, Prosveta, Beograd, 1988, pp. 372-376.

29 Cf. e.g., Mate Kuvačić-Ižepa, *Čija je Asanaginica*, Naklada Bošković, Split, 2007; also: Mijo Milas, *Asanaginicina domovina*, Matica hrvatska, Split, 2011.

Što se bili gori na planini?
 Il' je snijeg il' su labudovi,
 Il' su bile na plandištu ovce?
 Da je snijeg već bi okopnio,
 Labudovi već bi poletili
 A bile se odjavile ovce.
 Nit' je snijeg nit' su labudovi
 Nit' su bile okupljene ovce
 Neg' je čador Age Asanage.
 On boluje od ljutije rana.
 Po'odi ga majka i sestrice
 Ne po'odi Kaduna ljubovca,
 Jere mlada od stida nemogla

Kad je Agi ranam bolje bilo
 Knjigu piše Kaduni ljubovci:
 "Kado moja moja nevirnice
 Ne čekaj me u bilome dvoru
 Ni u dvoru ni u rodu mome".

Istom Kada knjigu proučila
 Stade klopot konja pokraj dvora.
 Kad to začu Asanaginica,
 Leti ona zrčali pendžeru
 Da se baci niz visoku kulu.
 Za njom trči dvoje dice lude —
 Mlada Fata od sedam godina,
 Nikolica od tri godinice,
 Materi se drže oko skuta:
 "Ne skači nam naša mila majko
 Nije ono babo Asan Aga
 Neg' daidža Pintorović Beže."
 Uto Beže ulize u dvore.

Kada bratu pade oko vrata:
 "Ao', brate, puste li sramote
 Di me goni od petero dice."
 Muči Beže ništa ne besidi,
 Neg' se maša rukom u džepove
 I izvadi knjigu od rastave
 Da sa sobom uzima miraze
 I vrati se u majčine dvore.

Kad je Kada knjigu proučila,
 Čeri ljubi u rumena lica,
 A sinove u čela junačka
 Al' sa malim u kolvci sinom

Al' to bratac aje i neaje,
 Neg' je daje Imockom Kadiji.
 Moli Kada Bega brata svoga,
 Da joj piše listak knjige bile
 I pošalje Imockom Kadiji:
 "Moli tebe mladjana nevista
 Kad sakupiš kičene svatove
 I kad po nju u rodbinu dodješ
 Da doneseš dugačke koprene
 Kada prođe kraj Agini dvora
 Da ne vidi svoje siročadi."

Kad Kadiji sitna knjiga stiže
 Već je bio svate sakupio.
 Skupi svate ode po nevistu
 Sobom nosi dugačke koprene.
 Zdravo svati došli po Kadunu
 I zdravo se natrag povratili.

Kad su bili kraj Agina dvora
 Dvije ćerke gledaju s' pendžera
 A dva sina prid nju izlazila,
 Ter su svoju dozivali majku:
 "Vrati nam se naša mila majko
 Mi smo tebi ručak pripravili!"
 Kad to čula Asan Aginica
 Ona moli svatskog starešinu:
 "Bogom brate svatski starešino
 Zaustavi konje ispod dvora,
 Da darujem moje sirovice!"

Pod dvorom su konje ustavili
 Ter je majka dicu darivala:
 Čerkam daje svilene aljine
 A sinovim nože pozlaćene,
 A malome u kolvci sinu
 Njemu šalje sirotske aljine.

To gledao Aga sa pendžera,
 Te dozivlje dva nejaka sina:
 "Od'te amo moja siročadi,
 Ni vami se smilovati neće
 Majka vaša srca kamenoga!"
 Kad to čula Asanaginica
 S licom pade na zemljicu crnu
 U majci je srce prepuknulo,
 Gledajući svoje sirovice.³⁰

30 Milan Ćurčin, "Hasanaginica u narodu (Meštrovićeva verzija.)", *Nova Evropa*, vol. XXV, no. 3-4, 1932, pp. 123-125.

S' njim se majka rastati nemore
 Neg' je bratac uvati za ruke
 I jedva je otrže od sina
 Ter je baca sebi na konjica
 Odvede je svome bilu dvoru.

Lipa Kada a od dobra roda,
 Malo ona kod matere bila
 Ne prolazi ni nedilja dana
 Prose Kadu prosici sa svi' strana,
 Ponuviše Imocki Kadija.
 Moli Kada mila brata svoga:
 "Ao Beže života ti tvoga
 Da bi tebe sestra ne želila
 Ne daj mene brate za nikoga
 Da u meni srce ne pukne
 Sićajuć' se moje siročadi."

In publishing Meštrović's *Hasanaginica*, Ćurčin dealt with the ballad thoroughly, the question of its origin, including a possible connection with the *Split Manuscript*, but also its possible presence in folk oral-literary practice. He claimed that *Hasanaginica* "was maintained chiefly among the Catholic population of Dalmatian hinterlands, where once Muslims also lived," stressing how Meštrović remembered how "this song was sung and felt in his home as something of their own, and not as something foreign or learned."³¹ According to Ćurčin, the poem was "alive" even in the late 19th and early 20th centuries, insisting on the following position of *Hasanaginica* among the "people"

Hasanaginica clearly emerged from the strata of our people that call themselves and their language by the *Croat* name. The written sources prove this: Fortis' original (*Split Manuscript*), and countless variants (see Gezeman's discussion) from coastal Dalmatia and the islands, as well as the environment in which the material was found and recorded. This is further supported by the living song that is kept and transmitted in the hills of the Dalmatian hinterland [*zagora*], as testified to by Meštrović's version reported here. And since *Hasanaginica* truly paved the way for our folk song to the world, it would be appropriate for the international literature, when mentioning her, to refer to the Croatian name alongside the Serbian name (which Vuk popularized). The confusion about the 'Morlachs' should, at least in science and literature, be corrected, and the matter clarified.

I write this today because in the past twenty years, I learned more – about the folk songs and their transmission, namesakes in Dalmatia and Bosnia-Herzegovina, that I did not know before (e.g., that there are no *Orthodox* guslars in Dalmatia). And chiefly, because I believe that we should, in our current national predica-

31 Milan Ćurčin, "Hasanaginica u narodu (Meštrovićeva verzija.)", *Nova Evropa*, vol. XXV, no. 3-4, 1932, pp. 128.

ment, go back and note that sadly not everyone is convinced as we are about the unity of everything that is called *Serb* and *Croat*, and that we will need to fight for that conviction to become more deeply rooted. But until then, everyone's opinion should be respected. In any case, we can only be deeply overjoyed that we gained a broader understanding of the origins and homeland of our national songs, as it solidifies our conviction in the indivisibility of the national territory and the eponymy of the folk language and soul.³²

Seeing as Ćurčin was devoted and oriented towards the Serbo-Croatian literary, cultural, and political unity, which was part of *New Europe's* mission, he concludes with a thesis about the shared Serbo-Croatian folk character of *Hasanaginica*, trying to establish a sort of Serbo-Croatian consensus on this ballad, achieving a direct boon for Serbo-Croatian relationships qua *Hasanaginica*. However, Ćurčin was aware of the existence of Muslims in the Dalmatian hinterlands but did not move away from the models of extracting *Hasanaginica* from its original framework. Thereby, he excluded its connections with the Bosnian-Muslim context as its native framework, which was the case from the earliest recording and publishing under the 'Morlach' guise from Alberto Fortis onwards.

IV.

Regardless of the long history of deattribution and extraction from her original Bosnian-Muslim literary and cultural context, *Hasanaginica* undoubtedly belongs to the Bosnian Muslim oral literary tradition, or rather to the Bosniak literary tradition and to Bosniak literature and culture. However, its reverberations, including different versions of the ballad, are widespread, especially in Dalmatian (i.e., regional) oral-literary heritage. These are undeniable facts, just as it is undeniable that its reception and importance are in Serb literature and culture. Aside from many other indicators and facts, her Bosniak character is seen in the entire internal literary world of the ballad, which is entirely atypical for Serb and/or Croat literature and culture, especially the ballad's social aspects, kinship, family relations, and class aspects that are characteristic solely of the Muslim community.³³ With all their specificities, these aspects reflect details of Muslim traditions and laws. They could be so familiar and close only to members of the Muslim community, especially considering the context of the ballad's creation. In that sense, it was only possible for a poem like *Hasanaginica* to emerge in an environment in which Muslim social life was directly known and embodied. This is also proven by many other indicators, above all literary ones.

32 Milan Ćurčin, "Hasanaginica u narodu (Meštrovićeva verzija.)", *Nova Evropa*, vol. XXv, no. 3-4, 1932, pp. 130.

33 Cf. e.g., Muhsin Rizvić, "Socijalni aspekti Hasanaginice", *Poetika bošnjačke književnosti*, Ljiljan, Sarajevo, 1994, pp. 136-151.

The world which *Hasanaginica* covers is the world of a Muslim-populated Dalmatian hinterland with Agas, Beys, Qadis, their society and community, life characteristic of the Ottoman Empire, and especially Ottoman Bosnia. Among Fortis' 'Morlachs,' this world could only exist up to the Venetian conquest of the Bosnian-Ottoman region of Imotski, before 1717. *Hasanaginica* had to be present there for some time, likely decades, as it would be difficult for a story from the 'Turkish' era to persist in the new, post-Ottoman period for the area. For it to spread, first to Fortis' 1774, and then especially to Ćurčin's purported Meštrović version of the late 19th century, and the subsequent *Hasanaginica* from the first half of the 20th century, oral tradition needed time and favorable conditions. This would not have been possible had the ballad not emerged at least a few decades before the end of Ottoman rule in the Imotski area/Dalmatian hinterlands. This was the time when Fortis' 'Morlachia' was still inhabited by a Bosnian-Muslim community with its own traditional culture, inseparable from the rest of Bosnian Muslim/Bosniak culture, including oral literature. As highlighted, only this community could have fostered a poem such as *Hasanaginica*. In contrast, the disappearance of this community in Imotski and the Dalmatian hinterlands, i.e., its retreat to Bosnia or conversion to Christianity, did not necessarily mean the disappearance of the ballad itself. The ballad, as a defined and rooted oral tradition, could continue its existence outside the community from which it came; so too could converted members of the community, who could have held onto it as an inherited cultural good. Given how *Hasanaginica* could have reached Fortis, either directly or indirectly, this could also explain the limited territorial spread of the ballad itself, as well as the generally small, very limited number of its possible versions, just as the partial reception of *Hasanaginica* outside its original Bosnian Muslim, Bosniak context.

Moreover, the undeniable belonging of *Hasanaginica* to the Bosnian Muslim/Bosniak tradition is confirmed by the possible interpretation according to which the historical core of the ballad is made up of a marital dispute of a real mid-17th-century couple. On the one hand is Hasan Aga Arapović (1612–1699), from Zagvozd, born in Mostar, and later castellan of the fort in Zadvarje in the Imotski Frontier, and his wife, the Bey's daughter Fatima Pintorović (1620/21–1646/47), born in Klis, but hailing from Ljubuški.³⁴ Hence, the ballad deals with personalities and events from the period of Muslim presence and Bosnian-Ottoman rule in the Dalmatian hinterlands, which, based on the ballad's own world, implies a Muslim composer, whether male or female. This can be confirmed by later testimony of Mostar-born Husaga Čisić (1878-1956), a notable figure of the socio-

34 Cf. e.g., Radmila Pešić, "Pitanje istoričnosti ličnosti Hasanage i Hasanaginice", *Naučni sastanak slavista u Vukove dane*, vol. 4, no. 1, Međunarodni slavistički centar, Beograd, 1974, pp. 399-405; also: Mate Kuvačić-Ižepa, *Čija je Asanaginica*, Naklada Bošković, Split, 2007; Mijo Milas, *Asanaginicina domovina*, Matica hrvatska, Split, 2011; Vahida Šeremet, "*Hasanaginica*" od 1646. godine do danas: Knjiga puta do ishodišta (Studija), PrintCom, Tuzla, 2013.

political lives of interwar and mid-century Bosnia. Based on his family's testimony, noted by Serbian art historian and author Oto Bihalji-Merin (1904-1993), he is a possible descendant of the famed Hasan Aga and his spouse.³⁵ Čišić's testimony confirms the real marital dispute between Hasan Aga and Hasanaginica. Still, it warns about likely fabrications in the ballad vis-à-vis the family telling of the events, which Bihalji-Merin did not note. A possible indication of oral tradition regarding the marital separation of Hasan Aga and Hasanaginica could be added, drawn from a slightly earlier Bosnian song on this theme in the *Erlangen Manuscript*. Despite significant differences between this song and the ballad Hasanaginica, and regardless of the primarily chronological discrepancies between the information from the *Erlangen Manuscript* and the literary-historical interpretations of the possible historical ancestors of the the ballad's characters, the possibility of a connection between the two poems is not entirely ruled out, at least in the sense of some still unresolved common framework or starting point, based on the unique Bosnian oral-literary system.

With this, it is important to stress that in the notes for his *Lament*, Fortis mentions the "cursive cyrillic of the Morlachs" (*il corsivo de' Morlacchi*), and "cursive used in the Bosnian interior" (*il corsivo usato nell'interiore della Bosna*), which is a reference to the Bosnian cursive Cyrillic writing, i.e., bosančica. When discussing the literary creation of the 'Morlachs,' Fortis mentions the language explicitly as 'Bosnian' (*il Bosnes*), spoken by the 'Morlachs' of the interior, unlike the 'Illyrian,' spoken throughout the Littoral.³⁶ This further points to important facts about the Bosnian writing of the 'Morlachs,' and that, according to Fortis, the language of Hasanaginica is really Bosnian, which further confirms the work's connection to the Bosniak oral literary tradition. Even though the influence of Vuk Karadžić and other contemporary understandings contextualized Hasanaginica within the national frame of Serb literature, the Muslim character of the work was quickly noted by Adam Mickiewicz, who, in his lectures at the prestigious Collège de France in 1840 and 1841, described it as a "Muslim song."³⁷

Despite existing Serb and/or Croat claims to *Hasanaginica*, understandings like Mickiewicz's will emerge later, above all in other international authors. At the same time, the Bosniak reception of *Hasanaginica* will consistently and unquestioningly present its Muslim-Bosniak character. From other different examples, this will also be further confirmed in possible distant echoes of this ballad in Bosnian oral literary creation and much later, even at the end of the 19th and

35 Cf. Munib Maglajlić, "Pjesma o plemenitoj Hasan-aginaoj ljubii", *Usmena balada Bošnjaka*, Bošnjačka zajednica kulture "Preporod", Sarajevo, 1995, pp. 56-58.

36 Alberto Fortis, *Viaggio in Dalmazia: Volume Primo*, Presso Alvise Milocco, all'Apolline, Venecija, 1774, pp. 90, 104.

37 Cf. Adam Mickiewicz, "La mort de la femme de Hassan Aga", *Hasanaginica 1774-1974: Prejave, varijante, studije, bibliografija*, ed. Alija Isaković, Svjetlost, Sarajevo, 1975, pp. 204-206.

*SANJIN KODRIĆ

The Paradox of Hasanaginica: A Contribution to Textual History and the Question of Literary Cultural Identity

beginning of the 20th century, and even later, including a very interesting record of such a significantly altered variant of *Hasanaginica* published in the first volume of the notable Bosnian literary-cultural magazine *Behar* (*The Blossom*) in 1900.³⁸ Even though this version of *Hasanaginica* differed greatly from Fortis' record of the ballad and from her possible version in the *Erlangen Manuscript* from the early 18th century (and from other possible variants), it is clear that the song about Hasan Aga's beloved holds a real, important, and lasting place in the cultural memory of the Bosniaks. *Hasanaginica* has had numerous stagings, including, e.g., the special tradition of performing it within the Bosniak Čengić³⁹ noble family, as well as other performances in amateur and professional theatres in Bosnia and Herzegovina from the late 19th century onwards. Modern Bosniak literature also holds *Hasanaginica* as one of its most significant antecedents, as one of the most privileged elements of its cultural and memorial system and as a factor in its wider internal connective structures,⁴⁰ as it is for the entire culture of the Bosniaks and Bosnia and Herzegovina as a whole, including today.⁴¹ Among others, *Hasanaginica* would serve as the direct inspiration for future plays, including the wartime drama play by Alekse Šantića (1910), modern plays of esteemed authors Alija Isaković (1981) and Nijaz Alispahić (1999), Television Sarajevo's film based on Isaković's screenplay (1983), the novel *The Qadi of Imotski* (*Imotski kadija*, 2000) by Irfan Horozović, etc., the *Hasanaginica* ballet (1975), composed by Vojin Komadina, and even the opera *Hasanaginica* (2000), composed by Asim Horozić, as the first Bosniak national opera. The continued reflection of this ballad in other fields of culture is evident in the art of the great painter Mersad Berber, the esteemed modern sculptor Adis Lukač, and a series of other forms, also in popular culture. Expectedly, *Hasanaginica* attracts special attention in academic and scientific contexts, especially in literary and linguistic Bosnian Studies, but also in comparative and other disciplinary fields. Over time, this body of research has come to constitute a unique narrow academic and scientific subfield that could be dubbed 'Hasanaginic-ology.' (*hasanaginicologija*)

Simply put, *Hasanaginica* is one of the 'sacred sites' of Bosniak literary and cultural tradition and modernity, which was uniquely summarized by the bard of modern Bosniak and Bosnian Herzegovinian poetry, Adbulah Sidran (1944-2024). Sidran saw *Hasanaginica* as a timeless and absolute value of the Bosnian language, and of Bosniak literature and culture, a value that, considering

38 Cf. "Smrt Hasan-aginice", noted by Ibrahim Dautović, *Behar*, vol. I-XI, 1900-1911, Izbor, ed Alija Isaković and Hadžem Hajdarević, El-Kalem, Sarajevo, 1990, p. 40.

39 Almedina Čengić, "Hasanaginica pod ratajskom kulom", *Glasnik Zemaljskog muzeja Bosne i Hercegovine: Etnologija*, vol. 53, 2025, pp. 103-119.

40 Cf. e.g., Lada Buturović, *Treptaj žanra u poetici usmene književnosti*, Svjetlost, Sarajevo, 2010, pp. 7-86; also: Sanjin Kodrić, *Književnost sjećanja: Kulturno pamćenje i reprezentacija prošlosti u novijoj bošnjačkoj književnosti*, Slavistički komitet, Sarajevo, 2012, pp. 21-200.

41 Cf. e.g., Rusmir Mahmutćehajić, *Hasanaginica*, Mladinska knjiga, Sarajevo, 2022.

its unique poetic strength, can outlive the very people from which it came and to whom it belongs:

a onda će doći vrijeme
kad našeg naroda neće biti
neće biti onih staraca što pamtili su
jezik svojih staraca, ni onog posljednjeg od njih
što je pedeset godina tražio, i nije našao, dječaka
da ga pouči jeziku njegovih predaka, a ovaj ga,
kad i on postane starac, prenosi dalje
ni njih neće biti, ni jezika našeg neće biti
i niko na cijelome svijetu njime neće govoriti
samo će gore, među nebesima, gdje vrijeme
ne postoji, i gdje zvijezde bisernom vodom
umivaju lica,
s rukama preko materinskih dojki
još uvijek da jeca – Hasanaginica⁴²

And then the time will come
When our people will be no more
There will be none of those elders who
remembered
The language of their elders, nor the last one
among them
Who sought for fifty years, but failed to find a boy
To teach him the language of his forefathers, and
he
When he too grows old, passes it on
They too will be no more, and our language will
be no more
And no one in the world will speak it
Only up there among the heavens, where time
Sits still and stars wash their face with pearly
water
With hands folded across her maternal breasts
Hasanaginica will still weep.⁴³

25

The ballad *Hasanaginica* has undoubtedly achieved a very important position in neighboring literatures, which have significantly contributed to its broad valorization and affirmation, especially when Bosniak literature and culture could not do so. It was a genuine sensation, particularly in the literature and culture of European Romanticism. However, it is quite clear and factually sound that it is not *organically* rooted anywhere, as it is in Bosniak literature and culture, its original context. Bosniak literature and culture are, therefore, the literary-cultural frameworks to which this ballad primarily and entirely belongs, both in the past and in the present. In the cases of Serbian and Croatian literature and culture, as well as in other instances, it can reasonably be said that it is primarily about their *reception* and the *interliterary* and *intercultural* connections and relationships that these literatures and cultures establish with Bosniak literature and culture, and through *Hasanaginica*, each in their own way, as well as in many other cases. These are the facts of literary-historical and cultural-historical reality that should ultimately overcome the remnants of nineteenth-century ethno-national consciousness. This consciousness was extremely important for the broad valorization and affirmation of *Hasanaginica*, but is now anachronistic, unsustainable, and ultimately meaningless. This is the only appropriate way to resolve *Hasanaginica's* paradox.

42 Abdulah Sidran, "A onda će doći vrijeme", *Biserje: Magazin za kulturu i društvo*, <https://www.biserje.ba/sidran-a-onda-ce-doci-vrijeme/>, 28. 1. 2026.

43 Translator's note: This is an indicative, approximate and in no way definitive translation of the poem.

*SANJIN KODRIĆ

The Paradox of *Hasanaginica*: A Contribution to Textual History and the Question of Literary Cultural Identity

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*MERIMA TANOVIĆ

Creating Public Value: From Theory
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Summary

The paradigm of innovation in the public sector and administration of Bosnia and Herzegovina includes a developmental perspective and a correct understanding and creation of public value. Reforms and new approaches to public management, which strongly influence institutional changes, have deep roots in the theory and practice of creating public value. The key idea is that the public sector should, in addition to fulfilling legal provisions and providing services, base its contributions on creating value for citizens, alongside standard administrative results. The key determinant of organizational success in the public sphere is the creation of value. Upper management in the public sector should focus on the drivers that generate different categories of public value, not just on simple results. Productive work environments translate into outcomes, particularly in legitimizing conditions for so-called joint creation of value. The conceptual framework for operationalizing public values in administrative practices in Bosnia and Herzegovina is of great significance for further democratization and the reform of public management. Through a multidimensional approach, this paper will question segments of the theory and practice of creating public value in the context of dynamics and perspectives of administrative influence on the reform process in Bosnia and Herzegovina.

Keywords: Public management, public sector, public value, value mission, transforming administrative culture, government practice.

1. Introduction

Creating value is the *raison d'être* for organizations and individuals.¹ Superior outcomes, business results, competition, trust, and respect in market conditions are tied to organizations that create higher value. At the individual and collective level, the uninterrupted process of creating value is imposed as the goal and determinant of organizational success. Seeing value as a strategic goal of organizations in the private and public sectors is an important driver of development and influence on administrative practice, contributing to the public interest through reforms and the transformation of administrative culture. Maximizing outcomes and improving effectiveness requires individual creativity, collective discipline, and expansive organizational dynamics, and it must be based on core values.

The classic administrative culture and the civil servant ethos etymologically belong to the Weberian bureaucratic management model. They are traditionally characterized by efficiency, neutrality, specialization, and loyalty in service. Traditional bureaucratism is procedurally democratic, hierarchical, and technocratic, and is solely dedicated to instrumental values that stem from political will.

1 Thakor V. Anjan (2005), *Kako postati bolji stvaralac vrijednosti*, Mate d.o.o. Zagreb, 5.

***MERIMA TANOVIĆ**

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

The influence of managerial patterns on mechanisms of public management began in the late 1970s and early 1980s. These altered ideological bases create hybrid structures, deregulation, decentralization, debureaucratization, and a focus on efficacy and improvement of public services.

However, leadership and management of administrative organizations in modern administrative theory are presented as areas that create alternatives to traditional public administration. The theory of creating public value promotes competitiveness and entrepreneurial patterns through the conceptual framework of *New Public Governance (NPG)*, which emphasizes participation and networking among the largest number of social actors.²

New Public Management is based on the belief that values and public goals are founded and achieved through communication and synergistic interaction between various social actors. The dispersion of power, network mechanisms of governance, and the interdependence of multiple social actors define the dialogical paradigm of collective problem-solving and strategic management in a complex social reality. Key values are neither instrumental nor transactional, but are seen as social derivatives of synergetic interaction, and obligations result from social problems and demands. This paper questions the values of public administration, who benefits from its instruments, and the bases of the administrative practices we use to solve complex social questions.

Additionally, this paper links the creation of public values with administrative practices in Bosnia and Herzegovina, as a possible reform response aimed at protecting the public interest and a modality for achieving social approval. The analytical discussion of new paradigms of public administration, from a reform perspective, points to modalities for overcoming outdated patterns of transitional achievements and democratic deficits in the public administration of Bosnia and Herzegovina.

2. Creating Public Value and the Evolution of Administrative Culture

2.1. *Foundations and Functions of Public Management – Developmental Orientation and Contributing to the Public Good*

The developmental orientation of public management means a long-term direction towards creating positive social outcomes, and not just short-term administrative results. The concept of creating public value emphasizes that their overall contribution to social welfare measures the success of public institutions.³ Values are a normative foundation on which goals, strategies, and operational deci-

2 Detaljnije vidjeti Tanović, M, Šašić, Đ. (2026), *Novo javno upravljanje*, Sarajevo, Fakultet za upravu-pridružena članica Univerziteta u Sarajevu, 25-45.

3 Moore, H.M. (2013), *Recognizing Public Value*, Harvard University Press.

sions of public organizations are founded. Developmental administrations act proactively: they identify social needs, shape policies, and mobilize resources to produce sustainable outcomes.⁴ In that process, public value is created through a combination of political legitimacy, operational capacities, and social support. Creating public value includes cooperation with civil society, the private sector, and citizens, which transforms the hierarchical model of administration to a network and partnership approach.⁵

So, the democratic consultative process provides the background for a proper understanding of what the social community considers most valuable and what contributes to its sustainability.⁶ This makes the identification of collective demands or problems a binding way to seek, recognize, and further pursue the realization or creation of public values. Value-based public administration focuses on the public interest, responsibility, transparency, inclusiveness, and fairness, while efficiency and cost-effectiveness are not abandoned but are integrated into a broader normative framework.⁷ This approach shifts the administrative logic of ‘following procedures’ to ‘solving social problems.’

Developmental orientation is especially important for countries in transition, as it enables the connection between public administration reforms and economic and social development, avoiding the perception of reforms as isolated technical operations.⁸ In terms of digital transformation, the value base prevents technology from being used exclusively to automate existing processes, as the developmental potential of digital tools enables better services and greater availability.⁹

Modern literature on public management stresses that innovations in the public sector are not primarily the result of technological changes but of changes in the value orientations of institutions and employees.¹⁰ Put differently, innovation follows from the question – which value is created and for whom?

4 Mazzucato, M. (2021). *Mission Economy: A Moonshot Guide to Changing Capitalism*, Penguin UK.

5 Osborne, P. S. (2022). *Public Service Logic: Creating Value for Public Service Users, Citizens, and Society Through Public Service Delivery*, 1st edition, Routledge Taylor&Francis Group.

6 Swilling, M. (2007), *Growth, Dematerialization and Sustainability: Resource Options for 2019*. Stellenbosch: Paper Commissioned by the Presidency, South African Government.

7 Denhardt, J. & Denhardt, R. (2015), *The New Public Service: Serving, Not Steering*, 4th edition, Routledge Taylor&Francis Group, 25-27.

8 UNDP, (2015), *Public Administration Reform- Practice Note.*, dostupno na: https://www.undp.org/sites/g/files/zskgke326/files/publications/PARPN_English.pdf

9 Mergel, I., Edelmann, N., & Haug, N. (2019). Defining digital transformation: Results from expert interviews. *Government Information Quarterly*, Volume 36, Issue 4, October 2019, 4-16.

10 For more details: De Vries, H., Bekkers, V., & Tummers, L., 2016. Innovation in the public sector: A systematic review and future research agenda, *Public Administration*, vol. 94, no. 1, 146-166.

***MERIMA TANOVIĆ**

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

At the institutional level, the creators of public value clearly set, understand, and implement organizational strategies. Leaders connect organizational strategies with personal goals to ensure alignment with the core goals: recognizing the generators of value, securing participation from senior management, communicating and testing the strategy, and translating it into daily decision-making. This fosters the creative *ratio*, i.e., makes personal strategies serve the same purpose as organizational strategies.¹¹ Furthermore, the allocation of resources to manage the generators of value influences the

Creative organization effectively functions as a developmental process, considering that organizations with clearly articulated values introduce innovations more easily, as employees understand the purpose of changes and connect them to public interests.¹² Values, therefore, act as catalysts for organizational learning, experimentation, and evolutionary change.

2.2. *Institutions as Guardians of Public Values*

Institutions embody and protect certain values that are important to a society. Institutions maintain the foundational values of a society from derogation, endangerment, and disruption. Public sector organizations that reached the 'institutional' status are organizations that became "imbued with value that surpasses technical demands of the tasks they accomplish."¹³

Every public sector organization has a unique history and context. Still, the process of achieving institutional status, or rather institutional maturation, connects results achieved by combining leadership, management, tradition, human character, public values, and organizational resilience. Institutionalization is a status shaped by the qualitative sum of traits an organization has accumulated since it became an institution.¹⁴ Selznick's classic distinction between organizations and institutions provides a useful tool for following and interpreting the flow of institutional maturation and the direction of institutional trajectories: how organizations become institutionalized and how an institution can be deinstitutionalized.

According to his theory, there are three criteria for identifying institutions within a population of organizations, in terms of status and the level of actual institu-

11 Op.cit., for more details see, Thakor V. Anjan (2005), *Kako postati bolji stvaralac vrijednosti*, 63-96.

12 Hartley, J. (2005), *Innovation in Governance and Public Services: Past and Present*, *Public Money and Management*, Routledge Taylor&Francis Group, 25:1, 27-34.

Available at: <https://greatquestion.com.au/wp-content/uploads/2023/09/Hartley-Innovation-in-Governance-and-Public-Services-Past-and-Present-2005.pdf>

13 The definition of Philip Selznick, a pioneering scholar of institutions. See: Selznick, P. (1957). *Leadership in Administration: A Sociological Interpretation*. New York: Harper & Row, 17.

14 Ibid.

tional maturity: *recognizable identity and distinct competence; strong reputation and high legitimacy; and long-term resilience achieved through adaptation.*¹⁵

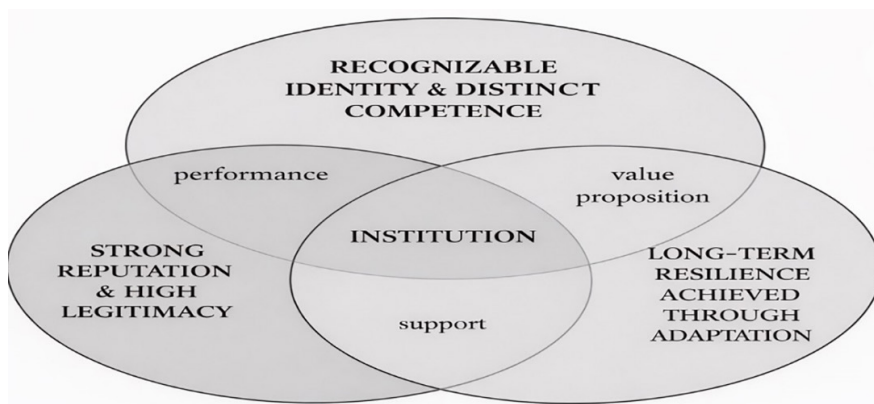


Figure 1. Organization as institution: “Selznick” criteria

Source: Selznick, P. (1957). *Leadership in Administration: A Sociological Interpretation*.¹⁶

An institution has a clearly institutionalized and widely recognizable identity that represents, both to its members and beyond, what it wants to achieve and why; what its dominant practices are and how emerging conflicts are resolved. The proponents of this theory discuss institutional identity as a “value proposition.”¹⁷ They discuss institutional competence as the organization’s “operational capacity.” Institutional growth is an important process for organizations with a public prefix, especially as institutions of government and other public sector organizations face an increasingly demanding performance context, with little tolerance for mistakes.¹⁸ Critical factors in the wider environment of technology, economic flows, social convictions, values, and the political environment constantly change, and no institution is immune to outside pressures, events, or disrupted flows that confront them with reputational and sometimes existential crises. However, even in an unstable environment, some public organizations keep or gain the public’s trust. They successfully overcome challenges and controversies, or find ways to progress within these conditions; that is, ‘grow’ to a higher level of organizational achievement. The hallmark of mature and developed institutions is their readiness for crises and active adaptation to various changes, which, in later stages of institutional activity, enables them to respond to new demands.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ For more details: Moore, M. H. (1995). *Creating Public Value: Strategic Management in Government*. Cambridge, MA: Harvard University Press

¹⁸ Boin, A., Fahy, A. L., et al. (2021). *Guardians of Public Value: How Public organisations become and remain institutions*, editors, Palgrave Macmillan, 2–3.

*MERIMA TANOVIĆ

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

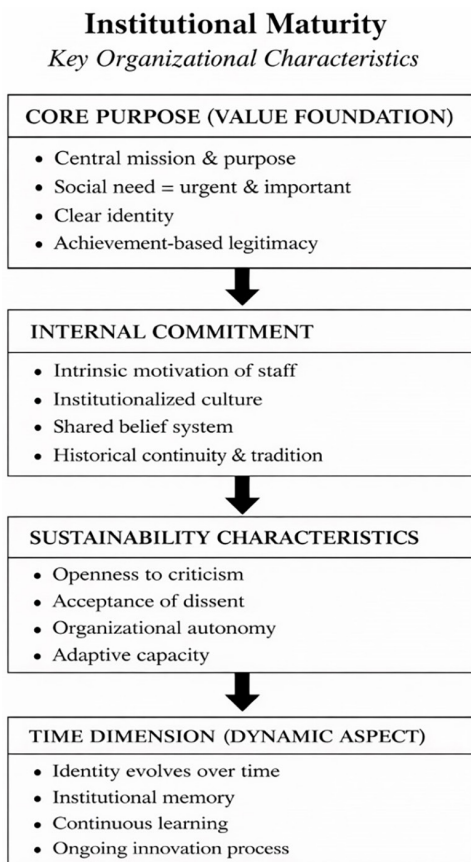


Figure 2.: Adapted by Goodsell C. T. (2011a)¹⁹

A dynamic perspective on organizational development is a decisive factor in institutional growth and maturation. Organizations are never born as ‘institutions’; they emerge as small social groups, organizational networks, or small organizations, and some of them still develop and attain institutional characteristics. This process is dubbed *institutionalization*.²⁰ However, just as an organization can gain institutional characteristics, so too can the institution lose them. Institutions can be *deinstitutionalized*, so that their purpose, or rather mission, becomes less relevant or eroded amid so-called mission creep.²¹ *Mission creep* is an institutional risk that marks the gradual expansion of a mission, rather than the taking on of

19 Goodsell, C. T. (2011). Mission mystique: Strength at the institutional center. *American Review of Public Administration*, 41(5), 480.

20 For more details: Boin, A., & Goodin, R. E. (2007). Institutionalizing upstarts: The demons of domestication and the benefits of recalcitrance. *Acta Politica*, 42(1), 42–43.

21 For more work on deinstitutionalization: Oliver, C. (1992). The antecedents of deinstitutionalization. *Organization Studies*, 13(4), pp. 563–588. Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), pp.

new ambitions and tasks that divert attention away from the original goals. Also, organizational structure, culture, and practices can lose their relevance, becoming obstacles to achieving their mission. An institution can become caught in internal conflicts or lose its connections with its legitimizing environment, which can also contribute to an irreversible process of deinstitutionalization.

A “mature institution” denotes the status or level at which an institution successfully develops a strong balance between justifying its own existence and the existence of its daily strategies and practices, becoming the key element of institutional strength and stability.

A mature institution develops the so-called survival strategies, based on:

- Preserving the institutional identity
- Constant innovation while preserving the mission
- Building extensive participation and legitimation
- Establishing norms, standards, and recognizability²²

Institutions are not the product of fortuitous circumstances or coincidence; they are created, maintained, and protected.

It requires an appropriate form of leadership and a culture that encourages experimentation and learning.²³ Leadership is important because it guides, facilitates, and shapes the process of institution formation. Leadership is also crucial for protecting the institution from forces of fragmentation, as well as for creating organizational resilience—institutions that are resistant to crises by possessing the ability to adapt and recover.²⁴ Therefore, institutionalization is also defined as an evolutionary process, in which public institutions are guardians of public values: they protect public interests, provide stability and reliability, symbolize what society considers important, are not subject to political influence, and, as such, endure longer than leaders and governments.

2.3. Patterns of Value Management – Comparative Examples and the Evolution of Administrative Culture

The concept of public value in contemporary public management theory is an important analytical framework for understanding and legitimizing public action. Formulated by American Professor of Public Policy Mark Moore,²⁵ this concept became the central paradigm in discussions of public-sector reform, especially in

571–610. Boin, A. (2001). *Crafting Public Institutions: Leadership in Two Prison Systems*. Boulder: Lynne Rienner

22 Op.cit., Boin, A., Fahy, A. L., et al. (2021).

23 See: De Geus, A. P. (1997). *The Living Company*, Boston: Harvard Business School Press.

24 Kaufman, H. (1960). *The Forest Ranger: A Study in Administrative Behavior*. Washington, DC: Resources for the Future

25 Op.cit., Moore, M. H. (1995). *Creating Public Value: Strategic Management in Government*

***MERIMA TANOVIĆ**

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

the transition from the New Public Management model to the new model of Public Value Governance.²⁶ Contemporary literature indicates that public value comprises public utility, the legitimacy of public decisions, and the state's institutional capacity to implement public policy in ways that meet citizens' expectations.²⁷

It also highlights that creating public value depends on institutional design, but especially on administrative practice and the abilities of public managers. Public organizations can develop capacities for strategic management, cooperation with diverse social actors, and citizen inclusion in the decision-making process.²⁸ However, research shows that implementing participation and network management models can significantly contribute to creating public value. The Organization for Economic Co-operation and Development (OECD) highlights that including citizens, civil society, and the private sector in decision-making enables public institutions to identify social needs and increase public policy legitimacy.²⁹

In this sense, the modern concept of Public Value Governance emphasizes that the public sector can no longer operate in isolation but must function as an integral part of a broad network of social actors.³⁰ Such an approach is especially relevant for countries with complex institutional structures, where coordination and cooperation between different levels of government are key prerequisites for effective management.

Comparative experiences from European countries show that successful public policy reforms often include integrating public value in daily processes and long-term administrative practices of managers and management in public institutions.

For example, in the United Kingdom, the concept of public value is used as an analytical framework for evaluating public policies and programs, particularly at the level of local government units and in the provision of public services. This approach allows for the assessment of public policies based on their contribution

²⁶ Ibid.

²⁷ Jorgensen, B.T., & Bozeman, B. (2007). Public value: An inventory, *Administration & Society*, Volume 39, Issue 3, Sage journals, pp. 354-381, available at: file:///C:/Users/HP/Downloads/PublicValues_AnInventoryJorgensen_Bozeman.pdf

²⁸ Bryson, J., Crosby, B., & Bloomberg, L. (2014). Public Value Governance: Moving Beyond Traditional Public Administration and the New Public Management, *Public Administration Review*, Volume 74, Issue 4, 445-456.

²⁹ For more details: OECD (2019), Public Value in Public Service Transformation-working with change, OECD Publishing, available at: https://www.oecd.org/en/publications/public-value-in-public-service-transformation_47c17892-en.html

³⁰ Fohim, E., Claus D. Jacobs & Philipp Sieger (2025), Expanding towards a Public Value Governance paradigm: the role of mindset expansion in a Swiss government agency, *Public Management Review*, October 2025, dostupno na: <https://www.tandfonline.com/doi/full/10.1080/14719037.2025.2566903>

to social well-being.³¹ Similarly, Scandinavian countries have developed participatory governance modalities that integrate citizens and civil society into public decision-making processes, aiming to secure social approval and increase the legitimacy of public institutions.

In Australia, institutional development with so-called open data and advanced digitalization shows that proactive transparency and the availability of public information increase public value, as they enable citizens and the private sector to propose innovative socio-economic policy suggestions and initiatives directly.³²

The governments of Japan and Singapore developed methods of so-called user-centric service design, in which services are initiated and shaped by consumer needs, thereby shifting the focus of administrative practice from “which institution is in charge” to “what do citizens need at the time.”³³

These comparative examples indicate that creating public value requires a combination of institutional reforms, innovative management practices, and the active inclusion of social actors. In that context, the hierarchical-bureaucratic model is inferior in relation to participatory and collaborative models.³⁴

Value governance is an approach where organizational culture, leadership, and systems of management consciously adjust to public values.

Examples of good comparative practices grounded in values include introducing ethical codes for impact assessment, involving citizens in shaping public services, and using feedback and quality management systems to measure the social impact of policies.³⁵

Consequently, the evolution of administrative culture is reflected in a shift from a compliance culture to a learning (and innovation) culture.³⁶ Such a culture encourages employees to recognize problems, propose solutions, and take responsibility.

31 For more details on administration reforms in the UK: Connolly, J., Van der Zwet, A. (2021), *Public Value Management, Governance and Reform in Britain*, International Series of Public Policy, Palgrave Macmillan, 45-50.

32 Benmohamed, N., Shen, J. & Gjogjevska- Vlahu, E. (2024), Public value creation through the use of open government data in the Australian public sector: A quantitative study from employees' perspective, *Government Information Quarterly*, Volume 41, Issue 2, June 2024, 1-14., dostupno na: <https://doi.org/10.1016/j.giq.2024.101930>

33 More details in: Singapore Public Sector Outcomes Review 2024 (SPOR), Available at: www.isomer-user-content.by.gov.sg, also in Khoo, Melissa & Fong L. Yee, *Redefining Engagement: Lessons for the Public Service from Our Singapore Conversation*, *Ethos*, Issue 13, June 2014, Civil Service College, Singapore, 40-48, available at: www.file.go.gov.sg

34 O'Flynn, J. (2007). From New Public Management to Public Value: Paradigmatic Change and Managerial Implications, *Australian Journal of Public Administration*, Volume 66, Issue 3, 353-366.

35 Bryson, J., Crosby, B., & Bloomberg, L. (2014), op. cit.

36 Senge, M.P. (2006). *The Fifth Discipline: The Art & Practice of The Learning Organization*, Random House UK.

***MERIMA TANOVIĆ**

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

Value-based management, therefore, becomes a key mechanism for operationalizing the concept of public value in the daily work of public administration.

3. Creating Public Value and Transforming Management Practices in Bosnia and Herzegovina: Institutional Challenges and Comparative Lectures

In the case of Bosnia and Herzegovina, the question of creating public value is especially complex due to the multi-layered institutional structure, a fragmented system of government, and limited capacity to coordinate public policies. According to estimates from the OECD SIGMA program (Support for Improvement in Governance and Management), public administration in Bosnia and Herzegovina still faces challenges in coordinating reforms, strategic planning, and institutional responsibility.³⁷

Theoretically, Moore's strategic triangle identifies three key dimensions that must be aligned for the public sector to create public value: creating socially relevant value (*public value outcomes*), legitimacy and political support (*authorizing environment*), and operational capacities of institutions (*operational capability*).³⁸

This enables the analytical examination of public policy not just through the lens of efficiency, but through the lens of public legitimacy and long-term public utility. Comparative practices and research indicate that this paradigm has gradually spread across Anglo-Saxon jurisdictions and European countries, and that it has increasingly been used as a framework for the reform of public administration in Europe, especially in countries undergoing institutional transformation and European integration.³⁹ As such, it is suitable for adoption as a broader, multidimensional, and analytical framework for affirmation and developmental functions in the domestic context.

37 SIGMA/OECD (2025), Public Administration in Bosnia and Herzegovina 2024- Assessment against the Principles of Public Administration- Monitoring Report, 25-72, available at: https://www.sigmaweb.org/content/dam/sigma/en/publications/reports/2025/01/public-administration-in-bosnia-and-herzegovina-2024_df5d9924/969426b5-en.pdf

38 Op.cit., Moore, M. H. (1995). *Creating Public Value: Strategic Management in Government*

39 Mendez, C., Pegan, A., Triga, V. (2024), Creating public value in regional policy: bringing citizens back in, *Public Management Review*, 2024, Vol.26, No. 3, Routledge Taylor&Francis Group, 811-835.

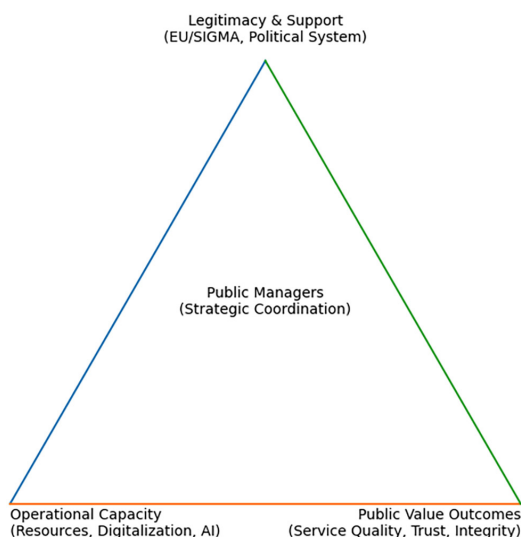


Figure 3. Moore Strategic Triangle adapted to the governance context of Bosnia and Herzegovina
Source: Adapted by Moore, M. H. (1995). *Creating Public Value: Strategic Management in Government*.

The SIGMA reports for Bosnia and Herzegovina highlight significant weaknesses in the mechanisms for horizontal coordination between levels of government, as well as in accountability and reform management systems within public administration.⁴⁰ Such institutional characteristics directly affect the ability of public institutions to generate public value, as management fragmentation often results in public policies that are neither sufficiently coherent nor focused on long-term social outcomes.

Concurrently, the concept of public value in Bosnia and Herzegovina gains a further dimension through the process of joining the European Union. The standards of the European administrative area, especially those developed through the SIGMA principles of public administration, stress the importance of transparency, responsibility, and high-quality public services as key elements of creating public value.⁴¹ These principles include strategic management, professionalizing public services, better public policies, and digitizing public services, which is the framework for the modernization of the public sector in the Western Balkans.

40 SIGMA/OECD (2025), *Public Administration in Bosnia and Herzegovina 2024- Assessment against the Principles of Public Administration- Monitoring Report*, op. cit.

41 SIGMA/OECD (2023), *Principles of Public Administration*, available at: https://www.sig-maweb.org/content/dam/sigma/bs/publications/reports/2023/11/the-principles-of-public-administration_5e68f805/d3f5f44e-bs.pdf

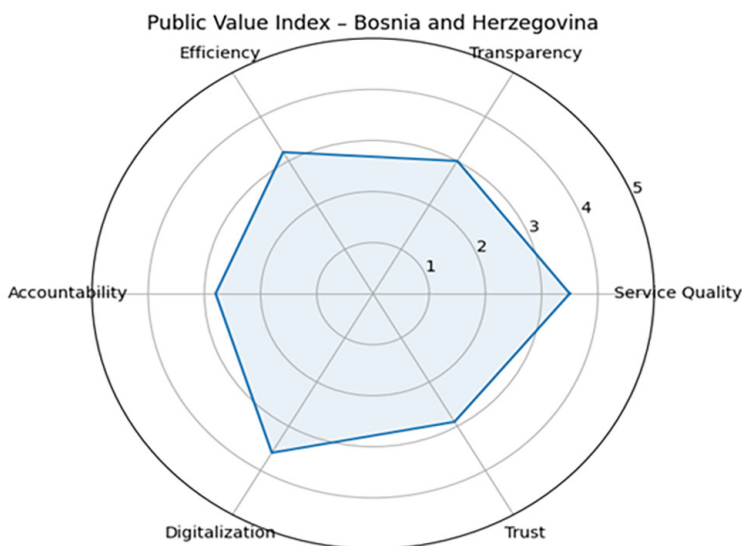


Figure 4. Public Value Index for Bosnia and Herzegovina (illustrative model)

Source: Author

Traditional management practices in Bosnia and Herzegovina are often formalistic, complex, and slow, with a short-term focus, relatively limited room for innovation, and an experimental approach to public policy. Such a management model is characteristic of administrations in transitional societies, where institutional stability and formal legality often take precedence over innovation and strategic management.

The value-mission of public administration also means a clearly defined purpose for the existence of institutions, based on citizens' needs and democratic principles. In Bosnia and Herzegovina, this mission is often hampered by democratic deficiencies, such as low trust in institutions, perceptions of corruption, and limited citizen participation.⁴² Alongside stalled reform, there is also a noticeable lack of a value-driven approach to management and in domestic academic debate.

Citizens increasingly expect public administration to be service-oriented, responsible, and focused on solving specific problems, rather than solely on applying formal procedures.⁴³ These expectations create pressure on institutions to redefine their own value frameworks. Given the stagnating reform process in the public administration sector, a new paradigm of management practices in Bosnia

42 European Commission (2023). Bosnia and Herzegovina Country Report, dostupno na: https://enlargement.ec.europa.eu/bosnia-and-herzegovina-report-2023_en

43 OECD (2017), Trust and Public Policy- How Better Governance Can Help Rebuild Public Trust, available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/03/trust-and-public-policy_g1g74ea6/9789264268920-en.pdf

and Herzegovina requires a creative impulse and new patterns for addressing the so-called democratic deficit and the paradox of delivery in public services.⁴⁴

The mission of public management in BiH should be directed towards increasing trust, the rule of law, and social cohesion, while aligning with European standards of good management.⁴⁵ In that context, public value could serve as the bridge between normative goals (democracy, equality, justice) and practical outcomes (better services, availability, higher transparency).

Also, techniques to increase efficiency, efficacy, motivation, and innovation are hollow without a sense of purpose, belonging, and civic obligation, which drive people to work and create their best.⁴⁶

4. Conclusion

The application of the concept of public value and modern management practices in the Western Balkans has significant implications for future public administration reforms, especially in the context of European integration and the strengthening of institutional resilience. The analysis indicates that traditional management models, predominantly based on a bureaucratic-hierarchical approach, are insufficient to generate sustainable social outcomes and development results.

In that sense, reform processes in the region should be directed towards *transforming administrative paradigms*, in which public administration becomes the primary generator of public value, rather than merely the execution of normative tasks. In the context of Bosnia and Herzegovina, future development of the concept of public value will likely depend on three key factors.

First, it is crucial to improve the *strategic management of public institutions*, including the development of systemic mechanisms for evaluating public policies and measuring social results.

Second, it is necessary to strengthen *institutional coordination* among different levels of government, so that public policy becomes more coherent and better aligned with long-term development goals.

44 For more details: Horner, L., Lekhi, R. and Blaug, R. (2006), *Deliberative Democracy and the Role of Public Managers*, London, Work Foundation, i Hutton, W., Clements, J. and Sang, B. (2007) Public Leadership for the 21st Century: Delivering "Public Value" through Entrepreneurship, Engagement and Rogour, *International Journal of Leadership in Public Services* 3(1), 47-51.

45 More in: Tanović, M. (2018), *Savremena javna uprava*, Sarajevo, Fakultet za upravu-pridružena članica Univerziteta u Sarajevu, 58-65. i op.cit., SIGMA/OECD (2023). Principles of Public Administration.

46 Harvard Business Review (2003), Motivisanje ljudi, posebno izdanje, taken from Demmke, C. (2004), *Evropske državne službe između tradicije i reforme*, Evropski institut za javnu upravu, 188.

***MERIMA TANOVIĆ**

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

Third, *the digital transformation of public administration has significant potential to create public value through transparency, greater availability of public services, and innovative forms of citizen participation.*

Public organizations that successfully integrate these three elements will be able to develop administrative models that overcome traditional administrative paradigms and contribute to the creation of sustainable social value.

In terms of the evolution of administrative practice and context for the creation of public values, it would mean:

- a) Transition from *compliance-based* models to *public-value* models whose implementation means: focusing on outcomes, and not just processes, measuring social utility of public policy, and integrating evaluation mechanisms into the cycle of public policy.
- b) *Strengthening strategic management and policy capacity*, or rather the institutionalizing of mid-term and long-term planning, using analytical tools (including AI and *data analytics*), developing units for policy analysis within institutions
- c) *The integration of digital transformation and AI into multidimensional institutional practice*, so that the transformative dimension leads to *predictive governance, evidence-based decision-making*, automated risk management, as well as analytics for the elimination, detection, and elimination of irregularities in administrative areas particularly sensitive to corruption (public procurement, employment, asset management, etc.) to preserve citizens' trust in institutions.
- d) Developing network and participatory mechanisms necessary for overcoming weaknesses in coordinating administrative levels in Bosnia and Herzegovina to strengthen cooperation between levels of government, including civil society and the private sector, developing participatory mechanisms (*network governance*)
- e) *Convergence with EU standards of public administration*, or gradual convergence with standards of the European public administrative space, would serve as an integrated framework that connects reform demands in the process of Bosnia's accession into the EU with the concept of public value in a singular administrative logic.

The modernist aspiration for progress is a natural evolutionary process, and administrative work that does not include the current needs and worldview of real human benefit is nothing more than empty subsidizing of inefficient systems and an unsustainable waste of resources without end.

Sustainability poses a challenge to the public sphere, necessitating political, managerial, and financial decisions that will fundamentally change long-term patterns of life and behavior. In conclusion, the future of public management and devel-

opmental etatism requires creativity as the core for redefining the actions of the public sphere.

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*MERIMA TANOVIĆ

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

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*MERIMA TANOVIĆ

Creating Public Value: From Theory to Operationalization in the Practice of Public Administration in Bosnia and Herzegovina

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Regulatory Ambiguities in Public
Procurement Procedures: Oversight of the
Estimated Contract Value and the Risk of
Excessive Profits

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Summary

The paper analyzes normative ambiguities in public procurement procedures, with a special focus on the estimation of procurement value as a potential mechanism for achieving excessive profits in public procurement conducted in Bosnia and Herzegovina. The authors begin with the assumption that the existing normative/regulatory framework of public procurement in Bosnia and Herzegovina does not ensure adequate control over prices and profits, thereby creating the possibility of fiscal inefficiency and deviation from the principles of rational management of public funds. The research applies a combined qualitative and empirical method, covering the normative analysis of the Law on Public Procurement and relevant bylaws/secondary legislation, analysis of judicial and comparative legal practice, conceptual analysis of the institute of reasonable profit, and a survey of 124 respondents with contracting authorities, the academic community, and other institutions connected with the system of public procurement. Research results show that the expert public largely views the existing public procurement system regulations as insufficiently developed in evaluating the value of the procurement, providing the market justification of the procurement, and preventing the possibility of attaining excessive profit. Statistical data show a strong connection between the likelihood of excessive profit and factors such as the broad discretion of contracting bodies, regulatory asymmetry in price controls, manipulation of procurement value, and a legal but inefficient system of public procurement procedures. We conclude that the existing system of public procurement in Bosnia and Herzegovina requires amendments, with a focus on more precise and thorough determination of the value of public procurement, strengthening controls on unusually high prices, and introducing analytical mechanisms based on the concept of reasonable gain and digital tracking of risk in public procurement processes.

Keywords: Public procurement, procurement value estimation, reasonable profit, administrative procedure, public spending.

1. Introduction

Public procurement directly connects law, transparency, competition, and the efficient use of public resources. This makes public procurement one of the main areas modern public management addresses. In public procurement, government bodies purchase goods, services, and labor needed for the functioning of public services, managing significant sums of budgetary means.¹ An efficient public procurement system must ensure transparency, competition, and the rational use

1 Thai, Khi. (2001). *Public Procurement Reexamined*. Journal of Public Procurement, pp. 9–50. <https://doi.org/10.1108/JOPP-01-01-2001-B001>

of public resources, as public procurement is one of the most significant components of public spending in modern states.²

However, conducting public procurement in line with the law does not necessarily guarantee the economic justification of the results. In practice, we often see that a legally sanctioned procedure leads to an irrational use of public funds and enables bidders/businesses to secure excessive profits.³ In modern systems of public management, public procurement plays a significant role in economic development and market functioning, and efficient public procurement systems contribute to transparency in public spending and strengthen citizens' trust in government institutions.⁴

A special challenge in public procurement management is the planning phase of the procedure. The estimated value of the procurement is a key financial parameter that influences the choice of procedure type, the application of legal thresholds, and bidders' behavior in the market.⁵ If the estimated value is not based on realistic market data and an objective market analysis, there is a risk that the entire public procurement process will be structured on incorrect economic assumptions, leading to overpayment for contracts and irrational spending of public funds.

The COVID-19 pandemic further showed how sensitive systems of public procurement are to crises,⁶ in which speed and flexibility come into conflict with transparency and control of public spending.⁷ Such conditions also result in red

- 2 Schapper, Paul, Malta, João, Gilbert, Diane. (2006). *An analytical framework for the management and reform of public procurement*. Journal of Public Procurement. <https://doi.org/10.1108/JOPP-06-01-02-2006-B001>
- 3 Boykin, Emily, Lofaro, Ryan, McCue, Clifford, Prier, Eric. (2024). Advancing the practice of public procurement performance measurement: a framework for conceptualizing efficiency and effectiveness. *Public Money & Management*. 45. 1-11. DOI:10.1080/09540962.2024.2361832
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- 7 Christine Harland, Louise Knight, Andrea Stefano Patrucco, Jane Lynch, Jan Telgen, Esmee Peters, Tünde Tátraí and Petra Ferk, “Practitioners’ Learning about Healthcare Supply Chain Management in the COVID-19 Pandemic: A Public Procurement Perspective,” *International Journal of Operations & Production Management*, Vol. 41, no. 13 (2021), p. 178–189, DOI:10.1108/IJOPM-05-2021-0348

tape, i.e., overly complicated procedural requirements and formalities that slow the public procurement process and reduce the efficiency of public management.⁸

In Bosnia and Herzegovina, public procurement is regulated by the Law on Public Procurement (“Sl. glasnik BiH,” no. 39/14, 59/22 and 50/24). Even though this law contains a series of mechanisms to protect competition and transparency, reality points to certain normative deficiencies that enable the manipulation of the estimated value of procurements and the securing of excessive profits in lawfully conducted procurements.

Starting with the said law, the paper poses the following hypothesis: the existing normative and institutional framework of public procurement in Bosnia does not ensure adequate control over prices and profits, creating the possibility of excessive profits and fiscal inefficiency.

The paper’s goal is to analyze the normative deficiency in public procurement in Bosnia and Herzegovina, with a special focus on estimated procurement values as potential mechanisms for securing excessive profits, and to consider possibilities for improving the regulatory framework by implementing additional mechanisms for price and profit control in public procurement.

2. Theoretical Framework

The system for public procurement in Bosnia and Herzegovina is an important part of public spending and a key instrument for managing public finances. According to the World Bank, the value of public spending carried out through public procurement in Bosnia and Herzegovina is around 7.5% of GDP, underscoring its importance to the public sector and public policy (World Bank, 2022). Due to its economic and institutional significance, the efficiency of public procurement cannot be seen just as a procedural matter, but as a broader question of lawful, rational, and responsible management of public resources.

In theory, public procurement is seen as a specific administrative and regulatory mechanism through which the state regulates the relationship between the public sector and the market. It is not just an instrument for procuring goods, services, and labor, but also a means of achieving the foundational responsibilities of public administration, including legitimacy, transparency, competitiveness, efficiency, and protection of public interests.⁹ An efficient system of public procurement must strike a balance between market competition, process transparency,

8 Andreas Glas, Michael Eßig, Maximilian Holzner and Dominik Oehlschläger, “Need for Speed Most Wanted: Red Tape Effect on Procurement Time”, *Journal of Public Procurement*, vol. 26 (2025), pp. 1–27, DOI:10.1108/JOPP-04-2025-0039

9 Thai, Khi. (2001). *Public Procurement Reexamined*. Journal of Public Procurement, pp. 9–50. <https://doi.org/10.1108/JOPP-01-01-2001-B001>

and rational utilization of public means.¹⁰ It then follows that the success of a system governing public procurement cannot be measured solely by how well it conforms to regulations, but also by its ability to secure economically justified and socially useful results.

A particularly important role in this process is the planning phase of public procurements. The literature emphasizes that the key assumptions for the legality and efficiency of the entire process are established at this stage, when the procurement subject, technical specifications, type of procedure, and estimated procurement value are defined.¹¹ An incorrectly or arbitrarily determined estimated value can have multiple negative consequences: it can influence the choice of procedure type, limit or discourage market competition, distort market signals, and lead to uneconomical spending of public funds. Work by local authors also highlights that selecting the appropriate procedure and accurately estimating the value are key factors in shaping the course and outcome of the public procurement process.¹² Due to the direct contact between the public sector and the market, public procurement also represents one of the most sensitive segments of public administration in terms of integrity, equal treatment of bidders, and protection of the public interest.¹³

Recent research further indicates that the efficacy of public procurement processes depends not only on the normative framework but also on the level of market competition. Analyzing the patterns of competition shows that certain offer structures can signal the absence of real competition or even coordinated bidder behavior. Chassang and colleagues identified the so-called isolated winning bids, rather than situations in which the winning bid strongly differs from other bids, with no competing offers close to it. Such patterns can point to strategic bidder behavior, collusion (lat. *collusio* – secret agreement/pact to commit a nefarious act) or other forms of disrupting competition. Hence, statistical analysis of competition is an important tool for regulatory and supervisory bodies, as it enables the identification of patterns that deviate from expected market behavior and may indicate a disruption of competition.¹⁴

10 Schapper, Paul, Malta, João, Gilbert, Diane. (2006). *An analytical framework for the management and reform of public procurement*. Journal of Public Procurement. <https://doi.org/10.1108/JOPP-06-01-02-2006-B001>

11 Thai, Khi. (2001). *Public Procurement Reexamined*. Journal of Public Procurement, pp. 9–50. <https://doi.org/10.1108/JOPP-01-01-2001-B001>

12 Lapandić, N. (2020). Metod izbora forme javnonabavnog postupka složenog predmeta nabavke primjenom sistemskog tumačenja propisa. *Uprava – časopis za upravu i upravno pravo*. Uprava, 11 (2), 29–48. <https://www.fu.unsa.ba/journal/index.php/uprava/article/view/156>

13 Delić, R., Lapandić, N., Mehmedović, E. (2024). Zabrana diskriminacije po osnovu nacionalnog porijekla ponuđača u javnim nabavkama u Evropskoj uniji: pravni okvir i primjena. *Poslovni konsultant*, 2024, Vol 15, No. 141, p. 83

14 Chassang et al. (2022). Robust Screens for Noncompetitive Bidding in Procurement Auctions. *Econometrica*. Vol. 90, No. 1, pp. 315-346. DOI:10.3982/ECTA17155

Aside from competition, modern literature on public procurement recognizes it as a field particularly exposed to corruption, regulatory manipulation, and fiscal inefficiency. In comparative research, public procurement is often highlighted as one of the riskiest areas of public spending precisely due to the combination of large financial figures, process complexity, and the discretionary powers of contracting bodies. In that context, researchers developed a corruption risk indicator for public procurement. It covers various indicators of process vulnerability, such as limited competition, the use of opaque or negotiated procedures, insufficient access to data, restrictive criteria, and unusual differences between the estimated and contracted value of the procurement.¹⁵ A special risk emerges when contracting bodies have wide discretion in defining tender conditions, estimating value, or setting criteria for selecting the best offer, as such a normative and institutional asymmetry can increase the likelihood of irregularities and reduce the economic rationality of public spending.

For our purposes, the issue of the estimated procurement value as a regulatory and economic institution is particularly significant. The estimated value is not only a technical element in the preparation of the public procurement process, but also a reference point that influences the shaping of the entire process and the behavior of market participants. If the estimated value is not based on objective market indicators, it can become a mechanism that guides the legal process toward a fundamentally unfavorable outcome. In such circumstances, there is a risk that a legally conducted public procurement process results in prices that deviate from market conditions and enable disproportionately high profits for the bidder.

In that context, the concept of *reasonable profit* is especially relevant. It represents a level of profit justifiable by the market, which the bidder attains after covering all their expenses for providing the service. It is proportional to the capital invested, business risks, and usual market conditions in the given sector. Such profit is justified economically and by the level of business profit that does not stretch the boundaries of reasonable business judgment (Cambridge University Press, n.d.). In practice, reasonable judgment is most expressed through the percentage return on capital or investment, such as the Internal Rate of Return (IRR), Return on Capital Employed (ROCE), or the profit margin itself.

Based on these theoretical assumptions, we conclude that the estimated procurement value is a key regulatory point at which the formal legality of public procurement procedures and their substantive economic efficiency intersect. In this sense, excessive profit can be understood as profit that significantly deviates from the market-justified level of reasonable profit and arises from a lack of competi-

15 Siino, Marianna, Iezzi, Stefano, Gara, Mario. (2026). Corruption risk indicators in public procurement: Definition and evaluation with organized crime data. *Socio-Economic Planning Sciences*. 105. DOI: 10.1016/j.seps.2026.102429

tion or regulatory weaknesses in the public procurement process. For this reason, analyzing the relationship between the estimated procurement value, the market justification of prices, and the possibility of achieving excessive profit is an important theoretical and practical issue in the functioning of the public procurement system.

3. Methodology

The research is grounded in a combined qualitative and empirical approach, with the goal of analyzing normative inconsistencies in the public procurement system in Bosnia and Herzegovina, given the potential for excessive profits in legally conducted public procurement processes. The methodological framework encompasses a range of complementary research methods. First, we conduct a normative analysis of the Law on Public Procurement and relevant bylaws to identify regulatory mechanisms that define the estimated value of the procurement, control prices, and establish supervisory institutional mechanisms. Second, we analyze judicial and regulatory practice in public procurement, including relevant decisions by oversight institutions. Third, we use a comparative legal method, analyzing certain legal solutions in European Union and member state law, with reflection on the concept of reasonable gain and regulatory mechanisms for price control in public contracts. Furthermore, we use a conceptual analysis of the term reasonable gain, which we use in the paper as a theoretical framework for discussing the boundaries between a market-justified profit and potentially excessive profit in public procurements.

We conducted the empirical portion of the research using a survey to collect data on the perceptions of the professional public regarding the functioning of the public procurement system in Bosnia and Herzegovina. The survey consisted of 26 questions, divided into several thematic sections. The first group of questions (1-12) addressed the estimation of the normative and institutional framework of public procurement, with a special focus on the estimation of value, price control, and regulatory mechanisms that influence the attainment of excessive profits. The questions were presented as claims that the surveyed ranked on a five-point Likert scale (from “disagree completely” to “agree completely”). The second group of questions (13-22) concerned the estimation of institutional capacities and regulatory mechanisms for price and profit control in public procurement, with yes/no answers. The third group of questions (23-26) covered socio-demographic and professional characteristics of the survey participants, including professional education, gender, and professional experience in public procurement. At the end of the survey, respondents could leave an open comment on the theme, which enabled the collection of further qualitative insights into the functioning of public procurement. Surveys were conducted with a sample of 124 people from various institutions and professional sectors involved in public procurement in Bosnia and

Herzegovina. The sample consisted of 41 respondents from contracting bodies, 36 from public institutions, 21 from the academic community, 10 from the Public Procurement Agency, while 16 were from other institutions connected with the system of public procurement. This distribution of respondents indicates that the majority were participants in public procurement procedures, thereby contributing to the relevance and analytical value of the collected data. The sample is purposive, comprising experts, professionals, and practitioners, providing insight into the professional perception of the existing normative framework's functions. Divided by professional experience, 52 respondents hold advanced professional education, 36 hold MA degrees, 31 hold PhDs, and 5 have other qualifications. The data indicate that more than half of the sample have postgraduate education, further confirming the high professional level of the sample. Regarding professional experience in public procurement, 98 respondents reported direct participation in the process, while 26 had no direct experience, indicating that 79% had practical experience conducting public procurement. Statistical analysis of the data was conducted using SPSS, employing descriptive and inferential methods. The analysis included evaluating the reliability of the scale (Cronbach's alpha), correlational analysis, and regression analysis to determine the connection between perceptions of the normative framework of public procurement and variables related to the evaluated value of the procurement, price control, and the possibility of achieving excess profit. It is important to stress that the goal of the empirical part of the research is not to quantify corruption in public procurement but to identify the professional public's perceptions of the normative weaknesses of the existing system. Since the research is based on respondents' perceptions, the results are a subjective evaluation of the public procurement system, not a direct measure of the economic effects of public contracts. Despite that, the collected data provides relevant insight into how the professional public perceives regulatory deficiencies in public procurement systems in Bosnia and Herzegovina.

4. Estimated Value of Procurements as Mechanisms of Controlling Excess Profit

The estimated procurement value is a key financial parameter that shapes the public procurement process. It influences the choice of procedure types, the application of legal thresholds, and the level of competition among bidders.¹⁶ Earlier research confirms that the efficiency of public procurement depends not only on the formal-legal framework, but also on the broader economic and institutional environment in which procurement procedures are conducted. The impact of economic uncertainty on bidder behavior in public procurement processes is particularly emphasized. Given increased uncertainty, bidders often adjust their

16 Thai, Khi. (2001). *Public Procurement Reexamined*. Journal of Public Procurement, pp. 9–50. <https://doi.org/10.1108/JOPP-01-01-2001-B001>.

bidding strategies, resulting in more conservative offers and higher prices relative to the estimated procurement value. Such changes in bidder behavior can reduce the intensity of competition and lead to increased overall public expenditure. Studies show that even relatively small deviations between the estimated value and the final contract price can have significant fiscal consequences when viewed at the level of total public spending. These findings indicate that the efficiency of the public procurement system depends not only on regulatory procedures but also on the stability of the economic environment and the institutional capacity to control prices and the estimated procurement value.¹⁷

4.1. *Regulatory Ambiguities of the Legal Framework in Bosnia and Herzegovina*

The institute for prior market research was introduced into the legal system of Bosnia and Herzegovina in 2022 with changes to the Law on Public Procurement.¹⁸ It clearly defines the process for determining the value of procurement and outlines the mandatory prior market determination as an important element in preparing the public procurement process. Before the process begins, the contracting body must conduct a market check to adequately prepare the procurement procedure and inform potential economic subjects about the planned requirements and conditions for the procurement.¹⁹ This process can involve consulting with independent experts, overseeing institutions, or market actors, with the obligation that all the checks are noted and documented. At the same time, it prescribes how estimated values for public procurements are determined, with the estimate based on the total amount the contracting body must pay, excluding value-added tax.²⁰ The estimated value is determined based on the market value of the good, service, or labor at the time the procurement process began, with the obligatory inclusion of all relevant costs and price components. If the object of the procurement is divided into multiple lots, the estimated value must include the sum of all lots, as well as the maximum contract value in the case of framework agreements. Dividing the object of the procurement is strictly prohibited to ensure the application of suitable processes that promote transparency, prevent manipulation, and determine the value of the procurement, thereby preserving fair market competition among bidders. The goal of these regulations is to enable better procurement planning and a more realistic determination of value.

17 Rodrigo Leite, "The Public Cost of Economic Policy Uncertainty: Evidence from Brazilian Public Procurements," *Finance Research Letters*, vol. 86 (2025), DOI:10.1016/j.frl.2025.108665.

18 Zakon o javnim nabavkama Bosne i Hercegovine, „Službeni glasnik Bosne i Hercegovine,” no. 39/14, 59/22 and 50/24.

19 Zakon o javnim nabavkama Bosne i Hercegovine, član 14a. "Službeni glasnik Bosne i Hercegovine," no. 39/14, 59/22 and 50/24.

20 Zakon o javnim nabavkama Bosne i Hercegovine, član 15. "Službeni glasnik Bosne i Hercegovine," no. 39/14, 59/22 i 50/24.

However, the law did not define the methodology for conducting market checks nor the mandatory elements of the record of the conducted market review. In the absence of clear methodological rules, there is significant room for arbitrariness. Such a situation can lead to the selective collection of market information, which, in practice, may result in favoring certain suppliers and generating excessive profits. Research shows that corruption in public procurement is widespread, with many companies resorting to bribery to secure public contracts, indicating serious institutional weaknesses in public spending systems.²¹ Analyses reveal that a considerable number of bidders believe that some public procurement procedures are tailored to certain suppliers or are conducted in a non-transparent manner. As a result, 41.67%²² of bidders often do not apply to public tenders even though they meet the conditions, because they believe the procedures are ‘rigged’ in advance. Such perceptions negatively impact market competition and reduce the efficiency of public spending.

4.2. *Some Comparative Legal Solutions and Concept of Reasonable Profit*

In European Union law, the concept of limiting excessive profits was developed by the Court of Justice of the European Union, particularly in its *Altmark Trans* decision.²³ In this verdict, the court defined four criteria under which the financial compensation the state provides for the execution of public services is not state assistance as defined by Article 107 of the Treaty on the Functioning of the European Union. One of the key criteria is that compensation cannot exceed the amount needed to cover the costs of carrying out public services, considering relevant income and a reasonable profit. The court stressed that this condition is necessary to prevent the enterprise from receiving compensation, gains, and economic advantages over its competitors. With that, European Union Law established the principle that public funds cannot lead to excessive economic utility for private subjects, which has significant implications for public procurement systems, especially for price controls and the justification for agreed prices.

According to European Union law, the issue of compensation for providing public services in the public transportation sector is provided by Regulation (EC) No. 1370/2007²⁴ of the European Parliament and Council of October 23, 2007,

21 Anna D’Souza, Daniel Kaufmann (2011), Who Bribes in Public Contracting and Why: World-wide Evidence from Firms, *Economics of Governance*, DOI: 10.2139/ssrn.1563538

22 UNDP, *Politike i prakse javnih nabavki na lokalnom nivou u Bosni i Hercegovini*, (2023.), Projekat unapređenja efikasnosti lokalnih usluga (PIPLS), Sarajevo, p.109..

23 Presuda Sud Evropske unije od 24. jula 2003. godine u predmetu C-280/00, *Altmark Trans GmbH i Regierungspräsidium Magdeburg protiv Nahverkehrsgesellschaft Altmark GmbH* (Altmark), ECLI: EU:C:2003:415.

24 Uredba (EZ) br. 1370/2007 Evropskog parlamenta i Vijeća od 23. oktobra 2007. godine o usluga javnog željezničkog i cestovnog prijevoza putnika i stavljanju izvan snage uredbi Vijeća (EEZ) no. 1191/69 i (EEZ) no. 1107/70, *Službeni list Evropske unije*, L 315, 3.12.2007., pp. 1–13.

on public passenger transport services by rail and road and repealing Council Regulations (EEC) No. 1191/69 and (EEC) No. 1107/70, OJ L 315. This regulation stipulates the conditions under which competent public authorities can grant financial compensation or exclusive rights to public service operators to fulfill public service obligations. It specifically emphasizes that compensation for public services must not result in excessive remuneration but must be limited to the amount necessary to cover the net financial costs incurred in performing the public service obligation, taking into account revenues and a reasonable profit for the operator. In this way, the regulation aims to ensure transparency and the efficient use of public funds, and to prevent the distortion of market competition.

A lack of competition in public procurement, reflected in the number of procedures with only one bidder and a higher proportion of contracts awarded directly, can significantly affect the economic justification of agreed prices. In such circumstances, market mechanisms that would limit price growth are weakened, increasing the risk that agreed prices deviate from real market costs and enabling the contractor to realize excessive profits. Therefore, European Union Law developed the concept of reasonable profit, according to which financial compensation or profit made under a public contract cannot exceed the amount needed to cover costs, with a profit justified by market conditions. This principle was affirmed through the judicial practice of the Court of Justice of the EU and further developed normatively in secondary EU legislation. In that context, an accurate determination of the estimated value of public procurements is a key instrument for preventing excessive profits, as it enables evaluation of whether the agreed price reflects market conditions and the principle of rational use of public means. Data indicate significant differences in the levels of competition among EU member states. While some countries, like Finland and Sweden, have a relatively low proportion of procedures performed by a single provider, others, like Cyprus, Poland, and Slovenia, have a much higher proportion. Especially worrying is the high share of direct grants in certain states, which significantly limits market competition and can increase the risk of inefficient use of public funds.

In Italy's comparative practice, advanced analytical approaches for identifying corruption risks were developed by using the so-called 'red flag' indicators. Analysis based on data from the Italian public contract database (BDNCP) covers more than €2.1 million in tenders awarded between 2018 and 2023, worth around €2.8 billion. Research results show that certain factors, such as the wide discretionary authority of contracting bodies in setting prices or awarding contracts, can increase the risk of corruption in public procurement procedures.²⁵ At the same time, a lack of transparent data poses another issue: around 58% of

²⁵ Pinotti, Paolo, Francesco Decarolis, Silvia Vannutelli, Raymond Fisman. (2020). "Rules, Discretion, and Corruption in Procurement: Evidence from Italian Government Contracting." *SSRN Electronic Journal*. DOI: DOI:10.2139/ssrn.3607848

tenders provide no information on contract awards, and many do not even state the winning bidder. These findings point to the importance of both the quality of administrative reporting and the availability of data as indicators of the integrity and efficiency of public procurement systems.

These instruments enable the standardized collection of data on public procurement processes, bidders, and contract-awarding criteria, which creates the pre-conditions for developing analytical tools to monitor the integrity of public procurement systems. In that context, ‘red flag’ indicators are increasingly used to identify potential irregularities, including a high proportion of directly awarded contracts, processes with a single bidder, or unusual irregularities between the estimated and agreed value of the procurement.

Table 1: Examples of differences in public procurement competition in EU member states (2021)²⁶

Member state	Direct Awards without Tenders (%)	Procedures With a Single Bidder (%)	Competition Level Estimate
Greece	3.1 %	ca. 40 %	Relatively low proportion of direct awards, but weaker competition
Cyprus	42.3 %	over 50 %	Very high risk for competition
Poland	-	over 50 %	High share of procedures with a single bidder
Slovenia	-	over 50 %	High level of single-bidding procedures
Finland	-	< 20 %	Relatively high level of competition
Sweden	-	< 20 %	Stable competition
Malta	-	< 20 %	Low percentage of single-bidding procedures
EU Average	15.8 %	41.8 %	Less competition in the last decade

These analytical approaches have already been applied in certain member states, where data from national public procurement databases are used to develop detection models for corruption risks in public procurement procedures. In that sense, the digitalization of public procurement processes is an important instrument for strengthening transparency and for evaluating the economic justification of contract prices. By connecting these analytical approaches with the concept of reasonable profits, developed in European Union Law through judicial practice and bylaws, it is further possible to improve control over the economic effects of public contracts. Analyzing existing data on public procurements can reveal situations in which reduced competition or unusual differences between the estimate

²⁶ European Court of Auditors, *Public procurement in the EU: competition indicators*, TED database analysis, 2011-2021. Available at: <https://www.eca.europa.eu/en/publications/SR-2023-28?ref=telles.eu>, Accessed Feb 18, 2026.

and the contracted value enable excessive profit for the contractor, which runs counter to the principle of efficient and rational use of public funds.

4.3. *Implications for Reforming the System of Public Procurement in Bosnia and Herzegovina*

The comparative analysis of EU public procurement practices has significant implications for further development of the public procurement system in Bosnia and Herzegovina. Firstly, the experiences of EU member states show that reduced competition in public procurement, as seen in high proportions of procedures with single bidders or directly awarded contracts, can increase risks of inefficient use of public funds and excessive profits for contractors. These trends point to the need to strengthen mechanisms for monitoring competition and ensuring transparency in public procurement procedures in Bosnia and Herzegovina.

The experiences of European Union member states show that digitizing procedures through standardized electronic forms and centralized databases enables better monitoring of public procurement processes and the identification of potential irregularities. In this context, improving the public procurement information system in Bosnia and Herzegovina can enhance data availability on procedures, bidders, and contract values, thereby creating conditions for developing analytical tools to identify so-called ‘red flag’ indicators.

At the same time, the concept of reasonable profit, developed in EU law through judicial practice and secondary legislation, can serve as an important frame of reference for estimating economically justified public contracts in Bosnia and Herzegovina. Introducing analytical methods that enable comparison of value evaluations, number of bidders, and contract prices can facilitate the identification of situations where there is a risk of deviating from market prices and of excessive profit for contractors. In that sense, the comparative experiences and the application of analytical methods to identify risks are key elements in improving the efficiency and integrity of the public procurement system in Bosnia and Herzegovina.

Table 2: Risk Factors for Excessive Profit in Public Procurements²⁷

Factor	EU Practice	Implication for BiH
Single bidding	41.8% processes	Increased risk of higher price
Direct Awards	Over 10% = red flag	Need for control
Lack of Price Information	Problem in the EU	Need to develop analytical databases
Reasonable Profit	Altmark Criteria	Frame of reference for estimating prices

²⁷ European Court of Auditors, *Public procurement in the EU: competition indicators*, TED database analysis, 2011-2021. Available at: <https://www.eca.europa.eu/en/publications/SR-2023-28?ref=telles.eu>

The data presented in the table indicate significant differences in the level of competition in public procurement procedures among the member states of the European Union. A high proportion of procedures with a single bidder and direct contract awards indicates reduced market competition, which can increase the risk of inefficient public spending. In the context of Bosnia and Herzegovina, these findings are particularly relevant, as limited competition in public procurement procedures can increase the importance of the estimated procurement value as a reference framework for forming offers but also create room for contractors to realize excessive profits if there are no effective mechanisms to control the market justification of the contracted price.

5. Results and Discussion

The empirical research was conducted through a survey to analyze the professional public's perceptions of the efficiency of the normative framework of the public procurement system in Bosnia and Herzegovina. This meant focusing especially on price controls, the evaluation of procurement value, and the possibility of making excessive profits. The sample comprised 124 respondents from various institutions involved in the public procurement system. A limitation of the research is that the empirical analysis was grounded in the perceptions of the professional public and not in the direct analysis of financial data from public procurement processes. Despite that, the results of the research provide important empirical insights into the weaknesses of the public procurement system. They can serve as a basis for future research on the economic efficiency of public spending.

5.1. *Reliability of the Survey Instrument*

To check the internal consistency of the survey instrument, we carried out a reliability analysis using Cronbach's alpha coefficient.

Table 3: Cronbach's alpha²⁸

Number of variables	Cronbach's Alpha
12	0.89

The Cronbach's alpha of 0.89 indicates a high level of internal consistency of the scale. Methodological literature considers values above 0.70 acceptable, while values above 0.80 indicate high reliability of the measuring instrument. This result confirms that the variables used (Q1-Q12) consistently measure the same latent construct, namely, the perception of the normative and institutional efficiency of the public procurement system.

²⁸ Source: Authors' research conducted in 2025.

5.2. Descriptive Results

The results of the descriptive analysis indicate that the professional public perceives the existing normative framework of public procurement as not ensuring efficient mechanisms for price and profit controls. Around 50% of respondents agree that the existing framework enables excessive profits, while the remaining 29% express partial agreement or uncertainty.

A particularly significant finding concerns the estimated procurement value, a central regulatory element of the public procurement system. As many as 79% of respondents believe that the existing regulatory framework does not provide adequate mechanisms for objectively determining the estimated procurement value. In contrast, a similar percentage of respondents think that the lack of a binding methodology leaves too much discretion to contracting bodies.

5.3. Correlation Analysis

To determine the connection between the perception of the normative framework and key regulatory variables, we carried out a correlation analysis using Spearman's coefficient of correlation.

Table 4: Correlation between perception of normative frameworks and key variables of public procurement systems.²⁹

Variable	Spearman ρ	p-value	Interpretation
Discretion of contracting bodies (Q3)	0.58	<0.001	Moderate positive correlation
Regulatory asymmetry of price controls (Q4)	0.62	<0.001	Strong positive correlation
Manipulation of estimated value (Q5)	0.65	<0.001	Strong positive correlation
Obligation to explain price (Q9)	0.41	<0.01	Moderate correlation
Benchmark Market Prices (Q10)	0.46	<0.01	Moderate correlation
Formally Legal, but Inefficient Procurements (Q18)	0.67	<0.001	Strong positive correlation

The results show a statistically significant correlation between the perception that normative frameworks enable excessive profit and other regulatory weaknesses of the public procurement system. The strongest correlation was between the perception of the normative framework and the attitude that public procurements are often conducted formally and legally, but inefficiently ($\rho = 0.67$; $p < 0.001$). We also found a strong correlation between the perception of the normative framework and manipulation of the estimated value of the procurement ($\rho = 0.65$; $p < 0.001$).

²⁹ Izvor: Istraživanje autora provedeno 2025. godine.

These findings indicate that the respondents recognize the connection between regulatory weaknesses in the system and the possibility of excessive profits in public procurement.

5.3. χ^2 Attitude Distribution Test

To assess the statistical significance of the distribution of answers, we conducted a χ^2 test.

Table 5: χ^2 test of distribution of attitudes about the normative framework³⁰

Answer category	Observed Frequency (O)	Expected Frequency (E)	(O-E) ² /E
Entirely disagree	16	24.8	3.12
Disagree	10	24.8	8.83
Partly Sure/Unsure	36	24.8	5.06
Agree	36	24.8	5.06
I completely agree	26	24.8	0.06
Total χ^2			22.13

The results show that the distribution of respondent attitudes deviates significantly from an even distribution, indicating that the answers are statistically concentrated towards categories agreeing with the claim that the existing normative framework enables the attainment of excess profit.

5.4. Regression Analysis

To identify predictors of perceptions of the possibility of attaining excess profit, we conducted multiple linear regression analyses.

Table 6: Regression analysis results³¹

Variable	Beta Coefficient (β)	Standard deviation	t-value	p-value
Discretion of contracting bodies (Q3)	0.21	0.07	2.98	0.003
Regulatory Asymmetry (Q4)	0.25	0.08	3.21	0.002
Manipulating value estimates (Q5)	0.29	0.07	3.86	<0.001
Obligation to Explain Price (Q9)	0.14	0.06	2.17	0.032
Current Market Prices (Q10)	0.16	0.07	2.34	0.021
Formalno zakonite ali neefikasne nabavke (Q18)	0.31	0.08	3.97	<0.001

30 Source: Authors’ research conducted in 2025.

31 Source: Authors’ research conducted in 2025.

The results of the regression analysis show that the model has significant predictive power ($F = 23.8$; $p < 0.001$) and that the independent variables together explain around 54% of the variance in perceptions of the possibility of attaining excessive profits ($R^2 = 0.54$). The most significant predictors of this perception are the attitude that public procurements are formally legal in practice, but inefficient ($\beta = 0.31$), as well as the perception of manipulation of the value of the procurement ($\beta = 0.29$).

5.5. Discussion

The empirical findings support the research hypothesis that the existing normative and institutional framework of public procurement in Bosnia and Herzegovina does not ensure adequate control over prices and profits, thereby enabling excessive profits and fiscal inefficiency. The results indicate that the perception of this problem among the professional public is not marginal but is strongly connected to a series of regulatory and institutional characteristics of the public procurement system, including broad discretion for contracting bodies, insufficient control over estimated procurement value, and regulatory asymmetry in price controls. Combined with normative and comparative analysis, the results indicate that the system of public procurement in Bosnia and Herzegovina places significant emphasis on controlling unusually low prices, rather than unusually high prices or profit levels. There, the concept of reasonable profit, developed in European Union Law, can provide a relevant normative framework for improving regulatory mechanisms and strengthening fiscal responsibility in public procurement systems.

5.6. Secondary Data

To better understand the structural problems in the functioning of the public procurement system in Bosnia and Herzegovina, we can systematize relevant empirical analyses and research using key indicators that reflect the state of competition, transparency, and planning in public procurement. These indicators cover bidders' perceptions of the integrity of the public procurement process, the frequency of changes to procurement plans, the degree of trust by economic subjects in the contracted work, and the influence of competition on the formation of the final contract price. Analyzing these factors allows for a better understanding of regulatory weaknesses in the public procurement system, especially in the context of estimated procurement value as the key element in planning public procurement procedures and a potential source of deviations between market and agreed prices. In that context, the following table presents the most important empirical indicators that point to potential risks to competition and the economic efficiency of public spending in public procurement processes.

Table 7. Indicators of institutional public procurement system weaknesses at the local level in Bosnia and Herzegovina³²

Indicator	Research findings	Implications for the public procurement system
Bidder participation in tenders	41.67% of bidders do not participate in tenders even though they fulfill the conditions	The perception of favoritism and lack of trust in the system
Perception of favoring bidders	76.67% of bidders believe there is a favor for certain bidders	Reduced competition and reduced risk of procedure manipulation
Estimated value of the procurement	Bidders state that the estimated value is often below or above realistic market levels.	Possibility of manipulating tenders and adjustments to certain bidders
Frequency of changing procurement plans	51.43% of contracting bodies change procurement plans more than five times annually	Poor planning and reduced transparency
Trust of bidders in the procurement plans	56.67% of bidders rarely or never use procurement plans as a source of information	Procurement plans have limited impact on the market
Impact of competition on price	Many offers lead to a reduction of price by 20-30% in relation to the estimated value.	Competition significantly increases the economic efficiency of public procurements.

An analysis of the institutional control mechanisms shows that internal audit of public procurement is insufficiently developed. In more than 51% of surveyed institutions, internal audit of public procurement was not conducted at all, indicating weak legal oversight and economic justification of procurement procedures. This situation further increases the risk of irregularities and reduces the effectiveness of the existing regulatory framework.

An analysis of data on contracting bodies that exceeded the value threshold for applying a direct agreement shows that such irregularities were noted across most public sector institutions in Bosnia and Herzegovina. The total value of the procurements with an exceeded value is 1,195,556.24 KM. Most of the means were used for purchasing services, costing 815,009.29 KM, around 68,2% of the total value, while goods procurement totals 360,528.01 KM, or 30.1%. Works procurement holds a significantly smaller proportion, totaling 20,018.94 KM, or around 1.7% of the total value. The data point to the fact that exceeding value grades for direct agreements is most common in services, where estimating market value is more complex and leaves more room for the discretion of contracting bodies. Such practice can reduce market competition and increase the risk of inefficient

32 UNDP, *Politike i prakse javnih nabavki na lokalnom nivou u Bosni i Hercegovini*, (2023.), Projekat unapređenja efikasnosti lokalnih usluga (PIPLS), Sarajevo, p.14-17.

use of public funds, especially when the estimated value of the procurement is not based on objective market indicators.³³

The reform of the public procurement system in Bosnia and Herzegovina has been further confirmed by the adoption of the Public Procurement Strategy for the period 2024-2028, which includes 43 measures and 72 activities aimed at improving transparency, strengthening competition, digitalizing procedures, and aligning the system with the legal acquis of the European Union. As part of the strategy's implementation, a new centralized procurement information system has been developed, integrated with the e-Procurement portal, and two central procurement bodies have already been established within the system, conducting procedures for more than 300 contracting authorities. This represents an important step toward more efficient management of public funds and strengthening institutional control in public procurement procedures.³⁴

6. Conclusion

The system of public procurement is one of the key instruments for managing public finances and advancing public interests. The efficiency of this system largely depends on a clearly defined normative framework, suitable institutional capacities and mechanisms that enable control over the economic effects of public contracts. This paper has analyzed the normative framework of the system of public procurement in Bosnia and Herzegovina, with a special focus on the estimated procurement value as a potential mechanism for securing excessive profit in nominally lawful public procurement processes.

The analysis results indicate that the existing legal framework for public procurement in Bosnia and Herzegovina especially focuses on preventing unusually low prices. In contrast, the question of controlling unusually high prices and the level of profit remains normatively underdeveloped. Such regulatory asymmetry can lead to a situation in which, even though public procurements are lawful, they also produce economically inefficient outcomes that are not in line with the principles of rational public-fund management. An especially important problem is the way procurement value estimates are made. In practice, it leaves a relatively broad discretion to contracting bodies and does not ensure efficient mechanisms of objectively checking market values.

³³ Agencija za javne nabavke Bosne i Hercegovine (2023), *Izvještaj o praćenju postupaka javnih nabavki za 2023. godinu*, Sarajevo, available at: <https://www.javnenabavke.gov.ba/bs-latn-ba/reports?page=1&rows=9&searchByTaxonomyValueIds=37> (Accessed February 10, 2026)

³⁴ Agencija za javne nabavke Bosne i Hercegovine (2024), *Godišnji izvještaj o implementaciji Strategije javnih nabavki za period 2024–2028 u Bosni i Hercegovini za 2024. godinu*. Available at: <https://www.javnenabavke.gov.ba/bs-latn-ba/news/386/vijece-ministara-bosne-i-hercegovine-usvojilo-strategiju-javnih-nabavki-za-period-2024-2028> (Accessed February 11, 2026).

The empirical results of the research confirm these findings. The perception among the professional public points to many actors in public procurement who believe that the existing normative framework enables the securing of excessive profits in legally conducted processes. Statistical analyses have shown a strong connection between perceptions of the possibility of securing excessive profit and a series of other regulatory variables, including broad discretion in contracting values, manipulation of estimated procurement values, and the perception that public procurement procedures are often legal but essentially inefficient. These findings confirm the research hypothesis that the normative framework of the public procurement system in Bosnia and Herzegovina does not ensure adequate control over prices and profits. Secondary data further point to certain structural weaknesses of the system, including low competition in certain public procurement processes, frequent changes to procurement plans, insufficiently developed internal review mechanisms, and noted overstepping of value grades when applying direct agreements. These findings confirm that the normative framework of public procurement in Bosnia and Herzegovina requires further improvements to secure greater transparency, market competition, and fiscal responsibility in managing public funds.

Based on the research, we can conclude that improving the public procurement system in Bosnia and Herzegovina requires a combination of normative and institutional reforms. Emphasis is placed on more precise regulation of the pre-market check procedure, the development of a methodology to determine the estimated procurement value, the introduction of mechanisms to identify unusually high prices, and the strengthening of the analytical and institutional capacities of the competent authorities. In this context, the concept of reasonable profit, developed in European Union Law, can serve as a relevant normative framework for developing new regulatory instruments that would enable more efficient control of the economic effects of public procurement while preserving market competition and equal treatment of bidders.

The results of the research point to how the estimated value of a procurement is one of the key regulatory points of a public procurement system. Given the absence of clear methodological rules and effective control mechanisms, this institute can become a source of fiscal inefficiency and the potential for excessive profits, which violates the basic principles of transparent and responsible management of public funds. Hence, further development of the system of public procurement in Bosnia and Herzegovina should be directed towards strengthening price controls and increasing analytical transparency of public procurement procedures.

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ĐEVAD ŠAŠIĆ, LEJLA ŠUMAN**

The Role of Direct Foreign Investment
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Summary

Foreign direct investment (FDI) plays an important role in modern economic theories and development policies, especially for countries in transition and economies seeking to expedite structural transformation, enhance competitiveness, and bridge development gaps. Their significance is reflected not only in the influx of capital but also in potential knowledge transfer, the exchange of technological and administrative practices, job creation, the inclusion of local enterprises in wider supply chains, and increased fiscal capacity for local communities. Bosnia and Herzegovina, however, faces complex institutional, administrative, and infrastructural limitations that reduce the attractiveness of and the retention of quality foreign investment. The paper analyses the role of FDI in local economic development, with particular focus on Bosnia and Herzegovina and the Federation of Bosnia and Herzegovina. The theoretical portion discusses the terms, forms, and mechanisms of FDI. In contrast, the empirical portion examines FDI flows and assesses the relationship between nominal GDP and FDI flows between 2014 and 2024, using Spearman's Correlation Coefficient. The results point to a statistically significant, strong positive correlation between nominal GDP and FDI flows, with the caveat that correlation does not imply causation.

Keywords: local economic development; units of local self-management; foreign direct investment; Bosnia and Herzegovina

1. Introduction

The uneven development of self-government units in the Federation of Bosnia and Herzegovina is one of the long-standing challenges to its comprehensive economic and social development. Differences in employment, fiscal capacity, infrastructure, availability of public services, and business opportunities influence migration, especially among younger and more educated people, from smaller, less developed regions to larger urban centers and abroad. Such processes further weaken the developmental potential of local communities by reducing the available labor force, entrepreneurial base, and local demand, while concurrently increasing pressure on more developed urban centers.

In this context, foreign direct investment (FDI) can have a significant developmental role. It can increase employment, increase the technological level of production, strengthen export orientation, and modernize business processes. However, its positive impact is not automatic. FDI achieves developmental effects only when it is connected to the domestic economy, when it creates quality jobs, when it utilizes local suppliers, and when local authorities have the capacity to direct investments toward long-term developmental goals.

***ĐEVAD ŠAŠIĆ, LEJLA ŠUMAN**

The Role of Direct Foreign Investment in Local Economic Development

The central research question of this paper is to what extent FDI can be seen as an instrument of local economic development in Bosnia and Herzegovina, especially given the fragmented institutional framework, administrative hurdles, and heightened developmental disparities among local communities. The research examines the role of FDI in promoting local economic development, with an emphasis on its theoretical mechanisms of action, obstacles to attracting it, and its empirical relationship with nominal Gross Domestic Product (GDP).

The goal of the research is, based on theoretical and empirical analysis, to highlight the importance of FDI for local economic development in Bosnia and Herzegovina and to formulate recommendations to strengthen institutional and development policies that would enable greater, more equal, and higher-quality investment flows.

2. Theoretical Framework

Foreign direct investment is a form of international capital flow that involves a longer-term interest and a significant influence of an investor from one economy over a company operating in another economy. The United Nations Conference on Trade and Development (UNCTAD) emphasizes that FDI refers to investments that involve a long-term relationship and a lasting interest of the direct investor in a company in another economy.¹ The Organization for Economic Cooperation and Development (OECD) uses ownership of at least 10% of a company's voting rights as a practical threshold for establishing a direct investment relationship within its methodological framework for statistical monitoring of FDI.² This threshold does not necessarily mean full control but indicates the possibility of significant influence over management and business decisions.

Compared with portfolio investment, FDI differs in terms of investor intentions, the length of the investment, and the degree of involvement in management. Portfolio investments are largely geared towards generating financial returns and do not necessarily entail active management of the company. Conversely, FDI is often longer-term and includes the investor's involvement in business operations, production organization, resource management, and strategic decision-making.

Empirical literature suggests the relationship between FDI and economic growth depends on the quality of the institutions, level of human capital, the economy's openness, infrastructure, and the ability of local enterprises to absorb new tech-

- 1 UNCTAD, *World Investment Report 1999: Foreign Direct Investment and the Challenge of Development* (New York and Geneva: United Nations, 1999), <https://unctad.org/publication/world-investment-report-1999>.
- 2 OECD, *OECD Benchmark Definition of Foreign Direct Investment*, 4th ed. (Paris: OECD Publishing, 2008), https://www.oecd.org/en/publications/oecd-benchmark-definition-of-foreign-direct-investment_9789264045743-en.html.

nologies and knowledge. Tshepo Masipa, researching the relationship between FDI and economic growth in South Africa, confirmed a positive correlation between FDI and economic growth, noting that the effects varied with the economy's structure and institutional context.³ A similar conclusion follows from sector analyses for Bosnia and Herzegovina, which stress that the developmental effects of FDI depend on the sector and on the capabilities of the local economy to link investments to local supply chains.⁴

In the context of local economic growth, FDI is especially important, as it can drive production, employment, and local income. However, its value for the local community is not determined just by the total amount of investment. It is important to differentiate between investments that create long-term developmental effects and those that are limited to short-term resource utilization, add little value, or connect poorly with local enterprise. Hence, in modern developmental policies, quality investment is stressed as more important, i.e., investment that adds to productivity, innovation, sustainability, and social inclusion.

3. Foreign Direct Investment: Forms and Developmental Significance

DSI is divided by implementation into Greenfield Investments, Brownfield Investments, Mergers and Acquisitions, Privatization Transactions, and Joint Investments.

Greenfield Investments entail the founding of entirely new companies or productive capacities in the host country. Their basic advantage lies in creating new jobs and infrastructure and in adapting the production process to investors' technological and organizational standards. On the other hand, this type of investment carries higher initial costs, takes longer to carry out, and has higher administrative risks, especially in countries with complex permit procedures.

Brownfield investments are investments in existing assets, industrial zones, or productive capacity. They can be attractive as they lower costs for investors entering the market and enable a faster startup. Brownfield investment can be especially useful for local communities when it leads to the revitalization of abandoned industrial spaces, new employment opportunities, and reactivated local infrastructure.

Mergers and acquisitions involve the takeover or merging of companies. In transition economies, this form of investment has often been associated with

3 Tshepo S. Masipa, "The Relationship between Foreign Direct Investment and Economic Growth in South Africa: Vector Error Correction Analysis," *Acta Commercii* 18, no. 1 (2018): 1-8, <https://doi.org/10.4102/ac.v18i1.466>.

4 M. Kasumović, A. Merdić i E. Merdić, "Strane direktne investicije kao determinanta ekonomskog rasta u BiH: sektorska analiza," *Zbornik radova Ekonomskog fakulteta Univerziteta "Džemal Bijedić" u Mostaru* 21, no. 33 (2023): 131-147.

privatization. The advantages include faster company restructuring and access to international markets. In contrast, the risks include potential job reductions, the closure of parts of the production process, or limited knowledge transfer if the investor does not develop local capacities.

Joint investments occur when domestic and foreign partners invest capital, knowledge, and other resources together. This form of investment can be useful for local enterprises, as it provides access to a foreign partner's technology, markets, and administrative practices while maintaining some domestic control and retaining knowledge of the local market.

The developmental significance of FDI lies in its several interconnected effects. The first is the direct economic impact through capital investments and employment. The second is the indirect effect through the development of supply chains, increased demand for services, and the inclusion of small and medium-sized enterprises in production processes. The third is the knowledge effect, which occurs through training, technology transfer, business standardization, and the expansion of innovations. The fourth is the fiscal impact through taxes, contributions, and other public sector revenues. Finally, FDI can have a reputational effect because the presence of credible investors can increase other investors' confidence in the local community.

4. Mechanisms of FDI's Influence on Local Political Development

Local economic development is a process in which local governments, businesses, educational institutions, civil society, and the citizenry use local resources to increase employment, competition, and quality of life. In that process, FDI can act through a handful of fundamental mechanisms.

First, FDI can increase employment, especially in the case of Greenfield investments in productive or service capacities. However, the developmental significance of employment depends on the quality of work, salaries, access to advancement, and connections between the investor and the local labor market. Investment that opens many low-paying and unstable jobs has a different developmental effect than one that creates qualified workplaces and invests in employees' professional development.

Second, FDI can contribute to increased productivity through the transfer of technology and/or organizational knowledge. The World Bank points to the *spillover effects* of FDI, particularly through supplier linkages, local firm productivity, and integration into global value chains.⁵ In the local context, it means the develop-

⁵ World Bank, *Investment Linkages and Incentives: Promoting Technology Transfer and Productivity Spillovers from Foreign Direct Investment* (Washington, DC: World Bank, 2021), <https://openknowledge.worldbank.org/>.

mental effect increases when the foreign investor uses domestic suppliers, collaborates with educational institutions, and incentivizes local enterprises to adopt higher quality standards.

Third, FDI can accelerate infrastructure development. The arrival of investors often requires improvements in transportation, energy, utilities, and digital infrastructure. Such investments benefit not only investors but also the local population and other businesses. However, there is a risk that infrastructure develops selectively, only in areas that are already attractive to investors, which could further deepen regional disparities.

Fourth, FDI can strengthen local budgets through tax income and contributions. Increased employment and business activity create the basis for financing local development projects. However, fiscal effects depend on the tax system, incentives, and breaks, as well as on where the investor's income is registered.

Finally, DSI can positively impact the local community's reputation. Successful investment often signals to other investors that the local community has the capacity to support business activities. Such an effect is especially important for less developed municipalities that are trying to build an investment profile and recognition.

5. Challenges and Obstacles to Attracting FDI in Bosnia and Herzegovina

Bosnia and Herzegovina possesses certain advantages that attract investment – including its geography, proximity to EU markets, relatively competitive labor and energy costs, metalworking and woodworking industries, tourism, agriculture, and services. However, its investment potential is not realized due to a series of systemic limitations.

The first group of obstacles consists of institutional and legal restrictions. A fragmented government structure, multiple levels of authority, inconsistent procedures, and insufficient coordination hinder investors' understanding of and ability to anticipate the regulatory environment. The European Commission, in its 2024 report on Bosnia and Herzegovina, states that the business environment continues to suffer from weak rule of law, political uncertainty, and administrative barriers.⁶ This environment increases transaction costs and reduces the country's competitiveness compared to the surrounding environment.

The second group of obstacles is administrative procedures. According to the World Bank's Doing Business project data, Bosnia ranked 90th out of 190, with

⁶ European Commission, *Bosnia and Herzegovina 2024 Report* (Brussels: European Commission, 2024), <https://enlargement.ec.europa.eu/>.

major problems in issuing building permits and registering property.⁷ Even though the Doing Business methodology is no longer the World Bank's active global instrument, the data illustrates long-standing structural weaknesses in the administrative context.

The third group consists of infrastructural limitations. Insufficiently developed road, rail, logistics, and digital infrastructure reduce the attractiveness of certain local communities. Investors often choose locations that enable quick logistics, reliable energy, access to qualified labor, and quality administrative support. Municipalities that lack industrial zones, well-managed lands, communal infrastructure, and clear spatial planning documents find it difficult to compete with more developed areas.

The fourth obstacle is the perception of corruption and lack of transparency. Transparency International's Corruption Perceptions Index has consistently highlighted serious corruption in Bosnia and Herzegovina, which affects investor trust and the overall business environment.⁸ Even though the perception of corruption is not the only factor in investment decisions, it strongly influences risk assessment, especially for investors who operate under high standards of transparency and corporate governance.

The fifth group of obstacles refers to the unevenness of local capacities. Some local communities have developed a proactive approach to attracting investment, established business zones, and professionalized investor communication. Other local communities lack sufficient staffing, financial, and organizational capacities to prepare projects, manage land, create investment profiles, or apply for international funds.

6. Regional Differences and Institutional Frameworks of Local Development in FBiH

Equal regional and local development is one of the key preconditions for better attracting FDI. If investment is concentrated in a handful of urban or industrial centers, this can contribute to overall economic growth, but also leaves issues related to inequality. Hence, policies to attract FDI must be tied to the politics of regional development.

The Federal Institute for Development Programming creates an index of development for cantons and local government units based on multiple socio-economic

⁷ World Bank, *Doing Business 2020: Economy Profile of Bosnia and Herzegovina* (Washington, DC: World Bank, 2020), <https://archive.doingbusiness.org/en/data/exploreconomies/bosnia-and-herzegovina>.

⁸ Transparency International, *Corruption Perceptions Index 2023* (Berlin: Transparency International, 2024), <https://www.transparency.org/en/cpi/2023>.

indicators, serving as a composite measure of development and a basis for comparing administrative units.⁹ Development data indicate significant differences between cantons and local self-government units, as well as a concentration of highly developed municipalities in the wider Sarajevo area. Such concentration confirms the need for targeted support instruments for less developed local communities.

The Law of Development Planning and Management in the Federation of Bosnia and Herzegovina defines the goals and principles of development planning, the types of strategic documents, and the institutional frameworks for managing development in the Federation, cantons, and units of local government.¹⁰ Yet the existence of a normative framework alone is not enough. The key challenge lies in operationalizing, or rather connecting strategic documents, budgets, projects, and institutional responsibilities in a functional system.

To attract FDI, units of government must have up-to-date spatial plans, digital land registers, clear information on communal infrastructure, available work profiles, and investor procedures. Without such elements, local communities can hardly serve as credible investment partners, even when they possess real development potential.

7. Empirical Analysis of Connections between FDI and GDP

7.1. Data and Methods

The Empirical portion of the paper is based on data on nominal GDP and the flow of foreign direct investment in Bosnia and Herzegovina between 2014 and 2024. Data were taken from the table “Basic Economic Indicators,” which uses sources of the Statistical Agency of BiH and the Central Bank of Bosnia and Herzegovina.¹¹ The year 2025 was not included in the correlational analysis, as the table did not include the nominal GDP for said year.

9 Federalni zavod za programiranje razvoja, *Socioekonomski pokazatelji po općinama FBiH 2023* (Sarajevo: FZZPR, 2024), <https://fzzpr.gov.ba/>.

10 Zakon o razvojnom planiranju i upravljanju razvojem u Federaciji Bosne i Hercegovine, *Službene novine Federacije BiH*, no. 32/17.

11 Agencija za unapređenje stranih investicija u BiH (FIPA), *Osnovni ekonomski pokazatelji, mart 2026*, prema podacima Agencije za statistiku BiH i Centralne banke BiH, https://www.fipa.gov.ba/informacije/statistike/pokazatelji/Ekonomski%20pokazatelji,%20mart%202026_B.pdf.

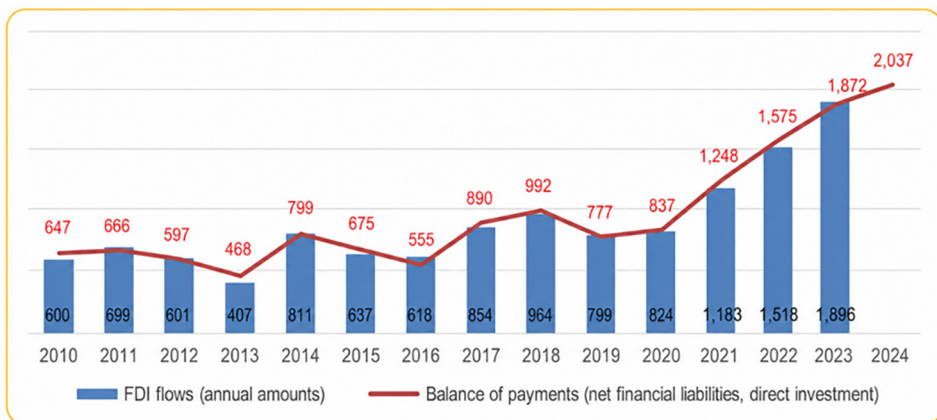


Figure 1 – Annual FDI flows in Bosnia and Herzegovina
Source: Author's image according to the data of the Central Bank of BiH

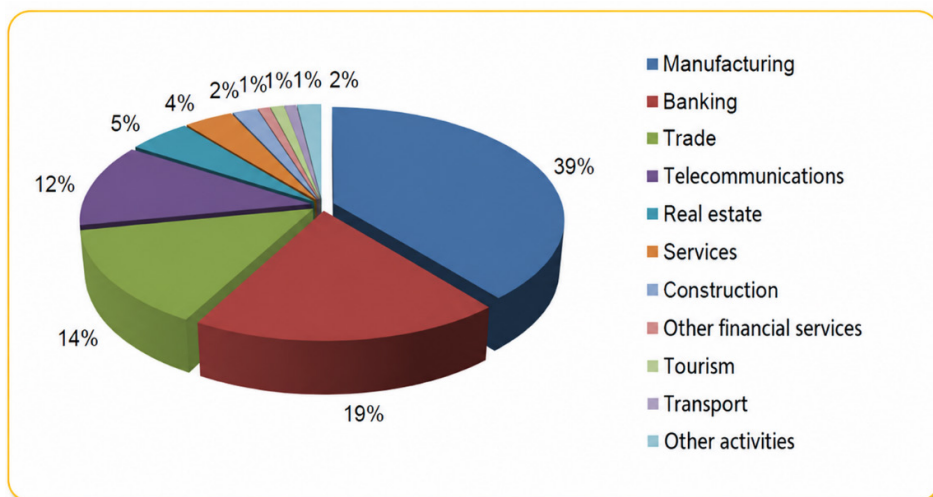


Figure 2: Structure of FDI stock by sector until the end of 2023
Source: Author's image according to the data by the Central Bank of BiH

To test the connection, we used Spearman's rank correlation coefficient. This method is suitable for testing the direction and strength of a connection between two variables, without any assumption about the normal distribution of data and without the need for the relationship to be strictly linear. The Spearman coefficient is calculated based on the ranks of the values, not their absolute amounts. Due to the relatively small number of observations in this study ($n = 11$), the Spearman coefficient is an appropriate conservative choice for descriptive-analytical verification of the relationship.

Table 1 shows the input data, the ranks of nominal GDP and FDI flows, and the rank differences used to calculate the coefficients.

Table 1 – Ranks of nominal GDP and FDI in BiH, 2014-2024

Year	Nominal GDP (bil. EUR)	DSI (mil. EUR)	Rank BDP	Rank DSI	d	d ²
2014	14.0	415	1	5	-4	16
2015	14.8	326	2	2	0	0
2016	15.5	316	3	1	2	4
2017	16.3	436	4	6	-2	4
2018	17.4	493	5	7	-2	4
2019	18.3	408	7	4	3	9
2020	17.8	376	6	3	3	9
2021	20.0	496	8	8	0	0
2022	23.3	848	9	9	0	0
2023	25.5	1,055	10	11	-1	1
2024	27.5	901	11	10	1	1
Total						48

Source: Author's analysis based on the statistical data by BHAS/CBBH, published in economic indicator overviews.

The table shows that over much of the period, higher GDP ranks correlate with higher FDI levels. Differences are visible in certain years, especially in 2019 and 2020, when the investment rank was lower than GDP, and when nominal GDP reached its highest level, while FDI was lower than in 2023. Such discrepancies are expected, as FDI was influenced by factors not covered by the simple correlational analysis, including political stability, investment cycles, investment structure by sector, global economic conditions, and the regulatory context.

7.2. Results of Correlation Analysis

Table 2: Results of Spearman's Correlation Analysis

Indicator	Value
Number of observations (<i>n</i>)	11
Spearman's Correlation Coefficient (<i>ρ</i>)	0.782
<i>p</i> -value	0.0045
Level of significance	<i>p</i> < 0.01
Direction of correlation	Positive
Strength of correlation	Strong

Source: Author's calculations.

The results of Spearman's Correlation Analysis show that nominal GDP and FDI flows in Bosnia and Herzegovina between 2014 and 2024 are statistically and positively correlated. The coefficient (ρ) of 0.782 indicates a strong positive correlation, while the p-value of 0.045 confirms statistical significance at the level of $p < 0.01$.

This finding means that years with higher nominal GDP tend to be associated with higher FDI flows. However, the result should not be interpreted as evidence that FDI directly causes GDP growth, nor that GDP growth itself causes FDI growth. Correlation shows a connection, but it does not identify the direction of causality. In real-life economic conditions, the relationship between FDI and GDP can be bidirectional: higher GDP and a larger market can attract investment, while investment can contribute to the growth of production, employment, and exports.

Therefore, the empirical finding should be viewed as an indication of a relationship, rather than a complete econometric confirmation of a causal relationship. For a deeper investigation of causality, it would be necessary to apply more complex time-series or panel analysis methods, including real GDP, the sectoral structure of DSI, employment, exports, institutional indicators, and regional data by cantons or local government units.

The result of the correlation analysis is in line with theoretical assumptions that FDI and economic activity often correlate positively. However, in the context of local economic development, the key question is not just whether FDI and GDP grow together, but where the investments are spread across space, into which sectors they flow, and what effects they have on local communities.

If investments are concentrated in the most developed areas, they can increase total GDP, but at the same time, deepen the gap between the most and least developed municipalities. Conversely, investments directed towards less developed local communities, with adequate infrastructure and institutional backing, can have a strong cohesive effect. Hence, attracting FDI cannot boil down to national policies aimed at increasing capital inflows, but is also an instrument of territorially balanced development.

Especially important is the quality of the FDI itself. Investments in sectors with higher added value, export orientation, digital services, renewable energy sources, the food industry, and advanced production can have better long-term developmental effects, unlike development that relies solely on low labor costs. In that sense, local communities should not serve as passive recipients of capital but as active development actors that prepare projects, define sector priorities, develop business zones, and connect investors with the local education and business system.

Institutional coordination is another crucial element. Investors generally do not strictly differentiate among the competencies of the state, entity, canton, and local levels; instead, they consider the overall business experience. If procedures are unclear, if permits take a long time to obtain, or if the local community lacks reliable information about land, infrastructure, and the workforce, investment interest decreases. Therefore, it is necessary to develop a more unified and professional support system for investors, with a clear division of responsibilities among the levels of government.

8. Recommendations for Improving FDI Attraction

Based on the theoretical analysis, the identification of obstacles, and empirical findings, the following recommendations can be made.

First, it is necessary to strengthen institutional coordination of local development policies. That entails a more functional connection between strategic planning, budgeting, spatial planning, and investment projects. Local governments should have clear investment profiles, up-to-date data on available land, infrastructure, and workforce, along with standardized procedures for communicating with investors.

Second, administrative procedures should be simplified, and legal security increased. A special focus should be on processes of registering businesses, issuing building permits, connecting them to infrastructure, registering property, and solving ownership issues legally. Digitalization can reduce costs, increase transparency, and limit arbitrariness.

Third, incentives should be directed toward investments that create higher added value. Incentives should be based not only on the amount of investment or the number of jobs, but also on job quality, salary levels, technology transfer, collaboration with domestic suppliers, export potential, and contribution to sustainable development.

Fourth, less developed local communities need special support. This can include technical support to prepare investment projects, support for the development of business zones, funds to help finance infrastructure, training local officials, and mechanisms for linking with local and foreign suppliers.

Fifth, it is necessary to connect the FDI with the education system and the labor market. Local development effects would be stronger if investment policies were linked with secondary vocational education, retraining programs, universities, and training centers. In this way, the gap between investors' needs and the local workforce's available skills would be reduced.

Sixth, it is necessary to follow the effects of FDI at a local level. The following should include not only the amount of investment but also the number and quality of workplaces, the inclusion of local suppliers, exports, tax effects, ecological standards, and contributions to the local community. Such an approach enables evidence-based policies, not just aggregate macroeconomic indicators.

9. Concluding Remarks

Foreign direct investment is an important instrument of economic development for Bosnia and Herzegovina. However, its contribution to local economic development depends on the quality of the institutional setting, the spatial distribution of investment, the sector structure of investment, and the ability of local communities to connect investment with their own development projects. FDI should not just be seen as the inflow of capital, but as a development process that includes workplaces, technology, knowledge, infrastructure, business connections, and strengthening local capacities.

The empirical analysis in the paper shows a strong, statistically significant relationship between nominal GDP and FDI flows in Bosnia and Herzegovina from 2014 to 2024. The Spearman correlation coefficient of 0.782, along with a p -value of 0.0045, shows that years with higher nominal GDP were connected to higher FDI flows. This result confirms the relevance of FDI in the wider framework of economic development. At the same time, we should be cautious when interpreting correlational analysis as causative.

For local economic development, FDI must be directed towards sustainable, productive, and territorially balanced development goals. This requires the professionalization of local administrations, better coordination among all levels of government, the strengthening of business infrastructure, the reduction of administrative barriers, and the development of support instruments for less-developed local communities. Only in this way can FDI become a mechanism for reducing regional disparities, rather than a factor that further reproduces them.

Bosnia and Herzegovina has the potential to attract substantial amounts of high-quality foreign investment. Still, that potential can only be realized if investment policies are aligned with policies for regional development, education, infrastructure, and institutional reform. The long-term goal should go beyond merely attracting more FDI to creating developmental effects visible in local communities through employment, productivity, innovation, higher public incomes, and a better quality of life for the country's population.

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