

# ECONOMIC STRUCTURE OF THE COUNTY OF WEST HERZEGOVINA IN THE PAST HALF CENTURY

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**ABSTRACT:** *This paper analyzes the economic structure of the County of West Herzegovina. The study covers the period of fifty years (1961-2011), including five census years. In addition to the activity of the population, this paper will also pay attention to the population structure according to the activity it performs. Taking into consideration the fact that different classifications of activities were used in some censuses, the analysis will be based on the classification of activities sectors. The development of economy in the 70's and the employment of the qualified personnel caused the strengthening of the secondary and tertiary sector and some structural changes have been also achieved. The private business has been developing since the nineties and after democratic and all other changes in the area of the County. The cause of the poor increasing share of the active population in the total is a depopulation, which has engulfed the largest part of the County, as well as the weak inflow of the active working population caused by reduced fertility and the burden on working contingent by aging population in 1991, that has multiplied. In the period 1961-2011, the number of young residents in the West Herzegovina County decreased by almost 50%.*

**Keywords:** *West Herzegovina County, economy, economic structure*

## INTRODUCTION

After the Second World War, the territory of Bosnia and Herzegovina was, like most European countries, affected by the process of modernization of the society, which is primarily related to intensive industrialization and urbanization of the country and to the change in the economic structure of the population and employment by sectors (strengthening the secondary and tertiary while reducing the importance of the primary sector). Industrial production in the area of the County begins in the 70's of the 20th century.

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The paper analyzes the changes in activity of the population of the County in the period 1961-2011, which is the substantial part of the demographic, economic and political changes that had marked the fifty-year period. Although the position of certain groups of the population considering the activity remained unchanged in that period, their shares show significant changes in relation to the total population, which will be done in the analysis.

This paper is a reflection of the general state of development of the county and it presents changes in the number of employed persons by sectors of activity in the reporting period. Special economic structures provide an overview of the economically active population, for each business segment. The economic structure is the division of the population in general, consisting of two categories of the population; economically active and economically inactive population, which is actually population being supported by someone else. The economic structure will be expressed in percentage share of the economically active population in some activities.

The employment of the population by sectors of activity is an important indicator of the level of economic development of the observed area. Data on the dynamics, structure and distribution of the economically active population or labor force are extremely important for the implementation of the program of full and efficient use of human resources in the West Herzegovina County.

## DATA SOURCES

While working on this paper the sources of statistical services of the West Herzegovina County were used, such as Statistical bullets and yearbooks of the Institute for Statistics of the Federation of Bosnia and Herzegovina, which contain relevant data, as well as strategies of development of municipalities in the county, which with its themes include content related to the field of economic development of the county. The literature related to the economic development of the County (Rotim, 1994) and professional literature were used as well (Werheimer-Baletić, 1982 and Nejašmić, 2005). The paper used a statistical method that was used in the analysis of statistical data. The method of analysis and synthesis was applied in the study of the existing literature and sources as well as in the drawing conclusions based on them.

The textual part of the work is accompanied by tables and graphs that facilitate understanding of the data and visually depict the diversity of economic development of the county in that period. The problem is the lack of official censuses since 1991, there is only the assessment for year 2011. The lack of regular censuses during the last two census periods should be emphasized too. It is clear that the data between 1991 and 2011 are not fully comparable with data from previous censuses and they should be taken with caution.

## GEOGRAPHICAL POSITION OF THE WEST HERZEGOVINA COUNTY

The West Herzegovina County is located in the south-western part of Bosnia and Herzegovina, and as such it borders with the Republic of Croatia on its south-western part, while the east is bordered by the Herzegovina-Neretva County and in the north by the Herzeg-Bosnia County. The County extends from the northern side of the mountain Čvrsnica to the border with the Republic of Croatia. The county seat is in Široki Brijeg. In addition to the municipality Široki Brijeg, the county includes three municipalities: Grude, Ljubuški and Posušje (Map 1). The governing and administrative center of the West Herzegovina County is Široki Brijeg.

This county with its area (1 362.2 km<sup>2</sup>) and population (81 433) is the seventh largest county in the Federation of Bosnia and Herzegovina. Population density of the West Herzegovina County is below the average of the Federation (89.5 ft. / km<sup>2</sup>) and is 59.8 ft. / km<sup>2</sup> (2010).

As natural geographical features are concerned, the County is located in an area which is dominated by the fertile valleys and high mountain ranges: Čvrsnica, Čabulja, Zavelim, Lib and Kušanovac. The highest among them is Čvrsnica with the top Pločno located at 2228 m above the sea level. The County area is characterized by a large vertical relief dissection, considering that this area is located at altitudes that range from



**Map 1.** Geographical location and territorial coverage of the West Herzegovina County within Bosnia and Herzegovina and the Federation of Bosnia and Herzegovina; Source: Spatial Plan of the municipality of Grude for the period 2009–2028 (2012)

60 to 2 228 m. Accordingly, this county belongs to two geographical regions called Niska Hercegovina and Visoka Hercegovina, which almost the entire northern part of the County belongs to (Spatial Plan of the West Hercegovina County for the period 2008-2028, 2012).

## ECONOMIC STRUCTURE

The economic structure of the population in a narrow sense means the composition of the population by activity and profession, and in a broader sense includes the position in the profession, property sector, households according to sources of income, the size of the property and so on (Nejašmić, 2005). The basis of the study of the economic population structure is active population or labor force, because economically inactive persons depend on the active persons who support them. According to the criterion of participation in the work process and receiving income, population can be divided into three groups:

- a) the active population - the population that participates in the work process and receives income;
- b) the population with personal income – the population that receives income but does not participate in the work process (pensioners, persons who have income from property, etc.);
- c) the supported population – the population that does not participate in the work process or does not have its own income but is supported by someone else (children, housewives and persons disabled to work, etc.).

Since they do not take part in the work process, the population with personal income and supported population are economically inactive population. In addition to the activity of the population, this paper will pay attention to the composition of the population according to the activities conducted. Taking into consideration that in some censuses different classifications of activities were used, the analysis will be based on the division into sectors of activity.

The employment by sectors of activity is an important indicator of the economic development of certain areas. The activities are usually grouped into three main groups of activities: primary, secondary and tertiary sector of economic activity, but lately the quaternary sector is being separated from the tertiary sector. For consistency and comparability at the international level, the classification of activities by sectors is mainly done in accordance with the International Standard Classification of Economic Activities (International Standard Industrial Classification, abbreviated ISIC). Because of the activities, which are prevalent in some sectors, the primary sector is usually called agricultural, the secondary the industrial and tertiary the service sector (Wertheimer-Baletić, 1999).

Analyzing the post-war population censuses it is obvious that certain activities grouped themselves differently. The analysis of the population of the County by activity indicates a significant increase in the share of persons with personal income, variation in the share of the active population (after a drastic decline in 1961), while the number

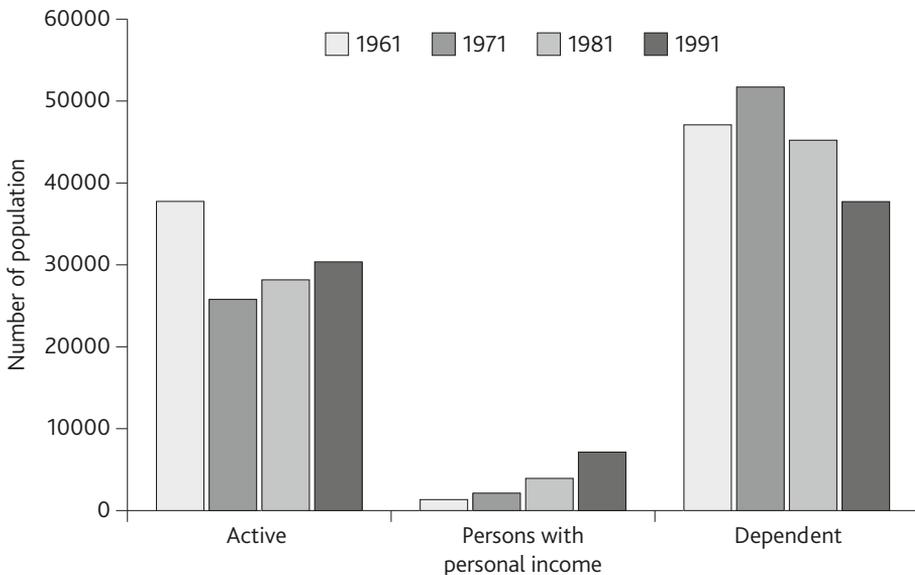
of supported population declines (Table 1, Graph 1). Analyzing Široki Brijeg in relation to the county there is a difference in the changes among these indicators in relation to the changes of the entire county, but it is not alarming considering that it is the municipal and county seat, which is by its function characterized by demographic and economic growth, and attractive force compared to other settlements in the municipality, the county and the region.

**Table 1.** Population of the West Herzegovina County by activity, according to censuses 1961, 1971, 1981 and 1991

	Year	Total	Active	Persons with personal income	Dependent	Other	The share of the active population in the total population (in%)
Grude	1961	18974	8682	183	10107	2	45,8
	1971	16765	6055	282	10428	0	36,1
	1981	15516	6673	488	8355	0	43,0
	1991	14080	6304	954	6795	27	44,8
Ljubuški	1961	26630	11393	693	14544	0	42,8
	1971	24390	7891	926	15573	0	32,4
	1981	24347	9185	1569	13593	0	37,7
	1991	23720	9575	2363	11738	44	40,4
Posušje	1961	15847	6826	115	8906	0	43,1
	1971	14522	4319	276	9927	0	29,7
	1981	14322	4622	555	9145	0	32,3
	1991	14131	5233	1069	7804	25	37,0
Široki Brijeg	1961	24732	10846	350	13536	0	43,9
	1971	23948	7518	648	15782	0	31,4
	1981	23140	7692	1319	14129	0	33,2
	1991	23413	9251	2758	11383	21	39,5
WCH	1961	86183	37747	1341	47093	2	43,8
	1971	79625	25783	2132	51710	0	32,4
	1981	77325	28172	3931	45222	0	36,4
	1991	75344	30363	7144	37720	117	40,3

Source: Census of population in 1961, 1965; Census of population, households, housing and farms in 1991, 1998.

Although the burden on the working contingent by young population was significantly reduced in 1991, the burden by elderly population has grown. Despite the fact that the largest share is made of active population in the greatest part of the county, it is not possible to ignore the fact that the share of persons with personal income (first pensioners) is 12%, while the share of this group of the population was only 3% in 1971.



**Graph 1.** Population of the West Herzegovina County by activity, according to censuses 1961, 1971, 1981 and 1991; (Source: Table 1)

The main cause of the weak increase in the share of the active population in the total is depopulation that has engulfed most of the county and the weak inflow of the active working population caused by reduced fertility. However, if we compare the number of active population in 1961, 1971, 1981 and 1991 it can be seen that there has been a reduction in the number of working-active persons after 1961, but since then their share has been growing steadily. At the same time, in 1991 the number of supported population decreased by 20% compared to 1961, as a result of reducing the number of young people and the increasing employment of women, because women made up a significant share of dependents because of their traditional role of housewives (Spatial Plan of the West Herzegovina County, 2012).

The largest share of supported population is made of young population that is still attending school and does not have their own sources of income, and housewives. In addition to the depopulation, a decrease in the number of supported inhabitants occurred also because of the reduction in the number of young people and the increased employment of women. Namely, in the period 1961-2011 the number of young residents in the West Herzegovina County has decreased by almost 50%, and the development of industries and services after 60's years of the 20th century and the rise in the level of education of women created the basis for a much larger attendance of women in the labor market.

Considering the dominant demographic trends in the County it can be assumed that the reproduction and renewal of the labor force will be reduced in the future. Namely, this fact will be affected by the reduction of the population growth, which has been present in the county for several decades, which means that the reduction in the number of young residents has a negative impact on the scope of the labor force (Spatial Plan of the West Herzegovina County, 2012).

Notably aging population will decrease the size of working population, but it will also affect the increase in the number of persons with personal income, i.e. it will come to the burden on the active working population by the aged population. This problem will especially become prominent in the next few years, when the members of the so-called *baby boom generation*, who were born after the Second World War, reach their retirement age.

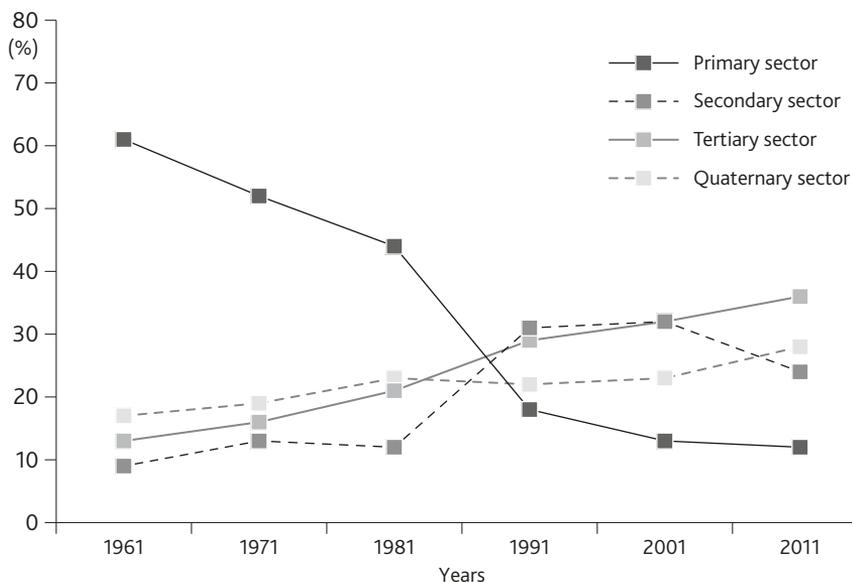
In the first half of the 20th century a large part of the active population in the entire county was employed in the primary sector (Table 2, Graph 2). After that, the global process of reducing the share of employed people in agriculture is also present in the county. The most important factors, that influenced the processes of deagrarization and deruralization, are certainly industrialization and urbanization, which have been intensified in the territory of the county after the seventies of the 20th century. The development of industrial activity has resulted in the increasing number of jobs in the sector, while there has been a decline in the number of employees in agriculture, due to technological progress, which resulted in the reduction in the need for a large labor force. Inappropriate development policy (urban based industrialization of oligarchic type) encouraged the abandonment of agriculture and rural areas, which led to the deterioration of villages and agriculture in all parts of the country.

**Table 2.** The share of the employed population of the West Herzegovina County by sectors of activities 1961, 1971, 1981, 1991, 2001 and 2011; (In%)

Year	Primary sector	Secondary sector	Tertiary sector	Quaternary sector
1961.	61	9	13	17
1971.	52	13	16	19
1981.	44	12	21	23
1991.	18	31	29	22
2001.	13	32	32	23
2011.	12	24	36	28

Source: *Census of population in 1961, 1965; Census of population and housing in 1971, 1973; Census of population, households and housing in 1981, 1983; Census of population, households, housing and farms in 1991, Statistical Yearbook of the Federation of Bosnia and Herzegovina in 2012, 2012*

In accordance with the industrialization, that was conducted by the socialist Yugoslavia after the Second World War, the factories and enterprises were also built in the municipalities of Grude, Ljubuški, Posušje, and Široki Brijeg, as well as the plants that have enabled the creation of new jobs. However, most of them were built in urban and suburban areas, which certainly had a significant impact on the centralization of economic production and the intense concentration of population in the city and suburbs. Since the entire economy (including industrial production) was centrally planned, with the time it resulted in numerous problems related to the market laws of production and capital expenditures, which often were a reflection of political rather than market conditions as well as inadequate management and production planning.



**Graph 2.** Movement of the employed population of the West Herzegovina County by sectors of activities 1961-2011; (Source: Table 2)

The result is a neglect of agriculture and increase of areas under permanent social fallow (Crkvenčić, 1981). In the early eighties as the most important sector of activity appeared the secondary sector, and there was a notable strengthening of the service sector. At the same time, there was no concern for the modernization of agriculture, which has been a threat to the existence of a large part of the population of the West Herzegovina County and it led to the reorientation to the activities of the secondary and tertiary sectors. There has also been a significant emigration from formerly agricultural parts of the county to urban areas and suburban settlements.

According to the census data from 1971, the share of the active population of the West Herzegovina County employed in the primary sector reduced, and the number of population employed in the secondary, tertiary and quaternary sector increased. Within the secondary sector in particular there has been an increase in private business. Despite the lack of reliable data, it is known that in the early nineties of the 20th century the economic development of the county slowly started to stagnate, and the situation has deteriorated during the war in the 90's of the last century. Numerous factories and firms were closed or went bankrupt and it was a negative impact on employment of the population.

The decline of the primary and secondary sector is indicated by data (Table 3) on the employed population in 2011, according to which only 12% of the population was employed in the primary and 24% in the secondary sector. The structure of employees is still dominated by the service sector (36%), but we have to mention the increase of employees in the quaternary sector (28%) (West Herzegovina Canton in figures 2012). These data indicate the intensity of the processes of deagrarianization on one side and industrialization and tertiarization on the other side. Not only that the importance of ag-

riculture significantly reduced, but in some settlements in 2011 there was no record of any resident employed in this branch. Full deagrarization can particularly be found in the mountainous villages, where agriculture had been the most important economic activity for centuries (up to 70's of the last century), but also a way of life. The activity, in which in 2011 most of the population of the county was employed, was trade, followed by manufacturing, education, public administration and construction.

**Table 3.** Employed population of the West Herzegovina County by sectors of activities in 2011

Activity	Number of employees	%
A Agriculture, hunting and forestry	141	0,87
B Fishing	20	0,12
C Mining and quarrying	118	0,73
D Manufacturing	2657	16,39
E Manufacturing, electricity, gas and water supply	380	2,34
F Construction	1053	6,50
G Trade	5323	32,84
H Catering	611	3,77
I Transport, storage and communication	891	5,50
J Financial intermediation	195	1,20
K Real estate, renting and business activities	585	3,61
L Public administration and defense; compulsory social insurance	1376	8,49
M Education	1444	8,91
N Health and social work	466	2,87
O Other public, communication, social and personal service activities	909	5,61
P Private households	3	0,02
Q Unallocated	39	0,24
TOTAL	16211	100,00

*Source: West Herzegovina County in figures, 2012*

### Primary sector

In less represented primary sector as the most prominent sector of economy appears agriculture. But it is mostly reduced to production for own use. Larger commercial production is not there, and existing production is connected to the viticulture, less to the production of vegetables and flowers, and very little to cattle breeding and milk production. Due to poor agricultural utilization the current situation in agriculture has led to a large percentage of uncultivated agricultural land; 60% of arable land is not being cultivated as a result of the lack of a clear national strategy and a growing segment of imports of agricultural products. Until the early 90's agriculture of this area was dominated by the production of tobacco.

The advantages for agricultural production are found in the municipalities of Široki Brijeg, Ljubuški and in the south-western part of the municipality of Grude because of good functional irrigation systems, which can be used to achieve and increase existing vine and fruit production (cherry production). Also, the potentials in the production of vegetables, cereals and fodder crops are unused, which should be a potential to establish smaller livestock farms. Municipality of Posušje has problems with water in the summer months and it has no irrigation system, and is to be expected that agricultural production in this municipality will not be improved as well as in the northern part of the municipality of Grude.

In the second half of the 20th century, Bosnia and Herzegovina has gone through the transition from centrally-planned to market economy. The economic transition in Bosnia and Herzegovina is also marked by the abandonment of this agricultural activity, which is characteristic for the process of modernization and development of society, and by the reorientation to the industrial and service activities. The large part of the valuable agricultural land is abandoned. The changes in the employment rate in individual activities and sectors of activity indicate the economic transformation, and the West Herzegovina County as a whole does not deviate significantly from the average of the country in terms of the share of agricultural in the total population (Table 4).

Data on employed population in 2011 indicate that only 12% of the population was employed in the primary sector, which is 65% less than in 1961 in the whole county. According to the census of 1961, the municipality of Grude and Posušje had a share of over 80% of the population in agricultural activity and there is a drastic decline in the share of the municipality of Posušje in 2011. There is not much better situation even in municipalities of Ljubuški and Široki Brijeg (where the share of the agricultural population drops to only 5%) (Statistical Yearbook of the Federation of Bosnia and Herzegovina, 2012).

Except for the fact that the importance of agriculture significantly reduced, in 2011 in some villages of the county there was no record of any resident employed in this branch. Full deagrarization can particularly be found in some settlements, where agriculture had not been only the most important economic activity but also a way of life for centuries.

**Table 4.** The share of agriculture in the total population by municipalities in the West Herzegovina County; (In%)

Municipality	1961	1971	1981	1991	2001	2011
Grude	86	81	49	34	22	21
Ljubuški	74	71	40	28	19	17
Posušje	83	70	22	6	6	5
Široki Brijeg	65	57	20	4	6	5
West Herzegovina County	77	70	33	18	13	12

*Source: Census of population in 1961, 1965; Census of population and housing in 1971, 1973; Census of population, households and housing in 1981, 1983; Census of population, households, housing and farms in 1991, Statistical Yearbook of the Federation of Bosnia and Herzegovina in 2012, 2012*

The poor soil of these areas has been cultivated because of two cultures: vine and tobacco. Growing vine has been known and has a much longer tradition than growing other crops as evidenced by numerous archaeological monuments and written documents. This region is ideal for growing grapes and wine production (in the world famous stone vineyards). The winery in Ljubuški has been working since 1882 and as such it is the oldest winery in Bosnia and Herzegovina. *Žilavka* and *Blatina* here are indigenous varieties, which due to their quality and special taste have found a place on many tables all over Europe.

The famous yellow gold is a part of the economic tradition of this region, as well as well-known tobacco and high-quality cereals. Ecologically grown vegetable crops (potatoes, peppers, tomatoes, cabbage, kale, onions, etc.) and fruit (figs, pomegranate, apple, almond, etc.) are widely known as well. Agricultural production in municipalities is mostly reduced to production for their own use in gardens and on the fields. Thereby, the production of agricultural products for the market is very small compared to the possibilities, and relates primarily to the wine-producing, less to the production of vegetables and flowers, very little to the livestock and milk production. There was no commercial production of flowers and ornamental plants in the pre-war period, but the first serious venture projects have been already realized in this area. All this should be viewed through the existence of unpolluted soil and preserved environment, which make a precondition for the production of authentic and environmentally friendly agricultural products. Such products are increasingly in demand and appreciated on the market.

Livestock is the most developed in the municipality of Posušje, in the northern parts of the county, respectively area Rakitno. Several properties own farms of cattle, pigs, goats, poultry, and sheep. There is also animal farming in other municipalities, but is not represented as in the municipality of Posušje. Among animal species sheep and goats, cattle and poultry are the most important source of food, which in addition to the rich hunting grounds and fish farms guarantee qualitative supply for residents and tourists. In Ljubuški and Široki Brijeg there are many fish farms. In the County there are processing capacities for meat and milk processing (Meat Industry “Lijanovići” - Široki Brijeg and Dairy “Sapir” - Posušje).

Due to poor agricultural valorization the current situation in agriculture has led to a large percentage of uncultivated agricultural land; 60% of arable land is not being cultivated as a result of the lack of a clear national strategy and a growing segment of imports of agricultural products. Until the early 90's agriculture of this region was dominated by the production of tobacco. (Spatial Plan of the West Herzegovina County, 2012).

## Secondary sector

The most developed branches of economy in the area of the West Herzegovina County are industry and mining. Meat and metal processing industry are the most common industries, followed by production of footwear, construction products and stone processing products, insulation materials, graphic activity, etc. Also the decline of the secondary sector is indicated by the data on employed population in 2011, according to

which 24% of the population is employed in the secondary sector (Statistical Yearbook of the Federation of Bosnia and Herzegovina, 2012). At the beginning of the reference period the share of the population in the secondary sector was only 9% and it grew to 31% until 1991. From that time many mines in the municipalities Posušje and Široki Brijeg stopped the excavation of bauxite and a small number of them is active today.

According to the current growth of total industrial production, there is a need for investment in the development of existing industrial capacities for the production of metal and metal products, which employ many workers. As a possible solution there is a construction of new and expansion of existing business and industrial zones in order to attract domestic and foreign capital and create new jobs.

Since the nineties, after democratic and all other changes in the area of the county private enterprise has been rapidly developed. With the increasing number of trading companies there is also a number of production companies, that are leaders of economic development. The most developed industries in the WHC are:

- metallurgy and metal processing
- construction,
- agriculture,
- energy production,
- forestry and wood processing industry
- and the food industry.

About 80% of all economic activities in the field of production and exports are large and medium-sized enterprises. The West Herzegovina County has a significant potential for the development of small and medium-sized enterprises that can support the activities of large companies in both security of raw materials and spare parts, and in the use of the final products of large enterprises in further production.

The overall economic recovery of the county will depend on the development of small and medium-sized enterprises, so one of the priority tasks of the Government is a creation of conditions for their formation and development. The encouragement for the creation of new small and medium Studies of business development zones in the West Herzegovina County, and supporting the development of existing enterprises, is also one of the most concrete tasks of the Government of the County (Study of the business zones development in the West Herzegovina County, 2012).

Observing the municipalities in the county, in the area of Široki Brijeg in the field of industrial production the most common industries are meat industry and metal processing industry, followed by production of footwear, construction products and stone processing products, production of insulation materials, graphic activities, etc. Metal industry in this municipality was developing in the 70's in the system "Soko" within the companies "Feal" and "Metalac". After the war in the 90's the privatization of the former companies has played an important role. Strong development of the company "Feal" with a doubled capacity of products after 2001 is the basis for the positive development of a series of micro companies based on the aluminum profiles in the production of construction products. The company "Metalac" appears with modest dimensions in its program of steel building structures. The company was successfully privatized and contin-

ued its activity. Among the construction companies there is a company called «Hering» that after privatization expanded its activities in the field of engineering. There is a private company “A3”, which performs construction works on the territory of Bosnia and Herzegovina and neighbouring countries.

Agricultural production based on the family farm in the area of karst field of Mostarsko Blato was modest due to unregulated flood waters during the winter period. There are modest grapes and corn yields mainly for domestic use. The construction of HPP “Mostarsko Blato” and control of water quality will enable the use of land for agricultural production of goods as well as for livestock breeding. The Tobacco Station is in the process of privatization and it does not work. As a result of land use it is possible to develop processing capacities through small and medium-sized enterprises in the production of grapes, figs, kiwi, and pomegranates. The printing industries “Hercegtisak” and “Logotip” were developed in this area as well.

The development of the economic sector is mainly based on trade and wine production in Ljubuški. The former winery “Hepok”, opened in the 70’s of the last century, kept its production program in the industry after the war. Besides the production of food products the textile industry is present in the period of industrialization as well. The factory “Unis”, which produced rings for ball bearings, ended its production program. It is in the process of privatization and does not work. The Tobacco Station was closed after the nineties. It is excluded from privatization. At the end of the 20th century concrete products and wooden furniture were made through the newly opened factories for the market in Dalmatia and Herzegovina. There are no data available on pallets and production capacities. The development of the economic sector is mainly based on the trade and wine production.

The basis of industrial activity in Posušje until 1992 was mining (alumina-stone) and stone processing in the former social activities (“Ukras-kamen”, “Soko-Alati”, “Poli-vinil”) and in the micro enterprise activities. At the beginning of the 21st century there are processing capacities for meat and milk processing on the territory of the municipality.

In the era of industrialization of this region the factory “Soko” was opened in Grude as well as the Tobacco Station that was closed after the war. The private companies work currently in Grude and also developed printing industry “Grafotisak” Grude, and the toilet paper factory “Violeta” – Grude, which with its own product premium class is the only brand with a complete range of hygiene products in the market of Bosnia and Herzegovina.

Mining as a branch of industry, and therefore the production and exploitation of bauxite, is very important for the whole Bosnia and Herzegovina. The beginning of the bauxite exploitation in the West Herzegovina County has been dating back to the thirties of the last century. The bauxite mine Široki Brijeg went into production in 1936, and the bauxite mine Posušje in 1957 (Rotim, 1994). With a discovery of bauxite, which soon afterwards caused the technical ability of the industrial way of getting aluminum, starts a new period of development of human society, with enormous possibilities of use of this metal or in the combination with other metals. Here we must mention the company for aluminum processing “Feal” Široki Brijeg, which is the backbone of the economic picture of the municipality of Široki Brijeg.

Considering the livestock it is important to mention that only sheep production in the northern parts of the county in the area of Rakitno (municipality Posušje) has the natural characteristics similar to other sheep regions in Bosnia and Herzegovina and has evident comparative advantage for development. That is why the dynamic growth is planned, especially because it is expected to resolve issues of export of animal products to Croatia and other countries, which would give a significant impetus to this production. Considering the current growth of total industrial production, there is a need for investment in the development of existing industrial capacities for the production of metal and metal products, which would employ more workers. As a possible solution there is a construction of new and expansion of existing business and industrial zones in order to attract domestic and foreign capital and to create new jobs (The Study of business zones development in the West Herzegovina County, 2012).

### Tertiary sector

The tertiary sector is most represented in terms of tourism development, which is a growing segment of the economy of Bosnia and Herzegovina and the West Herzegovina County. The possibilities of development and use are many and are mainly based on the existing cultural and historical monuments, archaeological sites and monuments (the ruins of the ancient city Mokriskik, the ruins of a medieval city in Borak, tombstones, and the oldest so far known church building in this area). The proximity of the attractive the Adriatic coast, famous shrine in Međugorje and the Nature Park "Blidinje" should also be taken into account. The tourist offer in the municipalities in the county could further complement the establishment of small family businesses with tourist offer.

Concerning other activities there are 2,200 registered businesses in the county, and most of them work in the field of trade and catering. These firms employ 36% of the total employed labor force in the field of the West Herzegovina County (Study of business zones development in the West Herzegovina County, 2012). The structure of employees is still dominated by the service sector, whose data indicates the intensity of deagrarization processes on one side and industrialization and tertiarization on the other.

The county is rich in nature, flora and fauna, rivers and lakes, cultural and historical heritage. All this provides excellent opportunities for the development of all types of tourism. The county has all the preconditions for extremely successful tourism sector for the main market of Bosnia and Herzegovina because of its natural wealth and potential for outdoor tourism, rich cultural and historical heritage, good geographic position, internationally well-known events, splendid gastronomic offer at affordable prices and the status of still unknown tourist destination. Tourism can contribute to overall economic development. Many other service sectors and manufacturing industries, such as the food industry, construction and financial services are influenced by tourism. Its success is closely linked with the image of the country, its political and economic stability and the quality of its transport infrastructure (airports, roads and railways) and IT services. Tourism depends on the citizens of any country, but also affects them.

The West Herzegovina County is a specific and very interesting area in our country for its natural and geographic features. It is mountainous and flat, coastal and conti-

mental. Its relief is full of contrasts and beauty. In the first place there is a mountainous area full of natural resources for the development of winter - sports tourism and all other forms of mountain tourism. The Nature Park "Blidinje" is a miracle of nature and is visited not only by domestic but also foreign tourists.

The beach tourism is developed all over the river Tihaljna - Mlade - Trebižat (Municipality of Ljubuški), and locations waterfall Kravica and lake Krenica near Grude are particularly interesting (Mikulić, 2013). The canoe safari on the river Trebižat begins from the beach Božijak, near Studenac in Ljubuški, and ends at the beach Jaz, near Struga in Čapljina (Herzegovina - Neretva County). During the summer time the river is quiet and peaceful at its beginning, and later it becomes faster and more exciting. "Vinska cesta" in Herzegovina was made as a specific tourist product because of the uniqueness and attractiveness of authentic Herzegovinian wine varieties Žilavka and Blatina, and because of everything that goes with wine, especially gastronomic offer in Western Herzegovina with all its varieties and particularities, and finally because of everything that makes this region so special and unique when it comes to cultural, historical and natural heritage.

Rural tourism is still in its infancy, although Herzegovina has a number of resources for special development of this form of tourism. The part of the rural tourism is the country estate "Marića Gaj" in Grude and reserve of native species in Buhovo in Široki Brijeg (Busha cows and a small Herzegovinian donkey).

There is a number of very large farms and cheese manufacturers in the county. Ethno-tourism offer and gastronomy of certain areas are very attractive for tourists, especially if we speak about gastronomic offer based on the production of healthy food. Tourism offer of the West Herzegovina County could be more substantial in many ways through cultural tours. Such tours could be, for example, "Stazama Ilira", because the county is rich in remains from the Illyrian times: from the tombstones (called *gomile* or *tumuli*) throughout the county to Illyrian cities (Nečajno, Buda, Zvonigrad etc.), then "Putovima Rimljana" and "Srednjovjekovne nekropole". Among the events that have managed to impose, and which in themselves have capabilities and facilities that could evaluate tourism, are the following: Vino fest (in Ljubuški), Gastro meetings called *Okusi s kamena* (Široki Brijeg), *Ilindan - Country Olympics* (Posušje), *Mediterranean Film Festival* (Široki Brijeg), *Šimićevi susreti* (Grude) (Mikulić, 2008). There are many abandoned and neglected villages in Herzegovina. The restoring the old village stone houses would create the preconditions for the development of rural tourism, which lately goes through a real expansion in the world.

## Quaternary sector

Quaternary sector includes activities as administration, defense, education, health, science and culture. In the area of the West Herzegovina County this sector employs 28% of the working population. Most employees work in the education activities at primary and secondary school level (47%), and in the health services and local government (Table 5). Accordingly, a larger share of employees with a university degree is recorded in primary and secondary schools, while the greatest number of employees with college education works in a sector of the primary school education (65.1%). The health servic-

es sector has a third of the total number of employees with the secondary education, and half the proportion is recorded in local governments. There is the smallest number of employees with lower qualifications in the quaternary sector and the largest share of the sector is recorded in primary school education (42.0%) (Statistical Service, 2012).

The population growth in the quaternary sector is conditioned by educated personnel and modern way of life. The education of larger number of young people in the 70's and employment of educated personnel at the end of the last century is a reflection of the general state of development of the county and changes in the share of the population by sector. The share of the number of employees in this sector in the period 1961-2011 records growth of 10%.

**Table 5.** Employed in quaternary sector in the area of the West Herzegovina County in 2011

Sectors	Employees		A university degree		College degree		Secondary education		Highly qualified, Unqualified	
	Nr.	%	Nr.	%	Nr.	%	Nr.	%	Nr.	%
Health services	678	14,9	240	12,5	68	4,8	316	34,3	54	19,1
Municipality	465	10,2	102	5,3	184	13,0	158	17,1	20	7,1
County	415	9,1	198	10,3	107	7,6	82	8,9	28	9,9
Primary schools	1661	36,6	592	30,8	918	65,1	32	3,5	119	42,0
Secondary schools	688	15,2	597	31,0	5	0,4	87	9,4	0	0,0
Banks	292	6,4	103	5,4	51	3,6	112	12,1	26	9,2
Tax Authority	81	1,8	35	1,8	26	1,8	20	2,2	0	0,0
Statistical Office	30	0,7	12	0,6	10	0,7	5	0,5	3	1,1
County inspection	113	2,5	18	0,9	26	1,8	51	5,5	18	6,4
Municipal court	117	2,6	28	1,5	16	1,1	58	6,3	15	5,3
TOTAL	4539	-	1924	-	1410	-	922	-	283	-

Source: Statistical Service of the municipality of Široki Brijeg, 2012

## CONCLUSION

The West Herzegovina County is faced with the problems such as unemployment, increasing poverty and decline in economic development, which are the result of the war in the 90 and also the problems that inevitably generate a process of transition. The large corporations, which were the base for economic development of Herzegovina and employed a large number of workers in the past, today are mostly devastated and unable to come up with the ways of their revitalization. The economic growth dynamics is characteristic for the period until 90's, after which the significant changes in the market structure and operations, the privatization process and many other things appeared.

In the second half of the 90's the private enterprise is rapidly developing. Emerging private sector has not yet reached the level of business activity, which would absorb the

greater number of unemployed, mitigate the consequences of the collapse of large business systems, and open perspectives of a new, balanced, sustainable and dynamic development in various spheres in the area of the West Herzegovina County. The transition as a global and general social process has not happened yet in the minds of the people, who represent the local authority. They have not realized their role of active participants - the initiators and creators of the process of economic development yet. Therefore the development potential of the West Herzegovina County, such as people, natural resources, energy, and objects of industrial, traffic and other infrastructure still remain unused or are used in a limited or minimal capacity.

The poor increasing share of the active population in the total is a result of the depopulation that has engulfed most of the county as well as the weak inflow of the active working population caused by reduced fertility. The aging population will also decrease the size of working population, but will also increase the number of persons with personal income, i.e. it will increase the burden on the active working population by aged population.

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