

## **INFLUENCE OF TERTIARY ACTIVITIES ON TRANSFORMATION OF THE RURAL SETTLEMENTS IN BOSNIA AND HERZEGOVINA**

**Rahman Nurković**

Ph.D., Associate Professor

Department of Geography

Faculty of Science

University of Sarajevo

Zmaja od Bosne 35, 71000 Sarajevo, Bosnia and Herzegovina

e-mail:rahmannurkovic@hotmail.com

UDK: 911.373(497.15)

COBISS: 1.02 – Review article

### **Abstract**

#### **Influence of Tertiary Activities on Transformation of the Rural Settlements in Bosnia and Herzegovina**

In Bosnia and Herzegovina, tertiary activities strongly affect the modern spatial and functional structure of rural settlements. In economic and social life they are complementary, which is a good prerequisite for general development of the country. They are followed by specialised shops (bank services, legal services, higher educational institutions, large market, diverse manpower, extensive public services, car show rooms, gas stations, furniture shops, commercial centres, hotels, motels, computer equipment, and alike).

### **Key words**

tertiary activities, new rural development of the settlements, restructuring of economic activities

*The editor received the article on 8.2.2010.*

## **1. Introduction**

Recently, particularly after 1995, big spatial changes occurred in rural settlements of Bosnia and Herzegovina due to a fast development of tertiary service activities, which had a strong influence on the transformation of rural settlements. Our research shall focus primarily on the development of rural settlements, but also on the expansion of the new tertiary activities in rural settlements, diverse housing constructions and traffic infrastructure development. The mentioned processes have a strong influence on modern spatial and functional structure of rural settlements in Bosnia and Herzegovina.

For the needs of this research, data from secondary sources were used, gathered by using three basic methods: field surveys, surveys of citizens and interviewing of the employees. The data on the type of services in the mentioned tertiary activities were gathered in the field. The planning and implementation of the survey research have given receptive results of the demanding task in spatial distribution of tertiary activities in Bosnia and Herzegovina.

The new rural development of the settlements is connected with other smaller towns into an interacted urban system, in which each of them provides services and products for its surrounding, the attached region and its hinterland. They are followed by specialised shops (bank services, legal services, large market, diverse manpower, extensive public services, car show rooms, computer equipment, furniture shops and alike). A strong pressure of foreign and local investors leads to poor quality construction and illegal construction of the buildings in the rural settlements, which are expanding along the traffic routes. In this paper, development of tertiary activities after 2001 was analysed, from the period of the housing crisis, programmed construction, to the prevailing uncontrollable construction at the beginning of 2009.

The characteristics of the new development of tertiary activities in rural settlements have been shown. The development of the countryside to a large degree depends on decentralized development of rural regions. With the reestablishment of functional and integral relations between towns and rural regions a successful process of structural changes and independent development of the countryside is underway (Lorber 2006).

The newer, uncontrolled development of tertiary activities leads to the devastation of environment and the deepening of the economic and social problems in Bosnia and Herzegovina.

## **2. Transition, respective restructuring of the economic activities**

It is believed that economic forces have a dominant influence on development of tertiary activities in rural settlements. The urban scientist Brian Berry conveniently said: "We are creating the urban civilization without cities." Today, tertiary activities in Bosnia and Herzegovina are developing on locations that have already been marked by pre-war industrialization. Tertiary activities are strongly expanding and occupying new areas in rural settlements. Primary, secondary and tertiary activities were developing in municipalities in Bosnia and Herzegovina in different time periods and in different conditions, with different intensity and different concentration. The consequence of such development is not only unequal structure

of these activities, but also of their territorial distribution. Spatial distribution of tertiary activities coincides at most with spatial distribution of industrial, respectively urban city centres, and less with rural settlements (Hallsworth 1994).

The depicted relations in economic structure of Bosnia and Herzegovina are even more evident when analysing the participation of the active population by sectors in the period from 1961-2009. Namely, in Bosnia and Herzegovina the highest participation of the active population was in the secondary sector with 74.5%, followed by the tertiary sector with 23.3% and the primary sector with 2.2% (Tab. 1, Fig. 1).

In 2009, 63.9% of all active residents of Bosnia and Herzegovina were in the tertiary sector, 33.4% in the secondary sector and 2.7% in the primary sector. Economic crisis, which started after 1981, was reflected most expressively in industry, which still had a primacy among all the activities. At the end of 1991, closure of industrial firms and firing of workers occurred in Bosnia and Herzegovina. Due to the gradual restructuring from planned economy to market economy, the economy of Bosnia and Herzegovina has been suffering from the anticipated problems in the last few years: decrease in the volume of production, deteriorated export routes, increase of unemployment, and still insufficiently determined and rapid processes of privatisation and development of new tertiary activities in rural settlements.

Tab. 1: The employment share (%) in activity sectors and the urban population share of the population of Bosnia and Herzegovina, 1961-2009.

Year	Primary sector	Secondary sector	Tertiary and quarterly sectors	Urban population share
1961	8,0	72,4	19,5	9,2
1971	5,1	71,8	23,1	13,3
1981	2,2	74,5	23,3	16,7
2001	4,2	39,4	56,4	38,2
2003	3,9	35,4	60,7	40,1
2006	3,1	36,8	60,1	42,0
2007	2,7	32,2	65,1	43,2
2009	2,7	33,4	63,9	46,5

Source: Statistical Yearbooks of Bosnia and Herzegovina 1961- 2009.

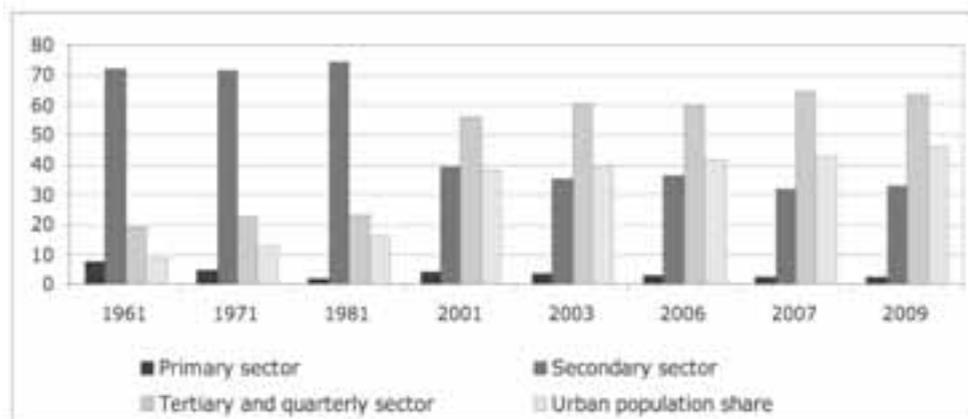


Fig. 1: Employment share in activity sectors and the urban population share of the total population of Bosnia and Herzegovina, 1961-2009.

Among the cities of Bosnia and Herzegovina, Sarajevo has the highest participation of around 65% of total employment in tertiary activities. This is expected because the tertiary activities are well developed in the capital, which is the administrative, economic, educational, scientific, cultural, health and sports centre of the country. In the centre of the city, there are eight commercial centres, whereas at the crossroads of the main city roads and in the vicinity of road junctions there are around twenty commercial centres. Uneven regional development is a general lawfulness of tertiary activities development which is, in certain developmental stages, particularly expressed in polarization of economic activities, population and income. At the same time, some sections of the country remain at the periphery, poorly or insufficiently captured by general development of new tertiary activities. The national development plan as a strategy of regional development of Slovenia (erne 2003).

Tertiary activities are generally more developed in larger than municipalities of Bosnia and Herzegovina. Besides in Sarajevo, they are the most developed in Banja Luka, Mostar, Tuzla, the District of Br ko, Bijeljina, Travnik, Bihać, Tešanj, etc. On the other hand, they are less developed in smaller centres, such as Foča, Goražde, Bihać, Trebinje, etc. Smaller, undeveloped municipalities have less developed tertiary activities, primarily commerce, insufficient needs for crafts and catering services, fewer apartment buildings in public sector, etc. On this basis, they have lower employment rate and, in general, less developed tertiary activities.

### 3. Important tertiary activities

Right next to the commercial activity is the catering trade present both in big cities and small towns, which appears independently and with other functions in rural settlements. Where commercial activity starts to develop in Bosnia and Herzegovina, new suburban settlements are always found. Thus, we have a turnabout of population from municipal centres in rural settlements, which were first identified in Bosnia and Herzegovina in 2009. Important tertiary activities of Bosnia and Herzegovina according to employment share in both sectors in 2009 were lined up as follows: catering industry around 35,656 or 10.5% of employed persons, traffic and connections around 48,434 or 14.2%, finance around 47,981 or 14.1%, compulsory insurance around 76,623 or 22.5%, education around 64,272 or 19.7% and health and social security 67,272 or 19.7% of employed persons. The consequence of such development of tertiary activities in Bosnia and Herzegovina is not only unequal structure of these activities in rural settlements, but also their territorial distribution. Spatial distribution of tertiary activities coincides mostly with spatial distribution of industrial and urban core centres (Tab. 2, Fig. 2).

Tab. 2: Estimation of employment in tertiary activities in Bosnia and Herzegovina, 2009

Activity	Number of employed people	%
Catering industry and tourism	35.656	10.5
Traffic and connections	48.434	14.2
Finance	47.981	14.1
Compulsory insurance	76.623	22.5
Education	64.751	19.0
Health and social security	67.272	19.7
Total	340.717	100

Source: Statistical Yearbooks of Bosnia and Herzegovina, 1961- 2009

In more developed municipal centres there is a significant increase in commerce and catering industry, which is dictated not only by demand of numerous permanent residents but also by periodical prospective customers, in dependence of the importance and function of regional and municipal centre. Today these activities also have strong influence on the transformation of rural settlements and development of new commercial centres, gas stations, hotels and restaurants, and increased number of employed workers in these activities.

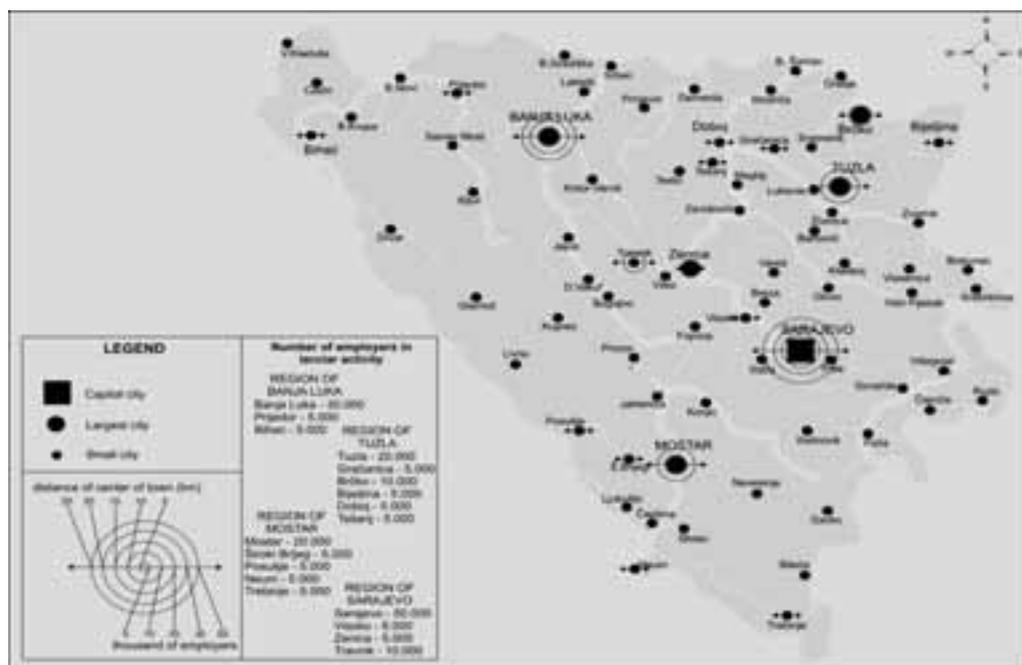


Fig. 2: Geographic distribution of tertiary activities in Bosnia and Herzegovina, 2009.

Today, Bosnia and Herzegovina there is also a bigger share of employed people in housing and public services of more developed municipal centres. They have higher number of residents, bigger accumulation of funds for housing construction and public utilities; therefore they have a more intense housing construction, more apartments in private ownership, more different organizations for offering various services for housing and public construction, for urbanism, planning etc. In smaller and undeveloped municipal centres the situation is the opposite. Huge domestic administrative apparatus and insufficient investment of foreign capital into Bosnia and Herzegovina is an additional problem, which needs to be solved as soon as possible, because the European Union is expanding faster than expected. Our neighbours will, naturally, know how to use this and thus the European Union will become our first neighbour, but with a closed door until the situation improves to comply with the European principles and economic and other standards (Pacione 2001).

In conditions of economic and socio-economic development of Bosnia and Herzegovina, traffic developed intensely and increased largely due to increased needs for transportation of workers, raw materials and final products, needs which were dictated by developed cooperative relations, needs imposed by education,

administration, health, commercial and tourist services, crafts and other services. Highway traffic of Bosnia and Herzegovina differs from that of neighbouring countries.

There are big differences between the branches recovering from war damages more rapidly and those that are still non-functional. Highway traffic has, despite the difficulties and the inherited bad structure, largely started with expansion, whereas the railway transportation is still non-expanding and is run with a very little capacity. Until the middle of 2003, Bosnia and Herzegovina was the only country of the South-East Europe that did not have a single kilometre of modern highway, and by 2007 around 45 km of highway were built. Road network in Bosnia and Herzegovina, including the capital of Sarajevo, is one of the worst in Europe. The roads are obsolete, badly maintained and dilapidated claim the European Union experts who analysed them in detail in 2005.

#### **4. Conclusion**

The new rural development of settlements is encompassed together with other smaller towns into an inter-connected urban system in which each of them provides services and products for its surrounding, the attached region and the hinterland. This is followed by the emergence of specialised shops (bank services, legal services, large market, diverse labour force, voluminous public services, car show rooms, computer equipment, furniture and alike). The strong pressure of foreign and domestic investors leads to poor quality and illegal construction of buildings in rural settlements which are expanding along the highways.

Tertiary activities are generally more developed in larger than in smaller municipal centres of Bosnia and Herzegovina. Apart from Sarajevo, they are the most developed in Banja Luka, Mostar, Tuzla, the District of Brčko, Bijeljina, Travnik, Bihać, Tešanj, etc.

On the other hand, they are less developed in smaller centres, such as Foča, Goražde, Bihać, Trebinje, etc. Smaller, undeveloped municipal centres have less developed tertiary activities, primarily commerce, insufficient needs for crafts and catering services, as well as fewer apartment houses in the public sector etc. Thus they have fewer employed people and, in general, poorly developed tertiary activities. A huge domestic administrative apparatus and insufficient investment of foreign capital in Bosnia and Herzegovina is an additional problem, which needs to be solved as soon as possible, because the European Union is expanding faster than expected. Our neighbours will, naturally, know how to use this, and thus the European Union will become our first neighbour, but with a closed door until the situation improves in order to comply with the European principles and economic and other standards.

#### **References**

- Černe, A. 2003: The national development plan as a strategy of regional development of Slovenia. Regionally developmental problems of Bosnia and Herzegovina and neighbouring countries in the process of approaching to European union. An International seminar. University of Tuzla. Proceedings. p 239-248.
- Hallsworth, A. G. 1994: Decentralization of Retailing in Britain: The Breaking of the

- Third Wave, *Professional Geographer* 46 (3), 296-307.
- Jakovčič, M., Spevec, D. 2004: Commercial centres in Zagreb, *Geographical herald*, pages 47-60, Zagreb.
- Kmss E. 1991: Global denken- Lokal handeln. (Eine zentrale Aufgabe des Geographie-unterrichts). *Geographie heute* 93. Ernst Klett, Stuttgart.
- Lorber, L. 2006: The impact of economic restructuring on sustainable agricultural development in rural Slovenia. V: Sorensen, T., 14th Colloquium of the CSDRS of the I.G.U., Cairns, Australia, July 2006.
- Pacione, M. 2001: *Urbana geography, a global perspective*, Routledge, London.
- Vrišer, I. 1968: Central settlements in Yugoslavia. Dela 13. Commercial-business centres' archives, 2009.
- Statistical Annuals of Bosnia and Herzegovina, 1960-2008.
- Statistical Annuals of the Federation of Bosnia and Herzegovina, 2001-2009.

## **INFLUENCE OF TERTIARY ACTIVITIES ON THE TRANSFORMATION OF RURAL SETTLEMENTS IN BOSNIA AND HERZEGOVINA**

### **Summary**

The new rural development of the settlements in Bosnia and Herzegovina is connected together with other smaller towns into an interacted urban system, in which each of them provides services and products for its surrounding, the attached region and its hinterland. This is followed by the emergence of specialised shops (bank services, legal services, large market, diverse manpower, extensive public services, car show rooms, computer equipment, furniture shops and alike). The strong pressure of foreign and local investors leads to poor quality construction and illegal construction of buildings in the rural settlements, which are expanding along the traffic routes. The development of the countryside depends to a large degree on decentralized development of rural regions. Today, tertiary activities are developing on locations that have already been marked by pre-war industrialization. They are expanding to a large degree and occupy new areas in rural settlements.

At the end of 1991, the closure of industrial firms and the firing of workers occurred in Bosnia and Herzegovina. Due to gradual restructuring from the planned to the market economy, the economy of Bosnia and Herzegovina has been suffering in the last few years from the anticipated problems: decrease in volume of production, deteriorated export routes, increase in unemployment, and rapid and still insufficiently determined processes of privatisation and development of new tertiary activities in rural settlements.

Among the cities of Bosnia and Herzegovina, Sarajevo has the highest participation in tertiary activities with around 65% of total employment. This is expected because the tertiary activities are well developed in the capital which is also and the administrative, economic, educational, scientific and cultural centre of the country. At the same time, some sections of the country remain on periphery, poorly or insufficiently captured by general development of new tertiary activities. Tertiary activities are generally more developed in larger municipalities of Bosnia and Herzegovina. The consequence of such development is not only unequal structure of these activities in rural settlements, but also their territorial distribution.

Today, in Bosnia and Herzegovina, there is a bigger share of employed people in housing and public services of more developed municipal centres. In smaller and undeveloped municipal centres the situation is the opposite. A huge domestic administrative apparatus and insufficient investment of foreign capital in Bosnia and Herzegovina is an additional problem, which needs to be solved as soon as possible. In conditions of economic and socio-economic development, traffic developed intensely and increased to a great extent due to increased needs for transportation of workers, raw materials and final products, needs which were dictated by developed cooperative relations, needs imposed by education, administration, health, commercial, tourist, crafts and other services. Highway traffic of Bosnia and Herzegovina differs from that in the neighbouring countries. There are big differences between the branches recovering from war damages more rapidly and those that are still non-functional. Despite the difficulties and the bad inherited structure, highway traffic has been expanding quickly, whereas the railway transportation is still not expanding and is run with a very little capacity. The road network in Bosnia and Herzegovina, including the capital Sarajevo, is one of the worst in Europe.