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CHAMBER OF ECONOMY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

**FOCUS GROUP REPORT:**  
**QUALITY INFRASTRUCTURE**

**in**

***Metal Processing***

Sarajevo, February 2021



**Project: "Improving the investment climate and access to markets"  
Contract no. 7198074**

The Chamber of the Economy of the Federation of Bosnia and Herzegovina and IFC within the project "Improving the investment climate and market access" conducted a focus group discussion (FGD):

**QUALITY INFRASTRUCTURE**

**in**

**Metal Processing**

**DISCLAIMER PAGE:**

Chamber of the Economy of the Federation of Bosnia and Herzegovina declare that this research is original work and has not been submitted before to any institution for assessment purposes.



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## 1.0 INTRODUCTION

The Chamber of the Economy of the Federation of Bosnia and Herzegovina within the project "Improvement of the investment climate and access to markets" in cooperation with the International Finance Corporation (IFC), organized an online focus group with business representatives from the sector of Metal Processing in order to provide further input of key stakeholder for quality infrastructure strategy development in the mentioned sector of industry. In addition, as all segments of the economy are dealing with the challenges of the COVID-19 pandemic in varying degrees, this focus group discussion would provide an opportunity to receive further input aimed at identifying priority actions to promote business operation and recovery.

Focus group was conducted to probe for qualitative information of the main issues of quality infrastructure in the Metal Processing, as well as to get concrete measures and recommendations from business entities in order to improve current quality infrastructure situation, encourage export companies and promote measures with relevant authorities.

Recognizing the importance of this topic for business entities and the economy of Bosnia and Herzegovina in general, the Chamber of the Economy of the Federation of Bosnia and Herzegovina have already conducted surveys about quality infrastructure. However, the conducted focus group provides the opportunity to garner this more in-depth feedback through open-ended questions. They also allow group interaction between members of the group, which may encourage participants to make connections to various concepts through the discussions that may not occur otherwise. This provides a more comprehensive understanding.

Focus Group Discussion (FGD) regarding the quality infrastructure in the Metal Processing is compared to the findings from previous conducted quantitative research (survey) and qualitative (focus group) of the impact of the pandemic Covid -19 on the economy of the Federation of Bosnia and Herzegovina in order to get comprehensive market analysis in quality infrastructure per each sector and the the impact of pandemic Covid-19 on it.

This Focus Group Report summarizes the key findings of the quality infrastructure in the Metal Processing, give situation overview, main issues and recommendations.



## **1.1 METHODOLOGY**

Due to the safety reasons and preventive prescribed measures, the Focus group discussion was held online.

Participants were introduced that the discussion will be recorded, but only for research purposes and it will be deleted once the data has been analyzed. As participants in the group, their names will not be noted in any other documentation than this which is also only for the research purpose.

The group is interviewed following a semi-structured format in that they opened with introductions and information sharing about situation overview, main issues and recommendations about quality infrastructure in Metal Processing. A transition question was also asked to introduce the topic of quality infrastructure with the previous conducted research regarding the Covid-19 and to help participants discuss the issues on a broader scope.

Then specific questions were asked but not necessarily in the same order. This semi-structured format was used to ensure that the key topic is better understood, discussed among all participants of the focus group, allowing free flowing discussion so that information can later be compared.

The findings from the focus group were analyzed using a thematic analysis approach. The first step in this analysis involved playing back the recordings of the focus group, while concurrently reviewing and enhancing the summary notes.

The main questions addressed to the participants of the focus group is to describe the current situation regarding the quality infrastructure in the sector of Metal Processing, with the special emphasis on the main issues with which facing industry, and further steps and recommendations for the improvement.



## 1.2 PARTICIPANTS

Recruitment of the focus group participants took into consideration a sector of Metal Processing, mix of gender, participants age and experience, company age and region.

The business entities involved in the focus group discussion were previously contacted and introduced with the topic. Although, they are all familiar with the focus group topic, have long-term experience, and agree to participate in the focus group discussion.

In total, in the focus group discussion participated business entities from the different sectors of the Metal Processing Industry (metal processing, electro and automotive) and from the different regions of Bosnia and Herzegovina, in order to get a better understanding from all parts of the Federation of Bosnia and Herzegovina.

The processed sample of a focus group is a representative basis for the analysis of the quality infrastructure in the Metal Processing Industry.

### PARTICIPANTS:

1. *MRS. MAJA KARIVAN- GS-TMT, TRAVNIK D.D.*
2. *MRS. AMILA TERKO - ZALMO D.O.O. MOSTAR*
3. *MR. ENES HODŽIĆ - DELING D.O.O. TUZLA–*
4. *MR. IBRO JUSIĆ - POBJEDA D.D. TEŠANJ*
5. *MR. NERMIN MUSTAFICA AND MR. ENSAR BUKARIĆ - SARAJ-KOMERC D.O.O., GORNJI VAKUF – USKOPLJE*
6. *MRS. BELMA FAKIĆ - INSTITUT KEMAL KAPETANOVIĆ, ZENICA*
7. *MRS. AMERA PAŠIĆ - IFC*
8. *MR. ALMIN MALIŠEVIĆ – CHAMBER OF ECONOMY OF THE FEDERATION OF B&H*



## **2.0 KEY FINDINGS**

In the following section represented are the key findings of the focus group discussion. Analyzed are: quality infrastructure situation overview in the Metal Processing, the main issues and challenges with which this sector facing in terms of quality infrastructure, and concrete steps and measures in the further period in order to improve and develop quality infrastructure strategy.

### **2.1 SITUATION OVERVIEW**

Companies from the metal processing sector are mostly export-oriented, about 80%, while the rest of production is focused on the domestic market. This fact alone speaks to the importance of establishing a quality infrastructure in the metal processing sector.

Therefore of great importance for the development and competitiveness of companies in metal processing is improving quality infrastructure.

According to the focus group discussion, the current situation in quality infrastructure in metal processing is not at satisfactory level.

Currently, there are a total of 12 quality infrastructure entities - accredited bodies in B&H that perform conformity assessment in the field of metal processing sector. Of these, 3 accredited bodies belong to product control bodies, while 9 accredited bodies belong to product testing bodies.

The analysis of mapped quality infrastructure entities in Bosnia and Herzegovina shows that there is a modest number of accredited bodies in the metal processing sector. In addition to these facts, the importance is pointed out to the very narrow area of accredited methods and scope of testing. It is also important to point out and establish that in Bosnia and Herzegovina there is no personnel certification body accredited according to BAS EN ISO 17024: 2015, nor any product certification body accredited according to BAS EN ISO 17065: 2014

Accredited areas mainly relate to the testing of metal materials and welded joints.

Representative of Institute Kemal Kapetanović said that they have 5 accredited laboratories, of which 3 testing laboratories for metal materials - metallographic laboratory, then mechanical laboratory, testing chemical laboratory, 2 calibration laboratories. Unfortunately, laboratories are facing the lack of adequate equipment, and even old equipment, which also impact the situation of quality infrastructure.

Some of the participants (Pobjeda, Tešanja) of the focus group discussion said that they have their own laboratories, which they establish according to the request of their customers. These





labs are not accredited, neither certified, they use it only for their own purpose, which is satisfied for their customers.

Other participants of the focus group discussion said that they have to use laboratories in other countries for obtaining certification, which exposes them to huge costs (for some certificates around 20.000,00 EUR), but more than money, it takes a lot of their time. Although, focus group participants said that in B & H there are few opportunities to obtain the CE mark, only about 5%, so they all have to get it outside the state.

In addition, the current situation in terms of quality infrastructure in metal processing is at a very low level, because companies even for doing business in B&H have problems, because of the legislation that is not harmonized between entities.

Local companies are in an unenviable position because they have to follow all processes and terms prescribed in order to export, while the import in the country is not controlled. This means that nobody controls what is imported and under which quality, which creates unfair competition, and can affect human health and safety.

Participant of the focus group said that usually they get standards from Institute for Accreditation of Bosnia and Herzegovina (BATA), but the main issues is language, because standards are not translated on Bosnian language, which takes a lot of time to companies and expose them to translation costs, and arise question also of understanding the standards. Although, sometimes it takes a lot of time to get some standards from BATA, so companies have cooperation with Switzerland REIS.

In addition, one of the issues is because companies cannot get answers from institutions because they do not know how to provide them with information, so they turn to institutions from the countries of the region.

Import of equipment is one of the issues for companies in metal processing, because the procedures are too long, long customs clearance, problems with tariff numbers.

Among all mentioned challenges in quality infrastructure in the metal processing industry, participants also said that the current challenge for them is also in terms of education of the personnel, because in B&H there is no accredited audit for education. Due to this situation, they have to engage in international audit for education, which is very expensive.

Above mentioned summarize the main challenges and issues of the current situation in metal processing regarding the quality infrastructure.



## 2.2. MAIN ISSUES AND CHALLENGES

The main issues and challenges about quality infrastructure in Metal Processing, which focus group participants discussed and mentioned can be summarized as:

- Insufficient number of product control bodies and a modest scope of product control
- Insufficient number of accredited methods in various areas of the metal processing sector
- The absence of a product certification body
- Lack of appropriate certification bodies for persons
- Lack of habit of the manufacturer and user of the product to perform the control process
- An obvious degree of lagging behind other countries in the region.
- The problem of uncontrolled imports which creates unfair competition;
- Old equipment and in general lack of equipment in laboratories;
- Insufficient information and underdeveloped communication with the relevant institutions;
- High costs of certification in countries outside B&H;
- Lack of an institution which will provide information and advice companies and connect companies with laboratories and institutions for exchanging information;
- Non-harmonized regulations with the EU;
- All standards are on English language, which take time and money for companies and laboratories, and also put them in difficult situation when they need to interpret it from one language to other;
- Lack of quality infrastructure at state level which will define and resolve all this issues which now have companies;

In addition to all the shortcomings defined above, lack of political will, unregulated markets, inadequate laws and bylaws, lack of concrete work of market inspection and lack of understanding of quality infrastructure by policy makers has led to a difficult situation in this area.



## 2.3 RECOMMENDATIONS by participants

All participants of the focus group have the same or similar recommendation that should be done in order to improve quality infrastructure in the Metal Processing.

These ones are the following measures and recommendations:

- Needs in the form of providing laboratory equipment and technical devices. Depending on the method for testing or control of the product, it is necessary to first procure adequate laboratory equipment, and then its calibration in accordance with the appropriate quality standards. Laboratory equipment for testing products in the metal processing sector belongs to the category of equipment that has high purchase prices (from 10,000 to 500,000 EUR).
- Harmonization of legal regulations
- Needs in the form of providing persons in laboratories with adequate education, experience and completed training;
- Increasing the capacity of existing accredited testing laboratories;
- Identify the need to perform a test or control process. These needs are identified based on market needs, legally regulated necessary tests or controls, as well as internal capacities. The result of this analysis refers to the decision of the laboratory management which testing methods will be accredited, under which conditions and in which test ranges;
- More communication between laboratories and users – companies;
- More meetings like this one – focus group where companies between themselves together with representatives of laboratories exchange information, with a strong need to include Universities in this activity;
- Strong need for education and support from institutions of B&H in financing education for companies;
- Establishing appropriate certification bodies for persons in B&H
- Establishing product certification body in B&H
- Extending number of accredited methods in various areas of the metal processing sector
- Tightening import controls in B&H;
- Adopting quality infrastructure strategy at the level of B&H



## **3. CONCLUSIONS AND RECOMMENDATIONS**

### **3.1. CONCLUSIONS**

According to the focus group discussion, the following conclusion is given:

Of great importance for the development and competitiveness of companies, in metal processing is improving quality infrastructure.

According to the focus group discussion, the current situation in quality infrastructure in metal processing is not at satisfactory level. The free market in B&H without major controls is an additional problem that affects domestic companies, their competitiveness, as well as the protection of consumption, ultimately the quality infrastructure itself.

The analysis of mapped quality infrastructure entities in Bosnia and Herzegovina shows that there is a modest number of accredited bodies in the metal processing sector. It is also important to point out and establish that in Bosnia and Herzegovina there is no personnel certification body. Education of personnel in companies and laboratories is one of the mandatory steps in order to improve the current situation of quality infrastructure.

At the same time improvement of equipment in laboratories, improvement of communication between companies, laboratories and institutions is one of the tasks that should be done, and which will improve quality infrastructure in Metal Processing.

In addition, the current situation in terms of quality infrastructure in metal processing is at a very low level, because companies even for doing business in B&H have problems, because of the legislation that is not harmonized between entities. Therefore, among and before all steps there is a huge and urgent need for harmonization legislation of B&H according to EU Directives and standards, and in general adopting quality infrastructure strategy at the state level. Regulation of the mentioned is the first step, which will improve and regulate legislation in B&H as the current main barrier in quality infrastructure.



## 3.2 RECOMMENDATIONS

According to the focus group discussion, there is a need for undertaking following steps and measures summarized in the below recommendations:

- **Adoption of a quality infrastructure strategy at the level of BiH**

In connection with all the issues in this area, the most important would be the adoption of the Strategy for the development of quality infrastructure at the level of the Council of Ministers of B&H, which would indicate all problems and propose appropriate solutions, and enable the use of EU funds for improvements in this area.

It is necessary that the Council of Ministers of BiH fully implement all EU Directives, which would significantly contribute to improving the business environment.

- **Accreditation of new bodies for testing and control of products, as well as certification of persons and products.**
- **Expansion of the number and scope of accredited methods for existing or new accredited bodies in the metal processing sector, including:** - control, testing and certification of welding methods, - control, testing and certification of metal structures, - certification of welding personnel and non-destructive testing personnel, - area of control and supervision of machines, - area of control and supervision of elevators, - area of control and supervision of pressure equipment and process equipment, - area of testing and control of gas installations, - area of testing and control of hot water boilers, - non-destructive test area (extension to other methods)
- **Procurement of new testing and control equipment (materials and means) for the purpose of accreditation of new methods or expansion of the range of existing accredited testing and control methods.**
- **Establishment of a body of Association that will connect, organize meeting between companies, laboratories, and institutions, in order to improve their communication, exchange information, sharing experience;**
- **Prepare a set of activities aimed at educating representatives of public institutions in the field of quality infrastructure**
- **Education of necessary staff for the purpose of accreditation of new methods and expansion of the range of existing accredited testing and control methods.**
- **Tightening import controls in B&H;**

In order to increase competitiveness of domestic companies, protect them, as well as protect human health and safe there is a strong need for tightening import controls in B&H



## **4. APPENDIX**

### **4.1. MODERATOR'S GUIDE**

**Moderator:** Mr. Almin Mališević, Chamber of Economy of the Federation of Bosnia and Herzegovina;

#### **Greeting**

Welcome and thank you for being here today. We really appreciate you taking the time to participate in this research project. My name is Almin Mališević and I will be the moderator for our discussion.

#### **Purpose**

Chamber of the Economy of the Federation of Bosnia and Herzegovina within the project "Improvement of the investment climate and access to markets" in cooperation with the International Finance Corporation (IFC), organized this online focus group related to the quality infrastructure in Metal Processing.

The main thing we are interested in today's hearing from you, the experts, about your ideas, opinions, and concerns as they relate quality infrastructure in Metal Processing. Your participation in today's focus group will help us gain valuable information and better understanding of the previous research results.

#### **How to Participate**

Today you will be participating in a focus group. This will be a group discussion. It's not an interview where I ask a question and each person answers the question and we move on to the next one. Instead, we'll be putting topics on the „table“ and the idea is for everyone to participate in the discussion with each other. It's particularly helpful if somebody says something and you're sitting here thinking, "Yeah, that's sort of the way I think about it or feel about it" and you share that. We also want to hear from you if you are thinking, "NO, that's not the way I do it. That's not how I think about it." We want to hear both similarities and differences within the group. There are no right or wrong answers to these questions.