**Influence of Environment on Business Performance**

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***Abstract:*** *Entrepreneurial spirit of the people in Bosnia and Herzegovina has been on the rise over the last nineteen years, since we witnessed significant emergence of many new business start-ups. During Yugoslavian period most businesses were state-owned enterprises. Different branches were deployed at different business areas. In Bosnia and Herzegovina, there were certain parts of the country where certain industry sectors were highly developed such as textile industry, food industry, metal, wood and other industries.*

*Purpose of this study is to explore influence of business environment on business performance. Both qualitative and quantitative research will be conducted. For the qualitative part of study data will be collected through in depth interviews with several entrepreneurs in Federation of Bosnia and Herzegovina. And for the quantitative part, data will be collected through questionnaires that will be delivered to entrepreneurs in four municipalities in Federation of Bosnia and Herzegovina. The results of the study indicated that people in the regions where state business were not present are more likely to open and run their own private business than the people in the regions were state businesses operate.*

***Keywords:*** *Entrepreneurs, Business Performance, Business Environment, Industry.*