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Untapped Entrepreneurial Potential

GEM Slovenia 2018

Executive summary

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Untapped Entrepreneurial Potential

GEM Slovenia 2018

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Abstract:

In 2018, the biggest global research of entrepreneurship, Global Entrepreneurship Monitor – GEM, finished its 20th cycle. GEM was established in order to (1) measure the differences regarding the relationship towards entrepreneurship, activities and aspirations of individuals in as many countries as possible, (2) uncover factors that encourage or hinder entrepreneurial activities, especially related to societal values, personal attributes and the entrepreneurship ecosystem, (3) provide a platform for assessing the extent to which entrepreneurial activity influences economic growth within individual economies and (4) uncover policy measures for the purpose of enhancing entrepreneurial capacity in an economy. The research helps to better understand the attitude of the society towards entrepreneurship and individual capabilities, among which are the perception of their own abilities for entrepreneurial activities, the ability to perceive opportunities, entrepreneurial intentions and fear of failure. As GEM monitors entrepreneurial activity throughout the phases of the life cycle (nascent, new businesses and established businesses, discontinuation), according to impact (high growth, innovation, internationalization) and by type (early-stage entrepreneurship activity, employee entrepreneurship activity), the picture is much richer than the one that is based only on data gathered from ordinary statistical databases.

Keywords:

Global Entrepreneurship Monitor, entrepreneurship, early-stage entrepreneurial activity, economic development, entrepreneurship ecosystem

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GEM Slovenia 2018: Main findings

Presentation of Global Entrepreneurship Monitor

In 2018, the biggest global research of entrepreneurship, *Global Entrepreneurship Monitor – GEM*, finished its 20th cycle. In 1999, the research of ten developed economies set the foundations for the longitudinal research of entrepreneurship which has since then surveyed 2.9 million adults in 112 economies. Slovenia entered this global project in 2002 and has been involved in all annual research cycles ever since. This means that we now have data for the past 17 years, which enable us to compare important elements of early-stage entrepreneurship in Slovenia with entrepreneurship in other GEM participating countries. The advantage of GEM over other research of entrepreneurship is that GEM provides data which are gathered with unified research methodology. In this way, we get a clear picture of the state and the development of entrepreneurship in a country, and economic policymakers can acquire a better understanding and a more solid foundation for preparing and adopting efficient measures and programmes focused on supporting such type of entrepreneurship which contributes to economic development the most.

Figure 1: 20 years of GEM in numbers



112
world economies

20 years of
entrepreneurship
research

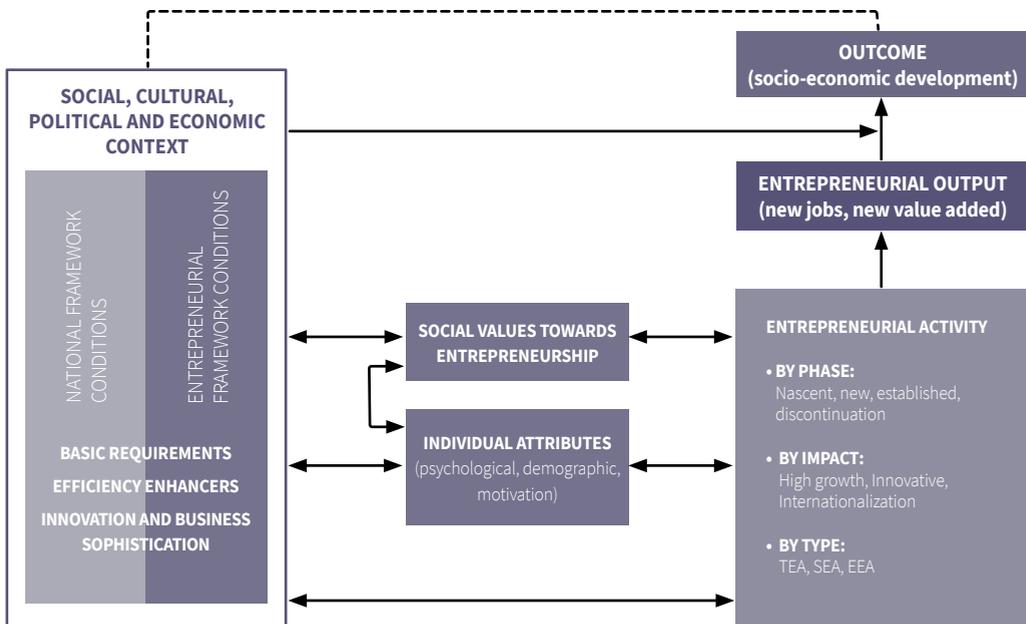


2.9 million of the
world's population

Global integration of GEM research programme and the transparent sharing of data among researchers allow for a much wider picture of entrepreneurship than one would get if entrepreneurship were researched within individual national frameworks only. It is true that entrepreneurship is, in its essence, always an individualistic endeavour; however, it is a global activity and this is why the global dimension of GEM research programme gives it unique validity and prominence. This is even more so because it is crucial to know and consider the development of a particular country as this affects not only the entrepreneurial path from idea conception to business discontinuation but, to a great extent, also the entire context of entrepreneurship and the options of how to shape this context. Social, cultural and economic diversity of countries results in diverse nature of business opportunities and entrepreneurial engagement, which must be taken fully into account when researching entrepreneurial processes and activities as well as when forming appropriate entrepreneurship policy since there is no one-size-fits-all solution for promoting entrepreneurship.

GEM's conceptual framework identifies the multifaceted nature of entrepreneurship. It takes into account that individuals who rationally assess costs and benefits of their entrepreneurial engagement are the central actors in the entrepreneurial process. Apart from their individual attributes, a number of factors in their immediate environment, such as prevailing cultural values and institutional business environment, the overall social values about entrepreneurship and individuals' own capabilities for entrepreneurship, play a significant role in this endeavour. GEM was conceived with the aim (1) to measure differences in the attitudes towards entrepreneurship, in entrepreneurial activities and in entrepreneurial aspirations in as many countries as possible; (2) to uncover factors that encourage or hinder entrepreneurial activity, especially those related to social values, individual attributes and entrepreneurial framework conditions; (3) to provide a platform for assessing the impact of entrepreneurial activity on economic growth in a given economy; and (4) to uncover required policy measures for enhancing entrepreneurship.

Figure 2: The GEM conceptual framework



Based on the above, GEM research framework is designed to focus on an entrepreneurial individual who decides to embark on an entrepreneurial path. On this path from business opportunity recognition to the implementation of an entrepreneurial activity, this individual faces many factors which are important for the understanding of entrepreneurial process. That is why GEM endeavours to understand social and individual attitudes towards entrepreneurship, the characteristics of engagement in entrepreneurial activities and individuals' entrepreneurial aspirations. To do so, GEM collects primary data at a global level by surveying individuals on various key questions regarding their entrepreneurial aspirations, propensities, intentions and activities; at the same time, it studies entrepreneurship in its entire process – from the conception stage (creation of a business opportunity) to business maturity and discontinuation of business.

Social, cultural, political and economic context which takes into account the level of economic development of a given country is represented through national framework conditions and entrepreneurial framework conditions. This context is assessed by the help of professional opinions of carefully selected national experts who have good insights into different segments of entrepreneurial process. These experts, who come from different professional fields, assess twelve entrepreneurial framework conditions comprising entrepreneurial finance, government policies – support and relevance, government policies – taxes and bureaucracy, government entrepreneurship programmes, entrepreneurship education in primary and secondary school, entrepreneurial education at post-secondary stage, R&D transfer, commercial and service infrastructure, internal market dynamics, market openness, physical infrastructure, and cultural and social norms.

Social values and the perceptions of entrepreneurship are studied in detail via an adult-population survey. We ask people to state whether the society accepts entrepreneurship as a good career choice, whether successful entrepreneurs are conferred high social status, and to what extent entrepreneurship receives media attention, thus contributing to the development of an entrepreneurial culture. Their answers help us draw conclusions about the importance of individual factors which can have an impact on whether individuals will decide for entrepreneurship or not; at the same time, we consider possibilities for individuals' actual realization of entrepreneurial intentions.

We monitor individual characteristics of entrepreneurs, of non-entrepreneurs and of those who have the potential to become entrepreneurs in the earliest phases of entrepreneurial process. We try to understand entrepreneurial potential and estimate the percentage of potential entrepreneurs, i.e. those individuals who believe to have the required knowledge and entrepreneurial skill, who see good opportunities to start a firm in the area where they live and who indicate that fear of failure of their venture would not prevent them from setting up a business. In this way, we can better understand social values about entrepreneurship and individual attributes of entrepreneurs, such as perceived capabilities for entrepreneurship, their ability to perceive business opportunities, their entrepreneurial intentions and fear of failure.

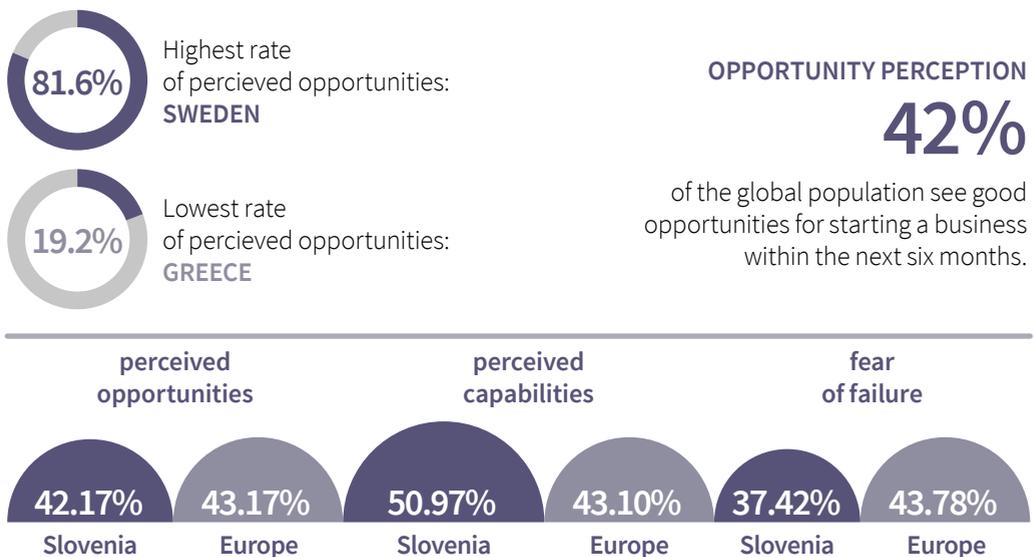
GEM monitors entrepreneurial activity by phases of organisational life-cycle (nascent, new and established businesses, discontinuation of business), by types of activity (high growth, innovative, internationalization) and by sector of activity (total early-stage entrepreneurial activity, employee entrepreneurial activity). In this way, we gain a much more comprehensive view of entrepreneurial processes than we would if we merely stemmed from the data provided by usual statistical databases. The number of nascent entrepreneurs or owner-managers of new businesses represent total early-stage entrepreneurial activity, which is expressed with TEA rate. This rate helps us analyse the profile of early-stage entrepreneurial activity, particularly a set of selected

characteristics of early-stage entrepreneurs, such as their individual attributes (gender, age, and motivation) and their aspirations for business growth, innovation and internationalisation.

Entrepreneurial capacity and social attitudes towards entrepreneurship

Entrepreneurial activity always begins with a single individual who starts to think about a new venture or with an employee who starts a new venture within his or her existing employment. From the viewpoint of such individuals, a set of factors on which they base their own perceptions and understanding of their capabilities for entrepreneurship is quite important. In this context, we analyse individuals' self-perceptions of their entrepreneurial capacity which is reflected in their self-confidence in the knowledge needed for entrepreneurship, in their ability to recognise potentially promising business opportunities, in their possible fear of failure that would prevent them from starting a business, and in their entrepreneurial intentions. Because individuals are part of a broad cultural and social environment which both affects and co-shapes their entrepreneurial decisions, GEM survey also investigates social values about entrepreneurship. Compared with our data for 2017, we established some significant shifts in 2018, the main one being a bigger rate of individuals who perceive that there will be good opportunities for starting a business in the area where they live. This is very important because the perception of good business opportunities is a key factor of entering entrepreneurship. In Slovenia, 42.2% of people perceived in 2018 promising business opportunities in their environment, which is an exceptionally positive result for this country especially if we take into account that this trend has been an increasing one – from 20.5% in 2015 to 25.3% in 2016 and to 34.6% in 2017. Despite this growth, Slovenia is still somewhat below the European average. The rates of business opportunities perceptions are the highest in the Middle East and Africa, e.g. more than 70% of people in Saudi Arabia, Angola and Sudan see a lot of good business opportunities in their environment. Of course, the nature of business opportunities greatly differs in low-income economies, such as in Angola, from the ones in Slovenia and other high-income economies.

Figure 3: Opportunity perception and entrepreneurial capacity



Adequate entrepreneurship knowledge and skills are an important precondition for exploiting perceived entrepreneurial opportunities. In all the years in which Slovenia has participated in GEM survey, Slovenians have always ranked high among the countries regarding the percentage of people who believe to have necessary knowledge, experience and skills for entrepreneurship. In 2018, this perception amounted to 51%, which ranked Slovenia 3rd among the European countries, with Croatia (52.3%) and the Slovak Republic (53.3%) being in the leading positions. While the actual value of the self-perceived business opportunity and capabilities for entrepreneurship can be assessed when the steps to exploit the opportunity are either initiated or implemented, we cannot assess in advance whether the self-perceived entrepreneurship knowledge is indeed adequate. However, we do know that a doubt in people's own capabilities and/or their belief that entrepreneurial opportunities do not exist significantly hinder their entrepreneurship and lower the likelihood of them starting a new business.

In Europe, we can find economies where the rates of perceived business opportunities and the rates of self-perceived capabilities for entrepreneurship are very inconsistent. One example of this is Sweden, where 80% of people see business opportunities but less than 40% of them believe to have knowledge, experience and skills required to start a new business. In Slovenia, this gap goes in a different direction – the self-perception of capabilities for entrepreneurship is somewhat higher (51.0%) than the perception of business opportunities (42.2%). In most countries, regardless of their development, the average rate of entrepreneurial intentions is higher than the total early-stage entrepreneurial activity. In Slovenia, the percentage of people who express having entrepreneurial intentions is more than twice as high (16.3%) than the total early-stage entrepreneurial activity rate (6.4%). On the other hand, the rate of total early-stage entrepreneurial activity is higher than the rate of entrepreneurial intentions in Russia, Bulgaria, Switzerland, the United Kingdom, the Netherlands, the USA and Canada.

Fear of failure is one of the key elements of entrepreneurial capability which can impact an individual's thinking about entrepreneurship and his or her consequent involvement in entrepreneurship. We presume that entrepreneurship is related to greater risk associated with self-employment compared with a more secure employment in existing organisations since in high-income economies there are, on average, more employment options. In Europe, fear of failure is the strongest in Greece (68%), followed by Cyprus (55.1%), Italy (52%) and Luxemburg (50.7%). In other European countries, less than 50% of people fear entrepreneurial failure, and in the majority of European countries, the rate is 40–50%. Slovenians are ranked almost at the bottom of the fear of failure scale (37.4%); less fear of failure is exhibited only by the Dutch (34.8%) and the French (36.7%).

The differences among the countries regarding capacities for entrepreneurship can to some extent be explained by the differences in cultural and social norms systems. In high-income economies (including Slovenia), the average of adult population believing that successful entrepreneurs are well regarded in the society, are respected and receive high status was almost 70% in 2018. However, not so many of them believed that starting a business is a suitable or desired career choice. In Slovenian society, successful entrepreneurs are respected more than is the average in the European countries. In 2018, 75.8% of people believed that entrepreneurs in Slovenia are conferred high status, which ranked Slovenia 4th on a European scale with Ireland, the United Kingdom and Poland in the first three places with 83.9%, 76.4% and 76.3% respectively.

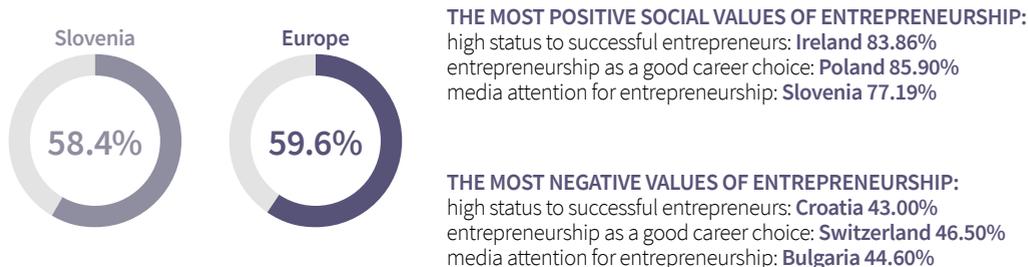
Entrepreneurship as a career choice was least respected in Croatia (43.0%), which was also at the bottom of the scale in 2017. Other countries at the bottom of the European scale were Spain (49.8%), the Slovak Republic (60.4%) and the Netherlands (63.1%). The overall European

average in 2018 was 69.1%. Positive social values about entrepreneurship in general mean more entrepreneurial activity among people and more quality entrepreneurship, i.e. entrepreneurship which can establish businesses which will grow and create jobs.

Positive media attention for entrepreneurship can generate awareness around entrepreneurship; it can increase attention to entrepreneurship and contribute to a more positive attitude towards and acceptance of entrepreneurship in a society. Media coverage of entrepreneurship is, of course, important; however, it is only one of support mechanisms for the transformation of cultural and social norms towards accepting and supporting entrepreneurship in a society. Economic policy measures, government measures on education and training, national law and upholding the rule of law, etc., add to this transformation, and this transformation is the key role of the government and economic policymakers. In Slovenia, the level of perceived media attention for entrepreneurs increased in 2018 as the average of 77.2% of people stated that it is possible to often see stories in the media about successful new entrepreneurs. Regarding this indicator, Slovenia ranked in 2018 at the very top of GEM participating European countries, followed by Ireland (73.4%), the Netherlands (66.8%) and Austria (64.6%). The lowest levels of media attention for entrepreneurship were reported in Bulgaria (44.6%), Poland (46.2%), Switzerland (47.7%) and Russia (49.0%).

Figure 4: Perception of the social values of entrepreneurship (in European countries GEM)

Perception of entrepreneurship as a good career choice



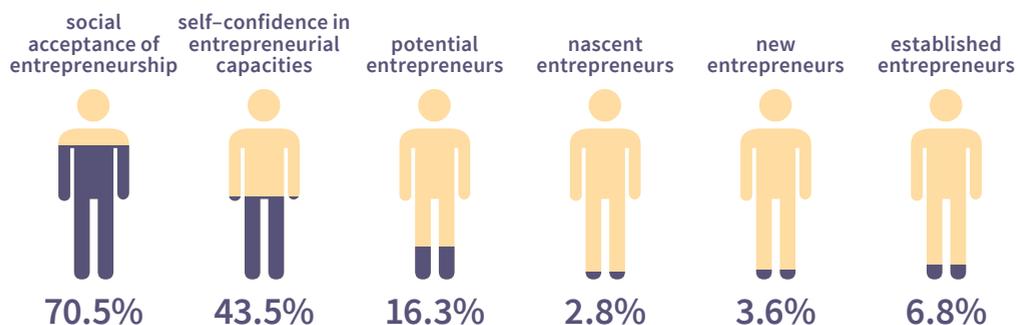
GEM Slovenia 2018, APS

The combination of self-perceptions about capacities for entrepreneurship and social attitudes about entrepreneurship can co-shape the perceptions of individuals about the ease of forming a company or starting a new business. In Slovenia, 39.2% of people are convinced in that ease, which is just above the European average. The highest ranked country is the Netherlands, where 74.7% of people believe that it is easy to start a business in their country, and is followed by Poland (74.1%) and Sweden (74.0%). Greece (12.2%), Bulgaria (14.3%), Croatia (16.4%) in Italy (16.8%) were at the bottom of this scale. The link between the perceived ease of starting a business and people's opinion that entrepreneurship is a good career choice can reflect the fact that there are no major obstacles in a country to start a new business and that this is, at the same time, the best income-generating option. On the other hand, it can also mean that other career options are more favourable and that it is less likely for people to start thinking about setting up their own company. This conclusion informs that the reduction of obstacles for establishing businesses in some countries is not enough for the encouragement of entrepreneurship in a society; however, it can be one of the more important factors in this process, particularly in countries with less developed entrepreneurship ecosystem.

Entrepreneurial activity of adult population

Mere establishing new ventures is not enough for economic development; what is actually needed is the creation of sustainable businesses. While new businesses bring dynamics into the economy, create new jobs and new value for consumers, the established businesses provide secure jobs, known products and services with well-established brands and a long-term value for employees and consumers alike. It is therefore essential to establish such nationwide conditions that would encourage entrepreneurial individuals to set up new businesses and, at the same time, provide possibilities for businesses' survival, growth and development in order to achieve the appropriate combination of dynamism and stability in the economy. GEM monitors entrepreneurial individuals in different phases of entrepreneurial process by focusing on potential entrepreneurs, nascent entrepreneurs, owner-managers of a new business, established business owners and on business discontinuation.

Figure 5: Entrepreneurial pipeline



GEM Slovenia 2018, APS

Potential entrepreneurs present the first stage in the GEM model of entrepreneurial process. They are a group of individuals who perceive to have enough knowledge and entrepreneurial capacities to start a venture, who perceive opportunities and who accept risks and potential failure of their entrepreneurial activity. In Slovenia, the percentage of potential entrepreneurs (out of total adult population) was 16.3% in 2018. The second stage involves *nascent entrepreneurs*. These are individuals who have actually become involved in setting up a business or who set up their business less than three months ago. In 2018, there were 4.0% of such entrepreneurs in the Slovenian 18–64 population. The third group of entrepreneurs consists of *owner-managers of a new business*, i.e. entrepreneurs who have owned a running business that has paid salaries for more than three months but not more than three years and a half. Only a certain proportion of nascent entrepreneurs actually enter this stage. Last year, the percentage of owner-managers of a new business was 3.6%. Nascent entrepreneurs and owner-managers of a new business present the total early-stage entrepreneurial activity, which is shown with TEA — the total (early-stage) entrepreneurial activity index. This index is one of the principal measures in GEM survey. It shows the percentage of the adult population (18–64 years old) engaged in entrepreneurial activity. The fourth stage in the entrepreneurial process includes established business owners, i.e. owner-managers of a running business that has existed for more than three years and a half. In 2018, the percentage of these entrepreneurs was 6.8%. GEM model does not perceive business

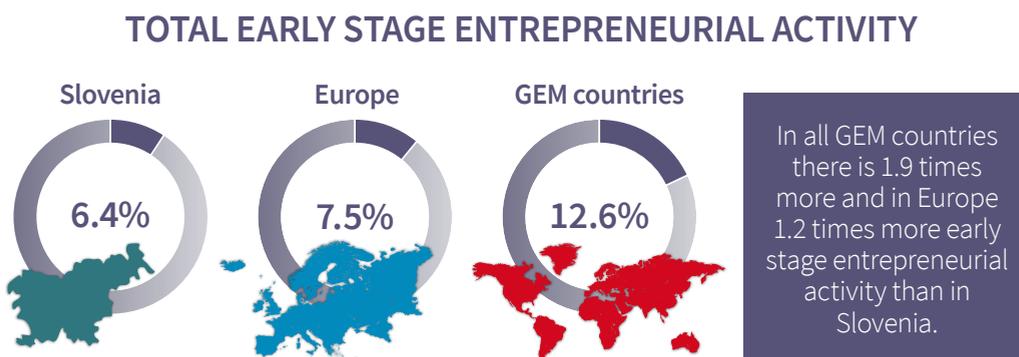
discontinuation as entrepreneurial failure; rather, business discontinuation comprises a variety of reasons why an entrepreneur has discontinued a business in the past 12 months. In Slovenia, the rate of entrepreneurs who discontinued their business in the previous 12 months was 2.4%.

Social acceptance of entrepreneurship presents a social and cultural context which exhibits individuals' beliefs and intentions regarding entrepreneurship, their perceptions of business opportunities and their decisions regarding an entrepreneurial career. We therefore study the percentage of adult population who have positive perceptions about entrepreneurship. GEM survey calculates this percentage as the mean value of three elements, i.e. (1) individuals who perceive entrepreneurship as a socially desirable career choice, (2) individuals who believe that successful entrepreneurs have a high level of status and respect in the society, and (3) individuals who agree that it is often possible to see stories in the public media about successful new businesses. In 2018, 70.5% of Slovenian adult population had a positive attitude towards entrepreneurship. This trend has significantly increased over the past three years (63.9% in 2016, 67.1% in 2017). We thus see that last year, less than 30% of Slovenian adult population did not show a positive attitude towards entrepreneurship.

Although social acceptance of entrepreneurship is relatively high in Slovenia, the level of individuals' *self-confidence in their entrepreneurial capacities* is low. GEM survey determines this level by including individuals (1) who perceive to have the required knowledge, skill and experience required to start a new business, (2) who perceive good opportunities for starting a business in the area where they live, and (3) who believe that fear of failure would not prevent them from starting a business. Despite its low level, we can nevertheless note that the percentage of *self-confidence in entrepreneurial capacities* has been on the increase over the past three years with 37.6% in 2016, 40.9% in 2017 and 43.5% in 2018.

Despite the increase in the results for the first stages, i.e. the stages before the actual initiation of entrepreneurial activity, there was, in fact, less entrepreneurial activity in Slovenia in 2018 than the year before. Although individuals are confident in their entrepreneurial capacities, they do not decide to pursue an entrepreneurial career. One of the reasons for this was economic growth, which decreases the desire of individuals for the entrepreneurial career due to an increased demand for workers by established companies.

Figure 6: Total early stage entrepreneurial activity



The results namely show that with respect to early-stage entrepreneurial activity, Slovenia lags greatly behind other countries with comparable economic development and also behind all GEM countries around the world. In 2018, Slovenian TEA index was 6.4%, which was below the European average of 7.5%. Compared to the previous two years, the Slovenian TEA decreased; the highest percentage in the past nine years was recorded in 2016 (8%). The decrease in the early-stage entrepreneurial activity was the most substantial in the times of economic crisis, while in the time of economic growth, early-stage entrepreneurial activity increased. Current market conditions show that economic growth resulted in such high demand for labour that individuals with entrepreneurial potential preferred to choose employment over their own individual entrepreneurial path. The lowest rates of early-stage entrepreneurial activity were recorded in European and North American countries, which are mostly high-income economies as well. GEM survey traditionally establishes that developed economies tend to have lower levels of entrepreneurship. This is partly the result of alternative employment options and higher competitiveness rates, which may be the reason why starting up a business is a less attractive alternative. As regards Europe, the highest early-stage entrepreneurial activity rates in 2018 were in the Netherlands (12.3%) and the Slovak Republic (12.1%), while the lowest TEA rates in 2018 were in Cyprus (3.9%) and in Italy (4.2%).

The ratio between nascent entrepreneurs and new business owners in Slovenia is always in favour of nascent entrepreneurs, which is understanding because a given percentage of nascent entrepreneurs will never realize their entrepreneurial ambitions. Because of that, it is important to motivate as many potential entrepreneurs as possible to start thinking about an entrepreneurial career and then to empower them to actually engage and succeed in entrepreneurship. The ratio between these two phases of entrepreneurial activity is expressed as business mortality rate, which is relatively high in Slovenia. A high business mortality rate means that many individuals who became entrepreneurially active discontinue this activity before their business becomes stable. For Slovenia, in the past eight-year period this index was the highest in 2016. In the same time-period, there were more new business owners than nascent entrepreneurs for the first time in 2018. This information is particularly encouraging because the initial stages are the most vulnerable ones and because the highest number of individuals discontinues their entrepreneurial activities in these very stages. A strong transition from the nascent stage to the new business ownership stage can also be ascribed to the encouragements in the entrepreneurial ecosystem which help entrepreneurs towards first business success also via financial and no-financial incentives.

Some individuals are driven into entrepreneurship out of necessity while others enter it due to a perceived good business opportunity that is more promising than their current employment. GEM survey investigates in detail both opportunity-motivated and necessity-motivated entrepreneurship, both individually and as the entire early-stage entrepreneurial activity. In low-income economies, there is a higher rate of necessity-motivated entrepreneurs than in high-income economies. On average, as many as 35% of entrepreneurs in low-income economies state that they became entrepreneurially active out of necessity, i.e. because they had no better options for work. In these economies, there are usually fewer employment opportunities, i.e. entrepreneurship is frequently the only income-generating option. The percentage of necessity-motivated entrepreneurship decreases as the economic development level increases. The average percentage of necessity-driven entrepreneurs in middle-income economies is 28% and mere 18% among high-income economies. The prevailing motives among opportunity-motivated entrepreneurs are higher income and greater independence. The comparison between opportunity-motivated and improvement-driven entrepreneurs, i.e. those individuals who take advantage of a business opportunity and seek higher income and greater independence, and

the necessity-motivated ones shows that, on average, 37% of all early-stage entrepreneurs in low-income economies are opportunity-motivated and improvement-driven; this percentage increases to an average of 42% among the middle-income economies and to an average of 51% in the high-income economies. In Europe, the highest percentages of necessity-driven entrepreneurs are in Russia (39.8%) and in Croatia (32.3%), whereas the highest percentages of opportunity-driven entrepreneurs are in Poland (90.9%) and in Switzerland (87.1%). The comparison of opportunity-driven entrepreneurial activity of the European GEM countries shows that Slovenia is ranked 13th among 20 countries.

Not all start-up efforts turn into mature businesses. However, the businesses that survive and sustain form a stable part of the economy. Although they are less dynamic than businesses in the early stages of entrepreneurial activity, they are important clients of new, micro enterprises. The strongest established businesses are one of the fundamental sources of economic growth and they play a decisive role particularly in international markets.

Achieving the sustainability of businesses and business growth is a demanding task due to market competitiveness or other market conditions as well as due to other factors such as bureaucracy, economic or political stability, or corruption. Globally, the rates of established business owners differ. In 2018, the overall rate of established business owners in all GEM countries was 8.4%; in high-income economies, this rate was 6.8%. As regards European countries, there are substantial differences among them in the established business ownership rates; the lowest rates were in France (2.5%) and in Luxembourg (3.4%), while the highest rates were in Poland (13%) and in the Netherlands (12%). Slovenia had 6.8% established business ownership rate in 2018.

A substantial proportion of entrepreneurial ideas including new initiatives is, in fact, put into action in mature large and medium-sized enterprises where employees are encouraged to suggest and undertake different entrepreneurial activities or create new ventures. Therefore, entrepreneurship exists in these enterprises, too, and GEM studies it as *entrepreneurial employee activity (EEA)*. In 2018, entrepreneurial employee activity was the highest in Europe with the average rate of 4.8%; the highest EEA rates were in Ireland (8.6%) and in the Netherlands (7.9%), while the lowest rates were in Bulgaria and Russia (0.5%). Slovenia ranked above the European average with as many as 5.9% of entrepreneurial employees.

Figure 7: Reasons for business discontinuation



Entrepreneurs can discontinue their business operations due to a number of reasons, the most frequent being the inability to retain profitability or running out of financial resources. Unprofitability (31%) was the most frequent reason for exiting a business in 2018 on a global scale. Contrary to this, in Slovenia, the most frequent reason why entrepreneurs exit a business was another job or business opportunity (29.6%), the second one was business not being profitable (18.5%), followed by personal reasons (16.3%) and government or tax policies and bureaucracy (15.9%).

Demographic characteristics of Slovenian entrepreneurship

Entrepreneurship has many faces and its attractiveness as a career choice is different to individuals of different life- and social circumstances. Early-stage entrepreneurship is most prevalent among ages 25–34 and 35–44 in most economies. In these age groups, individuals have most likely already acquired desired education and some work experience, which serves them as a good basis for recognising potentially promising business opportunities. At the same time, these age ranges are still early enough in one's life to leave plenty of alternative income-generating options in case of entrepreneurial failure. It has to be highlighted that some countries exhibit somewhat different age group distribution. For example, Brazil, Canada, the Slovak Republic, Sweden and Greece show that early-stage entrepreneurial activity is the highest among the youngest adults (i.e. those aged 18–24), followed by a steep decline in subsequent age groups. There can be a number of reasons for that. It is possible that the environment in these economies is favourable and that it encourages young people to become entrepreneurially active; also, in this age period, they have the least to lose as they are at the beginning of their professional careers. Another reason could be that they become engaged in entrepreneurship during their education/studies or that entrepreneurship presents an alternative to studies. In some areas, entrepreneurship can be the best alternative to the existing job offers or to the shortage of job offers. Also, this trend can be the reflection of the demographic structure of a given country. In Slovenia, the 25–34 age group was far the most entrepreneurially active, with 41.1% share. What is worrying is the fact Slovenia has been witnessing a decline in the percentage of youngest age group entrepreneurial activity, i.e. the 18–24 age group, the third year in a row (from 17.5% in 2016 to mere 5.18% in 2018); this percentage dropped far below the average of all studied groups of countries. The 25–34 and the 18–24 age groups exhibit the biggest deviation compared with other countries or groups of countries, too. The data do not show whether Slovenia is losing its youth potential or the recorded drop is a mere consequence of alternative employment opportunities which were available to young population in the last year's cyclical upturn and high economic growth.

Contrary to the above, Slovenia has recorded a growth in the percentage of early-stage entrepreneurial activity in the oldest age group for the third year in a row. Their percentage increased from mere 5.5% in 2016 to 10.2% in 2018, which is comparable to the analysed groups of countries. This could partly be the result of an unfavourable pension legislation which substantially reduces individuals' living standards upon their retirement. However, the main reason for this trend is the ageing of Slovenian population as the share of the elderly is growing, the birth rate is stagnating, and net immigration is relatively small. In light of demographic challenges that lie ahead, it is therefore of crucial importance to encourage entrepreneurial activity of the oldest age group as individuals in these age groups have many advantages, such as their knowledge, skills, experience, networks, accumulated financial resources and credibility.

Entrepreneurial activity is one of the options young people have to enter labour market. Their participation in the labour market has increased in the past years, which is a consequence of the

increased economic activity and of demographic trends and measures. Since 2013, the labour participation of the young has been on the rise. Slovenia deviates from the average also in terms of the percentage of young established business owners. The five-year trend of entrepreneurial activity of the young in all three phases (nascent, new, and established entrepreneurs) indicates a steep decline in the nascent entrepreneurs' rate. This trend is worrying from the viewpoint of future entrepreneurial activity as this is the first phase in the entrepreneurial process and it will have the most significant impact on the entire entrepreneurial activity in the future. The above mentioned decline is already evident in the 2018 data as there were not statistically significant records of individuals from the youngest age group (i.e. aged 18–24) among the owner-managers of established businesses. The earliest phases of entrepreneurial activity are also the most vulnerable ones. Therefore, it is necessary to consider taking actions in the following two areas: on the one hand, determining to stimulate as many young people as possible to embark on an individual entrepreneurial path and, on the other hand, assuring adequate support environment by adopting relevant measures to retain as high survival rate of their entrepreneurial endeavours as possible.

There is a lot of diversity among global geographic regions regarding the involvement of different genders in entrepreneurial activity. In this respect, East and South Asia and Latin America exhibit the highest levels of gender equality. Of 49 economies surveyed in 2018, six showed that women were equally engaged in early-stage entrepreneurial activity as men (Indonesia, Thailand, Panama Qatar, Madagascar and Angola). In contrast, Europe and North America face lower levels of TEA gender equality. In six countries (with Slovenia being at the very top), women start with entrepreneurial activities at less than half the rate of men. Next to Slovenia, these countries are Greece, Sweden, Switzerland, the United Kingdom, and Turkey.

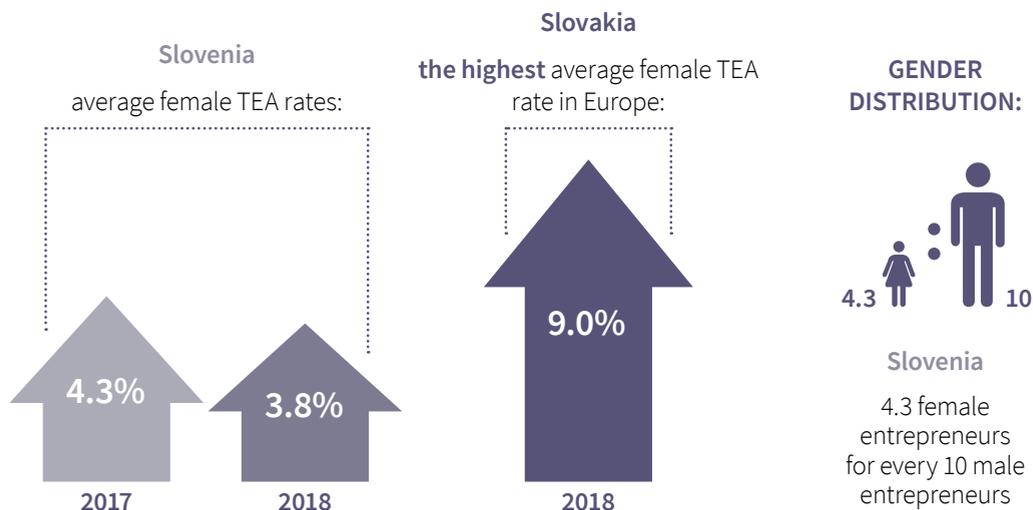
A detailed study of the data for Slovenia for 2018 shows a number of gender differences in the early-stage entrepreneurial activity per analysed age groups. As regards participation of men, the 25–34 age group stood out markedly as it was three times higher than in the other age groups. As regards women, their distribution per age groups is more equal. The early-stage female entrepreneurs in the 25–34 and 35–44 age groups were the most active ones. Last year's results thus show that young men contributed the biggest proportion to the total early-stage entrepreneurial activity (TEA index). An important additional insight into entrepreneurial activity per age groups needs to be obtained within the assessment of support environment programmes. If this assessment revealed a poor involvement of women in these programmes, it would mean that the universal support approach is inadequate because it seems to address male population more than female population. Therefore, in order to have a greater involvement of women in entrepreneurial activity, it is necessary to prepare pertinent programmes directed and adapted to women.

In the time period 2014–2018, the involvement of Slovenian women in entrepreneurship significantly lagged behind the compared groups of countries. In 2018, Slovenia ranked one but last among the 49 countries surveyed by GEM regarding the participation of women in total early-stage female entrepreneurial activity. Germany exhibited the lowest percentage of entrepreneurially active women in adult population. It is interesting to observe that the highest percentages of female TEA were recorded in both low- and middle-income economies and in high-income economies. The highest female TEA rates were thus recorded in Angola, Guatemala and Chile. Only in three economies, female TEA was higher than male TEA, i.e. in Madagascar, Indonesia and Panama.

The comparison of female and male TEA ratios in the European countries shows that in 2018 early-stage female entrepreneurs were most active in Spain (47%), Bulgaria (46.5%) and France (43%).

Compared with men, early-stage female entrepreneurs were the least active in Sweden (29.7%), Slovenia (30.1%) and Greece (30.8%).

Figure 8: Gender distribution of early-stage entrepreneurial activity



GEM Slovenia 2018, APS

The Slovak Republic exhibited the highest female TEA rate (9.0%) among European countries. In Slovenia, the percentage of female TEA decreased from 4.3% in 2017 to 3.8% in 2018. Consequently, the Slovenian female/male TEA ratio worsened in 2018 compared to 2017. In 2017, there were 4.6 female entrepreneurs to every 10 male entrepreneurs, whereas in 2018, this number was 4.3. The data on female established business ownership rate show a more promising trend as this rate has been on the increase for the past four years; with 35% in 2018, it nearly reached the average exhibited by the three groups of studied economies. This is a positive signal which indicates that women exhibit high survival ability of their businesses in the advanced phases of entrepreneurial activity despite their rather low engagement in early-stage entrepreneurship. It should be emphasised that businesses run by women differ from businesses run by men. Most often, women's businesses are smaller and they operate in different industries than men.

Motivation for entrepreneurship indicates to what extent individuals take on entrepreneurial challenges out of opportunity or out of necessity, i.e. because they do not have any other alternative. Necessity-motivated entrepreneurial activity is, as a rule, less innovative and less focused on growth and job creation. The 2018 data for Slovenia are far less favourable in comparison with the years before. While necessity-motivated entrepreneurship rate decreased in Europe from 24.1% in 2017 to 19.8% in 2018, Slovenia recorded an increase in this type of entrepreneurial activity from 24.2% in 2017 to as much as 32.8% in 2018; only Russia (51.1%) and Bulgaria (34.8%) had higher rates of this type of entrepreneurship. The lowest rates of female necessity-motivated entrepreneurship were in Sweden (1.3%) and Luxembourg (4.2%). A gender analysis for Slovenia shows that men predominantly engage in opportunity-motivated entrepreneurship (72.6%) and, compared with women, to a far lesser degree in necessity-motivated one (20.7%).

One possible explanation for the increase in necessity-motivated entrepreneurship could be self-employment grants for women given in 2018 by the Employment Service of Slovenia and the Slovenian Ministry of Labour, Family, Social Affairs and Equal Opportunities within the activities for the promotion of entrepreneurship. The unemployed persons who decided for one of the forms of self-employment were eligible for a 5,000-Euro grant. Because this entry into entrepreneurship is supported by a government initiative, women most likely perceived such entrepreneurial engagement as necessity-motivated although they had to perceive a suitable business opportunity to realize their entrepreneurial idea. In order to enhance the quality of female early-stage entrepreneurial activity, financial incentives should be introduced primarily within education programmes and life-long learning because far less women than men believe that they have adequate knowledge and skills for entrepreneurship.

Regarding entrepreneurship education and training, the existing research shows a positive correlation between the level of attained education and the entrepreneurial activity success. That is why it is encouraging to note that the percentage of adults (25–64 years of age) with tertiary education in Slovenia is increasing and it equals the EU average. Compared with previous years, the percentage of early-stage entrepreneurs with the highest education levels increased substantially in 2018, i.e. from 39.7% in 2017 to 47.3% in 2018. As a consequence, the overall percentage of early-stage entrepreneurs with lower levels of education decreased. Interestingly, the comparison of education levels in the group of established business owners shows quite the opposite situation. In this group, the percentage of the highest educated entrepreneurs decreased due to a higher percentage of entrepreneurs with secondary or higher professional education. There were no major changes in the education structure of non-entrepreneurs last year compared to the years before.

Higher levels of education indirectly contribute to the increase in quality entrepreneurial activity. Direct entrepreneurship education is very important as well as it strengthens entrepreneurial ambitions, leads to increased employability, improves entrepreneurial skills and entrepreneurial attitude. At the same time, it leads to the changes in behaviour patterns in the sense of an increased number of entrepreneurial intentions. The graduates who have passed entrepreneurship programmes and activities during their education exhibit more entrepreneurial qualities, they have higher aspirations and better attitude towards entrepreneurship; also, they have more intention either to set up their own company and be innovative or to be innovative as employees inside an existing organization. Unfortunately, entrepreneurship education is not well developed at Slovenian universities despite the fact that an entrepreneurial mindset of graduates makes them more creative, self-confident and attractive for employers. At the same time, entrepreneurship education can bring entrepreneurial knowledge, skills and mindset into every nook and cranny of the society and, consequently, secure a more sustainable development.

Apart from motivation, capabilities for entrepreneurship, encouraging cultural and social norms and adequate entrepreneurship framework conditions, household disposable income plays an important role in an individual's decision to become entrepreneurially active. In 2018, as in the previous years, the majority of early-stage entrepreneurs and established business owners belonged to the highest household income group. The percentage of early-stage entrepreneurs with low household income decreased substantially in 2018 (i.e. from 5.7% in 2017 to 2.2% in 2018). Because this group of people is most often pushed into entrepreneurship out of necessity, these data are encouraging and are in line with the recovery in the labour market. We record an increase of early-stage entrepreneurial activity among the individuals from the middle household income group and its decrease in the low household income group. Entrepreneurial activity of established business owners in low household income group increased, whereas entrepreneurial activity of

established business owners in the highest household income group remained approximately the same as before. Although there was more entrepreneurial activity among the wealthiest individuals in previous years, the growth in economic activity resulted in entrepreneurial activity moving to the low household income group.

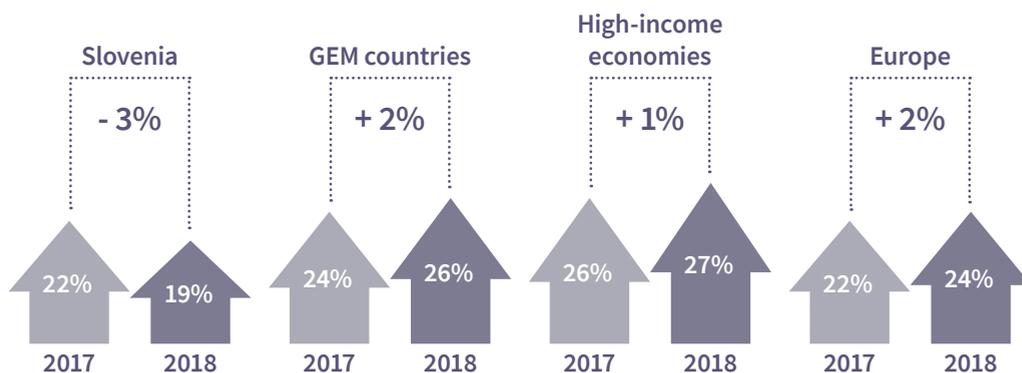
Entrepreneurial aspirations

Quality jobs which create high value added are one of the key goals of every economy. The vast majority of such jobs is created by fast-growing businesses. That is why it is important for every society to have a high number of motivated and growth-oriented entrepreneurs because these individuals contribute to economic growth and development the most. Unfortunately, the data show that the percentage of highly ambitious entrepreneurs willing to invest a lot of energy into the growth of their enterprises is, as a rule, rather low. Within GEM survey, we collect and analyse data on entrepreneurial activity during the firm birth and firm growth stages. Unfortunately, not all plans for firm growth materialize due to entrepreneurs not being able to obtain all necessary resources, not getting a favourable market response or being faced with other obstacles in their business environment. Nonetheless, entrepreneurs' positive growth ambitions are key from the very beginning of firm creation.

The aim of GEM survey is to measure and better understand the levels of growth expectations of entrepreneurs engaged in early-stage entrepreneurial activity. We measure these levels via entrepreneurs' subjective projections regarding the number of new jobs their business is to create in the next five years. The aim of these results is to assist government policy-makers to prepare such policies and measures which are to encourage these intentions or are to facilitate the realisation of it in practice.

The ambitions of Slovenian early-stage entrepreneurs negatively deviate from the ambitions of entrepreneurs in individual groups of countries, which is a result of the decline in growth expectations (these expectations dropped in 2017 and 2018 by more than two percentage points). In general, entrepreneurs in high-income economies exhibit a slightly higher growth ambition levels as approximately 17% of TEA entrepreneurs in these economies expect to add 10 or more jobs within five years of firm birth. In Slovenia, this rate was only a bit more than 12% and 14% in 2018 and 2017 respectively. There is a similar gap between Slovenia and the analysed groups of countries regarding even more ambitious job creation expectations, i.e. the creation of 19 or more jobs in the next five years. GEM survey analyses this topic at the entire adult population level. In Slovenia, 0.4% of adult population is convinced that they can add 19 or more jobs in the next five years, whereas in the high-income GEM economies, this percentage is almost three times higher. Compared to the group of European countries (i.e. 0.8% average), Slovenia does not lag behind in terms of growth ambition a lot.

Figure 9: Entrepreneurs' plans about employment by groups of countries



GEM Slovenia 2018, APS

Within GEM research, we also examine the innovativeness orientation of early-stage entrepreneurship by determining the rate of entrepreneurs who assess that (potential) customers already know the product or service similar to the one offered by their business. We also ask them to estimate whether there are businesses which offer the same or similar products or services; here, we are well aware of a research limitation as this estimate is based on subjective perceptions of entrepreneurs who work in environments with different levels of economic development. However, the data show that the rate of innovative ventures increases with the increase in economic development. The comparison of Slovenia with individual groups of countries shows that our country lags behind the average of the most developed groups of countries both in terms of product or service novelty and in terms of the existence of other competitive market solutions. In Slovenia, 43% of early-stage entrepreneurs believed in 2018 that they have a product or service which is new to some or even all potential customers. The highest ranking European country according to this indicator was Luxemburg (66%), which was followed by Italy (65%) and Austria (60%). The European countries with the lowest rates in 2018 were Poland and Bulgaria (with 22%) and Russia (25%).

Slovenia also ranked somewhere in the middle regarding new market orientation; here, 43% of early-stage entrepreneurs believed that their products or services are new on the markets because few or even no business competitors exist. A much higher rate of product or service novelty was reported by Irish (65%) as well as Luxembourg and Swiss (60%) TEA entrepreneurs. The lowest rates were recorded in Poland (26%), Russia (27%) and Bulgaria (28%).

The introduction of new technologies can enhance a firm's value added and growth potential. The percentage of early-stage entrepreneurs who believe that they use relatively new technologies, i.e. the ones which are not older than 5 years, was 35% in 2018. The data for this indicator shows that Croatia and Bulgaria (both with 56%) and Luxemburg (50%) were much better than Slovenia; on the other hand, Poland (12%) and the Netherlands (19%) exhibited lower rates. It has to be taken into account, however, that the entrepreneurs' responses are subjective and that they reflect the environment in which they operate. Otherwise it is hard to explain the above results for a technologically and economically advanced economy of the Netherlands (19%) compared to the economically less strong Croatia and Bulgaria.

Each economy is also an integral part of global economy. For that reason, it is important to understand how the internationalisation of business operations contributes to business growth and, consequently, to economic growth. Here, entrepreneurs must proactively find and exploit opportunities connected to foreign markets, which is subject to many risks and, at the same time, to potential enterprise growth.

The TEA index for international orientation, which is closely related to enterprise growth and competitiveness, measures entrepreneurial aspirations of early-stage entrepreneurs for the export of their products or services. The assessment comprises direct export, potential online sales and the purchases foreigners make in a given country. The analysis for Slovenia for 2018 shows that the percentage of early-stage entrepreneurs who believe that at least 25% of their customers are from other countries was 29% (42% in 2017), which is a bit higher than the average of the individual groups of economies (per income level). The highest internationalisation rates (i.e. more than 25% sales to customers outside home economy) were measured in Luxembourg (47%), Austria (43%) and in Croatia (40%), whereas the lowest internationalisation rates were in Russia (2%), Poland (3%) and Bulgaria (7%).

Slovenian entrepreneurs are traditionally strongly export-oriented, which is also supported by our research results. This is a consequence of the small size of the Slovenian market, which is the most prominent constraint as regards niche markets. A number of Slovenian innovation-driven companies therefore does not make any noteworthy scope of business in a domestic market; rather, they are almost entirely internationally oriented. These businesses retain their operations in Slovenia because either the founders live in Slovenia, domestic environment is an important pool of talented individuals and reliable workers, or because they have attained a critical mass of R&D, production and other business capacities. It is important to realize that these businesses can easily transfer parts or all of their activities to other countries. Consequently, Slovenia would lose their contribution in the creation of quality, high value added jobs in Slovenia. For that reason, it is of crucial importance that Slovenia continues to improve its business environment and thus supports the most ambitious enterprises so that their drive for growth and innovativeness would not decrease due to negative influences in Slovenian business environment.

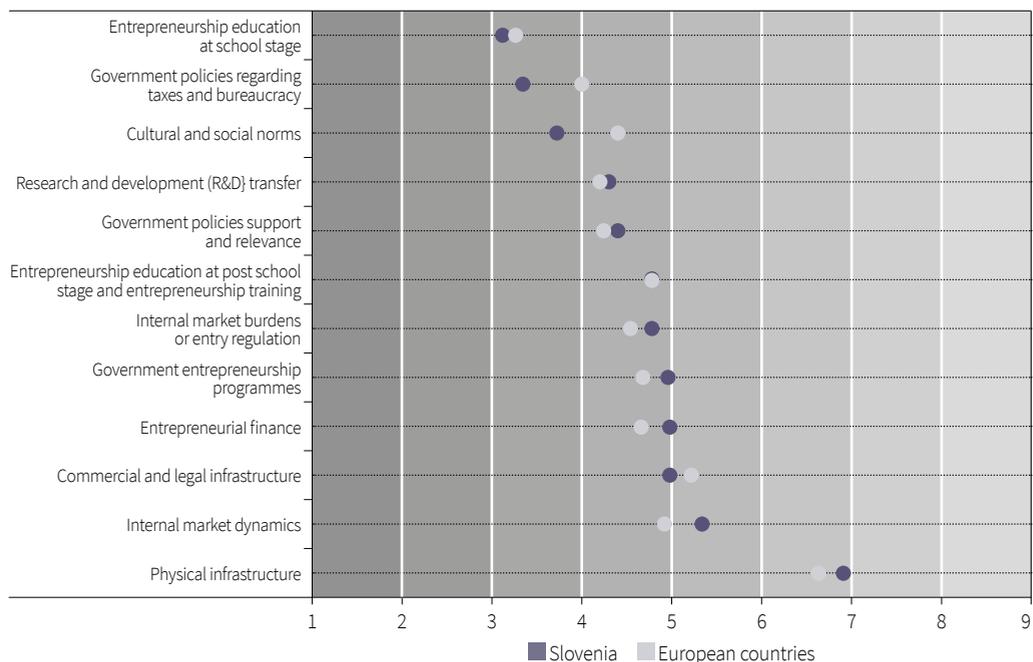
Assessment of entrepreneurship environment

Social, political and economic environment can either encourage or hinder entrepreneurial activity. An encouraging entrepreneurial ecosystem brings many advantages to entrepreneurs and increases the competitiveness of new enterprises. GEM survey analyses this ecosystem via the assessment of the following twelve entrepreneurship framework conditions: entrepreneurial finance, government policies – support and relevance, government policies – taxes and bureaucracy, government entrepreneurship programmes, entrepreneurship education in primary and secondary school, entrepreneurial education at post-secondary stage, R&D transfer, commercial and service infrastructure, internal market dynamics, market openness, physical infrastructure, and cultural and social norms. In 2018, GEM introduced the *National Entrepreneurship Context Index* (NECI), which is a composite index derived from the 12 framework conditions. It weights the ratings on these conditions by the importance the national experts place on them.

In Slovenia, 75% of entrepreneurship framework conditions somewhat improved in 2018 compared to the year before. Only three out of the above twelve framework conditions received lower average scores, i.e. entrepreneurial education, cultural and social norms, and R&D transfer. The access to physical infrastructure, e.g. communications, utilities, roads, land or property,

remains the best scored framework condition in Slovenia. Compared with 2017, the average score of government entrepreneurship programs increased the most, which was followed by market openness, i.e. the extent to which new firms are free to enter existing markets. National experts scored the framework conditions on a 9-point scale with scores of 5 or above mean positive rating and scores below 5 mean negative rating. In Slovenia, only two framework conditions received average scores above 5 in 2018, i.e. physical infrastructure and internal market dynamics. Entrepreneurship education at school stage, government regulatory policies (burdensome taxes and bureaucracy), insufficiently supportive cultural and social norms, inefficient R&D transfer and weak government policies – support and relevance were identified as those framework conditions which hindered entrepreneurship the most in 2018. Entrepreneurship education in primary and secondary school was scored the lowest in 2018 and, according to national experts' opinions, still remains the strongest hindering factor for entrepreneurship in our country. The experts believe that education programmes in primary and secondary schools still do not place sufficient emphasis on entrepreneurship and entrepreneurial activities. They insist that entrepreneurship and innovativeness must become an integral component of the education system at the lowest levels, too. The experts in other countries also gave low scores to entrepreneurship education at school stage. In Germany, the United Kingdom, Austria, Italy and France, for example, this framework condition received lower scores than in Slovenia. On the other hand, the Netherlands has exhibited the highest score of this framework condition for a number of years, which applies both to education in primary and secondary school and to entrepreneurial education at post-secondary stage.

Figure 10: Scores of framework conditions for entrepreneurship in Slovenia and European countries



Weighted average, 1=highly insufficient, 9 = highly sufficient

GEM Slovenia 2018, NES

Slovenia's scores for four framework conditions were below the European GEM countries average, the lowest one being the extent to which existing social and cultural norms encourage or discourage actions which may lead to new business, methods or activities that can result in the increase of personal wealth and income. Other conditions were government regulatory policy, access to commercial and professional infrastructure, and education in primary and secondary school.

On average, Slovenian experts assessed that it is relatively easy for new and growing firms to get good, professional legal and accounting services, that there is a relatively sufficient number of subcontractors, suppliers and consultants to support new and growing firms, and that it is easy for new and growing firms to get good banking services; however, the experts' opinions on the latter statement were divided the most. Slovenian experts disagreed with the statements that it is easy for new and growing firms to get good subcontractors, suppliers, and consultants and that they can easily afford the cost of using them. Here, we notice a gap as the experts stated that Slovenia has enough subcontractors, suppliers and consultants to support new and growing firms, but it is difficult for the firms to find good ones and to finance the cost of using them in the majority of cases. The experts, therefore, believe that entrepreneurs find it difficult to get potential business partners and to finance them. There could be a number of reasons for this, such as the problems of providing sufficient quantities due to a small size of newly-established firms, a lower credibility of newly-established firms, issues in obtaining required certificates and similar. For this reason, the recommendations for the improvement of business environment address mainly the awareness raising, informing and education. The recommendations also include the increase in the scope of subsidies for obtaining certificates firms need to operate, for establishing business co-operation among firms via, for example, the voucher system of Slovenia Business Point offices which offers a simplified access to co-financing of individual services that help strengthen the firms' competitiveness and competencies, and also via co-financing of investments, which would result in a faster business growth and consequent increased ability to find potential, quality business partners.

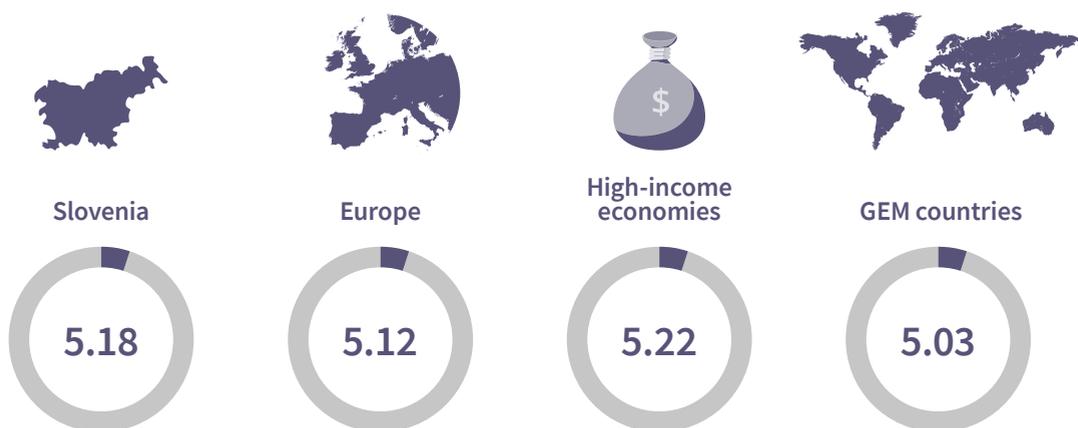
Regulatory government policy is the biggest problem for entrepreneurs and their business operations. Slovenian experts were the most critical about the problems connected with getting permits and licenses, followed by tax burdens and bureaucracy. Through the years Slovenia has participated in GEM, we have drawn attention to high tax burdens, which are one of major constraints for entrepreneurship in Slovenia in addition to a number of other contributions which present a burden on firms' business operations. When the newly-elected government in 2018 announced a tax legislation reform, there were some strong reactions and measures by successful Slovenian enterprises, which points to a necessary dialogue during the formation of measures that will eventually be adopted.

An encouraging cultural environment and a positive attitude towards entrepreneurship are extremely important. Related to that, Slovenian experts gave in 2018 the lowest scores to social value system which stigmatizes entrepreneurial failure and they believe that Slovenian culture does not encourage or stresses enough entrepreneurial values such as risk-taking, creativity, innovativeness or individual responsibility. It is interesting to note that Slovenia is ranked at the bottom of the European GEM countries. As regards European countries, this framework condition received lower scores in 2018 only in the Slovak Republic, Bulgaria, Italy and Croatia. The best rated country for this framework condition has traditionally been the Netherlands (with the average score 6.2 in 2018). It was also the country which recorded the highest average scores of as many as seven entrepreneurship framework conditions in 2018. Within the group of high-income economies as well as within all GEM economies, Slovenia positively stood out with its financial

support for entrepreneurship, which is in experts' opinions extremely well-regulated. Apart from good internal market openness and the accessibility of physical infrastructure, we need to point out the presence and good quality of government entrepreneurship programmes which create conditions for the development of entrepreneurship (incentives for SMEs) at all government levels (national, regional, municipal).

The 2018 GEM research introduced a new composite index, the National Entrepreneurship Context Index (NECI), which reflects the 'health' or the 'fitness' of a national entrepreneurial environment. It is derived from twelve entrepreneurial framework conditions and it weights the ratings on these conditions by the importance experts place on them. NECI scores for 54 economies show that the value of an individual national entrepreneurial context is not entirely linked to the economic strength of an individual economy. That is, in all groups of economies (low-, middle- and high-income), it is possible to find countries with either high or low NECI scores. Slovenia's NECI score of 5.2 ranked it 25th (alongside Poland and Chile) among 54 GEM countries. NECI scores are primarily useful for the identification of the gaps between the scores assigned to entrepreneurial framework conditions by national experts and their importance. This index draws our attention to a range of factors, especially because it could be argued that poor conditions in some areas may limit individuals' willingness and ability to start businesses, despite strengths in other areas.

Figure 11: NECI index by groups of countries



The average estimate of the national entrepreneurial ecosystem on a scale from 1 to 10

GEM Slovenia 2018, NES

GEM survey results for Slovenia for 2018 show an increase in the percentage of people who perceive good business opportunities in the area where they live. At the same time, Slovenia ranked high in terms of the percentage of people who perceive to have entrepreneurial capabilities. On the other hand, total early-stage entrepreneurial activity was in a slight decline in 2018. In connection with NECI, this points to the necessity of adopting adequate government support and regulatory measures and to the need of establishing an unobstructed transition from nascent to established business phases of entrepreneurial activity. National experts found most obstacles in the area of government policy (75% of statements), followed by cultural and social norms (47% of statements), entrepreneurial finance and entrepreneurial education (both with 22% of statements) and

capabilities for entrepreneurship (19% of statements). Regarding government policies, national experts place burdensome taxes and bureaucratic hurdles at the top of the constraints for entrepreneurship. Apart from burdensome, unpredictable and (too) frequently changing taxation legislation, they emphasised the lack of tax incentives for start-up businesses and lengthy procedures and high costs of setting up a business compared with those in some other countries. Rigid legislation and often nonsensical and practically infeasible laws were another constraint on Slovenian entrepreneurial environment in the national experts' opinions. In their view, government responses are still too slow or, in some cases, not decisive; experts also stated the lack of dialogue between the government and companies, the lack of appropriate strategy at national level, and the lack of co-operation among different institutions.

To sum up, Slovenian entrepreneurship framework conditions continue to leave room for improvement. At the same time, it has to be emphasised that individual, isolated measures are not sufficient for a quality, stimulating entrepreneurial environment. What is needed is a holistic approach which regulates and establishes connections in different contexts important for entrepreneurship.



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