



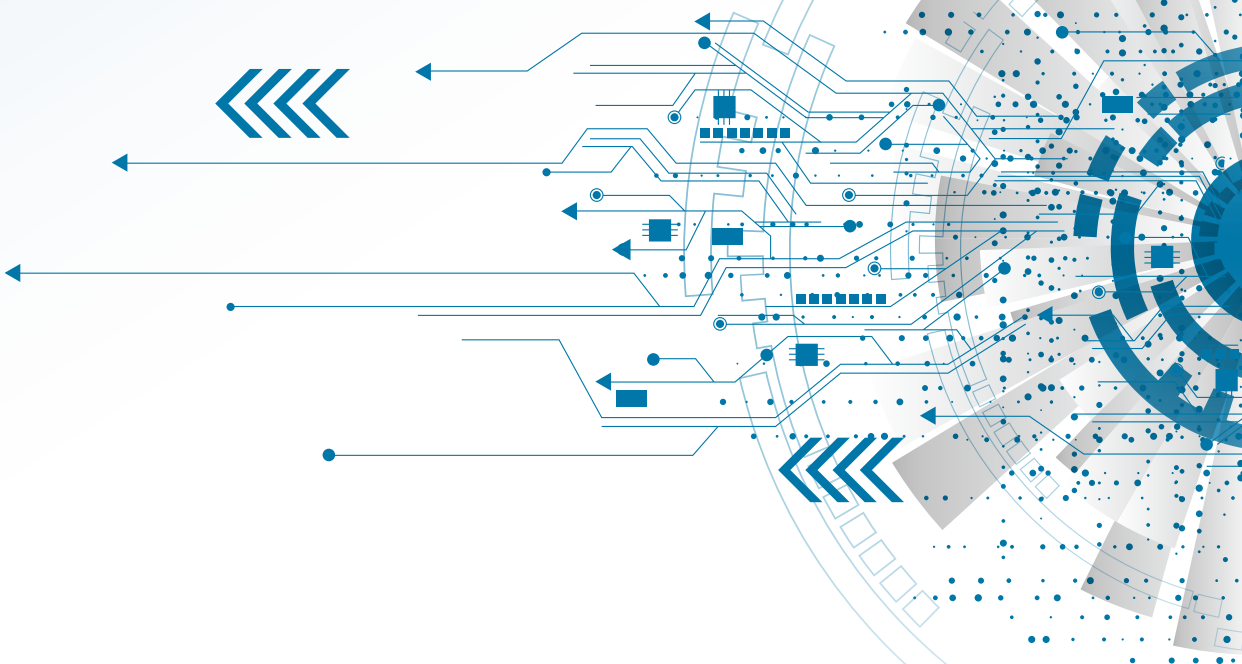
Editors
Miroslav Rebernik
Karin Širec

Resilience of Entrepreneurial Activity

GEM Slovenia 2021

Executive Summary

Miroslav Rebernik
Polona Tominc
Barbara Bradač Hojnik
Katja Crnogaj
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University of Maribor Press



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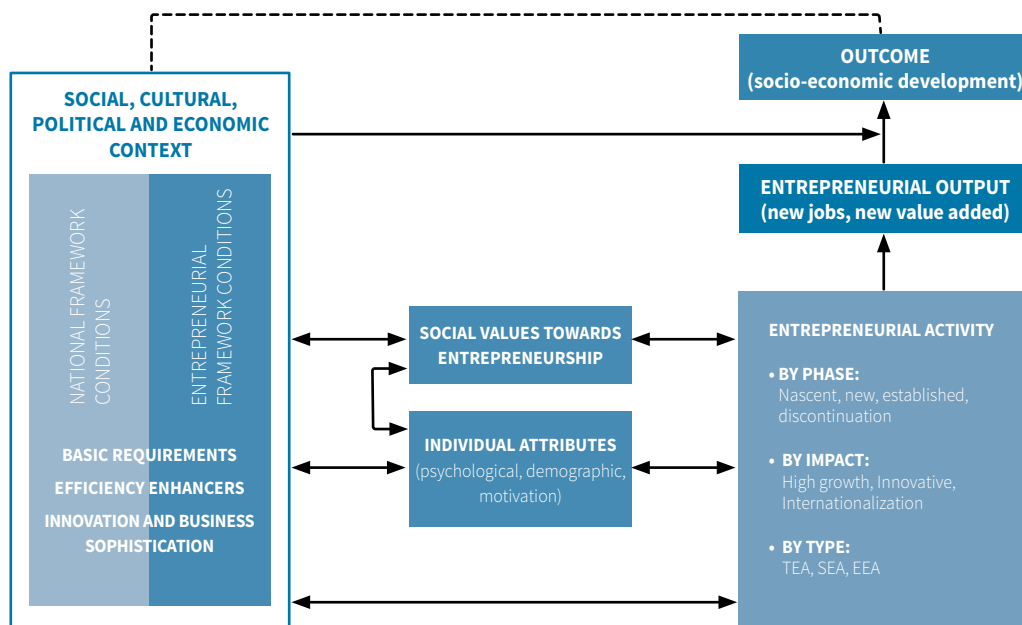
Executive summary

What is Global Entrepreneurship Monitor?

Entrepreneurship has many characteristics and influences on individuals, their immediate environment, companies, industries, and society as a whole, and is always closely involved in many international flows and interdependencies. To know it better, it is necessary to use appropriate research approaches and tools and to focus the core of research attention on the central driving force of entrepreneurship, i.e., the entrepreneur and his or her characteristics. Without the fundamental human trait of being entrepreneurial and creative, there are no new products, no new business models, and no companies. How individuals decide to become entrepreneurs (or not) depends not only on themselves, but also on many factors in their living environment, society's general attitude toward entrepreneurship, prevailing cultural values, the institutional environment of business, and the international environment. Since entrepreneurship cannot be limited to the national economic framework, especially in light of the rapidly growing digitalization, digital economy and Industry 4.0, its study must also encompass more than just the individual country and its economy.

The Global Entrepreneurship Monitor, launched in 1998 by the London Business School and the U.S. Babson College, meets these expectations. While the first research in 1999 covered ten countries, more than 110 countries have participated to date, making it the world's largest longitudinal study of entrepreneurship. Its particular advantage is that it puts the individual entrepreneur at the centre, focusing on the earliest stages when business opportunities are perceived and individuals decide whether or not to become entrepreneurs. The Slovenian research team from the Institute for Entrepreneurship and Small Business Management at the Faculty of Economics and Business, University of Maribor has been a member of GEM since 2001. Since then we have participated in all annual cycles, so we have reliable data for the last 20 years. We compare important elements of entrepreneurship in Slovenia, especially in its early stages, with entrepreneurship in the European and global context. The advantages of the GEM study over other studies are its globality, longitudinal nature, and the use of a unified methodology, which makes it possible to interpret the data obtained in a reliable and credible way and, above all, to use it to solve some major societal challenges, such as the United Nations Sustainable Development Goals (SDGs), finding solutions and addressing the consequences of the SARS-CoV-2 coronavirus pandemic, women's entrepreneurship, or development-oriented entrepreneurship.

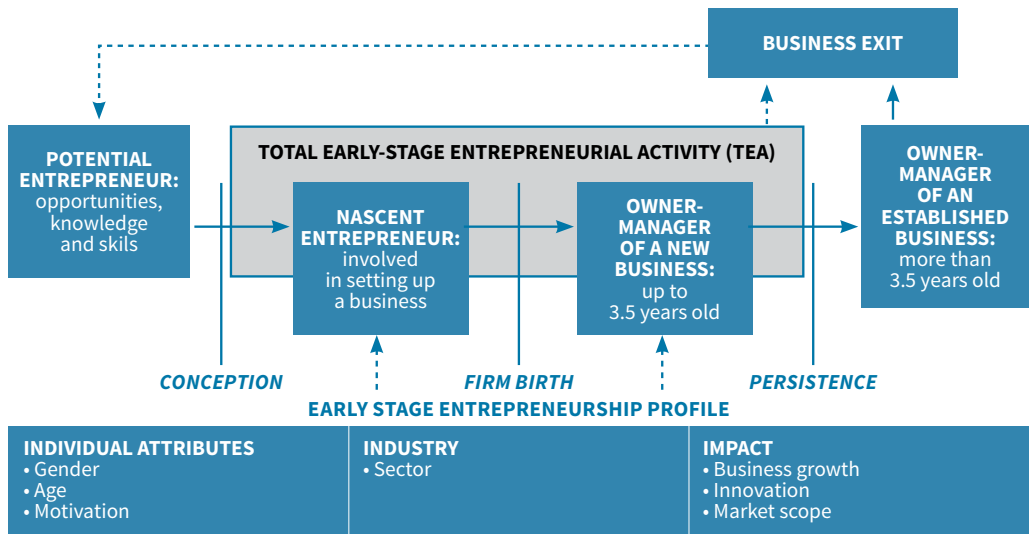
Figure 1: The GEM conceptual framework



The wide economic, cultural, and social disparities among the 47 countries that participated in the 2021 research require special caution when comparing countries, interpreting research findings, and proposing appropriate measures to promote entrepreneurship. Differences in development also affect the characteristics of entrepreneurship and the measures needed to promote it, and are as different in less developed countries such as Sudan, India, or Morocco as they are in rich countries such as Luxembourg, Switzerland, or the Netherlands. Slovenia has a relatively high GDP per capita, a highly skilled workforce, a well-developed infrastructure, a relatively well-organized business environment, and a sufficiently stable economic system. Therefore, it is important to compare with similar countries, especially those where individual areas affecting entrepreneurship are better regulated than in Slovenia. Therefore, the monograph mainly highlights European countries and places Slovenia among them. The data from GEM provide a reliable database that many countries and international organizations use in their search for appropriate measures to promote entrepreneurship.

The GEM research provides deeper insight into national entrepreneurship and its characteristics than other statistical sources, particularly those based solely on data from existing businesses. Because individuals are the focus of the research, GEM can also capture their attitudes toward entrepreneurship, their ambitions and competencies for entrepreneurship, their perceptions of society's attitudes toward entrepreneurship, and individuals at all stages of the entrepreneurial process, from initial thoughts about starting an entrepreneurial journey to starting a business, doing business, growing, and closing down. GEM's research ambition is to measure key elements of society's attitudes toward entrepreneurship, entrepreneurial activity, and differences in individuals' aspirations in as many countries as possible, and to identify influential factors that promote or hinder entrepreneurial activity. All this to provide a platform for assessing the impact of entrepreneurial activity on economic growth and to identify policies to strengthen entrepreneurship. GEM has developed an appropriate methodology that is

Figure 2: Entrepreneurial process



consistent with the conceptual framework of GEM and is able to provide insights into the social, cultural, political and economic context, taking into account the level of development of each economy and the evolution of the key business environment. We evaluate them using expert opinions from carefully selected experts who have a good insight into different segments of the entrepreneurial process. Other entrepreneurial characteristics are determined on the basis of surveys of the adult population. This allows us to determine the extent to which society accepts entrepreneurship as a good career choice, whether entrepreneurs have a high social status, and how much media attention is given to entrepreneurship, thus contributing to the development of entrepreneurial culture. We can also determine some individual characteristics of the actual entrepreneurs and the people influencing the entrepreneurial process, and we also obtain information about the stages of the life cycle of the enterprise, on the basis of which one of the basic indicators of GEM is formed, i.e. the total early-stage entrepreneurial activity.

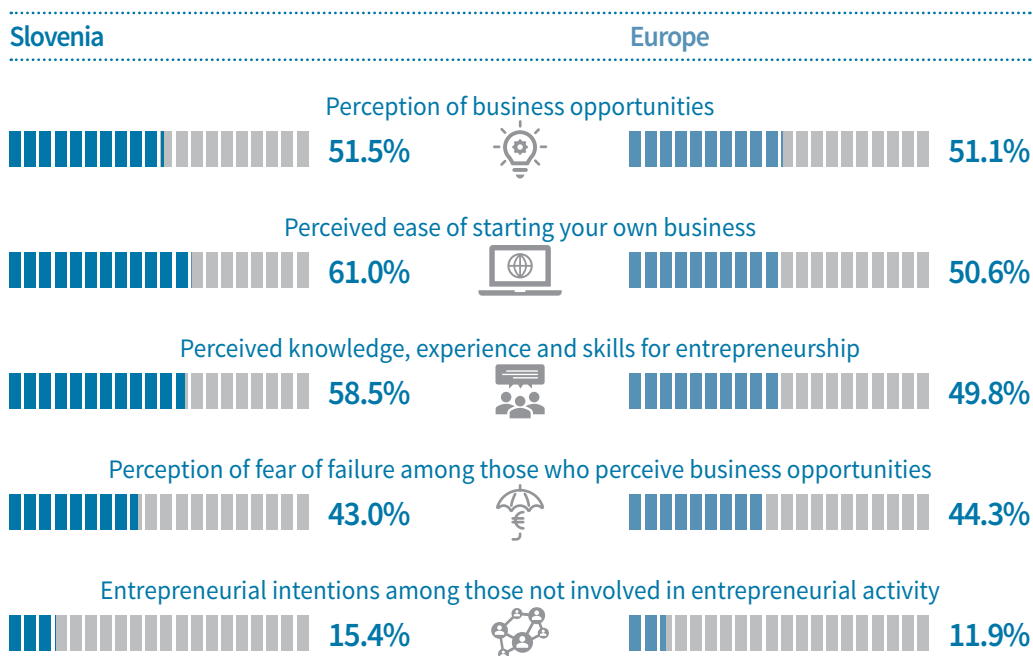
Entrepreneurial capacity of adult population and the perception of attitudes towards entrepreneurship in society

The bearer of entrepreneurial activity is always the individual. Therefore, perception of business opportunities, knowledge, experience and skills for entrepreneurship, perceived ease of starting a business, fear of failure and entrepreneurial intentions are key components of entrepreneurship. A comparison with the average of the participating European countries in 2021 shows that Slovenia is at the European average in terms of perception of business opportunities, while it performs better on all other indicators. A larger proportion of the adult population believes that it is easy to start their own business, a larger proportion of people express self-confidence in their own knowledge, experience and skills for entrepreneurship, less fear of entrepreneurial failure and, compared to the European average, entrepreneurial intentions are also stronger among the population in Slovenia. In European countries, the average percentage of people who recognize business opportunities is 51.11% and has increased by more than 10 percentage

points compared to 2019. A strong increase in the perception of business opportunities is also observed in Slovenia, where in 2021 every second adult (51.49%) is convinced that in the next six months there will be good business opportunities in the area where they live. It is evident that coexistence with the epidemic has led to the belief that the COVID-19 pandemic will also bring new business opportunities. While in 2020 only in nine of the then participating countries (46 countries) more than 50% of nascent and new entrepreneurs believed that the pandemic would bring new business opportunities, in 2021 this was already the case in fifteen of the 47 participating countries. Awareness of new business opportunities due to the pandemic that the company intends to take advantage of is lower on average among established entrepreneurs, as 27.45% of European established entrepreneurs believe that they will take advantage of perceived new business opportunities that have arisen during the pandemic; Slovenia is slightly above the European average on this indicator, as 31.51% of established entrepreneurs think so.

One of the limiting factors that can hinder the exploitation of business opportunities is the perception of the difficulty of the entrepreneurial path. If people perceive it as difficult to start a business despite a promising business opportunity, they are less likely to start a business. In Slovenia, this obstacle is less present, as more than 50% of people fully or at least partially believe that there are good business opportunities in their local area, and 61% of respondents believe that it is easy to start a business. However, there are eight European countries where the perceived barriers to starting a new business are greater than the perceived business opportunities. This is most pronounced in Croatia, where the perception of business opportunities is high and the perceived ease of starting a new business is relatively low. Almost twice as many people (58.33%) believe that there are business opportunities in their area than believe that it is easy to start a new business (30.92%). Among the European countries, there

Figure 3: Elements of entrepreneurial capacity, Slovenia and the average of European countries

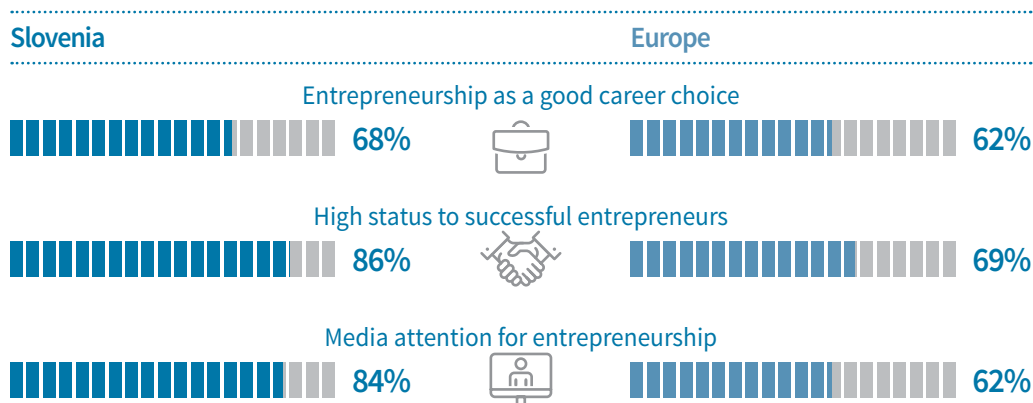


are also those where business opportunities are already scarce, such as Italy (34.67% of the population see business opportunities), and people also see relatively many obstacles, as only 16.57% believe that it is easy to start a new business. It should be noted that individuals perceive a number of barriers to starting a new business, either external (bureaucratic, financial and other barriers to the entrepreneurial ecosystem) or due to perceived limitations in their own entrepreneurial capacity.

The perceived business opportunity is a necessary but by no means sufficient condition for entrepreneurial activity. An individual must also have the appropriate knowledge, experience and skills for entrepreneurial activity. In Europe 49.83% of adults convinced that they have these. According to this indicator, Slovenia is above the European average in 2021, similar to the previous year, as 58.54% of the adult population consider their entrepreneurial skills to be adequate. At the top of the European scale is Croatia, where on average more than seven out of ten people believe that they have the appropriate knowledge and experience for entrepreneurship. However, we must take into account that respondents provide a subjective self-assessment, which means that their actual entrepreneurial competencies may be much lower. However, entrepreneurship is not only limited by too few actual entrepreneurial competencies, but also by the respondents' own doubt that they possess them, which may be exacerbated by the fear of failure. In Spain, for example, the percentage of the population that perceives entrepreneurial opportunities (30.02%) is almost twice as low as the percentage of people with a deep-rooted fear of entrepreneurial failure (58.43%). In some European countries where the proportion of people expecting business opportunities in their environment is the highest, the proportion of people fearing entrepreneurial failure is the lowest, in contrast to Spain, namely in Sweden, Poland, Norway and the Netherlands. Among people who perceive business opportunities, the fear of failure is even lower in Slovenia, 42.97%, which is comparable to the average of participating European countries, where this percentage is 44.34%. In Slovenia in 2021, the percentage of people perceiving business opportunities is higher (51.49%) than the percentage of people fearing business failure (42.97%), which has not been the case in recent years.

Appropriate economic and entrepreneurial policies can play an important role in creating such a favorable relationship. Reducing the fear of entrepreneurship can be influenced by measures that lead to a reduction in the costs of exiting entrepreneurship, or by measures that promote awareness in society of the existence and importance of successful entrepreneurial stories.

Figure 4: Perception of the social values towards entrepreneurship



The fact that Slovenia does this relatively well is also shown by the fact that Slovenia ranks above the European average in societal values of entrepreneurship, both in perceptions of entrepreneurship and desirable career choices, as well as in society's respect for successful entrepreneurs and media support for entrepreneurship.

In Slovenia, 68.21% of respondents believe that an entrepreneurial career is desirable, while more than 86% of respondents believe that successful entrepreneurs are respected in society. This places Slovenia at the top of the participating European countries. There is also a very high proportion of people in Slovenia who believe that stories about successful new entrepreneurs are often in the media. This percentage has increased in 2021 compared to 2020 and is 83.64%, which puts Slovenia at the top of the European scale and significantly above the European average of 62.41%.

Entrepreneurial activity of the adult population

The path from the entrepreneurial intention to the actual implementation of an entrepreneurial idea is often long and fraught with many obstacles. Therefore, it is quite normal that the percentage of people who are actually entrepreneurial is significantly lower than the percentage of potential entrepreneurs who express entrepreneurial intentions, identify business opportunities, take risks and believe that they have enough knowledge and entrepreneurial skills to realize an entrepreneurial venture.

In 2021, there were 16.1% potential entrepreneurs in Slovenia (13.3% in 2020). These are individuals who have not yet actually started a business, but have expressed their intentions to do so. In 2021, 3.4% (3.1% in 2020) of individuals who are actually involved in starting a business or whose newly established business is less than three months old were those who already have a business and have been paying salaries for more than three months, but no longer than three and a half years, it was 3.4% in 2021 (3.0% in 2020). Both groups are referred to as total

Figure 5: Entrepreneurial pipeline

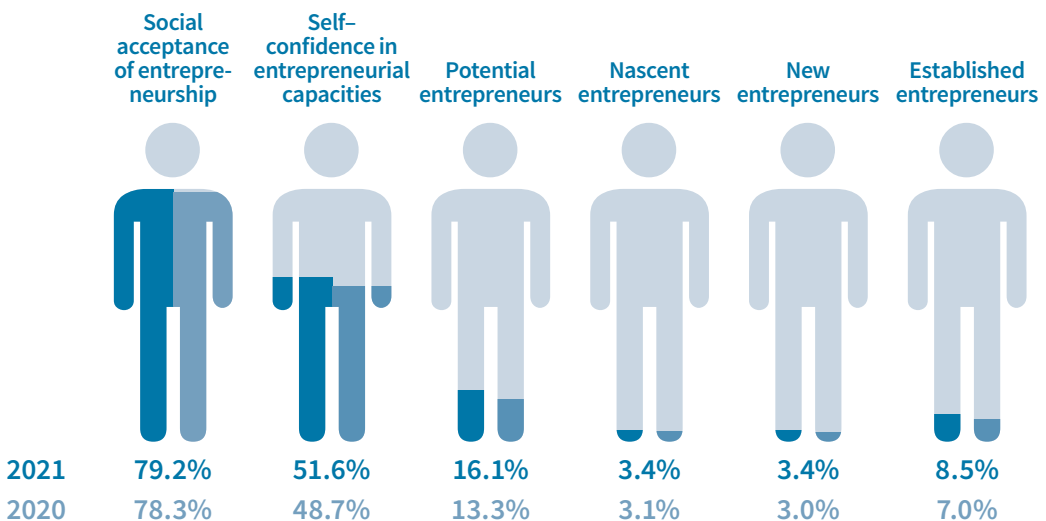
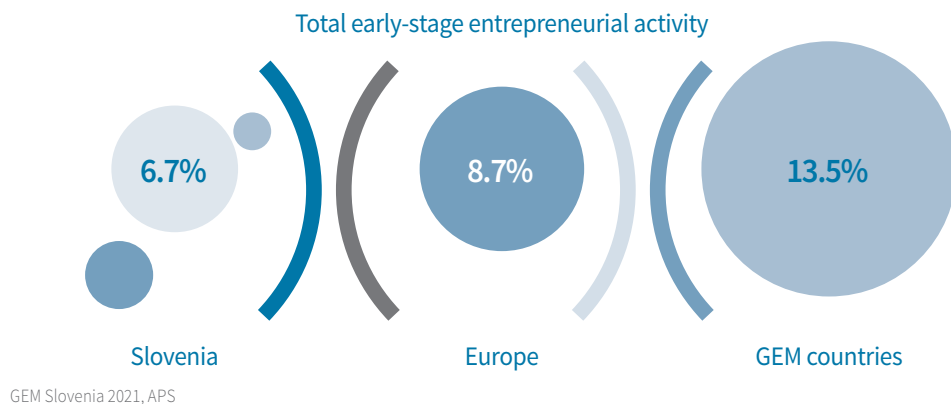


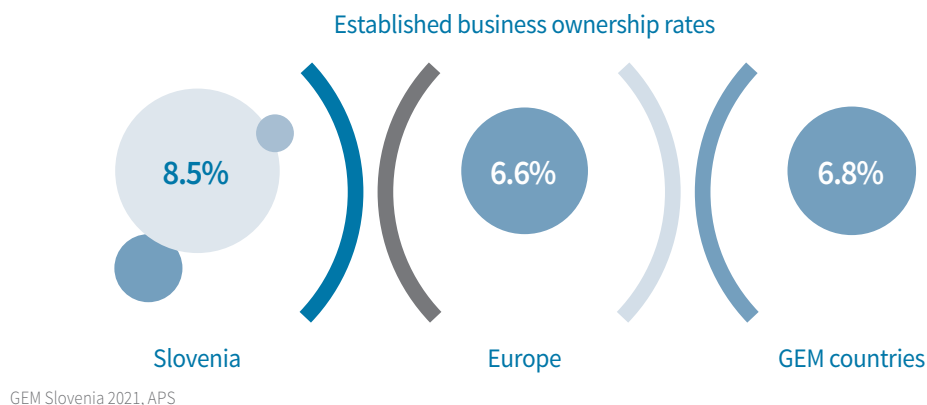
Figure 6: Total early-stage entrepreneurial activity



early-stage entrepreneurial activity and are monitored by the index TEA, which increased from 6.0% to 6.7% in 2021 compared to 2020. However, total early-stage entrepreneurial activity in Slovenia is still much lower than in other country groups. The TEA index was 8.7% in European countries and 13.5% among all GEM countries. The highest TEA index in Europe in 2021 is in Latvia (15.1%), the Netherlands (14.2%) and Belarus (13.5%), and the lowest in Poland (2.0%), Norway (3.1%) and Italy (4.8%). Slovenia, which is below the European average, ranks 17th out of 23 European countries.

There is a positive shift in established entrepreneurs who have been in business for more than three and a half years, as their share increased from 7.0% in 2020 to 8.5% in 2021, which is significantly higher than the European average (6.6%). Compared to all GEM countries, it also shows that there are more of them in Slovenia than the global average (6.8%), with the share actually decreasing from 2020 (7.5%). In Slovenia, there is also a long-term trend that the share of established entrepreneurs in the population has increased over the last decade. In a European comparison, Greece had the most established entrepreneurs in 2021 (14.7%), followed by Poland (11.1%) and Latvia (9.9%). Nine of 23 European countries have fewer than 5% established entrepreneurs, with Russia 2021 (3.4%) and Norway (3.5%) having the fewest. Established entrepreneurs represent a more stable part of the economy. Therefore, it is

Figure 7: Established business ownership rates



important that they have a sufficient share in each economy, as they represent the other half of the entrepreneurial dynamic, joining the first potential, nascent and new entrepreneurs and replacing the established entrepreneurs who cease their activity.

For established companies to survive and grow, they need to adapt their products and services to the changing needs of customers, innovate, seek new business ideas and adapt business models. To do this, they need internal entrepreneurs who are able to make it happen. Slovenia, which has an above-average proportion of entrepreneurial employees in Europe, followed this trend in 2021 as well. European countries had an average of 3.4% internal entrepreneurs in 2021, but there are large differences between countries. Switzerland (7.1%) and Finland (6.6%) record the most, followed by Slovenia with 5.9% of internal entrepreneurs in the adult population. Seven European countries have less than 2% of internal entrepreneurs in the population, with Russia (0.3%), Slovakia (0.6%) and Poland (0.8%) recording the lowest. Internal entrepreneurs, otherwise a scarce resource, can help companies better respond to changes in the environment by fostering innovation, so it is important to encourage and develop them.

The decision to become an entrepreneur is always a personal one, so the motives for an entrepreneurial career vary widely. Among the motives for entrepreneurship in Slovenia, the motive to earn a living predominates, as jobs are scarce (63.8%). This percentage is higher than the average of European countries, where it was 57.7% in 2021. This is followed by the motive to make a difference in the world, which motivates 61.8% of young entrepreneurs in Slovenia. These motives are altruistic in nature, with which entrepreneurs try to achieve positive effects in the form of social or environmental benefits. In Slovenia, they are mentioned significantly more often than in the average of European countries, where only 41.2% of entrepreneurs mention them as a motive. In Slovenia 42.6% of young entrepreneurs follow the desire to build great wealth or higher income, while in Europe the average is 49.2%. These results in Slovenia are in line with some findings on social norms related to entrepreneurship. For example, egalitarianism has been strong in Slovenia for many years, which shows the desire for equality in society, i.e. the

Figure 8: Motivation for entrepreneurship

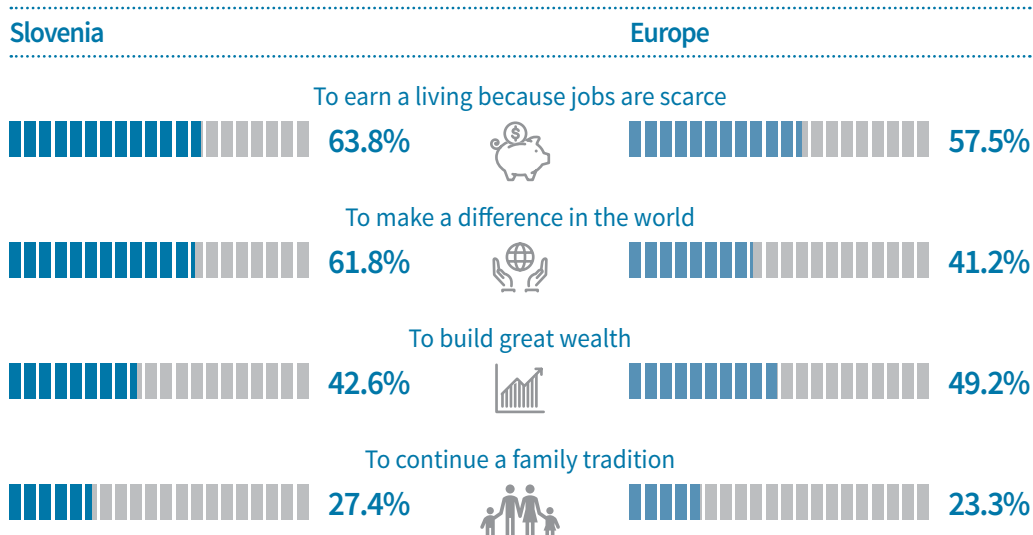
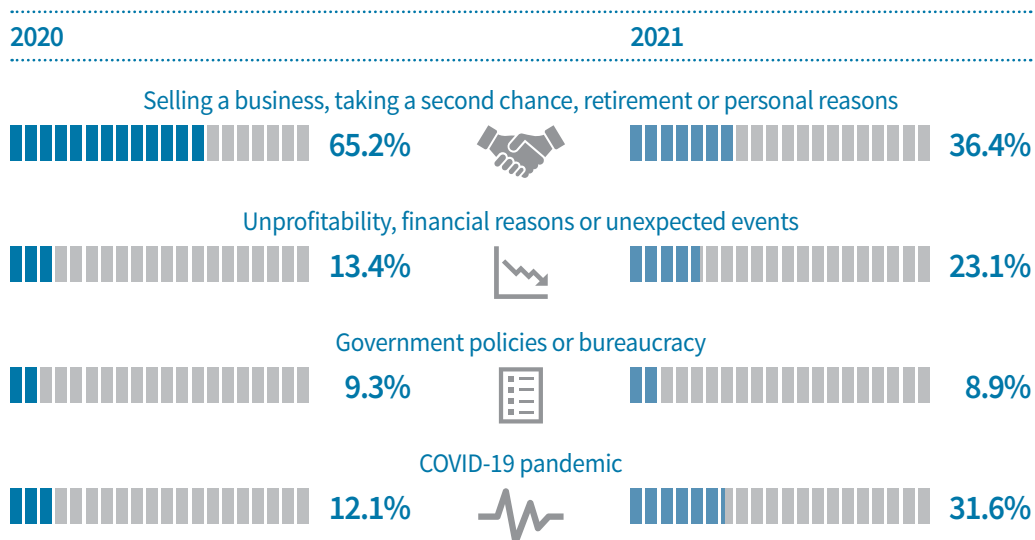


Figure 9: Business exit in Slovenia



GEM Slovenia 2021, APS

fact that there are no extremely rich or extremely poor in society, but that we have a balanced society in this respect. Since these are socio-cultural norms that are adopted in the wider social environment, they are also reflected in the motives of individuals.

There are also various reasons why entrepreneurs drop out of entrepreneurship. Some cease their entrepreneurial activity completely, while others continue it with a new venture. In all countries, exiting without resuming business predominates. A comparison of 2020 and 2021 in Slovenia shows that the reasons for entrepreneurs leaving the business have changed significantly. In 2020, the most important reasons for exiting were selling a business, taking a second chance, retirement or personal reasons (65.2%), which almost halved in 2021 (36.4%). In 2021, other reasons were more prominent, as reasons for leaving the company due to the COVID-19 pandemic increased significantly (from 12.1% in 2020 to 31.6% in 2021) and unprofitability and financial reasons increased from 13.4% in 2020 to 23.1% in 2021. In European countries, the most common reason for abandonment was unprofitability (22.6%) and in all GEM countries, the COVID-19 pandemic (26.2%).

Demographic characteristics of Slovenian entrepreneurship

In 2021, Slovenia recorded a significant increase in the early-stage entrepreneurial activity of young people aged 18-24, which rose from 5.75% in 2020 to 16.58%, mainly due to the emerging entrepreneurial activity of young boys. Such a large increase indicates a positive attitude toward a possible entrepreneurial career. However, caution is needed when interpreting this increase, because we must not forget that this figure hides a large proportion of nascent entrepreneurs, i.e. those who have only taken their first steps toward entrepreneurship and are not sure whether they would be successful. The entrepreneurial activity of young people in the 25-34 age group is also above the European average. However, compared to 2020, there is a significant decrease in early-stage entrepreneurial activity in the 35 to 44 age group (from 33.63% in 2020 to 22.4% in 2021).

The motives for starting a business also change with age. The desire to make a difference in the world (56.96%) and the desire to build great wealth and a higher income (55.94%) predominate among young early-stage entrepreneurs (18 to 34 years old). Older early-stage entrepreneurs (35 to 64 years old) were the most likely to take responsibility for family businesses (58.38%). In the oldest age group over 55, the most pronounced motive for survival is the lack of suitable employment opportunities. This could be related to possible dissatisfaction with the existing job, where they cannot reach their full potential, but also to the increasing number of older registered unemployed who have lost their jobs due to the epidemic.

A closer examination of entrepreneurship using GEM reveals important differences between men and women who are entrepreneurial, both in terms of the extent of entrepreneurial activity and in terms of self-perceptions of entrepreneurial ability and societal attitudes toward entrepreneurship. Slovenian male entrepreneurs perceive business opportunities to a greater extent than female entrepreneurs (56% vs. 46%), have more confidence in their knowledge, experience and entrepreneurial skills (67% vs. 49%) and are less afraid of failure (38% vs. 52%). A similar divide is characteristic of the European region as a whole, where women are less likely than men to perceive business opportunities (48.17% of women, 53.89% of men), less likely to feel capable of entrepreneurship (42.97% of women, 56.66% of men), and more likely to perceive fear of failure as a potential barrier to entrepreneurship (51.53% of women, 44.64% of men).

However, the gender gap in early-stage entrepreneurial activity is closing. For the fourth year in a row, the share of nascent and new entrepreneurs in Slovenia is increasing, which in 2021 was already 43.9%, exceeding the average of the European GEM countries and all the GEM economies studied. That the gender ratio in Slovenia is much better than the average of the European GEM countries can be seen from the fact that in 2021 there were 7.8 nascent and new female entrepreneurs for every 10 male entrepreneurs in Slovenia, while in the European GEM countries there were 6.9 early-stage female entrepreneurs active for every 10 male entrepreneurs. As far as gender differences are concerned, it is also encouraging that in 2021 women outperformed men's early entrepreneurial activity in two age groups at once, namely in

Figure 10: Elements of entrepreneurial capacity of early-stage female and male entrepreneurs in Slovenia

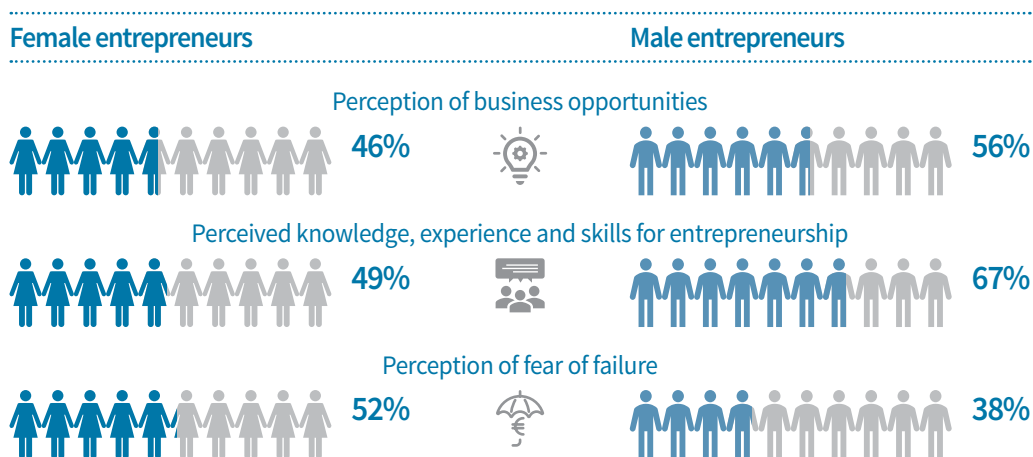
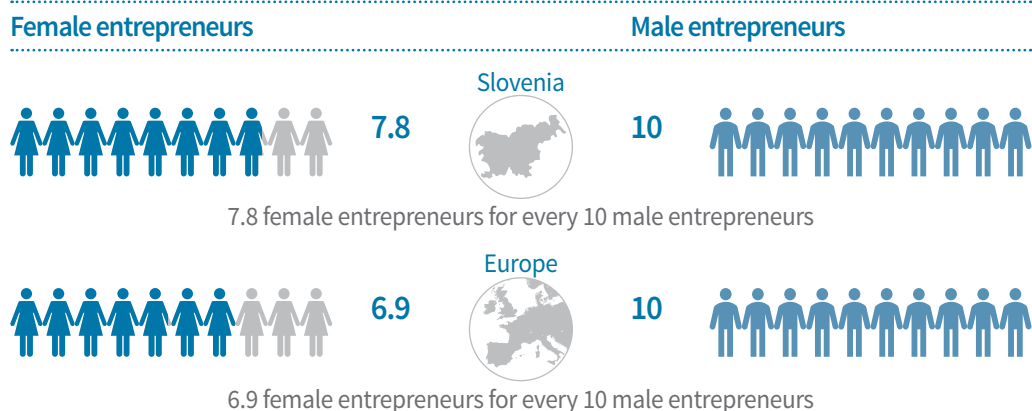


Figure 11: Gender distribution



GEM Slovenia 2021, APS

the 25-34 age group and similarly to 2020 in the oldest age group (from 55 to 64). Clearly, female entrepreneurs have demonstrated great resilience and resourcefulness in adapting to emerging business disruptions and new market realities during the pandemic. To be successful in the future, it is necessary to provide sufficient support from the public policy side in family care, schooling, and elimination of the negative consequences of the epidemic.

The GEM research observes early-stage and established entrepreneurial activity also in terms of income availability and educational structure. A three-year comparison of income levels between early-stage and established business owners shows that in Slovenia, the share of established businesses with the highest income level is steadily decreasing. In 2021, the share of early-stage entrepreneurs with middle incomes has increased by almost 10 percentage points. However, among established business owners, there is a significant increase (by 10.8%) among entrepreneurs with the lowest income level. The educational structure of early-stage and established business owners and non-entrepreneurs in 2021 also shows a slightly different distribution than in 2020. Among established business owners, the most highly educated predominate - 40.3% (short-cycle higher education, higher professional education or university education). Among early-stage entrepreneurs and non-entrepreneurs, the share of secondary education is the same (39.2%).

Ensuring sustainability and entrepreneurial aspirations

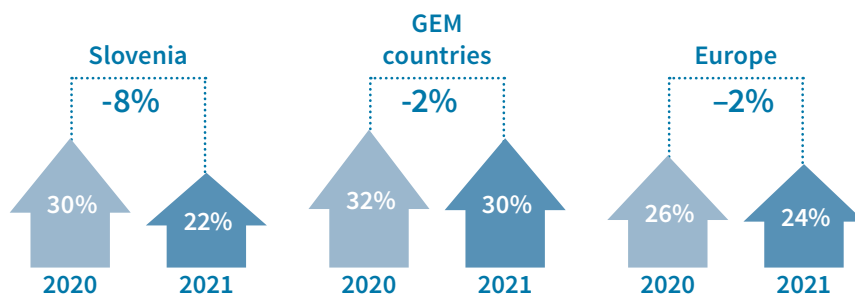
Since 2015, when the United Nations adopted the 2030 Agenda for Sustainable Development, the Sustainable Development Goals have become more visible worldwide, and entrepreneurs also include them among their priorities. In Slovenia, 40% of entrepreneurs state that they have included and defined measures and key indicators of success in achieving individual goals. This primarily involves addressing social impacts related to access to education, health, safety, inclusive work, housing, transportation, quality, etc. On average, countries outside Europe and North America, particularly South America and the Middle East and Africa, rank higher for most of the characteristics of companies studied. Among those that always consider the social impact of their entrepreneurial activity, Luxembourg stands out, where more than 90%

of established entrepreneurs say they always consider the social impact of their decisions, compared to 70% of nascent and new entrepreneurs. On the other hand, Poland stands out, where incumbent entrepreneurs barely report taking the social impact of their decisions into account (5%), compared to just over 40% of nascent and new entrepreneurs in Poland. Slovenia ranks high on the European scale in terms of the percentage of early-stage entrepreneurs who always consider the social impact of their decisions (85.52%), as well as the percentage of established entrepreneurs (82.67%). However, Slovenian entrepreneurs performed worse in terms of measures to reduce the negative impact on the environment, ranking almost at the bottom of the European scale with 37.01% of nascent and new entrepreneurs and 41.73% of established entrepreneurs.

All of this calls for greater awareness of the importance of innovative businesses, breakthrough innovations, and ambitious entrepreneurs who have a higher entrepreneurial focus to successfully overcome challenges, learn faster, and adapt. Unfortunately, because such companies are challenging to run and involve high risks, they are very rare. In the GEM research, we attempt to identify their share based on their subjective estimates of how many additional jobs their company will create over the next five years. We find that entrepreneurs from the GEM group of countries display a much higher level of ambition, as within TEA it is almost 20% of those who expect their company to create 10 or more jobs in the five years since its establishment. In Slovenia, this figure was just over 12% in 2021, just under 17% in 2020 and just under 15% in 2019. Even greater relative differences between Slovenia and the country groups studied in terms of entrepreneurial ambition are evident in the even more ambitious goal of creating 19 or more new jobs in five years. However, there are slightly better results for the ambition to create 5 or more jobs in the next five years. More than 24% of European nascent and new entrepreneurs expect to create more than five jobs in five years. In Slovenia, this percentage was slightly below average at more than 22%, placing Slovenia in the middle ambitious group of European countries that participated in the GEM research. Compared to 2020, entrepreneurs' expectations for more than five jobs in Slovenia have also decreased by about 8 percentage points. In other groups of countries, they have decreased significantly less, in the countries of GEM and in the European countries by 2%.

The expectations of the adult population in the European countries included in the GEM research, depending on whether they are already creating jobs or expecting to create at least one job in the next five years, vary considerably. In Slovenia, in 2021 their share was 4.69%, which placed us below the average of European countries included in the GEM research. There

Figure 12: Entrepreneurs' plans about employment by groups of countries

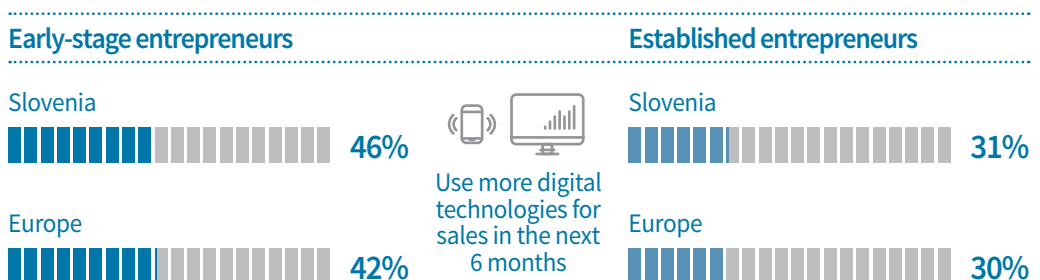


are 9.99% of entrepreneurs in GEM countries and 6.10% in European countries. The highest proportions of adults who are already creating jobs or believe they will create in the next five years are in the Netherlands (12.49%), Latvia (11.12%), Croatia (9.47%) and in Ireland (9.04%) and the lowest in Poland (1.83%).

Slovenian entrepreneurs are traditionally very internationally oriented, which is what they are forced to do by the small size of the Slovenian market, which is especially restrictive in very niche markets. Certain innovation-driven Slovenian companies do not create a noteworthy volume of business on the domestic market at all, but are almost entirely focused on international markets. If we compare Slovenia with individual groups of countries according to whether companies market their products and services only in the local or also in the national or even international environment, Slovenian nascent and new companies are above average focused on customers in the international environment. The share of international orientation of Slovenian entrepreneurs, however, fell sharply compared to 2020, when it amounted to 46%. Only a third of Slovenian entrepreneurs reported that they also have customers globally, which is equal to the average of European countries and much more than in other GEM countries, where the average was 25%. A significantly higher share is reported by entrepreneurs from Luxembourg (67%). Belarusian (53%), Irish (45%) and Latvian companies (40%) also have a large share, while entrepreneurs from Poland (11%), Slovakia (13%) and Romania (14%) report the lowest share of global customers. However, the intensity of internationalization in Slovenia is pronounced, as the share of nascent and new companies that believe that more than 25% of buyers of their products or services from abroad is higher than in individual groups of countries included in the GEM research (Slovenia 16.3%, GEM countries 11.8%, European countries 15.5%).

Slovenia is facing major challenges as the transition to the fourth industrial revolution requires a changed way of innovating. In Slovenia, more than 45% of Slovenian nascent and new entrepreneurs believe their company will use more digital technologies to sell their products or services in the next six months. Among established entrepreneurs, the figure is significantly lower, at more than 30%. A similar difference is observed in other country groups, with the percentage of entrepreneurs with a positive answer in both target groups being slightly higher in the countries of GEM than in Slovenia and slightly lower in European countries. Nascent and new entrepreneurs from Ireland (66%) and the United Kingdom (63%) plan to invest the most in using more digital technologies to sell their products or services in the next six months, followed by France (9%), Slovakia (17%) and Poland (20%). Slovenia is in line with the European average.

Figure 13: Intentions to use digital technologies in the next 6 months



Entrepreneurial ecosystem

In 2021, we continued monitoring the Slovenian entrepreneurial ecosystem using a unified questionnaire for national experts that collected data in 50 countries and harmonized it at the level of all GEM countries that participated in this research. Entrepreneurship always takes place in a specific environment that supports or inhibits business operations and growth. There are many areas of influence, referred to as the GEM framework for entrepreneurship, which include entrepreneurial financing, government policies, government programs, entrepreneurship education, R&D transfer, business and professional infrastructure, internal market dynamics and openness, physical infrastructure, and cultural and social norms. The experts we interviewed rated the situation in each area on a scale of 1-10 using a series of questions.

The best rated area was internal market dynamics, where Slovenia is ranked third among twenty-five European countries on a scale of 1-10 with an average score of 5.98. Scores above 5 were awarded for three other areas, namely the physical infrastructure needed to run businesses (e.g. communications, utilities, roads, railroads, buildings/land...), the quality of commercial and professional infrastructure needed by new and growing businesses (rights, business infrastructure, accounting, legal and other services), and government programs for

Figure 14: Scores of framework conditions for entrepreneurship in Slovenia compared to European and GEM countries



entrepreneurship. Slovenia was above the European average only for two framework conditions, namely the internal market dynamics and government programs to promote entrepreneurship. For these two framework conditions, as well as for commercial and professional infrastructure, we also record higher average scores than the group of all countries participating in the GEM research. Slovenian experts rated the extent to which cultural and social norms promote or inhibit entrepreneurship as below the average for the group of European countries. Despite the positive perception of social values related to entrepreneurship, the experts believe that the national culture is too weak to encourage entrepreneurial risk-taking and does not place enough emphasis on independence. This area is followed by a critical assessment of entrepreneurship education and training in primary and secondary schools. The experts also believe that teaching in primary and secondary schools does not provide sufficient knowledge of the principles of the market economy and does not promote creativity, independence and initiative. Among European countries, Scandinavian countries follow the example of entrepreneurship education in primary and secondary schools, but the average of a group of European countries is very low in all three statements. Only in Poland and Belarus is the framework for entrepreneurship education in primary and secondary schools lower than in Slovenia among European countries.

Financial support is available to Slovenian entrepreneurs under various measures of ministries, public funds, public institutions and other institutions, in the form of repayable and non-repayable aid. Slovenian experts believe that Slovenia has sufficient state subsidies for new and growing businesses, as well as sources of external financing (bank loans and the like). However, there are not enough funds available from initial public offerings (IPOs), and we also lag behind the group of European countries where such funds are more available, especially Finland. It is also worth highlighting the possibility of obtaining funding from informal investors, business angels and venture capital funds, where there is still room for improvement compared to other European countries. Experts criticize that it is so easy to obtain financial support. They also believe that nascent entrepreneurs cannot easily obtain enough seed capital to cover the start-up costs of a new company, as well as to acquire investors / funds to grow a new company after the start-up phase. We also lag behind European countries on the last statement, where the Netherlands scores best.

Government entrepreneurship programs are rated well, especially the statement that business incubators are available in Slovenia to effectively support new and growing businesses (score 6.47). The experts also agree that there are science parks that also provide effective support for new and growing businesses (5.22), that we have an adequate number of government programs for new and growing businesses (5.15), and that they are successful (5.24). We are in line with the European average on other statements in this area. The situation is different for government policy, where the trend of negative evaluation of elements of government policy continues both in Slovenia and in the group of European countries (below 5). It is therefore not surprising that the experts have outlined a whole range of measures to improve this area: a more favorable tax policy, transparency of the tax environment and debureaucratization. They also recommend a collaborative approach by the government with the business community, as well as consistency in government decision-making and a proactive approach to solving business challenges.

The economic ecosystem and businesses have responded differently to the pandemic crisis. Most experts agree that due to the pandemic, a significant number of new and growing companies in Slovenia are adapting business models based on the digital gig economy, and that the digital gig economy has become an important driver for new business creation. Both statements were rated above the European average (5.97) in Slovenia (7.85). Better than the average of the participating countries, Slovenian experts also assess that the measures taken

by the government in the first 12 months of the pandemic have helped to prevent a significant decline in the number of new and growing businesses and related jobs. Government subsidies for job retention, wage and contribution compensation, deferral of loans and tax obligations, and extension of credit moratoria were cited as the government's most beneficial measures for entrepreneurship. Negative measures for entrepreneurship include complete lockdown, strict pandemic protocols, restrictions on meetings, travel, and closing national and regional borders.

According to the GEM research, governments should focus on the enabling environment for entrepreneurship - creating a stable, supportive environment that is conducive to entrepreneurship. An environment where people do not lose their entrepreneurial enthusiasm, where they are less afraid of failure, and where they can strive to build and grow a dynamic and profitable business. The COVID-19 crisis has highlighted the need to develop new strategies in the area of entrepreneurship support measures, with a focus on their timeliness and practicality. GEM Research and the results of other entrepreneurial research can be of great help to the country and its key decision makers.

Resilience of Entrepreneurial Activity

GEM Slovenia 2021

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Abstract:

The GEM survey provides a deeper insight into national entrepreneurship and its characteristics than can be provided by other statistical sources, especially those based solely on data obtained from existing enterprises. With the individual at the heart of the research, GEM also covers his attitude towards entrepreneurship, his ambitions and qualifications for entrepreneurship, his perception of society's attitude towards entrepreneurship, as well as individuals at all stages of the entrepreneurial process, until the establishment of the company, business growth and termination of business. GEM's research ambition is to measure key elements of society's attitudes towards entrepreneurship, entrepreneurial activity and differences in individuals' aspirations in as many countries as possible, and to identify influential factors that encourage or hinder entrepreneurial activity. All this in order to provide a platform for assessing the impact of entrepreneurial activity on economic growth and to identify policy measures to strengthen entrepreneurship. GEM has developed an appropriate methodology that is consistent with the GEM conceptual framework and is able to provide insight into the social, cultural, political and economic context, taking into account the level of development of each national economy and the development of key business conditions.

Keywords:

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

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