

## Summary

Small and medium enterprises (SMEs) are recognised as the potentially most dynamic sector of the economy. However, a number of obstacles hamper their operation. These include: (i) excessive administrative and regulatory burdens; (ii) a lack of adequately qualified workers in the labour market; (iii) difficult access to proper financial resources; and (iv) an unsatisfactory business infrastructure. The EU is endeavouring to remove these hindrances through a number of programmes aimed at fostering SMEs and entrepreneurship. These programmes can be roughly divided into three groups: (i) financial aid programmes based on common activities in the fields of research and technological development; (ii) programmes co-financed by European structural funds; and (iii) programmes co-financed by other EU institutions, including the European Investment Bank and the European Investment Fund. In addition to financial aid, SMEs also receive business assistance through various other programmes and services.

In Slovenia, the promotion of SMEs and entrepreneurship does not have a long tradition. After independence the largest share of state funds was used to rescue large companies, while policies aimed at fostering SMEs and entrepreneurship were changeable and indecisive in the 1990s. This situation began to change with the enforcement of the European Charter for Small Enterprises, Slovenia joining the European SMEs-promoting programmes and with adoption of both the Programme of Measures aimed at Fostering Entrepreneurship and Competitiveness and the Act Fostering Supportive Environment for Entrepreneurship.

The analytical part of this Working Paper comprises data on 93,233 Slovenian enterprises for 2003. As many as 99.7% of these enterprises were classified as SMEs according to the number of employees per enterprise. These SMEs employed 64.0% of the total number of people working in enterprises. The average Slovenian enterprise employed 6.1 workers in 2003, while the average SME employed 3.9 workers. Value added per employee totalled SIT 5,572 million in the average Slovenian enterprise, being 11.2% lower in SMEs. Altogether, SMEs generated 57% of the total value added produced by Slovenian enterprises. The share of labour costs in value added in the average Slovenian enterprise amounted to 61% in 2003. In both large enterprises and SMEs, this indicator did not deviate from the Slovenian average.

In Europe, the largest share of workers are employed in micro enterprises (39.4%), whereas in Slovenia the majority of people work in large enterprises (36.5%). In 2003, the average enterprise in the EU employed more people than the average Slovenian enterprise (7.2 to 6.1). Turnover per enterprise in Europe averaged out at EUR 1,550 million in the observed year, while the average Slovenian enterprise achieved just 37% of this amount. A comparison of generated value added per employee shows that the average Slovenian enterprise produced 32% (EUR 24,000) of the European average in 2003. If we compare enterprises by size, defined in terms of the number of occupied persons, the difference in value added per employee between average Slovenian and European enterprises increases from category to category. Similarly, there are noticeable differences in labour costs in value added when comparing the different size categories of Slovenian and EU enterprises. The average European enterprise registered a 52% share of labour costs in value added in 2003, which is 9 percentage points less than the Slovenian average. Among the analysed categories, Slovenian large enterprises exceeded the European average (47%) most markedly (by 14 percentage points). Among other things, the analytical

part of the Working Paper confirms what is already known: Slovenian enterprises lag behind European ones in their labour productivity. In the comparable categories, Slovenian large enterprises recorded the greatest gap in productivity, while micro enterprises were closest to the European average.

**Key words:** micro, small and medium-sized enterprises, entrepreneurship, commercial companies, individual entrepreneurs, european enterprises, value added, labour productivity, labour costs, turnover, administrative and regulatory burdens, financial resources, venture capital, financial aid programmes, European structural funds.