UNIVERSITY OF LJUBLJANA
SCHOOL OF ECONOMICS AND BUSINESS

MASTER’S THESIS

CROSS-BORDER TRADE AND ENTREPRENEURSHIP BETWEEN SLOVENIA AND ITALY

Ljubljana, June 2022 MATEJ PREGELJC

AUTHORSHIP STATEMENT

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sl. – Slovene

B2B – (sl. Medpodjetniško poslovanje); Business-to-business

B2C – (sl. Poslovanje med podjetjem in potrošnikom); Business-to-consumer

EC – (sl. Evropska komisija); European Commission

ESPON – (sl. Evropsko opazovalno omrežje za teritorialni razvoj in kohezijo); European Spatial Planning Observation Network

EU – (sl. Evropska unija); European Union

FDI – (sl. Neposredna tuja naložba); Foreign Direct Investment

FVG – (sl. Furlanija-Julijska krajina); Friuli-Venezia Giulia

GDP – (sl. Bruto domači proizvod); Gross domestic product

IT – (sl. Informacijska tehnologija); Information Technology

NUTS – (sl. Nomenklatura teritorialnih enot za statistiko); Nomenclature of territorial units for statistics

OECD – (sl. Organizacija za gospodarsko sodelovanje in razvoj); Organisation for Economic Co-operation and Development

SMEs – (sl. Mala in srednje velika podjetja); Small and medium-sized enterprises

STA – (sl. Slovenska tiskovna agencija); Slovenian Press Agency

SURS – (sl. Statistični urad Republike Slovenije); Statistical Office of the Republic of Slovenia

TEN-T – (sl. Vseevropsko prometno omrežje); Trans-European Transport Network

WW1 – (sl. 1. svetovna vojna); World War 1

WW2 – (sl. 2. svetovna vojna); World War 2

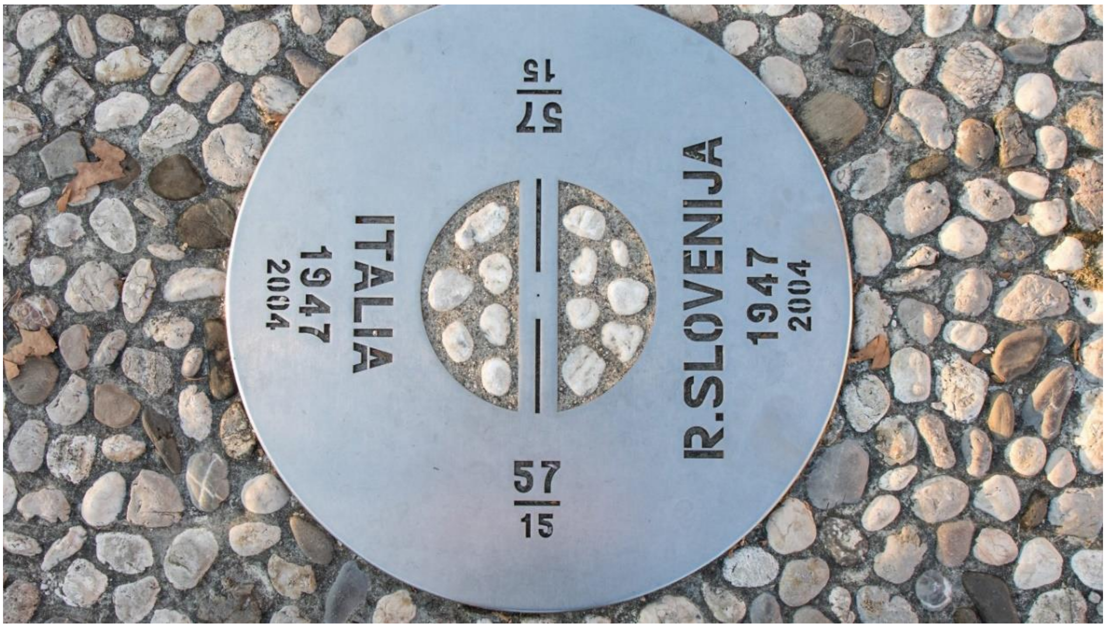
INTRODUCTION

I belong to the generation who grew up with open borders. As a 10-year-old kid I was cycling every weekend with my father between Nova Gorica and Gorizia, and like every curious boy of this age I was asking myself questions. How is it possible that in one part of the city I understand the language that people speak, while in the other I don't? Why one part of the city is built with modern skyscrapers, many green areas and wide streets, while the other is much older, with many churches, a castle and narrow streets? The simplest answer I got was that Nova Gorica is a Slovenian city, and Gorizia is an Italian city. But this raised further questions to me. Why is then no border control? How is it possible that I can buy things in the Italian part of the city and take them home, on the other side of the border without any restrictions or limitations? Even more interesting in my eyes was also that if I were not careful enough with the road signs, by mistake I ended up in another state. My parents tried to make me understand that Slovenia is part of European Union since 2004 and in 2007 also joined the Schengen area. I could neither pronounce nor understand the meaning of this concept, but nevertheless I was still a major beneficiary of its consequences.

However, my curiosity regarding this subject, has never really ended. During lessons of history during my school education I have always been very interested in themes regarding this unique region, the Littoral (in Slovenian Primorska and in Italian Littorale). I studied that before the WW1 this land was under the Austro-Hungarian Empire, then there were bloody battles on the Soča/Isonzo Front, followed then with the oppression and pursuit of Slovenian culture and language in the times of the fascist occupation. And let's not even talk about the horror of the WW2. These historical events were then followed by the Cold War in which Yugoslavia and Italy had very specific economic and political relations, partly because of the interaction between capitalism and socialism and partly because of unstable situation for linguistic minorities (both Slovenian and Italian) which remained outside the borders of the motherland. Over time, relations between two states gradually improved, but its peak was reached after the Independence of the Republic of Slovenia in 1991 and its future European integration. Subsequently, on 1 May 2004, Slovenia has joined the European Union. Europe Square (in Slovenian Trg Evrope and in Italian Piazza Transalpina) reminds us of this historical moment. The square that divides, or rather, connects the cities of Nova Gorica and Gorizia with a circular mosaic.

Therefore I hope that this monument - square, will remain the symbol of this very specific "cross-border territory without physical borders" and raising in us the consciousness in the importance of cooperation at all levels between these two states also in the future. Difficult periods, like the one recently regarding the pandemic of Covid-19, and the war in Ukraine showing the fragility of peace also in Europe, are the right opportunities to remember the values and advantages that good economic and political cross-border relations are giving to us. Facilitated exchange of goods and services, summed up with dynamic investment flows are contributing to economic development of the cross-border areas, opening up many new possibilities for progress in the future.

Figure 1: Circular mosaic in Europe Square (Trg Evrope/Piazza Transalpina)



Source: GO! 2025 (n.d.).

Among academic literature there are already researches that covers a similar analysis of the cross-border economic environment between two countries, but not specifically between Slovenia and Italy. There is the reason why my master thesis is intended to represent high scientific relevance since it will fill the knowledge gap with the most recent data available. On the other hand, there is already some research done on some, the majority of them non-economic aspects of cross-border relations between Slovenia and Italy.

My academic work approaches the topic from a bottom-up perspective in holistic way, consisting majorly of the quantitative analysis of the secondary data on cross-border trade and entrepreneurship between Slovenia and Italy. The approach is intended to be both descriptive as well as explanatory. The secondary sources are of all types: scientific data, popular data and official statistical data.

The master thesis is focusing not only on the economic aspect of cross-border relations, but also on history, culture, people and interaction between them. Furthermore, the academic work intends to adress much more SMEs who extend their operations across borders rather than large multinationals. The first part of work - desktop research - is going to accurately analyse as much as possible trade and investment flows, sectoral dissemination of traded products and business investments, identifying the reasons for them together with business environments analysis of Slovenia and Italy and finally determining consequences of all findings on the two economies and their population.

However, in order to cover important topics, which are not well represented in the existing secondary data, two sets of survey questionnaires have been conducted by the author in the first half of the May 2022. The first set of questionnaires targets the cross-border consumers living in the bordering regions, trying to identify their expectations towards the products and services across the border and their consumer habits including frequency of purchasing, with particular attention to the recent Covid-19 pandemic. The second set of questionnaires, however, has as a target population entrepreneurs or economic agents, that are operating in the Slovenian-Italian business enviornment. The project is trying to identify their perception of conducting business in the cross-border regions, using not only economic parameters, but also cultural ones. Again, the survey will dig in the Covid-19 restrictions that were "hindering" normal business operating. The goal of the whole project with the surveys is not only to fill the knowledge gap that cannot be covered by primary data, but also to provide recommendations addressing especially the companies and policy-makers on both side of the Slovenian-Italian border.

The goals of master thesis in front of you are:

1. To provide basic overview about the importance of cross-border trade and entrepreneurship between Slovenia and Italy, accurately analysing trade and investment flows
2. To map the sectoral dissemination of traded products and business investments between Slovenia and Italy
3. To identify the reasons for such trade and investment flows between these two countries
4. To determine consequences of dynamic cross-border activities on the two states of Slovenia and Italy, and on their population as well.

To fulfil goals, the thesis asks the following research questions:

1: How important is the cross-border trade and investment between Slovenia and Italy for both economies?
2: What is the composition of traded goods and services between two countries, and what are the most attractive sectors for the investors from both sides of the Slovenian-Italian border?
3: What are the factors that have direct and indirect effect on trade and investment between Slovenia and Italy?
4: What are the effects of cross-border trade and investment in the cross-border areas?

The ultimate goal of the thesis is to provide some practical relevance for all the stakeholders in the Slovenian-Italian cross-border environment - ordinary consumers, customers and suppliers, the existing and potential investors, the academics, scholars, and as the last instance - for the policy-makers.

1 UNDERSTANDING CONCEPTS

1.1 Cross-border trade

According to OECD, Organisation for Economic Co-operation and Development, cross-border trade consists in buying, selling or exchanging goods and services between residents and non-residents of two different economies (Casalini & Gonzalez, 2019). Far the biggest share of cross-border or international trade activities occurs in services, primarily intra-company trades between two affiliates of the same parent company, located in two different countries (OECD, 2020a).

The goods traded are easily categorised because of their tangible nature. There are four types of goods that vary based on their exclusivity (Gunner, n.d.):

- private goods have characteristics of excludable and rival goods, which means that in order to consume and utilise them there needs to be the payment for them and there is not an infinite supply of them. Almost all goods belong to this category and they are also the most traded because of its economic nature;
- common goods are for the difference of private goods of non-excludable nature but rival ones. It means that the payment is not prerequisite to use them but at the same time there is limit in how many people can use them. Majority of them are connected with nature and they are not directly involved in the trade, even though its overuse can affect economy and its trade negatively. The examples for this category would be fish, timber, fresh water etc.;
- club goods are excludable and non-rival. This substantially means that some form of payment has to be made, but there is infinite supply of this type of goods. Best examples would be streaming services, insurance coverage, subscriptions to newspapers, and so on:
- public goods have the characteristics of being non-excludable and non-rival. Some of the examples are street lights, national defence, libraries etc. Even though this type of goods is also subject to trade, its significance for the international one is very small because of its local nature. In this category belong street lightning, national defense, knowledge, fresh air, and so on.

Services are far more difficult to understand and classify because of their specific nature. What distinguish services from goods are their intangible, perishable and inconsistent characteristics. That means that this type of traded products cannot be touched or stored, cannot be repeated exactly in the same manner two times and finally that they are performed and consumed at the same time.

Services are also categorised based on the sector in which they operate. Here we have three main types: social services (education, police, fire service etc.), personal services (legal advices, haircut, doctor's visit etc.) and business services (communication, banking, transportation, insurance etc.). The latter ones are far the most represented in the cross-border trading activities because of their nature to be easily transferred over the border and their economic profitability (Mageplaza, n.d.).

1.2 Cross-border entrepreneurship

Cross-border entrepreneurship includes all types of entrepreneurial activities in different forms of partnership and cooperation, contributing not only to economic development of bordering regions or states, but also to social progress (IGI Global, n.d.).

The most common indicator of cross-border investment intensity is FDI, foreign direct investment, which can be defined as a purchase of long-lasting interest in a company located in another country of the buyer's residence. Furthermore, OECD definition of FDI also requires the threshold of at least 10% of the ownership in a company abroad (OECD, n.d.).

There are three types of Foreign Direct Investments (Boyce, 2021):

- horizontal FDI is when the company invests abroad in the same industry that is already operating in home country, majorly motivated with the economies of scale and scope;
- vertical FDI is the investment abroad in the supplier or customer of the investor along its supply chain in order to make the investment company more vertically integrated;
- conglomerate FDI is when the funds go abroad in totally different industry of the one of the investor, with the goal to expand and diversify its business in the new areas.

Furthermore, there are four methods how the companies can internationalise and invest abroad under the form of Foreign Direct Investment (CFI, n.d.):

- buying at least 10% of voting power in the firm abroad;
- mergers and acquisitions, known also as a brownfield investment;
- establishing joint ventures with the foreign partner;
- building foreign affiliate of a parent company, known also as a greenfield investment.

Since entrepreneurship and FDIs are not totally synonyms, it is important to clarify also this concept more in-depth.

There are four main types of entrepreneurship (Hayes, 2021):

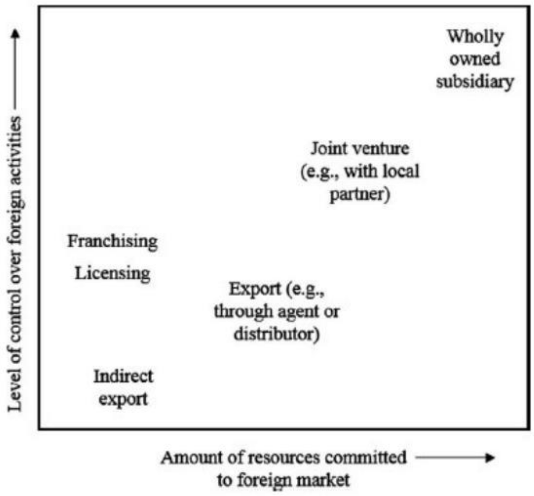
- small business entrepreneurship is conducting business without external investors and the goals to grow in the large corporation;
- scalable start-up is the entrepreneurship with the goals to scale up business, relying on the external investors in order to develop and innovate on its unique ideas;
- large company is the enterprise consisting of several business units of one company that are divided based on their functions or locations;

- social entrepreneurship is the special type that is often not present in FDI flows or stocks because of its non-profit nature. For the difference of other types of entrepreneurships, that one is focusing on benefiting the society and environment.

In fact, cross-border investments or FDI of the companies are logical sequence of intense cross-border trade. The connection is going to be presented through the Uppsala Model, developed by Johanson and Vahlne (Bartlett & Ghoshal, 1989).

Uppsala model of internationalisation is postulating that the companies are taking gradual step by step process of expanding abroad. Therefore it is a sequential approach in which the firm firstly chooses the foreign country that is relatively similar to the domestic one – country with low psychic distance (Arvidsson & Arvidsson, 2019). The latter one includes all the perceptions in business and cultural differences between two countries when considering the foreign market entry (Sousa & Lages, 2011).

Figure 2: Uppsala Model of Internalization



Source: Johanson & Vahlne (1977).

As presented in the Figure 2, the firm in the very first step of internationalization process starts to export indirectly to the foreign country, since it requires very low amount of resources needed to penetrate abroad and consequently low financial risk for the company. However, at the same time, this type of entry represents low level of control over foreign activities which means lower profitability and possibility of imitation of the products exported, therefor losing firm’s comparative advantage.

Next step is the export through agents and distributors, when the company decides to invest more resources in the foreign market and obtaining more control over the products exported.

However, it correlates positively with financial risk and protection of products exported abroad.

The third step is establishing joint venture – separate business entity with the local partner in the foreign country. This step is decided when the company wants to increase significantly market share abroad, but it still needs local partner with its business network, reputation and especially knowledge about the market.

Finally, when the company possess the knowledge about the market, distribution channels, and wants to enter in the foreign market on its own, then it establishes wholly owned subsidiary. This final step of Uppsala model requires very high financial commitment, but also enables the company having all the business activities abroad under full control, practically eliminating the issues of product imitations.

Special types of entering foreign markets are also franchising and licensing, in which the franchisor or licensor company gives more or less extended rights to the local company abroad – licensee or franchisee that can then use this rights concerning licenses, technology, trademarks, etc, in return for the license fees and royalties. This is the fastest and least costly way to expand abroad, but it still provides the risk of imitating the processes after the contract of franchising or licensing expires and damage to the general brand reputation (Brouthers & McNicol, 2009).

Having concluded Uppsala Model of Internalization, with which we summarized the most common way of internationalizing the companies, we move to the importance of cross-border trade and entrepreneurship of bordering regions.

1.3 Importance of cross-border cooperation for bordering countries

Nowadays the intensity of cross-border cooperation between two countries is of significant importance for both countries' economy (ESPON, 2007). It is especially true for the European Union in which intra-EU trade is presenting for most countries much bigger share of trading activities than with other extra-EU countries (Eurostat, 2021).

The highest share of the trade of each member state of the EU in most cases occurs with the neighbouring countries. More the country is culturally, politically and economically similar to the other trading partner economy, usually the higher the intensity of trade is (Goff, 2019).

One of the most comprehensive explanations for high shares in trading activities between neighbouring countries can be the Gravity Model in International Trade, developed by economist Paul Krugman (Hamilton, 2019):

$$\boxed{T_{ij} = \frac{A \cdot Y_i \cdot Y_j}{D_{ij}}} \qquad [1]$$

The model expressed in equation [1] postulates that intensity of trade between two countries positively depends on both economies' GDP (Y_i x Y_j) and on constant A which represents other factors such as presence of trade agreements, socio-political relations etc.

On the other hand, according to the model, distance between two countries (D_{ij}) negatively affects the intensity of trade. Since the distance between neighbouring countries are minimal, and in Europe also presence of common trade policies, cross-border trade intensity can be very well explained by Krugman's Gravity Model.

Very similar logic applies with cross-border investments or entrepreneurship. Despite the fact that investments in emerging economies are, or at least were for a long time much more profitable than those intra-EU, the latter ones still represent a significant share of total FDI (either inward either outward) for the majority of Member States of EU, especially for those of small to medium size (European Commission, 2021).

Very dynamic cross-border investment activities are a direct consequence of establishing the EU Single Market, a programme whose one of the main aims has been to standardise competition protection and putting under same market conditions all enterprises across European Union's Member States (Mergen, 2021).

The importance of cross-border investments is crucial because of reducing the unemployment differences between two economies, transferring technology and knowledge, increasing quality of workplaces and life, especially in the bordering areas that are often seen as marginal part of the countries. International investments are significantly important to support start-ups to grow their business and going over the borders – going global (Warren, 2019).

Having explained the theoretical concepts and identifying importance of several factors for boosting cross-border trade and entrepreneurship in general, we will easier proceed the comprehension and understanding of the master thesis research regarding specifically cross-border economic environment between Slovenia and Italy.

But before going to the substance of Slovenian-Italian economic relations, I intend to firstly overview relations between these two countries from historical and cultural perspective which are important to the reader to provide holistic view on the territory we are analyzing from the economic point of view.

2 OVERVIEW ON SLOVENIAN-ITALIAN CROSS-BORDER RELATIONS

In this chapter, I will firstly overview the historical background of Slovenian-Italian cross-border territory, important to understand how it shapes the context for economic cooperation today. Later in the chapter I will describe also non-economic aspects in the area of the thesis analysis that definitely contribute significantly to the very dynamic cross-border relations. In this category we include cultural institutions, ethnic and linguistic minorities, cross-border connections, European projects and much more.

2.1 History

In order to better understand current economic environment between Slovenia and Italy, it is important to have a look on important historical periods and milestones that significantly affect the economic cross-border activities.

The most important city which led the economic development in that cross-border context for centuries, was Triest (in Slovenian Trst and in Italian Trieste). As an important port because of its geographical characteristics on the north of Adriatic Sea, was part of Austria (later Austro-Hungarian Empire) from 1382 till the end of the WW1 in 1918 (ICTP, n.d.). Triest became important trade hub and Mediterranean seaport especially in the 17th and 18th century when the city became tax and duty-free port. Famous Empress Maria Theresa constructed deeper port, which even more make the city attractive for entrepreneurs and merchants.

After the Napoleonic Wars in 1813, Triest started to flourish again as the "Imperial Free City of Trieste" (in German Reichsunmittelbare Stadt Triest). Far the most important for the development of the city was Austrian Lloyd merchant shipping line, which was founded in 1836. Suez Canal opening in 1869 made the port even more attractive for trading with Far East and India. The business was so prospering that by 1913 Lloyd Company had 62 ships. The events that made Triest as a very important trade hub, are crucial for the economic development of all the cross-border areas. One of the most visible indicators was the construction of the railway between Vienna and Triest that was connecting also many today-Slovenian cities with today-Italian Triest. Its construction was gradual, firstly connecting Vienna with Graz in 1844, two years later prolonging it to Slovenian city Celje, in 1849 to Ljubljana, and finally in 1857 till Triest (Žerič, 2020). The railway was of strategic value for trading with the goods arrived from Triest port to areas which are today part of Slovenia and further to Austria and Central-Eastern Europe.

Since Italy exit from the WW1 as the winner, it took almost one third of today's Slovenian territory. Because of the rise of Italian fascism and persecution of Slovene ethnic groups in the period between two world conflicts, it was obvious that the economic climate was not favourable to be developed (Svenšek, 2019).

After the Second World War, there was huge uncertainty regarding the new border between Italy and new Yugoslavia. Because of the tensions between two different economic systems – socialism and capitalism, but also territorial disputes regarding northern Istria and the city of Trieste, two countries still could not establish an optimal cross-border economic environment.

We have to consider also that post-war economic and political paths of two countries were totally different. On one hand we have Italy as one of the first countries that was creating the path to European economic integration through the Treaty of Rome in 1957. On the other side we have territory of Slovenia that was for a long time part of socialist Yugoslavia. Despite different paths of the two countries in the second part of 20th century, the economic relations were improving gradually since Yugoslav socialist market model was transitioning towards free market even before the dissolution of the country.

The biggest milestone for prospering economic environment then represented the Independence of the Republic of Slovenia in 1991. Italy adopted extended protection law in 2001 for the Slovenian minority, living in the neighbouring region FVG (GOV.SI, 2021a). Furthermore, in 2004 Slovenia became member of the European Union and Nato, following in 2007 adoption of Euro as a currency. All numerous events and meetings of Slovenian and Italian politics in the following years till these days are clear sign of all formal agreements and informal commitments to maintain and even improve cross-border relations on both levels – economic and political (Ambasciata d'Italia Lubiana, n.d.).

2.2 Culture

Slovenian and Italian cultures are at the first look totally unrelated to each other, with different historical and linguistic roots. But in the cross-border area of the North Adriatic, this two cultures were mixing between each other for centuries, not limiting the influence to the borders that were often changing.

In this way, we can find in the bordering region Friuli-Venezia Giulia autochthonous Slovenian linguistic and ethnic minority that counts today around 80.000 members (GOV.SI, 2021b). On the other side of the border, in the Slovenian Istra, there is autochthonous Italian minority with around 3000 people today (Unione Italiana, n.d.).

The presence of ethnic and linguistic minorities in each state are extremely important in making the business environment dynamic. That is majorly thanks to the tendency of making different types of cross-border relationships, also business and economic ones, in the mother country. In other words, Italian minority in Istria connections with Italy, and Slovenian minority in Friuli-Venezia Giulia with Slovenia.

In Trieste, Gorizia, Udine and Cividale there are numerous associations that aim to preserve, disseminate and promote Slovenian culture in Italy. Most of them are in the hands of the Slovenian minority, present in this territory.

Without doubt an important turning point for Italian-Slovenian relations is the recent return of the Narodni Dom to the Slovenian Community on 13th of July 2020, in the presence of the Presidents of the Republic of Slovenia and Italy, Borut Pahor and Sergio Mattarella (Ermenc, 2020).

Figure 3: Narodni dom in Trieste

Source: Il Piccolo (2019).

In Slovenian Istria, on the other hand, there are Italian institutions that have the purpose of maintaining the cultural identity of the Italian minority. The same as Slovenian community in Italy, even the Italian one in Slovenia has schools with Italian teaching language, theatres, libraries, cultural events, and so on (GOV.SI, 2022a).

Until now we have limited ourselves in the analysis of institutions of linguistic, cultural and ethnic minorities in both states, Slovenia and Italy. But there are also associations and institutes not dependent on ethnic communities. One of them is the Italian Cultural Institute in Ljubljana which carries out the courses of the Italian language, organizes events and much more (Ministero degli Affari Esteri e della Cooperazione Internazionale, n.d.).

Viceversa, however, far from the Slovenian ethnic territories, is present Association of Slovenians in Milan (Embassy of the Republic of Slovenia in Rome, n.d.)

The presence of cultural minorities in Slovenia and Italy are important from two perspectives:

- the first one is internal, connected with maintaining own national identity in the foreign country;
- the second one, however, is much more difficult to identify which consists of indirect effect on business.

Both minorities have their own business associations, whose aim is not only exchanging good practices of entrepreneurs of the same ethnic minority, but also providing legal and other assistance to the economic agents and future entrepreneurs in the cross-border area, coming from their home country (SDGZ, n.d.).

2.3 Town-twinning

When travelling in the cross-border regions, it is often noticed that on many road signs of the towns there are written also the names of the twinned municipalities.

Town-twinning symbolizes mainly cultural, but also economic relationships between two municipalities. The aim of establishing such relations is to strengthen collaboration between different towns in exchanging good practices on all levels of public life.

The number of municipality twinning started to expand after the Second World War with the purpose of establishing mutual cross-cultural respect and tolerance, avoiding in that way future conflicts (Council of European Municipalities and Regions, n.d.).

Between Slovenian and Italian municipalities there are currently 51 twinnings which are an indicator of a strong tendency towards cross-border cultural cooperation (Skupnost občin Slovenije, 2018).

Without doubt the most known town-twinning is the one between Nova Gorica and Gorizia, practically one single city, which was also nominated for the European Capital of Culture in 2025 (GO! 2025, n.d.).

Table 1: Twinning of municipalities in the Slovenian-Italian cross-border area

Municipality in Slovenia	**Municipality in Italy**
Bled	Doberdo' del Lago/Doberdob
Koper/Capodistria, Brezovica, Grosuplje, Hrpelje-Kozina, Kočevje	Dolina
Ilirska Bistrica	Duino/Devin
Koper/Capodstria	Muggia/Milje, Dolina, Ferrara
Šempeter-Vrtojba	Romans d'Isonzo, Medeia
Piran/Pirano	Acquileia
Logatec	Monrupino/Repentabor
Nova Gorica	Gorizia/Gorica

Source: Skupnost občin (2018).

2.4 EU cross-border projects

An ever greater European integration has led Slovenia and Italy to join the various projects and programmes, promoted and funded by the European Union.

Undoubtedly the most important is the Interreg V-A Italy-Slovenia Programme. The project with a budget of 90 million for 7 years (2014-2020 and 2021-2027) aims to promote innovation and competitiveness, environmental sustainability, enhancement of cultural and natural resources and other cross-border services. The area of programme is covering two NUTS-2 regions, Western region of Slovenia (Zahodna Slovenija) and North-eastern Italy (Provincia di Trieste, Gorizia, Udine, Pordenone and Venezia), like it is shown in the following Figure 4.

Figure 4: Area of the Interreg Italy-Slovenia programme

Source: Interreg Italia-Slovenija (n.d.).

So in this chapter we haye analysed Slovenian-Italian cross-border relation from historical point of view, from cultural perspective and contemporary EU cross-border projects. These concepts are obviously very important, actual and are developing one from another.

The non-economic aspects of cross-border area should not be neglected because they are directly and indirectly creating the business environments of Slovenia and Italy that are going to be analysed in the following chapter.

3 BUSINESS ENVIRONMENTS IN SLOVENIA AND ITALY

In this chapter my master thesis will elaborate Slovenian and Italian business environment that are prerequisite for proper understanding of cross-border trade and entrepreneurship that are following later in the research. The analysis starts with describing Slovenian and Italian business environments in general, analysing different elements of PESTEL analysis. Then the research continues with GDP growth comparison, followed by Doing Business Indicators comparison between Slovenia and Italy and Hofstede's cultural dimensions. Finally, the chapter concludes with the methodological tool of CAGE distances between Slovenia and Italy.

3.1 Slovenian business environment

Slovenia is a member of the European Union, the Schengen area and the Euro area, which allows the country to trade with more than 500 million customers in the EU without customs duties and barriers (Spirit Slovenija, 2021).

On the other hand, Slovenia is also an excellent starting point for doing business and enter the markets of Eastern Europe and the Balkans. This kind of economic cooperation is favoured by non-EU trade agreements and good knowledge of these markets with already established and consolidated relationships (Bratanič, 2018).

Thanks to its geographical position at the intersection of the two European TEN-T corridors (Mediterranean and Baltic-Adriatic), Slovenia offers a great variety of connections which make trade between different markets even more facilitated (Finance.si, 2018).

As shown in the following Figure 5, The Mediterranean corridor passes through the whole Spain, southern France, enters the north Italy and crossing Slovenia continues towards Eastern Europe. On the other side, the Baltic-Adriatic corridor, as its name already indicates, connects two seas; Baltic and Adriatic one. More precisely, it starts from the two important ports Gdansk and Riga, and ends in Koper, Trieste and Ravenna.

Figure 5: TEN-T corridors passing Slovenia

Source: Damijan (2017).

Slovenia offers a relatively low-risk business environment. The entrepreneurial culture has developed a lot in the three decades from the independence of the State, therefore some people compare it with »a Second Switzerland« (Lorenčič, 2021). Tax policies tend to encourage the entry of new businesses, especially in the service sector and research & development, creating highly skilled jobs with high added value.

An important comparative advantage enjoyed by the country is the quality of the workforce. Indeed, Slovenians are above the average education rate in the EU, they have good knowledge of foreign languages (according to Eurostat 38% of the population speaks three or more languages, the fact that places Slovenia as third in the EU) and a high level in technological and innovative knowledge (Eurostat, 2018).

The strongest aspect of doing business in Slovenia is the international trade, followed by high rankings also in the categories of political stability, non-presence of violence and maintains its comparative advantage in the efficiency of intervention in cases of corporate insolvencies and protection of minor investors (Sibiz, 2019).

On the other hand, the three weak points of the Slovenian business environment lie in the subscriptions contracts, obtaining building permits and accessing bank loans. The first two weaknesses are linked to the excessive bureaucracy of the administrative bodies, while the difficulty in accessing the credit is linked to the undercapitalization of the Slovenian bank system and a few commercial banks operating in the country, including two Italian banks - Unicredit Slovenia and Banka Intesa San Paolo.

3.2 Italian business environment

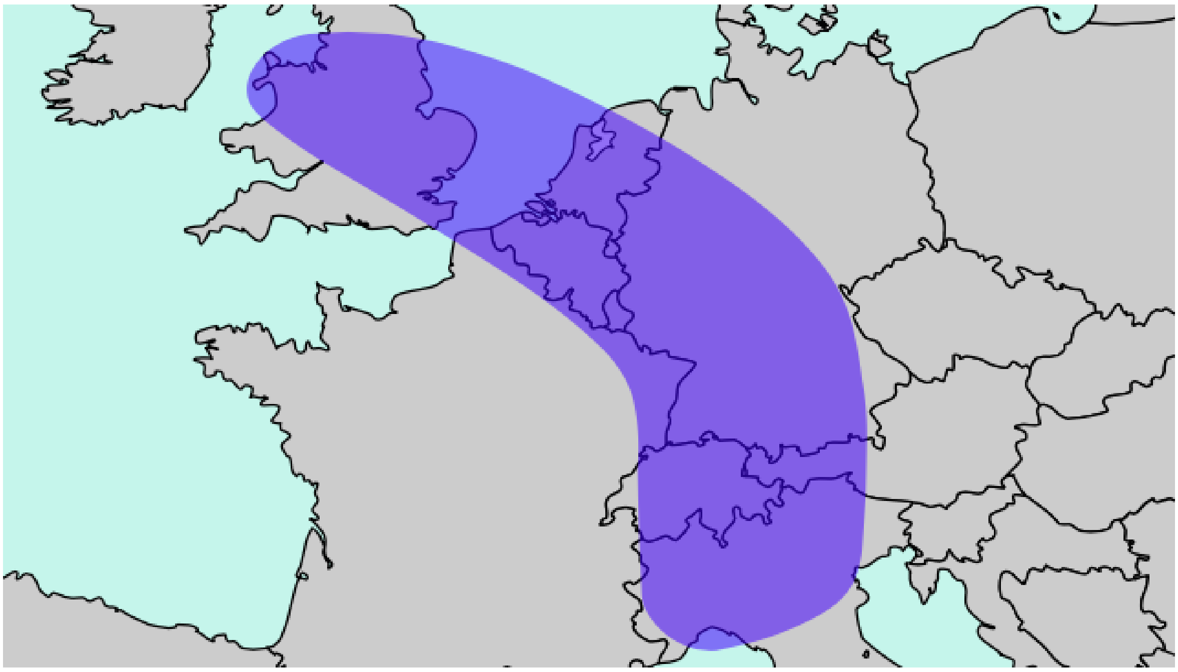
Italy is a co-founder of the European Union, the Schengen and Euro monetary area. Additionally the country is also member of the G-7 (Group of Seven), group of seven economies whose objective is the coordination of fiscal and monetary policies to accelerate economic development around the world (European Commission, n.d.).

Being part of all EU agreements, Italian entrepreneurial environment gives access to reach more than 500 million customers around the European Union.

Furthermore, Italy is possessing extra-EU agreements with some countries and consequently knowledge about this markets. The origin from Italy is much more recognised worldwide compared to Slovenian one as small economy, which can play important role in making business with foreigners (OECD, 2020b).

It is not surprising that Italy as a country has always been attractive to the investors thanks to its geographical position, surrounded from all sides by numerous seas.

Figure 6: "The Blue Banana"



Source: Big Think (2014).

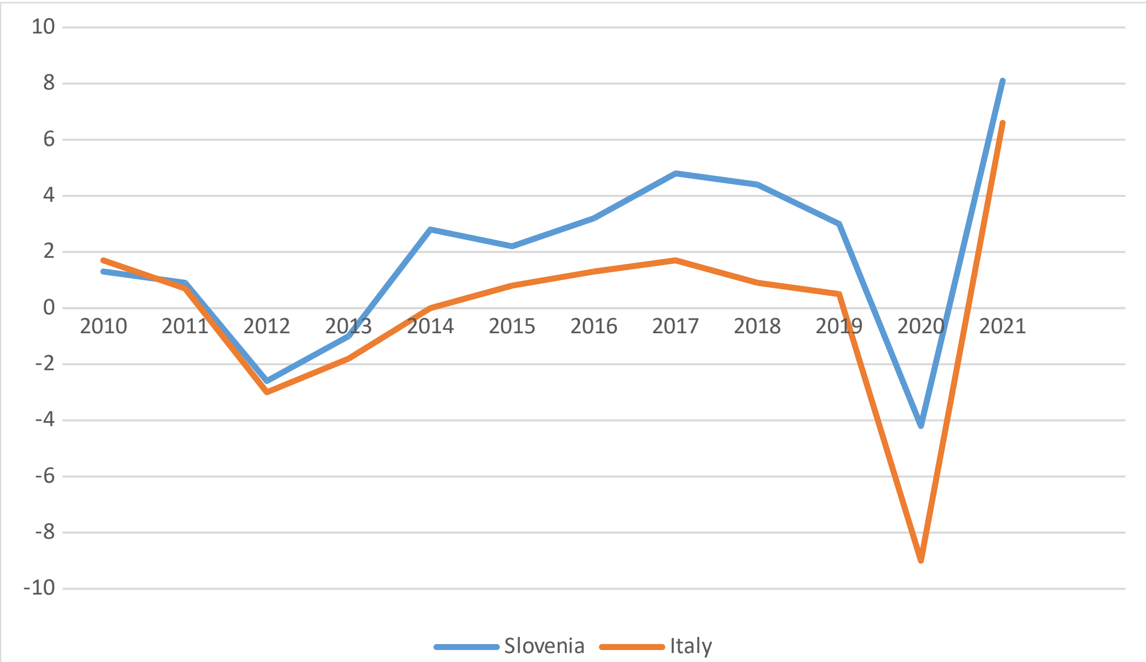
As it can be noticed from the Figure 6, northern part of Italy, is part of so-called "Blue Banana" or the European Megalopolis, which is an expression for the most developed area of European Union. The region definition is subject to geographical extensions due to the dynamics in economic development across EU, but the core of it remains as shown in the Figure 6 (Jacobs, 2014).

Furthermore, Italy is surrounded by Ligurian and Tyrrhenian Sea on the west, Ionian and Adriatic Sea on the east, everything part of Mediterranean Sea. Despite decreased importance of maritime transport and ports in general, the latter ones are still crucially important economic attributes of the country for local and regional development in international context (Ferrari, Percoco, Tedeschi, 2010).

3.3 GDP growth of Slovenia and Italy

For the potential investors, one of the most used economic indicators in the process of choosing the market to expand abroad, is gross domestic product (GDP). In order to eliminate the huge gap in the economic size of two countries, the annual growth of GDP is more appropriate for comparison, and not GDP in its absolute values.

Figure 7: Annual GDP growth comparison between Slovenia and Italy



Source: Country Economy (n.d.).

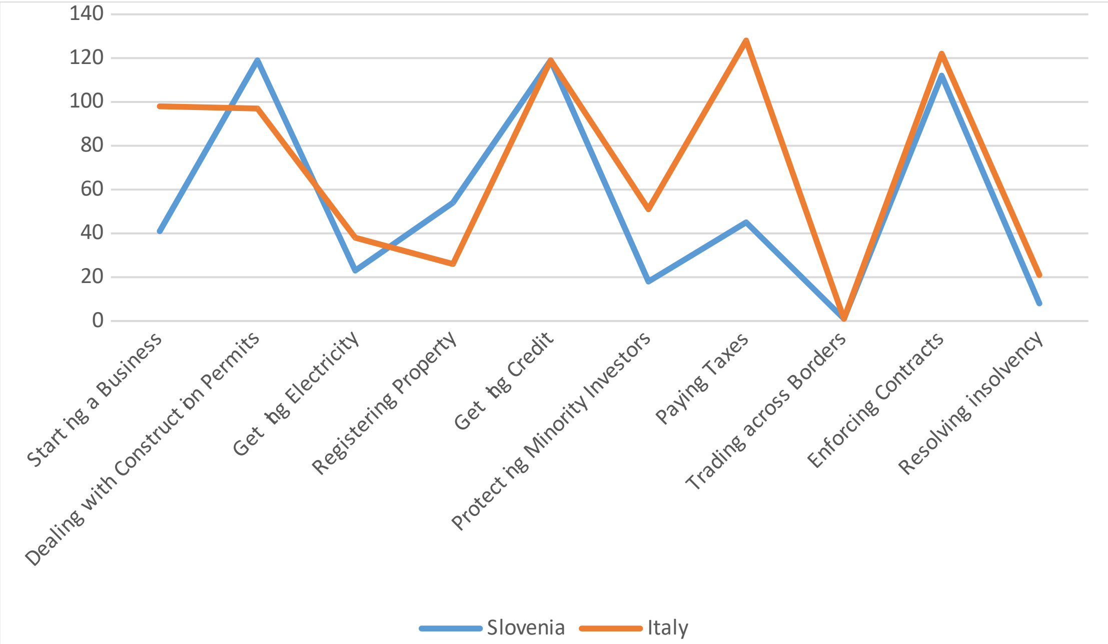
As noticed in the Figure 7, the annual GDP growth of Slovenia and Italy was till 2012 more or less the same. The gap in the growth started to appear in 2013 and continue to increase in the following years. Italian economy until today has not reached the same economic growth as Slovenia. One reason could be searched in the beneficial economic policies that were implemented in that period in Slovenia to attract investors, but also in the fact that Slovenia as a small economy can much easier handle the crisis like the one in 2012 or Covid-19 pandemic in 2020, than bigger economies.

3.4 Doing Business Indicators comparison

Business environment of the country can be defined by eleven indicators that measure several dimensions affecting the entrepreneurship in the country. The most recent research, conducted by World Bank Group for the year 2020, analyses 190 economies and their business regulations.

In order to make the comparison as comprehensive as possible, the rankings of Slovenia and Italy (out of 190 economies) are going to be presented for each of eleven "Doing Business 2020 Indicators."

Figure 8: Comparison of "Doing Business 2020 Indicators" for Slovenia and Italy



Source: World Bank Group (2021a); World Bank Group (2021b).

While analysing the Figure 8, it is important to note that the higher the rank of the country for each indicator is, the worse the country is positioned among 190 economies covered in the project of World Bank Group.

The first indicator "*starting a business*" is measuring the length of the process in terms of time in order to establish limited liability company and its expenses and costs. As it can be seen in the Figure 8, Slovenia is much better ranked in this segment compared to Italy. The main reason could be searched in existence of a lot of taxes and additional contributions in Italy while establishing new companies.

The second indicator "*dealing with construction permits*" is taking in consideration procedures and all expenses that are necessary to formalise building the warehouse, with all the safety and quality control mechanisms. In this segment Slovenia is positioned a little bit worse than Italy, especially because of long times that are necessary to obtain construction permits.

In indicator "*getting electricity*", both economies are doing quite good, not differing a lot from each other. The indicator is not measuring only time and cost to get electricity, but also the level of stable supply and transparent pricing of it.

Indicator "*registering property*" includes all the necessary steps in terms of time and costs to register the property and the efficiency of the system of land administration. Here Slovenia is again positioned worse than Italy, but not significantly.

The fifth indicator "*getting credit*" is critically bad for both, Slovenia and Italy. It measures four main segments: legal rights of borrowers and lenders, access to credit information, credit bureau and registry coverage. It can be deducted that both economies have problems in one of the crucial elements of making entrepreneurship more accessible – financing it.

The next indicator "*protecting minority investors*" is basically measuring what role is given to the minority shareholders in the transactions with the related-parties and what are their rights in the governing of companies. Slovenia is ranked much better than Italy, because of its more efficient legislation in that segment.

The biggest gap between Slovenia and Italy can be noticed in the indicator "*paying taxes*". Slovenia is ranked as 45, while Italy as 128 out of 190 countries analysed. The indicator is taking in consideration tax and contribution rates, payment terms, as well as all other surrounding tax regulations. In the following Table 2 there are compared the three most standard tax rates between the countries in analysis.

Table 2: Comparison of standard tax rates in Slovenia and Italy

	Slovenia	**Italy**
CIT (Corporate Income Tax)	19%	24% + Regional tax on productive activities: 3.9%
VAT (Value Added Tax)	22% Reduced rates: 5 and 9.5%	22% Reduced rates: 4, 5 and 10%
Personal income taxes	Progressive taxation from 16% to 50%	Progressive taxation from 23% to 43%

Sources: Deloitte (2020a); Deloitte (2020b); Deloitte (2021).

Continuing with the World Bank project, "*trading across the border*" is the indicator in which both countries are ranked as first among all the analysed countries in the project. It is measuring the time and costs necessary to export goods across the border for which the country have comparative advantages, including all the documentary and border compliance. Here can be also revealed the reason why the export of goods is strategically important for both economies.

The ninth indicator "*enforcing contracts*" is weak aspect of both countries, ranking them in the lower part of the countries analysed in the World Bank project. The indicator is based on the costs and time to resolve commercial disputes regarding the contracts signed, on the first-instance courts.

The last indicator "*resolving insolvency*" is including time and cost that is required to recover debts, the result of insolvency (whether company continues with operations) and recovery rate for creditors. Both Italy and Slovenia are ranked among the top of the countries analysed in that segment, indicating that both countries have very good legislation framework in resolving insolvency.

3.5 Hofstede's cultural dimensions

Since culture represents significant part of business environment that matters for cross-border trade and entrepreneurship, cultural dimensions of Slovenia and Italy are going to be presented.

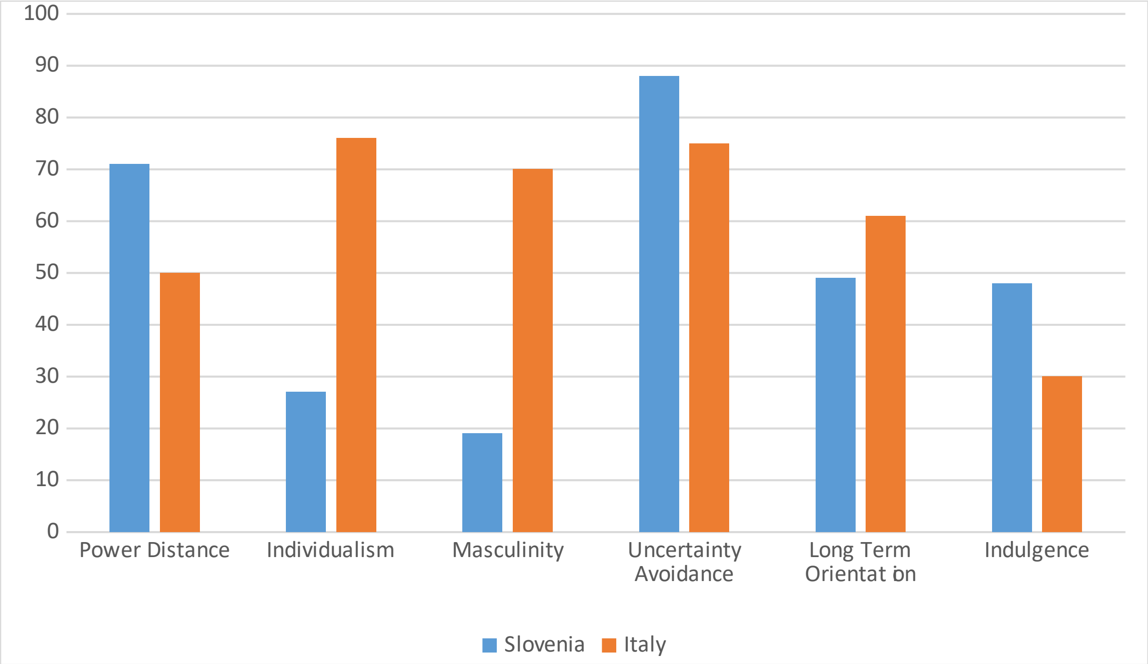
Hofstede's cultural dimensions theory is bearing the name of its developer, Geert Hofstede. The framework is used to point out the cultural differences between nations, in order to assess impact on business when conducting it with foreigners (CFI, 2022).

The theory deals with 6 categories:

- Power Distance Index is measuring if the society accepts hierarchy within company (high index), or it is streaming towards shared decision-making (low index)
- Collectivism vs. Individualism is also very important dimension in finding what is more appreciated and accepted by foreigners – team work "we" or individual work "I"
- Uncertainty Avoidance Index is telling us whether the culture is streaming towards risk avoidance (high index) or its tolerance (low index)
- Femininity vs. Masculinity is a dimension that is measuring various attitudes of the culture. Masculine culture is focused more on material achievements and success, while feminine on long-term and quality relations.
- Short-Term vs. Long-Term Orientation is telling us whether the culture is aiming more on short-term or long-term goals and achieviements

- Restraint vs. Indulgence as the last dimension is measuring to what extent people of society are controlling their desires. Restraint culture is suppressing needs gratification while indulgence culture encourages it.

Figure 9: Six Hofstede dimension comparison between Slovenia and Italy



Source: Hofstede Insights (n.d.).

In the Figure 9, there are indicated 6 Hofstede dimensions comparison between Slovenia and Italy. Interpretation of them, along with the answers of respondents on related question in the survey targeting economic agents in Slovenian-Italian business environment, are going to be provided in the Chapter 7.2, question number 12.

3.6 CAGE analysis

CAGE framework, developed by the economist Pankaj Ghemawat, aims to measure "distances" between two economies, which are crucially important for the market assessments (Mariadoss, 2015).

CAGE acronym is composed of four initial letters of four types of distance:

- Cultural distance stands for the presence of different languages, ethnicities, religions or social norms;
- Administrative distance is connected to the shared history, common political and monetary unions, and so on;

- Geographical distance is meant as physical one that is not dependent only on kilometric distance, but more one transportation infrastructure, access to the sea etc.
- Economic distance consists of differences in personal income and general wealth of the country in terms of GDP.

All of the four distances have already been explained on Slovenian-Italian case, therefore the main aim of this chapter is to present the official CAGE distance numbers which are based on specific impacts of each of four dimensions.

Table 3: CAGE distances between Slovenia and Italy

529km geographical distance	Slovenian export to Italy	Italian export to Slovenia	Slovenian FDI stock in Italy	Italian FDI stock in Slovenia
CAGE DISTANCE	430	541	764	615

Source: Stern NYU (2022).

The numbers of CAGE distances in the Table 3 should be interpreted in the way that the lower is the distance, the easier it is to conduct certain cross-border economic activity.

The analysis starts with the geographic distance of 529km that is the remoteness by air between two capital cities, Ljubljana and Rome. The lower CAGE distance between Slovenian export to Italy than the opposite import (430 vs. 541) can be interpreted as better business opportunity to do cross-border trade in that direction (from Slovenia to Italy than viceversa). On the other hand, higher CAGE distance for Slovenian FDI stock in Italy than Italian FDI stock in Slovenia (764 vs. 615), is showing to us, that there are less burdens, or "CAGE distances" in investing Italian capitals in Slovenia than it is viceversa. The reasons for such CAGE distance numbers and consequently conclusions for market assessment of Slovenia and Italy can be searched in the different business environments of these two countries that have been partly already explained in the previous subchapters and will be further examined in the following core chapters regarding cross-border trade and entrepreneurship.

Having analysed in-depth Slovenian and Italian business environments, using different approaches, tools and models, it is now time to dig into the first core type of cross-border economic cooperation – trade between Slovenia and Italy.

4 CROSS-BORDER TRADE BETWEEN SLOVENIA AND ITALY

Now that we have explained the historical and other non-economic aspects of cross-border relations between Slovenia and Italy, let's dive into the first core subject of the master thesis – cross-border trade. International trade in goods and services was and still is one of the main indicators of how much two countries are dependent economically on each other (Cernat, 2019).

4.1 Cross-border trade

Cross-border trade consists of all the transactions of goods and services between the residents (either physical either juridical people) of Slovenia and those of Italy.

The general statistics for cross-border flows of goods are quite accurate, even though they can measure only registered B2B trade and not those of smaller purchases of ordinary customers (InterTrade Ireland, 2018). Taking them into account, survey questionnaire will be conducted. The results will not consist only on data for purchases since they are hard to measure, but qualitative analysis of the attitudes, frequency and motivation of such cross-border consumerism.

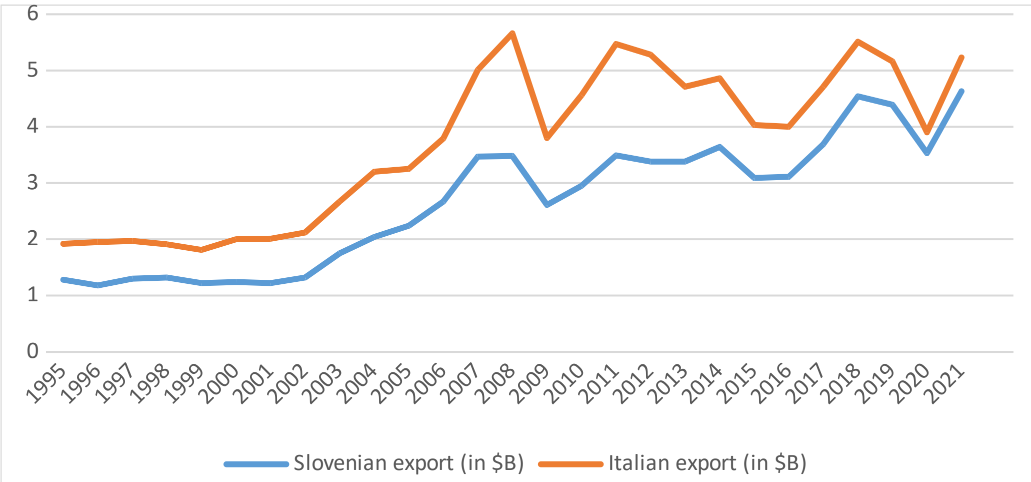
The second category of trade is services. They are much harder to analyse its data because of their intangible nature, especially digital service trade (Mahdzan & Ling, 2014). Again, the problem of statistics available is that they do not cover the services implemented on the small-scale in the cross-border regions, for example restaurants, bars, hair-cuts, mechanic repairs etc. The survey questionnaire mentioned above will cover also this important part of bilateral trade.

4.2 Trade of goods

4.2.1 Slovenian export to Italy

Based on United Nations International Trade Statistics Database, Slovenian export to Italy amounts of $3.53B in 2020. The most exported goods were vehicles ($282M, representing 8.01% of all exports), refined petroleum ($202M, 5.73%), and scrap iron ($104M, 2.95%). Other important goods for export are also packaged medicaments, corn, fuel wood, milk and electric batteries. In the last 26 years, the value of Slovenian export towards Italy have increased by 5.07% each year, from $1.28B to $4.63B (The Observatory of Economic Complexity, n.d.).

Figure 10: Slovenian-Italian trade in goods in the period 1995-2020 (in $B)



Source: Spirit Slovenija (n.d.); The Observatory of Economic Complexity (n.d.).

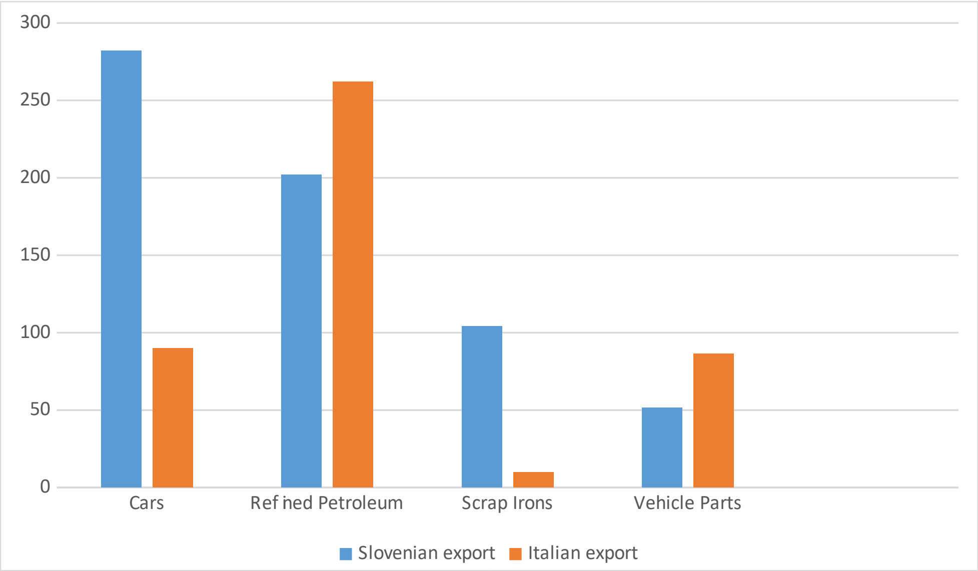
As we can see in the Figure 10, Italian export to Slovenia has always been higher than Slovenian one to Italy. The first rise in the value of bilateral trade in goods can be noticed the year 2004, when Slovenia also became the member of the EU. The following rise has been significant in the years 2007 and 2008. The reasons for that were substantially adoption Euro as a currency in Slovenia and the membership in the Schengen area. In 2009 there was a huge drop in trade due to global recession, but the return to the pre-crise level was quite quick. In the period 2011-2016 Italian export was diminishing, but the Slovenian one remained more or less at the same levels. The following two years with its peak in 2018 were very successful for both trading partners. In 2019 one can notice already smaller slowdown that was even worsened later in 2020 due to the Covid-19 pandemic that hardly hit both economies.

Due to the most recent data available, Italy is the second most important trade partner for Slovenia, in both import and export, immediately after Germany (WITS World Bank, n.d.). In general, export and import activities are extremely important for the overall Slovenian economy, representing 77.88% and 68.66% of total GDP in 2020 (GlobalEdge, n.d.).

4.2.2 Italian export to Slovenia

According to the data collected by United Nations International Trade Statistics, Italy exported to Slovenia goods for $3.9B in 2020. That means that Italy is in small trade surplus in its business activities with Slovenia. The goods that are exported from Italy, are very similar to those imported from Slovenia, which means there is a very dynamic intra-industry trade between these two countries. To illustrate it, refined petroleum represents the most exported good for Italy, while Italy imports it as the second most imported one from Slovenia. Subject to intra-industry trade are also cars (Italian export of $89.9M), and vehicle parts ($86.5M).

Figure 11: Intra-industry trade in goods between Slovenia and Italy (in $M)



Source: The Observatory of Economic Complexity (n.d.).

As observed in the Figure 11, Slovenian export of cars to Italy is extremely important, mentioning Revoz Novo mesto as a producer of Renault. Refined petroleum products are imported to Slovenia a little bit more than exported. Another important category for Slovenian export in Italy is scrap iron which is basically used materials made of iron. Non neglectable part of intra-industry trade are also vehicle parts in which Italian export is dominating over Slovenian one.

The export market of Slovenia has developed at much smaller speed in the last 26 years than viceversa - at the annual rate of 3.93% (The Observatory of Economic Complexity, n.d.).

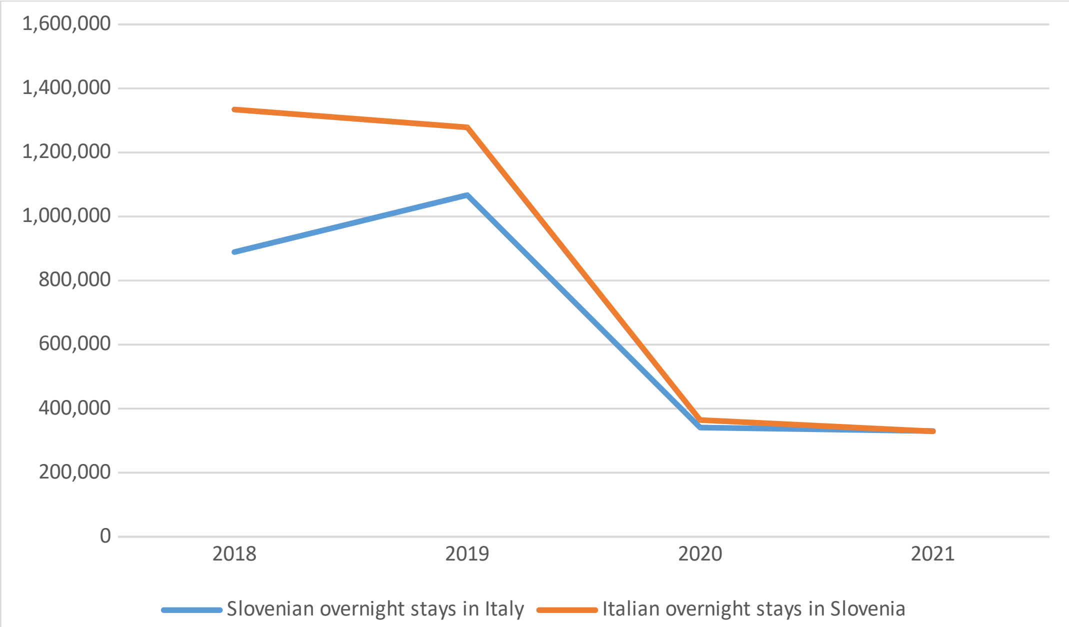
For the difference of the counterpart, trading with Slovenia is not so important for Italy because of its incomparable size, considering that the Italian economy is approximately 36 times bigger than Slovenian one (The World Bank, 2022).

4.3 Service trade

Far the highest share of export in services for both economies is represented by the leisure tourism - more than one third of the entire export value (The Observatory of Economic Complexity, n.d.). Other important exchanged services consist of transportation, telecommunication, financial sector and business tourism.

Since the tourism is one of the most important service sectors for both Slovenia and Italy, and also the most abundant in terms of data availability, the analysis of cross-border service trade will be focused on it.

Figure 12: Slovenian and Italian overnight stays



Sources: Governo Italiano (2022a); Slovenska turistična organizacija (2019); Slovenska turistična organizacija (2020).

As shown in the Figure 12, in the two years before the pandemic, there was a gap in the numbers of Slovenian and Italian overnight stays. But when the pandemic of Covid-19 started in 2020, the number of overnight stays of both countries drastically drop and equalize themselves. Despite progressive improvements in efficiently handling the pandemic also in tourism in 2021, the cross-border trade in this segment of services did not recover. The main reason can be searched in the fact that both economies tried to help the tourism as one of the most hurt sectors because of pandemic restrictions, releasing for this purpose touristic vouchers that could be spent only by the domestic touristic operators (Governo Italiano, 2022b).

4.4 Effect of Covid-19 pandemic on trading activities

Italy was the first European country combatting the spread of the virus and consequently imposing restrictions already in February 2020 and later declaring state of emergency - lockdown (Megna, 2020).

However, the new Coronavirus did not spare other countries, including Slovenia that had to take the same measures as other countries in March 2020 – more or less severe lockdowns (GOV.SI, 2020).

All international trading activities in goods have been harmed due to the lockdowns, especially at the very beginning from March to May 2020, not only between Slovenia and Italy (SURS, 2020).

In the pandemic year 2020, Slovenian export to Italy decreased from $4.39B to $3.53B - for 19.5%. On the other hand, Italian export has seen an even higher drop, more precisely decrease of 24.4% from $5.16B to $3.9B (The Observatory of Economic Complexity, n.d.).

The reasons for a drop in cross-border trading can be attributed to the economic slowdowns in both economies due to the pandemic. Slovenian GDP decreased by 4.2% in 2020 compared with the previous year, while GDP of Italy had seen even higher drop in the first pandemic year – 9% (Country Economy, n.d.).

Another non-neglectable factor is also raised awareness and changed behaviour during that period of domestic customers. Such change can be substantially seen in rise of buying local products, supporting in that way domestic producers (Deloitte, 2020).

4.5 Effect of the war in Ukraine on trade

Russian invasion on Ukraine which started in 24th of February 2022, will definitely have long-term impacts on all global trade flows. As of the moment of writing this thesis, EU in which both Slovenia and Italy take part, is imposing several sets of sanctions towards Russia. The most recent, the sixth set is providing the ban on Russian oil import by sea to EU till the end of 2022, but not pipeline oil as opposed by the Hungary. So far, EU has not imposed any measures regarding Russian gas, even though some countries already stopped, reduced, or at least announced ban on Russian import (BBC, 2022). All the sanctions towards Russia and the war situation in Ukraine are already leading to the general inflation, spreading towards energy increase in price on all economy (Ellyatt, 2022).

Both Italian and Slovenian economy are very much dependent on the Russian import of gas, oil and other important energies. Slovenia imports 30% of oil and 90% of gas from Russia (Slovenia Times, 2022), while Italy is much less dependent on Russian imports of energy commodities: 12.5% on oil and 38.2% on gas (Galliano, 2022).

Potential ban on the import of these commodities as part of the sanctions imposed because of Russian invasion, would require new trading flows for their supply. Currently there are already talks in Slovenia to substitute gas from Russia with those from Algeria and Morocco with the help of Italian network of gas pipelines (Slovenia Times, 2022). Consequently, in the following months we can expect increase in the cross-border trade between Slovenia and Italy especially in the energy commodities.

The Russian sanctions will also have other indirect effect on cross-border trade between Slovenia and Italy. The road transportation which is used for the majority of trade flows between these two countries, is getting more and more costly because of continuous increase in the price of fuel on global markets. Despite both governments trying to relieve that negative affect, we can expect to some extent a decrease of overall trade between Slovenia and Italy (Kolednik, 2022).

Having analysed in-depth cross-border trade flows in goods and services between Slovenia and Italy, and effects on trade due to the Covid-19 pandemic and Russian-Ukrainian war, the thesis proceeds with the cross-border entrepreneurship.

5 CROSS-BORDER ENTREPRENEURSHIP BETWEEN SLOVENIA AND ITALY

Having taken stock of the state of the trade relations between Slovenia and Italy, now we can move to the second core subject of the economic cooperation - cross-border entrepreneurship.

For many economic operators, cross-border entrepreneurship or, we can call them also investments, are just a step further in the process of internationalisation of their companies. If the cross-border trade, or in the company's case export, turn to be successful and profitable, managers often consider whether it would be necessary to make direct investment in the country where the company exports the most of its products.

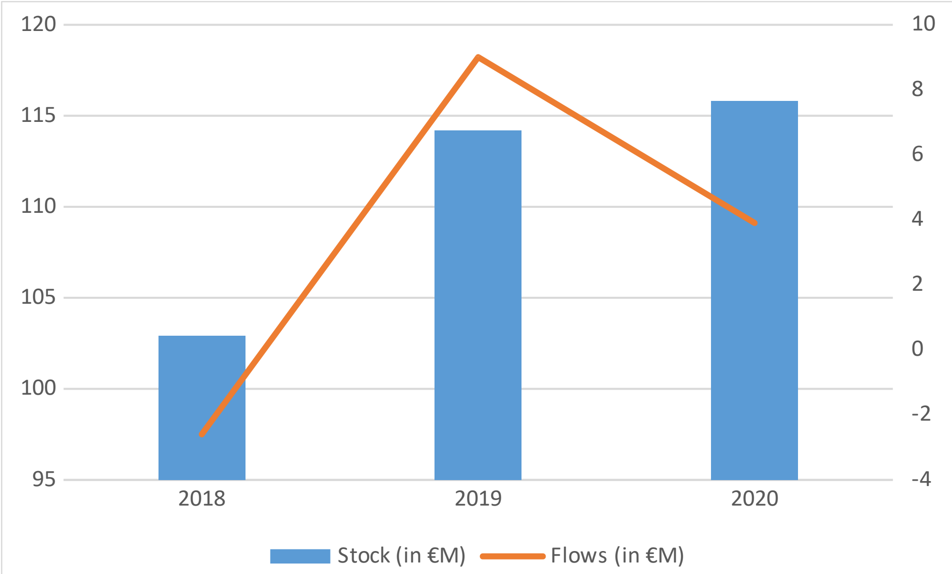
Apart from proximity and accessibility to the markets, the fiscal policy of the country, accessibility to credit, presence of international agreements and much more are important in the process of decision-making (Ferdinandi, 2009).

5.1 Slovenian entrepreneurship in Italy

Before analysing the Figure 13, it is important to notice that the left scale is measuring Slovenian FDI stock in Italy (in €M), while the right scale FDI flows (in €M).

Figure 13 is showing to us that the direct investments of Slovenian capital had increased in Italy from 2018 to 2019 by 10%. To be more precise, from 102.9 million € to 114.2 million €, or in terms of FDI flows, from negative -2.6 million € in 2018 to positive +9 million € in 2019 (Governo Italiano, n.d.).

Figure 13: FDI stocks and flows from Slovenia to Italy



Source: Governo Italiano (n.d.).

Despite the huge uncertainty in the business environment in the first year of pandemic of Covid-19, Slovenian investors continued to invest in Italy also in 2020. It is true that the FDI flows did not reach the number of the previous year 2019, but still investment flows were positive. Slovenian FDI stock in that country – one of the most harmed by the pandemic in the EU, even increased to 115.8 million €.

Although the stock of Slovenian investments in Italy is around ten times lower than the Italian one in Slovenia in absolute numbers (115.8 million € against 1.217 billion €), it is very important since the 16 companies in control of Slovenians in Italy employ 220 employees with a total turnover of over 150 million € (data from the Bank of Slovenia at the end of 2017).

Investments taken as individual ones are not as significant as some of the Italians (for example Generali or Unicredit that are going to be presented further in the thesis), but in any case, I intend to present the biggest Slovenian investment in Italy which occurred in 2018 and by coincidence regards my hometown Ajdovščina.

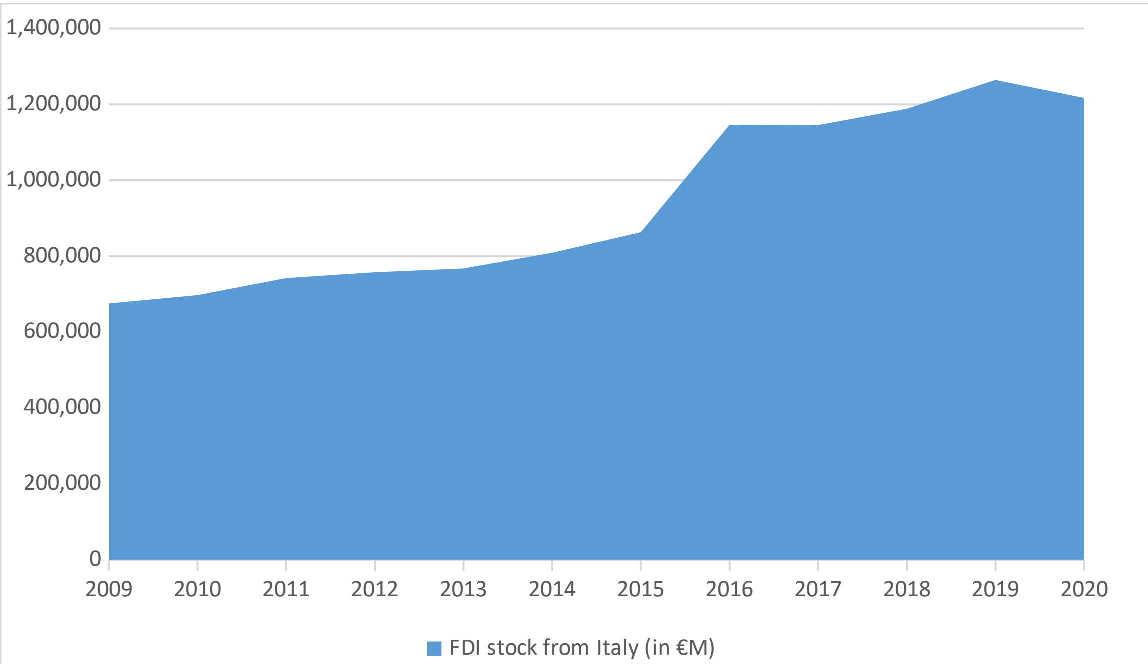
In this small town located in the Western Slovenia the first private company denominated Pipistrel was born in 1987, which was and is still developing and producing ultralight aircraft. Throughout its history the Pipistrel company has been awarded for innovations in the aircraft field, and expanding the production in 2018 the general manager and the owner of the company, Ivo Boscarol, decided to invest 4 million € in the construction of the new branch (denominated Pipistrel Italia Srl) in nearby Gorizia (Pipistrel Aircraft, 2018). The investment was motivated by the existence of specific trade agreements between Italy and the United States regarding the export of ultralight planes (Bertoncelj, 2017).

Despite the very recent acquisition in March 2022 of Pipistrel company by American aviation corporation Textron Inc., the American buyers guaranteed to maintain Pipistrel brand name, headquarter with the production in Ajdovščina and the production branch in Italy (Dolenc, 2022).

5.2 Italian entrepreneurship in Slovenia

As shown in the Figure 14, Italian investments in Slovenia have progressively increased in the last decade. The highest annual growth has been registered in 2016, when FDI stock increased by 32.8%. The overall trend of increasing the amount of investments over time, (except in the last Covid-19 year), can be explained by several reasons. Mainly from the very attractive Slovenian business environment explained in the Chapter 3, but also from the continuous increase in international trade between two countries that pushes economic operators to invest in expanding cross-border market.

Figure 14: Italian FDI stock in Slovenia (in €M)

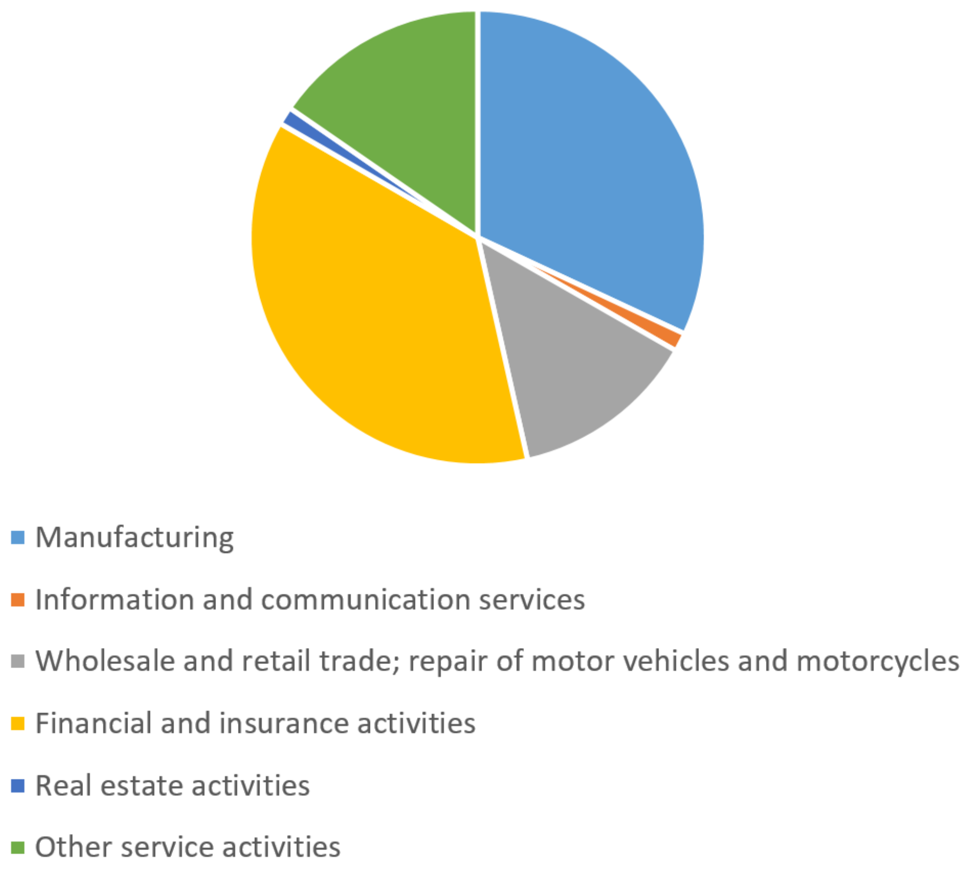


Source: CEIC (n.d.); Banka Slovenije (n.d.).

As noticed in Figure 14, the biggest share of Italian direct investments in Slovenia (which amounted to 1.217 billion euros in 2020) are invested in the financial and insurance sector – 37%. Almost one third (32%) of FDI is allocated in the manufacturing sector, while the remaining investments are divided into the trade sector, automotive industry, real estate activities, IT services and others (Governo Italiano, n.d.).

- Without doubt the most well-known investment that occurred recently in 2018 was when the insurance group Generali acquired entire ownership of the third largest insurance company Adriatic Slovenica for 245 million euros (which owned at that time 15% of the Slovenian insurance market). With the acquisition the Generali Group became the second largest company in that sector (controlling 20% of the market), adding up with the already existing branch Generali Zavarovalnica, present in the country since 1997.
- In 2016, the Italian Financial Board purchased the the Slovenian company Cimos (based in Koper/Capodistria) for 110 million euros. This investment has been very important from a social point of view since Cimos was employing at that time over 5,000 people in the entire Littoral region.

Figure 15: Italian FDI stock in Slovenia by sector (in 2020)



Source: Governo Italiano (n.d.).

Some of very significant investments in the last two decades have also been made in the banking sector:

- In 2002, San Paolo IMI Spa acquired 62% of the shares of Banka Koper, in that way becoming the major shareholder. Subsequently in 2017 the Intesa San Paolo Group increased the ownership of the Slovenian bank to the current 99.1% of the shares, renaming it from Banka Koper to Banka Intesa San Paolo.

- In 2005, Unicredit acquired Bank Austria Creditanstalt, which in turn owned a Slovenian subsidiary bank (now called Unicredit Banka Slovenija).

Investments also occurred in the retail trade, with the establishment in 2004 of the Eurospin Eco Slovenija. This supermarket chain with predominantly Italian products, is now present in 54 cities throughout whole Slovenia.

Other investments, even if not as large as individual ones, but still important for the overall cross-border investment environment, have been made mainly in manufacturing sector and other service activities.

To sum up, what we can deduct from the patterns of Italian investments in Slovenia in the recent years is, that especially banking and insurance sectors are very attractive for Italian large companies (Unicredit and Generali), which also require a lot of regulations and economies of scale and scope.

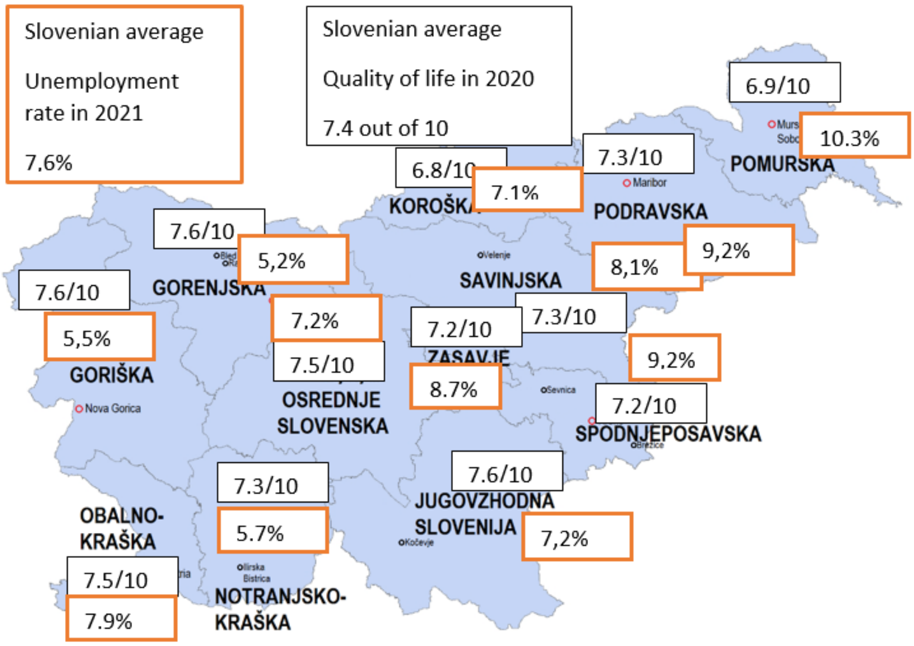
On the other hand, the investments in other sectors of economy, like manufacturing, trade, automotive, IT and so on require less capital invested and are also incentivized by Slovenian government, are represented by SMEs.

5.3 Effect of cross-border environment on unemployment rate and quality of life in bordering regions

As mentioned in the previous paragraphs, Italy is the second biggest trade partner of Slovenia, with also very high proportion of overall foreign direct investments in the Republic of Slovenia.

In the next part I would like to search for some correlations between the proximity of the Slovenian-Italian border, and the regional wealth. For the analysis of regional wealth, I decided to use unemployment rate (2021) and quality of life perception (2020), measured on a scale from 1 to 10.

Figure 16: Unemployment rate and perceived quality of life in 12 Slovenian statistical regions



Adapted from Wikimedia (n.d.); Zavod Republike Slovenije za zaposlovanje (2022); SURS (2021).

Data for Slovenian unemployment rates in 2021 were retrieved from official website of Zavod Republike Slovenije za zaposlovanje/ Employment Service of Slovenia (2022).

Quality of life per statistical region in 2020, perceived by the citizens were retrieved from Statistični urad Republike Slovenije/Statistical office of the Republic of Slovenia (2021).

As seen in the adapted Figure 16, we can observe certain pattern that the more the statistical region is far from the Italy on the west, the higher the unemployment rate is. There is no proof for such claims, but definitely Slovenian daily migrants in Italy, that are according to some estimation around 8000, are reducing the unemployment rate in the bordering regions (PGZ, 2021). The only exception of this claim is the bordering region Obalno-Kraška that had in 2021 relatively high unemployment rate of 7.9%. The other bordering region Goriška has the second lowest unemployment rate among all statistical regions in Slovenia (5.5%), similar performance in terms of unemployment has first place Gorenjska (5.2%) and third place Notranjsko-Kraška (5.7%), all of them on the Western part of Slovenia. As we move to the east, it becomes evident that the unemployment rates are rising, with the highest in Pomurska region (10.3%).

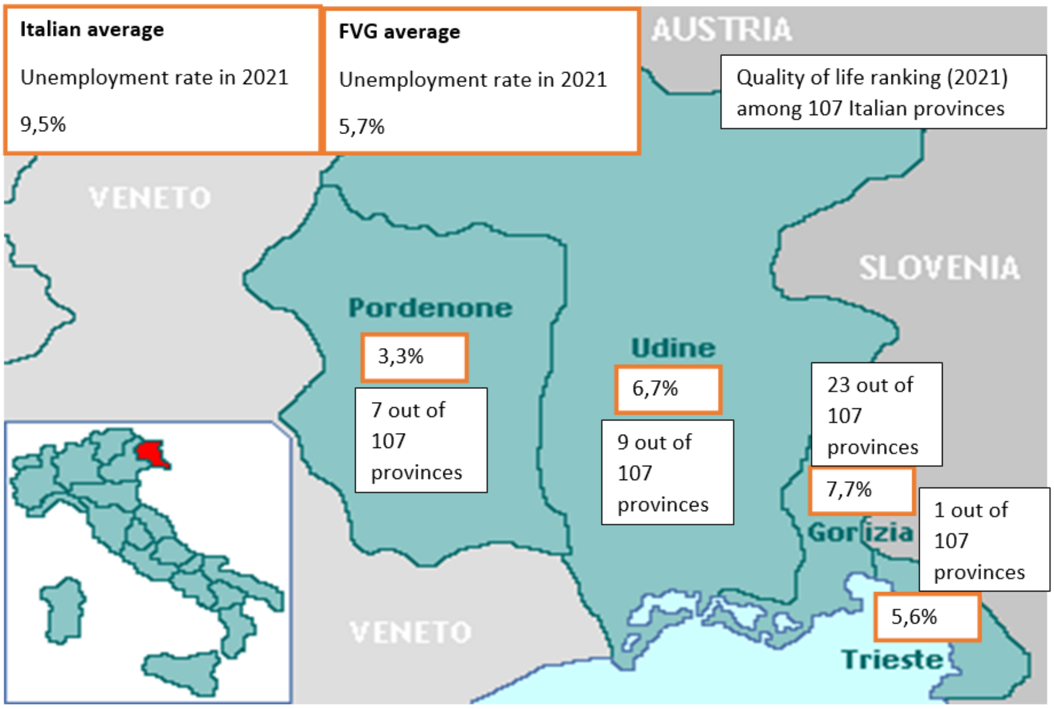
Another parameter used for the analysis, is the perception of quality of life that was conducted by the Statistical office of Slovenia (SURS), measured on a scale from 1 to 10.

Even though the differences are not very significant, we can still observe higher grades in the Western statistical regions than in the Eastern ones, with some exceptions. We should also not neglect the limitations in the validity and reliability of the measuring and the respondents' answers.

There is no proof that the proximity of Italy, which includes its investors, traders, consumers (tourists etc.), has positive direct effect on reducing unemployment rate and increasing quality of life. Despite the fact that the quality of life is not completely correlated to the unemployment rate, the labour situation in the regions are one of the main determinants of the perceived quality of life (Hult, Pietilä & Saaranen, 2020).

One of possible explanations could be that the Italian investors in Slovenia are making more working places in the Western regions due to proximity of their domestic market and higher proficiency in Italian language of local population. Another reason could be searched in the fact, that the regional proximity allows daily cross-border workers, which has definitely positive affect on the unemployment rate in that statistical regions. Very important aspect that is definitely increasing the wealth of the Slovenian regions close to the Italian border, is the presence of many Italian consumers that are finding Slovenia much cheaper in many goods and services. That is definitely something that is increasing the revenue of the firms located in those regions, and consequently the employment rate.

Figure 17: Friuli-Venezia Giulia unemployment rate and quality of life ranking (2021) in its four provinces



Adapted from Enchanting Italy (n.d.); Camera di Commercio Venezia Giulia (2021); Il Sole 24 Ore (2022).

Data on unemployment rate for 2021 were retrieved from Camera di Commercio Venezia Giulia/Chamber of commerce Venezia Giulia (2021).

Quality of life statistics in Italian provinces for 2021 were retrieved from business newspaper Il Sole 24 Ore (2022).

As seen in Figure 17, in contrast to Slovenian statistical regions, we could not observe the tendency of Italian provinces bordering to Slovenia having better performance in unemployment rates and quality of life ranking, which is conducted every year in Italy by famous daily business newspaper Il Sole 24 Ore.

At the first look, we could say that proximity to Slovenia has positive affect on the quality of life since Province of Trieste, which is surrounded by Slovenia, achieved first place in Italy in quality of life ranking. But on the other hand Province of Gorizia that is also directly bordering to Slovenia, was ranked in 2021 as 23rd. The remaining two provinces that are belonging to the region Friuli-Venezia Giulia - Udine and Pordenone, were ranked among top 10 provinces in the quality of life research.

Analysing the unemployment rates among 4 provinces, the lowest one is the one in Pordenone (3.3%), which is the furthest away from Slovenia. The Provinces of Trieste and Gorizia that are economically the most connected with Slovenia, are not performing badly with their's beeing 5.6% and 7.7%, but not outstandingly if we take in consideration also Province of Udine with 6.7% unemployment rate.

So, what we can deduct from the analysis of unemployment rates and quality of life rankings is that there is no clear evidence that Slovenia would have overall positive effects on the bordering Italian regions. The main reason could be searched in the fact, that the economic centre of Italy is in its northern parts Milano, Torino, Verona, Padua, that are in opposite direction from Slovenia which is on the east. Therefore it is no wonder that western provinces of analysed Friuli-Venezia Giulia region are performing better than eastern ones.

5.4 Effect of Covid-19 pandemic on investment activities

The long-term investment consequences of the global spread of the epidemic in the years from 2020 to 2022 and its subsequent economic crisis cannot be yet predicted.

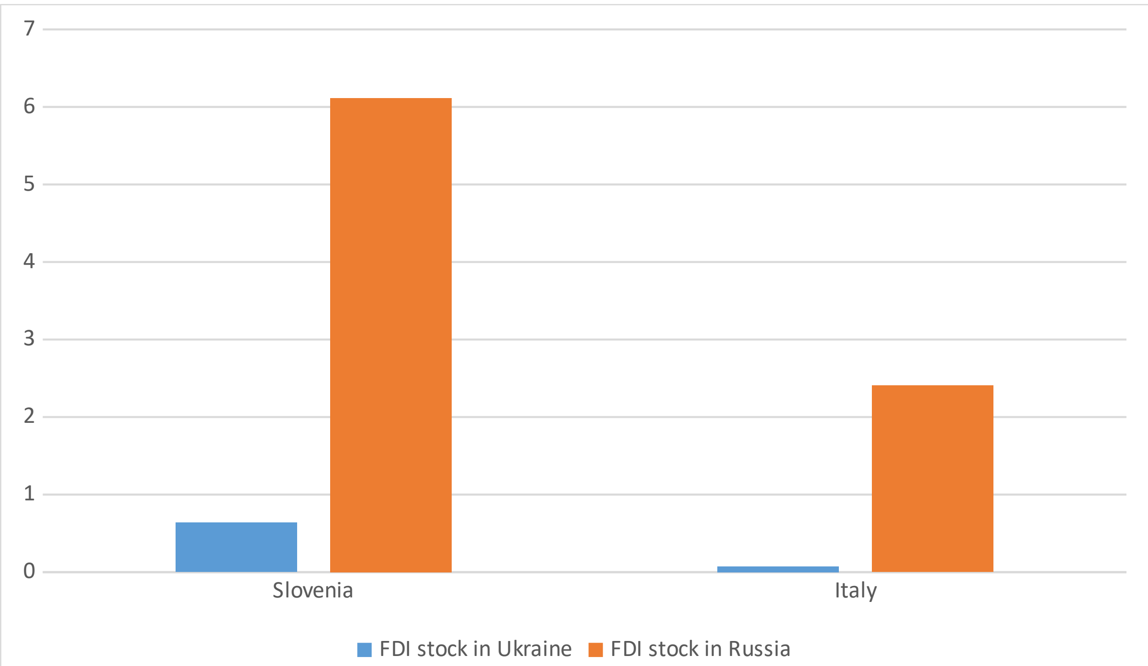
Italy, as the first country in Europe with "lockdown" was imposing very restrictive measures on all levels of its economy since the very beginning of the pandemic in February 2020 (Il Sole 24 Ore, 2021). On the other hand, Slovenia started with measures later in March 2020, but the measures, including what regards business operating, has never been as severe and long-lasting as in Italy (GOV.SI, 2022c).

Certainly, during the restrictive measures, the cross-border investments flows decreased as the pandemic represented very unstable period for making any types of investments, even in the cross-border arena. On the other hand, it will be interesting to observe to what extent this coronacrisis will shift global investments from emerging economies to Europe. In other words, how many capitals of the European multinationals will return to Europe (including Slovenia and Italy) for the sake of the prudence and the lower propensity to expand on global markets.

5.5 Effect of war in Ukraine on investment

Very similar thinking applies for Ukrainian war in 2022. All the economic investors are already trying to substitute Ukrainian and Russian market because of all uncertainties that are happening on the East of Europe. The motivation for capitals leaving Ukraine is the war situation that impedes normal functioning of business, while Russia became subject to many economic and non-economic sanctions because of its "special military operation" in Ukraine (Dettoni & Irwin-Hunt, 2022).

Figure 18: Slovenian and Italian FDI stock in Ukraine and Russia in 2020 (in percentage of the country's total FDI stock)



Source: Banka Slovenije (2021); Banca d'Italia (2021).

As we can notice from the Figure 18, the investments in Ukraine do not represent particularly high share of total investments abroad for both countries. However, Ukrainian market for investments is more important for Slovenian investors since it accounts for 0,638% of total FDI stock in 2020.

Not surprisingly, higher share of investments is represented by the Russian market because of its incomparable economic size. Particularly Russia is important to investors from Slovenia since it is home to 6,115% of all its foreign direct investments. That number is classifying Russian investment market as the 4th most attractive for Slovenia. On the other hand, Italy has in Russia much more FDI stock in absolute numbers (11.511 €M), but its market importance for the overall Italian FDI is much less significant (2.41 %).

The analysis of the FDI stocks of Slovenia and Italy in Ukraine and Russia are important in the current war situation in the East of Europe. We can expect that the more severe and tense the war in Ukraine and consequently sanctions towards Russia will be, the higher the tendency towards reducing investments from foreigners will be, including Slovenia and Italy. Especially it means reallocating investments in the direct proximity of the investors, involving both Slovenian and Italian entrepreneurs.

Concluding the final part of desktop research in which we discussed the cross-border investments between Slovenia and Italy, the reasons for them, searching for possible implications on unemployment rates and quality of life in the bordering regions, and at the end recent disruption of Covid-19 pandemic and war in Ukraine, we move to the methodology chapter, followed by survey results of the research conducted by the author of master thesis.

6 METHODOLOGY

In the existing materials on cross-border cooperation, there are two very important aspects that are missing in order to present cross-border economic relations in more holistic way. Those are cross-border consumerism, or B2C trade, and cross-border entrepreneurship, viewed from the eyes of economic agents operating in that Slovenian-Italian business environment. In order to dig more in-depth in this two omitted, but definitely extremely important aspects of cross-border economic relations between Slovenia and Italy, the questionnaire surveys have been conducted.

6.1 Objectives

The objective of the first part of the survey is to describe cross-border consumerism between Slovenia and Italy. Therefore, some of the aims are to find out how often the residents of bordering regions visit Italy/Slovenia as consumers, which stores or commercial centres they visit the most, how often they buy certain types of goods or services, and how important are some reasons to go cross-border. The objective of the last part is to find out how much the consumer behaviour has changed during the Covid-19 period, how important are some reasons for different behaviour during the pandemic and finally, what is the situation of cross-border consumerism today when the majority of restrictions connected with Covid-19, are falling.

The findings are intended primarily to help the companies in the cross-border area to better predict consumer habits and expectations for more prosperous business operating. The results will also help policy-makers to understand the consumerism situation and according to it implement future policies.

The objective of the second part of the survey, concerning cross-border entrepreneurship, is to find out to what extent and in which form Slovenian and Italian economic agents or clients cooperate across the Slovenian-Italian border. Furthermore, the aim is also to identify what is the perception of Slovenian and Italian business people towards companies, its employees and clients on the other side of the border, and perception of business environment in the cross-border country, Slovenia and Italy. Finally, the objective is also to find out how much were the cross-border economic cooperation hindered because of the Covid-19 pandemic, what was the importance of some specific reasons for it and what are some consequences of the pandemic for today's operating.

The research purpose is primarily to help the companies improve their cross-border business operating, but also helping policy-makers to implement policies that would impove overall business environment in the cross-border area.

In order to cover and clarify the current knowledge gap in the professional and scientific literature, I will present the results of an original project that deals with these issues.

6.2 Research method

The research method chosen for both researches was the quantitative one - the questionnaire survey.The questionnaire targeting Slovenian and Italian consumers was composed of 12 multiple-choice questions, three 5-point and one 7-point Likert scale questions. The aim was to reach at least 100 consumers from each country, Slovenia and Italy. For the research purposes, only the consumers whose residence are in the western regions of Slovenia and Italian region Friuli-Venezia Giulia, were allowed to participate in the survey. In total, 178 Slovenian and 130 Italian consumers participated, both of them exceeding the expectation regarding the response rate.

The second set of questionnaires targeting economic agents from Slovenia and Italy was made out of 11 multiple-choice questions, two 7-point and two 10-point Likert scale questions, and one open-ended question. The objective was to reach at least 10 Slovenian and 10 Italian economic agents, operating in this dynamic cross-border environment. As for the first research, the geographical boundaries for the respondents were set in the two bordering regions – western Slovenia and Friuli-Venezia Giulia region in Italy. The respondents to this set of questionnaires was expected to be significantly lower in number comparing to the first set – 16 Slovenian and 14 Italian entrepreneurs.

Both set of the questionnaires were launched in the first half of May 2022. In order to facilitate the understanding of the questions to respondents, the survey was translated in Slovenian and Italian language. Original versions are included in the appendix.

6.3 Data collection and analysis

In the process of data collection for both researches, non-probability sampling was used. This type of sampling was used because of the nature of research – it includes only consumers and economic agents, having residence in the bordering Slovenian-Italian regions (western Slovenia and north-eastern Italy).

The data were collected by questionnaires made in the software 1KA, sent electronically to the potential respondents, via email or other social medias.

The data collected was analyzed using descriptive statistics. The tools used to perform the analysis were the 1KA in-built software as well as Microsoft Excel. With the help of several types of figures, which are going to be presented in the next chapter, I was able to accurately describe the answers of the respondents, both consumers and economic agents.

6.4 Summary

For the first set of questionnaires targeting consumers, the main media to reach the respondents were several Facebook groups of the bordering cities and regions. Therefore, it can be considered as convenience sampling. However, according to the analysis of the demographics there was no exclusion of elder people.

The second set of questionnaires regarding the cross-border entrepreneurship, was reaching the potential respondents via e-mail addresses of the companies in the Slovenian/Italian cross-border area. The links to the questionnaires were randomly sent to all the companies, located in the bordering regions that were possible to be reached electronically.

The big limitation for the representativeness of the sample could be relatively low number of respondents – 16 Slovenians and 14 Italians. The other limitation could be again the self-selection bias which means that the e-mail invitation to participate in the survey, was accepted probably only by the companies strongly involved in the Slovenian-Italian cross-border business.

7 SURVEY RESULTS

In this chapter, my master thesis will analyse the answers of the respondents with the help of 1KA questionnaire software, interpreting the results and finally searching for the conclusions. Firstly, there is going to be analysed first set of the questionnaire regarding cross-border consumerism, later the one targeting cross-border business entrepreneurs and economic agents.

7.1 Cross-border consumerism

The first set of questionnaires was targeting consumers from both sides of Slovenian-Italian border. In total, Slovenian respondents were 178 and Italian ones 130. In order to make the questionnaires easier to fulfil and consequently increase the response rate, they were written in Slovenian and Italian language. They were launched in the first part of the May 2022, prevalently with the help of social media, using big Facebook groups in order to reach as much people as possible. Using that social media does not seem to harm representativeness of the sample since the respondents belong to the majority of age categories. Hence, in the following interpretation I will analyse the responses, comparing them between Slovenians and Italians, and finally trying to interpret the reasons for them.

It is important to note that the left part of tables or figures belong to Slovenian respondents' answers, while the right one to Italian ones. All the figures and tables were retrieved and adapted from 1KA software, where also the survey questionnaires took place. The abbreviation N stands for the number of answers for each choice, and % for the percentage of total respondents responding to that choice. The questions and answer choices are all translated to English.

7.1.1 Sample description

Table 4: Age of respondents

	Slovenian		Italian	
Answers	N	%	N	%
Less than 17	0	0%	0	0%
18-20	3	2%	1	1%
21-25	18	10%	11	8%
26-30	10	6%	9	7%
31-40	33	19%	19	15%
41-50	51	29%	32	25%
51-60	43	24%	37	28%
More than 61	20	11%	21	16%
Total	178	100%	130	100%

Source: Own work.

We can notice from Table 4, that the majority of the respondents are aged between 41 and 60. However, the most respondents from Slovenia are aged between 41 and 50, while Italian ones are 10 years older. None of respondents is aged under 17, but that could also not be relevant since they do not have much purchasing power.

Table 5: Gender of respondents

	Slovenian		Italian	
Answers	N	%	N	%
Male	46	26%	42	33%
Female	131	74%	87	67%
Total	177	99%	129	100%

Source: Own work.

In both countries, the majority of respondents are female. Among Italian consumers the exact percentage of female participants is 67%, while among Slovenian ones it is 74%.

Table 6: Highest level of education of respondents

	Slovenian		Italian	
Answers	N	%	N	%
Uncompleted primary education	0	0%	0	0%
Completed primary education	3	2%	10	8%
Secondary education	72	40%	63	48%
Undergraduate university education	62	35%	25	19%
Postgraduate university education	19	11%	15	12%
Higher specialization	16	9%	12	9%
Doctoral education	3	2%	5	4%
Other	2	1%	0	0%
Total	177	99%	130	100%

Source: Own work.

Even though the Slovenian and Italian education systems are quite different in their nominations, we can still apply certain degree of comparability among educational levels. We cane notice bigger gap in the Italian sample between two answers – finishing high school and bachelor degree (48% vs. 19% respectively), while Slovenian answers show smaller gap (40% vs. 35% respectively).

Table 7: Annual net income of respondents

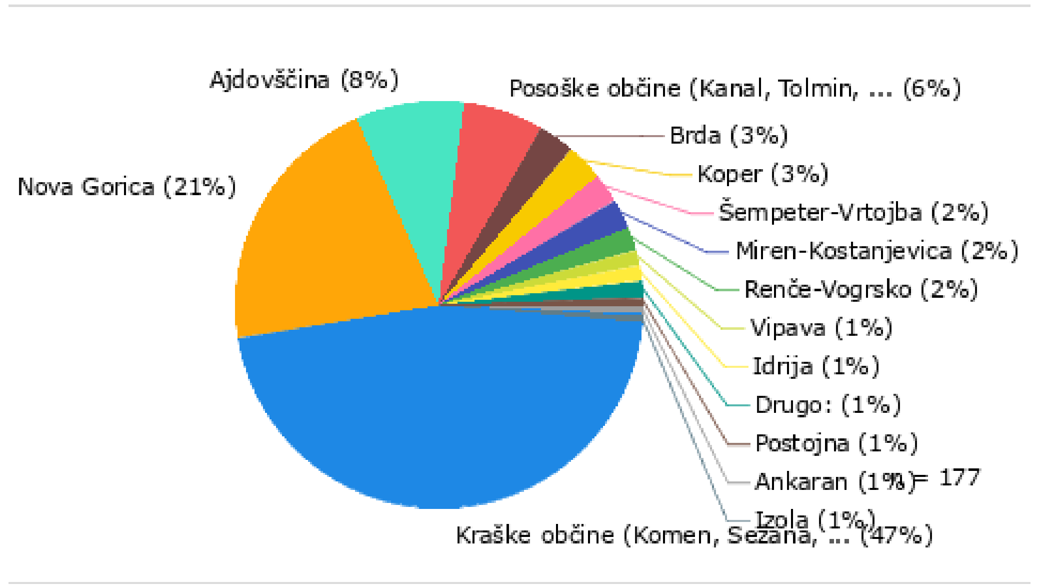
	Slovenian		Italian	
Answers	N	%	N	%
€0 – €9.999	38	21%	15	12%
€10.000 – €14.999	44	25%	13	10%
€15.000 – €19.999	34	19%	19	15%
€20.000 – €24,999	21	12%	23	18%
€25,000 – €29.999	8	4%	24	18%
More than €30,000	12	7%	18	14%
I don't want to answer	20	11%	17	13%
Total	177	99%	129	99%

Source: Own work.

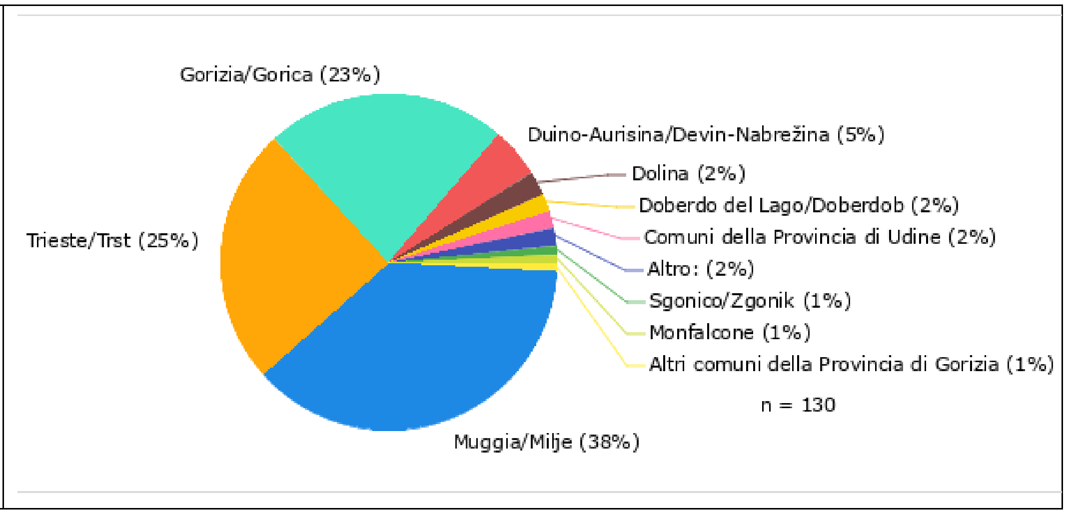
From the Table 7 we can deduct that the Italian respondents have significantly more income, and especially they are much more balanced in all income categories. The biggest gap between Slovenian and Italian income revealed is above €25.000. The gap in annual net income was somehow expected, but not to such extent. One reason for that could be, apart from the wealth between two countries, that Italians with higher incomes are more frequent in the cross-border consumerism, and consequently being more interested in fulfilling that survey than Italians with lower income.

Figure 19: Residence of respondents

Slovenian sample



Italian sample



Source: Own work.

Almost half of all Slovenian respondents (47%) are living in the municipalities of Kras region, with the biggest one Sežana. Such interest of people from that specific bordering territory in fulfilling the questionnaires can be explained in a very comprehensive manner. The residents of city of Sežana and its small surrounding towns and villages, are naturally gravitating towards Italy more than to the other Slovenian bigger cities that have more offer in goods and services. To illustrate, Trieste in Italy is much closer to Sežana than Koper in Slovenia, both in distance and time of travelling. A little bit more than one fifth of Slovenian respondents are coming from Nova Gorica, 8% from Ajdovščina, and all other municipalities of Primorska region combined less than one quarter. It is interesting, however, to observe that there are only a few respondents from Istrian municipalities, with the biggest city Koper. The explanation for not such enthusiasm to take part in the research from that region is totally inverted than for the one already made for Sežana region. The city of Koper has a lot of commercial centres and already offers great variety of services to their own residents.

Among Italian respondents, two biggest cities in the region, Trieste and Gorizia give around one quarter of all surveys each. Surprisingly, the highest share of respondents (38%) come from Muggia, much smaller city than Trieste on the east of it. Much higher interest can be again explained that Muggia is geographically gravitating much more to Slovenian Koper than Trieste does. The remaining respondents are coming from the other smaller municipalities surrounding Trieste and Gorizia.

7.1.2 Research questions

QUESTION 1: How often do you cross the Slovenian-Italian border today as a consumer (shopper, tourist, etc.)?

Table 8: Frequency of crossing the border of respondents

	Slovenian		Italian	
Answers	N	%	N	%
Several times per week	23	13%	34	26%
Once per week	33	19%	42	32%
Once per month	54	30%	37	28%
Rarely	61	34%	14	11%
Never	6	3%	3	2%
Total	177	99%	130	100%

Source: Own work.

From the Table 8 it could be noticed that Italian respondents are visiting Slovenia more often as consumers than viceversa. The gaps can be observed in the most frequent visiting – "several times per week" and "once per week". The Slovenian respondents' share answering "rarely" on this question, is more than three times higher than the one of the counterparts. The reason can be easily explained by people that are living in that cross-border region. In many goods and services Slovenia is offering much better ratio price-quality than Italy. That is due to the overall lower costs of life in Slovenia and many other determinants.

QUESTION 2: Why?

This question was asked to be fulfilled as the last one only to 6 Slovenians and 3 Italians that responded "never" on the previous question number 6.

Table 9: Reason for non-crossing the border of respondents

	Slovenian		Italian	
	N	%	N	%
I don’t travel a lot	2	33%	0	0%
I don’t perceive any difference (in price, choice, quality etc.)	3	50%	1	1%
I don’t know the language	0	0%	1	1%
Bad experiences or attitudes	0	0%	0	0%
Other:	1	17%	1	1%
Total	6	100%	3	2%

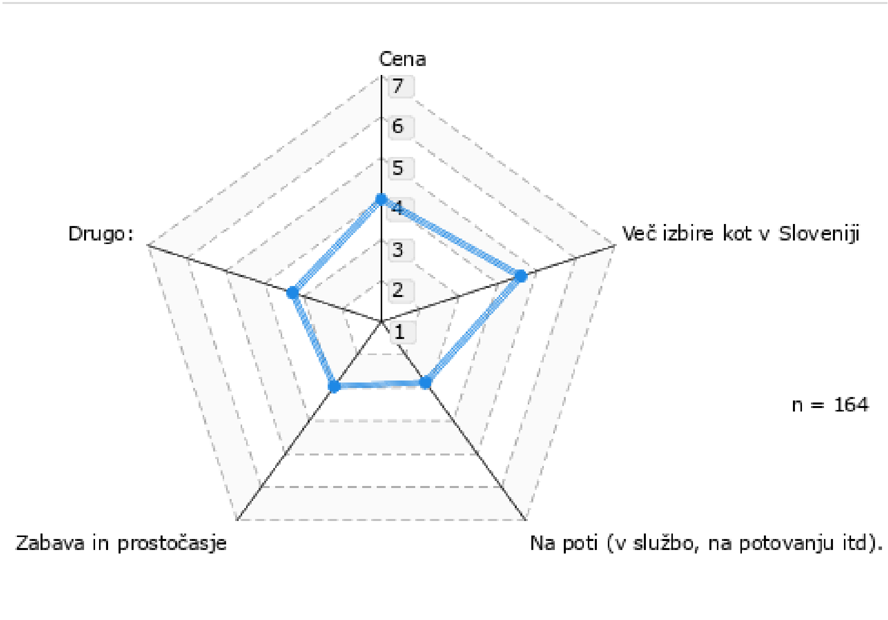
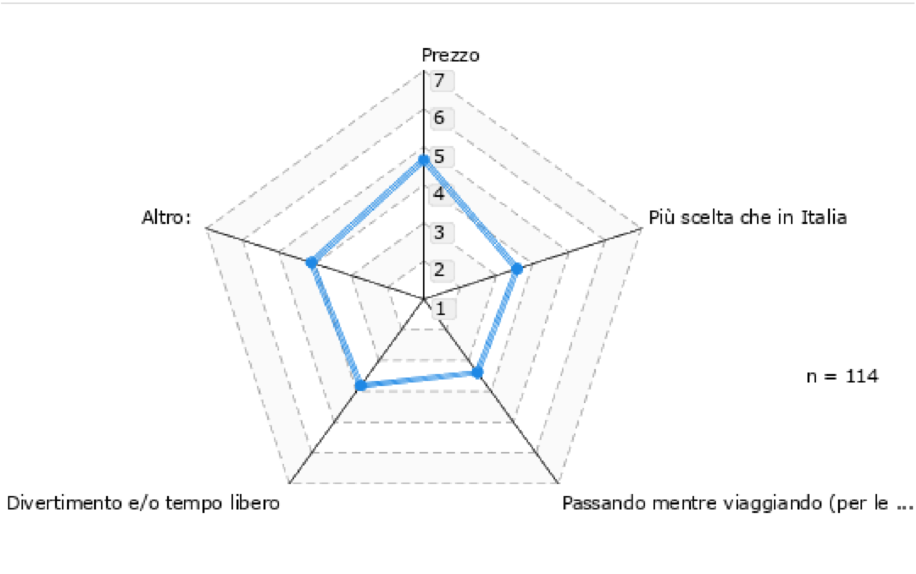
Source: Own work.

Three out of six Slovenian respondents claim that they do not perceive any difference in price, choice or quality on the other side of the border. Two of them do not travel a lot in Italy and one indicates other reason, not specifying it.

On the other hand, three Italian non-consumers answer with non perceiving any difference in Slovenia, not knowing the language, and other reason; each of these answers receives one respondent.

QUESTION 3: How important are the following reasons to you for cross-border shopping in Italy/Slovenia?

Figure 20: Reason of crossing the border of respondents

Slovenian sample	
Italian sample	

Source: Own work.

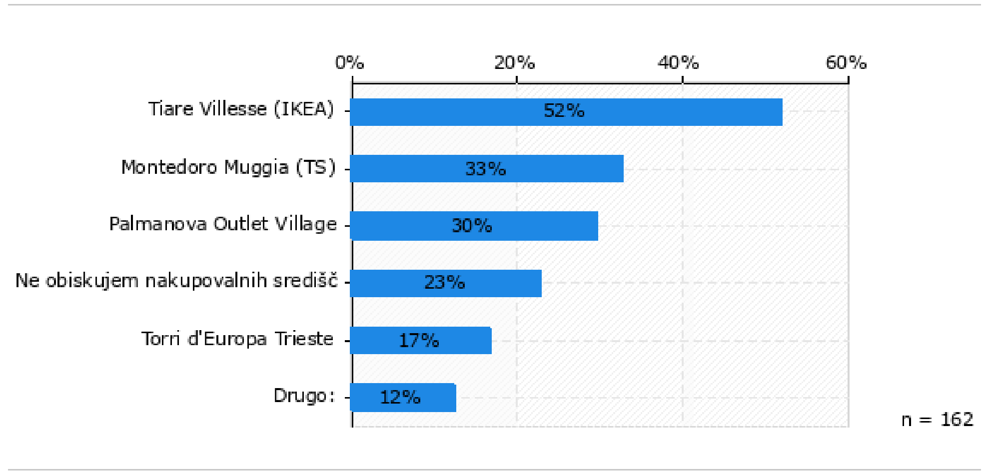
The respondents had to indicate on a 7-point Likert scale (1 not important at all, 7 essential) the importance of some reasons listed, in taking decisions to go cross-border as a consumer.

According to the respondents, price is more important factor for Italians than for Slovenians. On the other hand, a very important factor for Slovenian cross-border consumerism is more choice than in Italy. The reason of being on their way to school or work is for both respondents not important, while Italians perceive fun and leisure activities more important reason for going cross-border than Slovenians. Other reasons were also indicated as important by the respondents from both sides of the border. The majority of them are connected to nature, quality of products, proximity and so on.

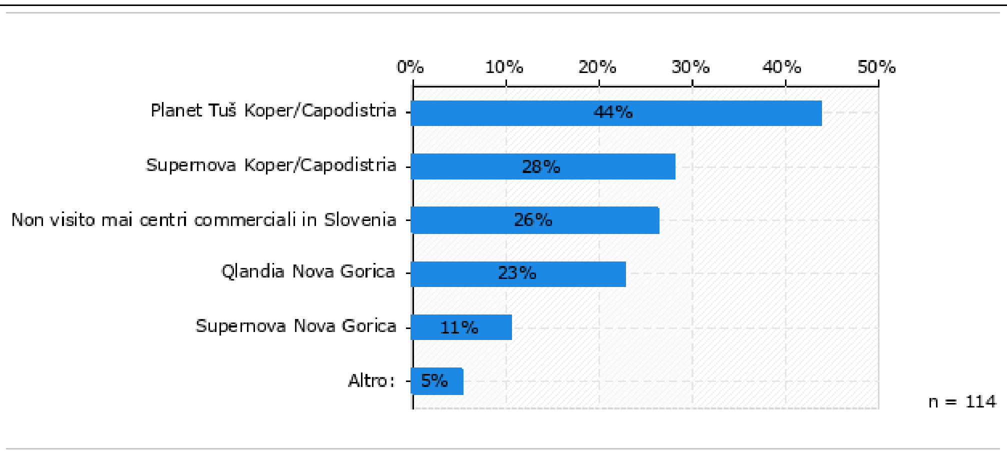
QUESTION 4: Which shopping centres in Italy/Slovenia do you visit the most?

Figure 21: The most visited shopping centres in Italy/Slovenia of respondents

Slovenian sample



Italian sample



Source: Own work.

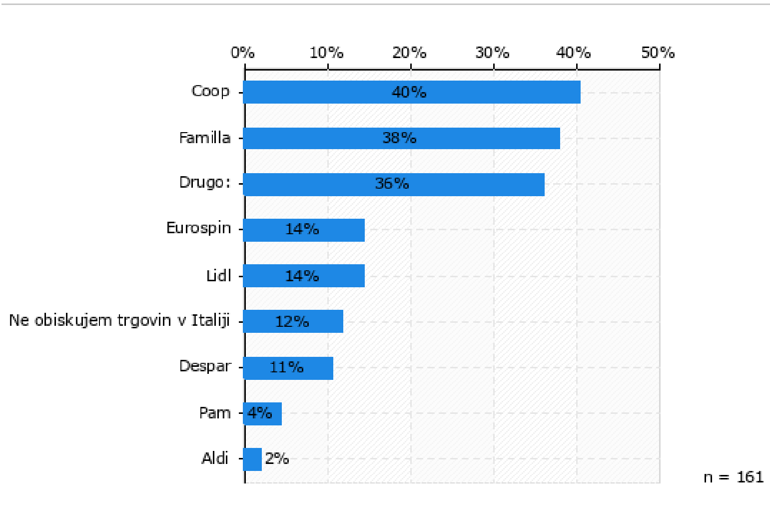
On this question, respondents were allowed to choose more than only one option listed. The most popular shopping centre, visited by Slovenians, is definitely Tiare Villesse (52%), followed by Montedoro in Muggia and Palmanova Outlet Village. Much lower share is given to Torri d'Europa Trieste, probably because of its location closer to the city centre of Trieste and consequently not so convenient for going there by car. The other shopping malls indicated by respondents are also a little bit smaller Smart in Gorizia and big complex Citta' Fiera in Udine, but relatively far away from Slovenia. Around one quarter of respondents claim not visiting commercial centres in Italy.

On the other side, the most visited by the Italians respondents are the two commercial centres in Koper - Planet Tuš and Supernova. That is probably due to the fact that relatively high proportion of respondents from Italy are from Muggia or Trieste, the cities that are gravitating towards Koper and not towards Nova Gorica, in which there are located two other centres with lower popularity – Qlandia and Supernova. 26% of Italian respondents do not visit commercial centres in Slovenia.

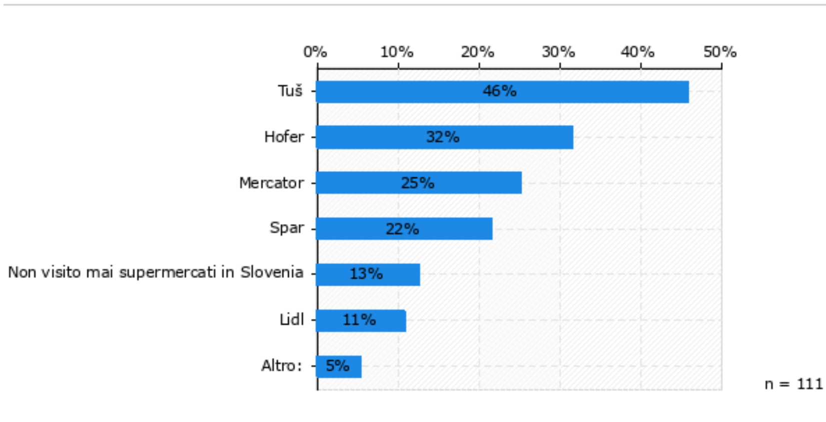
QUESTION 5: Which supermarkets/stores do you visit the most in the cross-border area in Italy/Slovenia?

Figure 22: The most visited supermarkets/stores in the cross-border area of respondents

Slovenian sample



Italian sample



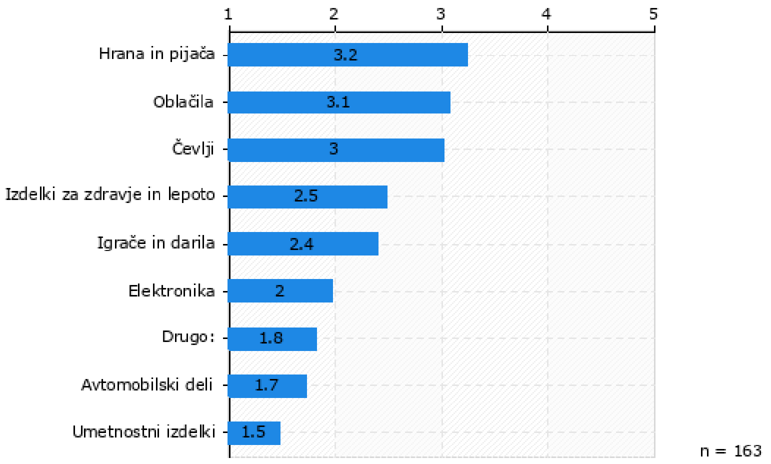
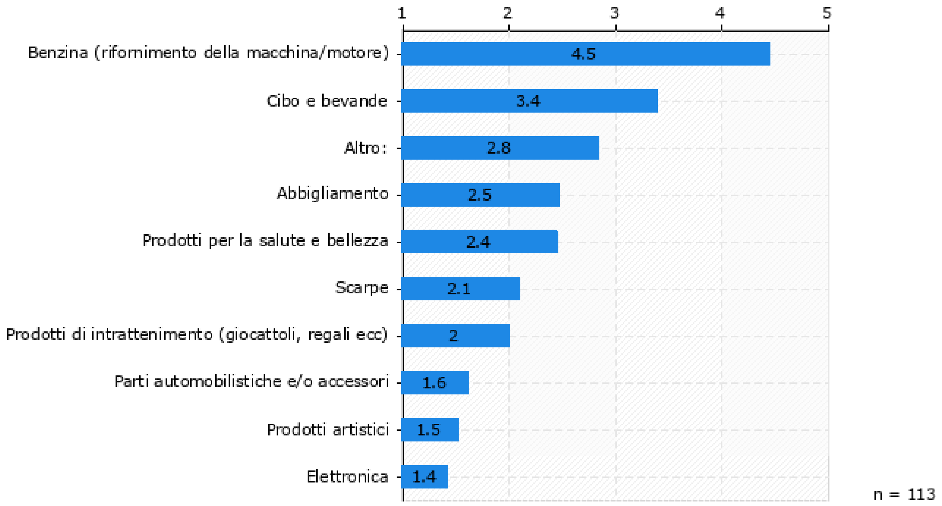
Source: Own work.

As we can see from the left part of the Figure 22, which is generated from Slovenian responses, Coop and Familla are the most visited Italian supermarkets. Quite similar percentage is given also to the other stores, indicated by the respondents, such as Conad, Tigota, Sirene Blu, IKEA, Euronics, Pittarello and others. Lower popularity among Slovenian consumers is given to Eurospin, Lidl, Despar, Pam and Aldi. A little bit more than one tenth of respondents are not visiting supermarkets or stores in Italy.

Analysing Italian shopping choices, the Slovenian retailer Tuš is the most popular, followed by Hofer, Mercator, Spar and Lidl with lower percentages. Some of Italians are also shopping in the two big furniture stores Obi and Merkur. 13% claim not visiting supermarkets or stores in the Slovenian cross-border area.

QUESTION 6: What do you usually buy in Italy/Slovenia?

Figure 23: The most bought products in Italy/Slovenia of respondents

Slovenian sample	
Italian sample	

Source: Own work.

The respondents had to indicate on 5 point Likert scale (1 never, 5 always) the frequency of buying the listed products on the other part of the border.

The most popular categories for Slovenian cross-border shoppers are food and beverages, clothes and shoes. However, even these products are not bought on average by them very often, but only sometimes.

Other categories such as health and beauty products, toys and gifts, electronics, automotive parts and artistic works, are more rarely on their shopping list.

Italian cross-border consumers indicate almost always fuelling their car or motorcycle in Slovenia. That type of good on the first place is not surprising since Italians can save quite some money, buying fuel at cheaper prices in Slovenia for their vehicles.

To illustrate how big savings can make this type of purchasing, I intend to compare average prices of fuel in Trieste and Slovenia on the day of writing (May 17, 2022) and savings in fuelling average tank of 50 litres.

Table 10: Fuelling the vehicles in Slovenia

Fuel type	**Trieste average**	**Slovenian average**	**Savings on 50 litres tank fuelling**
Unleaded 95	1,944 €/l	1,560€/l	19,2 €
Diesel	1,978 €/l	1,668 €/l	15,5 €

Adapted from Fuelo (2022a); Fuelo (2022b).

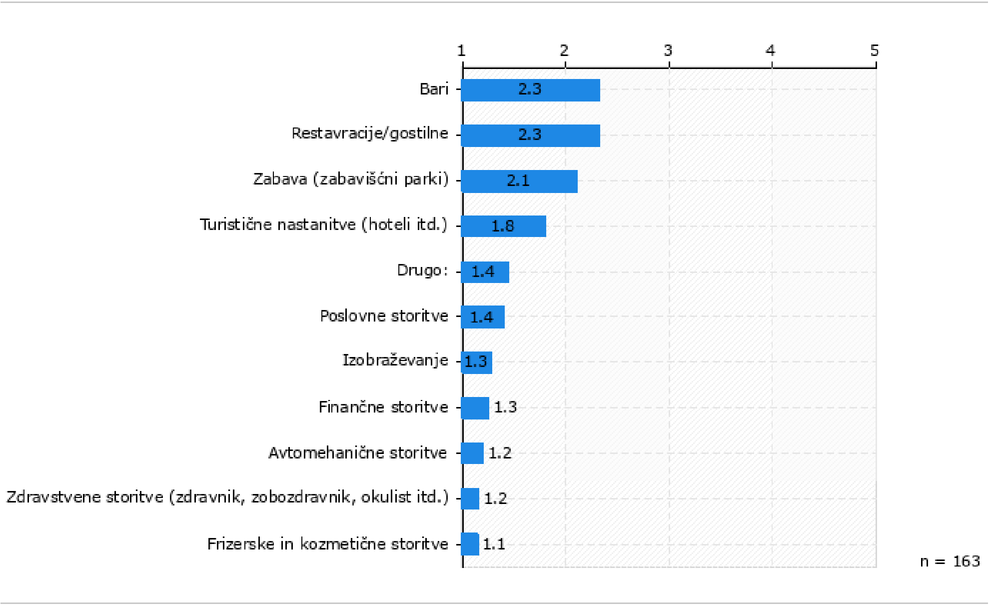
As we can notice from the Table 10, the savings can be quite significant when fuelling 50 litres tank by the Italians in Slovenia. Consequently, seeing on the petrol stations near Italy a lot of vehicles with Italian registration plates should not be a big suprise.

Furthermore, Italian respondents claim buying in Slovenia sometimes food and beverages, clothes, health and beauty products, while only rarely other categories, at the bottom electronics.

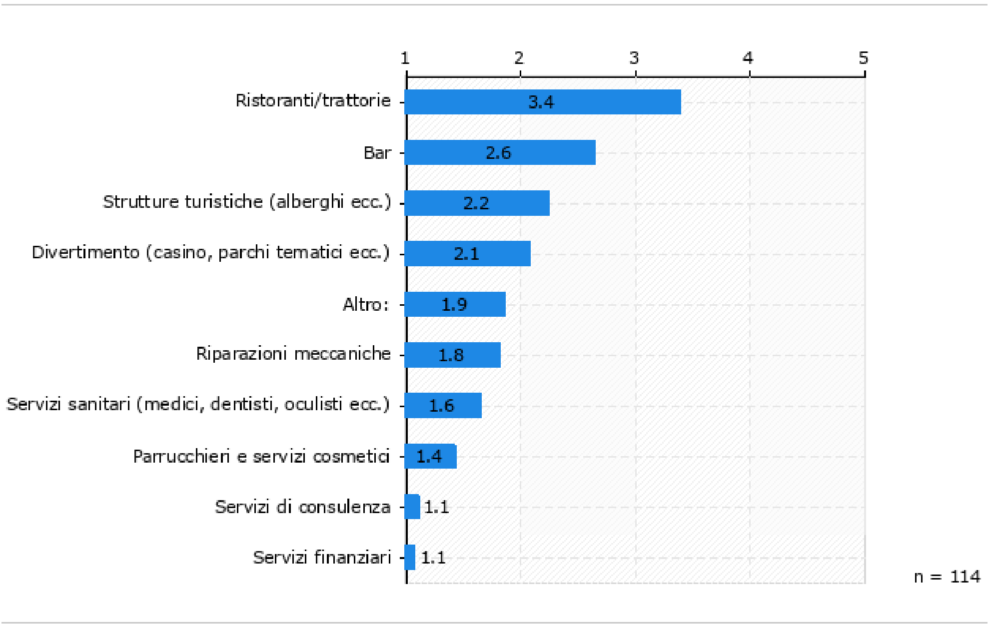
QUESTION 7: How often do you use the following services in Italy/Slovenia?

Figure 24: The frequency of using services in Italy/Slovenia of respondents

Slovenian sample



Italian sample



Source Own work.

Again, the respondents had to indicate on 5-point Likert scale (1 never, 5 always) the frequency of using the following services in the cross-border area.

From the Figure 24 generated by 1KA software, we can again observe higher frequency of using services by Italian respondents than by Slovenian ones. At the top by frequency for both countries there are restaurants, bars and accommodation, followed by fun and leisure services, mechanical repairs, health and beauty services, all with no significant difference between Slovenian and Italian respondents.

QUESTION 8: How often did you go to Italy/Slovenia in the role of consumer (shopper, tourist, etc.) in the peak of the Covid-19 pandemic (years 2020 and 2021)?

Table 11: The frequency of consumer activities during Covid-19 crisis of respondents

	Slovenian		Italian	
Answers	N	%	N	%
Several times per week	6	3%	9	7%
Once per week	10	6%	15	12%
Once per month	20	11%	19	15%
Rarely	55	31%	33	25%
Never	71	40%	38	29%
Total	162	91%	114	88%

Source: Own work.

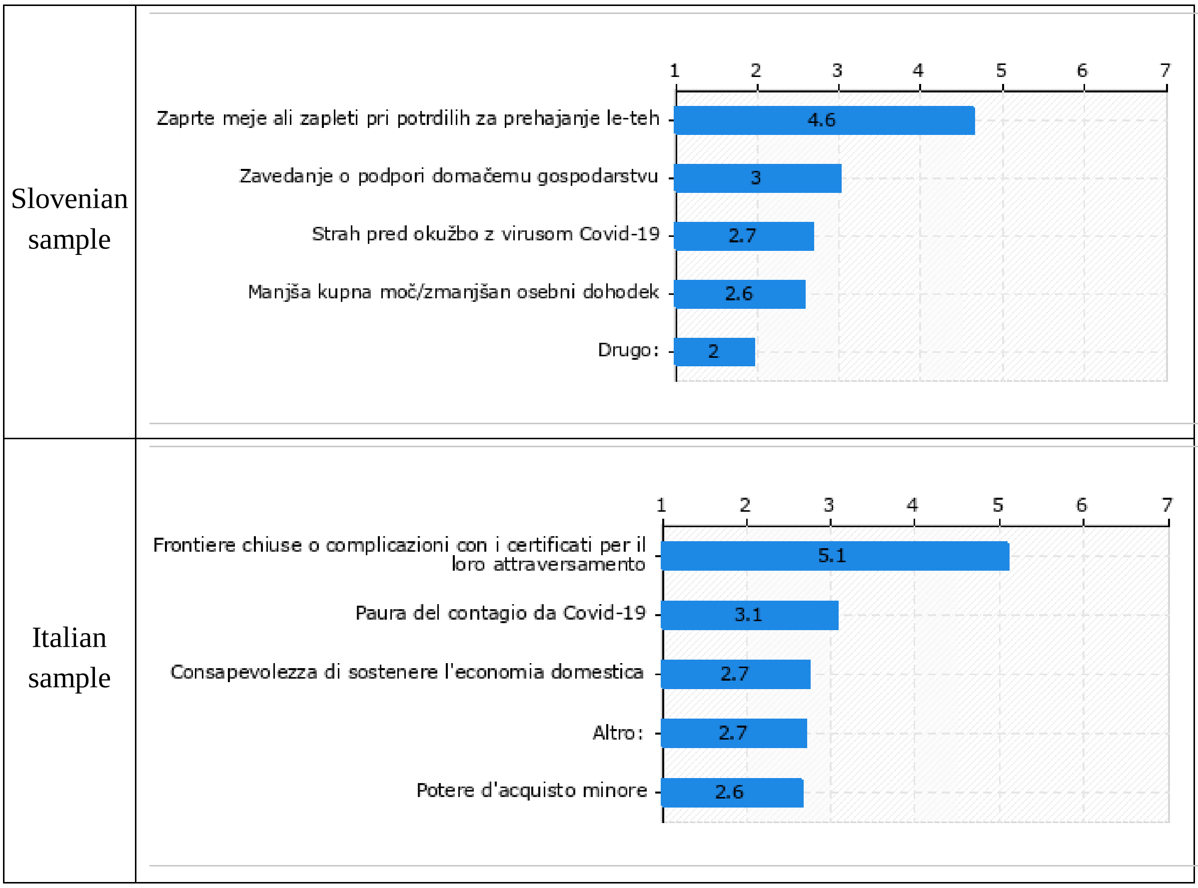
As we can observe from the Table 11, the percentages of the Italian respondents in both answers "several times per week" (7%) and "once per week" (12%) are at least two times higher than equivalent Slovenian ones (3% and 6%). The respondents answering once per month, rarely and never, are more balanced between Italian and Slovenian ones.

However, we can say with quite big certainty that Italians were visiting Slovenia much more often during the pandemic years 2020 and 2021, than it was viceversa. It could be quite easily explained; Italy as a country imposed much more severe restrictions in order to combat the spread of the coronavirus.

Therefore, it is logical that Italian consumers were desiring to visit stores, supermarkets and other services in Slovenia, such as restaurants, that were closed in Italy for much longer than in Slovenia.

QUESTION 9: How important were the following reasons for your decisions to go or not go as the consumer in Italy/Slovenia during the Covid-19 pandemic?

Figure 25: The importance of reasons for consumer activities during Covid crisis of respondents



Source: Own work.

The respondents were asked to indicate on 7-point Likert scale (1 not important at all, 7 essential) the importance of the listed reasons for their consumer behaviour during Covid-19 period.

For both groups of respondents, the most important factor was closed borders or complications with certificates in order to cross them. We have to take in consideration that the Slovenian-Italian border was at the beginning at the pandemic in March 2020 closed for three months, later it gradually reopened with more or less severe conditions (PCT – recovered, vaccinated, tested). Other factors, such as fear of infection with Covid-19, raised awareness of supporting home economy and less income are according to the respondents not significantly important for their decisions to go cross-border during the pandemic.

QUESTION 10: After the easing of the pandemic situation, we are returning to "normality" in 2022. How often do you visit Italy/Slovenia today as a consumer?

Table 12: Post-pandemic consumer behaviour of respondents

	Slovenian		Italian	
	N	%	N	%
More frequently	49	30%	21	18%
Same frequently	90	56%	71	62%
Less frequently	23	14%	22	19%
Total	162	100%	114	100%

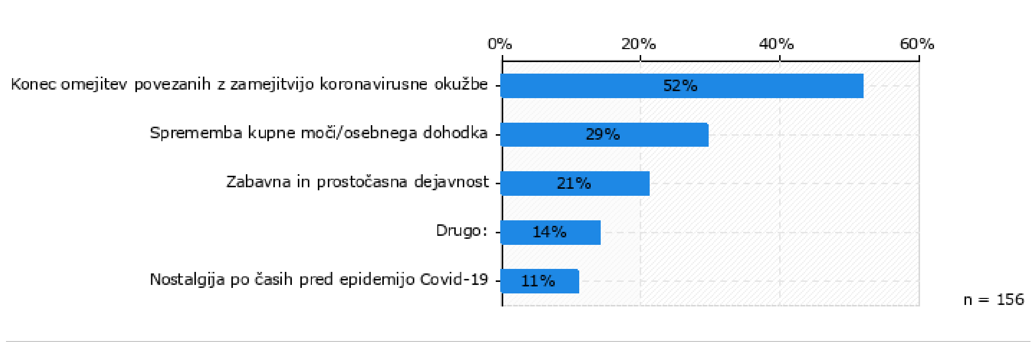
Source: Own work.

More than half of the respondents for both Slovenian and Italian group responded that they cross the border in the role of consumer today with the same frequency as in the period before Covid-19 times. The only significant gap can be observed in the answer "more frequently" than in the times before Covid, in which Slovenian respondents present higher share than Italian (30% vs. 18%). That could be partially explained by the fact that Slovenian economy and consequently its population were less hit economically by the pandemic than Italians, therefore higher proportion of Slovenians can afford going more often in Italy than it is viceversa.

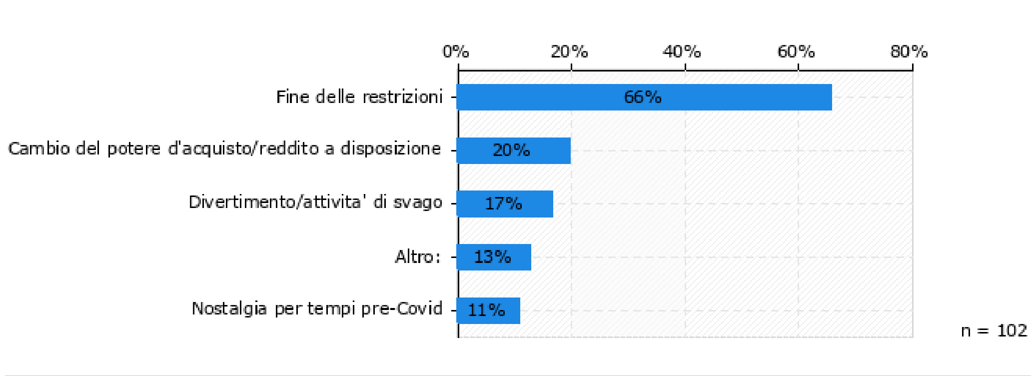
QUESTION 11: Why?

Figure 26: The reasons for post-pandemic consumer behaviour of respondents

Slovenian sample



Italian sample



Source: Own work.

The last question was related to the previous one, leaving to the respondent one or more options to express the reasons for different or equal frequency of their cross-border consumerism. Both Italian and Slovenian respondents agree that the most important reason is the end of restrictions related to Covid-19 virus (52% and 66%). On second place is the change of income, that is however much more important for Slovenians than for Italian respondents (29% vs. 20%). Fun and leisure activities are equally important as the reason for both groups of respondents, the same stands for the last, but not least reason – nostalgia for the times before the pandemic of Covid-19. To summarize just some of the most frequent respondents' "other" reasons: change of the habits and tendency not to shop so much anymore in brick-and-mortar stores after Covid-19 because of raised popularity of online stores.

7.2 Cross-border entrepreneurship

The second set of questionnaires is targeting the economic agents that are working in the Slovenian-Italian cross-border context. Questionnaires were again written in both languages, Slovenian and Italian, attached in the appendix, in order to facilitate the understanding for people fulfilling it. Both questionnaires are attached in appendices. The survey about cross-border entrepreneurship was completed by 16 Slovenian economic agents, and 14 Italian ones. They were launched contemporarily with the first set of questionnaires in the first part of the May 2022, using the list of companies near the borders, sending them the invitation via e-mail to participate in the survey. The only limitation from the practical perspective is the fact that low number of respondents (exactly 30) represent some limitations in the overall representativeness of the sample. However, the method of interpretation is going to be the same as for the first set of questionnaires: translating the question and answers in English, showing figures and tables of the responses, generated by 1KA software, and then analysing and interpreting them.

7.2.1 Sample description

Table 13: The age of respondents in cross-border entrepreneurship research

	Slovenian		Italian	
Answers	N	%	N	%
Less than 20	0	0%	0	0%
21-25	0	0%	0	0%
26-30	0	0%	1	7%
31-40	3	19%	3	21%
41-50	6	38%	4	29%
51-60	6	38%	3	21%
More than 61	1	6%	3	21%
Total	16	100%	14	100%

Source: Own work.

As we can see from the Table 13, the majority of respondents of both Slovenian and Italian groups of economic agents are aged more than 41, and almost nobody under 30 years. That is a good indication of the fact that our respondents are belonging to the medium or senior level, having already many years of working experiences.

Table 14: The gender of respondents in cross-border entrepreneurship research

	Slovenian		Italian	
Answers	N	%	N	%
Male	12	75%	6	43%
Female	4	25%	8	57%
Total	16	100%	14	100%

Source: Own work.

Exactly one quarter of Slovenian respondents are female, while in the group of Italian economic agents the representation of two genders is much more balanced; women are only slightly dominating over men.

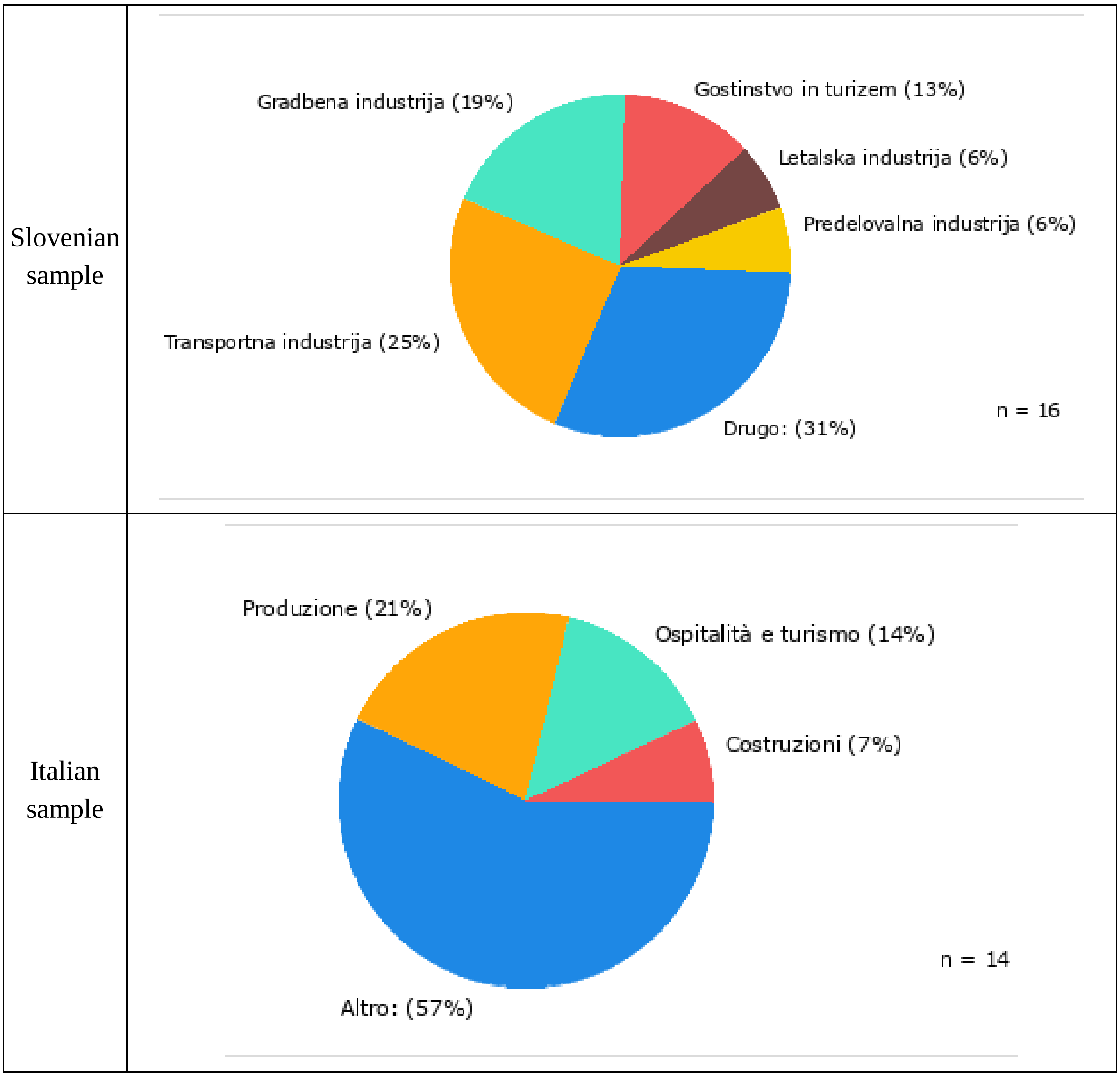
Table 15: The number of employees in the respondents' companies

	Slovenian		Italian	
Answers	N	%	N	%
Less than 10	5	31%	7	50%
10-50	7	44%	6	43%
50-100	1	6%	0	0%
More than 100	3	19%	1	7%
Total	16	100%	14	100%

Source: Own work.

Less than one third of Slovenian respondents are employed in the companies with less than 10 people, while that share is slightly higher for the Italian employees. The proportion of respondents working in the companies from 10 to 50 employees, is practically the same for both groups of respondents. More significant gap could be observed only in the answer of working in the companies with more than 100 workers – almost three times higher is the proportion of Slovenian respondents than Italian ones (19% vs. 7%).

Figure 27: The industry operating sector of respondents' companies



Source: Own work.

Because of slightly different articulation of industries between Slovenian and Italian economic agents, appeared quite high proportion of the answers "other", especially among Italian respondents (57%). More than half of the Italian "other" can be classified as a transport industry, the other part as trading activities. Among Slovenian "other" we find trading activities and production of furniture and machines which could be easily inserted as a production industry.

If we somehow categorise both "others" and see holistic picture, we find that the representation by industries is quite balanced among Slovenian and Italian respondents' group. Transport industry has more than 25% of total share for both groups, production industry a little bit less than one quarter, hospitality and tourism basically the same (13%

and 14%). The only exceptions are the Slovenian respondents from aircraft and manufacturing industry, and lower proportion of Italian respondents from construction industry (7% vs. 19%).

Table 16: The function of respondents within their companies

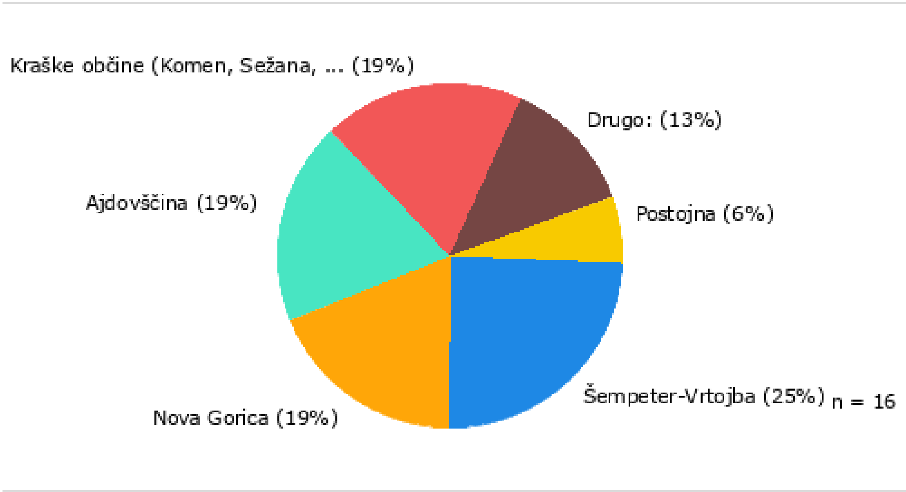
	Slovenian		Italian	
	N	%	N	%
General Management	10	63%	7	50%
Public Relations	0	0%	0	0%
HR Management	0	0%	0	0%
Production	0	0%	0	0%
Administration	0	0%	1	7%
Marketing	2	13%	3	21%
Finance	0	0%	1	7%
Other:	4	25%	2	14%
Total	16	100%	14	100%

Source: Own work.

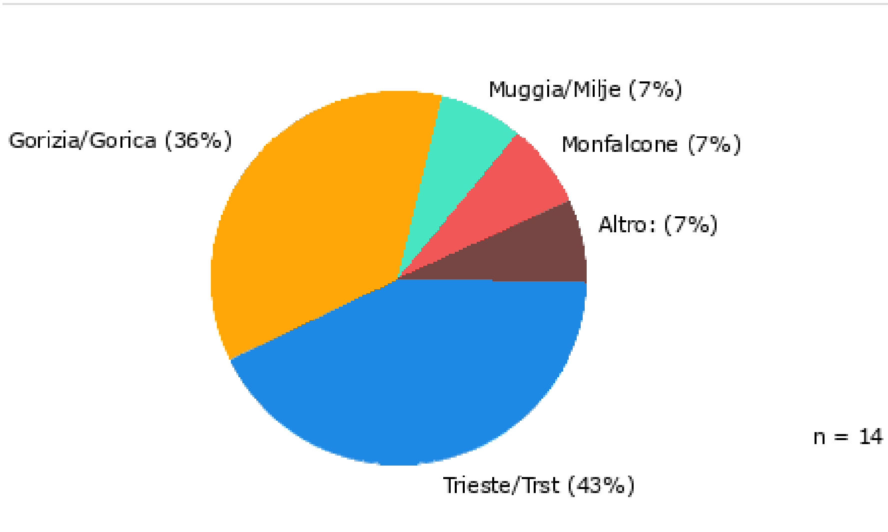
As shown in the Table 16, far the highest share of respondents from both Slovenian and Italian group is employed in the general management (63% and 50%). Slightly higher proportion is in marketing from Italian respondents (21% vs. 13%), and their presence of administration and finance role within the company. Again, quite some percentages of the answers are presented in "other", including general director and sales management, both among Slovenian and Italian respondents.

Figure 28: The respondents' company location

Slovenian sample



Italian sample



Source: Own work.

Exactly one quarter of the Slovenian respondents work in Šempeter-Vrtojba, which is directly at the Slovenian-Italian border. Nova Gorica, Ajdovščina, and Kras with the city Sežana are all represented by the same proportion. The Slovenian survey respondents are also from furthest cities from the Italian border, such as Postojna and Ljubljana.

On the other hand, almost half of all Italian respondents to the survey is from Trieste (43%), followed by Gorizia (36%). Both cities are tightly connected to the Slovenian business environment, so the location of respondents' companies is not very surprising. The remaining respondents are working in the companies located in smaller municipalities, such as Doberdo' del Lago, Monfalcone and Muggia.

7.2.2 Research questions

QUESTION 1: Approximately what percentage of the total business of the company in which you are employed is carried out with foreign partners or clients?

Table 17: The proportion of foreign business in respondents' company

	Slovenian		Italian	
Answer	N	%	N	%
More than 75%	9	56%	8	57%
50%-75%	3	19%	2	14%
25%-50%	1	6%	3	21%
10%-25%	3	19%	1	7%
Less than 10%	0	0%	0	0%
Total	16	100%	14	100%

Source: Own work.

As we can notice from the Table 17, the majority of our respondents from both Slovenian and Italian groups are working in very internationalised companies, conducting business with foreign partners more than 75% of total. That fact could be a little bit surprising since we would expect lower internationalisation share at least among Italian economic agents. But because of the self-selection of the respondents, only the economic agents in very international context decided to participate in this 10 minutes long survey. However, the respondents come also from less international companies, but nobody from strictly domestical which would be operating less than 10% of its business with foreigners.

QUESTION 2: Approximately what percentage of the total business of the company in which you are employed is carried out with Italian/Slovenian partners or clients?

Table 18: The proportion of Italian/Slovenian business in respondents' companies

	Slovenian		Italian	
Answer	N	%	N	%
More than 75%	0	0%	2	14%
50%-75%	3	19%	1	7%
25%-50%	5	31%	1	7%
10%-25%	6	38%	5	36%
Less than 10%	2	13%	5	36%
TOTAL	16	100%	14	100%

Source: Own work.

The most of participants to the research are working in companies that are operating between 10% and 25% with Italian/Slovenian business partners or clients. Some significant gaps could be observed only in the marginal answers "less than 10%" and "more than 75%", in which Italians are much more represented than Slovenians. On the other hand, Slovenian respondents are dominating over Italian ones in the two middle intervals between 25% and 75%, which implicates that Slovenian respondents' companies are not focusing only on Italian market as the only foreign one. The composition of the respondents' companies' business connections with Italy/Slovenia is promising us relatively reliable answers of the respondents.

QUESTION 3: What kind of economic cooperation is there with Italian/Slovenian companies or clients?

Table 19: Types of cross-border economic cooperation of respondents' companies

	Slovenian		Italian	
Answer	N	%	N	%
Occasional or regular exports without representation in Italy/Slovenia	7	37%	8	40%
Occasional or regular imports without representation in Slovenia/Italy	5	26%	5	25%
Foreign sales branch in Italy/Slovenia	2	11%	1	5%
Foreign production and sales branch in Italy/Slovenia	1	5%	3	15%
Other:	4	21%	3	15%
Total		100%	20	100%

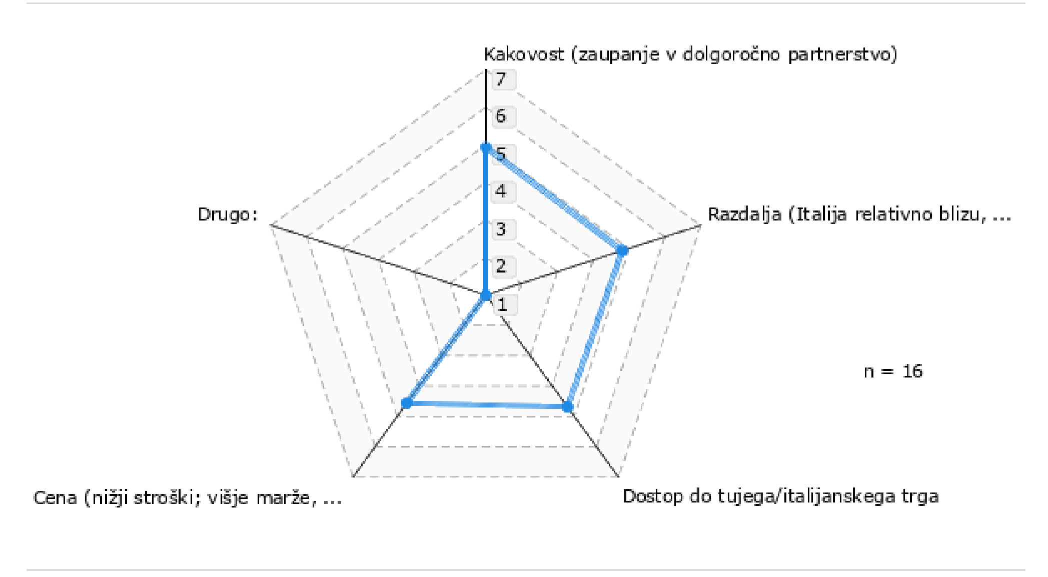
Source: Own work.

In the first two places for both Slovenian and Italian group are occasional or regular export in the cross-border country without representation, and the opposite import. Among the respondents, three times more represented is the production and sales in Slovenia than it is viceversa (15% vs. 5%). Around one quarter of the respondents indicate "other", specifying Italian guests (probably in the hospitality and tourism), joint venture with Slovenian partners and licensor/licensee business relationship. Again, the composition of economic cooperation between Slovenian and Italian companies participating in the survey can be considered very promising for reliable research results.

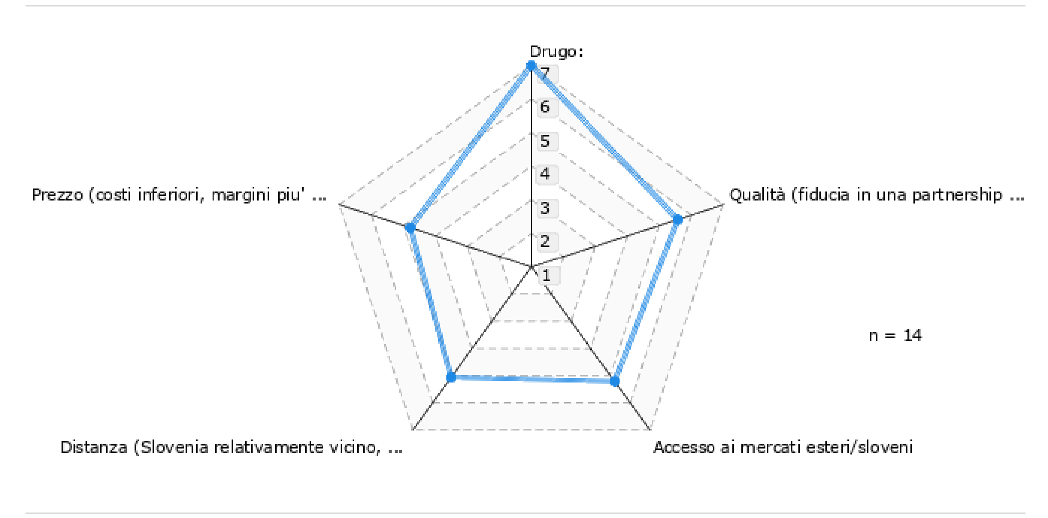
QUESTION 4: How important are the following reasons for economic cooperation with Italian/Slovenian companies or customers?

Figure 28: Reasons for cross-border economic cooperation of respondents' companies

Slovenian sample



Italian sample



Source: Own work.

The participants to the survey were asked to indicate on 7-point Likert scale (1 not important at all, 7 essential) the importance of the listed reasons for cross-border economic cooperation.

As we can observe from the Figure 28, all the factors are valued by both group of respondents from Slovenia and Italy as important for the cross-border cooperation. Just to list some of them: quality and trust in long-term business relationship, access to the foreign market, distance and infrastructure of the neighbouring country and finally prices and other economic benefits. However, the only gap could be seen in the Italian figure regarding the answer "other", valued as essential on the Likert scale. None of the respondents write anything in it therefore we can neglect it and consider it as misunderstanding of Italian participants.

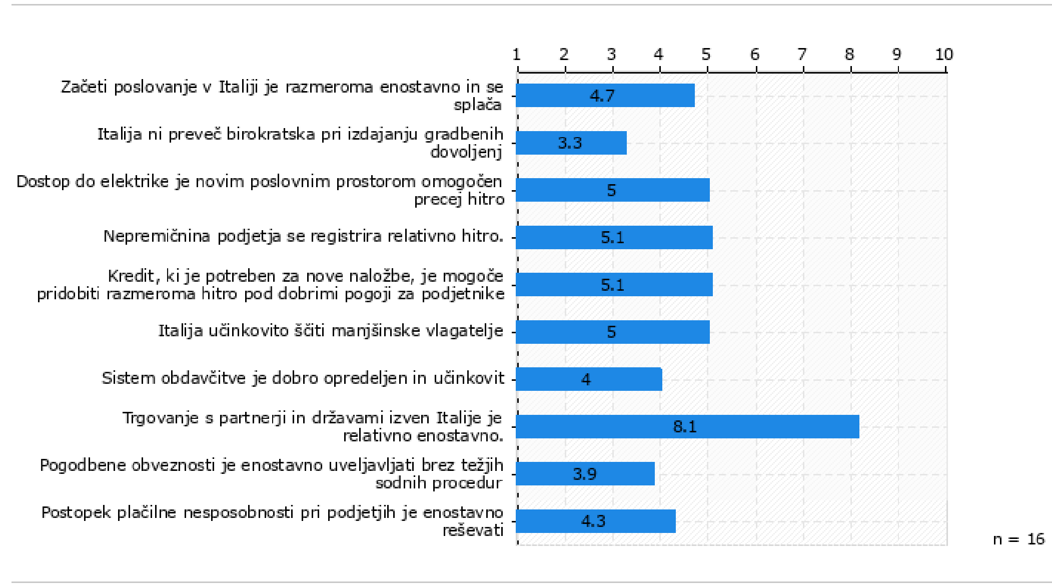
QUESTION 5: Listed below there are 10 "indicators of doing business" of the World Bank for measuring and comparing the business environment between different economies.

If your company has already invested in Italy/Slovenia, please share your experience of doing business in Italy/Slovenia. If not, please express your views on the strengths and weaknesses that your Italian/Slovenian economic partners in their home country face. The aim is then to compare your perceptions with those revealed by the World Bank Group project for 2020.

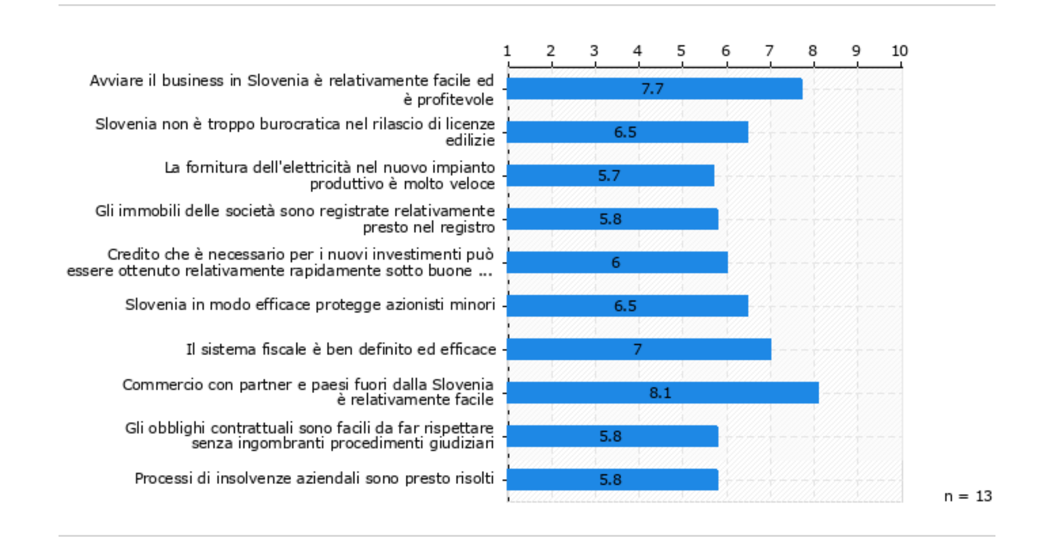
To what extent do you agree with the following statements (1-10)?

Figure 29: The respondents' perception of World Bank indicators of doing business

Slovenian sample



Italian sample



Source: Own work.

The economic agents participating in the survey, indicated their agreement or disagreement on 10-point Likert scale (1 Strongly disagree, 10 Strongly agree) with the sentences which are leading to 11 indicators of the World Bank.

In-depth analysis of the data presented and discussion is going to be provided in the following chapter 7.3.

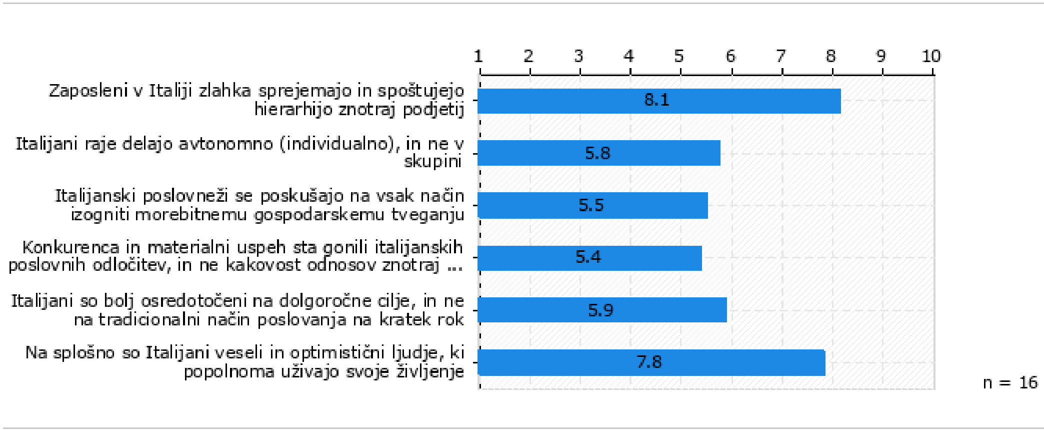
QUESTION 6: Below there are 6 cultural "Hofstede" dimensions that characterize cultural values, very important to be aware of when doing business with foreigners.

Please indicate where Italian/Slovenian culture is, based on your own perception or experience in communication, cooperation, negotiations, etc. with your Italian/Slovenian business partners or clients. Your answers will be then compared with the official research on these cultural dimensions for Italy/Slovenia.

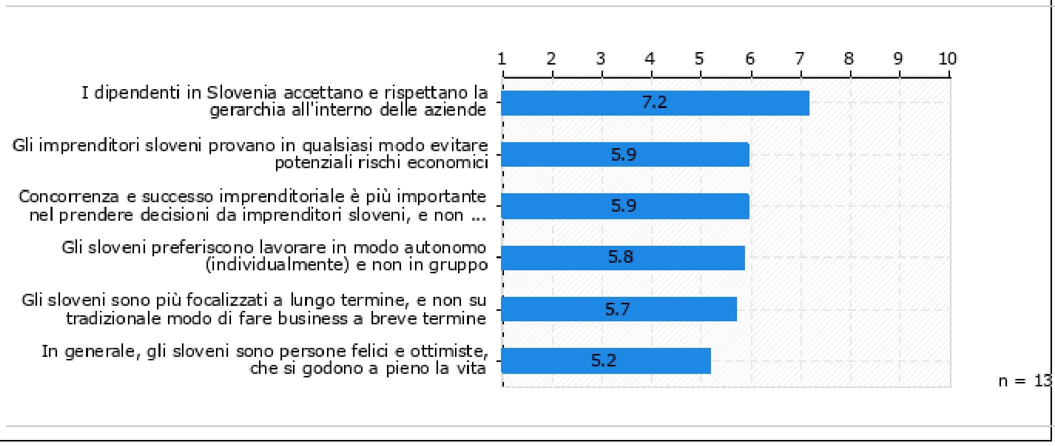
To what extent do you agree with the following statements (1-10)?

Figure 30: The respondents' perceptions of six Hofstede cultural dimensions

Slovenian sample



Italian sample



Source: Own work.

The participants to the survey were asked to indicate on 10-point Likert scale (1 Strongly disagree, 10 Strongly agree) their agreement to the 6 sentences, leading to the 6 Hofstede dimensions.

The analysis of the differences between Slovenian and Italian respondents regarding the cultural values, will be then referred to the official data of Hofstede Insights.

Similar as for the previous question regarding 10 Doing Business Indicators, the results and interpretation of them is provided in the analysis chapter 7.3.

QUESTION 7: Has the company you work for suffered any economic damage because of the Covid-19 pandemic and/or your business partners across the border in Italy/Slovenia?

Table 20: The economic consequences of pandemic crisis on respondents' business operating

	Slovenian		Italian	
Answer	N	%	N	%
Yes	5	31%	4	29%
No	11	69%	10	71%
Total	16	100%	14	100%

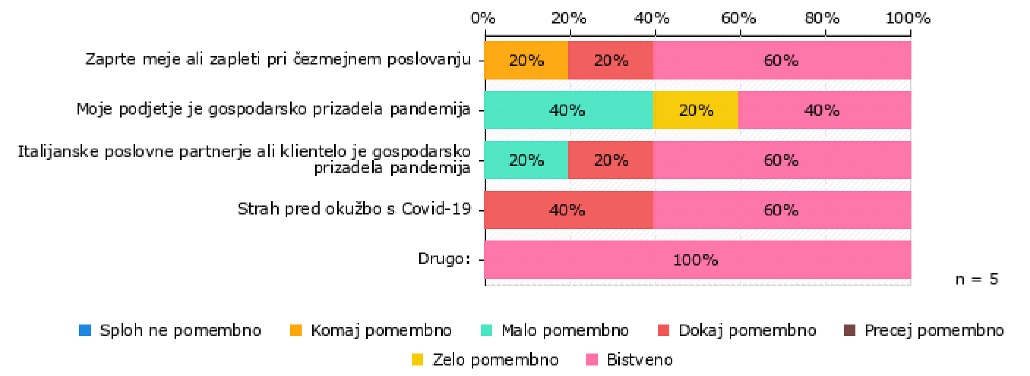
Source: Own work.

As we can observe from the Table 20, the proportion of companies damaged and not damaged because of the pandemic and its necessary measures, are basically the same for Slovenian and Italian respondents. What we can assume is that the answer "yes" was probably given by the respondents employed in the hospitality and tourism since the number of them is matching it for both groups of respondents, Slovenian and Italian ones. It seems that all other industries from which the respondents are coming, were very resilient to such disruption like Covid-19 pandemic was.

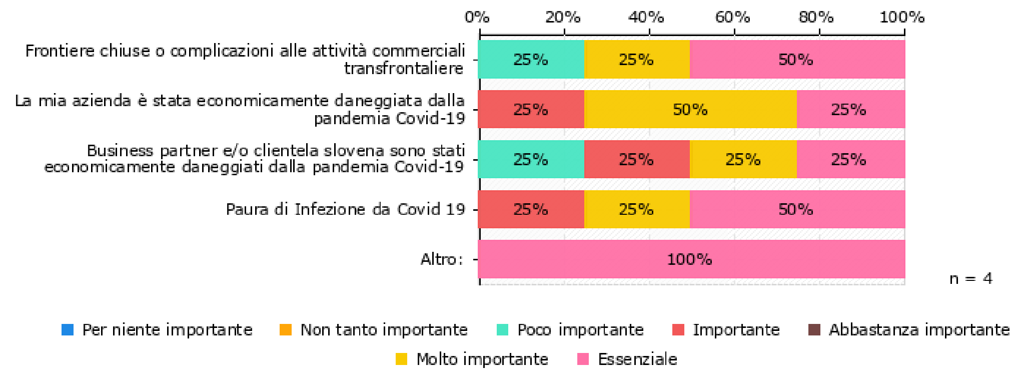
QUESTION 8: How important were the following reasons for the "hindered" economic operations during the Covid-19 pandemic?

Figure 31: The importance of the reasons for disrupted operations in the pandemic crisis in respondents' companies

Slovenian sample



Italian sample



Source: Own work.

Only the respondents that indicated "yes" in the previous question, were answering this one, indicating on 7-level Likert scale the importance of the reasons listed for disrupted operations.

Among 5 Slovenian respondents, more than half (60%) of them indicate that essential importance for disrupted operations were closed borders or problems with passing them for business purposes, the fact that Italian business partners or clients were damaged economically because of pandemic, fear of infection with the virus and finally forced closure by the government under the option "other".

Very similar importance for disruption in activities is given by 4 Italian respondents. Two of them are claiming that closed borders, fear of infection and forced closure of activities were essential reasons, while to other reasons it is given less importance, for example that either their domestic business or cross-border business was hit economically.

QUESTION 9: Do business meetings with Italian/Slovenian customers and business partners continue to take place digitally, as in the Covid-19 pandemic, or are you holding them in-person again?

Table 22: Types of business meetings (online/offline) in the post-pandemic period of respondents' companies

	Slovenian		Italian	
	N	%	N	%
Due to time and cost benefits, we stay on online meetings	0	0%	0	0%
Sometimes in-person, sometimes remotely	7	44%	9	64%
Completely moving towards normal live business meetings	9	56%	5	36%
Total	16	100%	14	100%

Source: Own work.

As seen on the Table 22 none of the participants answered to the survey that they are remaining on digital business meetings because of the time and cost efficiency. That is a clear indication that despite all advantages that modern technology is providing us in terms of time and cost, it seems that personal contact is still extremely important in making business.

The proportion of companies participating in the survey, deciding to go entirely back to usual practices of doing business in-person like in the pre-Covid times, is higher for the Slovenian respondents than for Italian ones (56% vs. 36%). The remaining respondents claim their companies already practice hybrid modes of doing business – partially online, partially in-person.

QUESTION 10: Would you like to add something interesting and/or relevant to my research on Italian-Slovenian cross-border entrepreneurship and economic relations in general?

To the last open-ended question two Slovenian participants responded to the survey. One of them claimed that "Italian clients need us more than we (Slovenians) them". The other one, however, claimed that "they notice expectations of the Italian consumers to get in Slovenia quality products at lower prices than in Italy". No Italian economic agent participating in the survey, responded to this open-ended question.

7.3 Analysis and discussion

Having already analysed and discussed the majority of survey questions together with presenting data in the previous two chapters, I will dedicate this chapter to briefly describing the most interesting conclusions.

From the questionnaire on cross-border consumers I would like to highlight, analyse and discuss more in-depth two findings.

The results highlight the findings that women are much more represented in consumerism than men. Despite the abundance, the data sample because of its small sample size may not be the best representative for generally accepted conclusions, but based on the data collected, I can conclude that companies in the border zone should focus more on women than men.

The interesting discussion can be also on the regulation of fuel prices in Slovenia. Almost all Italian respondents answered that they are fuelling the tank of their vehicles very often in Slovenia, and the practical reasons for these savings have been already presented in the chapter 7.1, question 11. As for the moment of writing this thesis in May and June 2022, Slovenia is regulating the price of the fuel as the reaction to the general increase of its price on global markets, in order to decrease negative effects on the whole economy (GOV.SI, 2022b).

The second set of questionnaires on companies operating in the border zone also has the shortcomings of a small sample of data, however, some interesting generally valid conclusions are also shown.

First out of two interesting questions, is the one with the data presentation in chapter 7.2, question 11 regarding the indicators observing the differences between Slovenian and Italian rankings. Based on these differences, we can make some findings about business environments. The comparison of the differences in perceptions of the respondents for each of 11 indicators, according to official project of the World Bank, is as follows:

- Starting a business is according to the respondents much easier in Slovenia than in Italy (7.7 vs. 4.7). The respondents therefore confirm also official data on this indicator that starting a business is easier in Slovenia than in Italy.
- With the second indicator, the respondents are claiming that there are more problems in dealing with construction permits in Slovenia than in Italy, which is consistent with the findings of the official World Bank project.
- Getting electricity is in the respondents' opinion neutral in both Slovenia and Italy. Also, the official rankings are showing us non-significant differences in this aspect.
- In the following three indicators – registering property, getting credit and protecting minority investors, Italian respondents are slightly more in agreement that these three aspects are easier in Slovenia than it is in their home country. However, according to the

World Bank, registering property is easier in Italy, getting credit is almost the same in both countries, only protecting minority investors is a good prediction by the respondents – it is truly easier in Slovenia.

- The next indicator "Paying taxes" perception of the participants on the survey is in line with the official project - Italians agree that the fiscal system is efficient in Slovenia, while Slovenians do not agree for the same aspect in Italy.
- Trading across the border is according to the World Bank project the strongest indicator for both countries and the respondents confirm it also in the survey.
- On the last two indicators "Enforcing contracts" and "Resolving insolvency'', Italians agree more that it is easier in Slovenia than it is according to the counterpart respondents in Italy. However, official data are ranking Slovenia in each of these two indicators only slightly better than Italy.

Next interesting observation to point out are the results on question 12 in the chapter 7.2., which deals with 6 Hofstede's cultural dimensions of Slovenia and Italy:

- The first cultural value "Power distance", which is measuring the acceptance of unequal distribution of power in the society, is quite higher in Slovenia than in Italy. However, Slovenian participants in the survey see Italians more hierarchically tolerant than it is viceversa;
- According to Hofstede Insights, Italian society is much more individualistic, that can be translated in the business world as tendency not to work in a team. The respondents on the other hand did not express any significant difference between the societies, both neutral regarding this dimension;
- Very similarly applies to the next dimension of masculinity that is viewing Italian entrepreneurs much more driven by the success in the business, than by the relations within their companies. Again, both groups of respondents did not show any particular cross-national differences in this cultural value;
- Hofstede Insights is viewing both Slovenian and Italian society as very risk-avoidance. However, Slovenians are trying to avoid any possible risk even more than Italians. That is partially also confirmed by the respondents, in which Italian ones agree more on the statement that leads to that dimension;
- The next Hofstede dimension is quite accurately perceived by the respondents. Italian entrepreneurs are a little bit more long-term oriented than Slovenian ones. It is revealed both by the participations to the survey and Hofstede Insights;
- The last, but not least dimension "Indulgence", is measuring how much individuals are controlling their desires, or simpler explanation, how much they socialize and enjoy their life. Slovenian culture is estimated by Hofstede Insights to be more indulgent than Italy, but that is totally the opposite what the respondents answer. The majority of Slovenian participants expressed on the survey opinion that Italians are very optimistic and happy people, while Italian ones are regarding this neutral for the Slovenians. That huge difference in the data of Hofstede Insights and my respondents could be the consequence of small sample of participants to the survey, all belonging to the business world.

7.4 Recommendations

After a detailed in-depth analysis of all questions from the questionnaires for consumers and businesses in the border zone and an extract of the most interesting conclusions of the questionnaires, the following recommendations arise based on the introductory theoretical basis and later practical findings from questionnaires.

From the survey we can deduce a conclusion about balancing focus between women and men customers and derive business recommendation to companies in cross-border area, to invest more attention and resources to women-oriented products rather than men-oriented products. In fact, some companies are already doing this to some extent, e.g. every week, the Italian companies Pittarello (shoes' store) or Spaccio Occhiali Vision (fashion glasses) distribute advertisements in Slovene language to all Slovene households in the border area, targeting prevalently women. Such operations are therefore recommended and have even more business potential according to data from my questionnaires on consumers in the border zone. On the other hand, this type of advertisements is not recommended to Slovenian companies since Italians according to the results, are buying more often commodity goods in Slovenia, searching for good prices and not so much quality or fashion.

Some time ago, the technically oriented Ottimax store used an interesting business strategy, sending its extensive technical catalogues to Slovenian customers every week, but such efforts did not yield any promising lasting results. On the other hand, the Obi technical store in Nova Gorica manages to attract many Italian customers. So: Italian technical trade is difficult to attract Slovenian end customers, and Slovenian technical trade is easy to attract Italian end customers, hence the current recommendation for an appropriate business strategy, which must be constantly reviewed by new market conditions and legal frameworks. The recommendation can be rapidly changed in the face of an intensive invasive business strategies by big multinational companies on both sides of the border. For example, one type of cross-border consumerism may be internet shopping, especially Amazon that has its final online free delivery locker in Italian city Gorizia, which is the most optimal choice for Slovenian customers and also has great business potential in the future.

Recommendations concerning the regulation of fuel prices in Slovenia, regarding Slovenian policy-makers, would be definitely in challenging of unsustainability in regulating the market of fuel. As a consequence, there could be on the table the ban on the current fuel regulations or making the regulated prices of the fuel only to the vehicles with Slovenian registration plates, following Hungarian model of combatting "fuel tourism" (Zoltan & Marton, 2022). In that scenario, it would be interesting to observe, how much the overall Italians cross-border consumers' visit will decrease due to smaller savings when fuelling the vehicles. Therefore, the recommendation to the Slovenian policy-makers is to consider also this aspect of the economy when taking decisions regarding the type of regulations of fuel price in the future, since it will not have an effect only on domestic consumers, but also on Italian ones negatively affecting Slovenian economy in the bordering regions.

The final recommendations arising from the indicators observing the differences between Slovenian and Italian rankings in chapter 7.2, question 11, following referral for business operations may be derived: for a potential new entrepreneur it is easier to open a company in Slovenia than in Italy, given the legislative framework; if the company is energy demanding, the choice between Italy and Slovenia is equivalent. If speed is important in business operations, Italy is a better choice due to time-consuming construction procedures in Slovenia, as well as property registration. Minority investors are more protected by Slovenian law comparing to Italian one, Slovenia is also a better choice if the company wants to pay lower taxes. On the other hand, other World Bank indicators like "enforcing contracts" and "resolving insolvency" do not significantly differ between Slovenia and Italy. Definitely, if the investor wants to engage in international operations, both states are giving equal opportunities, positioning both of them on first place with the indicator "Trading across the border".

The comparison of the 6 Hofstede's dimensions of Italian/Slovenian culture offer recommendations to the business entity to operate more efficiently with Italian or Slovenian business partners, understanding their cultural and managerial behaviour:

- Recommendation regarding the first cultural value "Power distance", which is quite higher in Slovenia than in Italy, can be to conduct business relationship in Slovenia in more hierarchical manner than in Italy.
- Hofstede's referral according to more individualistic Italian society is to arrange less team work environment in Italy than in Slovenia;
- Next Hofstede dimension of masculinity, which assess Italian entrepreneurs much more driven by the success in the business than by the quality of work relationships, is postulating that Italian managers should be more sensible for work relations when conducting business with Slovenian companies;
- Recommendation regarding "Uncertainty Avoidance Index" is that both Slovenian and Italian economic agents should undertake more risks in their business operating, even more Slovenian ones, especially since today there are practically no great business success without significant risks;
- The next Hofstede dimension about long-term business orientation, which is higher for Italian entrepreneurs than Slovenian ones, is guiding to the recommendation for both involved parties to be aware of this significant strategy of other business partner in another country;
- The last Hofstede's dimension regarding cultural indulgence recommends business behaviour in cross-border area to be aware of stereotypical trap about optimistic, pessimistic or realistic national characteristics, which have according to my survey findings changed in this turbulent time of Covid-19 pandemic.

As we can observe from the analysis, interpretation and recommendations based on the survey results, the overall project has significant not only scientific value, but especially practical relevance for the entrepreneurs, economic agents, policy-makers and other business stakeholders, which all have the interest to make the best out of this specific cross-border business environment between Slovenia and Italy.

CONCLUSION

The master's thesis on cross-border trade and entrepreneurship outlines the economic connection and interdependence between Slovenia and Italy.

At the very beginning, general concepts are defined that are important for proper understanding the continuation of the thesis. As the first is defined cross-border trade in goods and services, followed by entrepreneurship and the importance of cross-border cooperation between neighbouring countries in general.

The master's thesis then offers an overview of Slovenian-Italian cross-border relations that are not directly related to the economy. These are historical backgrounds of the Slovenian-Italian cross-border area, the cultural relations related primarily to the ethnic minorities and finally projects of the EU aiming to boost development in the cross-border territory.

Before digging to the substance of master's thesis, it is important to analyse in-depth business environments of Slovenia and Italy, interpreting also their effect on the unemployment rate and quality of life in border regions.

In the first of two main chapters - cross-border trade between the two countries - the research discusses what is the composition of goods and services exchanged between Slovenia and Italy, how important is this trade for both economies, and finally concluding with the effects of the recent Covid-19 pandemic and the war in Ukraine on trading.

The following chapter is covering another important aspect of economic cooperation between the two countries - entrepreneurship. The latter focuses on foreign direct investment between Slovenia and Italy, trying to find out different economic and non-economic causalities, and finally commenting on the possible consequences of the Covid-19 pandemic and the Russian-Ukrainian war on investment flows.

One of the two central themes of the master's thesis - trade - is also consumerism, which is undoubtedly an important driver of the economy of border regions. For this purpose, the research was conducted with the help of questionnaire surveys on mentioned topic. In another, completely separate study, which was also conducted with the help of questionnaires, entrepreneurs or their employees operating in the Slovenian-Italian border area were analysed.

All mentioned concepts, analyses, interpretations, survey results and conclusions have great not only scientific relevance filling up the gap knowledge regarding this dynamic cross-border business environment between Slovenia and Italy, but also practical one for all the stakeholders of this border area – ordinary consumers, economic agents and entrepreneurs, suppliers and customers, existing and potential investors, and policy-makers. Based on my entire academic work, using both primary and secondary data, the key practical recommendations are as follows: for the Slovenian policy-makers it is recommended to continue with the regulations of fuel prices in order to maintain the frequency of Italian consumers coming to Slovenia for that reason, having then positive effect on local economy. On the other hand, Italian policy-makers should implement more tax reliefs on the regional level in order to help local SMEs to be established and to grow. The companies operating in the cross-border area can take the following practical finding from the survey. Italian consumers are looking across border more for commodity goods, focusing more on price, while Slovenian consumers are buying more premium and fashion goods, centralised more on quality. As a consequence, Italian companies operating in cross-border B2C, are more likely to attract Slovenian target consumers with differentiating, brand recognition and quality, while Slovenian ones with cost reduction and consequently price. Furthermore, the master thesis provides to the companies, both B2C and B2B, the informations in one place for cross-border management characteristics, through in-depth analysis of business environments. For the last stakeholders in the Slovenian-Italian context – consumers – my research represents a source of explanation why their cross-border behaviour is like it is through different factors of both business environments that are contributing to the consumerism situation in the bordering regions.

However, I acknowledge that my project relies on desktop research and data sample that could not be representative enough to generalize valid findings for Slovenian-Italian business environment. So, I propose to the future researchers to extend such analysis on bigger sample data and using for the desktop research also more official data that unfortunately could not be retrieved by the author because of budget, time or access limitations.

To conclude my research, I quote the words of the president of the European Commission at that time Romano Prodi in Nova Gorica on 30th of April 2004, on the eve of Slovenia's entry into the European Union: "The painful division that past history has imposed on your territory and on local population will be finally replaced by cooperation. In a few hours we will see the symbolic removal of the last piece of the Iron Curtain in this square" (Prodi, 2004).

From history we have learned numerous times that only with mutual cooperation, either cultural, economic or political, can be achieved a true peaceful coexistence and better well-being for all. These thoughts are highly relevant in periods of Euroscepticism which was strengthened due to the recent Covid-19 pandemic situation. Furthermore, from the war in Ukraine we have been once again warned of the fact how much our peace is fragile.

Concluding my master thesis, I wish to express sincere hopes that my master thesis will not have only the role of giving to its reader either scientific either practical knowledge, but that it will be also a kind of "written monument" for this specific Slovenian-Italian cross-border territory and its people – so different, but at the same time united as one.

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APPENDICES

Appendix 1: Povzetek (Summary in Slovene language)

Magistrsko delo na temo čezmejne trgovine in podjetnišva orisuje ekonomsko povezanost in soodvisnost med Slovenijo in Italijo.

Na samem začetku so definirani koncepti, ki so pomembni pri razumevanju nadaljevanja naloge. Med temi je najprej definirana čezmejna trgovina v dobrinah in storitvah, čezmejno podjetnišvo ter pomembost čezmejnega sodelovanja med sosednjima državama na splošno. V magistrski nalogi nato sledi pregled slovensko-italijanskih čezmejnih odnosov, ki niso neposredno vezani na ekonomijo. Gre za zgodovinsko dogajanje na tem območju, kulturni preplet obmejnih regij ter projekte Evropske Unije.

Preden se naloga osredotoči v središčne teme – čezmejno trgovino in podjetništvo, raziskava poglobljeno analizira poslovni okolji Slovenije in Italije ter interpretira njun vpliv na stopnjo brezposelnosti in kakovost življenja v obmejnih regijah.

V prvem od dveh glavnih poglavjih – čezmejni trgovini med državama – magistrska naloga obravnava, katere dobrine in storitve so izmenjane med Slovenijo in Italijo, kako pomembno je to trgovanje za obe gospodarstvi, ter seveda, kakšni so vplivi nedavne pandemije Covid-19 in vojne v Ukrajini na trgovinske tokove.

Sledi oris drugega pomembnega vidika ekonomskega sodelovanja med državama – podjetništvo. Slednje se osredotoča na neposredne tuje naložbe med Slovenijo in Italijo skozi čas, iskanje ekonomskih in ne-ekonomskih vzrokov za le-te, ter nazadnje komentar na možne posledice pandemije Covid-19 in rusko-ukrajinske vojne na investicijske tokove.

V prvo od dveh središčnih tem magistrske naloge – trgovanje – spada tudi potrošništvo, ki je brez dvoma pomembno gonilo gospodarstva obmejnih regij. V ta namen se je izvedla raziskava s pomočjo anket na omenjeno temo. V drugi, popolnoma ločeni raziskavi, ki je bila operavljena prav tako s pomočjo anket, pa so bili analizirani podjetniki ali njihovi zaposleni, ki delujejo v obmejnem slovensko-italijanskem gospodarskem prostoru.

Appendix 2: Questonnaire about cross-border consumerism in Slovenian language

Pozdravljeni!
Moje ime je Matej Pregeljc in sem študent zadnjega letnika magistrskega študija Mednarodno poslovanje Ekonomske fakultete v Ljubljani. Trenutno pišem magistrsko nalogo na temo gospodarskega sodelovanja med Slovenijo in Italijo.
Pred Vami je vprašalnik, ki Vam bo vzel manj kot 5 minut, preko katerega mi boste pomagali odkriti, kakšne so navade potrošnikov v obmejnem pasu na obeh straneh slovensko-italijanske meje, s posebnim ozirom na Covid-19 pandemijo.
Vaši odgovori so popolnoma anonimni, in bodo uporabljeni izključno za namene akademske raziskave-magistrske naloge.

Q1 - Kakšna je vaša starost?
◯ manj kot 17 let
◯ 18-20
◯ 21-25
◯ 26-30
◯ 31-40
◯ 41-50
◯ 51-60
◯ več kot 61 let

Q2 - Spol
◯ Moški
◯ Ženska

Q3 - Katera je vaša najvišje dosežena izobrazba?
◯ nedokončana osnovnošolska izobrazba
◯ dokončana osnovnošolska izobrazba
◯ srednješolska izobrazba
◯ dodiplomska univerzitetna izobrazba
◯ podiplomska univerzitetna izobrazba
◯ visokošolska specializacija
◯ doktorska izobrazba
◯ Drugo:

Q4 - Kakšen je vaš osebni letni dohodek?
◯ €0 – €9.999
◯ €10.000 – €14.999
◯ €15.000 – €19.999
◯ €20.000 – €24,999
◯ €25,000 – €29.999
◯ Več kot €30,000
◯ Ne želim odgovoriti

Q5 - V kateri občini prebivate?
◯ Nova Gorica
◯ Šempeter-Vrtojba
◯ Ajdovščina
◯ Vipava

◯ Renče-Vogrsko
◯ Miren-Kostanjevica
◯ Brda
◯ Posoške občine (Kanal, Tolmin, Kobarid, Bovec)
◯ Idrija
◯ Postojna
◯ Kraške občine (Komen, Sežana, Divača, Hrpelje-Kozina)
◯ Ankaran
◯ Koper
◯ Izola
◯ Piran
◯ Drugo:

Q6 - Kako pogosto se kot potrošnik (kupec, turist itd.) danes odpravite čez mejo v Italijo?
◯ Večkrat na teden
◯ Enkrat na teden
◯ Enkrat na mesec
◯ Redko
◯ Nikoli

IF (1) Q6 = [5] (Nikoli)
Q7 - Zakaj?
Možnih je več odgovorov
☐ Ne potujem veliko v Italijo
☐ Ne občutim nobene razlike (v ceni, izbiri, kvaliteti)
☐ Ne poznam jezika
☐ Slabe izkušnje ali stališča
☐ Drugo:

Q8 - Kako pomembni so sledeči razlogi za vaše čezmejno nakupovanje v Italiji?

	Sploh ne pomembno	Komaj pomembno	Malo pomembno	Dokaj pomembno	Precej pomembno	Zelo pomembno	Bistveno
Cena	◯	◯	◯	◯	◯	◯	◯
Več izbire kot v Sloveniji	◯	◯	◯	◯	◯	◯	◯
Na poti (v službo, na potovanju itd).	◯	◯	◯	◯	◯	◯	◯
Zabava in prostočasje	◯	◯	◯	◯	◯	◯	◯
Drugo:	◯	◯	◯	◯	◯	◯	◯

Q9 - Katera nakupovalna središča v neposredni bližini obiskujete najbolj pogosto?
Možnih je več odgovorov
☐ Palmanova Outlet Village
☐ Tiare Villesse (IKEA)
☐ Torri d’Europa Trieste
☐ Montedoro Muggia (TS)
☐ Drugo:
☐ Ne obiskujem nakupovalnih središč

Q10 - Katere trgovine obiskujete največkrat v Italiji?
Možnih je več odgovorov
☐ Familla
☐ Eurospin
☐ Coop
☐ Pam
☐ Lidl
☐ Aldi
☐ Despar
☐ Drugo:
☐ Ne obiskujem trgovin v Italiji

Q11 - Kako pogosto kupujete sledeče izdelke v Italiji?

	Nikoli	Redko	Včasih	Pogosto	Vedno
Hrana in pijača	◯	◯	◯	◯	◯
Elektronika	◯	◯	◯	◯	◯
Oblačila	◯	◯	◯	◯	◯
Čevlji	◯	◯	◯	◯	◯
Izdelki za zdravje in lepoto	◯	◯	◯	◯	◯
Igrače in darila	◯	◯	◯	◯	◯
Umetnostni izdelki	◯	◯	◯	◯	◯
Avtomobilski deli	◯	◯	◯	◯	◯
Drugo:	◯	◯	◯	◯	◯

Q12 - Kako pogosto se poslužujete sledečih storitev v Italiji?

	Nikoli	Redko	Včasih	Pogosto	Vedno
Restavracije/gostilne	◯	◯	◯	◯	◯
Bari	◯	◯	◯	◯	◯
Turistične nastanitve (hoteli itd.)	◯	◯	◯	◯	◯
Zdravstvene storitve(zdravnik,zobozdravnik,okulist)	◯	◯	◯	◯	◯
Frizerske in kozmetične storitve	◯	◯	◯	◯	◯
Avtomehanične storitve	◯	◯	◯	◯	◯
Izobraževanje	◯	◯	◯	◯	◯
Zabava (zabaviščni parki)	◯	◯	◯	◯	◯
Poslovne storitve	◯	◯	◯	◯	◯
Finančne storitve	◯	◯	◯	◯	◯
Drugo:	◯	◯	◯	◯	◯

Q13 - Kako pogosto ste šli čez mejo v Italijo kot potrošnik na vrhuncu epidemije Covid-19 (2020 in 2021)?
◯ Večkrat na teden
◯ Enkrat na teden
◯ Enkrat na mesec
◯ Redko
◯ Nikoli

Q14 - Kako pomembni so bili sledeči razlogi za vaše odločitve za nakupovanje v Italiji v času pandemije Covid-19?

	Sploh ne pomembno	Komaj pomembno	Malo pomembno	Dokaj pomembno	Precej pomembno	Zelo pomembno	Bistveno
Zaprte meje ali zapleti pri potrdilih za prehajanje le-teh	◯	◯	◯	◯	◯	◯	◯
Strah pred okužbo z virusom Covid-19	◯	◯	◯	◯	◯	◯	◯
Manjša kupna moč/zmanjšan osebni dohodek	◯	◯	◯	◯	◯	◯	◯
Zavedanje o podpori domačemu gospodarstvu	◯	◯	◯	◯	◯	◯	◯
Drugo:	◯	◯	◯	◯	◯	◯	◯

Q15 - Lahko bi rekli, da zaradi sprostitev razmer vezanih na epidemijo, smo se leta 2022 vrnili v »normalnost«.

V primerjavi z obdobjem pred epidemijo, obiskujete sedaj Italijo kot potrošnik...

◯ bolj pogosto
◯ enako pogosto
◯ manj pogosto

Q16 - Zakaj?

Možnih je več odgovorov

☐ Konec omejitev povezanih z zamejitvijo koronavirusne okužbe
☐ Nostalgija po časih pred epidemijo Covid-19
☐ Sprememba kupne moči/osebnega dohodka
☐ Zabavna in prostočasna dejavnost
☐ Drugo:

Appendix 3: Questonnaire about cross-border consumerism in Italian language

Buongiorno!
Mi chiamo Matej Pregeljc e sono studente dell'ultimo anno della laurea magistrale in International Business presso Facoltà di economia di Ljubljana. Attualmente sto scrivendo una tesi di laurea magistrale sul tema della cooperazione economica tra Slovenia e Italia. Di fronte a Lei è un questionario che ci mette meno di 5 minuti di compilarlo, attraverso il quale Lei mi aiuta a scoprire quali sono gli abitudini dei consumatori nella zona transfrontaliera su entrambi i lati del confine Slovenia-Italia, soprattutto per quanto riguarda l'emergenza della pandemia Covid -19.
Le Sue risposte sono completamente anonime e verranno utilizzate esclusivamente ai fini della ricerca accademica-tesi di laurea magistrale.

Q1 - La sua età
◯ meno di 17 anni
◯ 18-20
◯ 21-25
◯ 26-30
◯ 31-40
◯ 41-50
◯ 51-60
◯ più di 61 anni

Q2 - Genere
◯ Maschio
◯ Femmina

Q3 - Qual è il Suo livello di istruzione conseguito più alto?
◯ Meno di un diploma di scuola superiore
◯ Diploma di scuola superiore o equivalente
◯ Laurea triennale
◯ Laurea magistrale
◯ Diploma di specializzazione
◯ Dottorato
◯ Altro:

Q4 - Qual è il Suo reddito annuale netto?
◯ €0 – €9.999
◯ €10.000 – €14.999
◯ €15.000 – €19.999
◯ €20.000 – €24,999
◯ €25,000 – €29.999
◯ Più di €30,000
◯ Non voglio rispondere

Q5 - Qual è il Suo comune di residenza?
◯ Trieste/Trst
◯ Muggia/Milje
◯ Dolina
◯ Sgonico/Zgonik
◯ Monrupino/Repentabor
◯ Duino-Aurisina/Devin-Nabrežina
◯ Monfalcone
◯ Doberdo del Lago/Doberdob
◯ Gorizia/Gorica
◯ Altri comuni della Provincia di Gorizia
◯ Comuni della Provincia di Udine
◯ Altro:

Q6 - Quanto spesso Lei va oggi oltre confine in Slovenia in ruolo del consumatore (shopper, turista, ecc.)?
◯ Più volte alla settimana
◯ Una volta alla settimana
◯ Una volta al mese
◯ Raramente
◯ Mai

IF (1) Q6 = [5] (Mai)
Q7 - Perché?
◯ Non viaggio molto in Slovenia
◯ Non percepisco nessuna differenza (di prezzo, scelta, qualita') oltre confine
◯ Non conosco la lingua
◯ Esperienze negative nel passato e/o atteggiamenti
◯ Altro:

Q8 - Quanto sono importanti per Lei seguenti ragioni per gli acquisti transfrontalieri in Slovenia?

	Per niente importante	Non tanto importante	Poco importante	Importante	Abbastanza importante	Molto importante	Essenziale
Prezzo	◯	◯	◯	◯	◯	◯	◯
Più scelta che in Italia	◯	◯	◯	◯	◯	◯	◯
Passando mentre viaggiando (per le vacanze, a scuola ecc.)	◯	◯	◯	◯	◯	◯	◯
Divertimento e/o tempo libero	◯	◯	◯	◯	◯	◯	◯
Altro:	◯	◯	◯	◯	◯	◯	◯

Q9 - Quali centri commerciali in Slovenia visiti di più?
Možnih je več odgovorov
☐ Supernova Nova Gorica
☐ Qlandia Nova Gorica
☐ Supernova Koper/Capodistria
☐ Planet Tuš Koper/Capodistria
☐ Altro:
☐ Non visito mai centri commerciali in Slovenia

Q10 - Quali supermercati Lei visita di più nell'area transfrontaliera in Slovenia?
Možnih je več odgovorov
☐ Mercator
☐ Tuš
☐ Spar
☐ Lidl
☐ Hofer
☐ Altro:
☐ Non visito mai supermercati in Slovenia

Q11 - Cosa Lei compra di solito in Slovenia?

	Mai	Raramente	A volte	Spesso	Sempre
Cibo e bevande	○	○	○	○	○
Elettronica	○	○	○	○	○
Abbigliamento	○	○	○	○	○
Scarpe	○	○	○	○	○
Prodotti per la salute e bellezza	○	○	○	○	○
Prodotti di intrattenimento (giocattoli, regali ecc)	○	○	○	○	○
Prodotti artistici	○	○	○	○	○
Parti automobilistiche e/o accessori	○	○	○	○	○
Benzina (rifornimento della macchina/motore)	○	○	○	○	○
Altro:	○	○	○	○	○

Q12 - Quanto spesso Lei utilizza seguenti servizi in Slovenia?

	Mai	Raramente	A volte	Spesso	Sempre
Ristoranti/trattorie	◯	◯	◯	◯	◯
Bar	◯	◯	◯	◯	◯
Strutture turistiche (alberghi ecc.)	◯	◯	◯	◯	◯
Servizi sanitari (medici, dentisti, oculisti ecc.)	◯	◯	◯	◯	◯
Parrucchieri e servizi cosmetici	◯	◯	◯	◯	◯
Riparazioni meccaniche	◯	◯	◯	◯	◯
Divertimento (casino, parchi tematici ecc.)	◯	◯	◯	◯	◯
Servizi di consulenza	◯	◯	◯	◯	◯
Servizi finanziari	◯	◯	◯	◯	◯
Altro:	◯	◯	◯	◯	◯

Q13 - Quanto spesso Lei è andato in Slovenia come il consumatore (shopper, turista ecc.) nel picco della pandemia del Covid-19 (anni 2020 e 2021)?

◯ Più volte alla settimana
◯ Una volta alla settimana
◯ Una volta al mese
◯ Raramente
◯ Mai

Q14 - Quanto sono stati importanti i seguenti motivi per le Sue decisioni di andare o non andare come il consumatore in Slovenia durante la pandemia di Covid-19?

	Per niente importante	Non tanto importante	Poco importante	Importante	Abbastanza importante	Molto importante	Essenziale
Frontiere chiuse o complicazioni con i certificati per il loro attraversamento	◯	◯	◯	◯	◯	◯	◯
Paura del contagio da Covid-19	◯	◯	◯	◯	◯	◯	◯
Potere d'acquisto minore	◯	◯	◯	◯	◯	◯	◯
Consapevolezza di sostenere l'economia domestica	◯	◯	◯	◯	◯	◯	◯
Altro:	◯	◯	◯	◯	◯	◯	◯

Q15 - Dopo l'allentamento della situazione pandemica stiamo per tornare alla "normalità" nel 2022.
Quanto spesso Lei visita oggi Slovenia nel ruolo di consumatore?

◯ Più frequentemente dei tempi pre-Covid
◯ Altrettanto frequentemente dei tempi pre-Covid
◯ Meno frequentemente dei tempi pre-Covid

Q16 - Perché?

Možnih je več odgovorov

- ☐ Fine delle restrizioni
- ☐ Nostalgia per tempi pre-Covid
- ☐ Cambio del potere d’acquisto/reddito a disposizione
- ☐ Divertimento/attivita’ di svago
- ☐ Altro:

Appendix 4: Questonnaire about cross-border entrepreneurship in Slovenian language

Pozdravljeni!
Moje ime je Matej Pregeljc in sem študent zadnjega letnika magistrskega študija Mednarodno poslovanje Ekonomske fakultete v Ljubljani. Trenutno pišem magistrsko nalogo na temo gospodarskega sodelovanja med Slovenijo in Italijo.
Pred Vami je vprašalnik, ki Vam bo vzel manj kot 10 minut, preko katerega mi boste pomagali razkriti različne aspekte poslovnega okolja v obmejnem pasu Italija-Slovenija, s posebnim ozirom na Covid-19 pandemijo.
Vaši odgovori so popolnoma anonimni, in bodo uporabljeni izključno za namene akademske raziskave-magistrske naloge. V nobenem primeru ne bo razkrita identiteta podjetja ali njenih poslovnih skrivnosti.

Q1 - Kakšna je Vaša starost?
○ manj kot 20 let
○ 21-25
○ 26-30
○ 31-40
○ 41-50
○ 51-60
○ več kot 61 let

Q2 - Spol
○ Moški
○ Ženska

Q3 - Koliko zaposlenih ima podjetje, v katerem delate?
○ Manj kot 10 zaposlenih
○ 10-50
○ 50-100
○ Več kot 100 zaposlenih

Q4 - V kateri panogi deluje podjetje, v katerem ste zaposleni?
○ Letalska industrija
○ Transportna industrija
○ Računalniška industrija
○ Telekomunikacije
○ Kmetijstvo
○ Gradbena industrija
○ Izobraževanje/šolstvo
○ Farmacevtska industrija
○ Živilska industrija
○ Zdravstvena industrija
○ Gostinstvo in turizem
○ Industrija zabave
○ Energetika
○ Predelovalna industrija
○ Glasbena industrija
○ Svetovni splet
○ Elektrotehnika
○ Drugo:

Q5 - Katero funkcijo opravljate v podjetju?
◯ Splošni management
◯ Odnosi z javnostjo
◯ Kadrovanje (HR management)
◯ Proizvodnja
◯ Administracija
◯ Marketing
◯ Finance
◯ Drugo:

Q6 - V kateri občini se nahaja podjetje, v katerem ste zaposleni?
◯ Nova Gorica
◯ Šempeter-Vrtojba
◯ Ajdovščina
◯ Vipava
◯ Renče-Vogrsko
◯ Miren-Kostanjevica
◯ Brda
◯ Posoške občine (Kanal, Tolmin, Kobarid, Bovec)
◯ Postojna
◯ Idrija
◯ Kraške občine (Komen, Sežana, Divača, Hrpelje-Kozina)
◯ Ankaran
◯ Koper
◯ Izola
◯ Piran
◯ Drugo:

Q7 - Približno kolikšen del poslovanja podjetja, v katerem ste zaposleni, se odvija s tujimi partnerji ali klientelo?
◯ Več kot 75%
◯ 50% -75%
◯ 25% -50%
◯ 10% -25%
◯ Manj kot 10%

Q8 - Približno kolikšen del poslovanja podjetja, v katerem ste zaposleni, se odvija z italijanskimi podjetji ali klientelo?
◯ Več kot 75%
◯ 50% -75%
◯ 25% -50%
◯ 10% -25%
◯ Manj kot 10%

Q9 - Kakšne vrste ekonomsko sodelovanje je z italijanskimi podjetji?
Možnih je več odgovorov

- ☐ občasni ali redni izvoz brez zastopstva v Italiji
- ☐ občasni ali redni uvoz brez zastopstva v Sloveniji
- ☐ tuja prodajna podružnica v Italiji
- ☐ tuja proizvodna in prodajna podružnica v Italiji
- ☐ Drugo:

Q10 - Kako pomembni so sledeči razlogi za ekonomsko sodelovanje z italijanskimi podjetji ali klientelo?

	Sploh ne pomembno	Komaj pomembno	Malo pomembno	Dokaj pomembno	Precej pomembno	Zelo pomembno	Bistveno
Razdalja (Italija relativno blizu, infrastruktura dobra itd.)	○	○	○	○	○	○	○
Cena (nižji stroški; višje marže, dobri pogodbeni pogoji)	○	○	○	○	○	○	○
Kakovost (zaupanje v dolgoročno partnerstvo)	○	○	○	○	○	○	○
Dostop do tujega/italijanskega trga	○	○	○	○	○	○	○
Drugo:	○	○	○	○	○	○	○

Q11 - Spodaj je navedenih 11 trditev, ki vodijo do "kazalnikov poslovanja" Svetovne banke za merjenje in primerjavo poslovnega okolja med različnimi državami.

Če je vaše podjetje že investiralo v Italijo, navedite svoje lastne izkušnje o poslovanju v Italiji. V primeru, da temu ni tako, izrazite svoje mnenje, s katerimi prednostmi in slabostmi se soočajo vaši italijanski poslovni partnerji pri poslovanju v matični državi.

Vaše percepcije bom nato primerjal s tistimi, ki jih je razkril projekt skupine Svetovne banke za leto 2020.

Kako daleč se strinjate z naslednjimi trditvami (1-10)?

	Sploh se ne strinjam		Ne strinjam se		Niti-niti	Delno se strinjam		Strinjam se		Popolnoma se strinjam
Začeti poslovanje v Italiji je razmeroma enostavno in se splača	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Italija ni preveč birokratska pri izdajanju gradbenih dovoljenj	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Dostop do elektrike je novim poslovnim prostorom omogočen precej hitro	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Nepremičnina podjetja se registrira relativno hitro.	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Kredit, ki je potreben za nove naložbe, je mogoče pridobiti razmeroma hitro pod dobrimi pogoji za podjetnike	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Italija učinkovito ščiti manjšinske vlagatelje	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Sistem obdavčitve je dobro opredeljen in učinkovit	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Trgovanje s partnerji in državami izven Italije je relativno enostavno.	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Pogodbene obveznosti je enostavno uveljavljati brez težjih sodnih procedur	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Postopek plačilne nesposobnosti pri podjetjih je enostavno reševati	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

Q12 - Spodaj je navedenih 6 kulturnih razsežnosti "Hofstede", ki označujejo kulturne vrednote, ki se jih je pri poslovanju s tujci zelo pomembno zavedati.

Prosimo, navedite, kje se nahaja italijanska kultura, na podlagi lastnega dojemanja ali izkušenj pri komunikaciji, sodelovanju, pogajanjih itd. z vašimi italijanskimi poslovnimi partnerji.

Vaši odgovori bodo nato primerjani z uradno raziskavo o teh kulturnih dimenzijah za Italijo.

Kako daleč se strinjate z naslednjimi trditvami (1-10)?

	Sploh se ne strinjam		Ne strinjam se		Niti-niti	Delno se strinjam		Strinjam se		Popolnoma se strinjam
Zaposleni v Italiji zlahka sprejemajo in spoštujejo hierarhijo znotraj podjetij	○	○	○	○	○	○	○	○	○	○
Italijani raje delajo avtonomno (individualno), in ne v skupini	○	○	○	○	○	○	○	○	○	○
Italijanski poslovneži se poskušajo na vsak način izogniti morebitnemu gospodarskemu tveganju	○	○	○	○	○	○	○	○	○	○
Konkurenca in materialni uspeh sta gonili italijanskih poslovnih odločitev, in ne kakovost odnosov znotraj podjetij	○	○	○	○	○	○	○	○	○	○
Italijani so bolj osredotočeni na dolgoročne cilje, in ne na tradicionalni način poslovanja na kratek rok	○	○	○	○	○	○	○	○	○	○
Na splošno so Italijani veseli in optimistični ljudje, ki popolnoma uživajo svoje življenje	○	○	○	○	○	○	○	○	○	○

Q13 - Ali je podjetje, v katerem ste zaposleni, utrpelo kakršnokoli ekonomsko škodo zaradi pandemije Covid-19 in/ali vaši poslovni partnerji na drugi strani meje v Italiji?

○ Da
○ Ne

IF (1) Q13 = [1] (Da)

Q14 - Kako pomembni so bili sledeči razlogi za moteno poslovanje v času pandemije Covid-19?

	Sploh ne pomembno	Komaj pomembno	Malo pomembno	Dokaj pomembno	Precej pomembno	Zelo pomembno	Bistveno
Zaprte meje ali zapleti pri čezmejnem poslovanju	○	○	○	○	○	○	○
Moje podjetje je gospodarsko prizadela pandemija	○	○	○	○	○	○	○
Italijanske poslovne partnerje ali klientelo je gospodarsko prizadela pandemija	○	○	○	○	○	○	○
Strah pred okužbo s Covid-19	○	○	○	○	○	○	○
Drugo:	○	○	○	○	○	○	○

Q15 - Ali poslovna srečanja še naprej potekajo digitalno, kot v pandemiji Covid-19, ali so ponovno zaživela v živo?

○ Zaradi časovne in stroškovne ugodnosti ostajamo na spletnih srečanjih
○ Včasih v živo, včasih na daljavo
○ V celoti prehajamo k običajnim poslovnim praskam v živo

Q16 - Ali želite dodati še kaj zanimivega in/ali relevantnega za mojo raziskavo o italijansko-slovenskem čezmejnem podjetništvu in gospodarskih odnosih na splošno?

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Appendix 5: Questonnaire about cross-border entrepreneurship in Italian language

Buongiorno!
Mi chiamo Matej Pregeljc e sono studente dell'ultimo anno della laurea magistrale in International Business presso Facoltà di economia di Ljubljana. Attualmente sto scrivendo una tesi di laurea magistrale sul tema della cooperazione economica tra Slovenia e Italia. Di fronte a Lei è un questionario che ci mette meno di 10 minuti del Suo prezioso tempo per compilarlo, attraverso il quale mi aiuta a svelare vari aspetti del contesto imprenditoriale nella zona transfrontaliera Italia-Slovenia, con particolare riguardo alla pandemia di Covid-19.
Le Sue risposte sono completamente anonime e verranno utilizzate esclusivamente ai fini della ricerca accademica-tesi di laurea magistrale. In nessun caso verrà rivelata l'identità della società o vari segreti commerciali.

Q1 - La Sua età
○ meno di 20 anni
○ 21-25
○ 26-30
○ 31-40
○ 41-50
○ 51-60
○ più di 61 anni

Q2 - Genere
○ Maschio
○ Femmina

Q3 - Quanti dipendenti ha l'azienda presso quale Lei lavora?
○ meno di 10 dipendenti
○ 10-50
○ 50-100
○ più di 100 dipendenti

Q4 - In quale industria opera l'azienda per cui Lei lavora?
○ Industria aerea
○ Telecomunicazioni
○ Agricoltura
○ Costruzioni
○ Istruzione
○ Industria farmaceutica
○ Alimentazione
○ Industria sanitaria
○ Ospitalità e turismo
○ Industria dell'intrattenimento
○ Energia
○ Produzione
○ Industria della musica
○ World Wide Web
○ Elettrotecnica
○ Altro:

Q5 - Che funzione svolge nell’azienda in cui lavora?
○ Management generale
○ Relazioni con il pubblico
○ Gestione delle risorse umane (HR)
○ Produzione
○ Amministrazione
○ Marketing
○ Finanza
○ Altro:

Q6 - In quale comune si trova l’azienda in cui lavora?
○ Trieste/Trst
○ Muggia/Milje
○ Dolina
○ Monrupino/Repentabor
○ Sgonico/Zgonik
○ Duino-Aurisina/Devin-Nabrežina
○ Monfalcone
○ Doberdo’ del Lago/Doberdob
○ Gorizia/Gorica
○ altri comuni della provincia di Gorizia
○ comuni della provincia di Udine
○ Altro:

Q7 - Approssimativamente, quale percentuale del business totale dell’azienda in cui Lei è impiegato, si svolge con partner o clienti stranieri?
○ Più di 75%
○ 50% -75%
○ 25% -50%
○ 10% -25%
○ Meno di 10%

Q8 - Approssimativamente, quale percentuale del business totale dell’azienda in cui Lei è impiegato, si svolge con partner o clienti sloveni?
○ Più di 75%
○ 50% -75%
○ 25% -50%
○ 10% -25%
○ Meno di 10%

Q9 - Che tipo di cooperazione economica c’è con le imprese slovene?
Možnih je več odgovorov
☐ esportazioni occasionali o regolari senza rappresentanza in Slovenia
☐ importazioni occasionali o regolari senza rappresentanza in Italia
☐ filiale di vendita estero in Slovenia
☐ produzione e filiale di vendita in Slovenia
☐ Altro:

Q10 - Quanto sono importanti i seguenti motivi per la cooperazione economica con aziende o clientela slovena?

	Per niente importante	Non tanto importante	Poco importante	Importante	Abbastanza importante	Molto importante	Essenziale
Distanza (Slovenia relativamente vicino, buona infrastruttura ecc.)	◯	◯	◯	◯	◯	◯	◯
Prezzo (costi inferiori, margini piu' alti, condizioni contrattuali buoni ecc.)	◯	◯	◯	◯	◯	◯	◯
Qualità (fiducia in una partnership economica a lungo termine)	◯	◯	◯	◯	◯	◯	◯
Accesso ai mercati esteri/sloveni	◯	◯	◯	◯	◯	◯	◯
Drugo:	◯	◯	◯	◯	◯	◯	◯

Q11 - Di seguito sono elencati 11 "indicatori di fare business" dalla Banca mondiale per la misurazione e confrontazione dell'ambiente imprenditoriale tra i diversi paesi.

Se la Sua azienda ha già investito in Slovenia, condivida la Sua esperienza nel fare business in Slovenia. In caso contrario, esprima le Sue opinioni sui punti di forza e di debolezza che devono affrontare i vostri partner economici sloveni nel loro paese d'origine.

Lo scopo è di fare una confrontazione delle vostre percezioni con quelle rivelate dal progetto del Gruppo della Banca Mondiale per il 2020.

Fino a che punto Lei è d'accordo con le seguenti affermazioni (1-10)?

	Per niente d'accordo		Poco d'accordo		Incerto	Parzialmente d'accordo		D'accordo		Molto d'accordo
Avviare il business in Slovenia è relativamente facile ed è profitevole	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Slovenia non è troppo burocratica nel rilascio di licenze edilizie	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
La fornitura dell'elettricità nel nuovo impianto produttivo è molto veloce	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Gli immobili delle società sono registrate relativamente presto nel registro	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Credito che è necessario per i nuovi investimenti può essere ottenuto relativamente rapidamente sotto buone condizioni per imprenditori	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Slovenia in modo efficace protegge azionisti minori	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Il sistema fiscale è ben definito ed efficace	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Commercio con partner e paesi fuori dalla Slovenia è relativamente facile	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Gli obblighi contrattuali sono facili da far rispettare senza ingombranti procedimenti giudiziari	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Processi di insolvenze aziendali sono presto risolti	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

Q12 - Di seguito sono elencate 6 dimensioni culturali della "Hofstede", che caratterizzano i valori culturali, di cui è molto importante essere consapevoli quando si fa business con gli stranieri.

Si prega di indicare dove si trova la cultura slovena, in base alla propria percezione o esperienza nella comunicazione, cooperazione, negoziazioni, ecc. con i Suoi partner economici o clientela sloveni.

Le vostre risposte verranno poi confrontate con la ricerca ufficiale su queste dimensioni culturali per la Slovenia.

Fino a che punto Lei e' d'accordo con le seguenti affermazioni (1-10)?

	Per niente d'accordo		Poco d'accordo		Incerto	Parzialmente d'accordo		D'accordo		Molto d'accordo
I dipendenti in Slovenia accettano e rispettano la gerarchia all'interno delle aziende	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Gli sloveni preferiscono lavorare in modo autonomo (individualmente) e non in gruppo	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Gli imprenditori sloveni provano in qualsiasi modo evitare potenziali rischi economici	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Concorrenza e successo imprenditoriale è più importante nel prendere decisioni da imprenditori sloveni, e non qualità delle relazioni nell'azienda	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
Gli sloveni sono più focalizzati a lungo termine, e non su tradizionale modo di fare business a breve termine	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯
In generale, gli sloveni sono persone felici e ottimiste, che si godono a pieno la vita	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

Q13 - L'azienda in cui Lei lavora, ha subito dei danni economici a causa della pandemia di Covid-19 e/o i vostri business partner oltre confine in Slovenia?

◯ Si'
◯ No

IF (1) Q13 = [1]

Q14 - Quanto sono stati importanti i seguenti ragioni per le operazioni economiche ”ostacolate” durante la pandemia di Covid-19?

	Per niente importante	Non tanto importante	Poco importante	Importante	Abbastanza importante	Molto importante	Essenziale
Frontiere chiuse o complicazioni alle attività commerciali transfrontaliere	○	○	○	○	○	○	○
La mia azienda è stata economicamente daneggiata dalla pandemia Covid-19	○	○	○	○	○	○	○
Business partner e/o clientela slovena sono stati economicamente daneggiati dalla pandemia Covid-19	○	○	○	○	○	○	○
Paura di Infezione da Covid 19	○	○	○	○	○	○	○
Altro:	○	○	○	○	○	○	○

Q15 - Le riunioni di lavoro e/o ”business meetings” con la clientela e business partners sloveni continuano a svolgersi digitalmente, come nella pandemia di Covid-19, o li svolgete di nuovo dal vivo?

○ A causa dei vantaggi in termini di tempo e costi, rimaniamo su riunioni online
○ A volte dal vivo, a volte da remoto
○ Ci stiamo muovendo completamente verso le solite prassi di fare business dal vivo

Q16 - Lei vuole aggiungere qualcosa in più che potrebbe essere interessante e/o rilevante alla mia ricerca sull’imprenditoria transfrontaliera italiano-slovena e le relazioni economiche?

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