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MASTER'S THESIS

**ASSESSMENT OF THE INVESTMENT CLIMATE IN SLOVENIA  
FOR AUSTRIAN COMPANIES**

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## AUTHORSHIP STATEMENT

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**LIST OF ABBREVIATIONS**

- GCI 4.0** – Global Competitiveness Index 4.0
- INV** – International new ventures
- OECD** – Organization for Economic Co-operation and Development
- 4IF** – Fourth industrial revolution

## INTRODUCTION

Internationalization is a process that many companies decide to undertake. By expanding to foreign markets, companies can gain higher revenue, knowledge and experience, as well as lowering their risk through diversification and cost through economies of scale (Cuervo-Cazurra, 2007). Another reason why companies go through the internationalization process is due to the pressure of their competitors, especially if their competitors are already successful. On the other hand, the internationalization process can lead to certain risks. Hollensen (2011) claims that some types of risks occur before the actual process of internationalization starts and some occur during the process. He divides risk into two groups: internal barriers, which come from the company itself and hinder the process of internationalization, and external barriers, which come from the environment. The difference between them is that companies have influence on internal barriers while they do not have influence on external barriers.

Once a company decides to venture into foreign markets, the first choice it is faced with is how to enter the new market (Azuayi, 2016). Several **determinants of market entry** have been established by the literature. First are internal factors, such as the size of the company, differentiation advantages, and international experience. Second are external factors, which include socio-cultural differences, market size and growth, country risk, market barriers and intensity of competition. Other factors include desirable entry characteristics and business-specific factors (Hollensen, 2007).

In order to understand a company's decision regarding the internationalization process, several theories and **models of internationalization** have been proposed. The Eclectic paradigm proposed by Dunning (1988) primarily focuses on analyzing the reasons behind a company's decision on location, ownership and internationalization advantages. The Uppsala model is a model in which it is believed that internationalization is a slow process where knowledge has to be gained and developed step by step (Azuayi, 2016). Transactional cost theory is a theory that involves all costs that occur from the beginning until the end of the process, including ex ante costs (search costs and contracting costs) and ex post costs (monitoring costs and enforcement costs), as reviewed by Hollensen (2011). The network approach is a theory where it is believed that companies are all connected in a network and the better the connection a company has with others the bigger the competitive advantage and chance of success it has (Johanson and Mattson, 1988). The life cycle concept for internationalization trade is a theory developed by Vernon (2004), where he explains that the internationalization goes through four stages: introduction, growth, maturity and decline stage. Finally, the "Born Global" theory rejects the traditional Uppsala model claiming that companies do not need to follow the "traditional" path and develop slowly. In fact, "Born Global" companies aim to achieve international markets right at their inception by offering

to niche markets an innovative and high-quality product that fits its customer needs (Aspelund, Madsen and Moen, 2007).

Additionally, before starting the internationalization process, every company has several other important decisions to make (Hill, 2007). The first is regarding the location, where to enter foreign market. The company needs to assess long term profit potential for each potential new market. It is also important that countries are politically stable and not too crowded with competitors' products. An additional decision is regarding timing, or when to enter a foreign market. The company can be a first mover and enjoy first mover advantage but at the same time carries higher risks or it can be late entrant where risks are lower but the market is already crowded. Further, scale is another factor that companies need to consider when entering a foreign market. If a company decides to enter on the large scale, its existence can really change the market and have a long-term impact. On the other hand, it can enter on a small scale which gives the company an opportunity to learn about the foreign market, however at the same time its exposure to the market is limited. Finally, companies need to decide how to enter the market, in other words to **choose the entry mode**. In this master thesis, the six main entry modes will be evaluated: exporting, turnkey projects, licensing, franchising, joint venture and wholly owned subsidiary. Each market entry has advantages and disadvantages, and trade-offs are inevitable. Therefore, there is no right or wrong way, just different paths a company can take based on its own situation and goals associated with the level of risk and reward (Hill, 2007).

One of the most important of the above-listed choices concerns choosing which foreign market to enter. To gain a better understanding of the prospective market, measuring countries' competitiveness is important. Since productivity is the main factor driving the growth and level of income, understanding these factors is crucial (Siggel, 2006). The Global Competitiveness Report designed by World Economic Forum (2018) and Doing Business Report designed by the World Bank (2019) were designed to help measure a country's competitiveness. The Global Competitiveness Report 2018 shows that the average score (among 140 countries) is 60 out of 100 points, and extensive studies on competitiveness have attempted to discover how countries could improve their scores and become more attractive to foreign investors, however, changes are not easy and take a very long time to occur.

This master thesis is an attempt to measure the attractiveness of Slovenia for Austrian investors specifically, based on the measurement reports mentioned above. According to these measures, Slovenia was ranked 35th out of 140 countries in GCI 4.0 (World Economic Forum, 2018) and 40th out of 190 countries in Doing Business Report 2019 (World Bank, 2019). Looking at both rankings, it can be said that Slovenia has a large potential for growth and development.



Advantage Austria is a business service provider and trade promotion organization in the area of foreign trade and international trend scouting. It offers business development services to Austrian companies as well as their international partners through more than 100 offices in more than 70 countries. Their office in Slovenia is called Advantage Austria Ljubljana and its main focus is to help Austrian companies with entry to the Slovenian market and provide them with needed information as well as with organizing network events for Slovenian and Austrian partners (Advantage Austria, 2019).

The purpose of this master thesis is thus to help the company Advantage Austria Ljubljana, to better understand the current investment climate in Slovenia. With these concrete results, they will be able to make a conclusion on how good the investment climate in Slovenia is compared to previous years, as well as to make a prediction for the future. With the knowledge of the current economic position of Slovenia, it will be easier for them to attract other Austrian companies to come and do business in Slovenia. Since results were gathered from Austrian companies that are already doing business in Slovenia, potential new companies will easier identify themselves in the same situation. The findings of this research will also be published to the public and presented at a press conference that will be convened by Advantage Austria Ljubljana in January 2020.

Following this purpose, the goals for this master thesis are:

- To analyze the current state of investment climate in Slovenia;
- To analyze existing Austrian companies' satisfaction with doing business Slovenia;
- To compare findings with last year results, and determine whether the investment climate is improving or not;
- To develop concrete solutions for the improvement of Slovenian attractiveness for foreign companies.

This master thesis is based on primary and secondary data sources. The theoretical part is based on reliable and professional secondary data sources, such as the World Bank and the World Economic Forum. For the empirical part, I worked with office Advantage Austria Ljubljana and used secondary as well as primary data sources. At the beginning of the empirical part, Advantage Austria Ljubljana's old survey was used, and my own research was done through a 1ka questionnaire containing 28 questions regarding companies' opinion on investment attractiveness in Slovenia, strong and weak political factors in the country, why it has competitive advantage and where it still needs to improve. The link was sent in newsletter to approximately 700 Austrian companies in Advantage Austria Ljubljana's database, resulting in a sample of 41 respondents. Survey answers were analyzed using Microsoft Excel and descriptive statistics in SPSS. In addition to the online survey, I also did one in-person interview and two interviews over the phone with Austrian companies chosen by Advantage Austria Ljubljana. The purpose of interviews was to become familiar with companies' personal experiences and their suggestions where Slovenia could improve.

This master thesis consists of six chapters. The first chapter is about the theoretical background of internationalization strategies where motives for internationalization, determinants of market entry, theories and models of international market entry, entry modes and barriers of internationalization are described. In the second chapter, the measurement of competitiveness is explained. In the third chapter, the information about the company Advantage Austria is given. In the fourth chapter, the methodology of the research is clarified. In the fifth chapter, the findings and discussion of results is given. In the sixth chapter the recommendations for improvements are given as well as limitations of the research.

## **1 THEORETICAL BACKGROUND IN INTERNATIONALIZATION STRATEGIES**

There is no universal description of internationalization. Calof and Beamish (1995) describe internationalization as “the process of adapting firms’ operations (strategy, structure, resources) to international environment” (p. 116). Internationalization process is a process that every company wishes to take. Naturally, companies want to expand their business to foreign markets to increase their opportunities, gain more knowledge, earn more revenue and reduce risk by diversification (Cuervo-Cazurra, 2007). However, with expanding to foreign markets costs and risks also increase so it is crucial for companies to wisely choose the right entry mode. Recently, the number of companies that operate outside of their domestic market have significantly increased. One of the major reasons is opening up trade borders and eliminating trade barriers in most countries. No matter of company’s size, every company should want to internationalize and grow. The reasons for internationalization differ among companies but most of them are seeking new opportunities in foreign markets or try to reduce their risk by diversification. Once companies are successful in a particular foreign market, they often want to keep internalizing and grow even further. It is important that companies follow customers’ needs when designing products and not only follow their domestic customers’ needs because for example, something that works in Slovenia may not work in China (Hollensen, 1998).

### **1.1 Motives for internationalization**

Internationalization is a strategic decision that companies make to increase their revenue, lower their cost and risk, gain knowledge and experience from a foreign market. Before a company starts with the internationalization process something internally or externally has to trigger the decision making (Hollensen, 1998). Every company has different reasons to start internationalization and it is important to understand the reasons to evaluate and choose the next steps in the process. The primary reason to expand business to foreign markets is to access new market and potential sales offered in the new market (Morschett, 2009). It is

crucial that companies pick the appropriate country to expand to because of the cost of production, labor, etc. depend on it. It is common knowledge that companies want to increase their revenue and lower their cost but how they will achieve that is a hard question and challenging process for every company (Wattanasupachoke, 2002).

Generally, we can divide motives for internationalization in two categories, shown in Table 1. Proactive and reactive factors (Hollensen, 2008). Proactive factors come from within the company itself. Which means that employees in the company are driven, motivated and eager to grow and move to the next level. The internationalization process can also be inspired by the cultural socialization of employees. If employees were born in a different country or were often traveling, they are usually more open-minded and knowledgeable about foreign markets and their culture, which can be a great advantage and encouragement to begin the process. Reactive factors are reaction to pressure and threats of losing their business to competitors. The company is aware that they are losing market shares to competitors who already successfully expanded to foreign markets, therefore, they feel forced to follow them in order to survive.

*Table 1: Major motives for starting an export*

PROACTIVE MOTIVES	REACTIVE MOTIVES
Profit and growth goals	Competitive pressure
Managerial urge	Domestic market: small and saturated
Technological competence/unique product	Overproduction/excess capacity
Foreign market opportunities/market information	Unsolicited foreign orders
Economies of scale	Extended sales of seasonal products
Tax benefit	Proximity to international customers/psychological distance

*Source: Hollensen, (2008).*

There are several more motives that need to be addressed. Risk diversification, by spreading the risk among different markets and products, the company protects itself so if one market fails it can balance it out with others. Avoiding the domestic recession, throughout the company's lifetime there is a great chance that the domestic market will face recession, therefore, by internationalization a company can cover the losses or lower revenue (at times of domestic recession) with revenue from foreign market. Avoiding domestic competition, by internationalization companies also avoid "too crowded" market and target foreign market. For example, China.

According to Azuayi (2016) besides financial motives for internationalization, there is also knowledge motive. For companies to grow and be successful they have to have a lot of domestic and global knowledge. They want to enter a foreign market to understand what

they need to change in their business to attract and satisfy customers locally and globally. Moreover, there are plenty of different reasons why companies would internationalize and take certain entry mode. Because the mode of entry depends on internal and external factors of a company, we can only argue whether company's entry mode was right or wrong once we know all factors in decision making (Sakarya, Eckman & Hyllegard, 2007).

## **1.2 Determinants of market entry**

Before a company starts with the internationalization process it is necessary to do a thorough investigation of where and how it should internalize (Frynas & Mellahi, 2015). The choices a company takes at the beginning of the process are crucial for its success. The location they pick to expand their business is one of the biggest decisions a company has to make along with which entry approach they should pick. It is important to take into consideration opportunities, strengths, weaknesses, threats, challenges and barriers of a potential foreign market to make the right decision (Azuayi, 2016).

Hollesen (2007) believes that four groups of factors have a direct influence on the decision: internal factors, external factors, desirable entry factors and business-specific factors.

### **1.2.1 Internal factors**

Three main internal factors are the size of a company, differentiation advantages and international experiences of a company. The size of a company determines company resources, capabilities and knowledge. Bigger companies can easier afford to invest more capital and take greater risks than smaller companies. Moreover, companies' international experiences lower uncertainty in the internationalization process which is an encouragement and advantage for the company.

### **1.2.2 External factors**

External factors are divided into five groups. First one socio-cultural differences; whether socio-cultural differences among the company's origin country and host country are big, the risk of doing business there is greater due to potential disagreements and lack of knowledge. Therefore, the bigger the difference between countries the more complex entry mode a company should take. Second one market size and growth rate; the foreign market size and the opportunities to grow are important because the larger market leads to greater growth potential and the bigger the incentive will be for the company to commit to resources in the foreign market. Therefore, a company is more likely to choose a greater control entry mode for its long-term presence in the foreign market (Koch, 2001). Third one country risks; the influence on risk in foreign market arise from political and economic situations in a host country. If the country is "risky" to enter, a company is likely to choose a lower degree of control and resources commitment entry mode in case they have to exit the market. Fourth

one market barriers; include government restrictions, tariff barriers and distribution assets. These factors can have a big influence on the entry mode a company chooses. Similar to country risk factors if a host country has high market barriers a company should choose a lower degree of control and resources commitment entry mode. Fifth one intensity of competition; measured by the number of competitors in that specific foreign market. The number of competitors in the market affects the entry mode. If the intensity is high the markets become less profitable and that does not motivate a company to invest high resources and commitment. Therefore, the higher the intensity, the lower the control and resource commitment entry modes.

### 1.2.3 Desirable entry characteristics

For these factors, it is important whether a company is favorable to risk, control and flexibility. The more favorable a company is to risk, the greater chance that a company will pick a more complex entry mode that is riskier but if successful also more profitable. Similar goes for control and flexibility.

### 1.2.4 Business-specific factors

These factors are usually hard to gain, measure, imitate and trade. These are usually know-hows, transaction cost, opportunistic behavior, knowledge of employees and powerful brand name and awareness. Companies that possess these factors usually pick more complex entry mode to keep their know-how in the house and not share it with others (and possibly lose it).

## 1.3 Theories and models of international market entry

Early literature in internationalization was mostly influenced by general marketing (Hollensen, 2011). Afterward, several theories tried to explain why and how companies want to start the process of internationalization. The literature can broadly be divided into two groups. The first one is an economic approach that focuses on companies and the environment. Economic approach theories assume that companies are party rational in their choice and process. The second one is the process approach, that has its base in organizational theory and is focused on behavior and impact of international experiences (Andresson, 2000). Both approaches have shown their strengths and weaknesses in different situations. From both, we can gain useful knowledge on the companies' behavior and reasons behind them yet none of them give us all the answers. After reviewing the literature about internationalization, it is clear that different researchers have different assumptions about decision making. Now let's look at a couple of most famous theories of internationalization to better understand companies' decision regarding the internationalization process (Azuayi, 2016).

### 1.3.1 Eclectic paradigm theory

Eclectic paradigm theory was proposed by Dunning (1988). “The theory is based on internalizing cross-border markets for products as well as the attractions of a foreign market for the production” (Azuayi, 2016, p. 3). Theory’s primary focus is on analyzing reasons behind company’s decision on location, ownership and internationalization advantages. Dunning believes that advantages a company possesses in the domestic market are the ones they should also expend to the foreign market. Businesses that are considering internationalization process are competitive and have ownership advantages in domestic and foreign markets. According to Dunning, a company needs to possess three advantages to successfully operate in the foreign market (Azuayi, 2016). First one is ownership advantage (copyrights, trademarks, property rights, production technology, etc). Second one is location advantage where companies must assess if there is a benefit in performing specific functions in a particular country. Availability of resources and costs are important factors in decision making. Third one is internationalization advantage where companies have to decide whether it is better to produce a particular product in house or chose outsourcing. Sometimes a foreign company can offer a higher degree of local market knowledge and more skilled employees (Azuayi, 2016).

### 1.3.2 Uppsala model

Uppsala model, also called stage model, is based on Swedish study manufacturing companies that pursued foreign markets. Theory claims that internationalization is a slow incremental process. Moreover, due to the lack of knowledge companies are forced to take time to learn about the foreign market (Anderson, 1997). The main principle of Uppsala model is knowledge. Without knowledge about foreign market, companies will not be successful and achieve their goals. Therefore, international activities require general as well as market-specific knowledge. Most companies that use stage model are successful in entering a new foreign market through geographic distance (Azuayi, 2016). For this type of situation, knowledge about cultural differences and socio-cultural factors plays an extremely important role. According to the stage model, market-specific knowledge is gained through experiences in the market while knowledge of the operations can be transferred from one country to another. Stage theory suggests that companies should take smaller steps in the internationalization process. First example of stages in Uppsala model:

- Stage 1: No regular export activities.
- Stage 2: Export via independent representatives.
- Stage 3: Establishment of a foreign sales subsidiary.
- Stage 4: Foreign production/manufacturing units.

The second example is that the company first exports to nearby countries with similar characteristics to the domestic market (Anderson, 1997).

### 1.3.3 Transactional cost theory

Transactional cost theory involves all costs that are incurred from the beginning till the end of production and can be viewed as a summation of all expenses incurred when establishing a business in a foreign market (Anderson & Gatignon, 1986). This theory predicts that a company will perform activities internally at lower cost by establishing an internal management control while relying on the market for activities in which independent outsiders (such as export intermediaries, agents or distributors) have a cost advantage (Hollensen, 2011).

Hollensen (2011) divides transaction cost into two groups. First group is ex ante cost which include search costs (costs of gathering information to identify and evaluate potential export intermediaries) contracting costs (costs associated with negotiating and writing an agreement between seller (producer) and buyer (export intermediary)). Second group is ex post costs which include monitoring costs: (associated with monitoring the agreement to ensure that both seller and buyer fulfill the predetermined set of obligations) and enforcement costs (associated with the sanctioning of a trading partner who does not perform by following the agreement). The main goal of transaction cost theory is that the company tries to minimize the cost. When considering the best solution both ex ante and ex post costs have to be taken into consideration.

### 1.3.4 The network approach theory

In network approach theory relations between companies and cooperation between them is the key to success. The main belief in network approach is that individual company depends on the resources controlled by other companies and that relationships a company has within domestic network can be used as connections to other networks in foreign markets (Johanson and Mattson, 1988). Companies are tied to each other by numerous bonds that can be technical, social, administrative and many more. Companies get access to these resources through their network position. The process of building that position is slow and depends on each company's resources and commitment. The company entering the network must be interesting for other companies so they want and are motivated to established interaction with the new company. Therefore, the result mostly depends on interactions by other companies and their engagement. Johanson and Mattson (1988) developed a network framework to suggest an international typology. They divided companies into four categories based on their degree of internationalization in the market. The early starter where companies have a low degree of internationalization and weak channel with foreign networks. Due to lack of interaction with other companies, early starter companies have little market-specific knowledge and experience of operating in foreign markets (Hadley and Wilson, 2001). The late starter where similar to the early starter, companies have a low degree of internationalization but they are positioned in a highly internationalized market.

Therefore, they still have a low level of activities in foreign markets, low level of experiences and only a few direct relationships with other companies. However, compared to early starter they will have a knowledge advantage. Moreover, being in a highly internationalized market gives the opportunity to learn and gain knowledge through indirect contacts with international networks (Hadley and Wilson, 2001). The lonely international where compared to previous categories companies in the lonely international category have greater levels of experiential knowledge due to a greater degree of commitments and interactions with others. Moreover, experiential knowledge, experiences in the market, cultural knowledge, resources and involvement in network give companies the chance to be involved in network and connect with others (Hadley and Wilson, 2001). And the international among others where companies are enjoying a high degree of internationalization. They had already established a strong position in the market and developed resources in foreign markets. Compared with lonely international the international among others category has a higher level of experiential knowledge (Hadley and Wilson, 2001).

### 1.3.5 The life cycle concept for internationalization trade theory

Theory developed by Vernon (2004) explains the life cycle concept for internationalization trade. He explains the process of internationalization in four stages:

- Stage 1: Introduction; companies are exporting their products to avoid risk due to lack of knowledge about the foreign market. Products are new to the market and therefore a return on investment is low. Creating brand awareness and promotion of product is necessary to increase sales.
- Stage 2: Growth; the demand for products increases sales. The cost of production decreases and the profit increase. Companies can afford to keep promoting their products and expand to additional foreign markets. Moreover, companies can invest in manufacturing and producing products in foreign countries.
- Stage 3: Maturity; competition is usually high and sales are decreasing. Companies are looking for a way to lower their cost in some other countries and opportunities to innovate and improve their products to stay in business.
- Stage 4: Decline; companies' products become unpopular and lose the majority of sales. Usually, companies stop with internationalization at this point and again produce locally with some exporting abroad.

### 1.3.6 Born global theory

In the past, it was expected that companies learn about business locally, gain many experiences and then slowly expand to foreign markets. Like Uppsala model many others explained internationalization as a slow and incremental process. However, this is no longer the case. Recently research has identified an increasing number of companies that do not follow the "traditional" path of the internationalization process but rather target international



market right from the start (Gabrielsson & Kirpalani, 2004). A born global can be defined as a firm that from its inception pursues a vision of becoming global and globalize rapidly without any preceding long term domestic or internationalization period (Oviatt and McDougall, 1994; Gabrielsson and Kirpalani, 2004). Later on, Oviatt and McDougal (1994) invented the term INV to name those companies that are internationally oriented from the beginning. Moreover, born global companies act quickly, aggressively and take risks. INV are largely been reported in high-tech industries but also occur in other industries. The basic decision that the company has to make is how to develop the internationalization process with regard to time, scope and scale. Many of them see the world as a single borderless market and international knowledge, education or personal working experiences are often the reason why the company becomes INV (Aspelund, Madsen, Moen, 2006).

#### **1.4 Entry modes**

According to Hill (2007) before starting the internationalization process, every company has to decide on three basic entry decisions. The location which is crucial and can make or break the company. The company has to seek the balance between opportunities and potential profits, production cost and risk that comes with the process. The timing where company can either have a first-mover advantage that carries a higher risk or it can be late entrant, which means that it waits and follows others. Both have advantages and disadvantages. First movers are able to be pioneers but are at the same time exposed to uncertainty, bigger cost and greater risk. On the other hand, later entrants carry a much lower amount of risk and cost of production and can almost copy first movers however, they have more competition on the market. And the scale where a company can enter on a large or small scale depending on company's mentality and commitment. Entering on a large scale means a lot of commitment, taking risk and pay high costs. Entering on a small scale is a slower process, where companies have time to learn about the market and make many more important decisions during the process of internationalization.

After deep and thoughtful consideration of the three above mentioned factors, the management team should decide how to internationalize.

There are many entry mores however in this master thesis I will follow Hill (2007) who claims that a company can take six different approaches to internationalize. Since every company has different reasons to take a specific path, there is no right or wrong way. The company decides regarding its size, resources, commitment and the market itself. According to Hill (2007) six different modes to enter a foreign market are: exporting, turnkey projects, licensing, franchising, establishing joint ventures with a host-country firm and setting up a new wholly-owned subsidiary in the host country. Each entry mode has its advantage and disadvantage and managers of a company should deeply investigate all of them before making a final decision.

### 1.4.1 Exporting

Exporting is an entry mode many firms start with and only later on switch to another mode. Exporting has two bigger advantages. One is that by producing in a home country company avoids the cost of manufacturing a product in a host country and can gain scale of economy from its global sales volume. However, production in the home country can also be seen as a disadvantage if the production in a host country is cheaper. The second advantage is that the company will gain knowledge and experiences from a host country. As already mentioned exporting also has disadvantages. Firstly, transport costs can make exporting uneconomical especially for larger orders. A solution for that could be to have a few manufacturers from which the company can export to nearby countries. Secondly, countries have different laws that protect the home market and therefore, tariff barriers can make exporting very expensive. Thirdly, if a company hires an agent from host country (who has more knowledge about that market) for marketing, sales, and other services the company can never know how loyal that agent to their company is.

### 1.4.2 Turnkey projects

Turnkey project entry mode is a common mode for specific industries like chemical, pharmaceutical, petroleum refining, and metal-refining industries, all of which use complex and expensive production technologies (Hill, 2007). It is a project between two companies that make contact. The foreign client orders the execution of the project and is in charge of all costs and the contractor that is responsible to handle every detail for the project including the training of other companies. Usually, contractor possess technical knowledge about production and foreign client has resources for the production. We can say that turnkey project is a way to transfer know-how to other countries. The advantage of turnkey projects is earning a great economy return from an asset. This strategy is useful especially in countries with limited foreign direct investments by government regulation. The disadvantage regarding the turnkey project it that the contractor will not have a long-term interest in the foreign country, which can be a disadvantage if the country proves to be a big market. Moreover, a contractor can unwantedly create a competitor on the market (Hill, 2007).

### 1.4.3 Licensing

Licensing is an agreement between licensor and licensee. Licensor grants rights to intangible property which includes patents, inventions, formula, trademarks, copyrights and so on, for a specific period of time and in return, receives a royalty fee from licensee (Hill, 2007). This entry mode is common in the pharmaceutical industry where formulas and patents play an important role. The primary advantage of licensing is that the company entering the foreign market does not have to carry development costs and risks regarding opening a foreign market. Moreover, companies that have intangible property but do not want to develop and expand on their own, often use licensing. On the other hand, licensing takes away the

company's control over manufacturing, marketing and strategy that could lead to achieving experience curve. Licensing also limits the company to move their profits earned in one country to another. Moreover, the licensor can quickly lose control over their technology and therefore their competitive advantage (Hill, 2007).

#### 1.4.4 Franchising

Franchising is very similar to licensing only that it involves longer-term commitments. It is an "upgraded" version of licensing with not only selling intangible properties but also selling a company's name and setting strict rules of how to do business, for example, sell goods and services. The franchiser will also assist the franchisee to operate business on a daily basis. Similar to licensing, the franchiser will receive a royalty payment related to franchisee's revenue. Advantages are also similar to licensing; franchiser avoids costs and risks of opening a business in another country on its own. Due to brand name and awareness franchisee already have some potential customers. With franchising entry mode, a company for instance Hilton can spread all over the world very fast with low cost and risk level. On the other side, a crucial disadvantage of franchising is the lack of control over quality. Let's take a Hilton hotel for example. Guest that checks in to Hilton hotel in Zagreb expects the same or at least similar quality service than when he previously stayed at Hilton hotel in another country. The problem arises if one of the Hilton's hotel service quality disappoints customer and he or she will never return to any Hilton hotel again. Therefore, poor quality of franchisee can ruin franchiser's brand name all over the world (Hill, 2007).

#### 1.4.5 Joint venture

A joint venture is an entry mode where two or more companies work together. Companies agree to share revenues, costs, risks and control over a new company. Joint venture is especially popular where joint companies complement each other. Usually, venture is 50/50 however it can also be any other combination depending on the agreement between them. Joint venture has many advantages. Firstly, a company benefits from a local partner's knowledge about the host country's competitive conditions, culture, language and political system. In fact, in some countries joint ventures with a local company is the only meaningful entry mode to a foreign market due to the host country's government policies. Moreover, costs and risks are shared between companies so they are lower for each participant. Big disadvantage in joint venture is that companies do not have flexibility and freedom but always have to agree with other partner companies. Often there are unclear or unrealistic objectives at one company. Due to different knowledge, culture and working enthusiasm communication can become a problem and conflicts can arise and often lead to the dissolution of the joint venture (Hill, 2007).

#### 1.4.6 Wholly owned subsidiary

In a wholly-owned subsidiary, a company owns 100 percent of the stock. There are two ways a company can establish a wholly-owned subsidiary in a host country. The first option is that a company can set up a new operation in the host country often referred to as a greenfield venture. The second option is to acquire an established company in the foreign market and use that firm to promote its products (Hill, 2007). Obvious advantage with wholly-owned subsidiary entry mode is a low risk of losing control over the competence, therefore, many high-tech companies choose this way of entry to foreign market. Moreover, the company has tight control over operations in different countries and 100 percent share in the profits generated in other countries. This way of entry to foreign markets is usually the most expensive, from a capital investment point of view, therefore impossible for many companies. The company also carries all risks regarding opening operation in a host company (Hill, 2007).

*Table 2: Advantages and disadvantages of entry mode*

	Advantages	Disadvantages
Exporting	Low risk Economy scale	High transport cost Trade barriers Problems with local agents
Turnkey projects	High return on asset	Lack of long-term market presence Creating competitors
Licensing	Low risk	Lack of control
Franchising	Low risk	Lack of control quality
Joint venture	Access to local partner's knowledge	Mismatch in communication, effort and goals
Wholly owned subsidiary	100% control	High risk and cost

*Source: Hill, (2007).*

As the Table 2 shows, all entry modes have advantages and disadvantages. Therefore, trade-offs are inevitable when selecting an entry mode. However, despite trade-offs, it is still possible to make an optimal decision regarding entry mode (Hill, 2007).

## **1.5 Barriers of internationalization**

Expanding business to foreign market brings higher risk to the company than only producing and selling domestically. Desire to achieve better opportunities, higher revenues and lower costs all attract companies to internationalization but during the process, it is impossible to

avoid many uncertainties in the business, like unknown policy and law systems, cultural differences, etc. The risk rate also depends on the entry mode the company chooses. As already discussed wholly-owned subsidiary entry mode is riskier than a joint venture. There are a variety of risk classifications however, our focus will be on Hollensen (2011) classification. He claims that some types of risks occur before the actual process of internationalization starts and some occur during the process. Hollensen (2011) divides risk into two groups: internal barriers and external barriers. The difference between them is that the company can influence internal barriers while it cannot influence external barriers. Internal barriers come from the company itself and hinder the process of internationalization.

According to Hollensen (2011) internal barriers include:

- Insufficient finances.
- Insufficient knowledge.
- Lack of export commitment.
- Lack of capital to finance expansion into foreign markets.
- Lack of productive capacity to dedicate to foreign markets.

External barriers come from the environment. As already mentioned, the company does not have direct power to nullify all barriers but it can adjust to them. Hollensen (2011) divides external barriers into three major groups; general market risks, commercial risks and political risks.

According to Hollensen (2011) general market barriers include:

- Comparative market distance.
- Competition from other firms in foreign markets.
- Language and cultural differences.
- Difficulties in finding the right distributor in the foreign market.
- Complexity of shipping services to overseas buyers.

According to Hollensen (2011) commercial barriers include:

- Exchange rate fluctuations when contracts are made in a foreign currency.
- Failure of export customers to pay due to contract dispute, bankruptcy, refusal to accept the product or fraud.
- Delays and/or damage in the export shipment and distribution process.

According to Hollensen (2011) political barriers include:

- Foreign government restrictions.

- National export policy.
- Foreign exchange controls imposed by host governments that limit the opportunities for foreign customers to make payment.
- Lack of governmental assistance in overcoming export barriers.
- Confusing foreign import regulations and procedures.
- Complexity of trade documentation.

## **2 MEASURING COMPETITIVENESS AND SELECTED INDICATORS FOR SLOVENIA**

Choosing which foreign market to enter involves many decisions about the prospective market (Buckley, Pass & Prescott, 1988). To get a better understanding of the potential market, measuring countries' competitiveness is important. Therefore, we will look at the Global Competitiveness Report and Doing Business Report which will give us information about certain aspects of measuring competitiveness. Since productivity is the main factor driving the growth and level of income hence, understanding these factors is crucial (Siggel, 2006).

### **2.1 Global Competitiveness Report**

The Global Competitiveness Report is a yearly report published by the World Economic Forum. Since the year 2014 the report ranks countries according to the Global Competitiveness Index. For this master thesis, the focus will be on The Global Competitiveness Report 2018 where 140 countries around the world were included in the GCI 4.0. Global Competitiveness Report is designed to help policy makers, business leaders, and other stakeholders around the world shape their economic strategies in the era of the 4IR. With the 4IR humanity has entered a new phase. 4IR has huge influence on millions of people's lives and creates many opportunities for businesses, governments and individuals. However, there are also threats of a new divergence. Moreover, the consequences of the Great Recession on the economy and society cannot be ignored. Thus, the new Global Competitiveness Report has been developed with 40 years of experience in benchmarking the drivers of long-term competitiveness. The report emphasizes on the importance of human capital, innovation, resilience and agility. The results show that many countries are far from being competitive, in fact, the global average score is 60 (out of 100) points. The reason why the Competitiveness Index's structure was change is due to the influence of 2008's Great Recession with its long-term impact on productivity and the 4RI with its ongoing dynamic change in technology. To reduce the risk of the next financial crisis, economies have to be resilient, agile, build on the innovation ecosystem and adopt a human-centric approach to economic development. Thus, policy makers have to ensure that the fast speed change of a new technology is translated into better living conditions (World Economic Forum, 2018).

The GCI 4.0 framework is organized into twelve main drivers of productivity called pillars. In twelve pillars there are ninety-eight indicators, thirty-four of them remain the same as in previously done Competitiveness Index and sixty-five indicators are new. For the most 20th century the direction towards development seemed pretty clear. However, today's progression has become less clear, therefore, the GCI 4.0 rates countries simply by combining average points in each pillar instead of weighting pillars according to a country's stage of development. So, average points of all twelve pillars give us the final score, therefore each pillar is worth exactly 1/12 (World Economic Forum, 2018).

As already mentioned, GCI 4.0 introduced a new way of scoring from 0-100 in 2018. Each country should try to maximize its score at each of twelve pillows or in other words in each of ninety-eight indicators. This approach shows that GCI 4.0 measurement is not a zero-sum game between countries, which means that if one country increases the score in education another country will decrease a score in education but rather all counties can increase their competitiveness score at the same time. When competitiveness is equated to productivity it becomes clear that it is neither a competition nor zero-sum game. All countries can become more productive at the same time. No country is perfectly competitive. The United States is the closest to perfect score with 85,6 points. However, we can see that even number 1 country in the world has space to improve. The average score in GCI 4.0 is 60 points however, there is a big gap across different regions. Europe and North America are combined home to 7 out of 10 most competitive countries and East Asia and the Pacific region are home to 3 countries (World Economic Forum, 2018).

As already said the GCI 4.0 is focused on factors that drive productivity. Figure 1 shows four factors: enabling environment, human capital, markets and innovation ecosystem that are organized into twelve pillars (World Economic Forum, 2018).

*Figure 1: Pillars in Global Competitiveness Index 2018*



*Source: World Economic Forum, (2018).*

## Enabling environment pillars

Pillar 1: Institutions; It captures security, property rights, social capital, checks and so on. By establishing legal and informal constraints, institutions determine the context in which individuals organize themselves and their economic activity. Productivity is impacted by providing incentives and reducing uncertainties.

Pillar 2: Infrastructure; It captures the extension and quality of transportation infrastructure and utility infrastructure. It is important because well-developed infrastructure lowers the cost of transportation. Moreover, better connected geographic areas are usually more successful. Nevertheless, infrastructure ensures access to necessary living conditions like access to water and power (World Economic Forum, 2018).

Pillar 3: ICT adoption; It captures the level of diffusion of specific information and communication technologies. It reduces the transaction cost and speeds up the process of exchanging ideas, boost efficiency and innovation (World Economic Forum, 2018).

Pillar 4: Macroeconomic stability; It captures the degree of inflation and the sustainability of fiscal policy. It is important because anticipated inflation and sustainable public budgets decrease ambiguity, set return expectations for investments and increase business confidence, all of which boost productivity (World Economic Forum, 2018).

## Human capital pillars

Pillar 5: Health; It captures the average number of years a newborn can expect to live in good health. This is important because an individual that is more physical and mental capable can be more productive and tend to invest more in education as expectancy increases (World Economic Forum, 2018).

Pillar 6: Skills; It captures the workforce's level of skills its quantity and quality of education. Highly educated populations are more productive because they can perform tasks and transfer knowledge faster, with a higher level of creativity (World Economic Forum, 2018).

## Market pillars

Pillar 7: Product market; It captures whether countries provide an even condition for companies to compete in the market. It measures market power and economy's openness to international markets. Competition forces companies to grow, improve and innovate (World Economic Forum, 2018).



Pillar 8: Labor market; It captures the reorganization of human resources and talent management. It is important to match worker with a job that suits him for him to develop skill, talent and consequently be more productive (World Economic Forum, 2018).

Pillar 9: Financial system; It captures the availability of credit, equity debt and stability. A well-developed financial sector encourages productivity in mainly three ways: merging savings into beneficial investments, developing the allocation of capital to the most beneficial investments through monitoring borrowers and providing an efficient payment system. Moreover, correct regulation of financial institutions is needed to avoid financial crises (World Economic Forum, 2018).

Pillar 10: Market size; It captures the size of the domestic and global market the country has access to. This is important because larger markets create economies of scale which leads to lower cost of production (World Economic Forum, 2018).

#### Innovation ecosystem pillars

Pillar 11: Business dynamism; It captures the private sector's capacity to develop new technology and organize work in a way to anticipate risk, new business model and administrative rules that allow companies to enter/exit the market easily. Private sectors are important because they tend to develop new ideas and aim for innovation (World Economic Forum, 2018).

Pillar 12: Innovation capability; It captures the quality and quantity of R&D. Countries that achieve knowledge tend to transfer ideas into innovation and new business models that have a positive impact on economic growth (World Economic Forum, 2018).

All countries have to invest in their competitiveness today in order to be competitive in the future. There is strong correlation between competitiveness and income level. Countries with higher income level tend to be more competitive. Countries that have high income level but low competitiveness can lose their high-income level without improving competitiveness. Countries that want to increase their income need to invest in other sectors that they currently do (World Economic Forum, 2018).

## **2.2 Global competitiveness in Slovenia**

Let's look at GCI 4.0 results for Slovenia. Slovenia is ranked 35th out of 140 countries, which is the same as ranking in 2017. We can see that macro-economy stability is the strongest pillar for Slovenia while market size is the weakest pillar. Looking at all ninety-eight indicators of GCI 4.0 I chose eight, four from the strongest side and four from the weakest side to discuss more in details.

Firstly, two of the strongest indicators for Slovenia, which are homicide rate (ranked 7th) and terrorism incidence (ranked 1st), both from institution pillar (World Economic Forum, 2018). Homicide rate is calculated through the number of international homicides per 100,000 population according to the most recent data. International homicide is defined as “unlawful death inflicted upon a person with the intent to cause death or serious injury” (United Nations Office on Drugs and Crime, 2016, p. 1). Slovenia is not only one of the safest countries worldwide but also has one of the lowest crime rates. 90% of registered criminal offenses were thefts. According to the Global Peace Index 2018, Slovenia is ranked 11th regarding peacefulness. This is measured based on the number of organized internal conflict, violent protests, the level of crime, etc. (Institute for Economics & Peace, 2018). Terrorism incidence assesses the frequency and seriousness of terror attacks. The scale ranges from 0 to 100, 0 being the highest possible attack and 100 being no attacks. Global Terrorism Index 2018 shows that there was no terrorism in Slovenia, therefore, it’s ranked at the lowest possible number in the GCI 4.0 (Institute for Economics & Peace, 2018).

The other two of the strongest indicators for Slovenia are inflation (ranked 1st) and debt dynamics (ranked 1st) both belonging to macroeconomic stability pillar. Slovenia is ranked 1st in macroeconomic stability pillar with 31 other countries worldwide. In December 2018 annual inflation stood at 1,4%. GCI 4.0 “rewards” countries with inflation rates between 0,5% and 4% with the highest score (100 points) (IMF, 2019). Debt dynamics index measures the change in public debt to GDP ratio, depending on the country’s credit rating and level of debt concerning its GDP. The transformation of the differences between debt change from 2017 till 2018 into 0-100 points, each country is attached to a specific category that determines the values boundaries. This category is based on three benchmarks: general credit ranking, government debt to GDP level for the year 2017 and country classification according to IMF’s criteria. The general credit rating is based on the “Big Three” credit rating agencies, which are Standard and Poor’s, Fitch and Moody’s credit ratings. “A country’s rating is considered “investment grade 1” for S&P’s grades AAA to A, Moody’s grades Aaa to A1, and Fitch’s grades AAA to A. A country’s rating is considered “investment grade 2” for S&P’s grades A- to BBB-, Moody’s grades Baa3 to Baa1, and Fitch’s grades A- to BBB+. A country’s rating is considered “speculative” for S&P’s grades BB+ to CCC+, Moody’s grades Ba3 to Caa2, and Fitch’s grades BBB- to B-. A country credit rating is considered “default” for S&P’s grade SD, Moody’s grades Caa1 and C, and Fitch’s grades CC and RD” (World Economic Forum, 2018, p. 637). Standard & Poor’s credit ranking for Slovenia stood at AA- with a stable outlook on the 14th of June 2019. Moody’s credit rating for Slovenia stood at Baa1 with a positive outlook on the 26th April 2019. Fitch’s credit ranking for Slovenia stood at A with stable outlook on the 19th of July 2019 (IMF, 2019). Generally, it can be said that credit ranking is used by sovereign wealth funds, pension funds and other investors to measure Slovenian worthiness because of a big influence on a country’s borrowing cost (World Economic Forum, 2018).

Secondly, two of the weakest indicators for Slovenia are the efficiency of legal framework in challenging regulations (ranked 111th) and the burden of government regulation (ranked 122th), both from institution pillar. Efficiency of legal framework in challenging regulations. The result was gathered from the survey question “in your country how easy is it for private business to challenge government actions and/or regulations through the legal system?” (World Economic Forum, 2018, p. 634) 1 point meaning extremely easy and 7 points meaning extremely difficult. These results were gathered by the Executive Opinion Survey with 150 questions divided into fifteen sections. Unfortunately, it is not possible to get results for Slovenia for a specific sector, however, based on the fact that it's ranking in this sector is low it means that Slovenia has much space to improve. Burden of government regulation result was gathered through survey question “in your country, how burdensome is it for companies to comply with public administration’s requirements (e.g., permits, regulations, reporting)?” (World Economic Forum, 2018, p. 634) 1 point meaning extremely burdensome and 7 points meaning not burdensome at all. As well as the efficiency of legal framework in challenging regulations, the burden of government regulation result was collected in Executive Opinion Survey. Burden of government regulation has big and, in our case, a negative impact on companies and also international companies that want to enter the Slovenian market. This is important because administrative burdens are costly for companies in respect of time and other resources. Besides the direct cost that incurs, the indirect cost: higher barriers to enter the market, hinder competition and entrepreneurship, reducing yields on investments, etc. All these factors slow down the economic growth (World Economic Forum, 2018).

The other two of the weakest indicators for Slovenia are hiring and firing practices (ranked 132th) and internal labor mobility (ranked 133th) both of which belong to the labor market pillar.

Hiring and firing practices result was gathered through a survey question “in your country, to what extent do regulations allow for the flexible hiring and firing of workers?” (World Economic Forum, 2018, p. 638) 1 point meaning not at all and 7 points meaning to a great extent. The higher level of flexibility of hiring and firing regulation is related to lower unemployment levels. According to Feldmann (2007) flexible hiring and firing regulation are favorable for workers, especially for women, young and lower-skilled workers. The importance of hiring and firing practices and its influence on productivity growth as well as the situation in Slovenia will be explained in the Employment Flexibility Report 2018 below. Internal labor mobility result was gathered through survey question “in your country, to what extent do people move to other parts of the country for professional reasons?” (World Economic Forum, 2018, p. 639) 1 point meaning not at all and 7 points meaning to a great extent.

The World Bank had ranked countries by labor regulation in Doing Business till 2012, therefore, the deep discussion about labor regulation and where Slovenia is will be done (World Economic Forum, 2018).

### 2.3 Employment Flexibility Index 2018

The report prepared by Lithuanian Free Market Institute (2017) includes countries in the Europe and OECD and it is based on the World's Bank data on labor regulation. The major factors in the report are hiring, working hours, firing rules and firing costs. Its purpose is to encourage the debates on the labor market regulation and its importance of flexible conditions of employing people. The main goal is to find the right balance between labor market efficiency and the appropriate protection for employees. This balance varies significantly across countries. The policy of the labor market does not only affect the employment but also influences the country's economic performance. Rules on above mentioned four factors have a huge influence on private companies from starting, operating and expanding their business. Highly inflexible labor regulation increases unemployment and enables fast response to economic shocks. Employment regulation has a great impact on productivity, therefore, having appropriate regulation is one of the key factors for economic growth and competitiveness. Results show that a high level of employment protection tends to slow down growth, discourage the creation of new jobs and prevent employees to change between jobs frequently. Moreover, labor regulation influences the cost of entering and exiting the market so the stricter the condition and higher the cost the fewer companies will decide to enter/exit the market. Let's look at Lithuanian Free Market Institute (2017) data for hiring which includes regulation of fixed-term, minimum wage and the duration of the maximum probationary period for permanent employees.

The Lithuanian Free Market Institute (2017) data on hiring covers:

- **Regulation of fixed-term contracts**, which allows companies to manage unexpected economic instability, replace employees on maternity, holiday or sick leave and hire specialized skilled people for special projects. Moreover, the fixed-term contract allows companies to cover seasonal labor, temporary maternity replacements with lower risk associated with starting innovative activities with uncertain returns on investment. These types of contracts encourage employers to offer jobs to less skilled and inexperienced people which is extremely important for the young population.
- **The minimum wage**, which even though minimum wage law was introduced to protect workers it can cause a decrease in employment and can have long-term consequences during the economic recession. Moreover, the evidence shows that introducing minimum wage leads to a higher number of part-time jobs. Due to a higher cost of labor young, low-skilled and inexperienced people have a hard time finding a job.
- **The duration of a maximum probationary period for permanent employees**, which allows the employer to see if the worker is suitable for the job and it allows the employees to see if they like their new job and working environment in the company.

The Lithuanian Free Market Institute (2017) data on **working hours** cover:

- The maximum number of working days per week.
- Premiums for night work, overtime work or work on weekly rest days as well as restrictions on such working time.
- Duration of paid annual leave for workers with different years of tenure.

The more flexible the labor regulations the easier it is for companies to reorganize their labor according to the demand. Many industries are seasonal, therefore the need for labor throughout the year is changing. All the above-mentioned factors have a direct impact on the labor cost, therefore, influence on the employment.

The Lithuanian Free Market Institute (2017) data on **redundancy rules** cover:

- The basis for the termination of employment contract.
- The obligation to notify a third party to terminate a single redundant worker or group of workers as well as the need for its approval.
- The obligation to reassign or to retrain a redundant worker.
- Priority rules in case of the redundancies and reemployment.

It is costly and difficult for companies to fire an employee with permanent contract due to shrinking markets so the inflexible labor regulation harms productivity growth especially in industries where layoffs are more likely to occur. Moreover, the higher the cost of layoff the more careful and slow the employers are when picking the right person for the job which negatively affects companies and workers.

The Lithuanian Free Market Institute (2017) data on **redundancy cost** cover:

- The average costs of notice periods and severance pay for workers with a year /5 year /10 years.
- It includes the cost of notice periods and severance pay calculated in weeks of salary. As already mentioned, the higher the cost of firing an employee the more careful the employers are when hiring new workers, especially small and medium-sized companies. Moreover, an increase in firing costs can reduce job offers for the younger population because companies do not want to risk and employ unskilled.

The Employment Flexibility Index 2018 rates Slovenia on the 33th position with an overall score of 52,9 points (out of 100 points) (Lithuanian Free Market Institute, 2017). In hiring regulations Slovenia scored 22,3 points which include fixed-term contracts that are prohibited for permanent tasks and maximum duration of fixed-term contracts which is 24 months. In working hours regulations Slovenia scored 37,5 points which involve no restriction on overtime, night work nor work on weekly holiday, 100% of premium for work

on weekly rest day, 75% premium for night work, 30% premium for overtime work and 22 working days of mandatory paid annual leave. In redundancy regulations Slovenia scored 87,5 points which consist no need to get approval from a third party before dismissing 1-9 redundant employees. In redundancy costs regulations Slovenia scored 63,1 points which include an average notice period of 5,3 salary weeks (6,6 salary weeks for a worker with 10 years of tenure) and an average severance pay equality to 5,3 salary weeks (10,8 salary weeks for a worker with 10 years of tenure).

## **2.4 Doing Business Report**

In the next paragraph Doing Business Report 2019 will be analyzed as a part of measure competitiveness. Alone, Doing Business Report does not cover all aspects of competitiveness, for example, it does not include market size, macroeconomic conditions, foreign investment, development of financial system, quality of the labor force or level of security corruption (World Bank, 2019). Therefore, looking only at Doing Business Report 2019 analysis for a country's competitiveness would be misleading. On the other hand, Doing Business Report indicators offer insight to policy makers to identify areas for reform and improve the local business environment. For the last 15 years, there is no better report which would capture factors included in Doing Business Report as this report does. Numerous deep researches and methodology collected objective and detailed data across 11 areas of business regulation which helped policy makers to identify issues in administrative procedures and correct them with as easy and understandable rules as possible. These 11 indicators are extremely important for domestic small and medium-sized companies as well as for national competitiveness. The fact is that the economy cannot grow and develop without a healthy private sector. When domestic businesses blossom, they create job opportunities and generate income that can be spend and invested domestically (World Bank, 2019).

Every government should pay close attention to law regulations that involve small and medium-sized companies. Although changes take time, especially when starting from weak institutions and costly processes, results show that poverty is reduced when countries follow business-friendly regulation. Reality is that companies face extremely different regulations worldwide. For example, in Uganda, it will take "approximately 1 month to set up a new company and 4 months to get building permit compared to Denmark where it will take approximately 3 days to set a new company and 2 months to get building permit" (World Bank, 2019 p. 2). The difference in regulation affects many new businesses, which influences creating new jobs as well as economic opportunities. Doing Business Report 2019 measures "business incorporation, getting a building permit, obtaining an electricity connection, transferring property, getting access to credit, protecting minority investors, paying taxes, engaging in international trade, enforcing contracts and resolving insolvency" (World Bank, 2019, p. 1). Based on the results in each area countries are scored and ranked. A great characteristic of this report is that a country can be compared with other countries



but also with its past so the improvement can be seen over time. For example, since 2005 this reform measured 3,500 business regulatory reforms that have been carried out across 190 countries. However, it has to be said that the majority of these changes happened in low and lower-middle-income countries. “In this report 73% of low-income countries and 83% of lower-middle-income countries reformed at least in one area” (World Bank, 2019, p. 8).

In the following paragraphs, these eleven indicators in Doing Business Report 2019 will be reviewed, followed by a discussion about the situation in Slovenia for each one of them.

#### 2.4.1 Starting a business and registering property

It is crucial for every country that employees who work in a business registry and land registry are well trained and knowledgeable about the process. This may sound logical but as we will see later on it is often not the case. Trained staff are more efficient and make fewer mistakes while delivering information to entrepreneurship. Not only business registry officers but also land registry officers play a fundamental role in guaranteeing legal certainty to property rights transaction. Along with technical skills, communication skills are also important for officers to possess. Both type of skills should be learned, developed and improved during a specific training provided just for officers. One of the issues is that many countries require only minimum education for such a position. In this report, the results show that out of 183 countries, 74% require that land registry officers attain a minimum level of education (World Bank, 2019, page 34). Another issue is that many countries do not have legally binding regulation that mandates training for business registry officers. In fact, in this report, only 24% of countries legally require training for business registry officers. Training should include technical skills such as legislative changes, types of entities and incorporation requirements and IT skills as well as “soft” skills such as communication skills (World Bank, 2019, page 34). Moreover, training should not be limited to “hire the latter employees” but should be equal for all registry officers. Business and land registry efficiency tends to be higher in countries that offer training to their staff. For example, countries with mandatory training for a business registry have on average 6 more points than countries without mandatory training. Also, countries with mandatory training for land registry have on average 7 more points than countries without mandatory training. Most countries do not legally require training for business registry officers (World Bank, 2019).

In **Slovenia**, Doing Business Report 2019 measures how many procedures, time, cost and paid minimum capital is required to start a business for small- and medium-sized companies with limited liability in Ljubljana. Below mentioned factors put Slovenia in 38th place out of 190 countries (World Bank, 2019).

- Paid minimum capital requirement to start a business is 7,500 euros.
- The number of procedures per person is 3 procedures.
- Time spent (calendar days) is 8 days.

- Cost is 0% of income per capital.

#### 2.4.2 Getting electricity

Electricity connection is necessary for every business. If the electricity service is deficient, the company's performance is negatively affected. A survey from World Bank (2019) showed that companies in developing countries perceived a lack of reliable electricity supply as the second biggest hurdle. Safety is often ghosted from the discussion on access to electricity. False wiring can cause direct and indirect injuries due to fires and explosions. For example, in the United States, the fire department responded in a year 2011 and 2015 to approximately 200,000 times due to fires at manufacturing or industrial properties (World Bank, 2019). These incidents caused the largest share of death among civilians and direct property damage, at an average of 1,2 billion yearly. The majority of fires are the result of electrical failure, therefore it is extremely important that professional certification and quality control are mandatory. The aim of Doing Business Report 2019 is that every country would have a safety norm and be careful that electricians doing their work have appropriate skills and license or certificate to decrease the risk (World Bank, 2019).

In **Slovenia**, Doing Business Report 2019 measures cost, time and procedures that a business needs to have to get permanent electricity connection for newly constructed warehouses as well as reliability of supply, transparency of tariffs and the price of electricity in Ljubljana. Below mentioned factors put Slovenia in 23th place out of 190 countries (World Bank, 2019).

- The number of procedures per person is 5 procedures.
- Time spent (calendar days) is 38 days.
- Cost is 99,5% of income per capital.

#### 2.4.3 Trading across borders

Trading across borders is a complex process which on average international trade operation involves between twenty and thirty parties (World Bank, 2019). It includes government actors like customs and port authorities as well as brokers, commercial banks, vendors, insurance companies and freight forwarders. The most important parties involved in a typical trade are custom clearance and customs brokers. The difference between them is that customs clearance is an official employee of the customs administration who acts as a law enforcement officer while customs broker is a third party who works on behalf of the exporter or importer. Although they are performing different tasks, they both need to possess knowledge and communication skills. Results from Doing Business Report 2019 show that education training with communication skills plays an important part in successful trade-related reforms and overall trade process. As predicted, government support makes a great impact on trade report efficiency and economic growth (World Bank, 2019). Doing Business



Report 2019 focuses on the time and cost associated with the logistical process of importing and exporting. It measures time and cost linked with three sets of operations: documentary compliance, border compliance and domestic transport with the whole process of importing or exporting a shipment of goods (World Bank, 2019).

In **Slovenia**, Doing Business Report 2019 measures time and cost (excluding tariffs) associated with the logistical process of importing and exporting goods across countries, more specifically with documentary compliance, border compliance and domestic transport in Ljubljana. Below mentioned factors put Slovenia in 1st place out of 190 countries (World Bank, 2019).

- Time to import: Border compliance (hours) is 0 hours.
- Cost to import: Border compliance (USD) is 0 USD.
- Time to import: Documentary compliance (hours) is 1 hour.
- Cost to import: Documentary compliance (USD) is 0 USD.
- Time to export: Border compliance (hours) is 0 hours.
- Cost to export: Border compliance (USD) is 0 USD.
- Time to export: Documentary compliance (hours) is 1 hour.

#### 2.4.4 Enforcing contracts and resolving insolvency

A well-prepared and trained judiciary is a fundamental aspect of any rule of law system. Therefore, education and training are critical to ensure the efficiency and quality of court process. The results show that judges who receive training make fewer mistakes and are more efficient than those without training. Even though there is a long history of courts, training of judges is a recent trend. It used to be believed that judges already possess all knowledge and skills required to efficiently perform their job. For example, in France judges did not receive additional training throughout their careers even though they were suffering from a poor public image (World Bank, 2019).

In **Slovenia**, Doing Business Report 2019 measures the time and cost of resolving a commercial dispute through a local first-instance court and the quality of judicial processes index in Ljubljana. Below mentioned factors put Slovenia in 110th place out of 190 countries (World Bank, 2019).

- Time spent (calendar days) is 1160 days.
- Cost is 12,7% of the claim value.
- The quality of the judicial system from range 0-18 is 11,5 points.

#### 2.4.5 Dealing with construction permit

Having good and efficient construction regulations is extremely important because it has a big impact on public safety and on the overall economy. In the recent study published by the OECD shows that on average countries put 6,5% of GDP in the construction industry. Moreover, in Europe with 7% employment in the construction industry makes the building sector the largest one. Another proof of its importance is that only in the Europe, Japan and the United States more than 40 million people are employed in the building sector (World Bank, 2019). Besides ensuring public safety, well-functioning building permitting and inspection systems can also increase property rights and add to the process of capital formation. On the other hand, if the process to get construction permits is too complicated, too costly or too slow the number of companies' taking illegal action increases. It was estimated that between 60-80% of procedures in developing countries were done without appropriate permits (World Bank, 2019). In addition, more complicated, costly and slow procedures increase the level of corruption. It was proven in World Bank Enterprise Survey that the number of companies expecting to give gifts in exchange for construction permits corresponds with the degree of complexity and cost of getting construction permits (World Bank, 2019).

In **Slovenia**, Doing Business Report 2019 measures time, cost and procedures to build a warehouse including obtaining necessary licenses along with other documentation. In addition, it measures the building quality of building regulations, the strength of quality control and other requirements. Below mentioned factors put Slovenia in 120th place out of 190 countries (World Bank, 2019).

- Time spent (calendar days) is 247,5 days.
- Cost is 2,8% of income warehouse value.
- The number of procedures per person is 17 procedures.

#### 2.4.6 Resolving insolvency

One of the most important goals of the insolvency system to keep companies' operation viable. A strong regime system should prevent the premature liquidation of sustainable companies. Moreover, the regime should discourage lenders from giving out high-risk loans as well as managers and shareholders from accepting careless loans. Study shows that efficient reforms for creditors' rights are connected with a lower cost of credit and higher availability of credit (Neira, 2017). Research has shown that strong insolvency reforms that encourage restructuring and reorganizing debt reduce failure and liquidation of profitable companies. In 1997 Belgium introduced new bankruptcy law which encouraged companies to recover rather than to close down and the bankruptcy in small and medium size companies fell down by 8,4% (Dewaelheyns & Van Hulle, 2006). It is important to take into consideration that bankruptcy laws can be similar but the bankruptcy procedures vary due to differences in efficiency of debt enforcement. Where courts are not efficient in case of default, creditors of debtors are more likely to follow illegal actions outside of court.

In **Slovenia**, Doing Business Report 2019 measures the time, cost and outcome of insolvency proceedings involving local legal entities. Below mentioned factors put Slovenia in 9th place out of 190 countries (World Bank, 2019).

- Time spent (calendar years) is 0,8 years.
- Cost is 4% of estimate.
- Outcome is 1, 0 as piecemeal sale 1 as going concern.
- The strength of the insolvency framework index (0-16) is 11,5.

#### 2.4.7 Registering property

Registering property rights matters because they support investment, productivity and growth. Taking into account that land and building present between 1/2 and 2/3 of the wealth in most countries keeping updated land information data is crucial (World Bank, 2019). One of the reasons is also because the government collects taxes from registered landowners as well as it can better predict the needs of its citizens, facilitating the efficient provision of infrastructure, services, etc. Furthermore, results show that landowners with property registered titles are usually willing to invest more in the local economy. With the increase in land value and efficiency of its use is also seen in countries with effective property registration system, therefore a greater share of land is used for economic purposes. For example, in Nicaragua, obtaining a legal title did not only result in landowners investing more in the local economy but it also increased the land's value by 30% (World Bank, 2019). It can be said that owners with property registered titles are more likely to boost a country's productivity and development (World Bank, 2019).

In **Slovenia**, Doing Business Report 2019 measures the steps, time, cost involved in registering property and quality of the land administration system. Below mentioned factors put Slovenia in 56th place out of 190 countries (World Bank, 2019).

- The number of procedures per person is 7 procedures.
- Time spent (calendar days) is 50,5 days.
- Cost is 2,2% of property value.
- Outcome is 1, 0 as piecemeal sale 1 as going concern.
- Quality of the land administration index (0-30) is 23.

#### 2.4.8 Getting credit

Nowadays secure transaction regulation is extremely important for every country. Many private companies have capital stock in movable assets such as machinery, equipment, etc. rather than in immovable assets such as land. This is especially true for small and medium

size companies, in fact in developing countries movable assets on average present 78% of capital stock and in modernized secured transaction systems assets can easily be used as collateral (Campa, Wohlers, Baranes & Simavi, 2010). Yet in many developing countries movable assets are not recognized as a form of collateral either due to the law or due to the lack of satisfactory protection for lenders accepting it. Regulation is crucial because the study shows that borrowers with collateral in developed countries execute nine times as much credit as those without it (Campa, Wohlers, Baranes & Simavi, 2010). For lenders who consider borrowing, one of the biggest disincentives is the possibility that a borrower has hidden liens. One option to prevent hidden liens is to embrace a functional approach to secure transactions, which requires legislation that covers all rights in movable assets that are designed by arrangement and that secure the payment or performance of an agreement. The results show that the legal protection of creditors and institutions increases the ratio of private credit to GDP. Strong creditor rights increase the number of loans available due to the higher protection system and lower risk. They have protection if the debtor goes bankrupt therefore, they are more confident in return for their investment. The results also show that on average creditors with strong protection offer lower interest rates (Qian, Jun, and Strahan, 2007).

In **Slovenia**, Doing Business Report 2019 measures the strength of a credit reporting system and the effectiveness of collateral and bankruptcy laws in facilitating lending. Below mentioned factors put Slovenia in 112th place out of 190 countries (World Bank, 2019).

- Strength of legal rights index (0-12) is 3.
- Depth of credit information index (0-8) is 6.
- Credit registry coverage is 100% of adults.
- Credit bureau coverage is 0% of adults.

#### 2.4.9 Protecting minority investors

One of the most important situations that needs to be dealt with is using corporate assets for personal gain, for example, related party transactions. High ownership concentration and informal business relations create a perfect environment for these transactions, which allow shareholders to profit at the expense of other companies. Higher restriction leads to higher equity investment and lower concentration of ownership. It is important to ensure legal protection for minority investment to boost their confidence in investing. Without investor protection equity markets fail to develop and banks become the only source of finance. Study shows that investment in companies is less sensitive to financial constraints and leads to higher growth in revenue as well as profitability in countries with greater investor protection (McLean, Zhang and Zhao 2012).

In **Slovenia**, Doing Business Report 2019 measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as

shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. Below mentioned factors put Slovenia in 30th place out of 190 countries (World Bank, 2019).

- Extent of disclosure index (0-10) is 5.
- Extent of director liability index (0-10) is 9.
- Ease of shareholder suits index (0-10) is 8.
- Extent of shareholder rights index (0-10) is 8.
- Extent of ownership and control index (0-10) is 6.
- Extent of corporate transparency index (0-10) is 6.

#### 2.4.10 Paying taxes

Government needs sources of funding to encourage economic growth and development for social programs and public investment. Programs providing education, health, infrastructure and similar sectors are important for every society. Taxes can be gained and spend in different ways in each country and the efficiency of administration for tax revenue depends on the reliability of each government accountable. Each government needs to have a tax base and rate but it needs to be careful to establish a system that will not discourage taxpayers to participate. The study shows that companies consider tax rated to be top five most important factors in choosing the market while administration is top twenty (World Bank, 2017). The better the tax rates and administration a country has, the more companies choose to do business in that country. In other words, higher taxes are correlated with lower private investment. Moreover, companies care about what they get for their taxes. Quality infrastructure, healthy workplace and investment in education are examples of desirable outcomes. Efficient administration encourages companies to follow the legal path and register their business, which also increases tax revenue. The rules must be easy and simple to understand because therefore everyone can follow them which has a major impact on productivity and employment. Too complicated systems often force companies to follow illegal action and corruption (World Bank, 2019).

In **Slovenia**, Doing Business Report 2019 measures taxes and mandatory contributions that a medium-sized company must pay or withhold in one year and the administrative burden of paying taxes and contributions with post-filing procedures. Below mentioned factors put Slovenia in 41th place out of 190 countries (World Bank, 2019).

- Time spent (hours per year) is 233 hours.
- Payments (number per year) is 10 per year.
- Total tax and contribution rates are 31% of profit.
- Post filing index (0-100) is 80,03.

### **3 ADVANTAGE AUSTRIA**

#### **3.1 Brief introduction about Advantage Austria**

Advantage Austria is a business service provider and trade promotion organization in the area of foreign trade and international trend-scouting. It offers business development services to Austrian companies and their international business partners with more than 100 offices in more than 70 different countries. Approximately 800 employees and 35 professional consultants around the world assist in finding appropriate suppliers and business partners. Every year they organize around 1200 events to create and improve network among companies. Besides that, they help with searching for importers, distributors and commercial agents as well as provide all information a company needs when entering foreign markets (Advantage Austria, 2019).

The office in Ljubljana is called Advantage Austria Ljubljana (every office is called by the city not country). Its main job is to help Austrian companies with entry to the Slovenian market and give them detailed information about Slovenia (how to start a business, how to invest, etc.) as well as organize networking between Slovenian and Austrian partners. Moreover, they organize 60 events yearly such as business conferences regarding mobility, business conference regarding infrastructure and logistics and so on. The role of Advantage Austria Ljubljana is not only networking but also being a center of innovation and trend-scouting.

In a special edition of the newspaper Finance and Advantage Austria Ljubljana, important information about the relationship between Slovenian investment climate and Austrian companies were given to the readers through interview done in the 2018 with Peter Hasslacher, the director of Advantage Austria Ljubljana and his deputy, Eva Pfurtsheller. Below I will briefly summarize important information claimed in the article write by Tekavec (2018) that has further impact on the research. Peter and Eva stated that in Slovenia there are more than 1000 companies with Austrian investments which make Austria the number one investor in Slovenia. Every day 30-50 companies want to do business in Slovenia and 3-5 companies that are interested in opening a business in Slovenia (Tekavec, 2018). Eva believes that collaboration between countries is good and that Advantage Austria Ljubljana asks Austrian companies yearly how they would rate investment climate in Slovenia and that answers are always positive. In the last survey, 90% of companies said that they would again choose to invest in Slovenia and that they are happy with the quality and education of workers in Slovenia. Important advantage Slovenia has among other countries for Austrian companies in the closeness and the location. The fact that Austria exports 3-billion-euros worth of products and services to Slovenia and 3,6-billion-euros worth of products and services to China clearly shows that Slovenia is very important for Austrian companies. Therefore, many companies that were before doing business in China nowadays prefer to pick Slovenia. Another advantage of Slovenia is political and economic

stability, says Eva (Tekavec, 2018). Peter and Eva believe that Luka Koper is the most important port for the Austrian economy in Europe and vice versa, Austrian companies are extremely important for Luka Koper because more than 1/3 of products that go through the port are for Austrian partners. They wish the connection between Koper and Austria would be better because that would increase interest in doing business in Slovenia. Today Koper port is already lacking space which can be a major disadvantage in the future. Moreover, the second train track between Divača and Koper is much needed to increase the number of products being transported from and to Koper port. If the two above mentioned inconveniences will not improve, Austrian companies can quickly switch Koper port with Trieste, Rotterdam or Hamburg (Tekavec, 2018).

### **3.2 What has already been done**

Every year Advantage Austria Ljubljana sends out a survey regarding Austrian companies' satisfaction and releases the results to the public. They intend to be familiar with the investment climate in Slovenia for Austrian companies. They want to know if Slovenia is a good country to do business in, as well as all the positive and negative aspects that can occur in the process of doing business. Based on Austrian companies' answers they try to improve and adjust aspects that they can help with and look for solutions for those aspects that are out of their hands. For example, Peter was happy to say that they developed two European projects for which they applied and got financial funds from European Interreg. With the first project, called Innovet, they developed and encouraged dual profession training with young generations. Innovet project was developed due to a lack of skilled workers in some professions. For companies, it is getting harder to find suitable and well-educated employees. Often employees are lacking practical experiences which lead to a discrepancy between potential employees and companies hiring. As a consequence, people and companies are moving away from border areas. "The goal of this project besides the image-improvement of apprenticeships and an increasing number of skilled workers and apprentices is an improved seamless transition from the education to the job training by adaptation the occupational training to the de facto market requirements." (Innovet, 2018) With a second project called Eurevita they tried to revive old profession at Slovenian and Austrian border with organizing educational workshops, trainings and networking (European Union, 2019). With this project, they also tried to improve the perception of the public about these activities and professions (Advantage Austria, 2019).

### **3.3 Goals for the future**

The reason why Advantage Austria Ljubljana chose me to do this research is because they wanted to upgrade their previous year's survey. They wanted to have a survey that would have deeper questions, which would give them more information about the current investment climate and companies' satisfaction in Slovenia. Even though they love to hear positive sides of doing business in Slovenia their main focus is to find out which are negative

sides. Besides deeper survey they also wanted me to do in-person or through phone interviews with selected companies. Interviews are focused on companies' personal experience with positive and negative factors of doing business in Slovenia as well as to discover companies' opinion and suggestion on how certain aspects of doing business in Slovenia could and should be improved. With gained information and analyzation of results from Austrian companies, they aim to develop concrete suggestions and solutions to improve weak aspects of doing business in Slovenia for Slovenia to become more attractive for Austrian companies.

## **4 RESEARCH METHODOLOGY**

### **4.1 Description of sample data**

Sample data is based on Advantage Austria Ljubljana's database on Austrian companies in Slovenia. Advantage Austria Ljubljana has approximately 700 companies in their data base which have majority interest in Austria. Even they do not know the exact number of companies in their database because it is changing daily.

### **4.2 Survey structure**

The survey is based on 28 questions, 10 questions are the same as last year and their purpose is to compare last year's results with this year's results and see if Slovenia improved, stayed the same or worsen in certain aspects of doing business. 18 new questions are added to better understand companies' opinion on investment attractiveness in Slovenia, strong and weak political factors in the country, why it has competitive advantage and where it still needs to improve. Questions mainly focus on negative sides of doing business in Slovenia not because Advantage Austria Ljubljana wants to only look at the negative side but to be aware of "all" issues and make recommendations for solutions. The survey was arranged in the internet survey tool called Ika and the link was sent to Advantage Austria Ljubljana where they included it in their weekly newsletter which was sent to their entire base of companies (approximately 700 companies). The period of gathering results was 16 days in which I received 41 responses. Even though the number of responses seems low I have to point out that the year before there were only 24 responses, therefore, this is a huge improvement.

### **4.3 In depth interviews**

The interviews were done in-person and through phone. The interviews had 6 questions where the main focus was to gather companies' personal experience of doing business in Slovenia and find out how they would resolve the problems they are dealing with. One interview was done in-person and two were done through the phone. Interviews were a nice



addition to answers gathered from the survey because they explain in details reasons behind the short answers.

#### **4.4 Methods of data analysis**

I used Microsoft Excel and using IBM SPSS descriptive statistics methods to complete the analysis of gathered primary data.

## **5 RESULTS AND DISCUSSION**

Even though there were 28 questions in the survey I will only present 17 important questions with graphs and results. Some answers are also compared with last year's results where we can see whether Slovenia is believed to be more attractive for foreign investors or not, based on opinions of Austrian companies. Full survey questions and results can be found in the appendix. As already mentioned, I did three interviews. The names of the companies have to stay anonymous in the results therefore I will use names Company 1, Company 2 and Company 3 and their answers are included in the results below.

### **5.1 Attractiveness of Slovenia 2018, 2019 and 2020**

Companies were asked to estimate how attractive Slovenian market is for foreign investors. The results in figure 2 show that in 2019, on a scale from 1=very low to 5= very high, 61% of companies believe that the attractiveness of Slovenia is average (3), 24% of companies believe that the attractiveness of Slovenian market is low (2) and 15% of companies believe that it is high (4), while none of the companies selected very low (1) and very high (5). The mean value of results is 2,9 and the mode is 3.

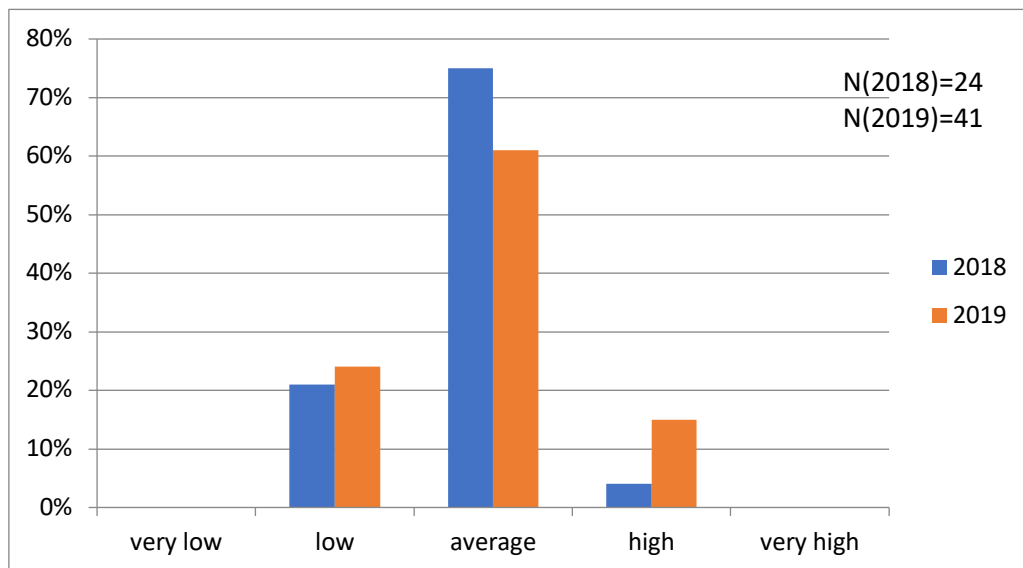
Figure 2: Attractiveness of Slovenia in 2019

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	0	0	0	0
	Low	10	24.4	24.4	24.4
	Average	25	61.0	61.0	61.0
	High	6	14.6	14.6	14.6
	Very high	0	0	0	0
	Total	41	100.0	100.0	100.0

Source: Own work.

Looking at Figure 3 we can see results from 2018 where 75% of companies believed that attractiveness is average (3), 21% believed that it is low (2) and 4% believed that it is high (4). The mean of answers was 2,3 in 2018. We can see that in 2019 less companies' rates Slovenia as average attractive (3). Looking at both means it is clear that companies' opinion about attractiveness of Slovenia improved.

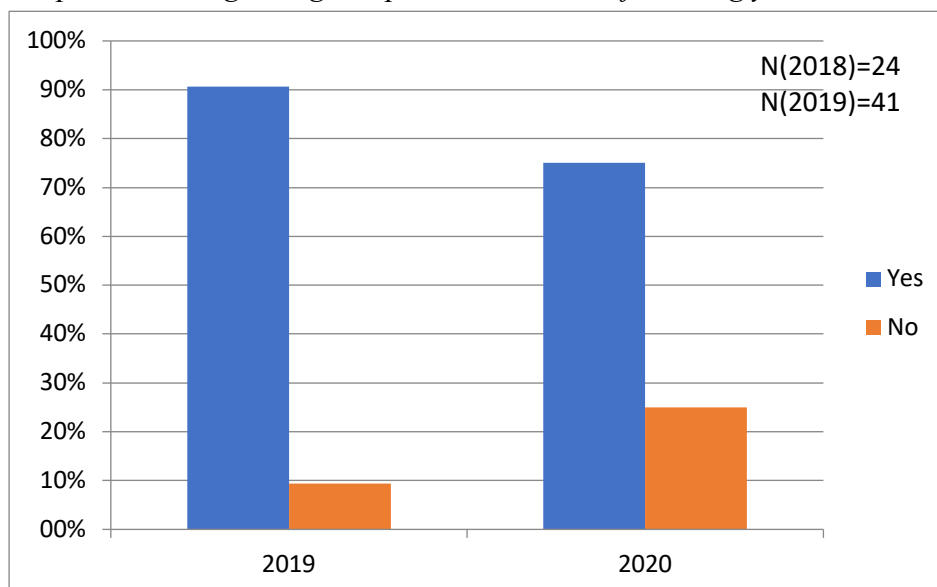
Figure 3: Attractiveness of Slovenian market in 2018 vs. 2019



Source: Own work.

I compared the question regarding whether the respondents think Slovenia will still be an interesting investment environment in the following year, with results from last year's survey, and the results are presented in Figure 4. We can see that in 2018 there were 91% of positive answers while this year there are 75% of positive answers. The change in this one year period decreased by 16%.

Figure 4: Expectations regarding competitiveness in the following year, in 2018 vs. 2019.

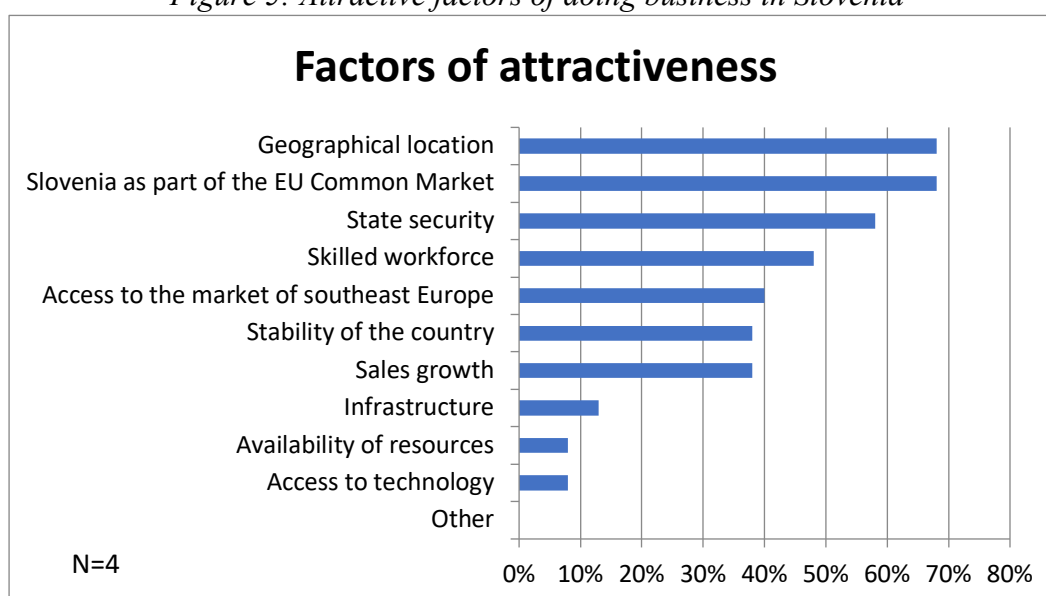


Source: Own work.

## 5.2 Strengths of doing business in Slovenia

In Figure 5 we can see which factors are most attractive for doing business in Slovenia. 68% of companies said Slovenia as part of the European Union market, 68% of companies said geographic location, 58% of companies said country's security, 48% of companies said skilled workforce, 40% of companies said access to the Southeast part of European market, 38% of companies said sales growth, 38% of companies said stability of the country, 13% of companies said infrastructure, 8% of companies said access to technology and 8% of companies said availability of resources.

Figure 5: Attractive factors of doing business in Slovenia

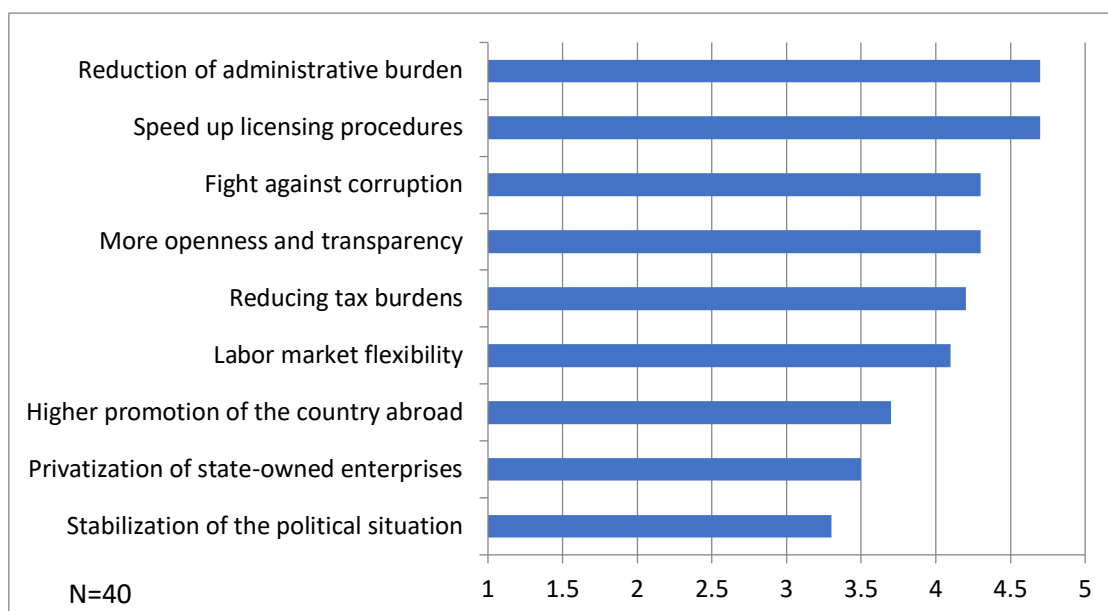


Source: Own work.

### 5.3 Most important weaknesses of doing business in Slovenia

As already said the main focus of the survey is to find out which aspects of doing business in Slovenia are weak. Below asked questions are showing us where Slovenian weaknesses are and which actions Slovenian government should take to be more attractive. First question the companies were asked was to evaluate the importance of actions Slovenian government should apply, from 1 (not important) to 5 (very important). From Figure 6 we can see that “speed up licensing procedures” and “reduction of administrative burden” are on the top of the list with 4,7 points, while “stabilization of the political situation” is at the bottom of importance with 3,3 points.

Figure 6: Importance of actions the Slovenian government should take



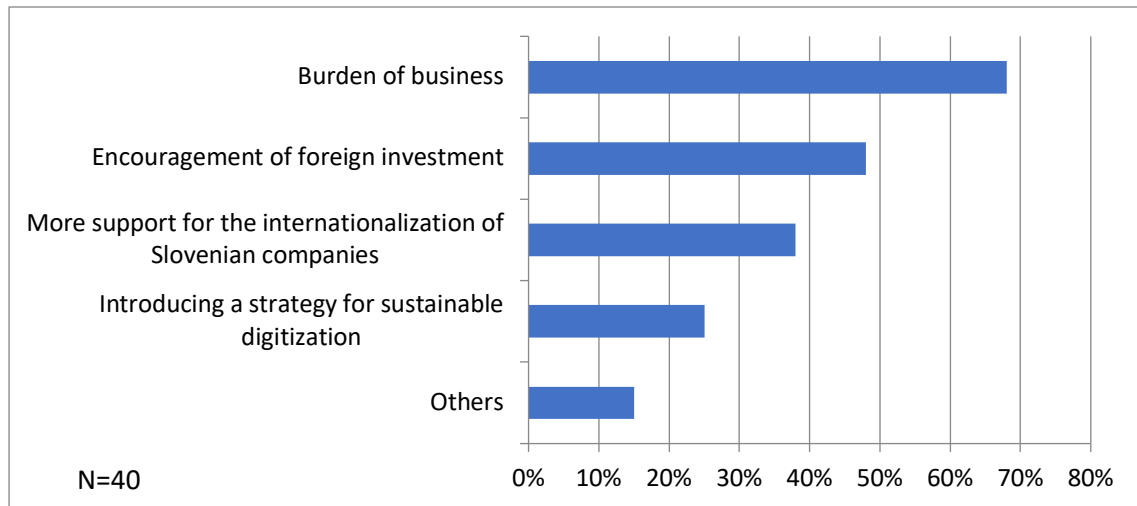
Source: Own work.

In the interview, Company 1 said that Slovenia ignores its small size and places too much emphasis on insignificant minorities instead of simplifying certain procedures. For example, businesses need to pay invoices for 2 euros and use their tax number. Slovenia should adapt to international standards and cooperate with European laws. Having specific and strict requirements is not welcoming for foreign investors. Moreover, Company 1 said that their clients partly adjust to strict regulation and partly ignore them and do it their way, especially larger companies. To the question what should the government do to improve this issue the Company 1 said to introduce an article of the law, it would be necessary to change the administrative practice to better match other countries. The practice is too rigid and formalistic and not substantive and flexible.

Furthermore, companies were asked which actions they believe the Ministry of Economic Development and Technology should prioritize. From Figure 7 we can see that 68% of

companies believe that the Ministry of Economic Development and Technology should relieve companies, 48% believe that they should promote of foreign investment, 38% believe that they should be more supportive of the internationalization of Slovenian companies, 25% believe that they should introduce a strategy for sustainable digitization and 15% believe others.

Figure 7: Actions the Ministry of Economic Development and Technology should prioritize



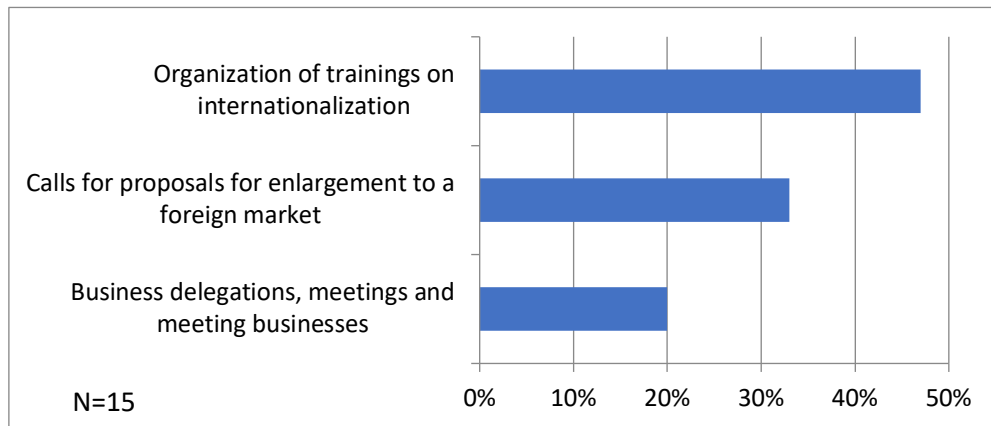
Source: Own work.

The Company 2 said that the burden of tax is too high. If they give 100 euros to their employee the employee gets out a very small amount.

For each action a company picked, a follow-up question helped us see with which particular actions the Ministry of Economic Development and Technology could improve these prioritized actions.

First, in order to promote internationalization, which was pointed to as a priority by 42% of respondents (Figure 7), respondents picked the following actions, shown in Figure 8. 47% of companies believe that to support the internationalization of Slovenian companies the Ministry of Economic Development and Technology should organize trainings on internationalization, 33% of companies believe that there should be applications for expansion into a foreign market and 20% of companies believe that they should organize business delegations and meeting businesses.

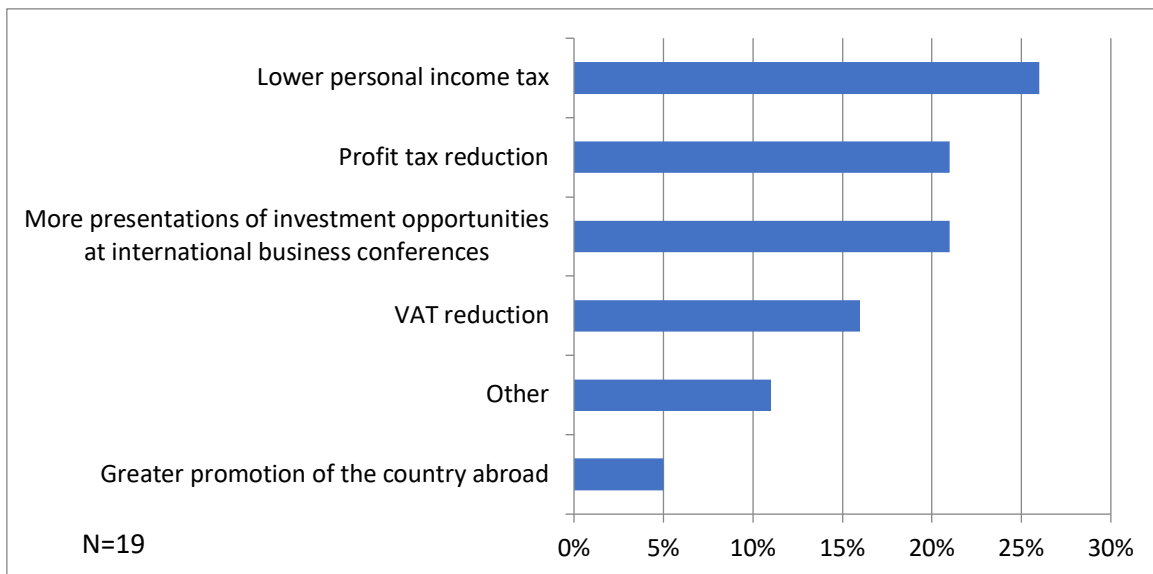
Figure 8: Particular actions the Ministry could take regarding the internationalization of Slovenian companies



Source: Own work.

Second, in order to encourage foreign investment in Slovenia, which was marked as a priority by 48 % of respondents (Figure 7), the following actions were indicated that the action(s) the Ministry of Economic Development and Technology should take. In Figure 9 we can see that 26% of companies believe reducing personal income tax, 21% reducing profit tax, 21% more presentations of investment opportunities at international business conferences, 16% reducing VAT, 11% others and 5% greater promotion of the country abroad.

Figure 9: Particular actions the Ministry could take in order to encourage foreign investments in Slovenia



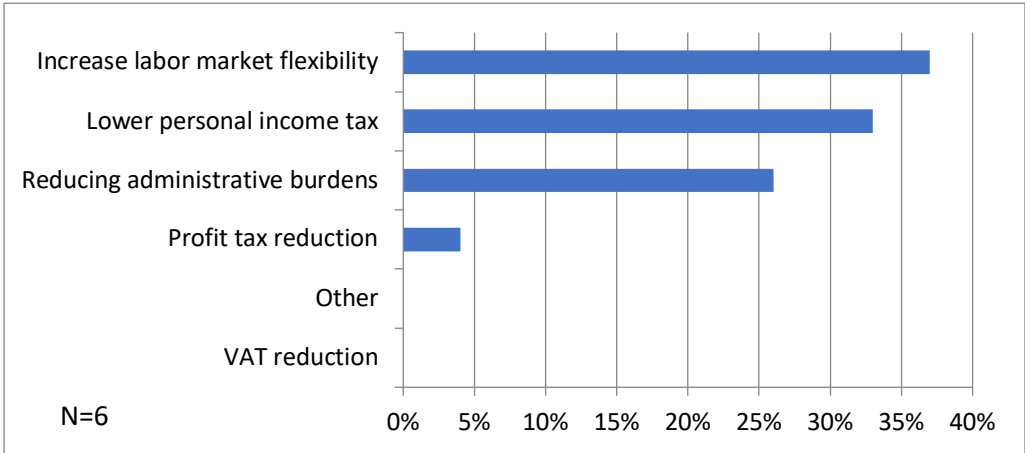
Source: Own work.

Company 1 said that the biggest negative factor of doing business in Slovenia is the income tax burden. Due to the high percentage of income tax burden the country is not competitive. Highly educated workers are very mobile and have many job offers. For example, top

managers would rather go work in Germany because the salary is higher there. The solution would be to lower the highest rate of personal income tax and get money into the budget elsewhere rather than with such a huge amount from the personal income tax.

Finally, in order to relieve the burden of companies, which was pointed to by 68% of companies (Figure 7), the following action(s) the Ministry of Economic Development and Technology should take to relieve companies. In the Figure 10 we can see that 37% of companies believe increase labor market flexibility, 33% of companies believe reducing personal income tax, 26% of companies believe reducing administrative burdens and 4% reduction in income tax.

Figure 10: Actions to relieve companies

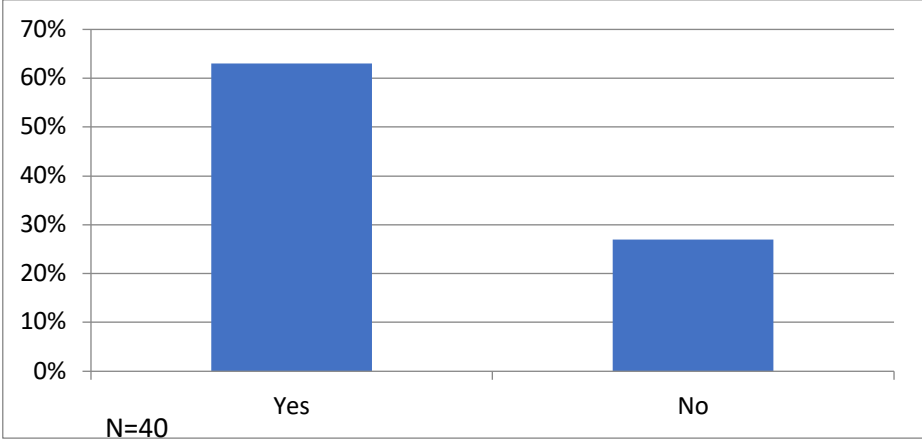


Source: Own work.

**5.4 Concerns regarding the labor force**

Further, I asked companies if they are suffering from a lack of skilled workers/job seekers. In the Figure 11 we can see that 63% of companies said yes and 27% of companies said no.

Figure 11: Are you suffering from a lack of employees

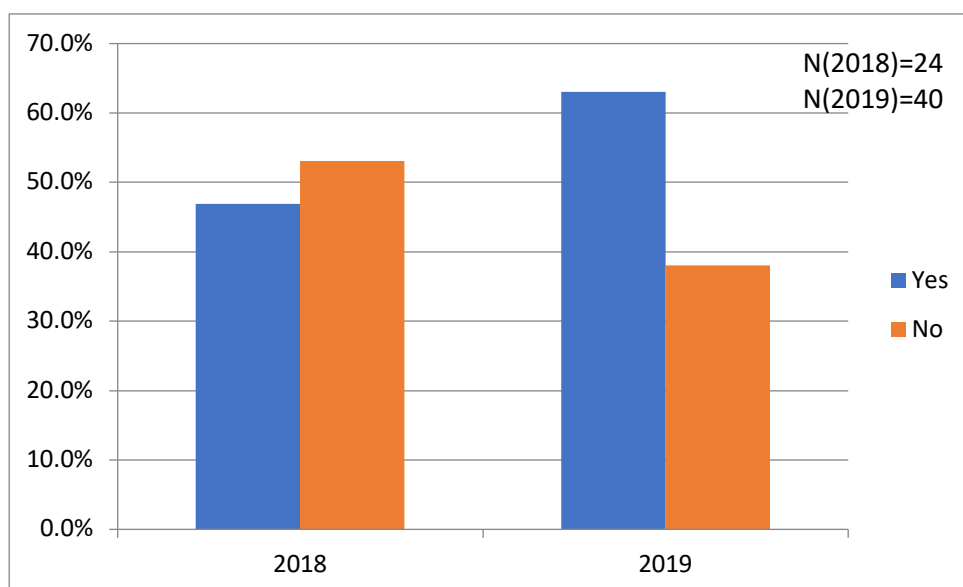


Source: Own work.

Company 1 said that they do not suffer from a lack of employees because they are very active and attractive employer. However, they know that their clients are struggling with finding employees mostly with secondary education or even lower. Company 1 believe that Slovenia is not a country for low-cost production, where it would be possible to give employees low salaries.

I also compared the question whether companies suffer from a lack of skilled workers/job seekers with the last year’s results. The comparison is shown in Figure 12 where we can see that companies suffer a higher need for skilled workers than last year. This year 63% of companies are in need of employees while last year 47%% said that they suffer from a lack of skilled workers. The number increased for 16%, which is a lot and has a great impact on the attractiveness of the country.

*Figure 12: Percent of companies suffering from a lack of skilled employees in 2018 vs. 2019*

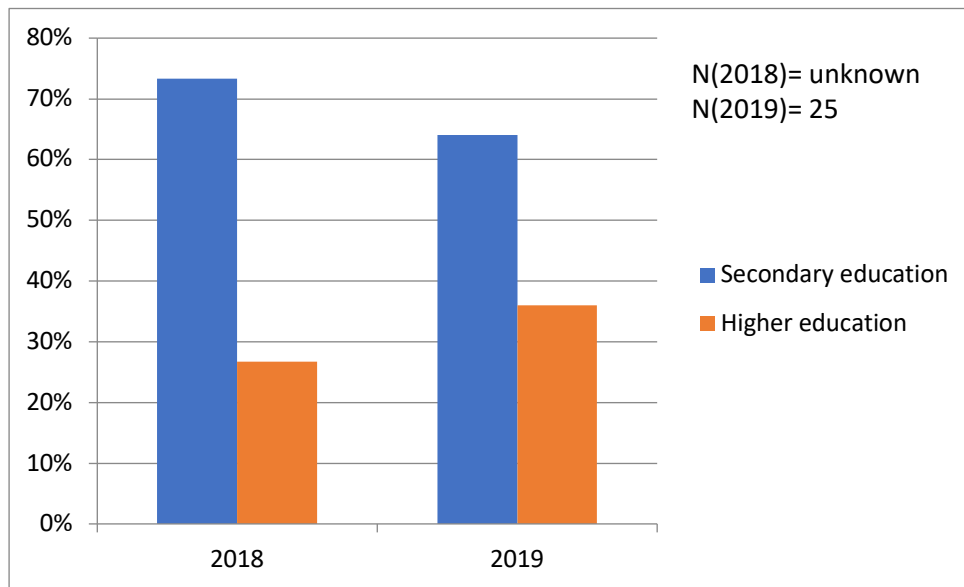


*Source: Own work.*

Companies that said that they are suffering from the lack of skilled employees were further asked to say whether they are in need of employees with secondary/high school education or higher education. I compared the results with last year's results which are shown in Figure 13. We can see that the difference between education decreased by 9%, which is a positive result.



Figure 13: Lack of employees with secondary/high school education or with higher education, in 2018 vs. 2019

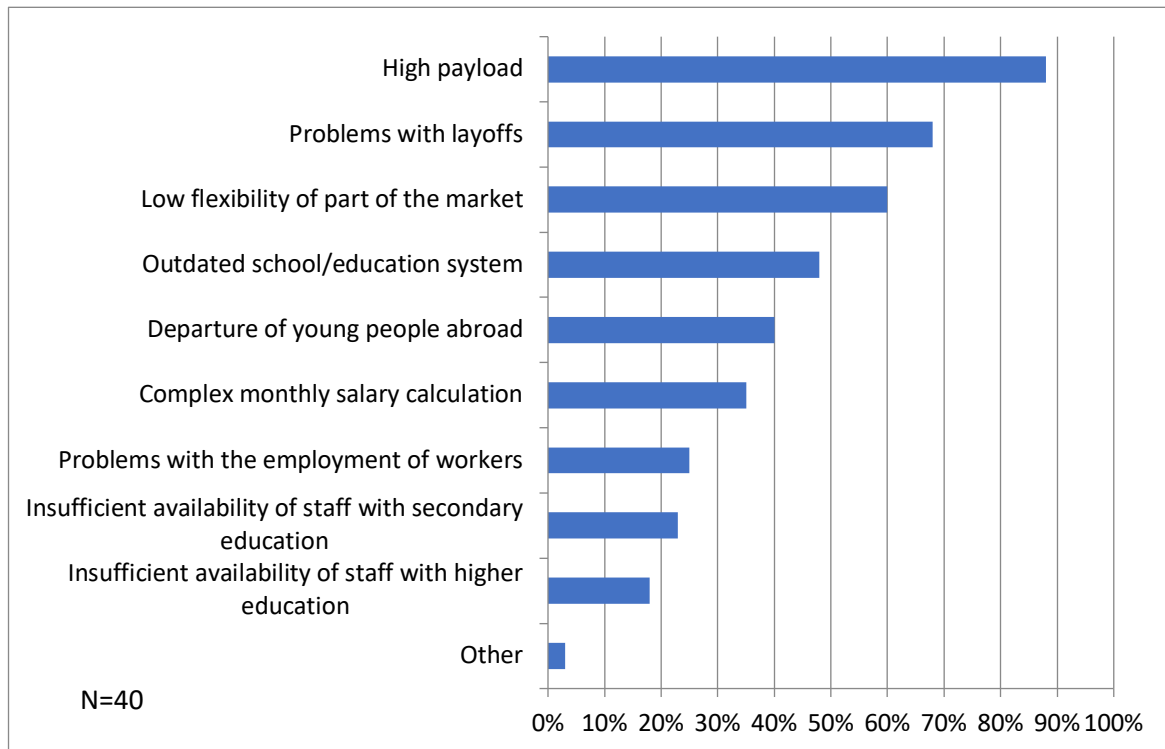


Source: Own work.

In the interview, Company 3 said that they are suffering from the lack of skilled people with secondary education as well as higher education. They said to find employees they use headhunting method which means they find employees who are currently employed somewhere else but are dissatisfied with their work and offer them a job at their company. They suggest that the actions a government could take are: adequate places in enrolment to high school and universities, cooperation between business and education, as well as legislation allowing flexible employment and redundancy.

In Figure 14 the question where do companies see the shortcomings in the employment of workers in Slovenia 88% of companies said high payroll, 68% of companies said problems with layoffs, 60% of companies said low flexibility of labor, 48% of companies said outdated education system, 40% of companies said departure of young people abroad, 35% of companies said complex calculation of monthly salary (commuting, food allowance, etc.), 25% of companies said problems with employment of workers, 23% of companies said insufficient availability of staff with secondary education, 18% of companies said insufficient availability of staff with higher education, 3% of companies said others.

Figure 14: Shortcomings in the employment of workers in Slovenia



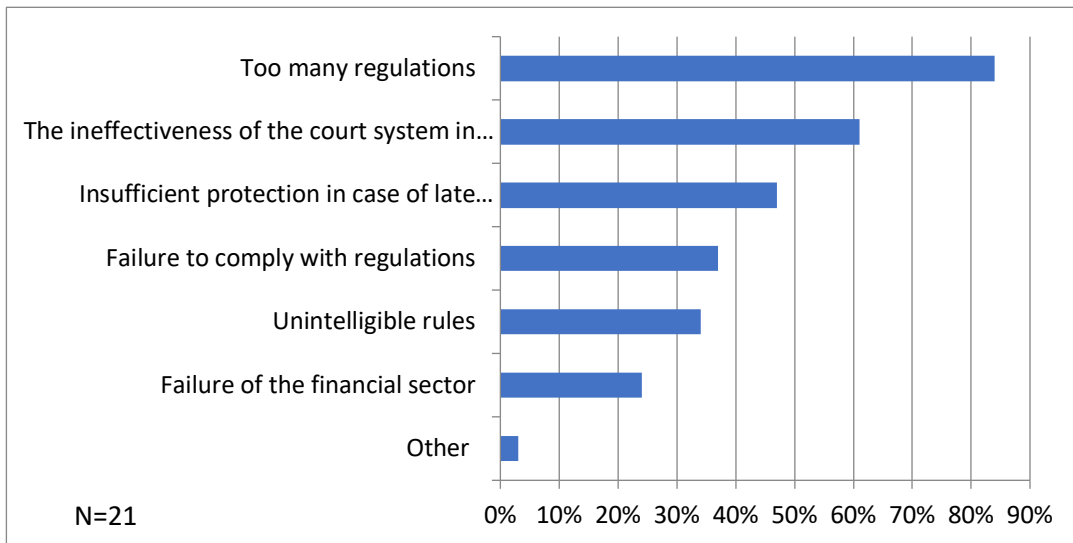
Source: Own work.

In the interview, Company 2 said that highly educated employees go abroad due to higher salaries. On the other hand, professions such as carpenter, plumber, etc. have a negative reputation and are therefore not desirable in younger generations. Also, parents have a great influence on children, many times parents want their children to study and are highly educated. So, it comes to the fact that we have too many educated people and too few people to handle crafts. The solution would be to increase salaries and decrease the tax burden. Company 2 also believes that a school system should involve more practical work where future employees would have to work for a company as part of their study program. This would increase their chances of getting a good job offer as well as prepare them for future jobs and boost their work confidence.

## 5.5 Concerns regarding Slovenian legislation and administration

In Figure 15 we can see where companies believe **shortcomings in Slovenian legislation** are. 84% of companies said too many regulations, 61% of companies said inefficiency of the court system in case of disputes, 47% of companies said insufficient protection in case of late payment, 37% of companies said failure to comply with regulations, 34% of companies said incomprehensible rules, 24% of companies said failure of the financial sector and 3% of companies said others.

Figure 15: Shortcomings in the Slovenian legislation

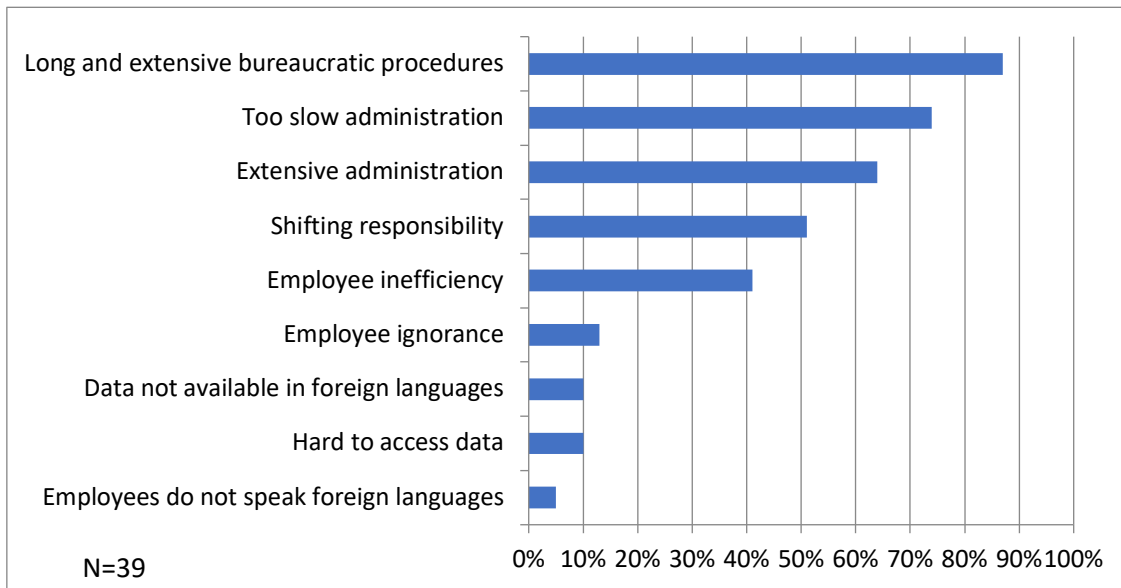


Source: Own work.

In the interview, Company 1 said that they had numerous negative experiences with the court system. Besides long and slow process they gave a recent example where a judge overruled the supreme court and therefore their client had to repeat the process which again took a very long time and cost a lot of money. The second time the same thing happened and, in the end, no one took responsibility for the outcome.

In Figure 16 we can see what the **weaknesses in the Slovenian public administration** are. 87% of companies said long and extensive bureaucratic procedures, 74% of companies said slow administration, 64% of companies said extensive administration, 51% of companies said shifting responsibility, 41% of companies said employee inefficiency, 13% of companies said employee ignorance, 10% of companies said data not available in foreign languages, 10% of companies said hard to access data and 5% of companies said employees do not speak foreign languages.

Figure 16: Weaknesses in the Slovenian public administration

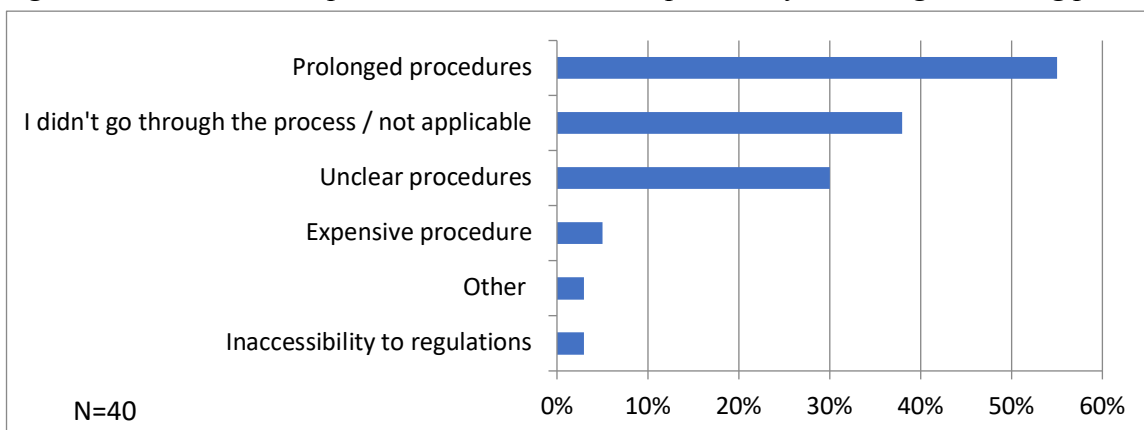


Source: Own work.

Company 3 said that because public administration is too slow and takes too much time to return a call, they get a feeling that they are here for public administration and not the opposite as it should be. Company 3 suggests that recruitment in management positions should be according to the same principles as applied to the economy, based on competences; developing personal responsibility and awareness of each employee's mission, more appropriately rewarding employees for what they do.

In Figure 17 we can see which of the following weaknesses companies encountered in the **process of obtaining a building permit**. 55% of companies said prolonged procedures, 38% of companies said they did not go through the process, 30% of companies said unclear procedures, 5% of companies said expensive process, 3% of companies said inaccessibility to regulations, 3% of companies said others.

Figure 17: Problems companies encountered in the process of obtaining a building permit

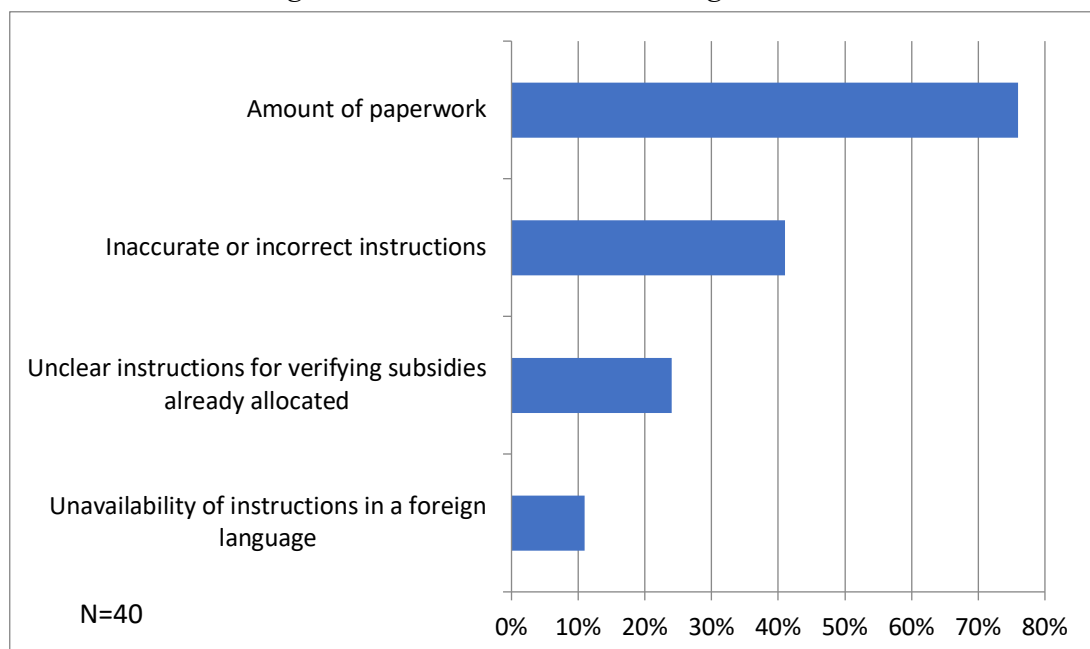


Source: Own work.

Company 2 said that in their process of getting a building permit they notice that there is much administrative work and papers that need to be filled out. Moreover, they said that many regulations are written too fast and too superficial and not enough specific. They gave an example where the regulation had a limit of 40.000 but it did not say if it was from 0 to 40.000 or from 40.000 above. Furthermore, the lack of specific instructions extends the processes because the companies waste their time asking for specific information that should already be given in instructions.

Finally, I asked about **accessing subsidies**. In Figure 18 we can see the weaknesses in accessing subsidies. 76% of companies said the amount of paperwork, 41% of companies said inaccurate or incorrect instructions, 24% of companies said unclear instructions for checking subsidies already granted and 11% of companies said unavailability of instructions in a foreign language.

*Figure 18: Weaknesses in accessing subsidies*



*Source: Own work.*

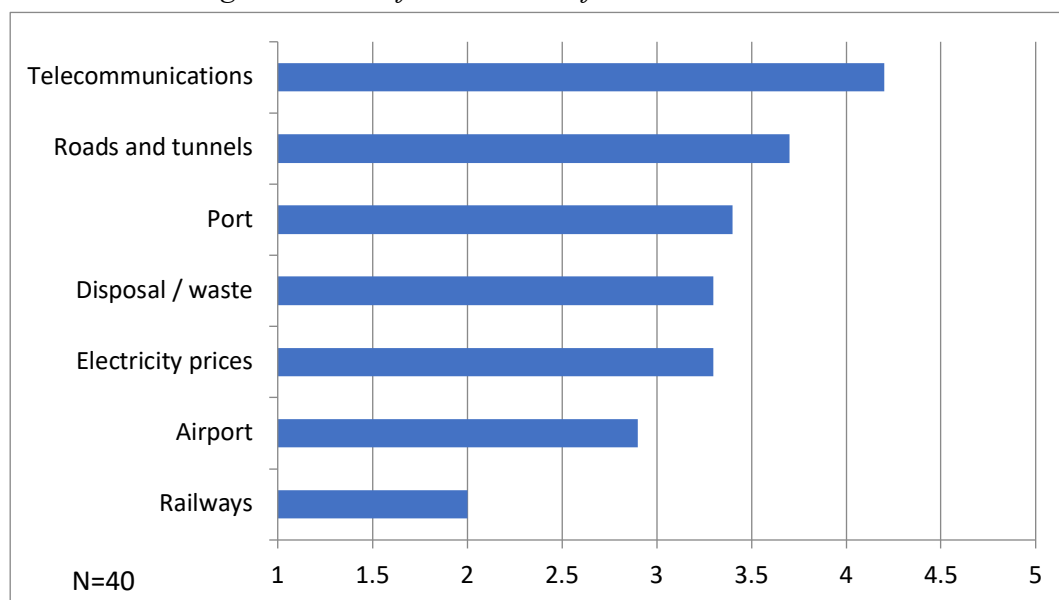
Company 1 said that they never apply for subsidies because subsidies are not attractive. Company 2 said that they also never apply for subsidies because it does not make sense for them. They believe that they should survive on their own. Company 3 said that they have applied to subsidies but not often. The last time they applied was for the recruitment of a young unemployed person. They said they got the subsidies but the process was slow and unclear until the very end. The subsidies where they did not apply the reason for that was too much bureaucratic description of the project; there are many things that they should do that are not the core of their business and are solely for funding purposes, which makes no sense. They decided to solve the problem by getting actively involved and they tried to create individual relationship with a person working in the public administration. This has at least

slightly increased their ability to predict such events. To the question what do you think Slovenia should do to make it easier for companies like their to apply in the future they said that all procedures should be as in the last call for "45+ Employee Development"; that is, a clearly written tender, an hour of broadcast not midnight, but in the middle of the working day, clearly written criteria, forms pre-filled using AJPES data, clearly set deadlines by which time the answer will be. In short, companies should not spend more than 1 hour to apply for a tender - up to € 50,000 - and no more than 4 hours for a more complex tender.

## 5.6 Concerns regarding infrastructure

In Figure 19 we can see how satisfied the companies are with the following infrastructure in Slovenia (from 1 (not satisfied) to 5 (very satisfied)). Telecommunications got 4,2 points, roads and tunnels got 3,7 points, port got 3,4 points, electricity prices got 3,3 points, disposal/waste got 3,3 points, airport got 2,9 points and railways got 2 points.

*Figure 19: Satisfaction with infrastructure in Slovenia*



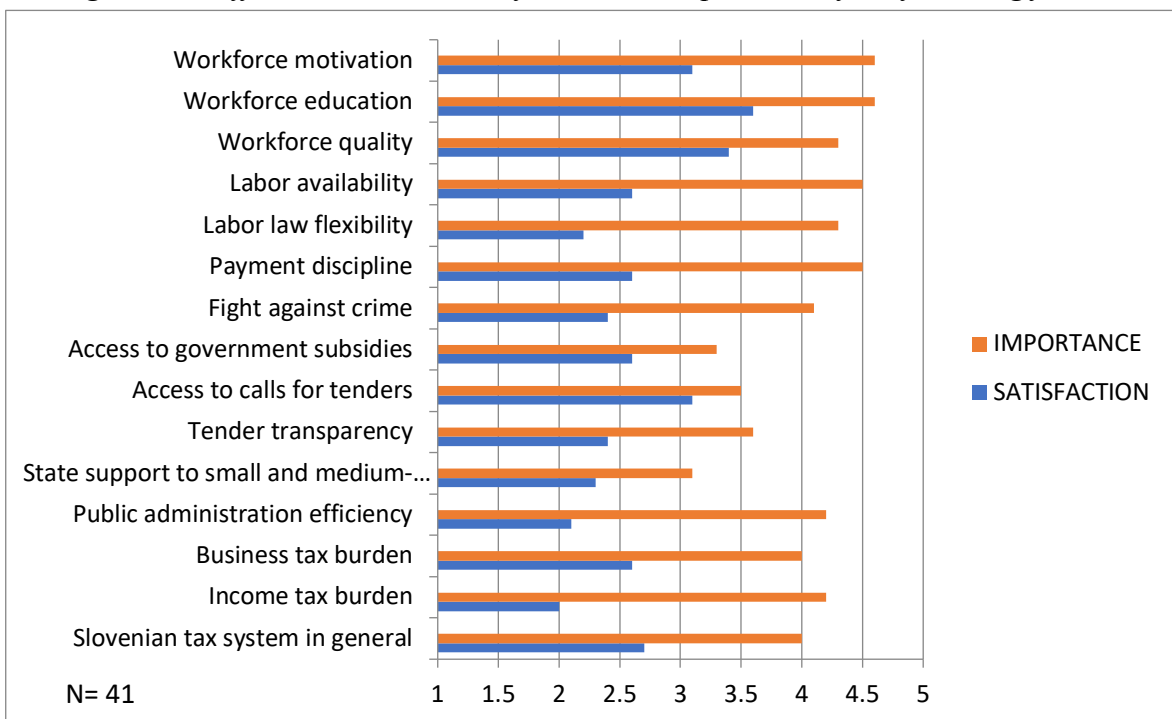
*Source: Own work.*

Company 2 believes that having only buses in Ljubljana as public transportation is a disadvantage. Moreover, they said that railway connections are poor and some long-distance connections do not even exist. For example, they often go to Rome and from Ljubljana, they drive to Trieste with a car and then take a train to Rome because the train from Ljubljana to Trieste would take as much time as Trieste to Rome. Company 2 believes that the government should invest in infrastructure, especially in railways and public transportation that would connect Ljubljana with smaller cities outside of Ljubljana.

## 5.7 Comparison between satisfaction and importance of factors

For clearer demonstrations, I linked the question of how satisfied are you with the following factors in Slovenia, from 1 (not satisfied) to 5 (very satisfied)). and how important are the following factors to you in Slovenia, from 1 (not important) to 5 (very important). In Figure 20 we can see how satisfied companies are with certain factors in the blue line and how significant those factors are for them in the red line. The higher the difference between satisfaction and significance the more Slovenia should improve at those factors. Income tax burden factor received the worst score with difference between satisfaction and significance 2,2.

Figure 20: Difference between satisfaction and importance of the following factors



Source: Own work.

## 6 RECOMMENDATIONS AND LIMITATIONS

The last part of the research for Advantage Austria Ljubljana is recommendation with solutions for key issues identified in the survey and interviews. I suggested picking 2 or 3 most important issues and describe concrete solutions for each in detail, however, Advantage Austria Ljubljana said they would rather have a higher number of issues identified and briefly discussed recommendations for improvement. I conclude the chapter with the limitations of the research.

## 6.1 Increasing flexibility of labor

**Easier hiring and firing regulations** would encourage companies to hire more employees. Nowadays many companies are scared to employ workers because if a company wants to fire that person, they have to pay a high price for it. Since there is a big risk of hiring employees for an indefinite period companies are trying to find a better and cheaper solution such as hiring employees for part-time, on the fix term contract or even illegally. If we would make hiring and firing policies more flexible for employers, we would decrease the number of part-time jobs or fix contract jobs which would at the end benefit employers as well as employees (Warner, 2012).

**Improvement of education and training for workers** increases their mobility in the labor market. Therefore, it is important to increase education and training of employees so they can easier, quicker and better adapt to changes in the market. The more skills one has the easier it is for him to adjust. The solution would be that one day per month each employee works at a different department within the same company. This is how employees would learn many different skills and would be able to switch job positions in case of a labor shortcut with no additional training. Another advantage is that employees may discover that they would rather work in other departments and feel stronger there. For an employer, it is important to have motivated workers because usually they are better and more productive at their job (European Commission, 2018).

**Reducing unemployment benefits:** At the moment there is the highest number of people receiving benefits of financial social assistance while companies are desperately searching for employees especially those with secondary education. Some people are unfortunate and need country's help, however, some people are using state's "kindness" and sign up for unemployment benefits while being at home doing nothing or doing some illegal work. Looking into an example where a family of four, with both parents' unemployed, received only 200 euros less than the same kind of family with both parents employed and earning minimal wage. Therefore, some people do not see the point in working and they prefer to stay at home. I suggest that the government should make it harder for people to get financial benefits with stricter regulations and in-person interviews. In this case, many would be denied to get the unemployment benefits and would be forced to find a job (Uredništvo of Domovina, 2019).

## 6.2 Decreasing administrative burden

From the survey, it is clear that **reducing administrative burden** in Slovenia is important. The information is hard to find, the processes are long and unclear and sometimes data is not available in other languages. The main problem is that there are too many regulations which would need to be redone. Some of them are outdated, duplicated, unclear or even confusing. Therefore, the main goal should be the reduction and simplification of



regulations. It is important to reduce and simplify regulations to make it easier for citizens and companies to follow them (Virant & Kovač, 2010).

### **6.3 Speeding up getting building permit**

**Understanding requirements:** A crucial way to speed up getting building permits is to know what documents or forms to file when applying for a building permit. A lot of time and money is lost if a person files a wrong or incomplete document which leads to denial of a permit. The whole process has to be done again which prolongs the process, therefore, it is extremely important to take time and know the requirements to successfully get a building permit. On the other hand, it is also the government's job to have clear instructions about which documents should be filled and how to fill out everything necessary to successfully gain a permit (Walsh, 2015).

**Hiring experts:** Frequently people who are trying to get building permits do not have knowledge or willingness to learn all steps of the process. A good solution would be to hire a permit expeditor who would help them with gathering all needed information for gaining a building permit such as codes or specific regulations in their geographic area. The permit expeditor would make sure to avoid unnecessary delays which would prolong the time and cost of getting a building permits (Walsh, 2015).

### **6.4 Decreasing income tax burden**

**Decreasing personal income tax:** Personal income tax should be decreased especially for people with the highest level of income which is currently taxed with 50%. Taxation with 50% forces well-educated people to leave Slovenia and go somewhere where they will get more money for similar work. Nowadays mobility of employees increased and many do not see the reason not to move. With decreasing personal tax income, we would keep higher educated people in the country which would also increase many companies' productivity (KPMG, 2019).

### **6.5 Improving efficiency of public administration**

**Mandatory training for public administration employees:** Often, we hear that employees working in the public administration do not possess the knowledge they should. Since today's rules and regulations can change quickly employees need to be informed of all new regulations to provide information to people coming to the public administration office. My suggestion is that we should have mandatory trainings for all employees working at the public administration office. Every month staff should have an in-house 2-hour meeting where they would go through any new regulations or procedures and use this time to ask some questions or expose some concerns. Moreover, every 3 years all employees should have 3-day conference regarding new regulations where they would learn new laws and

procedures as well as workshops where they would test out the procedures and their knowledge. At the end of the training, each employee should have a written and practical test which he or she would need to pass. In case someone would not pass it they would have to redo it until they succeed (Smalskys, 2011).

**Increasing digitalization of public administration:** Citizens should be able to do simple procedures online which would save them time driving to the public administration office and at the same time relieve workers at the office. For example, I recently opened a sole trader and I needed to go to the office which took, for example, an hour. The time I spent talking to the person in the office was 5 minutes. Basically, she needed to know information from my ID and other basic data which I could easily enter in an online form from my home. Moreover, after a month I wanted to add a new type of business to my form and I needed to drive and wait in the line again to spend 2 minutes talking to the employee in the office. If I was able to do that process online it would have saved me a lot of time while public administration office would have less work and could focus on other more important things (European Commission, 2017a).

## **6.6 Improving efficiency of judicial system**

**Mandatory training for judges:** Similar to mandatory training for workers in public administration I propose that judges also have mandatory training. Every month they should have an in-house meeting where they would go through new laws and use this time to exchange knowledge. Moreover, every 5 years all judges in the country should have 3 days conference where they would learn about new laws and procedures. Mandatory trainings would increase their productivity and decrease errors (European parliament, 2017).

**Moving to e-Justice:** Taking into consideration Latvia's success in courts e-service portal which includes a platform for submitting online applications for courts, ability to submit or fill in electronic template forms online, tracking the court proceedings to provide information on the current status, monitoring of appointed court hearings and many more. If we would have a platform with such tools this would allow our court system to reduce the number of suspended cases and provide faster trial processes (European Commission, 2017b).

## **6.7 Investing in infrastructure**

**Introduction of a tram system** would be extraordinary costly and challenging to realize from the urbanistic point-of-view as it would require adding new lanes to the city's main arterial roads, widening certain underpasses, demolishing buildings and similar. However, having a tram system would dramatically improve the public transport in Ljubljana, by making it faster, more reliable, more comfortable for the citizens and also more

environmentally-friendly (Regional Development Agency of the Ljubljana Urban Region, 2010).

**Changing railways:** Trying to keep in mind limitation of the budget the government should take advantage of the existing railway system within the city's limits and its urban region and considered how it could be used more efficiently for the public transport not only for the citizens of Ljubljana but also for those who commute to Ljubljana daily. Ljubljana has 5 railway lines which connect the city to the other parts of the country in all directions. The Central Railway Station Ljubljana is the terminus for all the trains which depart from the city or arrive in the city. This is one of the reasons why people rather use a car than the train. The system would be much more attractive if the central station in Ljubljana would not be the terminus for the regional trains which connect Ljubljana to its suburbs (Regional Development Agency of the Ljubljana Urban Region, 2010).

## 6.8 Limitations

This master thesis has some limitations that need to be pointed out to make conclusions as objectively as possible, as well as to give inputs for future research.

Firstly, the fact that I did the original survey in Slovenian and then translated it to English for the purpose of this master thesis made it difficult to literally address specific issues developed in the master thesis.

Secondly, the sample size of this research is a limitation. Even though the link to fill out a survey was attached in the newsletter Advantage Austria Ljubljana' which is send every week to approximately 700 companies, we only got 19 responds. After sending personal emails and making some calls the number increased to 41 responds. Compared to the last year where they only got 24 responds we can say that the sample size improved. However, 41 is still a low number of respondents to make a conclusion on the investment climate in Slovenia. Since I did not have access to Austria Advantage Ljubljana contact's list I could not help and asked more companies to respond. The only thing I was able to do was to keep updating Advantage Austria Ljubljana about how many respondents we currently had and asking them to send out more email reminders. Since there were only 24 responds in 2018 survey it is also hard to make objective comparison between last year's and this year's results.

Thirdly, to compare results from last year, I kept all 10 of the last year's questions in the survey. The total number of questions was 28 which I believe had a negative influence on the response rate. The number of companies that opened the survey is 61 while the number of companies that participated in the survey was 41. I believe that if the number of questions would be lower, the response rate would be higher due to the fact that many managers are

very busy at their job and do not have more than 10 minutes to fill out a non- mandatory survey.

For future research on investment climate, it would be interesting to see responses from companies all over the world. The fact that Austrian companies come from a stable, organized and "successful" country may negatively influence the results for the investment climate in Slovenia. I believe that if the research was done based on Romanian companies the results would be more positive. However, to see the bigger picture companies from all over the world should be included.

## **CONCLUSION**

Although the number of companies which are entering foreign markets is increasing and this can be encouraging for other companies, they have to be careful of the risks associated with the process. One of the most important decisions a company has to decide is which market to expand to. It is essential that the new market is not corrupted, has a stable government and is not too crowded with competitors. Another vital decision is to pick the entry mode. As I already mentioned there is no right or wrong entry mode because it depends on the company's goal and resources.

Each company should evaluate potential new markets to increase their chances of success. This research is focused on the investment climate in Slovenia and to become familiar with the competitive measurements I analysed the Global Competitiveness Report and Doing Business Report. From both reports, we can see that every county has space to improve. As far as for Slovenia, Global Competitiveness Report 2018 ranks it on 35th place out of 140 countries and Doing Business Report 2019 ranks it on 40th out of 190 countries. Both reports point out the weak factors of Slovenia which were later on my focus in the research.

The research done for Advantage Austria Ljubljana was mainly focused on the negative factors of doing business in Slovenia because they want to be familiar with all concerns Austrian companies have to face while doing business and then look for solutions to reduce certain issues. Its main goal was to analyze the current investment climate in Slovenia. The survey was done on Ika which was opened for 16 days. After two appearances in Advantage Austria Ljubljana's newsletter sent to approximately 700 Austrian companies, personal emails and phone calls by an employee at the office, the final number of respondents is 41.

Results show that the weakest factors in doing business in Slovenia are an extensive amount of administrative burden and tax burden (especially personal income tax and profit tax) and low flexibility market. The mean of a belief that whether Slovenia is attractive for foreign investors has increased from 2,3 in 2018 to 2,9 in 2019 however companies' optimistic predictions for the future decreased by 16%. In 2018, 91% of companies believed that

Slovenia will still be an interesting investment environment in 2019 while in 2019, 75% of companies believe that Slovenia will still be an interesting investment environment in 2020. Interviews' purpose was to gather companies' personal experience of doing business in Slovenia, explanation behind short answers for the survey and to find out how they would resolve the problems they are dealing with.

Lastly, solutions for crucial issues identified in the survey and interviews are recommended, such as reducing unemployment benefits, increasing the importance of education and training and digitalization.

To sum up, it is beneficial for Advantage Austria Ljubljana to have results on the current investment climate in Slovenia for Austrian companies. With this analysis they can see where are the strong and weak spots of doing business in Slovenia. They can also compare the results with last year to see which aspects of doing business in Slovenia are improving and which are getting worse. With these results they will be able to help current companies and develop an approach how to speak with new potential companies that want to enter Slovenian market.

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## **APPENDICES**



## *Appendix 1: Executive summary*

Internacionalizacija je proces, za katerega se odloča vedno več podjetij. Z razširitvijo na tuje trge lahko podjetja pridobijo večje prihodke, znanje in izkušnje. Podjetja se odločijo za odhod na tuje trge tudi zaradi visokega pritiska konkurence, saj ne želijo, da je konkurenca boljša in močnejša. Po drugi strani lahko postopek internacionalizacije privede do drugih vrst tveganj. Hollensen (2011) trdi, da se nekatere vrste tveganj pojavijo pred začetkom procesa internacionalizacije, nekatera pa se pojavijo med procesom. Hollensen (2011) tveganje razdeli na dve skupini in sicer na notranje in zunanje ovire. Razlika med njima je, da ima podjetje vpliv na notranje ovire, medtem ko vpliva na zunanje ovire nima.

Ko se podjetje odloči za vstop na tuje trge mora najprej izbrati kako vstopiti na novi trg (Azuayi, 2016). Da bi razumeli odločitev podjetja glede procesa internacionalizacije moramo spoznati glavne teorije internacionalizacije. Eklektična paradigma, ki jo je predlagal Dunning (1979), se osredotoča predvsem na analizo razlogov za odločitev podjetja glede lokacije, lastništva in prednosti internacionalizacije. Model Uppsala je model, v katerem se verjame, da je internacionalizacija počasen proces, kjer je treba znanje pridobivati počasi in podjetje razvijati korak za korakom (Azuayi, 2016). Teorija transakcijskih stroškov je teorija, ki vključuje vse stroške, ki nastanejo od začetka do konca postopka, vključno s predhodnimi stroški in naknadnimi stroški kot jih je pregledal Hollensen (2011). Omrežni pristop je teorija, kjer velja, da so vsa podjetja povezana v omrežje in čim boljša je povezava podjetja z drugimi, večja je konkurenčna prednost in možnosti za uspeh (Johanson in Mattson, 1988). Koncept življenjskega cikla trgovine je teorija, ki jo je razvil Vernon (2004), kjer pojasnjuje, da gre za internacionalizacijo v štirih fazah: stopnja uvedbe, rasti, zrelosti in upada. Teorija "Born Global" zavrača tradicionalni model Uppsala, ki trdi, da podjetjem ni treba slediti "tradicionalni" poti in se razvijati počasi. Dejansko si podjetja "Born Global" prizadevajo doseči mednarodne trge že takoj ob njihovem nastanku, tako da ponudijo tržnim nišam inovativen in visokokakovosten izdelek, ki ustreza potrebam strank (Aspelund, Madsen in Moen, 2007).

Pred začetkom postopka internacionalizacije mora vsako podjetje sprejeti še nekaj pomembnih odločitev (Hill, 2007). Prva se nanaša na lokacijo, kam vstopiti na tuji trg. Za vsako potencialno novo tržišče mora podjetje oceniti dolgoročni potencial dobička. Pomembno je tudi, da so države politično stabilne in niso preveč natrpane s konkurenčnimi izdelki. Druga pomembna odločitev je čas, kdaj vstopiti na tuji trg. Podjetje lahko uživa prednost prvega ponudnika, a hkrati nosi večje tveganje ali pa na trg vstopi za konkurenco, ko so tveganja manjša, vendar je trg že natrpan. Tretja pomembna odločitev podjetja se nanaša na obseg vstopa. Če se podjetje odloči za vstop v velikem obsegu, lahko njegov obstoj resnično spremeni trg in ima dolgoročen vpliv. Po drugi strani pa lahko podjetje vstopi v majhnem obsegu, kar mu da čas, da v miru spozna tuji trg, vendar je hkrati njegova izpostavljenost trgu omejena. Na kakšen način bo podjetje vstopilo v tuji trg je naslednja pomembna odločitev. V magistrski nalogi bo predstavljenih šest različnih načinov vstopa.

Vsak vstop na trg ima prednosti in slabosti, kompromisi pa so neizogibni, zato lahko rečemo, da ni pravega ali napačnega načina, le različne poti, ki so odvisne od ciljev vsakega podjetja (Hill, 2007).

Kot sem že omenila, je izbira tujega trga ključna odločitev vsakega podjetja. Za boljše razumevanje bodočega trga je pomembno merjenje konkurenčnosti držav. Za boljše razumevanje merjenja konkurenčnosti sem pri analizi konkurenčnosti države upoštevala Global Competitiveness Report in Doing Business Report. Čeprav obstajajo obsežne študije o konkurenčnosti in o tem, kako bi države lahko izboljšale svoje gospodarstvo in bile privlačnejše za tuje vlagatelje, še vedno obstaja prostor za izboljšave. Global Competitiveness Report 2018 kaže, da je povprečna ocena države (med 140 državami) 60 od 100 točk (World Economic Forum, 2018).

Glavna naloga moje magistrske naloge je izmeriti privlačnost Slovenije za avstrijske vlagatelje. Po zgoraj omenjenih poročilih Slovenija zaseda 35. mesto od 140 držav v Global Competitiveness Report 2018 (World Economic Forum, 2018) in 40. mesto od 190 držav v Doing Business 2019 (World Bank, 2019). Če pogledamo obe lestvici, lahko rečemo, da ima Slovenija velik potencial za rast in razvoj. Ta raziskava je pomagala prepoznati težave in šibke točke, ki jih ima Slovenija.

Advantage Austria je podjetje, ki pomaga ostalim avstrijskim podjetjem pri postopku internacionalizacije. Njihova pisarna v Sloveniji se imenuje Advantage Austria Ljubljana, njen glavni namen pa je pomagati avstrijskim podjetjem pri vstopu na slovenski trg in jim zagotoviti potrebne informacije ter organizirati poslovne dogodke za slovenske in avstrijske partnerje (Advantage Austria, 2019).

Namen te magistrske naloge je pomagati pisarni Advantage Austria Ljubljana z raziskavo trenutne investicijske klime v Sloveniji. S poznavanjem trenutnega gospodarskega položaja Slovenije bodo lažje privabili druga avstrijska podjetja, ki si želijo poslovati v Sloveniji. Ugotovitve te raziskave bodo objavljene tudi v javnosti in predstavljene na tiskovni konferenci, ki jo bo januarja 2020 sklicala pisarna Advantage Austria Ljubljana. Rezultati so zbrani preko spletne ankete in intervjujev. Spletna anketa vsebuje 28 vprašanj, od tega je 10 vprašanj enakih kot lansko leto, saj le tako lahko rezultate med seboj primerjamo. 18 novih vprašanj pa razkrijejo mnenja podjetij o naložbeni privlačnosti v Sloveniji, močnih in šibkih političnih dejavnikov v državi, zakaj ima konkurenčno prednost in kje se mora še izboljšati. Raziskava je narejena v orodju Ika, povezava pa je bila poslana v Advantage Austria Ljubljana, kjer so jo poslali celotni bazi podjetij, kar je približno 700 podjetij. Čas zbiranja rezultatov je bil 16 dni, v katerem sem prejela 41 odgovorov. Čeprav se zdi, da je število odgovorov majhno, moram poudariti, da so leto prej prejeli le 24 odgovorov. Intervjuji so bili opravljeni osebno in po telefonu. V intervjuju je bilo šest vprašanj z glavnim ciljem pridobiti osebne izkušnje podjetij ter njihove predloge za izboljšave negativnih

faktorjev poslovanja v Sloveniji. Podatki so analizirani v programu Microsoft Excel in z uporabo opisnih statističnih metod SPSS.

Rezultati kažejo, da je Slovenija povprečno atraktivna država za investicijo. Kar je zanimivo je da v primerjavi s prejšnjim letom, manj podjetij misli, da bo Slovenija v naslednjem letu atraktivna za investicijo. Odstotek pozitivnih odgovorov se je zmanjšal kar za 16%. Lansko leto se je 46% podjetij srečalo s pomanjkanjem delovne sile. V letošnjem letu se je odstotek še povečal in sicer na 63% kar predstavlja veliko težavo za investicijo v Sloveniji saj bi potencialna nova podjetja imela problem z iskanjem delovne sile. Med ostale pomanjkljivosti v Sloveniji so podjetja izglasovala obsežno upravno obremenitev in davčno obremenitev (zlasti davek na dohodnino in davek na dobiček), premajhno fleksibilnost trga dela, ne sankcioniranje korupcije, previsoko obremenitev plač in nezanesljiv sodni sistem.

Na podlagi rezultatov analize in intervjujev so bile izbrane ključne pomanjkljivosti v Sloveniji in predlogi za izboljšave. Za lažje zaposlovanje in odpuščanje delavcev sem predlagala uvedbo lažje zakonodaje o zaposlovanju in odpuščanju s čimer bi spodbudila podjetja k zaposlovanju več delavcev. Dandanes se številna podjetja bojijo zaposliti delavce, saj če želijo kasneje odpustiti to osebo, morajo zanjo plačati visoko ceno. Ker obstaja veliko tveganje z zaposlovanjem za nedoločen čas, podjetja poskušajo najti boljšo in cenejšo rešitev, kot je zaposlovanje za polovični delovni čas, za določen delovni čas ali celo nezakonito (Warner, 2012). Glede zmanjševanja upravnega bremena sem predlagala pregled vseh predpisov, kjer bi podvojeni in zastareli bili zbrisani, nejasni bili lepše in bolj jasno napisani predvsem pa naj bi bil cilj zmanjšati njihovo količino in poenostaviti predpise, da se državljanom in podjetjem olajša njihovo upoštevanje (Virant & Kovač, 2010). Za pospešitev pridobitve gradbenega dovoljenja sem predlagala, da se vsak vlagatelj dobro informira katere obrazce je potrebno vložiti in kako se jih izpolni. Veliko časa in denarja se izgubi, če oseba vloži napačne ali nepopolne obrazce, ki vodijo do zavrnitve dovoljenja. Hkrati pa je tudi naloga države, da ima jasno podana navodila, za uspešno izpolnitev vseh potrebnih obrazcev (Walsh, 2015). Za izboljšanje učinkovitosti javne uprave in sodnega sistema sem predlagala obvezno usposabljanje zaposlenih, saj se današnji predpisi in zakoni hitro spreminjajo. Menim, da bi zaposleni morali imeti vsak mesec dvourni sestanek, kjer bi se skupaj pogovorili o novostih in načinih kako se spopasti z njimi. Prav tako bi morali vsakih nekaj let imeti tridnevno konferenco o novih predpisih, na kateri bi se spoznali z novimi zakoni in postopki, ter delavnice, na katerih bi preizkusili postopke in svoje znanje (Smalskys, 2011). Zadnje sem predlagala izboljšave pri slovenskih železnicah in eden od predlogov je bil uvesti tramvajski sistem v Ljubljani, saj bi javni prevoz tako postal hitrejši, zanesljivejši in udobnejši za občane (Regionalna razvojna agencija Ljubljanske urbane regije, 2010).

V zadnjem delu magistrske naloge opišem pomanjkljivosti naloge. Ključna pomanjkljivost je majhno število sodelujočih v raziskavi in sicer 41. V primerjavi s prejšnjim letom, kjer je

sodelovalo 24 podjetij je letos odziv veliko boljši, vendar pa bi za dobro analizo investicijske klime v Sloveniji potrebovali še veliko več odgovorov s strani Avstrijskih podjetij.

## *Appendix 2: Survey questions*

1. Kakšna je dejavnost vašega podjetja?
  - Storitve
  - Proizvodnja
  - Drugo (prosim izpolnite)
  
2. Kdaj ste vstopili na slovenski trg?
  - Več kot 10 let nazaj
  - Manj kot 10 let nazaj
  
3. Vaše podjetje je
  - Mikro podjetje (manj kot 10 zaposlenih)
  - Malo podjetje (med 10 in 49 zaposlenih)
  - Srednje podjetje (med 50 in 249 zaposlenih)
  - Veliko podjetje (več kot 250 zaposlenih)
  
4. Kako bi ocenili atraktivnost Slovenije za tuje neposredne investicije?
  - Zelo majhna
  - Majhna
  - Povprečna
  - Velika
  - Zelo velika
  
5. Katere ukrepe bi morala izvesti vlada, da bi Slovenija postala atraktivnejša za investicije? (označite od 1 (ni pomembno) do 5 (zelo pomembno))
  - Privatizacija državnih podjetij
  - Več odprtosti in transparentnosti
  - Več promocije države v tujini
  - Boj proti korupciji
  - Pospešitev postopkov izdajanja dovoljenj
  - Zmanjšanje administrativnih obremenitev
  - Zmanjšanje davčnih obremenitev
  - Fleksibilnost trga dela
  - Stabilizacija politične situacije
  - Drugo (prosim izpolnite)
  
6. Katere ukrepe bi moralo po vašem mnenju Ministrstvo za gospodarski razvoj in tehnologijo obravnavati prednostno?
  - Uvedba strategije za trajnostno digitalizacijo
  - Več podpore pri internacionalizaciji slovenskih podjetij
  - Spodbujanje tujih investicij

- Razbremenitev podjetij
- Drugo (prosim izpolnite)

#### Follow Up 6.2

Z ukrepi kot so:

- Razpisi za prejem sredstev za širitev na tuj trg
- Organiziranje izobraževanj glede internacionalizacije
- Gospodarske delegacije, srečanja in spoznavanje podjetij
- Drugo (prosim izpolnite)

#### Follow Up 6.3

Z ukrepi kot so:

- Večja promocija države v tujini
- Več predstavitev investicijskih priložnosti na mednarodnih poslovnih konferencah
- Znižanje davka na dobiček
- Znižanje dohodnine
- Znižanje dddv-ja
- Drugo (prosim izpolnite)

#### Follow Up 6.4

Z ukrepi kot so:

- Znižanje davka na dobiček
- Znižanje dohodnine
- Znižanje dddv-ja
- Znižanje administrativnih obremenitev
- Povečati fleksibilnost trga dela
- Drugo (prosim izpolnite)

7. Na katerih od navedenih gospodarsko političnih področjih menite, je potrebno v Sloveniji največ nadoknaditi?

- Davčna politika
- Delovno-pravna politika
- Politika konkurenčnosti v Sloveniji
- Lokacijska politika

Follow Up 7.1 Kje na področju davčne politike je potrebno največ nadoknaditi?

- Znižanje davka na dobiček
- Znižanje dohodnine
- Znižanje dddv-ja
- Več davčnih olajšav (npr. prvih 5 let poslovanja v Sloveniji)
- Drugo (prosim izpolnite)

Follow Up 7.2 Kje na področju delovno-pravne politike je potrebno največ nadoknaditi?



- Povečati fleksibilnost trga dela
- Znižanje dohodnine
- Drugo (prosim izpolnite)

Follow Up 7.3 Kje na področju politike konkurenčnosti je potrebno največ nadoknaditi?

- Zvišanje zanesljivosti sodnega sistema
- Znižanje višine davka na dobiček
- Znižanje dohodnine
- Znižanje dddv-ja
- Sankcioniranje korupcije
- Politična stabilnost
- Nenapovedani dvigi nekaterih dajatev v lokalnem okolju (npr. nadomestilo za uporabo stavbnega zemljišča)
- Drugo (prosim izpolnite)

8. Kako **zadovoljni** ste s sledečimi faktorji v Sloveniji? (označite od 1 (nisem zadovoljen) do 5 (zelo zadovoljen))

- Slovenski davčni sistem na splošno
- Davčna obremenitev dohodkov
- Davčna obremenitev podjetij
- Učinkovitost javne uprave
- Državna podpora majhnim in srednje velikim podjetjem
- Transparentnost javnih razpisov
- Dostop do javnih razpisov
- Dostop do državnih subvencij
- Boj proti korupciji
- Plačilna disciplina
- Fleksibilnost delovnega prava
- Razpoložljivost delovne sile
- Kakovost delovne sile
- Izobrazba delovne sile
- Motivacija delovne sile

9. Kako **pomembni** so vam sledeči faktorji v Sloveniji? (označite od 1 (ni pomembno) do 5 (zelo pomembno))

- Slovenski davčni sistem na splošno
- Davčna obremenitev dohodkov
- Davčna obremenitev podjetij
- Učinkovitost javne uprave
- Državna podpora majhnim in srednje velikim podjetjem
- Transparentnost javnih razpisov
- Dostop do javnih razpisov

- Dostop do državnih subvencij
- Boj proti kriminalu
- Plačliva disciplina
- Fleksibilnost delovnega prava
- Razpoložljivost delovne sile
- Kakovost delovne sile
- Izobrazba delovne sile
- Motivacija delovne sile

10. Izpolnite po želji: V katerih okvirih se giblje promet Vašega podjetja v Sloveniji?

10.1 Celotni prihodki v mio. EUR

- 0-1 mio. Eur
- 2-5 mio. Eur
- 6-10 mio. Eur
- 11-20 mio. Eur
- Več kot 20 mio. Eur

10.2 Delež izvoza od celotnih prihodkov v %

- 0-10%
- 11-40%
- 41-60%
- 61-80%
- Več kot 81%

11. Bo Slovenija tudi v letu 2020 zanimivo investicijsko okolje?

- Da
- Ne

12. Ali vaše podjetje trpi zaradi pomanjkanja kvalificiranih delavcev/iskalcev zaposlitve?

- Da
- Ne

13. Če ste odgovorili z da, imate pomanjkanje delavcev s/z

- srednješolsko izobrazbo (splošna matura, poklicna matura ...)
- visokošolsko izobrazbo (visokošolska strokovna, univerzitetna, (enovita) magistrska ali doktorska izobrazba)

14. Kje vidite pomanjklivosti pri zaposlovanju delavcev v Sloveniji?

- Visoka obremenitev plač
- Odhod mladih v tujino
- Ne zadostna razpoložljivost kadrov s srednješolsko izobrazbo
- Ne zadostna razpoložljivost kadrov z visokošolsko izobrazbo

- Zastarel šolski/izobraževalni sistem
- Težave z zaposlitvijo delavcev
- Težave z odpuščanjem delavcev
- Majhna fleksibilnost dela trga
- Kompleksen izračun mesečne plače (prevoz na delo, dodatek za prehrano itd.)
- Drugo (prosim izpolnite)

15. Katere lastnosti Slovenije so najbolj atraktivne za tuje investicije? Kaj vas je prepričalo v investicijo v Sloveniji?

- Rast prodaje
- Stabilnost države
- Slovenija kot del skupnega trga EU
- Dostop do trga Jugovzhodne Evrope
- Kvalificirana delovna sila
- Dostop do tehnologije
- Razpoložljivost virov
- Geografska lega
- Infrastruktura
- Varnost države
- Drugo (prosim izpolnite)

16. Kje vidite pomanjklivosti pri slovenski zakonodaji?

- Nedelovanje finančnega sektorja
- Preveč predpisov
- Neuresničevanje predpisov
- Nezdostna zaščita v primeru zamude pri plačilu
- Nerazumljiva pravila
- Neučinkovitost sodnega sistema v primeru sporov
- Drugo (prosim izpolnite)

17. Kje vidite pomanjklivosti pri slovenski javni upravi?

- Dolgi in obsežni birokratski postopki
- Preobsežna administracija
- Prepočasna administracija
- Težko dostopni podatki
- Podatki niso dosegljivi v tujih jezikih
- Neznanje zaposlenih
- Neučinkovitost zaposlenih
- Zaposleni ne govorijo tujih jezikov
- Prelaganje odgovornosti
- Drugo (prosim izpolnite)

18. S katerimi od naslednjih težav ste se srečali pri procesu pridobivanja gradbenega dovoljenja?

- Dolgotrajni postopki
- Nejasni postopki
- Nedostopnost do predpisov
- Drag postopek
- Nisem šel skozi process/ne velja
- Drugo (prosim izpolnite)

19. Kako zadovoljni ste s sledečo infrastrukturo v Sloveniji? (označite od 1 (nisem zadovoljen) do 5 (zelo zadovoljen))

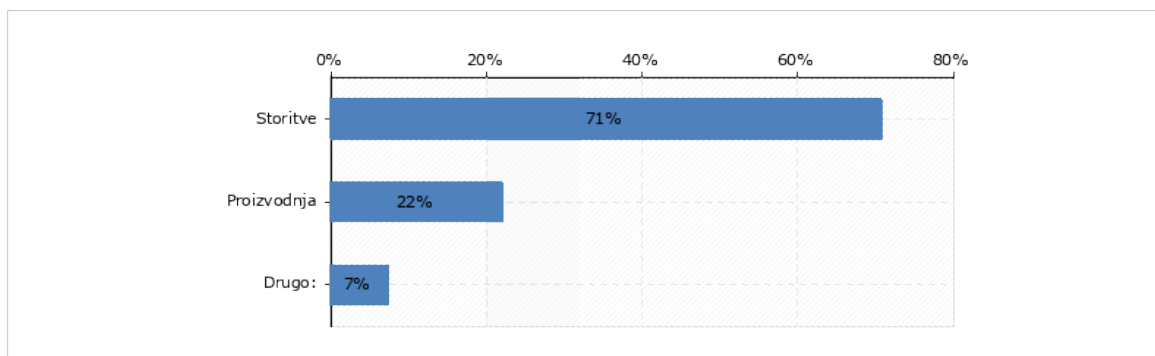
- Ceste in predori
- Železnice
- Letališče
- Pristanišče
- Telekomunikacija
- Cene električne energije
- Odstranjevanje/odpadki

20. Kje vidite pomanjkljivosti pri dostopu do subvencij?

- Nenatančna ali napačna navodila
- Nedostopnost navodil v tujem jeziku
- Količina papirologije
- Nejasna navodila za preverjanje že dodeljenih subvencij

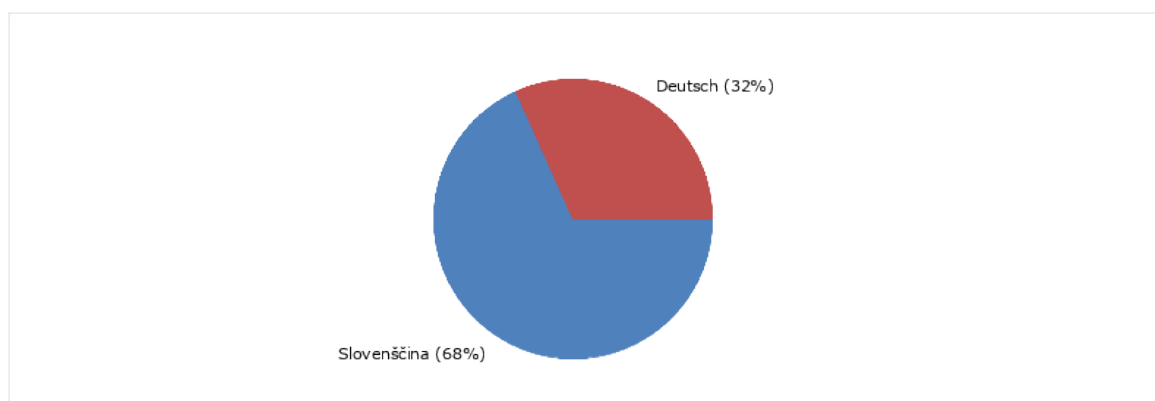
### Appendix 3: Results

Kakšna je dejavnost vašega podjetja? (n = 41)

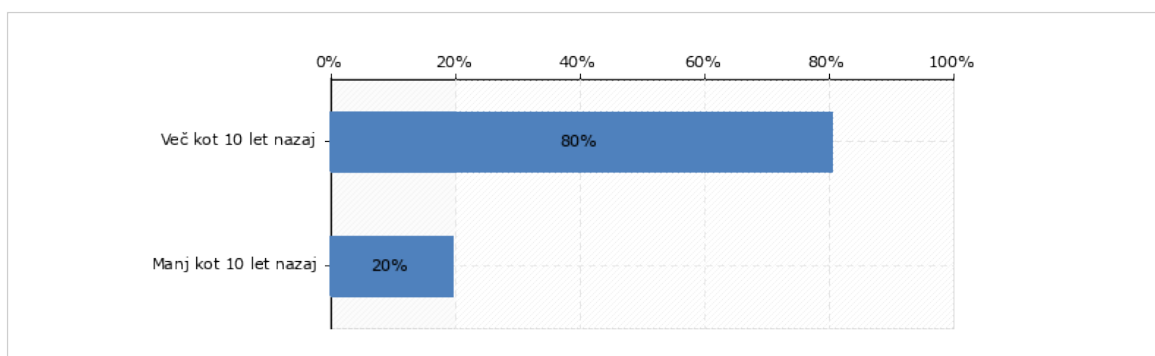


Odgovori	Frekvenca
handel	
trgovina	
zavarovalništvo	

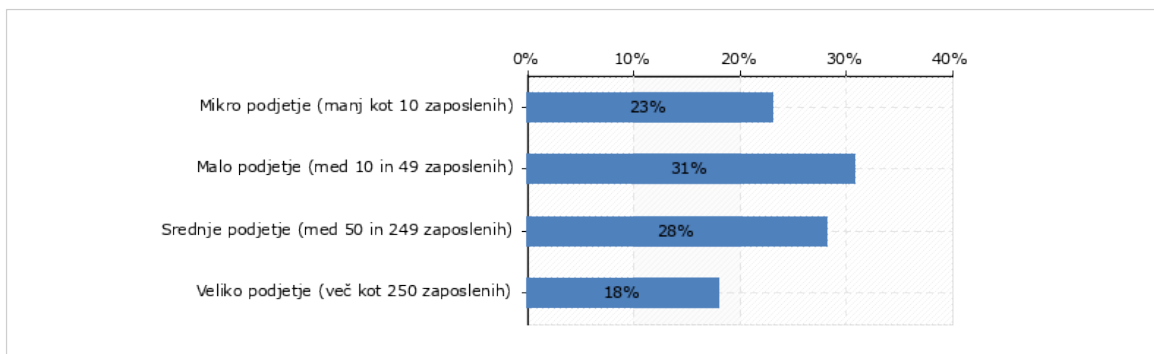
Jezik (n = 41)



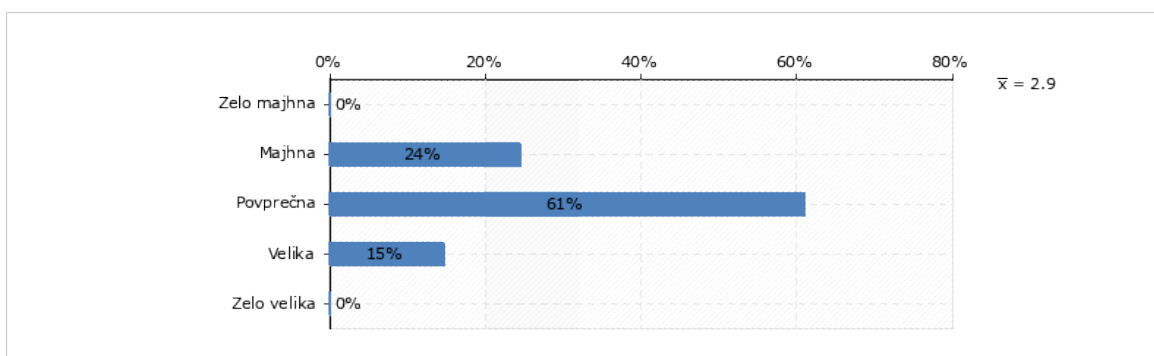
Kdaj ste vstopili na slovenski trg? (n = 41)



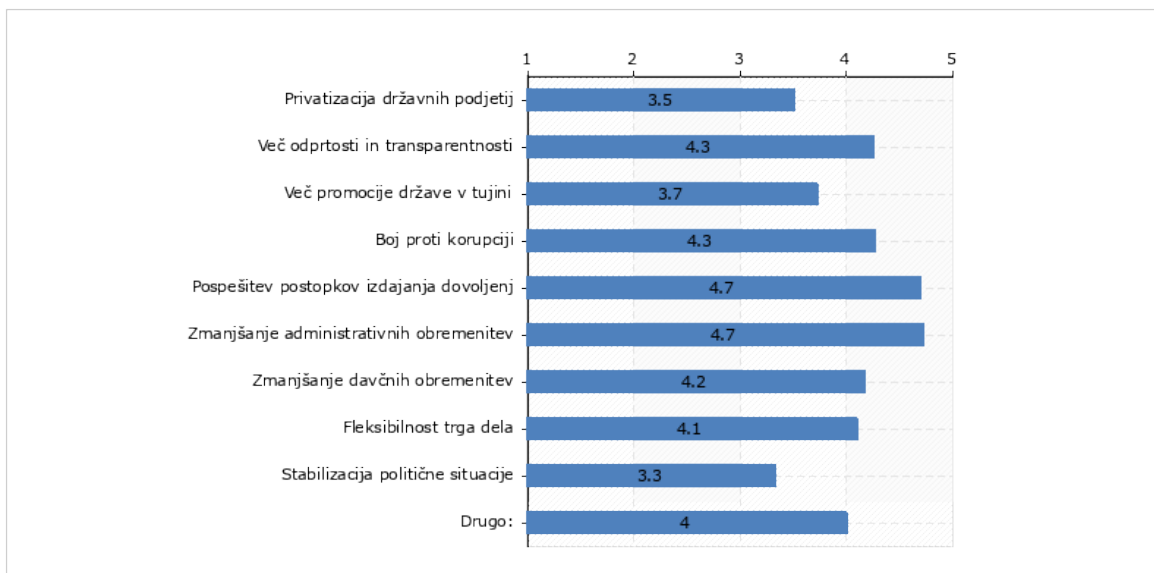
Vaše podjetje je (n = 39)



Kako bi ocenili atraktivnost Slovenije za tuje neposredne investicije? (n = 41)



Katere ukrepe bi morala izvesti vlada, da bi Slovenija postala atraktivnejša za investicije? (označite od 1 (ni pomembno) do 5 (zelo pomembno)) (n = 41)

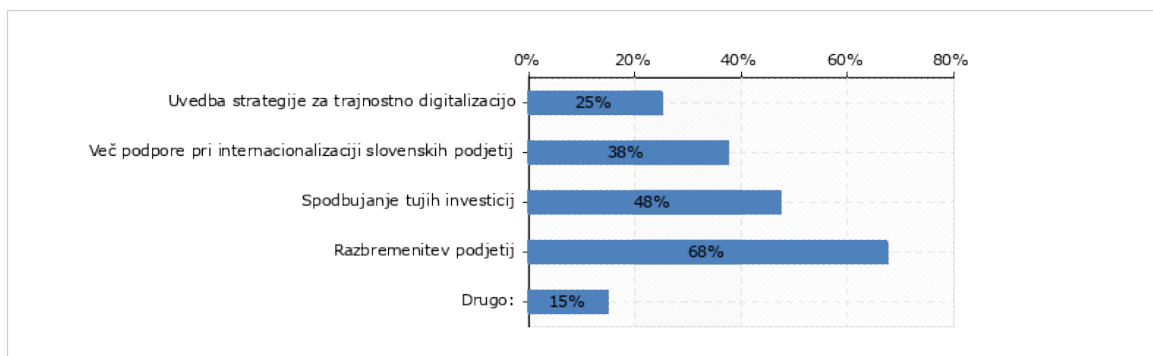


Odgovori	Frekvenca
skrajšanje in transparentnost sodnih postopkov	
zagotavljanje večje pravne varnosti na področju obdavčevanja	

Katere ukrepe bi moralo po vašem mnenju Ministrstvo za gospodarski razvoj in

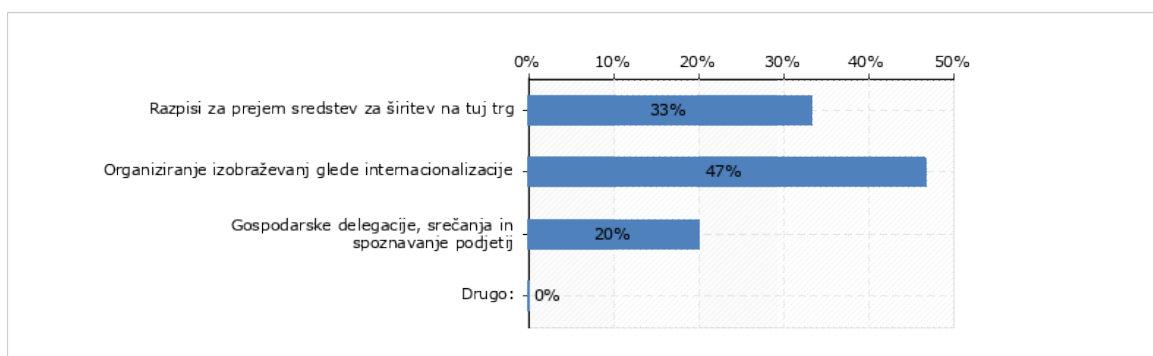
tehnologijo obravnavati prednostno? (n = 40)

Možnih je več odgovorov

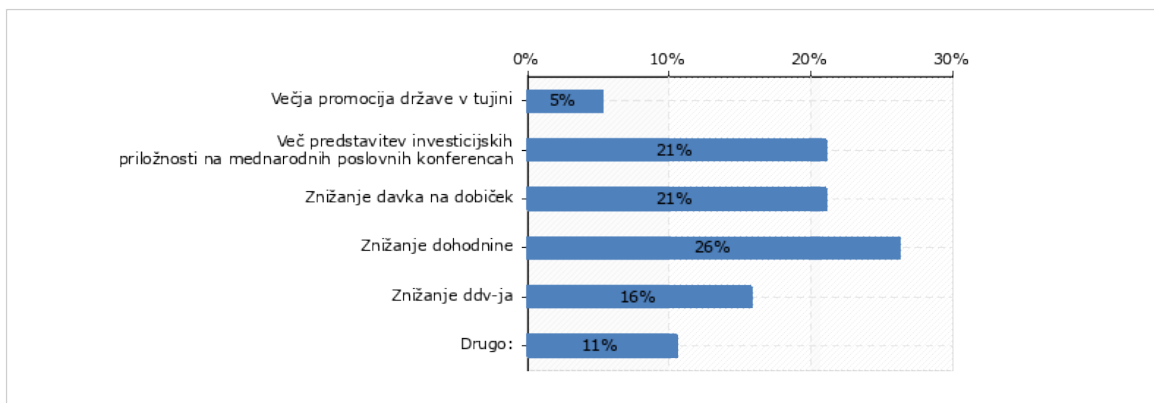


Odgovori	Frekvenca
reform des arbeitsgesetzes, senkung der lohnsteuer/einkommensteuer	
manj administracije	
omogočiti, da delodajalec lahko odpove zaposlenemu pogodbo zaradi razhajanja v razumevanju prioritet delodajalca	
beschleunigung genehmigungsverfahren und transparenz förderungsvergabe	
odgovorov je sicer ogromno, a temelji vprašanje na delu določenega ministrstva, ki niti k označeni razbremenitvi podjetij ne more kaj dosti vplivati	
manj politike	

S katerimi ukrepi naj bi Ministrstvo za gospodarski razvoj in tehnologijo povečalo podporo pri internacionalizaciji slovenskih podjetij? (n = 15)

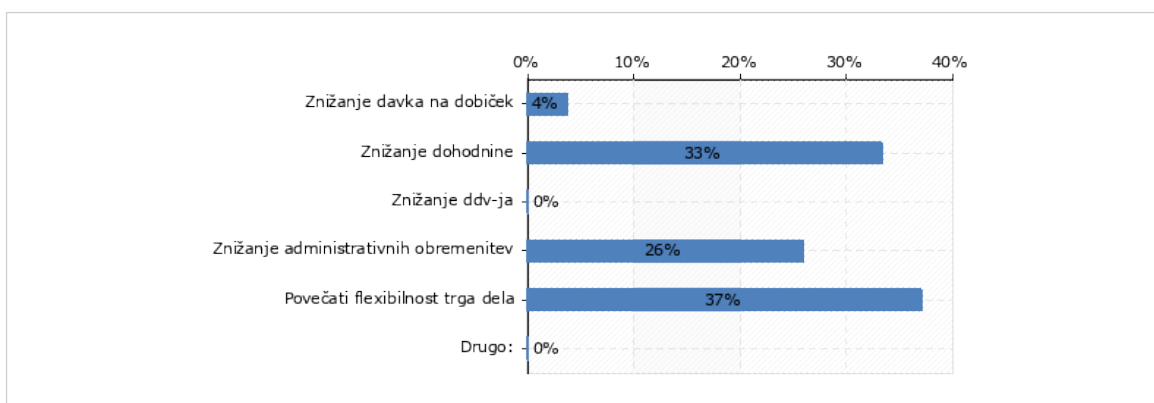


S katerimi ukrepi naj bi Ministrstvo za gospodarski razvoj in tehnologijo spodbujalo tuje investicije? (n = 19)



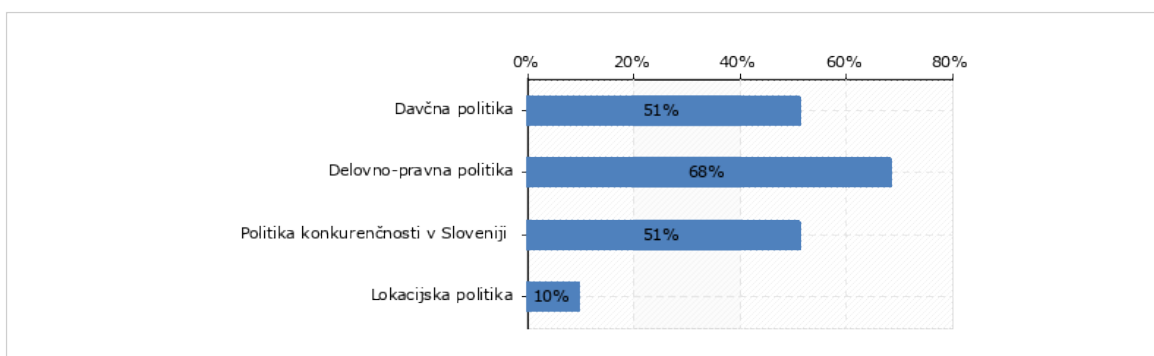
Odgovori	Frekvenca
zmanjšanje davčnih obremenitev	
abbau bevorzugung slowenische unternehmen	

S katerimi ukrepi naj bi Ministrstvo za gospodarski razvoj in tehnologijo razbremenilo podjetja? (n = 27)



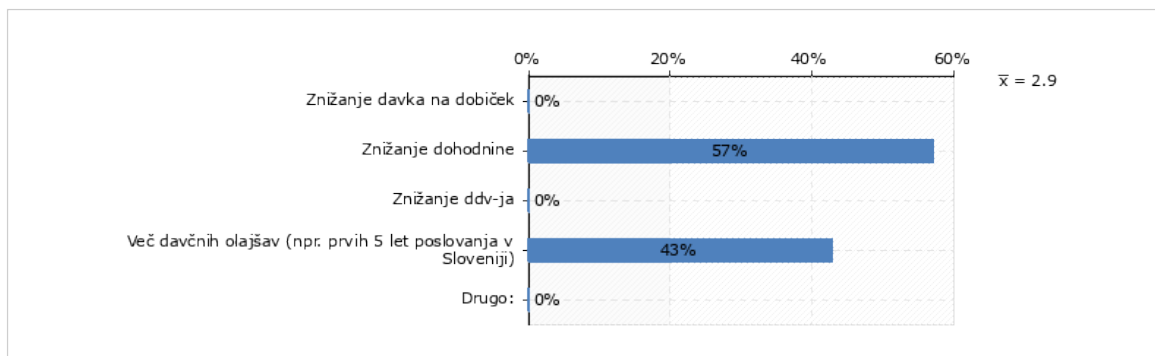
Na katerih od navedenih gospodarsko političnih področjih menite, je potrebno v Sloveniji največ nadoknaditi? (n = 41)

Možnih je več odgovorov

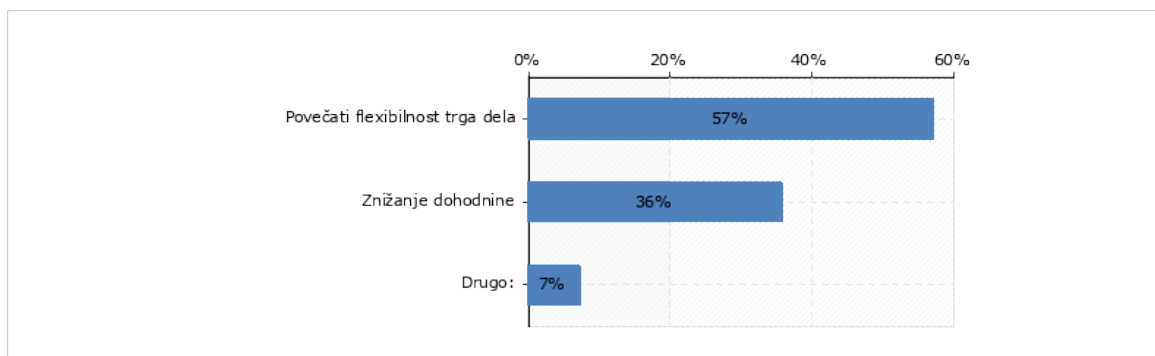


Kje na področju davčne politike je potrebno največ nadoknaditi? (n = 21)



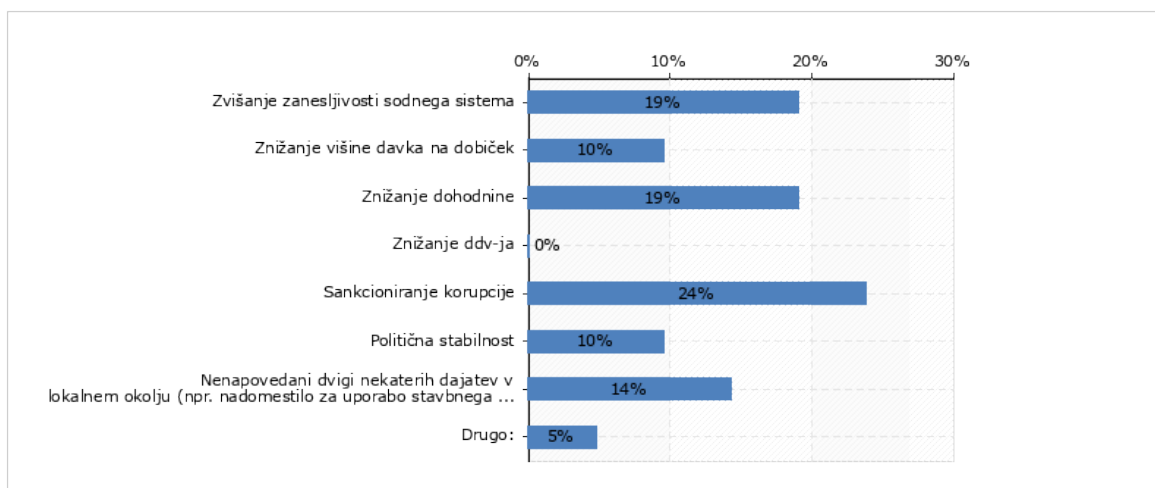


Kje na področju delovno-pravne politike je potrebno največ nadoknaditi? (n = 28)



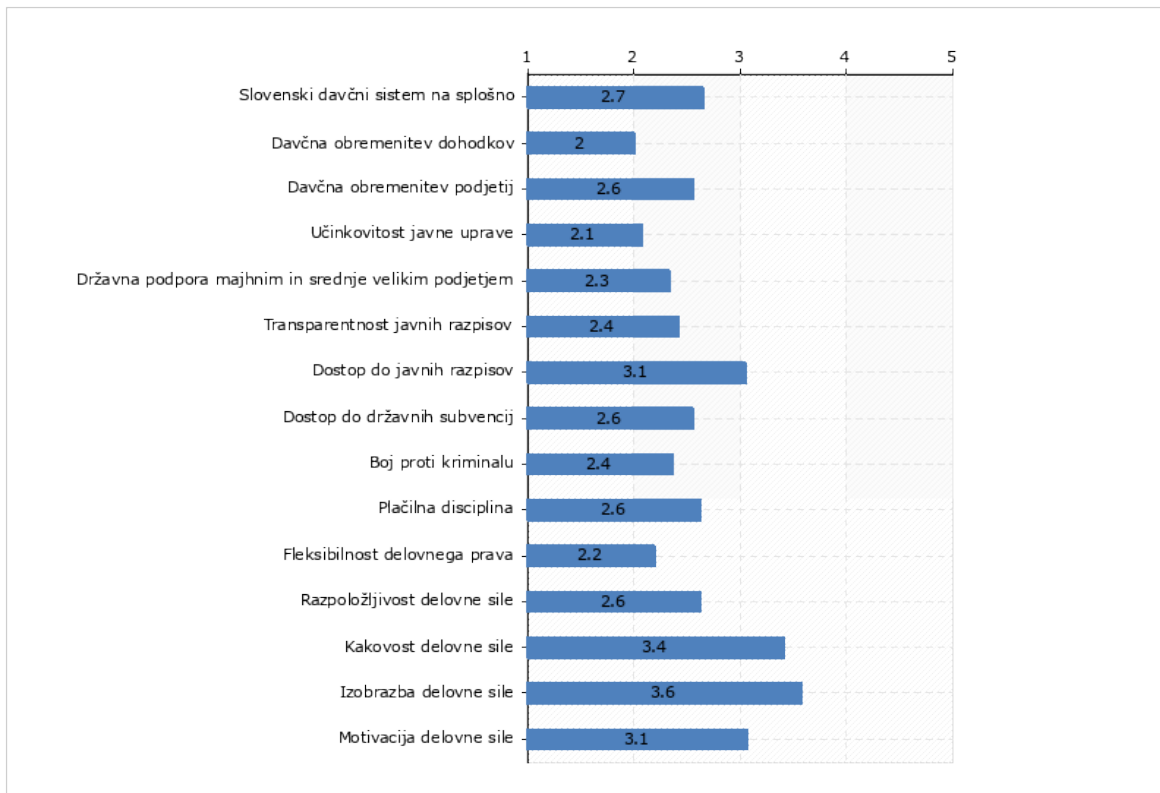
Odgovori	Frekvenca
odprava prekarnega dela	

Kje na področju politike konkurenčnosti je potrebno največ nadoknaditi? (n = 21)

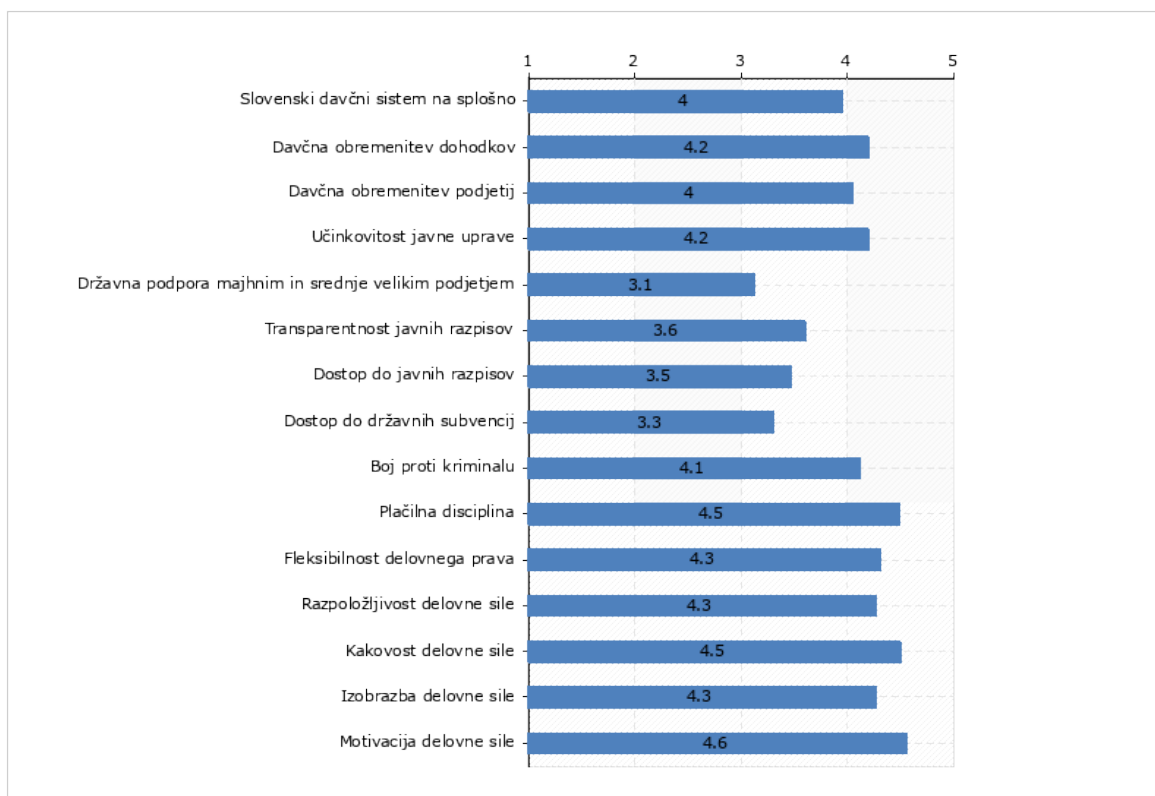


Odgovori	Frekvenca
plačilna disciplina, ukiniti prisilne poravnave	

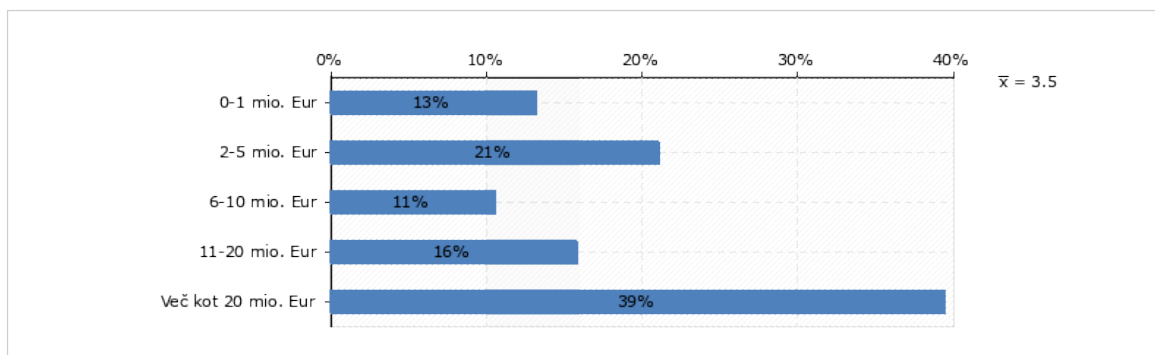
Kako zadovoljni ste s sledečimi faktorji v Sloveniji? (označite od 1 (nisem zadovoljen) do 5 (zelo zadovoljen)) (n = 41)



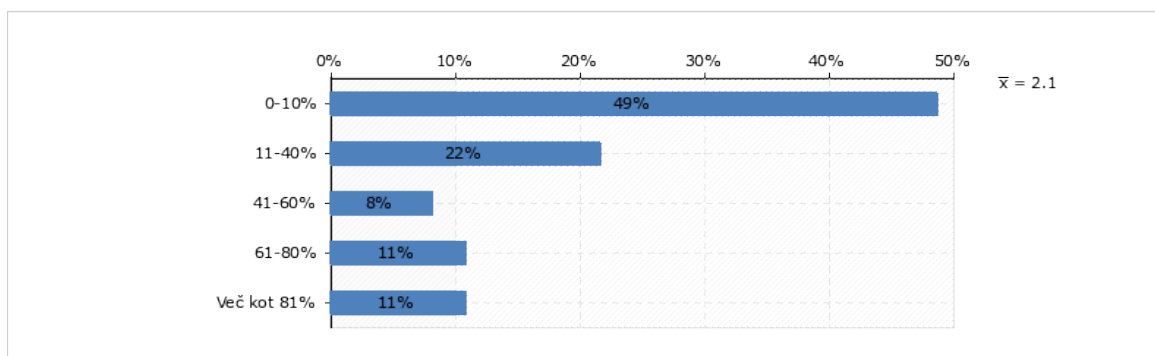
Kako pomembni so vam sledeči faktorji v Sloveniji? (označite od 1 (ni pomembno) do 5 (zelo pomembno)) (n = 41)



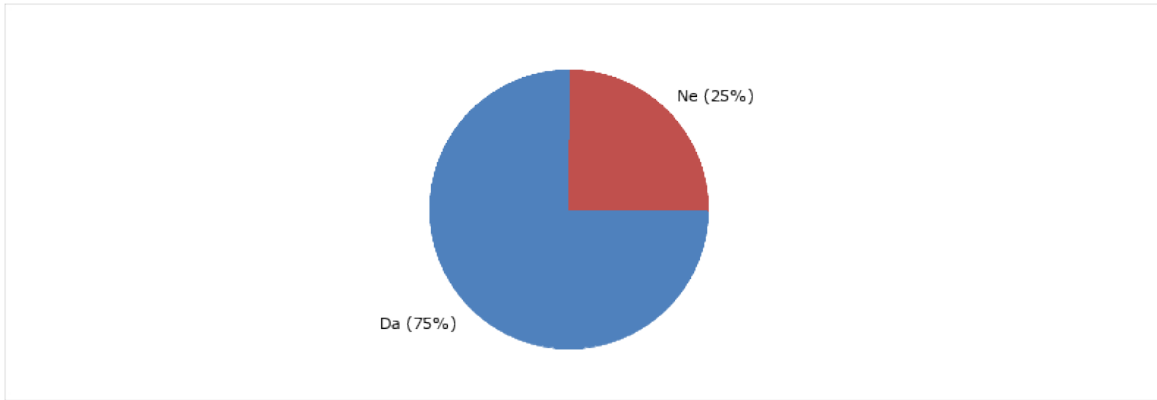
Izpolnite po želji: V katerih okvirih se giblje promet Vašega podjetja v Sloveniji? Celotni prihodki v mio. EUR (n = 38)



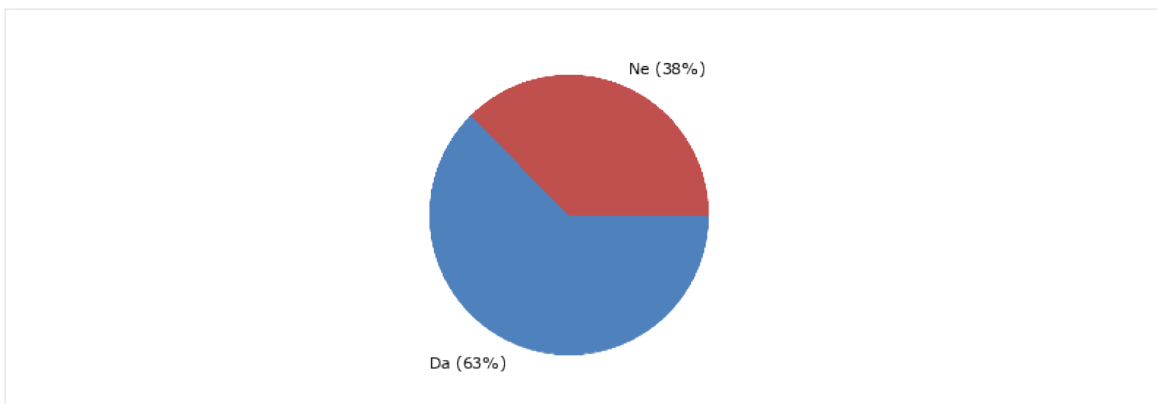
Delež izvoza od celotnih prihodkov v % (n = 37)



Bo Slovenija tudi v letu 2020 zanimivo investicijsko okolje? (n = 40)



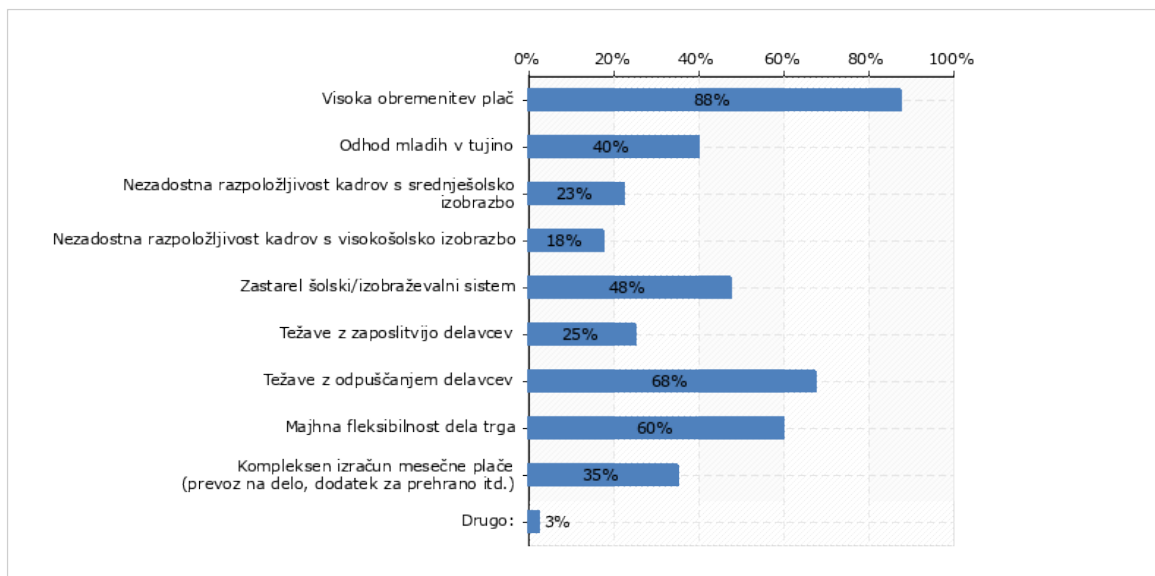
Ali vaše podjetje trpi zaradi pomankanja kvalificiranih delavcev/iskalcev zaposlitve? (n = 40)



Delavce s kakšno stopnjo izobrazbe iščete? (n = 25)



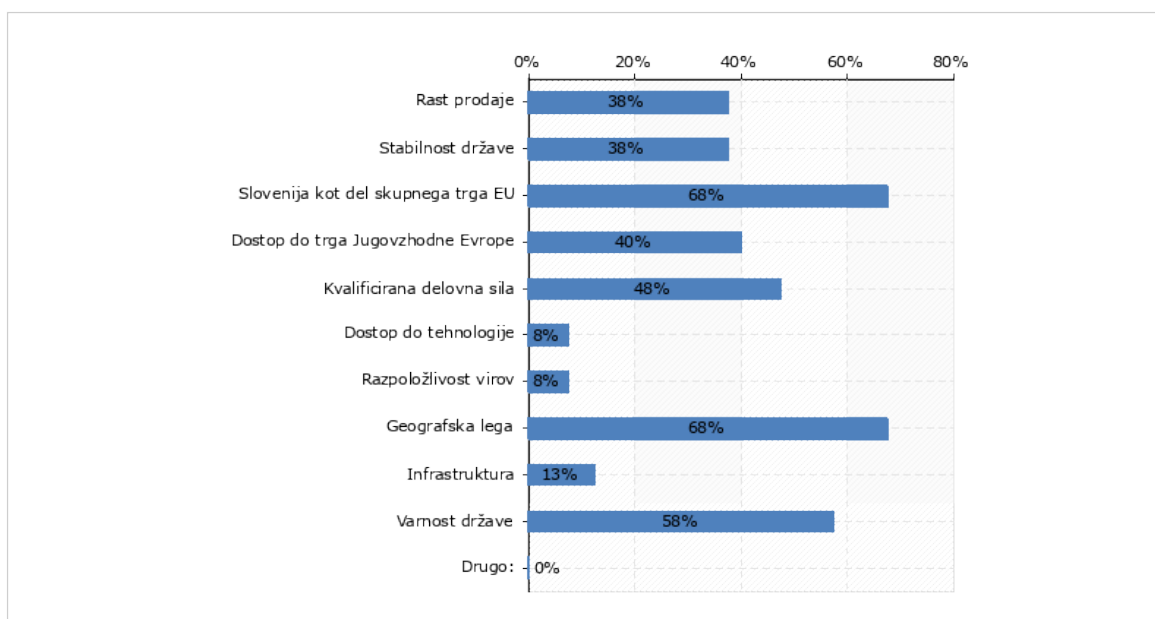
Kje vidite pomanjklivosti pri zaposlovanju delavcev v Sloveniji? (n = 40)  
Možnih je več odgovorov



Odgovori	Frekvenca
mangelhafte lehrlingsausbildung	

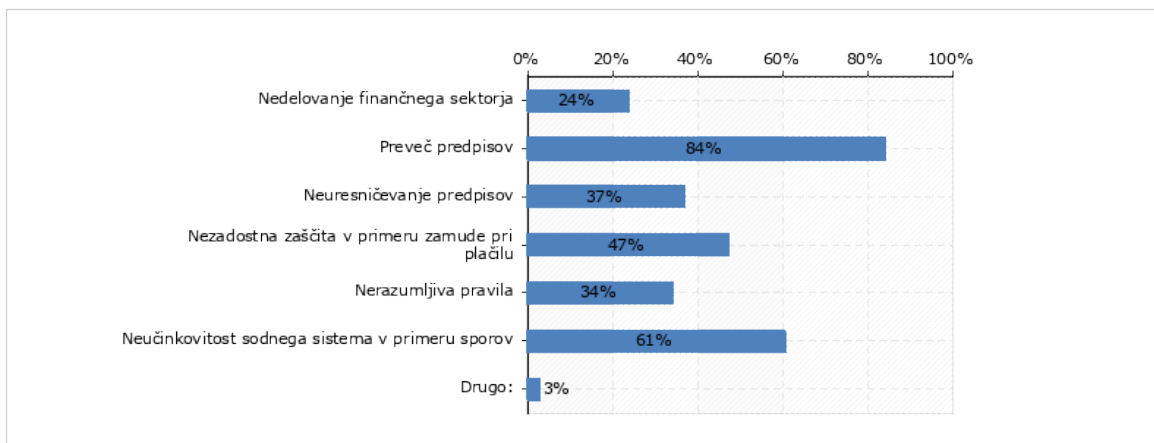
Katere lastnosti Slovenije so najbolj atraktivne za tuje investicije? Kaj vas je prepričalo v investicijo v Sloveniji? (n = 40)

Možnih je več odgovorov



Kje vidite pomanjklivosti pri slovenski zakonodaji? (n = 38)

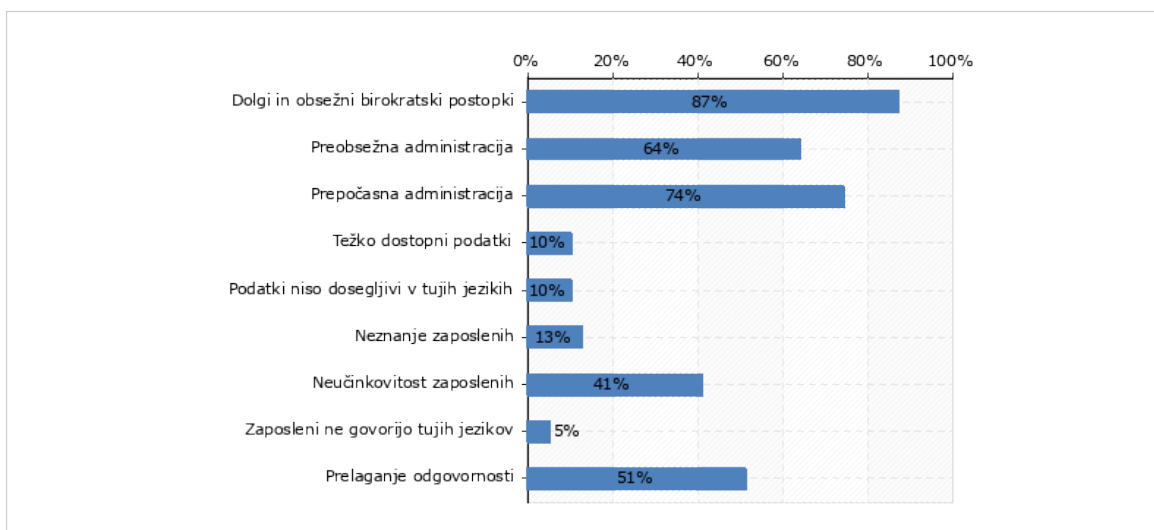
Možnih je več odgovorov



Odgovori	Frekvenca
vorschnelle unüberlegte umsetzung der eu-vorgaben	

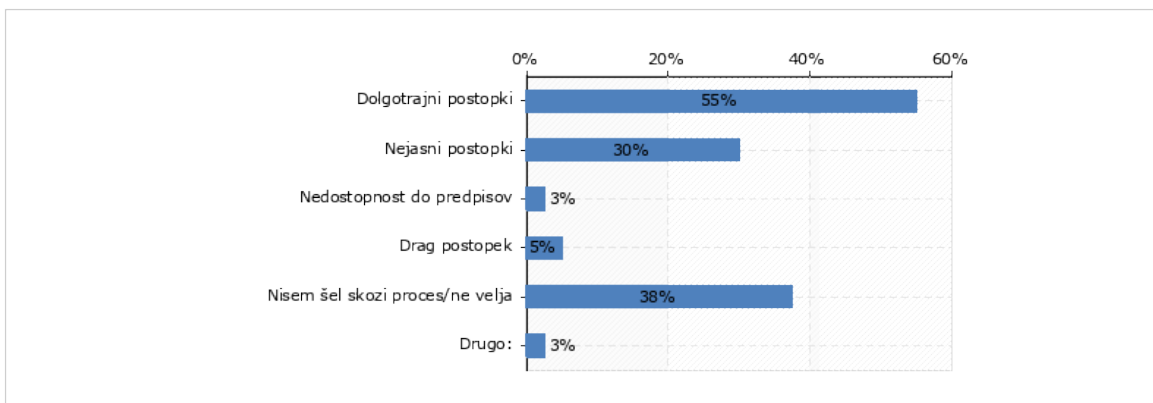
Kje vidite pomanjkljivosti pri slovenski javni upravi? (n = 39)

Možnih je več odgovorov



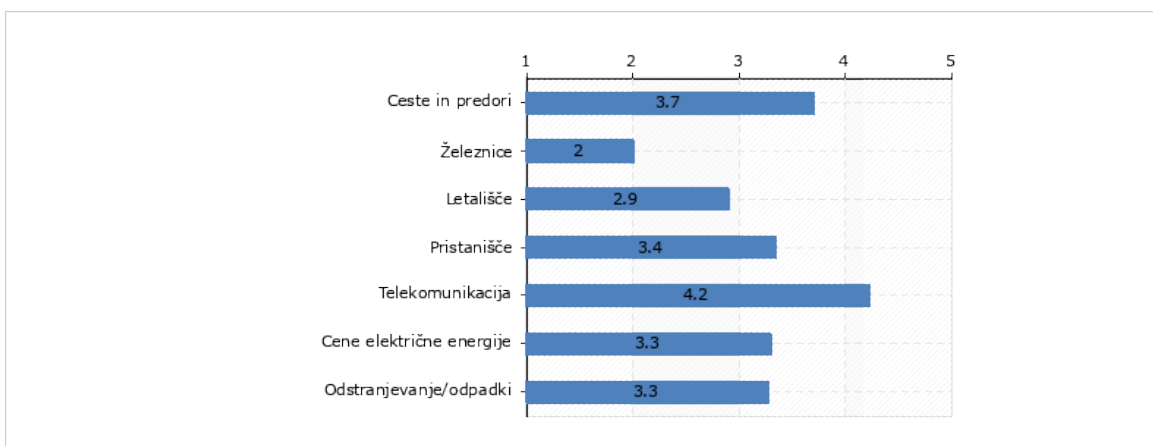
S katerimi od naslednjih težav ste se srečali pri procesu pridobivanja gradbenega dovoljenja? (n = 40)

Možnih je več odgovorov



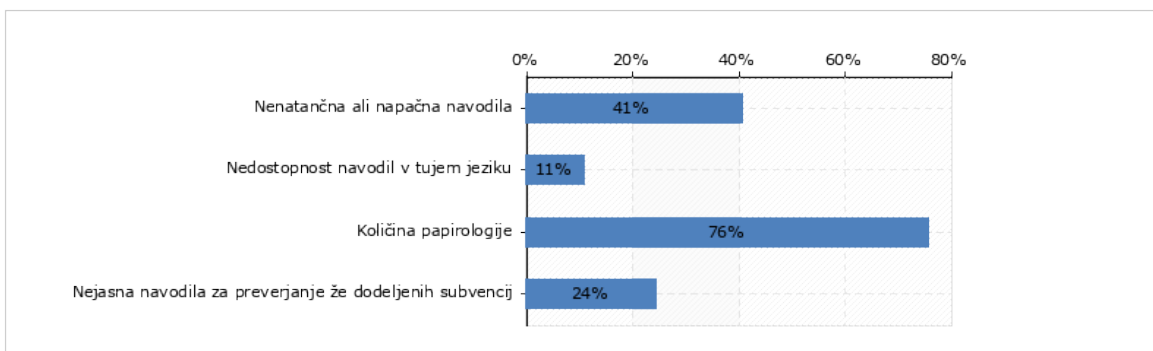
Odgovori	Frekvenca
neuskklajenost občinski in državnih podatkov o gradbeni parceli	

Kako zadovoljni ste s sledečo infrastrukturo v Sloveniji? (označite od 1 (nisem zadovoljen) do 5 (zelo zadovoljen)) (n = 40)



Kje vidite pomanjkljivosti pri dostopu do subvencij? (n = 37)

Možnih je več odgovorov



#### *Appendix 4: Interview questions*

1.

- a) Ali ste se v zadnjih petih letih srečali s pomanjkanjem kvalificiranih delavcev/iskalcev zaposlitve?
- b) Če da, s pomanjkanjem delavcev s srednješolsko izobrazbo ali visokošolsko izobrazbo?
- c) Na kakšen način ste v podjetju rešili pomanjkanje delavcev/iskalcev zaposlitve?
- d) Kaj bi po vašem mnenju Slovenija morala narediti, da se podjetja kot je vaše, ne bi znašla v enaki/podobni situaciji?

2.

- a) Kaj je po vašem mnenju največja pomanjkljivost Slovenije?
- b) Opišite primer, v katerem se je vaše podjetje srečalo/spopadlo s to pomanjkljivostjo.
- c) Kako se je vaše podjetje odzvalo?
- d) Kakšen ukrep bi po vašem mnenju morala sprejeti vlada, da bi se ta konkretna situacija izboljšala?

3.

- a) Če bi morali izbrati najpombnejši faktor za delovanje v Sloveniji, katerega od spodaj naštetih bi izbrali? (en možen odgovor)
  - Slovenski davčni sistem na splošno
  - Davčna obremenitev dohodkov
  - Davčna obremenitev podjetij
  - Učinkovitost javne uprave
  - Državna podpora majhnim in srednje velikim podjetjem
  - Transparentnost javnih razpisov
  - Dostop do javnih razpisov
  - Dostop do državnih subvencij
  - Boj proti kriminalu
  - Plačljiva disciplina
  - Fleksibilnost delovnega prava
  - Razpoložljivost delovne sile
  - Kakovost delovne sile
  - Izobrazba delovne sile
  - Motivacija delovne sile
- b) Zakaj je ravno ta faktor najbolj pomemben za vaše podjetje, prosim opišite na primeru.
- c) Na kakšen način bi vi rešili/izboljšali točno ta faktor?

4.

- a) Menite, da bo Slovenija v letu 2020 zanimivo investicijsko okolje?



b) Naštejte 3 dejavnike, ki naredijo Slovenijo atraktivno za tuje investicije/investicije iz tujine?

5.

a) Se je vaše podjetje kdaj želelo prijaviti za subvencijo?

b) Ste se na koncu prijavili in dobili subvencijo?

c) Ste se v procesu srečali s kakšnimi ovirami?

d) Kako ste jih rešili?

e) Kaj bi po vašem mnenju morala narediti Slovenija, da bi podjetjem kot je vaše v prihodnosti olajšala prijavo?

6.

Se vam je v preteklosti zgodil kašen primer/incident, ki je izpostavil Slovenijo v pozitivni ali negativni luči?