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How Might Changes in Legislation Impact the Development of Entrepreneurship?

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Abstract

The fundamental purpose of the European Commission expressed by the EU Entrepreneurship 2020 Action Plan is to revive the entrepreneurial spirit in Europe as the main lever for the growth of economic development, as well as raise the level of employment. Number of newly established companies shows the development stage of entrepreneurship and its influence to the national GDP. To accelerate the establishment and performance of business for the entrepreneurs, the registration processes are getting simplified and the administrative burdens, concerning the performance of the business of entrepreneurs, diminished. Slovenia followed the EU regulations and theoretical analyses by setting One Stop Shop System ("VEM"), which enabled the entrepreneurs to enter to entrepreneurship fast and easy or maybe even too easy while some entrepreneurs namely detected "holes" in the system and their behaviors become an leverage to set the new limits of the entry into entrepreneurship. Article comments "VEM" and provides results and comments, how the changes of the legislation (ZGD-1, 2006 and ZDoh-2, 2006) influence the trends of entrepreneurship movement in Slovenia and connects them to the questions of the economic growth. On the basis of the data from Slovenian Business Register and international surveys concerning the trend of entrepreneurship, Slovenia is compared to some other European countries. Article analyses also the approaches which can burden or promote business initiative with an aim to define possible policies and suitable the legal frameworks of further business development of the entrepreneurs.

Keywords: Administrative burden, Entrepreneurship, Government policy, Legislation, Slovenia

Track: Entrepreneurship

Word counts: 6.822

1. Introduction

The aim of the Entrepreneurship 2020 Action Plan is to stimulate entrepreneurial spirit as Europe is still suffering from economic crisis. In addition, Member States' actions to stimulate entrepreneurship are mutually unbalanced. The overall culture does not sufficiently recognize entrepreneurial efforts in a way to become the driving force of the economy growth.

The Entrepreneurship 2020 Action Plan identifies three key areas – education, environment and the stimulation of entrepreneurship in the border population groups (women, older people etc.). In this regard, immediate actions are necessary on the following levels:

1. entrepreneurial education and training to support growth and business creativity;
2. removing existing administrative burdens and supporting entrepreneurs in crucial phases of the business lifecycle;

3. reigniting the culture of entrepreneurship and nurturing the new generation of entrepreneurs.

Slovenia is also dealing with a slow business growth. According to the latest data from the Swiss IMD Institute (IMD, 2017) Slovenia holds the 43th place among 61 countries in regard to competitiveness. Furthermore nothing has been changed in the last two years. According to the data from the World Bank (World Bank Group, 2016) Slovenia ranks a relatively good 37th place among 190 countries. However, in regard to solve legal cases, get loans and build permits, Slovenia ranks among the last few countries.

Similarly, GEM 2016 (GEM, 2016) recognizes that Slovenia has a slow business growth and its low impact on the growth of gross domestic product. Also, the number of companies in Slovenia in year 2015 diminished by almost 3% in comparison to year 2014. Within the period of four years the total number of companies diminished at the annual rate of 0.54% in average. Among the most common reasons for abandoning entrepreneurship are: unprofitability of the company 35%, retirement 23%, financial reasons 15%, while only a good 6% think that the reason to quit entrepreneurship is bad relations with the state. On the contrary, the online survey called *Which administrative burdens most significantly interfere your business* (Finance, 2013) shows that businessmen are most disturbed by unclear regulations 40%, reporting to various state institutions 29%, acquisition of building permits 19%, inspector's visits 7% and too high fines for infringements 5%.

Slovenian experts (Rebernik, Crnogaj, Širec, 2017) have the opinion that the necessary actions to stimulate entrepreneurship are a profound tax reform, simplification of administrative burdens and bureaucracy, improvement of quality of education and training for entrepreneurship.

With the purpose to diminish administrative burdens Slovenia has acceded to the program Horizon 2020 (Horizon, 2020) and the Strategy for the Development of General Public Services 2015-2020, where the Government of the Republic of Slovenia had set the improvement of the legislation and diminishing administrative burdens as the key strategic goals (MJU, 2014). The main goal of the majority of European countries, among which is also Slovenia, is to strive to diminish bureaucracy (Aristovnik, Obadić, 2015). Furthermore different legislative and bureaucratic burdens have a negative impact on the growth of small- and medium-sized companies (Bartlett, Buković 2011).

From the point of view of encouraging individuals to enter into entrepreneurship the key program has been done by the Business-Friendly Public Administration Council (MJU, 2005), whose key goal has been diminishing administrative burdens for the creation and operation of companies. It has specially been intended for promoting business initiative from the point of view of encouraging the creation of sole trades. In 2008, the program was expanded to business entities due to the extension of the state portal for commercial entities "All in one place – VEM" (One-stop-shop).

The article covers the analysis of the existing legal environment for entering into entrepreneurship and the impact of changes of the Companies Act (ZGD-1, 2006) by introducing administrative burdens for entering into entrepreneurship and the impact of changes of the Personal Income Tax Act (ZDoh-2, 2006) by introducing tax benefits for promoting entrepreneurship. The article is focused on the survey of approaches which can burden or promote business initiative. The regulatory burdens are compared to the data from Slovenian Business Register and international surveys concerning the trend of entrepreneurship in Slovenia in comparison to some other European countries.

With the aim to define possible policies and the legal frameworks of further business development, I have used a descriptive method, which, with the analysis of legal bases and the comparison of data, recalls low detected levers for the development of entrepreneurship.

The referred can serve as the basis for creating government policies for further development business environment, which could become the driving force of the society growth. After the introductory part, the article presents some actions to diminish administrative burdens as well as those measures which have expanded administrative burdens. In the second part, the environment for entering into entrepreneurship is analysed, which serves as the basis for the survey of data that enable a comparison of the implementation of legal provisions to economic data and international surveys. In accordance with this basis, the final part of the article presents consideration about a connection between burdens and business environment, as well as the impact of burdens for entrepreneurship. With the aim to search for correct definitions and to understand the meaning of administrative burdens, as well as the definition of possible impacts on the development of the business ecosystem as the driving force of the economic growth, the final part clarifies possibilities for further surveys and development.

2. Literature and legislation

2.1. Some theoretical definitions concerning entrepreneurship and administrative burdens

In theory, an entrepreneur is a person who can organize and lead an activity or a company with the aim of profit-making (Kregar, 2011). The entrepreneur is ready and able to convert an idea into innovation, create new products and business models which will lead to economic growth (Schumpeter, 1976). The entrepreneur is ready to grab a chance and allocate funds (Stevenson, Jarillo, 2007) so that he creates something new and different that will bring him value (Drucker, 1993). The entrepreneur has to believe in his work, he is responsible and organizes the work (Shane, 2003).

In the process of entering into entrepreneurship the entrepreneur meets the regulation as the legal framework of all activities in the society including rules and standards. The regulation should never be its own purpose but a meaning of providing public interest and achieving public goal (Milavec, Klun, 2011).

If the rules exceed the meaning of their introduction we speak of administrative burdens. The countries shall endeavour to improve legislative frameworks and to diminish administrative burdens (Rauker, 2013). If administrative burdens are understood as an unnecessary element in business between a private partner and an administrative authority, they are undesirable (Kovač, 2012).

The undefinitiveness of meaning – burdens, obstacles, costs and their non-compliant use cause confusion with users who determine each undesirable regulation's consequence as administrative burden in advance. Problems they face are often wrong and perceptive. The results of a survey about accepting administrative burdens among Slovenian entrepreneurs shows that 61.5% of interviewees recognize administrative burdens as an unnecessary regulation which mainly wastes their time and less their money (Kalaš, Bačlija, 2015).

The regulation can be understood as »a response to changing goals and demands in different countries, economies and public political contests« (Malyshev, 2006). In accordance with entrepreneurial spirit the goal shall be innovative regulation and the instrument which does not hinder the functioning of market mechanisms but enables the functioning of the market, as well as it provides the system protection (Helm, 2006).

On the other hand, we can find different understandings of the regulation and administrative burdens as synonyms for all unnecessary processes met by users who are not considering what does it mean for the protection or public interest (Kalaš, Bačlija, 2015).

From the point of view of the system protection and ensuring legal protection we can also found out the introduction of measures which have been introduced as the reaction of the state to the deviations of positive business practices and the double-crossing of free business initiative (Kunšek, 2011). Free business initiative has been double-crossed with the examples of a multitude of mantle companies and companies established on stock. A consequence of unelaborated phenomena in active and non-active companies and the passivity of the court register have led to the emergency of creating minimal formal and material standards (Gajšek, 2017).

The key task of all countries is to create best possible conditions for the operation of companies with the national board. The state has to create some kind of equilibrium (OECD, 2010) among rules and user friendly approaches to pursuit there rules.

From more general perspective, the business ecosystem is a mosaic of the regulation, business initiatives and implementation which is reflected in social and economic environment. The listed necessarily leads to the adoption of government policies which will minimize the gaps in the system as much as possible and the impact on the business growth will be as high as possible (Isenberg, 2011).

Notwithstanding numerous models and joint characteristics of economies it is necessary to take into consideration that each ecosystem is distinctive (Mason, Brown, 2013). This demands an individual approach with the regard of regional particularities and all social inclusion to stimulate entrepreneurship (Brown et al, 2014). The particularity of business ecosystem can be seen especially in Slovenia, where we can see socially unfavourable context of accepting entrepreneurship 83% while % of interviewee according to the survey of GEM 2016 is of the opinion that egalitarianism is socially more accepted than business oriented society system.

2.2. Legislation and entrepreneurship in Slovenia

The business development is influenced by legal framework for the implementation of entrepreneurship as well as organisational system of entering into entrepreneurship. The conceptual legal framework is determined by the Constitution of the Republic of Slovenia (US, 1991) which in Article 74 determines that Slovenia endeavours for a free economic initiative. The conditions for creating commercial organizations are determined by the Companies Act (ZGD-1, 2006). The procedure for creating a company is determined by the Court Register Act (ZSreg, 1994) and the Business Register Act of the Republic of Slovenia (ZPRS, 2006).

During the phase of registration the entrepreneur can also enter on a national VAT register according to the provisions of the Financial Administration Act (ZFU, 2014). This means that with the date of entry the entrepreneur becomes a taxpayer according to the Personal Income Tax Act (ZDoh-2, 2006) which regulates the taxation of incomes of private individuals or according to the Corporate Income Tax Act (ZDDPO-2, 2006) which regulates the taxation of incomes of legal persons.

The incomes of private individuals are taxed according to a progressive tax scale with rates from 16% to 50%. The income/profit of legal persons is taxed with a rate of 19%. Notwithstanding legally formal status the entrepreneur can claim a reduction of tax basis with tax incentives for the investment into basic means or investment in research and development, employment of persons with disabilities and the unemployed, and donations. If the entrepreneur decides for tax base assessment with flat rate expenses he receives 80% of flat rate expenses while creating tax assessment.

A future sole trader can carry out all registration procedures for a sole trader via One-Stop-Shop points VEM which were established by national program PHARE 2003. This was one

of very important activities to stimulate entrepreneurship in Slovenia (Štih, 2005). There are about 140 VEM points around Slovenia located at Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES), municipalities local offices, Slovenian Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology (SPIRIT) and Chamber of Commerce and Industry of Slovenia. At the VEM points, the entrepreneur can register his activity, regulate the entry of changes of activities in the business register, enter demands concerning social security or regulate the limits of their authorized persons.

Furthermore in 2007, Slovenia introduced an analysis of the effects of the regulation, so called Regulatory Impact Analysis (RIA) with a change of Article 8 of the Rules of Procedure of the Government of the Republic of Slovenia (Rules, 2007). It is about legal aspects concerning the analysis of impacts on social environment and competitiveness which could be measured for the regulations concerning entrepreneurship as “ex ante” as “as ex post” in a great part (Virant, Kovač, 2010).

3. Analysis of the Conditions for Entry into Entrepreneurship and its Movement by EU Countries

Among the inspection of legal bases in Slovenia does not show any major differences in comparison to other countries' regulations. Also the state has carried out many actions for diminishing administrative burdens as well as stimulating entrepreneurship. That's the fundamental question where to search for the reason in low business growth.

Considering that different surveys are based on carried out inquiries and statistical data, I have for the purpose of the survey used empirical data of the Slovenian Business register (PRS), carried by AJPES. I also used the data obtained in the survey “The Journey 2007-2016” (ECRF, 2016) made by the European Commercial Register's Forum (ECRF), which comprises the data about conditions for entering into entrepreneurship at different registers in Europe (EU). In a such way register data have been used for the first time.

3.1 Comparison of conditions for entering into entrepreneurship among some European countries

The governments of the EU countries are aware that entrepreneurship is an important element of economic development and they encourage entering into entrepreneurship in different ways. From the perspective of diminishing administrative burdens and creating friendly policies for entrepreneurs the entering into entrepreneurship is of key importance. It enables digital company registration, which is fast and not expensive, and the ability of subsequent changes in the business register.

Table 1 shows the review of administrative burdens at registering.

Table 1: Conditions for company registration by country

Country	Growth no.	Fee in EUR	No. of hours	% e-entry	Capital in EUR
Albania	51.61%	100	16	0	100
Austria	4.72%	589	16	60	35,000
Belgium	3.94%	320	1	0	18,550
Montenegro	2.27%	10	16	0	1
Denmark	5.89%	189	1	95	1
Estonia	6.73%	160	9	99	2,500
Finland	3.08%	355	84	17	2,500
Croatia	-1.35%	52	64	58	0
Ireland	5.28%	75	24	91	1
Italy	10.84%	90	16	100	1
Kosovo	5.48%	0	8	0	0
Latvia	3.13%	20	20	37	1
Lithuania	2.34%	57	16	63	2,500
Macedonia	2.35%	0	3	100	0
Moldova	2.01%	46	26	0	0
Germany	1.02%	150	16	100	1
Netherlands	3.86%	50	6	20	1
Norway	2.73%	659	43	87	3,196
Portugal	2.25%	145	4.00	35	1
Slovenia	-3.49%	0	1	100	0
Serbia	1.87%	48	8	0	1
Spain	2.43%	55	44	53	3,000
Sweden	2.71%	210	66	74	5,100
Switzerland	2.49%	600	24	1	0
United Kingdom	11.04%	30	16	98	0

Reference: ECRF, 2017

The data confirm that entering into entrepreneurship in Slovenia is entrepreneur's friendly as registration is free of charge, carried out in one hour, entry capital is not necessary and the whole registration process can be carried out digitally.

However it is surprising that according to the register body i.e. AJPES, only 1% of future company founders and 11% of sole traders decided for digital registration in 2015.

3.2 The influence of growth of registered companies on the growth of gross domestic product (GDP)

The data of the ECRF survey comprise the number of newly founded companies in year 2015 regarding year 2014 according to the listed countries. The data relate to companies and do not comprise the data about the registration of sole traders.

If we start from the Entrepreneurship 2020 Action Plan and the hypothesis that GDP growth depends on the company growth, we can see that this is not so in at least two cases. In the chosen observation period we monitor GDP growth in Croatia and Slovenia while the growth in the number of companies is negative or the number of companies has decreased. We can also add that the number of companies continued to decrease because the growth of companies in Slovenia was negative also in 2014.

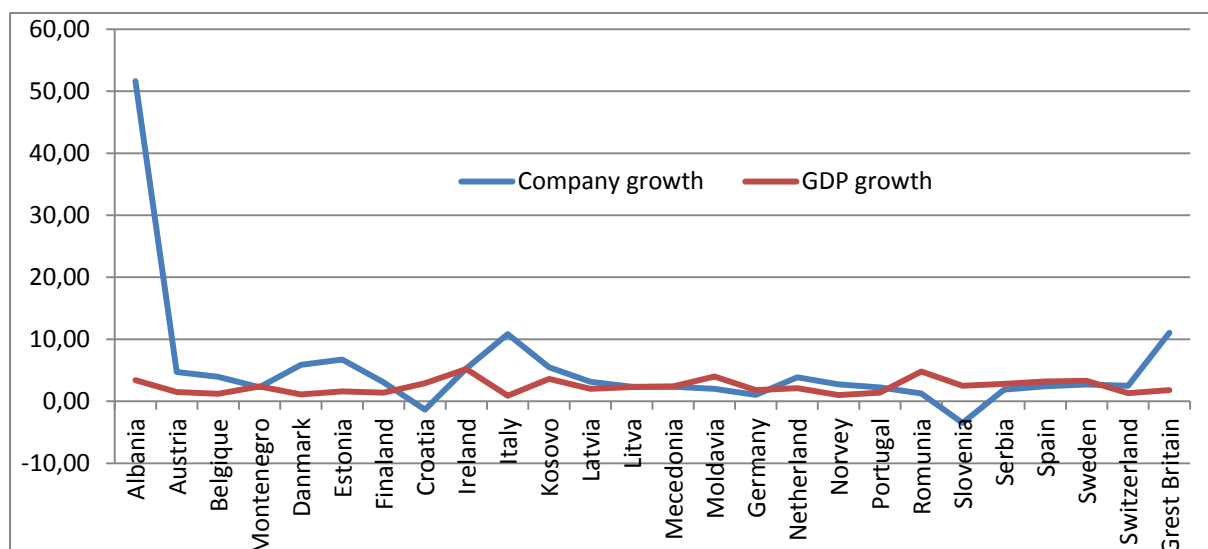


Figure 1: GDP growth v.s. number of company growth

The above chart reflects entrepreneurial “boom” in Albania, Denmark, Estonia, Italy and Great Britain, where the growth of companies was much higher than GDP growth.

Leaving aside extreme phenomena reflected in the above chart, we can conclude that GDP growth is in correlation to the growth of companies. We could also emphasize that it is imperative to interpret the data of each country individually in the context of differences in the regulation in different countries.

Based on the listed data we can in the case of Slovenia refuse the hypothesis of GDP growth in correlation to the growth of companies.

3.3 Impact of entering conditions to the entrepreneurial growth

Additionally we can observe the impact of conditions for entering into the entrepreneurship on the entrepreneurial rate of growth, where we used data of registers collected by ECRF.

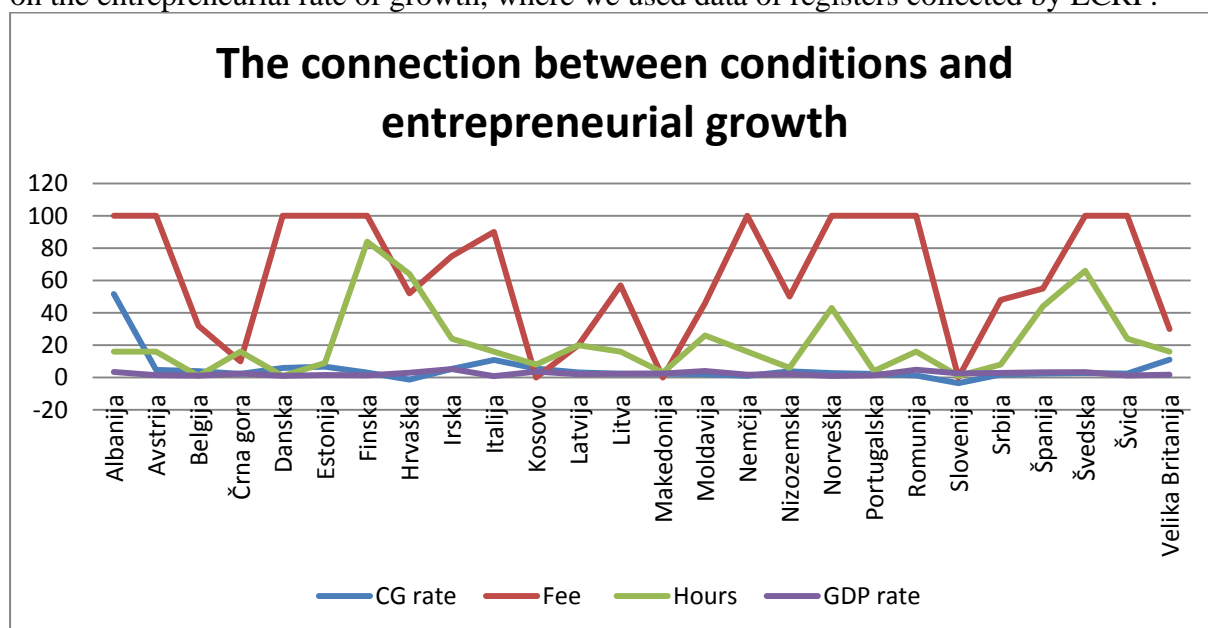


Figure 2: Impact of entering conditions to the entrepreneurial growth

The chart confirms that conditions for registering a company measured by obligatory amount of fee and the time for registering are not in correlation with the growth of companies neither the economic growth.

4. Survey on the Reaction of Entrepreneurship to the Changes of Regulation

With the movement of data concerning the registration of companies in the Slovenian Business register we can monitor:

- the growth trend and
- the reaction of businesses on the changes of regulation.

The chart Figure 3 confirms the conclusion that the business growth has been extremely negative in the last two years with the exception of newly founded sole traders.

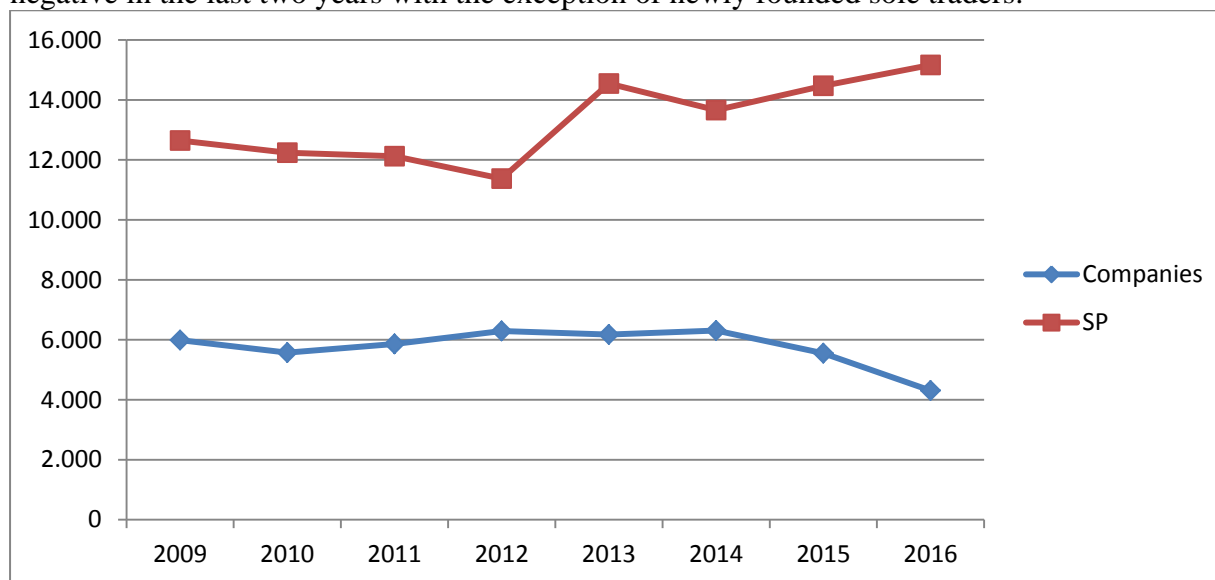


Figure 3: New companies and sole proprietors

The above chart statement can be tested on the basis of accounting data from annual reports of companies which are available on the AJPES portal and on the basis of which AJPES prepares information about the operation of companies available on its webpage. As GDP growth can be measured with the method of added value, the net added value growth can be the criterion of GDP growth. The data and calculations in the “Annual report of the business of companies for year 2016” (AJPES, 2016) show that the added value for year 2016 grew for 7% and the number of employees for 5%, while the number of newly founded companies had been diminishing for the last two years.

4.1. The impact of the imposition of legal restrictions on entering into entrepreneurship

Even though Article 74 of the Constitution of the Republic of Slovenia (US, 1991) encourages free business initiative new restrictions concerning company registration were imposed with the Amendment to the Companies Act (ZGD-1E). That Amendment was entered into force on 29 November 2011, as response to companies established on stock, non-business behaviour to business partners and the state, as well as failure to comply with tax legislation. According to the data of the Slovenian Business Register had been detected entrepreneurs who founded more than 1,000 companies and transmitted their entry capital from one company to another. Such entrepreneurs were usually tax and business debtors whom it was impossible to recover due to business ring. How these entrepreneurs ran their activities demonstrated a hole in the law that the lawmaker couldn't foresee when creating

this law. Running business activities in such way jeopardized legal certainty and confidence in the rule of law.

Thus, the amendment introduced a new Article 10.a of the Companies Act (ZGD-1, 2006) which determined that the founder, partner, manager board member or control body member:

- Cannot be a manager board member or control body member of a large, middle-sized or small company which has been under procedures due to insolvency or has been compulsorily wound up in the period of the last two years, unless he proves he has acted diligently as a fair and careful businessman in such a company.
- A person who has been finally convicted of a criminal offence against financial criminal offence, employment relationship and social security and sentenced to prison.
- A person who has been convicted by final judgement on the basis of this Act and found responsible to overlook a legal personality.
- If the person has appended a false statement to the proposal for entering into the register stating that all limited companies where his share is more than 25% have covered all taxes.
- A person who has with a share of more than 25% held a participating interest or control body of the limited company for which a declaration of invalidity has been finally proven in compliance with the act dealing with the legal register as the purpose of the company's activities has been in contravention of the Constitution of the Republic of Slovenia (US, 1991) with mandatory provisions or with moral principles.

The restrictions mentioned above shall apply for 10 years since the conclusion of the insolvency procedure or compulsory winding-up on the basis of the beginning when it entered into force or since the date of the final judgement or given the false statement from the above paragraph.

According to Article 10.b of the Companies Act (ZGD-1, 2006) the court by its official duty, shall withdraw the authorization to such legal or private individual or eligibility for running the business or recall him from the position of the supervisory board in all companies where he serves in.

As an initiative for a constitutional review had been proposed, the Constitutional Court of the Republic of Slovenia partly annulled the aforementioned measures by Court Declaration U-I-311/11-16 (Court declaration, 2011), due to the opinion that the proposed measures would mean excessive interference for free business initiative.

With the next Amendment to the Companies Act (ZGD-1H), mostly because of the rising numbers of tax debtors at the beginning of year 2014, the Court has moderated the mentioned measures under which the founder of the company could not be:

- a person who has been in the Republic of Slovenia finally convicted of a criminal offence against financial criminal offence, employment relationship and social security, against legal transactions, property, environment, space and natural assets, and sentenced to prison;
- a person who has been publicly announced on the list of non-bidders or on a list of non-payers on the basis of the act governing the tax procedure published monthly by the tax authority on its websites;
- a person who is directly or indirectly participating in the capital of a capital company with more than 25% and is publicly published on the list of non-bidders or on a list of non-payers on the basis of the act governing the tax procedure.

Notwithstanding the described measures, the number of companies on stock, bogus companies and entrepreneurs who were playing off the labour-legal law and free business initiative kept growing. This had led in the acceptance of the new Amendment of the

Companies Act (ZGD-1I) with the introduction of two additional restrictions, according to them the founder cannot be:

- a person who has been fined at least two times in the past three years by a final decision by the Labour Inspectorate of the Republic of Slovenia or the Financial Administration of the Republic of Slovenia for a misdemeanour relating to payment for work or a misdemeanour relating to illegal employment;
- a person who has been taking part directly with more than 50% in the capital of a limited liability company, which has been deleted from the court register without liquidation according to the act dealing with financial activities, insolvency proceedings and enforced winding-up.

Even after these restrictions had been imposed, there was no consensus among the legal profession whether the introduction of restrictions had any sense as some has the opinion that legal provisions were too restrictive and unsuitable for statutory definitions (Bratina, 2015).

We can empirically compare the period of introduction of the listed restrictions with the movement of the curve on Figure no. 2 and find out that the number of companies has been diminishing in the last two years. This could be attributed to the introduction of additional restrictions and other connected activities by various authority bodies that had intensified controlling the companies in relation to dishonest employment and intensified inspectorate's tax surveillance.

Regarding the movement of the curve of growth of sole traders the listed provisions had no influence on them as two third of entrepreneurs has no employee or they create a company with a fundamental purpose to create their own employment. This is also confirmed by the fact that 58,455 of sole traders had only 41,333 employees.

4.2. The impact of changes related to tax regulations on entering into entrepreneurship

On the other hand, we can analyze the diminishing of administrative burdens with the introduction of flat-rate taxation which entered into force on 1 January 2013. This can be thus related to the movement of the registration of sole traders in Figure no. 2.

We can justifiably suppose that the deviation upward at sole traders may reflect to changes of tax legislation. With the changes of the Income Tax Act (ZDoh-2, 2006) small sole traders whose annual turnover is no higher than 50,000 EUR can apply for flat rate taxation determined on the basis of an 70% lump-sum deduction of taxable income (previously 25%). Another solution for them was also easier bookkeeping and cedural taxation by 20%.

A connection between the data and regulation confirms the hypothesis that entrepreneurs are susceptible to changes of the regulation, especially from the point of view of tax regulation changes and regulations in the field of employment.

We can verify the hypothesis with a comparison of the data published in the mentioned report which draws attention to a 20% annual growth of sole traders – taxpayers with flat-rate taxation which is for small entrepreneurs with low annual turnover most favourable.

On the other hand, the comparison of the movement of entering into entrepreneurship with economic indicators let us know that the growth of sole traders in 2016 had only a minimal impact on GDP as the additional value of sole traders presented only 6% of added value of total economy. Contrary in spite of a sharp drop of companies' growth we should not overlook that companies added value has increased for 7% and employment for 5 % which means.

This means that the impact of legislation changes are important from the national and economic point of view especially for the founders of companies which have greater impact on GDP as sole traders.

5. The activities of the Government of the Republic of Slovenia to surpass administrative burdens

A part of the Entrepreneurship 2020 Action Plan carried out by the European Commission was a survey about the data relating to entrepreneurship in Slovenia. The survey reflects the lack of financial knowledge of entrepreneurs and it contradicts to the implementation of necessary measures, especially in the sense of respecting the regulation and encouraging free business initiative with a good share. In the process of creating a healthy business environment minimal formal and material standards will have to be established (Gajšek, 2017) when all authorities will be expected to cooperate.

The Strategy for the Development of General Public Services 2015-2020 (MJU, 2014) has been implemented in regard to the findings of different surveys and Slovenia's modest placing on the charts of development. In 2017, the departmental ministry prepared a proposal of an action plan "Slovenia – the country of start-ups" (Government, 2017) with which it would like to stimulate the development of initiative companies with measures in three key fields: (1) elimination of burdens in the legislative field, (2) connecting environment and (3) financial stimulations. The proposal notes that start-up companies in Slovenia already have a stimulating environment in VEM points, university and business incubators, technology parks, accelerators and financial stimulation (subventions, seed capital, ...), but even more will have to be done. The study material presents the action plan to implement the measures for stimulating start-up companies and is taking into consideration the measures in three key fields: (1) elimination of burdens in the legislative field, (2) connecting environment and (3) financial stimulations.

The action plan ascertains the present inconsistency of the regulation in the field of creating and running companies and proposes the following measures in the fields of:

- 1) Creating companies – measures which would enable a distance creation and recapitalisation of a company and the annulation of restrictions of disinvestment of a company and investment in more companies;
- 2) Tax regulation – measures which would enable more simplifications in enforcing investment reliefs, possibilities in enforcing deferred tax payment to the pay-out of first dividends, a possibility of more favourable rewarding of employees from profit and with share possibilities, receiving the tax number in a faster way and a lower taxation decree for small companies;
- 3) Operations with tax authorities – measures which would create a higher threshold for respecting the regulations of safety and health at work;
- 4) Financial and cultural limitations – measures which would simplify financial business, encourage innovative approaches in business and financing, as well as encourage entrepreneurial education and education for the market needs of labour force, and simplifications in implementing the labour-legal regulation.

From this point of view we can confirm that the Slovenian business policy follows the European Entrepreneurship 2020 Action Plan.

Nonetheless we shall not overlook the fact that the data in the article of the mentioned survey show that entrepreneurs are pretty susceptible to changes of regulations even though they are among the factors for successful business and should be followed by governmental policies. Slovenian experts (Rebernik, Crnogaj, Širec, 2017) are also of the opinion that governmental policies should continue with measures in the fields of legislation regarding insolvency, the shortening of judicial proceedings and the improvement of general business environment with the liberalisation of regulated professions, business of elders, more vulnerable business groups and more effective public administration, what can be achieved only by cooperation and goal oriented activities of all authorities.

6. Conclusion and hints for further research

The review of the legal system and stimulating entrepreneurship in Slovenia shows that the state is aware of the importance of growing entrepreneurship and it puts a lot of stress from the point of measurements of diminishing administrative barriers. Additionally we have to emphasize that establishing the system One-Stop-Shop (VEM) was awarded with United Nations Public Service Award by Public Administration and Development Management (USA) in 2009.

Although it has been estimated that future entrepreneurs have a seven times lower entry costs after establishing the VEM than before (Markovc, 2018) we can conclude that the reduction of administrative burdens did not significantly affect the growth of entrepreneurship. The lack of connections between administrative barriers and economic growth has also been confirmed by some theoreticians. They had found that entry regulations have a limited effect on the actual entrepreneurship rate. In addition, entry regulation influences the distribution of entrepreneurial activity between the formal and informal economy rather than influencing the total volume of entrepreneurial activity (Van Stel, Storey, Thurik 2005). Additionally, they have concluded that a careful and uniform approach of government policy should focus on decreasing entry barriers and have found that regulatory business costs have a negative effect on opportunity entrepreneurship but a limited effect on necessity and high-growth potential start-ups. Others have mentioned that high-income countries (Western Europe) have to promote high-growth start-ups, with suitable both labour market reform and financial market reform which can have extensive effects at the regional level. For middle-income countries that wish to become high-income countries, such as those in Central Europe, they should focus on increasing human capital, upgrading technology, foreign direct investments and the promotion of enterprise development with a long term mindset (Acs, Terjesen, 2005). This means that the policy planning in countries should be focused on their economic development status.

Thus, the main dilemma remains to which areas should the government policy focus on, so that entrepreneurship development will affect GDP growth. Also we should be aware that entrepreneurship in Slovenia has been active for the last 25 years and a comparison with other countries with long-lasting business activities is difficult. This especially applies to the fields of providing business information on time, business education and training, financial literacy, positive acceptance of entrepreneurship as equal player in commerce, as well as respecting the state and its citizens, which has already been appointed by above mentioned theoreticians.

According to the above mentioned statement of the theoreticians further government policy for promoting entrepreneurship should cover all national specifics and focus also on labour and tax reform. First steps have been done by the action plan "Slovenia – the country of start-ups" and further research could be done with measurements the connections of tax and labour environment with growth of entrepreneurship. Furthermore, such a survey could serve as a model of shaping government policies in the process of changing the regulation to support better business environment and to strive towards creating a wholesome business ecosystem which has been appointed also in Strategy for next forthcoming years.

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