

SUMMARY

In a period of transition to the information society, when the globalisation of business operations and the capacity to introduce new technologies and follow technological progress are crucial for the top-level performance of companies and industries as a whole, and when success is increasingly less dependent on the factors of production that are available, an important role is played by the 'soft factors of development' as defined by Harwey Leibenstein in his work on how to increase corporate-efficiency. An active industrial policy must adapt itself to the ongoing efforts focused on the optimising of corporate operations.

This Working Paper applies the general theoretical definitions of what constitutes a modern industrial policy to Slovenian manufacturing industries with the aim of influencing and strengthening the development potential of manufacturing companies.

After the shocks caused by the loss of former Yugoslav markets in the early nineties and the ensuing ten-year period of transitional stabilisation, Slovenian manufacturing is facing new challenges. The entry into the new millennium symbolises a move into the offensive restructuring phase of Slovenia's manufacturing industries whose main goals are to bolster competitiveness, gain recognition in advanced global and European markets (an imperative imposed by the small size of the domestic market), and reduce the developmental and technological gap behind the advanced economies of the EU.

An analysis comparing Slovenia with some small advanced economies of the EU shows that the development gap in manufacturing remains wide and the trend of reducing the gap too slow in the long term. The elimination of Slovenian manufacturing's shortcomings, which are revealed through low productivity (value added per employee is about three times below the average of selected small EU member-states), the relatively obsolete and worn-out machinery and equipment, unsuccessful understanding of markets and marketing activities, and low integration into international strategic alliances, must all be supported by a modern industrial policy. We believe that the processes of Slovenia's accession to the EU and its full integration into the EU's internal market are intertwined and complementary to the activities listed above as well as the final goal of allocating production resources optimally.