

## Commercial Companies – Company Size

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### Company performance indicators for 2002, broken down by company size

Indicators	Large	Medium	Small	Total
Number of companies	821	975	36,255	38,051
Number of employees	237,657	83,432	148,077	469,166
Difference between net profit and net loss, SIT million	170,262	18,067	27,169	215,498
Revenues/expenses	1.03	1.02	1.02	1.03
Export revenues as a % of total revenues	32.6	22.4	13.0	26.0
Valued added/employee, SIT thousand	6,478	5,159	4,402	5,588
Return on assets, %	2.1	1.1	1.0	1.7
Return on capital, %	4.0	2.7	2.8	3.6
Debt-to-capital ratio	0.87	1.54	1.77	1.09
Long-term coverage of long-term assets and stocks	0.97	0.94	0.92	0.96

Source of data: Agency for Public Legal Records and Related Services – data from the balance sheets and profit and loss statements for 2002, calculations by the IMAD.

**As of 2002 inclusive, companies are divided into large, small and medium-sized** on the basis of Article 52 of the Act Amending the Companies Act. Compared to criteria applied up until 2002 (Article 51 of the Companies Act), the criterion of the average number of employees has stayed unchanged, while the other two criteria are defined in narrower terms: only **revenues from sales** are used instead of total revenues for the business year, and the **value of assets at the end of the financial year** is used instead of the average value of assets at the beginning and end of the financial year (see SEM 3/2003:20).

As a result of these new criteria, the tendency for large and medium-sized companies to increase in number and share and the tendency for small companies to decline which was typical of the period following 1998 came to a halt. In **2002**, the number and share of large and medium-sized companies dropped significantly compared to 2001 – the number of large companies was down 44.4% and their share shrank from 4.0% to 2.1%, while the number of medium-sized companies was down 57.4% and their share fell from 6.1% to 2.6% – while the **number of small companies climbed** by 8.4% and **their share increased** from 89.9% to 95.3%.

Even though **large companies** were small in number, they employed a good half of all employees working in commercial companies and contributed the most to overall business operations: they generated 59.0% of total revenues, accounted for as much as 73.8% of net revenues from sales in foreign markets, created 58.7% of total value added, and owned 64.7% of total assets at the end of 2002. **Small companies** represented 31.6% of all employees working in commercial companies, generated 25.2% of total revenues and 24.9% of total value added, and owned 22.2% of all assets, while **medium-sized companies** represented 17.8% of all workers employed in commercial companies, generated 15.8% of total revenues and 16.4% of total value added, and owned 13.1% of all assets. Most large companies operated in manufacturing (39.5%), as did medium-sized companies (39.1%), while most small companies operated in wholesale and retail trade and certain repair services (33.7%).

Company performance improved compared to 2001 (see SEM 6/2003:16), and all three categories of companies reported a **positive difference between net profit and net loss**.

**Large companies performed best.** Their overall **operating efficiency** was 1.03, slightly higher than that of medium-sized and small companies (1.02). Large companies accounted for 79.0% of the total positive difference between net profit and net loss, and recorded the highest **return on assets** (2.1% as against 1.1% of medium-sized and 1.0% of small companies) and the highest **return on capital** (4.0% as against 2.8% of small and 2.7% of medium-sized companies).

**Labour productivity** measured by value added per employee was also the highest in large companies (SIT 6.5 million compared to SIT 5.2 million of medium-sized and SIT 4.4 billion of small companies). The **debt-to-capital ratio** was less than 1 only in large companies (0.87), while medium-sized and small companies had ratios of 1.54 and 1.77, respectively, indicating that large companies were least indebted. The **coefficient of long-term coverage of long-term assets and stocks** was below 1 in all categories of companies; it was the highest in large companies (0.97), followed by medium-sized (0.94) and small companies (0.92).

Graph: **Company operation indicators for 2002, broken down by company size**

