

Boris Gramc

Corporate Entrepreneurship Factors: The Case of Slovenia

This paper outlines and tests key factors of corporate entrepreneurship in big and medium sized Slovenian companies. Beside internal factors that determine the inclination to innovation and project working and beside external factors which include macroeconomic condition, law environment and competition in the company's main activity, there are also other factors (entrepreneurial networking, company's success and industrial effects) that are included in the analysis. Empirical study using simple statistics and probit model shows that company's innovative environment, the number of projects from the innovation field and the number of entrepreneurial networks have a statistically significant influence on performing corporate entrepreneurship projects. The other factors are not found as relevant. The basic conclusion of the research is that key factors of corporate entrepreneurship lie in the companies themselves.

Key words: entrepreneurship, management, company's organization, probit model

Matija Rojec

Structure and Trends in the Supplies of Foreign Subsidiaries in Slovenia

The paper addresses one of the most important channels of spillover from foreign subsidiaries to domestic companies, which is supply of inputs by domestic companies to foreign subsidiaries. By questionnaire survey of 122 foreign subsidiaries in Slovenia we analyse the structure and trends in their supplies, their level of autonomy in supply policy, factors determining the choice of suppliers, and the importance of host country policy measures for increasing the share of local suppliers to foreign subsidiaries. Main conclusion of the analysis is that the share of local inputs in total supplies of foreign subsidiaries is relatively high, as far as material inputs and even more as far as services inputs is concerned. There is, however, no trend of increase of this share during the life-time of foreign subsidiaries. The latter is mostly due to the fact that only a smaller fraction of Slovenian companies is technologically, financially and organizationally capable to undertake the role of important suppliers of multinationals, which act on the global level. The most important factors determining the choice of suppliers by foreign subsidiaries are quality, price, reliability and flexibility of suppliers. In this context, the quality has a specific role, since it is a kind of absolute precondition for foreign subsidiaries to consider potential suppliers. The surveyed foreign subsidiaries attach only a rather modest importance to explicit policy measures of the host country for increasing the share of local suppliers.

Key words: vertical spillovers, FDI, Slovenia

Marijana Bednaš

Stability and Growth Pact Reform

The paper presents the reasons that led to the Stability and Growth Pact reform in 2005 and a critical analysis of the proposed changes. The two main reasons for the reform were the ineffectiveness of the original Pact adopted in 1997 and the greater diversity of EU member states after the enlargement in May 2004. The reform focused on enhancing the economic rationale for fiscal rules and on the counter-cyclical operation of fiscal policies; it also placed much more emphasis on the long-term sustainability of public finances. An analysis of the quality of the EU's fiscal rules against the Kopits-Symanski criteria shows that the reform

brought positive changes to the consistency, transparency, adequacy and flexibility of the EU's fiscal rules, albeit at the expense of their simplicity. The analysis also shows that there is still room for improvement in almost all of the criteria. The enforceability of sanctions remains the main problem, followed by the increasing complexity of rules.

Key words: public finances, general government deficit, public debt, EU, EMU

Ana Murn

Evaluating the effectiveness of state aid

The effectiveness and justification of governmental financial measures in a market economy have frequently been questioned by both the general public and professionals, yet the answers to these issues have only begun to be provided in recent years. After the adoption of the Lisbon Strategy and after the European economy has continued to lag noticeably behind the USA and several other, less developed but rapidly growing economies, the European Commission and independent experts have decided to scrutinise the effectiveness of development policies and measures applied in the European Union and its member states. A special expert group focused specifically on state aid.

The initial findings of a number of studies revealed the complexity of the various effects of state aid measures. The provided state aid has implications for competition, trade, economic efficiency and general government expenditure. The effects are highly variable, however, and without adequate and complex impact assessment analyses state aid should better not be assigned at all than to be assigned to the wrong recipients, for inefficient purposes and by inappropriate instruments. Scientists are developing tools for evaluating the complex and intertwined causal links between these effects, among them a 'five-step methodology' and a special cost-benefit analysis.

Key words: state aids, competition, trade, government expenditure

Milena Bevc

The reform of higher education in Slovenia aimed at increasing private funding – its necessity and conditions for success

The reform of the system of funding of undergraduate higher education in Slovenia aimed at increasing private funding of full-time study is required and justified for many economic reasons. However, for the realisation of the reform some key conditions have to be fulfilled: (1) the reform has to consider the complexity of the system of funding, that is the complementarity of its two main parts – funding of institutions and state financial support to students; (2) it has to be very well prepared; (3) the reformed system has to fulfil to a higher degree than the current system three basic requirements – provide sufficient resources for stable development, ensure efficient and equitable use of resources; (4) consensus on the main elements of the reform has to be obtained among all actors involved; and (5) some general opinions in society have to be changed (tertiary education is a public good, tuition fee is inequitable). The article explains the above-mentioned conditions and also observes them from the perspective of the student demonstrations held in May 2006.

Key words: tertiary education, system of funding, efficiency, equity, Slovenia, reform, students