




## 2022 SME COUNTRY FACTSHEET'S EVIDENCE BACKGROUND DOCUMENT

# Slovakia


This document faithfully reproduces evidence from various relevant sources, thus providing SME-focused “pure facts” in the form of concise facts. This factual information arises from national evidence, data and insights, such as the SME-relevant recent national studies, surveys, publications, policy measures, etc. (including those published only in the national language) as well as relevant international studies and other relevant sources, indicators and statistics.

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Factual SME-related evidence	Source
<b>KEY NOWCASTS &amp; FORECASTS</b>  <b>KEY NOWCASTS &amp; FORECASTS</b>	
<p>In 2021, SMEs in Slovakia grew by 3.6% in value added and declined by 0.1% in employment. Large firms achieved significantly stronger growth in value added of 13.0% but also experienced a sharper drop in employment of 2.8%.</p>	<p>Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.</p>
<p>SMEs in the <i>tourism</i> ecosystem declined both in terms of value added (-0.6%) and employment (-2.5%) in 2021, following an increase of 2.7 % in value added and a decline of 2.9 % in employment in 2020.</p>	<p>Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.</p>
<p>The <i>digital</i> ecosystem is one of the few ecosystems in Slovakia that achieved growth in both 2020 and 2021. SME value added increased by 2.6 % in 2021 and 1.2% in 2020, while SME employment grew by 6.3% and 2.3% respectively.</p>	<p>Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.</p>
<p>Based on data from early 2022, it was expected that SME value added and SME employment in Slovakia would grow strongly by 12.3% and 2.5% respectively, but Russia's war of aggression against Ukraine will affect these estimates.</p>	<p>Estimates and forecasts produced by JRC, based on figures from the Structural Business Statistics Database, provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database and forecasts from the AMECO database.</p>
<p>In 2021, Slovakian SMEs accounted for 73.3% of employment and 57.6% of value added, well above the corresponding EU averages of 64.4% and 51.8%.</p>	<p>Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.</p>
<b>ENVIRONMENTAL ASPECTS OF SUSTAINABILITY</b>  <b>ENVIRONMENTAL ASPECTS OF SUSTAINABILITY</b>	
<p>A higher share of Slovak SMEs than of their EU counterparts received more than half of their turnover from the sale of green products or services. The same is true in terms of the share of SMEs that offer green products and services (about 41% in Slovakia, thus above the EU average of around 32%). Slovak SMEs also outperform the EU averages regarding actions undertaken to be more resource efficient, such as in saving water and energy, minimising waste and switching to greener suppliers of materials. However, a lower share of SMEs in Slovakia (15%) than in average in the EU (24%) have a concrete strategy in place to reduce their carbon footprint and become climate neutral or negative.</p>	<p>Flash Eurobarometer on small and medium enterprises (SMEs), resource efficiency and green markets, 2022.  <a href="https://europa.eu/eurobarometer/surveys/detail/2287">https://europa.eu/eurobarometer/surveys/detail/2287</a></p>
<b>SOCIAL ASPECTS OF SUSTAINABILITY</b>  <b>SOCIAL ASPECTS OF SUSTAINABILITY</b>	
<p>In 2020, SMEs achieved a 74.2% share of employment in the corporate economy and a 59.1% share of total employment in the Slovak economy. Despite the adoption of support measures to maintain employment,</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.110</p>

the average number of persons employed in the category of small and medium-sized enterprises decreased by 2.1% year-on-year to 1,400.9 thousand persons employed. The worst rates of retaining their employees were suffered by small enterprises, whose employment decreased by up to 4.5% year-on-year. Internationally, Slovakia continues to be one of the countries with an above-average share of small and medium-sized enterprises in employment.	
Despite the significant negative impact of the COVID-19 crisis on the business sector, the number of SMEs (legal entities) increased by 4.8% year-on-year, totalling about 11,821 companies. However, only the size category of micro-enterprises contributed to the increase, where the number increased by 5.6% (12,873 entities). More than one third (35.0%) of SMEs operate in the field of business services (according to the SK NACE classification - sections K to N). That is followed by trade (17.2%) and industry (12.2%). The number of SMEs increased year-on-year in almost all major sectors. The support measures taken during the COVID-19 crisis also had a positive impact on the maintenance of companies operating in the most affected sectors.	Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a> , p.30
Almost half of the entrepreneurs involved in the survey would direct support from the public sector to support the business of micro-enterprises (46%). 43% of the surveyed entrepreneurs would give more significant support to family businesses, young and start-up entrepreneurs. Almost one third of entrepreneurs prefer stronger support for socially and health-disadvantaged groups (30%). 28% of respondents prefer support for women entrepreneurs, 27% for older entrepreneurs and 15% for fast-growing companies. Other groups would be preferred by 6% of entrepreneurs.	Slovak Business Agency, 2020, Attitudes of SMEs to the use of support programs, Data based on a polling of SMEs, <a href="#">Link</a> , p.13, Graph 6
The total volume of state aid provided by the Center for Labour, Social Affairs and Family in 2020 was €116,68 million, of which the aid provided to SMEs amounted to EUR 109.71 million or 96.52% of the total of state aid provided. The assistance was implemented through active labour market employment policy, which implements and supports active labour market measures, national and regional projects that facilitate the integration and reintegration of job applicants, in particular disadvantaged groups in the labour market, through the provision of allowances. Active labour market measures also help business development by supporting the creation of new jobs and the retention of existing jobs and employees in those supported jobs.	Slovak Business Agency, 2021, Report on the state of Small and Medium Enterprises in the Slovak Republic: 2020, Report-on-the-State-of-Small-and-Medium-Sized-Enterprises-in-the-SR-2020.pdf (monitoringmsp.sk), p.73, 74

DIGITALISATION	 DIGITALISATION
<p>As many as 90.2% of small and medium-sized enterprises use their website to describe goods or services, presentation of catalogues and price lists. Almost a third of small (31.6%) and a quarter of medium-sized enterprises (26.8%) with a website use the option of ordering or booking goods and services online.</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.100</p>
<p>The growing pressure to digitize business is reflected in the improvement of the availability of the internet for employees, which was available in 95.9% of companies. From the point of view of the competitiveness of Slovak SMEs, a positive feature is the gradual increase in the share of companies with their own website. In 2020, 79.0% of businesses with an Internet connection had their own website. At the same time, the use of cloud services is increasing among companies. Most often for to electronic mail (85.0%), for the needs of office software (64.3%) or due to the need to store files (61.4%). The share of SMEs using electronic sales is also growing. Compared to other EU countries, Slovakia is at the level of the EU-27 average (20.0%).</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.100</p>
<p>The unfavourable economic situation associated with the pandemic in 2020 was reflected in lower year-on-year growth in the number of high-tech SMEs (by 3.7%). The growth achieved was the lowest in the last 10 years. The long-term development in the number of small and medium-sized enterprises in high-tech sectors is characterized by growth, mainly due to the growth of SMEs in high-tech services. In 2020, the proportion of high-tech SMEs among all active SMEs reached 5.8%. The share of SMEs operating in high-tech knowledge-intensive services (6.5%) is almost three times higher than in the case of industrial production (2.3%).</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.91</p>
<p>The growth of the number of small and medium-sized enterprises operating in high-tech sectors of the economy was not stopped, even by the COVID-19 crisis. According to data processed from the Register of Organizations of the Statistical Office of the Slovak Republic, at the end of 2020, 26,806 active small and medium-sized enterprises were registered in high-tech sectors.</p> <p>The vast majority (93%) of the number of small and medium-sized enterprises (resp. 25,029) operating in high-tech sectors were registered in high-tech services (knowledge-intensive services with a high technological level). Only around 6% of SMEs operated in high-tech branches of industrial production (or 1,777 entities).</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.87</p>

<p>The long-term development of the number of small and medium-sized enterprises in high-tech industries is characterized by growth. Compared to 2008, the number of SMEs in high-tech sectors more than doubled (by 129%). The growth in the number of SMEs is driven mainly by the growth of SMEs in high-tech services.</p>	
<div> <div>INNOVATION</div> <div>  <div>INNOVATION</div> </div> </div>	
<p>SME innovation activity in Slovakia remains insufficient. According to the latest Eurostat data, only about 29% (i.e. 28.8%) of small and medium-sized enterprises performed innovation activity (as defined by OECD Community Innovation Survey) in Slovakia. SMEs achieve higher innovation activity in industry than in services. The innovative activity of SMEs shows no signs of improvement even compared to other EU countries. Slovakia is one of the countries with below-average SME innovation performance.</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.96</p>
<p>There are currently two digital innovation centers operating in Slovakia in Košice, which provide services to SMEs in the field of digitization and robotics. There is currently no advanced decentralized digital infrastructure such as the European Blockchain Services Infrastructure (EBSI), which would allow citizens and businesses to access cross-border services within the EU. An example of this would be the exchange of data on higher education students and teachers between European universities.</p>	<p>Government of the Slovak Republic (2021) Recovery Plan, Component 17: Digital Slovakia: <a href="#">Link</a>, p.28</p>
<p>Small and medium-sized enterprises in Slovakia achieve higher innovation activity in the industrial sector than in services. Compared to the previous survey, the innovation activity of SMEs in industry has increased. On the contrary, the decline in innovation activity from the previous period continued in services.</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.96</p>
<div> <div>SKILLS</div> <div>  <div>SKILLS</div> </div> </div>	
<p>Training aimed at developing ICT-related skills for employees (excluding IT specialists) was organized mainly by enterprises in the field of information and communication (41.9%), electricity, gas, water and waste supply (20.5%) and professional, scientific and technical activities (17.9%). ICT-related activities are provided by three quarters of small and medium-sized enterprises in Slovakia through external suppliers. In the case of large companies, it is up to 84.4%.</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.100</p>
<p>The level of digital skills is low. In 2019, the proportion of the population (aged 16 to 74) with at least basic digital skills was 54% and higher than basic digital skills 27%.</p>	<p>Government of the Slovak Republic (2021) Recovery Plan, Component 17: Digital Slovakia: <a href="#">Link</a>, p.46</p>

<p>In Slovakia, there is currently no systemic approach for the implementation of adult education in the field of digital skills and its funding from public sources/the state. Only 2% of Slovaks acquired digital skills through public education programmes. Education in the field of digital skills is largely dependent on on-the-job training and employer-paid programs. This is particularly problematic for the older demographic, who thus have very limited access to the development of digital skills.</p>	<p>Government of the Slovak Republic (2021) Recovery Plan, Component 17: Digital Slovakia: <a href="#">Link</a>, p.47</p>
<b>ADMINISTRATIVE BURDEN</b>	
<p>Current legislation contains many barriers to the full development of the digital economy. Examples of this are the administrative burden (which is associated not only in terms of time but also in terms of financial costs for SMEs), the complexity of existing legislation and the lack of transparency of laws (for example in depreciation in the introduction of new software solutions, new innovative machines and technologies or tax support for applied research carried out in companies), regulation of access to finance (for example, limited cross-border investment or relatively small possibility of capitalization of Slovak SMEs).</p>	<p>Government of the Slovak Republic (2021) Recovery Plan, Component 17: Digital Slovakia: <a href="#">Link</a>, p.8</p>
<p>The reduction of the administrative burden in the past 12 months (7.1%) was experienced by small and medium enterprises carrying out their main business activity in industry (11.3%) and transport and information (9.0%), enterprises based in Trnava (9.7%) and the Prešov Region (9.6%), self-employed (8.2%) and start-ups who have been in business for less than 3 years (10.0%).</p>	<p>Slovak Business Agency, 2020, Monitoring the application of the Small Business Act of Europe principles, <a href="#">Link</a>, p.20</p>
<p>The business environment in Slovakia has long struggled with high bureaucratic and administrative burdens, which negatively affect small and medium-sized enterprises in particular. Among the institutions that force SMEs or their employees to fill in unnecessary submissions, the respondents most often included: the Statistical Office of the Slovak Republic (51.9%), institutions providing subsidies, resp. decisive in the dedication of Eurofunds (48.3%), the Social Insurance Agency (48.3%) and the Financial Administration of the Slovak Republic (46.9%). To a lesser extent, entrepreneurs feel that they are forced to fill in unnecessary applications by the Health Insurance Company (31.8%) or district offices (22.0%).</p>	<p>Slovak Business Agency, 2020, Opinions of SMEs on the quality of business environment, Data based on a polling of SMEs, <a href="#">Link</a>, p.19</p>
<b>REGULATORY OBSTACLES</b>	
<p>According to the survey of SMEs, as many as 94% of businesses consider legislative and regulatory instability to be an obstacle for the continuation and further growth of their business in the Slovak Republic.</p>	<p>Slovak Business Agency, 2021, SME Atlas in Slovakia, <a href="#">Link</a>, p.14, Graph 9</p>





ADMINISTRATIVE  
BURDEN





REGULATORY  
OBSTACLES





Existing legislative instruments do not sufficiently support the integration of digital technologies in all sectors of the economy. This also limits the creation of new business models, including the platform economy or the shared economy using digital tools. When assessing legislation and legislative materials, the assessment of the effects on the digitization of the economy and society is currently completely absent and the necessary methodology is lacking. The professional public is not involved in the preparation of legislation and its assessment.	Government of the Slovak Republic (2021) Recovery Plan, Component 17: Digital Slovakia: <a href="#">Link</a> , p.8
The increased regulatory burden (answers "there was a significant increase" and "there was a slight increase" - 61.0%) was registered in their business in the past 12 months mainly by entities in the size category of small enterprises (71.1%) and enterprises operating in trade (66.9%).	Slovak Business Agency, 2020, Monitoring the application of the Small Business Act of Europe principles, <a href="#">Link</a> , p.20
<b>ACCESS TO FINANCE</b> 	
Compared to 2018, the use of bank loans in 2019 in limited liability companies and joint stock companies increased by between 0.50 and 0.40 percentage points. On the contrary, the use of loans decreased among cooperatives and other legal forms of business. The share of physical persons (entrepreneurs) registered in the Business Register that used bank loans did not change year-on-year. The highest share of business entities using bank loans was recorded among cooperatives (36.50%), physical persons in the Commercial Register (31.60%) and joint-stock companies (26.10%).	Slovak Business Agency, 2021, Analysis of financial performance indicators of SMEs in 2019, <a href="#">Link</a> , p.38, Tab. 32
Small and medium-sized enterprises, to a decisive extent, secure financial resources for carrying out research and development activities from their own business resources. In 2019, these resources covered three quarters (76.4%) of SMEs' total R&D expenditure. Foreign (15.4%) and state resources (8.3%) had a significantly lower share of total expenditures of small and medium-sized enterprises in this area.	Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a> , p.106
Since April 2020, Eximbanka (Export Import Bank) has been providing loans to SMEs on favourable terms. The aim of the loan was to support the maintenance of employment in order to overcome the difficult period of the pandemic. The amount of the loan provided ranged from €100,000 to €500,000 and at the same time the maximum amount should not exceed 50% of the total turnover of SMEs in 2019. The maturity of the loan was set at 3 years.	Slovak Business Agency, 2021, Negative Impact of Coronavirus Pandemic on the business economy in Slovak Republic, Data based on the data EXIMBANK, <a href="#">Link</a> , p.25
<b>LATE PAYMENTS</b> 	
The indebtedness of SMEs has decreased by 15 percentage points since 2010, which means	Slovak Business Agency, 2021, SME Atlas in Slovakia, <a href="#">Link</a> , p.83


that SMEs work mainly with foreign capital but also use equity to a significant extent. Small businesses and SMEs operating in retail are most indebted. The smallest micro-enterprises and SMEs in services and agriculture, which is related to the lower availability of bank financing for the smallest and start-up enterprises in Slovakia. Despite the fact that the total indebtedness of SMEs is declining, interest in loan financing has increased by almost 2 percentage points since 2010 and in 2018, 19% of SMEs used bank loans. The ongoing policy of low interest rates in the banking market contributed significantly to this growth.	
The Ministry of Labour and Social Affairs of the Slovak Republic, through the Social Insurance Agency, enabled employers to defer the payment of social insurance contributions. The deferral of the payment of employer's contributions applies to those entrepreneurs whose net turnover and business income decreased by 40% or more at the time of the reduction or interruption of operations. This measure is still in force and, based on the decision of the Government of the Slovak Republic of 19/05/2021, it is also possible to request a postponement of the maturity of the already deferred maturity of the insurance premium. During the first wave of the pandemic, entrepreneurs had the opportunity to defer filing an income tax return and paying the 2019 tax until 31 October 2020.	Slovak Business Agency, 2021, Negative Impact of Coronavirus Pandemic on the business economy in Slovak Republic, <a href="#">Link</a> , p.24
A survey of SMEs reveals that relatively few Slovak businesses are choosing to adopt the European Late Payment Directive. 6 in 10 businesses say that they never use the directive, compared to 37% across Europe. Yet 69% of respondents say that their governance structure promotes a prompt payment culture, the highest percentage across Europe.	Intrum, 2021, European Payment Report 2020, <a href="#">Link</a> , p.80
Between April and the end of December 2020, an SME or entrepreneur could request a bank or non-bank entity to defer loan/lease payments. In January 2021, after negotiations between the Ministry of Finance of the Slovak Republic and the Slovak Banking Association, this period of deferral of instalments was extended until the end of March 2021. Deferral of loan repayment was provided by the bank without charging fees or other compensation for deferment of loan repayment and without requirements for further loan security or other additional conditions. The deferral of the loan repayment must not have increased the principal amount of the loan. The Bank could provide a deferral of loan repayment by a maximum of 9 months.	Slovak Business Agency, 2021, Negative Impact of Coronavirus Pandemic on the business economy in Slovak Republic, <a href="#">Link</a> , p.25



ACCESS TO MARKETS		 ACCESS TO MARKETS
In 2020, there was a decrease in the volume of exports by small and medium-sized enterprises. In a year-on-year comparison, SME exports decreased by 4.9 %. The share of SMEs in total exports was 28.8 %.	Slovak Business Agency, 2022, Standing of SMEs in foreign trade of the Slovak Republic in 2020, Data based on the data from the Statistical office of the Slovak Republic, <a href="http://monitoringmsp.sk/wp-content/uploads/2022/03/Postavenie-MSP-v-zahrani%C4%8Dnom-obchode-SR-v-roku-2020.pdf">http://monitoringmsp.sk/wp-content/uploads/2022/03/Postavenie-MSP-v-zahrani%C4%8Dnom-obchode-SR-v-roku-2020.pdf</a> , p.10, Tab 1	
Large companies continue to hold a dominant position in Slovakia's foreign trade with 70.3% share. The volume of SME exports in 2020, was, in absolute terms, €17,211.2 million which, in comparison with 2019, represents a decrease in the volume of SME exports by 4.9%. Due to the fact that the decline in the volume of exports of large enterprises was more pronounced than in the case of small and medium-sized enterprises, the share of SMEs in the total volume of exported goods eventually increased to 28.8% (or increased by 1 pp year-on-year).	Slovak Business Agency, 2022, Standing of SMEs in foreign trade of the Slovak Republic in 2020, Data based on the data from the Statistical office of the Slovak Republic, <a href="http://monitoringmsp.sk/wp-content/uploads/2022/03/Postavenie-MSP-v-zahrani%C4%8Dnom-obchode-SR-v-roku-2020.pdf">http://monitoringmsp.sk/wp-content/uploads/2022/03/Postavenie-MSP-v-zahrani%C4%8Dnom-obchode-SR-v-roku-2020.pdf</a> , p.10	
In 2020, SME exports to the EU-15 accounted for EUR 227.7 million, or 88.5 % of total SME exports. Germany (23.5 %), Czech Republic (20,9%), Hungary (12,5%), Poland (9,7%) and Austria (7,9%) are among the most important trading partners in SME exports to the EU. Only about 11,5% of total SME exports go to non-EU countries. The continuing stagnation indicates the problems of Slovak SMEs in developing their internationalization activities in third country markets.	Slovak Business Agency, 2022, Standing of SMEs in foreign trade of the Slovak Republic in 2020, Data based on the data from the Statistical office of the Slovak Republic, <a href="http://monitoringmsp.sk/wp-content/uploads/2022/03/Postavenie-MSP-v-zahrani%C4%8Dnom-obchode-SR-v-roku-2020.pdf">http://monitoringmsp.sk/wp-content/uploads/2022/03/Postavenie-MSP-v-zahrani%C4%8Dnom-obchode-SR-v-roku-2020.pdf</a> , p.16, p. 68	
START-UP ENVIRONMENT		 START-UP ENVIRONMENT
Even though Slovakia has a high business start-up rate, the survival and growth rates of start-ups remain relatively low as well as the small business productivity. As many as 12% of adults were starting or running a new business in 2018, but the output per person of Slovak micro firms was only just above half the level of Slovak small firms in 2018 and only one-quarter of Slovak start-ups were still operating five years after their creation, a relatively low rate.	OECD, 2021, SME Entrepreneurship in Slovak Republic, <a href="#">Link</a> , p.17	
The current set-up of the public procurement process in public administration makes it difficult to make greater use of innovation potential. Public procurement is characterized by administrative complexity and criteria, which are preferred by companies that are already established on the market and companies with previous experience with public administration contracts. The system set up in this way discourages new SMEs, innovative Start-up and Scale-up companies and business ideas from the academic sector from participating in contracts. Other	Government of the Slovak Republic (2021) Recovery Plan, Component 17: Digital Slovakia: <a href="#">Link</a> , p.36	

<p>shortcomings of the public procurement process are:</p> <ul style="list-style-type: none"> <li>- insufficient emphasis on the innovativeness of the solution within the evaluation criteria,</li> <li>- complex and administratively demanding requirements for the submitted documentation,</li> <li>- not using information channels that would target innovative companies.</li> </ul>	
<b>SCALE-UP ENVIRONMENT</b>  <b>SCALE-UP ENVIRONMENT</b>	
<p>In Slovakia, in 2018, according to the criterion of employment growth, a total of 213 gazelles were identified. Of the total number of active business entities in Slovakia, they accounted for 1.3%. According to the criterion of employment growth, the number of gazelles increased by 14.5% year-on-year. The number of gazelles registered on the basis of the criterion of increase in turnover was even higher. In 2018, there were 270 of them, which represents a 1.6% increase in the total number of active business entities. The number of gazelles defined by the criteria for increasing turnover increased by almost one third (29.8%) year-on-year.</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.36</p>
<p>In 2018, 3,093 fast-growing companies were identified in Slovakia with a minimum year-on-year increase in sales of 10% during a period of three consecutive years. Of the total number of active business entities in Slovakia with 10 or more employees, this represents 17%.</p>	<p>Slovak Business Agency, 2021, SME Atlas in Slovakia, <a href="#">Link</a>, p.96</p>
<p>In comparison with other EU member states, Slovakia is characterized by an above-average share of fast-growing enterprises in the total number of active business entities.</p>	<p>Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a>, p.36</p>
<b>IMPACT OF THE COVID-19 CRISIS</b>  <b>IMPACT OF THE COVID-19 CRISIS</b>	
<p>Non-financial business entities belonging to the size category of micro, small and medium-sized enterprises generated added value in the amount of €24,096 million, which represents 53.63% of the total value added of non-financial corporations of the Slovak Republic in the relevant year. Compared to 2019, due to the pandemic, the value added of SMEs decreased by €973 million (or by 3.88%).</p>	<p>Slovak Business Agency, 2021, Negative Impact of Coronavirus Pandemic on the business economy in Slovak Republic, <a href="#">Link</a>, p.49</p>
<p>Non-financial SMEs reported a profit in the total amount of €4,790 million, which represents 53.09% of the profit, produced by all non-financial companies in the Slovak Republic in 2020. Compared to 2019, which was not marked by the adverse impact of the pandemic, non-financial SMEs reported a lower profit by €640 million (or by 11.78%). The profit of large companies in 2020 also decreased significantly year-on-year - by €578 million (or by 12.01%) to €4,232 million (46.91%).</p>	<p>Slovak Business Agency, 2021, Negative Impact of Coronavirus Pandemic on the business economy in Slovak Republic, <a href="#">Link</a>, p.53</p>

<p>In response to the second wave of the COVID-19 crisis, entrepreneurs were introduced a wide range of measures to reduce losses. The most frequent step of the addressed companies in the most endangered sectors (42%) is the adaptation of the provided services to the new needs of the market. The same share, 42% of respondents, also approached the solution of the current crisis in their business by investing their own reserves in order to keep the company running. More than a third (37%) of the addressed entrepreneurs proceeded with the temporary closure of the operation, either due to the regulation of the Central Crisis Staff of the Slovak Republic or due to a significant decrease in demand and revenues.</p>	<p>Slovak Business Agency, 2020, Opinions of entrepreneurs on the impacts of the Second wave of the Corona crisis, Data based on a polling (quantitative survey) of SMEs, <a href="#">Link</a>, p.9</p>
<p><b>NATIONAL RECOVERY AND RESILIENCE PLAN</b></p> <div data-bbox="1082 689 1161 763" data-label="Image"> </div> <p><b>NATIONAL RECOVERY AND RESILIENCE PLAN</b></p>	
<p>Innovation potential and productivity growth will be driven by measures to improve the ecosystem of research, development and innovation, as well as the business environment and the quality and relevance of higher education. Small and medium-sized enterprises should benefit from the strong incentives created by the investments supported by the plan, as well as from targeted aid for innovation and digitalization. The plan correctly identifies the socio-economic challenges for social and territorial cohesion and includes relevant measures to address them.</p>	<p>European Commission, 2021, Questions and answers: The European Commission supports Slovakia's recovery and resilience plan, <a href="#">Link</a>, p.2</p>
<p>The crisis caused by the spread of COVID-19 has significantly affected the construction sector, which, in addition to tourism, gastronomy, retail, culture and sports, is one of the most severely affected sectors. Resources from the green plan for the renovation of buildings and the modernization of green transport infrastructure will help restart the construction sector and create new jobs in the local construction sector, thus supporting small and medium-sized enterprises and providing incentives for supplier-customer relationships throughout the construction and downstream sectors.</p>	<p>Government of the Slovak Republic, 2021, Complete Recovery Plan: <a href="#">Link</a>, p.12</p>
<p>Reforms in the recovery plan will affect Slovakia's economic performance in the long run. By 2040, the impact will reach at least 5.3% of GDP. Reforms in education and changes in science, research and innovation will be most beneficial. Human capital reforms together generate about three quarters of the economic benefits, in form of higher productivity and focus on the correct skills for the digital economy, linking Slovakia's economy to digital supply chains. The remaining quarter will come from other measures, in particular reforms aimed at a non-corrupt, predictable and competitive business environment, support for stable</p>	<p>Ministry of Finances of the Slovak Republic, 2021, Recovery plan: Innovative Economy, Modern state, Healthy Country, <a href="#">Link</a>, p.4</p>

investment growth and the SME sector. By 2026, thanks to investments from the recovery fund, the Slovak economy will recover faster and approximately 30,000 jobs will be created.	
<b>NATIONAL INDUSTRIAL ECOSYSTEMS*</b>  <b>NATIONAL INDUSTRIAL ECOSYSTEMS</b>	
A negative phenomenon in the development of the Slovak economy is the decline in sales in industry in 2019. This was recorded for the first time since the crisis of 2009. Industry accounts for more than one-fifth of total gross domestic product. In this case, Slovakia's economy has been exposed due to the high openness of the economy, which in recent years has been significantly affected by growing geopolitical problems, such as the United Kingdom's withdrawal from the EU or the US-China trade war.	Slovak Business Agency, 2021, SME Atlas in Slovakia, <a href="#">Link</a> , p.10
In relative terms, the number of established business entities in industry in 2020 decreased by 12.26%, ICT by 11.26% and other services by 7.65%. Of the three sectors that recorded an increase, the number of established business entities increased the most in 2020 (in relative terms) paradoxically in transport (by 11.93% and 515 entities, respectively), which was one of the sectors most affected. Based on the above, it can be stated that despite the adverse impact of the pandemic on transport, interest in this sector did not decrease during the pandemic. On the contrary, it has grown thanks to rapid developments in courier services, warehousing and transportation support activities. This development trend continued in the first quarter of 2021.	Slovak Business Agency, 2021, Negative Impact of Coronavirus Pandemic on the business economy in Slovak Republic, <a href="#">Link</a> , p.62
The sectoral structure of small and medium-sized enterprises in Slovakia differs considerably in comparison with the EU countries, which is also documented by the data processed. From Eurostat data for 2018, sectors such as industry and construction were more significantly represented among SMEs in Slovakia. The difference compared to the EU average in both cases was around 5.5 p.p. On the contrary, the services sector (by 6.3 pp) and trade (by 4.7 pp) are lower among SMEs in Slovakia.	Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a> , p.21
<b>OTHER RELEVANT TOPICS</b>  <b>OTHER RELEVANT TOPICS</b>	
According to published annual employment indices, there was an overall decline in employment in almost all sectors of the economy in 2020. Entrepreneurs working in the field of accommodation and restaurant services had a problem retaining their employees and finding sufficient workforce to be able to serve their customers.	Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a> , p.57
Attracting and retaining talent represents important preconditions for economic growth	Government of the Slovak Republic, 2021, Complete Recovery Plan: <a href="#">Link</a> , p.13

and job creation in the future. Removing barriers for foreign workers and students with a simpler process of obtaining a work and residence permit will help satisfy the demand for highly qualified positions on the Slovak labour market and will help attract talent. Effective policies to support learning and job mobility, supported by the Recovery Plan, will alleviate the growing demographic pressure. In the horizon of five years, the aim is to increase the share of highly qualified people from abroad in the total number of workers in the Slovak Republic from 0.5% to 1% and to balance the balance of outgoing and incoming students at Slovak universities.	
From the point of view of the ownership structure of small and medium-sized enterprises, private domestic ownership occupies a dominant position. As many as 91.7% of all active SMEs in Slovakia were privately owned in 2020. In absolute terms, this amounts to 547,551 entities. The second largest share (6.5% and 38,573 entities, respectively) is held by small and medium-sized enterprises with foreign ownership.	Slovak Business Agency, 2021, Small and medium business in numbers 2020, <a href="#">Link</a> , p.18

\* "National industrial ecosystems" refer to the national aspects of the industrial ecosystems as defined by the EC.

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