Administrative Barriers for SMEs in the Field of Tax Compliance and Financial and Accounting Reporting: Evidence from Slovenia

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In Slovenia, almost the entire population of all enterprises consists of small and medium-sized enterprises (SMEs), which represent a driver of growth and job creation. Therefore, Slovenia strives for continuous improvement towards the simplification of legislation and procedures, especially those related to tax compliance and financial and accounting reporting. The aim of this paper is to identify differences between different groups of SMEs, divided by size, turnover and age, in coping with and perception of administrative barriers in the aforementioned fields. The results of the empirical analysis of the sample of 654 SMEs provide evidence that different groups of SMEs use different ways of coping with administrative barriers, which also affects their perception of those barriers.

Keywords: administrative barriers, SME, tax compliance, financial and accounting reporting, Slovenia.

Bariery administracyjne dla MŚP w zakresie przestrzegania przepisów podatkowych oraz sprawozdawczości finansowej i księgowej na przykładzie Słowenii

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W Słowenii prawie wszystkie przedsiębiorstwa należą do sektora MŚP i są motorem wzrostu i zatrudnienia. W celu poprawy otoczenia biznesowego Słowenia podejmuje zatem nieustanne próby uproszczenia ustawodawstwa i procedur dotyczących zwłaszcza przestrzegania przepisów podatkowych oraz sprawozdawczości finansowej i księgowej. Celem artykułu jest wskazanie różnic między poszczególnymi grupami MŚP, w podziale ze względu na wielkość, obroty i wiek, pod względem sposobu radzenia sobie z bariarami administracyjnymi w powyższych dziedzinach oraz postrzegania tych barier. Wyniki empirycznej analizy prób 654 MŚP potwierdzają, że poszczególne grupy MŚP różnie radzą sobie z bariarami administracyjnymi, co ma również wpływ na sposób, w jaki te bariery postrzegają.

Słowa kluczowe: bariery administracyjne, MŚP, przestrzeganie przepisów podatkowych, sprawozdawczość finansowa i księgową, Słowenia.

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1. Introduction

Small and medium-sized enterprises (SMEs) play a key role in the Slovenian economy, as they represent the engine of growth and job creation. In Slovenia, SMEs represent almost the whole population of enterprises providing over 72% of employment and nearly 63% of value added (European Commission, 2017). However, in comparison with the large enterprises, SMEs often have worse performance, which is reflected in lower profitability, higher staff turnover, lower rate of survival etc. (European Parliament, 2016). The latter can be partly attributed to the existence of several barriers enterprises are facing in Slovenia and other EU member countries. Economic literature highlights various barriers that SMEs are facing, whereby administrative obstacles and their removal are of great importance, especially in terms of improving the business environment and achieving greater competitiveness of the economy.

By definition, an administrative barrier is everything that unjustifiably hampers business operations of enterprises. In general, it covers all costs arising from unnecessary administrative obligations that enterprises must fulfil due to the legislation. An administrative barrier represents an administrative burden which is not strictly necessary for the achievement of the public interest, not rationally justified and can be removed without any damage to the public interest (Ministry of the Interior, 2013). Enterprises can face these barriers in different fields, where the field of tax compliance and financial and accounting reporting are of great importance. According to the Doing Business report, which is prepared by the World Bank, Slovenia still lags significantly behind some other EU member countries (e.g. Ireland, Denmark, United Kingdom) in paying taxes (World Bank, 2017). This implies that there is still a lot of potential room for improvement in terms of reducing and removing administrative barriers in this field. The importance of this field is also justified by the fact that every enterprise is obliged to pay public duties and to submit financial and accounting reports. In order to satisfy all legal and regulatory obligations and effectively perform all procedures related to tax compliance and financial and accounting reporting, SMEs need to have skilled accounting personnel and infrastructure on the one hand and sufficient financial resources to pay for the outsourced accounting services on the other. However, in the European context, SMEs cover all enterprises with fewer than 250 employees, which can be problematic in terms of policymaking for those enterprises. Namely, this is a very big category, which encompasses enterprises with different ownership structures, varying numbers of employees and levels of economic activity. Due to the heterogeneity of SMEs, exposure to these administrative barriers may vary according to the individual characteristics of SMEs. This should consequently lead to a different perception of administrative barriers in the field of tax compliance and financial and accounting reporting. It is
very important to take the heterogeneity of SMEs into account especially when preparing and developing the legislation for those companies. Namely, according to Entrepreneurship 2020 action plan, the European Commission stressed that support measures for SMEs remain unbalanced, with a substantial number of EU member countries still neglecting to take into account the characteristics of small business, in particular micro-businesses, when designing legislation (European Commission, 2013).

The aim of this paper is twofold. In the first part, the paper tries to identify the differences between different groups of SMEs with regard to coping with administrative barriers in the field of tax compliance and financial and accounting reporting, whereby two possible ways of coping with administrative barriers are considered (internally with their own financial-accounting department and externally using the outsourced accounting services). In the second part, the paper tries to present administrative barriers for SMEs in the field of tax compliance and financial and accounting reporting, where the paper also tries to establish whether there are differences regarding the perception of administrative barriers in these fields. The remaining sections of this paper are organized as follows. In the next section, a literature review and research questions are presented. The following section describes the data and methodology. In the final section, the empirical results are presented. The paper ends with a conclusion in which the main findings are summarized.

2. Literature Review and Research Questions

Clear and unambiguous legislation is a prerequisite for a friendly business environment in which enterprises operate. In this context, scientific literature notes that economies with better legislation and regulations grow faster (Djankov, McLiesh and Ramalho, 2006). However, the extensive legal regulation adopted in recent years in the EU member countries and lengthy administrative procedures are becoming increasingly burdensome for enterprises. In the literature, it is established that administrative barriers stemming from existing legislation and regulations hinder the performance of the private sector, especially the performance of SMEs (Milavec and Klun, 2011). Namely, SMEs, compared to large enterprises, often do not have sufficient human and financial potentials which would help them in effectively coping with administrative barriers (Ministry of Economic Development and Technology, 2009). Most of the EU member countries are therefore seeking to reduce bureaucracy, as this can lead to a better business environment for SMEs (Aristovnik and Obadić, 2015). However, reducing bureaucracy is not only based on the adoption of high quality regulation but also on the good functioning of public institutions, since it can reduce administrative costs in terms of compliance with legal obligations which have a negative impact on the productivity of SMEs (Slabe-Erker and
According to the assessment of the European Commission, administrative costs in the EU amount to about 3.5% of GDP, while in Slovenia they amount to about 4.1% GDP (European Commission, 2006). The reduction of administrative costs or unnecessary obligations that they cause is therefore crucial especially for SMEs. In addition, other European institutions also perceive difficult business conditions for SMEs, which have generally a very important role in the European economy. Therefore, the European Council expressed strong support for an initiative to further strengthen SMEs’ sustainable growth and competitiveness, named the “Small Business Act (SBA)” for Europe and requested its swift adoption (European Commission, 2008).

Recently, some progress has been made in Slovenia in order to improve the business environment in terms of reducing the number of necessary procedures and the necessary time to implement the required administrative activities, especially in the field of tax compliance (Mencinger, Ravšelj, Obadić and Aristovnik, 2016). This is a reflection of a number of realized measures implemented in the recent period by the Ministry of Finance (e.g. simplification of the system of paying compulsory charges, informatization of applications and reports through e-administrative services, abolition of cash deposits on a daily basis for legal entities etc.) (Aristovnik, Mencinger and Ravšelj, 2016). Nevertheless, the extent, instability and inconsistency of existent legislation still cause unnecessary administrative barriers that have a negative impact on the business environment. This also has a negative impact on the growth of SMEs (Bartlett and Bukvić, 2011). SMEs can face administrative barriers in different fields, where the most important field is the field of tax compliance and the field of financial and accounting reporting as related to the previous one. Namely, every enterprise is engaged in both of these fields on a daily basis. Compliance with all relevant legislation in these fields is becoming increasingly complex. Moreover, reducing administrative barriers in these two fields does not only bring benefits for SMEs, but also for the public authorities, since the simplifications in these fields can reduce bureaucracy and consequently improve the efficiency of collecting public duties which represent budget revenues.

Tax compliance is defined as the willingness of individuals and other taxpayers to act in accordance with tax legislation without the use of coercive measures (James and Alley, 2002). The fulfilment of these obligations thus includes the true reporting of the tax base, correct computation of tax liabilities, timely filling of tax returns and timely payment of the amount due as tax (Franzoni, 2000; Chaltopadhyay and Das-Gupta, 2002). This also requires the proper financial record keeping, with SMEs having two different options. The first one is to establish a financial-accounting department which ensures that all obligations are fulfilled, while the second one is to use outsourced accounting services. In this context, it is established that SMEs, particularly the smaller ones, use outsourced accounting ser-
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In comparison with larger enterprises, SMEs, especially the smaller ones, lack skilled accounting personnel and infrastructure to implement existing accounting rules and regulations (UNCTAD, 2000). Despite the fact that generally these enterprises face limited financial resources, they can afford to use outsourced accounting services, since the price of these services is determined by the volume and complexity of the business of enterprises. As already mentioned, the literature emphasizes that smaller enterprises are more inclined to use outsourced accounting services due to the lack of employees with adequate financial and accounting knowledge. By contrast, larger enterprises not only employ professionals with relevant skills but also have an internally established financial-accounting department within the enterprise that performs a financial and accounting function (Jayabalan, Raman, Dorasamy and Ching, 2009). In this context, in Slovenia it is identified that larger enterprises, in comparison with the smaller ones, spend more time on tax obligations, while they have lower consultancy costs (Klun, 2003). A similar situation can be observed also by considering annual turnover of SMEs, since it is often used as a measure of enterprise size (O'Regan, 2015). Namely, enterprises with lower turnover are generally smaller than the ones with higher turnover and are generally lacking in financial resources in order to employ skilled accounting personnel. Therefore, the use of outsourced accounting services seem to be the best alternative for these enterprises. By contrast, enterprises with higher turnover have more financial resources available and therefore they can afford to perform financial and accounting function internally with their own financial-accounting department. Besides SME size and turnover, also the age can have an impact on the extent of the use of outsourced accounting services or time spent to meet the obligations of the public administration. Namely, younger enterprises, even after they have built their own financial-accounting department, rely largely on external accountants and maintain relationships with them (ACCA, 2013). Moreover, younger enterprises, which are generally in the initial stage of development and looking for their opportunity in business, are often confronted with a lack of the knowledge of tax regulation and accounting standards. Therefore, it is expected that younger enterprises cope with the administrative barriers externally using the outsourced accounting services. By contrast, it is expected that older enterprises cope with the administrative barriers internally with their own financial-accounting department. The aforementioned differences of different groups of SMEs can consequently lead to a different perception of administrative barriers in the field of tax compliance and financial and accounting reporting.

Based on the literature review, it can be concluded that smaller SMEs, SMEs with lower turnover and younger SMEs cope with administrative barriers in the field of tax compliance and financial and accounting reporting with the use of outsourced accounting services, which can consequently
create time savings for these enterprises. On the other hand, larger SMEs, SMEs with higher turnover and older SMEs cope with administrative barriers in this field with their own financial-accounting department, which consequently leads to the fact that employees in these enterprises spend more time in order to meet the obligations of the public administration in this field. Based on the aforementioned, it can be concluded that there are differences between different groups of SMEs in coping with as well as in perception of administrative barriers in this field when considering SME size, turnover and age. Therefore, the following research question is stated:

- **Research question 1:** Are there any differences between different groups of SMEs (considering size, turnover and age) in coping with administrative barriers in the field of tax compliance and financial and accounting reporting with their own financial-accounting department or with the use of outsourced accounting services?

In order to answer the abovementioned research question, the following two hypotheses are stated:

- **Hypothesis 1:** There are differences between different groups of SMEs (considering size, turnover and age) in coping with administrative barriers in the field of tax compliance and financial and accounting reporting with their own financial-accounting department.

- **Hypothesis 2:** There are differences between different groups of SMEs (considering size, turnover and age) in coping with administrative barriers in the field of tax compliance and financial and accounting reporting with the use of outsourced accounting services.

Different ways of coping with administrative barriers in the field of tax compliance and financial and accounting reporting can also lead to differences in the perception of administrative barriers in these fields. Therefore, the following research question is stated:

- **Research question 2:** Are there any differences between different groups of SMEs (considering size, turnover and age) in the perception of administrative barriers in the field of tax compliance and financial and accounting reporting?

### 3. Data and Methodology

The data for the research was collected using a questionnaire. The content of the questionnaire was formed by the academia experts in the economic and legal fields together with the recommendations from the practitioners, i.e. representatives of the Chamber of Craft and Small Business of Slovenia as well as entrepreneurs. It contains 39 questions, of which one is of an open type and covers different key fields where SMEs can face administrative barriers. The respondents could leave certain questions blank if the content was not applicable to them. The questionnaire was distributed via two paths, namely through the web and field survey. The web survey was anonymous,
while the field survey was not. In order to gain a suitable response rate, the research team collaborated with representatives of Slovenian initiative “Stop the bureaucracy” and the Chamber of Craft and Small Business of Slovenia. The web survey was running in the period between 7.11.2016 and 8.3.2017 and was promoted via: (1) “Stop the bureaucracy” web portal and its official Facebook site, and (2) e-mails sent to the members of the Chamber of Craft and Small Business of Slovenia. It was done by using an online application form “EnKlikAnketa”. Since the web survey resulted in 273 responses only, it was accompanied with the field survey, which was running from 8.1.2017 to 29.4.2017. In order to enable generalization of the results to all Slovenian SMEs, two criteria were followed in the selection of enterprises included in the field survey: regional base and legal status. The field survey resulted in 652 responses. Altogether, 925 questionnaire survey replies were received, of which 807 were fully completed. For the purposes of the analysis in this paper, only those questions are considered that are related to the field of tax compliance and financial and accounting reporting. The sample for the analysis is reduced for those SMEs which did not fully answer the questions that represent the main variables in the analysis. Moreover, it is reduced also for those SMEs which have cooperated only with one business partner since the beginning of SME foundation, because these are so-called fictitious enterprises. Therefore, the final sample of SMEs which is used in the analysis includes 654 enterprises.

The majority of the SMEs included in the sample are from the Central Slovenia Region (49.54%). This is rather expected, since this region has the highest density of the registered SMEs, performing most of the businesses, with the highest income flows. According to the Statistical Office RS, 33.02% of all enterprises are in this region. Most SMEs are micro enterprises with fewer than 10 employees (79.36%), which is in accordance with the overall structure of these forms of enterprises in Slovenia (95.26%). Moreover, most of the SMEs involved in the research were either limited liability enterprises (48.47%) or private entrepreneurs (45.87%), which are two of the most frequent organizational forms of enterprises in Slovenia due to their “favourable” legal, financial and organizational demands. The sample is in accordance with the overall structure of these forms of enterprises in Slovenia. Namely, in overall population of registered enterprises there are 30.98% of limited liability enterprises and 54.40% of private entrepreneurs (SORS, 2017). The structure of the sample is therefore comparable to the structure of SMEs population.

For the purposes of the empirical analysis in this paper, SMEs are divided by considering three different criteria, namely SME size, SME turnover, and SME age. When considering SME size or the number of employees, SMEs are divided into micro enterprises (fewer than 10 employees), small enterprises (10–49 employees) and medium-sized enterprises (50–249 employees). Taking into account SME turnover, they are divided
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into enterprises with low turnover (below EUR 100,000) and enterprises with high turnover (above EUR 100,000). Finally, SMEs are also divided depending on their age into young enterprises (operating for less than 5 years) and old enterprises (operating for more than 5 years). With such a division, it is possible to identify differences between the individual groups of SMEs regarding the coping with and perception of administrative barriers in the field of tax compliance and financial and accounting reporting.

In the empirical analysis, the following variables are used:

- **time spent to meet the obligations of the public administration** (without outsourced services), measured on a four-level scale: (1) less than 1 hour, (2) 1–3 hours, (3) 3–10 hours, (4) more than 10 hours;

- **extent of outsourced accounting services used**, measured on a five-level scale: (1) we do not use any outsourcing, (2) we use outsourcing for a smaller share of obligations, (3) we use outsourcing for approximately half of obligations, (4) we use outsourcing for a larger share of obligations, (5) we use outsourcing for all obligations;

- **perception of the administrative barriers** (in the field of tax compliance and financial and accounting reporting), calculated as the sum of answers in both fields for all possible administrative barriers (extra time, extra financial resources, frequent changes in the regulation, too many different procedures, extra personal communication, too many different documents, need for outsourcing) that might be disturbing for business performance of SMEs, measured on a three-level scale: (0) it is not perceived as an administrative barrier, (1) it is perceived as an administrative barrier to a partial extent, (2) it is perceived as the biggest administrative barrier.

In order to answer the first research question and detect differences between different groups of SMEs, one-way analysis of variance (ANOVA) and independent-samples t-test (t-test) are performed. Both of these parametric statistical techniques are considered to be very robust methods and they are the most commonly used methods for detecting differences in averages between different groups (Bower, 2000; Rasch, Teuscher and Guiard, 2007). While ANOVA is used to compare the averages between three groups (in the case of SMEs size), t-test is used to compare averages between two groups (in the case of SMEs turnover and age). In order to answer the second research question, descriptive statistics is used. Therefore, all the results in this part are presented in the form of average values of responses or in the form of absolute differences between the average of an individual group of SMEs and the average of the whole sample.

4. Results

The results in this paper are presented in two interrelated parts. The first part of the empirical analysis attempts to answer the first research question, which deals with the existence of differences between different
groups of SMEs (considering size, turnover and age) in coping with administrative barriers in the field of tax compliance and financial and accounting reporting with their own financial-accounting department or with the use of outsourced accounting services. In order to answer this research question, Hypothesis 1 and Hypothesis 2 are tested.

Figure 1 shows that there are differences in time spent to meet the obligations of the public administration between different groups of SMEs. When looking at the averages of SMEs divided by size, it is evident that medium-sized enterprises are first with the highest average of 2.49, second are small enterprises with the average of 2.42 and third and last are micro enterprises with the lowest average of 1.84. Moreover, it is also evident that enterprises with high turnover (2.16) spend much more time to meet the obligations of the public administration than enterprises with low turnover (1.75). Finally, Figure 1 reveals that old enterprises (2.02) have a higher average of time spent to meet the obligations of the public administration than young enterprises (1.77). To summarize, medium-sized enterprises, enterprises with high turnover and old enterprises have the highest averages of time spent to meet the obligations of the public administration, while micro enterprises, enterprises with low turnover and young enterprises have the lowest averages.

Figure 2 shows that there are differences in the extent of outsourced accounting services used between different groups of SMEs. When looking at the averages of SMEs divided by size, it is evident that micro enterprises are the first with the highest average of 3.62, second are small enterprises
with the average of 2.90 and third and last are medium-sized enterprises with the lowest average of 1.63. Moreover, it is also evident that enterprises with low turnover (3.60) use larger extent of outsourced accounting services than enterprises with high turnover (3.18). Finally, Figure 2 reveals that young enterprises (3.76) have a higher average of the extent of outsourced accounting services used than old enterprises (3.26). To summarize, micro enterprises, enterprises with low turnover and young enterprises have the highest averages of the extent of outsourced accounting services used, while medium-sized enterprises, enterprises with high turnover and old enterprises have the lowest averages.

Fig. 2. The averages of different groups of SMEs regarding the extent of outsourced accounting services used. Source: Own calculations.

The presented results are also consistent with expectations based on the literature review. Smaller enterprises, enterprises with lower turnover and younger enterprises cope with administrative barriers in the field of tax compliance and financial and accounting reporting with the use of outsourced accounting services, since they are generally lacking in skilled accounting personnel and infrastructure to implement existing accounting rules and other tax related regulation. However, using outsourced accounting services can create time savings. By contrast, larger enterprises, enterprises with higher turnover and older enterprises cope with administrative barriers in this field with their own financial-accounting department, which can consequently lead to the fact that employees in these enterprises spend more time in order to meet the obligations of the public administration. Further statistical analysis is presented in Table 1.
The results of ANOVA and t-test show that there are statistically significant differences between different groups of SMEs in coping with administrative barriers in the field of tax compliance and financial and accounting reporting with their own financial-accounting department or with the use of outsourced accounting services. Based on these results, the proposed Hypothesis 1 and Hypothesis 2 are confirmed.

The second part of the empirical analysis tries to answer the second research question, which deals with the existence of differences between different groups of SMEs (considering size, turnover and age) in the perception of administrative barriers in the field of tax compliance and financial and accounting reporting. In the field of tax compliance and financial and accounting reporting, there are seven possible administrative barriers which can be disturbing for SME business performance. These are: (1) extra time to perform procedures and activities, (2) extra financial resources, (3) frequent changes in the regulation, (4) too many different procedures, (5) extra personal communication required to communicate with the administrative bodies, (6) requirement of too many different documents, or (7) a need for outsourcing. Descriptive results are given in Figure 3.
From Figure 3, where averages of the whole sample are presented, it is evident that the need for outsourcing (0.92) is the most burdensome possible administrative barrier in the field of tax compliance and financial and accounting reporting. Further, extra time (0.77), frequent changes in the regulation (0.74) and too many different documents (0.69) are perceived as major administrative barriers. Too many different procedures (0.55) and extra financial resources (0.54) are perceived as a medium-level administrative barrier. As the least burdensome, SMEs perceive extra personal communication (0.11). In order to detect differences between different groups of SMEs, averages of individual groups are compared with the averages of the whole sample. For the purposes of the comparison, absolute differences between the average of an individual group of SMEs and the average of the whole sample are calculated and presented in Table 2.

From Table 2, it is evident that perception of administrative barriers in the field of tax compliance and financial and accounting reporting differs according to the individual characteristics of SMEs (size, turnover and age). When considering SME size, micro enterprises perceive administrative barriers mostly as a need for outsourcing and extra financial resources, small enterprises perceive them as frequent changes in the regulation and extra time and medium-sized enterprises perceive them as too many different procedures and extra time. Moreover, it is also evident that enterprises
with low turnover perceive administrative barriers mostly as extra financial resources and a need for outsourcing, while enterprises with high turnover perceive them as too many different procedures and frequent changes in the regulation. Finally, young enterprises perceive administrative barriers mostly as extra financial resources and extra personal communication, while old enterprises perceive them as frequent changes in the regulation and too many different procedures. To summarize, smaller enterprises, enterprises with lower turnover and younger enterprises perceive extra financial resources, the need for outsourcing (for micro enterprises and enterprises with low turnover only) and extra personal communication (for young enterprises only) as the most burdensome. On the other hand, larger enterprises, enterprises with higher turnover and younger enterprises perceive frequent changes in the regulation and too many different procedures as the most disturbing for their business operations.

<table>
<thead>
<tr>
<th></th>
<th>Micro</th>
<th>Small</th>
<th>Medium-sized</th>
<th>Low turnover</th>
<th>High turnover</th>
<th>Young</th>
<th>Old</th>
</tr>
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<tbody>
<tr>
<td>Extra time</td>
<td>6 (-0.047)</td>
<td>2 (0.145)</td>
<td>2 (0.247)</td>
<td>5 (-0.029)</td>
<td>3 (0.025)</td>
<td>3 (0.057)</td>
<td>5 (-0.018)</td>
</tr>
<tr>
<td>Extra financial resources</td>
<td>2 (0.029)</td>
<td>5 (-0.070)</td>
<td>6 (-0.188)</td>
<td>1 (0.053)</td>
<td>7 (-0.047)</td>
<td>1 (0.082)</td>
<td>7 (-0.025)</td>
</tr>
<tr>
<td>Frequent changes in the regulation</td>
<td>7 (-0.063)</td>
<td>1 (0.244)</td>
<td>3 (0.235)</td>
<td>7 (-0.098)</td>
<td>2 (0.086)</td>
<td>7 (-0.297)</td>
<td>1 (0.091)</td>
</tr>
<tr>
<td>Too many different procedures</td>
<td>3 (0.008)</td>
<td>3 (0.088)</td>
<td>1 (0.341)</td>
<td>6 (-0.033)</td>
<td>1 (0.099)</td>
<td>6 (-1.20)</td>
<td>2 (0.086)</td>
</tr>
<tr>
<td>Extra personal communication</td>
<td>4 (0.007)</td>
<td>4 (-0.057)</td>
<td>5 (0.028)</td>
<td>3 (0.000)</td>
<td>5 (0.000)</td>
<td>2 (0.061)</td>
<td>6 (-0.019)</td>
</tr>
<tr>
<td>Too many different documents</td>
<td>5 (0.000)</td>
<td>7 (-0.156)</td>
<td>4 (0.186)</td>
<td>4 (-0.008)</td>
<td>4 (0.007)</td>
<td>5 (-0.003)</td>
<td>3 (0.001)</td>
</tr>
<tr>
<td>Need for outsourcing</td>
<td>1 (0.0772)</td>
<td>6 (-0.118)</td>
<td>7 (-0.553)</td>
<td>2 (0.037)</td>
<td>6 (-0.033)</td>
<td>4 (0.015)</td>
<td>4 (-0.004)</td>
</tr>
</tbody>
</table>

Note: A positive value means that the average of the individual group of SMEs is higher than the average of the whole sample, while a negative value means that the average of the individual group of SMEs is lower than the average of the whole sample.

Tab. 2. Differences between averages of individual groups of SMEs and the average of the whole sample and rankings of possible administrative barriers. Source: Own calculations.

5. Conclusions

In Slovenia, almost the entire population of all enterprises consists of small and medium-sized enterprises (SMEs), which represent a driver of growth and job creation. In comparison with large enterprises, SMEs often
have worse performance, which is reflected in lower profitability, higher staff turnover, lower rate of survival, etc. Therefore, SMEs are more exposed to administrative barriers in the field of tax compliance and financial and accounting reporting, which in some cases unduly impede business operations. Namely, these enterprises are often lacking in skilled accounting personnel and infrastructure on the one hand and sufficient financial resources to pay for the outsourced accounting services on the other.

The paper is focused on identifying differences between different groups of SMEs in coping with and perception of administrative barriers in the field of tax compliance and financial and accounting reporting. The reason behind is that a substantial number of EU member countries are still neglecting to take into account the characteristics of small business, in particular micro-businesses, when designing legislation. The results reveal that there are differences between different groups of SMEs in coping with as well as in the perception of administrative barriers in the field of tax compliance and financial and accounting reporting. The first part of the analysis shows that on average smaller enterprises, enterprises with lower turnover and younger enterprises spend less time to meet the obligations of the public administration and use greater extent of outsourced accounting services than larger enterprises, enterprises with higher turnover and older enterprises. This suggests that smaller enterprises, enterprises with lower turnover and younger enterprises cope with administrative barriers in this field with the use of outsourced accounting services. By contrast, larger enterprises, enterprises with higher turnover and older enterprises cope with administrative barriers in this field with their own financial-accounting department. The second part of the analysis indicates the existence of differences in the perception of administrative barriers in the field of tax compliance and financial and accounting reporting. Smaller enterprises, enterprises with lower turnover and younger enterprises perceive extra financial resources, the need for outsourcing (for micro enterprises and enterprises with low turnover only) and extra personal communication (for young enterprises only) as the most burdensome. On the other hand, larger enterprises, enterprises with higher turnover and younger enterprises perceive frequent changes in the regulation and too many different procedures as the most disturbing for their business operations.

According to the presented results, it is established that different groups of SMEs use different ways of coping with administrative barriers in the field of tax compliance and financial and accounting reporting, which consequently leads to different perception of administrative barriers in this field. Moreover, the results in terms of differences between different groups of SMEs try to persuade regulatory authorities to take into account the characteristics of small business when preparing and developing the legislation. It is important that regulatory authorities are aware that there are
also more vulnerable groups of SMEs which cope with the administrative barriers in a different way and therefore perceive them differently.

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