Presentation of the findings from the Business Survey

EU for Economic Growth Project

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Implemented by:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

AREA SCIENCE PARK

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1. Introduction

The aim of the project “EU for Economic Growth (EU4EG)” is to increase the local economic activity and competitiveness in the four target areas: North-East, Polog, and South-West planning regions and Prespa area (Municipality of Resen) by improving access of start-ups and SME to financing and high value-added services.

The target groups for the project include businesses owned by or with a majority of employed people under 40 years; women; and vulnerable groups.

The types of economic activities include the circular economy and green economy; innovation and IT; and highly competitive/growth potential economic sectors.

GIZ, the lead implementing partner of the project, contracted the market research company INDAGO - Skopje to conduct an online survey of business owners in each of the four target areas in North Macedonia to collect data on their perception of the entrepreneurial ecosystem. This survey provides insight into the business owners’ opinions and needs.

1.1. Methodology

The objectives were to conduct an online survey about the perception of the business owners (randomly selected to provide an unbiased overview) in the four target areas using a quantitative structured interview technique covering topics such as business environment and investment climate, business support services, access to finance, and entrepreneurship culture and attitude, to gain insight into their needs.

INDAGO was responsible for implementing the following tasks within the four target regions:

- Preparation of a methodology for conducting an online survey of business owners in the four target areas using a structured questionnaire,
- Implementation of survey of business owners in four target areas,
- Development of a fully searchable database in excel with collected data/ information,
- Preparation of Report with summary of findings and recommendations.

1.2. Target groups and sample size

The target group for this survey consists of SMEs. The criteria for SMEs are:

- Size of companies:
    - Micro (0-9 employees)
    - Small (10 – 49)
    - Medium (50 - 249 employees).
- Type of companies:

- Entrepreneurs/start-ups – new companies (operational for up to 3 years)
- Growth companies (operational 4-9 years)
- Mature companies (operational 10+ years).

The sample sizes in comparison to the overall active companies in the four target regions is set up as follows

		Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Total
Resen Municipality	Active companies 2019	464	3	1	468
	%	99%	1%	0%	100%
	Sample size	**95**	**1**	**0**	**96**
Polog Region	Active companies 2019	8'079	424	111	8'614
	%	94%	5%	1%	100%
	Sample size	**112**	**8**	**1**	**121**
Northeast Region	Active companies 2019	3'782	308	84	4'174
	%	91%	7%	2%	100%
	Sample size	**109**	**9**	**2**	**120**
Southwest Region	Active companies 2019	6'981	420	119	7'520
	%	91%	6%	2%	98%
	Sample size	**112**	**6**	**3**	**121**

Table 1: Sample sizes according to the regions

The random sample of selected businesses (population sample) for the survey was purchased from the Central Registry Office stratified as per GIZ requirements. The population sample included information on the name of the company, address, city, registration number, classification according to NACE Rev.2, number of employees, telephone number, email address and name of the authorized representative of the company. The list of potential companies was provided to GIZ in a separate excel file.

2. Background

Entrepreneurs/start-ups in the three least developed regions in the country (North-East, Polog, and South-West) and in the Prespa area (Municipality of Resen) have historically been isolated, with limited contacts to other start-ups and venture capital funds. They have difficulties to access new markets; low entrepreneurial spirit, which is particularly true for youth and women entrepreneurship, and a low innovation capacity and technology base (including circular and green technologies). Active companies (SMEs) in the target areas, and, more specifically, those that have high growth potential, both sectoral (based on specific regional economic activities and cluster/supply chain opportunity) or horizontal (based on individual company growth potential) lack systematic and continuous business support on local/ regional level. Despite the constant development of strategies and programmes, a functional and effective support system for SMEs is still not in place. In addition, there is a lack of thorough analysis of real needs of SMEs differentiated by size & sector. On the other hand, there is no developed culture in businesses to seek and use advisory or mentorship services.

There is a significant lack of alternative financing sources such as equity and business angels funding for start-ups and companies with high growth potential. Both indicators are among the lowest of all SBA[1] countries. The alternative sources of financing that are available to start-ups and growth companies other than own/family investment include one venture capital fund, three networks of Business Angels, and to a limited extent, crowdfunding.

Furthermore, a lack of skilled labour-force which can serve to the needs of start-ups, or benefit and promote the start-up landscape, was mentioned by the respondents as a barrier to growth.

The following came clear during the interpretation of the results:

- Between 66% and 83% of all the respondents were men, which makes it difficult to interpret the results on how the entrepreneurial situation for women in the regions is perceived.
- Women in general are underrepresented in all aspects, and the statements made regarding gender specific barriers or disadvantages in access to finance for female entrepreneurs should be interpreted with caution.
- Access to finance in general is insufficient and most companies are stating this as a major challenge.

[1] The Small Business Act (SBA) is a database of good practice that contains activities by public authorities and public-private partnerships in EU Member States and candidate countries, recognised as good practices to improve the business environment of small and medium-sized enterprises (SMEs).

- There is no specific standard, which companies need to fulfil, to consider themselves as green or social businesses. The answers to these questions therefore are purely based on how the respondents perceive their company and their products.
- There are several contradictory statements, which reflect the different interpretations and perceptions on various topics of the surveyed companies.
- The respondents seem to not perceive the human capital / labour market as one of the major problems and often state that they believe their access to skilled labour is sufficient, which is in contradiction to the general perception of the project team when conducting interviews with business owners and the mapping of the entrepreneurial ecosystem.
- General and specialized advice on accessing finance and support in the business registration process are frequently mentioned services which are needed in the regions.

3. Overall findings

In the following, the main findings of the individual regions are presented. Followed by a brief section about general findings throughout all the regions.

North-East

- 120 companies surveyed.
- Only few young companies and few start-ups amongst the surveyed companies.
- Focus on green and social topics is low, but higher amongst young companies.
- The current crisis had a negative impact on many businesses. However, 40% of new companies state that they have profited from the crisis.
- Main challenges in the past were the competition, insufficient support from the government, acquiring new customers and/or expanding to new markets, as well as developing new management or leadership skills.

Polog

- 121 companies surveyed.
- Only 2% of the surveyed companies are newly established, which is surprising, due to the proximity to the SEEU and the fact that the Polog region is rather active when looking at the number of active companies (8'000+).
- There is no well-established collaboration between businesses and universities on R&D.
- Focus on Green and Social topics is low, but higher amongst young companies.

South-West

- 121 companies surveyed.
- Only a very small number of companies export into the Balkan neighbour or EU countries.
- Young companies operate in either tourism or textiles/shoes production. Whereas the more mature companies operate mainly in the production of food and drink as well as in the production of health-related products, and construction.
- Interestingly 85% agree that skilled work force is available to the businesses in the region and most of the respondents are positive that scientists and engineers with the qualifications their business requires are available.

- In general, there are only very few looking for support services in the fields of green and circular economy, which is in contradiction to the percentage of companies who stated that they are operating in this field.
- Surprisingly only a very little share of companies state they have never used any business support services. Which again stands in contrast to the statement, that most of the companies find it either difficult or very difficult to obtain any support services at all.
- Financing is mainly used for refinancing or the repayment of obligations, which can be interpreted as a sign of not very profitable business models.

Resen

- 96 companies surveyed.
- Young companies do not export at all; however, they state that they use finance for market expansion, which means they plan to export or to enlarge their national market.
- Young companies operate in either trade and tourism, the IT and the electronics sectors, or in the production of furniture. The more mature companies operate mainly in the agricultural, trade and tourism sectors.
- 89% of the respondents stated that their company does not fit in the category of green or social business.
- More than half of all companies disagree that entrepreneurial activity is restricted to a certain ethnic / social / religious group of society and that entrepreneurial activity is restricted to a certain age group of society, but two thirds of the new companies somehow agree that entrepreneurial activity is restricted to a certain ethnic / social / religious group of society.

4. Regional specifics: North-East

4.1. Overview

120 companies in total were surveyed in the North-East region, which has a significantly lower number of active companies compared to the other regions. The analysis shows that two thirds of the companies are mature (more than 10 years), while almost one quarter (24%) are growth companies (operational 4-9 years). Newly established companies (operational up to 3 years) represent **only 12%.**

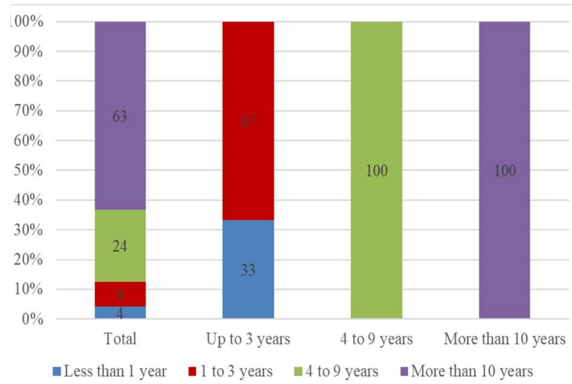

Figure 1: Age of the companies

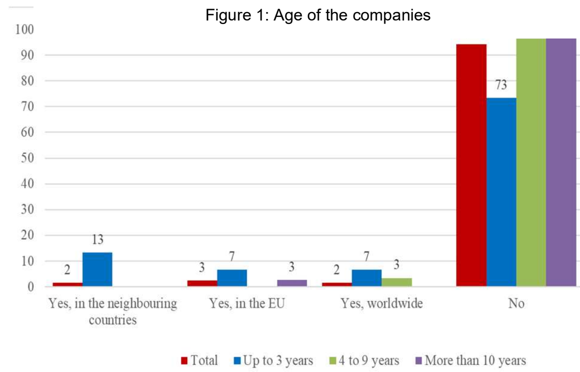

Figure 2: Export activities

Companies in the North-East region mainly **do not export** (to their Balkan neighbour's or into the EU-countries), but, over a quarter (27%) of the new companies do, as the adjacent graphics show. Many respondents say that their businesses were negatively affected by the Covid-19 crisis, however amongst new companies there were also some beneficiaries. One third of the respondents stated that main challenges were competition and insufficient support from the government as well as the acquisition of new customers.

4.2. Main sectors

In general, only few companies in the North-East operate in productive sectors (e.g. agriculture, manufacturing, construction, etc.). However, 40% of newly established companies and 17% of the growth companies belong to the productive sector (manufacturing). The main products of the growth companies are **trade** (21%) and **construction** (14%). The main products of the mature companies are food and drink (21%) and health-related goods and services (19%).

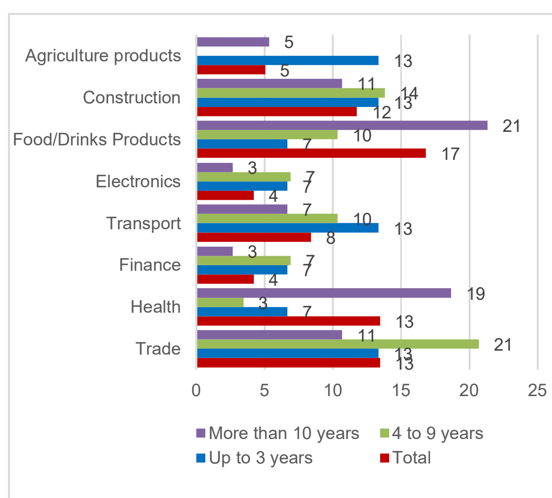

Figure 3: Main products / sectors of the North-East companies

According to the respondents there is a **significant** ratio of companies with a focus on green and / or social topics. However, it remains **unclear** in what sense the answer was given. **Young companies** seem to be **more active** in the field of green business as the others, as the graphic shows.

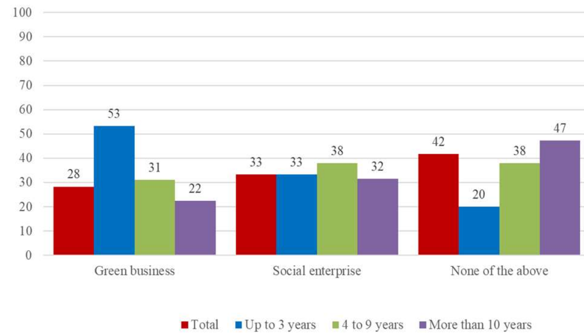

Figure 4: Focus of the businesses in the North-East region

4.3. Gender

Three quarters of the respondents in companies were male, while **only** one quarter were female. The percentages of male respondents for young companies are even higher (87%) as well as for the growth companies with 83%, while the percentage is smaller only for the mature companies.

4.4. Labour regulations

76% of the respondents are of the opinion that labour regulations have a positive influence on entrepreneurs' decisions for hiring staff. Similarly, 75% of the respondents have a positive opinion, while 40% of the respondents either strongly agree or agree that skilled work force is available to the businesses in the region. This comes as a bit of a surprise as the interviews which were conducted during the mapping of the entrepreneurial ecosystem revealed that often skilled labour force is missing. Similarly, 67% of the respondents have a positive opinion, (35% of them either strongly agree or agree) that graduates of the educational institutions have the needed skills and knowledge to work in the companies. Amongst the new companies 46% disagree with this statement, which might also be because young companies are more reliant on higher skilled or innovative personnel and less on traditional skills as it might be the case for the mature companies.

4.5. Types of Business Support Services

When asked about business support services, around one quarter of the respondents stated that they need **general advice and information on accessing finance** and **specialized support in accessing and obtaining finance**. Around one fifth stated that they need marketing,

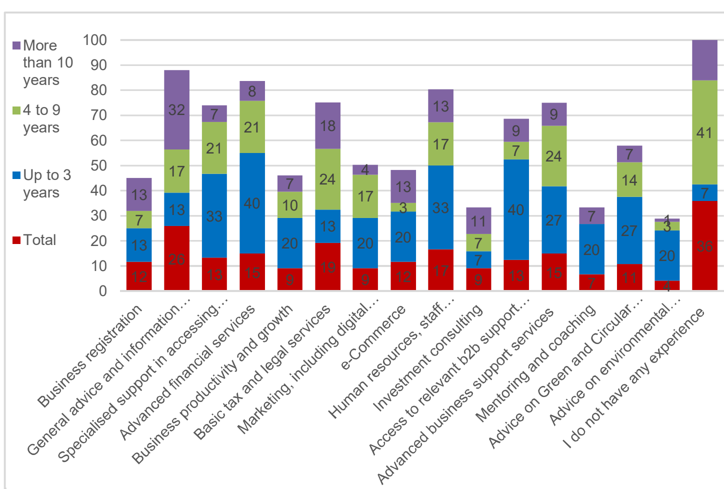

Figure 5: Most important/needed business support

including digital marketing support, e-commerce as well as support regarding human resources.

A common need amongst all the companies seems to be knowledge about access to finance. Furthermore, many companies do not have any experience regarding using business support services at all. Noteworthy is the fact that many respondents are interested in receiving consulting in topics such as green and circular economy and the reduction of energy cost. **Only about 7%** of the companies (mainly young ones) are familiar with accelerator or incubator programs or have participated in either one.

4.6. Finance

When asked about the purpose of financing more than half of the respondents' stated that it was working capital, while one third of the respondent's state refinancing / repayment of obligations. The new companies mainly use the funds for refinancing/ repayment of obligations (64%), while the growth (39%) and mature (67%) companies used it mainly for working capital. More than two thirds of the respondents support the statement that the **limited access to finance is the biggest obstacle** for doing business

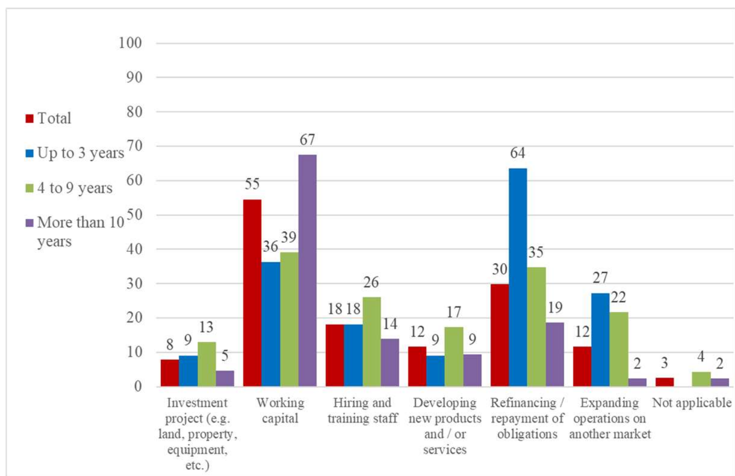

Figure 6: Purpose of the financing

4.7. Entrepreneurship culture and Attitude

To increase the personal income is the most important motive for pursuing entrepreneurial activities, followed by greater independence. Taking advantage of business opportunity is a motive for only a rather small percentage of the companies.

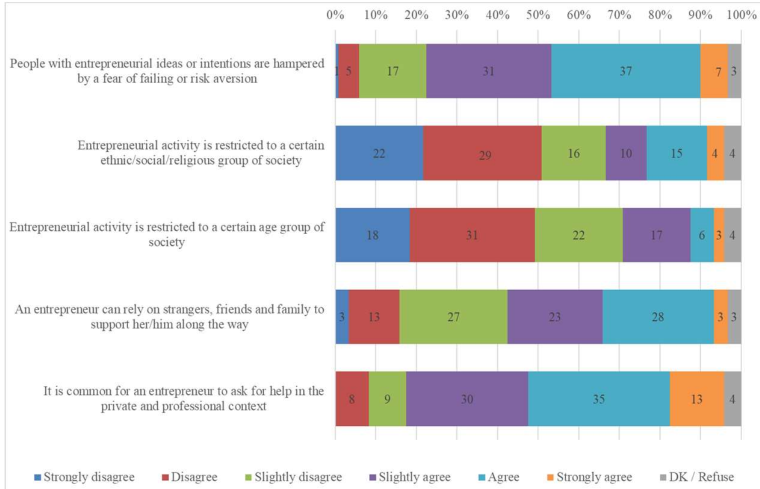

Figure 7: Rating of the statements on the entrepreneurial activities

Around two thirds disagree that society reacts positively on entrepreneurial failure and supports second chance and that there are gender-specific societal/ cultural barriers hindering women from starting their own business however, this perception differs depending on the type of business asked. Young companies have a less positive perception in this regard and disagree on the statement that the media reports favourably about entrepreneurship. It seems plausible to assume that mature companies are less affected by the media in terms of forming the entrepreneurial culture and attitude in the minds of the society and therefore have a different perception on this topic.

75% of the respondents agree that people with entrepreneurial ideas or intentions are hampered by a fear of failing or risk aversion. Also, there is a lack of physical infrastructure available for entrepreneurs, no well-established collaboration between businesses and universities on R&D. For entrepreneurs it seems common to ask for help in the private and professional context however, they are split in their opinion if entrepreneur can rely on strangers, friends and family to support them along the way. Amongst new companies even 60% disagree with this statement. Most of them disagree that entrepreneurial activity is restricted to a certain ethnic/social/religious group of society, while 71% disagree that entrepreneurial activity is restricted to a certain age group of society.

5. Regional specifics: Polog

5.1. Overview

With more than 8'000 active companies in 2019, the Polog region is the most active of the four target regions. In total 121 companies responded to the questionnaire, out of which about two thirds are mature and one third growth companies. **Only 2%** of the companies are newly establishes, which is surprising, due to the proximity to the SEEU and the fact that the Polog region is rather active when looking at the number of companies.

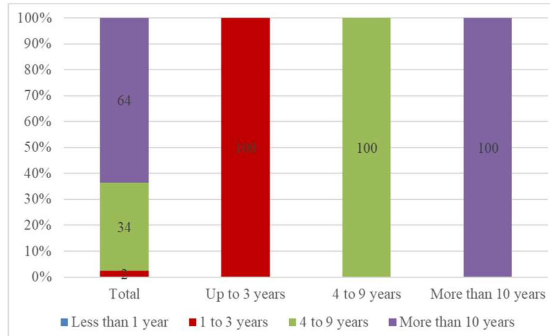

Figure 8: Age of the companies

80% of companies **do not export**. 14% stated that they export in neighbouring countries, followed by 10% that export to the EU.

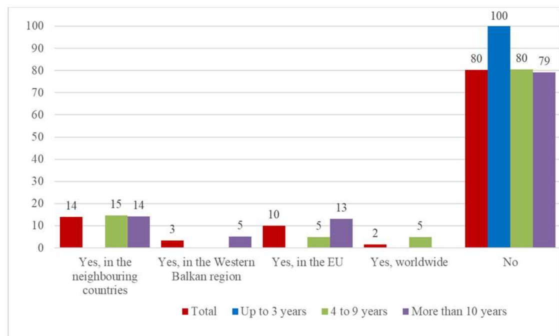

Figure 9: Export activities

5.2. Main sectors

In the Polog region, a large share of the young and active companies operate in the fields of **Trade** and **Tourism** as well as in connection to the **Health** sector. Other sectors are construction and furniture production, in which more mature companies are active.

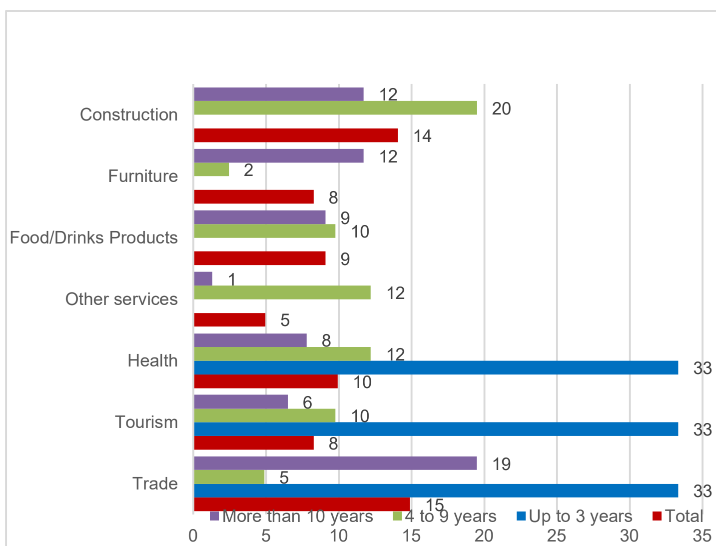

Figure 10: Main products / sectors of the Polog companies

One quarter of the respondents stated that their company is social enterprise, while **only** 13% stated that it is a green business. More than two thirds (68%) stated that their company doesn't fit in those categories. The young companies are split in three equal parts regarding considering themselves as a company with a focus on either green or social business or on none of it.

5.3. Gender

Only very few respondents stated that they have more than 50% of women in their board of directors. Also, in other positions, **women are clearly underrepresented**. However, a slight trend towards a greater inclusion of women amongst the young companies is detectable. The majority also seems to agree with the statement that “Women are promoted to leadership positions” and half of the respondents stated that there are gender specific barriers, which hinder women entrepreneurship. However, since most of **the respondents are men** these statements might be biased.

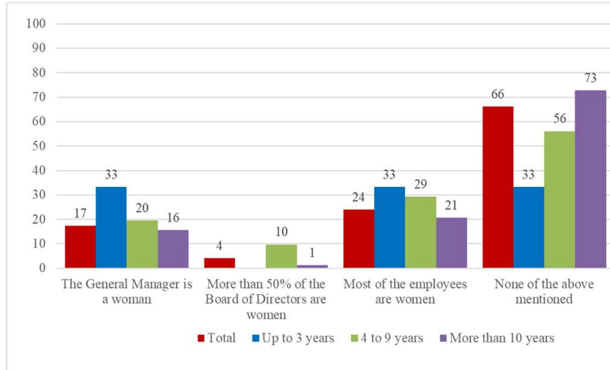

Figure 11: Representation of women in the company’s management

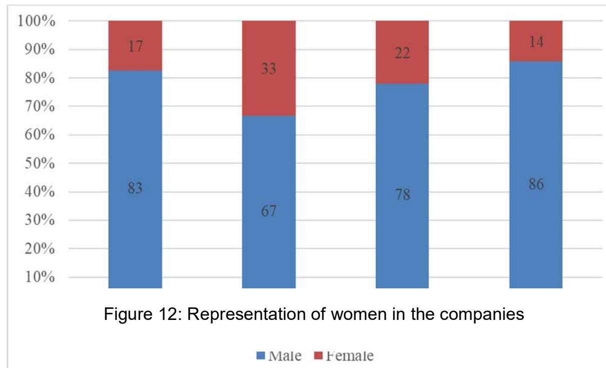

Figure 12: Representation of women in the companies

5.4. Main challenges

Most of the young companies stated that **access to finance** and the **cost of production** or **labour** are the biggest challenges they are currently facing. The more mature companies are struggling rather with competition and are less affected by the COVID crisis compared to the young companies. More than half of all companies disagree that scientists and engineers with the qualifications required by the businesses are available.

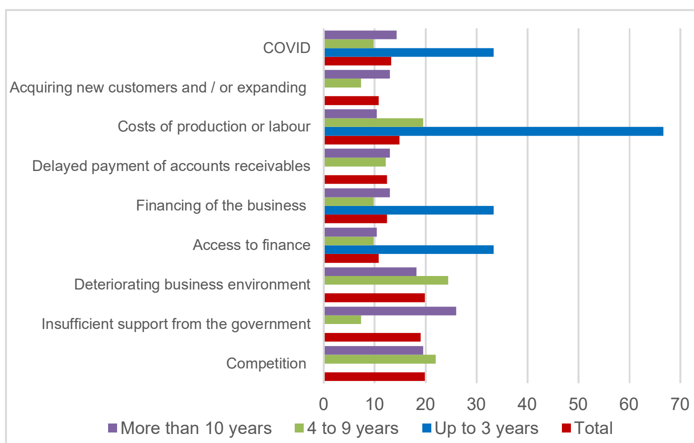

Figure 13: Main challenges for the companies

Next to the challenges, it seems as the outlook for the companies, no matter the age of the company, are perceived as being rather optimistic, with most of them stating that they expect to experience growth in the next year and acquire new customers.

5.5. Types of Business Support Services

When asked about business support services needed, around one third of the respondents stated that they need **general advice** and information on **accessing finance** and specialized support in accessing and obtaining finance. Unlike to the North-East region only very few are looking for support services in the fields of green and circular economy. A rather large share of companies did not have any experiences with support services. This makes it **difficult to value the response of the companies regarding the quality of the support services provided**, although mostly rated it as positive. The vast majority (71%) also stated that it was difficult it is to obtain support services.

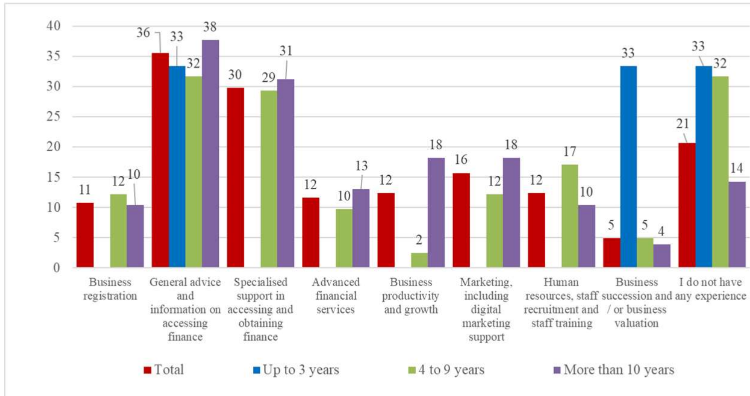

Figure 14: Most important/needed business support

5.6. Finance

When asked about the purpose of financing the vast majority of the respondents' stated that it was for **working capital**. More than two thirds of the respondents support the statement that the **limited access to finance is the biggest obstacle** for doing business.

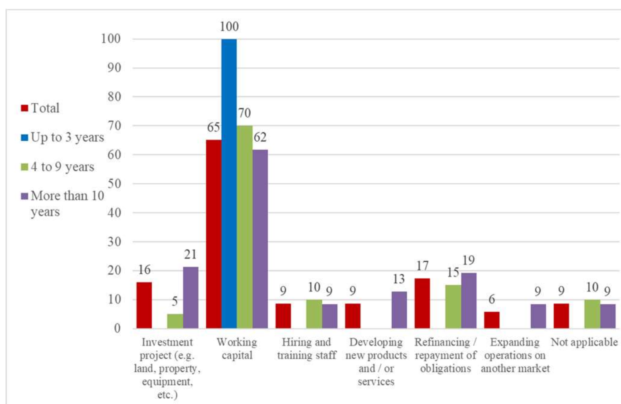

Figure 15: Purpose of the financing

5.7. Entrepreneurship culture and attitude

To increase the personal income is the most important motive for pursuing entrepreneurial activities, followed by taking advantage of a business opportunity. Half of the respondents disagree that society reacts positively on entrepreneurial failure and supports second chance. Furthermore, more than half of the respondents believe that people with entrepreneurial ideas are hampered by a fair of failing.

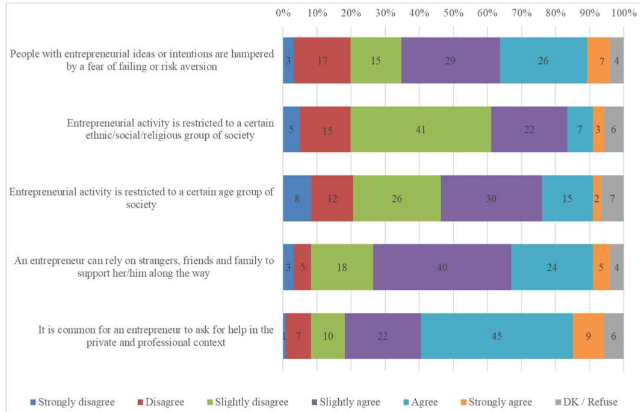

Figure 16: Rating of the statements on the entrepreneurial activities

It is agreed that a certain infrastructure is available for entrepreneurs, however there is no well-established collaboration between businesses and universities on R&D. For entrepreneurs it seems common to ask for help in the private and professional context and they believe that they can rely on strangers, friends and family to support them along the way.

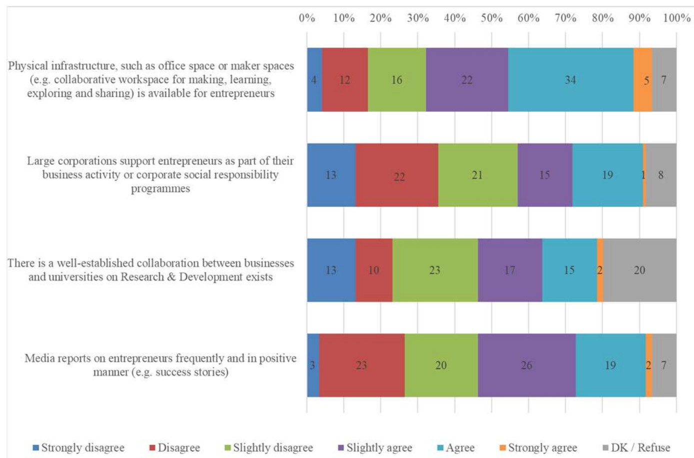

Figure 17: Rating of the statements on the entrepreneurial activities

6. Regional specifics: South-West

6.1. Overview

In total 121 companies responded to the questionnaire out of which three quarters are operational for more than 10 years, while 17% are operational between 4 to 9 years and 8% are newly established companies. Similar to the North-East region, only a very small number of companies export into the Balkan neighbour or EU-countries.

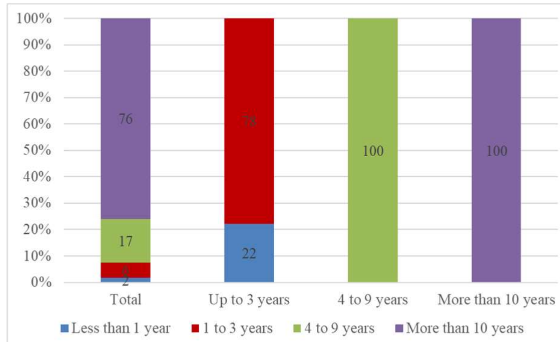

Figure 18: Age of the companies

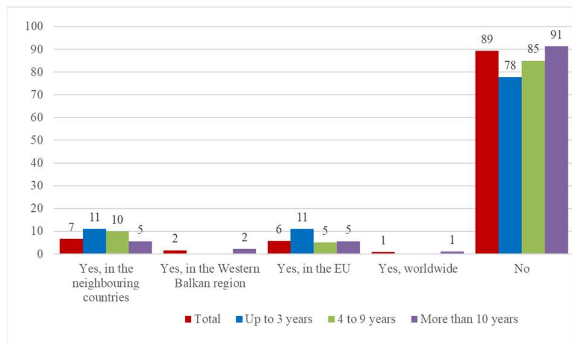

Figure 19: Export activities

6.2. Main sectors

In the Polog region, a large share of the young and active companies operate in either **tourism** or **clothes / shoes** production. Whereas the more mature companies operate mainly in the production of **food and drink** as well as in the production of **health-related products** and construction.

More than one third of the respondents stated that their company is a social enterprise, while only 6% stated that it is a green business. More than half of the companies (57%) stated that the company doesn't fit in those categories. Around half of the new companies stated that they are a green or social oriented business.

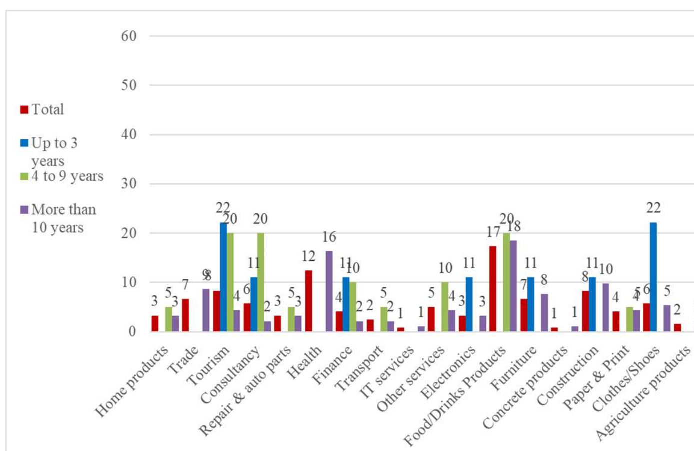

Figure 20: Main products / sectors of the South-West companies

6.3. Gender

Only very few respondents stated that they have more than 50% of women in their board of directors. Also in other positions, women are clearly underrepresented. The majority also seems to agree that women are not particularly disadvantaged when it comes to entrepreneurship as a career choice or gender specific barriers. However, since the **majority of the respondents are men** these statements might be **biased**. The results show that two thirds of the respondents in companies are male, while around one third are female. The percentage of male is higher (89%) for the new companies.

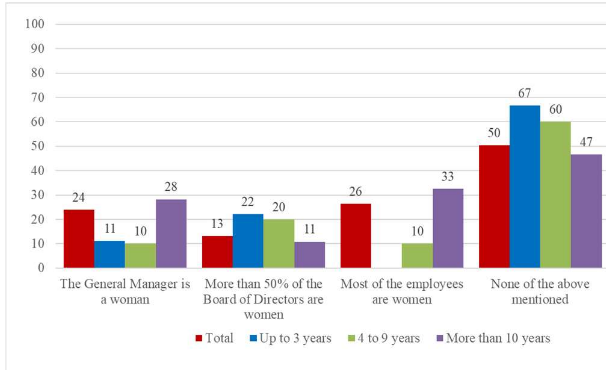

Figure 21: Representation of women in the company's management

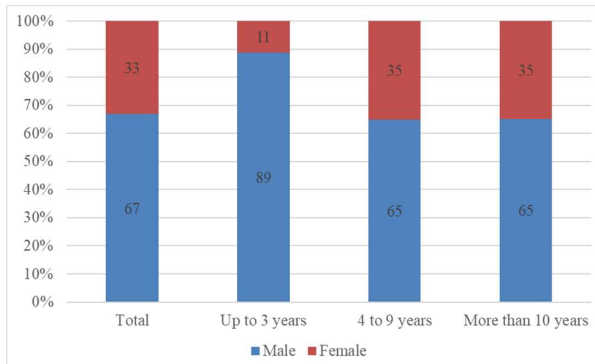

Figure 22: Representation of women in the companies

6.4. Main challenges

Interestingly 85% agree that skilled work force is available to the businesses in the region and a majority of the respondents is positive that scientists and engineers with the qualifications their business requires are available. In general, there is good agreement between all groups of companies. The biggest disagreement is with new companies, in particular on the issue that graduates of the educational institutions have the needed skills and knowledge to work in the companies, however it is still lower than 50%.

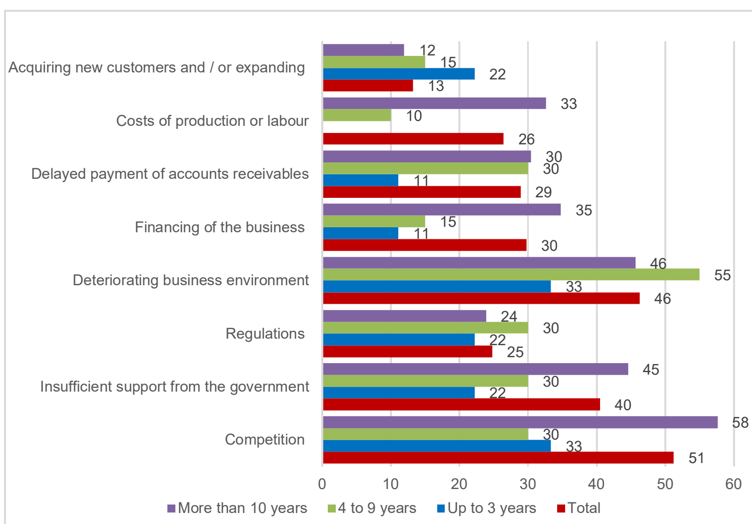

Figure 23: Main challenges for the companies

Most of the companies stated that the deteriorating business environment is one of the main challenges as well as the competition and insufficient support from the government. Also access to finance and the cost of production or labour are frequently mentioned challenges.

More than half of the respondents strongly agree or agree that the **tax rate** is one of the **biggest obstacles** for doing business. This is in **contradiction** with the positive statements that the overall tax framework and procedures have positive influence on businesses and that tax rates are appropriate and stimulate entrepreneurship.

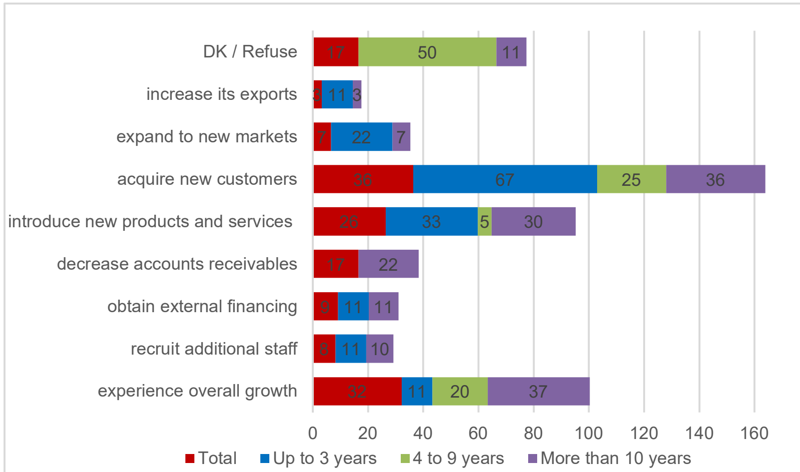

Figure 24: Likelihood of facing the following business issues in the next 12 months

Next to the challenges, it seems as if mainly the young companies are optimistic about acquiring new clients and introducing new products in the next 12 months, which is somewhat logical as they have only been established recently. However also a significant number of mature companies expect their business to grow in the future.

6.5. Types of Business Support Services

When asked about business support services, a large proportion of the respondents stated that they need **general advice** and information on **accessing finance** and support with the **business registration process**. Similar to the Polog region only very few are looking for support services in the fields of **green** and **circular** economy, which is in **contradiction** with the percentage of companies who stated that they are operating in this field.

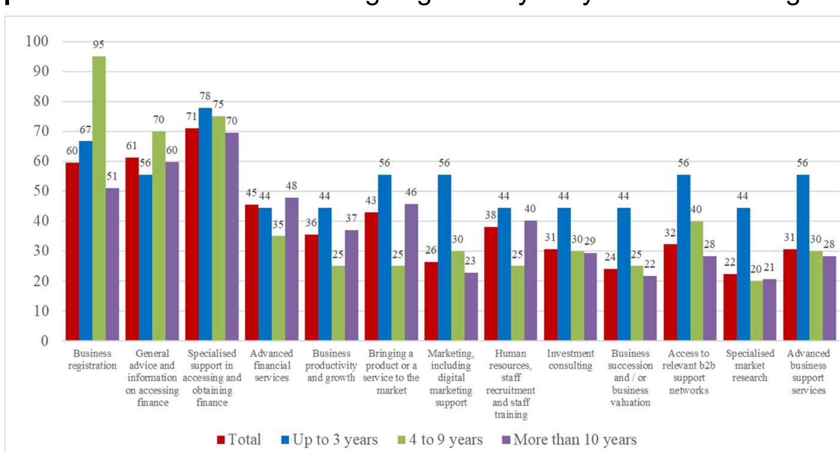

Figure 25: Most important/needed business support

Surprisingly only a very little share of companies **never used any business support services**. Which again stands in contrast to the statement, that a majority of the companies find it either difficult or very difficult to obtain any support services at all and to the ratings of the quality of the support services they received.

6.6. Finance

Unlike most of the other regions, the more mature companies in the South-West region do not use their finances mainly for the working capital, but rather for **refinancing** or the **repayment of obligations**, which can be interpreted as a sign of **not very profitable** business models. On the other hand, mainly young companies invest their money in projects to enhance the growth of the companies. Similar to the other regions, the general access to finance is perceived as to be limited however the **respondents seem to agree that alternative sources** of financing are available, for green and social businesses, **which again is a somewhat questionable statement** when compared to responses in interviews and the results of the ecosystem mapping**.**

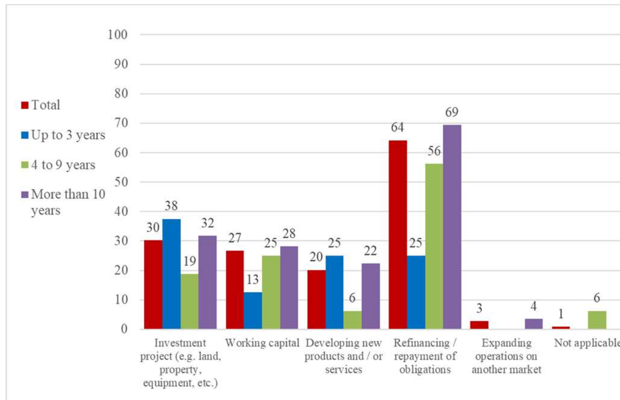

Figure 26: Purpose of the financing

6.7. Entrepreneurship culture and attitude

Opposite to the other regions, in the South-West people seem to be looking for greater independence and therefore open-up businesses for this reason. Self-accomplishment and the increase of the personal income are other reasons for becoming an entrepreneur.

In the South-West it is perceived that entrepreneurial activities are restricted to a certain ethnic/social/religious group and also to a certain age. However, in general the public seems to be thinking of entrepreneurship as a good career choice and honours entrepreneurial success to a certain extent.

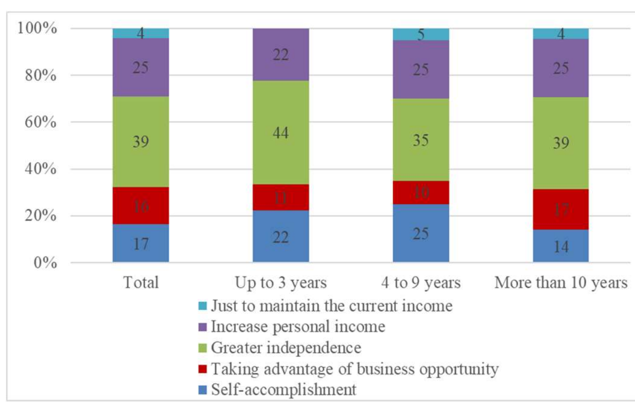

Figure 27: Indication of the most important motive for pursuing entrepreneurial activity

The respondents in general agree that a certain infrastructure is available for entrepreneurs and that for entrepreneurs it seems very common to ask for help in the private and professional context and they believe that they can rely on strangers, friends and family to support them along the way.

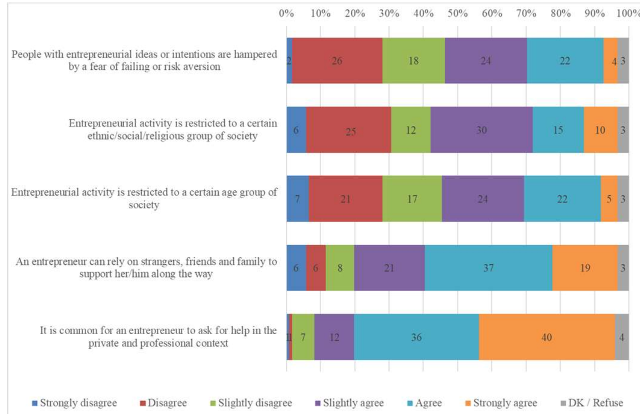

Figure 28: Rating of the statements on the entrepreneurial activities

7. Regional specifics: Municipality of Resen

7.1. Overview

In total 96 companies responded to the questionnaire out of which half of the companies are operational from 4 to 9 years, while 43% of the companies are operational for more than 10 years. The number of companies which are operational up to 3 years (new) are **only** 6%. Compared to the other regions it seems as in Resen Municipality, the companies tend to export a bit more, however the young companies which were surveyed do not export at all. Companies seem to be somewhat torn in the perception of the government's involvement and efforts in the general business environment.

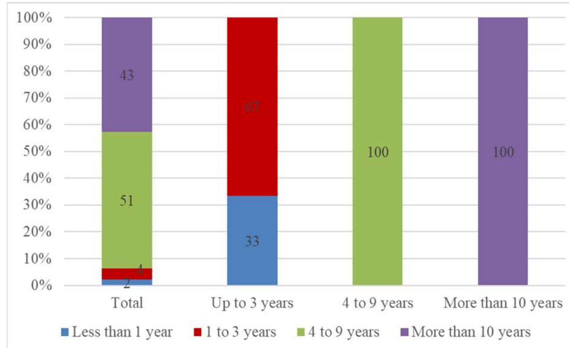

Figure 29: Age of the companies

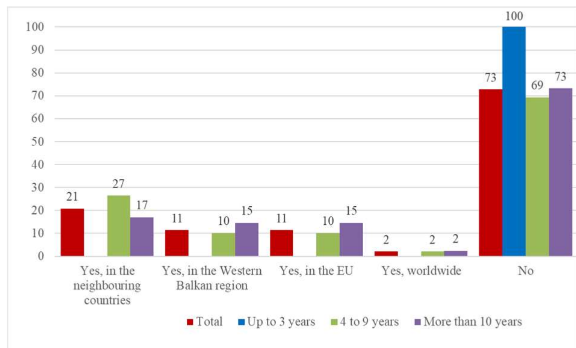

Figure 30: Export activities

7.2. Main sectors

In Resen, the young companies operate in either **Trade** and **Tourism**, the **IT and Electronics** sectors or in the **production of furniture**. Whereas the more mature companies operate mainly in the **agricultural**, **trade** and **tourism** sectors. **Only** 7% of the respondents stated that their company is a **social** enterprise, while **only** 5% stated that it is a **green** business. 89% of the respondents stated that the company doesn't fit in those categories. Equally, 17% of the new companies stated that they are both green businesses and social enterprises.

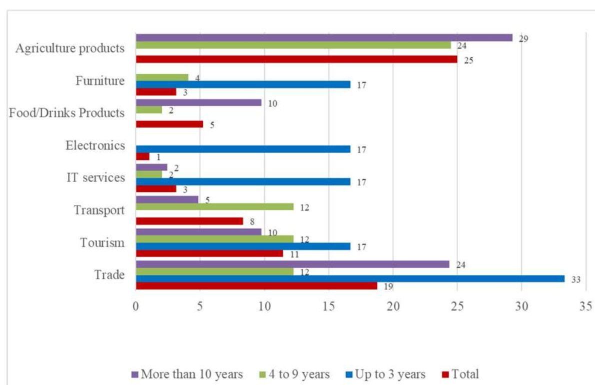

Figure 31: Main products / sectors of the Resen companies

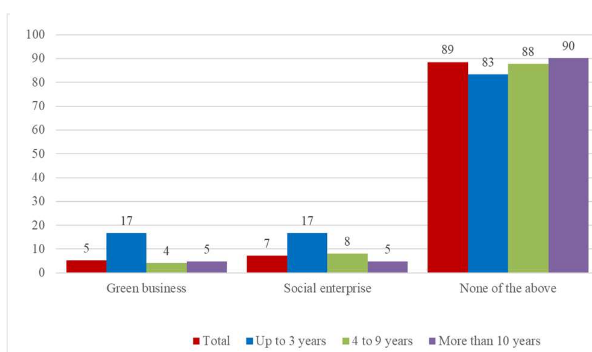

Figure 32: Focus of the businesses in the Resen region

7.3. Gender

Practically no one stated that they have more than 50% of women in their board of directors. Also, in other positions, women are clearly underrepresented. However, the majority seems to agree that women are not particularly disadvantaged when it comes to entrepreneurship as a career choice or gender specific barriers. A vast majority also states that women are promoted to leadership positions. However, since most of **the respondents are men,** these statements might be **biased** and are not supported by the survey findings.

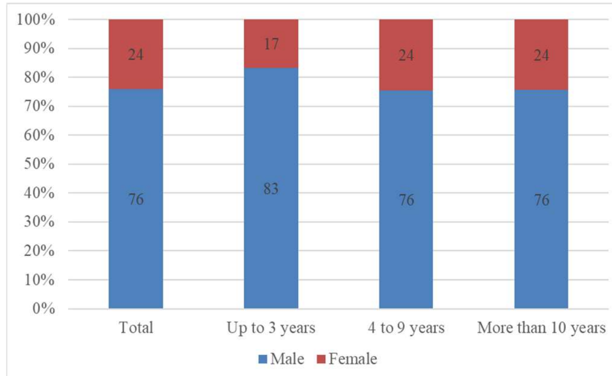

Figure 34: Representation of women in the companies

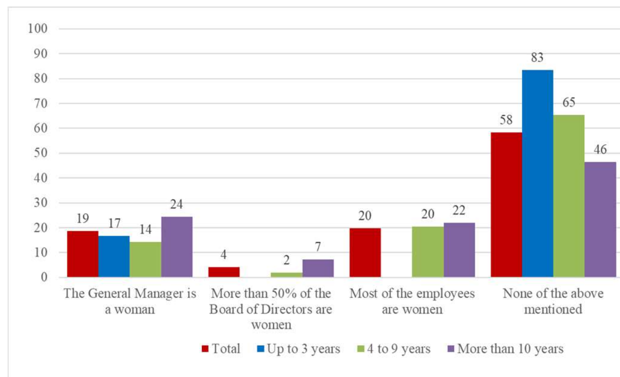

Figure 33: Representation of women in the company's management

The results show that around **three quarters of the respondents in companies are male**, compared to 24% who are female. The percentage of female respondents is lower in the new companies and it is also on a **lower level, when compared to the other regions**. Statements given about various topics, such as access to finance for women entrepreneurs (on which 81% agree is equal to the access to finance for men) therefore have to be interpreted with caution.

7.4. Main challenges

For young companies the main challenges in the past year were mainly the **competition** as well as the **access to finance** and the development of an online presence. For the more mature companies it was also the competition and the acquisition of new customers. Similar to the other regions, the companies in the Municipality of Resen are also confident that they will

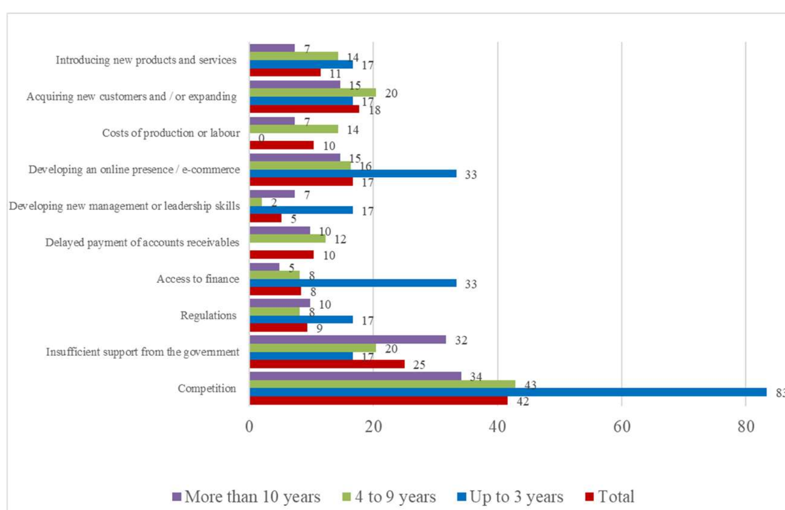

Figure 35: Main challenges for the companies

experience growth as well as acquire new clients and customer over the course of the next year. Many companies, especially young ones, suffered significantly from the COVID-19 crisis and also experienced delayed payments of invoices.

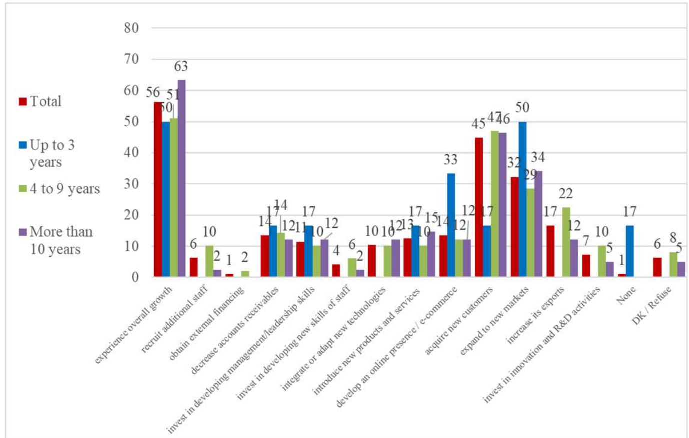

Figure 36: Likelihood of facing the following business issues in the next 12 months

7.5. Types of Business Support Services

When asked about business support and advice that are most needed, more than one quarter of the respondents stated that they need specialized support in **accessing and obtaining finance**, while around one fifth stated that they need **marketing** (incl. digital marketing) support, **business registration** and general advice. One third of the new companies stated that they also need support for the **business registration** as well as specialised support in **accessing and obtaining finance** and investment consulting. Some of the respondents are looking for support services in the fields of **green** and **circular** economy, however still only a small number. In general, it is perceived as rather difficult to obtain any support services at all and to the ratings of the quality of the support services they received are rated somewhere in the middle between poor and excellent.

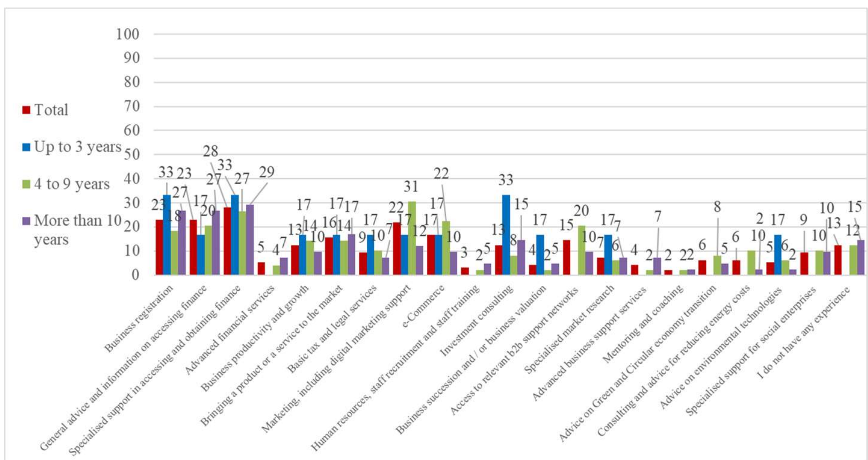

Figure 38: Most important/needed business support

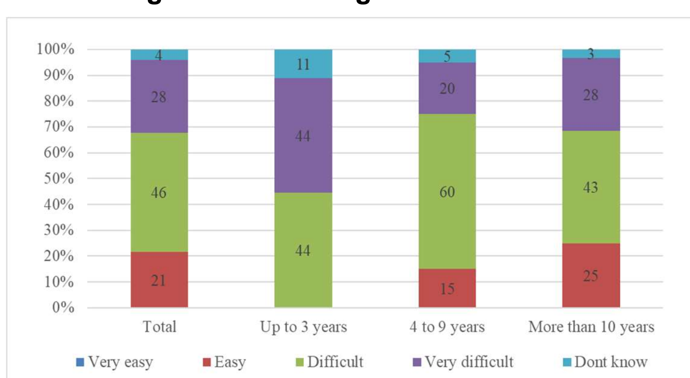

Figure 37: Difficulty of receiving business support services

7.6. Finance

Like most of the regions, the respondents from the Municipality of Resen stated that they use funds manly for their working capital and therefore to maintain their current business. The young companies also use finance for market expansion. Investments and development of new products remain on a very low level amongst the responses. Similar to the other regions, the general access to finance is perceived as to be limited, however there is a rather good perception amongst the companies on different issues related to access to finance. More than half of all respondents somehow disagree on the importance of diaspora for business financing and some 60% agree that it is relatively easy to get a loan for business financing from banks and other credit institutions.

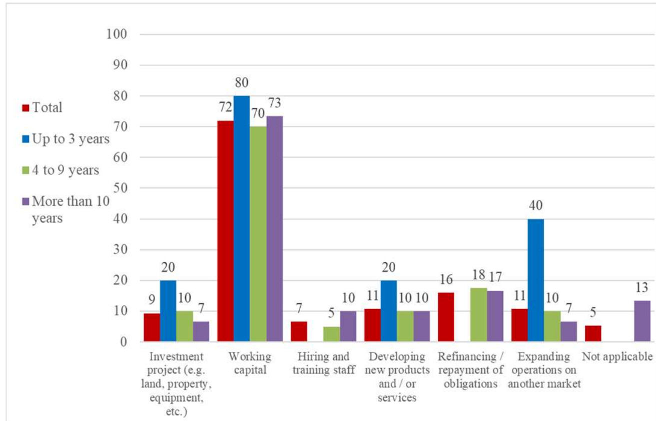

Figure 39: Purpose of financing

7.7. Entrepreneurship culture and attitude

Many of the respondents stated that increasing their personal income was the main reason for setting up a company and the entrepreneurial culture and attitude in the Municipality of Resen seems to be less positive toward entrepreneurship as a career choice and the fear of failure of people with entrepreneurial ideas.

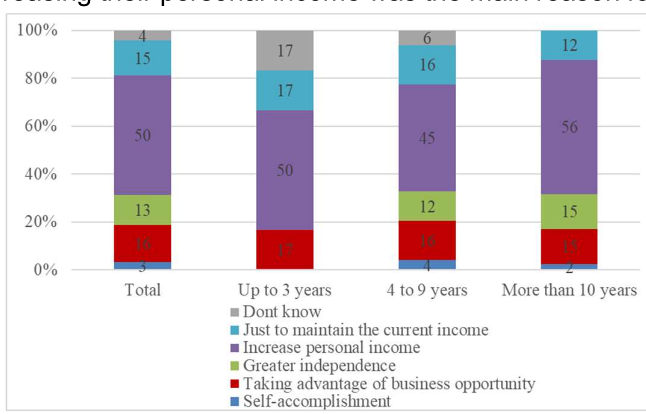

Figure 40: Indication of the most important motive for pursuing entrepreneurial activity

Furthermore, there is a **disagreement** on two statements. Namely, more than half of all companies somehow disagree (either strongly disagree or disagree or partially disagree) that entrepreneurial activity is restricted to a certain ethnic / social / religious group of society and that entrepreneurial activity is restricted to a certain age group of society, but two thirds of the new companies somehow agree (either strongly agree or agree or partially agree) on that. Almost three quarters of the respondents somehow agree that media reports on entrepreneurs frequently and in positive manner (e.g. success stories). Mature companies somehow disagree (either strongly disagree or disagree or partially disagree) that collaboration between businesses and universities on R&D exists.

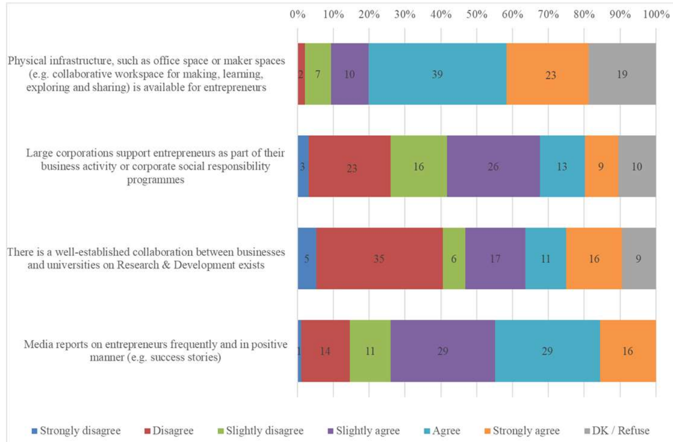

Figure 42: Rating of the statements on the entrepreneurial activities

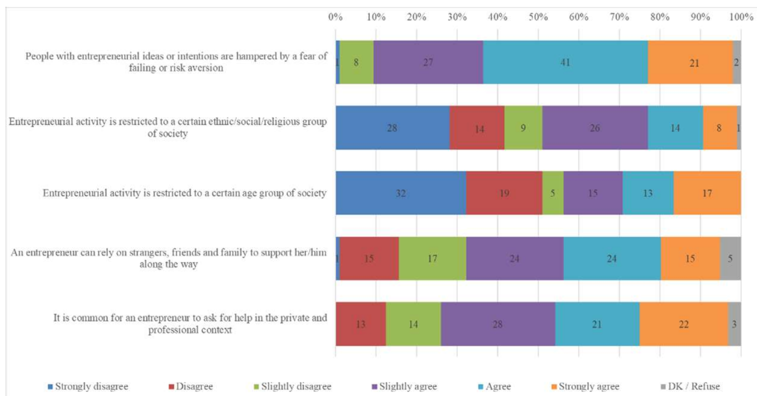

Figure 41: Rating of the statements on the entrepreneurial activities

8. General findings and comparisons

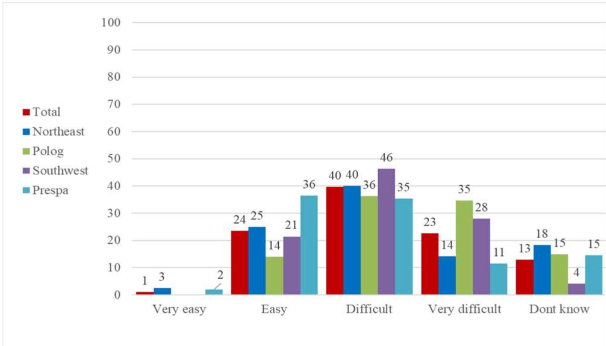

Figure 44: Difficulty in obtaining services and advice

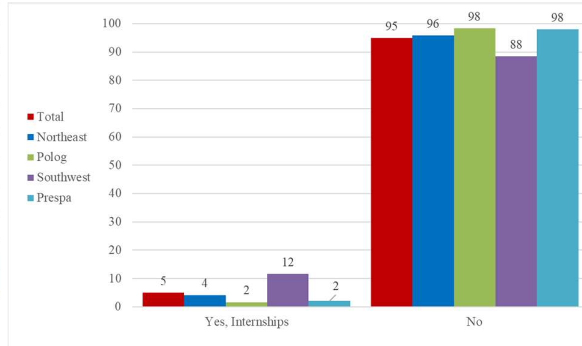

Figure 43: Services of educational institutions used

In general, it seems that in all regions it is difficult to obtain services and advice regarding business support. In the NE and Polog region a significant percentage of companies do not know what has been offered in the regions in terms of business services. Also, the collaboration with the higher educational institutions is very limited. When asked the question *"Have you ever used the services and/or advice from educational institutions (i.e. secondary school or a university/college) for the needs of your business (i.e. internships, apprenticeships, training of staff, recruitment of staff, research, development and innovation activities, etc.)?"* the vast majority of all companies responded with "no"

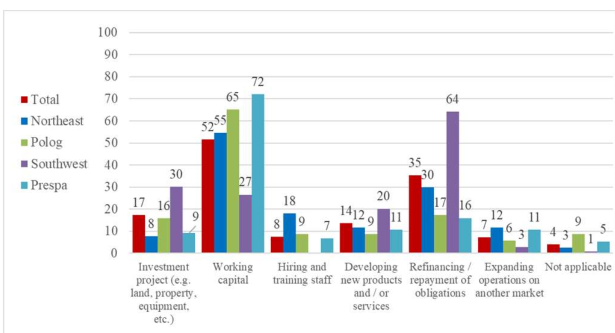

Figure 45: Purpose of the financing

Another interesting comparison is, that most of the surveyed companies are not using their money to make capital investments or to expand their operations into new markets, but rather for their **working capital** or to **pay back obligations**. It can be interpreted that companies are not profitable enough to put aside capital for new investments into products, infrastructure, human resources etc. In terms of the availability of different types of finance for businesses in the regions the respondents mentioned short- and long-term loans, bank overdrafts and borrowings from family and friends which shows the absence of other alternative types of financing. In terms of usage they mainly use own savings, and in NE and SW also grants from government agencies.

Regarding the **access to finance** most of the respondents mentioned that women have equal access to finance. However, since most of the respondents (ca. 75%) were male, this statement **might be incorrect** due to the lack of personal experience. Nevertheless, the female respondents agreed in a similar percentage to the question as their male counterparts. Access to finance in general seems to be one of the most pressing issues when comparing the answers from all the regions.

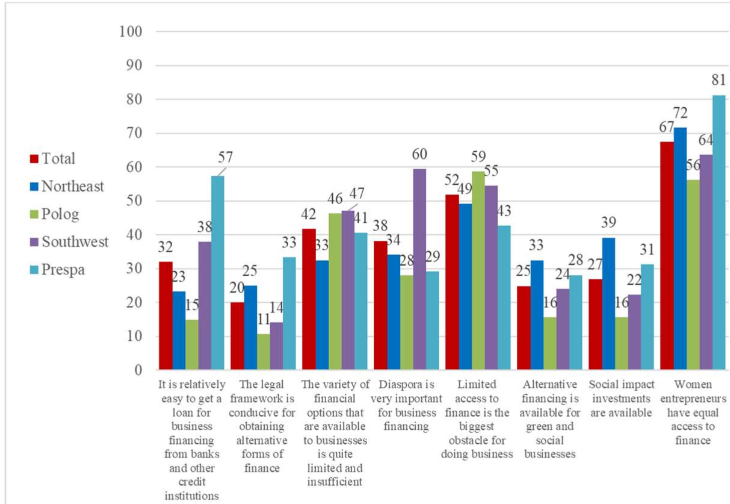

Figure 46: Access to finance

When asked questions about the entrepreneurial environment, respondents in Southwest, Prespa and Polog agree that physical infrastructure, such as office space or maker spaces (e.g. collaborative workspace for making, learning, exploring and sharing) is more or less available. Apart from respondents from the North-East most of the respondents disagree that media reports on entrepreneurs frequently and in positive manner, which hinders the perception of entrepreneurism as a positive and serious career choice.

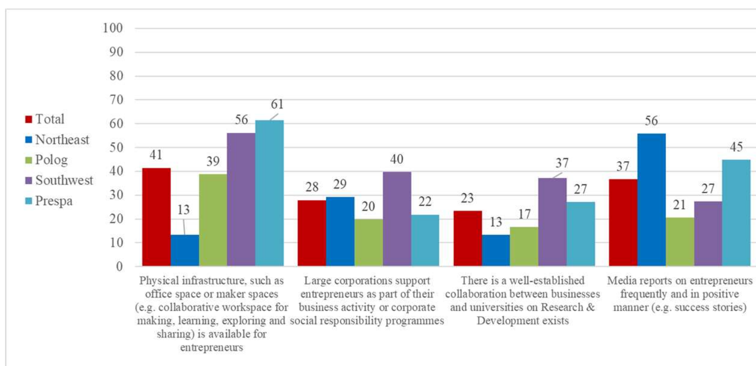

Figure 47: Entrepreneurial environment in the regions

9. Next steps

This report is a summary of the findings of the survey conducted between April and May 2021. The survey consisted of 39 questions (and sub-questions) covering i) Business environment and investment climate; ii) Business Support Services; iii) Access to Finance; and iv) Entrepreneurial culture and attitude. The survey was designed to collect data on business owners' perception of the entrepreneurial ecosystem, assess the level of satisfaction with the quality and availability of business support services, and to identify the usefulness of the services and perceived gaps in provision.

Selected findings have been highlighted in this report that either support some assumptions of the project, provide new insights, or highlight areas of concern to be addressed. The questions selected/highlighted in future reports may differ depending on the degree of changes in responses or new insights that they may reveal.

The survey will be repeated following the same methodology annually during the implementation period of the project. A full database of responses is available and will be updated each year. The data collected from this year will provide the baseline for the future surveys and subsequent responses will provide the theory of change data over the project period.