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Administrative Burden Reduction Policies in Slovenia Revisited

ABSTRACT: *This article explores non-stimulating regulatory environment that can affect economic activities. Specific focus is on the so-called administrative burdens as it has been established that administrative burden reduction is an internationally used policy with questionable outcomes. This is tested on a case study of Slovenian administrative burden reduction policy concluding that administrative burdens are mostly considered unnecessary but to some extent (34.5%) also necessary, however, as a subject of possible optimisation. The most burdensome is time spent in order to comply with regulation, following successiveness of the burdens (one following the other). Additionally, based on the case study policy, we can conclude that businesses are not well informed about government administrative burden reduction policies.*

KEYWORDS: Administrative burden reduction; better regulation; burden reduction measures; flat rate taxation system; small and medium businesses

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INTRODUCTION

Regulations enable the functioning of society with the possible risk of enforcing regulation that is considered burdensome for business and, therefore, represents a target in need of removal/reduction. Katsoulacos, Makri and Bageri (2011) see regulations as often being excessive and/or of poor quality and are thus imposing unnecessary burden on business and, overall, on the economy. Although applicable for all society, regulations decisively determine the business specifically, as it significantly influences the way and speed of company entry into the market/business world (Ardagna & Lusardi, 2010). Businesses may opt to delay their intended business activities if they do not perceive the regulative environment as stimulating (Levie & Autio, 2011). They may also have certain hindrances if they experience burdensome obligations that derive from numerous regulatory demands. Such demands can be divided² into (1) the necessary and (2) unnecessary ones. The unnecessary ones do not succeed in fulfilling the primary goal of regulation and could be removed³ with no harm to the public interest (Bozeman, 2012; Bozeman, 2000; Bozeman, 1993; de Jong & Van Witteloostuijn, 2015; Feeney & Bozeman, 2009; Kaufman, 1977; Pandey & Bretschneider, 1997; Pandey & Kingsley, 2000; Rainey, Pandey & Bozeman, 1995; Rosenfeld, 1984; Scott & Pandey, 2000; Walker & Brewer, 2008). In the policy literature, this type of unnecessary regulation is referred to as administrative burden.⁴ Administrative burdens are the costs involved in obtaining,

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² The dichotomy between 'necessary' and 'unnecessary' regulation has its foundation in the original conception of Kaufman (1977), who had made a point about the conservative understanding of administrative burden as a safeguard of public interest. Because the concept has been characterised as subject dependent, there is an increasing importance for the perception studies, such as the one presented in the paper. Enterprises represent an important stakeholder and their perception of the necessity of regulation is a key factor for policy makers who strive to make regulation with as little unintended consequences as possible.

³ Torriti (2012, p. 90) points out that 'relief from the administrative burdens that businesses face due to legislation can benefit the whole economy, especially at times of recession'. However, a large part of governmental initiatives aimed at reducing administrative burdens have encountered only partial success or even failure (Torriti, 2012).

⁴ Many scholars use the term 'red tape' for defining unnecessary rules and procedures that entail a compliance burden but fail to achieve the primary goal of regulation (Bozeman 2000; 1993). This notion was introduced in organisational theory research, but it has become an important part of the public administration research field since (Bozeman, 1993). The terms 'red tape' and 'administrative burdens' are similar in meaning, and we use the term 'administrative burden' (reduction) because of its more common usage in the European public policy context.

reading and understanding regulations; developing compliance strategies; and meeting mandated reporting requirements, including data collection, data processing, reporting and data storing (OECD, 2008). They are understood as phenomena that present the negative consequence of regulatory action. Scholars who study the negative effects of rulemaking do not conceptualise rules in general as something problematic but focus more on a dichotomy between good regulation and bad regulation (Bozeman, 2012). Therefore, administrative burdens represent the consequences of regulation compliance for businesses (and other users) that are mainly characterised through financial, time consuming or other types of burden.

De Jong and van Witteloostuijn (2015) emphasise the importance of administrative burden reduction policies for business. According to their findings, the amount of unnecessary regulation and how it is perceived by companies in the private sector have a large influence on doing business. They emphasise the need for individual business-level data because administrative burden reduction policies have to take into account the incidence, nature and consequences of regulation in the business community (de Jong & van Witteloostuijn, 2015). With this in mind, we see that feedback from businesses could serve as a driver for policy change, helping the policy-makers establish where administrative burdens are most commonly present (priority areas for administrative burden reduction) and give information for future reference so that administrative burdens would not appear in such quantity. Peck, Mulvey, Jackson and Jackson (2012) report evidence from the UK business surveys, which indicate an increase in the perceived burden of complying with regulation, and that evidence seems to support the idea that smaller businesses generally feel a greater compliance burden than larger businesses. Burden is mostly categorised as consumed time or finance, although their research has also pointed out that perceived burden could also be a combination of other factors such as ‘uncertainty, complexity and the frequency of regulatory changes’ (Peck et al., 2012, p. 17). Kaufmann and Feeney (2014) introduce another important aspect of administrative burden perception, and they believe that stakeholder perceptions are affected by the favourability of the outcome. This means that if a certain stakeholder is to have a positive outcome because of a specific rule or a procedure, this in effect causes the stakeholder to perceive a lower level of burden.

The aim of the article is threefold: first, to introduce the reader to the policy field of administrative burden reduction and highlight the importance of business perceptions for the policy field; second, to give a short overview of administrative burden reduction in the European Union and the Slovenian national administrative burden reduction policy; and third, to present the results of the empirical study on administrative burden reduction policies in Slovenia. Specifically, the aim is to establish what is understood as an administrative burden by Slovenian businesses and to establish which administrative burdens are most common. Additionally, this article explores much needed communication between policy-makers and businesses affected by administrative burden reduction based on the case study of recent flat rate taxation policy that was implemented by national government but underused by businesses as a consequence of not being informed about the policy. The Organisation for Economic Co-operation and Development (OECD) (2010, p. 92) itself points out the fact that ‘many countries have now acquired several years of experience with launching and implementing their administrative burden measurement and reduction programmes, but the same cannot be said for the ex post evaluation of those programmes.... Despite their popularity and political attractiveness, and the considerable resources invested in them, the programmes have not been perceived as bringing sufficient concrete relief’.

ADMINISTRATIVE BURDEN REDUCTION – THE EU POLICIES

On the EU level, there have been numerous guidelines, recommendations, analyses and so on that promote the importance of building a good regulatory framework including the elimination of its maladies such as administrative burdens. In the build-up to a comprehensive strategy, the European Commission made a pilot project in 2006 where it included some member states and stakeholders to establish administrative burden reduction priority areas for the EU legislation (High Level Group on Administrative Burdens, 2014). This project served as a baseline measurement of administrative costs as well as the estimated amount of administrative burdens for each of the 13 priority areas.⁵ Since then, burden reduction measures have been based mainly on the Standard Cost Model (SCM) methodology and its baseline measurements, and this model remains the main driver of administrative cost estimations, thus enabling quantitative targets for burden reduction. In 2008, a target of 25% burden reduction has been set and member states have been striving to achieve this general target.

5 They are (1) Agriculture and Agricultural Subsidies, (2) Annual Accounts / Company law, (3) Cohesion Policy, (4) Environment, (5) Financial Services, (6) Fisheries, (7) Food Safety, (8) Pharmaceutical Legislation, (9) Public Procurement, (10) Statistics, (11) Taxation (VAT) / Customs, (12) Transport, (13) Working Environment/Employment Relations.

Policy activities on burden reduction can be divided into those performed at the EU level in general and across individual member states. In the following, we present the target groups that administrative burden reduction measures are intended for (Table 1) and the main data collection mechanisms (Table 2).

Tab. 1: Administrative burden reduction, target groups by country

COUNTRY	Target groups			
	Citizens	Businesses	Public sector	Non-profit sector
Austria	N	Y	N	N
Belgium	Y	Y	N	Y
Denmark	N	Y	Y	N
Finland	N	Y	N	N
France	N	Y	Y	N
Germany	Y	Y	Y	Y
Greece	N	Y	N	N
Ireland	N	Y	N	no data
Italy	N	Y	N	N
Luxembourg	no data	no data	no data	no data
Netherlands	Y	Y	Y	Y
Portugal	Y	Y	N	no data
Slovenia*	Y	Y	N	N
Spain	Y	Y	N	N
Sweden	N	Y	N	N
United Kingdom	N	Y	Y	Y
European Union	N	Y	N	N

Table notes
 Y = yes; N = no; no data =
 no data has been collected

Source: OECD (2009) and *OECD (2011).

Table 1 shows that the main target group of administrative burden reduction policies are businesses. They are by far the leading target group in all EU-15 countries. It is interesting that on the EU level none of the other target groups are systematically approached and seem to be more or less only accompanying the primary intention of administrative burden reduction. Table 2 shows us how data for administrative burden reduction measurement is gathered. The main mechanism applied all across the EU-15 except in Sweden are business surveys collected by third parties or statistical offices. However, these are not the only available information because mechanisms include information from business focus groups as well as self-perceived information reported by businesses. Here we can see that 9 out of 15 countries give emphasis to the element of perception that is used to complement the business surveys prepared by an external source.

One of the main promoters of improving the regulatory environment is the OECD, which strives to monitor the progress of regulatory policy improvement in the member states. In the area of administrative burden reduction, many different analyses have been carried out, and even though the reports are full of different (yet attractive) terms for administrative burden reduction, for example, cutting red tape (OECD, 2007), administrative simplification (OECD, 2010), reduction of administrative burdens (OECD, 2014), that can sometimes lead to confusion, they still offer a comprehensive overlook of national activities to reduce administrative burdens and improve the regulatory framework for businesses, citizens and public administrations.

Tab. 2: Administrative burden reduction, data collection mechanisms

COUNTRY	Main mechanism used for data collection			
	Business surveys collected by third parties or statistical offices	Focus groups comprised of businesses	Self-perceived information reported by businesses or their associations	Other
Austria	Y	N	N	Y
Belgium	Y	Y	Y	Y
Denmark	Y	Y	N	Y
Finland	Y	N	Y	Y
France	Y	Y	Y	N
Germany	Y	Y	N	Y
Greece	Y	no data	Y	no data
Ireland	Y	Y	Y	no data
Italy	Y	Y	Y	N
Luxembourg	no data	no data	no data	no data
Netherlands	Y	Y	Y	Y
Portugal	Y	N	N	N
Slovenia*	no data	no data	no data	no data
Spain	Y	N	Y	N
Sweden	N	N	N	Y
United Kingdom	Y	Y	Y	no data
European union	Y	N	Y	N
Table notes				
Y = yes; N = no; no data = no data has been collected				

Source: OECD (2009) and *OECD (2011).

Most OECD countries have made policies to reduce administrative burdens a political priority. Administrative burdens are particularly burdensome to smaller businesses and may inhibit entrepreneurship (OECD, 2015). Under the Better Regulation framework, which started in 2006, the European Commission has been making a lot of effort to reduce administrative burdens stemming from EU legislation, which would make its regulatory framework more efficient for citizens as well as business (European Commission, 2015). The projected costs of regulation and its savings potential have been since then measured with a unified model called the Standard Cost Model.⁶ Following the introduction of the SCM methodology the EU member states pursued a (mostly) common reduction target, which was due to be achieved by 2012.

The activities after 2012 follow up on activities already finished, and under the Regulatory Fitness and Performance (REFIT) programme, there remains a common effort of Commission, Parliament, Council, Member states and other stakeholders to contribute to a stable, beneficiary regulatory framework.

⁶ This methodology is the most widely accepted methodology for measuring administrative costs. It is used as an estimate for costs incurred by businesses. Its usefulness is mainly emphasised due to the ability to break down regulation into smaller, measurable fractions and from there a reliable measurement of administrative burdens can be made in different policy areas, which in effect serves the main goal of simplifying the regulatory framework (SCM Network, 2015). Although we do not desire to undermine its usefulness, it would be fair to at least mention that the model has received some criticism over time. Here we turn to Jacopo Torriti (2012) and his concerns about the calculation of administrative costs. He emphasises that overall economic improvement only through SCM success is not the most valid indicator, because the gross domestic product (GDP) as the indicator of the economic outlook is not dependent solely on the quantified amount of removed administrative burdens.

ADMINISTRATIVE BURDEN REDUCTION – SLOVENIAN POLICIES

A systematic approach to administrative burden reduction in Slovenia started in 2005. The first actions were oriented towards the business environment for improving competitiveness and the general economic outlook. The first steps included an inclusion of a methodology for estimating and measuring administrative burden reduction, which followed the SCM methodology for measuring administrative costs. The most comprehensive benchmark project was aimed at a 25% burden reduction across numerous priority areas and with a timeline of approximately 5 years. The Action Programme was implemented across the following five stages: (1) a review of the regulation in a certain priority area, (2) a baseline measurement of administrative burdens with the SCM methodology, (3) collection of suggestions from stakeholders and the interested public, (4) a change of regulation and (5) a re-evaluation of administrative costs to assess the efficiency of taken measures (Programme of eliminating administrative barriers and reduce regulatory burdens – Minus 25%, 2009). In relation with the proper information to relevant stakeholders and target groups, we should point out that although one of the phases foresees their inclusion, its efficiency has to be questioned if we take into account the results from our research.

In this period, Slovenia followed the example of many EU member states and set a target of a 25% reduction of administrative burdens until the end of 2012. The government extended the period for the set target to 2013 and even so, the target was not fully met. The findings about the efficiency and progress of this programme are located in the Action Programme for Eliminating Administrative Barriers and Reducing Legislative Burden for 2012 and 2013 (2012). The above-mentioned documents were included in the strategy for further improvement of administrative burden reduction. A priority was the formation of a unified document named The Single document to enable better regulation and business environment and increase competitiveness (2013), which merged 13 former official documents that served as guidelines for administrative burden reduction in the past years. In April 2015, the government also launched a new Public Administration Development Strategy 2015–2020, which will strive to improve the regulatory framework and reduce the volume of regulation by at least 10% until 2020.

Administrative burdens have also received some attention amongst Slovenian scholars who have focused on different aspects of administrative burden reduction, such as the relation between doing business and bureaucracy (Zatler, 2007), the way administrative burden reduction contributes to better regulation (Virant, 2010), the awareness with measures to reduce administrative burdens in the public and private sectors (Milavec & Klun, 2011), the reduction of administrative burdens and its impact on the competitiveness of business (Setnikar-Cankar & Petkovšek, 2011), the entrepreneurial aspects of administrative burden (Kalaš & Bačlija, 2015) and the correlation between administrative burden perception and selected factors of doing business (Kalaš, 2015).

However, there is an evident lack of focus on post implementation and evaluation phase of administrative burden reduction policy in Slovenia. In addition, evaluation phase of policy circle is crucial for further improvements of the policy. Pandey and Kingsley (2000) have shown that administrative burden reduction measures cannot be fully successful if the sole focus is on the system rather than also including relevant stakeholders. Peck et al. (2012) say that businesses are a strong and influential lobby group that can strengthen the consultation process. The perception of administrative burdens as well as understanding of administrative burden reduction measures by businesses are of great importance for policy-makers because (1) policy-makers receive important feedback about the effects of an existing policy and (2) businesses as the target group can show if reduction measures are effective and give information about the key elements/areas in need of improvement. In their research, Peck et al. (2012, p. 59) conclude that business perception surveys mainly point out three general categories of understanding administrative burdens. First, they try to establish how many businesses see regulation as an obstacle to their success. Second, they try to establish the proportion of businesses that believe that the benefits of regulation do not justify the costs they incur on businesses, and finally, how many businesses believe that compliance with regulation is becoming more time consuming.

METHODOLOGY

To establish the relation of small and medium-sized enterprises in Slovenia towards administrative burdens and their reduction measures, nationwide research was performed. The number of officially registered enterprises in Slovenia is 182.019 (Statistical Office of the Republic of Slovenia, 2015), and the web survey was sent to the sample of 1.018 registered businesses with the use

of a proportional stratified sampling method. The survey took place between 10 January 2014 and 7 June 2014. A cover letter had been sent to the target group subjects in regular time intervals by e-mail (follow-ups included contacting subjects by phone), through which they were acquainted with the content and purpose of our research and were invited to participate in the survey. In an effort to limit the expected unresponsiveness of the subjects, we used a number of methods that have been highlighted as having a considerable positive effect on survey response rates across numerous studies, such as preliminary notification, follow-ups/repeated contacts (Armstrong & Lusk, 1987), receiving a ‘reward’ in the form of survey results (Yammarino, Skinner, & Childs, 1991). We received 252 completed surveys, and the characteristics of the sample in relation to the population are indicated in Table 3.

Tab. 3: Sample characteristics in comparison to the population

		Sample (252)	Population (182,089)
Legal-organisational form	Limited liability businesses	45.6%	35.6%
	Unlimited liability businesses	0%	0.68%
	Joint stock businesses and partnerships limited by shares businesses	0%	0.49%
	Other legal subjects	0%	8.9%
	Sole proprietorships	54.4%	54.35%
Standard classification of activities	Agriculture, forestry and fishing	7.1%	1.38%
	Mining and quarrying	0.5%	0.07%
	Manufacturing	8.2%	10.94%
	Construction	24.2%	12.91%
	Wholesale and retail trade, repair of motor vehicles and motorcycles	12.6%	16.31%
	Transportation and storage	2.2%	5.54%
	Accommodation and food service activities	5.5%	5.63%
	Information and communication	12.1%	4.31%
	Financial and insurance activities	1.6%	1.38%
	Real estate activities	3.8%	1.49%
	Professional, scientific and technical activities	13.7%	16.26%
	Administrative and support service activities	28%	15.7%
	Education	6%	2.79%
Region	The Pomurska region	7.1%	4.03%
	The Podravska region	10.3%	13.82%
	The Koroška region	7.6%	2.88%
	The Savinjska region	8.7%	10.94%
	The Zasavska region	3.8%	1.44%
	The Spodnje Posavska region	3.3%	2.81%
	The Jugovzhodna Slovenija region	2.2%	5.15%
	The Osrednjeslovenska region	28.8%	33.82%
	The Gorenjska region	9.8%	9.72%
	The Notranjsko – kraška region	6.5%	2.23%
	The Goriška region	3.8%	6.18%
	The Obalno – kraška region	8.2%	6.98%

Notes: Population size data was taken from the Statistical Office of the Republic of Slovenia on 31 December 2012.

Source: Own research (2014).

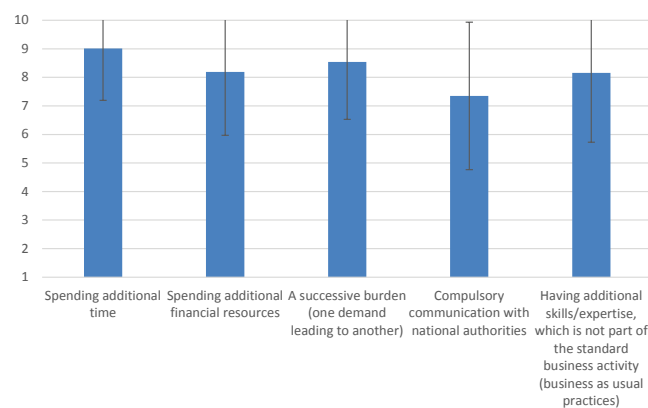
Results section will be organised as follows: First, perception of business owners on administrative burdens will be presented. This will serve as an introduction on how administrative burdens are understood (conservative or neoliberal view). The second part will focus on the meaning of administrative burden or what type of burden (time, finance or other) is mostly understood as administrative burden. The final part will focus on a particular policy intended for administrative burden reduction for a specific target group.

RESULTS

The first part of the survey was focused on the understanding of what administrative burden represent to the users. Respondents were given three possible answers that were mainly oriented towards the distinction between administrative burdens as necessary or unnecessary regulation. Three possible answers were necessary regulation (necessary and appropriate rules and procedures with which the state takes care of the efficient operation of economic subjects), necessary regulation (rules and procedures that are necessary but do not serve their purpose and can be improved) and unnecessary regulation (rules and procedures that are unnecessary and present an obstacle for doing business). Results show that 61.5% of businesses understand administrative burdens as being unnecessary regulation but surprisingly 34.5% understood administrative burdens as necessary regulation, although in need of optimisation. Only 3.2% believes that administrative burdens are necessary regulation. Cross tabulation between answers and legal-organisational form implies that there are no differences between types of businesses.⁷

Next, we were interested in what users perceive as burdensome. The World Economic Forum (Global Competitiveness Report, 2015) states that administrative burdens are costly for businesses in terms of time and other resources. Moynihan, Wright and Pandey (2012) argue that perceptions matter for understanding the research field of administrative burden reduction. The experience of administrative burden and the outcome of administrative burden can be mutable (Moynihan, Wright, & Pandey, 2012), and it is, therefore, important to understand what types of burden do administrative burdens represent for stakeholders in this case businesses. In spite of the increasing importance for perception studies in the administrative burden reduction field, there is still a lack of research that would focus directly on the perception of administrative burdens by businesses as well as the type of burden that is mainly produced by the existence of administrative burdens.

Graph 1: Meaning of administrative burdens for businesses in Slovenia



Notes: The survey question was: What administrative burdens represent for your business (N = 252). Respondents answered on a scale from 1 to 10 (where 1 represented the value completely disagree and 10 represented the value completely agree) with how they agree with the given description of the most burdensome element of administrative burdens.

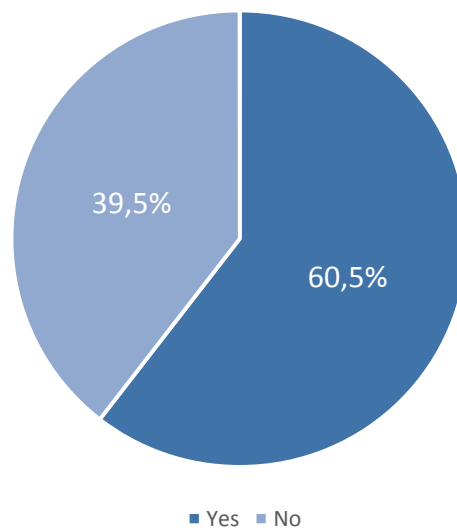
Source: Own research (2014).

⁷ There were also no significant differences observed when correlating other variables with business independent variables.

Graph 1 shows that all of the featured answers received a relatively high average value but the standard deviation values are also high, which indicates to considerable deviance from average values (error bars show the standard deviation accounting for the dispersion of 68% of the population). Slovenian businesses mostly perceive administrative burdens as additional time spent for complying with regulatory demands, whereas the lowest value was received for additional compulsory communication with national authorities.

The next section of the survey focused on the comprehension and acquaintance with specific policy measures in administrative burden reduction. The Slovenian government had pointed out numerous priority areas in approaching administrative burden reduction. One of the more important policies focused on the taxation principles and system for micro and small businesses. As small and medium businesses form a great majority of all businesses in Europe (Costopolou & Ntaliani, 2010) as well as Slovenia (SBA Fact Sheet, 2010), we decided to evaluate policy measures that were intended specifically for such a target group. The tax policy and accounting obligations represented burdensome requirements for a large number of businesses, which did not exceed a certain amount of annual income. Therefore, the purpose of administrative burden reduction in this area was to minimise the costs for these businesses and, therefore, raise their competitiveness in the market.

Graph 2: Awareness of tax and accounting policy changes for small and medium businesses



Notes: The survey question was: Do you know the changes that came into effect on the 1 January 2013 in the area of flat rate taxation for enterprises that do not exceed an annual income of 50.000€?

Source: Own research (2014).

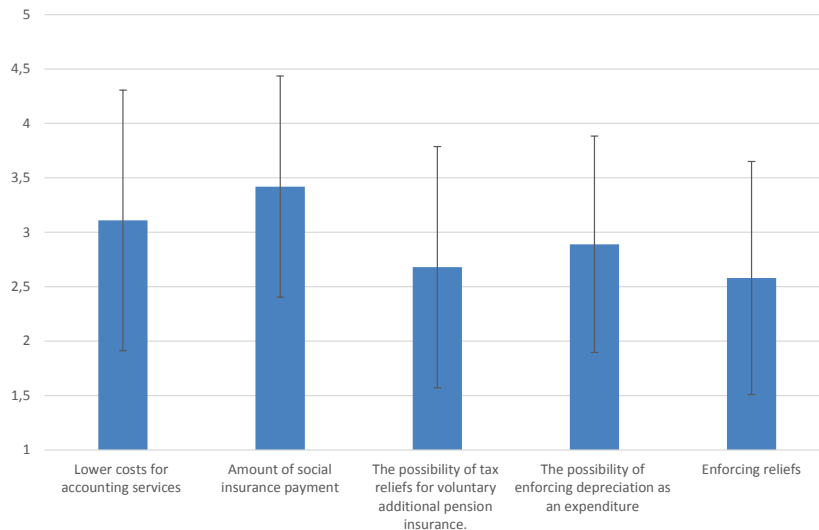
The results shown in Graph 2 suggest that the administrative burden reduction measure was mostly known⁸ to subjects, although a very small portion (just over 10%) of them actually decided to use this option regarding the taxation of their business.

Trying to establish the reasons behind such a poor inclusion in the flat rate taxation system and, therefore, a poor realisation of the potential expected administrative burden reduction, we focused our research on the factors that influence on the decision to enter the flat rate taxation system. Graph 3 presents the key factors for entering for the relatively small portion of enterprises and shows

⁸ Alongside a mandatory publication in the Official Gazette of the Republic of Slovenia, the competent ministry communicated the introduction of a flat rate taxation possibility for enterprises in advance over several different communication channels. These included the competent ministry's website and the website of the Stop the bureaucracy! project. The flat rate taxation option for enterprises was also discussed at different meetings with important stakeholders, such as the Chamber of Commerce and Industry of Slovenia and the Chamber of Craft and Small Business of Slovenia, which informed their members. The media also reported about the introduction of this system. All of the activities were similar to those done in 2014 when there was a change of the tax system and an increase in the income threshold to 100.000 EUR for enterprises with a minimum of one employed person.

that none of the answers received a very high value; therefore, we could conclude that none of the factors were decisive. The highest value actually presents the amount of social insurance payment where the flat rate taxation system enables a much more predictable amount for payment, therefore, reducing the compliance burden of existing regulation.

Graph 3: Factors of influence for companies that decided to enter the flat rate taxation system



Notes: The survey question was: Please give an estimation, what influenced the decision to enter the flat rate taxation system (N = 19). Respondents answered on a scale from 1 to 5, where 1 = had no influence and 5 = had a very important influence. Enforcing reliefs for investments in accordance with Article 55a, for the employment of unemployed persons in accordance with Article 55b, and for employment in accordance with Art. 5 of the Law on development support to the Pomurje region 2010–2015.

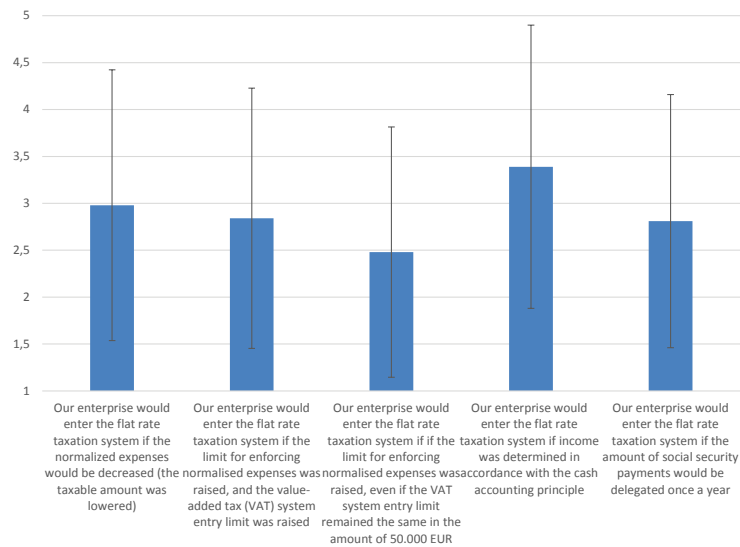
Source: Own research (2014).

In this part, we focused on the main reasons of motivation for entering the flat rate taxation system (Graph 4), where we sought to identify the most important drivers of flat rate taxation inclusion as well as on the main burden reductions factors that influenced (or would influence on) the decision to enter into the flat rate taxation system (Graph 5).

Graph 4 offers policy alternatives for further orientation. Some of these options can serve as a platform for modifying the burden reduction measures in such a way that the target groups are more involved in the preparation of regulation as well as the promotion of positive outcomes of effective regulation. We can see that none of the answers received high values and the standard deviation value gives us an idea that there is a large discrepancy between enterprises when estimating the drivers of entering the flat rate taxation system. Graph 5 gives insight to the preferred burden reduction factor of the public policy. Here, all of the answers show high values, however, with large values of standard deviation as well. Simplification of tax rules and less administrative obligations stand out as the prevalent burden reduction targets for enterprises, whereas the costs of accounting services are not as important when comparing them to other burden reduction factors.

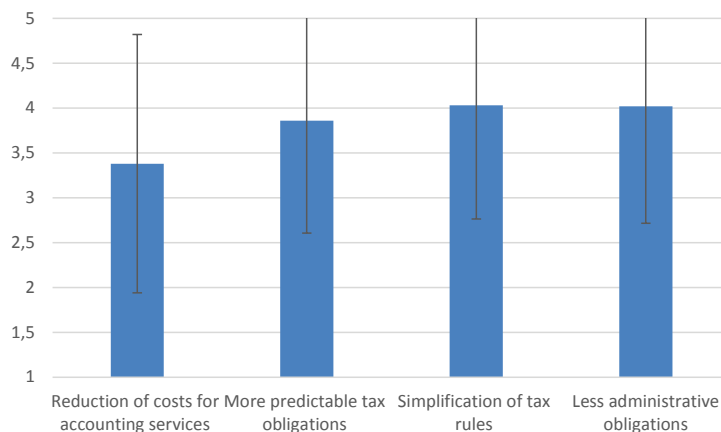
Although it seems that enterprises support some of the proposed policy solutions, there remains a very poor outcome in one of the main priority areas. According to our research, only a small part of enterprises decides to enter the flat rate taxation system, which triggers, but a few, major questions. Is the public policy formed with the help of the target groups? Are the target groups aware of the potential benefits of policy changes? Why do policy-makers still pursue this policy area as a priority, where clearly the policy outcomes do not match the given effort or input.

Graph 4: The most important drivers for entering the flat rate taxation system



Notes: The survey question was: Please give an estimation of the importance of the below listed factors for entering into the flat rate taxation system (N = 93). Respondents answered on a scale from 1 to 5, where 1 = has no influence and 5 = has a very important influence. Source: Own research (2014).

Graph 5: The main burden reduction factors for entering the flat rate taxation system



Notes: The survey question was: Please give an estimation of which was (would be) the main burden reduction factor for entering the flat rate taxation system? (N = 102), Respondents answered on a scale from 1 to 5, where 1 = has no influence and 5 = has a very important influence. Source: Own research (2014).

DISCUSSION

In order to strengthen the role of (good) regulation, we must follow the idea already mentioned by Montesquieu (1989 [1748]) when he recognised that useless laws weaken the necessary ones. Regulation is no longer considered a burden by itself but the discussion is focused much more on how to create a regulatory framework that will enable a formation and implementation of efficient public

policies where administrative burdens would be kept at a bare minimum if not entirely eradicated (a difficult but very attractive goal). Evaluating existing administrative burden reduction policies⁹ should serve as a guideline for what has been done in the past (good and, of course, bad), what is yet to be done and the ways for achieving set policy goals.

It can be hardly disputed that administrative burden reduction policies enjoy high priority on the EU (and Member states) agenda and that there are numerous (albeit at times partial) attempts to achieve a less regulatory burdened environment for different target groups – with specific emphasis on businesses. However, in such attempts, it remains a necessity that one should look for bottlenecks to target those areas where most positive outcomes can be obtained. However, if there is no tangible correlation between administrative burden reduction and economic growth, we might ask whether we are doing the right thing or are we doing the thing right. And policy outcome users (in these case businesses) can give a vital clue in this equation.

Limitations of our research

Notwithstanding, taking into account multiple factors for increasing the response rate, our final survey response rate, although from a representative sample, only just went over the 25% threshold. A larger response rate would definitely increase the value of our findings. We also tried to eliminate the self-selection bias with the use of an online survey type and with the formation of a random and representative sample.

CONCLUSIONS AND IMPLICATIONS FOR FUTURE STUDIES

In our paper, we have presented that majority of Slovenian businesses perceive the administrative burden as unnecessary regulation; however, the information that more than one-third of respondents understood administrative burdens as necessary regulation, although in need of optimisation, is vital. This implies that policy-makers might reconsider informing stakeholders on how and why specific regulation is important, rather than focusing on administrative burden reduction at all costs.

Need for inclusion of stakeholders in all stages of policy cycle, thus also informing and explaining right before policy implementation, might be specifically crucial for this specific policy area. To research this, we have thoroughly analysed one specific administrative reduction policy – the so-called flat rate taxation system. The tax policy and accounting obligations represented burdensome requirements for a large number of businesses that did not exceed a certain amount of annual income. Therefore, the purpose of administrative burden reduction in this area was to minimise the costs for these businesses and, therefore, raise their competitiveness in the market. Slovenian businesses were not all even aware of this policy or the option to enter this taxation system. Of those that were just a fraction opted for this option, although the policy itself was not disputed and was viewed as positive. There is a great discrepancy in governmental actions to reduce administrative burdens and outcome of these policies. One might come to the conclusion that governments should ask stakeholders before acting, thus implementing only tailor-fit policies that would actually produce tangible output.

For future research, it would be wise to analyse how administrative burden reduction policies are designed. A lack of cooperation with stakeholders seems to be evident, and if the government strives to increase the effects of administrative burden reduction policies, business perception studies of implemented policies certainly stand out as a good starting point.

⁹ The OECD (2010) highlights the importance of policy evaluation, which should serve as a platform for expanding knowledge and seeking progress. It could even strengthen the importance of a certain policy field therefore legitimising its advocacy.

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