

# SELF

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## Solo-entrepreneurship in post-pandemic Europe

Mapping and Extrapolating solo-entrepreneurship trends & features

### ANNEX 2

### Country Report Template

## Country Snapshot Slovakia

Developed by: Comenius University Bratislava

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This project has been funded with support from the European Commission.  
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## Introduction

In this report, we focus on solo entrepreneurship in Slovakia. The first section presents available data on self-employment, distinguishing between those with and without employees, and highlights gender and age disparities. We also incorporate insights from the Global Entrepreneurship Monitor and the Global University Entrepreneurial Spirit Students' Survey to provide a comprehensive view. The second section delves into existing scientific and practitioner literature related to solo entrepreneurship, culminating in the identification of competence gaps and training needs based on these findings. The third section explores opportunities through available training and operational tools. While there are various training options, our review indicates that solo entrepreneurship is not explicitly addressed in strategic policy documents or higher education curricula in Slovakia. Support programs available are also found to be generic rather than tailored to the needs of solo entrepreneurs. In the fourth section, Challenges, we summarise the barriers faced by self-employed and solo entrepreneurs in Slovakia and propose suggestions for improvement. In the last section, Conclusion, we highlight the most significant findings of this report.

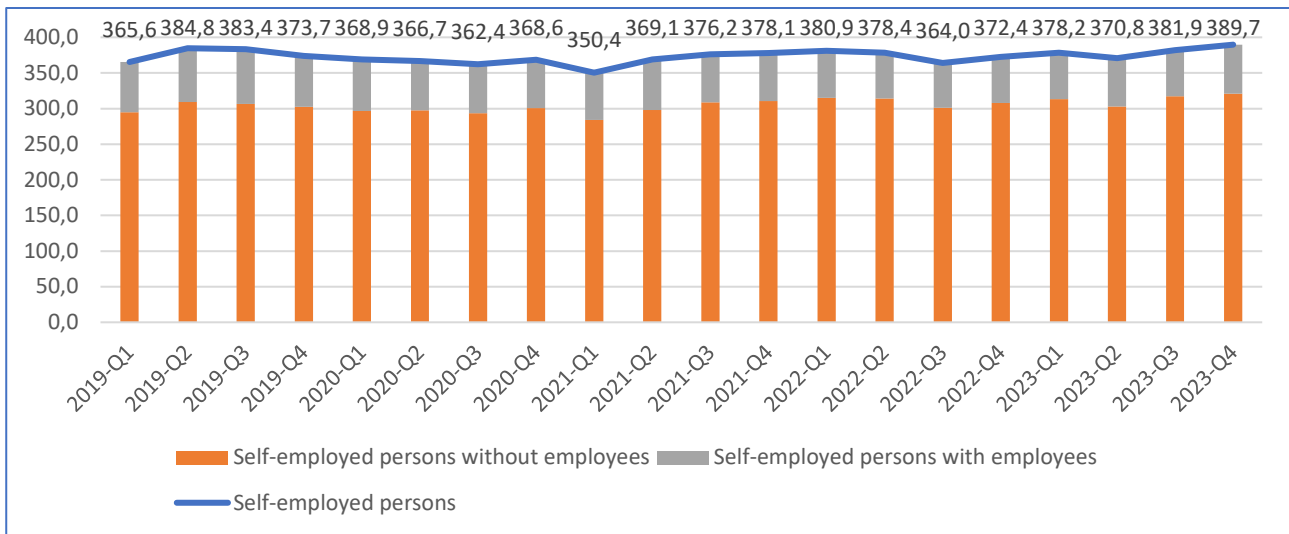
## Quantitative indicators on solo entrepreneurship and self-employment in Slovakia

In this part of the Slovak country report we examine quantitative indicators related to self-employment and solo entrepreneurship in Slovakia as it is imperative to comprehend these two facets of entrepreneurial activity. Self-employment usually encapsulates individuals working for themselves, often as sole proprietors, without necessarily engaging in broader entrepreneurial ventures. Conversely, solo entrepreneurs embody a form of self-employment characterized by the pursuit of innovative, scalable, and potentially growth-oriented endeavours by individuals operating independently.

In the fourth quarter of 2023, self-employed individuals in Slovakia reached a historic peak, numbering 389.7 thousand persons. This milestone surpasses pre-pandemic levels, notably exceeding the count of 380 thousand persons recorded before the onset of the pandemic. The resurgence in self-employment marks a significant recovery from the pandemic-induced downturn observed in the first quarter of 2021, when the count stood at 350 thousand persons. However, despite this recovery, the dynamic nature of self-employment in Slovakia remains notably volatile, characterised by fluctuations without discernible long-term trends.

Upon closer examination of the composition of self-employment by employment status, it becomes evident that the majority of self-employed individuals do not engage in hiring additional personnel. Throughout the observed period, on average, approximately 18% of self-employed individuals in Slovakia assumed the role of employers, while the remaining 82% operated as sole proprietors without additional employees. For instance, in the fourth quarter of 2023, the total count of self-employed individuals approached nearly 390 thousand persons. Among them, approximately 321 thousand individuals operated without employees, while nearly 69 thousand self-employed individuals engaged in employing additional personnel, as illustrated in Graph 1. This distribution underscores the prevalence of solo entrepreneurship among Slovakian self-employed. Therefore, we can conclude that the majority of self-employed individuals function autonomously without the need for additional workforce engagement.

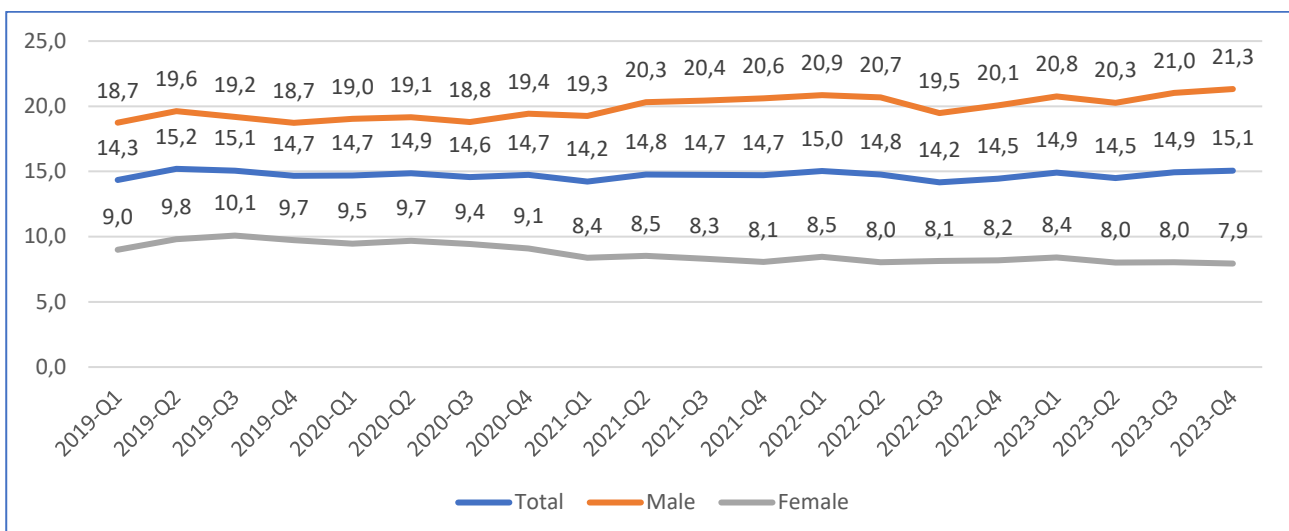
Graph 1: Self-employment with and without employees in Slovakia (15-64 years old, in thousands of persons)



Source: Eurostat. "Employment and Unemployment (LFS) Database," Eurostat. 2024. Accessed Apr 8, 2024. <https://ec.europa.eu/eurostat/web/lfs/database>.

Turning the focus to self-employment as a percentage of total employment, it is discernible that, on average, approximately 14.7% of the population in Slovakia engaged in self-employment during the observed period. Notably, this proportion experienced a slight decrease during the pandemic years. Upon disaggregating the data by gender, a notable disparity emerges, delineating a clear pattern in self-employment trends. Specifically, the analysis reveals an increase in self-employment among males since 2019, with an average of 19.9% of males participating in self-employment endeavours. In contrast, the trend for females exhibits an opposite trajectory, with an average of 8.7% of females being self-employed during the same period. This conspicuous gender gap in self-employment elucidates a widening disparity, as evidenced by the diverging trajectories between male and female participation in self-employment activities.

Graph 2: Self-employment in Slovakia as a percentage of employment by gender (15-64 years old)

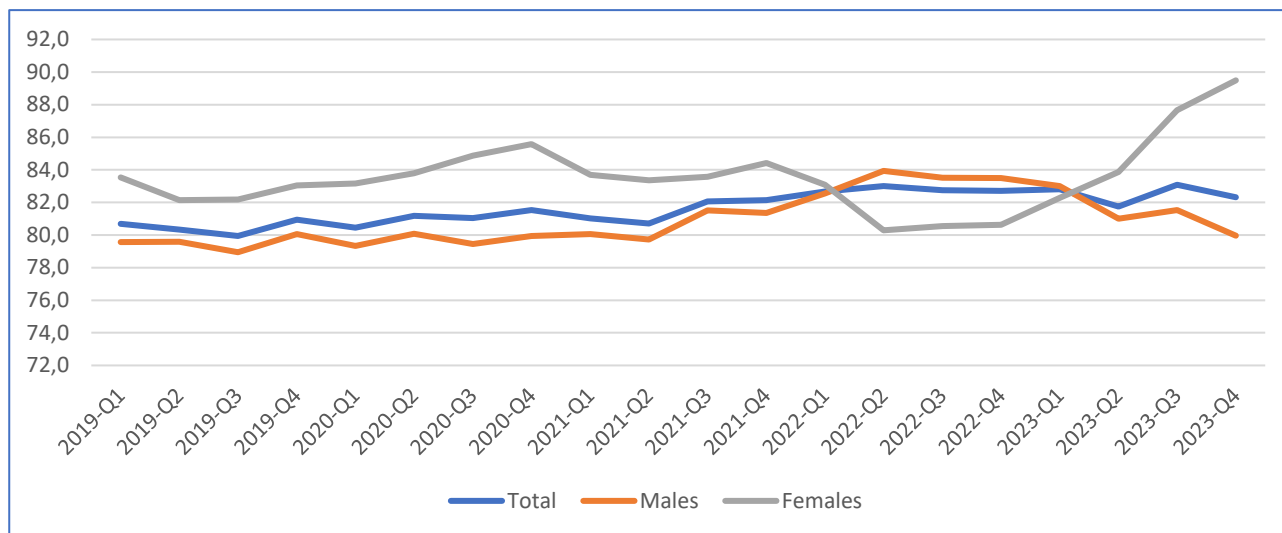


Source: Eurostat. "Employment and Unemployment (LFS) Database," Eurostat. 2024. Accessed Apr 8, 2024. <https://ec.europa.eu/eurostat/web/lfs/database>.

When scrutinising self-employment without employees as a percentage of self-employment stratified by gender, an intriguing trend comes to light. The latest available data from the fourth quarter of 2023 reveal a notable gender disparity in the composition of self-employment. Specifically, nearly 90% of women opt for

self-employment without employees, whereas only around 80% of men make the same choice. This data indicates a predominance of female self-employed individuals operating independently without additional personnel. Contrastingly, a reversed trend was observable in 2022, indicating a fluctuating dynamic in the preferences towards self-employment without employees over time. However, the observed trend is further substantiated by the study conducted by Pinkovetskaia I. et al. (2021)<sup>1</sup>, which asserts that in most countries, women are more likely to be solo entrepreneurs compared to men.

Graph 3: Self-employment without employees as a percentage of self-employment by gender (15-64 years old)



Source: Eurostat. "Employment and Unemployment (LFS) Database," Eurostat. 2024. Accessed Apr 8, 2024. <https://ec.europa.eu/eurostat/web/lfs/database>.

Upon examining the age distribution of the self-employed in Slovakia, distinct patterns emerge. Notably, youth aged 15 to 24 years represent a relatively small proportion, comprising only 3.6% of all self-employed individuals. In contrast, adults aged 25 to 49 years constitute the majority, accounting for 64% of the self-employed population, while seniors aged 50 to 64 years represent 32.3%. However, delving deeper into the employment dynamics reveals intriguing insights. Among the youth demographic, a staggering 95.8% engage in self-employment without employing additional personnel. This figure contrasts with 84.1% of adults and 77.3% of seniors who operate their businesses without employees. This discrepancy suggests variations in the propensity to engage in solo entrepreneurship across different age cohorts, reflecting potential differences in entrepreneurial aspirations, resources, and opportunities<sup>2</sup>.

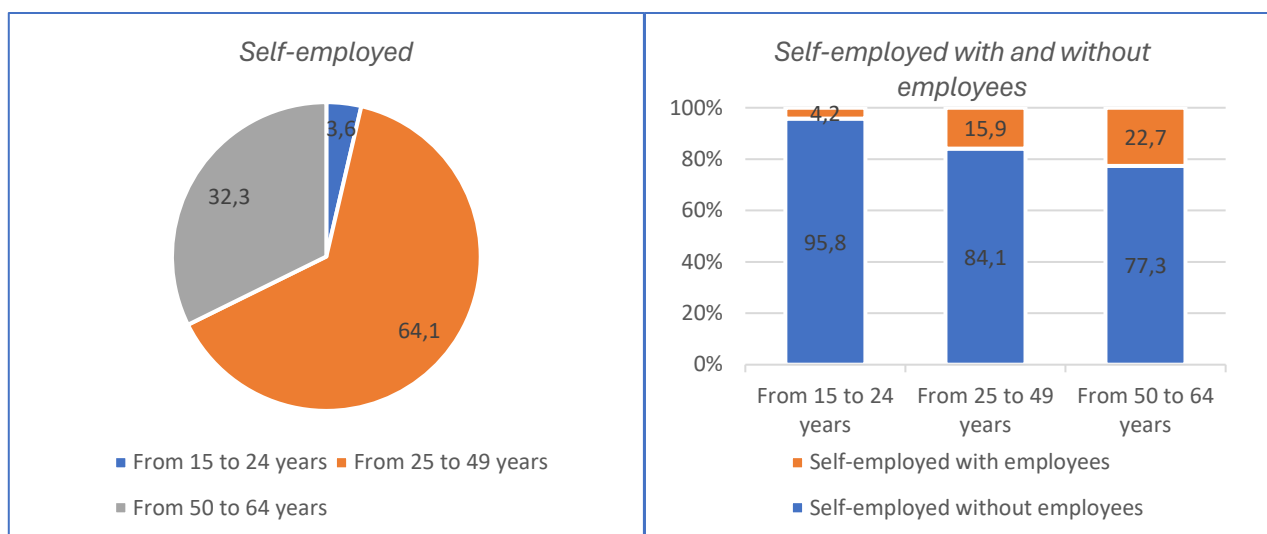
<sup>1</sup> Pinkovetskaia, I. et al. "Gender differences in solo entrepreneurship in modern countries." REVISTA DE LA UNIVERSIDAD DEL ZULIA. (2021) 12(34):224-238.

<sup>2</sup> OECD / EC. „Missing Entrepreneurs 2023.“ OECD/EC. 2024. Accessed Apr 8, 2024.

<https://www.oecd-ilibrary.org/docserver/230efc78->

[en.pdf?expires=1712650314&id=id&accname=guest&checksum=297B2DE9F523EA94C2E83DD6E5A40BCA](https://www.oecd-ilibrary.org/docserver/230efc78-en.pdf?expires=1712650314&id=id&accname=guest&checksum=297B2DE9F523EA94C2E83DD6E5A40BCA).

Graph 4: Age distribution of the self-employed in Slovakia (2023, Q4)



Source: Eurostat. "Employment and Unemployment (LFS) Database," Eurostat. 2024. Accessed Apr 8, 2024. <https://ec.europa.eu/eurostat/web/lfs/database>.

Another lens through which we can examine solo entrepreneurial activity in Slovakia is provided by the Global Entrepreneurship Monitor (GEM). The Total early-stage entrepreneurial activity (TEA) is the percentage of adults aged 18–64 years old who are either starting or running a new business which is not older than 42 months. TEA experienced a notable decline during the pandemic period, and its recovery to pre-pandemic levels remains elusive, with the most recent value standing at 10.7%. Of particular interest is solo entrepreneurship within TEA, as revealed by the GEM 2023/2024 Global Report<sup>3</sup>. Solo entrepreneurship, characterised by ventures initiated and operated by single individuals without co-founders or employees, stood at nearly 34% of TEA in 2019 and has been steadily increasing since the onset of the pandemic, culminating in the most recent value in 2023 of 52,2% of TEA. This figure positions Slovakia among the highest in the region, surpassed only by Slovenia and the United Kingdom. Such insights underscore the prevalence and significance of solo entrepreneurship within the Slovakian entrepreneurial ecosystem, highlighting its contribution to overall entrepreneurial activity within the country.

Finally, another perspective on exploring solo entrepreneurship is offered by the GUESSS (Global University Entrepreneurial Spirit Students' Survey) project. The most recent data available from 2018 and 2021 reveals insights into entrepreneurial tendencies among university students. Specifically, among students engaged in their own business or self-employment, the proportion of solo entrepreneurs was 40.8% in 2018 and slightly decreased to 39% in 2021.<sup>4</sup> This data suggests that solo entrepreneurship remains a pertinent and viable career path among university students, reflecting its appeal and feasibility even at an early stage in one's career.

## Qualitative indicators on solo entrepreneurship and self-employment in Slovakia: skills-gap and needs assessments

In this chapter, we focus on qualitative indicators related to solo entrepreneurship and self-employment in Slovakia, aiming to offer insights into the competence gaps, training needs, motivations, challenges, and experiences of solo entrepreneurs and those engaged in self-employment.

<sup>3</sup> Global Entrepreneurship Monitor. "Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing". London: GEM, 2024.

<sup>4</sup> Global University Entrepreneurial Spirit Students' Survey 2018 and 2021 data for Slovakia

As stated in the previous chapter, self-employed persons accounted for more than half (60.3%) of the total number of active small and medium-sized enterprises in Slovakia in 2022.<sup>5</sup> In the context of the Global Entrepreneurship Monitor (GEM) 2023<sup>6</sup> findings, the Slovak Republic ranked as having the sixth-highest share of solo entrepreneurs, defined as ventures with a single owner and no employees, comprising more than one in two starting entrepreneurial endeavors (up to 42 months). Based on these findings it is evident that solo entrepreneurship is a significant phenomenon in Slovakia.

However, according to the study by Kaščáková, A. et al.<sup>7</sup>, the official data on self-employment in Slovakia fails to account for the so-called “dependent self-employment”, a common phenomenon in the country. Dependent entrepreneurship refers to individuals formally registered as sole traders but essentially functioning as employees. This arrangement entails a hierarchical relationship with the employer, performing tasks as directed, on behalf of, and during specified working hours set by the employer. These individuals, termed dependent self-employed, essentially continue their previous employment tasks under reduced employment protections compared to when they were employees. Notably, this setup also benefits client firms (former employers) as they are exempt from paying social security contributions. It is anticipated that by the end of 2022, the number of dependent self-employed individuals in Slovakia reached approximately 110.9 thousand, as indicated by the Labour Sample Survey conducted by the Slovak Statistical Office<sup>8</sup>.

Kaščáková, A. et al.<sup>9</sup> conducted a survey on self-employment, and they distinguished between solo and dependent self-employment. The results of the study show that **solo self-employed feel less prepared** to embark on entrepreneurial endeavours than dependent self-employed, and solo entrepreneurs furthermore show a slightly lower readiness to adapt and learn while running their ventures. Both groups expressed belief in their entrepreneurial success, underscoring their optimism and confidence in their ventures' potential. However, **solo entrepreneurs exhibit significantly higher fear and apprehension of failure** at the outset of their ventures, reflecting a **higher level of perceived risk** compared to dependent self-employed.

Another research<sup>10</sup> focused on examining economic factors influencing female proper and solo entrepreneurship in Visegrad countries provided specific insights for Slovakia. The research highlights that economic dynamics in Slovakia serve as an opportunity-driven factor for female entrepreneurship during business cycles. However, the impact of economic changes differs between proper and solo entrepreneurship, with both forms reacting similarly to certain long-term economic factors (e.g., unemployment rate). Additionally, Slovakia shows a higher susceptibility to economic changes compared to other Visegrad countries, suggesting that economic conditions play a more significant role in shaping female proper and solo entrepreneurship in Slovakia.

The next reviewed study aimed to contribute to the returns to entrepreneurship within the Visegrad group countries, distinguishing between self-employed individuals with employees, solo-self-employed individuals, and employed individuals. Utilizing data from the European Survey on Working Conditions, the study examined differences in net monthly earnings among job creators (self-employed with employees), own-account

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<sup>5</sup> Slovak Business Agency. “Malé a stredné podnikanie v číslach v roku 2022”. SBA, 2023. Accessed Aug 2, 2013 [https://monitoringmsp.sk/wp-content/uploads/2023/11/MSP\\_v\\_cislach\\_2022.pdf](https://monitoringmsp.sk/wp-content/uploads/2023/11/MSP_v_cislach_2022.pdf)

<sup>6</sup> GEM (Global Entrepreneurship Monitor). “Global Entrepreneurship Monitor 2023/2024 Global Report: 25 Years and Growing”. London: GEM. 2024.

<sup>7</sup> Kaščáková, A. et al. “SELECTED ASPECTS OF THE ENTREPRENEURIAL POTENTIAL OF SOLE TRADERS IN SLOVAKIA.” RELIK 2023: reprodukce lidského kapitálu - vzájemné vazby a souvislosti : sborník příspěvků. S. 153-163. Praha : Vysoká škola ekonomická, (2023).

<sup>8</sup> Slovak Business Agency. “Malé a stredné podnikanie v číslach v roku 2022”. SBA, 2023. Accessed Aug 2, 2013 [https://monitoringmsp.sk/wp-content/uploads/2023/11/MSP\\_v\\_cislach\\_2022.pdf](https://monitoringmsp.sk/wp-content/uploads/2023/11/MSP_v_cislach_2022.pdf)

<sup>9</sup> Kaščáková, A. et al. “SELECTED ASPECTS OF THE ENTREPRENEURIAL POTENTIAL OF SOLE TRADERS IN SLOVAKIA.” RELIK 2023: reprodukce lidského kapitálu - vzájemné vazby a souvislosti : sborník příspěvků. S. 153-163. Praha : Vysoká škola ekonomická, (2023).

<sup>10</sup> Gaweł, Aleksandra, and Agnieszka Głodowska. “On the Relationship between Economic Dynamics and Female Entrepreneurship: Reflections for the Visegrad Countries.” Administrative Sciences Vol. 11, no. 88., (2021).

workers (self-employed), and paid employees. The results indicate that solo self-employed individuals earn, on average, 6.7% more than paid employees. Moreover, job creators, or self-employed individuals with employees, earn on average 22% more than paid employees. When comparing self-employed individuals with and without employees, job creators earn approximately 22% more than solo self-employed individuals. These findings offer valuable insights for individuals considering an entrepreneurial career in Slovakia, as they suggest positive financial gains associated with entrepreneurship.

Key findings regarding the characteristics and working patterns of solo entrepreneurs in the Visegrad countries, including Slovakia, were found by Dvouletý et al. (2020)<sup>11</sup>. Both solo and employer entrepreneurs tend to have higher levels of education compared to employees. Additionally, entrepreneurs with employees have more years of experience, suggesting an accumulation of human capital over time. Contrary to the trend of digital nomadism, freelancing, and the gig economy, the majority of solo self-employed individuals in the Visegrad region, approximately 64.2%, are engaged in lower-skilled occupations. This finding challenges the notion that solo self-employment in the Visegrad countries is predominantly driven by high-skilled, digital-based professions. In terms of workload, **both solo and employer entrepreneurs work, on average, more hours than regular employees**. This finding corroborates previous research and underscores the high level of commitment and determination associated with being self-employed.

The study's<sup>12</sup> findings specific to Slovakia, based on Global Entrepreneurship Monitor data, reveal that entrepreneurial confidence stands out as a significant determinant for individuals choosing solo self-employment over wage employment. Education's role as a predictor for solo self-employment in Slovakia is ambiguous. Lastly, household size shows a positive association with solo self-employment in Slovakia, which suggests that individuals from larger households are more likely to opt for solo self-employment.

The following findings are the results of a survey<sup>13</sup> conducted by the Slovak Business Agency among a sample of 2,002 pupils and students. This survey aimed to explore the attitudes, preferences, and motivations towards entrepreneurship, including self-employment, among young people in Slovakia. These findings are not exclusive to solo entrepreneurs but encompass entrepreneurship in general, shedding light on the broader landscape of self-employment and business ownership. Pupils and HEI students in Slovakia predominantly favour employment over entrepreneurship after completing their education. Few of them currently engage in entrepreneurship or express interest in it for the future, viewing entrepreneurship as one of several possible career paths. The main reasons they prioritize employment over entrepreneurship include lower risks associated with employment and a lack of financial resources to start a business. When considering entrepreneurship, their motivation is often driven by a desire to fulfill their dreams or realize their business ideas, with **a preference for starting a business** in trade or other services **within their local region**. They primarily obtain information about entrepreneurship from school and the internet, with the internet being the dominant source. Despite having sufficient information, many **would welcome more education about entrepreneurship** within the school curriculum. This trend suggests the potential for improving the support for entrepreneurship through educational systems and media to provide students with new information and entrepreneurial stories that could motivate them towards entrepreneurship.

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<sup>11</sup> Dvouletý, O. and Orel, M. "Determinants of solo and employer entrepreneurship in Visegrád countries: findings from the Czech Republic, Hungary, Poland and Slovakia", *Journal of Enterprising Communities: People and Places in the Global Economy*, Vol. 14 No. 3, (2020), pp. 447-464.

<sup>12</sup> Dvouletý, O., & Orel, M. "Individual determinants of entrepreneurship in Visegrád countries: Reflection on GEM data from the Czech Republic, Hungary, Poland, and Slovakia." *Entrepreneurial Business and Economics Review*, 8(4), 123–137. (2020).

<sup>13</sup> Slovak Business Agency. "Podnikateľský potenciál mladých v regiónoch SR. SBA, Bratislava, 2019." SBA, 2019. Accessed Apr 8, 2024.

<https://monitoringmsp.sk/wp-content/uploads/2020/06/Podnikate%C4%BESk%C3%BD-potenci%C3%A1l-mlad%C3%BDch-v-regi%C3%B3noch-SR.pdf>

Above, we reviewed available literature sources focusing on solo entrepreneurship. However, it is crucial to mention a strategic policy document called Strategy of the Slovak Republic for Youth for 2021 – 2028<sup>14</sup>, which defines key areas, objectives, measures, and indicators aimed at improving the situation of young people. This strategy is based on insights and evidence about the real needs of young people and builds upon the Strategy of the Slovak Republic for Youth for 2014 – 2020<sup>15</sup>, Concept of Youth Work Development for 2016 – 2020<sup>16</sup> and related Action Plans. The Strategy of the Slovak Republic for Youth for 2021 – 2028 aims to develop, among others, entrepreneurial skills and increase awareness of social entrepreneurship. Priorities also include the **development of skills such as teamwork, critical thinking, and creative problem-solving**. Therefore, one of the measures is to create, develop, and implement programs for the development and strengthening of entrepreneurial skills among young people, including mentoring and coaching, as well as **expanding into a social and green economy**. Another measure is to foster programs focused on supporting the establishment of new and networking existing co-working spaces, hubs, and other venues that support the entrepreneurial spirit and entrepreneurship of young people. However, the strategy is general in nature and focuses on various aspects of youth development. While it does prioritise certain aspects of youth entrepreneurship, solo entrepreneurship and self-employment are not explicitly recognised within its objectives and measures. This indicates a potential gap in addressing the specific needs and challenges faced by solo entrepreneurs and those engaged in self-employment among the youth population in Slovakia.

Based on the reviewed literature, we have identified competence gaps and training needs that will be further elaborated within Work Package 2.

#### Competence Gaps:

- **Entrepreneurial confidence:** Solo self-employed individuals often feel less prepared compared to dependent self-employed, indicating a need for boosting confidence among existing and aspiring solo entrepreneurs.
- **Adaptability and learning readiness:** Solo entrepreneurs show a slightly lower readiness to adapt and learn while running their ventures, signalling the need for increased resilience, adaptability, and tailored training materials.
- **Risk Perception:** Solo entrepreneurs exhibit higher fear and apprehension of failure. Therefore, they could benefit significantly from increased competencies, mentoring programs, or showcasing best practices in coping with uncertainty and fear of failure.
- **Mobilizing resources** - youth in Slovakia often highlight a lack of financial resources as a barrier to starting a business. There appears to be a competence gap in mobilizing resources effectively for entrepreneurship. Training focused on financial planning, fundraising, and resource mobilization could address this gap and empower aspiring entrepreneurs to overcome financial obstacles.
- **More entrepreneurial education** - youth in Slovakia have expressed a desire for more education about entrepreneurship within the school curriculum. This indicates a competence gap in the understanding and skills related to solo entrepreneurship among students. Targeted training programs focused on solo entrepreneurship could help bridge this gap, equipping young people with the necessary knowledge and skills to pursue entrepreneurial ventures.
- **Skills in Teamwork, Critical Thinking, and Creative Problem-solving** - these skills are identified as priorities for development by Strategy of the Slovak Republic for Youth for 2021 – 2028 but are not explicitly addressed in proposed measures.

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<sup>14</sup> Ministry of Education, Research, Development and Youth. “STRATÉGIA SLOVENSKEJ REPUBLIKY PRE MLÁDEŽ na roky 2021 – 2028.” (2021). Accessed Apr 8, 2024.

[https://www.minedu.sk/data/files/11043\\_strategia-slovenskej-republiky-pre-mladez-na-roky-2021-2028.pdf](https://www.minedu.sk/data/files/11043_strategia-slovenskej-republiky-pre-mladez-na-roky-2021-2028.pdf)

<sup>15</sup> Ministry of Education, Research, Development and Youth “STRATÉGIA SLOVENSKEJ REPUBLIKY PRE MLÁDEŽ na roky 2014 – 2020.” (2014). Accessed Apr 8, 2024.

[https://www.minedu.sk/data/files/3889\\_strategia\\_pre\\_mladez.pdf](https://www.minedu.sk/data/files/3889_strategia_pre_mladez.pdf)

<sup>16</sup> Ministry of Education, Research, Development and Youth “Concept of work development with youth for the years 2016-2020.” (2016). Accessed Apr 8, 2024.

[https://www.minedu.sk/data/files/8467\\_concept-of-work-development-with-youth-for-the-years-2016-2020.pdf](https://www.minedu.sk/data/files/8467_concept-of-work-development-with-youth-for-the-years-2016-2020.pdf)

### Training Needs:

- **Disparity between women and men** in solo entrepreneurship involvement - training tailored specifically for women could be instrumental in helping them overcome barriers and encourage greater participation in solo entrepreneurship.
- **Increased involvement of highly skilled professionals** - there is a need to enhance training programs aimed at increasing the participation of highly skilled professionals in solo entrepreneurship in Slovakia, given that solo entrepreneurship in the country is driven by low-skilled professions.
- **Entrepreneurial Skills Development Programs** - implementation of programs focusing on developing entrepreneurial skills such as confidence, adaptability, and risk management tailored for solo entrepreneurs.
- **Financial Literacy** - training sessions focused on financial management, budgeting, and securing initial funding for business.
- **Information and Awareness** - more education and awareness about the benefits and challenges of solo entrepreneurship to dispel misconceptions and encourage interest.
- **Support for emerging trends** - training that educates on the benefits and opportunities in social and green entrepreneurship, digital nomadism, freelancing, and the gig economy to align with current trends and opportunities in the market.

### Opportunities: training available and operational tools

The educational system in Slovakia has undergone significant reforms over the past 30 years, with the predominant paradigm aimed at producing qualified and competitive employees. However, considering the evolving landscape, Business Academies (note: a specific type of secondary vocational school), particularly those among secondary schools, and universities with specialities in economics, business or management, are naturally more inclined to develop entrepreneurship competencies. Business Academies go beyond compulsory courses, offering elective subjects such as "training company" to secondary school students. Through this elective, pupils gain a comprehensive understanding of the fundamental aspects of operating a manufacturing or business company. Students selecting this elective undergo all stages of a private company's development, from its inception to tasks like dividend payments and discontinuation of business.<sup>17</sup> Some private secondary schools adopt a more progressive approach, focusing more on practical knowledge in business, economics, and management.<sup>18</sup>

In higher education, faculties of economics, management or business in Slovak HEIs collaborate with various institutions like the Foundation for the Support of Young Entrepreneurship, Slovak Business Agency, Association of Young Entrepreneurs of Slovakia and others. For instance, the Faculty of Economics and Management at the Slovak University of Agriculture in Nitra has offered the course "Entrepreneurship of Small and Medium-sized Enterprises". The Faculty of Management, Comenius University Bratislava, provides an "Introduction to Entrepreneurship" course while also offering a specialized bachelor's study program in Entrepreneurship and a master's program in Strategy and Entrepreneurship. At the University of Economics in Bratislava, students can choose from three study programs, including Business and Marketing, Business in Tourism and Services, and International Business. The International School of Management Slovakia offers a program in International Business in Trade and Services, and the Pan European University has a program in Economics and Management of Business. However, there are no study programs specifically dedicated to self-employment or solo entrepreneurship, underscoring the significance of the Self project.

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<sup>17</sup> Slovak Business Agency. "Podnikateľský potenciál mladých v regiónoch SR." SBA, 2019. Accessed Apr 8, 2024. <https://monitoringmsp.sk/wp-content/uploads/2020/06/Podnikate%C4%BESk%C3%BD-potenci%C3%A1l-mlad%C3%BDch-v-regi%C3%B3noch-SR.pdf>

<sup>18</sup> Slovak Business Agency. "Inovatívne vzdelávanie v kontexte Priemyslu 4.0." SBA, 2022. Accessed Apr 8, 2024. <https://monitoringmsp.sk/wp-content/uploads/2022/04/Inovativne-vzdelavanie-v-kontexte-priemyslu-4.0.pdf>

The Slovak Business Agency (SBA) plays a pivotal role in supporting entrepreneurship by offering a range of initiatives. Their website<sup>19</sup> provides comprehensive information on how to become self-employed. Also, SBA runs various projects offering practical guidance and networking opportunities. A notable initiative by the SBA is the National Business Centre<sup>20</sup>, a national project designed to bolster entrepreneurial growth. It offers programs tailored to different stages of business development, such as the acceleration program, internship program, incubation program, and scale-up program. However, it's important to note that these initiatives are generic in nature and are not specifically tailored for solo entrepreneurs.

## Challenges

A review of the literature has pointed to several challenges faced by solo entrepreneurs in Slovakia. They play an important role in shaping the entrepreneurial landscape within which solo entrepreneurs run their ventures and they determine their success. In this part, we, therefore, delve into these identified challenges.

The business environment in Slovakia is characterised by **frequent legislative changes** which, among other things, affect the obligations and requirements influencing the SME sector. A number of legislative changes are introduced each year, perceived by entrepreneurs mostly negatively, as their monitoring according to the Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2022<sup>21</sup>, represents an inefficient use of time for entrepreneurs.

Another challenge faced by solo entrepreneurs in Slovakia is the **high tax burden**. It can discourage many potential entrepreneurs due to the financial strain and administrative complexities it entails. Simplifying and making the tax burden fairer for the self-employed, along with offering tax exemptions, could motivate young people and women to pursue self-employment. Differentiating between self-employed individuals operating as their primary versus secondary activity can impact tax obligations. In the case of a secondary activity alongside formal employment, adjustments to the social insurance levy calculations should be considered.<sup>22</sup>

The **unlimited liability associated with self-employment** poses a significant deterrent for potential solo entrepreneurs. Transitioning from unlimited to limited liability could substantially encourage more individuals to pursue solo entrepreneurship in the country.<sup>23</sup>

Raising the **limit on flat-rate expenses for self-employed** individuals could broaden its accessibility to a larger group of solo traders. Such an increase could incentivize more people to opt for self-employment.<sup>24</sup>

The average maturity of invoices in Slovakia is significantly higher than the European average and this results in the assumption of secondary insolvency. The maturity of invoices issued to self-employed persons should be fixed by law and penalties for non-compliance should be determined.<sup>25</sup>

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<sup>19</sup> SBA. 2024. Accessed Apr 8, 2024

<https://www.sbagency.sk/>

<sup>20</sup> SBA. "Národné podnikateľské centrum". SBA, 2024. Accessed Apr 8, 2024.

<https://www.sbagency.sk/narodne-podnikatelske-centrum-0>

<sup>21</sup> Slovak Business Agency. "Správa o stave malého a stredného podnikania na Slovensku 2022." SBA, 2023. Accessed Apr 8, 2024.

[https://www.sbagency.sk/sites/default/files/sprava\\_o\\_stave\\_maleho\\_a\\_stredneho\\_podnikania\\_na\\_slovensku\\_2022.pdf](https://www.sbagency.sk/sites/default/files/sprava_o_stave_maleho_a_stredneho_podnikania_na_slovensku_2022.pdf)

<sup>22</sup> Slovak Business Agency. "Živnostenské podnikanie na Slovensku." SBA, 2023. Accessed Apr 8, 2024.

<https://monitoringmsp.sk/wp-content/uploads/2023/10/Zivnostenske-podnikanie-na-Slovensku-.pdf>

<sup>23</sup> Slovak Business Agency. "Analýza-vybraných-aspektov-podnikania-SZČO." SBA, 2020. Accessed Apr 8, 2024.

<https://monitoringmsp.sk/wp-content/uploads/2020/05/Anal%C3%BDza-vybran%C3%BDch-aspektov-podnikania-SZ%C4%8CO-1.pdf>

<sup>24</sup> Slovak Business Agency. "Živnostenské podnikanie na Slovensku." SBA, 2023. Accessed Apr 8, 2024.

<https://monitoringmsp.sk/wp-content/uploads/2023/10/Zivnostenske-podnikanie-na-Slovensku-.pdf>

<sup>25</sup> Slovak Business Agency. "Analýza-vybraných-aspektov-podnikania-SZČO." SBA, 2020. Accessed Apr 8, 2024.

Additionally, barriers to solo self-employment in Slovakia also encompass the **skills and competencies** previously identified as lacking among potential solo entrepreneurs. The **absence of specialized education focusing on self-employment and solo entrepreneurship** further exacerbates this gap. Moreover, the current **structural support schemes**, while available, **remain generic** and do not cater specifically to the unique needs and challenges faced by solo entrepreneurs.

## Conclusions

Self-employment has seen a notable increase, reaching a historic peak in 2023. Solo entrepreneurship stands out, with the majority of self-employed individuals operating without employees. However, there are clear gender and age disparities. Men are more engaged in self-employment than women, and the majority of self-employed individuals fall within the 25 to 49 age bracket. Furthermore, as seen in GEM results, the rate of solo entrepreneurship in Slovakia surpasses that of other countries in the region. Additionally, the GUESSS project indicates a strong inclination among students toward solo entrepreneurship.

Solo self-employed in Slovakia face notable competence gaps, particularly in entrepreneurial confidence and adaptability. They feel prepared compared to dependent self-employed, highlighting the need for resilience-building and adaptable training. High levels of risk perception and fear of failure among solo entrepreneurs further emphasize the necessity for mentoring programs and best-practice showcases. Additionally, youth in Slovakia cite a lack of financial resources as a barrier to entrepreneurship, pointing to a competence gap in resource mobilization. Targeted training in financial planning and fundraising could address this gap, along with enhancing skills such as teamwork and critical thinking.

Addressing the gender disparity is crucial, necessitating tailored training programs for women to overcome barriers and stimulate greater participation. With solo entrepreneurship predominantly driven by low-skilled professions, there's an urgent need for training programs targeting highly skilled professionals to diversify the entrepreneurial landscape. Specific programs focusing on entrepreneurial skills like confidence, adaptability, and risk management tailored for solo entrepreneurs are also essential. Enhancing financial literacy through training on financial management and budgeting, along with raising awareness about solo entrepreneurship benefits and challenges, would better prepare aspiring solo entrepreneurs for success.

The educational system in Slovakia, despite undergoing reforms over the past three decades, primarily focuses on preparing individuals for employment rather than self-employment or entrepreneurship. While Business Academies and business faculties within universities offer courses that touch upon business and economics, the curriculum lacks a specific focus on self-employment or solo entrepreneurship. This gap is further evident in the absence of dedicated study programs or courses addressing the unique challenges and opportunities of solo entrepreneurship. Similarly, strategic policy documents predominantly address general entrepreneurial competencies, overlooking the specific needs of solo entrepreneurs. Additionally, while SBA offers commendable support through its initiatives and programs, they are generic and not tailored to the distinct challenges faced by solo entrepreneurs. Thus, despite available resources, the educational system, policy framework, and the specific needs of solo entrepreneurs in Slovakia are rather disconnected.

Solo entrepreneurs in Slovakia face a multifaceted set of challenges that shape their entrepreneurial journey. These challenges range from frequent legislative changes that consume valuable time, to a high tax burden that acts as a financial and administrative deterrent. The differentiation between primary and secondary self-employment activities affects tax obligations, while the unlimited liability poses significant risks. Additionally, limited financial incentives and support further discourage potential solo entrepreneurs. Compounded by skills and competencies gaps, and the absence of specialized education and tailored support schemes, these challenges collectively hinder the growth and success of solo entrepreneurship in Slovakia.

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