



Investment analysis of companies for understanding the competitiveness of a municipality of Ribnica

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Abstract: The authors explain how policy and development represent a framework for regional development. In the empirical part, the authors analyzed the economic development and competitiveness of the municipality based on an online survey previously distributed to active economic operators in the municipality. The research examined the vitality of companies, their orientation and compliance with new EU guidelines, their investment activities, their sources of funding, their ability to obtain state subsidies, and their cooperation with local and regional authorities. The paper shows that the municipality of Ribnica ranks in the top half of the municipalities based on its development and competitiveness.

Keywords: economic development, funding, investment activities, competitiveness, municipality of Ribnica

JEL: R51, R58, R42

Analiza investicij podjetij za razumevanje konkurenčnosti občine Ribnica

Povzetek: Avtorji pojasnjujejo, kako regionalna politika in regionalni razvoj predstavljata okvir regionalnega razvoja. V empiričnem delu avtorji analizirajo gospodarsko razvitost in konkurenčnost občine na podlagi spletne ankete, ki je bila poslana izbranemu številu gospodarskih subjektov v občini. Namen raziskave je preveriti vitalnost podjetij, njihovo usmerjenost in skladnost z novimi smernicami EU, njihove investicijske aktivnosti, vključno z viri financiranja, njihovo sposobnost pridobivanja državnih subvencij ter njihovo sodelovanje z lokalnimi in regionalnimi oblastmi. Iz prispevka je razvidno, da se občina Ribnica po razvitosti in konkurenčnosti uvršča v zgornjo polovico občin.

Ključne besede: gospodarski razvoj, financiranje, investicijske dejavnosti, konkurenčnost, občina Ribnica

1 Introduction

The research focuses on the competitiveness of municipalities, for which not only the number of companies is essential, but especially the performance of these companies and the long-term ability to create high added value and new jobs. The purpose of the research is to determine the economic development and competitiveness of the municipality of Ribnica, taking into account the regional location and new guidelines of regional policy, its advantages, and the opportunities essential for its economic development and competitiveness of economic operators. The empirical research aims to determine the vitality of economic entities, their orientation and compliance with the new EU guidelines, investment activity, ways of financing investments, and investment activity involvement from the broader local and regional perspective.

The research problem and thus the object of scientific analysis is the competitiveness of the municipality, for which not only the number of companies is essential, but especially the performance of these companies and their long-term ability to create high added value and create new jobs. The export orientation of the economy and dispersion are also important, which means that the municipality is not only dependent on a few larger companies but has a more significant number of companies. Therefore, the following research questions were developed:

1. can the economy of the municipality of Ribnica be defined as export- and investment-oriented,
2. do economic entities pursue European guidelines for a sustainable, digital, social, and green economy,
3. is the municipality of Ribnica economically developed and competitive and
4. where are its competitive advantages?

The research deals with five hypotheses:

H 1: There is a strong correlation between the number of own funds for investment and the value of an investment in 2019 - 2021.

H 2: There is a difference in the amount of generated revenues from sales in foreign markets in manufacturing with other activities.

H 3: The share of economic entities in the municipality of Ribnica that have already obtained EU or state grants for financing investments through public tenders is less than 30%.

H 4: Economic entities cooperating with the municipality are acquainted with projects for providing conditions for economic development, planning the use of space, building the necessary infrastructure, and providing spatial and other conditions for developing small businesses, tourism, and agriculture.

H 5: The share of economic entities in the municipality of Ribnica that follow the new European strategies of green, digital, social, and sustainable economy in their operations is more than 50%.

The research was conducted using the survey method based on an online survey sent to a selected sample of economic entities in the municipality. The survey questionnaire consisted of 17 questions. A special issue was addressed regarding the operations of the economy following EU guidelines (European Commission 2019a & 2019b), and in the final part, a few more questions regarding cooperation or involvement in municipal projects or regions. The survey was conducted on a sample of 352 economic entities, 161 companies, 190 sole proprietors, and one cooperative.

For numerical variables, we determined if they are distributed normally. For this purpose, we used the "Kolmogorov Smirnov test. For other variables, we used the "Shapiro Wilk test.

The research uses various primary and secondary sources and various strategic documents at the state level to determine the directions of regional and local development, regional development programs, and municipal development programs. Statistical data are obtained with the help of the Statistical Office of the Republic of Slovenia (SURSTAT 2021), the Agency of the Republic of Slovenia for Public Legal Records and Related Services (ARJES 2019, 2020, and 2021), the Employment Service of Slovenia (ZRSZ 2022), EBONITETE.SI, governmental websites (ministries, funds, institutes, agencies, ..), regions, and municipalities.

2 Literature Review: The concept of municipal competitiveness

Improved competitiveness is something that every business, nation, region, or city, is trying to achieve. The term is frequently used by politicians, economic experts, or commentators on business matters as the ultimate goal for achieving economic prosperity (Turok, 2005: 25). In reality, competitiveness is a very complex concept that is often poorly understood or misinterpreted, notwithstanding that policymakers are investing remarkable monetary and non-monetary resources to improve it (Begg, 2004: 1). Even though the term seems familiar to everyone, there is very little agreement on how to define competitiveness exactly nor on what strategic policies should be applied to improve it (Porter, 1998: xii).

On the other hand, overall competitiveness is highly connected to economic performances and their output measures, such as, e.g. employment rates, innovation rates, or income levels of the population (Begg, 2004: 3). In other words, competitiveness tends to be leveraged by using resource input efficiently to create as much output benefit as possible.

Krugman (1996) states that it makes little sense to apply the concept of competitiveness to territorial units since countries, and by extension regions and cities, cannot go out of business. Nevertheless, many other authors disagree with Krugman and those who share his views. For example, Camagni (2002) responds to Krugman's statement that places can suffer from the equivalent since stagnant investment, falling per capita incomes, or rising unemployment rates can severely damage their competitive position.

In addition, Buck and Gordon (2005: 1) point out that over time cities always went through cyclical periods of ebb and flow and that some faded or even vanished from the face of the earth. Moreover, according to Collins (2007), cities compete with each other since all of them strive for enhanced economic development by attracting well-educated human resources or private investments.

It must be mentioned that the concept of competitiveness differs from the concept of competition. Competition can be a zero-sum game in which the profits of one city result from the losses of others. In contrast to the concept of competition, all cities can increase competitiveness levels at the same time so that all of them can simultaneously benefit and prosper (Ciampi, 1996). Moreover, modern literature highlights that one must carefully distinguish between the concept of urban competitiveness and firm-based competitiveness. Consequently, a competitive city is sometimes defined as having relatively high growth domestic product (GDP) numbers and employment figures (Turok, 2005: 26).

Storper (1997: 264) defines urban competitiveness as "the ability of an economy to attract and maintain firms with stable or rising market shares in an activity while maintaining stable or increasing standards of living for those who participate in it," meaning that the competitiveness of cities is not just about the income of firms but also about how that income goes to residents.

A thorough review of modern literature, however, discloses that for defining and assessing urban competitiveness, it is not enough to focus on economic performance indicators only. According to Gardiner et al. (2004) and Lever (1999), the concept of urban competitiveness is somewhat complex and multi-faceted, which means that it involves more than just comparing cities in terms of a single dimension. For example, the European Commission (2000 & 2001) determines the following ten characteristics as potentially relevant for a competitive city: a) strategic transport and IT connections to markets and good internal connectivity, b) a city center of European distinctiveness, c) nationally and internationally recognized facilities for events, d) a reputation for advanced research, development, and innovation, e) a reputation for effective governance and efficient services, f) sophisticated cultural infrastructure and services, g) a wide range of high-quality residential choices, h) a reputation for environmental excellence and responsibility, i) an inclusive and diverse society, and j) a highly skilled workforce. Others suggest the vision, leadership, and strategic decision-making capacity of a city, its organizational behavior, and the impact of national policies on urban ones as equally important (Parkinson et al., 2004: 29).

Nevertheless, economic performance output plays an essential role. According to Turok (2005: 26), approaches, which are intended to gain insights into the competitiveness level of a city, need to consider, among other things, the city's ability to sell products and services in competitive, external markets and its efficiency to produce products and services.

3 Research on economic entities in the municipality of Ribnica

Economic operators are the main drivers of economic development and competitiveness. With the empirical research, we wanted to study an additional dimension of the operation of economic entities in the municipality of Ribnica. We wanted to determine their vitality, orientation, and compliance with the new EU guidelines, investment activity, including ways of financing investments, and the connection of entities with the local and broader regional environment. The research should shed light on that aspect of business that is not evident from publicly available records and documents.

The research was conducted using the survey method based on an online survey sent to a selected sample of economic entities in the municipality. The survey questionnaire consisted of 17 questions: Form of an organization; Company size (by ZGD-1 2006); Main activity according to the Standard Classification of Activities (SORS 2015); Revenue in EUR generated from sales in 2021; Origin of revenues; Sales in foreign markets; Investments in the development of the company; Purpose of investments; Number of investments; Funds for investments; Origin of grants; Awareness of the possibilities and conditions for obtaining a grant; Source of loans; Following EU guidelines; Cooperation with the municipality; Knowing regional development projects; and Participating in projects implemented at the regional level.

A special issue was addressed regarding the operations of the economy following EU guidelines (European Commission 2019a & 2019b), and in the final part, a few more questions regarding cooperation or involvement in municipal projects or regions.

The survey was conducted on a sample of 352 economic entities, 161 companies, 190 sole proprietors, and one cooperative. The survey was conducted based on an online survey sent via email. Resolving the poll was anonymous. One hundred twenty-seven economic entities responded to the survey, of which 65 companies, 61 sole proprietors, and one cooperative.

In terms of size, two economic operators identified themselves as significant, seven as a medium, 30 as small, and 88 as micro.

In the domestic market, 116 economic entities generated revenue, 62 entities in the EU markets, and 17 in other international markets. Of the 127 economic entities, 100 said they had invested in the last three years (2019, 2020, 2021), and 27 had not.

Out of 100 economic entities that answered that they have invested in the last three years, most of them (58 or 57.4%) invested in the purchase of new equipment, followed by the purchase of new work machines and the adaptation and reconstruction of business premises (19 or 18.8%), followed by intangible investments and the purchase of used equipment (15 or 14.9%), followed by construction of business premises (9 entities), purchase of used machinery (10 entities), and purchase of business premises (3).

Of the 127 economic operators, when asked about the definition of funding sources, 30 entities answered that they had taken out a loan, of which 1 was an owner's loan, 19 a commercial bank loan, and ten a public fund and agency loan. However, the remaining 97 economic operators did not have a loan.

Of the 16 economic entities that received grants, 14 received them through tenders of ministries and 1 through tenders of public funds, agencies, or another (Borzen). 43 or 33.9% answered that they follow the public tenders for grants, 28 or 22.0% turn to consultants, 26 or 20.5% receive information through development business associations and professional organizations, and 30 or 23.6% answered that they do not know the possibility of applying for a grant and do not apply for it.

Fifty-one respondents or 31.7% of all companies follow the principles of sustainable development, 38 or 23.6% of all digitizations, 26 or 16.1% of all principles of green economy and social orientations, 23 respondents or 14.3% said they did not follow EU guidelines.

Of the 127 economic entities, 72 or 56.7% are familiar with the projects managed by the municipality, four entities or 3.1% of them participate in the preparation of municipal projects, seven entities or 5.5% of them participate in the implementation, and six entities or 4.7% of them participate as participants or recipients, and 38 respondents stated that they do not cooperate with the municipality and are unaware of the projects.

Out of 127 economic entities, only 7 or 5.5% of those who are fully acquainted with regional projects, 69 entities or 54.3% are partially acquainted, and 51 or 40.2% are not aware of it. Of the 127 economic entities, only 4 or 3.1% answered that they participate in the preparation of regional projects. In contrast, all the rest answered that they do not participate in the preparation, implementation, or a participant or recipient. Descriptive statistics can be seen in Table 1.

Table 1. Descriptive statistics of numerical variables: Amount of sales revenues generated on foreign markets in 2021, amount of investments in the last three years

		Amount of investments in EUR in 2019 - 2021)	Amount of revenues in EUR generated from sales on foreign markets in 2021
Number	Valid	100	68
	Missing	27	59
Arithmetic mean		232,460.00	1,566,794.12
Median		30,000.00	121,000.00
Mode		10,000.00	50,000.00
Standard deviation		1,200,697.07	7,529,198.14
Coefficient of asymmetry		9.422	7.158
SE asymmetries		0.241	0.291
Flatness coefficient		91.930	54.398
SE flatness		0.478	0.574
Variation spacing		11,877,000.00	59,490,000.00
Minimum		2,000.00	10,000.00

Maximum		11,879,000.00	59,500,000.00
Sum		23,246,000.00	106,542,000.00
Quartiles (in %)	25	12,000.00	50,000.00
	50	30,000.00	121,000.00
	75	95,000.00	375,000.00

Source: Own calculation of the authors.

A more detailed description of the individual parameters in Table 1 is as follows:

- The average amount of investments in the last three years in the studied sample is EUR 232,460.00. Half of the investments in the last three years are less than EUR 30,000.00, and half are higher. The standard deviation, which shows how much investment has deviated from the arithmetic mean on average over the last three years, is EUR 1,200,697.07. The first 25% of entities have invested less than or equal to EUR 12,000.00 in the last three years, the lowest investments in the last three years were EUR 2,000.00 and the highest EUR 11,879,000.00, which indicates that the difference among them was as much as EUR 11,877,000.00. Given the positive value of the asymmetry coefficient, we find that the distribution is asymmetric firmly to the right, which means that entities with investments of lower values predominate. Given the positive value of the flattening coefficient, we find that the distribution is strongly pointed.
- Sixty-eight economic operators responded that they generated revenue in 2021 in foreign markets, the EU, or other foreign markets. The average amount of revenues generated from sales on foreign markets in 2021 is EUR 1,548,264.71. Half of the generated revenues on foreign markets are less than EUR 121,000.00. The most common amount is 20,000.00 EUR. The standard deviation, which shows how much the generated revenue in exports deviates from the arithmetic mean on average, is EUR 7,531,076.94. The first 25% of entities with generated revenues abroad are less than or equal to EUR 50,000.00, the lowest generated revenues on foreign markets are EUR 10,000.00, and the highest is EUR 59,500,000.00, which indicates the difference between them is 59,490,000.00 EUR. The sum of all revenues generated on foreign markets amounted to EUR 105,282,000.00. According to the call value of the asymmetry coefficient, we find that the distribution is asymmetric firmly to the right, which means that entities that created lower values predominate, except large companies. Given the positive value of the flattening coefficient, we find that the distribution is strongly pointed.

Table 2. Descriptive statistics of numerical variables: Amount of own funds, amount of loans, and amount of grants

		Amount of own funds in EUR	Amount of loans in EUR	Grant amount in EUR
Number	Valid	96	30	16
	Missing	31	97	111
Arithmetic mean		198,703.13	121,233.33	48,750.00
Median		25,000.00	40,000.00	22,500.00
Mode		10,000.00	20,000.00	5000.00
Standard deviation		1,213,903.56	204,214.00	59,756.73
Coefficient asymmetry	of	9.577	3.258	1.693
SE asymmetries		0.246	0.427	0.564

Flatness coefficient	93.019	12.111	1.808
SE flatness	0.488	0.833	1.091
Variation spacing	11,877,000.00	990,000.00	195,000.00
Minimum	2,000.00	10,000.00	5,000.00
Maximum	11,879,000.00	1,000,000.00	200,000.00
Sum	19,075,500.00	3,637,000.00	780,000.00
Quartiles	25	10,000.00	20,000.00
	50	25,000.00	40,000.00
	75	50,000.00	162,500.00

Source: Own calculation of the authors.

A more detailed description of the individual parameters in Table 2 is as follows:

- The average amount of own funds was EUR 198,703.13. Half of the economic entities provided their funds with less than EUR 25,000.00, and half higher. The most common amount is 10,000.00 EUR. The standard deviation, which shows how much the number of own funds deviates from the arithmetic mean on average, is EUR 1,213,903.56. The first 25% of entities provided funds less than or equal to EUR 10,000.00 among financial sources. The lowest own funds amounted to EUR 2,000.00 and the highest EUR 11,877,000.00, which indicates that the difference between them is as much as 11,877,000.00 EUR. The sum of all own funds amounted to EUR 19,075,550.00. According to the call value of the asymmetry coefficient, the distribution is asymmetric firmly to the right, meaning that the entities that provided their funds predominate.
- Thirty economic entities stated that they used a loan as a financial source to implement investments. The average loans were EUR 121,233.33. Half of the economic entities took out a loan of less than or equal to EUR 40,000.00, and half of the higher ones were. The most common amount is 20,000.00 EUR. The standard deviation, which shows how much the amount of borrowings deviates from the arithmetic mean on average, is EUR 204,214.00. The first 25% of entities provided loans less than or equal to EUR 20,000.00, the lowest value of the loan was EUR 10,000.00, and the highest was EUR 1,000,000.00, which indicates that the difference between them is as much as 990,000.00 EUR. The sum of all borrowings amounted to EUR 363,700.00. According to the call value of the asymmetry coefficient, the distribution is asymmetric firmly to the right, meaning that the entities that provided their funds predominate.
- Sixteen economic entities provided grants among the sources of investment financing. The average amount of the grant was EUR 48,750.00. Half of the economic entities received grants less than or equal to EUR 22,500.00, and half of the higher ones. The most common amount is 5,000.00 EUR. The standard deviation of the amount of deviation from the arithmetic mean is EUR 59,756.73. The first 25% of entities provided financial grants less than or equal to EUR 10,750.00. The lowest value of the grant was EUR 5,000.00, and the highest was EUR 200,000.00, which indicates that the difference between them is as much as 190,000.00 EUR. The sum of all grants received amounted to EUR 780,000.00. According to the call value of the asymmetry coefficient, the distribution is asymmetric firmly to the right, meaning that the entities that provided their funds predominate.

For numerical variables, we also determined if they are distributed normally. For this purpose, we used the "Kolmogorov Smirnov test," where the sample is greater than 50 for the following variables:

- Amount of revenues generated from sales on foreign markets in 2021 (sample = 68)
- Amount of investments in 2019 - 2021 (sample = 100)
- Amount of own loans (sample = 96)

For other variables, we used the "Shapiro Wilk test," where the sample is less than 50:

- Amount of loans (sample = 30)
- Grant amount (sample = 16)

Table 3. Checking the normal distribution of numerical variables

	Kolmogorov-Smirnov			Shapiro-Wilk		
Amount of revenues generated from sales on foreign markets in 2021	.436	68	<.001	.195	68	<.001
Amount of investments in 2019 - 2021	.424	100	<.001	.157	100	<.001
Amount of own funds	.436	96	<.001	.125	96	<.001
Amount of loans	.303	30	<.001	.564	30	<.001
Grant amount	.311	16	<.001	.719	16	<.001
Have you received a non-refundable development of EU or state funding for investment funding?	.521	127	<.001	.389	127	<.001
Following one of the EU guidelines	.499	127	<.001	.468	127	<.001

Source: Own calculation of the authors.

For all variables, we find that the statistical characteristic (significance) is less than 0.05, so we must reject the null hypothesis of equality of our distribution with the normal distribution at 5% risk. We, therefore, find that our variables are not distributed normally.

With Hypothesis 1, we wanted to determine whether the economic entities of the municipality of Ribnica invested in development in 2019 - 2021.

Table 4. Have you invested in development in 2019 - 2021?

	Number of responses	Expected number	The difference
Yes	100	63.5	36.5
No	27	63.5	-36.5
Altogether	127		

Source: Own calculation of the authors.

As seen from the table above, one hundred economic operators responded that they had invested in development, while 27 economic entities had not invested in development in 2019 - 2021).

Table 5. Chi-square hypothesis 1 test

Chi-Square	41.961 ^{a1}
df	1
Statistical characteristic	<.001

Source: Own calculation of the authors.

Based on the value of the Chi-square test and statistical characteristics ($p < 0.001$), the statistical characteristic is less than 0.05. Businesses have invested in development over the last three years.

Given a large number of economic entities, we anticipated a lively investment activity of a more significant number of investors. However, lower values in 2019 - 2021 were also specific due to market conditions marked by the covid-19 pandemic.

Table 6. Descriptive statistics for the number of investments in 2019 - 2021

	Number	Arithmetic mean	Standard deviation	Standard error of arithmetic mean estimation
Amount of investments in 2019 - 2021	100	232,460.00	1,200,697.072	120,069.707

Source: Own calculation.

From the descriptive statistics, we understand that in the last three years, 100 respondents have invested in development, who also answered the question in the survey on the average amount of investment in the last three years. Table 19 shows that the average amount of investments of economic entities in the municipality of Ribnica in the last three years is EUR 232,460.00. (SD = EUR 1,200,697.07), Furthermore, the standard error of the estimate used to calculate the interval is EUR 120,069.71.

Table 7. T-test for one sample

Test value = 200000							
	t	df	Statistical characteristic (p)		The difference on average	95% Confidence Interval of the Difference.	
			One-sided	Two-sided		Lower	Upper
the amount of investment in the last three years	.270	99	.394	.787	32,460.000	-205,784.35	270,704.35

Source: Own calculation of the authors.

¹ 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 63.5.

We used a t-test to determine a hypothetical value of € 200,000.00. The results are shown in Table 7. In addition to the large number of economic entities that invested in fixed assets, despite unfavorable pandemic times, the average value of investments was also higher than expected, which is a favorable indicator. However, it is also necessary to consider that one of the large companies invested almost EUR 12 million in fixed assets during the years of study, which consequently increased the average value of all investments in the municipality.

With Hypothesis 1, we wanted to determine whether there is a connection between the number of own funds and the value of the investment, or we assumed that entities prefer to invest if they have their funds than borrow loans. The hypothesis is exploratory and two-sided. Because we selected two numeric variables, we used correlation to verify. This tells us the direction and strength of the interconnectedness of the variables. Since the variables “amount of own funds” and “value of investment” have not been normally distributed in 2019 - 2021, we use the Spearman coefficient. Before carrying out the correlation, we first had to select only those economic operators who responded that they had invested in the last three years. There were 100 such economic operators. The results of the correlation can be seen in Table 8.

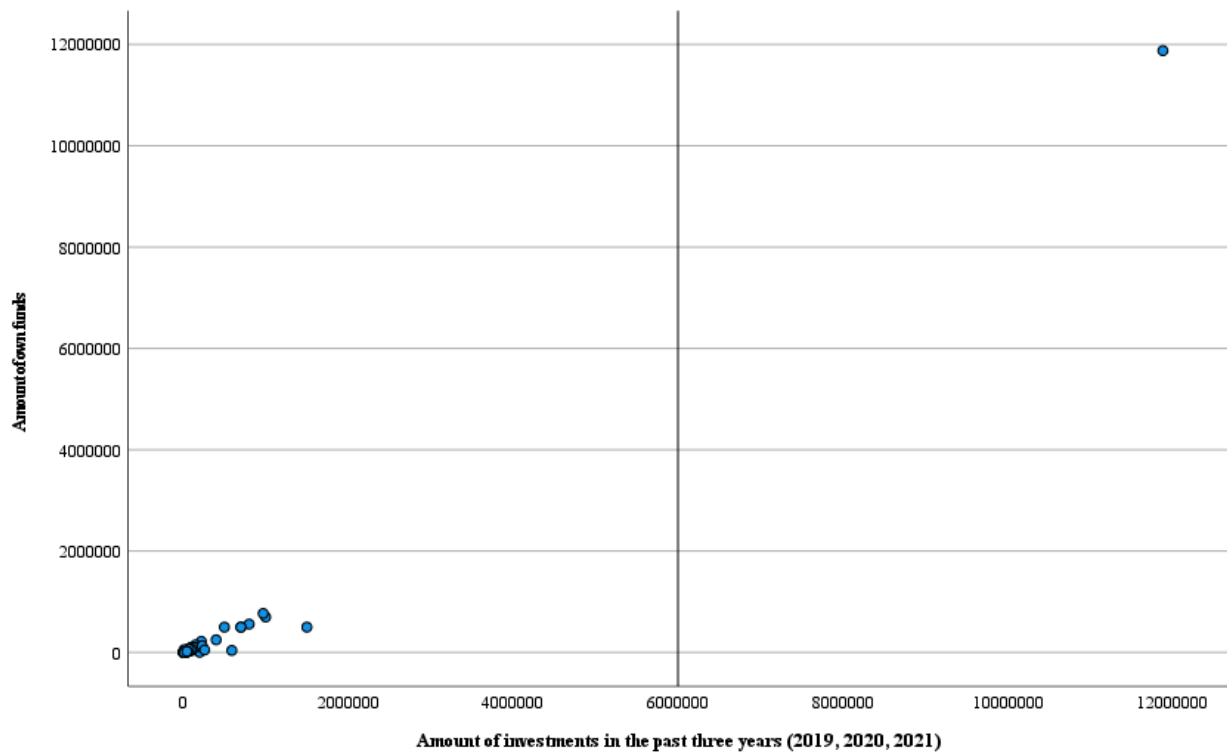
Table 8. Correlation with Spearman coefficient

			Amount of investment in 2019 - 2021	Amount of own funds
Spearman's rho	Amount of investment in 2019 - 2021	Correlation coefficient	1.000	.871
		Statistical characteristic. (2-tailed)		<.001
		Number	100	100
	Amount of own funds	Correlation coefficient	.871	1.000
		Statistical characteristic. (2-tailed)	<.001	.
		Number	100	100

Source: Own calculation of the authors.

Since the statistical characteristic is less than 0.05 ($p = 0.001$), we can accept the hypothesis with a 5% risk, which says that there is a correlation between the number of own funds and the value of an investment in the last three years (2019, 2020 and 2021). The correlation matrix also shows us that there is a correlation that is strong and positive ($R = 0.871$). Therefore, if the value of own funds increases, the value of the investment also increases. This can also be seen in Figure 1. The descriptive statistics also showed that many more economic entities in the structure of investment financing provided their funds, five times higher than loans and 25 times higher than grants.

Figure 1. Relationship between the number of own funds and the value of an investment in 2019 - 2021



Source: Own calculation of the authors.

We assumed that economic entities from group C generate the most revenues in foreign markets according to the standard classification of activities, i.e., the field of manufacturing, which is traditionally strong in Ribnica, as the most prominent company operating in this activity.

Table 9: Descriptive statistics for the amount of revenue generated in foreign markets in 2021, by type of activity

	Type of activity	Valid		Without revenue in foreign markets		Total number	Total %
		Number	Share in %	Number	Share in %		
Amount of revenues generated from sales on foreign markets in 2021	Other activities	37	42.5%	50	57.5%	87	100.0%
	Manufacturing	31	77.5%	9	22.5%	40	100.0%

Source: Own calculation of the authors.

The table shows that in the field of manufacturing, based on the results of the survey, 31 economic entities generated revenues in foreign markets, while 9 did not of the entities operating in all other activities, 37 generated revenue in foreign markets, not 50. To test

Hypothesis 2, we used a sample of 68 entities that generated revenue in foreign markets. Because the variable “the amount of revenue generated from sales in foreign markets in 2021” is not normally distributed, we used the nonparametric Mann-Whitney U test to test the hypothesis.

Table 10. Statistics of calculated ranks

	Type of activity	Number	Average rank	Sum of ranks
Amount of revenues generated from sales on foreign markets in 2021	Other activities	37	30.04	1111.50
	Manufacturing	31	39.82	1234.50
	Type of activity	68		

Source: Own calculation of the authors.

Table 11. Mann-Whitney U test calculation

	Amount of revenues generated from sales on foreign markets in 2021
Mann-Whitney U	408.500
Wilcoxon W	1111.500
Z	-2.032
Statistical characteristic (2-tailed)	.042

Source: Own calculation of the authors.

As the statistical characteristic is less than 0.05 ($p = 0.042$), the 5% risk confirms the hypothesis that there is a difference in the amount of revenue generated from sales in foreign markets in manufacturing and revenue generated in other activities. We find that the values of average ranks for the amount of revenue generated from sales in foreign markets for manufacturing are higher than that of revenue generated from sales in foreign markets for other activities. Ranking data are in Table 10, and Mann-Whitney statistics are in Table 11.

With Hypothesis 3, we wanted to test the assumption that the share of economic entities in the municipality of Ribnica that have already obtained EU or state grants through public tenders to finance investments is less than 30%. We assumed that economic operators follow and apply for calls for EU and national grants. The hypothesis is exploratory and one-sided. We tested the hypothesis with a binomial share test. Descriptive variables are used for it. However, since the binomial share test is a nonparametric test, we must first check the distribution of the variable. We use the "Kolgomor-Smirnov test" for verification. Table 12 shows that the statistical characteristic (significance) is less than 0.05 ($p = 0.001$), meaning the variable is not normally distributed. The binomial share test can therefore be used.

Table 12: Binominal test

	Category	Number	Number share in%	Verified share	Statistical characteristic
Group 1	No	111	.9	.3	<.001

Have you received EU or country grants to finance investments?	Group 2	Yes	16	.1		
	Total		127	1.0		

Source: Own calculation of the authors.

The share of economic entities in the municipality of Ribnica that received EU or state grants in their financing of investments in the last three years is 10% (n = 127). The share of economic entities in the municipality of Ribnica that in their investment financing in the last three years did not receive an EU or state grant, but 90%. Since the statistical characteristic is less than 0.05 (p = 0.005 - because it is a one-sided hypothesis, we divide by 2), we can estimate with 5% risk that the share of economic entities in the municipality Ribnica has already received an EU or state grant of less than 30% in its investment financing. The hypothesis is confirmed, which shows that the non-repayable source of funding among economic operators is underutilized and that despite the limiting factors that limit companies in applying for several grant tenders, great efforts are still needed to obtain these funds. The descriptive statistics show that economic entities are acquainted with the possibilities of obtaining grants in various ways, from their acquaintance with business consultants and professional organizations. However, seeking and realizing this financial possibility with good projects and external professional assistance is necessary. The fact that the municipality of Ribnica is located in the Eastern Cohesion Region, where the levels of state aid intensity are higher, is suitable for economic entities in terms of receiving state aid.

With Hypothesis 4, we wanted to determine whether the economic entities of the municipality of Ribnica cooperate with the municipality or are acquainted with projects for providing conditions for economic development. We assumed that economic entities know the municipal guidelines and participate in their preparation and implementation or as participants. The hypothesis is exploratory and two-sided. Since only one variable has different values, it can be verified by the CHI-square test of equal probability.

Table 13. Cooperation of economic entities with the municipality

	Number of responses	Expected number	The difference
I am acquainted with the projects run by the municipality	72	25.4	46.6
I participate in their preparation	4	25.4	-21.4
I participate in their implementation	7	25.4	-18.4
I participate as a participant. recipient	6	25.4	-19.4
None of the above	38	25.4	12.6
Together	127		

Source: Own calculation of the authors.

As seen from Table 13, as many as 89 economic entities of the Municipality of Ribnica are acquainted with the projects of the Municipality of Ribnica (Municipality of Ribnica 2021) or participate in them, and 38 economic operators do not.

Table 14. Chi-square test of hypothesis 5

Chi-Square	137.921
df	4
Asymp. Sig.	<.001
Chi-Square	137.921a

Source: Own calculation of the authors.

Based on the value of the Chi-square test and statistical characteristics ($p < 0.001$), the research hypothesis can be confirmed, as the statistical characteristic is less than 0.05. Economic entities of the municipality of Ribnica cooperate or are acquainted with the projects managed by the municipality of Ribnica.

With Hypothesis 5, we wanted to determine whether the economic entities of the municipality of Ribnica follow the new European strategies, i.e., green, digital, social, or sustainable economy. We anticipate that economic entities are aware of and follow European and Slovenian. The hypothesis is exploratory and one-sided. A binomial share test confirmed the hypothesis. Descriptive variables are used for it. The variable "Do you follow EU guidelines in your business?" has only two values (yes and no), so we can perform a test. However, since the binomial share test is a nonparametric test, we must first check the distribution of the variable. We use the "Kolgomor-Smirnov test" for verification. From Table 16, we find that the statistical characteristic (significance) is less than 0.05 ($p = 0.001$), which means that the variable is not normally distributed. The binomial share test can therefore be used.

Table 15. Binominal test

		Category	Number	Number share in%	Verified share	Statistical characteristic
I am following one of the EU's guidelines	Group 1	I am following	104	.82	.50	<.001
	Group 2	I do not follow	23	.18		
	Together		127	1.00		

Source: Own calculation of the authors.

The share of economic entities in the municipality of Ribnica that follows new European guidelines in their operations is 82% ($n = 121$). In comparison, the share of economic entities in the municipality of Ribnica that does not follow them in their operations is 18%. As the statistical characteristic is less than 0.05 ($p = 0.005$, because it is a one-sided hypothesis, it is still divided by 2), we can estimate with a 5% risk that the share of economic entities in the municipality of Ribnica that follows new European guidelines more significant than 50%. The hypothesis is confirmed, which means that the economy is already operating according to developed European orientations, and therefore entry into foreign markets is more accessible.

4 Conclusion

The European Union and thus Slovenia have entered the financial perspective 2021-2027. New content guidelines and new vital priorities have been set. New priority areas have been identified to support an innovative Europe, a greener and lower-carbon Europe, a more connected Europe, a more social Europe, and a Europe closer to the citizens (European Commission 2019a and 2019b). These are the guidelines that guide the work of all levels - the bearers of economic development, national, regional, and local.

The research deals with intertwining the regional and local levels as a framework for economic development and competitiveness of one of the Slovenian municipalities, which is determined by the new strategic orientations and the primary documents arising from them, both at the EU and Slovenia levels. Focusing on intelligent, digital, green, low-carbon, social, and sustainable businesses is becoming a reality if they want to stay or become competitive. The critical national development document is the Development Strategy of Slovenia 2030 (SVRK 2017), supplemented by other documents.

Economic operators are already following the guidelines of the new European policy, green, digital, sustainable, and social. It is also necessary to develop in these directions in the future, and social responsibility must also be an essential factor in successful and sustainable development.

The summarized answers to the research questions are as follows:

1. The answer to whether the municipality's economy can be defined as export- and investment-oriented is yes. The research also showed that the municipality has a vital, export-oriented, and investment-oriented economy.
2. The research showed that economic entities that are predominantly export-oriented and face the high demands of foreign markets are already oriented and operating according to the new European guidelines or adapting to them.
3. We studied development according to various indicators. According to the coefficient of economic development, which is a broader indicator made up of indicators of development, threats, and development possibilities and is calculated by the Ministry of Finance and defines the development of municipalities most broadly, the municipality of Ribnica is in the first third of Slovenian municipalities (in 76th place) and ten places among the 21 municipalities of the studied region. According to economic indicators, the picture is even more favorable. A large number of operating companies in the area of the municipality are successfully operating with a clean net business result. The productivity indicator, the net added value per employee in commercial companies, has been increasing over the years. However, the municipality still lags behind the national and regional averages. The average gross salary lags behind the country and the region. We can answer that from the point of view of competitiveness. The municipality is among the more developed municipalities in the region.
4. Regarding the competitive advantages of the municipality and what are its development possibilities in the future, we note that, first of all, the human potential is the competitive advantage of the municipality. The municipality has favorable demographic and labor market indicators. It has a stable, export-oriented economy and great potential in traditional domestic crafts - dry farming and pottery, in natural and cultural heritage. However, it is necessary to continue looking for development opportunities in the field of entrepreneurship, especially by accelerating productivity growth through further investments. As economic activity in the municipality, agriculture is losing its importance in generating income. However, it is taking on

new functions, especially the preservation of the cultural landscape and, thus, the conditions for tourism development. Here, too, new opportunities must be sought, such as organic farming, ecotourism, and the clever use of non-renewable resources. Tourism remains an excellent development opportunity with great potential that needs to be exploited in revenue generation.

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