



Slovakian small businesses and enterprises seek talented professionals that are missing across all regions!

The most common obstacle for our companies in the field of digitalisation is the insufficient supply and potential of a qualified workforce. At the same time, the growth of digital economy means the dependence of companies and customers on the online environment is constantly increasing.

This is also evidenced by the almost double growth rate of the digital economy (14.2% in 2020 compared to 7.9% in 2017-2019), which represents 12 million new online users within a few months. It is therefore essential that small and medium-sized enterprises (SMEs) in particular maximise the potential of digitalising their processes and thus be able not only to increase their competitiveness, but also to fulfil their own growth potential.

However, according to the European Commission's assessment, not only Slovak, but also companies in the region of Central and Eastern Europe are still lagging behind the EU average in terms of digital transformation. The main problem is low productivity and the availability of financial as well as human capital. At the same time, the economic potential of the digital space can reach up to EUR 200 billion by 2025.

The era of digital transformation is coming

Slovakia's lag is even more pronounced - in the DESI index (Digital economy and society index) in 2021, it ranked 22nd-second among 28 countries. In order for businesses to move forward, it is necessary to identify the biggest challenges they face, to interpret them towards state representatives and to look for solutions to remove barriers to digitalisation. Sitting at a roundtable on the topic "Digitalisation is the key to SMEs success" in cooperation with the American Chamber of Commerce in Slovakia was one of a series of activities of the Slovak Alliance for Innovative Economics (SAPIE), aimed at supporting digital transformation.

During this session, several key topics were identified by SME representatives. Some concern the capture of digitalisation by businesses themselves. The problem is the perception of digital transformation as a purely technical topic. Corporate culture is also important in the implementation of digitisation processes in companies. Deployment of the latest technologies is not enough if the company is not willing to change its internal processes and is afraid to experiment with innovative products.

This is also the basis for the confusion between digitalisation and automation. Some digital service providers have experienced reluctance or fear, or a lack of technical knowledge from staff. This situation could be reversed by the application of the so-called change management, appropriate education, or re-skilling, or re-profiling. By introducing progressive steps in companies, they would also reflect on the problem of insufficient qualified workforce, especially in less attractive regions.

The efforts of start-ups or smaller companies to invest a disproportionate amount of money in the development of new digital solutions to provide functionality that is often covered by existing cloud services are also problematic.

The problem of digitalisation should be addressed by the state. Entrepreneurs face several obstacles

Although policies and strategies in this area are set, their ineffective implementation is often a problem. One of the key problems is the unavailability of foreign talent.

The problem of missing talent is solved by countries in the form of so-called Remote jobs, i.e. the placement of people from abroad in the country, however, our legislation in this form places an enormous burden on the administrative side of the company. Businesses are also struggling with bureaucratic barriers that make digital business particularly difficult, characterised by its speed and agility. Another recommendation is to educate the state apparatus in digital topics for a better understanding of the context and problems of the market, as well as the transfer of experience and best practices from abroad.

One way to help businesses develop digitalisation is through different forms of aid. Currently, the most important of these is the Recovery and Resilience Plan, where out of the total volume up to 21% of funds contribute to the digital transformation. Whole component number 17 in the volume of 615 mil. EUR is focused on digitalisation,



of which EUR 183 mil. EUR is earmarked for the development of the digital economy and innovation. For the success of the digital transformation of Slovakia, it will be necessary to transform these funds into effectively designed and managed forms of support with concrete results. Public-private partnerships will be key in setting them up. In this regard, the companies expressed their interest in making efforts and supporting the state in the effective implementation of the Recovery Plan.

The League for Digital Boost initiative also aims to support the digital transformation of SMEs. Based on the SAPIE workshop, it has the ambition to create a coalition of actors in the digital economy in the region of Central and Eastern Europe and to support economic growth in the region by linking the needs of the private system with policy-making. The Czech Union of Industry and Transport, the Polish Union of Entrepreneurs and Employers (ZPP) and the Hungarian Századvég participate in the project in partner countries.