

The Position of Female Entrepreneurs in the European Union and Transition Countries



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ARTICLE INFO

Article history:
Received 10 February 2009
Accepted 2 March 2009

JEL: B54, L26, 052

KEY WORDS:

gender mainstreaming,
female entrepreneurship

ABSTRACT

In the European Union at the level of the European Commission the principle of gender equality, called gender mainstreaming, has been introduced in all areas of activities and policy. The term "gender mainstreaming" is the key and it has been accepted for the implementation of policies of gender equality in the EU Member States, that, according to the definition of the Council of Europe means reorganization, improvement, development and evaluation of political processes in a way that the perspective of gender equality is included in all policies at all levels and degrees, by the actors involved in political decision-making. Although women constitute the majority of the world's population, in the field of entrepreneurial activities they constitute the minority due to their socially, economically and politically inferior position with regard to men. Sex-related inequalities on the labor market and in entrepreneurial activities are connected to unequal educational and training opportunities which are further reflected to their choice of profession and possibilities for advancement. The change in social paradigms has radically altered the balance of powers between women and men in society at large, as well as in business. However, the fact is that there are fewer women entrepreneurs in relation to men. The aim of the paper is to identify the major obstacles encountered by women in a business. This paper also serves to support the entrepreneurship of women and to promote its development.

Gender Policy of the European Union and the Obligations of the Integration Countries

Anti-discrimination framework was established by the Convention for the Protection of Human Rights and Fundamental Freedoms in 1950.- EHCR, as well as a series of appropriate Protocols. Except Protocol no. 12, European Convention on Human Rights from 2000 came into force in 2005. It refers to the prohibition of discrimination on the basis of gender. Activities related to achieving actual gender equality have been determined also with other recommendations and resolutions. Starting from the importance of full political participation of women as a central part of policies of gender equality, The Committee of Ministers of the Council of Europe adopted Recommendation in 2003 on the well-balanced participation of women and men in political and public decision making¹. Member States should encourage the promotion of balanced representation of women and men, publicly recognizing the equal sharing of decision-making powers between women and men with different origin and ages strengthens and enriches democracy. Also, Congress of Local and Regional Authorities of the Council of Europe especially emphasized importance of implementation of gender equality policies at the local level by adopting the Resolution 176 of 2004 on the introduction of the principles equal of gender at the local and regional level, based on the promotion strategy of equality of women and men in cities and regions. In addition to these basic documents, there is a series of directives, which also treated the equality of women and are one of the secondary legislation in the EU.

In accordance with the above Charter and Protocol, the European Commission was introduced the principle of gender equality in all areas of activities and policies. The term "gender mainstreaming" is the accepted term for the implementation of policies of gender equality in the EU Member States. Also, members of the EU adopt special measures or positive action measures such as legal policy measures, mandatory parental leave for both parents, equal measures of employment gender, etc.

¹ Council of Europe: *Recommendation of the Committee of Ministers to member states on balanced participation of women and men in political and public decision making explanatory memorandum*, (Strasbourg: Directorate General of Human Rights, 2003) 17-18

For the coming period, significant is document named "Roadmap for equality of women and men, 2006.-2010."² adopted by the Council of Ministers of the EU in 2006, which sets out priority areas of work to accelerate the process of achieving real gender equality in Europe.

The following areas have been designated as a particularly important:

- Achieving equal economic independence of women and men;
- Increasing the compliance of work and private life;
- Promotion of equal participation in decision-making;
- Abolition of gender qualifying violence and trafficking in persons;
- The removal of gender stereotypes in society;
- Promotion of gender equality outside the EU.

This roadmap is based on the Community Framework Strategy for achieving equality between women and men from previous period of 2001-2005 / 6, and their enforcement is an integral part of the Community. Economic independence is an important precondition for gender equality and the women rights respect. It is, therefore, a key challenge to include more women in the labor market in the EU. The EU has contributed to that development of policies through the promotion of the empowerment of women. This is part of a strategy for growth and jobs set up by the Heads of State and Government in Lisbon in 2000. The goal of this strategy is to have the European Union converted to a dynamic and competitive economic society which is capable of sustainable growth with more and better jobs and greater social cohesion. Further, the strategy entails full participation of women in economic life, with the encouragement of women to participate in the labor market, and achieve an employment rate of women to 60% in 2010.

In the European enlargement policy gender equality also occupies one of the main areas. Equality of women and men is common and one of the fundamental values of the EU Member States, ensured even in the provisions of the EU Treaty, which stipulates the promotion of gender equality as a permanent objective of the European Community in all its activities. Policies of the EU Member States in the field of Gender Equality, which obliges also the integration country, are contained in chapter's common policies. The most important of those common EU

² Commission Of The European Communities, *A Roadmap for equality between women and men 2006-2010*, (Brussels: EUR-LEX, 2006), 3-9

policies in the area of equal opportunities between men and women are contained in Chapter 19 - Social policy and employment, Chapter 22 - Regional policy and coordination of structural instruments, and Chapter 23 - Judiciary and fundamental rights.

The level of alignment of legislation in transition countries, the European Commission estimated in its annual reports. Those countries are obliged to harmonize the provisions, for example, in connection with removing the excessive protection of women in terms of night work, heavy physical work, work underground etc. The attention should also be devoted to deficiencies in terms of maternity leave, fees and excessive duration of maternity leave as well as all other difficulties faced by pregnant women and mothers of small children in the area of employment. Further, need to adapt the provisions in respect of the difference in the age as a margin of going to a pension for men and women employed in the police, army and civil service. For all these provisions, it is necessary to ensure appropriate measurement of statistical indicators, so in that sense, still need to adapt statistics. Regardless of these EU recommendations, the European Commission evaluated that the Action Plan for Gender Equality devoted insufficient attention and it expected to be greater influence to national policies to promote gender equality in the period of 2006 thru 2010, and implementation of equal opportunities policies.

In the period immediately after the war, to encourage women's start-up, Bosnia and Herzegovina has helped to include the equality of women in the legislature. Positive changes include the ratification of the Convention on the Elimination of All Forms of Discrimination against Women and the adoption of key laws on the rights of women, including the Law on Gender Equality, the Family Law and Law on Protection from Domestic Violence by B&H institutions. The condition that the third candidate on party lists during elections must be women helped empowerment of participation of women in politics. A similar situation is in other countries in the integration.

In the text below the analysis of female entrepreneurship in the world shows that there were a lot of work to do in regard to women's entrepreneurship to increase the benefit of women. There are a number of different organizations that are engaged in lobbying for gender equality.

Women's Entrepreneurship in Europe and in the World

According to the Global Entrepreneurship Monitor (GEM)³, entrepreneurs are the most important contributors to economic growth of lower medium-developed countries like those in Latin America and the Caribbean. In these countries the participation of women in the entrepreneurial population is two to three times higher than in most developed countries in the EU. On the other hand, the growing Eastern Europe have not yet developed a consciousness about female entrepreneurship which our neighborhood puts on the bottom scale of the participation of women among the owners of the company. According to GEM's study, countries with small or medium-low income per capita recorded greater entrepreneurial activity than the advanced countries. This is especially true in Latin America, which has the highest rate of women in entrepreneurship compared with all other countries. Research also highlights that advanced countries have a higher rate of male owner of the company. Only Japan and Peru had greater activity of women in the category of establishment of new enterprises in 2007. In Latin America, the rate of women entrepreneurs is 24%, and entrepreneurs with a longer work experience are only 57.1%.

As a rule, women are starting businesses in the service sectors which are most attractive for them around the world. Also, women, for example, keep companies much easier in developed countries, while keeping financial stability of business is more difficult in countries with lower GDP and a "lifetime" of women's enterprises is shorter. According to the age criteria, the usual age of the women who starts own business range from 25 to 34 years in less developed countries, and greater success and respect they can expect only from the age of 35 to 44 years. In developed countries the situation is worst; women choose to start with own business from age of 25 to 44 years, while the culmination of her career reaches only between the age of 35 and 54 year.

According to education criteria, women are far more educated in developed countries than their colleagues from countries with weaker GDP per capita although the level of education, most often, is not associated with the success of entrepreneurial ideas. When it comes to motivation, women are, regardless of the nation, less optimistic and less positive than

³ Bosma N. at al., *Global Entrepreneurship Monitor, 2008 Executive Report*, (Babson: College Babson Park, MA US, 2008) 22-23

men when they start their own business. Also, women earn on average 15% less than men in the EU. Similar problem is with representation of women in leading positions (32%)⁴ regardless of what they, on average, have a better education than men have. Discomfiture is the fact that this percentage increased for 1% only in the last 5 years.

In Germany, for example, women earn 22% per hour on average less than men⁵. For this reason Germany is one of the EU country, which have a maximum difference in regard to income between the sexes. Only Estonia, Cyprus and Slovakia women reach equally high or even greater income. The reason for such large differences is that a large number of women work only half of the working hours in Germany. In this regard, the European Commission requires better solutions for harmonization of family and work, and increase number of women on leading positions. According to the reports of the European Commission, the employment of women is constantly increasing in the past few years. Part time work using every third woman, while only 8% of men are employed on this way. Employment rate of women with children is 62%, while in men, even 91%.

In the transition countries of Central and Eastern Europe, women has adverse economic status thanks to a reduced number of employees in the public sector, a higher rate of unemployment, greater job insecurity and poor system of social protection. In the process of transition from communist / socialist regimes and the centralized management of economy towards a free market economy most experiences have been negative. These effects include increasing poverty, insecurity, unemployment, crime and corruption, the disappearance of middle-class, arising new economic and political elite from the war profiteers and the former communist leader. Furthermore, expanding the gap between poor and rich and the registered unemployment rate is very high.

Equality of men and women in politics also in business was an important feature of all communist societies. Participation of women in the number of employed persons was much higher in comparison to other economies in the world, as well as their representation in professional and management bodies. Large number of women in political and scientific life

⁴ European Commission, *Women and men in decision-making 2007 - Analysis of the situation and trends* (Luxemburg: Directorate General for Employment, Socila Affairs and Equal Opportunities, 2008) 35

⁵ Eurostat Site3-TGM Table, *Gender pay gap in unadjusted form in % (Structure of Earnings Survey source – 2002 and 2006 onwards)*, (on line).

was one of the key arguments for the assertion of the equality of women in the communist system⁶. At present, transition period, there is still a tendency to equality between women and men considered to be inherent features of these societies, where gender as such is not considered important for social analysis at all. Any questions related to gender equality, which had been asking by economists and sociologists, were ignored. Such a trend is further supported by a strong tendency to favor different psychological explanations for the lack of women in management positions.

In Croatia, women constitute 52% of the total Croatian population; their share in employment is 45%, i.e. 52% in the public and 39% in the private sector. Women in the enterprise are represented with 30%, on managerial positions 27%, and only they were 19% in the supervisory boards of companies. Rate of women employees in the 'gray' economy is 65%, while the employment rate of female population on the basis of a contract for part time is even 86%.

In Bosnia and Herzegovina, the rate of women participation in the total number of employees is 43% which is extremely low compared with the global standard of 52.5%. Usual, they earn less than men and they are represented in the lowerer number in the enterprise. Women spend a less time in their business than men. More precisely, women entrepreneurs are working 29,2 hours per week, while men spend 46,9 hours. In 2007, female unemployment rate was 32.9% versus 26.7% of men. This rate is alarmingly high in the category of young women aged from 15 to 24 years, where the rate is 63.1%, compared with 55.6% of men in the same age categories.⁷

Gender inequality is very pronounced in the field of entrepreneurship in the Serbia also. According to the data that were published in the study, *Women and Men in Serbia*, published by the Republic Statistical Office of Serbia⁸, there is an obvious disproportion by gender between employers and employees. In this regard, the ratio for women is 1 to 2, while for men is almost 1 to 1. Also, the number of women employers is less than half of

⁶ Metcalfe B. D. et al., *Gender, Work and Equal Opportunities in Central and Eastern Europe, Women In Management Review*, 2005, 399

⁷ Agencija za statistiku Bosne i Hercegovine, *Anketa o radnoj snazi, Tematski bilten*, (Sarajevo: 2008) 21, 24, 26

⁸ Republički zavod za statistiku Srbije, *Žene i muškarci u Srbiji*, (Beograd: Službeni glasnik, 2008) 65

men from the same categories and that relationship in the last five years has not significantly changed, as the indicator of the lack of supporting female entrepreneurship in Serbia.

Further on, men and women are divided by profession, working hours, the level of position, industrial sector, employers, and other forms of contractual status. Women are, more often than men, employed in lower paid positions for which is creating a rational economic basis that women are responsible for unpaid housework, which puts them in a position of greater risk of poverty compared with men. In order to determine the gender differences in the conditions of work, the most important is to take into account the high degree of segregation in employment of men and women. Furthermore, the assessment of the impact of gender differences in policy should be conducted to ensure that the measures strengthen the equality of women and men. This direction should be used by the states of the EU and countries that want to be members when creating their strategy of equal opportunities for women and men.

Obstacles and Challenges of Female Entrepreneurship

The biggest obstacles and difficulties for the development of enterprises are located within the availability of financial resources, information, education and markets. The basic challenge is to effectively identify and resolve problems employed through the prioritization of the legislature and other public policies of the countries, and to implement the government measures. Similarly, it is important to develop the national strategy that will effectively confront the problems specific to equal opportunities, which requires the development of other social attitudes about gender and their inclusion in the structures, institutions and policies that relate to self-employment and small enterprise.

As mentioned in most Member States, accession countries, and all other countries in the world, the rate of participation of women in the labor market is lower and unemployment of women is higher than men. There are large number of cases where women had to choose: career or family. Previous analysis also shows that significantly more women are working on part time than men, and usually that is not their will. Many women have more qualifications than required by the position in which they work. Employers prefer to employ men because women are seen as work force that do not guarantee stability in the job, due to the fact that women have

traditionally been burdened by family and household obligations. Statistical data and reports do not treat women in the number of unemployment in his country, because women are not actively looking for a job, so most of this information is not true.

Also, it is important to note, that women are generally paid less than men. In many countries there are large differences in educational level and the amount of wages. All this have for result fewer pensions for women who, on average, live longer than men.

Bearing in mind the costs to start a business, the next problem is financial independence, so it must intensify efforts to improve access to finance. For women it will be more difficult to ensure the initial capital for the establishment of new businesses. This may be the reason why women often create new jobs in the service sector; in fact they create small businesses that need less initial capital. Women often cannot provide a guarantee for loans from their own property, so they are forced to hold to some form of self, i.e., using other sources of funding, such as savings, loans from family or friends, or micro-lending. Similar situation is in existing business, women are harder to reach new sources of funding because of difficulty of access to informal financial networks. Although it is considered that the existing business have easier access to bank loans, women often lack information about potential investors, support and understanding for their business ideas.

Successful stimulation of women's entrepreneurship can be achieved through:

- Development of lobbying activities of women's professional and non-profit associations, which will be especially focused to create the legal framework in order to impact on the positive environment for faster development of female entrepreneurship;
- Organize the exchange of experience between successful entrepreneurs and beginners, introducing mentoring and public presentations of their own experiences;
- To provide a variety of programs supporting women's enterprises which provide training, education, subsidies for obtaining bank loans for starting business;
- Encourage networking of women entrepreneurs with developing local and regional networks;
- Provide free or subsidized consulting services of foreign or local consultants to entrepreneurs.

Countries, which have recognized the advantages of the development of female entrepreneurship, resources and opportunities that it provides for the overall social and economic development, successfully implemented all of these activities. However, the previously mentioned results of the reports show that there is still a lot to be done to improve women's entrepreneurship.

In the process of promoting and implementing policies of gender equality and empowerment of women, non-governmental organizations and networks play an important role and their actions and advocacy of public policy affecting the public and participate in proposing and / or solving particular problems. Strengthening civil society is a permanent goal and an imperative prerequisite for the advanced society in the field of human rights of women, what is extremely important to further improving the system of cooperation, coordination and partnership of NGOs with state institutions at national and local level. Although, in the last few years, the EU policy directed towards establishing the institutional framework and the promotion of inclusion principles of gender equality in different areas of policy within and outside the Union, it is evident that necessary to continue work on the development and strengthening of these institutions and forms for cooperation with a unified activity to more effective enforcement of legislation and implementation goals of EU and national policies. In order for such policies, and created measures and activities based on them can be really effective, it is essential to improve the collection system of statistical data, conducting research and gender analysis as well as the inclusion of the perspective of gender equality in the planning process, adoption and implementation of the budget.

Employment, in essence, has a double meaning: for workers it means income, building personal skills, work satisfaction, and social status, on the other hand, for society, it is the main source of prosperity. Therefore, the objectives of employment should have a significant place in making economic and social policy. Incompatibility of labor force availability in the labor market is widely diffused, particularly for women, because they are not included within. Many of the skills and knowledge of women have been outdated due to changes in the structure of production, developed technologies and new forms of work organization. Therefore, it is necessary to pre-skilled women with outdated skills and knowledge, because the new knowledge and skills are missing. Reform of the national educational system, especially in transition countries, has not progressed

enough to be flexible, or able to respond to changes in labor force for knowledge and skills. Because of this, the exchange of experiences and the organization of seminars by the well-organized enterprise network are essential.

Conclusion

Female entrepreneurs have a significant role in domestic and international economic scene at all, and represent a potential for development of the economy. In developed countries, women have special incentives and support for the development of their own entrepreneurship. For example, in addition to policies that apply, which protect women against discrimination and inequality, in these countries there are also many organizations and associations dealing with the issue of women and provide them with various forms of support.

In less developed countries and countries in transition, the situation is, however, different. Women are still not economically involved to the importance they deserve, and often, the initiative that they run on the face of economic, political or cultural barriers that discourage development of female entrepreneurship.

Pursuant to the importance of this segment for the development of entrepreneurship at all, and other obstacles that women face on the establishment of their own affairs, the European Union and the national economy should provide an adequate support to the development of female entrepreneurship. This is particularly relevant for countries in the process of integration where these barriers are particularly marked and there is no organized activity of business associations that support women and provide them the necessary support.

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