

WOMEN'S EMPOWERMENT THROUGH THE DEVELOPMENT OF WOMEN'S ENTREPRENEURSHIP IN THE REPUBLIC OF SERBIA A MULTIVARIATE ANALYSIS

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ABSTRACT:

Considering the significance economic potential of women's entrepreneurship, both in terms of furthering the progress of the economy of the Republic of Serbia, and improving the position of women in the market, analyzing the success factors of women's entrepreneurship is a very important and current topic. The aim of this research is to analyze the key factors for the development of women's entrepreneurship in the Republic of Serbia, as well as to examine the causal relationship between the development of women's entrepreneurship and the empowerment of women. This paper contributes to the theoretical and practical knowledge about women's entrepreneurship and their importance for the social and economic development of the Republic of Serbia. In order to measure the effects of women's entrepreneurship development and women's empowerment, a total of 17 variables were created for different factors. For the purposes of this research, a survey was conducted, and the questionnaire was created to collect the perceptions of women entrepreneurs in the Republic of Serbia regarding the following seven factors: Institutional framework, Education and training, Access to finance, Access to market facilities, Economic empowerment, Social status and Development management. The study involved 78 women entrepreneurs who were evenly geographically distributed from all parts of the Republic of Serbia. The data were analyzed using the structural equation modeling (SEM) technique. The number of significant factors was identified using PLS-SEM software. The research results showed that there is a statistically significant and positive correlation between the development of women's entrepreneurship and the empowerment of women in the Republic of Serbia (0.889). Also, the results highlighted the

Institutional Framework as a factor that has a significant and direct impact on the development of women's entrepreneurship. This study proposes a set of recommendations for policy makers in the Republic of Serbia.

Keywords: *women's entrepreneurship, women's empowerment, economic development, the Republic of Serbia*

1. INTRODUCTION

For balanced and sustainable economic development, it is essential to include female human resources. Therefore, it is important to encourage women through specific measures to become more involved in the market economy. One of the goals of the National Strategy for the Improving the Status of Women and Promoting Gender Equality is the enhancement of women's entrepreneurship [1]. In recent years, there has been increased interest in this topic and the role of women's entrepreneurship, as well as other related topics such as legal regulations, education, etc. [2],[3]. Although some progress has been made in recent years regarding policies to encourage the establishment of women-owned businesses, unfortunately, these initiatives often do not proceed quickly or efficiently enough. According to data from the Serbian Business Registers Agency (SBRA) from 2022, since the registration of entrepreneurs has been recorded by gender, there has been an increase in the number of women entrepreneurs in the Republic of Serbia. Although there has been an observed increase in comparison to 2011, the number of business entities founded by women still lags behind the number of business entities founded by men. The development of women's entrepreneurship has a significant impact on economic development, especially in transition countries such as the Republic of Serbia, because it contributes to reducing unemployment rates, increasing GDP, improving living standards, implementing new technologies and innovations, and promoting regional and rural development [4], [5]. Also involvement of women in entrepreneurship is connected with improving the status of women, and community well-being [6]. The aim of this research is to analyze the key factors for the development of women's entrepreneurship and to examine the causal relationship between the development of women's entrepreneurship and the empowerment of women in the Republic of Serbia.

2. THE CONCEPT OF WOMEN'S ENTREPRENEURSHIP

Women entrepreneurs are simultaneously (co-)owners and chief executives of their enterprises, regardless of whether they are registered as entrepreneurs or (co-)owners of a business entity [7]. Women's entrepreneurship is a complex phenomenon, and most experts agree that it is difficult to define. Despite attempts to precisely define it, new dilemmas open up, such as when a woman owns a minority share of capital but is also a director and actively manages the company [8]. A widely accepted definition, used by the government and corporations in the United States, is that a women's enterprise is defined as a company in which a woman owns at least 51% and primarily performs managerial and controlling functions in the enterprise [9]. Also, a women's enterprise can be considered to be one in which more than 30% of the Board of Directors are women, but only if that company has a Board of Directors [9]. In the Republic of Serbia in 18,209 companies, women own more than 50% of the capital (416 in the agricultural sector, 2,974 in the industrial sector, 1,047 in the construction sector and 13,772 in the service sector). Also, 88,170 women's entrepreneurs were registered (561 in agriculture, 12,448 in industry, 3,717 in construction and 71,444 in the service sector) [10]. There is considerably less number of female than male entrepreneurship and women's entrepreneurship is characterized by a focus on services sector (71,444), a frequent choice of simpler legal forms and ownership than in male enterprises, and a higher rate of company closures [8]. The general impression is that support for women's entrepreneurship in the Republic of Serbia is mostly impulsive, lacking synergy and coordination among the key stakeholders [11]. Therefore, women are less likely to decide to start their own business, and when they do, they receive the most support from their families.

2.1. Factors of development of women's entrepreneurship

Women's entrepreneurship has significant potential for spurring economic opportunities and creating jobs in developing countries. Despite this potential, women face various barriers that impact their economic success. For undertaking entrepreneurial activities, women entrepreneurs need external support from the government, the private sector, service-providing institutions, their families, and society as a whole [12].

The International Labour Organization, in their study, created an interaction model for women's entrepreneurship development, which includes the following factors: access to finance, business training, mentorship, technology transfer, market access, improvement of the environment, and women's agencies, as crucial for the development of women's entrepreneurship [13]. In their research, Mršević and Janković, 2018

identify the challenges and barriers faced by women in Serbia, which include a negative business environment, lack of finances, gender roles and stereotypes, lack of support from the community, doubts, and fears. The authors Mitic et al., 2021 state that the level of development of women entrepreneurs depends on the support measures in the level of standards and technical regulations implementation [14]. As a determining factor for entrepreneurship development, Ognjenović, 2023, cites financial support, particularly highlighting that women, who are often categorized as harder-to-employ individuals, may lack the necessary skills [15]. The slow development of women entrepreneurship in the Republic of Serbia is influenced by a large number of factors. On one hand, certain factors have emerged, such as a high level of female unemployment, the need for flexible working hours, the desire for personal development, and similar, which have encouraged women in Serbia to start their own businesses. However, on the other hand, a larger number of factors have emerged, such as problems in obtaining initial capital, a large number of family obligations, a lack of freedom and self-confidence, which discourage women from self-employment and entrepreneurship [16].

Table 1. General conditions for entrepreneurship in The Republic of Serbia

General conditions for entrepreneurship	Male	Female	The Republic of Serbia (mean value)
Access to finance	4.61	3.52	4.26
Education and training	3.20	2.67	3.03
Government policies	5.54	4.70	5.29
Government programs	5.04	4.91	5.0
Transfer of research and development	4.16	3.26	3.88
Market openness	5.33	4.01	4.94
Cultural and social norms	4.34	3.15	3.95

Source: GEM. (2023). Global Entrepreneurship Monitor 2022/2023 Global Report: Adapting to a "New Normal". London: GEM

Table 1 presents data from a study conducted by the international consortium Global Entrepreneurship Monitor. From the table, it can be seen

that men were more optimistic than women in their assessment of the general state. Among the most unfavorable factors identified were training and education (3.03), transfer of research and development (3.88), cultural and social norms (3.95), and access to finance (4.26).

3. METHODOLOGY

The primary data were collected using the survey method, the questionnaire technique. The sample consisted of 78 women entrepreneurs from the territory of the Republic of Serbia. For the purposes of this research, a unique questionnaire consisting of two parts was created. The first part consists of eight questions, namely four questions related to the sociodemographic characteristics of the respondents and four questions related to the business characteristics of the company. The second part of the questionnaire consists of 16 statements related to different aspects presented in the conceptual model. The statements in this questionnaire were designed based on the corresponding statements proposed in the existing literature (). Respondents expressed their agreement with the offered statements using a five-point Likert scale (1 - I do not agree at all; 2 - I do not agree; 3 - I am neutral; 4 - I agree; 5 - I completely agree;) In order to investigate the influence of factors on the process of development of women's entrepreneurship, a total of 10 statements were defined that were adapted to the context. The claims are defined based on the following research: *Islam et al., 2020*. In order to examine the influence of factors on women's empowerment, 6 statements were defined. The claims are defined based on the following research: *Islam et al., 2020*. The questionnaire was distributed in person and via e-mail. The obtained data were processed using the PLS-SEM program, which enables the analysis of interdependence between several variables and the identification of key factors that influence the empowerment of women through the development of women's entrepreneurship.

Based on the review of the literature on the development of women's entrepreneurship and the empowerment of women, a conceptual framework was created for the purposes of this research (Figure1). The research framework shows how different factors of entrepreneurship development have an impact on the process of development of women's entrepreneurship, as well as that the process of entrepreneurship development has an impact on the empowerment of women. For the purposes of this research, a research framework has been created.

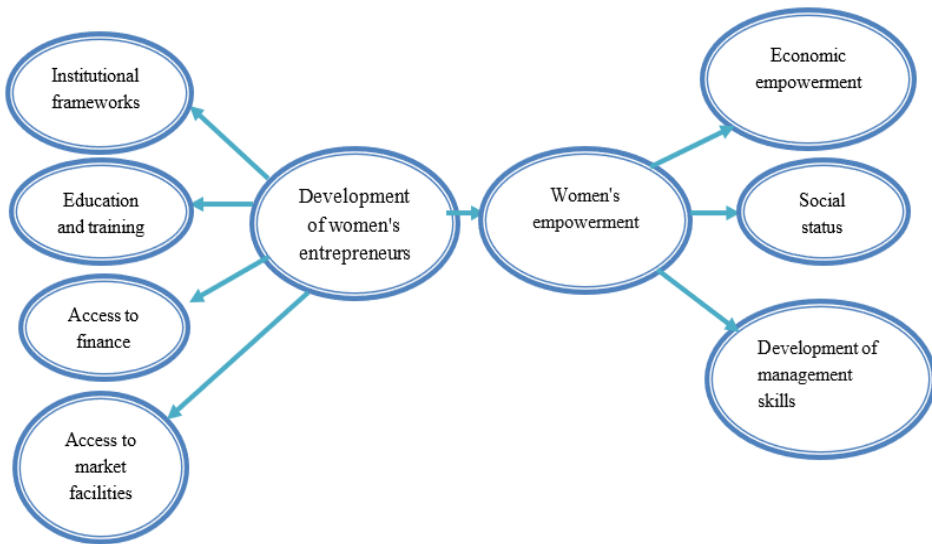


Fig. 1. Research framework

Table 2 shows the sociodemographic characteristics of the respondents who make up the sample of this research. The age structure of respondents is dominated by women who belong to the age group of 31 to 40 years (33.3%) and from 41 to 50 years (28.2%), while the least number of respondents are over 51 years old (16.7%). The largest percentage of respondents has a secondary education (43.6%). A significant percentage of respondents has a faculty education (41%), while 9% of respondents only completed elementary school. Only 6.4% of respondents have completed postgraduate studies. More than half of the sample (59%) consists of respondents who are married, while 41% of respondents are single. The largest percentage in the sample is made up of women whose monthly income is 401-600 Euros (36%), followed by those whose monthly income is 601-950 Euros (33.3%), while 19.2% of those whose monthly income is greater than 951 Euros, and the least are those whose monthly income is below 400 Euros (11.5%).

Table 2. Sociodemographic characteristics of respondents (%)

Characteristics		Frequency	(%)
Age	Less than 30	17	21,8
	Between 31 and 40 years old	26	33,3
	Between 41 and 50 years old	22	28,2
	More than 51 years	13	16,7
Education	Primary school	7	9
	High School	34	43,6
	Faculty	32	41
	Postgraduate studies	5	6,4
Marital status	Married	46	59
	Unmarried	32	41
Monthly income (in euros)	≤400	9	11,5
	401–600	28	36
	601-950	26	33,3
	≥951	15	19,2

Source: Author

Table 3. Business characteristics of respondents (%)

Characteristics		Frequency	(%)
Territory of business	Belgrade	37	47,4
	Vojvodina	12	15,4
	Šumadija and Western Serbia	26	33,3
	Eastern and Southern Serbia	3	3,9
Year of establishment of the company	Less than 2	28	35,9
	Between 3 and 5 years	20	25,6
	Between 6 and 9 years	19	24,4
	More than 10 years	11	14,1
Nature of business	Production	15	19,2
	Services	63	80,8
Number of employees	1-5	28	35,9
	6-10	25	32,0
	11-49	17	21,8
	50-249	8	10,3

Source: Author

Table 3 shows the business characteristics of respondents. The most represented companies are from the territory of Belgrade (47.4%), followed by companies from the territory of Sumadija and Western Serbia (33.3%) and Vojvodina (15.4%), while the smallest number is from the territory of Eastern and Southern Serbia (3.9%). The largest percentage of companies was founded 2 years ago (35.9%), in second place are companies that were founded between 3 and 5 years ago (25.6%) and in third place are companies that were founded between 6 and 9 years ago (24.4%) , and the

smallest number of companies that have been established for more than 10 years (14.1%). According to the nature of business, service companies dominate with 80.8%, while 19.2% are manufacturing companies. According to the number of employees, the most represented are companies with 1 to 5 employees (35.9%), followed by companies with 6-10 employees (32%), from 11 to 49 employees (21.8%), while the smallest number of companies with 50 up to 249 workers (10.3%).

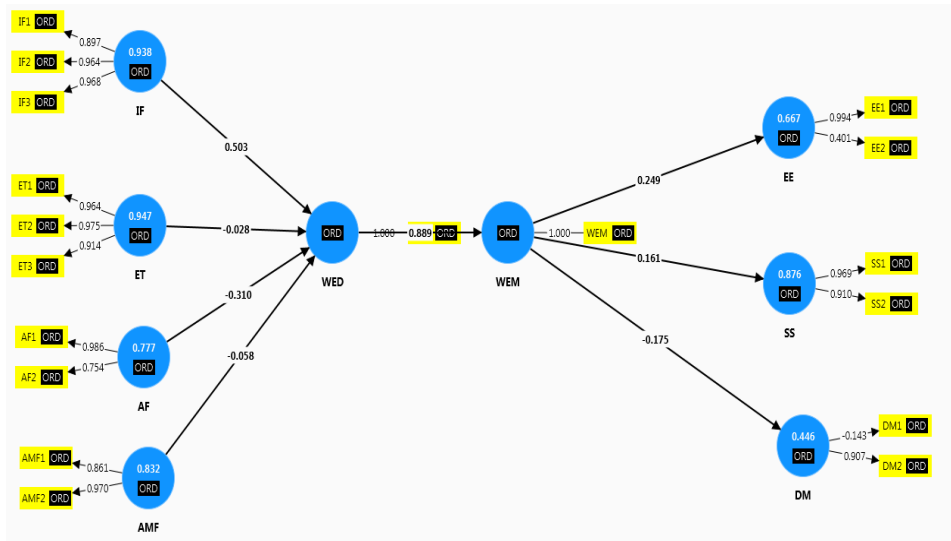


Fig. 2. Reflective measuring model

The research results showed that there is a statistically significant and positive correlation between the development of women's entrepreneurship and the empowerment of women in the Republic of Serbia (0.889). The results highlighted the Institutional Framework as a factor that has a significant and direct impact on the development of women's entrepreneurship (0.503). The factors: Education and Training (-0.028), Access to Finance (-0.310), and Access to Market Facilities (-0.058) had a negative and very weak impact on the development of women's entrepreneurship. This indicates the need for a deeper understanding and improvement of educational programs, access to various financing programs, and access to market facilities to make them more effective and relevant for women entrepreneurs. The economic empowerment factor with a correlation coefficient (0.249) indicates a positive relationship between women's empowerment and their economic empowerment. This

positive correlation suggests that increased empowerment of women can lead to better economic status, but also indicates the need for additional measures and support. The correlation coefficient of 0.161 indicates a positive relationship between the social status of women and women empowerment. Women with higher social status often have better access to resources such as education, healthcare, financial services, and employment. These resources can enable them to more easily achieve their goals and become economically and socially independent. Policies promoting gender equality can help reduce disparities in social status between men and women. This may involve measures to reduce workplace discrimination, provide support for women in career development, and improve access to education and financial services. Therefore, it is important to develop support programs that are available to all women, regardless of their social status. The correlation coefficient of -0.175 indicates a negative relationship between women's empowerment and the development of their managerial skills. Women who feel empowered are not exposed to the same level of opportunities for developing managerial skills as men, or they do not have access to the same resources and mentorship. Social stereotypes and expectations are often limiting factors in accessing managerial positions or lead them to feel less capable of taking on these roles, which can hinder the development of their managerial skills. Therefore, it is necessary to work on eliminating barriers that prevent women from advancing into managerial positions.

4. CONCLUSION

Empowering women through the development of women's entrepreneurship is a key factor for achieving gender equality and the economic advancement of society. Education and training are fundamental elements that can significantly enhance women's entrepreneurial skills. Existing educational programs are not sufficiently tailored to the specific needs of women's entrepreneurs, so adapting these programs can have a significant positive impact. Quality education and training empower women to develop the necessary skills to lead successful business ventures. Empowering women has a direct impact on their economic status. Improved access to resources such as financial tools, support networks, and mentoring opportunities can enable women to start and grow their businesses more easily. Additionally, empowerment contributes to increasing women's self-confidence and their ability to make independent decisions, which is crucial for success in entrepreneurship. Social status

and societal norms play a significant role in the entrepreneurial empowerment of women.

Empowering women through entrepreneurship development not only improves their economic status but also contributes to broader economic growth and social progress.

In order to improve the current situation, the following recommendations are suggested to policymakers:

- Adapt educational programs to the specific needs of women's entrepreneurs, focusing on developing practical skills such as financial management, marketing, and digital technologies.
- Develop and support mentorship networks that connect experienced entrepreneurs with those who are just starting their business.
- Implement policies that support gender equality in all sectors, thereby reducing discrimination and promoting equal opportunities for all.
- Ensure that women have equal access to financial resources, education, and the labor market, enabling them to successfully start and grow their businesses.

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