Female Entrepreneurship in Serbia and Opportunities for its Development

Vujičić Sladjana¹, Ivković Dragan, Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia
Nikolić Ivica, “Serbian Railways”, Požarevac, Serbia
Manojlović Goran, “Ljubica Radosavljević Nada” Primary School, Zaječar, Serbia

A B S T R A C T

Today, entrepreneurship is a key element in the development of the economic potential of each country. Recently, one of the possible directions of development of entrepreneurship that stands out is female entrepreneurship, and the number of companies and businesses whose owners are women is increasing.

Problems that exist and need to be solved in order for this sector to develop properly are, in the first place, to provide adequate financial assistance to women who want to step into the world of entrepreneurship. Improving of the environment for the development of female entrepreneurship through the introduction of tax incentives, easier access to finance, women support through monitoring, advisory services, are just some of the possibilities to develop female entrepreneurship in the right way.

This paper presents the current state of female entrepreneurship in Serbia.

KEY WORDS: female entrepreneurship, development, unemployment, Serbia

¹ Mitropolita Petra 8, 11000 Belgrade, Serbia, e-mail: sladjana.vujicic@vspep.edu.rs
Introduction

Well-developed entrepreneurship in a country today is one of the conditions for the survival and development of all economic entities and systems of the country. Entrepreneurship can be said to represent one of the main factors of economic growth because it helps the development of the country's competitiveness, stimulates job creation and creates conditions for the reduction of unemployment.

Lately, female entrepreneurship has stood out and it is booming thanks to the destruction of legal, customary and traditional norms. Female entrepreneurship makes a significant contribution to the world economy, particularly in low-and middle-income countries (Allen et al., 2007). At the beginning of the seventies in the OECD countries there was a massive step of women forward the world of business. This trend has continued and soon engulfed the whole world. The global economic crisis has brought certain problems such as: increasing unemployment, lower wages, more difficult access to markets, lower purchasing power, which resulted in a large number of women being out of work.

Female Entrepreneurship

The process of equalization of men’s and women’s rights as well as the democratization of the whole society in recent years has led to the emergence and development of female entrepreneurship. The first significant scientific papers on the subject of female entrepreneurship occurred in 1976. The American magazine "Journal of Contemporary Business" published the paper "Entrepreneurship: A New Female Frontier", which drew attention to the growing trend of this type of entrepreneurship (Vukmirovic, 2005). Since the 1990s, the growth of companies founded by women has been noticed and this number is still growing. According to the OECD (2004) female entrepreneurship is an important but untapped source of economic growth. Female entrepreneurship can be a way out for the women who want control over their career and want to oppose the effect of "glass ceiling" (Dafoe, 2001). Women entrepreneurs in small and medium-sized enterprises have become the driving force in promoting and strengthening the role of women (Panda, 2011). Starting and maintaining your own business is one of the strategies for the economic development of women who are oriented towards entrepreneurship (Nziku, 2012, p.73).
In the world, there is a growing number of companies headed by women, so it can be clearly seen that the development of female entrepreneurship is 21st century’s trend (Vujicic et al., 2012).

Female Entrepreneurship in Serbia

The fact is that, in times of crisis, expectations from the country are increased (Ivkovic et al., 2012). However, one of the key problems that Serbia has been facing for many years is the lack of meaningful transition strategy, but also the strategy of development of society as a whole. Also, we do not have an answer on how to avoid the negative effects that globalization brings (Karavidic et al., 2012).

Entrepreneurship in Serbia is also faced with many problems. The lack of favorable sources of financing, low purchasing power as well as a high level of gray economy are just some of the problems that hinder the development of entrepreneurship in Serbia in a right way. Female entrepreneurship is underdeveloped and insufficiently exploited potential of Serbia and, as such, it should be developed because it can solve the above mentioned problems in the development of entrepreneurship. “The Development Strategy of Competitive and Innovative Small and Medium Sized Enterprises” for the period from 2008 to 2013 is of greatest immediate significance for the development of female entrepreneurship in Serbia. This strategy essentially relies on the framework and the recommendations defined in the European Union in a series of documents, such as “A Small Business Act for Europe, 2008”, the European Commission document entitled “Green Paper - Entrepreneurship in Europe”, “The European Charter for Small Enterprises” and “The European Agenda for entrepreneurship Action Plan”. One of the key principles that are provided by “A Small Business Act for Europe” highlights the commitment to encourage entrepreneurship among women, as well as to simplify procedures and provide favorable conditions for the development of entrepreneurship among women (Babovic, 2012).

In Serbia, women own only 26% of companies and they are mostly owners of small companies, which shows that the economic potential of women is rarely exploited; that is only one in four women is the owner of a small business. A woman is at the top of the ownership (management) hierarchy of every fifth company, and that is mostly in smaller companies whose activities are health and beauty care and recreation (Vujicic et al.,
In Belgrade region, every fourth company is led by a woman and in Šumadija and Western Serbia region, female entrepreneurs run every seventh company (SME Report for 2010).

Study on Female Entrepreneurship, which has been realized by a development initiative group (SeConS) as well as analysis of selected state measures for entrepreneurship support, realized by the Foundation for the Advancement of Economics with the support of the Ministry of Economy and Regional Development and the UN Office gave a review of entrepreneurial activity of women in Serbia. The above mentioned study was a part of the project “Improvement of economic and social rights of women” which is conducted in Serbia and Montenegro by the UN Women. According to the analysis of the study it was found out that women have begun to engage in entrepreneurship later than men, as well as that they run independent stores more often than enterprises. In addition, female entrepreneurship is also characterized by a higher rate of closing down their companies: 47% of stores and companies that were found and led by women have been closed down versus 38% of companies which were founded and led by men (Avlijas et all., 2012).

The results of various studies on the subject of women's participation in the economic life of Serbia show that women in Serbia are given a low level of support, and that they are under-utilized economic potential. The employment rate of working-age women in Serbia aged 15-64 was 38.3% in 2011 compared to 52.4% of men (Statistical Office of the Republic of Serbia, 2011). In EU countries this percentage is 58.5% for women and 70.1% for men.

**Chart 1: Main labor market indicators for the working age population (15-64) in Serbia, according to gender (2011) in %**

![Chart showing labor market indicators for Serbia](source)

The average share of women on the labor market in Serbia is 50.7% while it is 64.9% in the EU, which means that Serbia significantly lags behind the EU in this regard. Maximum participation of women on the labor market with 66.5% is in Slovenia.

*Chart 2: Activity and employment rate of the female population, comparison with regional countries in %*

![Chart showing activity and employment rate of female population](chart.png)

*Source: Eurostat and Statistical office of the Republic of Serbia*

Women are two times less likely to be self-employed than men and three times more likely to be help members of a household. Position of women on labor market is less favorable because they have less support than men both in the public and private life sphere. A survey which was conducted among female entrepreneurs in Serbia showed that more than a half of the youngest ones (19-30) had at least one parent entrepreneur (51.5%), while that percentage was much lower among the oldest ones (10.6%) (SeConS, 2012). This data suggests that entrepreneurship is learned as a lifestyle (Blagojevic, 2012).

The following graph shows that the number of people employed by women entrepreneurs is greater than the number of entrepreneurs themselves, while it is slightly different with men. These data should be viewed in the light of the findings of some studies that show that female entrepreneurship is often associated with solving family problems, mostly
unemployment of wives and children (SeConS, 2012). However, the motivation for entrepreneurship is different to some extent with men and women, which results in different effects on employment (Blagojevic, 2012).

**Graph 1: Entrepreneurs according to gender and employment by entrepreneurs from 2003 to 2010 (in thousands)**


It has already been noted that the percentage of enterprises run by women is 26%, which is a significantly smaller percentage compared with the enterprises run by men. In table 1 we can see the structure of business entities in Serbia in 2011 according to the activities.

**Table 1: Structure of business entities according to the activities**

<table>
<thead>
<tr>
<th>Status of a business entity</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active companies and stores</td>
<td>322,556</td>
<td>59,6</td>
</tr>
<tr>
<td>Companies and entrepreneurs/in registration process</td>
<td>1,052</td>
<td>0,2</td>
</tr>
<tr>
<td>Companies and entrepreneurs in liquidation and bankruptcy process</td>
<td>6,154</td>
<td>1,1</td>
</tr>
<tr>
<td>Companies and entrepreneurs/closed down and deleted from the registry</td>
<td>211,935</td>
<td>39,0</td>
</tr>
<tr>
<td>Other</td>
<td>466</td>
<td>0,1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>543,163</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 2 shows the percentage of active enterprises run by women and men but also the percentage of enterprises in which they carry out this role together. If we compare the data on the number of active enterprises run by men with the number of enterprises run by women, we come to the conclusion of a significantly higher participation of men in the management of enterprises.

**Table 2: Active enterprises according to an entrepreneur’s gender**

<table>
<thead>
<tr>
<th>Type of Enterprise</th>
<th>Number of active enterprises</th>
<th>Share in the total number of active enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises owned and led by men</td>
<td>205,202</td>
<td>63,4</td>
</tr>
<tr>
<td>Enterprises owned and led by women</td>
<td>83,490</td>
<td>25,8</td>
</tr>
<tr>
<td>Enterprises in which entrepreneurs are both men and women</td>
<td>8,570</td>
<td>2,6</td>
</tr>
<tr>
<td>Enterprises where the gender of an entrepreneur is not known</td>
<td>26,294</td>
<td>8,1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>323,556</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Statistical Office of the Republic of Serbia, 2011*

From the above-mentioned tables and graphs, we see that women have lower rates of participation in entrepreneurship than men, which leads to the conclusion that their career is seen as less important for economic development and growth.

**Opportunities for the Development of Female Entrepreneurship in Serbia**

During the last decade, female entrepreneurship in Serbia has recorded significant progress and there is an increasing participation of women in business. Most current problem to be addressed in order for this sector to develop in the right way is financial support to women who want to step into the world of entrepreneurship. Besides the problem of finding financial resources, the persistence of risk is also evident. Women in the stage of early entrepreneurship (whose businesses are up to 42 months "old"
according to the GEM methodology\(^2\) are particularly vulnerable to risks, so they need a greater support in the early stages of business.

In order to create better opportunities for the development of female entrepreneurship it is necessary to build a policy of development of female entrepreneurship systematically. This can be done in two ways: by a systematic integration of a gender perspective into key strategies and other documents relating to entrepreneurship development policy (such as SME development strategy, the strategy of industrial production development, the regional development strategy, etc.) as well as developing a specific strategy / action plan for the development of female entrepreneurship (as it has been done in Croatia or planned in Montenegro) (Avlijas et all, 2012).

In recent years in Serbia through various measures of support to the development of female entrepreneurship, women have been helped to develop their entrepreneurial ideas and enter the world of business. Examples include the establishment of the European Network of Female Entrepreneurship Ambassadors. Establishment of a network of successful business women should serve as a model of behavior for future entrepreneurs across Europe. Initially, the network consisted of 150 ambassadors from 10 European countries (Denmark, France, Germany, Iceland, Ireland, Italy, Norway, Poland, Slovakia and Sweden), and at the end of 2010, 12 other countries, including Serbia, joined them (http://narr.gov.rs/index.php/Projekti/Produrshka-produzetsntishtvu/-European network dial-Ambassador-zhenskog-produzetsntishtva-WENS).

Also, within the Support program for female entrepreneurship in Serbia, the National Agency for Regional Development published a public call for grants aimed at developing female entrepreneurship through business alignment of operations with international standards of business, improving business processes, products and services and strengthening human resources.

Association of Business Women of Serbia is conducting a research on the training needs of female entrepreneurs in South Eastern Europe

\(^2\) GEM research is conducted on the basis of annual estimates of national levels of entrepreneurial activity, based on a harmonized approach used by all participating countries in order to comprehend the role of entrepreneurship in national economic growth. GEM research is based on the data collected from three sources: the data collected through polls on a representative sample of the adult population, the data collected through polls and interviews of experts in the field of entrepreneurship, the data collected from standardized secondary international databases.
countries with the aim of defining the state policy and supporting female entrepreneurship. Chamber of Commerce of Serbia within its chamber system has set up the Council for Female Entrepreneurship of the Chamber of Commerce of Serbia. The role of the Council is to provide professional assistance and support to its members, as well as to propose actions for the development of female entrepreneurship in Serbia.

Recommendations of “Initial study on female entrepreneurship in Serbia” indicate the need for a systematic way to develop female entrepreneurship development policy, to reduce the gap in entrepreneurship between men and women, to improve support for women entering entrepreneurship, to create a better business environment, to provide good funding sources for female entrepreneurs, to improve the visibility of programs designed for women especially among women enterprises through various types of advertising and promotion of successfully applied projects.

Conclusion

Female entrepreneurship today should be given special attention because its development creates preconditions for the creation of new jobs, both for female entrepreneurs and others, which also provides economic development and the development of a society as a whole.

Female entrepreneurship today has an effect on reducing unemployment, creation of businesses in new areas, application of new technologies and entrepreneurship development. In countries with low and middle-income female entrepreneurship makes a significant contribution to the world economy. Therefore, encouraging female entrepreneurship in Serbia is important for utilization of fuller economic potential, but also for the achievement of gender equality in the area of economic participation.

It is possible to encourage female entrepreneurship development through adequate programs of support, and thus contribute to the overall economic growth and increase in employment in Serbia.

References


Measures for Entrepreneurship Support” UN WOMEN United Nations Agency for Gender Equality and Empowerment of Women, Belgrade.


Žensko preduzetništvo u Srbiji - stanje i mogućnosti razvoja

A P S T R A K T

Danas je preduzetništvo ključni element razvoja privrednog potencijala svake zemlje. U poslednje vreme kao jedan od mogućih pravaca razvoja
preduzetništva izdvaja se žensko preduzetništvo, a broj preduzeća i radnji čije su vlasnice žene je sve veći.

Problemi koji postoje a koje treba rešiti da bi se ovaj sektor razvijao na pravi način je na prvom mestu obezbeđivanje adekvatne finansijske pomoći ženama koje žele da zakorače u svet preduzetništva. Unapređenje ambijenta za razvoj ženskog preduzetništva putem uvođenja poreskih olakšica, lakšeg pristupa izvorima finansiranja, podrške ženama kroz monitoring, pružanje savetodavnih usluga, su samo neke od mogućnosti da se preduzetništvo žena razvije na pravi način.

U radu je prikazano trenutno stanje ženskog preduzetništva u Srbiji.

**KLJUČNE REČI:** žensko preduzetništvo, razvoj, nezaposlenost, Srbija

Article history: Received: 18 September, 2013
Accepted: 25 October, 2013