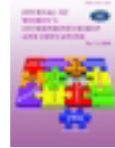


# The Development of Female Entrepreneurship in the Function of Overcoming Unemployment of Women in Serbia



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## ABSTRACT

*Entrepreneurship is the engine of economic development of each country. The above facts indicate that entrepreneurship should be given special attention and it should constantly be developed. As one of the possible directions of development of entrepreneurship in recent decades, the development of women entrepreneurship stands out. Although in most countries of the world it is believed that women are less capable for entrepreneurship than men, and despite the fact that the majority of large enterprises are managed by men, a rise of women entrepreneurs in the world has been noticed, especially in developing countries. And in recent years in Serbia the number of companies headed by women has increased, so it is now about 25%, which means that women control or manage every fourth company in Serbia. As reasons for this increase we could cite the change of consciousness among women and that they can be just as successful in leading the company as men, but also the fact that starting their own business can supplement their income and improve themselves through self-employment, increase their independence and be more respected in society. Although women are forced to fight in today's world to be recognized not only as women-mothers but also as successful women-entrepreneurs, their determination, perseverance, willingness to take risks and all the problems which entrepreneurship brings, show that the time of women's entrepreneurship is yet to come.*

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## **Introduction**

Entrepreneurship is one of the main factors of economic growth and development. It helps create jobs, develop common social interests as well as personal potentials of entrepreneurs, and also it has an important role in the development of the competitiveness of each country. The largest number of states, which realized the importance of entrepreneurship for the development of national economy, accepted entrepreneurship as an important factor in the economic growth and development.

The choice of entrepreneurship as a career is motivated not only by making money, but the motivation for the development of entrepreneurship stems from other factors such as the desire for security, independence, creativity, self-assertion, etc. It can be said that, by the development of entrepreneurship, significant and diverse uses are achieved, both in the economic and social sphere.

It is notable that female entrepreneurship is expanding in all countries, and the increasing number of companies whose owners or managers are women have been reported in our country. Every day female entrepreneurship becomes a source of new employment in Serbia and it could be said that it also contributes to the balancing of the economic development of Serbia.

## **The Development of Female Entrepreneurship**

Women are more numerous in the total population, but in many other aspects of economic and political life are minority in the whole world. The first important scientific papers on female entrepreneurship occurred in 1976. The work "Entrepreneurship: A New Female Frontier" was published in the American magazine "Journal of Contemporary Business", which drew attention to the upward trend of this type of entrepreneurship (Vukmirović, 2005, p.4). The momentum of female entrepreneurship is especially present at the beginning of the 1990s. Most of the newly created companies in the Netherlands, Denmark and Germany are companies founded by women (Cabrilo, S., Hristić, D., Savić-Sikoparija, T., 2011, p.86). Female entrepreneurship can be a solution for those women who want control over their career and want to oppose "the glass ceiling effect"

(Dafoe, 2001). The fact that there are a lot of companies in the world headed by women tells us that the development of female entrepreneurship is a trend of the twentieth century.

Until recently female entrepreneurship in Serbia has been given a little importance. Improvement in the employment of women in Serbia came together with socialism. Since the 1970s, thanks to the expansion of education, the destruction of legal, customary and traditional norms that discriminated women in the sphere of education (where the ideology of equality had its role), there has been an extremely large increase in women's participation in education at all levels (Milic, 1994, p.40). Education has fueled the social mobility of women upward and at the same time allowed the empowerment of women within the family revitalizing their "negotiating potential" (Blagojević, 2002).

Under present conditions of the world economy, a woman sees more interest in her own entrepreneurial activity. Starting and maintaining your own business is one of the strategies for the economic development of women oriented toward the entrepreneurship (Nziku, 2012, p.73).

## **The Motivation for Entering Entrepreneurship**

What it is that motivates women to decide to enter the world of entrepreneurship is an issue that has a great presence in public. We can safely say that the motives are various and that they are determined by many factors, and we can indicate the need to provide means of existence, both for themselves and for their family as the main motive for starting a new business in Serbia. Also, the most frequently mentioned motives for women to establish their own business are:

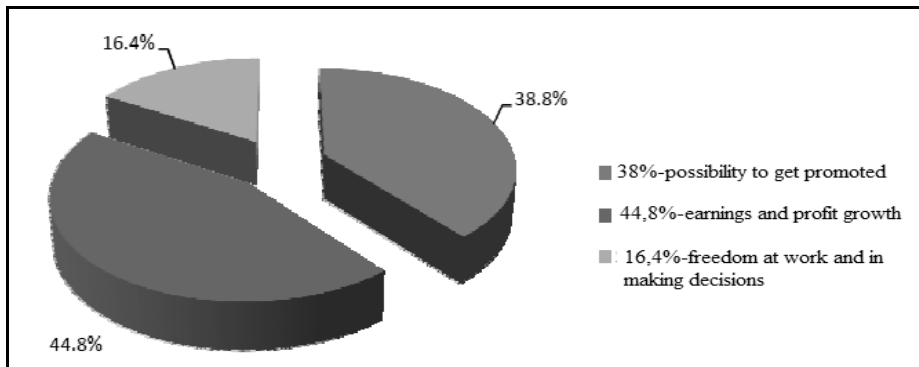
- desire to utilize the experience and knowledge gained in previous jobs in their own business;
- desire for greater flexibility and control over their own time;
- desire to make independent decisions about their own lives and careers;
- inability to thrive at a previous job, and the lack of challenge at work;
- recognize the opportunity for success at work;
- opportunities for higher earnings as a measure of success in business;

- desire to use their potential skills and abilities, personal creativity and “talent” for entrepreneurship as much as possible;
- "glass ceiling syndrome" - women see opportunities for promotion, but there is a seemingly invisible barrier (glass ceiling) which stands between them and their goal. A common form of discrimination against women because their contribution is not recognized and not valued sufficiently;
- desire to participate actively in social life and a sense of belonging and usefulness to society;
- the pursuit of employment and providing an income for life;
- desire to prove their own value to their partner, especially in countries where entrepreneurship is traditionally considered as a male activity (Vukmirović, 2005, p.7)

Now an interesting question arises -why do some women enter entrepreneurship and not others? The answer to this question may lie within the fact that women are more cautious than men by their nature, tend to stability, quality, creativity, they are more energetic, more determined, more committed to work. The biggest obstacle for women to start an independent business may be reflected in their insecurity in themselves and their decisions, their concern how to harmonize business and family life, will everything go according to plan etc. Most women due to traditional views about the role of men and women in society do not even try to fight for their place, because they simply have no faith and confidence in themselves.

In a survey done by The Union of Employers of Montenegro, under the project “The Women's business potential of the Montenegrin economy” which was done in 2011 on a sample of 70 subjects (35 men and 35 women), women cited too much stress and stereotypes toward women entrepreneurs, as well as the lack of finance as a barrier for entering the business.

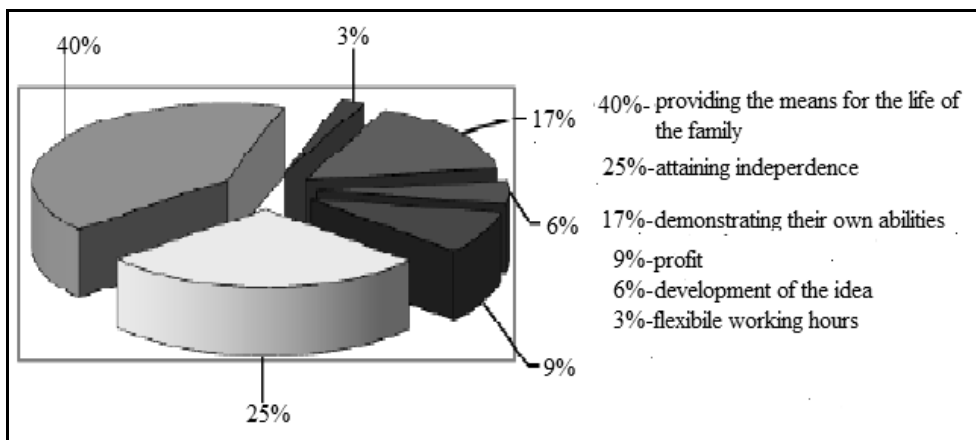
A poll conducted in March 2011 in Serbia, on the portal [www.poslovnažena.com](http://www.poslovnažena.com), entitled “What is it that motivates business women at work most”, 925 (44.8%) of a total of 2067 respondents cited earnings and profit growth as a key factor which motivates them at work.

*Graph 1: What motivates you most at work?*

Source:

[http://www.mc.rs/upload/documents/NAJAVE/2011/Poslovna\\_zena\\_Onlajn\\_istrazivanja.pdf](http://www.mc.rs/upload/documents/NAJAVE/2011/Poslovna_zena_Onlajn_istrazivanja.pdf)

In order to determine what are the motives that lead women to enter the world of business and entrepreneurship on the territory of the Municipality of Kragujevac, a survey on a sample of 30 women owners of shops and businesses was conducted in April 2012, with the question what motives led them to enter the world of business. The survey results showed that 40% of the questioned women wanted to provide funds for the life of their family by entering the business.

*Graph 2: Motives which led women to enter the world of entrepreneurship*

Source: Research of the author

This is not surprising, because Serbia is a country in which “releasing” a large workforce contingent occurred during the transition. Processes that accompanied the transition (privatization and restructuring) have not equally affected all categories of staff. The consequences of the transition to a market economy have not had the same effect on women and men. The experience of countries in transition shows that women in most countries were affected by the negative consequences of structural adjustment and market effects to a greater extent than men: loss of a job and acquired rights and benefits from the previous period, increases in the cost of living, unemployment and poverty, reduction of wages, difficult access to health services, social care, education and resources (Pejić, 2011, 9. 649).

All of this has resulted in the fact that women were forced to look for new sources of revenue through opening their own businesses, and, according to the words of the women polled in Kragujevac, they used every opportunity and chance to make some money and also improve the household budget.

In addition to providing funds for family, female respondents indicated that the motive is also the achievement of independence (25%), as well as demonstration of their own abilities (17%). The fact is that the motives are different and they depend on many factors such as the economic situation in the country, the regulations regarding entrepreneurship as well as social and cultural factors.

## **Female Unemployment in the Republic of Serbia**

One of the most pressing problems that the global economy and society, as well as Serbia, are facing for many years is the high rate of unemployment (Radovanović, Maksimović, 2010, p.59). Women stand out as a particularly vulnerable group within the group of unemployed. According to the data from the Labor Force Survey conducted by the Statistical Office for 2011 only 38.3% of women of working age (15-64) were employed, while the percentage of men of the same age was higher and amounted to 52.4%. The unemployment rate in 2011 amounted to 24.3% for women and 23.1 for men.

If these data are compared with those from the Labor Force Survey conducted in 2010, it can be noted that there was a decrease in the employment rate in 2011 compared to 2010, because the rate for men in

2010 amounted to 54.4% and for women 39.9%. The unemployment rate increased so it was 21.2% for men and 19.0% for women.

Factors that can be extracted and that contributed to such a difficult situation on the labor market are the following:

- Employers prefer to employ men while women are seen as a labor force which does not guarantee stability in the business due to the fact that women are traditionally burdened with family and household responsibilities.
- The largest number of women have general secondary education, which means that they have not specialized in any particular field or trade. The demand for workers with general secondary education is lower or additional skills are sought (knowledge of computer skills, knowledge of at least one foreign language, etc.).
- General opinion which prevails in countries in transition is that in terms of unemployment, men have more right to get a job than women (Djurković Vemić, 2012, p. 250).

*Table 1: Employment and unemployment rate according to the gender of the working-age population in Serbia from 2004 to 2010.*

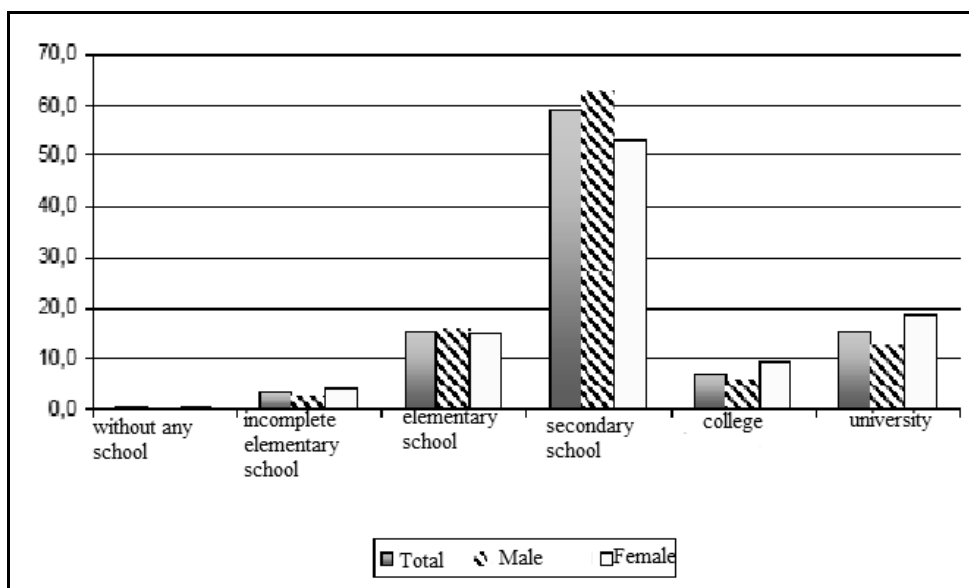
Labour market indicators	Employment rate		Unemployment rate	
	female	male	female	male
2004.	44.0	63.1	24.1	15.9
2005.	40.8	61.2	27.4	17.6
2006.	40.6	59.2	25.5	18.6
2007.	43.0	60.0	21.7	16.5
2008.	44.7	62.2	17.3	12.7
2009.	42.7	57.4	19.1	16.1
2010.	39.9	54.4	21.2	19.0

*Source: Polls on working-age population 2004-2010, Statistical office of the Republic of Serbia*

The economic crisis has also contributed to all of this and it had a major impact on the increase of unemployment in the Republic of Serbia. Therefore, we will hereafter, on the bases of the data derived from the

Labor Force Survey (LFS), try to analyze the position of women in the labor market in relation to men, and then we will compare the results with those existing in the Member States of the European Union.

*Graph 3: Structure of employed working-age people according to their qualifications and gender, 2011.*



Source:

[http://webrzs.stat.gov.rs/WebSite/repository/documents/00/00/61/71/SB\\_550\\_ARS2011\\_SAJT.pdf](http://webrzs.stat.gov.rs/WebSite/repository/documents/00/00/61/71/SB_550_ARS2011_SAJT.pdf)

The previous chart shows us that the percentage of working men and women with secondary school is the highest, while the smallest is of those with no school.

As for the employees by the type of ownership, it is evident that registered private property dominates (52.3%), then it is followed by state-owned property (43%). The structure of people according to gender who are employed by the forms of the ownership is given in the following table:

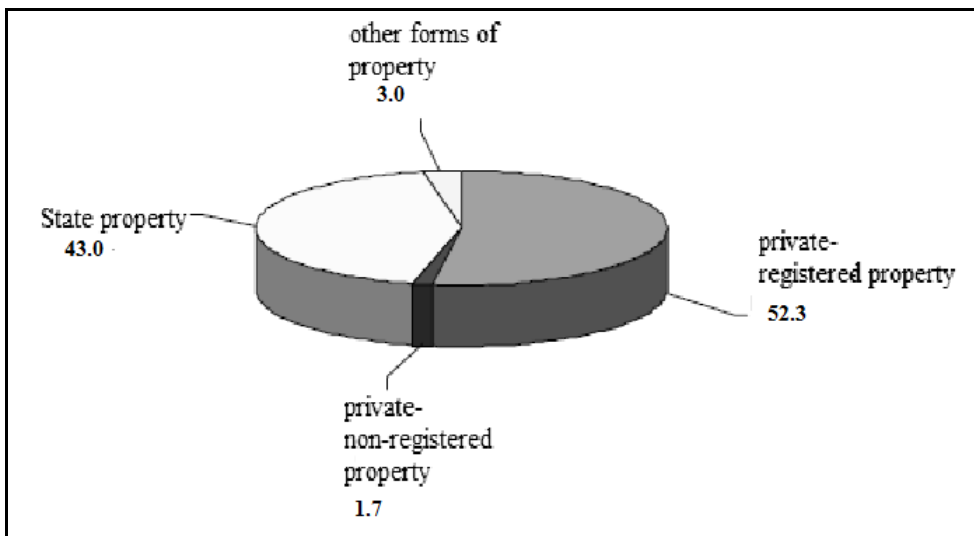


Table 2: *Structure of employees according to the property form, 2011*

15-64	Total	Gender	
		Male	Female
<b>Total</b>			
<b>Private registered property</b>	52.3	55.2	48.6
<b>State property</b>	43.0	38.9	48.2
<b>Other forms property</b>	3.0	3.5	2.3
<b>Private non-registered property</b>	1.7	2.3	1.0

Source:

[http://webrzs.stat.gov.rs/WebSite/repository/documents/00/00/61/71/SB\\_550\\_ARS2011\\_SAJT.pdf](http://webrzs.stat.gov.rs/WebSite/repository/documents/00/00/61/71/SB_550_ARS2011_SAJT.pdf)

Graph 4: *Structure of employees according to the property form, 2011.*

Source: *Poll on working-age population 2011, Statistical office of the Republic of Serbia*

Age and education are important factors of involvement in the work force in the European Union, where gender differences in activity rates decrease with higher levels of education, but increase with age. However, within the EU, the increase in female employment is noted, especially in the period from 2003 to 2008 when the female employment rate increased

from 55.0% to 59.1%. In 2011, the unemployment rate for women was 9.8% and 9.6% for men.

Table 3 presents the data on the unemployment rate in Serbia and in selected European countries and it can be clearly seen that Serbia belongs to the group of countries with very high unemployment. Only FYR Macedonia (31.7%) and Spain (19.8%) have a higher unemployment rate than Serbia. Number of employees in Serbia is constantly decreasing starting from 1989 (Golubović N., 2011, p. 425).

*Table 3: Unemployment rates in Serbia and in chosen European countries*

Country	Unemployment rate			Long-term unemployment rate
	Total	Male	Female	
<b>EU-27</b>	9,3	9,3	9,4	3,8
<b>EU-16</b>	9,7	9,7	10,0	4,2
<b>Belgium</b>	8,7	8,4	9,0	4,2
<b>Bulgaria</b>	9,5	10,1	8,8	4,5
<b>Czech Republic</b>	7,1	6,0	8,5	3,0
<b>Ireland</b>	13,8	16,8	10,0	6,8
<b>Germany</b>	6,7	7,1	6,3	3,2
<b>Greece</b>	12,4	9,7	16,1	5,7
<b>Spain</b>	19,8	19,3	20,4	7,4
<b>France</b>	9,1	8,7	9,6	3,7
<b>Italy</b>	7,6	6,8	8,7	3,8
<b>Latvia</b>	18,0	20,0	15,9	8,3
<b>Lithuania</b>	17,8	20,3	15,3	7,5
<b>Slovakia</b>	14,1	13,9	14,3	9,5
<b>Slovenia</b>	7,1	7,0	7,1	3,3
<b>Croatia</b>	11,6	11,0	12,2	5,8
<b>FYR Macedonia</b>	31,7	32,1	31,0	26,7
<b>Serbia</b>	19,2	18,3	20,4	13,8

*Source: Eurostat Statistics in Focus 8/2011 and the poll on working-age population, 2010.*

According to the latest available Eurostat data, in March 2012 the unemployment rate for women was 10.3% and 10.2% for men. Regarding

member states, the lowest employment rates are recorded in Malta, Greece and Italy and highest in Denmark and the Netherlands (Tanjević, Opačić, 2012). All of this points to the fact that the European Union has achieved good results in reducing unemployment among men and women.

## **The Development of Female Entrepreneurship in the Function of Overcoming Unemployment of Women in Serbia**

During the social and economic transition in Serbia, an increase in inequality between women and men in all spheres, especially in the world of work and employment, occurred. The concept of work is changing, the vaguely defined work contracts and atypical forms of employment are increasing, and women are hit by the negative effects of sudden changes in the labor market more than men (Tanjević, Opačić, 2012).

Although The First National Employment Strategy for the Republic of Serbia for the period from 2005 to 2010 was made and in which the direction and scope of activities needed to successfully solve the problems of unemployment and to create an efficient labor market were defined, desired results were not achieved. They were not achieved, primarily due to three sets of factors (Radović Marković, M. et al. 2010, p. 19):

1. process of transition and privatization;
2. labor legislation and labor market institutions and
3. income tax system.

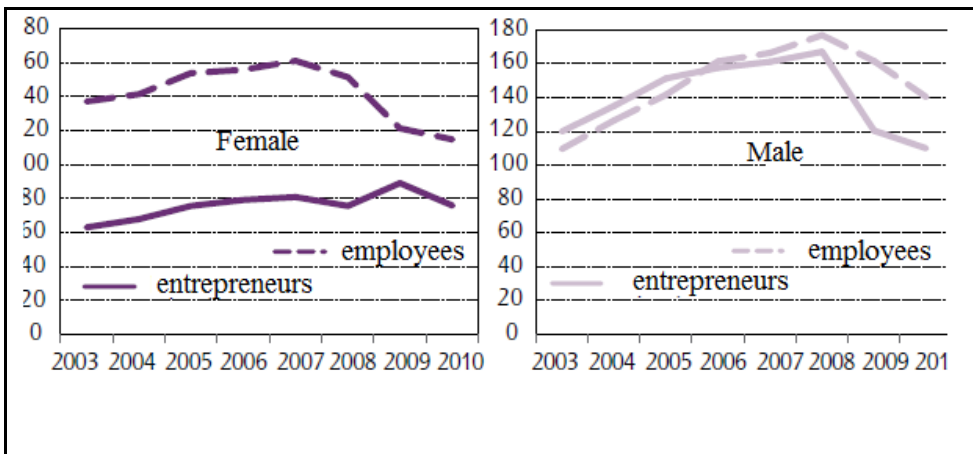
The data about the unemployment rate presented above only show the trend of the unemployment rate in Serbia, both for men and women. The unemployment rate of 20% (SBS, 2010) put Serbia among countries with the highest unemployment rate in Europe, which is also one of its greatest social and economic problems. In this situation, the female entrepreneurship or starting independent business activities by women is one of the most important ways to solve unemployment and earnings through self-employment of women (Djurković Vemic, 2012, p.251).

When it comes to an employment status, women are two times less self-employed than men and they work as contributing family members three times more often than men do. The position of women in the labor market is less favorable because they have less support than men in the sphere of public and private life. The research on female entrepreneurs in Serbia has shown that among the youngest ones (19-30) there is more than a half of them who have at least one parent who is an entrepreneur

(51.5%), while that percentage was significantly lower in case of the oldest entrepreneurs (10.6%) (SeConS, 2012). This suggests that entrepreneurship is taught as a lifestyle (Blagojevic Houston, 2012).

On the following graph it can be seen that the number of people employed by female entrepreneurs is bigger than the number of female entrepreneurs themselves, while in case of male entrepreneurs the situation is slightly different. These data should be seen in the light of the findings of some studies which show that women entrepreneurs are often associated with solving family problems, mostly dealing with unemployment of a husband and children (SeConS, 2012,). However, the motivation for entrepreneurship is different for women and men to some extent, which results in different effects on employment (Blagojevic- Houston, 2012).

*Graph 5: Entrepreneurs according to gender and employment at entrepreneurs 2003-2010 (in thousands)*



Source: Blagojevic Houston M. (2012) "Women and Men in Serbia: What do numbers tell us?", UN WOMEN United Nations Agency for Gender Equality and Empowerment of Women

In Serbia, women own only 25% of companies and they are usually owners of smaller companies, which shows that the economic potential of women is slightly used. On the top of the ownership (management) hierarchy of every fifth company is a woman, mostly in smaller companies whose activities are health services and spa or recreation centres. In the region of Belgrade every fourth company is headed by a woman, in

Šumadija and Western Serbia every seventh company is led by a female entrepreneur (SME Report for 2010, <http://narr.gov.rs/index.php/Dokumenta/Istrazhivanja-i-analize>).

Potential of female entrepreneurship is still not fully utilized so it should be further encouraged and directed. In order to create a favorable climate for the development of female entrepreneurship, it is necessary to take measures that are related only to its encouragement. When women decide to start their own business, they are faced with many difficulties and obstacles, and the biggest problem lies in the lack of understanding in society as well as in the lack of confidence.

Since the intellectual potential of women and their participation in European competitiveness are not fully used, the European Commission emphasizes the promotion of female entrepreneurship and creating a business environment which extends preferential treatment to establishing and running businesses with a woman at the helm. With this aim, on the fifth of October 2009, the project under the title “European network of female entrepreneurship ambassadors” was launched. (<http://narr.gov.rs/index.php/Projekti/Podrshka-preduzetnistvu/Evropska-mrezha-ambasadorki-zhenskog-preduzetnistva-WENS>).

The basic idea of the project is to establish a network of successful business women that will serve as role models to the future female entrepreneurs across Europe. At the beginning, the network consisted of 150 ambassadors from 10 European countries (Denmark, France, Germany, Iceland, Ireland, Italy, Norway, Poland, Slovakia and Sweden), and then, at the end of 2010, 12 other countries joined, including Serbia (<http://narr.gov.rs/index.php/Projekti/Podrshka-preduzetnistvu/Evropska-mrezha-ambasadorki-zhenskog-preduzetnistva-WENS>).

The research on self-employment of women in Europe shows an increase in female entrepreneurship. However, according to a study of this aspect of gender equality that is reported in the literature, 25-30% of all people who have provided themselves with a job are women (Lohman, 2001).

Many programs of the European Union which induce and monitor women's entrepreneurship had a lot of influence on the increase of women's activity in starting a business and entrepreneurial activities. In this regard, alternative economy is often discussed, in other words the establishment of cooperatives, which would suit our model of alternative employment as a type of social enterprises. Starting from the fact that

women are the biggest losers in the transition, cooperatives have been recognized as a model of economic empowerment of women, in other words as one of the potentials for alternative employment of women, particularly vulnerable social groups such as the long-term unemployed, unskilled and marginalized groups of women, and in line with the experience that exists in the EU countries (<http://www.vps.ns.ac.rs/Materijal/mat4898.pdf>).

## **Conclusion**

Serbia is faced with high unemployment rate for years. To solve this problem it is essential that all relevant factors in the country focus on creating real economic and social conditions. One of the possibilities of reducing the unemployment is female entrepreneurship which is getting a very important role and is becoming an important potential for the economic development of a country.

During the last decade, female entrepreneurship in Serbia marks a significant shift, and there is an increasing participation of women in business. The problem that is the most relevant and which needs to be solved in order to develop this sector in the right way is a financial support to women who want to step into the world of entrepreneurship. Furthermore, attention must be directed to improving the environment for female entrepreneurship development (introduction of tax exemptions, easier access to the sources of finance, support women through monitoring, advisory services).

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## **Razvoj ženskog preduzetništva u funkciji prevazilaženja nezaposlenosti u Srbiji**

### **APSTRAKT**

*Preduzetništvo je motor ekonomskog razvoja svake zemlje. Navedena činjenica ukazuje da se preduzetništvu mora posvetiti posebna pažnja i da ga stalno treba razvijati. Kao jedan od mogućih pravaca razvoja preduzetništva poslednjih decenija izdvaja se razvoj ženskog preduzetništva. Iako je u većini zemalja sveta prisutan stav da su žene manje sposobne za bavljenje preduzetništvom od muškaraca, i uprkos činjenici da i dalje u znatnoj meri velikim preduzećima upravljaju i rukovode muškarci, zabeležen je porast žena preduzetnica u svetu, posebno u zemljama u*

*razvoju. I u Srbiji se poslednjih godina beleži porast broja preduzeća na čijem su čelu žene, tako da on sada iznosi oko 25%, što znači da žene upravljaju ili rukovode svakim četvrtim preduzećem u Srbiji. Kao razloge za ovo povećanje može se navesti promena svesti kod žena-da i one mogu biti isto tako uspešne u vođenju preduzeća kao i muškarci, ali i u činjenicama da pokretanjem sopstvenog biznisa mogu dopuniti svoje prihode i napredovati kroz samozapošljavanje, povećati svoju samostalnost i biti poštovanije u društvu. Iako su žene primorane da se u današnjem svetu bore da budu priznate ne samo kao žene-majke već i kao žene-uspešne preduzetnice, njihova odlučnost, upornost, spremnost na prihvatanje rizika i svih teškoća koje donosi bavljenje preduzetništvom pokazuje da vreme ženskog preduzetništva tek dolazi.*

**KLJUČNE REČI:** *žensko preduzetništvo, nezaposlenost, žene lideri, Srbija*

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