

The Impact of Women's Entrepreneurship in the Social and Economic Development, Including Gender Equality

GASMI Gordana⁴⁸, LUTOVAC Mitar⁴⁹, STOJANOVIC Vladimir⁵⁰

“I have the Agency for translation services for many years, and I also organize learning of language, tailored to client - Individually or collectively. When I began the business, my biggest problem was to penetrate among men. It is still difficult to get bigger engagements, malthough I have enough work references for larger job projects.” Branka, Belgrade

Introduction

Women have passed very long way on their path to realization in a capacity of business women who are worth of respect, besides their traditional role of being respectful mothers and wives (Radović M, 2005, p. 13). Even after acquiring adquate business position, women have not benefited equal working and social opportunities nor equal pay as men. Rather late, almost at the end of twentieth century, economic empowerment of women and female entrepreneurship became important topics in reality.

Consequently, the first significant article on female entrepreneurship appeared in the mid-1970s, and it was an article that was published in 1976.

The author, Brantley Schwartz, wrote the article titled “Entrepreneurship, A New Female Frontier”, based on interviews with twenty women entrepreneurs.

The author of this article focused on individual characteristics, motivations and attitudes of women entrepreneurs and came to the conclusion that the primary motive for women to become entrepreneurs is the desire to achieve job satisfaction and economic independence, which are the main motivators for men entrepreneurs also. Her article began the era of research on female entrepreneurship, its specific characteristics and factors. In recent years of the twenty-first century, in light of the struggle for gender equality and for improving the women's position in countries around the world, women entrepreneurs' issues receive a special significance.

⁴⁸ Institute of Comparative Law, Belgrade, Serbia, gordana.gasmi@gmail.com

⁴⁹ University Union Nikola Tesla, Belgrade, Serbia, gsmmitar@gmail.com

⁵⁰ University Aperion, Banja Luka, Bosnia & Herzegovina, maestros@eunet.rs

It is more simple and easier for women to start business and to be an entrepreneur in developed countries of market economy than to do the same in developing and poor countries, as well as in countries in transition.

For example, in 2007, 7.8 million firms were owned by women, accounting for almost 30% of all non-farm, privately held U.S. firms. Women-owned firms had sales/receipts of \$1.2 trillion and those with paid employees had 7.6 million workers in USA (“Women-Owned Businesses in the twenty-first century”, U.S. Department of Commerce, Economics and Statistics Administration, 2010).

However, women’s entrepreneurship is intertwined with gender equality issues, especially through economic empowerment of women. Narrowing the global gender gap in work would not only be equitable in the broadest sense, but could double the contribution of women to global GDP growth between 2014 and 2025. Delivering that impact, however, will require tackling gender equality in society (McKinsey Global Institute, 2015).

Female entrepreneurship – Notion

Female entrepreneurship is important since it is *spiritus movens* of job creation and contributes to the increase of the standard of living in each society.

Notion of the female entrepreneurship was scientifically established in the U.S. and the U.K., however women’s entrepreneurship research is now conducted by scholars around the globe. Historically, this research has primarily focused upon women who start and/or run their own businesses (including those who are self-employed). As such, much of the collected work investigates the processes by which some women become entrepreneurs of this nature, the consequences of doing so, the psychological and contextual factors that facilitate or inhibit their entrepreneurial activity, and whether these processes, consequences, and influential factors differ from their male counterparts (Jennings, Brush, 2013, p. 662).

The concept of entrepreneurship is integral and does not make difference depending on gender of the person who starts a new business, so in literature there are different definitions of the woman entrepreneur. Most definitions of female entrepreneurship and women entrepreneurs have a strong gender dimension. Thus, women entrepreneurs are defined as those who use their knowledge and resources to develop and/or create business opportunities, women who are actively involved in managing their own business and have at least 50% ownership stake in the business that is performed at least during one year (Farr-Wharton, Brunetto, 2009).

According to one definition (Pantić-Popović, 2014), female entrepreneurs

are women who founded the company in order to achieve profit and growth, including women owners of small companies that have started a business also to achieve personal ambitions, where the business is the main source of income, engaging most of the time of women entrepreneurs.

Although women's employment has increased dramatically since the 1960s, females are still less likely to be employed than males. Moreover, the labor force not only remains sharply segregated into male-intensive and female-intensive occupations (Jennings, Brush, 2013, p. 664), but also clearly stratified, with women concentrated amongst the lower levels of organizational hierarchies and earning less pay (even for comparable work).

Concept of female entrepreneurship assumes that it is a business, which is completely or in majority part owned by one or more women. Center for Women's Business Research – CWBR in USA (McAdam, 2013:2) draws a distinction between businesses run by women and the businesses that are owned by women, considering that the concrete contribution of women to business, especially in the case of family businesses is to be taken into account.

According to some authors (Blagojević, 2006, p. 17), women's entrepreneurship is a multidimensional phenomenon that can be accessed from different angles:

- From the perspective of women's activism, when viewed as a way of activating the female resources in favor of women themselves;
- From the perspective of economic development, when treated as the way in which it is possible to activate women's resources, particularly in small and medium-sized enterprises;
- From the perspective of social policy, when strengthening of female entrepreneurship is to achieve the reduction of unemployment among women, especially women of the middle generation who are at high risk of losing their jobs during the transition process;
- From the perspective of ensuring sustainable development, when treated as a way to harmonize economic development with environmental and social development through socially responsible business.

In recent decades, due to social changes caused by the process of globalization and the expansion of information and communication technology, rapid development of entrepreneurial activity is accompanied by significant participation of women in entrepreneurship around the world. In comparative literature most assessments consider increase of enterprenial acitivites due to increase of women participation in enterpreneurship at global level (Kelly et al., 2011). Thus, in 2010, 104 million women in the 59 national economies started a new entrepreneurial venture. In addition, Kelly, Brush, Greene and Litovsky

(2011) point out that if we add the 83 million women who have already had their own businesses, we come to the number of 187 million women around the world who have their own business and are involved in its management, and that the range of participation of adult women in entrepreneurship, in these fifty nine national economies, are ranging between 1.5 and 45.4%. Those data emphasize the importance of research on female entrepreneurship, its perspectives and chances for further development.

Relevant aspects of female entrepreneurship

Decision to start entrepreneurial ventures/start a new job, inevitably depends on the personal motivation of the person who makes the decision on starting the job. Although the factors that operate from the external environment have an important role, the incentives are crucial in terms of starting entrepreneurial activities. What is it that motivates women to become entrepreneurs?

It is clear that personal desire to achieve something positive and to contribute to the quality of family and social life of women can be different. With the phenomena of modern society such as globalization, expansion of IT technology and digital media and with the movement to improve the status of women and their equality, women have become more aware of their rights, opportunities and of own position in society and in the labor market. This has multiplied motives that triggered the women to become entrepreneurs. One of the early research on the motives of women entrepreneurs shows that the main motives for starting a business are need for achievement, the desire for independence and desire to improve the financial situation (Schwartz, 1976).

In addition, the desire to control finances and the need for professional satisfaction were also significant motivators for women entrepreneurship (Scott, 1986). Some recent research show that women today are motivated to start entrepreneurship more with personal goals than financial (Kirkwood, 2003), such as, the desire for greater flexibility, the search for challenge and escape from organizational obstacles in the form of the phenomenon of «glass ceiling» or the desire to do things in their own way (Lee, Rogoff, 1997).

There are several essential incentives for women entrepreneurship:

1. The desire/need to improve the financial situation - one of the most universal motivator for women to start a business is the need to improve the financial situation. Women in the past, and in many countries even today, do not have equal opportunities to get a job and make money, like men, resulting in starting entrepreneurial activities that can provide them with what their company has not ensured. The need to improve the financial situation

is particularly powerful motivator in underdeveloped and developing countries, due to the high rate of women unemployment and poverty.

2. The desire for achievement and self-realization - need for achievement, personal development, and social recognition are important psychological motives for various activities in the life, because everyone has a need to do something positive and to be recognized by own environment. This motive for entrepreneurship is dominant among the educated women and among women who have already started entrepreneurial activity.
3. Search for the challenge and the desire for change - as a motive for female entrepreneurship occurs among the educated women and women in developed countries, who want to achieve their personal goals, and due to certain social or organizational barriers that could not be realized, what motivates them to engage in entrepreneurial activities to achieve their personal goals.
4. The desire for independence and autonomy - the motivator that some authors consider as the most important for women entrepreneurship, indicating that a large number of women who were not satisfied with their position within the public or private companies in which they were working, opted to start their own business in order to be independent and able to conduct business the way they want (Buttner, Moore, 1997). This motif can be linked to the previous one in terms of meeting personal goals.
5. The desire for greater flexibility - one of the major motivations for starting their own business by women is the flexibility of working hours and the possibility of balancing family and work commitments. Obligations in doing housework and childcare impose the need for women to have a very flexible working hours, which the entrepreneurship enables. Parker (2009) cites studies whose results support the hypothesis of flexibility, suggesting that women entrepreneurs in many cases themselves are taking care of their children, more than women employees, and that women entrepreneurs more often work from home compared to men entrepreneurs.
6. Overcoming obstacle: “glass ceiling” – “Glass ceiling” is a political term used to describe the inability of women and other minorities in the business hierarchy to advance to senior executive managerial positions, regardless of their qualifications and achievements. The desire to overcome the limitations imposed by the phenomenon of “glass ceiling” appears as a strong motivating factor for those women who, because of these barriers, have failed to progress to high managerial positions. This incentive encourages women to opt for risky step of starting their own business because they are frustrated by disproof of their abilities and by the lack of

gender equality in enterprises in which they were employed.

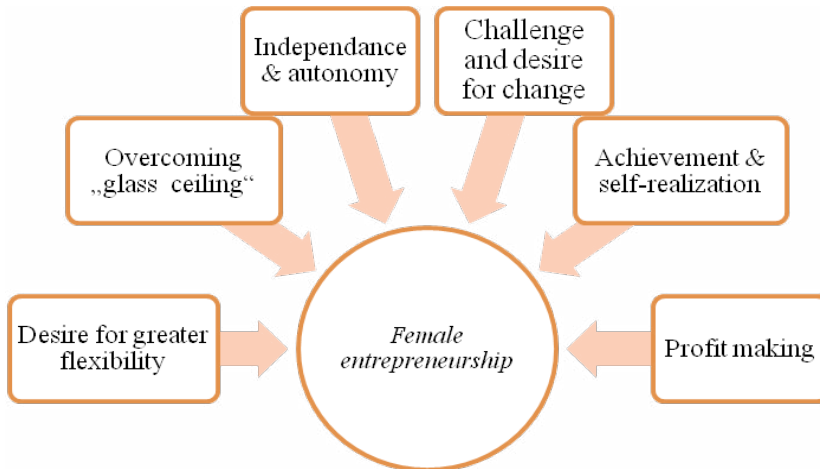


Figure 1. *Motives of Women's Entrepreneurship - Source: authors*

A large number of studies dealt with the examination of the differences in motivation for entrepreneurship between men and women. However, the findings of these studies are not harmonized. There are researchers who believe that the motives that drive men and women to entrepreneurship are more alike than they are different, claiming that regardless of gender, entrepreneurs seek independence and autonomy, as well as the higher revenues (Buttner, Moore, 1997).

On the other hand, there are authors who emphasize the differences in entrepreneurial motivation of men and women. They believe that men entrepreneurs are largely motivated by possibility to achieve higher revenue, while women entrepreneurs evaluate more the flexibility of working hours, the ability to balance work and family obligations, job satisfaction and self-assertion in entrepreneurial sector (Parker, 2009).

Factors of female entrepreneurship and gender equality

In considering the factors of female entrepreneurship, it is important to note that there is no single factor that causes the women to become entrepreneurs, but always comes to synergy of several different factors. The reasons why certain women made the decision to become entrepreneurs depend on a series of both internal/personal and external factors and circumstances.

Family support, social perceptions and personal attitudes towards female entrepreneurship are some of the factors that influence the decision of women to become entrepreneurs.

The first group of factors, which most authors consider as the most important factors of female entrepreneurship, include individual/personal factors that are associated with the woman. These are in fact psychological and cognitive factors, or motivators, such as the desire for progress and autonomy, for self-realization, etc. (Pérez-Pérez, Avilés-Hernández, 2016).

In addition to psychological factors, socio-demographic characteristics of women are also major factors of women's entrepreneurship. These factors include the age of women, education, household income, work experience and so on. (Pérez-Pérez, C., Avilés-Hernández, 2016). It is well known that the level of education of the population has an impact on economic growth, and therefore, educated women have better access to business opportunities, ie. jobs with high salaries. Relevant research results show a strong correlation between education and entrepreneurial success (Reynolds et. Al., 2002). In a similar way is manifested factor of working experience, because the chance of starting entrepreneurial activity is three to four times higher among women who are employed (full-time or part-time) compared with women who do not work or are retired, or are still studying (Pantic -Popović, 2014). This means that the workplace provides access to resources, social capital, and ideas that can help in business venture.

Besides above mentioned characteristics of women as factors of female entrepreneurship, the social and institutional factors are highlighted in theory.

The institutional factors are legislation, public policies and non-economic support and policy, market access, financing and access to vocational training and to training courses (Pérez-Pérez-Hernández Avilés, 2016). Pantic-Popovic (2014) points out that institutional and legal framework in a given society have an important role in women's entrepreneurship, because they influence its nature and prevalence, as well as the potential economic contribution.

Insufficient or inadequately developed institutional framework may limit the integration of women into the market economy, their access to resources that are necessary for the realization of business venture and to impose the role of a housewife, which could be in conflict with entrepreneurial activities.

The social and economic factors include different factors in the environment of women entrepreneurs, such as unemployment rates and employment opportunities, family support and so on. Reynolds and his associates (2002) states that there is a negative correlation between women's entrepreneurship and unemployment, especially in those countries that are characterized by low rates of income. This means that the level of female entrepreneurship is lower in those countries with high rates of unemployment, as women in such societies are discouraged to engage in launching a new business project.

The results of numerous studies put special emphasis on family support for women to start their entrepreneurial venture. Pérez-Pérez and Hernández Avilés (2016) explain the dual role that families play in supporting women entrepreneurs. First, the family can provide financial support for the woman so that she can start a new business. Secondly, family can offer her a moral support that stimulates woman's entrepreneur spirit, whether to continue the existing family business or to start a new one.

The social factors include also a social perception of women's entrepreneurship and the position of women in society. It is very intertwined with the notion of gender equality. Chamlee-Wright (1997) suggest that there are strong correlation between social norms with respect to marriage and family and women's entrepreneurship. This correlation can explain why women entrepreneurship is at a higher level of development in developed countries, where women are usually married in later stage and are living alone. This fact acts as a stimulating factor for women to engage in entrepreneurial activity, compared to women in developing countries. Illustration bellow provides a concise review of the factors of women's entrepreneurship.

Female entrepreneurship can be a solution for those women who want control over their career and want to oppose "the glass ceiling effect" (Dafoe, S, 2001). Therefore, female entrepreneurship is closely linked and depends on gender equality in given society, since economic empowerment of women is essential part of their independence and of the improvement of women position towards equal opportunities, not only in business world but also in other domains of life, such as education, health protection, combating gender based violence, suppressing misogyny (hate speech against women) in media, sport etc.

On the basis of lessons learnt from previous period (2010-2015), government in Serbia has set three strategic goals for achieving complete gender equality, such as:

1. Changed gender patterns and improved culture of gender equality,
2. Increased equality between women and men by applying policies and measures of equal opportunities and
3. Systematic gender mainstreaming in making, implementation and monitoring of public policies.

Some research results (Radovic, 2005) show that women assess that they are in inferior position generally, and especially dominated by men in business/economic domain. Most reasons are cultural ones, but also social reasons and economic ones (unemployment, lack of financial resources for start up business) explain this situation.

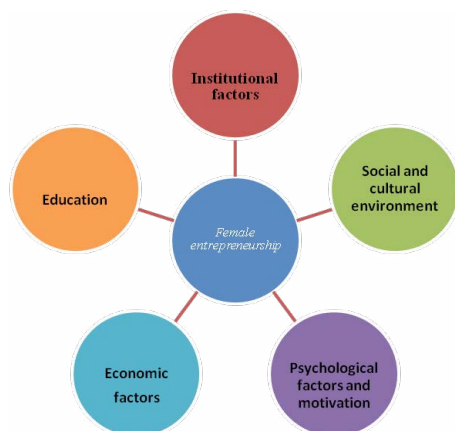


Figure 2. *The most important factors of female entrepreneurship*
 Source: authors

Individual motivation, family structure, education, demography, unemployment, and social and economic environments are the main factors influencing female entrepreneurship. These factors are the main determinants of the differences between women and men regarding risk perceptions in the entrepreneurial process (Ascher, 2012).

It is important to stress an interesting typology of women entrepreneurs based on the factors that triggered the women entrepreneurship. The typology is shown in Table below.

Table 1. *Typology of women entrepreneurs according to factors of female entrepreneurship*

Type women entrepreneurs	Factor of female entrepreneurship
Purposeless	Young women entering the entrepreneurship due to unemployment
Focused on success	Young women who experience entrepreneurial activity as a long-term strategy
Strongly oriented to success	Women who perceive entrepreneurship as an opportunity for self-realization, or the means to overcome the ‘glass ceiling’
Dualists	Women who see flexibility in entrepreneurship/possibility of harmonization of work and family responsibilities
Workwoman returnee	Women who left the job due to family obligations but are still motivated for self-fulfillment outside the family
Traditionalists	Women who have a strong family tradition of entrepreneurship
Radical	Women who fight for the empowerment of women and gender equality

Source: Bruni et al., 2004. *Entrepreneur-mentality, gender and the study of women entrepreneurs.*

Source: *Journal of Organizational Change Management*, 17(3), pp. 256-268.

Concluding remarks

Closing the global gender gap could give the world economy a substantial boost – potentially doubling the growth in global GDP contributed by women in the next decade (McKinsey Global Institute, 2016). However, government measures are needed in the form of public policy activities, which include not only legislation, but also its implementation together with integrated government approaches to labor market – incentives for female entrepreneurship, to health protection and social protection issues.

Those issues are of very high importance for women in general, but also for women entrepreneurship. One of very significant government measures related to financing is to reduce taxes on labor. Only when those measures are implemented, one can note positive impact of female entrepreneurship in the social and economic development, including on gender equality.

It can be concluded that it is a complex process, highly dependable on above mentioned government policy measures. Positive examples of such measures are: to support projects of women associations, which can increase formal employment of women, reduce informal employment, increase labor activity of women and foster women self-employment.

In Serbia, the new National Strategy for gender equality in the period 2016 – 2020 has been adopted, together with the Action Plan for its implementation in the period 2016-2018 (Official Gazette of Serbia No 4/16). Those government strategic documents have defined crucial measures for gender equality, such as:

- Commitment of all public authorities and private employers to develop internal mechanisms for the control and protection against discrimination and to conduct a gender-balanced personnel policy, as well as to facilitate equitable advancement of women and men.
- Encouraging flexible forms of work, such as part-time, work from home etc.
- Creating a favorable environment for development of entrepreneurship in general, including the start of micro-enterprises, micro-finance, social entrepreneurship, entrepreneurship of chances, family businesses and cooperatives, which are in particular suitably for women;
- Encouraging women's social entrepreneurship and cooperatives in urban and rural areas and training for women to launch business initiatives in this field.
- Mapping and promote good and innovative models of female creativity.
- The introduction of gender sensitivity in entrepreneurship education and

training and raising the level of competence of teachers for entrepreneurship.

- Encouraging and supporting the participation of girls and women in education for occupations that provide great added value, such as engineering and new technology, mathematics.

Strategy and its Action Plan started from the thesis that “the causes of discrimination against women are unequal power relations between women and men based on subordinate role that women play in the patriarchal gender regime, with gender stereotypes and with gender prejudices.” This thesis is legally recognized and established in many international conventions, declarations and recommendations (Gasmi, 2012). Consequently, gender equality is very important social, but also an economic theme that promotes the basic values of a democratic society, such as equity, equality and non-discrimination. Within gender equality, the issues of advancement female entrepreneurship have positive impact on complete social and economic development, not only at national, but also at global level.

REFERENCES

1. Ascher J, (2012), “Female Entrepreneurship – An Appropriate Response to Gender Discrimination”, *Journal of Entrepreneurship, Management and Innovation (JEMI)*, Volume 8, Issue 4, 2012: 97-114
2. Blagojević M, (2006), “WOMEN ENTREPRENEURS IN SERBIA: “How to make virtue from necessity?” in collection of proceedings edited by Srdić M, *Women’s entrepreneurship in Serbia – Chances and prospectives*”, Belgrade
3. Bruni, A., Gherardi, S., & Poggio, B. (2004). Entrepreneur-mentality, gender and the study of women entrepreneurs. *Journal of Organizational Change Management*, 17(3), pp. 256-268.
4. Buttner, E. H. & Moore, D. (1997) Women’s organizational exodus to entrepreneurship: Self-reported motivations and correlates with success, *Journal of Small Business Management*, vol. 35, no .1, pp.34- 46.
5. Chamlee-Wright, E., (1997), *The Cultural Foundations of Economic Development: Urban Female Entrepreneurship in Ghana*, Routledge, New York.
6. Dafoe, S. (2001) *The Financial Dilemma of Women Entrepreneurs*, quoted in : Vujučić S, Kvirgić G, Ivković D, Vujadin R, (2012), “The Development of Female Entrepreneurship in the Function of Overcoming Unemployment of Women in Serbia”, *Journal of Women’s Entrepreneurship and Education* (2012, No. 3-4, 1-16), Belgrade
7. Farr-Wharton, Brunetto, (2009), *Female entrepreneurs as managers: The role of social capital in facilitating a learning culture*”, *Gender in Management: An International Journal*, Vol. 24, Issue 1, 2009, Australia.
8. Gasmi, G., (2012), “Convention of the Council of Europe on preventing and combating violence against women and domestic violence – Legal Commentary”, UNDP, Belgrade
9. Jennings J. & Brush C., (2013), “Research on Women Entrepreneurs: Challenges to (and from) the Broader Entrepreneurship Literature?” , *The Academy of Management Annals*, 2013, Vol. 7, No. 1, 661–713, <http://dx.doi.org/10.1080/19416520.2013.782190>,

- Routledge Group, London and NY.
10. Kelly, Brush, Greene and Litovsky (2011), *Global Entrepreneurship Monitor, GEM 2010 Women's Report*, CWBR, Babson The Center for Women's Leadership, USA.
 11. Kirkwood, J. (2003). *The motivation of entrepreneurs: Comparing women and men. Proceedings of the 48th World Conference of the ICSB, Belfast.*
 12. Lee, M., Rogoff, E. (1997), "Do Women Business Owners Require Special Training? An Empirical Comparison of Men and Women Business Owners in the United States", In: *Journal of Small Business and Entrepreneurship*, 14(1), pp- 4-29.
 13. McAdam M., (2013), *Female entrepreneurship*, Routledge Group, London and NY.
 14. McKinsey Global Institute, (2015), "The power of parity: How advancing women's equality can add \$12 trillion to global growth", www.mckinsey.com/mgi, accessed on 14th November 2016.
 15. Pantić-Popović S., (2014), „Preduzetnice doprinose razvoju ekonomske politike u novom političkom kontekstu“, Beograd, Udruženje poslovnih žena Srbije, Narodna Skupština R. Srbije, 2014.
 16. Parker, S. C., (2009), "The Economics of Entrepreneurship", Cambridge University Press
 17. Pérez-Pérez, C., Aviles-Hernández, M., (2016), „Explanatory factors of female entrepreneurship and limiting elements“, <http://www.elsevier.es/es-revista-suma-negocios-208>, accessed on 20th November 2016.
 18. Radović – Marković, M., (2005), „Žene i mali biznis – Od ideje do realizacije“, Beograd, Poslovni biro.
 19. Reynolds, P.D., Bygrave, W.D., Autio, E., Cox, L.W. and M. Hay, 2002, *Global Entrepreneurship Monitor, 2002 Executive Report*, Babson College, London Business School and Kauffman Foundation.