

SIMILARITIES AND DIFFERENCES BETWEEN FEMALE AND MALE ENTREPRENEURS IN A TRANSITION CONTEXT: EVIDENCE FROM BULGARIA

Desislava YORDANOVA, Tsvetan DAVIDKOV
Sofia University “St. Kliment Ohridski”, Bulgaria
Faculty of Economics and Business Administration
d_yordanova@abv.bg, tzvetandavidkov@feb.uni-sofia.bg

Abstract

The aim of this paper is to examine similarities and differences between Bulgarian female and male entrepreneurs with regard to a number of personal characteristics, characteristics of their ventures, and characteristics of the environmental context, in which they operate. A sample of 501 companies (282 male-owned and 219 female-owned) with a single owner is used in the present study. Data have been analyzed using a binary logistic regression. The differences in entrepreneurship identified in this paper are strikingly similar to those reported in the literature in Western countries. This could be explained with the presence of similar gender inequalities and deeply structured processes of female subordination in capitalist, command and transition economies.

Key words: gender, entrepreneurship, women, Bulgaria.

JEL Classification: M1

1. Introduction

During the last decades, the research on female entrepreneurs and their ventures has increased significantly [Carter et al., (2001)]. This literature provided valuable descriptions of female entrepreneurs when the mainstream research had focused predominantly on male entrepreneurs (Carter, 2000) and thus made female entrepreneurs more “visible” [Berg, (1997:259)]. However, despite the growing number and sophistication of the studies on female entrepreneurship [Ahl, (2002)], most of this research has been conducted mainly in Anglo-Saxon countries [Ahl, (2002)] and there is a need for more theory-based, heterogeneous, and cumulative studies [Carter et al., (2001), Bruin et al., (2006)]. Female entrepreneurship in transition economies in CEE is a new phenomenon and therefore has not attracted much research interest [Isakova et al., (2006)]. The purpose of this study is to examine whether Bulgarian female and male entrepreneurs are the same or different with regard to a number of personal characteristics (age, education level, start-up motivation, management training/skills, growth intentions, personality traits, management style), characteristics of their ventures (firm age, size, initial resources, legal form), and characteristics of environmental context, in which their ventures operate (sector and support from family and friends).

2. The context for female entrepreneurship in transition economies

During the period of command economy the participation of women in all types of education and professions as well as in politics and social life was demanded and encouraged [Metcalf and Afanassieva, (2005)]. Women endured “double-burden” responsibilities for taking the primary care for their children and families and for participate equally with men in the labour market and in social and political life [Grapard, (1997); Pollert, (2003)]. In the labour market in CEE, there were gender-based vertical as well as horizontal employment segregation and gender-based discrimination [Pollert, (2003); UNECE (2002); Metcalfe and Afanassieva, (2005)]. The numerous arrangements and privileges for women, which were designed to allow them to combine work and family responsibilities, “simultaneously sacrificed the goal of equality for women” [Bliss and Garratt, (2001)] and actually reinforced gender differences [Grapard, (1997)]. In summary, although women under communism enjoyed significant gender equality advantages in comparison with other industrialized countries, they were victims of female subordination in all social spheres [Pollert, (2003)].

The prevailing political and economic views about reforms and transition in CEE relied on liberal democratic political systems and free markets to guarantee individual prosperity and equality [Metcalf and Afanassieva, (2005)]. However, the transition period not only failed to build on gender

equality advantage of communist legacy, but also damaged it and produced new gender inequalities in both the public and the private spheres [Pollert, (2003)]. The social cost of transition was disproportionately beard by women and children [Grapard, (1997)]. There were trends towards “the resurrection and strengthening of patriarchal views of the role of women in society” [Degtiar, (2000:9)]. Women were constrained to participate in or displaced from political, economic, and social spheres [Grapard, (1997); Degtiar, (2000)]. Two years after the EU accession of the 10 new member states, the status of gender equality in these countries still faces serious concerns¹. Recently, the role of women political, economic, and social activity for lower corruption levels in transition economies was demonstrated by Michailova and Melnykovska (2009).

Despite the negative influence of market reforms on women’s status, paid employment opportunities for women have expanded and alternative opportunities for women such as self-employment and creation of small enterprises have appeared [Degtiar, (2000)]. With regard to entrepreneurship it has been acknowledged that women were again in a disadvantaged position compared to men especially in the early years of transition [Welter et al., (2006)]. Moreover, in many transition countries women were confronted with negative gender stereotypes such as entrepreneurship being a male occupation [Welter et al., (2006)] and very traditional beliefs about women’s role in society [Tilley, (2002)]. Despite this, entrepreneurship became an attractive employment option that might enable women to overcome shortcomings in the labour market and to combine work and family lives and could play an important role for improving the status of women in the economy and society as a whole [Degtiar, (2000); Stoyanovska, (2001)].

3. Institutional theory

Institutional theory draws attention to the role of institutions in shaping individual behaviour. Institutions are defined as “the rules of the game in a society or, more formally, are the humanly devised constrains that shape human interaction” [North, (1990)]. North (1990) makes a distinction between formal institutions - which comprise political and judicial rules, economic rules, and contracts - and informal institutions - such as codes of conduct, norms of behaviour, and conventions. While formal institutions can be changed relatively easy with political or judicial decisions, informal institutions are path-dependent and deeply rooted in society and therefore very resistant to change [North, (1990)]. Both formal and informal institutions influence individual behaviour, assist in reducing transaction costs, facilitate economic exchange, and determine economic development [North, (1990)]. Gender issues received little attention by institutional theorists. However, in contemporary society gender norms are recognized as influential institutions [Van Staveren and Odebode, (2007)].

Recently, the role of formal and informal institutions has been highlighted particularly for understanding female entrepreneurship in transition economies [Welter et al., (2003)]. Informal institutions such as beliefs that entrepreneurship was a male occupation [Welter et al., (2006)], family values [Aidis et al., (2007)] and traditional beliefs about women’s role in society [Tilley, (2002)] in transition economies may influence the assistance women may receive from family and friends for starting and running a business, their access to start-up resources [Welter et al., (2003)], growth intentions, and start-up motivation. Formal institutions relevant for understanding gender differences in entrepreneurship in transition economies are laws for gender equality, regulations against gender-based discrimination, social security arrangements for maternity, tax regulations, etc. [Welter et al., (2003)].

4. Empirical evidence about female and male entrepreneurs

¹ Concluding statement of the consultative meeting organized by the United Nations Development Fund for Women (UNIFEM), Regional Office for Central and Eastern Europe (CEE) on April 21-22, 2006 in Bratislava. Available at: http://www.unifem.org/attachments/stories/currents_200606_EUBratislavaMeeting_ConcludingStatement.pdf, retrieved on 12 October 2007.

4.1. Gender differences and similarities in entrepreneurship in Western countries

Significantly fewer women are involved in entrepreneurship than men in Western countries [Allen et al., (2008)]. Although male and female entrepreneurs exhibit similar levels of education, female entrepreneurs may lack appropriate type of education and prior experience [Brush, (1992); Boden and Nucci, (2000); Kalleberg and Leicht, (1991); Verheul, (2005)] for starting and running a successful business compared to their male counterparts. Female entrepreneurs are more similar than different from male entrepreneurs in terms of personality traits except in terms of risk-taking propensity [Brush; (1992)]. Women choose self-employment and entrepreneurship for family-related and other non-economic reasons more often than men [Cromie, (1987); Boden, (1999); DeMartino and Barbato, (2003)], while men tend to place more importance on economic motives [Cromie, (1987); DeMartino and Barbato, (2003); Wilson et al., (2004)]. Women tend to use relational practices and exhibit participative management style, while men tend to be autocratic managers [Chaganti, (1986); Neider, (1987); Rosener, (1990)]. Some studies find that female entrepreneurs are also less likely to exhibit growth intentions [Rosa et al., (1996); Orser et al., (1998)].

The majority of female-owned businesses are concentrated in service and trade industries [Neider, (1987); OECD, (1998); Loscocco et al., (1991), Orser et al., (2006)] and are registered as sole proprietorships [Brush, (1992), Baker et al., (1997), Greene et al. (2003), Carter et al., (2001)], which may be associated with their lower risk preferences and lower growth aspirations in comparison with male entrepreneurs [Turk and Shelton, (2004)]. Female-owned firms are smaller than those owned by men [Orser et al. (2006)] even after controlling for firm age, industry [Rosa et al., (1996)], education, experience, and motivation [Fisher et al., (1993)]. Female entrepreneurs start their businesses with relatively less resources such as human, social, and financial capital, than male entrepreneurs [Carter et al., (2001); Boden and Nucci, (2000); Cooper et al., (1994); Verheul, (2005), Alsos et al., (2006)].

4.2. Female entrepreneurship in a transition context

As in many Western countries, women in CEE become entrepreneurs significantly less often than men despite their good levels of education and high labour force participation (UNECE, 2002). The available literature on gender and entrepreneurship in the countries in transition from centrally planned to market economy apart from being scarce is limited in two aspects. First, most studies use qualitative methodology or limited samples and therefore the available findings cannot be easily generalized [Hisrich and Fulop, (1994, 1997); Lituchy and Reavley, (2004)]. And second, the majority of the studies is mainly descriptive and deals with the profile of female entrepreneurs or the environment for female entrepreneurship in certain countries [Hisrich and Fulop, (1994, 1997); Wells et al., (2003); Zapalska, (1997)]. Only few studies examine gender differences in entrepreneurship and business ownership using a larger sample in a transition context [Welter et al., (2005); Manolova et al., (2007); Davidkov, (2006); Isakova et al., (2006)].

The demographic profile of female entrepreneurs in transition countries is very similar to the profile identified by empirical research on female entrepreneurs in developed countries with the exception that female entrepreneurs operating in transition countries exhibit a higher level of education [Welter et al., (2005)]. Female entrepreneurs in transition economies differ from their colleagues in Western countries in their approaches to running a business. They exhibit a somewhat autocratic management style [Lituchy and Reavley, (2004)] and report growth as one of their main objectives [Welter et al., (2005); Wells et al., (2003); Lituchy and Reavley, (2004)].

In transition economies we find similar gender differences in entrepreneurship as in Western countries. Female entrepreneurs in transition economies are less growth-oriented than male entrepreneurs [Isakova et al., (2006)] and tend to consult with subordinates more often than their male colleagues [Davidkov, (2006)] than male entrepreneurs. As in Western countries, female-owned companies in transition economies are very small and concentrated in traditional industries such as services and trade [Wells et al., (2003); Welter et al., (2005); Izyumov and Rasumnova, (2000); Aidis et al., (2007)], which reflects mainly the education and previous work experience of their owners [Izyumov and Rasumnova, (2000); Hisrich and Fulop, (1994)]. Female entrepreneurs in transition economies also tend to operate smaller companies than their male colleagues [Drnovsek and Glas, (2006); Aidis, (2006)].

5. Research methodology

This study uses data obtained from a database on Bulgarian private enterprises and their owners containing a representative sample of more than 1000 companies [Davidkov, (2006)] created in 2004 through a survey using standardized interviews with the owner-manager or one of the owner-managers of the companies. The survey is representative for the population of Bulgarian private enterprises with regard to legal form and location and was accurate to 0.05 (5%). Approximately 40% of the interviewed owner-managers were female, while 60% were male. Since the database does not contain information about other partners' gender in the case of multiple ownership, we have extracted a sub-sample of 501 companies (282 male-owned and 219 female-owned) with a single owner to be used in the present study.

The dependent variable in this study (GENDER) is measured by a dummy taking value 1 if the owner is female and value 0 if the owner is male. The study employs three groups of independent variables. The first group comprises individual characteristics of the owner: *age, level of education, management style, presence of management training and/or skills, growth intentions, risk-taking propensity, locus of control, and motivation for start-up*. In order to identify the *management style* of respondents, they were provided with four short descriptions of different styles of making and implementing management decisions in organizations adopted from Hofstede (1996) and asked to choose the description which more closely resembles the owner-manager in their company. As in other studies [Powell and Ansic, (1997)], in order to measure risk taking propensity respondents were confronted with three investment opportunities and were asked to choose whether they would invest a certain amount of money. The owners who refused to make an investment in all three cases were regarded as risk averse. The locus of control of respondents was explored asking the following question: "To what extent does the resolution of the problems of your business depend on you?". LOCCONT takes value 1, if respondents believe that they can solve most of the problems of their business (internal locus of control), and value 0, if they believe that the resolution of only some or few problems depends on them (external locus of control). The second group of variables consists of the following characteristics of the business: *size, firm age, legal form, initial resources*, while the third group of variables comprises the following characteristics of the environment: *the presence of support from family and friends and sector*. The definition of all variables used in the study is presented in Table 1.

Table 1. Variables used in the study

Variable	Definition
GENDER	1 = female, 0 = male
EDU	1 = the respondent has completed University studies, 0 = the respondent has a lower level of education
MANAGEMENT	1 = if the respondent has management training or have acquired management skills, 0 = otherwise
RISK_AVERSE	1 = the respondent is risk averse, 0 = otherwise
LOCCONT	1 = internal locus of control, 0 = external locus of control
FIN_MOTIVES	1 = the respondent reports financial motives as very important for start-up, 0 = otherwise
M_STYLE	1 = autocratic management style, 0 = consultative/participative management style
GROWTH	1 = the respondent plans to expand her/his current activity or to start new activity, 0 = otherwise
LN_AGE	natural logarithm of entrepreneur's age (in number of years)
SIZE	1 = no employees, 2 = less than 6 employees, 3 = between 6 and 10 employees, 4 = between 11 and 25 employees, 5 = between 26 and 50 employees, 6 = more than 50 employees
FIRM_AGE	natural logarithm of firm age (in number of years)

LEGAL_FORM	1 = sole proprietorship, 0 = other legal form
PERSONNEL	1 = not enough personnel at start-up, 0 = otherwise
CAPITAL	1 = not enough start-up capital, 0 = otherwise
MANUFACTURING	1 = the main business activity of the company is in the manufacturing sector, 0 = otherwise
TRADE	1 = the main business activity of the company is in the trade sector, 0 = otherwise
SUPPORT	1 = the respondent receives support from family and friends, 0 = otherwise

Data are analyzed using both descriptive statistics and multivariate analysis. Correlations between independent variables are measured using Pearson correlation and Spearman's rho coefficients (Table 2). These correlations are relatively modest (Table 2). They do not exceed 0.33 except for the correlation between TRADE and MANUFACTURING ($r=-0.424$, $p < 0.01$). Therefore, we do not expect serious multicollinearity problems. As the dependent variable is dichotomous, a logistic regression model has been employed to deal explicitly with that type of dependent variable [Greene, (1997)]. Data analyses are performed with the statistical package EViews version 6.0 (see Table 2).

6. Empirical Results

In this section we first describe the profile of Bulgarian female entrepreneurs and their companies. Then, we estimate several regression models to examine similarities and differences between female and male entrepreneur in our sample of 501 Bulgarian private companies.

The average age of female entrepreneurs is 43 years. They are most likely to be between 36 and 55 years old and have often been influenced by financial motives to enter entrepreneurship. Bulgarian female entrepreneurs are willing to take risks and exhibit internal locus of control. The great majority of them have experienced lack of personnel and capital at start-up. Almost half of them exhibit autocratic management style, while the others have participative or consultative management style. Female-owned companies are usually very small (have less than 6 employees) and registered as sole proprietorships. These companies predominantly operate in service and trade sectors and are in business usually more than 5 years. With regard to these characteristics, Bulgarian female entrepreneurs are very similar to female entrepreneurs in other transition economies in CEE. There are some differences between our results and empirical evidence about female entrepreneurs and their ventures in other transition economies. Surprisingly, more than 75% of female entrepreneurs in our sample have acquired management training and/or skills. However, the majority of them have not completed University studies (56.6%). And finally, they relatively rarely exhibit growth intentions (49.8%) in comparison with female entrepreneurs in other countries in transition.

Four logistic regression models have been estimated to identify which independent variables are associated with entrepreneur's gender (Table 3).

Table 2: Correlations between variables in the study.

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	SIZE																
2	GROWTH	.23***															
3	GENDER	-.19***	-.12***														
4	FIRM AGE	.21***	-0.05	-.18***													
5	MANUFACTURING	.32***	.14***	-.14***	.12**												
6	TRADE	-0.07	-0.07	.16***	-0.03	-.42***											
7	LEGAL FORM	-.30***	-.17***	.16***	0.03	-.27***	.14***										
8	PERSONNEL	-.29***	-0.09*	0.06	0.06	-0.02	-0.01	.14***									
9	CAPITAL	-0.02	-0.07	0.01	-0.05	0.05	0.04	0.05	.21***								
10	EDU	.10**	.10**	0.03	-0.01	0.03	-.10**	-.18***	-0.04	-0.06							
11	M STYLE	0.05	-0.01	-.13***	0.001	-0.06	0.01	-0.04	-0.01	-0.04	-0.03						
12	MANAGEMENT	.16***	0.08*	-.09**	.13***	0.08*	-0.03	-.11**	-.17***	-0.09*	.11**	0.08*					
13	RISK AVERSE	-.15***	-.26***	0.07	-0.004	-.10**	.11**	0.04	0.04	0.03	-.14***	-0.02	-0.03				
14	FIN MOTIVES	.15***	.16***	-0.03	.10**	0.04	-0.07	-0.05	0.01	-0.01	.10**	0.03	0.07	-.13***			
15	SUPPORT	.12***	0.06	-0.02	0.05	0.05	-0.004	-0.03	-.09**	0.03	-0.06	0.05	0.08*	-0.02	0.01		
16	LN AGE	0.03	-.16***	-.09**	.31***	0.04	-0.06	-0.01	0.03	-0.05	0.06	-0.02	0.08*	.14***	-0.05	-0.06	
17	LOCCONT	-0.06	-0.07	0.01	0.01	0.05	0.02	-0.01	-0.02	-0.08*	-.11**	-0.01	0.06	0.03	-0.04	0.05	-0.05

*** p < 0.01, ** p < 0.05, * p < 0.1

The first two models consider the influence of entrepreneur's personal characteristics on the owner's gender. The third model takes into account only the influence of business characteristics on the dependent variable. And the fourth model presents the influence of the characteristics of environment on GENDER. Table 3 contains estimated coefficients, standard errors, and goodness of fit measures of the models. All models are significant at least at 99% confidence level according to their LR statistics, therefore rejecting the null hypothesis that all coefficients (except the constant) are zero. All models are able to correctly predict GENDER at a rate higher than random chance (50%).

Table 3. Results of binary logistic regressions including GENDER as a dependent variable.

Variable	Model 1		Model 2		Model 3		Model 4	
	B	S.E.	B	S.E.	B	S.E.	B	S.E.
EDU	0.17	0.19	0.24	0.19				
FIN MOTIVES			-0.051	0.19				
GROWTH			-0.52***	0.20				
LN AGE	-0.74**	0.38	-1.06***	0.40				
LOCCONT			0.03	0.25				
M STYLE			-0.54***	0.19				
MANAGEMENT	-0.46**	0.23	-0.35	0.23				
RISK AVERSE			0.24	0.21				
CAPITAL					-0.06	0.22		
FIRM AGE					-0.50***	0.14		
LEGAL FORM					0.83***	0.29		
PERSONNEL					0.17	0.21		
SIZE					-0.17*	0.10		
MANUFACTURING							-0.59*	0.31
SUPPORT							-0.10	0.47
TRADE							0.49**	0.20
McFadden R-squared	0.013079		0.040084		0.050225		0.024303	
Log likelihood	-338.8052		-329.5344		-326.0532		-334.9522	
LR statistic	8.979826**		27.52144***		34.48399***		16.68586***	
Overall % correct predictions	59.68%		61.88%		63.07%		57.68%	
Number of cases	501		501		501		501	

* p < 0.1, ** p < 0.05, *** p < 0.01

In order to examine gender differences in individual characteristics of entrepreneurs we estimate 2 different models (Table 3). According to Model 1 female entrepreneurs are less likely to possess management training and skills even when holding LN AGE and EDU constant. Model 2 includes all individual characteristics used in this study. The coefficients of the variables GROWTH, LN AGE, and M STYLE are statistically significant and negative, while the coefficient of the variables EDU, FIN MOTIVES, LOCCONT, and RISK AVERSE are not significant. Model 3 indicates that the coefficients of the variables FIRM AGE, LEGAL FORM, and SIZE are statistically significant, while the coefficients of the variables PERSONNEL and CAPITAL are not significant. Model 4 shows that two environmental characteristics are linked to GENDER (TRADE and MANUFACTURING). However, male and female entrepreneurs are equally likely to receive support from family and friends.

7. Discussion and Conclusions

This study explores the question whether Bulgarian female and male entrepreneurs are the same or different with regard to a number of individual, business, and environmental characteristics. As in the research undertaken in Western countries [Greene et al., (2003); Ahl, (2002); Carter et al., (2001); Brush, (1992)] and in other transition economies [Isakova et al., (2006)], the main conclusion of our empirical analysis is that Bulgarian male and female entrepreneurs and their businesses are different in some characteristics and similar in others. In particular, the following similarities have been identified in our analysis:

- Female and male entrepreneurs in Bulgaria are very similar in personality traits such as locus of control and willingness to take risks, which are considered as some of the distinctive psychological traits of entrepreneurs. Although female and male business owners in private firms seem to differ in terms of risk taking [Davidkov, (2006)], these differences disappear when comparing female and male entrepreneurs.

- Women and men in our sample report having obtained similar levels of education. Formal institutions - such as quota system for recruiting students of both sexes in Bulgarian secondary schools and universities - and informal institutions - such as positive attitudes in society toward educating children of both sexes - can explain this finding.

- Both female and male entrepreneurs are equally likely to cite financial motives as very important for start-up. This finding is not surprising in transition countries characterized with unfavourable economic conditions, where the need to generate income is very significant for both men and women.

- Entrepreneurs regardless of their gender have experienced lack of initial start-up resources such as capital and personnel. It seems equally difficult to obtain the necessary start-up capital and personnel for both women and men in a country with a poor economic situation.

- The probability of receiving support from family and friend is similar for both female and male entrepreneurs.

Gender differences can be observed in a number of individual, business, and environmental characteristics of Bulgarian entrepreneurs and their ventures:

- Female entrepreneurs are younger than male entrepreneurs.
- Male entrepreneurs are more likely to exhibit autocratic management style, while female entrepreneurs tend to show participative or consultative management style.

- In comparison with men, women are less likely to report growth intention.
- Female entrepreneurs are less likely to possess management training and skills than their male counterparts even when controlling for age and education.

- Women are more likely to choose sole proprietorship as a legal form and to run smaller businesses than men. Formal institutions - such as higher capital requirements and more unfavourable tax and social security regulations associated with other legal forms - may be obstacles for Bulgarian female entrepreneurs.

- Female-owned businesses are more likely to operate in trade sector, while male-owned businesses in manufacturing sector.

Institutional Theory seems applicable to explain gender differences in a transition context. Various formal and informal institutions may account for the reported similarities and differences between male and female entrepreneurs, their ventures, and the environment in which they operate. Moreover, the differences identified in this study are strikingly similar to differences between female and male entrepreneurs reported in the literature in Western countries despite the huge differences in institutional environments. This could be explained with the presence of similar gender inequalities and deeply structured processes of female subordination in capitalist, command and transition economies [Pollert, (2003); Grapard, (1997)], which eventually lead to gender differences [Kimmel, (2004)]. The fundamental transformations in CEE, based on liberal democratic tradition, have produced and reinforced similar informal institutions such as social arrangements and practices as in Western countries. In the economic sphere, the reforms aimed at establishing market economy in CEE have mimicked to a great extent the institutions of business ownership in Western developed countries, “which *are already gendered*, in the sense of having been built and dominated by men” [Baker et al., (1997)]. For example, Welter (2006) stresses that in Germany “the rapid re-unification process, which transferred West German institutions, rules, laws, and organizations to East Germany, also favoured a ‘renaissance of conservatism’, thus resulting in hidden conflicts between the predominant orientation of East German women and societal values”.

We should consider the limitations of this study before considering the implications of our results. First, data were collected through a self-reported survey and thus may be subject to cognitive and motivational biases and errors due to problems with memory. The fact that the survey was anonymous may lessen some areas of potential biases. Second, our sample comprises only businesses with a single owner; therefore, our findings can not be generalized to the case of businesses started

and managed by entrepreneurial teams. And finally, our findings may be influenced by the Bulgarian cultural environment and therefore may not be applicable to other transition economies.

The findings presented here can help to outline several policy priorities and measures for supporting female entrepreneurship in a transition context. First, as suggested by Welter et al. (2006), the improvement of institutional environment and administrative capacity to deal with new and small firms will facilitate both female and male entrepreneurship. Second, special programs and policy initiatives to make start-up resources more accessible for entrepreneurs are needed. In the context of EU membership, Bulgarian authorities should provide equal access to EU-funded programs for new and small (female) firms. Third, it is necessary to improve social services which will allow female entrepreneurs to combine family and business responsibilities because family and children are of great concern for Bulgarian female entrepreneurs [NSI, (2004)]. In addition, more attention should be paid to developing education and training initiatives for female entrepreneurs, which will help them to improve their management skills. And finally, since Bulgarian female entrepreneurs prefer to operate their ventures in trade and service sectors, policy makers should be aware that policies and measures oriented toward these sectors could affect stronger female entrepreneurs as a group than male entrepreneurs and their businesses [Welter et al., (2005)].

In order to understand better gender differences in entrepreneurship, future research should examine the influence of various social arrangements and practices on male and female entrepreneurship in transition economies. This may shed more light on whether female entrepreneurs choose purposely to avoid growth and to operate smaller companies and, if yes, for what reasons and/or whether they encounter specific barriers and obstacles, which prevent their companies from business expansion.

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