

WOMEN'S ENTREPRENEURSHIP IN THE REPUBLIC OF MACEDONIA: ISSUES AND PERSPECTIVES¹

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ABSTRACT

This paper points out challenges and barriers in establishing and maintaining businesses led by women and recommends policies for the further development of women's entrepreneurship in Republic of Macedonia. In order to gain a better picture of current motives, problems and perspectives of Macedonian women in entrepreneurship, a survey was conducted during the period of December 2017– March 2018, to complement secondary sources. Finances, lack of information, and knowledge of how to run and manage business as well as the challenge to balance the work and family engagements are the main problems facing women entrepreneurs in the Republic of Macedonia.

Key words: women's entrepreneurship, economic growth, challenges, barriers, policy recommendations

INTRODUCTION

Women represent a large and important part of the global population and no doubt a major factor of influence in the wide society. Over the past few decades, at global level women have made substantial progress in health and education, as well as in political and economic areas. Women now make up 40% of the global workforce. Globally, women play a major role in

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driving the world economy, controlling about \$20 trillion in annual consumer spending, a number expected to rise to nearly \$28 trillion in the following years (Silverstein & Sayre, 2009). Given the global challenge of employment, it is imperative to enable women to participate constructively in the economic activities of their countries or regions.

Female entrepreneurs have been identified as a major force for innovation, job creation and economic growth (OECD, 2004) and therefore there has been a swarm of research into women's business ownership. Women create new jobs for themselves and others and provide society with different solutions to management, organization and business problems, as well as to the exploitation of entrepreneurial opportunities. Women entrepreneurs are significant contributors to poverty reduction, mobilization of entrepreneurial initiatives and contribute to accelerating the achievement of broader socio-economic objectives in societies. However, the contribution of women entrepreneurs depends on the success of their work, which in turn depends on the barriers to implementation of the ideas for their own business.

Key findings from the 2015 Female Entrepreneurship Index² including the following: The United States ranks first in the world again at 82.9, eight points ahead of 2nd-ranked Australia (74.8). In 2015, the UK, Denmark, and the Netherlands climbed into the top five, displacing Sweden, France, and Germany. All six of these European countries have strong ecosystems for female entrepreneurs, so even small changes can result in year-to-year rank shifts (Terjesen and Ainsley, 2015). Currently, growing numbers of women business owners is a global trend particularly in the developing countries. In developed market economies, women own more than 25% of all private businesses (Malyadri, 2014). Studies show that many women, especially young women in the developing countries actively choose self employment (Malyadri, 2014).

According to reports by the Global Entrepreneurship Monitor (GEM), increasing the number of women entrepreneurs involved in starting new businesses is critical to a country's long-term economic growth (Bosma and Levie, 2010). Indeed, international comparisons highlight that the world's most entrepreneurial economies have a high representation of female entrepreneurs. However, most companies are still started and operated by men, with the men twice as likely as women to be involved in

²The Female Entrepreneurship Index (FEI) results distill the most important issues for policy makers, governmental officials, and other decision makers who are interested in improving the conditions for high potential female entrepreneurship development.

entrepreneurial activity worldwide, and fewer self-employed women than self-employed men across all business sectors. Women compared to men continue to suffer from higher rates of unemployment, are less likely to participate in the labor force for economic and cultural reasons, and face higher risks of vulnerable employment, with conditions such as inadequate earnings, difficult work circumstances and lack of consideration for workers' rights (ILO, 2015). Despite obstacles such as lack of capital and strict social constraints, women continue to launch and grow businesses (Kelly, et al., 2012).

As of 2018, the global unemployment rate of women, at 6 per cent, is approximately 0.8 percentage points higher than that of men. This translates into a ratio of female-to-male unemployment rates of 1.2 in 2018. By 2021, this ratio is projected to remain stable in developed countries and to increase in both developing and emerging countries, mirroring the deterioration in the relative position of women in terms of global unemployment observed over the past decade (ILO, 2018).

This paper is about women entrepreneurship in Macedonia, challenges and opportunities for its development, as well as problems that Macedonian women entrepreneurs are facing. Integral part of this paper is the analysis of the role that government as well as various developmental organizations should have in order to promote women entrepreneurs through various schemes, incentives and promotional measures.

The paper methodology is largely based on the classical methods of desk-based research of the available literature and data. In order to gain a better picture of current motives, problems and perspectives of Macedonian women in entrepreneurship, a survey was conducted during the period of December 2017– March 2018, to complement secondary sources.

WOMEN ENTREPRENEURSHIP IN THE REPUBLIC OF MACEDONIA

In Republic of Macedonia, more than half of the women (56.2%) are economically inactive, compared to one of the three men (30.8%), and precisely this is the largest gender gap. According to the latest data from the State Statistical Office (SSO), in 2016, two thirds (64%) of the total inactive population over 15 years old are women and one third (36%) are men (State Statistical Office, Labour force survey, 2016). This is an exceptionally high gender gap in inactivity in labour market and can be seen by comparing the data to European average (EU 28). At EU level, one third (33.5%) of the female population are inactive (21.9% versus inactive men), so the gender gap in inaction in the EU is much lower, at 11.6%, or more than twice less

than in Macedonia (where 24% according Eurostat or 28% according SSO) (SSO,2016; Eurostat, 2017).

The available data show that participation in the labor force among ethnic minorities is significantly lower than among ethnic Macedonians, especially among women. While female ethnic Macedonians have a 41% employment rate, only 10 percentage points lower than men, women ethnic Turks have an employment rate of 27 percent - 32 percent less than men of the same ethnicity. Roma and ethnic Albanians are still lagging behind in terms of employment with an employment rate of only 7 and 6 per cent. Low employment rates among women from ethnic minorities are more affected by even higher rates of inactivity than of a higher unemployment rate(*World Bank, 2014*).

In Macedonia, men dominate in every category of employees with the exception of the category of "unpaid family worker" where women are represented in significantly higher number (*State statistical office, 2015*).According to information available by the State Statistical Office and the Central Register of R. Macedonia, the share of legal entities established by at least one woman (with a share of more than 50%) in the total number of new registered or established legal entities in the last 7 years varies between 25-27%. However, the number of legal entities owned by women (over 50%) and the number of women employed is very low in the rural areas(*Association of business women Macedonia, 2015*).It is important to note that 99% of these legal entities are in the category of small (73.91%) and medium enterprises (25.67%). Legal entities owned by at least one woman employed are only 10.5% of the total number of employees in those enterprises (*European Commission, 2017*).

An analysis based on the World Bank Enterprise Study shows that women own 29.4 and manage 26.3 percent of surveyed businesses (*World Bank, 2014*). Women manage few businesses and women managers work mainly in women-owned businesses. The same analysis, which deals with established small, medium and large businesses, shows that 29.4 percent of firms in the Republic of Macedonia have women's ownership, compared to 33 percent in Europe and Central Asia (ECA)³ and 37 percent worldwide (*World Bank, 2014*).

The highest share of ownership of women -37.8 percent have export companies compared to 31.6 percent in ECA and 36.7 percent of all countries. 26.3 percent of Macedonian companies have women in top management, which is more than the average in ECA (21.3 percent) and the

³Europe and Central Asia (ECA) region accounts for about 15% of the world territory, and has an approximate total population of 303 million people, constituting about 4.17% of the global population.

world average (19.0 percent). The share of women managers is again significantly higher among export companies -35.7 per cent of firms have women top managers, compared with 16 per cent in ECA and 14.7 per cent of all countries and 24.9 per cent of non-exporting firms in the Republic of Macedonia (*World Bank, 2014*).

MOTIVATION AND BARRIERS FOR WOMEN ENTREPRENEURS REPUBLIC OF MACEDONIA

There is growing appreciation that the conditions that support women’s ability to start and grow ventures may be different from those that help men, and therefore there is a need to examine factors that impact women’s enterprise development (*OECD, 2004; Bosma and Levie, 2010*). In order to gain a better picture of current motives, problems and perspectives of Macedonian women in entrepreneurship, a survey was conducted during the period December 2017– March 2018, to complement secondary sources. Interviews were conducted with 35 women entrepreneurs in the Republic of Macedonia. Respondents were asked about their age, education, motives for starting a business, about type of business they run, their family status, management problems, and necessary capabilities as perceived by them.

In the next section we present results from the research. Considering women entrepreneurs’ age most women belong to the age group of 36-45 years (40.5%). See *Table 1*.

Table 1: Women entrepreneurs’ age

Age Category	<25 years	26-35 years	36-45 years	46-55 years	>55 years
	3.5%	24.5%	40.5%	22.5%	9%

40% of surveyed women entrepreneurs had higher education, and 54% of them lead their business with high-school education. Only 2% of them have only primary education, and the rest have master degree.

The results show that the woman-entrepreneur is most active in the field of services (42%) and trade (37%). The production component is represented only by 8%, while in the craft work 12% of women. It has been noted that, in terms of new venture creation, women in R. Macedonia, tend to be more attracted to the services sector, starting businesses in sectors: Hair/Beauty; Gastronomy & Catering Service; Training & Consultancy; Fitness; Language teaching; Book keeping & Accountancy. Others start businesses in: Retail; Fashion and Clothing; Childcare

Providers; Arts and Crafts and a range of Professional services (wedding organizer, layer etc.). Furthermore, women-led businesses have a tendency to be small-scale ventures; nongrowth oriented; risk-adverse and undercapitalised. Indeed, they have often been negatively categorised as ‘lifestyle’ or ‘typical women’s businesses.’

Family status of women entrepreneurs is also taken into account in our survey. Notably, 80% of women have a partner and 75% of them have one or more children. Only 22.5% of respondents said they are not married, while 25% stated that they have no children.

In terms of motivation for starting a business they were given the opportunity to choose from multiple choice answers. From *Table 2* it can be seen that as the first ranged motive of women entrepreneurs is to have control and freedom in decision making process (47.2% of the surveyed respondents), followed by realisation of profits and wealth creation (45.9%), the third is the motive for self-realisation etc. In the category of other motives most frequently mentioned are motives of combining family and business life and the inability to find a job.

Table 2: Motives for having a private business of women entrepreneurs in R. Macedonia

Control and the freedom in decision making	47.2%
Profits and wealth creation	45.9 %
Self-realisation	42.4%
In order not to work for others	36.5%
Having faith in the products/services offered in the market	25.1%
Other motives	17.4%.
Social status	14.6%

Regardless of the specific motivation, it would appear that, when it comes to setting up a business, women entrepreneurs are less motivated by profit than their male counterparts. Self-employment is often viewed by women as a more flexible working option when compared to traditional employment, providing more free time and facilitating childcare responsibilities. Furthermore, it has also been suggested that women start a business as a result of inability to find a job or as a result of a restricted progression opportunities in the workplace.

Table 3: Barriers to having a private business of women entrepreneurs in R. Macedonia

Access to Finance	43%
Lack of credibility as a business owner	24%
Access to Business Networks	14%
Cultural and Social Attitudes	18%
Lack of Confidence	31%
Family Responsibilities	45%
Work Experience and Education	28%

After qualitative analysis of the results of our research (Table 3 and respondents answers), we would single out some of the most important obstacles in the development of women's entrepreneurship in the Republic of Macedonia. The most prominent are:

- The issue of **finance** remains one of the most significant barriers for women entrepreneurs. Almost every one of the surveyed respondents noted that they have a tendency to rely on personal savings at the start-up phase of their business, only seeking bank loans or other sources of funding as the business develops. For many women attempting to finance their business, the main issue they face is that they were able to borrow only small amounts of money. So, often, women set up businesses in sectors which require little start-up capital, which can pose further developmental problems for women entrepreneurs.
- Banks are not sufficiently interested in small businesses. **High cost for borrowing and loans.** Credit and loans from banks and a savings institution are overpriced, with interest rates above 10% and special calculations that are favorable only to banks.
- Still **unfavorable entrepreneurial environment** in the country. If there was a real entrepreneurial climate in the country, economic growth would be much higher, and unemployment rate much lower.
- According to the respondents' answers, women in R. Macedonia face many obstacles related to the **traditional gender role**, which in turn affects their economic opportunities. In most cases, they have no ownership of the property, have little or no support from the institutions, find it difficult to access information, as well as finances. It has also been suggested that women entrepreneurs have less confidence in their entrepreneurial abilities.
- Women entrepreneurs face difficulties in **finding a market** for their products and have limited access to training, particularly in rural areas. A large number of women in the region are ready to establish,

expand or innovate in their companies, but high-interest rates and large-scale banks' requirements prevent such steps.

- Lack of the sufficient **support from the Government**. In the last ten years some efforts were made, yet not enough because they are only declarations on paper or marketing campaigns. Still high taxes and salary expenses. Lack of support from business associations.
- Huge rate of **unemployment and poverty of the local population**. This entails economic difficulties for all businesses, and especially small and start-up businesses.
- **Insufficient stimulation of awareness** for business. Lately, more attention is paid to encouraging awareness of women entrepreneurs, but the overall situation shows that this is still of a distant level than it is necessary.
- Lack of a sufficient business connection between regions in the country, especially in the area of small businesses. There are **no real regional development programs** by local authorities that will increase the connection with communities in the neighboring countries that will facilitate business activities between the business entities of those local areas.

These results point out to the need to create measures to encourage women entrepreneurs in the R. Macedonia, especially measures that would increase the number of employees in legal entities owned by women, as well as measures that would increase the business activities of women in rural areas. Even though there are many economic factors contributing to the abovementioned problems women face, the difficulties in balancing private and professional life has been particularly recognised as a reason that contributes to the high level of female inactivity at the labour market (CSF, 2018). This indicates that the conditions that support women to establish and develop enterprises are different from those that help men and hence, it is necessary further exploring of the factors influencing female entrepreneurship development.

CONCLUSIONS AND FUTURE RECOMENDATIONS

No doubt that women entrepreneurship is as an important source of economic growth that can create new jobs for the entrepreneurs themselves and others. Additionally, involvement of women into the business also provides society with different solutions to management, organization and business problems. Unfortunately, in the Republic of Macedonia women still represent a minority of all entrepreneurs. Some traditional societal attitudes and norms in Macedonia, such as gender-based barriers for starting and

growing their businesses, discriminatory property, matrimonial and inheritance laws and/or cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks, inhibit many Macedonian women from even considering starting a business.

Women's entrepreneurship in Macedonia is still underdeveloped and there is a lack of government support into concrete policies. The activities of women entrepreneurship in the country so far encouraged the two sides. On the one hand, measures and programs developed by government bodies are usually implemented through active measures for employment. On the other hand, the number of initiatives with a focus on female entrepreneurship originating from civil society organizations.

Notwithstanding the limitations of this study in terms of sample selection, geographical concentration and methodological restrictions, a number of recommendations may be offered in the light of the findings presented. Women entrepreneurs need special assistance: education, acquisition of specific skills and knowledge, financing, technical assistance, instilling confidence through workshops, practical training and the like. It is necessary to create equal conditions and opportunities for men and women, and to create the conditions for the removal of discrimination against women. Protection of the woman as a mother is very important, which means help them with children raising. In that context many women's organizations and associations could help, especially in the area of women's struggle for economic independence, and thus to its emancipation and full equality with men.

There is a need to have greater involvement of the female population in education and in the economy in R. Macedonia in order to provide educated and more dynamic female entrepreneurs as a part of everyday economic life that will contribute to the creation of the business environment and overall economic policy.

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