

Human resources and women labor potential - a crucial resource to overcome the effects of the crisis

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Abstract

A precondition for overcoming the crisis and strengthening the competitiveness and growth of small businesses, is creation of an entrepreneurial environment. The enterprise, as the driving force of the economy, and the role of women and human resources in overcoming the crisis situation, will be the main topics of this paper. By encouraging women to become entrepreneurs a direct benefit would be the decrease of unemployment and with more women at the manager positions the society could benefit through more stable and successful businesses, according to different sources and research. This altogether could be one of the ways to overcome the crisis. The first section of this paper will show why entrepreneurship, entrepreneurs and generally human resources are important drivers of economic growth. Special focus will be directed to women managers and women's leadership style. The central part of the work will show how women entrepreneurship, with all its problems and benefits, is contributing to the recovery of economy. Special attention will be paid to those problems which all entrepreneurs face, and also to the measures which have to be into consideration to overcome these problems as to achieve higher level of women self-employment.

Key words: *crisis, economic growth, women Entrepreneurship, human resources, self-employment*

1. Introduction

The global economic crisis, potentiated by the long-term mismanagement of the state, has been manifested in Croatia as halt of the economic growth, increase of foreign debt, low levels of production, lack of competitiveness of the domestic economy and increase of unemployment. In 2009 there was a decrease in employment of 4.1% or respectively every twenty-fifth working place has disappeared (Benolić, 2012:128). In relation to that, there has come to a decrease in the purchasing power of citizens, foreign and domestic demand, while industrial production registered a decline of - 2.8%.

Human creativity and entrepreneurship are of essential importance to combine inputs in a profitable manner, and institutional environment that will encourage entrepreneurs becomes a critical determinant of economic growth (Kružić, 2007:185). With this approach, an entrepreneur and entrepreneurship have a central position in achieving long-term economic and social development. Investment in human resources, their knowledge, skills and competences, stimulation of new business ventures that lead to the establishment and development of enterprises, and thus new jobs, are only a few of the activities that lead to economic growth.

2. Entrepreneurship and human resources as tools for overcoming economic crisis

Nowadays entrepreneurship is the vehicle of an ongoing entrepreneurial innovation that renews, transforms, and encourages the development of economies around the world. It generates:

- emergence of new business ventures,
- opening of many new jobs, and
- renewal of “fresh blood” of national economies,

providing them with vitality, innovative products and services, and thereby increasing chances for general cultural and social progress (Kružić, 2007:175).

Human resource management became popular in the late 1970s and since then human resource management has been strategically focused on achieving organizational performance and competitiveness in increasingly volatile markets.

The assumption that economic crisis is affecting all segments of private and business life, is very well evident in the nowadays popular perception of entrepreneurs. Twenty years ago, entrepreneurial careers were often generally underestimated and considered as a choice of those individuals who are too prone to taking risks and adventures (generally it was thought that people who decided to become entrepreneurs were unable to get a state job) (Kružić, 2007:188), while today entrepreneurs are considered as the main generators of the economic growth of society.

If he wants to reach a profit, entrepreneur must introduce a new product or service, a new method of production (or sales) that has never before been applied, open a new market, hire and retain employees who will with their competences and skills contribute to competitiveness of enterprises; altogether entrepreneur must be an innovator. In nowadays economy based on knowledge, value is the product of knowledge and information, and therefore organizations can not generate profits without ideas, skills and talents of its employees, and that is the reason why organizations must be directed at them, not at technology, factories and capital (Pološki Vokić, Naoulo Bego, 2012:181). Conversance of employees and investing in their education and improvement is the basis of the company's success. All developed countries consider education as a national priority and implement strategies of development, education and care that contribute highly to the economic, social and cultural development of the society and personal development of its members (Jurčević, 2007:99).

If we want to encourage people to fully exploit their potentials and make them interested in constant learning and improving their knowledge and skills in purposes of organization, it is necessary to structure the organization in such way that people feel good in them, as if they were at home, render their loyalty and ensure an atmosphere where they want to achieve their personal goals which in term should be identical to those of the organization (Pološki, 2003:39). Many studies claim that women's leadership style and their soft approach to managing and motivating people, are highly favourable for achieving those objectives. With friendly and interactive style of managing which is inherent to women style, power and informations are shared among employees, which favors the promotion of self-esteem, enthusiasm and job satisfaction. Participating in all aspects of the business makes the employees feel like part of the organization, so they are more devoted and dedicated to the organization. While managers who implement male leadership style usually see their competitors for position and dominance in all employees, female leadership style considers competition among employees not motivating for individuals and thus

negative for the benefit of the organization. It is said that women, as well as managers who implement the female leadership style, naturally realize the importance of creating, developing and maintaining good interpersonal relationships, and also the importance of listening to others, being sensitive to the needs of others, and encouraging of others to express their ideas, feelings, perceptions and feedback (Pološki, 2003:42). Due to their negotiating skills, active listening and ability to encourage their colleagues to talk, it can be sad that all organization need at least one woman who can control difficult situations.

It can be said that dedicated human resources management contributes to the economic recovery in already established companies, but the question remains what is the situation with large number of women who do not have the opportunity to be a valuable resource in an enterprise? How can currently unemployed women and entrepreneurship altogether contribute to the economic strength of a country?

Gender unemployment gap in Croatia is very high. According to statistics of unemployment in Croatia, women still dominate in the structure of unemployed persons, although since 2008. difference in unemployment between men and women has been decreasing. Also, it is important to mention that unemployment rates are higher for less educated women.

Table 1. Statistics of unemployment in Croatia

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Seks											
Man	129029	127944	116519	102482	89541	107115	136806	141409	152079	163070	163520
Women	180846	180795	175097	161964	147200	156059	165619	163924	172244	182042	182552
Total	309875	308739	291616	264446	236741	263174	302425	305333	324323	345112	346072

Source: <http://statistika.hzz.hr/Statistika.aspx?tiplzvjestaja=2>, (1.9.2014.)

In accordance with, Ministry of Labour and Pension System has prepared a package of measures for economic and social empowerment of women in the Croatian society such as: *Uz pola pola do prvog posla, Tvoja inicijativa – tvoje radon mjesto, Osposobljavanje za samozapošljavanje, Čas posla, Pomoć zajednici* etc. Despite the measures, more women than men lose their jobs and many of women are forced to leave their jobs because of care for children. Also many women do not have necessary know-how and/or courage for embarking in entrepreneurial ventures and self-employment. The environment in which women will be enabled to join the world of entrepreneurship, and to move in directions that can ensure economy recovery is not yet established in Croatia.

3. Women Entrepreneurship

Recent discussions in the entrepreneurship literature show that differences between men and women's entrepreneurial activity may be related with gender characterization (Gupta, Turban, Wasti & Sikdar, 2009; Carter, Anderson, & Shaw, 2001; Greer & Greene, 2003; Marlow, 2002).

“Bearing in mind the problems faced by women – on the one hand, a difficult economic situation and increasing unemployment, and on the other hand, a desire for selfactualisation that cannot

be satisfied in employment status in many cases – more Croatian women are becoming increasingly interested in entrepreneurship.” (European Commission, 2012)

The trend of releasing people, detected in large companies, is still continuing so more and more dismissed workers are entering in their own business ventures. Women are those who are more willing to take risks and take initiative. In a situation where they are unemployed and forced to find work for themselves and by themselves, women often find way out in self-employment. Figures show that there are three times more self-employed women than men, and of 100 unemployed, there are five men and 15 women who will start a firm (MINPO, 2014).

The European Commission’s Best Project defines a female entrepreneur as:

- A women who has created a business in which she has a majority shareholding and who takes an active interest in the decision-making, risk-taking and day-to-day management (European Commission, 2014).

Similarly, OECD analysis defines entrepreneurial activity by women as:

- the establishment, management, growth and death of independent firms (OECD, 2014).

These definitions of entrepreneurship accord to many different sources of literature on entrepreneurship in such a way that broad working definition of women’s entrepreneurship and associated indicators may be identified as:

- percentage of women who are self-employed;
- percentage of women-owed business, and
- entrepreneurship rate of women (European Commission, 2014).

It is beyond question that the small business sector is recognized as one of the main drivers of economic growth. The share of micro, small and medium-sized subjects in the total number of business entities in the Republic of Croatia amounts to 99.7% (MINPO, 2014). While in 2008 there was only 18% of women entrepreneurs, in 2013 it increased to 25%. Also, among the craftsmen the 33% are women, and the tendency of self-employment has a rising trend. But the situation is still not satisfying and there is no reason for happiness because there is still a large number of unemployed women who lack the incentive to develop their own business ventures.

3.1. Problems that women entrepreneurs encounter

The dominance of women among unemployed along with rising rate of poverty among women and the domination of men in entrepreneurial activity are just some of the reasons why women should be encouraged to self-employment and entrepreneurial ventures. According to one GEM (Global Entrepreneurship Monitor) research, women have a lower perception about opportunities, a higher level of fear from failure and a lower level of confidence about their competences to run the business venture, which in total indicates that factors and barriers of environment have a different impact on women than men (eg. women tend to have a more difficult access to financial resources, they have weaker social networks, they don’t have sufficient support in organizing family life - eg. kindergarten places, the capacity to accommodate the elderly) (MINPO, 2014). It is fact that women more often initiate a business venture because of the perceived necessity than of the opportunity or the entrepreneurial spirit, what raises the issue of women’s readiness for such an activity.

The development of women entrepreneurship is complicated by the various obstacles such as:

- lack of advice, mentoring
- lack of access to networks of entrepreneurs
- lack of training and educational programs
- difficult access to financial resources due to the lack of ownership of real estate
- lack of social contacts (association of women, other forms of connectivity)
- educational choices of women reduces women's ability to drive technology-intensive ventures
- traditional views on the role of women in society
- lack of support for women with two jobs (professions and family) - kindergartens, day care in a school.

But the biggest problems for all entrepreneurs, regardless of their gender, are administrative barriers, unclear laws and funding. Crucial question is how to make it possible for women to achieve a successful business but at the same time to satisfy their family strivings.

3.2. Mechanisms for the promotion of women entrepreneurs: Croatia and the European Union

The Croatian Government wants to improve the opportunities for women to start, develop and run businesses in order to unleash the growth potential for women's entrepreneurship. From the year 2004, the Ministry of Entrepreneurship has been providing programs for enhancing women entrepreneurs by having special programs only for women entrepreneurs. In Year 2012 women entrepreneurs were given a total of 58 grants and the whole amount was 8 million HRK (European Parliament, 2014).

In 2014 the Croatian Government adopted the "2014-2020 Strategy on Development of the Women's Entrepreneurship in Republic of Croatia". The intention of this Strategy is to decrease the number of unemployed women through encouraging women's entrepreneurship and self-employment and by generating a favorable environment for entrepreneurship. Activities that should be undertaken by implementing this strategy, for example, are developing educational programs for new entrepreneurs, providing special favorable credit lines, encouraging the establishment of business angels, ensuring broad awareness of self-employment, promotion of female entrepreneurship through the analysis and research of women's entrepreneurial ventures, subsidizing services for use of kindergartens, etc.

The strategy promotes networking among women entrepreneurs. Networks can play an important role in encouraging women to become entrepreneurs and help them in business with advice and information. Apart from The European Network to Promote Women's Entrepreneurship, which gathers representatives of governments from 30 European countries, there are also other established networks that operate with similar goals, such as AFAEMME, WENETT, FemStart, and others that you can see in the table below.

Table 2. Networks Promoting women's entrepreneurship

Name of organisation or association	Description
	<p>AFAEMME is a European and Mediterranean platform for projects that promote gender equality in the labor market and the access of women to decision-making positions in the economy. AFAEMME currently comprises 37 businesswomen organizations from Albania, Algeria, Croatia, Cyprus, Egypt, France, Greece, Italy, Jordan, Lebanon, Malta, Montenegro, Morocco, Palestine, the Principality of Monaco, Slovenia, Syria, Spain, Tunisia and Turkey.</p>
 <p>Balkan Women Coalition B-WCo</p>	<p>The aim is the creation of a stable and multinational network of institutions and organizations from the region of the Balkans in order to develop qualifications and organize seminars to help the women in the business field.</p>
	<p>FemStart debates in Germany, Spain, Poland, Latvia, Bucharest and The Netherlands will look at specific measures which encourage women in science to choose entrepreneurship and will discuss how entrepreneurship support structures in universities might be optimized to reach their full potential by encouraging more women to think about an entrepreneurial career.</p>
	<p>MYente, the World Wide Web community, is 100% for women entrepreneurs and their networks.</p>
	<p>PROWESS is a UK-wide advocacy network working towards equal numbers of women and men starting their own business. PROWESS supports members - who work directly with businesses - to develop and improve their services for women.</p>
	<p>The Women's Organization offer FREE membership to our 'Business Club' for women in Merseyside and Greater Manchester who are currently running their own business. Being a member of this network will offer you opportunity to attend regular networking events and other specialized business master classes.</p>
	<p>WENETT - will offer Women Innovators the opportunity to learn about cooperating and will offer support services to Women Innovators who want to do business internationally.</p>
	<p>Main goal is to promote the women access to the company boards and board of directors. To enhance the scope of this purpose: Women CEO facilitates the relationship between women managers and women entrepreneurs of several sectors through regular meetings, networking and training sessions.</p>

Europe generally does not have enough small business owners and even has less of women entrepreneurs; in year 2012 only 30% of all entrepreneurs in Europe were women (Europa, 2014). The European Union is trying to resolve many of its problems related to the development of entrepreneurship by adopting measures and policies that are primarily focused on the promotion of women in innovation and entrepreneurship.

These are some of the specific mechanisms for the promotion of women in business:

- Entrepreneurship action plan (2004)
- European Network of Female Entrepreneurship Ambassadors (2009)
- Strategy for equality between women and men 2010 – 2015 (2010)
- Women's Charter (2010)
- European Network of Mentors for Women Entrepreneurs (2011)

The European Commission has developed a Women Entrepreneurship Portal containing useful links, contacts, information on events and projects and other opportunities for networking of women entrepreneurs in and between Member States of the European Union.

3.3. Example of good practice: Sweden

The Government of the Kingdom of Sweden implemented a number of initiatives in the area of promoting the development of women's entrepreneurship. Mentoring programs, trainings and financial support are just some of the measures implemented and coordinated by the Swedish Government.

Over 30% of all new businesses in Sweden are started by women. Some 22-28% of all existing businesses are run by women. At the current rate of increase, every other new entrepreneur will be a woman in 2023 (Government Offices of Sweden, 2014).

Given that the framework of this paper must be respected, here is a brief review of The Promoting Women's Entrepreneurship programme, and also a list of some of the initiatives directed to the promotion of women's entrepreneurship in Sweden:

- The Promoting Women's Entrepreneurship programme
- Ambassadors for women's entrepreneurship
- Mentoring programme
- Styrelsekraft
- Funding for innovation
- Change of ownership initiatives
- Counselling to women with foreign backgrounds - combined with micro-financing
- Business and innovation development initiatives
- Measures aimed at higher education institutions

The Promoting Women's Entrepreneurship programme

"The Swedish Agency for Economic and Regional Growth's Promoting Women's Entrepreneurship programme is to contribute to increasing new business start-ups among women and to promote growth among more of the businesses run by women. The programme is also to contribute to encouraging more women to consider starting businesses, choose to run businesses on a full-time basis and employ people. The measures are also to increase knowledge and expertise about women's entrepreneurship among the general public, in the business sector and among public sector actors, as well as to raise the profile of women entrepreneurs" (Government Offices of Sweden, 2014).

More women running businesses would mean that use is made of more business ideas and that Sweden's potential for increased employment and economic development is strengthened. If women's entrepreneurship continues to increase until it is as common as among men, it would mean 75 000 new businesses and some 278 000 new job opportunities (Government Offices of Sweden, 2014).

In Sweden in 2006, women's businesses employed 418 127 people and 293 928 (70 per cent) of those employed at women's businesses were other women. Also in same year women's businesses in Sweden paid a total of SEK 91 billion in wages, more than SEK 10 billion in corporate tax, more than SEK 30 billion in employee's contributions as employers, and more than SEK 70 billion in VAT on their turnover (Government Offices of Sweden, 2014).

4. Conclusion

New trends in the business behavior, styles of work and leadership styles, are favoring development of new ideas, implementation of new technologies and creation of team climate. Modern organizations are no more authoritarian, they are becoming less hierarchical and increasingly rely on team-work and consensus that all encourages creative thinking and generate new products and services. It supplements with women's style of communication and cooperation that is more and more expressed and becomes crucial for successful management of the organization and rise of its competitiveness. It has been manifested that companies in which owners are women, are growing faster than those where women are not included (MINPO, 2014).

Despite the facts that entrepreneurship is a generator of economic development and that rise of involvement of women through self-employment contributes a lot to strengthening of economic activities and that respectfully women entrepreneurship generates new employments and values, women continue to dominate in the structure of unemployed people. The traditional understanding of role of women in society, together with lack of institutional support, role models and access to networks of women entrepreneurs, as well as difficult access to financial resources, are just some of the difficulties that women meet in starting their independent businesses.

Through strengthening and encouraging women's entrepreneurship, the Croatian economy and the society may be on track to achieve their potential and raise the standard of living of citizens. To improve the situation and to encourage female entrepreneurship, national, regional and local authorities should create continuity of the implementation of measures and instruments that will foster growth and development. More investment in research and development, innovation and increase exports, development of business networks, improving access to finance for SMEs (Small and medium enterprises), active promotion of entrepreneurship, improving entre-

preneurial skills through training and improving the entrepreneurial business environment are activities that must be undertaken in the coming years.

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