
WOMEN ENTREPRENEURSHIP IN THE REPUBLIC OF CROATIA

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Abstract

Entrepreneurship is crucial for the development of any country. Starting a business is always challenging for people that want to become entrepreneurs, especially for women. It is necessary to encourage the development of entrepreneurship as a way of solving the unemployment rate of groups in the society that have a problem with the employment. Women are one of those special groups and that is also one of the reasons why women entrepreneurship is becoming a very important topic all around the world. The aim of the paper is to show the main characteristics of women entrepreneurship and to show the main problems that women are facing every day in a business world. Different recommendations for the improvement of women entrepreneurship in Croatia are presented in the paper.

Keywords: *women, entrepreneurship, the Republic of Croatia*

1. INTRODUCTION

Entrepreneurship is traditionally considered as an activity linked with men in the society because men were the primary participants in entrepreneurial activity. In contrast, in the past decade, there are more and more articles and books written and published about women entrepreneurs, who have managed to secure their place among the male population even though we can still see a lot of gender inequalities.

A huge economic potential lays in women entrepreneurship that needs to be used more in the future. Studies around the world point out that women's entrepreneurial ventures are important not only for gender equality but also to increase women's capacity to start an entrepreneurial venture that results with creation of new jobs. Brush and Cooper (2012, p. 1-6) concluded in their research that women businesses is one of the fastest growing entrepreneurial populations in the world.

The world of entrepreneurship is more difficult for women from the start of their entrepreneurial career. They have problems with collecting the right information, lack of networking, problems with sources of finance, especially in getting the loans, gender discrimination, lack of education and management skills, lack of ownership experience etc. The majority of the problems occur when women try to balance between professional and private life. They spend the majority of their free time on family responsibilities and housework.

The paper explains the differences between women and men entrepreneurs and the state of women entrepreneurship in the Republic of Croatia based on the data from Global Entrepreneurship Monitor (GEM), governmental strategies and action plans for women in entrepreneurship etc. In the paper different recommendations for future development of women entrepreneurship in the Republic of Croatia are given.

2. COMPARISON OF ENTREPRENEURSHIP REGARDING GENDER

There are successful women and men entrepreneurs all over the world. Different research works have found that there are some characteristics that are found in both cases. There are some distinct differences that do exist between the two. According to the research of (Shmailan, 2016, p. 3) the basic differences can be put in various categories that are connected with their decision making styles, risk tolerance, goals for the business, financing of the business, management styles, networking ability, motivations. The results of the research of Shmailan (2016, p. 3-7) show that:

- Male and female entrepreneurs make decisions differently. Men tend to make them quicker and women need more time.
- Male entrepreneurs focus on making sure costs are under control and are more profit driven. Women seek to make a social contribution and want to insure their quality.
- Women have a different attitude toward risk and are less risk tolerant.
- Women usually start up their business with less capital than men and their businesses tend to be smaller.
- Women and men can be excellent networkers; however, men usually have larger networks, which are stronger, with more depth and strength. Women's networks are often smaller, and have less density.

In their research Miošić, Lisjak et al (2002, p. 11) concluded that often women enter the world of entrepreneurship because of survival through self-employment, desire to stay with the family as long as possible and therefore seek an occupation complementary to that primary role, or they simply want to show that they are open to new things.

According to Robb and Wolken (2002) the men and women owned businesses differ in performance related issues such as level of sales, profits, and employment creation; further, the female-owned business was found more likely to discontinue their business operations than male-owned firms.

An empirical study done by Veena and Nagaraja (2013, p. 139-141) shows that male and female entrepreneurs can be compared on the following basis: marital status, education and background experience, type of business started, opportunity identification, efforts expended in a new business creation, start-up problems, confidence in organising abilities, risk preferences, motivations of business entry, operational differences, personal attributes, family – career conflict, psychological differences, career influences, firm's performance and expectation for venture performance. They conclude that there are significant differences between male and female entrepreneurs in majority of these categories.

Many authors have come to the conclusion that the largest problem that women entrepreneurs face is a potential conflict between professional and private life. According to Kirkwood (2009, p. 372-385) women expect advice, support and encouragement and approval that is very important in deciding whether to embark on an entrepreneurial venture, which is not the case with men. Kedmenec et al. (2014, p. 375-376) have done the extensive study about women entrepreneurs and have concluded that the future activities of policy makers should be the creation of women-friendly business environments and elimination of gender stereotypes. They describe this problem of balancing between professional and private life as a dilemma: the one between overworked employees/wives/mothers and career women who give up their family life although in the past we have witnessed another women's dilemma between overworked employees/wives/mothers and unemployed housewives.

In the research of Hisrich et al. (2011, p. 63-65) it can be seen that women entrepreneurs and men entrepreneurs differ regarding different characteristics such as: motivation and reasons for starting a business venture, sources of funds, occupational background, personality and family characteristics, sources of support, and the type of entrepreneurial venture. Those conclusions are shown in table 1.

Table1. Comparison between male and female entrepreneurs

Characteristics	Male entrepreneurs	Female entrepreneurs
Motivation	Achievement – tendency to get things done Personal independence – self-image relating to the status based on the role in corporation is irrelevant Job satisfaction is based on the desire to be in control	Achievement – obtaining a goal Independence – to do it alone
Departure point	Dissatisfaction with present job Sideline in college, present job, or outgrowth of present job Discharge or lay-off Acquisition opportunity	Job frustration Interest in and recognition of opportunity in the area Change in personal circumstances
Sources of funds	Personal assets and savings Bank financing Investors Loans from friends and family	Personal assets and savings Private loans
Occupational background	Experience in line of work Recognised specialist or person who has reached a high level of achievement in that area Competent in a variety of business functions	Experience in area of business Middle-management or administrative-level experience in the field Service-related occupational Background
Personality characteristics	Opinionated and persuasive Goal oriented Innovative and idealistic High level of self-confidence Enthusiastic and energetic Must be own boss	Flexible and tolerant Goal oriented Creative and realistic Medium level of self-confidence Enthusiastic and energetic Ability to deal with the social and economic environmen
Background	Age when starting venture 25-35 Father was self-employed University educated – degree in economics or a technical field (usually engineering) First-born child	Age when starting venture 35-45 Father was self-employed University educated – degree in humanities First-born child
Support groups	Friends, professional acquaintances (lawyers, accountants) Business associates Wife	Close friends Husband Family Women's professional groups Trade associations
Type of business started	Manufacturing or construction	Service related – educational services, consulting or public relations

Source: Oberman Peterka, S. Koprivnjak, T., Zvijerac, M., Women and entrepreneurship in Croatia – stereotypes, impediments, incentives, 5th International Scientific Symposium Economy of Eastern Croatia - Vision and Growth / Mašek Tonković, Anka (ur.), Osijek: Sveučilište J.J. Strossmayera u Osijeku, Ekonomski fakultet u Osijeku, 2016., p. 280. cited from: Hisrich, R. D., Peters, M. P., Shepherd, D.A. (2011: 63-65). Poduzetništvo. Zagreb: MATE

In 2014, the Government of the Republic of Croatia adopted the national Strategy of Women Entrepreneurship Development in the Republic of Croatia 2014-2020. It is based on four strategic objectives: improving alignment and networking of public policies, improving systematic support to women entrepreneurship, introducing women entrepreneurship to the overall institutional infrastructure, and promoting women entrepreneurship (CEPOR's brochure Small and Medium Enterprises Report, Croatia 2018, <http://www.cepor.hr/wp-content/uploads/2015/04/EN-SME-Report-2018-za-web.pdf> (accessed 11th June 2019).

The National Strategy for Women Entrepreneurship Development in the Republic of Croatia highlights the main features of women's entrepreneurship (https://www.mingo.hr/public/Poduzetnistvo/Strategy_of_Women_Entrepreneurship_%20Development12117.pdf):

- A job created by a female entrepreneur is safer (women's businesses are smaller, but close fewer jobs).
- Give a greater concern for employees, quality and mutual relations.
- Support employees more in their ambitions.
- Invest more in employee training.
- Success is measured not only by profit, but by customer satisfaction, by developing capabilities.
- Employees and good mutual relations.
- They are more ready for team work.
- More important to them is the success of the organisation or some idea than their own ego.
- Offer more opportunities for cost recovery, profit sharing, more flexible working hours.
- They are more generous when it comes to maternity leave.
- They are more cautious when taking out loans.
- Engage in the most service industries because they are more socially sensitive.
- Require less initial investment.

Strategy for Women Entrepreneurship Development in the Republic of Croatia also highlights the main features of women's entrepreneurship (https://www.mingo.hr/public/Poduzetnistvo/Strategy_of_Women_Entrepreneurship_%20Development12117.pdf), the barriers are divided into three groups, as structural, economic and "soft". Structural barriers are the most complex because they are the result of a cultural and value heritage and a lack of political will to build an appropriate infrastructure and legal framework to support family life. Educational selection of women reduces the chances of starting business ventures in technology-intensive industries. The additional obstacles are prejudice about women in scientific and technological activities, common attitudes about the role of women in society, insufficient support for women with two jobs, as far as family and profession are concerned. Overcoming these obstacles is a demanding and complex process, and it must be started from the very beginning, that is, in the educational field where value systems for responsibility for family life must be set up.

Significant differences between the perceived and actual characteristics of women and men entrepreneurs are the indicators that we need to change the perception and finally encourage and develop women entrepreneurship emphasising its relevance for the development of the economy in any country.

3. ANALYSIS OF WOMEN ENTREPRENEURSHIP IN THE REPUBLIC OF CROATIA

Different statistical data show the gender imbalance that is clearly visible. The Republic of Croatia is included in the international Global Entrepreneurship Monitor (GEM) project since 2002. GEM was launched in 1999 and is now carried out by more than hundreds of researchers from more than 100 different countries. They have published hundreds of GEM studies—Global, National, and Special reports—that have influenced entrepreneurship policy worldwide. (Global Entrepreneurship

Research Association. 2019. The 2018/2019 Global Entrepreneurship Monitor <http://www.gemconsortium.org/report> accessed 19th July 2019). GEM Project enables the longitudinal monitoring of changes in women's entrepreneurial activity. It is also possible to do the international comparison, using a standardised research approach. The TEA indicator determined the existence of a significantly bigger gap in entrepreneurial activity between men and women in the Republic of Croatia compared to different GEM countries (<http://www.cepor.hr/wp-content/uploads/2015/03/EN-GEM-2017-za-web.pdf>). This implicates that there is still a lot of space for improvement.

According to the Strategy of Women Entrepreneurship Development in the Republic of Croatia 2014-2020 (https://www.mingo.hr/public/Poduzetnistvo/Strategy_of_Women_Entrepreneurship_%20Development12117.pdf) in 2013, there were 2.24 times more entrepreneurially active men than women in Croatia, while in the European Union there were 1.86 time more entrepreneurially active men than women.

In CEPOR's brochure Small and Medium Enterprises Report Croatia – 2018 (<http://www.cepor.hr/wp-content/uploads/2015/04/EN-SME-Report-2018-za-web.pdf>) including the results of GEM – Global Entrepreneurship Monitor research for Croatia for 2017 different data about women entrepreneurship are published. The results show that women entrepreneurship in Croatia can be monitored statistically through the activities of trading companies and crafts in which one or more women own at least 51% share of ownership. According to the results of the same study women in entrepreneurship in Croatia are an important, but still insufficiently represented category of entrepreneurs. According to FINA's data, the share of female owners of trading companies in the total number of trading companies in 2016 was 21.8%, which is an increase in the share of women entrepreneurs by 3.5 percentage points compared to the previous year. In 2017, the share of women entrepreneurs remained almost unchanged at 21.9%. In the structure of crafts, the participation of women in ownership is greater (33.8% in 2017). In the categories of employment and total income, in 2017, women entrepreneurs participated with 4.4% in total income and with 8.2% in total employment. Under-representation of women in entrepreneurship is characteristic of majority of the countries in EU, so the Republic of Croatia is not an exception. It is necessary to promote and encourage entrepreneurship among women, especially at the governmental level including the policy makers. There are differences among different counties in the Republic of Croatia regarding the share of women entrepreneurs. In 2017, the largest share of women entrepreneurs was recorded in Bjelovar Bilogora County (24%), and followed by the City of Zagreb with 23.2%. CEPOR's SME report for 2018 also shows that companies with majority women ownership are prevalent in the S area of activity – other service activities²³ with 55.5%, which confirms the findings of the OECD's Policy Brief on Women's Entrepreneurship²⁴ that women's entrepreneurial ventures are less oriented towards high growth and job creation. Another interesting fact is that women entrepreneurs are most represented in the area of education (P) with 34%, the area of professional, scientific and technical activities (M) with 39.9%, and the area of administrative and support service activities (N) with 24.5%. According to GEM results, in 2017, the share of men in business venture start-up activities is 11.5%, while the share of women is 6.4%, which indicates 1.8 times higher activity of men in business venture start-up in relation to women. GEM research results also confirm that there is a gap in business venture start-up activity between men and women in Croatia. It is smaller in 2017 compared to 2016 when men were 2 times more active than women in business venture start-up, but in all the observed years (2013-2017), this ratio in Croatia is lower than the average of all countries involved in the GEM research (CEPOR's SME report for 2018).

When starting a business, women are often faced with the problem of gathering the information that they need. It is very important to mention that in Croatia there are many different institutions that can help women in the early stages of their business. At the local level there are also different institutions that provide assistance to entrepreneurs at the local level, such as developing agencies, centres for entrepreneurship, Croatian Chamber of Economy (HGK), Croatian

Chamber of Trades and Crafts, Croatian Employment Service, Croatian Pension Insurance Institute and, at the national level, Ministry of Economy, Entrepreneurship and Crafts (MINGO), Croatian Bank for Reconstruction and Development (HBOR) etc. There are also different NGOs, networks and digital platforms that support and help women entrepreneurs in the Republic of Croatia with different programmes that are developing activities focused on encouraging women entrepreneurs, some of them are KRUG, Aurora, Women in Adria, Regional Centre for Community Building, etc.

According to Oberman Peterka et. al. (2016, p. 285) with the help of programs for encouraging female entrepreneurship, which are being implemented in Croatia, starting a business venture is becoming easier but the Republic of Croatia still has a great deal of work in terms of encouraging female entrepreneurship.

4. CONCLUDING REMARKS

All entrepreneurs face obstacles and barriers when starting their business. For women there are some additional barriers. Considering different obstacles and the results of the research works and different studies on women entrepreneurship, it can be concluded that women may not have received the working experience, formal and informal education through permanent education programmes to make them successful when compared with men entrepreneurs. Access to sufficient capital is also a challenge for women entrepreneurs. Different situations appear in the practice, there are some research works (Marsden, 1992; Meier and Pilgrim, 1994; Steel, 1994 cited by Indarti and Langenberg, 2004, p. 5) that show the perception of the financial sector regarding women entrepreneurs (banks may not have the confidence in women entrepreneurs that they have in men). In the research of Shmailan (2016, p. 3-7) different conclusions about men and women approach to entrepreneurship are analysed and can be summarized in a few categories: it is difficult for women to balance professional and private life. Women may not have access to some of the networks that men have. These networks may provide more financial assistance and mentoring. Men are much more willing to take risks than women and also have an easier time making decisions. Women are much more conservative especially when it comes to financial risk. Men are more cost and profit driven than women who tend to focus on making a contribution to society and maintaining quality. Management styles differ between men and women. Men are more task-focused and women are more relationship oriented. In starting up their businesses men and women also have different goals. Women are more socially focused when it comes to goals and men are more financially focused. When it comes to financing the business men are much more willing to take risks and get outside financing than women.

The Republic of Croatia needs to continue with various activities and programmes for women entrepreneurs to motivate more women to enter in the world of entrepreneurship. Through Strategy of Women Entrepreneurship Development in the Republic of Croatia 2014-2020 it is also stressed that it is necessary to intensify gender equalisation activities if we want more women entrepreneurs in the world of entrepreneurship.

For the development of women's entrepreneurship in the Republic of Croatia it is necessary to change the perceptions, attitudes and habits of society towards women in entrepreneurship, to demolish rigid social paradigms, to encourage women for lifelong learning, to prepare them to gain new skills and competences, to provide greater and more diverse support, to intensify coordination and cooperation among policy makers, and to implement other programmes that contribute to the development of women's entrepreneurship, their entrepreneurial ventures, innovations and development of new business models that will undoubtedly have impact on the growth and development of the overall economy.

The Government of the Republic of Croatia also needs to prepare new “Strategy of women entrepreneurship” for the new decade, especially with the emphasis on digital era that will bring new challenges for entrepreneurship as a whole and especially for women entrepreneurs.

This research can be extended in the future and can serve as a starting point for further exploration, which will deal with this issue, especially the examination of the influence of various social arrangements and practices on women entrepreneurship or different motivational factors that drive women in the world of entrepreneurship.

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