

Women Entrepreneurship in Croatia in International Perspective

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Abstract

Differences in entrepreneurial activity between women and men arise from the cultural context and from the role of women in family life. Although the Constitution of the Republic of Croatia guarantees gender equality and all equal rights for both men and women, differences between men and women still exist, especially when looking at indicators related to the labor market, the possibility of advancement and the possibility of harmonizing private and business life. Women make up 51% of the total population in Europe, and 51.5% in the Republic of Croatia. This natural balance (with a small preponderance of women) is not present in the business or political sphere of activity. The purpose of this paper is to show the entrepreneurial activity of women in Croatia and to give insight into programs and projects to encourage the development of women in entrepreneurship. Furthermore, the paper will show the differences between men and women in four dimensions: economic inclusion and economic opportunities, education, health and life expectancy, and political empowerment.

Keywords: entrepreneurship, woman entrepreneurship, SME

JEL classification: B54

Paper type: Research article

Received: 12 March 2024

Accepted: 28 May 2024

DOI: 10.54820/entrenova-2024-0002

Introduction

Female entrepreneurship or women's entrepreneurship represents one of the relatively newer forms of entrepreneurship that appears at the end of the 20th century: Female entrepreneurship is most represented in transition countries and countries Central and Eastern Europe. The cause of the emergence of this type of entrepreneurship is related to the transition from a non-market economy to a market economy where, due to the economic crisis, a considerable number of women are left without work. For the mentioned reason, an increasing number of women have been noticed who decide to be self-employed, that is, to start their own business entrepreneurial initiatives to get out of unemployment.

Croatia, a single definition of neither women's entrepreneurship nor women's company has yet been adopted. One of the first definitions of women's entrepreneurship appeared in the United States of America, and according to this definition, a women's business is an economic entity that is at least 51% owned by a woman who simultaneously controls and manages the company. (Međugorac, 2019).

Although the Constitution of the Republic of Croatia guarantees gender equality and all equal rights for both men and women, differences between men and women still exist, especially when looking at indicators related to the labor market, the possibility of advancement and the possibility of harmonizing private and business life. Women make up 51% of the total population in Europe, and 51.5% in the Republic of Croatia. This natural balance (with a small preponderance of women) is not present in the business or political sphere of activity

In Croatia, in 2015, a project called "Base of business women" was launched. The Croatian Business Women Database is based on the model of already existing similar databases in the world, such as those of the Global Board Ready Women initiative or the European Network for Women in Leadership as part of the wider project Removing the glass labyrinth - equal opportunities in access to economic decision-making positions in Croatia, financed by the Progress program of the European Union of the Union. The entry of women into management bodies is markedly disproportionate to the entry of highly educated women into the labour market. If we add to that the fact that at the same time the data show that there are many women with the potential for management positions, it is unacceptable that they remain significantly underrepresented in those positions anyway. This kind of database is already unique in this part of the region and positions the Republic of Croatia on the map alongside the most developed countries that have been successfully using the database of businesswomen for several years as an established source for selecting female candidates for management positions (EU Progress Project 2015: 3-7).

Methodology

The intention of this part of the paper is to present relevant empirical research on women's entrepreneurship in the world and in Croatia. One of the most important researches is the well-known GEM research as an indispensable source of relevant data.

In the following, relevant data that has relevance for this paper is shown according to the conducted GEM research for the year 2022/2023.

Table 1

Characteristics of female entrepreneurship in relation to key criteria

Key criteria	Characteristics of female entrepreneurship
Gender differences	<p>One in six women globally reported an intention to start a business in the near future, compared to one in five men. Entrepreneurial intentions were highest for women in low-income countries (28.2%) and lowest in high-income countries (11%)</p>
	<p>One in ten women globally were in the earliest stages of starting a business compared to one in eight men.</p>
	<p>Established business rates were similar for women across national income levels, with around one in twenty women reporting owning a business older than 3.5 years</p>
	<p>Globally, 3.5% of women reported exiting a business over the past 12 months, slightly less often than men (3.8%). Business exits for women rise with country income level, from 2.2% in low-income countries to 5.3% of women in high-income countries in 2022.</p>
Type of business	<p>Women in lower and middle-income countries are more likely to offer innovative new products and services than women in high-income contexts. In fact, women comprise the majority of innovation entrepreneurs in Togo (58.7%), Indonesia (55.3%), Romania (54.5%), Colombia (53.3%) and Iran (52%).</p>
	<p>Globally, the majority of start-up activity was observed in the Wholesale/Retail sector for both women (48.6%) and men (40.1%) in 2022.</p>
	<p>Women were also highly active in Government, Health, Education and Social Services (17.6%) at much higher rates than men (10.9%). Together, these two sectors account for nearly two-thirds of women entrepreneurs and one-half of men.</p>
	<p>Women were typically far less active than men in the ICT sector, with just 2.3% of women operating there compared to 5.3% of men</p>
Sustainability and digitalization	<p>Only about one in five women reported SDG (Sustainability Development Goals) awareness and slightly less often than men on average. SDG awareness is much lower among women and men in middle and low-income countries with sizable gender gaps, indicating a lower awareness among women than men.</p>
	<p>Social sustainability practices were lowest for women in Europe and environmental sustainability practices were lowest for women in the Middle East and Africa region</p>
	<p>Almost half of women in low-income countries said digital tools were not necessary for their business operations (45.4%) compared to less than one quarter in high-income countries (23%).</p>
Age	<p>Women entrepreneurs tend to be younger on average than men, especially in low-income countries.</p>
	<p>Youth entrepreneurship for women is also particularly strong in North America, the Middle East and Africa, as well as in low-income countries where women under the age of 34 were more likely to be involved in high-growth start-ups.</p>

Education	Women entrepreneurs tend to be more educated than men, with higher levels of graduate education and lower levels of secondary or less education. Like men, most women entrepreneurs have at least a post-secondary education, with much higher rates of graduate education reported in high-income countries, especially North America
Household income	Women entrepreneurs were much less likely than men to report household income in the upper third of household income globally and much more likely to report income in the lower third segment. In fact, one in three women entrepreneurs in low-income and high-income countries reported income in the lowest third of household income. Globally, women were more likely than men to report starting a business due to job scarcity and to make a difference in the world. In fact, job scarcity is the number one reason that most entrepreneurs start a business; almost three in four women (72.9%) cited this reason for business start-up compared to about two-thirds of men (67.2%). Regionally, rates were highest for women in Latin America and the Caribbean (82.2%).

Source: authors' creation according to GEM 2022/2023

Below are presented and discussed the results of GEM Croatia (GEM Hrvatska 2022: Singer et al., 56-60) in relation to entrepreneurial demography as an indicator of involvement in entrepreneurial activity with regard to age and gender.

The gap in the gender imbalance of entrepreneurial activities in Croatia remains at a level that is above the average of EU countries (in 2022, there are 1.8 times more men than women with newly launched business ventures)

High unemployment and poverty usually "force" women to self-employment out of necessity (eg. Spain, Romania). However, a more balanced relationship between men and women in entrepreneurial activity can also be present in highly developed countries (e.g. Austria in 2022), when women more often become entrepreneurially active due to the perceived opportunity. The reasons for gender imbalance in entrepreneurial activity are most often the result of the (in) availability of services that are essential for the organization of family life, and whose contents are mainly in the "job description" of women in the family.

Table 2

Entrepreneurial activity by gender criterion, measured by the TEA index

Year	TEA men %	TEA women %	TEA men/TEA women		
			Croatia	EU	The most balanced
2020.	16,1	9,3	1,7	1,8	1,2 Spain, Germany
2021.	15,5	9,2	1,7	1,5	1,0 Spain, Romania
2022.	17,1	9,5	1,8	1,6	1,0 Spain

Source: GEM Croatia 2022

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Men and women differ in their reasons for starting a business venture, as shown in Table 3.

Table 3

Reasons for starting a business venture - for TEA entrepreneurs, in % - 2022.

Reasons	Men	Women
Make a change in the world	38,2	42,6
Make great wealth or great income	55,5	37,0
To continue with the family tradition	28,2	23,3
To earn a living, because there are no employment possibilities	67,4	73,3

Source: GEM Croatia 2022

Men significantly more often enter into entrepreneurial activity than women do because they want to "make a large fortune or a large income (55.5 vs. 37.0). By about six percentage points, women start a business venture more often than men do because they do not have the possibility of employment, but also because they want to make a change in the world. Men continue the family tradition more often (28.2 vs. 23.3).

The prevalence of early entrepreneurial activity according to the age criterion shows a stable pattern dominated by the 25-34 and 35-44 age groups. In Croatia, this age group accounts for 67.6% of all business ventures no older than 3.5 years, and in the EU 59.5%. (Table 4).

Table 4

Entrepreneurial activity by age structure, measured by the TEA index - share in the age group - %

Year	Age group				
	18-24	25-34	35-44	45-54	55-64
2020.	14,8	37,3	24,4	16,5	7,0
2021.	13,5	37,3	22,8	17,7	8,8
2022.	9,4	41,0	26,6	16,6	6,5
EU 2020.	14,7	30,99	25,8	18,4	10,3
EU 2021.	12,5	31,3	27,5	19,0	9,7
EU 2022.	14,1	30,9	28,6	16,9	9,5
Countries with high gross domestic income per capita, 2020.	15,1	31,0	25,2	18,2	10,5
Countries with high gross domestic income per capita, 2021.	13,5	30,2	26,9	18,8	10,7
Countries with high gross domestic income per capita, 2022.	13,8	33,9	23,1	17,9	10,3

Source: GEM Croatia 2022

In 2022, the biggest differences between Croatia and comparative groups (EU and countries with high gross domestic per capita income) are in the category of youngest and oldest, in which Croatia has the smallest participation of persons with a newly launched business venture: 9.4% vs. 14.1% EU vs. 13.8% in countries with high domestic gross per capita income in the youth category and 6.5% vs. 9.5% EU vs. 10.3% in the oldest category. Linking characteristics of gender and age provides additional information on gender imbalance.

Although the data fluctuates from year to year, the greatest gender imbalance is in the younger age groups. In 2022, the largest gender imbalance in newly launched business ventures was in the youngest age group (18-24 years of age) and in the age category 35-44 years (and in previous years this category was among the first three with the highest gender imbalance). The greatest gender balance is in all observed years in the 45-54 age category (Table 5).

Table 5

Entrepreneurial activity, measured by the TEA index, by age group and gender - TEA Men/TEA Women

Age group	TEA Men /TEA Women		
	2020.	2021.	2022.
18-24	1,4	2,8	2,4
25-34	2,3	1,3	1,7
35-44	2,3	1,9	2,1
45-54	1,3	1,4	1,3
55-64	2,4	3,1	1,6
Average	1,9	1,7	1,8

Source: GEM Croatia 2022

The next section of the paper will show the differences between men and women in four dimensions: economic inclusion and economic opportunities, education, health and life expectancy, and political empowerment.

According to Global Gender Gap Report (GGR, 2022: 33-36) between 2019 and 2020, the global women's labour-force participation rate declined by 3.4%, as compared to 2.4% for men. Women have been (re-)entering the workforce at a slightly higher rate than men since then, resulting in a modest recovery in gender parity. Between the 2022 and 2023 editions, parity in the labour-force participation rate increased from 63% to 64%. However, the recovery remains unfinished, as parity is still at the second lowest point since the first edition of the index in 2006 and significantly below its 2009 peak of 69%.

Historically, women have consistently faced higher unemployment rates than men, except for a short period in 2020 when the pandemic led to a peak in unemployment for both genders (and slightly more so for men). Since then, the likelihood of women experiencing unemployment is again higher than for men, compounding the gender gap observed in labour force participation: not only are fewer women participating in the labour market, but out of those who are, relatively fewer are employed.

According to the latest data from the International Labour Organization (ILO), the global unemployment rate stands at approximately 4.5% for women and 4.3% for men. When women secure employment, they often face substandard quality of working conditions. A significant portion of the recovery in employment since 2020 can be attributed to informal employment. The ILO estimates that out of every five jobs

created for women, four are within the informal economy, whereas for men, the ratio is two out of every three jobs.¹⁰

While informal work is critical and may drive production and employment, it is often a “last-resort” option characterized by a lack of legal protections, social security, and decent working conditions, and poses numerous challenges for women's economic and social wellbeing. Overall, over the last decade, there has been insufficient progress in improving working conditions, interrupted by shocks in key labour force indicators. Women still encounter barriers entering the workforce, struggle to find jobs, and face relatively poorer working conditions, calling for renewed focus by both governments and business leaders.

Across the world, inadequate care systems are one of the largest roadblocks to improving gender gaps in the labour market.

LinkedIn data indicates that the share of women in senior leadership positions – where “senior leadership” is defined as Director, 13 Vice-President (VP) 14 or C-suite 15 – is at 32.2% in 2023 nearly 10 percentage points lower than women's overall 2023 workforce representation of 41.9%. Women continue to be outnumbered by men in senior leadership positions across all industries, especially so in fields like Manufacturing (24.6% women); Agriculture (23.3%); Supply Chain and Transportation (23.0%); Oil, Gas and Mining (18.6%); and Infrastructure (16.1%).

The sectors where gender diversity in senior leadership is more present, with women taking up between one-third and one-half of senior leadership roles, are: Healthcare and Care Services (49.5%), Education (46.0%), Consumer Services (45.9%), Government and Public Sector (40.3%), Retail (38.5%), Entertainment Providers (37.1%), Administrative and Support Services (34.7%), and Accommodation and Food (33.5%).

Discussion

The latest GEM research has shown that one in six women globally reported an intention to start a business in the near future, compared to one in five men. Entrepreneurial intentions were highest for women in low-income countries (28.2%) and lowest in high-income countries (11%). One in ten women globally were in the earliest stages of starting a business compared to one in eight men. The highest start-up rates for women were found in low-income countries (13.3%) and in Latin America and the Caribbean (21.2%), with Guatemala (28.2%) and Colombia (26.1%) leading worldwide. Established business rates were similar for women across national income levels, with around one in twenty women reporting owning a business older than 3.5 years.

The gender gap is much larger for women's established business ownership than for start-up activity. Globally, 3.5% of women reported exiting a business over the past 12 months, slightly less often than men (3.8%). Business exits for women rise with country income level, from 2.2% in low-income countries to 5.3% of women in high-income countries in 2022. Business exit rates were lower for women globally than for men (3.5% v 3.8%). Social conditions, limited access to key resources and tax policy may also contribute to higher relative exit rates for women in some countries. Importantly, business exit rates must be interpreted in relation to entry rates. More women in middle and low-income countries exited a business than started a business in 2022. High exit-to-entry rates for women indicate more volatile economic contexts where establishing stable business models may be very challenging for women (GEM 2022/2023: 17).

Differences in the intensity of entrepreneurial activity depending on gender and age structure emphasize the need to understand the context, that is, the entrepreneurial environment in which men and women make such decisions. The context (entrepreneurial environment) must provide conditions in which women can

carry out their entrepreneurial activities equally with men, in all age groups. GEM research provides insight into the dynamics of changes, the pattern of changes and comparison with others (EU countries and countries with high per capita income, as well as EU countries with the best indicators of entrepreneurial activity).

Entrepreneurial demography shows relatively stable relationships in the distribution of entrepreneurial activity by both gender, age, and oscillates around the average of the EU countries that participated in the GEM survey. In 2022, the ratio of male to female newly launched business ventures is 1.8.

The reasons for gender imbalance in entrepreneurial activity are most often the result of the (in)availability of services that are essential for the organization of family life, the contents of which are mainly in the 'job description' of women in the family (taking care of children and caring for older family members) and the cultural context. Women more often than men start business ventures for the reason of 'earning a living, because there is no possibility of employment' (73.3% vs. 67.4%).

In Croatia, more and more women are starting their own businesses and turning to entrepreneurship because this part of the economy has proven to be the least discriminatory. In the field of entrepreneurship, women and men start from the same basis, i.e. some business activity that they will develop into a product or service in the short term. Men, who are ready to take risks, make decisions quickly, enter into actions without too much analysis, and take them much earlier than success. In the end, due to their systematicity, precision, better thinking and fear of uncertainty, women are more successful and there is less chance that their business projects will fail (Horvatić, 2020).

Conclusion

Experts believe that women are welcome in entrepreneurship, and not just because equality with men, but because of specific positive characteristics. Namely, research has shown that working places opened by women are safer, women are more sensitive and treat them better employees, invest more in their education and support them in achieving their ambitions, more willingly are for teamwork, more careful when taking loans, etc.

While men are oriented towards tasks and results and have focus on realization, output and goal achievement, female entrepreneurs are more oriented on processes and interpersonal relationships, and care more about how people treat each other while performing the task. Therefore, women's entrepreneurship is characterized by decentralization and organizational flexibility, teamwork and collective decision-making, but also frequent employee participation in deciding. Differences in entrepreneurial activity between women and men arise from the cultural context and from the role of women in family life

The purpose of this paper is to show the entrepreneurial activity of women in Croatia and to give insight into programs and projects to encourage the development of women in entrepreneurship.

Furthermore, the paper will show the differences between men and women in four dimensions: economic inclusion and economic opportunities, education, health and life expectancy, and political empowerment.

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