

WOMEN'S ENTREPRENEURSHIP IN REPUBLIKA SRPSKA

BARRIERS AND OPPORTUNITIES

1. Introduction

Starting bases for transition process in BiH in the early nineties of the past century were characterized by underdeveloped market institutions, unbalanced industrial structure, strong participation of agriculture, weak competitiveness and efficiency, underdeveloped financial sector, etc.

On top of all that, the war came and caused millions of refugees and displaced persons, devastated institutions and infrastructure and prevented normal economic activities.

It is estimated that about 250,000 persons were killed, over 200,000 wounded (among which about 50,000 children), and about 13,000 are permanently handicapped. Data are also showing that about 1.2 million persons became refugees, and about 850,000 were internally displaced.

After signature of the Dayton Peace Agreement, international community started giving financial assistance to this area, which helped to achieve significant results in reconstruction and development during the first five years of postwar development.

BiH noted quick economic growth. GDP per capita rouse from US\$ 456 at the end of 1995 to US\$ 1,093 at the end of 2000.

Investments in reconstruction of infrastructure created the prerequisites for functioning of market, exploitation of resources and accelerated economic growth.

Regardless positive movements the poverty in BiH is still wide spread.

In all that Republika Srpska is one of the poorest parts of Southeastern Europe with GDP per capita of US\$ 831 in 1999, which was the lowest in the region at that time.

Even though GDP is growing in Republika Srpska, relative part of the total of created BiH GDP is smaller each year.

This was influenced to a great extent by postwar allocation of international assistance in which Republika Srpska was much less represented.

Data from UNDP's report "Early Warning System" from December 2000 states that about 12.5% of households in the FBiH manage to earn the amount of 1,000 DEM (which is the limit for living above the poverty threshold), while in Republika Srpska that number amounts only to 4.3%.

It is estimated that 56% women and 44% men live below the poverty threshold in the whole BiH.

Unemployment is the most important element that influences the poverty in BiH. According to latest data, the unemployment rate is about 38% (for both Entities).

Unemployment rate of female labor is significantly greater than that of the male. Unemployment rate where the leading member of household is a woman is higher by 77% compared to the households led by men. (Source: "Bases of Poverty Reduction Strategy for BiH", 2001).

It should be stressed that the poverty of women is greater in rural areas than in the urban.

The categories of refugees and displaced persons are the most threatened as well as those having a person with heavy form of invalidity in the household (about 11% of households fall within this category).

In postwar and transition conditions in BiH and Republic of Srpska many facts indicate that women are more affected by newly created circumstances than men:

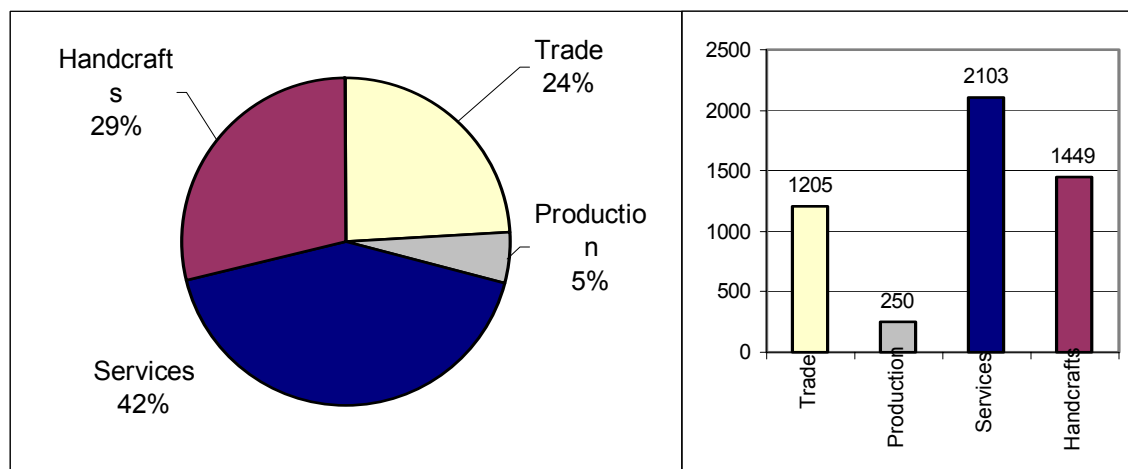
- rise in number of unemployed women;
- growth of discrimination concentrated at gender and age distribution in employment;
- exclusion of women from socially prestigious economic activities, especially from financial and banking area;
- lack of gender perspective in data collection for economic and statistical analyses, etc.

2. Women in small business

In this analysis we shall observe the participation of women in small business. Why did we choose this segment of economy?

The experience in transition countries indicates that small business is the generator of development of the whole of economy and employment. Small enterprises are easier to adjust to requirements of the market, with lesser engagement of business assets they achieve better financial results, and note constant growth of employment. For that very reason the need to promote equal possibilities for both gender in that segment of economy in the whole of economic growth of Republic of Srpska is increasingly stressed. Entrepreneurship in RS previously had important influence on the total of economic development. Despite difficulties that followed it for a long period, reflected in lack of incentive measures, unfavorable business, development, and social environment, the entrepreneurship as a traditional economic sector managed to survive.

According to the data used in this analysis, that refer only to entrepreneurs and entrepreneurs' shops on the territory of Banja Luka municipality, the total number of entrepreneurs and entrepreneurs' shops on the territory of Banja Luka municipality is 5007.



In the sector of services, the greatest part is handicrafts and transport services (transport, hairdressers, auto mechanics, etc.), followed by catering, tourism and intellectual services (legal, bookkeeping, etc.).

It was a problem to identify what the activities are registered as home industry. It was found out that vast majority consists of retail activities, and mostly in the field of gray economy. Almost all of the trade is retail.

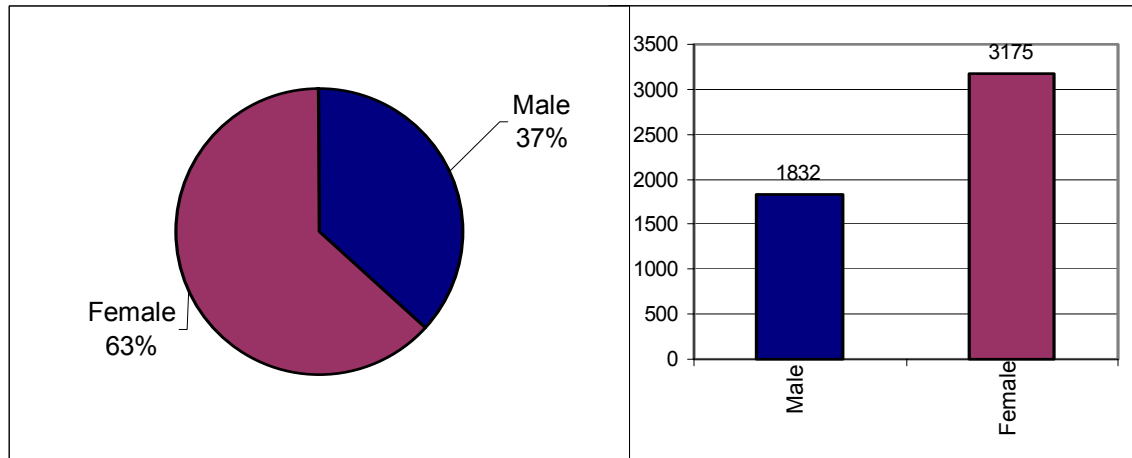
In the production sector the agricultural production has a biggest share, followed by that of foodstuffs, textile etc.

Keeping in mind that the vast majority of activities registered as home industry are retail and in the area of gray economy, the image changes significantly. Trade and home industry activities

together make about 50%, which indicates that the activities in the field of trade are the most dominating entrepreneurial activities here.

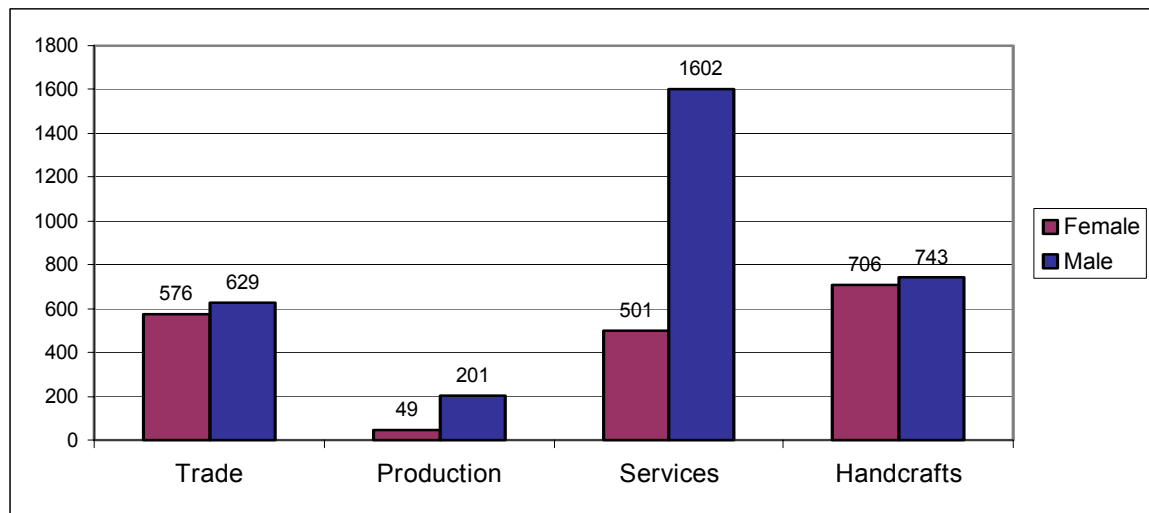
Looking at the participation of women in all these business activities, a different picture is obtained. Primarily, the share of women in the total number is significantly smaller compared to the number of men. Relationship between women and man entrepreneurs is shown in Figure 2. The total number of women is 1832 against 3175 of man entrepreneurs.

Figure 2. Owners of the small shops in percentages and numbers



Even from this very information it is possible to conclude that women are in subordinated position compared to men in the field of entrepreneurship. This ratio is actually even more unfavorable to the detriment of women since, according to the analysis, certain number of entrepreneurs' shops is only registered as owned by women and they have no share in business. That happens because wives names are used by their spouses to cover for deals and do not want to discover themselves as owners.

Figure 3.



However, Figure 3 shows that there are sectors where women and men are almost equal (trade and home industries) and those in which women are less represented (production and services). The reason for that is that the sectors of production and services require primarily greater capital investments than the field of retail trade (especially for retail trade in the area of gray economy), as well as greater knowledge and better information.

This suggests that women dispose of much lesser financial means compared to men and that they have much less access to needed knowledge and information compared to men..

Participation of women and man entrepreneurs in different economy sectors is shown in Figure 4. It is obvious that in the both trade and home industry sectors women have the share of about 70%, while men have the shares of about 43%. The reason might be that those sectors require less investment than production and services. This clearly supports the fact that women have more limited access to financial means compared to men and that they have much smaller access to needed knowledge and information compared to men since production and services sectors require greater capital investment, then greater knowledge and better information.

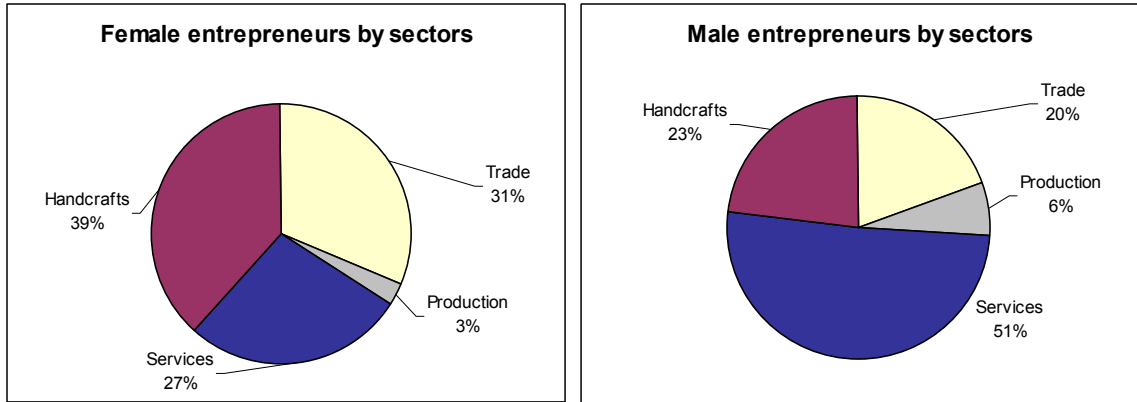


Figure 4.

The analysis of distribution of women activities in sectors is shown in Figure5.

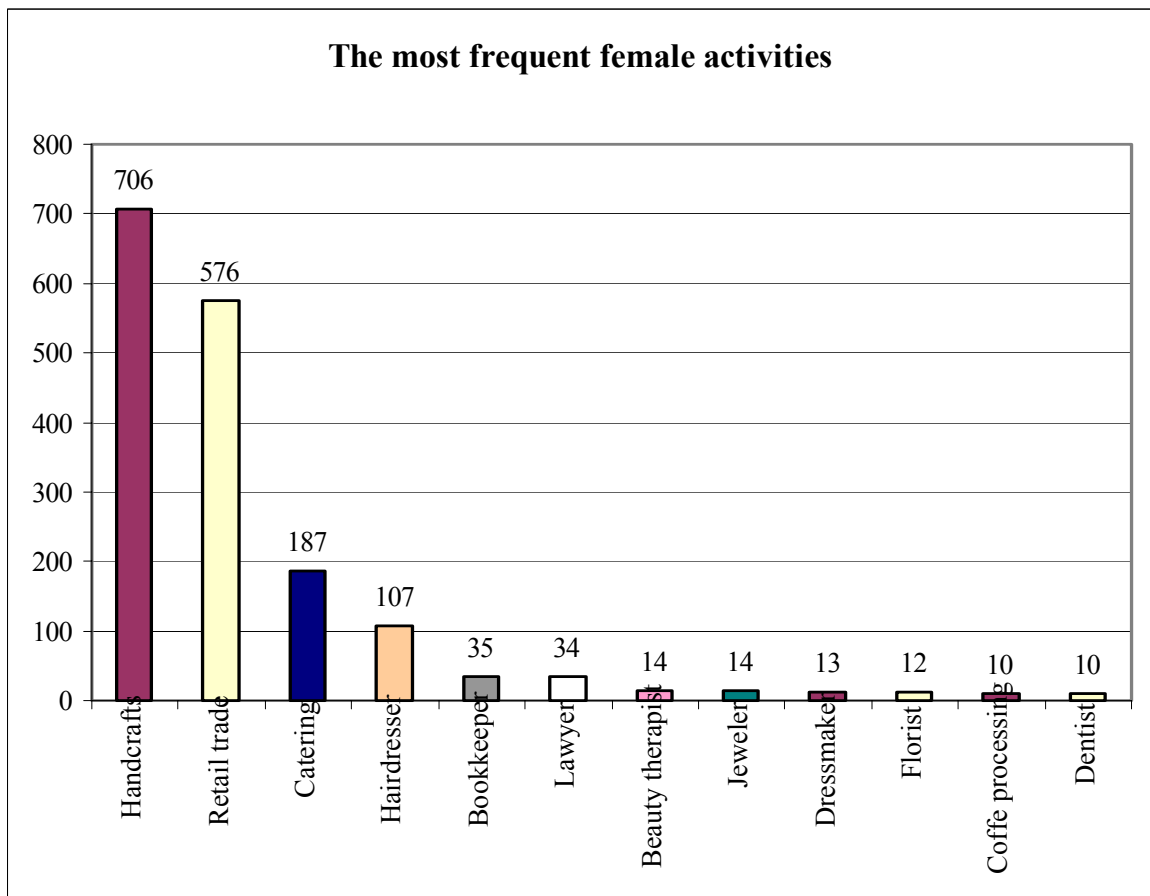


Figure 5.

3. Barriers in women entrepreneurs in RS

Development of entrepreneurship in RS faces numerous barriers, common to countries in transition, such as.

- *Weak business environment* – Inconsistent, complicated and poorly enforced legal regulation, political instability, lack of transparency, lack of organized dialogue between authorities and citizens, etc. and all of that results in such a business culture under which there is no orientation towards development nor fair relation to business.
- *Lack of development institutions/organizations* – There are no institutions for comprehensive approach to development at macro level which would create system presumptions for that development; no institutions at mezzo level for support to development service providers and networking and, finally, at micro level we have poorly developed sector of providers of business development services.
- *Poor access to capital and high interest rates* – The most favorable financial means are those coming from donors but these funds are relatively small. Financing from local sources is rather unfavorable since banking sector in RS is in a bad position. Interest rates range from 1-3% per month for micro and short-term credits and from 6-16% per year for long-term credits).

We may wonder why women encounter more barriers in business than men. One of the answers is the traditional role of women in social community and commitments and responsibilities the society imposes on women. So, according to tradition, it is very often the case that jobs appropriate for women are considered those similar to their tasks in the household. Also, women have more demanding role in the family compared to men which reduces their possibilities in the field of entrepreneurship.

When talking about limitations affecting women we can identify following most important fields:

- **poor access to financing,**
- **limited possibilities for additional training and education**
- **poor access to market information**

Poor Access to Financing

Women entrepreneurs in RS, as a rule, have poorer access to credits, among others due to the following reasons:

- lack of mortgages (in BiH/RS property is mainly registered by a male household member);
- even when there are mortgages, there is disinclination to mortgaging houses (women are less inclined to risk, especially in insecure situations, which is distinctive for this territory);
- small amounts of credits that are approved and negative perceptions of women entrepreneurs by credit officers. Even in case where a woman entrepreneur is approved a

credit it is usually of smaller amount compared to that approved to man, regardless whether it meets her needs or not.

Limited possibilities for Additional Training and Education of Women

Women are more affected by the lack of relevant knowledge and skill, among other things, due to the following reasons:

- women traditionally have much more demanding position in the family compared to men which reduces the amount of their time, energy and concentration for attending regular or special training programs,
- present programs of additional training do not take into account specific needs of women,
- programs of additional training adjusted to women practically do not exist.

It may be stated that there is very few well trained and educated women entrepreneurs that can increase the quality of business ideas and business plans with which they compete for support funds with institutions giving financial assistance to small business.

Worse Approach to Market Information

This refers to information on markets, bidders, export opportunities and similar. Compared to men, it is more difficult for women to access information due to difficulties in attending events because of their double role (housewife and entrepreneur) which results in time limitations.

Information available to entrepreneurs in RS can be obtained through membership in organizations such as chambers of commerce or using Business Development Services.

It should be mentioned that the capacities of these institutions are still limited, and on the other hand – women present and potential entrepreneurs are often not aware of the opportunities offered in obtaining information and of benefits that can be achieved that way. But as general conclusion is that the lack of ICT knowledge is crucial obstacle for women.

Inherent Limitations

Due to discouraging circumstances, women are very often not ready to risk and start the business, or if they are already operating – are not ready to extend it. It often happens that women stopped within traditional environment don't show enough ambition, vision or affirmativeness, which is of crucial importance for entrepreneurship.

4. Opportunities

Taking into account the experience of other transition countries, one of the best ways to fight poverty is to increase the employment rate through small business.

Need for promotion of equal possibilities for both genders in that segment of economy in the overall economic development of Republika Srpska is for that reason very important, since women are more affected by new circumstances.

Analyzed data from the territory of Banja Luka municipality are in favor of that very fact.

It is clear that women are in a worse position than men in the field of entrepreneurship because, besides limitations affecting both genders, there are those affecting women exclusively.

Women have much more demanding position in the family compared to men, which reduces their possibilities in the field of entrepreneurship, that is – it reduces time, energy and concentration for this part of commitments.

Therefore women have smaller incomes and productiveness rate since time they dispose of for business is limited by the time they need to devote to the family.

Such an unfavorable position of women often results in lack of self-confidence what is of great importance in entrepreneurship (lack of ambition, vision or affirmativeness).

That can very often lead to the situation that women do not start their own business, and even when they do, they do not want to risk and extend their companies.

With training and education and easier access to capital, they would be encouraged to enter into business more decisively and to bear the risks of business decisions on investments, production, technology.

Key importance for that lies with favorable financing sources, knowledge in the field of business and other practical knowledge in economy and technical professions.

Many women are successfully leading their households for years despite all the difficulties we have encountered in Bosnia and Herzegovina. and why would they not lead their own small business so as well?