

DEVELOPMENT OF WOMAN'S BUSINESS IN UNDEVELOPED ENTREPRENEURIAL SURROUNDING – THE CASE OF SERBIA

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Abstract

The women's business in Serbia belongs to the most dynamic domains of the development of real private sector and strongly marks the process of privatization of economic activities. The space half opened by the institutional possibility to privatize the development in early nineties of last century, stimulated a large number of women in Serbia to take their economic fate in their own hands. Emphasis in the development of woman's business took place, first of all, in the creation of new jobs for that part of population which is the victim of the existing model of restructuring the economy and enterprises. Accordingly, the engagement of women in Serbian business is mainly based on self-employment and foundation of shops and micro enterprises, in classic service activities. However, moreover, the woman's business due to its cumulative influence to the whole privatization of production and employment represents one of the key factors of changes in the socio-economic system of Serbia. The basic limitations for the development of the modern woman's business in Serbia take place in an antientrepreneurially oriented national surrounding. In spite of the political and institutional transformation of Serbia, existing situation continuously shows that the distribution of political power, in a large extent, also influences the distribution of economic results and that, on this basis, the limitation of individual economic freedom is not favorable for the dynamic development of entrepreneurship and small business. An additional difficulty for the position of women in business represents a patriarchal cultural and social heritage. For this reason, for women's entrepreneurs in Serbia, the creation of their own business is not the single challenge but also the foundation of organizations (business associations and networks) having as their basic function – efficient actions in the process of making political decisions in the sphere of economy.

Introduction

Changes imposed by the restoration of capitalism, restructuring of economy and privatization of enterprises cannot be imagined without a substantial access to the problem of the development of women's business. The development of the women's business represents a dynamic, insufficiently known and for the society of Serbia wholly new phenomenon. It is unclear and imprecise whether and how many economic, social and political currents are or are not going in the favor of women's business. The development of this business, in foregoing fifteen years in Serbia took place in the characteristic circle of economic recession and intensive social partitions where the low rate of employment in the production factor generated a low demand and the low demand a low production leading to the further diminution of production. This is the reality of Serbia. The exit from such situation should be found, according to the

principles of functioning of modern market economies, in processes stimulating entrepreneurial spirit and maximization of efforts, otherwise neglected, as: originality, ability to run a business, executive knowledge in creation – all mentioned in order to develop and implement new organizational principles and technologies with high competitive values and high profitability. However, Serbia, although situated directly at the frontier of the second (by its significance) global pole of the socio-economic development is far away from this process. For this reason, the purpose of this work is to indicate everything insufficiently known and visible within the problem of treating the women's business in Serbia as a development component in resolving the problems of an undeveloped entrepreneurial surrounding.

In accordance with this, in the work will be treated the following aspects: (1) Why the actual privatization of the economic life of Serbia did not give a strong impulse to the development of the women's business? (2) What is the (potential) role of the woman's business in restructuring the economy and privatization of enterprises in Serbia, to the criteria of modern market economy, especially in the segment of self-employment and development of micro and small enterprises? and (3) What should be done to stimulate and promote the woman's business in Serbia, within a generally antientrepreneurially structured socio-economic surrounding featuring strong patriarchal traditions?

Privatization of economy and economic development and woman's business in Serbia

The problem of restructuring the economy and privatization of enterprises, in the present research, is treated, first of all, from the standpoint of the privatization of development, id est the establishment and development of new, privately owned enterprises that should move the society and economy of Serbia from its development lethargy which lasts already twenty five years (the last year with a valuable rate of economic growth was 1979). In this context, the actual process of the restructuration of economy and privatization of enterprises owned by the state of Serbia is characterized by the fact that there is the lack i. e. insufficiency of market rules, meaning that social and economic problems are not alleviated and removed – on the contrary, they are deepened.

The space, half-opened by the institutional possibility of the privatization of development, stimulated a large number of women in Serbia to take their economic destiny in their own hands, in the first line by the self-employment and establishment of shops or micro-enterprises, mainly in service activities. The basic data concerning the role of woman's business in Serbia are given in the Table 1.

Table 1 about here

At the first sight, information on the dimension of small business and entrepreneurship are very impressive. When comparing these data with the number of inhabitants, the result, in Serbia, in 2003, is 69 shops, small and medium size enterprises per 1.000 inhabitants. However, because, in the same year, only 67.000 were active small and medium enterprises (due to very liberal legislation between 1990 and 1994, a very large number of private enterprises was registered, but their major part never carried out a market operation and, due to an undeveloped

economic administration, such enterprises were not erased from the register of enterprises); that way, the above ratio may be corrected to 41,5 shops and small and medium enterprises: this figure is slightly lower than the average ratio of European Union. However, while the shops, small and medium enterprises in EU participate in the creation of its GDP with 40% - 60%, depending on the member country, their participation in Serbia amounts to 20% - 25% (here should be taken into account that the national product per capita, with reference to the internal purchase prices in Serbia, amounts to only 20% of the average of EU). But, let's return to the woman's business. The presented data, fragmentary due to the undeveloped national statistic service, demonstrate that the woman's business in Serbia has very poor dimensions. An average woman's business unit is a shop where its female owner is the single employee running a business or rendering some other classic services. The comparison between the male and female business gives a conclusion that the woman's entrepreneurship in Serbia is a very rare resource. The rate of entrepreneurship in last 15 years, after the liberalization of the right to private property (also including unsuccessful attempts to open shops and enterprises in this period) in Serbia, for women amounts to only 29,6 per 1.000 women aged 18 and more years while, the same rate, for men, amounts to 144,4 per 1.000 or, relatively, 5 times more.

The qualitative and quantitative analysis of the development of the woman's business in Serbia and researches carried out in order to identify the reasons of its failures and missings show that the basic difficulties of the wider penetration of entrepreneurship should be observed within a context that national reformers, in fact do not accept the basic rules of the market economy. Namely, the social and political elite of Serbia undoubtedly understands and performs the privatization as an standard for the external valuation of the success of reforms and not as a means for the establishment of the new (national) entrepreneurially oriented ambient of an economic system. The establishment of the private property instead of the state owned sector (Serbia belongs to countries where in the short period of only fifteen years the attempt of the privatization in all of three known forms was made: after an initial attempt to introduce so called "popular" capitalism in the spirit of Thatcherism, the privatization process was continued with an institutionally unsettled process of the concentration of the property in the hands of a (new) national financial oligarchy and, after the change of the dominant political option, at the end of 2000, was supplemented with the take over of the property of enterprises with the monopoly and oligopoly control of national markets by transnational corporations or investment funds located in exotic states, probably with the dominant influence of our home capital) is treated as an goal per se and not as a factor which should, first of all, contribute to the amelioration of living condition of the mayor part of population via the massive activation of entrepreneurial abilities and individual savings (so, e. g., only the annual inflow on the basis of financial assignments of our workers employed in foreign countries amounts to 11% of the value of GNP) in order to, combined with the higher degree of economic freedom, provide basic conditions for a stable and democratic development.

When considering, in this context, the development of the woman's business in Serbia, we come to particular paradox. The relatively small share of woman's business in the privatization of economy and economic development in Serbia should not be attributed to discrimination between sexes, as the manifestation of a very strong patriarchal culture and its social and political heritage. Poor results, however, first of all, are the reflexion of the distribution of power as the consequence of the simultaneous action of internal political, managerial and organizational structure and external political and economical regulation which generates a socio-economic surrounding for the promotion and progress of unable and

incompetent entrepreneurs, managers and expert teams (relating to the criteria of modern market economy) as shows also the “iceberg top” discovered in the attempt of subsequent taxation of extraprofiters from the last decade of last century and so called “entrepreneurs” as well, characterizing Serbia, still two centuries after becoming the independent state and this can be considered as inadequate, taking care that, in contrast to many other countries, Serbia realized its independence autonomously, through the particular form of peasant revolution with strong antifeudal features and requests for economic freedom (first of all: trade freedom and private property rights).

In this sense, it can be concluded that the development of the woman's business as an instrument for the privatization of economy and economic development, in Serbia, did not reach a point where its problem may be treated from the standpoint of providing the real equality of sexes in the realization of entrepreneurial activities (because, also, males as entrepreneurs, especially in small business, are really discriminated). The explanation of this statements leads us to the next aspect of analysis – the consideration of relation between the problem of restructuring the economy and enterprises and the development of woman' business.

Place and role of woman's business in restructuring economy and enterprises in Serbia

Economy and enterprises restructuring in Serbia, in this research, is defined as their adaption to dominant criteria, standards, mechanisms and rules of the global surrounding, on the principles of an open economy. The measure for the definition, of the succes of structural adaptation is the capability of the whole economic structure of Serbia and each individual enterprise as well – to create and to implement new technologies, products and service having high competitive performances and great profit. Unfortunately, Serbia, as other (post) communist states in Central and South-East Europe, has not succeeded to wholly find proper answers to key questions related to the above defined notion of the restructuring of the economy and enterprises. This statement is not denied even by successes in the transformation of the socio-economic structure in eight ex-communist countries which, on May 1 st. 2004, joined European Union as members. The real range of the development of national entrepreneurial capabilities in these countries is best reflected in the fact, that after 15 years, within them, none at all valuable national company or an authentic (entrepreneurial) project, belonging to the top of global entrepreneurial enterprises, were not formed.

That what directly and the most heavily affects the realization of activities concerning the restructuring of enterprises and economy in Serbia, this is the drastic recession of production (actual GNP in Serbia amounts only to 50% compared with its maximum value realized in the very far 1986, after five years of stagnation - Author's note). Basic reasons for such a situation should be looked - for in the reduction of the exploitation of all disposable production factors - work, soil and capital. Serbia, 15 years after the restoration of capitalism (the period of the domination of political option represented by Slobodan Milošević is rather the prove of the ability of the ancient political elite to accept, without any prejudice, the new (capitalistic) rules of game than and not of the tenacity of communism) came into a situation to have to perform, via exorted improvisations, minimal structural adaption indispensable to prevent the deeper fall of the whole society and collapsing economy. For this reason, it is very important to examin all possibilities to increase the production by using disposable resources under the criteria of individual entrepreneurial and developmental rationalism. This demonstrates, from the standpoint of unused resources, that the causes of difficulties in the operation of the real sector in Serbia

should not be located in such factors as: the lack of own money, expensive credits, obsoleted equipment and apathetic labor and so on but, first of all, in economic, social and political blocades preventing the demonstration of real entrepreneurial initiatives. This hypothesis is based on the following arguments.

Serbia belongs to societies in which, traditionally, as the basic reason of the blockade of efforts for the modernization of its social and economic structure, the shortage of capital is declared. Changes in the macroeconomic sphere, during the last 5 years, characterized by: (1) several times repeated attempts to introduce a hard budgetary policy (mainly, under the pressure of the International Monetary Fund, often implicitly attributed with negative connotation because the political and economic elite does not want to openly declare that the reason of inflationary disturbances is, mainly, the consequence of irregularities in fulfilling financial obligations taken over, the consequences thereof, in a large extent, also bears the small business), (2) the liquidation of banks being the bearers of key dubiousnesses in the financial sphere, (3) Figures on the potential value of the home capital, collected on the basis of data on the conversion value of the thesaurised savings of Serbian population in the currencies withdrawn after the introduction of EURO and similar, convincingly demonstrate that (definitively) it should be necessary to abandon the dogma that the basic reason of national problems in the modernization of the operation of economy is the lack of capital. In fact, it became evident, with the restoration of capitalism that the main economic problem in Serbia was the lack of good enterprises and reproduction projects. Actually, the national financial system is in such situation that even the (modest) volume of capital circulating in official financial flows has not sufficient possibilities to be placed in (real) projects which, as their final (economic) result may provide the repayment of invested external financial means (of course, under the real rate of interest) and, on the other hand provide an appropriate profit to enterprises or entrepreneurial activities. The essence of Serbian economic problems is the undeveloped entrepreneurial surrounding in which, as mentioned above, dominate stimuli for the promotion and progress of unable and incompetent entrepreneurs, managers and expert teams.

Under the light of these ascertains, it should be also necessary to define the role of the woman's business in restructuring the economy and enterprises in Serbia and this is, first of all, concentration to the autonomous creation of new jobs. From an macroeconomic aspect, their business should create incomes for that part of the population which represents the victims of the existing model of restructuring the economy and enterprises. This may be defined as an "art" to create the impossible. However, because the major part of the population is in the net of lost existential equilibrium, an exit should be found out. And, in this way imposed global (on national level) and individual action displaces reasoning towards specific "woman's" values integrated into independent, private and non-profit organizations which should have an important role in overcoming common socio-economic barriers to the more efficient organization of the small business. For this reason, a challenge for female entrepreneurs in Serbia is not only the creation of their own business but also the foundation of organizations (business associations and networks) having as their basic function – efficient actions in the process of making political decisions in the sphere of economy. However, for the efficiency of these institutions, it is necessary to define, exactly, their goals, provide sufficient human and financial resources, develop the efficient strategy and policy of representation and promotion and reasonably resolve their managerial and financial problems.

Possibilities for the stimulation and promotion of woman's business in Serbia

The provision of conditions for entrepreneurship to become the holder of economic development, involves the creation of a stimulation policy as the part of the whole macroeconomic policy. As a curiosum, it is needed to note that the first programme for the stimulation of entrepreneurship in Serbia was made more than 3 decades ago on the basis of the constitutional structure of Ex-Yugoslavia, allowing a limited private initiative in the development of small enterprises. After that, practically in the periods of time of ca 5 years, new political supports to the development of entrepreneurship took place. And, after the elimination of the major part of blockades on private initiatives, in early nineties of the last century, periodic campaigns for the stimulation of entrepreneurship continued. So, during 2001, started a very ambitious project for the development of private entrepreneurship in Serbia favorizing the development of small and medium enterprises. However, poor results in its implementation impose the serious analysis of the efficiency of public infrastructures in the initiation of the development of entrepreneurship in Serbia. The basic feature in these programs is their relative scientific correctness being the consequence of important influences of market ideas on professional economic science. On the other side, small or zero effects of their implementation show that an attempt to implement market ideas in an anti-market system suggests their non-conformity with the real mechanism of the regulation of economy and economy development. From the historical point of view, three essential remarks may be given to their contents. The first one is the underestimation of the undevelopment of market infrastructure; the second one is the overestimation of the efficiency of administration infrastructure and the third one, as the most controversial, is the installation of a subvention system in the stimulation of development. Namely, the basic mechanisms for the stimulation of the development of entrepreneurship, in all mentioned projects, were non-commercial credits (with negative rates of interests and long grace periods). Such orientation is directly transplanted from the dominant system of financing the development of the state sector of economy and its results were similar because they stimulated the distributive instead of entrepreneurial orientation. Of course, because demands for so defined subventions are unlimited, it seems that the problem is in the lack of capital and not in the quality of subventioned entrepreneurial actions. Due to the untransparency of the operation of economic administration, it is not possible to estimate the dimension of the engagement of public funds to this purpose, but as an illustration, it can be mentioned that someones, the appearance of one of the key capitalistic actors on the economic stage of Serbia put into connection with the public support to his project of development of even 50 small enterprises in Kosovo. Probably it is superfluous to note that, until now, details concerning the amount of public financial means invested into the realization of this project, are unknown but one thing is sure - none of these enterprises does not function. For this reasons, the Authors plead for another access to public support to woman's business. Anyhow, priority should be given to measures which bring more regularity and transparency in the conception and realization of the system for the development stimulation of entrepreneurship. In this sense, a start basis for the stimulation and promotion of woman's business should be an initiative that the Government of Serbia i. e. it's Ministry of Economy and Privatization as well as Ministry for Work and Social Policy initiate the elaboration of the project "Strategy and policy of the development of woman's business in the Republic of Serbia". The basic target of this project should be to identify a way how to use woman's potentials in order to speed up reform processes in Serbia.

The contents of the project, according to the Author's point of view, should be as follows:

- Development of an education system for women, in order to develop abilities and skills necessary for the creation of their own business.
- Foundation and development of the local business associations of women being active in business and their linking into a national network.
- Organization and realization of media campaigns for providing the public support for women's entrepreneurship and their organization into local associations and unions on national level.
- Specific problems of women relating to external financial means.

Priority in the public support to women's entrepreneurship should have specialized training programmes in the function of the development of business skills, use of these knowledge's for founding their own shops or micro enterprises and contacts with other women – entrepreneurs. In order to illustrate our view of the contents of a local training programme for women wishing to start their own business, we are presenting here a 6-days workshop:

- Day 1: Small (micro) enterprises and marketing.
- Day 2: Small (micro) enterprises and management.
- Day 3: Small (micro) enterprises and financial engineering.
- Day 4: Basics of business legislation.
- Day 5: Associating and linking women in business.
- Day 6: Case(s) of successful local women's business.

In addition to the training programmes for women who intend to run their own business or who already are in the business and have needs for an additional education, particular training programmes should be organized for young girls (12 to 16 years) in order to stimulate the entrepreneurial spirit of younger population.

The basic function of the local women's business associations should be:

- Spread of free market ideas;
- Promotion of the role of private sector;
- Stimulation of the development of entrepreneurial spirit;
- Promotion of women-business owners;
- Education of women being in business;
- Creation of business networks in the function to support woman's business;
- Creation of woman's lobby and its actions within the framework of local, regional and national political structures and similar.

The business associations should provide: the diminution of the influence of some business barriers, realization of business contacts, increase of self-confidence of business women, encouragement and stimulation of other women to make business and to open enterprises and, indirectly, easier access to financial markets. As mentioned above, the major part of woman's business is small in size and a small number of women in Serbia use modern communications means – and the local business associations united in the national network should have a key role in the easier provision of accesses to business information and expression of public attitude.

The particular aspect of the development of women's business in Serbia should represent specialized medium campaigns for the provision of public support and understanding for woman's entrepreneurship and association into local business unions. A particular significance,

these campaigns should have in overcoming prejudices linking the woman's business and business associations with "feministic" ideas resp. their identification as a marginal group against males – this is very specifically reflected in a society loaded with patriarchal traditions.

One of very frequent women's problems in Serbia is the problem how to provide an external financial support for their ideas and activities. To understand the real essence of this problem, the most important is to identify the necessary type of financing. For this reason, it is necessary to make distinction between: (1) provision of basic capital, (2) provision of capital for business expansion, (3) joint venture of capital or another form of more sophisticated joint venture. When considering this problem, it is necessary to take care of the specifics of national situation. First of all and anyhow the most important is that in Serbia do not exist well established institutional bases for the hypothecary and collateral crediting of business. Only after the good institutional regulation of the problem of this external financing to the criteria and standards of an open market economy, it is possible to think on the introduction of additional regulation adapted to the specific needs of women's business.

Instead of conclusion

The woman's business in Serbia belongs to the most dynamic domains of the real private sector and strongly marks the process of the privatization of economic activities. A space half-open by the institutional possibility of the privatization of development in early nineties of last century stimulated a large number of women in Serbia to take their economic fate in their own hands. Analyses demonstrate that the engagement of women in business is mainly based on self-employment and foundation of shops and micro enterprises within classic activities. However, in addition to this, the woman's business, due to its cumulate influence to the total privatization of production and employment, is one of the key factors of changes in the socio-economic system of Serbia. But, the negative effects of the privatization of inherited (communist) economic structure (like: radical diminution of production, expansion of "shadow" economy and growth of poverty) devaluate, to a large extent, these achievements because, women as a whole are the most jeopardized and their freedom for economic emancipation is largely limited under the light of this assertion, it should be necessary to define the role of woman's business in restructuring the economy and enterprises in Serbia and this is, first of all, the creation of new jobs. Their business should create incomes, in the first place for that part of population which represents the victims of the existing model of restructuring the economy and enterprises.

The distribution of political power which is, unfortunately, directly connected to the distribution of economic results and, on this basis, to the limitation of individual economic freedom, is not favorable for the development of entrepreneurship and small business. The position of women in business is additionally more difficult due to cultural and social heritage. For this reason, for woman's entrepreneurs in Serbia the creation of their own business is not a single challenge but also the foundation of organizations (business associations and networks) having as their basic functions an efficient activity in the process of making political decisions in the sphere of economy.

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Table 1.

Woman's business in Serbia in 2003

SHOPS				
No		Total number	Women as owners	Share of woman's business (%)
1.	Total number of entrepreneurs	244.893	62.041	25,33
	Their structure:			
1.1.	Manufacturing	38.003	8.421	22,16
1.2.	Construction	14.484	1.187	8,20
1.3.	Hotels and restaurants	19.159	5.535	28,89
1.4.	Wholesale and retail trade; repair	80.663	28.916	35,85
1.5.	Transport, storage and communication	29.508	525	1,77
1.6.	Health and social work	3.062	1.304	42,59
SMALL AND MEDIUM SIZE ENTERPRISES				
No		Total number	Women as managers:	Share of woman's business (%)
1.	Total number of enterprises	272.634	25.183	9,24
	Their structure:			
1.1.	Manufacturing	28.196	2.790	9,63
1.2.	Construction	7.246	512	7,07
1.3.	Hotels and restaurants	3.782	190	5,03
1.4.	Wholesale and retail trade; repair	110.669	7.143	6,45
1.5.	Transport, storage and communication	5.270	271	5,14
1.6.	Health and social work	1.792	400	22,23

Source: Internal data of the Agency of statistics of the Republic of Serbia – Calculation made by Author.