

Women's Entrepreneurship in Bosnia and Herzegovina



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Abstract This chapter depicts a glance picture of women entrepreneurship in Bosnia and Herzegovina (B&H). Followed by introductory notes of the chapter, further, it is discussed the historical overview of women entrepreneurship, the current state of the women entrepreneurship in the country, as well as the entrepreneurial ecosystem of entrepreneurship pertaining to women. In a nutshell, final words are provided in this chapter.

1 Introduction

Like other Western Balkan countries, Bosnia and Herzegovina (B&H) is still in the transition phase from a political and economic perspective. Political will and economic strategies are not that much in favor of women's entrepreneurial activities. Scant literature that exists seriously threatens this field and barely one can find updated data on this phenomenon. The early stage of entrepreneurship development in B&H has been profoundly researched by Dana (1999) and Dana and Dana (2003), who elaborated on the first milestones of entrepreneurship development, in which he described that small businesses were built by individuals who did not seek help from the government. They also described that women's attempts were minimal because the post-war situation did not allow women to be more involved in this process. This was mainly due to the fact that they took leadership of home issues and challenges. However, a few women who were without husbands became extraordinary brave and started some small business activities.

Moreover, women engaged in other small business activities during the post-war period such as trading of agricultural products at local bazaars. As explained by

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Dana (2010) and Palalić et al. (2018a), entrepreneurship, as the private sector, was not recognized by the State (Dana et al. 2018), and yet it was resisted by the people. Like this, women's entrepreneurial activities were insignificant. However, some years later, there were some developments regarding the business activities of women in the country. For instance, these activities have been initialized by the *international community* that exists in Bosnia and Herzegovina. One of them is the European Bank for Reconstruction and Development (EBRD), which firmly supported women's activities in terms of small businesses. The EBRD extended its hand to MI-BOSPO (Microcredit Foundation) in 1996, for women entrepreneurs that needed a relatively small loan to start their business activities (EBRD 2008). Besides this, many NGOs were established to support women entrepreneurship, and lots of seminars, workshops, and roundtables have been organized to help women to take part regularly in the businesses and economic activities in the country.

The following part describes the early history and development of women entrepreneurship, with pinpointing the main facts in its early stage of modern Bosnia and Herzegovina. Moreover, the current state of women entrepreneurship is elaborated through different perspectives and indicators. Finally, the entrepreneurial ecosystem of women entrepreneurship is presented together with the future perspective of this phenomenon in B&H. The final elaboration sums up all facts and views on women entrepreneurship in this country.

2 Women Entrepreneurs: A Historical Overview

The role of women in Bosnia and Herzegovina has been dramatically changed in the last century. Due to the strong influences of patriarchal values and tradition, the role of women was marginalized before World War II (WWII) (Jerončić 2015). In this period, the main role of women was to take care of the household and children. However, the form of socialism that was presented in the Socialist Federative Republic of Yugoslavia (SFRY) started to emphasize the role of women in modern society (Šakanović 2018). This was mainly due to a very important role that women had during WWII where they equally participated in so-called "partisan leagues." In addition to their war merits, there was a need for reconstruction of the country. As Jerončić (2015) states "the idea of building a future socialist order, or accelerated processes of modernization, industrialization, and urbanization of the country, implying the need of a socialist type of society to make women more involved in the working contingent of the population, that the masses should enter the labor market" (p. 9). This was the first time that women were part of larger, more important, social inclusion. The process of women's emancipation was continued after the war through several inclusion programs, such as the ones in education and the labor market. Such programs have provided an opportunity for women to gain some kind of economic independence, which further supported women's empowerment.

The additional spur was provided by the Constitution of the Republic, which legally equalized men and women by granting voting rights (Tomšić 1981). Even though there was a positive atmosphere regarding women's emancipation during the period of Yugoslavia, there was resistance as well. This was mainly due to conservatism that was presented in many other spheres, such as marriage and abortion. According to Jerončić (2015), the new constitution was an improvement in comparison to the old one, but its practical application was questionable since the role of women in real life was still highly dependent on men. The traditional values and beliefs were supporting the general notion that the kids are best raised at their homes by their mothers. Another reason for the gap was the inefficiency of institutionalization when it comes to social care for children. This led to a double burden on women, who besides the traditional role, were enlarged by the social and business role as well (Jerončić 2015). However, the progress on women's emancipation has been continuous for the coming decades. At the beginning of the 1990s, there was equality when it comes to primary and secondary education, while there was a slight difference when it comes to higher education (Šakanović 2018). This data shows that improvement has been made regarding the role and position of women in society. However, there is a common discourse regarding the women's position in ex-Yugoslavia. In particular, some of the researchers present an argument that these reforms were not radical enough to erase the patriarchal matrix that dominated in masculinity-centric society (Tomšić 1981; Simić 2011; Jerončić 2015). The chaos and war that came at the beginning of the 1990s did not help since the progress has been stopped and dominant masculine and nationalist culture was sustained. On the contrary, some studies describe ex-Yugoslavia as a feminine culture. One of the most popular models regarding cultural dimensions that include femininity vs. masculinity as one of the dimensions is the one developed by Hofstede (1980). This dimension reflects the similarity and differences in cultural context regarding gender. For example, femininity societies are more reflected in values such as gender overlapping which makes society opportunities more equal. This reflects almost every aspect of life including the business (Hofstede 2011). While the official data for Bosnian and Herzegovina do not exist, some information can be taken from comprehensive research made by Hofstede in ex-Yugoslavia. Based on that study, Branković (2013) points out that there was a high degree of femininity present in the society of ex-Yugoslavia. However, it is very important to mention that the role of women highly differs from one region to another, as well as from rural to urban areas.

The contemporary entrepreneurship phenomenon started to exist in Bosnia and Herzegovina after the last war (1992–1995). This was a period where privatization of previously state-owned companies began. Also, after the war, the country started to transit to the capitalist economy, which opened the boundaries and spurred the competitiveness in the market. However, some form of entrepreneurship existed during Yugoslavia's time as well. Dana (2010) characterized Yugoslavia as a nationalized or state-owned economy where entrepreneurs were under rigorous taxation. As such, the form of a private-owned company existed but was highly constrained by the regulatory framework. The general notion toward such a form of business was mainly negative (Glas 1998) since it was characterized as a greedy,

nonsocial approach that was favored by the self-managing socialism model implemented in the country (Palalić et al. 2018a). The emergence of entrepreneurship started at the beginning of the 1980s, where Enterprise Law recognized this type of ownership (Dana 2010). This trend was slightly interrupted during the sad happenings in the 1990s. However, the entrepreneurship fully emerged after 1995, when the country started the process of transition to a capitalist economy that is characterized by private ownership.

3 The Current State of Women Entrepreneurship in Bosnia and Herzegovina

The period after 1995 has been categorized as “a process of physical, economic and social reconstruction” (Somun-Krupalija 2011, p. iii). Together with the trend of entrepreneurship, the need for qualified and competent workforce emerged. For that reason, one of the goals of the reconstruction agenda was gender equality that was a converged economic and social aim throughout the world (Somun-Krupalija 2011). For that reason, the government implemented some important political and legal changes that aimed to improve the position of women in society (Šestić 2009). An interesting data can be exported from the STAR research in 1998 and 2002, where 16.67% of women that indicated the willingness to start their own business were in a position of an entrepreneur by 2002 (Šestić 2009). Also, there was a tremendous increase in willingness to start the business since women showed more initiative in taking the participatory role in society. According to Alice (2007), this can be observed through the role that women had in initiatives regarding the restoration of human relations and protection of human rights in the period after the war. This was supported by the legal framework in B&H that ensured equality for women and men. In particular, The Law on Gender Equality in Bosnia and Herzegovina was created in 2003 and later on revised in 2009 and 2010. This law “regulates, promotes and protects substantive gender equality and guarantees equal opportunities to all citizens, in public as well as private life, and prevents direct and indirect gender-based discrimination” (Para. 3). It reflects all sectors in society by prohibiting any kind of discrimination based on gender or sexual orientation. According to the amendments of the B&H Election Law (2018), there was a requirement of a 40% quota for less represented sex on the electoral lists for all political parties.

Even though there are some positive cases, we still do not fully understand and deal with gender concerns in society. The support for this argument can be seen in the fact that there is a serious lack of gender data on a national level. For example, there is no statistical data on the state level regarding the number of women entrepreneurs in B&H, as well as regarding the size and structure of their small businesses. In its Labor survey, the Agency for Statistics of Bosnia and Herzegovina (2017) lists only some of the self-employed people which makes impossible to concretely discuss these matters. Also, we cannot precise in what kinds of small businesses these people are engaged in. A further problem for obtaining accurate



Exhibit 1 Berberović's logo. *Source:* Berberović's web page (2019)



Exhibit 2 Berberović (Berberović is a local brand established in the year of 2013 by three ladies Sabina Berberović, Nada Berberović Dizdarević, and Emina Berberović. The exciting thing about this company is that the company is producing leather handbags featured with high quality and modern design.) handbags. Photo © 2019 Azra Bićo

statistics in this regard lays in the fact that the self-employed individuals could either be registered as sole proprietors or could be unregistered. However, the obvious increase of women's interest can be observed through labor market participation. As Efendić et al. (2017) indicate, women traditionally were involved in so-called "gender-defined jobs" that contribute to the households' budget through the informal sector. Women would usually engage in producing handmade products (Exhibits 1 and 2) or delivering certain household services.

Table 1 Comparison of working population based on gender

Year	2006		2010		2014		2018	
	M	F	M	F	M	F	M	F
Activity rate (%)	54.8	32.4	56.7	33.2	55	33	53.2	31.4
Employment rate (%)	39.6	22.7	42.2	23.3	41.2	22.7	44.1	25
Unemployment rate (%)	27.6	30.0	25.6	29.9	25.2	31.2	17.2	20.3
Working population (000)	1322	1410	1260	1337	1453	1529	1169	1227
Primary school and less (%)	38.5	58.8	31.8	52.9	30.2	51.6	26.6	46.3
Secondary school (%)	53.4	36.2	59.1	39.6	58.9	39	63.2	44.3
Higher education (%)	8.1	5.0	9	7.4	10.9	9.4	10.2	9.4
Employees (%)	72.1	73.3	74.3	72.1	76.5	77.7	78.5	78.9
Self-employed persons (%)	24.9	15.8	23.2	16.8	21.8	14.4	19.6	14.3
Unpaid family workers (%)	3.0	10.9	2.4	11.1	1.7	7.9	1.9	6.8

Source: Agency for Statistics of Bosnia and Herzegovina (2019)

The economic activities performed by women were substantially lower compared to men. However, after the war, the financial pressure on households increased significantly, which almost forced women to enter the formal market. This enabled women to explore the power of networking that was comparably stronger than the ones that they had in the informal market. The power of networking had a multidimensional impact on society. Women tend to enter higher education in higher numbers, connect with other women at first and later with men as well, and using the microcredit opportunities to start their businesses. In the following part, we present the information about women's position in Bosnia and Herzegovina through official statistical data from the Agency for Statistics of B&H. We examine several factors that directly affect women's entrepreneurial activities in the country, such as employment rates, access to education, access to jobs, and the poverty level.

The data presented in Table 1 show several important indicators regarding the recent period. The biggest concern, in general, is a decrease in the working population, which is the outcome of unfavorable working conditions for both men and women. While the activity rate has been pretty constant, the employment rate of women increased in the period 2006–2018. Since the main criticism regarding the unfavorable position of women in the business is based on the lack of education and knowledge, we can see that the percentage of women completing higher education increased. This gives us an insight that the position of women should be more favorable today. However, self-employment is lower than in 2006.

Even though there were some substantial moves toward equality objective in the labor market, women are still underrepresented in many ways. For example, they are

Table 2 Employment structure based on gender

Type of employees/year	Total			Males			Females		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Employed for someone else (%)	75.8	75.6	75.4	78.2	77.2	75.2	74.3	74.7	75.6
Self-employed persons (%)	20.7	21.1	20.6	15.2	16.5	17.4	23.9	23.6	22.6
Unpaid family workers (%)	(3.5)	(3.3)	(3.9)	(6.6)	(6.3)	(7.4)	(1.7)	(1.7)	(1.9)

Source: Agency for Statistics of Bosnia and Herzegovina (2017) Symbol: () - less accurate estimate

less represented in the labor market, have limited access to particular networks, and are discriminated against regarding financing options. This is why several recent studies focused on women in the business in Bosnia and Herzegovina by analyzing the gender influence on different performance dimensions (Palalić et al. 2017; Knezović and Musrati 2018). However, there is still a significant gap when we discuss the role, importance, and outcomes of women in business (Table 2).

Based on the data above, it can be concluded that women prefer regular employment than self-employment, as three times more women are working for someone else than themselves. Also, the number of self-employed women has been decreasing in recent years. According to the Agency for Statistics of B&H (2017), women are mostly employed in the service sector (63.2%), followed by employment in manufacturing (20%) and in agriculture (16.8%). Since there is no exact data available, based on relevant experience of women in the business, we may assume that most of them are self-employed in services.

3.1 Data on Education

According to the data obtained on Population Census, Households and Dwellings, the population of Bosnia and Herzegovina is about 3.5 million (Agency for Statistics of B&H 2018). Regarding gender, there are slightly more women (50.9%) than men (49.1%). As we analyze the educational background, one cannot neglect the fact that there is a higher share of women under the categories such as “no education,” “incomplete primary education,” or “completed primary education.” On a rough comparative basis, it can be stated that men are more educated than women.

In Table 3, we can see that the enrollment numbers regarding gender are not significantly different. This shows that access to education on this level is almost the same. Although the number of male students in primary and secondary education is slightly higher, in higher education there is an opposite situation. The details are presented in Table 4.

From Table 4, there is an obvious indication of two facts: (1) there is no gender discrimination when it comes to the access to higher education on a gender basis and

Table 3 Pre-school, primary, and secondary education in B&H

Year	Pre-school		Primary		Secondary	
	Girls	Boys	Girls	Boys	Girls	Boys
2012/2013	8958	9859	148,585	156,296	82,242	84,420
2013/2014	9383	10,497	147,238	154,895	77,468	78,882
2014/2015	10,290	11,200	144,456	152,363	71,786	72,095
2015/2016	10,983	11,918	141,454	149,888	66,520	66,708
2016/2017	11,832	13,086	139,479	148,250	63,592	63,232

Source: Agency for Statistics of Bosnia and Herzegovina (2018)

Table 4 Students in institutions of higher education by mode of study

Year	Total		Full-time students		Part-time students	
	Females	Males	Females	Males	Females	Males
2012/2013	56,325	46,118	46,157	36,638	10,168	9480
2013/2014	55,114	44,646	45,712	35,619	9402	9027
2014/2015	53,599	42,826	45,178	34,824	8421	8002
2015/2016	52,457	41,633	45,462	34,347	6995	7286
2016/2017	50,552	39,163	43,671	31,958	6881	7205

Source: Agency for Statistics of Bosnia and Herzegovina (2018)

Table 5 Students who graduated in 2015

	Women	Men
Total	9374	6600

Source: Agency for Statistics of Bosnia and Herzegovina (2018)

Table 6 Gender comparison regarding a particular specialization

Year/gender	Masters of science and specialists		Doctors of science	
	Female	Male	Female	Male
2012	1542	1088	88	122
2013	2011	1369	112	157
2014	2001	1363	116	185
2015	2168	1468	128	157
2016	2339	1500	99	142

Source: Agency for Statistics of Bosnia and Herzegovina (2018)

(2) the enrollment of female students is higher. The higher enrollment numbers for women also affect the graduation numbers which are presented in Table 5.

Table 5 indicates that more female students graduated in comparison to male ones. The recent stats show that the rate of graduating female students outnumbered male students. This can be a consequence of a higher number of women students as well as higher success rates for women. This becomes even more interesting when we observe a particular educational area as presented in Table 6.

Besides the fact that the number of Master's holders has been increasing regardless of gender, we can see that the number of females who graduated in science fields

Table 7 Principal population characteristics by activities and gender

Rates/year	Female			Male		
	2015	2016	2017	2015	2016	2017
Employment rate (%)	23.2	22.4	24.9	40.9	42.5	43.2
Unemployment rate (%)	30.7	30.0	23.1	25.8	22.5	18.9

Source: Agency for Statistics of Bosnia and Herzegovina (2017)

Table 8 Youth not in employment, education or training (NEET) by sex in B&H

Gender/year	2010	2011	2012	2013	2014	2015	2016
Female (%)	28.0	26.1	26.2	24.1	24.0	26.0	24.7
Male (%)	28.1	29.2	30.5	27.4	27.9	29.2	28.0

Source: Agency for Statistics of Bosnia and Herzegovina (2016)

is higher compared to men. However, Table 6 also shows that, when it comes to a Ph. D. degree, the situation is opposite which draws a question regarding a glass ceiling. This could be explained with women’s choice to establish a family and have children in the first place which usually delays or prevents their educational progress.

When it comes to a transition period between education and industry, it is very important to have equal opportunity for a job since it contributes to higher competition and better human capital. However, it is very disputable whether there are equal chances for the job regarding women and men, especially for higher managerial positions. Table 7 presents some interesting information regarding the job situation in the market.

We can see that women have a higher unemployment rate in comparison to men if we look at total employment. However, if we look at the youth population who are eligible to work, the situation is different. Data show that there are more men under the category of youth that are unemployed compared to women (Table 8).

Regarding the sector of employment, the data shows some interesting findings. For example, there are more medical doctors who are women. Furthermore, there is a slight difference between the number of women and men in business, research, and government sector. As it concerns state institutions, more men are employed there (53%). Contrary to that, there is a slight difference in favor of women when it comes to jobs in the educational sector, except the higher education. There are also more women judges than men and the representation of women in B&H Courts is 64%. However, politics is reserved for men. We have men dominance in the Parliament, at minister’s positions, and in the positions of ambassador. For example, during the last mandate period (2014–2018), the presence of women members in the House of Representatives of the Parliamentary Assembly of B&H was 23.8%. The representation of women was even less when we talk about the House of People (13.3%). Also, there are more men than women in the highest management positions when it comes to public administration. This shows that while there are equal chances for getting a job in general, the highest positions in society are reserved for men. In the end, regarding the poverty rate, we have almost equal indicators; 16.7% are women and 17.1% are men.

4 Main Obstacles to Women Entrepreneurship in B&H

In order to start and operate the business in Bosnia and Herzegovina, women encounter similar obstacles to men. This means that they have to have startup capital, legal assistance, technical knowledge, and business management knowledge.

Pilav-Velić and Mangafić (2016) identified that the two main problems encountered by women entrepreneurs are access to financial assets and knowledge. These problems are reflected in unfavorable credit conditions, the lack of adequate knowledge and skills (i.e., how to make a business plan), how to run business administration, lack of competent staff (i.e., human resource deficiency of certain profiles), the difficulties in finding a market for their products or services, and the lack of knowledge about the regulatory framework (i.e., how to register a company, how to deal with tax obligations, etc.).

4.1 Access to Knowledge

Starting and operating a business requires lots of legal, economic, technical, marketing, and management knowledge. It is more difficult to run a small business in B&H than in many other countries. The World Bank's Doing Business Report ranked B&H 89th out of 190 countries (World Bank 2019). As the main concerns, the report highlights B&H's particularly poor performance in the areas of starting a business (183rd out of 190) and dealing with construction permits (167th). In order to start a business, women have to have knowledge not only on starting a business, but on how to register property, how to get electricity, how to pay taxes, how to get credit, how to make contracts, and how to deal with labor law issues regarding hiring people. Additionally, women have to know how to make a business plan in order to get credit from the bank and also to have a guidebook during the whole life span of small businesses. Once the business is established, questions like how to manage a business, how to deal with production, how to market products, how to deal with employees, suppliers, clients, and how to do accounting arise. Furthermore, women have limited access to historically established networks by men that do provide valuable advice and contacts to deal with issues mentioned.

4.2 Access to Finance

A substantial amount of research identifies access to finance as one of the top constraints for small businesses in B&H. The Business Environment and Enterprise Performance Survey (BEEPS) identified access to finance as the second main obstacle for small businesses (EBRD 2019). The World Bank Enterprise Surveys (WBES) are generally consistent with the results of BEEPS.

The Doing Business Report (2019) for B&H indicates a positive ranking when it comes to obtaining loans. B&H ranks 60th out of 190 countries. However, The Doing Business ranking considers only the regulatory and institutional frameworks, which are relatively acceptable in B&H. However, it seems that practices of lending to small and medium enterprises (SMEs) in B&H show a different picture. Recent research that has been done in the Gradačac, a municipality area of successful entrepreneurs, reported that even small companies with ideal risk profiles have difficulties to obtain loans and have to wait a lot for bank decisions. Furthermore, they have been asked to submit a large number of documents (Palalić et al. 2020). Some of the SMEs that have international experience reported that it was much faster and cheaper to obtain credit in Germany.

4.2.1 Microfinance

Microfinance has been widely available for women entrepreneurs in B&H since 1996. Microfinance is a small loan given to below-average income individuals to establish micro-businesses in order to generate income and very often escape from poverty. In the beginning, microfinance organizations mainly targeted women, as they were the part of society with lower income. This concept started by Bangladeshi economist, Dr. Muhammad Junus in the late 1970s and early 1980s and quickly spread all over the world and especially in poor countries of Latin America and Southeast Asia, promising that individual entrepreneurship will solve the poverty problem in a generation. The US government, as well as international organizations like the World Bank or United States Agency for International Development (USAID), considered microfinance to be the best way to solve the difficult post-war situation in B&H. In this way, they were providing employment and income to vulnerable categories such as returnees, demobilized soldiers, the internally displaced, and, especially, female-headed households and war widows. All these organizations gave huge amounts of money to establish the microfinance sector, expecting it to be the key driver for reconstruction and development. Drezgić (2011) quoted that the World Bank put \$40 million in the Local Initiative Project, establishing 17 independent MFIs. They distributed over 50,000 microloans with an average loan of 1500 €. The World Bank claimed that the project created 100,000 jobs. USAID, UNDP, and UNHCR established their microfinance programs and small microfinance institutions (MFI). Later, many international banks (ProCredit Banking Group, Hypo Alpe Adria Bank, European Bank for Reconstruction and Development) entered the microfinance market in B&H, establishing a big number of their own small MFIs. Every single municipality was served by at least two or three of the major MFIs (Drezgić et al. 2011). It is no surprise that microfinance penetration by country in 2009 shows that B&H is in second place according to the number of microfinance loans, immediately after Bangladesh (Bateman 2011). Many MFIs were specialized for women, such as the Women for Women MFI. All these institutions claimed that they created thousands of small businesses and helped

thousands of B&H women to establish and operate their small businesses and thus escape poverty.

However, there is a lack of empirical evidence to support this. There are a lot of media stories about successful heroic women that succeeded to get out of poverty thanks to small microloans. There are many statements from international organizations praising microfinance and its contribution to women empowerment. But there is no actual data or research that strongly supports this argumentation. Contrary, some research (Ciprus et al. 2011) concluded that microfinance harmed women entrepreneurs in B&H and the region. Ciprus et al. argued that the experience in Southeast Europe (SEE) indicates that microfinance has failed to provide SEE women with the solution to poverty, and it has financially and socially impoverished them even further. Instead of alleviating them from poverty, women became poorer, lost their savings, and had to take several additional microloans to repay the first one or sell their houses or other assets. Držić et al. reported that in 2009 many MFIs reported a loss, even the women-only MFI, Women for Women, had serious difficulties because too many clients with multiple loans could not repay them. Because of all the failures and problems, the regulations for microfinance became much tougher and many limitations were imposed on MFIs.

Currently, there are 19 microcredit organizations in B&H, 15 of which are registered as microcredit foundations and four as microcredit companies. They are supervised by entity banking agencies. The maximum loan size which a foundation can offer is BAM 10,000 while MFIs licensed as a for-profit, microcredit companies can offer up to BAM 50,000.

4.2.2 Banking Sector

There are 24 banks in B&H, 16 registered in the Federation of Bosnia and Herzegovina and 8 registered in the Republic of Srpska (Central Bank B&H 2019). It is a big number taking into consideration that B&H is a small country consisting of 3.5 million people where the number of large companies is relatively small. So, banks have to work with small businesses. However, banks have conservative lending policies and practices. The European Investment Bank (2016) reported in its Bosnia and Herzegovina Assessment of Financing Needs Report that credit committees are usually strict, demanding real estate collateral for all but small loan sizes and requesting that the value of collateral exceed the loan amount by a large margin, usually 150% or more. The loan amounts are often lower than the amount requested by clients. There are no venture capital funds in the country which makes equity financing very difficult for SMEs.

5 Reasons for Starting Business

There are several reasons why women in B&H start their business. The first reason why women in B&H started the small businesses immediately after the war in B&H was out of necessity. Women in ex-Yugoslavia were empowered with access to free education and jobs, mainly in the state companies with proper social benefits, free health care, maternity leave, daycare centers, etc. However, this was lost because of war or privatizations of state enterprises. Many women were also displaced, refugees, or widowed. Many of them saw small businesses as a way to get some income. They chose to start microenterprises and often resorted to microfinance as the only way to get starting capital. However, the economic situation in B&H is still very difficult. There is a small number of big companies, salaries are low, and the unemployment rate is among the highest in Europe. This leads to a situation where more individuals are deciding to start their business.

Despite all these obstacles, there are some very positive cases where women own brands that are famous in local as well in the international market (Exhibits 3 and 4.)

One of the recent study performed in the context of B&H determined that the main motive for women entrepreneurs in B&H for starting a business is the desire to be the boss, rather than social status and money (Palalić et al. 2018b).

5.1 Support for Women's Entrepreneurship in B&H

Support for women's entrepreneurship has been offered by different entities, such as government and nongovernmental institutions, and international donors. At the State level, SMEs' policy is under the responsibility of the Sector for Economic Development and Entrepreneurship of the Ministry for Foreign Trade and Economic Relations. However, there are no significant activities that support women entrepreneurship. At the level of the Federation of B&H (FB&H), the Ministry of Development, Entrepreneurship, and Crafts is responsible for women entrepreneurship. They are currently engaged in developing an action plan for the development of women entrepreneurship in FB&H in the period 2018–2020 in cooperation with German



Exhibit 3 Via Media's logo. *Source:* Via Media (*Via Media* is a full-service communication agency, which is the market leader in this sector in Bosnia and Herzegovina. The company was established in 1997. It is managed by Ms. Vesna Beganović, the CEO of the company. Recently, the company has expanded its operations to the Middle East by opening its first office in Dubai. Thanks to Ms. Vesna Beganović, one of the most inspiring Bosnian lady entrepreneurs who leads the young and creative team, the company has contributed to the society employing.) web page



Exhibit 4 Via Media Facilities located in Sarajevo; photo © 2019 Azra Bičo

Technical Assistance (GIZ). In the Republic of Srpska (RS), the Ministry of Industry, Energy, and Mining produced the first draft of the Strategy for development of women entrepreneurship in RS 2018–2020, also with the support of GIZ. Gender agencies at entity levels, as well as the Gender Equality Agency of Bosnia and Herzegovina, provide some support as well. Support is provided also at the cantonal or municipality level. Chambers of commerce at the entity, cantonal, and municipality levels also offer help for women who want to start a business. Many international donors have been dealing with women entrepreneurship. Even more so, there are hardly any international donors offering support to B&H that did not deal with this topic. Many NGOs have been dealing with this topic. The Center for Women’s entrepreneurship has been recently opened at the School of Economics of Sarajevo, financed by the IPA Danube transnational program. Universities in Tuzla and Banjaluka have been also dealing with this topic.

However, all this help is sporadic, targeting certain geographic regions with certain agendas and within a limited period. There is no evidence regarding the real outcome of certain projects and if the projects contributed to sustainability or even the development of women’s small businesses. Web pages of these international organizations or NGOs bring stories of successful women, but there is no information that could be useful for women entrepreneurs. The general impression is that it is almost impossible for a woman who would like to start a business to get any advice on how to do it.

6 Women Entrepreneurship Ecosystem in B&H

The notion of the ecosystem was firstly introduced from a biological perspective by Tansley (1935), who defined this term as an environment in which all organisms (living and nonliving) live together and interact with each other. From an economic perspective, this term was described by Moore (1993), who pointed out that entrepreneurship cannot exist unless it has an environment in which interaction among players and forces exist. The key success of the entrepreneurial ecosystem is smooth interrelation and togetherness that will affect all players' success (Spigel 2015; Peltoniemi 2006) positively.

The entrepreneurial ecosystem is a very important ingredient in the entrepreneurship development of a country. However, the *recipe* for how to put those ingredients is crucial. The ecosystem per se alludes in an environment where all players, all kinds of beings and objects live together and somehow support each other in their lives and activities. The same philosophy applies to the context of entrepreneurship development, where different factors should have synergized its development in the long term. Therefore, different country settings and factors differently impact entrepreneurship development which is a case in B&H as well.

Different approaches to definitions of the entrepreneurial ecosystem have been presented in previous research. It is a phenomenon that consists of "interconnected group of actors" (Cohen 2006, p.), individual elements or self-regulating networks pertaining to both human beings and institutions (Isenberg 2010, 2011), "communities of agents, social structures, institutions, and cultural values that produce entrepreneurial activity" (Roundy et al. 2017, p. 99). Based on this it can be said that *the entrepreneurial ecosystem is a setup of actors like individuals, groups, private and public institutions, and organizations, integrated into legal and cultural outlook, mutually interconnected and whose role influences entrepreneurial activity and gives its positive or negative output in one country*. It represents a "symbiotic life" (Dana 2001) among those elements, which will foster the development of each element.

To analyze the entrepreneurial ecosystem, we followed Stem's (2018) framework that describes the entrepreneurial ecosystem which includes different elements and measures, such as formal institutions, entrepreneurship culture, physical infrastructure, demand, networks, leadership, talent, finance, new knowledge, and intermediate service.

Formal institutions element implies the "quality of government." This quality includes corruption level, the rule of law, government effectiveness, and voice and accountability. It is well-known that institutions in B&H are struggling with corruption. We are placed at 89 out of 99 countries (Trading Economics 2019) which suggests that the Rule of Law is still at a very low level. Additionally, government effectiveness to set up a good base for public accountability is poor since the structure of formal institutions is too complex to implement these factors properly. The changes should be from the Constitution, as the leading institution, to a municipality level of Laws. Though B&H has enacted the Law on Gender Equality

in 2003, which assures women's rights in terms of employment, media, education, and the private sector. Regarding the *entrepreneurial culture*, this component is "the degree to which entrepreneurship is valued in a region." It is measured in a "number of new firms per 1000 inhabitants." The data are not available according to the World Bank (2019), but anecdotally speaking, due to certain Law regulations that suppress this "culture," this number is not exciting if not negative. Another issue, which is lately very known and obvious, is that youth is migrating to other countries, especially to Western Europe. Thousands of young families are searching to settle somewhere else rather than in Bosnia. A huge wave of migration of local people is so strong that in the long term B&H can easily lose its population and the market. So the entrepreneurship culture is affected by this trend.

Physical Infrastructure consists of the basic infrastructure that every country needs, like railroads, roads, number of passengers flights within a 90-minute drive. In the case of roads, (motorways and express roads) the country is trying to make a useful network so that can be beneficial for the whole country. Each entity has its strategy to reconstruct roads into fast roads and motorways. For instance, the Federation of Bosnia and Herzegovina (FB&H) has a strategy "2017–2020" to build certain routes of those roads ("JP Ceste FBiH" 2018¹). Regarding air traffic, there are four airports in B&H: Sarajevo (the most frequent one), Tuzla, Banja Luka, and Mostar. Taking into consideration the number of population of B&G*H, these four airports are quite enough to serve its residents. However, there is a space for further development in this area, especially in frequency and diversity of destinations.

The next element is a *demand* which refers to potential market demand, which is constituted from three components: purchasing power per capita, regional product, and total human population. The purchasing power per capita in 2018 was \$11,500 (Trading Economics 2019), which is relatively low compared to developed countries, while the regional product is incomparable with the total human population. In this regard, it should be noted that imports still prevail over export by almost 50% (State Agency for Statistics B&H 2019). As it concerns the *networks*, it implies how businesses are connected and how they create new value. According to the National Assessment Expert (2019),² businesses are more-less at a small scale with internal disruptions that affect their performance in terms of innovation. For its improvements, the country needs a long journey to take *innovative leadership* in this region. Innovative products that B&H has and exports to other regions are few and even not the top ones in the ex-Yugoslavia region. This country is severely affected by many laws and regulations that many times pull back all good initiatives in terms of innovation and entrepreneurship. Thus, lots of work must be done in this regard.

¹ Available at <http://www.jpautoceste.ba/wp-content/uploads/2019/03/No.pdf>

² Digital Innovation Profile: Bosnia and Herzegovina - ICT centric innovation ecosystem snapshot, NATIONAL EXPERT ASSESSMENT, 2019, available at https://www.itu.int/en/ITU-D/Innovation/Documents/Publications/eBAT_Brochure%E2%80%933DIP%20BosniaH_431106_.pdf (04.07.2019)

Especially, the State should act as the host and show its hospitality toward innovations. The current effort is not enough, but this is also affected by a complex political system that is presented in the country.

Regarding the *talents*, we can state that Bosnia and Herzegovina is developing above the average talents, which nowadays, migrate to Western Europe to find a better job. Timely, the country's talent is fading, and this red alarm is already on. The human capital (talent) is the most critical component of the whole country's development. University education is increasing, as well as life-long learning. Youth who do not possess higher degree diplomas, they are under qualification competence or professional development to get jobs offered by the market. More women graduated from universities than men, while females tend to have degrees in business management, and males in the engineering and IT sector (MI-BOSPO, IFC, report 2008). As it concerns *finance*, SMEs have difficulties to access capital especially when it comes to obtaining loans from banks. Despite that fact, figures show that private business has grown over 20% from the year 2001. Interestingly, women are more into loans from the bank, while men borrow in personal borrowings (MI-BOSPO, IFC, report 2008). According to the same report, women in Bosnia are "better off" in getting loans compared with the region. However, like for men's businesses, taxation policies affect women's businesses too. *New knowledge* mostly implies strategies related to R&D and how much private and public sector is investing in it. In the case of B&H, it is 0.22% of GDP (Economic Tradings 2019), which is still very low compared to countries in Western Europe. The region is slightly better (Croatia 0.85%; Serbia 0.93%, North Macedonia 0.35%, Montenegro 0.37%). One of the reasons for the small number of investments is related to many problems at the political stage, where different political parties have different views, and as a result, the country is lacking behind the region.

Finally, *the intermediate service* to existing businesses in the country is relatively acceptable. Service sectors are growing rapidly, especially in the tourism sector. This sector has a positive trend, and hopefully, it will flourish more in the years to come. As it concerns the entrepreneurial ecosystem in B&H (Exhibit 5), it can be said that this model can fit the Bosnian entrepreneurial ecosystem. The situation is not promising, but there is a space for immediate and long-term improvement. Exhibit 5 represents the entrepreneurship ecosystem that impacts women entrepreneurship in B&H and has been designed by adapting the model developed by Stem (2018). In Bosnia and Herzegovina, a very important role is played by the International Community (Organization for Security and Co-operation in Europe-OSCE, Office of the High Representative-OHR, European Union-EU, European Commission-EC, etc.). These players support, suggest, help, and enforce laws that will enable female entrepreneurs to grow. For instance, networking plays a very crucial role when starting a new business. Sometimes, if discriminated against, women may face more difficulties and challenges to start and commercialize their businesses.

Formal institutions have done positive things regarding female entrepreneurial activities in terms of laws. Entrepreneurial culture is still an embryo, which needs treatment. Culturally, this region was isolated regarding women entrepreneurship, compared to the rest of Europe. The "Yugopluralist" model did not recognize the

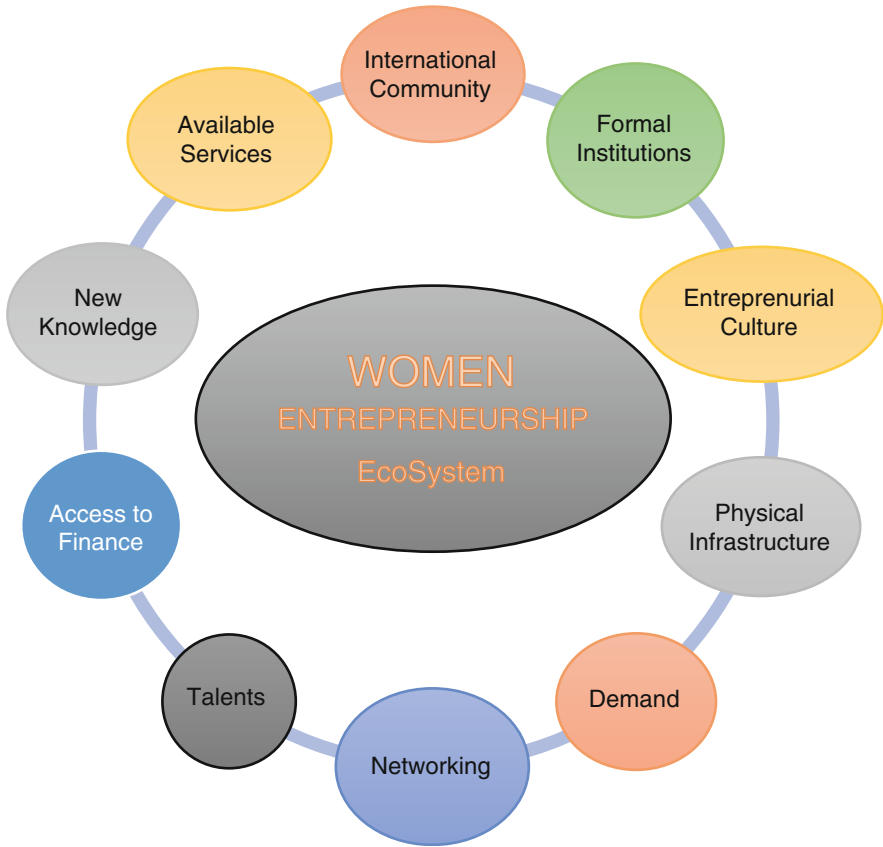


Exhibit 5 Women entrepreneurship ecosystem in Bosnia and Herzegovina. *Source:* Authors' compilation based on Stem's framework (2018)

private sector as a potential power for economic development (Palalić et al. 2018a; Dana 2010). The current physical infrastructure is slowly developing and it will take time when it will be at disposal for entrepreneurship, as well as women's businesses. Purchasing power per capita, regional product, and total population reflected in demand are playing an important constraint in women's prospective businesses. How much of premium products, that require added values (via new knowledge) obtained through innovation, will be willingly purchased, depends on customers' purchasing power. From a financial standpoint, we can state that financing is relatively available for any kind of small business through the local banks, which makes it easier for prospective businesswomen to start their businesses. New ideas and new values are set off by properly educated people (talents) in organizations. Females outnumbered males in terms of education, especially in business and management, which is a good base for future businesswomen. In this regard, some

studies even show that women are more entrepreneurial oriented compared to men (Palalić et al. 2017).

The ecosystem of women entrepreneurship itself in Bosnia and Herzegovina is not well developed. However, there is a relatively good foundation that can be improved and advanced to will nurture this phenomenon in this country. By following the elements presented in Stem's (2018) model, a country can develop a healthy ecosystem that can help and enhance women entrepreneurship development in Bosnia and Herzegovina.

7 Toward the Future

Today, there is a huge question of whether Bosnia and Herzegovina has a feminine or masculine culture. Some happenings such as war and the difficult post-war period did not contribute to further development of feminine characteristics. This conclusion is related to the data regarding access to education and access to jobs where girls and boys in Bosnia and Herzegovina have the same access to education, but regarding the actual industry presence, female unemployment is higher. However, there is a similar or even bigger number of female medical doctors, educators, judges, researchers, and civil servants. Recent research on women entrepreneurship leadership in B&H supported the findings of the previous research regarding motives for starting a business between men and women (Palalić et al. 2018b). The research found that motives for starting a business do not differ a lot between men and women and that women in small business seek a life–work balance.

Women entrepreneurship phenomenon in Bosnia and Herzegovina is a challenge for the State as well as for prospective women entrepreneurs. Although the State claims that they support, promote, and cherish female entrepreneurship, it is still at a low development scale. The women entrepreneurship in B&H is relatively new. However, after the war in the 1990s, the true entrepreneurs were mostly men. Women had to take care of family issues and support their men in daily entrepreneurial activities. Apart from this, some women, who were widows, for instance, they started to think and act entrepreneurially with their vision of future business prospects. At that time the whole industry infrastructure has been destroyed so the basis of entrepreneurship has not given any sign of life. In other words, the entrepreneurship ecosystem, especially the women entrepreneurship ecosystem, was not there at all. The only tools for entrepreneurs were motivation and few pennies to start a business regardless of what sector an entrepreneur is going to be in. The current entrepreneurship ecosystem is not in favor either of men and women.

By the law, Bosnia and Herzegovina provide equal rights to men and women. However, due to the lack of available data, the general notion is that there are more male entrepreneurs are in the country than women. What could be the reason why women entrepreneurs are less than men ones? This could be explained from different perspectives. Anecdotally speaking, women will say that their opportunities are comparatively lower while men will say that all of us have opportunities. The second

question could be whether men and women entrepreneurs are equal from the cultural perspective. The lack of availability of reliable statistical data on women entrepreneurship is a big problem for B&H. The Agency for Statistics of B&H has limited data. The problem is that B&H has a much-decentralized structure. Bosnia and Herzegovina has institutions at the State level, as well as the entity levels (at the level of FB&H and RS). In addition, there is a district with a special status—“Brčko” District (BD), which functions as a separate administrative unit. FB&H is divided into ten cantons. Cantons are divided into municipalities. FB&H has 79 municipalities. RS has 62 municipalities. All these levels have some data regarding women entrepreneurship. However, there is no centralized database at the State level. Also, it is very important to emphasize that just a few research studies are dealing with women entrepreneurship in B&H. They are all limited in scope. Answer on this question requires more in-depth research with well-grounded data and facts, which at this point in time cannot be implemented, but it is one of the future research possibilities.

To summarize, women entrepreneurship has the future. Statistical data show that there are more women than men in Bosnia. However, regarding the self-employment, there are more men classified as self-employed. In higher education, women prevail compared to men (at the first and second cycle). Building a stronger and favorable landscape for prospective women entrepreneurs is imperative, and education, knowledge, and finance are relatively available, which can support the growth. Most importantly, the State should support women entrepreneurship development in the long term. This should be reflected in the contribution of building a smooth entrepreneurship ecosystem that will enable women entrepreneurs to observe that possibility and think entrepreneurially.

When speaking in favor of the future entrepreneurship, especially of women’s entrepreneurship, a systematic approach to this issue is the only solution as previously discussed by Palalić et al. (2018c). The State has to take a more proactive role to create a favorable women’s entrepreneurship ecosystem. It is necessary to have a government center at the State level whose focal point should be all issues regarding women entrepreneurship. It has to be supported by adequate budget, partnerships, and staff. Various projects supported by the international community dealt just with one topic from the whole specter of women entrepreneurship, like, for instance, making a business plan, lasted a limited time, had a limited budget, hired people for a limited time, and disappeared after that. It is obvious that the sustainability of such projects was neglected. All projects proposed by the international community or NGOs should be coordinated through this center. Women entrepreneurs should have the possibility to call or come to the center and get any advice for a startup or later for the development of their small businesses. This center should have a good web page (or e-platform) that could offer real help. The center also has to help with networking.

The center should regularly collect and have all data regarding women entrepreneurship. Various training regarding targeting the specific needs of women entrepreneurs should be provided. The center for women entrepreneurship should promote women entrepreneurship and encourage women to participate in

entrepreneurial activities that could generate high income and living standards. The financial flow from donors is not predictable and usually too small for the number of start-ups. It is also necessary to have a development bank for support of small business, generally and specifically for women. It should also be the responsibility of government institutions to create a favorable environment for small businesses. The current constraints (ecosystem components) are not along the same line so that male or female future entrepreneurs would alternatively think of this journey. Simply, many "bad factors" destroy an entrepreneurial spirit and an idea of being an employer (Palalic 2017; Palalic et al. 2017; Palalić and Bičo 2018), so is for potential women entrepreneurs.

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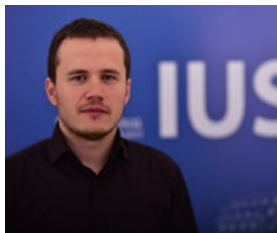
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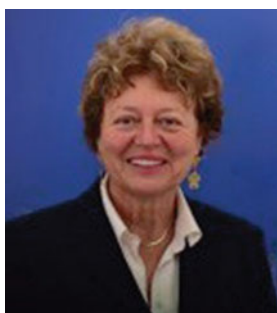
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