Women Entrepreneurs in the Republic of Macedonia: Waiting for Directions

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Abstract: This paper is about women entrepreneurs in Macedonia, conditions for female entrepreneurship, perspectives for development and an array of problems that women entrepreneurs are facing. In order to gain a better picture of current motives, problems and perspectives of Macedonian women in entrepreneurship, a survey was conducted during the period of December 2011 – March 2012, to complement secondary sources. Respondents were asked about motives for starting a business, the size of the business they run, revenues, their family status, management problems, and necessary capabilities as perceived by them. We used Global Entrepreneurship Monitor (GEM) reports to compare the indicators of entrepreneurial activity between Republic of Macedonia and other countries in the region.

Keywords: management capabilities; entrepreneurs; women entrepreneurs; motives; problems; Eastern Europe; Balkans; Macedonia.


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1 Introduction

Women entrepreneurs are growing in numbers as is their importance in society. This is true around the world including in transitional economies.

In the past, entrepreneurship was considered to be a male-dominated sector (Brush, 1992; Berg, 1997). From research conducted in 41 countries during 2003, it was found that men were almost twice as engaged in starting a new business than were women; TEA [the percentage of adults (18–64), who attempt to start a business or already are owners of small businesses set up earlier than 42 months] of females was 7%, while that of males was 12% (Brush et al., 2006). The Global Entrepreneurship Monitor (2004) reported that women represented more than one-third of all people involved in entrepreneurial activity. In recent years, female entrepreneurs have attracted increasing attention among researchers (Colette and Johnston 2007; Kariv, 2012).

There are two main reasons why female entrepreneurs merit academic investigation:
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a women entrepreneurs have been recognised as an important untapped source of economic growth, considering that they create new jobs for themselves and others, provide different solutions to management, organisation and business problems and obstacles as well as to the exploitation of business opportunities

b women entrepreneurship was traditionally neglected both in society in general and in the social sciences, considering that mainstream research, policies and programmes tend to be ‘men streamed’ (Baker et al., 1997; OECD, 2004).

Despite the obstacles women face while starting and managing their businesses, more and more women establish their own enterprises. Although women entrepreneurship is on the rise, might growth increase further if barriers are eliminated or at least reduced? We are in favour of structural reforms to facilitate the creation new ventures as suggested by OECD (1998).

1 Economic: Women entrepreneurs create jobs for themselves and others. The creation of private firms by women allows capitalisation of experience, acquired skills and obtained trainings.

2 Sociological: The establishment of private enterprises as an alternative to unemployment of women would give them the opportunity to balance work and family responsibilities, and there will also be achievement in family welfare and improvement of social cohesion. This will be the real challenges for women entrepreneurs.

3 Political: Establishment of small enterprises owned by women can help in reducing the disparity between men and women, it would increase women’s autonomy and their opportunity to have a more active and representative role in the country’s economic and political life.

The focus of this article is women entrepreneurs in the Republic of Macedonia, a small country on the Central Balkan Peninsula, in south-eastern Europe; it is one of the successor states to Yugoslavia. The Republic of Macedonia declared its independence in September 8, 1991, and became a member of the United Nations on April, 8, 1993. As a result of a dispute with its southern neighbour, Greece, regarding the name issue, it was admitted under the provisional reference of the Former Yugoslav Republic of Macedonia, abbreviated as FYROM (United Nations, 1993).

The Republic of Macedonia covers 25,713 km² (9,928 square miles), bordering Albania, Bulgaria, Greece, Kosovo, and Serbia. The capital is Skopje, the nation’s largest city, inhabited by 30% of the nation’s population. According to State Statistical Office of the Republic of Macedonia (2005), based on the data from the last Census of Population, Households and Dwellings in 2002, the Republic of Macedonia had 2,022,547 inhabitants, which is 3.9% more compared with the Census in 1994 and 43% more compared with the Census in 1948. Population of the Republic of Macedonia according to ethnic groups, based on Census 2002, consists of: Macedonians, 1,297,981 (64.2%); Albanians, 509,083 (25.2%); Turks, 77,959 (3.9%); Romani, 53,879 (2.7%); Serbs, 35,939 (1.8%); Bosnians/Muslims, 19,571 (0.9%) and others (30,688 (1.4%). The gross domestic product (GDP) in 2011 was 461,730 million Macedonian denars; in comparison with 2010 it increased by 6.4% in nominal terms. The real GDP growth rate in comparison with 2010 was 2.8%. (State Statistical Office of Republic of Macedonia, 2012).
Experts of the OECD (2004, p.13) stated that “The scarce availability of reliable and valid data continues to be one of the key obstacles to understanding the challenges specific to women’s entrepreneurship...Sex-disaggregated statistics and sex-based policy analyses have become more widespread in recent years”. The same situation is in the Republic of Macedonia as well. There is a lack of official data with respect to women entrepreneurs, types of businesses owned and managed by them, the contribution to the employment and GDP, etc. Regarding women, it can be noted that in 2011, women accounted for about half of the total population in the Republic of Macedonia (1,027,868 out of 2,059,794 total population), and about 44.7% of the total workforce of 940,000. Participation of women in the total number of employees is lower than the share of men, which appropriately is reflected in the employment rate among the female population. In 2001, women accounted for 30% of the total number of employees, in 2006 for 27% and in 2011 for 30 (State Statistical Office of Republic of Macedonia, 2012). Regarding the participation of women in the total workforce of other countries in the region, we see approximately the same situation, except in Kosovo and in Bosnia and Herzegovina where women participate less in the total work force (Hontz and Rotanu, 2010).

In order to gain a better picture of the current situation, problems and perspectives that face women entrepreneurs in the Republic of Macedonia we conducted a survey during the period of December 2011 to March 2012. The main objective of this research was to discover and determine problems and obstacles experienced by women entrepreneurs, as well as their motivation to opt for a career as entrepreneurs. This paper summarises results of our survey with respect to conditions, problems and perspectives of women entrepreneurs in the Republic of Macedonia.

2 Entrepreneurship in Republic of Macedonia

2.1 The environment

As a country where EU integration is among the top priorities, the Republic of Macedonia significantly improved the overall business environment in recent years, as Doing Business in its 2013 Report ranked it 23rd out of 185 countries (IBRD/World Bank, 2013). This was as a result of great efforts which were made in this segment by the government. However, in certain segments that make up the overall business environment, major changes are still needed. As for the political environment Macedonia is ranked in 62nd place, regulatory environment in 55th place, human capital and research in 72nd place, infrastructure in 72nd place, market sophistication in 62nd place, business sophistication in 95th place, scientific outputs in 52nd place and creative outputs in 84th place (Dutta, 2011). If we compare the Republic of Macedonia only in one segment, for example, business environment, even with a country such is Sweden, it can be seen that Macedonia is in a very similar position, but the problem is that in other segments the Republic of Macedonia is not ‘in a good position’. In order to have a better result in entrepreneurial process, it is necessary to put additional efforts in all areas on a continuous base.

Regarding the key segments that make up the environment for entrepreneurship, the situation in our country is as follows:
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a Ownership rights: Good protection of property rights, effective execution of contracts and the law is directly related to fostering and development of the entrepreneurial activities. The protection of property rights remains to be a real challenge for the Republic of Macedonia. According to International Property Rights Index 2011, from 129 analysed countries, this republic is in 87th place, a position which shows that in our country property rights are not strongly protected (Jackson, 2011). But despite the progress, the judicial system is still inefficient and subject to political influence.

b Corruption: According to a report of the EBRD (2005), although in the Republic of Macedonia (and transition countries in general) there was a certain reduction of corruption in its three basic forms of existence: bribe tax, as a percentage of total sales of enterprises, kickback tax, as a percentage of the value of contracts in the form of additional and unofficial payments to ensure receipt of contracts and bribery frequency, as percentage of respondents who said they accepted to pay bribes in customs, tax administration, etc., it still presents a problem. A comparison between the Republic of Macedonia and the countries in region is shown in Table 1. According to The 2009 Global Corruption Barometer Report of Transparency International, on the question “which sectors/ institutions are most affected by corruption”, the answers were as follows: 50% of respondents said that it is the judiciary, 23% said it is the public administration and 11% pointed at the political parties (Riaño et al., 2009). Therefore, it is necessary for state institutions to undertake more concrete and stringent measures in this direction, that would result in cutting lengthy court procedures, simplifying complicated procedures for obtaining various permits, facilitating the introduction and transfer of new technologies, consistently protecting intellectual property, etc. This can increase the rate of entry of new small and medium enterprises and enterprises with high growth potential, as well as the interest of potential investors to invest money, expertise and time.

c Administrative and bureaucratic obstacles: Long administrative and bureaucratic procedures represent a serious obstacle of doing business. Many studies noted high correlation between the administrative and bureaucratic procedures (expressed by the number of necessary procedures and required days for starting a new business) and corruption – the more procedures, the more opportunities for corruption. Regarding this issue, the Republic of Macedonia marks a significant improvement. The introduction of the so-called one-stop system in 2006 contributed significantly to shortening the procedures and times to start a new business. In the first months of 2006 were registered 5,400 new businesses (EBRD, 2006). The time needed for registration of new enterprises was cut from 48 to 2 days, while the number of procedures has been shortened to only 2. These improvements contributed as the Doing Business Report 2013 ranked the Republic of Macedonia in the 5th place out of 183 analysed countries in terms of this issue. But, when it comes to the question of closing a business, the Republic of Macedonia is ranked 116th place, because this activity takes two years (IBRD/World Bank, 2013).
Tax policy: The Republic of Macedonia introduced a flat tax in 2007, thus reducing the tax burden on enterprises. Income tax paid by businesses firstly decreased from 15% to 12%, while in the beginning of 2008 it decreased to 10%. The existing three marginal tax rates for personal income tax (15%, 18% and 24%) were replaced with one rate – 10%. But, there is no special relief for start-up companies or for women entrepreneurs.

State regulation: Considering this issue, it is necessary to strengthen the independence of regulatory bodies, thus ensuring fair and predictable regulation of the domains of market failure (public goods, asymmetric information, externalities, the existence of monopolies, unequal distribution of income, etc.) and deregulation, removal of numerous administrative and bureaucratic obstacles that impede faster growth of businesses respectively. According to Schwab and Sala-i-Martin (2009), the Republic of Macedonia is in the 83rd place, out of 133 analysed countries with a score of 3.7 (1–7, where 1 is the worst, while 7 is the best rating).

Infrastructure: Infrastructure as a general input of economic activity has a significant impact on costs for business. This applies to large-scale infrastructure such as roads, railways, airports, energy, telecommunications, etc. According to the Report of the World Economic Forum, the Republic of Macedonia is in the 88th place (out of 133 countries analysed) in terms of quality of infrastructure. Separately, in terms of the quality of roads, it is in the 87th place, quality of rail in the 71st place, quality of electricity supply in the 79th place, the quality of telecommunications in 58th place. The worst position is related to airports, as the Republic of Macedonia takes the 123rd place (Schwab and Sala-i-Martin, 2009).

Table 1 Corrupton widespread in Macedonia and the region

<table>
<thead>
<tr>
<th>Type of corruption</th>
<th>Bribe tax</th>
<th>Kickback tax</th>
<th>Bribery frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia</td>
<td>0.79</td>
<td>0.62</td>
<td>2.91</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>1.95</td>
<td>1.58</td>
<td>2.51</td>
</tr>
<tr>
<td>Croatia</td>
<td>0.64</td>
<td>0.76</td>
<td>0.89</td>
</tr>
<tr>
<td>Albania</td>
<td>3.31</td>
<td>1.80</td>
<td>6.00</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>0.95</td>
<td>0.39</td>
<td>1.19</td>
</tr>
<tr>
<td>Romania</td>
<td>2.57</td>
<td>0.81</td>
<td>2.11</td>
</tr>
<tr>
<td>Serbia and Montenegro</td>
<td>1.52</td>
<td>0.67</td>
<td>1.84</td>
</tr>
</tbody>
</table>

Source: EBRD (2005, p.13)

In order to encourage entrepreneurial initiatives, the Republic of Macedonia should provide a favourable, friendly business climate which means good protection of property rights, effective execution of contracts, rule of law, qualitative and non-arbitrary regulation, stable and predictable government policy, fight against corruption, elimination of administrative and bureaucratic barriers, favourable tax policy provisions for this type of investment, opportunities for broad absorption power of the market, etc.
Table 2  Indicators of entrepreneurial activity

<table>
<thead>
<tr>
<th></th>
<th>Nascent entrepreneurial activity</th>
<th>New business owner-managers</th>
<th>Established business owner-managers</th>
<th>Early-stage entrepreneurial activity (TEA)</th>
<th>Established business owner-managers</th>
<th>Overall Entrepreneurial activity</th>
<th>Business disruption rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia</td>
<td>7.2</td>
<td>2.7</td>
<td>14.5</td>
<td>11.0</td>
<td>24.8</td>
<td>5.3</td>
<td></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>6.4</td>
<td>2.7</td>
<td>8.7</td>
<td>17.0</td>
<td>9.1</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>4.9</td>
<td>2.8</td>
<td>7.6</td>
<td>14.8</td>
<td>12.3</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>Serbia</td>
<td>4.0</td>
<td>3.6</td>
<td>7.6</td>
<td>16.5</td>
<td>11.8</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>4.1</td>
<td>2.4</td>
<td>6.4</td>
<td>5.6</td>
<td>2.1</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>2.5</td>
<td>1.6</td>
<td>4.0</td>
<td>2.1</td>
<td>5.9</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>5.3</td>
<td>4.6</td>
<td>9.9</td>
<td>12.6</td>
<td>22.0</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>3.2</td>
<td>3.0</td>
<td>6.0</td>
<td>4.8</td>
<td>10.7</td>
<td>3.9</td>
<td></td>
</tr>
</tbody>
</table>

Source: GEM Macedonia (2009, p.27)
2.2 Promoting entrepreneurship

In order to view the status of the development of entrepreneurship, many authors use a popular index of the Global Entrepreneurship Monitor (GEM), known as total entrepreneurship activity (TEA), which shows the percentage of adults (18–64), who attempt to start a business or already are owners of small businesses set up earlier than 42 months (Bygrave and Zacharakis, 2008). Data about the entrepreneurial activity in the Republic of Macedonia and the region are presented in Table 2.

TEA as one of the most frequently used indicators for entrepreneurial activities has identified that part of the early-stage entrepreneurial activities are motivated by necessity and part by recognised opportunity. Dana (1997) described necessity entrepreneurs as being ‘pushed’ into self-employment and opportunity entrepreneurs as being ‘pulled’ to entrepreneurship by opportunity. As shown in Table 2, the Republic of Macedonia’s indicators are the highest compared to other countries in the region. The nascent entrepreneur entrepreneurship sums to 7.2% and 7.7% is for owners of new businesses which contribute toward the key index in GEM – TEA index at 14.5%. Thus, the Republic of Macedonia’s TEA index figure is the highest compared to other countries in the region; for Greece the TEA index is 9.9% followed by Bosnia and Herzegovina with 9%, whereas Croatia and Serbia are almost the same with 7.6%. In addition the TEA Index for the Republic of Macedonia is higher than the average of the European Union countries of 5.85% and OECD members – Organization for Economic Cooperation and Development of 7.10%. Considering the indicator of Established Business Owners manager compared to Bosnia and Herzegovina with 17% in the Republic of Macedonia 11% of the respondents stated that are owners of already established businesses (which exist over 3.5 years). Taking into account the business discontinuation indicator of the entrepreneurial activity the Republic of Macedonia stands at 5.3% (GEM Macedonia, 2009).

In 1997, the state established its National Enterprise Promotion Agency, a trading company with the mission to support the development of small and medium enterprises. However, its success was very limited, as it failed to obtain support from various institutions and ministries. In December 2002, the Ministry of Economy (MoE) stated that despite the consensus on the importance of entrepreneurship and the development of small and medium enterprises, insufficient efforts had been made to promote the sector. Consequently, the Ministry introduced its Program of Measures and Activities for Entrepreneurship Promotion and Creation of Competitiveness of the Small and Medium Enterprises in the Republic of Macedonia.

Citing the fact that the National Enterprise Promotion Agency failed to obtain support from various institutions and ministries, the Ministry proposed the establishment of an Entrepreneurship Support Coordinative Council, consisting of representatives from a variety of relevant ministries, agencies, banks and trade unions. The Ministry also suggested that a central Entrepreneurship Agency would be more effective than was the National Enterprise Promotion Agency. The new programme involves financial and other support. It focuses on four areas: The creation of institutional infrastructure for the promotion of entrepreneurship; the establishment of a favourable economic environment for the start-ups of new ventures; entrepreneurship promotion; and financial support.
From January 1st 2008 the Republic of Macedonia officially started the implementation of the European Union Competitiveness and Innovation Programme (CIP) for the period of 2007–2013, which became the second country after Croatia, which is not part of the EU but is part of this programme. CIP is particularly important for small and medium enterprise in the Republic of Macedonia, which would make them become international, and have a better access to financial resources, better usage of information and communication technologies and development of the technological society.

In order to enforce the promotion and formulation of national entrepreneurship policy there are several ministries, agencies and organisations that are actively involved such as: MoE, Department for Entrepreneurship and Competitiveness of SMEs, Department for Industrial policy, Ministry of Education and Science (MoES), Department for the Advancement of Science and Technological-Technical Development, Ministry of Information Society and Administration (MoISA), Agency for Financial Support in Agriculture and Rural Development (IPARD), Centre for Entrepreneurship and Executive Development (CEED), Macedonian Bank for Development Promotion (MBDP), etc. Also, some programmes and instruments have been put in place to increase entrepreneurship capacities, such as: Central European Initiative Know-how Exchange Programme (CEI-KEP), Competitiveness and Innovation Framework Programme (CIP), European Fund for the Balkans (EFB), Instrument for Pre-Accession Assistance (IPA), Open Regional Fund for Foreign Trade Promotion in South-East Europe (ORF), Technology Transfer Project, GIZ (German International Cooperation Program), USAID Macedonia (Macedonia Competitiveness Project, Small and Medium Enterprise Development Credit Authority (SME DCA) (2007–2014), USAID Business without Borders Project (2011–2013), Creative Business Project (2010–2013), USAIDs GDA Digital Media Park (2006-open end), and USAID Microenterprise Funding and Learning for Growth Project (2011–2016).

2.3 The state of entrepreneurship and the small business sector

Under central planning, Macedonians were told what to do. They did what was expected, and nobody starved. Workers were often apathetic, product quality was often low, and service was usually poor; however, everyone had a job. Free enterprise was a step in the right direction, but for many Macedonians it was a leap for which they were unprepared. Workers are still apathetic, product quality is quite low, and service is usually poor. The big difference is that not everyone has a job anymore.

A simpler path to accumulate capital is by working abroad. For those who work abroad (in Austria, Germany, Kuwait, Sweden or Switzerland, for instance), a return from sojourning to the Republic of Macedonia allows splurging on overpriced consumer items, as well as the possibility of investing in new ventures. In fact, these are the Macedonians who tend to have both the capital and the willingness to invest in the Republic of Macedonia. Those with incomes from these savings are willing to pay high prices in the Republic of Macedonia. For most who do not sojourn, freedom from Yugoslavia is also freedom from a job, and consequently a shortage of money. The result has been a new two-class society, and the gap is growing.
Currently, much self-employment in the Republic of Macedonia takes place in the agricultural sector. Principal produce includes citrus fruit, corn, cotton, millet, mulberry leaves, opium poppy (for pharmaceuticals), rice, sesame, tobacco and a variety of vegetables. The raising of livestock is also widespread. Even in the capital city, Skopje, there are goats grazing by the river and poultry feeding freely. Just outside the city limits, farmers try to sell watermelons and other produce along the highway, but prices are high. Yet, producers are reluctant to reduce prices because their expenses are high; since horse-drawn carts have been banned from major urban centres, farmers have been paying dearly for the use of public transportation.

Meanwhile, cows are strolling across the major motorway linking Skopje and Ohrid Airport. In the fancy resort town of Struga, people wash laundry in the river, while goats graze outside the central bus station. Suddenly, a stray donkey blocks traffic. Inside the Struga bus terminal hangs a photo of Marshal Tito. Although he was a Croat who ruled Macedonia from Serbia, his portrait is still common in the Republic of Macedonia. Life under Tito may have been difficult, but for many it was better then, than it is now.

Perhaps most noticeable are the infrastructure deficiencies that impede entrepreneurship. Before the Yugoslav civil war, there used to be regular train service from Greece, across Macedonia to Belgrade and beyond. Within Macedonia, there was frequent rail service between Gevgelija, Skopje, Veles, and the Serbian border. In recent years, rail service has deteriorated noticeably.

Local governments in the Republic of Macedonia are responsible by law, for a variety of services, including water supply; sewage; construction/maintenance of streets/bridges/public cemeteries; garbage collection; fire protection; and local public transport. In this sense, municipalities have a decisive influence upon the choice of service providers. A serious problem, here, is that nepotism is as common as bidding by tender. Procedures continue to follow the old schemes, ignoring the need for more efficient management. Furthermore, any reform is slowed down due to mandatory membership of each local government in a bureaucratic organisation known as the ‘Macedonian Association of Municipalities and the City of Skopje’.

After years of socialist conditioning, it should not be expected that people could transform themselves into capitalists without a painful adjustment period. It is understandable that employees were apathetic under socialism. Even now, clerks and shopkeepers still lack consumer orientation. Buying an item or service is still perceived as a privilege. Tellers conduct themselves as if they have the right to short-change customers. Consumers would almost certainly prefer establishments with less hostile attitudes.

Macedonians who sojourn abroad bring back entrepreneurial skills; however, sojourners are relatively few and both entrepreneurial and managerial skills are generally lacking in the Republic of Macedonia. There is also a lack of marketing expertise. Under the socialist regime, demand for goods was higher than supply, and since prices were heavily subsidised, and competition lacking, marketing and advertising were not very necessary. Now that the system has changed, it will be useful for the Macedonians to acquire the skills necessary in a post-socialist society.

On the technological side, the Republic of Macedonia does not appear to be in a rush to improve its levels of automation. Cabbage heads are harvested one by one and manually placed on a donkey-drawn cart, as was done centuries ago. Hay-carts are pulled by horses. In the town of Gostivar, horse-drawn carriages contribute to rush hour traffic jams. On inter-city buses, rubbish bins consist of baskets tied to seats with coat hangers.
In shops, weighing of produce is approximate, and in the absence of cash registers or calculating devices, prices are quite subjective. With the exception of those who have sojourned abroad, Macedonians generally do not have the capital or the skills to set up new ventures. Many are waiting for direction.

As noted by the MoE in 2002, the promotion of entrepreneurship has been less than adequate. Those who have lived abroad often become successful entrepreneurs, but these represent a minority of Macedonians. Therefore, it could be beneficial to establish large-scale work abroad/sojourn programmes in the Republic of Macedonia, as it was organised by Israeli organisations in Romania. Encouraging more Macedonians to sojourn abroad could thus enable more individuals to accumulate a working capital, and more importantly to experience a free enterprise market-oriented economy. This may facilitate the acquisition of the skills necessary in a small business. Also, a service-orientation might be adopted.

As well, it might be useful to create a programme such as to encourage joint ventures or partnerships with foreigners who have experience running a small business in an open economy. This may facilitate the learning curve involved in becoming an entrepreneur.

A few Macedonians developed a taste for free enterprise, usually while working abroad, as well as capital from such employment abroad. However, to date this wealth has contributed to higher prices. Future research might include empirical studies of Macedonian sojourners, their duration of work abroad, values adopted from host societies and their propensity for self-employment. As well, further research might compare individuals who have worked in some countries, with others who have worked elsewhere. Finally, it could be useful to research the causal variables influencing people to leave the Republic of Macedonia, work abroad and return to set up new ventures; this might make it easier to encourage more entrepreneurship in this slowly emerging economy.

3 Women entrepreneurship in Republic of Macedonia

The GEM provides a valuable and irreplaceable base of information about women entrepreneurs across different countries. Sarfaraz and Faghih (2011, p.52) note that “GEM’s contribution to providing consistent cross-country information and measurement of women’s entrepreneurial activity are useful tools to identify entrepreneurial dimensions and rank different countries in this field as well”. The lack of official information about women entrepreneurs represents an important obstacle to trustworthy research, since a ‘base set of measures cannot be shown to decision-makers’ [Hontz and Rotanu, (2010), p.8].

Based on the data from the GEM Reports, according to TEA index for women, it can be concluded that women from Montenegro, Croatia, Serbia, Bosnia and Herzegovina and Greece are active in efforts to establish or manage any personal business. The TEA index for Macedonia, Romania, Slovenia and Turkey is around 3%. Data for Albania and Bulgaria, as Balkan countries, do not exist in these reports (Kelley et al., 2011; Allen et al., 2008); nevertheless studies have been published about entrepreneurship in Albania (Dana, 1996; 2010) and Bulgaria (Dana, 1999, 2010).
Considering the research conducted by Sabarwal and Terrell (2008), as shown in Figure 2, the number of women entrepreneurs in the Republic of Macedonia (around 18%), compared with some of the countries from the region, is higher than that of Albania (around 13%), but is lower than that of Slovenia (around 32%), Croatia (around 20%), Bosnia and Herzegovina (around 26%), Serbia (around 26%), Romania (around 28%) and Bulgaria (around 36%).

In the Republic of Macedonia are evidenced faint movements that make some efforts to raise awareness about the role of women to the economy and society in general, for example, the Association of Women Organizations in Macedonia. Several NGOs take active policy actions aimed to activate and involve women in economic and political life. Nevertheless, despite women’s available human potential and capabilities for successful development of women entrepreneurship, strong governmental support is indispensable. Yet, the Republic of Macedonia is rather far from adopting these provisions. However, by establishing the Association of Women Entrepreneurs APNA in June 1999, and NIZA in Skopje, women made a step forward in this field. This implies that the awareness rising
Women entrepreneurs in the Republic of Macedonia

among women to exercise their right to work and to better life through support of their ideas, reaches higher level every day. By providing material or immaterial governmental support, women slowly but surely will find their place in the Macedonian economy (Tašaminova, 2012).

As the most common features that are considered to create an overview of the profile of women entrepreneurs can be distinguished as: age, marital status, education, career, past experience, ethnic identity, work-family clashes, reasons for starting a private business or similar. Some of these will be discussed below. In relation to women entrepreneurs, according to many studies one can draw some conclusions, such as Hisrich and Brush (1986):

1 According to social status, a characteristic of women entrepreneurs is that the entrepreneur in most cases is the first child of a middle-class family in which the father is self-employed, whose husband is employed in his profession and has two children aged between 12 and 16 years.

2 The biggest number of women entrepreneurs, respectively around 70% of them has finished formal education, which often plays an important and decisive role in solving problems that arise in business management business.

3 Typical women entrepreneurs have work experience in the service sector (teachers, mid-level manager or secretary).

4 Women entrepreneurs are individualistic, creative, enthusiastic, initiative and flexible. These features make up her personality. She has to deal with real problems in managing her business, such as recruiting and firing workers from work, contacts with creditors, meetings with vendors, payment of various bills.

5 As most common motivators to start a private business in women entrepreneurs are: independence, job satisfaction, success, opportunities, status/image, money, power, and economic needs and secure career.

6 In order for women entrepreneurs to deal with problems and issues that may occur during managing their business they must have some managerial skills, such as managing finances, dealing with people, marketing, create ideas, planning and organising, etc.

3.1 General features of women entrepreneurs

From our survey respondents we noticed that the majority of women entrepreneurs in the Republic of Macedonia, own and manage micro enterprises and have from one to nine employees. Thus, 32.5% of women run micro businesses, and 27.5% of the respondents manage small or medium-sized enterprises, while only by 12.5% of women entrepreneurs in the Republic of Macedonia run large businesses with over 250 employees. Family status of women entrepreneurs is also taken into account in our survey. Notably, 80% of women have a partner and 75% of them have one or more children. Only 22.5% of respondents said they are not married, while 25% stated that they have no children. With respect to presence in the business world, 32.5% of women entrepreneurs have been active three to six years, 22.5% of respondents between seven and ten years, while 20% thereof have 10 to 15 years of experience. A quarter of women entrepreneurs have been active more than 15 years, whereas none of the women covered by this the survey...
reported experience less than two years. Regarding revenue generation, it should be noted that the share of businesses that generate revenues below 10,000 EUR and the share of businesses that generate revenues above 25,000 EUR is the same and accounts for 32.5%. Our findings reveal that 25% of businesses generate revenues between 10,000 EUR and 15,000 EUR, i.e., 7.5% generate between 15,000 EUR to 20,000 EUR, while only 2.5% of the businesses managed by women have monthly income between 20,000 EUR and 25,000 EUR.

3.2 The age of women entrepreneurs at the moment of establishing their businesses

If we analyse the age of women entrepreneurs when they have established their enterprises, according to a survey conducted by Eurochambres (2004), there can be noticed that over 70% of women have established their enterprises before the age of 35. Around 15% have started their businesses at the age of 36 to 40 years old, and 14.4% after the age of 40 (Figure 3).

Figure 3 The age at which women entrepreneurs have established their businesses

Source: Eurochambres (2004, p.8)

According to our survey, women in the Republic of Macedonia established their own businesses between 25 and 35 years of age. 40% of the respondents answered that they began their own business at age between 25 and 30 years, i.e., 31 and 35 years, whereas 10% thereof answered that they started their business below the age of 25, i.e., over 35 years.

3.3 Education of women entrepreneurs

Taylor and Newcomer (2005) found that women entrepreneurs have accomplished their formal education, respectively the largest number of them have graduated from the university, while every fifth women entrepreneur has finished their masters or doctorate degree. It can be noticed that from the total number of our respondents, 20% are with secondary school education, 35% have university graduates, 10% have two years of
studies, 35% have a graduate or post-graduate degree (mostly in business and economics).

**Figure 4** Level of education of women entrepreneurs

Regarding the level of education, the majority of women entrepreneurs in the Republic of Macedonia have obtained some higher education. In that, 75% of women included in our survey have a university degree, 15% have postgraduate studies, while 10% have only secondary education. None of the women was on the range of having only primary education (Figure 4).

### 3.4 Women’s motives to start a business

The motives for starting personal private businesses vary. The main categories are presented in Table 3. These motives are explained more broadly in Dana (1997).

**Table 3** Motives to be self-employed

<table>
<thead>
<tr>
<th>Focus</th>
<th>Motives</th>
</tr>
</thead>
<tbody>
<tr>
<td>The self</td>
<td>High need for achievement</td>
</tr>
<tr>
<td></td>
<td>Innovativeness</td>
</tr>
<tr>
<td></td>
<td>Ability to take calculated risks</td>
</tr>
<tr>
<td>The ethno-cultural milieu</td>
<td>Culture</td>
</tr>
<tr>
<td></td>
<td>Thrift</td>
</tr>
<tr>
<td></td>
<td>Frugality</td>
</tr>
<tr>
<td></td>
<td>Asceticism</td>
</tr>
<tr>
<td></td>
<td>Ethnic resources</td>
</tr>
<tr>
<td>The host society</td>
<td>Stratification</td>
</tr>
<tr>
<td></td>
<td>Social blockage</td>
</tr>
<tr>
<td></td>
<td>Government assistance</td>
</tr>
<tr>
<td></td>
<td>Occupational clustering</td>
</tr>
</tbody>
</table>

*Source: Dana (1997, p.54)*
Considering at the overall motives to start a private businesses, research has not found any substantial differences between countries or between men and women (Bennett and Dann, 2000; Jones, 2000; Hisrich and Ozturk 1999; Maysami and Goby, 1999). Walker and Brown (2004) found that financial (profit and wealth creation) and non-financial (being one’s own boss, having free time for personal activities, the flexibility to structure the business according to the entrepreneur’s values and objectives) factors motivate women entrepreneurs. From the Eurochambres data (Figure 5), it can be seen that as the first ranked motive of women entrepreneurs is to have control and freedom in decision-making process (47.2% of the surveyed respondents), followed by realisation of profits and wealth creation (45.9%), the third is the motive for self-realisation etc. In the category of other motives most frequently mentioned are motives of combining family and business life and the inability to find a job (Eurochambres, 2004).

**Figure 5** Motives for having a private business of women entrepreneurs

- Control and the freedom in decision making: 47.2%
- Profits and wealth creation: 45.9%
- Self-realisation: 42.4%
- In order not to work for others: 36.5%
- Having faith in the products/services offered in the market: 25.1%
- Other motives: 17.4%
- Social status: 14.6%

*Source: Eurochambres (2004, p.12)*

Some authors (Buttner and Moore, 1997; Dana, 1997) divided motives into push and pull categories, where pull motives are related with a strong desire to be self-employed based on reasons with positive connotations, such as challenge, positive work environment, independence and flexibility, while push motives are based on reasons with negative connotations, such as losing a job, limited work opportunities, lack of positive work environment, and independence.

Data collected from our survey show that 60% of respondents stated that the main motive is freedom and control in decision-making processes, followed by 57.5% of women motivated by profit, desire for achievement is the most important for 52.5% of women, while 40% of women entrepreneurs consider the opportunity to work exclusively for themselves as a main motive and rationale for starting entrepreneurial career. Social status appears as less important motive, accounting for 20% of women, while other motives account for 7.5% (Figure 6).
3.5 **Hours dedicated to business**

Entrepreneurship implies specific way of life and particular lifestyle. Most women entrepreneurs in our sample spend a significant share of their time doing working activities. Thus, women entrepreneurs in most of the cases are engaged in their businesses more than 48 hours a week. For the sake of comparison, the Eurochambres (2004) research shows that 61.8% of them have this engagement in their business during the week, while 25.2% dedicate themselves between 40 to 48 hours a week. Only 12.9% of them devote less than 40 hours per week to their business (Figure 7).

Source: Eurochambres (2004, p.11)

A small group of women (6.5%) spend less than 35 hours per week in their business. This group provides an opportunity for additional investigation to find what are the reasons for spending so little time to their businesses and how it is possible to manage all those jobs that a business might require.
According to data obtained, as high as 57.5% of Macedonian women entrepreneurs spend 10 hours a day on working activities, 35% work between 8 and 10 hours a day. Only 7.5% of women spend 5 to 8 hours a day on business activities, whereas none of the women spend less than 4 hours in the office (Figure 8).

3.6 Sectors in which women entrepreneurs operate

Women entrepreneurs are increasingly participating and play a big part in the structure of the labour force, especially in the establishment of new businesses. According to Hisrich and Brush (1986), the main sectors in which women establish their businesses are: retail (7.6%), consulting (7.6%), educational services (4.1%), public relations (3.9%), consultancy services about career (3.9%), personal services (3.7%), real estate (3.5%) and advertising (3.2%). Other research suggests that women entrepreneurs establish their businesses mostly in the following sectors: retail, consulting, educational services and public relations (Franco and Winqvist, 2002; Duchéaunt, 1997; Reynolds and White, 1997). Our overall assessment is that Macedonian women establish various businesses, innovative businesses (private post offices), typically masculine businesses (oil production and installation of water), as well as in services (travel agencies and textile shops).

Innovations in these businesses are oriented toward providing new services or upgrading the existing ones which suggests that women entrepreneurs possess managerial skills to assess the needs of the market. The research conducted by Hisrich and Brush (1986) notes that 90% of businesses founded by women entrepreneurs are oriented toward services, 7% in production and 3% in finance. Carter and Marlow (2007) noticed significant trends that women entrepreneurs begin to penetrate into sectors, which traditionally were dominated by men, such as construction, manufacturing and high technology-based sectors.
Figure 9  Sectors in which women operate

Women entrepreneurs in the Republic of Macedonia operate businesses in various sectors of activity (Figure 9). This research shows that from businesses run by women entrepreneurs, 55% fall in the field of services, followed by 17.5% in trade, 15% in the manufacturing sector, 12.5% in construction, 2.5% in the agricultural sector and 7.5% of women covered by this survey run their business in other areas, besides these.

4 Barriers faced by women entrepreneurs

Literature and practice proves that the continuous growth of self-employed women is a social and economic phenomenon. This means that the conservative prejudices about the role of women in business should be changed (Suklev and Ramadani, 2012). This implies the research barriers faced by women after leaving the previous job and starting a private business. Research so far has elaborated some of the barriers faced by women entrepreneurs in setting up their businesses. A study done by Gobagoba and Littrell (2003) found that women entrepreneurs faced a variety of barriers: lack of management skills, business skills, cash flow, technical skills, and the ability to recruits qualified staff. In addition, the authors found that they have limited access to appropriate technology and have difficulty in networking.

According to Still (2005), barriers or problems that women face in starting a personal business are divided into three groups:

a  The first group of barriers has to do with women who are motivated by the so called push factors (Dana, 1997). Barriers of this category of women entrepreneurs has to do with the lack of skills, initial small capital, access to capital, the inability to find a mentor or advisor regarding the establishment of private businesses or similar. These ‘push’ factors are presented in Table 4.

b  The second group of barriers has to do with women who are motivated by pull factors. Barriers of this category of women entrepreneurs deal with lack of financing, the inability to carry out management-control, creating a strong management team and or similar, which are presented in Table 5.
The third group of barriers is related to young women who start their own businesses. These women entrepreneurs face these barriers: discrimination in terms of age by consumers, government institutions and agencies, unserious acceptance from other colleagues-entrepreneurs during meetings and business contacts, concerns about needed funds, insufficient support from family and friends and lack of a proper advice.

**Table 4**  
Barriers of women entrepreneurs motivated by push factors

<table>
<thead>
<tr>
<th>'Push factor’ barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Creating confidence necessary to start business</td>
</tr>
<tr>
<td>2 Finding the proper sources for help and advice</td>
</tr>
<tr>
<td>3 Providing access to financial resources</td>
</tr>
<tr>
<td>4 Lack of mentors and advisors for individual owner</td>
</tr>
<tr>
<td>5 Problem of the isolated feelings/adaptation to change from employed in a company in self employed</td>
</tr>
<tr>
<td>6 Accepting the offers provided by suppliers, other businesses and clients</td>
</tr>
<tr>
<td>7 Difficulties of managing the family affairs and the business ones</td>
</tr>
<tr>
<td>8 Self-management issues (in terms of time and self-esteem)</td>
</tr>
<tr>
<td>9 Low entrepreneurial spirit</td>
</tr>
<tr>
<td>10 Bypassing the risk</td>
</tr>
<tr>
<td>11 Lack of skills</td>
</tr>
<tr>
<td>12 Access to business network</td>
</tr>
<tr>
<td>13 The use of help through the training and development government programmes</td>
</tr>
<tr>
<td>14 Culture of priority</td>
</tr>
</tbody>
</table>

Source: Still (2005, p.58)

**Table 5**  
Barriers of women entrepreneurs motivated by pull factors

<table>
<thead>
<tr>
<th>'Pull factors’ barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Lack of finance</td>
</tr>
<tr>
<td>2 Access to risk-capital, capital market and real networks-business consultants</td>
</tr>
<tr>
<td>3 Unprepared to implement managerial control</td>
</tr>
<tr>
<td>4 Creating a robust management which will have access to mentors, knowledge and information necessary for business growth</td>
</tr>
</tbody>
</table>

Source: Still (2005, p.61)

The first rank problem that women entrepreneurs in the Republic of Macedonia face is difficulty in establishing balance between family and work. Thus, 57.5% of surveyed women have set this problem in the spotlight. In fact, 37.5%, said they faced problems other than the ones we suggested. A large share of problems is due to finance (32.5%). More than 27.5% are due to insufficient time in order to enhance their skills through various training sessions. Also, 27.5% of our respondents face problems in creating high-quality contact networks that would enable them to successfully run the business. Problems in collection of quality information are identified by 17.5% of women in the Republic of Macedonia and only 12.5% of respondents stated that they do not face any obstacles in managing their business (Figure 10).
5 Factors that affect the success of women entrepreneurs

According to Box et al. (1995) there are four factors which have positive relationship with the business success of women entrepreneurs: previous experience as a member of an entrepreneurial management team, number of previous starts, entrepreneur’s age and scanning intensity. Hisrich et al. (1997) enumerate the following factors: level of education, years of experience, business skills, personal goals and strategy to assess the performance of women entrepreneurs. Fielden and Davidson (2005) emphasise that the success of women in business mainly depends on two groups of factors. The first group consists of ‘push’ factors (lack of control, lack of challenge, lack of good example, family influence, lack of opportunities, limited education, etc.), while the second one, ‘pull’ factors (control, flexibility, independence, being an owner, financial independence, realisation of personal ambitions, need for dominance, etc.). These factors are presented in Table 6. ‘Push’ factors have greater impact on women entrepreneurs in deciding about the type of business, which they wish to establish and carry on. ‘Pull’ factors are related more with motivators to establish a personal business (Hughes, 2003; Baughn et al., 2006).

Regarding the Republic of Macedonia, 75% of women entrepreneurs reported that they are able to establish quality relationships with clients. Furthermore, 47.5% of women believe they are able to formulate goals, policies and plans and implementation thereof. 40% have the ability to manage the finances of their business and ability to generate and implement ideas, 27.5% believe that they are able to manage marketing activities, while 20% have the ability to manage inventory and implementation of specific business strategies.

6 Management skills of women entrepreneurs

Management skills and approaches have been recurrent matters (Buttner, 2001; Gardiner and Tigemann, 1999). Women entrepreneurs, before they start their businesses should evaluate their managerial skills which have relevant impact on the success or failure of the enterprise. Managerial ability has to do with factors from which depends the success
of the entrepreneurs’ business (in the case, of women entrepreneurs). According to Hisrich and Brush (1986), the majority of women entrepreneurs show weaknesses in finance management; they have average skills in marketing and operations, while generating ideas/innovative products and establishing interpersonal relations with people present their great advantages (Table 6).

Table 6  Self-assessment of managerial skills of women entrepreneurs

<table>
<thead>
<tr>
<th>Managerial skill</th>
<th>Too weak</th>
<th>Bad</th>
<th>Good</th>
<th>Very good</th>
<th>Excellent</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance, ensuring capital, forecasting, budgeting</td>
<td>15</td>
<td>32</td>
<td>27</td>
<td>15</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Relationships with people – management, development and training</td>
<td>2</td>
<td>10</td>
<td>28</td>
<td>33</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td>Marketing – sales, market research, promotion</td>
<td>6</td>
<td>20</td>
<td>20</td>
<td>33</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>Generating ideas/innovative products</td>
<td>3</td>
<td>10</td>
<td>26</td>
<td>27</td>
<td>33</td>
<td>1</td>
</tr>
<tr>
<td>Business activities – inventory, production, daily activities</td>
<td>3</td>
<td>18</td>
<td>32</td>
<td>30</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>Planning and organisation – strategy, organisational structure, policies</td>
<td>4</td>
<td>15</td>
<td>29</td>
<td>29</td>
<td>23</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source: Hisrich and Brush (1986, p.32)*

If we analyse the data that has to do with self-assessment of managerial skills of women entrepreneurs and their impact on business these conclusions can be brought (Hisrich and Brush, 1986):

- Possessing weak skills in finance, marketing, planning and organisation could be a serious obstacle for future growth of the business. As their business develops, women entrepreneurs should use strategic planning in order to make the balance between expansion and sales growth, on the one hand and capital needs, on the other hand.

- Average skills about marketing and operations do not always represent obstacles, because they depend on the nature of the business. As women entrepreneurs typically operate in the services sector, marketing skills necessary to carry out a research and market forecast do not need to be superior because they can engage experts in the relevant field. But if they operate in the manufacturing sector or construction then these skills need to be more developed.

- Women entrepreneurs possess strong managerial skills in areas dealing with relations with people and generating ideas. Skills in dealing with people are very important for the realisation of works and negotiation with customers. Women entrepreneurs seem to be more tolerant and show more respect for human issues of the business, which makes them more sensitive and more prepared in dealing with problems than men. Skills about generating ideas are an important skill for all women entrepreneurs, which will enable them to be more competitive in the market.
7 Conclusions and recommendations

We asked women entrepreneurs questions about the size of business they run, revenues realised, their family status, in order to get more complete image of women as entrepreneurs in the Republic of Macedonia. Our findings reveal that the typical women entrepreneur in the republic is university-educated, manages a micro-enterprise and is married with at least one child. The women become managers prior to their 30th birthday and have 10 to 15 years business experience. They are motivated to undertake entrepreneurial career due to the existing possibility to realise substantial profit, desire to work exclusively for themselves and the desire and need to realise significant achievements throughout the career. Furthermore, we found that women entrepreneur devote a significant portion of their time to work, more than 10 hours a day. Cultural capital coupled with perseverance, persistence and confidence in the business world are perceived to be the explanatory variables of success among women entrepreneurs in this country.

Management capabilities that a woman entrepreneur in the Republic of Macedonia possesses are related to the abilities to achieve solid communication with individuals, to generate and realise ideas and formulate goals, plans and policies, followed by their successful implementation. Finally, each woman entrepreneur faces numerous problems in management, the most serious problems being related to finances, establishment of balance between work and family, lack of time to enhance their capabilities by means of participation in various training, etc. Moreover, to overcome these problems, women need to have several qualities and skills. According to our findings, successful business requires relevant education, gained knowledge and skills, as well as a commitment to
take proactive rather than reactive actions. This includes experience, persistence, perseverance, self-confidence, which are also considered important characteristics for successful development of business.

Women entrepreneurs are an important untapped resource within the business sector. If we accept that entrepreneurship is important since it is the basis of development, we propose that entrepreneurship should be assisted by supportive government policies. To support their commitments, women entrepreneurs need appropriate assistance both in business running and development. In addition, we propose:

1. *To extend credits to support women entrepreneurship and establish funds which provide loans.* Lack of financial support is a major problem faced by women entrepreneurs. Investors and banks are often reluctant to finance start-up businesses run by women; thus, it is necessary to implement programmes that will directly aim to improve the financial environment and provide a variety of financial instruments and impetuses that will assist women in running their businesses.

2. *To deliver training and develop special programmes.* One of the main priorities is to stimulate the desire for an entrepreneurial career, because entrepreneurs form the basis for building competitiveness and innovation in a country. Women should be adequately educated and encouraged to start their own business and build entrepreneurial careers. Such support, especially in the field of women’s entrepreneurship is provided by the European Network of Mentors for Women Entrepreneurs which is implemented in the country. This project aims to establish a national network of mentors for women entrepreneurs, and to provide assistance in meeting challenges faced by women in the first years of business operations. It also aims to support the development of women entrepreneurship in the country, taking into account the specific features of the businesses run by women;

3. *To provide support to micro-enterprises.* We found that 32.5% of surveyed women entrepreneurs in the Republic of Macedonia own micro-enterprises. However, these businesses have encountered problems due to their size and limited resources. Creating a new business and obtaining necessary capital is a significant challenge. Women often struggle to keep pace with and collect information on new ICT developments and trends. It is vital to provide necessary assistance and support to such businesses so they can meet these challenges and benefit from using various financial instruments, simplified administrative procedures, and assistance in creating women entrepreneurs networks, etc.

4. *To establish a database and policies for women entrepreneurs.* It would be useful to establish a database which would provide the basis for policy creation that will focus on the promotion of women entrepreneurship. We propose that it is vital to establish gender sensitive policies aimed towards improving women’s economic status, to implement different social and educational programmes, and deliver training sessions.

Future research could be longitudinal, comparing evolution of women entrepreneurship over time. Also of interest could be comparative studies, for example contrasting Macedonian entrepreneurs of different ethnic background.
References


Women entrepreneurs in the Republic of Macedonia


Notes

1  Based on Dana (1998, 2010).