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**Paper Title:** New Economy: What does it mean for Women Entrepreneurs in  
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# **New Economy: What does it mean for Women Entrepreneurs in Montenegro?**

## **Abstract**

Entrepreneurship may have several meanings when is used in the context of a new economy. It may refer to entrepreneurial behavior in the sense of seizing an economic opportunity. The entrepreneur is considered to be someone who specializes in making judgmental decisions about the coordination of scarce resources (Casson 2003). Entrepreneurship in this context refers to owning and managing a business. Montenegro started a new economy in recent years. The economy is highly dependent on service industry and tourism. However, Montenegro's economy similar to many other places in the world, suffers from a high unemployment rate. Real GDP growth slowed from 10.7 percent in 2007 to 6.9 percent in 2008 and turned to a large negative rate of about 6.5 percent in 2009, as a result of the global economic crisis. It contracted again in 2010 - by an estimated 1.8 percent. Inflation surged from 4.2 percent in 2007 to 8.5 percent in 2008 driven by continued strong domestic demand and rising world food and oil prices. With weakening domestic demand and falling world commodity prices, inflation dropped sharply to about 3.5 percent in 2009 and further to an estimated 1.4 percent. Meanwhile, the fiscal balance turned from a surplus of 6.7 percent of GDP in 2007 to a deficit of 0.3 percent of GDP in 2008 due to cuts to social contribution rates and surging public sector wages. The fiscal deficit increased substantially to over 3 percent of GDP in 2009, reflecting falling revenue owing to economic contraction (Montenegro Review 2012). Women entrepreneurship is a rapidly growing phenomenon both in developed and in developing countries. Although there is a good amount of literature concerning women entrepreneurs in developed countries, relatively less is known in developing countries. A series of in-depth case studies were undertaken of Montenegrin women entrepreneurs within different industries in the country. All of them owned their business and some had also employees. The principles of case study design and method were followed (Yin 2003). Data collection involved analysis of interviews and direct observation with research.

## **Introduction**

Montenegro lies in southeast Europe on the central part of the Balkan Peninsula on the coast of the southern Adriatic Sea. Montenegro borders Croatia and Bosnia Herzegovina to the west, Serbia to the north, Albania to the east and Italy over the sea. Montenegro covers a territory of 13,812 square km with 300 km of seacoast border. The geographic position of the country provides favorable conditions for specific economic activities, above all tourism.

In Montenegro the socio-economic status of men is much better than that of women. Women entrepreneurship is still underdeveloped although efforts are made to include as many women as possible in the process. In the Strategy for Development of Small and Medium-Sized Enterprises the Government has admitted that 90% of women in the country do not hold title to a property and that it is necessary to find ways of removing this obstacle in promoting female entrepreneurship.

In the structure of 6 539 enterprises, which submitted their balance sheets, small enterprises are dominant and present 96.5%, while the large enterprises present only 0.8%. The number of medium enterprises is also low, they represent only 2.7% of the sample. 20 enterprises or 37.95% within 53 large enterprises have positive business result during the recent years. This percent is 41.5% within the group of medium and 20.8% within the group of small enterprises. (COMMENT 7, 2001)

More than half of all registered enterprises have trade as their main sector of activity. The other dominant sectors are industry, construction, transport and communications. Tourism, although declared to be of strategic importance for the development of Montenegro, accounts for only 6.6% of all enterprises. (COMMENT 4, 2001)

Analysis of the population (15+) of Montenegro in 2010 survey (Ipsos, 2011) shows 48.8% male and 51.2% female. From this number 57.3% of male are employed and 42.7% of female are employed. The survey also shows that 54.5% male are unemployed and if employed persons are observed, it is noticeable that women have higher level of education than male population: 31.4% of the employed women have tertiary (college or university) education, while just 21% of male population have the same level of education. However, the percentage of male citizens who, after primary school, gained appropriate professional education is double that of the female. The male Self-employed is 21.3% almost double of female at 8.9%. This is indicative of much less opportunity for the female entrepreneurs. Nevertheless, this fast and emerging economy shows promising opportunities for women entrepreneurs.

Women in Montenegro make up 50.2 percent of the population. However, their small majority does not guarantee them equality in society. Montenegro remains mostly a patriarchal society, where the women are generally placed in a subordinate position to their male counterparts. The primary role of women tends to be that of family caretaker. Though education is endorsed, employment outside of the home is not. Women make up 43 percent of the workforce and this number is decreasing each year. Those women who are employed outside of the home are primarily employed in the lower paying service sector jobs. In the realm of leadership roles, the parliament's composition in recent years has been approximately 10-11 percent female, while 12 percent of women are represented in cabinet level positions.

A recent research in Montenegro showed that women tend to be employees rather than managers or owners, that they often leave their jobs for family reasons, and that women have a harder time than men finding satisfying, well paid work. When the women were asked about workplace experience they did not seem to perceive discrimination as a serious problem. However, according to responses to questions concerning women's opinions, sexual discrimination is prevalent in Montenegrin society. (report 4)

Montenegro needs effective entrepreneurial activities particularly by women. This paper reports the findings of an exploratory study that aims to examine primarily entrepreneurial performance in new ventures founded by women entrepreneurs in Montenegro. The research has focused on opportunities in new economy especially for women entrepreneurs using networking as a tool and the challenges of finding resources to start a business. The study's main research propositions are the examination of the motivation, strategy and vision of the Montenegrin women. The initial results reinforces that network competence has an especially strong relationship with the successful outcome seizing new opportunities. The paper concludes by recommending women in Montenegro are capable, motivated and visionary. However, they are challenged by finding internal and external resources to start new ventures using networking as a tool.

## **Methodology**

The research procedures involved the development of seven case studies of successful women engaged in business, and that had been identified as women entrepreneurs. (Eisenhardt's 1989) process for the development of theory from case study research was used as a guide to the study. Each of the eight steps she advocates was followed, along with the principles of case study design and analysis recommended by (Yin 1989). Documentary and verbal data was collected with a case study protocol to provide consistency of focus across the seven cases. While interviews, observations, and archival sources are particularly common, inductive researchers are not confined to these choices. This study utilizes a persuasive case study approach (Siggelkow 2007) to examine both the institutional structures, and business models, that support women's empowerment and the self-perception of empowerment by the women-owners of the institution (Pollard 2006). While a

persuasive case study can never be used to prove a theory, it can be useful to illustrate, motivate, and inspire readers to better understand and appreciate a particular theory. Seven women were interviewed for this study, and their qualitative responses provide the basis on which we deduce our research findings (Eisenhardt & Graebner, 2007).

## Results & discussions

Women who were interviewed were between the ages of 35 to 50, were married with 2-3 children and started a small enterprise in service industry. They all had college education and motivated to earn income to help the family. Table 1 describes the cases.

Case	Description
Age: 53 Cake maker Married - two children Bsc in Metalurgy	<p>She has been making all kind of cakes on demand. She has been in business for 15 years. Her kitchen is her «factory» and she is the only worker, the manager and the owner in the same time. She was born in 1959. Age 53. She is married and has two grown up children. She is coming from an urban family; have their own flat and car. Have family sea house. She has graduated from the University of Montenegro, Faculty of Technology and Metallurgy; earned BSc degree in metallurgy engineering. She has always been skillful and confident in kitchen i.e. in cooking. She considered herself a very good cake maker. She has started business with her family's own resources.</p> <p>After 3 years in business she obtained a loan from CKB for 4000DM in order to buy additional equipment (refrigerator etc.). In order to get the loan she submitted accounting books to the bank to prove the profitability of her business. Now, she is financing her business. She has achieved the sustainability of her business so far. She has obtained certain number of permanent and loyal client that make her business stable even in the current crises. In the beginning she had served only friends and relatives, but gradually she started to advertise her business, she created web-site, developed cooperation with raw-materials providers and packaging providers. Had plans to spread business and open cake shops, but due to global and local economic crises plans are postponed.</p>
Age: 42 Hair dresser Married with two children	A dynamic lady who started her own beauty salon in at her home serving the neighbourhood. Her husband has financially and emotionally supported her to a great extend. She has taken credit for her equipment with the help of her husband. She has now steady number of clients and her business is making profits for the family. She works alone.
Age: 47 Hair dresser Married with two children	She has her own salon and she employs three more workers. She has been in business since 1990. Married, has two teenage children. She is originating from a workers' family. Husband is an entrepreneur too. They live in their own apartment. She has finished Secondary vocational school in Podgorica. Before she started her own business she spent one year in Dubrovnik working as an apprentice to a hair stylist, than she worked for a year in a TV CG (national state broadcasting company). In 1990 she started her own business. At the start she financed her business from her own savings and money borrowed from friends. She even didn't think about bank loans due to very unfavorable terms (high interest rates...). Solidarity among friends was common and one could count on it when in need. She has a strong feeling that she has no access to resource. Being a

	<p>small entrepreneur she has no access to resource under good condition. She has to negotiate with banks regarding the terms and conditions of the credits. Recently she put her salon on mortgage to obtain loan with 27% yearly interest rate. She has maintained in the business, has her loyal clients. Her business has been profitable so far and it has been the main financial support for the family needs. She considers this the greatest achievement. <i>«Even as a child I was independent, self secure and a discover. I have never think of myself as working for somebody else but myself.»</i></p>
<p>Age 44</p> <p>Married, two children teenagers.</p>	<p>Coming from an urban family. Finished high school. She had neither skills nor working experience when started the business. She started small business with her own saving. Later she applied and obtained loans from banks. She has an access to resource under ordinary conditions that might be better. She has built a successful family company that employs about 30 workers. She started from a small shop and now has 6 shops in two towns. She has been earning enough to support the family life and children's education according to their desires. She developed entrepreneurial behaviour through practice. She is learning every day and developing her talents and entrepreneurial skills.</p>
<p>Age 47 years</p> <p>married, mother of two children</p>	<p>She has completed secondary school. The availability of funding sources is satisfactory. The intention is to maintain services at current levels and to increase the number of labor.</p>
<p>Age 46</p> <p>Married, three children</p>	<p>She is from the North, Berane with College education with moving spirit and creativity. She has raised her own finances.</p> <p>Time management skills, ability to contracting various business activities with positive financial effects</p>
<p>Age 33 years</p>	<p>Until recently she has not had experience in managing a business, but with talent, and will, going through some studies and seminars, as well as interviews with successful entrepreneurs, was assisted in the development of her own business. One of the main problems this year in the development of business ideas is certainly starting capital, which is very difficult to provide, but fortunately, a financial company has helped her with credit arrangement for women and she has got a loan at a very reasonable interest rate from 4% to start with the realization of her ideas.</p>

## **Characteristics – What are the qualities and attributes that woman entrepreneur must have?**

*“Woman entrepreneur has to be self-confident and rational. She has to be responsible, precise and accurate. In her business she has to be tidy, patient and devoted to the quality of her product in the first place. She has to be self-confident, ambitious, industrious, ready to take risk. «No risk no profit!» She has to be respectful to all clients. «I treat all clients equally with full respect. Money of any client is the same for me.»*

*“A woman entrepreneur has to be industrious, patient and more than anything she has to have support from her family. She has to know how to manage the money.”*

*“Persistence, patience, perseverance, to be positive, intelligent”*

*“The quality of a good entrepreneur is having organizational capabilities. A good entrepreneur will be self-critical, will recognize their own weaknesses and organize your work in a way where people from surrounding their abilities to compensate its disadvantages.”*

*“Must be willing to overcome various obstacles, must be brave, ambitious, persistent, communicative and accurate in every moment know what he wants to achieve, therefore, have clearly defined goals. Also, I believe that education is a must starting point on the path to success.”*

These comments are similar to other results from countries who have gone through the communist period, which “the rights equality between men and women”, the high rate of participation of women to university education and the favourable collective mentality regarding the women’s participation in all the fields of social life existed. Yet, invoking the hardships related to conciliating family life with professional life, confronting the disbelief and discouragement from people around and certain sexist stereotypes existing in the society towards the business women, lead to the conclusion that, even though the traditional collective mentality is favourable to women’s involvement in all the fields of social life, the collective mentality regarding women’s involvement in the business is still in training, just like the entrepreneurial culture in other developing countries. (ref)

## **2. Motivation – What are the ingredients of the successful business in Montenegro?**

*“You have to have good and original business idea i.e. you have to choose the right industry to start own business in it. You have to have good plan and initial resources necessary for the realization of the business idea. You have to have good co-workers and good finance sources. Devotion to your business, perseveres and agilance are also important ingredients of the success in business.”*

*“Knowledge, good practice, good earnings.”  
«Prove in the real life that you are a master!»*

*Financial support, good management, innovativeness, respect for the rules and procedures. "You have to respect clients and partners the way you expect them to respect you. Talent and good idea will find its way everywhere!"*

*“Money, and a healthy business environment”*

*“Quality of thinking determines the quality of earnings.”*

*“Provided funding, developed business ideas, ambition and desire to succeed, hard work and effort ..... work, work and more work ....”*

The differences perceived by the interviewed women between the features of the women entrepreneurs and the men entrepreneurs, the specific differences most commonly mentioned being: perseverance, predisposition and ability to work hard, as well as the abilities specific to emotional intelligence. These specific differences and not the gender discrimination, generally considered, must constitute “the tough nucleus” of public policies stimulating the women entrepreneurship (Holtz-Eakin et al., 2004), and of the so-called in the literature gender-sensitive strategies (Parker, 2009, pp. 184-200).

### **3. Challenges – What are the challenges for women entrepreneurs in Montenegro?**

*“Lack of support in the family and society as a whole is the greatest challenge. Lack of the programs such as business incubators aimed for women entrepreneurs to ease the start ups. Unfavorable access to bank loans for all (men and women) entrepreneurs. In the current crises time her business has been suffering from the delayed payment.*

*“Generally, it is more difficult for women to be an entrepreneur. The social climate is not favorable. However, we have come pretty far if we compare current situation to the position of our grandparents. Women are stronger and more determine to succeed. «To my opinion women are more successful as entrepreneurs than men. I state this on the basis of my experience as well as my friends' experience.»*

*“Lack of courage , lack of social support and encouragement.”*

*“To achieve the most out of existing businesses.”*

*“Starting a business by women entrepreneurs from scratch is a challenge, building a new sector of a successful organization sometimes is easier.”*

*“Fail to develop their own business in a time of economic crisis, to show myself and others that it is well organized, with great ambition possible to survive, though almost every day we come across a number of difficulties that are trying to overcome. In particular, I noted the challenge that women can succeed in business, despite the myriad of circumstances that are not fond of her.”*

*“Lack of fund is a major challenge.”*

General measures to encourage women entrepreneurship are active measures promoting the entrepreneurial culture, especially among women; measures to reduce bureaucracy and the instability of financial and commercial legislation; active measures to conciliate family life with professional life; active measures to support the start up and development of business by women, especially businesses involving self-employment, coronerships, and family businesses; information campaigns meant to make the public aware and sensitive to gender disparities and sexist stereotypes existing in the field of entrepreneurship and to the advantages to support women entrepreneurship; to reform the legal policies and systems and to develop juridical services meant to protect women's ownership rights and the women's rights in the field of entrepreneurship; to create some offices,

agencies, national and regional information networks to counsel and support the women entrepreneurs and the potentially enterprising women, of some data bases to promote the business opportunities, the facilities for the women entrepreneurs, associations, actions, programmes etc. of interest for the women entrepreneurs and potentially enterprising women; to support the training and instruction programmes for the women entrepreneurs and potentially enterprising women, both within the formal education and within the non-formal education etc.

## **Conclusions and Recommendations**

This paper reports the findings of an exploratory study that aims to examine primarily entrepreneurial performance in new ventures founded by women entrepreneurs in Montenegro. The research has focused on opportunities in new economy especially for women entrepreneurs using networking as a tool and the challenges of finding resources to start a business. The study's main research propositions are the examination of the motivation, strategy and vision of the Montenegrin women. The results reinforces that network competence has an especially strong relationship with the successful outcome seizing new opportunities. Women in Montenegro are challenged by finding internal and external resources to start new ventures using networking as a tool.

**Key words:** Entrepreneurial competencies, Women entrepreneurs; Emerging Economies, Montenegro, Economy, Economical Growth, Employment

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