

FEMALE ENTREPRENEURSHIP IN LOCAL DEVELOPMENT

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Abstract:

Under the pressure of globalization, local communities around the world are looking for new strategies to facilitate local economic development, to reduce poverty and for social inclusion, through harnessing local resources, the creation of workplaces and of better life quality for men and women.

In this context, programs to encourage and promote the entrepreneurial spirit in women considering that, on a global level, one third of new businesses are their creation, a significant part of SMEs, the primary source of new workplaces and of economic growth in a local community. In a competition where women continue to be confronted with more obstacles than men, measures must be taken to ensure the best possible context to support female entrepreneurship in such a way that local communities to fully benefit from their potential in creating workplaces, economic and social development on a local, national and European scale.

The lack of confidence in creating their own businesses, difficulty in balancing professional and family life, inability to obtain the capital necessary for developing their business, difficulty in preparation and limited access to information are all problems that hinder initiative and the development of women's entrepreneurship. Female entrepreneurs are in need of recognition, from financiers and business partners, logistical support and help in increasing managerial and leading capacity.

Keywords: *entrepreneurship, local development, female entrepreneurship, social entrepreneurship*

JEL Classification: L26, M13, O15

1. Introduction

Studies previously conducted on the place and role of SMEs in the economy and their relation to business developments have highlighted the opportunity to develop female entrepreneurship as a dynamic factor in the development of local communities. The share of SMEs in the market structure has grown in recent decades, and they are considered "growth engine", a major source of jobs, the space of showing innovative, entrepreneurial skills, an important factor for economic and social development, an strategic area, interesting for any economy. With positive effects on national, European and world economies, occupying market segments that are inefficient for large enterprises, the ability to respond quickly to community needs, taking advantage of the opportunities by using local resources, the SMEs contribute to ensuring sustainable economic and social development. In this context, as shown by studies in the field, women entrepreneurs have an important role in economic growth, particularly in countries with low level or development environment. For this purpose, we have performed an analysis of the literature in the field, focusing on the connection between business and women entrepreneurship, the interaction between small and medium business managed by women and local development. This paper aims to identify the place held by female entrepreneurship in the local economic development.

2. Entrepreneurship in the literature in the field

The business world has faced profound changes in recent years. Entrepreneurship has become a term that is increasingly used worldwide, defined from different perspectives, by those who are called pioneers in this field, such as Cantillon, Say and Schumpeter. The term tends to be associated with the economic development and the welfare of society. The role of entrepreneurship in national economic growth was highlighted by Joseph Schumpeter, the economist most often associated with this term. The definition of entrepreneurship, from his perspective, focuses on innovation of new products, new

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production methods, new markets, new organizational forms, the wealth being created when innovation results in new applications. Schumpeter argues that innovation is the driving force not only of capitalism, but also of economic progress in general and that entrepreneurs are the agents of change in an economy. In this context, the entrepreneur's function can be defined as a combination, in an innovative way, of several factors to generate customer value, higher returns for firms, wealth for the economy, creating jobs and developing innovations. Entrepreneurs conduct these changes, creating new channels for economic activity and employment.

The entrepreneurial activity entails identifying and exploiting economic opportunities. JB Say (1860) states that "the entrepreneur reveals the economic resources out of an area with low productivity and introduces them in an area with high productivity and high yield."

An economic study of the OECD, in 1997, defined entrepreneurship as "the dynamic process of identifying economic opportunities and exploiting them by developing, producing and selling goods and services".

The entrepreneurs transform the market, not only do they provide goods and services in the internal market, but they also provide a new source of jobs in the economy (Praag, 1995). As a result, entrepreneurship is a necessary ingredient in the process of economic development, which serves as a catalyst for market transformation and offers new opportunities for growth, employment, leading to increased per capita income. Policymakers can improve economic factors facing potential entrepreneurs by initiating market reforms that increase market incentives and availability of capital necessary for entrepreneurs (Wilken, 1979).

In defining entrepreneurship we can include: innovation, recognizing opportunities, risk management, action, resource use, value added.

Davidsson and Wiklund (1995) suggest that regional variations in the level of entrepreneurial activity are influenced by cultural values. They argue that "determinant factors are the cultural and economic ones", suggesting that cultural differences and beliefs explain regional differences in the development of entrepreneurship. The cultural hostility can hinder entrepreneurship in a given region, but another region can benefit from the migration of entrepreneurs.

Considering the place and role of SMEs in many countries, central and local administrations create and implement programs and public policies to stimulate and support the establishment of new businesses. Each such item follows objectives that consider economic growth, environmental problems, increasing social inclusion, etc. However, due to the complexity of the domain, they have imposed the identification of statistical indicators for measuring entrepreneurship in different countries and globally (Entrepreneurship Indicators Programme (EIP) developed by OECD and Eurostat) and indicators that will increase innovative enterprises, for supporting the "the main indicator of innovation in the EU", set in the context of the Europe 2020 strategy.

Because of its elusive nature, entrepreneurship is often overlooked in developing economies. It is, however, a pervasive aspect of human action, its manifestation depending on the institutional environment (Baumol, 1993; Boettke and Coyne, 2003). Therefore, we can say that entrepreneurship is a necessary ingredient to boost growth. Thus, all countries that want to achieve a successful economic development must experience both economic growth and "fundamental changes in the economy" (Gillis, 1996).

3. Female entrepreneurship

Although women are still a minority in entrepreneurship, in recent years there has been a considerable increase in the number of women worldwide who start and run their own business. To support and develop women's entrepreneurship internationally, there were ongoing concerns, noting the initiative of the United Nations Economic and Social Council, in 1997, which started a program through which gender is integrated to guide research in the

field, development of appropriate policies, a program coordinated by UNDP. The basis for such programs is the understanding that real economic and social progress cannot be achieved without investing in both women and men. (dr. Daniela Stefanescu, 2011).

Entrepreneurship has no gender, says Sorana Mantho, Director Corporate Affairs Philip Morris Romania and Bulgaria, who believes that the recipe for success in business is "the common sense, she applies to any professional in his profession." Sorana Mantho said: "Entrepreneurship is a mindset. (<http://www.bursa.ro/companii-afaceri/conferinta-antreprenoriatul-feminin-editia-a-ii-a-sorana-mantho-philip-morris-antreprenoriatul-es...&articol=236973.html>)

The Committee on Employment and Social Policy of the International Labour Organisation, stated as soon as November 2006 that "it is necessary to adopt special measures to enable women entrepreneurs to start a business and develop formal sector". In this context, the International Labour Conference in June 2007, proposed promotion strategy to support the development of women's entrepreneurship, highlighting, through measures designed specifically for women entrepreneurs, their growing importance in the economy, considering that "women's economic empowerment is crucial for sustainable societies. "

Today, between 25 and 30% of all existing firms in the global economy are created by women. However, the vast majority are micro and small enterprises with limited growth potential. Social attitudes and beliefs often prevent women to consider entrepreneurship, and those who work, mostly confine themselves to very small businesses operating in the informal economy. These limits diminish their ability to earn an income for themselves and their families, reduce the leverage of their potential to contribute to socio-economic development of their communities and to create jobs.

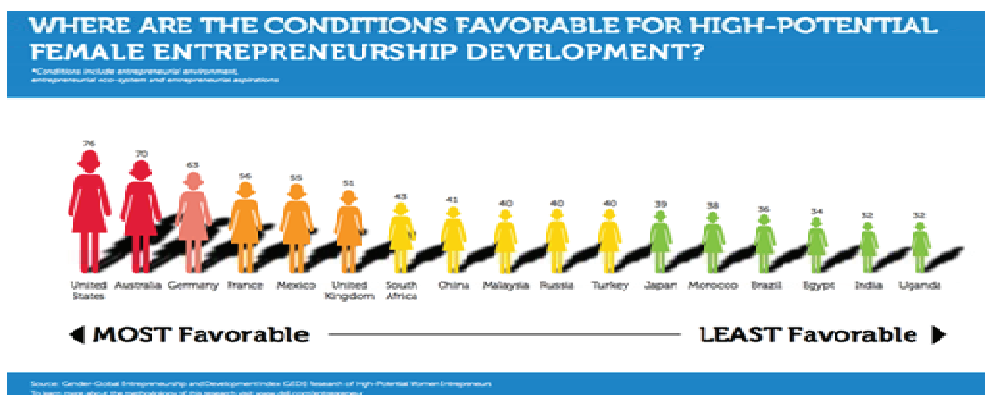


Fig. no. 1 The ranking of countries considering the development potential of female entrepreneurship

A World Bank report in 2011 showed that productivity can increase by almost 25% in some countries where discriminatory barriers against women were to be removed. (International Labour Organization, *Entreprises durables. Le développement de l'Entrepreneurial Women*, http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_183754.pdf)

A global ranking, based on the Global Entrepreneurship Gender and Development Index (GEDI), a diagnostic tool that identifies and analyzes comprehensively the conditions that foster women's entrepreneurship development potential, highlights how in various countries around the world, there have been created to stimulate this activity.

Composed of 30 assessment indicators that take into account: the legal rights, education, the access to finance, individual aspirations, business environments, this index emphasizes the multi-dimensional aspects of female entrepreneurship development.

In 2013, the USA is in the lead, with 10.6 million businesses created and run by women, Europe is present in the top 10 with 4 countries: Germany, France, Britain and Russia. In 2014, if the US maintains its leading position, within Europe there are changes, so that we find in the top 10 countries: Sweden, France, Germany, Britain and surprisingly Poland and Spain.

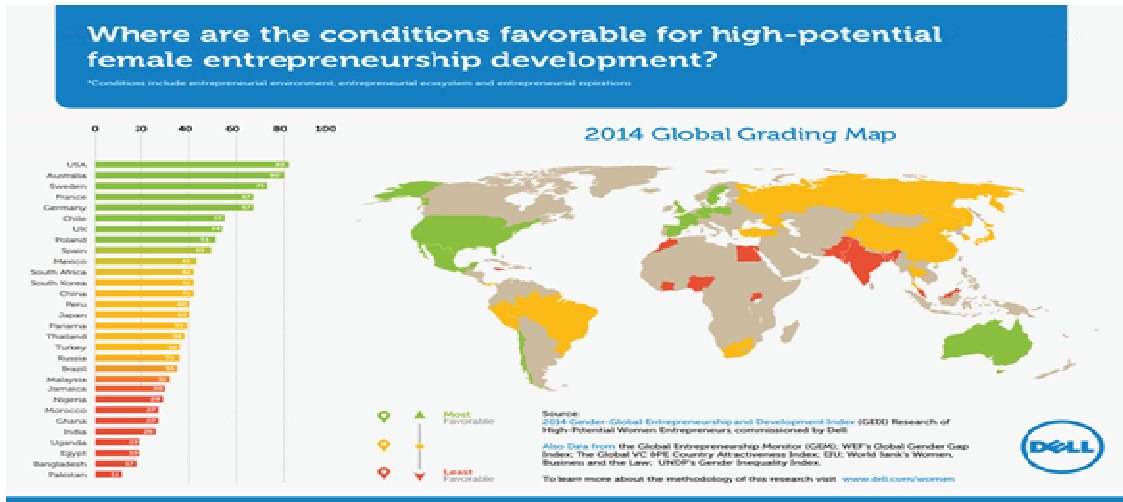


Fig. no. 2 Clasamentul țărilor analizate pentru Gender- GEDI

The study shows that success requires positive operation, the cumulative of all factors. There can be huge opportunities for the development of female entrepreneurship, but if structures (economic, social, political) cannot support existing entrepreneurs to capitalize these opportunities, whether social norms and cultural disadvantage or they are less favorable to women entrepreneurship development, it cannot contribute sufficient to achieve economic development, a successful business environment in the unequal distribution of family responsibilities, chores, lack of maternity protection, limits women's access to entrepreneurial activities.

However, the lack of specialized education makes women do not have the skills to develop their business beyond a certain level. Access to formal financial mechanisms is crucial, membership of entrepreneurial networks, Internet access, technology are essential components of growth, helping to create opportunities for women entrepreneurs.

The "lack of confidence" in their own forces, legal and institutional obstacles in accessing financing make it difficult in many countries, women's in entrepreneurship. Investments in specific programs for women, creating a culture of women's entrepreneurship, strengthen institutional capacity to better meet the needs of women entrepreneurs, providing specific tools and approaches to enhance women's ability to create and develop sustainable business can have a significant impact on development, being one of the most effective means of achieving equality and promoting sustainable and inclusive growth. Removing these barriers on discriminatory cultural practices, the lack of access to financial institutions and time constraints because of family and domestic responsibilities may provide more opportunities for sustainable businesses run by women. This will contribute to women's empowerment and gender equality as well as to sustainable growth and jobs. Since 2010, the European Council requested that the proportion of women in entrepreneurship, to exceed 60%, that the Member States to remove barriers to women's participation in the labor market.

The fact that in 2012, according to the Global Entrepreneurship Monitor (GEM), an estimated number of 126 million women have started or conduct new business in 67 economies around the world, and the top of richest individuals includes numerous women who by creating and managing their own business, demonstrate, that female entrepreneurship is alive, shows that women are becoming more and more milestones in business

4. The development of local entrepreneurship

Between the entrepreneurial level of a country and its level of economic development there is a direct correlation. Economies of poorer countries, focused on inputs, recorded average rate of entrepreneurship, which expresses the need to initiate new business. In efficiency-oriented economies based on innovation and entrepreneurship, the rates are higher, because of the opportunities for entrepreneurship and innovation development of the economic environment.

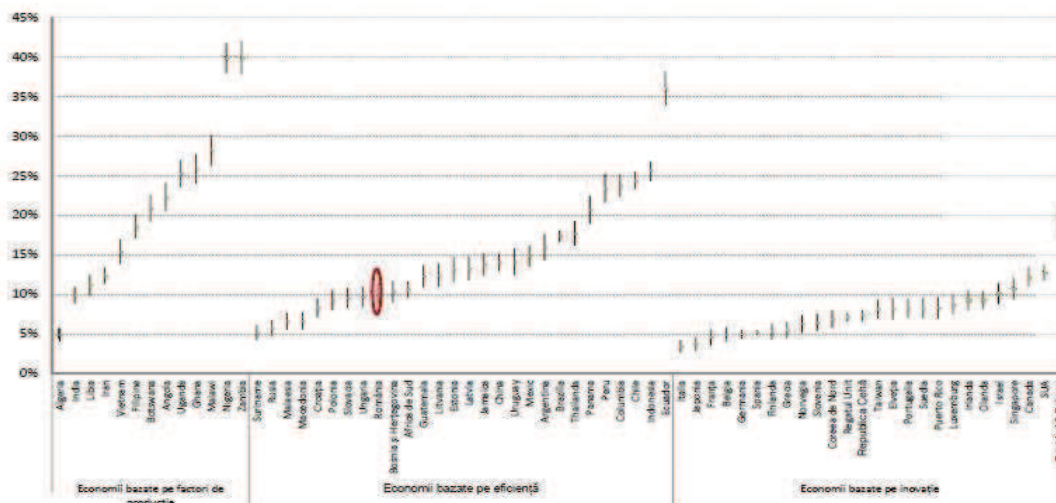


Fig. no. 3 Early stage entrepreneurial activity rate

Source: GEM, Global Raport, 2014, p. 33

In the European Union, the levels of economic development, productivity and employment opportunities vary from one region to another. The European Union allocates approximately one-third of its budget to reduce these disparities, helping the least developed regions to benefit from the advantages offered by the European market. The grant funding programs aimed at developing the skills of the local workforce, encouraging entrepreneurship, improving infrastructure and environmental protection. Millions of Europeans have already specific regional funds.

The proposed budget of the European Union for the period 2014-2020 provides for the allocation of 376 billion euros for such programs. The Commission proposes a more efficient approach, so this round of financing to help meeting the long-term objectives of the Europe 2020 strategy for growth and employment. (EU Commission, economic growth and employment, the core of the cohesion - 06/10/2011, http://ec.europa.eu/news/regions/index_ro.htm).

The impact of entrepreneurship in the economy and society is measured by indicators such as:

- Creating jobs,
- Economic growth,
- Poverty reduction.

These elements reveal more aspects about "social entrepreneurship", which aim to initiatives bringing to the fore the value of the company (local, regional), ideas, solutions to social challenges.

Economic and social entrepreneurship development within the community involves combining the "community development" with "professional development" and "family life" to reduce the risks of exclusion from the labor market and reduce the dependence on subsistence economy .

5. Female entrepreneurship in Romania

On 1 January 2014, Romania had a resident population of 19,942,642 people. Gender structure of the population has the following aspects:

- female population was 10,204,197 representing 51.2% of the population;
- compared to 1 January 2013, the population decreased for both males and for the females.

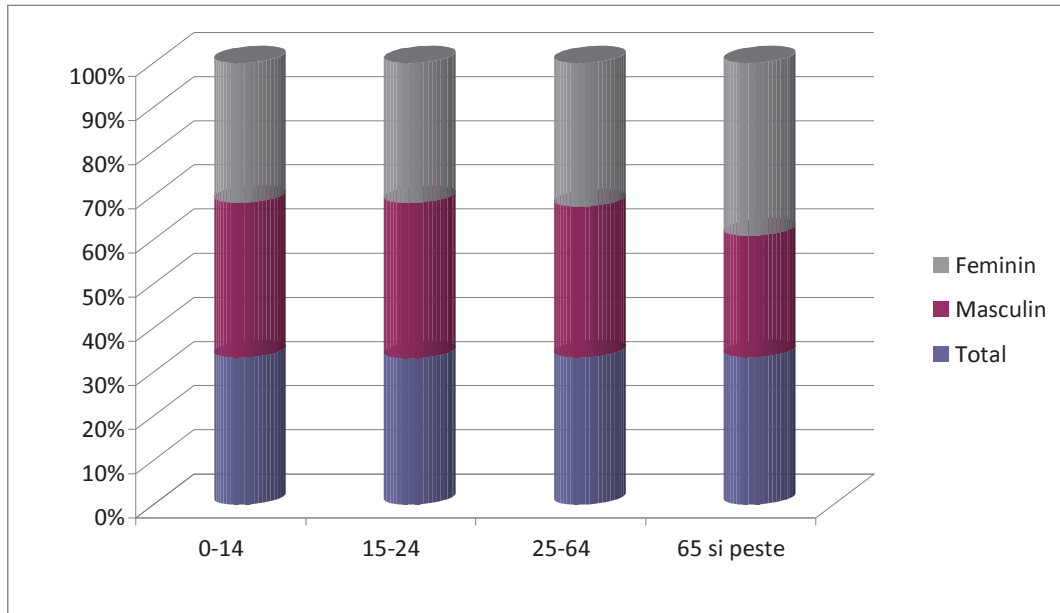


Fig. no. 4 The structure on age groups of the people living on the 1st of January 2014

Source: INS, Press release no 155 of 30 June 2014,

http://www.insse.ro/cms/files/statistici/comunicate/com_anuale/populatie/PopRez2014r.pdf

Females represent 51,2 % of the total population of the country, 45,6% of the active population.

In 2012, the Post-Privatization Foundation developed the study "Promoting entrepreneurship as a key factor for economic development", which analyzes the profile of Romanian business owners, the trends in our country concerning the start of new private business, women's attendance of the Romanian business environment and market development of SMEs in Romania in the global context.

The study shows that Romania has too few enterprises, only 23 SMEs / 1000 inhabitants, 56% of the European average of 41 SMEs / 1000 inhabitants and productivity and the profitability, efficiency and competitiveness of the Romanian SMEs are insufficiently prepared to compete successfully in the European single market.

Most businesses were initiated in 2012 in Commerce (29.2%) and agriculture (16.5%), the Romanian entrepreneurs are obviously attracted by agriculture and due to government policy support and consistent financial support. Businesses in agriculture developed on medium term, are the only ones with positive constant evolution

Considering the volume of business initiatives to develop our country ranks among 56 out of 59 countries evaluated and the last among countries with economies focused on efficiency. A positive aspect of this study revealed, that places our country in higher positions (4th in the overall standings and 3rd among economies based on efficiency), refers to the percentage of Romanian entrepreneurs who, in the initial phase of starting a business on their own, have customers in other countries (exporters).

"A rate of almost half (45.99%) of the adult population of Romania avoid to set up a new company for fear of financial failure, lack of regulations to foster entrepreneurial attitudes, and lack of education in business on their own, education where Europeans invest

significantly. Moreover, our country is among the few European countries that have not to this day a national entrepreneurship education strategy," said Peter Barta, CEO FPP.

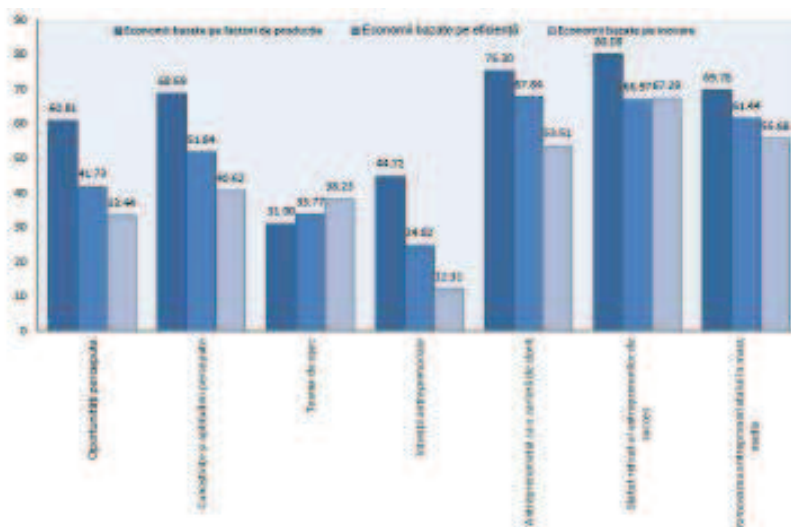


Fig. no. 5 Beliefs and attitudes on entrepreneurship 2013

Source: GEM, Global report, 2014, pg. 28

The effects of the economic crisis superimposed on an unstable economic environment led to the cancellation in less than 2 years of approximately 250,000 SMEs in the country.

Mrs. Cristina Chiriac, President of the National Association of Entrepreneurs, believes that the barometer of an economy is given by the small and medium business and she claims that in practice it is less well than in theory "after figures from the previous year, insolvencies decreased, the number of erasures were reduced. But it is all - it is never enough because we are still at the end of the table, in this area, among EU countries. If in 2010 the EU found that female entrepreneurship is a priority, certainly there were statistics that showed it." (<http://www.bursa.ro/antreprenoriati-feminin-2014/>)

The statistics of recent years show that women entrepreneurship in Romania decreased dramatically from year to year. While in 2009, 42.9% of the Romanian women considered business opportunities, in 2010 only 11% of them have maintained this aspiration, other motivated their removal from the Romanian business entrepreneurship environment by lack of funding and lack of profitability of their business, initially estimated.

Moreover, it is a general characteristic of Eastern European countries, which have the lowest levels of the degree of participation of women in entrepreneurial activities.

In many countries, especially the least developed countries, women are the pillars of economic life, their families and their local communities. They meet two or three roles: mother, wife and responsible for food. Faced with the difficulties of economic, social and cultural development, they still will need tenacity and small business development. By promoting a system of information and training to facilitate the mobility of women in the labor market and develop their entrepreneurial skills in order to involve them in private economic structures in the context of issues of maintaining the balance between family and professional obligations and prejudice existing, the local female entrepreneurship can be a solution for local development.

In developed countries, women often face a number of challenges that consider unemployment, low wages, beliefs and behaviors that are not very clear for their entrepreneurial spirit. "... The state must intervene through measures to boost women's participation in business, as rights and child bringing-up facilities for women entrepreneurs and customized leadership programs through which women from Romania can overcome personal attitudes and behaviors. European figures show that women ,s education on entrepreneurship immediately lead to immediate success initiatives and

prompt promotion within companies. Gender balance in the area of entrepreneurship leads to default state benefits by reducing poverty and increasing taxes to the state budget, "said Peter Barta, CEO FPP. (Post-Privatization Foundation, 2012)

Statistics show that in small towns or villages, the gap between male and female economic impact is becoming increasingly apparent. According to the National Institute of Statistics, 53.1% of inactive persons are homemakers in rural areas, mostly women. Entrepreneurial skills and female workforce in rural areas are underused. Most economic activities in rural areas are small, aiming only to survival and they are often informal.

The European Employment Strategy, inspired from the growth strategy Europe 2020, aims to create more and better jobs throughout the EU, to coordinate employment policies.

An important objective in this context is to promote an active role for women from disadvantaged backgrounds - rural areas and small towns, mainly with agrarian economy by supporting them in initiating and managing small business and activities through community projects.

The multitude and diversity of actions, programs and projects undertaken by other European countries on female entrepreneurship are examples to follow, so that in Romania to adopt such programs allowing the creation of a climate that facilitates increasing the number of successful women entrepreneurs. As Peter Drucker show "The entrepreneurial nuesta neither science nor art, is a practice." (Peter Drucker, 1993)

6. Conclusions

The willingness to undertake is largely a culture, a mood that is transmitted through education, the school being the one that should promote entrepreneurship, develop attitudes and skills to help women create and develop businesses.

It is also necessary to promote the image of women entrepreneurs in training courses, mediation, coaching and support for successful entrepreneurship, encouraging women entrepreneurs to access different areas of business development, to provide mentoring, tutorials for beginners, to encourage women entrepreneurs to emerge from isolation to form networks and associations.

In this context, the following can have a positive impact:

- promoting entrepreneurship and regional campaigns and awareness of women towards entrepreneurial culture;
- the existence of female "ambassadors" in the key business sectors may encourage more women to engage in starting a business, to present reality in designing and running a successful business, providing assistance and advice in support services,
- eliminating gender stereotypes;
- promoting active learning throughout life, a transfer of knowledge and best practices through the creation of associations, entrepreneurs exchanges with other countries by developing guidelines for initiation into entrepreneurship.

"Government policies should foster the competitiveness of SMEs on the long term, given the shortage of competitiveness in the SMEs sector in Romania, compared with SMEs in the European Union. At the same time, the low level of entrepreneurial development in Romania, revealed, inter alia, the low density of SMEs related to population, i.e. the value of 24 SMEs / 1000 inhabitants is far below the average of 42 SMEs / 1000 inhabitants in Europe. as a result, SMEs are unable to contribute significantly to GDP and economic growth of the country, as long as there isn't a sufficient number of companies and a favorable foundation and their growth. "(Post-Privatization Foundation, 2012)

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