



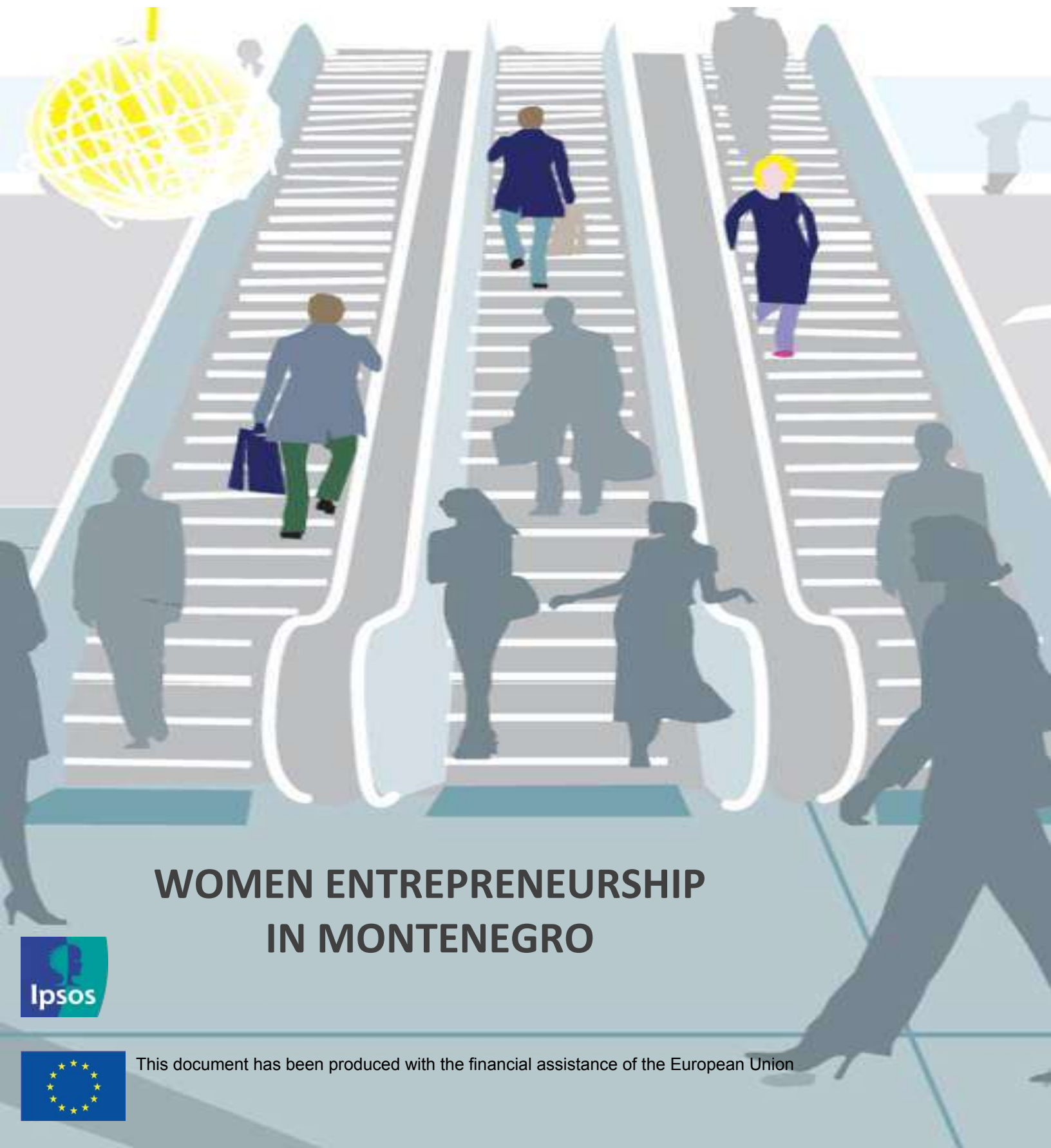
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# WOMEN ENTREPRENEURSHIP IN MONTENEGRO



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*The views and opinions expressed in this study do not necessarily coincide with the views and opinions of the partners in the Program.*

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# I Introduction

Professor Jeffry A. Timmons defines entrepreneurship as a process in which something is developed from almost nothing. Woman entrepreneur is a person who, in the process of identifying opportunities, **raising funds for its realization and distribution of new value takes risks in money, time and reputation.**

The first association of women entrepreneurs was founded in 1945 by Yvonne Foinant in France. After that FCEM (Femmes Chef d'Enterprises) grew from French association to worldwide alliance of women entrepreneurs with 30 member countries. The first scientific work which drew attention to increasing trend of this kind of entrepreneurship was done in 1976, and published in American magazine "Journal of Contemporary Business".

Most countries are characterized by low percentage of women entrepreneurs compared to male entrepreneurs. Nevertheless, there are some countries in which women entrepreneurship is the most dynamic segment of economic activity:

- USA: women own 38 % of all companies (8 million companies), which employ 27,5 million people and make \$ 3.6 trillion of annual sale
- Japan: 23 % of private companies were founded by women
- China: women founded more than 25 % of enterprises in 1978
- Germany: More than 1/3 of all new businesses since 1990, with more than 1 million jobs were founded by women
- Hungary: Since 1990 women founded more than 40 % of all new businesses
- European Union: 1/3 of new companies are founded by women.

The emergence and development of women entrepreneurship in the past 20 years has been closely associated with the process of equalizing men's and women's rights and democratization of society as a whole. However, despite the overall democratization of society, in the past 10 years, Montenegro was characterized by a transition period followed by smaller scale of production, accelerated privatization and transformation of business organizations. All this has led to increase of unemployment, sudden impoverishment of the entire social layers, and change of lifestyle for men and women, Statistical data indicate that women are somewhat more vulnerable than men, primarily in terms of unemployment, but also in terms of poverty, particularly in case of single mothers. Such economic conditions lead to perception of entrepreneurship as an important way of earning income through self-employment.

Montenegro is characterized by an unequal position of women in exercising their economic and social rights. Despite the fact that an increasing percentage of women acquire higher education, the status of women in the labour market is worse than the status of male population, especially in terms of availability of managerial functions, particularly in the fields of politics and self-employment. Nevertheless, the legislative and strategic documents that Montenegro has made in recent years provide a good basis for solution to these problems.

Gender Equality Program IPA 2010, implemented by the UNDP Office in Montenegro, together with the Ministry for Human and Minority Rights and Delegation of the European Union represents continuation of legislative activities and strategies in the field of gender equality. This program aims to help establishing in the next three years a sustainable and effective system of measures in three areas in Montenegro:

- Reduction of domestic violence and protecting victims;
- Political strengthening of women and
- Economic strengthening of women.

Within the third component of the program one of the main goals is to develop the Strategy for Development of Women Entrepreneurship. Prior to adoption of the Strategy, it would be necessary to analyse issues of importance for development of women entrepreneurship, particularly:

- Legal framework for development of women entrepreneurship, including programs and strategies tackling this issue;
- Special needs, motivations and barriers to three groups of potential entrepreneurs: women registered at the National Employment Service (hereinafter referred to as NES), the so-called. invisible women (unemployed women who are not registered with NES) and women employed in state-owned enterprises and public services who are dissatisfied with their jobs.

In our research the results of which are presented in this report, **the entrepreneur is a person who has own business and makes decisions about it.** In this way, the term entrepreneur is defined more broadly and it includes not only the entrepreneurs as defined in the Law on Companies ("a natural person engaged in commercial activity for profit, and this activity is not carried out on behalf of another person"), but all forms of economic activities envisaged by the Law on Companies (entrepreneur, partnership, limited partnership, limited company, limited liability company, part of a foreign company).

Within this research face-to-face interviewing was realized on quota sample of 348 women, where the quotas were defined on the basis of criteria which were mutually combined, and the fourth independent criterion - region:

- Vulnerable groups of women, with three categories – **women registered at the Employment Bureau (hereinafter referred to as NES), the so-called. invisible women (unemployed women who are not registered with NES) and women employed in state-owned enterprises and public services who are dissatisfied with their jobs.** The assumption underlying this categorization is that among women in these three groups it is possible to look for potential entrepreneurs, to further determine how the potential entrepreneurs from each proposed categories think, identify their attitudes, and finally, ascertain which of them have their views and who, finally, has the biggest potential to realize the entrepreneurial idea.
- Type of settlement in which the respondents live, with two categories – urban and rural settlements. This variable is included in sample plan because of the two reasons – firstly

because of the hypothesis that type of settlement can have an impact on birth of entrepreneurial idea and possibility to realize it, and secondly, because of the fact that training on how to start up a business was previously organized for women from rural areas, so these women were to be included in the research to check whether the training had any effect.

- Whether the business idea exists, with two categories – the respondent has or has not an idea to start up her own business. Such division of respondents made possible to identify differences between women with or without business idea, and test the hypothesis about important factors affecting the birth of the ideas and making decision about taking up entrepreneurship.
- Region, with 3 categories – Centre, including towns Podgorica, Danilovgrad and Cetinje, North, including Bijelo Polje, Nikšić, Berane and Pljevlja and Coastal area, including towns Herceg Novi, Kotor, Budva, Bar and Ulcinj.

Besides that, a total of **10 in-depth interviews were conducted with entrepreneurs from** Podgorica, Nikšić and Herceg Novi, and **3 interviews with potential entrepreneurs from** Podgorica.

## II Legal and strategic background

### 2.1. International standards and initiatives

**Issue of gender equality, particularly the strengthening of economic activity of women is regulated by numerous international acts, particularly those adopted within UN and EU systems. By their nature these acts are mandatory for the states which have ratified them, or they have the form of recommendation that requires from states to take appropriate actions for their implementation on national level.**

The first international documents which proclaim equality between men and women in the area of economic, social and cultural rights were **Universal Declaration on Human Rights (1948)** and International Covenant on Economic, Social and Cultural Rights (1966) adopted by General Assembly of the United Nations.

**Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)** adopted in 1979 is the most important universal document from the area of human rights known as „ **international bill of rights for women** “, which the UN General Assembly adopted in 1979. Provisions of the Convention which have special importance are those relating to:

- obligation of signatory states to enter into their national constitutions and relevant laws the principle of equality between men and women, and to secure practical implementation of this principle (Article 2.)
- the obligation to take all suitable measures to eliminate discrimination against women in employment (Article 11.)
- obligation to ensure equality between men and women in the field of bank loans, mortgages and other types of financial loans (Article 13. paragraph b)
- an obligation to consider the special needs of women in rural areas and ensure that they participate in rural development and have benefit from it (Article 14.)

Unlike most international acts which mainly provide for an obligation to incorporate the provisions of the ratified act into national legislation of signatory states, the CEDAW Convention provides for specific obligations of the States. Namely, this Convention stipulates the obligation of the signatory States to submit reports to the Secretary General of the United Nations about the legislative, judicial, administrative or other measures adopted to implement the provisions of the Convention (Article 18. )<sup>1</sup>. Signatory states submit two types of report: one report is prepared by Government with its institutions

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<sup>1</sup> Initial CEDAW Report for Montenegro was considered and adopted at a Cabinet meeting on 25th February 2010, upon recommendation of the Ministry for Human and Minority Rights, after which it was forwarded to the CEDAW Committee

and the other report is prepared by non-governmental organizations (NGOs). Based on reports submitted by signatory States of Convention, CEDAW Committee sends to signatory states the conclusions and suggests recommendations for further action.<sup>2</sup>

A step further in stimulating economic activity and empowerment of women is Beijing Declaration and Platform for Action, adopted in 1995 on 4th World Conference on women. This document represents the broadest political base for creating policies, strategies and plans for securing equality between men and women. Significant incentives for women's entrepreneurship are strategic goals that are set within the problems of poverty and women's participation in economy:

- Strategic goal A.2.: Revise laws and administrative practices to ensure women's equal rights and access to economic resources
- Strategic goal A.3.: Provide women with access to savings and credit mechanisms and institutions
- Strategic goal F.1.: Improve economic rights and independence of women, including access to employment, appropriate working conditions and control over economic resources
- Strategic goal F.2.: To enable easier access of women to resources, employment, markets and trade
- Strategic goal F.4.: Strengthen the economic capacity of women and women's commercial network

**In addition to international acts adopted under the authority of the General Assembly of the United Nations, institutions of the European Union have adopted a number of strategic documents aimed at economic empowerment of women.**

Looking at entrepreneurship as a means to increase the competitiveness of the economy, fit for sustainable economic growth and greater social cohesion European Commission adopted a Green Paper on Entrepreneurship in 2003<sup>3</sup>. Based on the response to this document the European Commission adopted in 2004 the EU Action Plan for Entrepreneurship, which provides a set of measures to be taken in order to develop entrepreneurship. While the Green Paper on Entrepreneurship brings a recommendation to increase the accessibility of entrepreneurship to all members of society, especially to female population and other under-represented groups, the EU Action Plan for Entrepreneurship regulates this issue more specifically, providing for example, support to national and regional authorities in the areas where the needs of women entrepreneurs are still not adequately met, particularly in the area of access to finance and entrepreneurial networks.

In order to define priority areas and interventions in order to achieve full equality between men and women, the European Commission adopted in 2006 the Roadmap for Equality between Women and

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<sup>2</sup> The most important recommendations of the CEDAW Committee addressed to Montenegro are set out in section 2.2.4b. Report of the CEDAW Committee

<sup>3</sup> The Green Paper is a type of document which is published by the European Commission, the purpose of which is to stimulate debate and launch consultation at European level on a particular issue.

Men 2006-2010. This roadmap specifies six priority areas of EU activities related to gender equality for the period 2006-2010:

1. Achieving equal economic independence for women and men
2. Encouraging the harmonization of business, private and family life
3. Promoting equal participation of women and men in decision-making
4. The eradication of gender-based violence and human trafficking
5. Elimination of gender-related stereotypes in society
6. Promotion of gender equality outside the EU

In order to achieve equal economic independence for women and men, the Roadmap for Equality between Women and Men 2006-2010 refers to the more effective implementation of the recommendations of the EU Action Plan for entrepreneurship, especially in terms of increasing the number of started entrepreneurial ventures of women, facilitating access to finance and development and entrepreneurial networks.

**Strategy Europe 2020 which the European Commission adopted in 2010** sets out three priority objectives to be achieved by 2020:

1. Smart development: economic development based on knowledge and innovation
2. Sustainable development: promotion of economy which uses resources more efficiently, which is greener and more competitive
3. Inclusive growth provides for strengthening high employment economy, social and territorial cohesion.

That same year, on the occasion of International Women's Day and in order to mark 30 years since the adoption of the Convention on the Elimination of All Forms of Discrimination against Women, the European Commission launched "Women's Charter" the aim of which was to combat gender inequality in private life and at work in Europe and beyond. The Charter defines five key action areas: equality in the labour market and equal economic independence for women and men, equal pay for equal work, equality in decision-making, eradication of gender-specific violence and equality outside the EU borders.

Although the strategy Europe 2020 itself does not include the development of economic activities of women as one of its priorities, the Strategy for Equality between Women and Men from 2010 to 2015 specifies that realization of strategy Europe 2020 is impossible without a more efficient use of resources and talents of women. This strategy builds on the Women's Charter and provides specific actions to be taken to accomplish the objectives that Women's Charter sets.

European Network for Promotion of Women's Entrepreneurship (WES) has important influence on development and improvement of women's entrepreneurship. Founded by the European Commission, this body composed of representatives of national governments and institutions responsible for the promotion of female entrepreneurship in 31 European countries (EU member states, Croatia, Iceland, Norway and Turkey). European Network for the Promotion of Women's Entrepreneurship has several functions:

- Promotion of women's entrepreneurship
- Increase of visibility of the existing women entrepreneurs
- Creation of environment favourable for the development of women's entrepreneurship
- Increase of the number of new female entrepreneurs
- Counselling, support, information about existing mechanisms of support to women's entrepreneurship
- Identification of good practices

## 2.2. National normative and institutional framework

### 2.2.1. Normative framework

The Constitution of Montenegro (2007), in conformity with the nature of the highest legal act of the country, proclaims in general way gender equality (Article 18) and prohibition of discrimination on any ground (Article 8). Within economic rights and freedoms, in Article 59 the Constitution proclaims freedom of entrepreneurship, providing for the restriction of this freedom only if it is necessary to protect human health, environment, natural resources, cultural heritage or security and defence of Montenegro.

Basic principles in the field of equality between men and women are contained in the Law on Gender Equality (2007), which regulates more precisely the mechanisms for achieving equality between men and women. In accordance with prohibition of discrimination proclaimed in the Constitution of Montenegro, the Law on Gender Equality in Article 4 defines discrimination based on gender as *any legal or factual, direct or indirect distinction, privilege, exclusion or restriction based on sex which makes it difficult for a person or denies the recognition, enjoyment or exercise of human rights and freedoms in political, educational, economic, social, cultural, sporting, civic and other areas of public life*. At the same time, the Law provides that the following will not be considered as discrimination: *general and specific measures adopted or taken in order to eliminate and prevent unequal treatment of women and men, eliminate the consequences of unequal treatment of men and women and promote gender equality* (Article 5). In order to ensure gender equality, the Law on Gender Equality stipulates:

- obligation of Parliament and Government of Montenegro, as well as the units of local governments to implement within their jurisdiction the principles of gender equality (Article 10 and Article 11)
- possibility of taking special measures to ensure and improve gender equality (Article 15)
- realization of gender equality through general and specific measures (Article 8)
- assigning responsibility for gender issues equality to the competent Ministry for Human and Minority Rights (Article 17)
- adoption of action plan for achieving gender equality at least for a period of 4 years (Article 21)
- procedures for handling complaints (Article 25 - Article 31)

### 2.2.2. Strategic documents

Soon after proclamation of independence in 2006 Montenegro adopted several strategies and programs aimed at increasing its economic potentials. Among them the following acts are of special importance:

- Strategy for combating poverty and social exclusion (2007.)
- National Strategy for Employment and Human Resources Development for the period 2008-2011
- Economic and Fiscal Program for Montenegro 2010-2013
- Strategy for development of small and medium enterprises 2011 – 2015 (2011)
- Plan of activities for realization of gender equality in Montenegro (2008 -2012)

Strategy for combating poverty and social exclusion (2007) lays out several activities aimed at improving conditions in the labour market. Among these activities the ones of special importance are activities aimed at encouraging self-employment, entrepreneurship and development of small and medium enterprises. Among other things, the Strategy envisages the creation of stimulating environment for development of small and medium enterprises, strengthening of institutional and financial support to development of small and medium enterprises and promotion of entrepreneurship.

The most important strategic document in the field of employment is the National Employment Strategy and Human Resources Development for the period 2008-2011. As priorities, this strategy provides:

1. Increase of employment and decrease of unemployment
2. Increase of productivity and quality of work
3. Strengthening of social cohesion

Within Priority 1, the Strategy sets as a separate task stimulation of entrepreneurship, considering it as an essential factor of any modern economy. Concretely, within this assignment the Strategy has the following objectives:

1. Improvement of self-employment process, establishment of enterprises and elimination of obstacles for starting up the business
2. Creating a stimulating environment for further survival and growth of established enterprises
3. Improvement of level and quality of services for starting a business for Small and medium enterprises
4. Promotion of entrepreneurial culture

Besides the development of entrepreneurship in general, one of the aim of Strategy is improvement / promotion of women's employment, within Priority 3. Strengthening social cohesion. The measures within this task that Strategy stipulates are:

1. Continuance of the process of harmonization of legislation related to equal opportunities for genders with European legislation. Maintaining equal access of women and men to training and active employment measures;
2. Implementation of education and training programs, with greater participation of women in order to increase their employment opportunities in sectors where they are less represented;
3. Encouraging entrepreneurship among women;
4. Improving and developing the network of public and private institutions for child care, thereby increasing the percentage of children covered by the system of child care until the age of compulsory education.

**Economic and Fiscal Program for Montenegro 2010-2013** defines framework and objectives of Montenegrin economic policy for the period from 2010 to 2013. This program provides, as one of the economic measures, programs of support to the sector of small and medium enterprises, including in particular:

- Drawing up the Strategy for Development of Small and Medium Enterprises
- Strengthening of institutional support for development of small and medium enterprises
- Strengthening of financial support

In accordance with Economic and Fiscal Program for Montenegro 2010-2013 Directorate for Small and Medium Enterprises adopted in 2011 the **Strategy for Development of Small and Medium Enterprises 2011-2015**. As strategic objectives, this strategy stipulates:

- Strategic goal 1: improvement of business environment
- Strategic goal 2: strengthening of financial support
- Strategic goal 3: strengthening of SME competitiveness and promotion of entrepreneurship
- Strategic goal 4: support to the beginners in business –start up

Within promotion of entrepreneurship the Strategy stipulates as a special task support to women entrepreneurship. Table 2.2a provides an overview of specific activities within this task.

Activities		Results	Sources of verification	Competence	Deadline
3.6.3.1	Develop additional programs to encourage entrepreneurship and self-employment of women	Availability and realization of the additional programs for stimulation of women entrepreneurship	Increased number of women successfully attend programs Increased number of women are interested in starting up their own business	Directorate for the development of SME Montenegrin Chamber of Commerce NES Association of Business Women	2011-2015 Annually
3.6.3.2	Enhance the role of business associations of women	Realized better communication with entrepreneurs Defining the profiles of women entrepreneurs Forming the data base of women entrepreneurs	Signed cooperation agreements with relevant institutions Reliable and realistic data base	Directorate for the development of SME Montenegrin Chamber of Commerce NES Association of Business Women	2011-2015 Annually
3.6.3.3	Strengthening of mutual cooperation, as cooperation of women entrepreneurs with other associations (networking)	Improved communication between women entrepreneurs Improved cooperation with other associations	Signed Cooperation Agreements Forums, conferences, fairs	Directorate for the development of SME Montenegrin Chamber of Commerce NES Association of Business Women	2011-2015 Annually
3.6.3.4	Upgrade promotional activities	Promoted women entrepreneurship	Organized Women entrepreneurship fairs Printed material (brochures...)	Directorate for the development of SME Montenegrin Chamber of Commerce NES Association of Business Women	2012
3.6.3.5	Conduct a survey on „actual“ owners of enterprises	Improvement of communication among the existing entrepreneurs and establishing better connections between them through including them in committees and associations of business women	Creation of data base about owners of enterprises	Directorate for the development of SME Association of Business Women Montenegrin Union of Employers Montenegrin Chamber of Commerce	2011

3.6.3.6	Opening a special credit line for the existing women entrepreneurs or start up, having in mind that, in 90% of cases women are not the owners of real estate	Increase of the number of women entrepreneurs	Reports	Directorate for the development of SME IRFCG	2012-2015
3.6.3.7	introduction of annual awards for the companies owned by women	Promotion of women entrepreneurship	Reposts	Directorate for the development of SME Association of Business Women	2012
3.6.3.8	Education of the existing and potential women entrepreneurs (concept LLL, adoption of special knowledge and skills, mentoring etc.)	Upgrading of business	Reports	Directorate for the development of SME  Association of Business Women NES Montenegrin Chamber of Commerce Montenegrin Union of Employers	2011

The first 6 months of 2011 witnessed realization of a large number of activities foreseen in the Strategy for Development of Small and Medium Enterprises in the field of encouraging women's entrepreneurship:

- Implementation of the project of Montenegrin Union of Employers "Women's Business - The potential of the Montenegrin economy" is underway, and its aim is to help promote women's entrepreneurship, increase participation of women in business, and eliminate administrative and business barriers which monitor their work at local and national level. Within this project education of existing and potential entrepreneurs will also be conducted.
- Montenegrin Union of Employers has formed a data base of women entrepreneurs – members of this Union. Montenegrin Union of Employers continuously improves communication with women entrepreneurs, both directly (database of the members of Union), and through the association which it founded (Montenegrin Association of Business Women).
- The second conference of business women titled "Potential of Montenegrin Women in Business and Science". Women's Entrepreneurship Fair was held as an accompanying program of the Conference.
- In May 2011 Montenegrin Union of Employers participated in the II Conference of Business Women (organized by – Association of Business women, OSCE and Ministry for Human and Minority Rights), and in June 2011 it participated in the Round Table organized by the European Movement, which was dedicated to economic empowerment of women.
- Nine projects with female project managers were realized.
- Funded 41 loans, which enabled the creation of 53 new jobs in the value of 265,000 Euros..

Action Plan for Gender Equality in Montenegro (2008 to 2012.) is based on national legislation and international human rights instruments, the legal documents of the United Nations, Council of Europe, European Union and specialized international organizations in the part which refers to gender equality. As one of the strategic objectives, this document sets *the equal access of women and men to economic resources and the creation of equal opportunities in their use*. The most important measures which this plan proposes with the aim of encouraging women entrepreneurship are:

- Adoption of the Strategy of Women Entrepreneurship
- The introduction of various forms of financial support to women in the process of starting a business, including the types of support intended for women without ownership of real estate
- Encouraging the establishment of women's business associations that would provide support for women's entrepreneurship
- Formation of comprehensive database of women entrepreneurship
- Establishment of "Start up" funds for the development of women entrepreneurship (with special accent on North)
- Organization of training seminars for women entrepreneurs (management, marketing, financial management, legal regulations)
- Organization of Women Entrepreneurship Fairs

Action Plan for Gender Equality in Montenegro provides for the obligation of submitting reports to the Ministry for Human and Minority Rights by all holders of activities for the implementation of certain measures every six months. This report also includes the reports of NGO-s included in implementation of certain measures. Based on these reports, Ministry for Protection of Human and Minority Rights submits to the Government of Montenegro an annual report about realization of Action Plan for Gender Equality in Montenegro.

### 2.2.3 The institutional framework and incentive programs for the development of women entrepreneurship

Along with the development of appropriate legislative and strategic framework, Montenegro has developed an appropriate institutional framework to enhance gender equality in general, with special bodies that are responsible for improving the economic status of women and development of women entrepreneurship. Institutional mechanisms were formed at different levels, and they include not only the central institutions, but also regional and local level. Besides the government, a great support to women entrepreneurship comes from non-governmental sector and the large number of business organizations.

There are two institutional mechanisms in Montenegro for achieving gender equality :

- Department for Gender Equality issues- Ministry of Human and Minority Rights
- Gender Equality Committee - Parliament of Montenegro

Department for Gender Equality within the Ministry for Human and Minority Rights was created through reorganization of the Ministry for Human and Minority Rights in 2009, when the tasks that were previously the responsibility of Office for Gender Equality which operated within the General Secretariat of the Government were transferred to this department. Article 22. of the Law on Gender Equality details the responsibilities of the Ministry for Human and Minority Rights in the area of gender equality:

1. coordinates activities aimed at achieving gender equality and participates in the preparation and adoption of action plans for achieving gender equality at all levels;
2. monitors the implementation of international documents and conventions, as well as adopted standards in the field of gender equality, taking measures for their implementation in the legal system of Montenegro, and creates qualitative monitoring of the respect of those documents;
3. prepares action plan, proposes its adoption and follows its implementation;
4. prepares programs for implementation of action plan on the basis of reports of the bodies in the areas of their competence;
5. organizes research and analyses on the state of gender equality and analyses needed for implementation of the Action Plan, as well as collection of data within cooperation at national and international level;
6. prepares reports on the fulfilment of international obligations by Montenegro in the field of gender equality;
7. cooperates with local governments and provides support for establishment of mechanisms for gender equality at local level;
8. Establishes cooperation with non-governmental organizations;
9. undertakes and stimulates activities to promote education on gender equality and organizes issuance of appropriate publications aimed at promoting gender equality;

10. acts upon complaints of the citizens / who indicate direct or indirect gender-related discrimination, takes a position and gives opinions and recommendations, and if necessary, informs the Ombudsman about cases of gender-related discrimination;

Committee for Gender Equality of the Parliament of Montenegro was founded in July 11, 2001, by decision of the Parliament of Montenegro. By this decision the Committee for Gender Equality of the Montenegrin Parliament is established as a permanent working body of the Parliament with the task to consider and monitor the exercise of the constitutionally established rights and freedoms of man and citizen related to gender equality. Committee for Gender Equality of the Parliament of Montenegro has the following competences:

- to consider draft laws, other regulations and general acts relating to the implementation of gender equality principle.
- to monitor implementation of these rights by law enforcement and improvement of the principle of gender equality, particularly in the field of children's rights, family relations, employment, entrepreneurship, decision-making process, education, health, social policy and information.
- to participate in preparation, development and harmonization of laws and other regulations with the standards of European legislation and EU programs related to gender equality, affirm the signing of international documents, which deal with this issue and monitor their implementation, and work with relevant working bodies of other parliaments and non-governmental organizations in this area.

As it can be concluded from the mentioned competences of these two bodies, Committee for Gender Equality of the Parliament of Montenegro as a permanent body of the legislative body of Montenegro has jurisdiction in the area of creating and monitoring the implementation of rules in the field of gender equality, while the jurisdiction of the Department for Gender Equality within the Ministry for Human and Minority Rights is directed towards the coordination of activities stipulated in legislative and strategic documents in Montenegro.

In addition to two institutional mechanisms, some other state agencies are also responsible for realization of gender equality and economic empowerment of women. Among them the important activities are carried out by the following institutions:

- Investment and Development Fund of Montenegro
- Chamber of Commerce of Montenegro - The Committee on Women's Entrepreneurship
- National Employment Service of Montenegro (NES)
- Directorate for Development of SME

Investment and Development Fund of Montenegro

By adopting the Law on Investment and Development Fund of Montenegro in 2009, the Parliament of Montenegro established Investment and Development Fund of Montenegro in order to stimulate and

accelerate economic development of Montenegro. One of the activities of the Investment-Development Fund is granting loans and guarantees which encourages the establishment and development of small and medium enterprises and stimulates employment (Article 12 of the Investment and Development Fund). With this law the jurisdiction for the tasks of monitoring and implementation of financial support to the development of micro, small and medium enterprises, which was previously in the competence of the Directorate for Small and Medium Enterprises, was transferred to the Investment and Development Fund from the 31st of March 2010.

Article 5. of the Statute of Investment and Development Fund provides as activities of this body :

- 1) Granting loans and issuing guarantees that:
  - stimulate establishment and development of SME and entrepreneurs;
  - provides support and realizes cooperation programs in the area of: infrastructural projects, water supply projects, waste waters treatment as well as projects to improve environmental protection;
  - provides finances for the projects of local, regional and national importance;
  - stimulate export;
  - stimulate employment;
- 2) Activities related to the sale of capital in the portfolio of the Fund;
- 3) Other activities that provide support to economic development in accordance with the Law.

Statute provides for the Fund to adopt the annual work plan, financial plan and medium term Agenda, with the consent of the Government (Article 2).

Special support women's entrepreneurship is envisaged in mid-term work plan that defines the planned activities to be implemented over a period of 4 years. Inter alia, this plan provides for financial support measures favouring projects that are implemented by specific target groups: young population (aged 18-25 years), women, members of the Roma population and people with disabilities. The advantage of projects implemented by these target groups is also provided in case of non-financial support measures. During 2010 , the Investment and Development Fund adopted an Annual Plan, and credit policy for 2010 which lay down provision of financial resources for financing investment projects of SMEs. However, although these documents provide for the granting of loans and guarantees to stimulate the establishment and development of SMEs, the plan for 2010 does not provide for the provision of specific financial and nonfinancial assistance to women's entrepreneurship. The annual work plan, and credit policy of the Investment and Development Fund for 2011 follow the strategy laid down in medium-term work plan, providing for the development of financial and non-financial support measures, taking into account the specific characteristics and needs of these target groups. Namely, the credit policy for 2011 stipulates that, if the Fund is unable to finance all eligible projects, the projects that are eligible for credit support will be scored against the criteria set out in Table 2.2.3a.

**Table 2.2.3a : The criteria for rating the projects that are eligible for credit support**

<b>Employment (1 point per newly-employed) – maximum 10</b>	
	Number of points
<b>Regional component</b>	
South	1
Central region	3
North	5
<b>Type of activity</b>	
Manufacturing	10
Agriculture	9
Food production	8
Tourism and catering	5
Services	4
Trade	1
<b>Women and the young in business</b>	
Women/younger population owner and founder of business	10
Majority (51%) of employed women/ younger population	6
Women/younger population manage business	3
<b>Special categories</b>	
REA population	10
Disabled persons	10
Enterprises members of Incubator	10

As shown in Table 2.2.3a, when own business is started up by women they have equal treatment and participation like other specific target groups which are specified as such in mid-term and annual plan for the year 2011. However, a significant incentive is the fact that starting up a business and ownership of the business carry the highest number of points.

Direct stimulation to women entrepreneurship is "competition for funding of the projects where the project holders are women" announced by Investment and Development Fund (IDF) of Montenegro on 9.02.2011. The competition provides for funding of 30 projects-beginners or the existing businesses where the project holder is female. Meant under the holder of the investment is that the position of Executive Director is a woman. The competition is open until end of 2011, or until filling the quota of 30 funded projects

#### Conditions for direct crediting :

- Maximum amount of loan is up to 100.000 € with the exception of :
  - ✓ start up enterprises where the maximum amount of loan will be up to 25.000 €,
  - ✓ entrepreneurs where the maximum amount of loan will be up to 15.000 €, and
  - ✓ agricultural producers where the maximum amount of loan will be up to 15.000 €.
- Maturity of up to 8 years (with possibility of using the grace period to 24 months);
- Interest rate 4% on annual level.
- Compulsory down payment of investor is minimum 50% of total estimated investment value, in money, property or rights.
- Purpose of funds: a minimum of 80% of the IDF loan must be invested in fixed assets, while the rest can be used to finance working capital.

**Until early November 2011, 11 projects were financed from this special IDF credit line totalling 0.25 mil €<sup>4</sup>. Half of the granted projects (50%) were realized in municipalities from the region of North, while the rest were realized in Central region. These projects were from the area of manufacturing, agriculture, services and tourism.**

#### Chamber of Commerce of Montenegro - The Committee on Women's Entrepreneurship

Chamber of Commerce of Montenegro provides for the implementation of activities aimed at strengthening women's entrepreneurial activities. Firstly, the Agenda for 2010 envisages participation in the project "W.E.I.T - Women Entrepreneurship in Tourism" The project is being implemented in cooperation with the Chamber of Commerce of the Dubrovnik - Neretva County, for the period of 2 years. Its purpose is analysis and improvement of legislation which regulates the establishment of new businesses, organizing continual training workshops for unemployed women, printing of publications with all the necessary information on business barriers for women and ways to overcome them, and media promotion of successful female entrepreneurs and cross-border exchange of their best practices<sup>5</sup>. Also envisaged are the activities of associations of Montenegrin Chamber of Commerce in form of an initiative for creation of legislation that will provide a positive environment for faster development of women entrepreneurship through continued efforts.

In its Agenda for 2011 Montenegrin Chamber of Commerce does not plan special activities aimed at improvement of entrepreneurial activities of women.

In the second half of 2011 the Centre for Entrepreneurship and Economic Development (CEED) and the Chamber of Commerce initiated the project "National Network of Mentors for Women Entrepreneurs in Montenegro`.

<sup>4</sup> Source : IRF website: [www.irfcg.me](http://www.irfcg.me)

<sup>5</sup> At the moment of compilation of Work Report for 2010, this project was in the phase of approval

This program is intended for women entrepreneurs and it is focused on supporting entrepreneurship and private sector development. The main objective of this program is to engage mentors in following the work of women entrepreneurs, providing advice and transferring knowledge and experience to women entrepreneurs for the period of 12 months. National network of women's entrepreneurship mentors is composed of mentors who will assist women entrepreneurs who are at an early stage of business or have difficulty managing their own business, in order to increase the number of successful businesses run by women. Besides that, women entrepreneurs who are selected for a mentoring program, will have the opportunity to attend monthly training sessions on practical topics such as: communication skills, business plan development, family business management, market research and so on. Based on this call, at least 10 women entrepreneurs will be selected.

#### National Employment Service of Montenegro (NES)

National Employment Service of Montenegro (hereinafter : NES) is a special state body which is responsible for employment issues. One of the important measures which NES carries out for the purpose of increasing employment is support to self-employment, through financial and non-financial support measures.

One of the programs that NES realizes is Innovated Program for Continuous Stimulation of Employment and Entrepreneurship in Montenegro, which was launched in September 2008, and it represents a continuation of the program for continuous stimulation of employment from 1999.

#### Conditions for granting loans :

- the amount of approved loans per a new employee is up to 5,000 €,
- maximum amount of loan is 15.000€ - for 3 new jobs,
- grace period is one year,
- the loan is paid off in semi-annual installments,
- repayment period is 3 years for unemployed persons, and 2 years for small enterprises and entrepreneurs
- interest rate on annual level is 3% for projects where the project holder is an unemployed woman and projects which are realized in underdeveloped municipalities (Cetinje, Nikšić, Berane, Pljevlja, Bijelo Polje, Rožaje, Šavnik, Plužine, Žabljak, Mojkovac, Andrijevica, Plav and Kolašin) and 4% for the projects that are realized in developed municipalities.

**In the period from December 2009 till June 2011 a total of 430 loans were granted for unemployed persons, with total value of 2.588.000€. Holders of 42,3% of financed loans are women (182 projects) valued at 1.045.000€<sup>6</sup>.**

In addition to financial support measures, NES provides non-financial measures to support potential entrepreneurs. One of these measures is the project 'Virtual Enterprises'. This project is realized through training where the attendants, together with mentors, simulate the working process, from

<sup>6</sup> Government of Montenegro, Ministry of Human and Minority Rights - Report on implementation of the plan for achieving gender equality in Montenegro 2008-2012 for the period December 2009 - June 2011.

establishment of the enterprise, to business planning, staff recruitment, establishment of necessary departments within an enterprise, such as sales service, procurement, human resources department, finances, accounting, marketing etc. Each virtual enterprise has connection with one real enterprise, where the employees from real enterprise visit the training sessions and pass on to the attendants their knowledge and experience from practice. In this way the trainees have the opportunity to learn about business operation of real enterprises through visits of their employees.

#### Directorate for Development of SME

Directorate for Development of SME was established by decree of the Government of Montenegro, initially under the name of Agency for Development of SME. In 2004 this body was renamed to `Directorate for Development of SMR` (in further text: Directorate). Jurisdictions of this body include :

- defining strategies for the development of SME,
- preparation and implementation of programs and project for the development of SME,
- coordination of programs, measures and activities related to the development of SME,
- monitoring the implementation of financial support programs for small and medium enterprises, including foreign financial support, which is allocated for the development of small and medium enterprises,
- analysing the impact of legal and other regulations on development of SME,
- preparation of programs for education of entrepreneurs,
- development of projects and organization of regional and local centres for support to the development of SME
- proposing and ensuring realization of special programs for support to the development of SME (encouraging the development of franchising, leasing, technology parks, incubators, etc.)

During its work the Directorate adopted Strategy for the development of SME for the periods 2002-2006, 2007 – 2010, and 2011 – 2015. Besides that, one of the priorities of the Directorate is to develop institutional support for small and medium enterprises through the establishment of local and regional business centres. Within the Directorate for Development of SME a network of 11 regional / local business centres was established. These business centres were designed to provide different types of business information, consulting, business services, and training tailored to the needs and level of development of small and medium enterprises. Besides that two incubator centres were established. According to OECD, business incubators are business assistance programs that provide entrepreneurs with an inexpensive start-up environment including premises, infrastructure and a range of administrative, consulting, and networking services and benefits, to improve business operations during the early phased of development. The enterprises stay in the incubator on average from 2.5 to 3 years, and they undergo the following phases:

1. Pre-incubation period for registration and establishment of the enterprise
2. Incubation period for growth and development within the incubator
3. Post-incubation period for follow-up and support to the enterprises which left the incubator.

Two incubator centres are active in Montenegro (Podgorica, Bar) with a total of 23 residents.

However, the activities of the Directorate for Development of SME that aim to directly boost female entrepreneurship are not noticed.

While the institutional mechanisms are primarily responsible for creating and implementing strategies adopted at national level, non-governmental organizations provide significant support to women entrepreneurship through various programs and training that encourage and improve women entrepreneurial activity, as well as through initiatives to improve national policy in this area. Among them it is worth mentioning **Association of Business Women of Montenegro "Business Woman"**. Association of Business Women of Montenegro "Business Woman" was founded in late 2009 by 12 female owners of Montenegrin enterprises, directors and managers, with support from German Technical Cooperation (GTZ) and the Federation of Montenegrin Employers (MEF). The aim of this association is to join forces to help strengthen women's business, linking business women at local, national and international level, exchange of ideas, knowledge and experience, as well as realization of joint projects. Along these lines, the Association of Business Women of Montenegro participated in numerous conferences and round tables the subject of which was exchange of views on women entrepreneurship and the problems that women face in entrepreneurial activities.

The following organizations also deal with gender equality and economic empowerment of women: Association of Working Women "Woman Today", Centre for Development of Entrepreneurship and Economic Development, Women's Forum, NGO Women's Action, Women's Alliance for Development, Montenegro Business Alliance, NGO SOS Niksic for women and children victims of violence, Women's Government, the Institute for Strategic Studies and the European Movement in Montenegro.

#### **Forum of Chambers of Commerce of Adriatic – Ionian region**

Forum of Chambers of Commerce of Adriatic – Ionian region was founded in 2000 at the initiative of District Chamber of Split and Industry and Trade Chamber of Ancona. Its members are 37 chambers of commerce of Italy, Slovenia, Croatia, Bosnia and Herzegovina, Albania, Greece and Montenegro. Montenegrin Chamber of Commerce is one of the founders of the Forum and a member since 2000.

Work of the Forum with headquarters in Ancona evolves through cooperation in six areas (round tables): transport, tourism, protection of the sea, fishing, agriculture and women entrepreneurship.

During 2005 Committee for Women Entrepreneurship was founded with the aim to organize training and workshop about actual topics for the development and affirmation of women entrepreneurship, analysis of conditions and possibilities for improving the business environment for women entrepreneurs and networking the women entrepreneurs on local and regional level.

## Faculty for International Finances, Economy and Business on University Donja Gorica

Faculty for International Finances, Economy and Business on University Donja Gorica organized in early 2011 the First Entrepreneurship School for the Young. 50 secondary school pupils applied for participation in the First Entrepreneurship School for the Young, of whom 35 were selected.

### 2.2.4. Labour force market

#### 2.2.4a. Labour Force Survey – II quarter of 2011

All former socialist countries were characterized by high level of economic activity among women. Deterioration of economic position of women comes with transition, and it is reflected in decreased rate of economic activity and lower income. Besides that, significantly higher employment of women is visible in less profitable sectors, while managerial positions and entrepreneurial activities are more dominant in male population.

Data from Labour Force Survey for the second quarter of 2011 portray the current situation on labour force market.

Although in the population aged 15 and over, which is the age when working ability is acquired, percentage of female population is higher, percentage of male population is significantly more represented in working population. The inferior status of women points to the fact that women are significantly more present in the category of inactive population (Table 2.2.4a.1).

Figure 2.2.4a.1. Working activity of population

	Male	Female
Population (15+)	48.8	51.2
Active <sup>7</sup>	56.7	43.3
Employed persons	57.3	42.7
Unemployed persons	54.5	45.5
Inactive <sup>8</sup>	41	59.0

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. Besides that, percentage of male citizens who acquired tertiary education is double that of the female population that has the same level of education (Figure 2.2.4a.2).

<sup>7</sup> Active population (labor force) includes all employed and unemployed persons aged 15 + years.

<sup>8</sup> Inactive population includes persons aged 15+ years who are not categorized in active population

Figure 2.2.4a.2: Employed persons by level of education and gender, Montenegro, second quarter of 2011.

Education	Male	Female
Less than primary education	1.6	0.5
Primary education	9.0	4.7
Vocational education after primary school	12.9	6.8
Secondary general education	- <sup>9</sup>	5.6
Secondary vocational education	50.9	51.0
Tertiary education	21.1	31.4

Higher level of education among female population is also noticeable if we take into account the data which refer to unemployed persons: 18% of the unemployed women have tertiary education and 14% of the unemployed male population have the same educational attainment. Vocational education after primary school is significantly more represented among male population (23.6%), while just 16% of unemployed females have the same level of education (Figure 2.2.4a.3).

Figure 2.2.4a.3: Unemployed persons by education and gender, Montenegro, second quarter of 2011.

	Male	Female
Less than primary education	1.10	-
Primary education	13.5	11.1
Vocational education after primary school	23.6	16.1
Secondary general education	-	-
Secondary vocational education	42.9	43.0
Tertiary education	13.5	18.0

**Male population is characterized by significantly higher degree of entrepreneurial activity:** while 21% of male population have own business, just 9% of women possess their own business (Figure 2.2.4a.4).

Figure 2.2.4a.4: Employed persons by employment status and gender, Montenegro, second quarter of 2011

Employment status	Male	Female
Self-employed	21.3	8.9
Employed workers	77.2	90.5
Family workers	-	-

Services are dominant in both observed populations. However, while women make up almost half of the labour force employed in this sector, their share in population employed in the agricultural sector and non-agricultural occupations is significantly lower. **That female population is characterized by higher**

<sup>9</sup> Imprecise evaluation

**employment in service sector is corroborated by the fact that** they represent a dominant labour force in the area of education and health and social protection (2.2.4a.5).

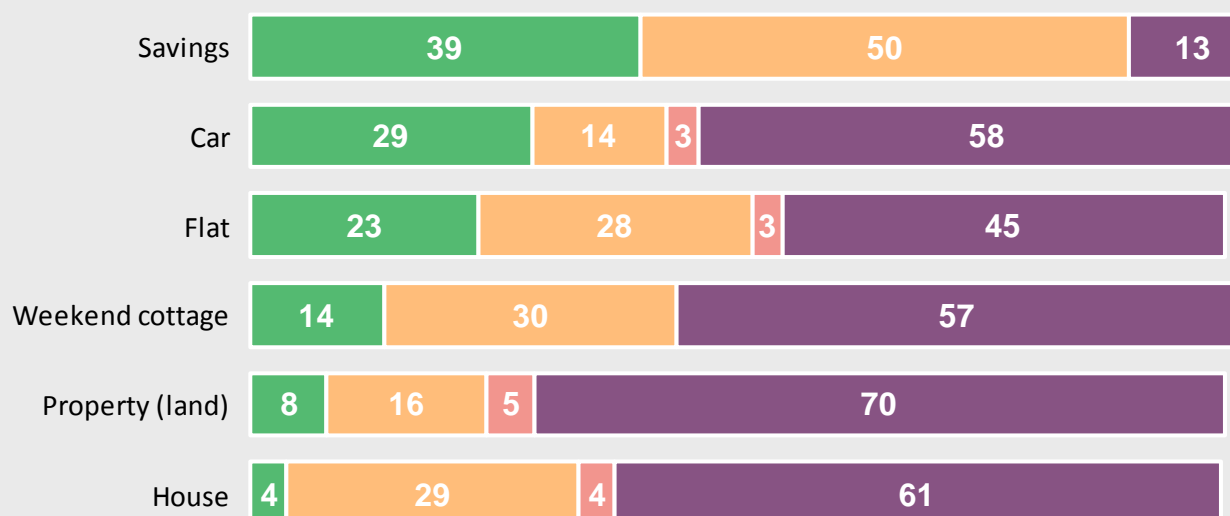
Figure 2.2.4a.5: Employed persons by sectors of activity and gender, Montenegro, second quarter of 2011.

Sector	Male	Female	% Female
<b>Agricultural activities</b>	<b>6.40</b>	<b>3.4</b>	<b>28.3</b>
<b>Non-agricultural occupations</b>	<b>26.3</b>	<b>10.30</b>	<b>22.50</b>
<b>Service activities</b>	<b>67.3</b>	<b>86.4</b>	<b>48.9</b>
Wholesale and retail trade. repairs	18.0	26.8	52.6
Transport. storage and communications	10.00	4.10	23.4
Hotels and restaurants	7.90	6.90	39.20
Information and communications	2.7	2.1	36.7
Financial and insurance activities	1.6	1.70	44.9
Professional scientific and technical activities	4.80	6.20	49.20
Administrative and support service activities	2.9	1.2	23.0
Public administration and defence; compulsory social security	8.90	10.3	46.2
Education	3.6	9.1	65.1
Health and social protection	2.0	10.00	79.0
Art. entertainment and recreation	1.9	2.40	48.9
Other service activities		2.9	49.80

Data from 2009<sup>10</sup> indicate that, in terms of income, female population receives 86% of income that male population receives. The worst situation is in processing industry, where salaries of female employees do not reach even 70% of salaries of male employees. This is followed by financial intermediation, where income of female population makes up 79% of income of male population. Women earn less than

Figure 4.4.2. Ownership of household goods

- %Respondent
- %Common property of respondent and another HH member
- %Other female household member
- %Male household member



90% of men's earnings in the area of education, health care, social utility and personal services. Only in the sector of transport, storage and communications salaries of female employees exceed salaries of male employees (104%).

In September 2009 average gross salaries of women in Montenegro were 581 Euros, and average gross salaries of men were 674 Euros. In March 2010, average gross salaries of women were 637 Euros, and of men 740 Euros; this shows that average gross salaries of male and female population did not change (salaries of female employees make up 86% of the salary of male population).

**Difference in salaries in the category of self-employment is smaller than in case when the entire population is observed, in which case average net salaries of women make up 94% of men's salaries.**

When experts are concerned, salaries of female experts make 85.3% of the salaries of male experts, while salaries of female associate professionals and technicians make up 82.9% of the salaries of male counterparts. In case of Service workers and shop and market sales workers (sectors where women dominate in numbers), the difference is 78%, and in case of the basic elementary occupations 73%. In the category of clerks average salaries of female clerks exceed average salaries of male clerks (102%)<sup>11</sup>

#### 2.2.4b. GEM report

"Global Entrepreneurship Monitor" (GEM) is a unique international research project launched in 1999 by world experts for entrepreneurship for the purpose of analysing the relationship between entrepreneurship and economic growth.

In early April 2010 the agreement was signed between the following institutions - participants in the GEM project (Economic Faculty in Podgorica, Investment and Development Fund of Montenegro, Ministry of Economy, National Employment Service, the Directorate for the Development of Small and Medium Enterprises and the Chamber of Commerce of Montenegro). The main objective of this project is annual assessment of entrepreneurial activities on national level, but also analysis of the role of entrepreneurship in economic development of Montenegro. Therefore, this study is an important document which should be taken into account when creating new measures for economic development of Montenegro.

GEM Report for 2010 classifies Montenegro in the group of economies based on efficiency. Characteristics of this type of economy are:

- Increased industrialization and volume of economy
- Large firms dominate, but supply chain niches open up for small and medium enterprises.

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<sup>11</sup> For more information see: *European Movement in Montenegro –Gender-related differences in salaries and income*

According to GEM report for 2010, countries with this type of economy are characterized by:

- the highest level of entrepreneurial activity in population aged 25-34 years;
- slightly more pronounced entrepreneurial activity of men, compared to the percentage of female entrepreneurs (according to GEM report for Montenegro, the entrepreneurial activity of men was twice as high compared to the activity of women)

GEM report provides information about the so-called TEA index, which establishes percentage of population aged 18-64 years whose entrepreneurial activities is shorter than 42 months. The report for 2010 shows that, according to the so-called TEA index, Montenegro occupies the first place in the group of east European countries, that is, the 7<sup>th</sup> place in the group of economies whose development is based on efficiency. Such data indicate that Montenegrin economy is the one with relatively short history of implementation of entrepreneurial principles.

#### **2.2.4b. Report of CEDAW Committee**

Ministry of Human and Minority Rights, in accordance with the obligations provided for in the Convention on the Elimination of All Forms of Discrimination against Women, submitted in February 2010 a report on the implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) to CEDAW Committee, in which it is pointed to the legislative and other measures taken by Montenegro and undertaken to implement the obligations under the Convention, covering the period from the 2006 to 2009. After submission of the report on implementation of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) to CEDAW Committee, and answers to additional questions that followed the initial report, the Committee on the Elimination of Discrimination against Women adopted on 21 October 2011 the 'Final views of the Committee on Elimination of Discrimination against Women'. Although the Committee generally welcomes the adoption of several regulations aimed at eliminating discrimination against women, in certain areas it expresses concern and makes recommendations for further actions. Among these conclusions and recommendations for the development of female entrepreneurship recommendations relating to the field of employment have special significance. First of all, the Committee expresses its concern regarding the number of employed female population, which is affected by unemployment to a significantly higher extent than male population. Besides that, according to the Committee, women are concentrated in low-paid jobs, often working under fixed term contracts which can easily be terminated in case of exercising the right to paid maternity leave and their return to work after that, while they are under-represented in senior positions in public and private sectors. The Committee is concerned with regard to the lack of flexible working arrangements, institutions for child care, and lack of special, not transferable right of fathers to paid leave for birth of child, which forces women to work in jobs with shorter working hours and low-paid jobs, which leads to additional inequalities in the division of household duties between men and women. Bearing this in mind, the 29. The Committee recommends that the State party:

- (a) Ensure that the Law on Changes to the Labour Law expressly provides for equal remuneration of women and men for work of equal value, protects the rights of women employed on fixed-term contracts to paid maternity leave and to return to work after childbirth, and introduces special non-transferable paternity leave to promote the active participation of fathers in child-raising;
- (b) Sensitize employers and employees on flexible work arrangements for women and men and encourage men to make use of such arrangements, further raise awareness about responsible fatherhood, and increase the number and capacity of affordable childcare facilities in all parts of the State party;
- (c) Collect sex-disaggregated data on the situation of women and men in the labour market and on the number and outcome of labour inspections, court cases and administrative complaints related to sex-based labour discrimination and sexual harassment, and include such data in its next periodic report; and
- (d) Effectively implement existing and adopt additional policies and targeted measures with time-bound targets and indicators to achieve substantive equality of men and women in the labour market, promote employment of women, including Roma, Ashkali and Egyptian women, eliminate occupational segregation, and close the gender wage gap:

## 2.3. Examples of good practice

### Guarantee Fund of Vojvodina

Guarantee Fund of Vojvodina was established to facilitate access to financial markets and provide more favourable credit terms than those offered by banks. The Fund realizes this task through its core business, issuance of guarantees to banks as a means of securing the orderly repayment of bank loans. The objectives of the Guarantee Fund are the following:

- increase of employment and living standard,
- more dynamic and balanced regional development of AP Vojvodina, in accordance with the National Economic Development Strategy of the Republic of Serbia.
- export and improvement of competitiveness of economic subjects
- establishment, development and launch of businesses founded by women and young people
- integration of refugees, expelled and internally displaced persons
- reducing the level of interest rate on loans

The Guarantee Fund has announced several competitions, including the most important 'Competition for the provision of guarantees for loans intended for financing start up programs of inactive women from the territory of the AP Vojvodina' and 'Competition for the provision of guarantees for loans financing the purchase of equipment intended for entrepreneurs and women founders small businesses

who work for less than three years from the territory of the AP Vojvodina`. By the end of 2010 the Guarantee Fund of Vojvodina has granted 154 guarantees in the field of women's entrepreneurship that led to the opening of 605 new jobs.

#### **Guarantee Fund for Women, France**

This program is administered by the Institute for the Development of Social Economy (Institut de Developpement de l'Economie Sociale - IDES) and the funds are provided by the European Social Fund (ESF).

The aim of the program is to help the entrepreneurs gain access financial resources. This program provides financial guarantees for loans to entrepreneurs in order to facilitate their access to resources. A woman entrepreneur should contact the bank and regional representative for women's rights. The Bank decides on the loan and sends financial documents in IDES which decides on conditions for guarantee. The guarantee covers medium-term bank loans where, for example, in case of the loans between 5 000 and 38 000 EUR, with maturities from 2 to 7 years, IDES-guarantee Fund covers up to 70% of the loan amount.

#### **Program for Promotion of Women Entrepreneurship, Greece**

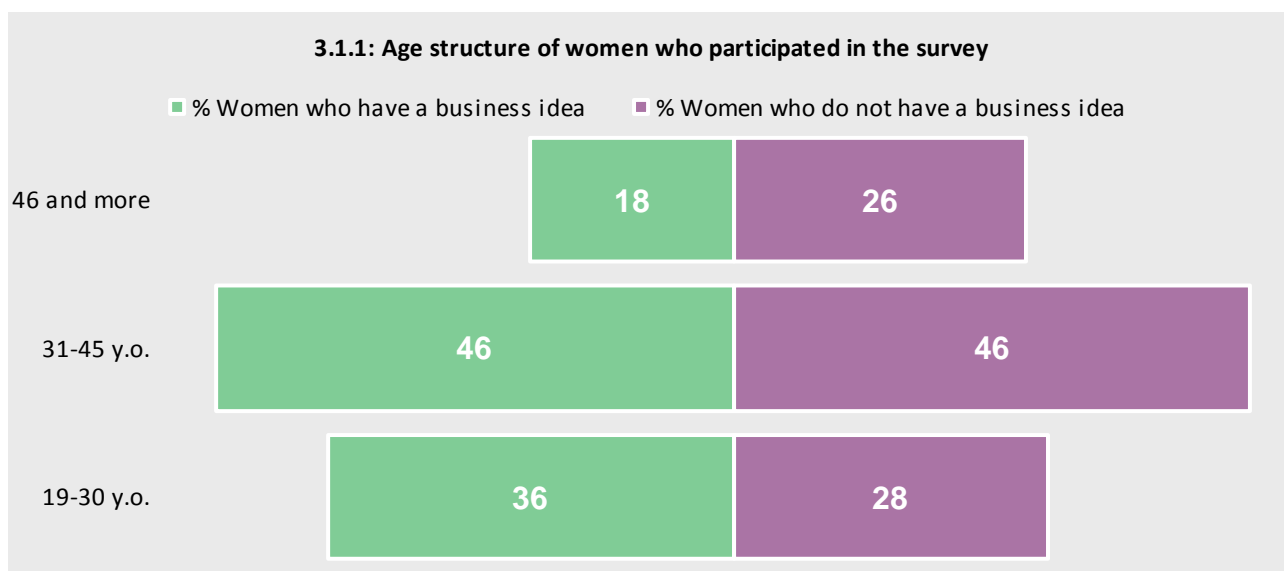
The program was established by the Organization for Small and Medium Enterprises and Crafts of Greece. It aims to support women in creating modern self-sustaining businesses. The program particularly emphasizes entrepreneurship in the field of manufacturing, e-commerce, services and tourism, with focus on local and regional development, and deployment of new technologies and innovations. The purpose of this program is to support women between 18 and 55 years with no experience in the business to become entrepreneurs. Help is realized through financial support that goes up to 50% of the resources defined by entrepreneurial agenda. The amount ultimately depends on the agenda, the areas in which the company is established and type of business.

## III DEMOGRAPHY AND PREVIOUS EXPERIENCE

### 3.1 Demography

Surveys conducted in the region during the nineties, indicate that younger people are significantly more likely to engage in entrepreneurship. However, the age at which women enter into private business have changed over time. Although the largest percentage of women decide to enter the entrepreneurial career until the age of 35 years, the age structure of the new entrepreneurs has slowly been changing and lifting up. The reason for this lies in the fact that, in early 2000's, women who have lost their jobs during the privatization process, restructuring of large companies and government agencies started establishing their own businesses.

Regarding this survey among potential entrepreneurs, or the women who have a business idea, they are usually aged between 31 and 45 years (46%), followed by women who are between 19 and 30 years old (36%) and finally women who are 46 or more years old (18%). Age distribution of women who do not want to become entrepreneurs at this point is similar.



Regarding the marital status of women, of all women covered by the survey three-quarters are married and one quarter are not (unmarried or divorced). In this respect no significant differences were observed between potential entrepreneurs and women who have a business idea.

Also, in 72% of cases, the households of women who have a business idea have children. Similar percentage is recorded in the households of women who do not want to become entrepreneurs at this point (74%).

Regarding the family background of potential entrepreneurs covered by this survey, they come from all social classes. The highest percentage of potential entrepreneurs (41%) comes from the households with total monthly income between 350 and 650 Euros.

One out of five potential entrepreneurs was born in the family where there is already a tradition of private business. Therefore, it can be argued that the potential entrepreneurs covered by this study, are mostly, "new entrepreneurs", which generally move in that particular business with no previous family tradition.

Only 3% of potential entrepreneurs included in this study have not completed secondary education, two thirds of potential entrepreneurs have completed secondary education, and 31% have tertiary education. Educational profiles of potential entrepreneurs in this research differ from the results of research conducted by the Association of EU Chambers of Commerce. In this study 17% of entrepreneurs have primary education, 39% have secondary education, and as much as 44% have tertiary education.

As we shall see later in the report, women included in this study mostly enter entrepreneurship out of necessity. Women who are highly educated have better economic status, they are more often employed, and in that particular fact one can look for the difference with the results of the Association of EU Chambers of Commerce.

On the other hand, among women covered by this research 9% do not have secondary education, 65% have secondary education and 26% have tertiary education.

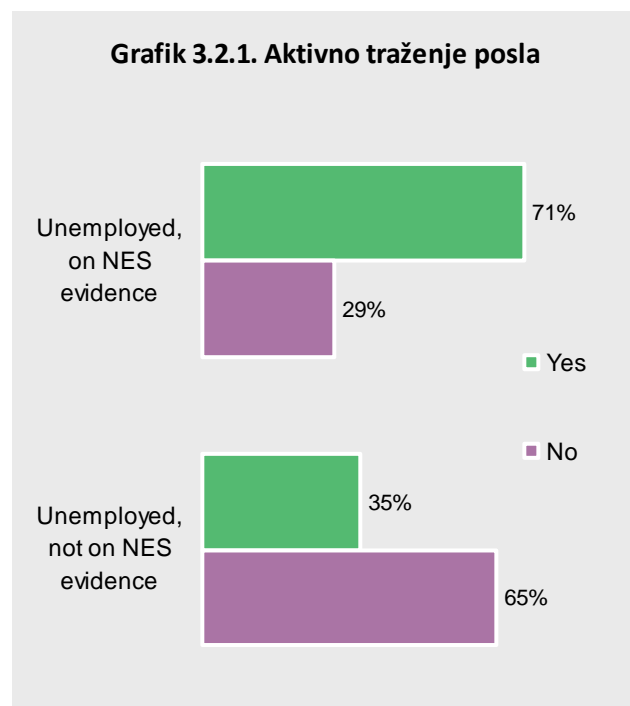
Regionally-wise, the highest percentage of potential entrepreneurs are registered in the central region, while women living in the coast more often than others belong to the group of women who do not want to start their entrepreneurial careers at this time.

Professional composition of potential entrepreneurs is different; there is no rule as to which profession or occupation is more or less stimulating to enter into entrepreneurship. It may be concluded that women of all professions and occupations showed motivation and desire to enter into private business. Thus, the profession itself is not an essential prerequisite, but it is in fact the economic situation and choice of employment that determines the motivation to enter private business when it comes to women covered by this study.

### 3.2 Previous experience

WHEN IT COMES TO SELF-PERCEPTION OF OWN CURRENT STATUS, THERE IS A SIGNIFICANT DIFFERENCE BETWEEN THE WOMEN WHO ARE CURRENTLY ON THE RECORDS OF NATIONAL EMPLOYMENT SERVICE AND THOSE WHO ARE NOT. WOMEN WHO ARE UNEMPLOYED AND NOT ON NES RECORDS ARE SIGNIFICANTLY LESS ACTIVE IN FINDING JOB, THEY MORE OFTEN IDENTIFY WITH PASSIVE STATUS OF A HOMEMAKER, AND LESS OFTEN THEY HAVE PREVIOUS WORK EXPERIENCE THAN WOMEN WHO ARE UNEMPLOYED BUT ARE REGISTERED BY NES. ON THE OTHER HAND, WOMEN WHO ARE EMPLOYED STRONGLY FEAR FROM LOSING JOB.

When it comes to self-declared current status there are significant differences in self-perception between unemployed women registered by NES and those who are unemployed, but not on NES evidence. While 87% of unemployed women who are on NES evidence perceive themselves as unemployed and just 12% as housewives, majority of the unemployed women who are not on NES evidence (52%) see themselves as housewives and 46% perceive themselves as persons who are currently unemployed. Difference between these two categories is even more visible when job seeking is concerned. While 71% of the unemployed women on NES evidence actively seek job, only 29 % of the unemployed women who are not on NES evidence do the same.



Among those who are not employed and seeking job, regardless of whether or not they are on NES evidence there is no significant differences with regard to the assessment of chances for finding a job: almost 70% of unemployed women who seek job think that their chances are small (the sum of estimates that there is a very small and mostly small chance), and only 6% see their chances in positive light, considering that they have a big chance to find a job (the sum of estimates that there is a very big and mostly big chance). Among the women who are actively seeking job, significantly higher percentage of women from the north of Montenegro see their chances of finding job as "very small" (70%).

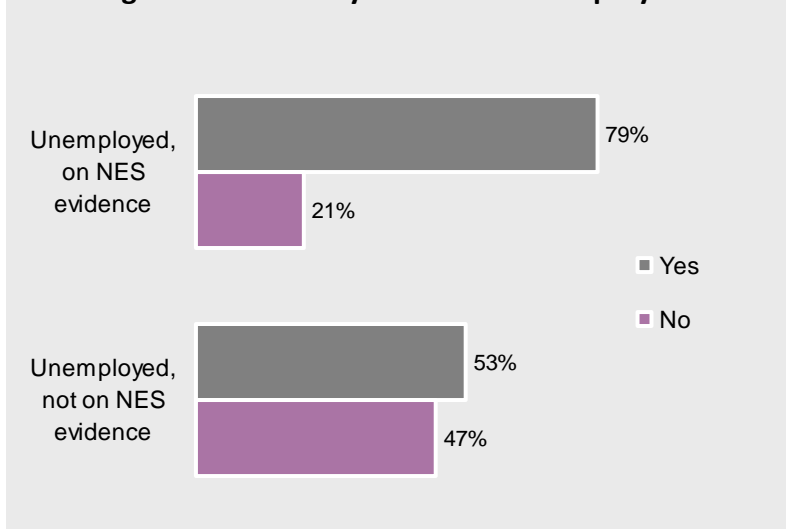
*Judging by the in-depth interviews conducted with the women who are currently in unemployed status, it is worth mentioning that conditions for "removal from NES register" are extremely rigid and too dependent on free will and subjective evaluations of employees in the NES. For example, an unemployed hairdresser who was "removed from NES evidence" 6 years ago states that such an outcome was the result of personal arrogance and auspiciousness of an employee who, because of his personal animosity, offered her the "impossible conditions", that is, re-training for the profession of baker and work on the coast, after which, due to the rejection of this offer, he removed her from NES evidence.*

On the other hand, the unemployed women strongly fear from losing job, since as much as 81% of them share this fear.

Majority of women (as much as 46%) are employed outside direct production (administration, etc.), then as skilled workers (28%), medium level management (13%), highly qualified intellectuals (lawyers, doctors, teachers,...) – (9%). The highest and the lowest positions are rarely occupied by women, that is, only 2.5% of women are employed as top management or unskilled workers.

Question for currently unemployed women „Have you ever been employed?“ that is, for currently employed „Did you have any other job before this one?“ brings significant differences among target groups. While 4/5 of the unemployed women who are on NES evidence worked previously, almost one half of women who are not on NES evidence (47%) have never worked before. On the other hand, 64% of the currently employed women have worked before, and for 36% of them current job is the first job they've ever had.

**Figure 3.2.3. Have you ever been employed?**



60% of women who were previously employed worked in private enterprises, 23% in state administration, 20% in public enterprises, 7% in local governments, and 2% in NGO-s.

There is no significant difference among the main target groups in terms of family history and frequency of practicing traditional free professions, own businesses in trading, manufacturing or provision of other types of services.

Based on the findings of in-depth interviews with entrepreneurs, it can be concluded that, having an entrepreneur in the family may be an important factor for acquiring an entrepreneurial spirit, and greater willingness and support to start up own business. In this sense, besides the fact that someone in the family is currently active in business, it is important that women in such families have the opportunity to gain in-depth experience with that family business.

*"Since my high school I have worked in my uncle's shop. I have seen how it all works, how to sell, how to make orders, what is important to run the shop. When I received the money from the sale of family property as a dowry, and when we moved to Podgorica, I was sure that I would run my own shop"*

*„At first I started importing cars from Switzerland together with my boyfriend. I used to go there by airplane and come back by car. Later we broke up, but I had this experience and I continued with this work alone"*

*„My family has always operated a trade business. Since my childhood I did inventories, ordered goods. When the time came for me to start working I found a job in one company, but I couldn't stand the work discipline and authority that I disagreed with. So I started up my own shop selling costume jewellery, which I partly make myself and partly import, I was fully supported by my family".*

In case of 17% of women who state that there were some forms of individual entrepreneurship in their family tradition, in majority of cases (41%) father is mentioned as the holder of entrepreneurial activity, while **mother entrepreneur is mentioned considerably less frequently (19%)**. Entrepreneurs from the family mainly operated or still operate a trade business (26%), or they operate a trade of a tailor (22%), or run private enterprise (10%), or photography studio (5%), or they have a shoemaking shop (5%), or they are involved in catering (5%). While men (fathers, grandfathers, husbands, sons,...) are dominant in trade, running of private enterprises, catering, running a shoemaking or carpentry shop, or sale of car parts; women in family tradition are dominant in trade of a tailor, and only minimally they are present in trade.

## IV OBSTACLES

### 4.1 Impact of gender roles on women entrepreneurship

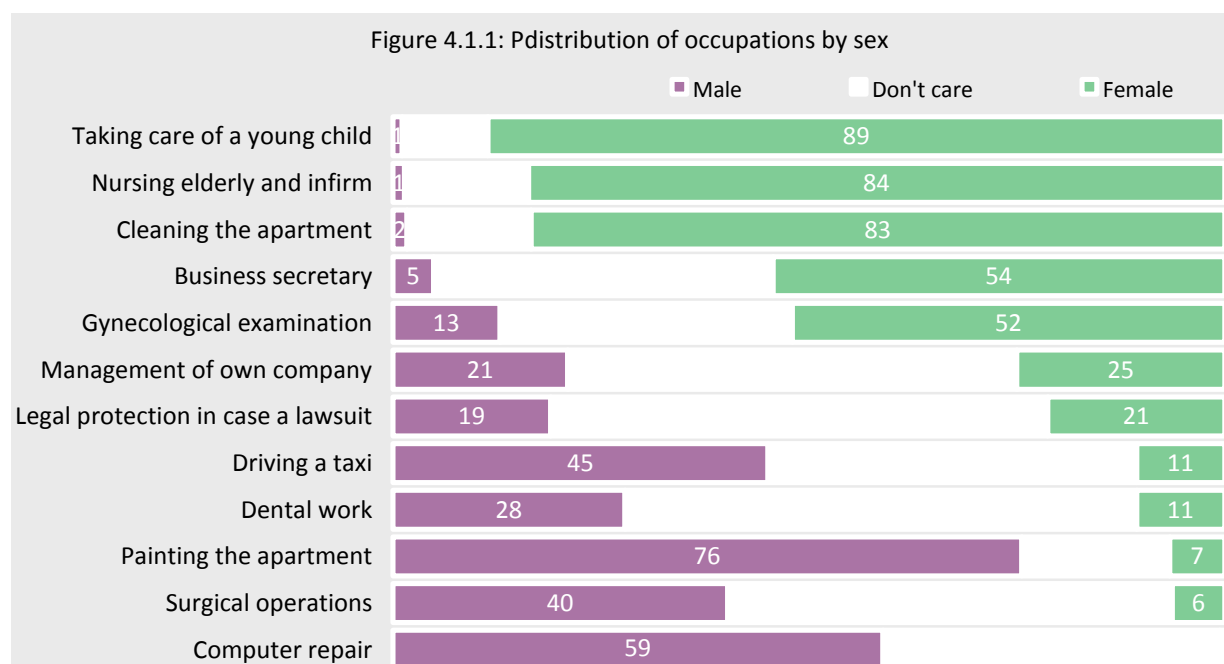
Gender roles are socially constructed roles of women and men. The way in which a society sees the role of women and men and what each expects from them (social expectations about gender roles) depends on many factors: cultural, political, economic, social and religious. Customs, law, class and ethnicity, as well as the prejudices widespread in particular society equally influence them. Attitudes and behaviour towards gender are learned and they can be changed. The differences in understanding of social roles of men and women can be seen in the social, political, educational and economic context.

When it comes to highly qualified professions, to most of the women who participated in this research, it does not matter whether they see a male or a female dentist (62%) or whether a male or a female surgeon operates them (53%), whether the management of a private company is male or female (54%), or whether they would turn to male or female legal protection in a court litigation (60%). These results are particularly interesting if observed through a prism of the fact that 93% of all surgeons in Montenegro are male (situation is somewhat better among pediatric surgeons, of whom 20% are female), which points to conclusion that women are increasingly more acceptable even in occupations which traditionally belong to men, where women are extremely rare.

On the other hand, although majority of respondents state that they don't care whether dental or surgical intervention is done by male or female doctor, it should be noted that percentage of respondents who mentioned men as desirable dentists or surgeons still significantly exceeds the percentage of respondents who mentioned female dentists or surgeons as desirable sex for such interventions.

However, a clear gender segregation becomes apparent when we look at occupational groups. When it comes to taking care about a young child or about the old and infirm, or cleaning of apartment, women as desirable executors of these jobs are absolutely dominant. In addition, women are significantly more desirable as secretaries or gynaecologists.

Women still perceive more frequently repair of computers (60%), taxi driving (45%) and painting of a flat (76%) as male occupations.



It is interesting that, if women who start up a business had to hire someone for positions in their companies, in addition to principle of gender equality, they would still give advantage to women - regarding them as more responsible and dedicated to business tasks.

*„Women, because of their maternal roles and family responsibilities, know better how and when something should be done responsibly“.*

*„I would never entrust a responsible task to men. While I was working for my uncle in the shop one man was the manager and he made a thousand mistakes, he acted irresponsibly. I would always give priority to women, my uncle as a diligent man is the exception.“*

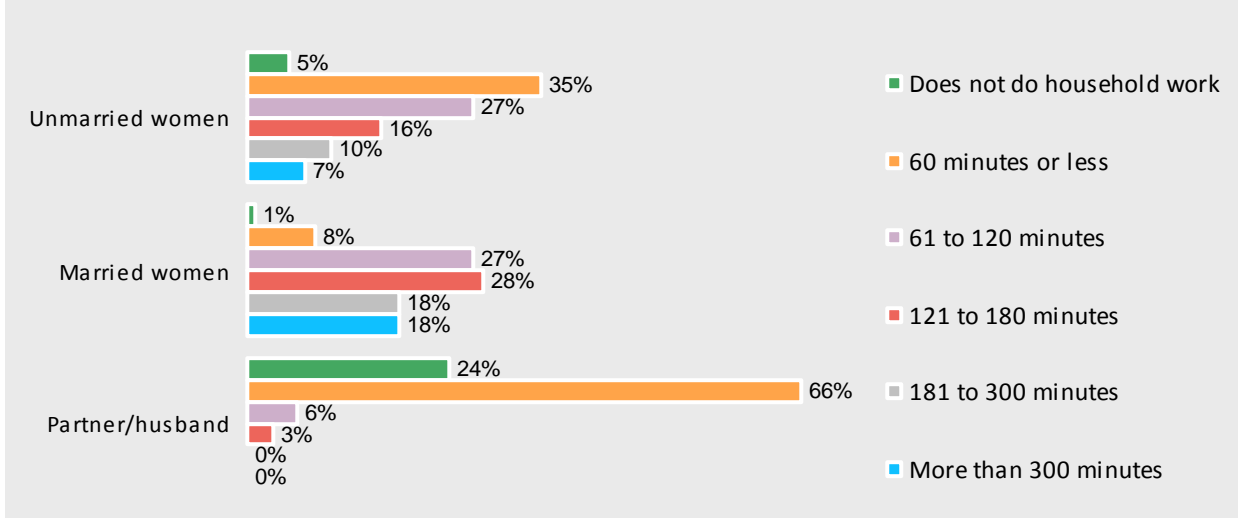
However, when it comes to distribution of time spent on housework, women still spend significantly longer time doing these activities than is the case with men. While only about 1% of married women and 5% of unmarried women state that they do not do any housework, one out of four men (husband / partner) does not do household chores, while in the north of Montenegro almost one out of three husbands / partners does not take part in household chores.

Married women generally spend more time doing household work than unmarried women. While one out of three unmarried women and almost one out of ten married women spend less than one hour a day doing household work, as much as 2/3 of husbands or partners, according to respondents, spend

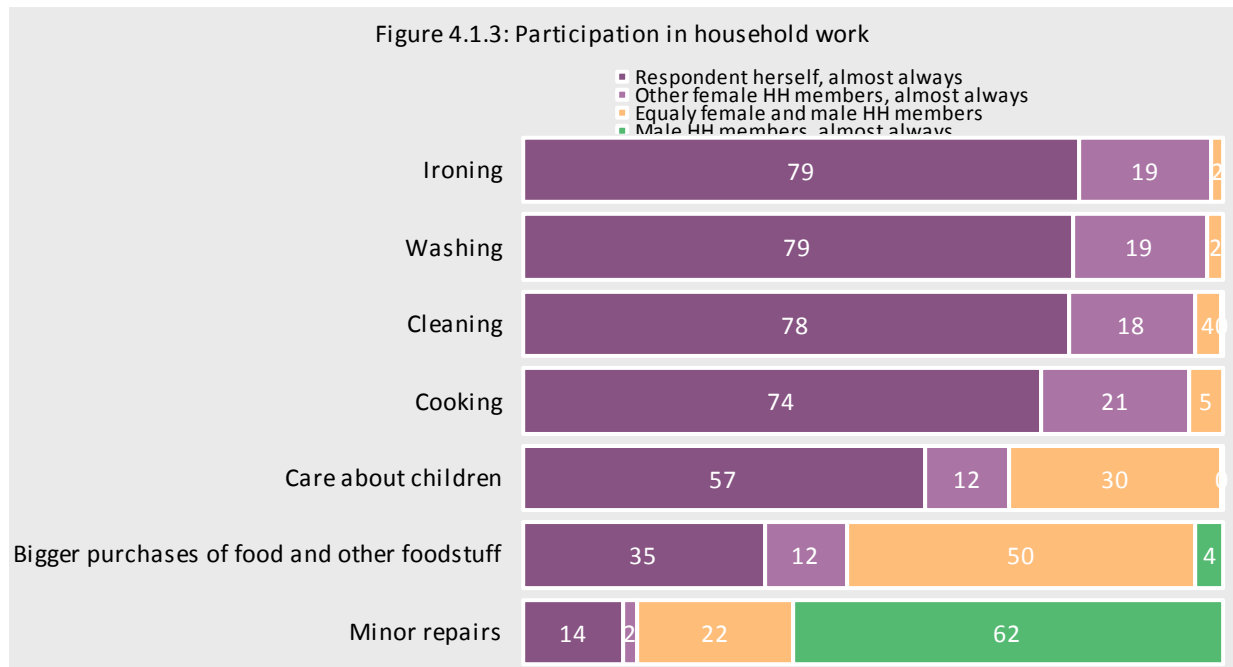
less than 60 minutes a day doing household work. Besides that, only 6% of husbands/partners spend between 1 and 2 hours a day doing household work, and 3% between 2 and 3 hours.

With increase of time spent in performing household work, percentage of married women also increases and percentage of unmarried women decreases. Namely, while 36% of married women spend more than three hours a day doing household chores, the percentage of unmarried women who spend the same amount of time doing housework is much smaller (17%).

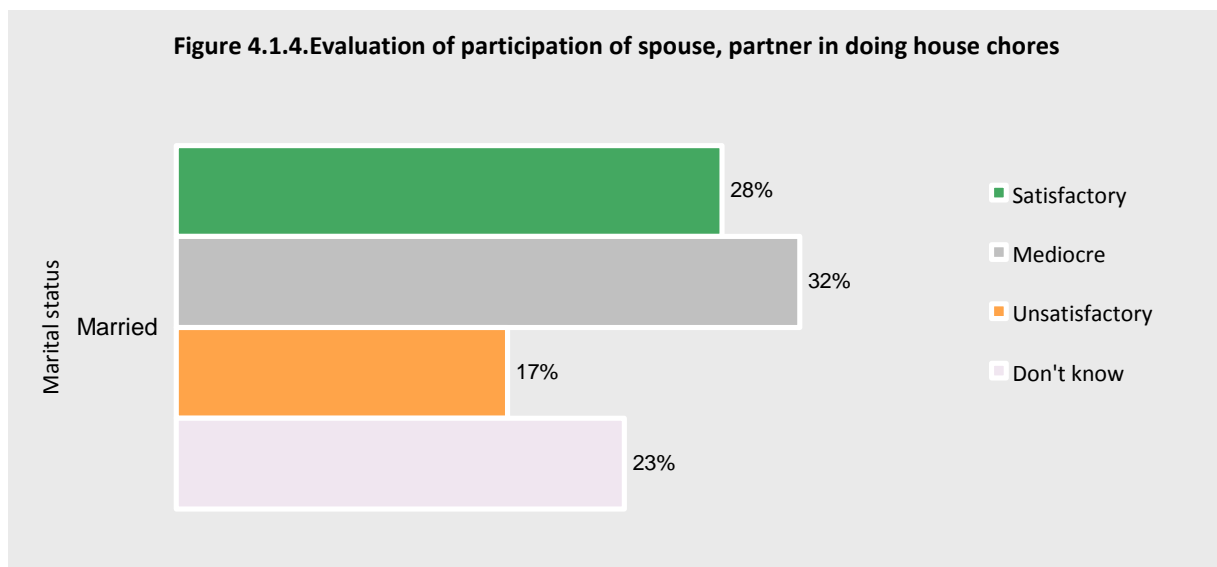
**Figure 4.1.2. Timespent in doing household work during one day**



Looking at the structure and participation in household work it can be concluded that women dominantly take care of all household chores other than minor repairs, and that women are responsible for almost the entire burden of the private sphere.



Despite the mentioned facts, 28% of women who live with husband/partner evaluate participation of their husband/partner in household work as satisfactory, one out of three as moderate, and only 17% as unsatisfactory.



There are differences between attitudes shared by women planning to start their own business and women who have already started it.

*A woman who started a business: „I opened a shop in the middle of my pregnancy with twins, I was at work 3 days after delivery, so my husband had to gradually get used to vacuum cleaning and washing dishes, regardless of what my mother-in-law had to say about it. I was not satisfied at the beginning when he didn't want to do house chores, but now he realized that he had to “.*

*A woman planning to start a business: „It's what men of Montenegro are like. It shouldn't be held against them, this is our mentality, it's normal that a woman does everything in the house.,,*

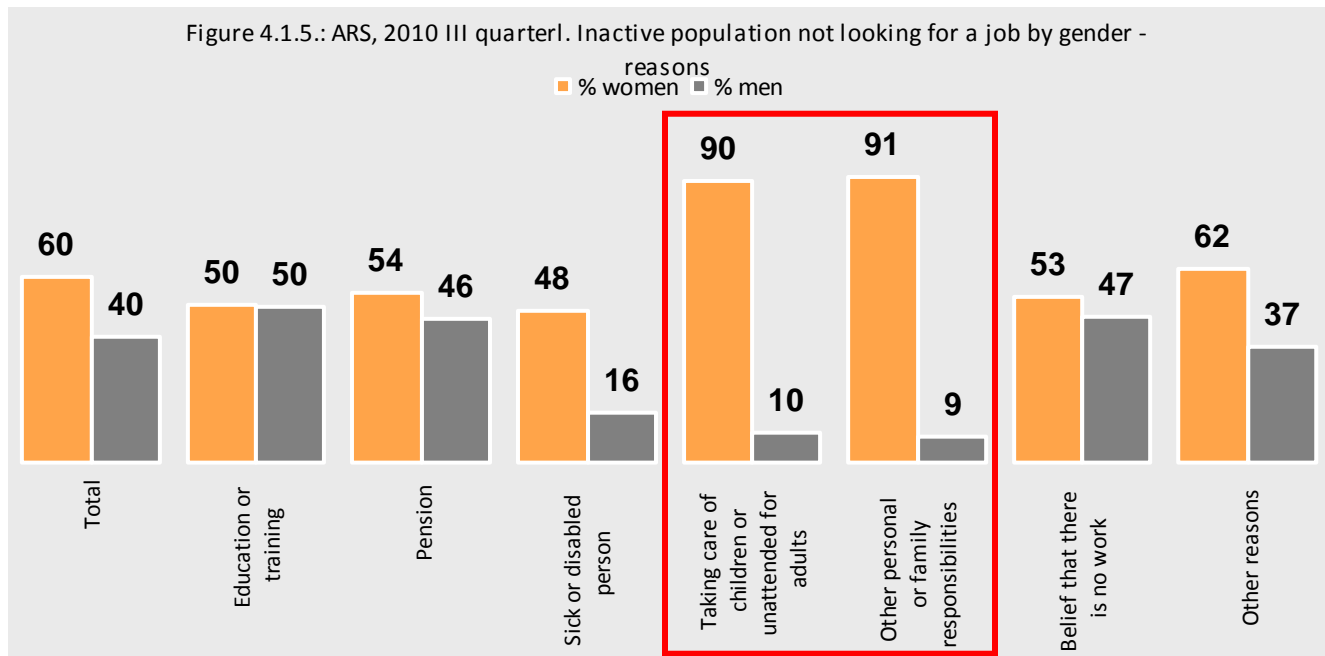
It may be concluded that majority of participants share progressive opinion about gender equality. However, it should be emphasized that, according to survey results, every third participant believes that little child will suffer if his/her mother works out of home, as well as that it is best for children's wellbeing that father earns money and mother stays home with family. In spite of the attitude about the traditional role of women at home opposed to the idea of gender equality in labour market, even 91% of participants think that faculty education is not less important for girls than for boys.

Additionally, almost 30% of participants believe that it is inevitable that a successful businesswoman neglects her family, but also that women are successful in doing business primarily owing to their looks or charm. Every fourth participant believes that house chores shouldn't be equally shared by spouses, and every fifth that having a job isn't the best way for a woman to fight for her independence.

By the rule, traditional attitudes regarding gender equality are emphasized whenever children are in focus, so 43% of participants disagree with the statement that when a woman earns more money than her spouse better option is that he takes a paternity leave and stays home with children.

Almost every fourth participant believes that men are better in doing business than women are, and every tenth that, in a situation of high unemployment, men should have the advantage over women for getting employed.

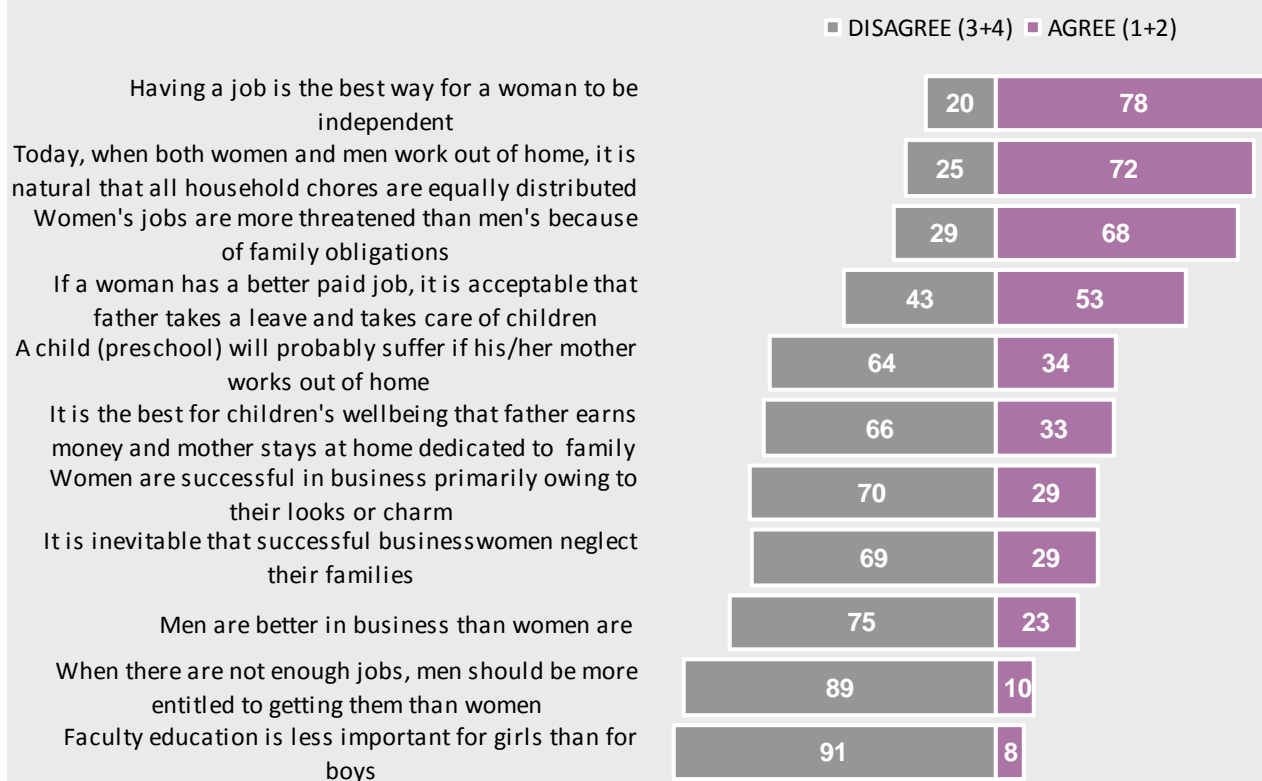
Observed on the level of three populations (unemployed women registered at NES, unemployed women not registered at NES and employed women), traditional attitudes towards gender equality are present somewhat more among unemployed women not registered at NES. The most illustrative example of consequences of traditional beliefs regarding gender equality may be found in the reasons why they are not looking for a job, according to participants of Labour Force Survey conducted by Monstat.



The most important difference in terms of attitudes towards gender equality is observed between women who have a business idea and who are currently planning to start their own business, and those who currently have no such plans. Namely, **significantly higher percentage of potential women entrepreneurs has progressive attitudes towards gender equality**. Significantly higher percentage of them, unlike women who are not potential entrepreneurs, believes that faculty education is not more important for men than for women. Additionally, significantly higher percentage of them believes that men are not better in doing business than women are, that successful businesswomen don't have to neglect their families, that it is not the best for children's wellbeing that father earns money and mother stays home dedicated to the family. Besides, they find more acceptable that a man takes a paternity leave and takes over watching over children in a situation when mother has a better paid job. Finally, significantly higher percentage of them than women who don't have a business idea, disagrees with the statement that a child (preschool) would probably suffer if his/her mother was employed out of home.

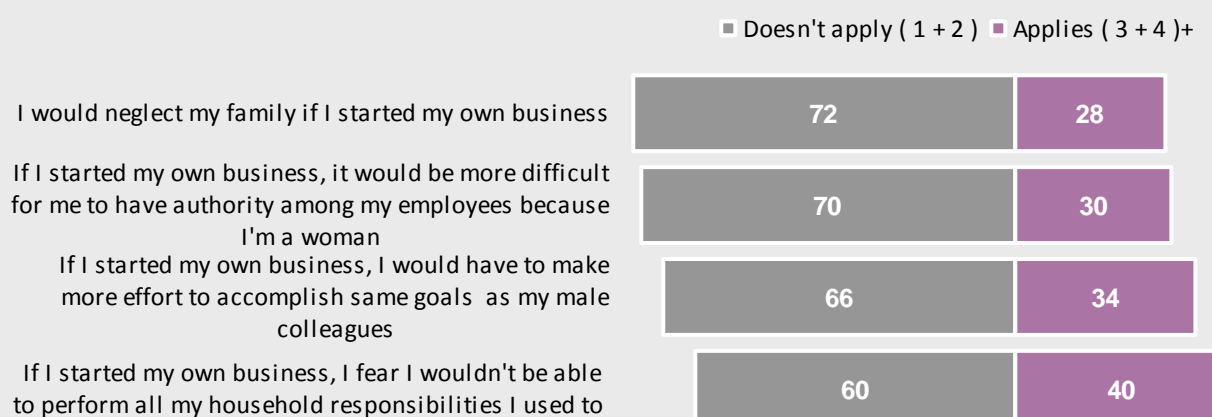
On the regional level, attitudes in terms of gender equality are the most progressive among residents of coastal area, and then those who live in the central region, while it is more characteristic for residents of northern areas to share traditional attitudes towards gender equality.

Figure 4.1.6. Attitude towards gender equality



Also when thinking about gender equality in entrepreneurship, potential women entrepreneurs express more progressive attitudes than women who have no such plans. Namely, significantly lower percentage of potential women entrepreneurs fear that they would have to make more effort than their male colleagues to accomplish same goals or that their gender would make it difficult for them to have authority among their employees.

Figure 4.1.6.b. Attitude towards gender equality in entrepreneurship



Some women who are currently unemployed or unsatisfied with their job, 40% of them, fear that they wouldn't have enough time for all their household obligations if they started a business of their own. However, if structure of responses is analysed in more detail, it may be observed that this fear is more characteristic for women who are not planning to get involved in entrepreneurship, while potential women entrepreneurs overcame it, if they had any. Namely, while fear of not having enough time for the household is present among even 58% of women who are not planning to become women entrepreneurs, only 29% of potential women entrepreneurs share this fear.

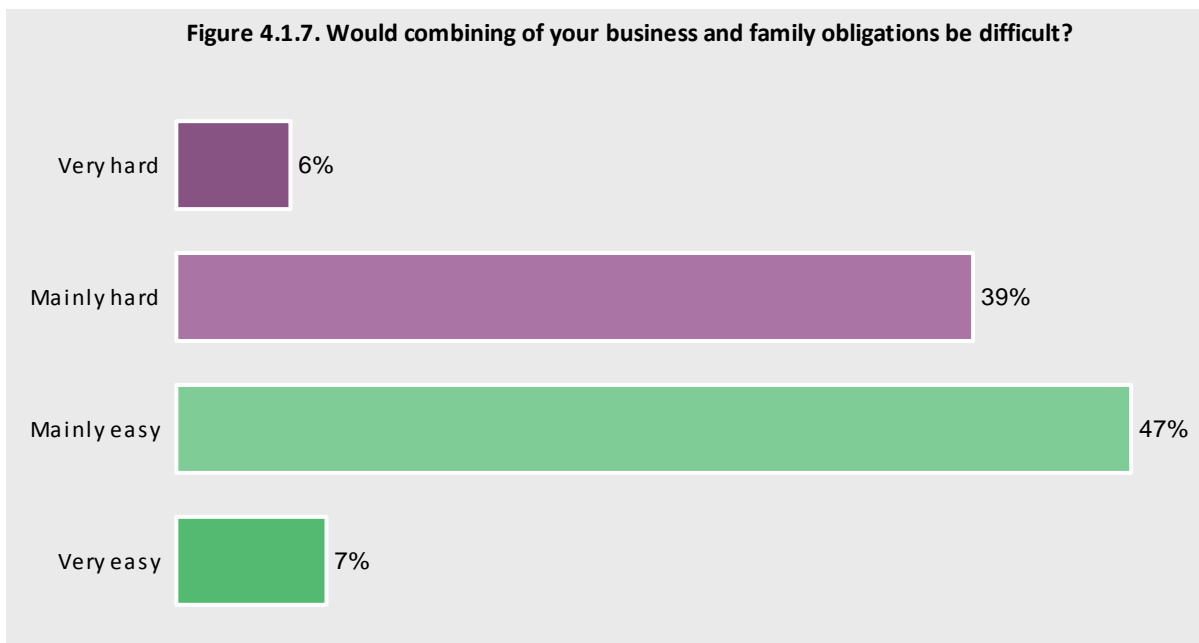
Same difference is present between potential women entrepreneurs and women who are not planning to become entrepreneurs in terms of attitude towards their families. Almost half of women who are not planning to start a business (45%) fear that they would neglect their family if they got engaged in entrepreneurship. On the other hand, even 81% of potential entrepreneurs believe that this fear is groundless and that their families wouldn't suffer if they established a business.

#### Distribution of time with a started one's own business

Having in mind how much time women spend a day doing household chores and attending other obligations, the question is how much time would women who want to start their own business dedicate to business activities at the very start of realizing a business idea, and in what way they would do it. Potential women entrepreneurs mainly expect the usual 8 working hours (37% of them) or even overtime during the day (35%). Only 10% of women would have up to 3 hours a day in this situation, and 17% 4-7 hours a day. Those who are planning to start their own business very clearly claim that they would dedicate maximum energy to it, so even 44% say that they would run their business 7 days a week, 37% would work 6 days a week, and only 18% stay in the limits of the usual five-day working week.

On average, potential women entrepreneurs say that they would spend somewhat less than 8 hours a day on their business activities, or to be exact 7.9 hours, but they would work 6.25 days a week.

As for harmonising business activities with personal everyday family obligations, women who are planning to start their own business don't share one single opinion. Without some particular statistical significance by demographic or any other criterion, 45% of women think that it would be hard for them to successfully combine business and family obligations, and 55% see no difficulties in that aspect.

**Figure 4.1.7. Would combining of your business and family obligations be difficult?**

Almost all women entrepreneurs, 94% of them, think that they might count on family support for starting a business. This assistance, according to their expectations and among other things, would include freeing them from some household responsibilities. Namely, majority of these women believe that their close ones would take over some of their household responsibilities: 68% of married potential women entrepreneurs expect husband's assistance, and 68% of unmarried or divorced women expect other family members to help. Married women, who don't rely on husband's help, expect it from other household members and children (21%), while unmarried or divorced women have such expectations from their parents (30%).

On basis of interviews with women who started their own business, it may be concluded that these women are very determined, brave and consistent, so starting a business changes the situation in two directions: it either comes to a divorce/breaking up a relationship or men start to take over some of the household responsibilities and family roles in bringing children up.

*„I told him either to start working around the house or farewell, so we divorced. I don't have anything against it, since I don't intend to support an idler.“*

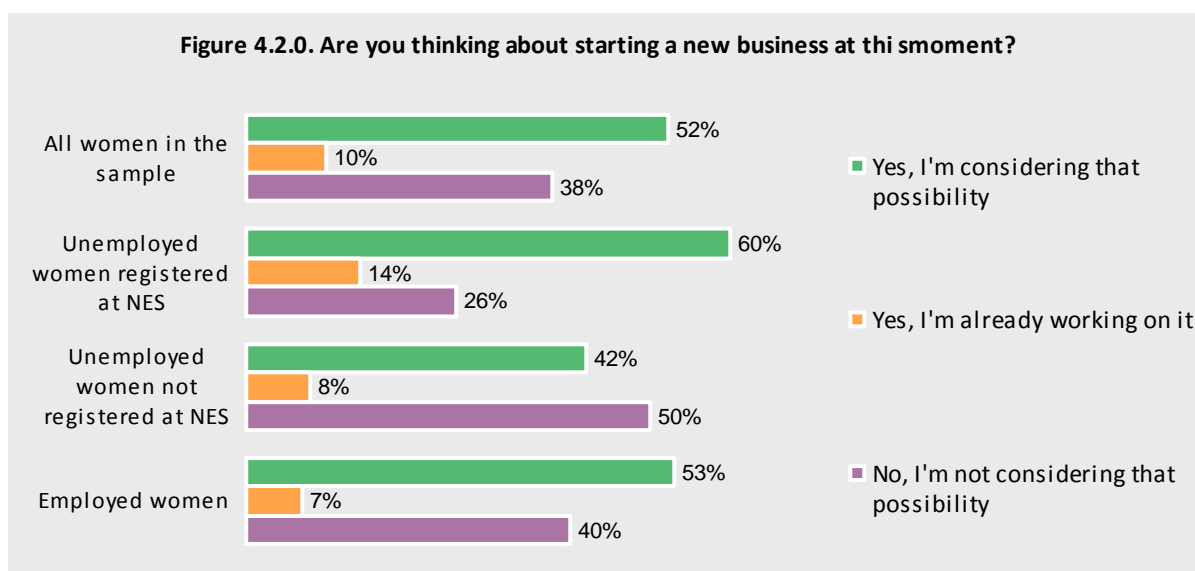
*„When I started working in my wedding gowns shop, I didn't have enough time for household chores. My husband became more engaged in it, and I had up to an hour a day.“*

## 4.2 Starting a new business

WHAT WOMEN MISS MOST BY FAR TO SUCCESSFULLY START THEIR OWN BUSINESS IS MONEY AND MORE FAVOURABLE FINANCING MODEL (CREDITING). OTHER BARRIERS INCLUDE NO ASSISTANCE WITH PREPARING A BUSINESS PLAN, CHOOSING AND EQUIPPING PREMISES, INSUFFICIENT TAX EXEMPTIONS IN THE FIRST YEARS OF DOING BUSINESS, POOR BUSINESS CONTACTS AND LACK OF INFORMATION ABOUT ENTERPRISE REGISTRATION PROCESS.

At this moment, 38% of women included in the survey are not even considering starting a new business of their own, alone or with someone else, including self-employment or sale of goods or services; 52% are considering this possibility; and 10% are already working on it.

As for **potential entrepreneurship**, most active are unemployed women registered at NES, then the employed and then unemployed women not registered at NES. Thinking about starting a business most (60%) and working on it (14%) are unemployed women registered at NES, and then the employed (53% considering, 7% working on it). Significantly lower percentage of unemployed women not registered at NES even consider entrepreneurship and only ¼ of them are thinking about it.



Women don't opt for entrepreneurship primarily due to insufficient financial means. Women who are not planning to start their own business mainly say that the main problem is financing –42% of them, but also lack of time due to family responsibilities –14% of them. If all the mentioned reasons are analysed, and not only the most important one, financing is still the most frequently cited reason for not getting engaged in entrepreneurship (46% of all responses). This analysis also indicates that for 17% of women the barriers are their household tasks, more in case of women who are unemployed and not registered at NES, and less in case of employed women.

Since finance is the most severe barrier, quite expectedly it is usually perceived as a type of support which would be most important at this moment for starting a business. Even 8 out of 10 participants indicate money as the most important type of support, and also more favourable financing (crediting) models, and even 86% mention this factor as one of the 3 most important aspects that they miss most to start their own business. Other types of support are rarely mentioned as the first most important currently missing type of assistance, but if all the responses are observed together, it may be concluded that potential women entrepreneurs could use some assistance with business plan design (35%), business premises (30%), tax exemptions in the first years of doing business (28%) as well as with business contacts (28%) and with information about registration (22%).

In-depth interviews reveal that, besides financial, women entrepreneurs also come across some other procedural and organizational problems when starting a business.

*„If there weren't for my dowry, it would be very difficult or I would have to give up starting my own business. In this way, I got the money, I invested it, although the idea was to buy good cars and spend the money. “*

*„Loan is the only way to obtain money, and interest is too high, so it is difficult to opt for indebteding in the times of crisis.”*

*„The procedure is terribly complicated, I don't know how I would design the business plan, how I would use the benefits for starting a business.”*

### 4.3 Inhibiting factors

**ABSENCE OF BUSINESS CONTACTS AND GOOD WORKING EXPERIENCE, UNSATISFACTORY LEVEL OF MANAGING AND PERFORMING SKILLS, INSUFFICIENT LEVEL OF EDUCATION AND NO ADDITIONAL TRAINING FOR STARTING ONE'S OWN BUSINESS, NO AWARENESS OF EXAMPLES OF GOOD ENTREPRENEURIAL PRACTICE ARE SIGNIFICANT INHIBITING FACTORS FOR DEVELOPMENT OF WOMEN ENTREPRENEURSHIP. FURTHERMORE, FEAR OF FAILURE HAS DEMOTIVATING INFLUENCE ON EVEN 2/5 OF WOMEN.**

Even one third of currently unemployed women or those dissatisfied with their job are faced with some of the following barriers for starting their own business: absence of business contacts and good working experience, unsatisfactory level of managing and performing skills, insufficient level of education and no additional training for starting one's own business, no awareness of examples of good entrepreneurial practice. That these barriers really have inhibiting effect on women is illustrated by the fact that all these problems are, significantly less than average, present among potential women entrepreneurs, while at the same time at least some of these factors are characteristic for almost half of women who are not planning to start their own business. Quite expectedly, working experience is more of a barrier for younger women (19-30), than older (45+). Examples of good practice which might help realization of business ideas are missed most by unemployed women not registered at NES (42%). What great majority of women agree on, regardless of their experience and education, is that continuous additional

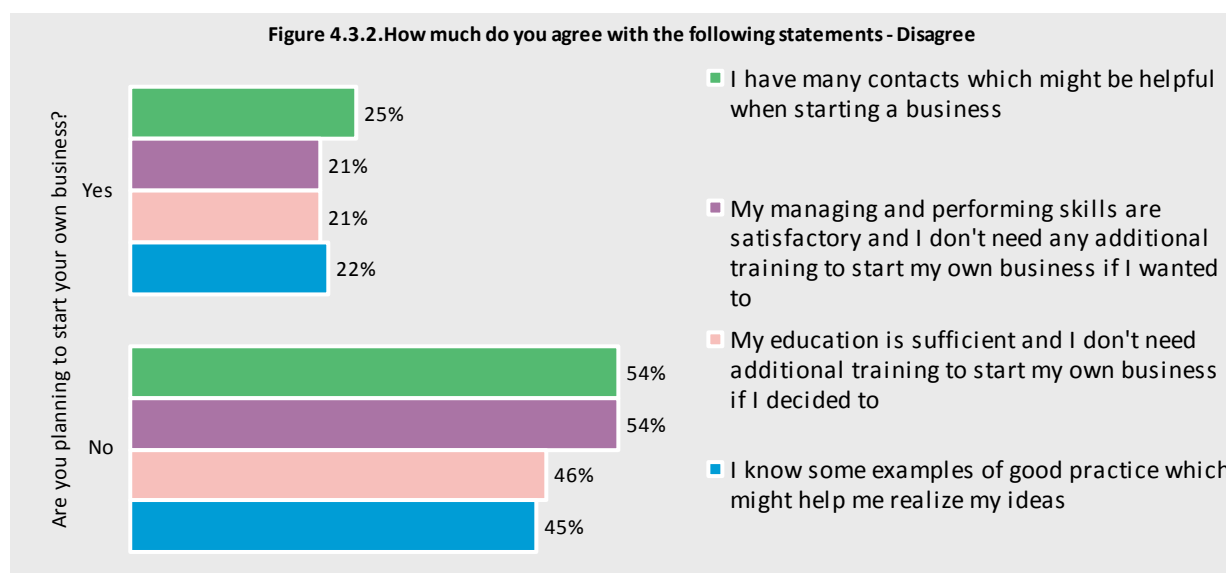


education is necessary (80%).

Women who are still planning to start a business confirmed in in-depth interview that every type of training is welcome.

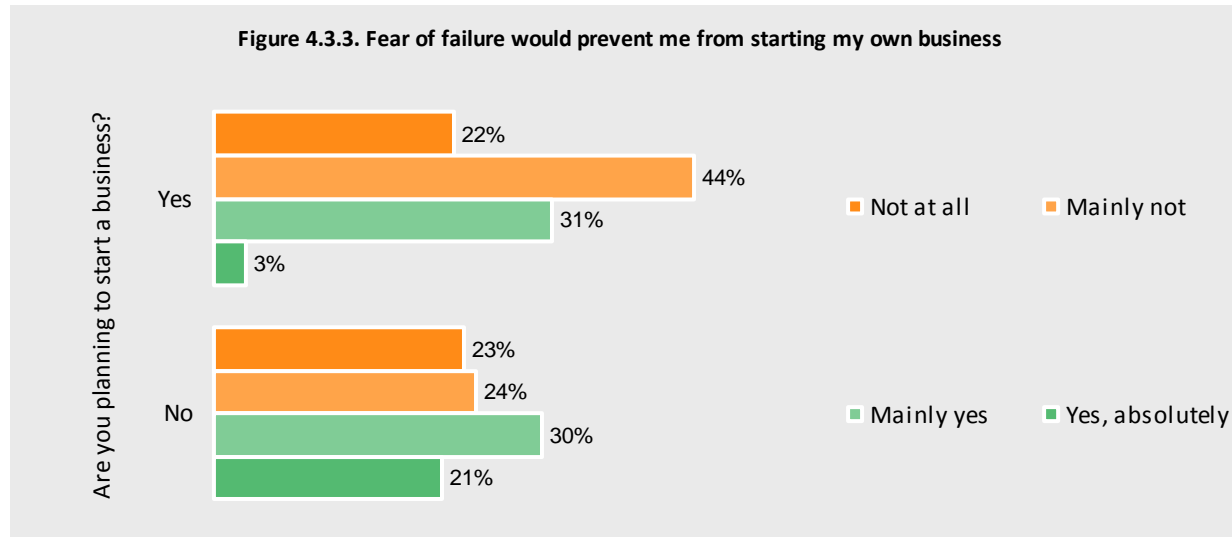
*„I’m planning to open a hairdresser’s, I do the hair of all my neighbours, but I could use a course to refresh and upgrade my knowledge and skills “.*

*„ I completed a course for a beauty parlour, but I need knowledge about how to run it.“*

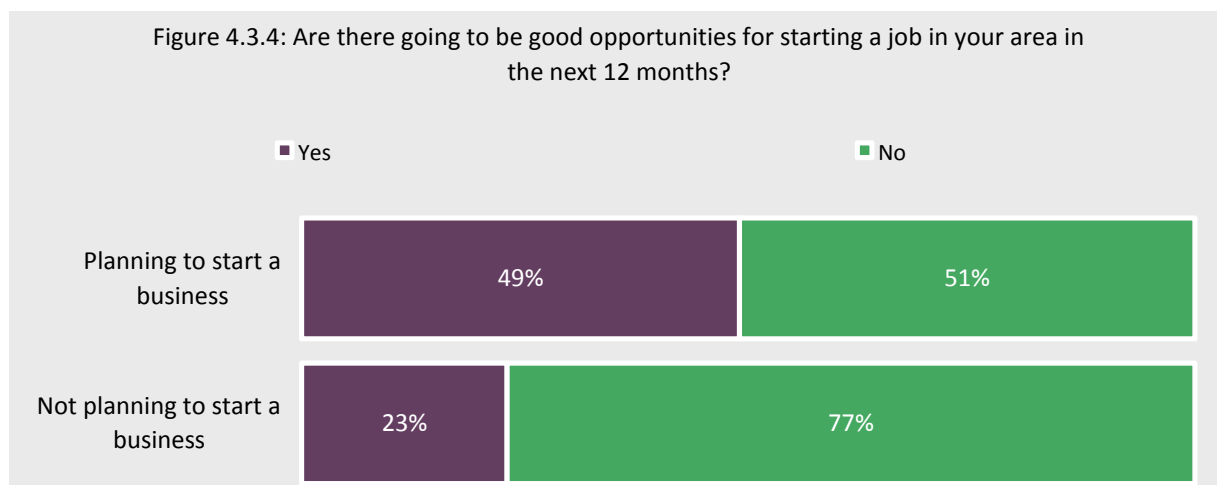


That fear of failure would prevent them from starting their own business is the opinion of 41% women, among which 34% are women who are planning to start their own business and even 52% of those who are not.

Findings suggest that women also need encouragement through strengthening of their capacity for **creating a network of good business contacts**, and improving their practice of obtaining good working experience (or at least getting insight in good working experiences of others) – particularly in case of younger women. Additionally, findings clearly confirm that it is necessary to develop additional educational programs and training for development of management and performing skills. Communicating examples of good practice should also be additionally developed, particularly in case of women not registered at NES.



Besides personal abilities, knowledge and contacts, the decision about starting with entrepreneurship is also influenced by estimation of current market situation and conditions. As for this general estimation, women are not really optimistic. Majority of unemployed women and those currently dissatisfied with their job, or 61% of them, believe that there won't be good opportunities for starting a business in their surroundings, and even 69% of them evaluate doing a private business as risky. Private entrepreneurship is equally considered generally risky among potential women entrepreneurs and those who don't have such plans. However, although they notice same potential threats, these women differ regarding evaluation of market opportunities. Namely, women who belong to the vulnerable group and who are not planning to get engaged in entrepreneurship, in 77% of cases believe that there won't be any opportunities for that in the next 12 months. On the other hand, potential women entrepreneurs are more optimistic, which might be a consequence of better knowledge about this topic. However, also one half of them don't think there will be any opportunities, but they still decide to start with private business.



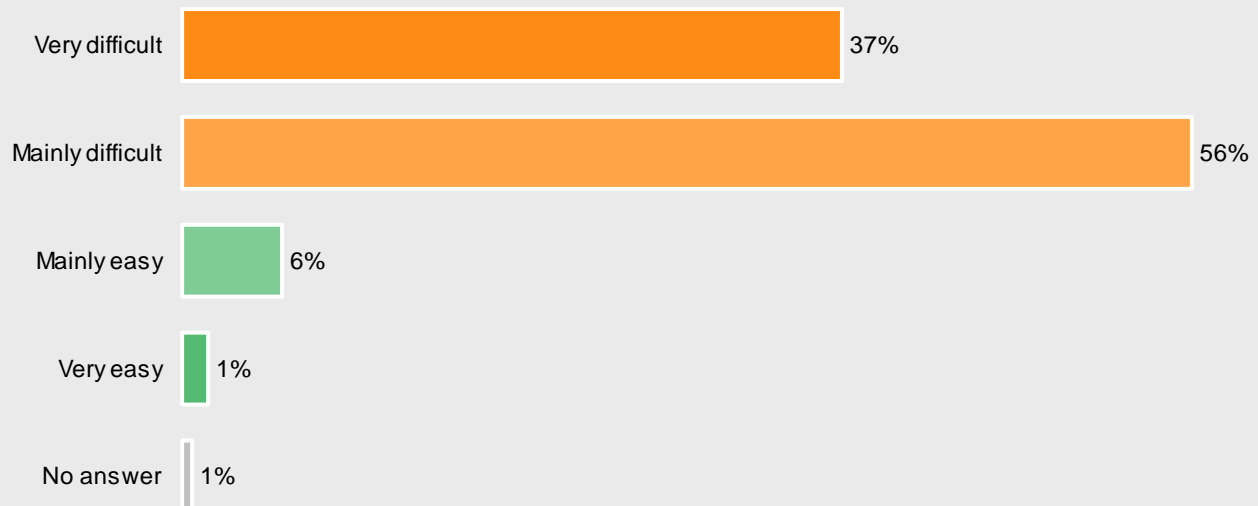
#### 4.4 The initial source of funds

**IT IS DIFFICULT TO PROVIDE MONEY NECESSARY FOR STARTING ONE'S OWN BUSINESS. WOMEN MAINLY CHOOSE ACTIVITIES WHICH DON'T REQUIRE LOTS OF MONEY (UP TO 10 THOUSAND EUROS), BUT THEY STILL SAY THAT IT IS DIFFICULT FOR THEM TO RAISE MONEY. THE MOST PREFERRED SOURCE IS BANK LOAN. THOSE WHO POSSESS SOME ASSETS ARE USUALLY WILLING TO INVEST THEM IN A BUSINESS.**

The estimated initial capital necessary for starting a business usually comes down to a couple of thousands, or 10 thousand Euros most. Women who want to start their own business usually have the need for rather small sums for starting a business – 52% of them need a sum of 5000 Euros (21% up to 2000 Euros and 32% the sum of 2000-5000 Euros). However, some women need more money: almost 1/3 of women need 5001 – 10000 Euros to start a business, 12% of them need 10001-25000 Euros, and only somewhat less than 4% need more. It is interesting that significantly higher percentage of women with college and university education need bigger sums, the 10000-25000 Euros sum, even 23% of them, and also women without children, even 25% of them.

93% of potential women entrepreneurs say that it would be hard for them to collect money necessary for starting their business, while only 7% don't think it would be a problem.

**Figure 4.4.1. How difficult would it be to provide money for starting a business?**



The most preferred source of financing is bank loan – in the opinion of 62% of women planning to start their own business; one forth of them rely on their savings, and one fifth on loans from friends and/or family.

### Financial potential of women planning to start a business and their households, as a base for collateral for crediting their own businesses

Women have ideas and they are prepared to start a business, but problems start with finance, or credit access. Every bank that grants credits demands strong guarantee, usually through mortgage of property, or real estate.

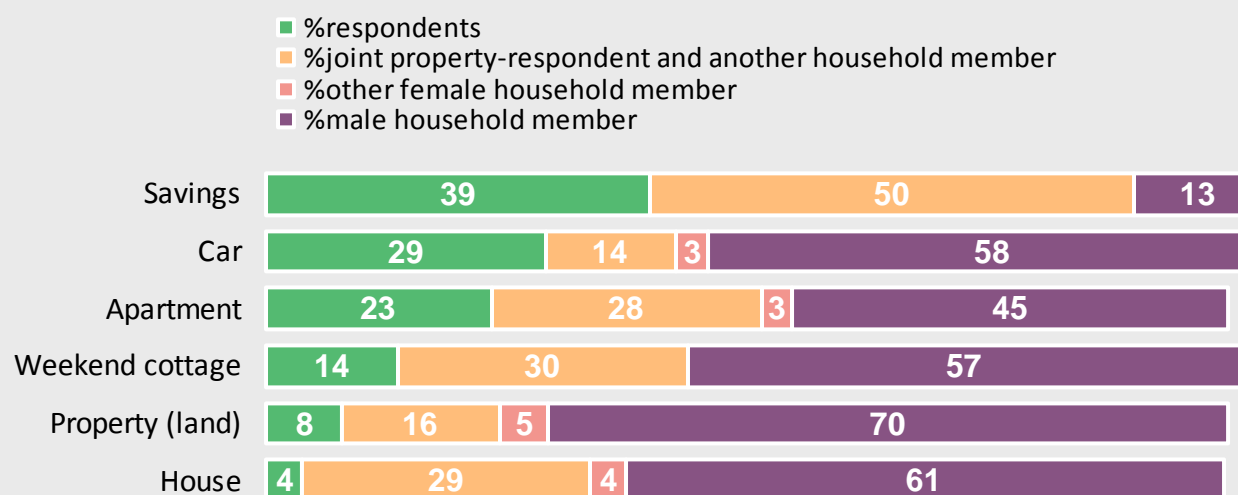
Present in households of women planning to start their own businesses is a car in 86% of cases, a house in 76% of cases, a property (land) in 66% of cases, savings in 46% of cases, an apartment in 30% of cases and a weekend cottage in 17% of cases.

Survey results suggest widely present economic foundations of inequality of women in Montenegro. In households of women planning to start a business where there is a car possessed, man is the owner in 58% of cases, and women who are planning to start a business in only 17% of cases. In 14% of cases, women who are planning to start a business consider their car a common property. It is interesting that higher percentage of well educated women who are planning to start a business own a car, even 43%, and significantly lower percentage of women living in the north, only 12%.

Additionally, man is the owner of property (land) in 70% of cases, and woman who is planning to start a business in only 8% of cases. In 16% of cases, women who are planning to start a business consider the property joint.

Somewhat more rarely than land, men own a house – in 61% of cases, and women who are planning to start a business in only 4% of cases. In 29% of cases, potential women entrepreneurs think that house is joint property. This difference is even smaller in case of an apartment as the dwelling: 45% of apartments are owned by men, 23% by women, while the remaining 28% are joint.

Figure 4.4.2. Ownership of household assets

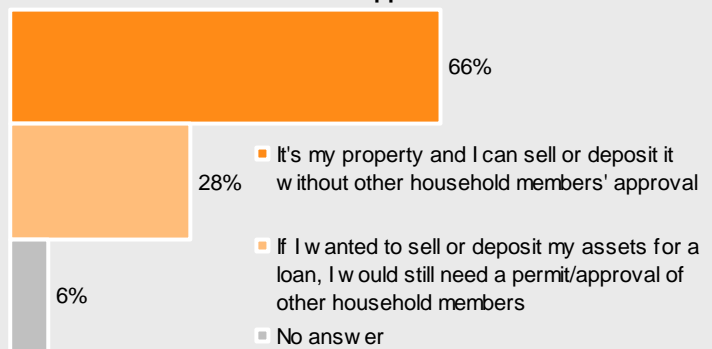


Also in case of other assets in potential women entrepreneurs' households, men are more frequently the owners: weekend cottage is owned by men in 57% of cases, and in 14% of cases by women, while savings are owned by men in 50% of cases, and in 39% by women.

Besides savings (that we don't know the amount of), significantly lower percentage of women own something of their own they might use as a guarantee for the initial capital. In this study, we didn't deal with the legal status of women's property (whether they have all the documents, whether property is registered...)

However, only 2/3 of women owners of assets we discussed say that they would be able to sell or deposit these assets for a loan without other household members' approval, and on their own and free will. It is interesting that situation is quite different in the coastal area, since even 63% of women there say that even if they wanted to sell or deposit their property, they would need a permit/approval of other household members.

**Figure 4.4.3. Would you be able to deposit or sell your assets for a loan without other household members' approval?**



Women who started their own business were kept only by their firmness on the road of initiative and decisiveness to start a business with their own money:

*„I sold a plot of land, I borrowed money from my grandmother and I took a loan. I wanted that and no one could stop me. It couldn't even stop me that no one in the house wanted to talk to me then, I knew what I was to do.“*

*„Everyone complained, we argued all the time, I had my dowry, and my husband, my mother-in-law and my parents – they were all against it. However, I did it my way and now everyone is happy because I'm doing great.“*

77% of women who own various assets we discussed here, say that they could count on support of other household members for their business enterprise and that other household members would have accepted to sell or deposit property.

Besides the problem of disproportional ownership between men and women, as well as problems regarding approval and support to managing one's own property whatever way one wanted, the problem of systematic absence of support to women entrepreneurship remains on the level of state, social, business and bank treatment of women entrepreneurship.

## 4.5 Establishing and registering enterprises

**THE PROCESS OF ESTABLISHING AND REGISTERING ENTERPRISES IS PERCEIVED AS AN EXPENSIVE AND COMPLICATED PROCEDURE, ALTHOUGH THERE IS OFTEN NOT ENOUGH INFORMATION ABOUT THE DETAILS OF THIS PROCESS.**

Potential women entrepreneurs estimate all costs of founding an enterprise as high. Even 96% of women think that taxes and fees are high, while 89% think that registration is expensive and another 89% think that the currently available financing models are not favourable.

As for the establishing procedure, evaluation is also mainly negative. Majority of potential women entrepreneurs (84%) think that it would take them long to collect money for registration of enterprise and that they would need lots of documents difficult to obtain (74%). The very registration process is evaluated as too complicated in 80% of cases, and at the same time majority of potential women entrepreneurs, 72% of them, admit not having enough information about the very registration procedure and possibilities for starting private business.

## V Motives of potential women entrepreneurs and stimulating measures

### 5.1 Motives of potential entrepreneurs

For majority of women covered by the survey (74%) entrepreneurship is an attractive career to choose. Also women who don't see themselves as women entrepreneurs in the future, in 56% of case perceive an independent job as attractive. However, they are still not planning to start their own business in the near future. This data indicates that various motives guide women to entrepreneurship, but there are also barriers and inhibiting factors which prevent some women covered by the survey, regardless of them belonging to vulnerable groups, to get engaged in it.

As for the motives for starting private business, singled out are two groups of main reasons. The first group includes finding an alternative to employment with the employer and economic necessity. The other group includes women whose motives for getting engaged in entrepreneurship are their need for independence, desire for more profit, affirmation, but also dissatisfaction with current or previous jobs.

Women who switched from the status of previously employed to the status of women who started their own business, find their motive in the financial aspect, but their motives are largely subordinated to their wish for self-accomplishment, achievement and pride because of their personal success.

*„I abandoned a well-paid public job on TV to start a wedding gowns shop. Everyone thought I was crazy and I was proud of myself. I always wanted to prove that I could run a business myself, that I am brave and decisive to run the business the way I believe it should be run, and not to work for others.“*

Unemployed women perceive starting their own business as an opportunity for getting more profit for the welfare of their families.

*„It's very hard to find a job. I would start a hairdresser's to strengthen out household budget.“*

Observed individually, singled out are the need, or desire for independence and finding a way to earn **enough**. Both these two motives are singled out by 43%<sup>12</sup> of potential women entrepreneurs included in the survey, while finding work is indicated by majority, or 67% of them.

However, observed by population, motives differ. As for **one-most important reason** why they decide to start their own business, women registered at NES mainly say that entrepreneurship is the only way to find a job (30%), and 18% believe that they have no better choice than realizing their business idea. Every fourth stresses the need and desire to be independent, and 16% think that realizing their business idea is the only way they can earn enough money.

Unemployed women not registered at NES usually say that they have no better opportunity for employment than realizing their own business idea (27%). Another 18% think that it's the only way to find a job. Every fifth singles out the wish for independence, and another 18% see entrepreneurship as the only way to earn enough.

Namely, 29% of employed women who participated in this survey single out their wish for independence as the main motive, 19% see entrepreneurship as the only way to earn enough. Same percentage, 19%, says that they are dissatisfied with their current work.

It is interesting that only 6% of potential women entrepreneurs single out the wish for **good profit and above average living standard**.

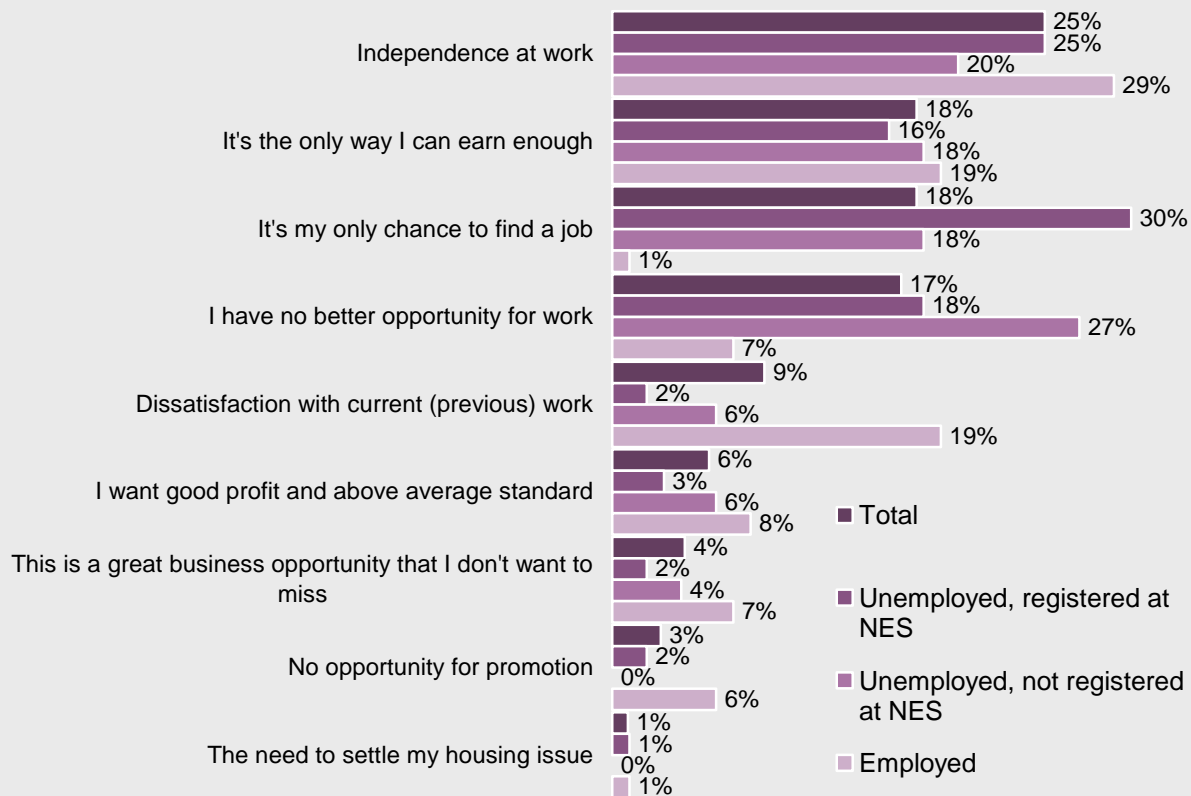
It's obvious that high percentage of women get engaged in entrepreneurship when they are "forced to", or when they see no other way out. This data is supported by the respondents' self-evaluation of their financial situation. Namely, almost half of the women covered by the survey (45%) estimate that their current financial means as sufficient to cover the expenses for food, public utilities, clothes and footwear, but not sufficient for buying any more expensive items. In somewhat better position which enables purchase of rather expensive items are 19% of women, while only 5% of them can afford everything. On the other hand, 5% sometimes don't even have enough money for food. Good sides of entrepreneurship "out of necessity" may be associated with high level of motivation, and bad with low level of preparation and knowledge.

On the other hand, based on experiences from other countries, it may be expected that in the next phase of development of women entrepreneurship, which will be institutionally supported to a greater extent, this entrepreneurship "out of necessity" will be gradually replaced by entrepreneurship motivated by better profit.

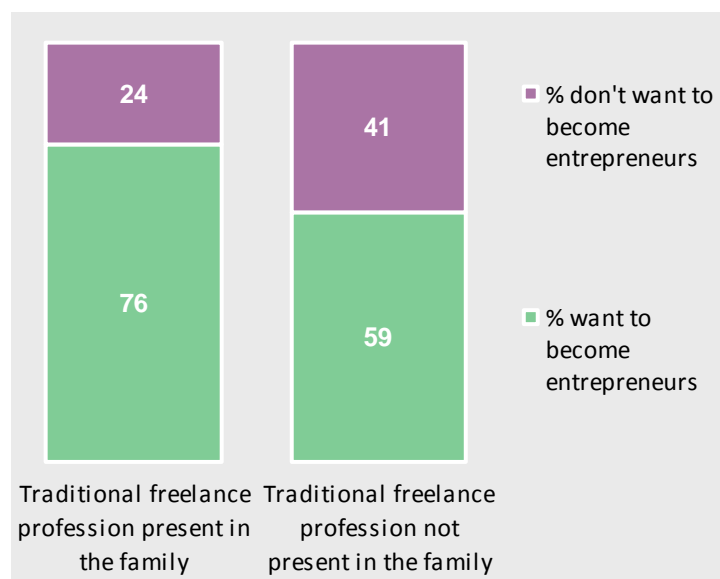
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<sup>12</sup> The reasons women get engaged in entrepreneurship in Montenegro are similar to those present in EU countries. For example, in the survey conducted in 2004, by the Association of EU Chambers of Commerce (Eurochambres), 47,2% of women indicate the need for independence and control and 45.9% - profit. Source: [www.eurochambres.be](http://www.eurochambres.be)

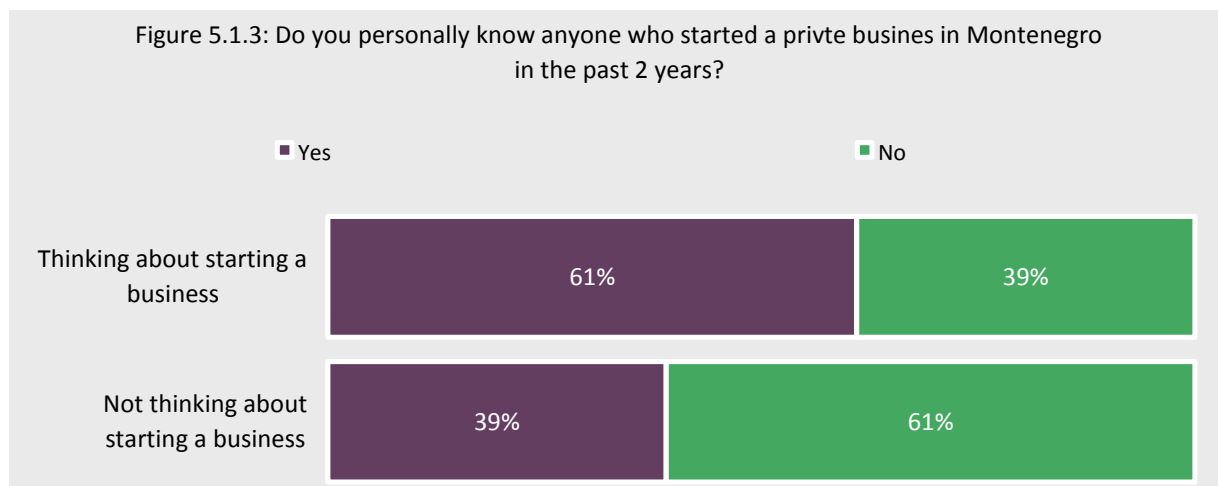
## 5.1.1. Main motive for getting engaged in entrepreneurship



Somewhat higher percentage of women in whose families someone had some traditional freelance profession, such as shoemaker, tailor... or had a private business in trade, rendering services or production, choose to become entrepreneurs, unlike women who don't have such family heritage.



Beside family influence, noticeable is also **influence of broader social network on the decision to get engaged in entrepreneurship**. Higher percentage of potential women entrepreneurs know someone who started a business in Montenegro in the past 2 years (61%), than it is the case with women who are not planning to start their own businesses (39%). This data indicates that positive examples have stimulating effect on women and encourage them to become entrepreneurs. Accordingly, **experiences of „ordinary“ women should be promoted, those who succeeded, and role models should be created in that way**. Unfortunately, this is not the case now, since majority of women (61%) think that there are not many stories in the Montenegrin media about successful new enterprises started by ordinary people as entrepreneurs. The necessity of having role models is also supported by the fact that women are divided in their evaluation whether successful entrepreneurs enjoy status and respect in Montenegro. Successful starting of one's own business, in the opinion of even 41% of women included in the survey, does not bring status and recognition in Montenegro. Somewhat more positive image is present among potential women entrepreneurs, but this difference is not significant (35% believe that private business doesn't contribute to reputation).



## 5.2 Stimulating measures

When asked to recall examples of successful businesswomen in Montenegro, even **63% of women covered by the survey knew none**. Among all the mentioned examples of successful businesswomen in Montenegro, only two were mentioned in more than 3% of cases. This situation has significant **effect on future generations of women entrepreneurs, who won't have a role model of their gender**.

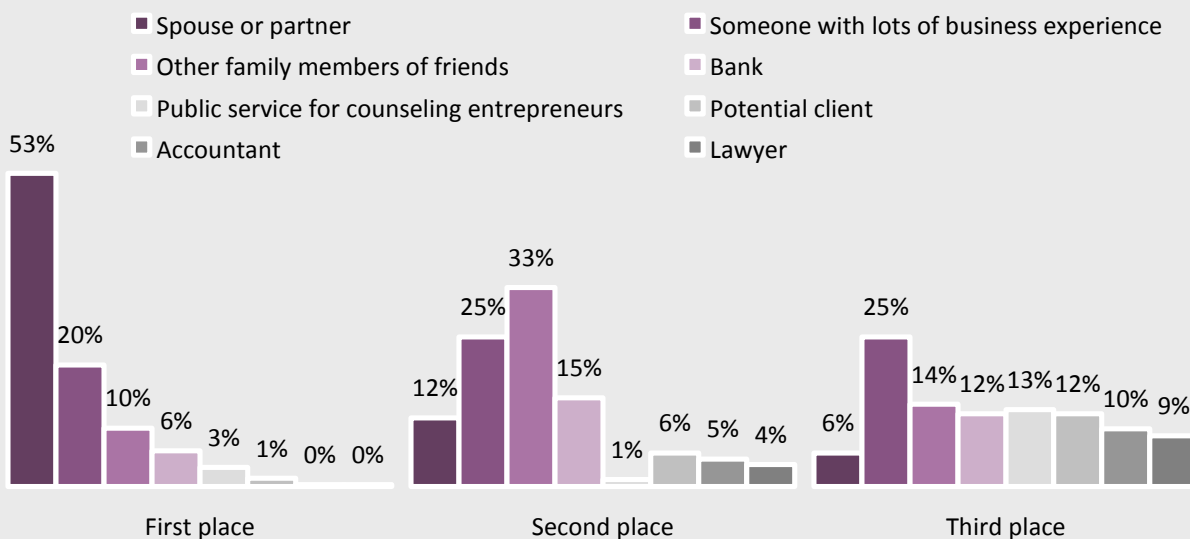
If they were to start their own business at this moment, respondents would mainly appreciate advice of their partner or spouse (partner's or spouse's advice is in the first place for every second potential woman entrepreneur). Besides, for every fifth respondent, most important is advice of someone experienced in business, and for every tenth – advice of other family members (besides husband) or friends. There are no significant differences among the 3 observed populations, as well as between respondents who do have a business idea and those who don't.

A woman, who is planning to start a beauty parlour, considers useful advice obtained from **other women who completed a course for cosmeticians, and who already opened their beauty parlours**.

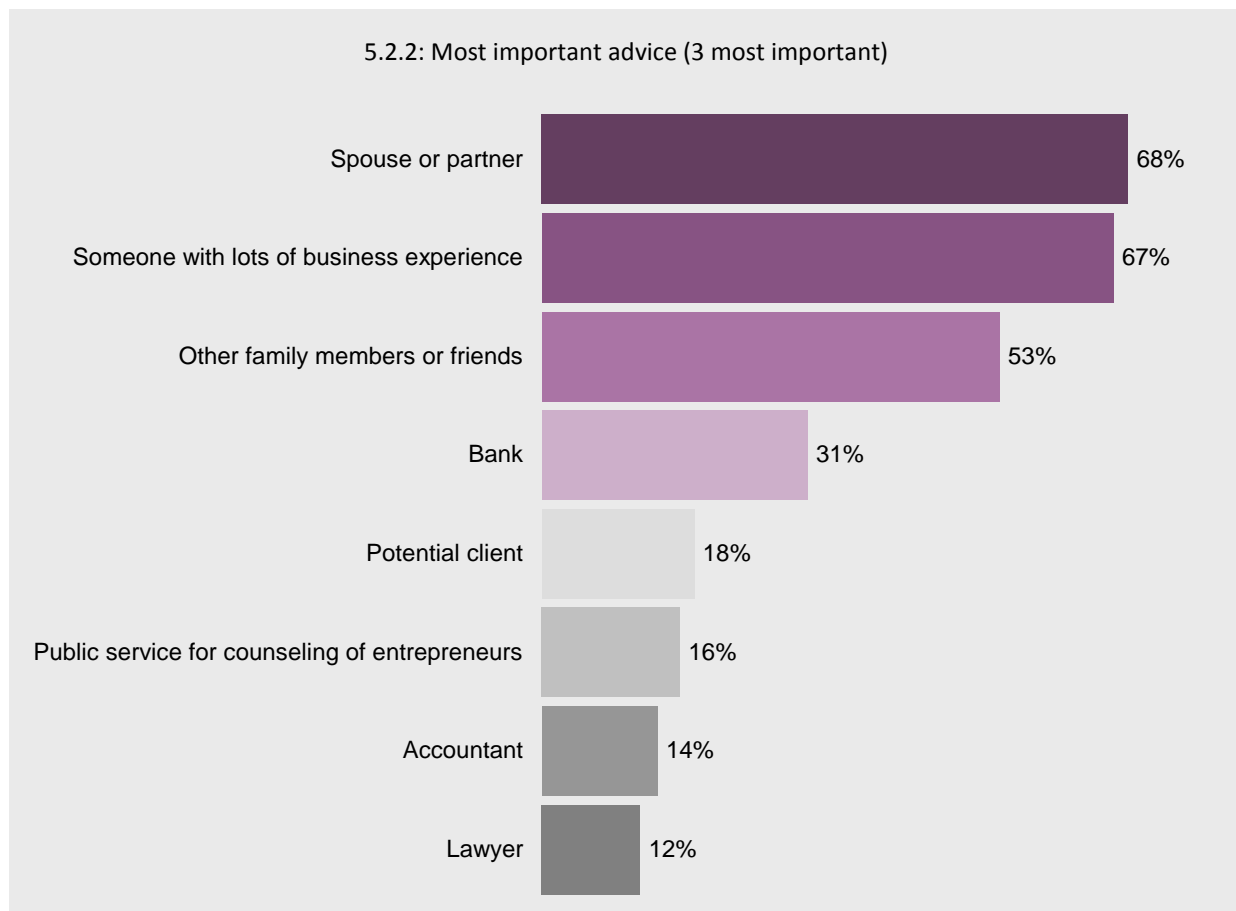
*„Experience of my course colleagues who already have a beauty parlour is precious and most important “*

We may see that support of the family and close ones is extremely important, because almost two thirds of respondents consider advice of spouse (or partner) and advice of other family members and friends most important. Significantly higher percentage of not married or divorced women than married, mentions bank advice as most important.

Figure 5.2.1: Importance of advice for starting business



If three most important pieces of advice are observed together, most frequently mentioned is advice of spouse or partner. They follow advice of people experienced in doing business, and then advice of other family members. Significantly higher percentage of employed than unemployed women mention advice of potential clients as important.



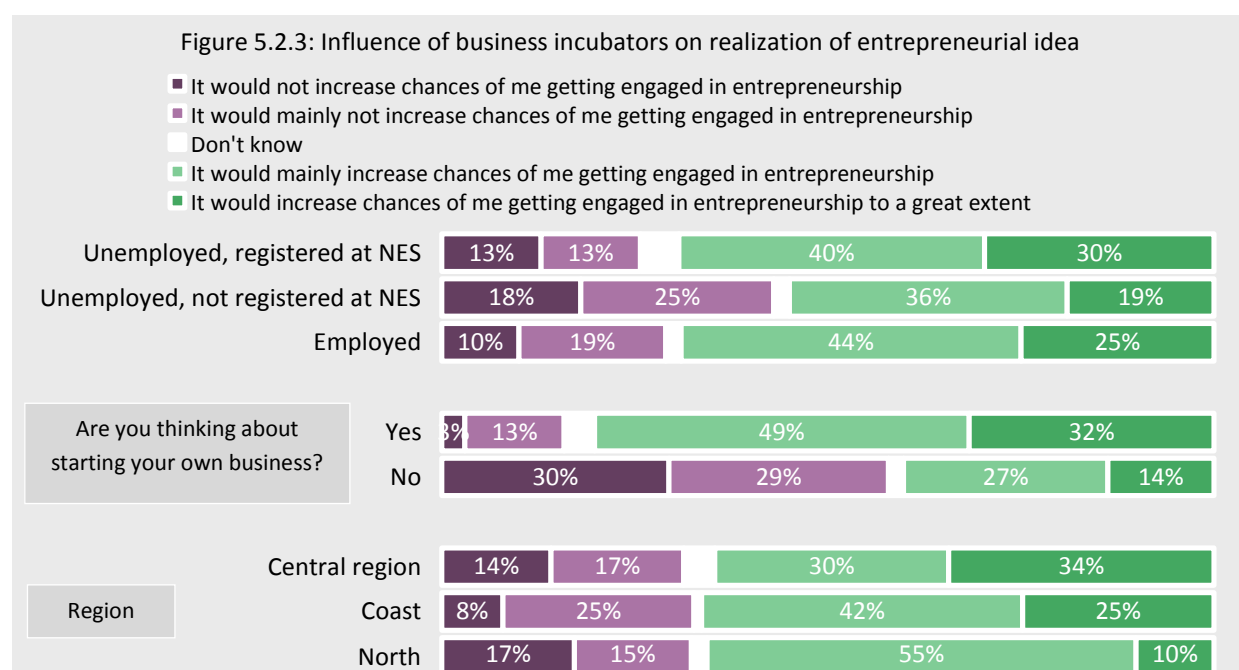
Every fifth respondent has heard of business incubators, every fourth with a business idea and every tenth without. Significantly higher percentage of women with completed high education than women with secondary or primary school education have heard of business incubators. Observed relative to the 3 populations, 28% of employed women have heard of business incubators, 18% of unemployed not registered at NES and 15% of unemployed registered at NES.

Of 20% of women who have heard of business incubators, 86% describe their function accurately, while 14% of those who have heard of them don't know exactly what they are. Somewhat higher percentage of employed than unemployed women have accurate information about business incubators.

During the interviewing process, all respondents were informed about the function of business incubators, and when asked about the extent to which business incubators present in their place of

residence would increase the likeability of them starting their own business, almost two thirds of respondents said that likeability would be increased.

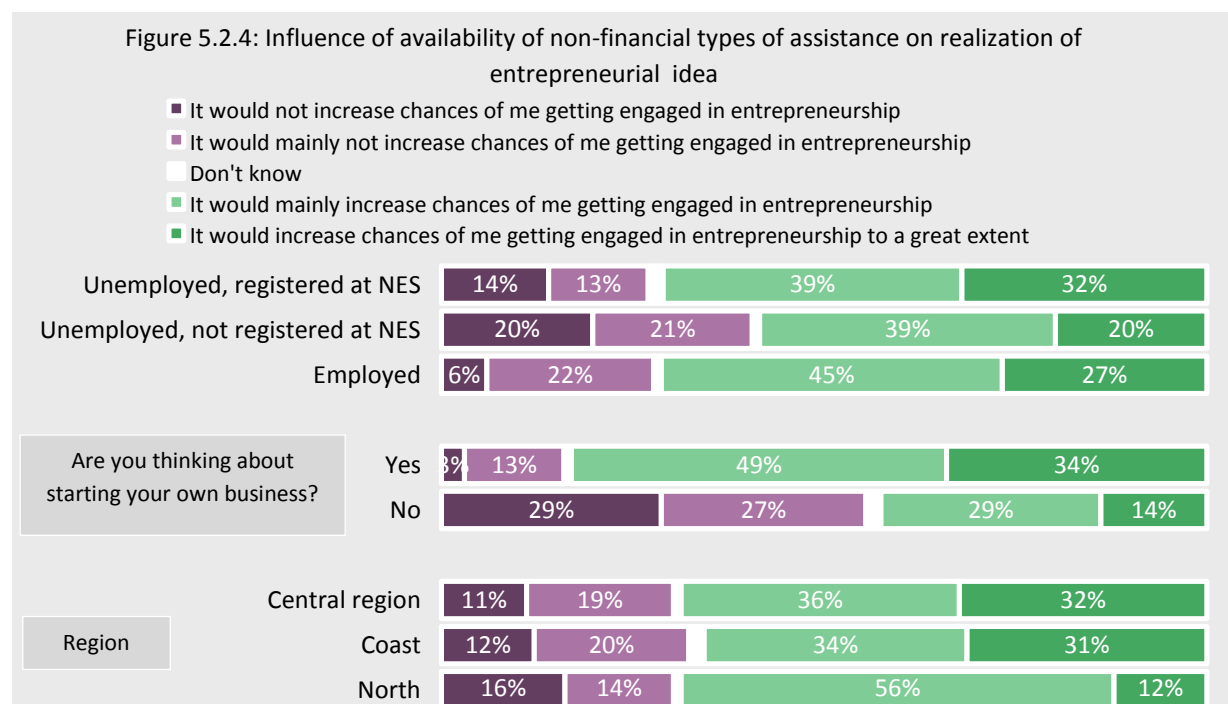
Potential presence of business incubators in their place of residence would have positive influence on somewhat higher percentage of unemployed women registered at NES and employed women, than it is the case with unemployed women not registered at NES. Availability of business incubators would also have significantly more positive effect on women with a business idea than on women who are not planning to start their own businesses. Namely, 81% of women who already have a business idea say that they would be stimulated by availability of business incubators to start with realization, and their opinion is shared by 40% of participants who are currently not planning to start their own business. Observed by regions, it may be concluded that business incubators seem more motivating for residents of central region and coastal area than those who live in the north of the country.



Every third respondent has heard of some type of non-financial support provided by institutions and organizations in Montenegro, such as the Directorate for Development of SME and NES, which refers to assisting entrepreneurs with starting their businesses. The indicated types of non-financial support are, declaratively, a lot better known among potential women entrepreneurs than among women who are currently not thinking about starting their own business.

Although every third respondent claims to have heard of some type of non-financial support provided by institutions and organizations in Montenegro, concrete examples are mentioned by only 6% of respondents. Same as in case of business incubators, all respondents are familiar with the current types

of non-financial support currently provided by institutions and organizations in Montenegro<sup>13</sup>, and when asked about the extent to which it would increase their chances of starting their own business if, as potential women entrepreneurs, these types of non-financial support were available to them, somewhat more than two thirds of the respondents said that this would increase the chances of them getting engaged in entrepreneurship. Same as in case of business incubators, better availability of non-financial types of support would also be encouraging for 41% of women included in this survey who are not planning to start their own business.



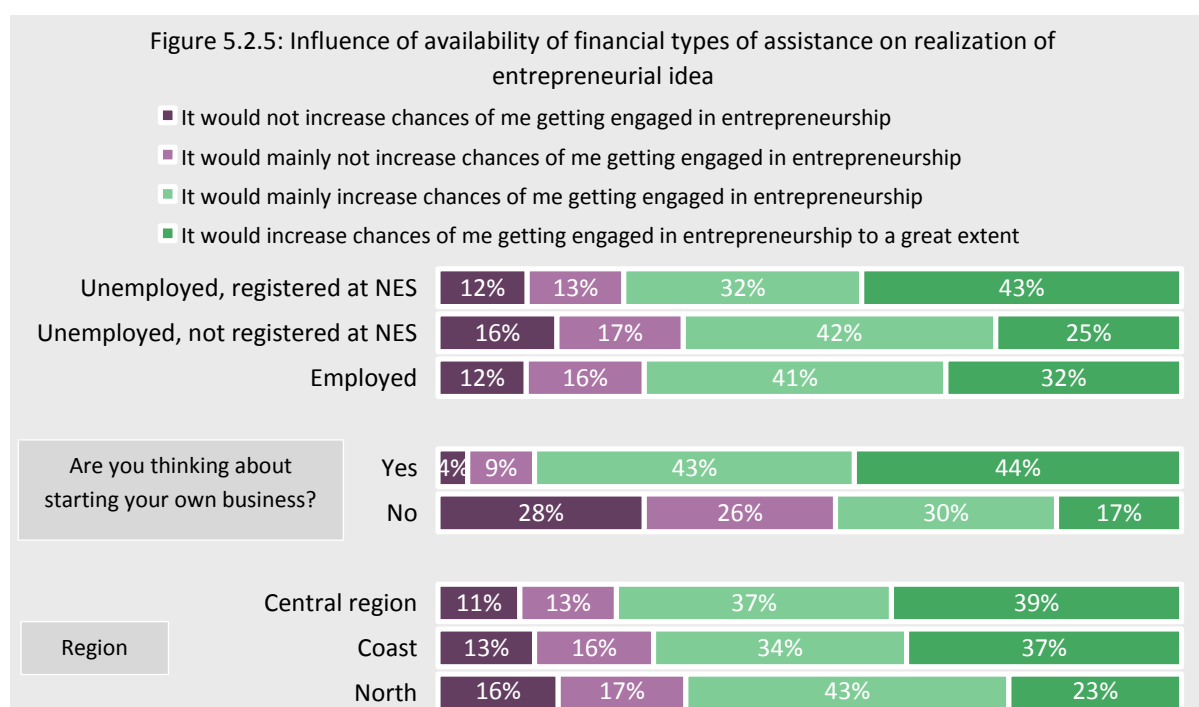
Relative to awareness of business incubators and non-financial types of assistance, significantly higher percentage (44%) of participants claim to have heard of financial types of assistance, provided by institutions and organizations in Montenegro, such as NES and Investment and Development Fund of Montenegro. Same as with other types of support for women entrepreneurs, very low percentage of

<sup>13</sup> The Directorate for Development of SME and the network of business centres, through their programs, realize the following types of non-financial support, aimed at different types of counselling services and training which needs to be made available to potential entrepreneurs in order to obtain the necessary knowledge for starting a business. Counselling services refer to assisting with registration, access to credit lines, development and assistance with business plans, as well as other types of counselling services, and training includes the following topics: How to start private business, How to make a business plan, Management, Marketing etc. Additionally, through NES of MN, potential entrepreneurs have significant non-financial support at their disposal. Through education of the unemployed, NES of MN provides upgrading of entrepreneurial abilities of potential entrepreneurs, which enables more successful market behaviour in everyday business activities. This refers in particular to realization of the project Virtual company. Training in virtual company is designed as a very efficient model of learning through work, where attendants, together with their mentors, simulate the working process, from founding the enterprise, development of business plan, employing, to forming the necessary departments in the enterprise.

women indicate some concrete financial support, and among the most frequently mentioned are NES programs and IDFCG credit line.

Within this survey, we also tested the influence of availability of financial types of assistance<sup>14</sup> on respondents' motivation to get engaged in entrepreneurship, and the results show that availability of financial types of assistance exerts the most important influence on one's decision to start one's own business.

**Availability of financial support would affect unemployed women registered at NES most**, then employed women, and finally unemployed women not registered at NES. 87% of potential women entrepreneurs (who already have a business idea) say that availability of some of the tested types of financial assistance would increase their chances of getting engaged in entrepreneurship.



Expectedly, significantly higher percentage of respondents who already have an idea for their own business or who have already taken some steps in that direction are informed about the current types of support for entrepreneurship than women who currently don't want to become entrepreneurs. Of course, we can't claim that the level of their knowledge influenced them to come up with the idea to

<sup>14</sup> Funds for the unemployed who start their own business in the amount of 5.000 € per employee, with maximum credit amount of 15.000 € for 3 new jobs, provided by the NES of Montenegro and credit line for Start up enterprises and entrepreneurs introduced by IDFCG.

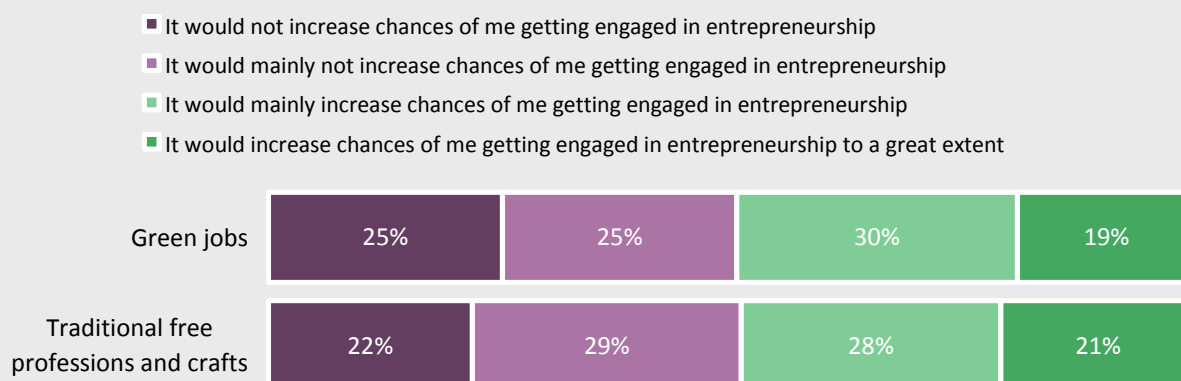
become entrepreneurs, since there is realistic possibility that they tried to find out more about support programs because of their already present entrepreneurial idea.

If a package were available, which would combine different types of financial and non-financial assistance that we already discussed, and which would refer to starting „green jobs<sup>15</sup>“, 49% of potential women entrepreneurs (women who have an idea for their own business) say that it would increase chances of them deciding to develop their entrepreneurial idea by doing some „green job“.

Almost identical percentage (50%) of potential women entrepreneurs say that a similar support package which would target traditional freelance professions and crafts would increase chances of them choosing an entrepreneurial career in the area of crafts and traditional freelance professions.

All this leads us to the conclusion that all non-financial, and particularly financial types of support to potential women entrepreneurs are extremely important, and they that are extremely willing to switch from their own idea to some other that they would receive, primarily, financial support for.

Figure 5.2.6: Influence of availability of financial and non-financial support packages for realization of entrepreneurial idea in the area of "green jobs" and traditional free professions and crafts



<sup>15</sup> „Green job“ is any work that contributes to preservation or improvement of quality of the environment, such as generating and using pure, renewable energy, lower emission of greenhouse gasses, less pollution, preservation of energy, water and natural resources, decrease and reuse of waste, ecosystem restoration, reduced usage of hazardous materials etc. Examples of „green jobs“ may be: organic farming, recycling, installation of solar cells, eco-fashion design, using the energy of wind etc.

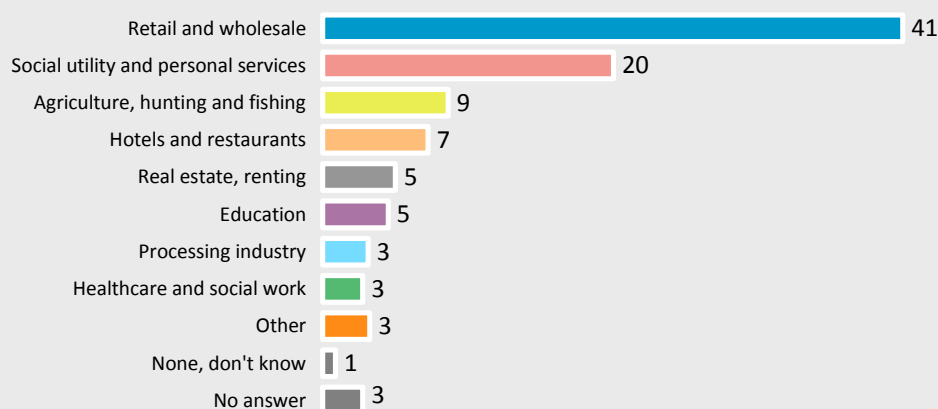
## VI Challenges of women entrepreneurship

### 6.1 Market lack of saturation and innovativeness

POTENTIAL WOMEN ENTREPRENEURS MAINLY THINK ABOUT MODEST BUSINESS PLANS. THEY PLAY "SAFE", THEY CHOOSE WELL KNOWN AND ALREADY DEVELOPED BUSINESSES AND THEY PLAN TO DO BUSINESS IN THEIR SURROUNDING ONLY. THEY ARE FOCUSED ON DOMESTIC, LOCAL AREA. THE ENTERPRISES THEY ENVISAGE DON'T REQUIRE BIG INVESTMENTS, BUT THEY CAN'T BRING BIG PROFIT EITHER, OR BE DEVELOPED MUCH IN THE FUTURE. THEY ARE AWARE THAT THEIR IDEAS ARE ALREADY PRESENT IN THE MARKET AND THAT THEY HAVE COMPETITORS.

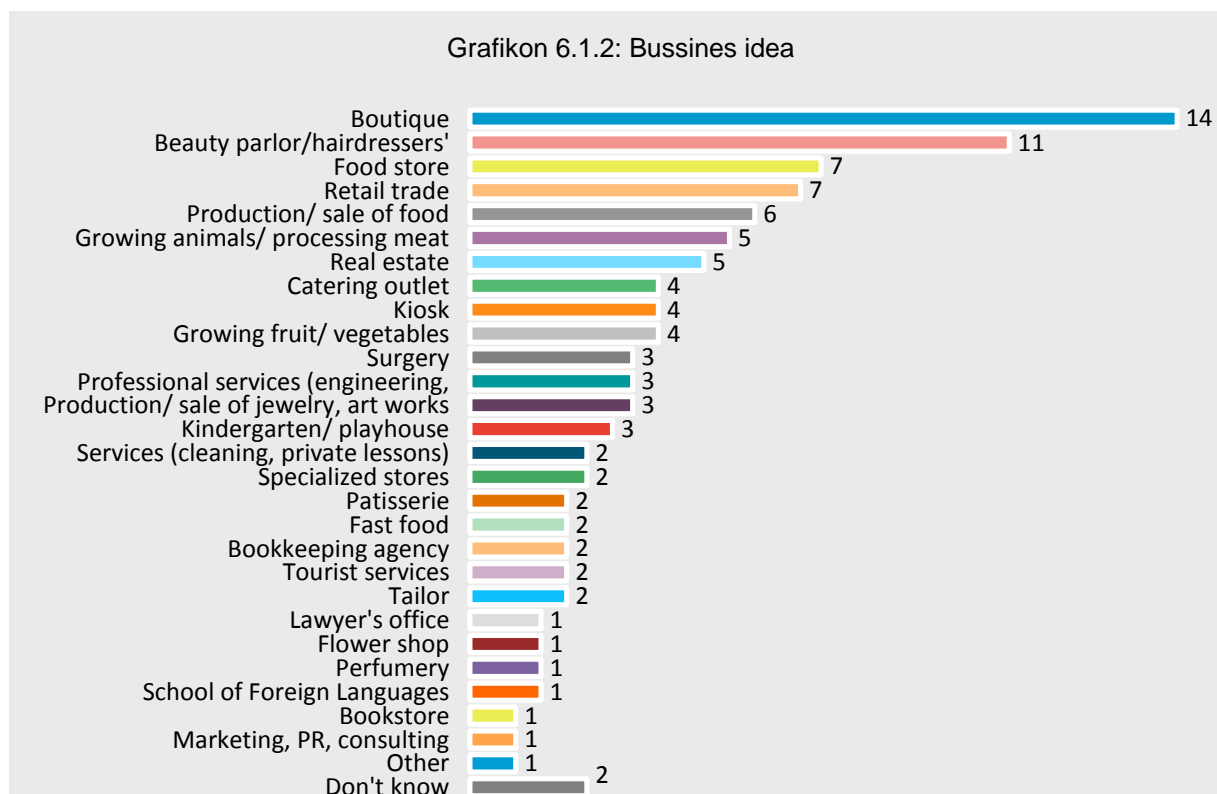
**Potential women entrepreneurs usually plan to get engaged in trade or rendering some services. Even 2/5 of women choose trade, while 1/5 decides for social utility and personal services.** Agriculture is another relatively present activity, since every tenth future woman entrepreneur chooses it, but all the other are present in less than 8% of cases. Among these less present are hotel services and catering, real estate, education, processing industry and healthcare services.

Figure 6.1.1: Type of activity of potential women entrepreneurs



**Women of different ages and levels of education are planning to get engaged in trade.** This activity is very popular in the Coastal area, where it is envisaged by a half of the future women entrepreneurs, and in rural areas, while it is not chosen often in the central region (35%). Planned is usually establishing of retail outlets for footwear and clothes (16% of all potential women entrepreneurs, 33% of those who are planning to be engaged in trade), food (11% of all, 16% of those who are planning to be engaged in trade) or retail trade (7% of all, 15% of those who are planning to be engaged in trade). The idea to start a boutique is present more among women 31 to 44 years old and those who live in the Coastal area, while food outlets are more popular in the north. Trade in some other items, such as jewellery, flowers, cosmetics, books, is rare, since less than 5% of women plan to be engaged in it.

Grafikon 6.1.2: Bussines idea



**What all these future businesswomen have in common is that they are focused on retail trade.**

Social and personal services are more frequently chosen by unemployed women and residents of urban areas and central region, and more rarely by women older than 45. Also future women entrepreneurs focused on services choose service well established in the market, so they can't be characterized as inventive. In almost half of these cases, it's a beauty parlour (11% of all women entrepreneurs), then tailor's (9% of service activities, 2% of all) or some specialized expert service, such as surveying (9% of service activities, 3% of all). Women who are planning to start a beauty parlour or a tailor's shop usually finish secondary school or they know only this craft, and majority of them live in urban areas of the central region. Situation is somewhat different with specialized expert services chosen by highly educated women, but again residents of the central region and urban areas.

**Agriculture within entrepreneurship usually includes raising animals (47%, 5% of all entrepreneurs) or crop farming (42%, 4% of all). What women who choose this activity have in common is that they come from families in rather bad financial situation:** they either have enough money for food, public utilities, clothes and footwear, but not enough for more expensive things (fridge, TV etc.) or they even can't afford clothes and footwear. They live mainly in the north, which is more often struck by poverty, and they finished secondary school only.

In a country where tourism is one of the basic and most profitable economic activities, only 7% of potential women entrepreneurs are planning to get engaged in hotel services or catering. This activity is assumed to require significantly more investments, so even when they choose this activity, they decide for rather small catering outlets, such as patisserie, café, restaurant or teashop.

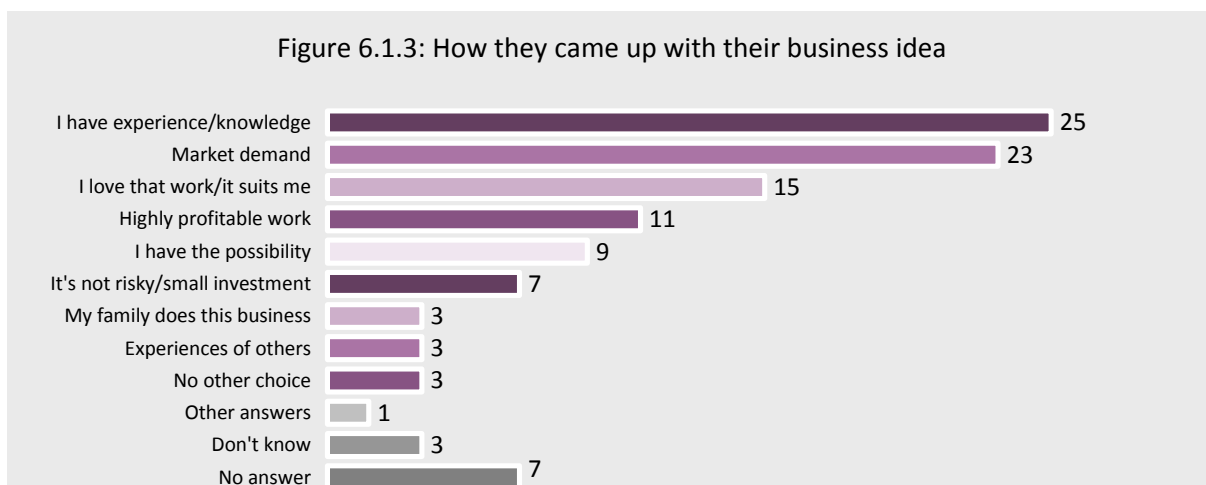
Women mainly came up with their idea for concrete business through their previous experience, so they were well acquainted with the given activity. Namely,  $\frac{1}{4}$  of them say that their idea emerged because they „have experience or knowledge in that sphere”. At the same time, when evaluating how new their business would be if they realised their business plan, 56% of potential women entrepreneurs said that it wouldn't be the case, but that their business was something they had experience with. It is interesting that among women who will be engaged in a completely new activity are there 46% of currently employed ones, which indicates that previous activity is not chosen automatically.

*Both interviews with women who are thinking about starting their own business and who already started it, confirm that new idea is triggered in the scope of previous skills and experiences.*

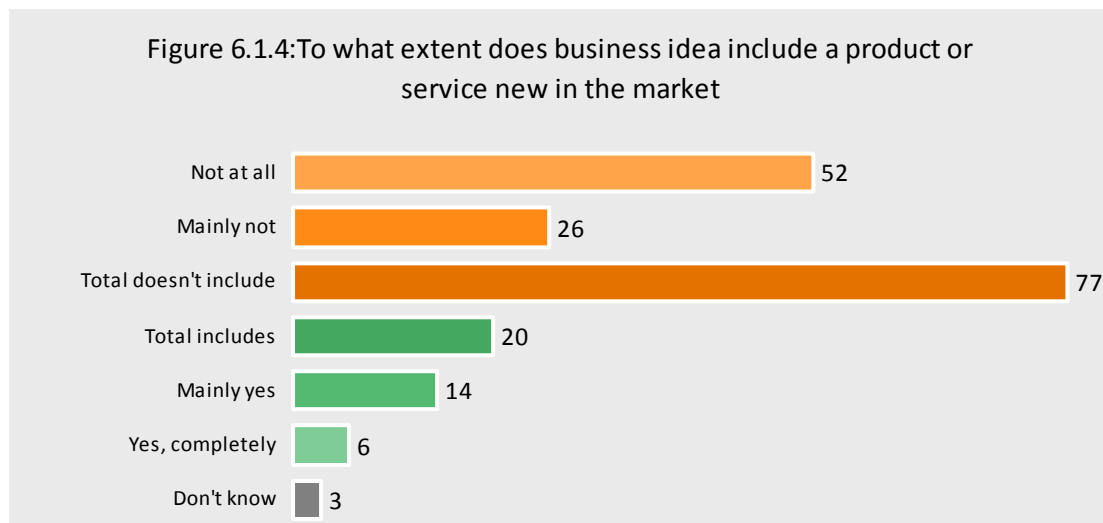
*A woman who started her own business: „I used to work in my uncle's shop since secondary school. I know the job well and it was logical to start my own business in the sphere that I am already experienced in.”*

*A woman thinking about starting her own business: „I'm a graduated hairdresser. It's the only thing I know and it's logical to think about my hairdressers'.”*

Figure 6.1.3: How they came up with their business idea

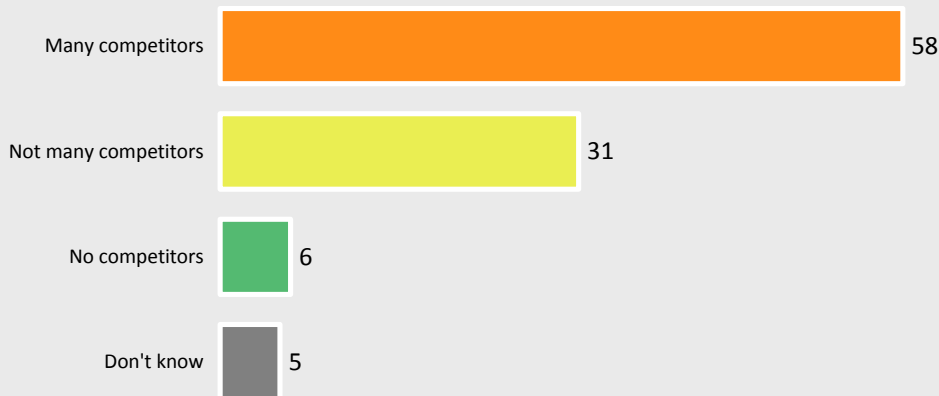


**Second most important factor for choice of activity of future business is market need. Only ¼ of future women entrepreneurs believe that there is market demand for products or services they will offer and they single this factor out as influential in case of their choice.** On the other hand, even ¾ of them think that their idea is not new in the market, but that it had already existed before, while only 6% believe that it is completely new. Even when they consider their business innovative, these are enterprises which already exist, such as real estate agencies, perfume shops, nurseries, pancake shops, hairdressers', bookkeeping agencies.



**Additionally, there is very obvious incongruence in terms of evaluation of innovativeness and competition in the market.** Observed on the entire sample, 58% of potential women entrepreneurs believe that there are many competitors on their target market, 31% believe that competition does exist, but that it is not numerous, and only 6% believe that there is no competition. This data points out that women choose activities they consider successful in the market, since significant competition exists, but due to saturation they don't plan substantial growth and development of business. If we combine evaluation of innovativeness and estimation of market saturation, we find discrepancies. Even half of women entrepreneurs who mainly agree with the statement that their business idea includes a product or service new in the market and 33% of those who completely agree with the given statement, also think that there already are many competitors in the market. This data indicates that potential women entrepreneurs need help in analysing market conditions and professional advising for design of their business plan before they start with realization, in order to reduce their prospects of failure.

Figure 6.1.5: Competition in the market



Also interviews with women who are planning to start their own business show obvious neglecting and simplifying of the influence of competition.

A women thinking about opening a beauty parlour: „I don't think that it's a problem that there already are many beauty parlours. I know that in one street in Belgrade are there several beauty parlours and that all of them are working. I think that we also have a great need for beauty parlours, so I don't think that competition is a problem. It's only important to buy those good machines.“

A women thinking about opening a beauty parlour: „ There are many hairdressers, but people have to have their hair cut. There will always be work for hairdressers“.

Women who have already started their business have a lot more respect for competition.

A woman who started her own business: „I realized that there was no shop in the vicinity in Donji Kokoti, that people had to go to bigger towns with their cars on weekends, so I figured out that it could be profitable to open a shop.“

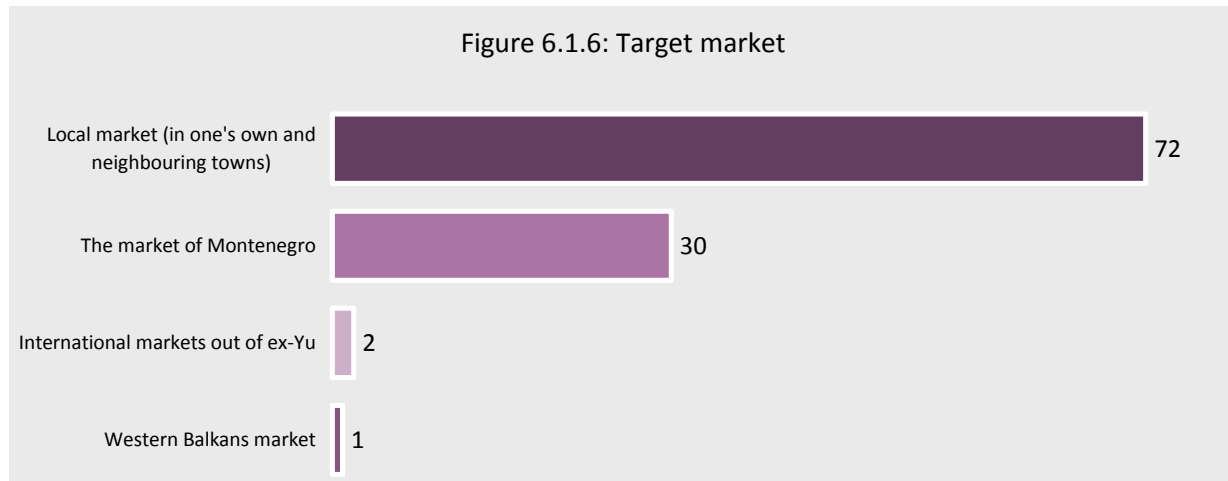
A woman who started her own business: „I realized that there was no place to rent and buy a wedding dress in, so I gave my best to open it.“

A woman who started her own business: „I used to make jewellery and sell it to boutiques in Podgorica and on the coast, and then I realized that I should open such a shop near a school, since secondary school girls are major buyers. Now I'm doing great.“

**Personal satisfaction and enjoying work is the third most important factor which influences choice of future profession, or activity of private business. However, this factor was mentioned by only 15% of women.** Question is raised then about the extent to which potential women entrepreneurs are guided by their personal ambitions and desires, and the extent to which they consider entrepreneurship just a means for providing existence. Choosing an activity they like and find pleasing is more typical for younger persons, while the eldest respondents and residents of northern areas are guided by this to a lesser extent.

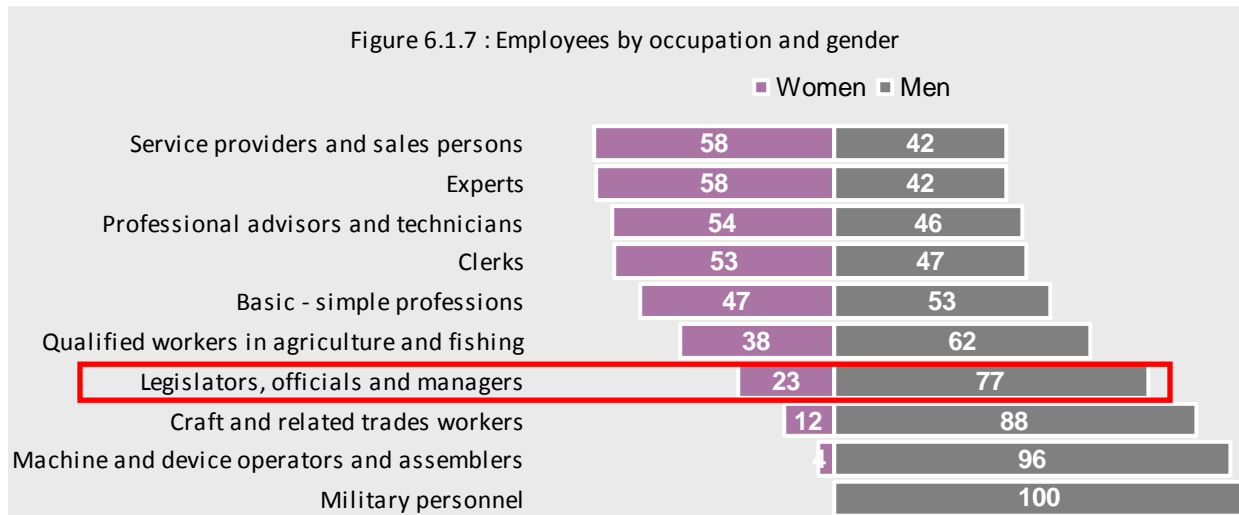
Choice of concrete business is influenced, among other things, by cost-effectiveness in 11% of cases, then availability of certain capacities and possibilities which reduce investments, such as possessing an outlet, equipment (9%) and estimating some business as low-risk or as including small investment (7%). Only 3% of women who are planning to get engaged in entrepreneurship choose to continue family tradition.

**That potential women entrepreneurs have no great plans, but that they intend to start small enterprises, is illustrated by the fact that even 70% of them see their local market, or their place of residence and the surrounding, as their target market.** Others have somewhat more ambitious idea and they are planning to do business on the territory of entire Montenegro, but not on foreign markets (only 3% mention foreign markets).



Women in Montenegro are exposed to different barriers, which result in horizontal and vertical segregation of professions based on gender, generated primarily under the influence of stereotypes in the choice of education and profession, traditional gender role of women, prejudice, but also lower professional aspirations than in case of men.

„Glass ceiling<sup>16</sup>”, as a form of vertical segregation, is the most prominent form of discrimination of women in terms of gender rights. Even in professions where women are numerically dominant, men are usually at managerial positions. Additionally, men prevail on managerial positions, in legislative bodies and local administration bodies.



**Gender inequality reflects on inherited priorities in case of choosing one's profession.** Still prevails the division to „male“ and „female“ professions, so women usually do jobs which require patience and attention (technicians, teachers, healthcare or social services providers).

**They are traditionally directed to jobs which are not highly positioned in terms of career development, since prestigious jobs usually require working hours different than usual ones, frequent travels and being absent long from home, which is a barrier for maintaining the balance between family and working role.** The inherited inferiority of women continues in the new transition conditions in Montenegro, in a situation when economic efficacy of new employment trends sets requirements difficult to meet, together with the inherited stereotypes about the place of a woman in the family.

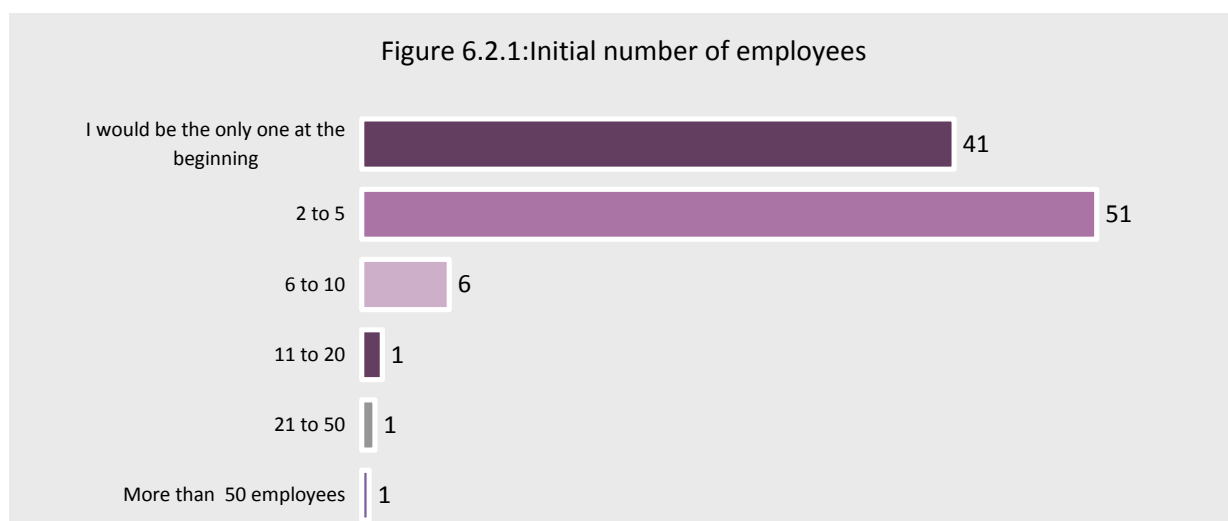
**All these are the reasons why there are no women on managerial positions and on other prestigious jobs, which bring bigger profit and power, as well as willingness for starting one's own business and engaging in entrepreneurship.** Additionally, through the educational system, or choice of profession under the influence of stereotypes, gender segregation is promoted to the labour market, including women entrepreneurship, which stays in the scope of not very profitable and market-saturated activities.

<sup>16</sup> Invisible barriers which prevent women from progressing to the highest managerial positions in professional hierarchy.

## 6.2 Aspirations and objectives

NOT ONLY THAT THEY ENTER ENTREPRENEURSHIP WITH A MODEST BUSINESS PLAN, BUT POTENTIAL WOMEN ENTREPRENEURS HAVE NO AMBITION OF EXPANDING THEIR BUSINESS IN THE FUTURE. THEY ARE MAINLY PLANNING TO WORK ALONE AND TO HAVE SOMEONE WORKING FOR THEM IN THE FUTURE. IN ORDER TO TAKE AS LITTLE RISK AS POSSIBLE IN THE FINANCIAL SENSE, SOME OF THEM ARE EVEN PLANNING TO WORK ILLEGALLY AT THE BEGINNING, UNTIL THEIR BUSINESS BECOMES A SUCCESS. ACCORDINGLY, EXPECTATIONS OF PROFIT ARE ALSO MODEST: BUSINESS IS EXPECTED TO PROVIDE NORMAL LIVING FOR THE FAMILY OR TO SIMPLY SATISFY THE NEEDS OF HOUSEHOLD BUDGET.

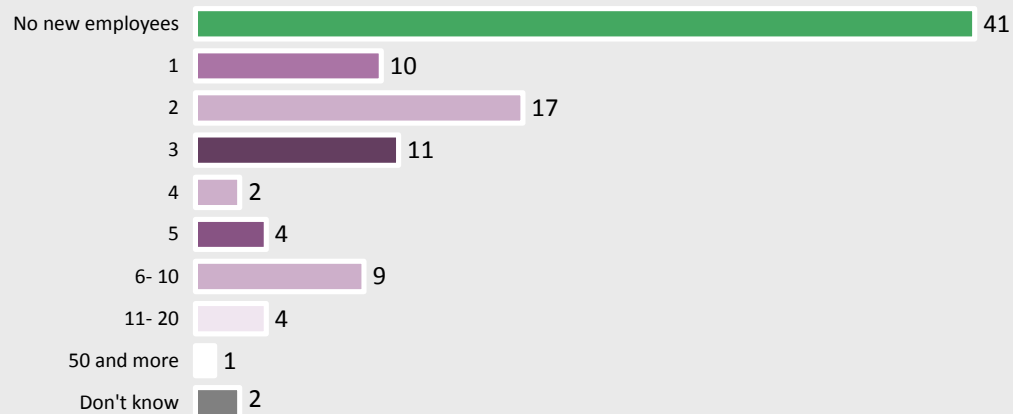
**For almost all potential women entrepreneurs, entrepreneurship means starting a micro enterprise (up to 10 employees), and for 2/5 of them individual activity without employing other people, at least at the beginning.** Working alone is usually planned by women who chose one of the 2 most popular activities: trade and personal services. Somewhat more complex business plans, for example for activities such as catering, agricultural production and processing, include a team of employees from the very start. However, this number of employees is usually small. Half of potential women entrepreneurs see their future business initially as an enterprise with 2 to 5 employees, while only 6% intend to have between 6 and 10 employees. Starting a small enterprise with more than 10 employees is almost a precedent in this population, since only 2% of potential women entrepreneurs mention it, while an enterprise with more than 50 employees is a plan of only one of the interviewed potential women entrepreneurs.



**If all goes as planned, these micro enterprises will be expanded in the future at least somewhat in terms of the number of employees. 59 % of women are planning to increase the number of employees**

**in 3 years' time, while 41% will keep the initial number.** Majority of women who will start their business working alone, 72% of them, believe that they will have the necessary resources for employing new people after 3 years, while others intend to keep their business individual. However, the planned increase of labour force is not substantial, so majority of enterprises still stay in the category of micro enterprises. We are talking here about hiring mainly one to three new employees (62% of potential women entrepreneurs who are planning to increase the number of employees, 38% of all potential women entrepreneurs), while only 5% of potential women entrepreneurs share the idea of hiring more than 10 people. Women who will work alone intend to hire one employee (16%), two (32%) or potentially three (17%). Half of those who will initially hire 2 to 5 employees intend to stay at that number and, later on, hire one or two people.

Figure 6.2.2: Number of new employees after 3 years



**The planned number of employees at the beginning and after 3 years of doing business is another indicator that women entrepreneurs have no ambitious plans. Working alone at the beginning, they significantly reduce costs and lose less in case of potential failure. With this same objective, 1/5 of them decide to work illegally.** They made this decision in order „to see whether their business would be profitable and if it would succeed“. Even more frequently mentioned reason for illegal work are taxes, which might indicate that this is one of the barriers for women who are not planning to start their own business because they are not willing to take a risk and work illegally, since taxes are too high for them. Lower percentage of older women would decide to work illegally (older than 45), the employed ones and residents of Coastal region.

A woman who is currently employed in state administration and who is planning to start her own business will keep her business illegal at the beginning.

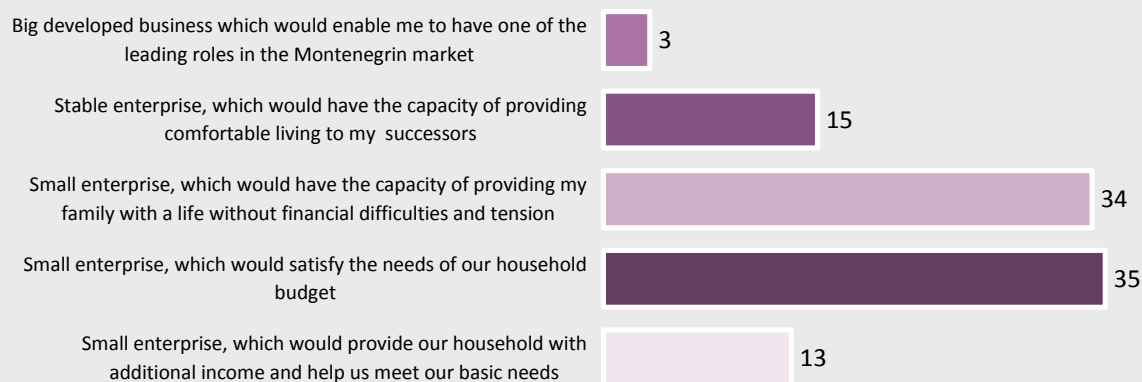
A woman thinking about opening a car lot: *„Crisis is present, demand is reduced. It suits me better to work illegally, and I can always settle papers for the sold cars with some agency “*.

**Data indicate that almost all business plans are created by the principle of „minimum investment and the least possible initial costs“due to fear of failure. If it's taken into account that offered products and services are already present in the market and that substantial competition exists, it is not possible to expect significant profit in the future.** Women entrepreneurs are mainly aware of this and they obviously have no intention of achieving any great success, since their primary goal is financial provision for their own family. They usually describe their plans for entrepreneurship as a small enterprise, which would have the capacity of providing their family with a life without financial difficulties and tension (34%) or only satisfying the needs of household budget (35%). Women don't perceive their enterprise as having one of the leading roles in the Montenegrin market (only 3% give this answer), while 15% intend to create an enterprise with the capacity of providing comfortable living to their successors. More ambitious plans for developing a stable enterprise are present among women older than 45 with high education, while plans for addition to the household budget are mainly present among women from the north of Montenegro and unemployed women not registered at NES.

Women who have already started their business say that their idea did not emerge from financial reasons only, and that they don't aspire to developing any “big business”, but that they had the desire to be self-confirmed as individuals capable to be independent in doing business.

A woman who opened a shop: *„I'm proud of myself. I proved that I was able to start and run business successfully. Of course, present is also satisfaction because of income that I can give to my children and family.“*

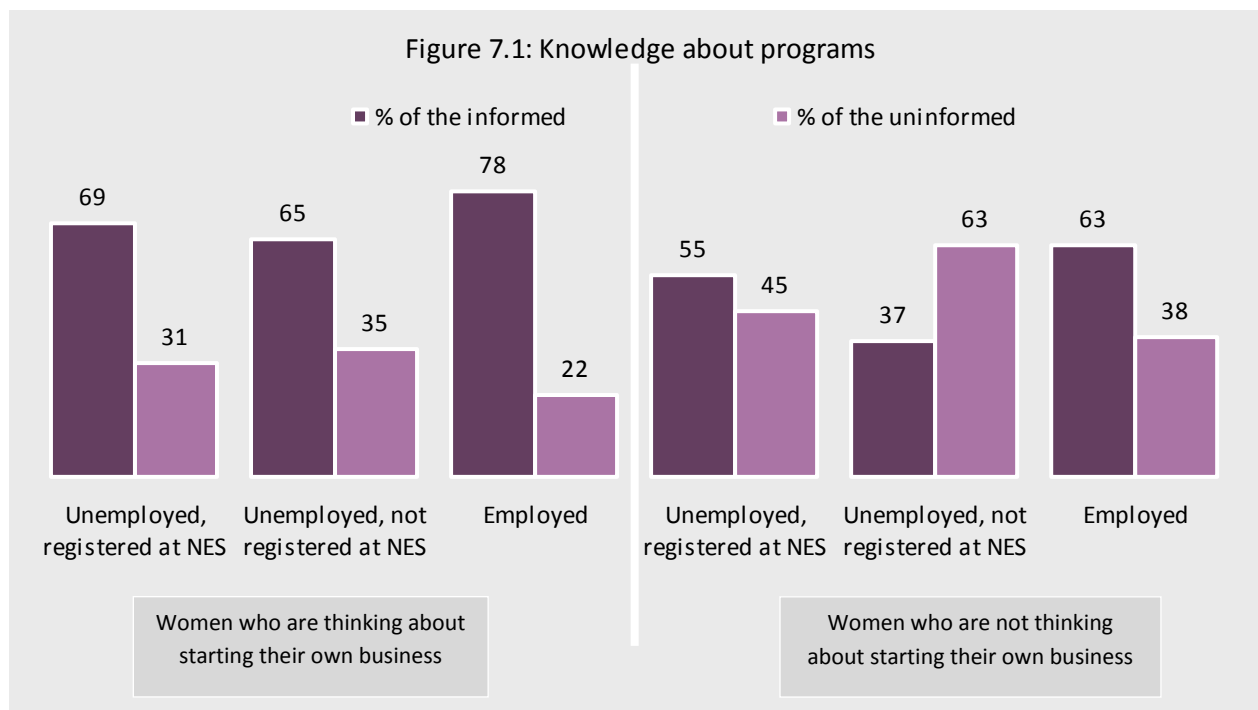
Figure 6.2.3: Expectations from business plan



We found out in these interviews that women who started their own business singled out a whole range of positive changes or consequences of entering entrepreneurship. All women entrepreneurs agree that they became more self-confident, more communicative and more sociable. Their business status brought them economic independence, new contacts and friendships, more free time (since they organise it on their own).

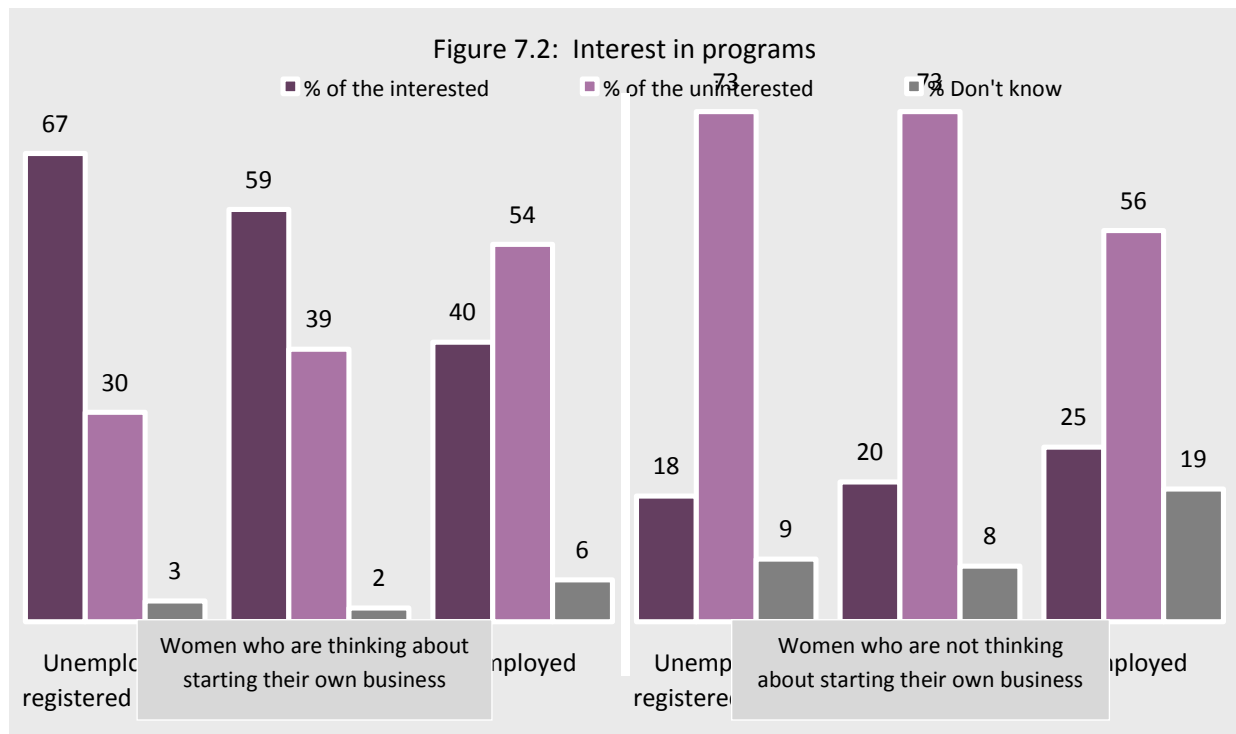
## VII Evaluation of educational programs for development of entrepreneurship

**Knowledge of unemployed women and those dissatisfied with their current job about seminars for starting a business or about organized retraining can't be characterized as good enough.** However, there is sufficient room for improvement, since 63% of women from this population have heard of such programs, while almost 1/3 of them are unaware. Women who are currently not thinking about starting their own business are less informed about these programs, quite expectedly. However, more of a problem is that 29% of women who are planning to start their own business haven't heard of any of these programs. This factor may have negative influence on creating their business plan, and eventually on enterprise success. Both in case of future women entrepreneurs and in case of those who are not planning to start their own business, the best informed are currently employed women, followed by the unemployed and registered at NES, while knowledge is the scarcest among the unemployed and not registered at NES. This data indicates that this type of program is not adjusted to women who are currently out of the system, regardless of whether it is NES or the place where they work, and that it is not promoted well enough among them.



**Not only those unemployed women and those who want to change their job but are not planning to start their own business, are not very interested in education about entrepreneurship and retraining programs, but potential women entrepreneurs aren't either.** Interested in joining this type of program

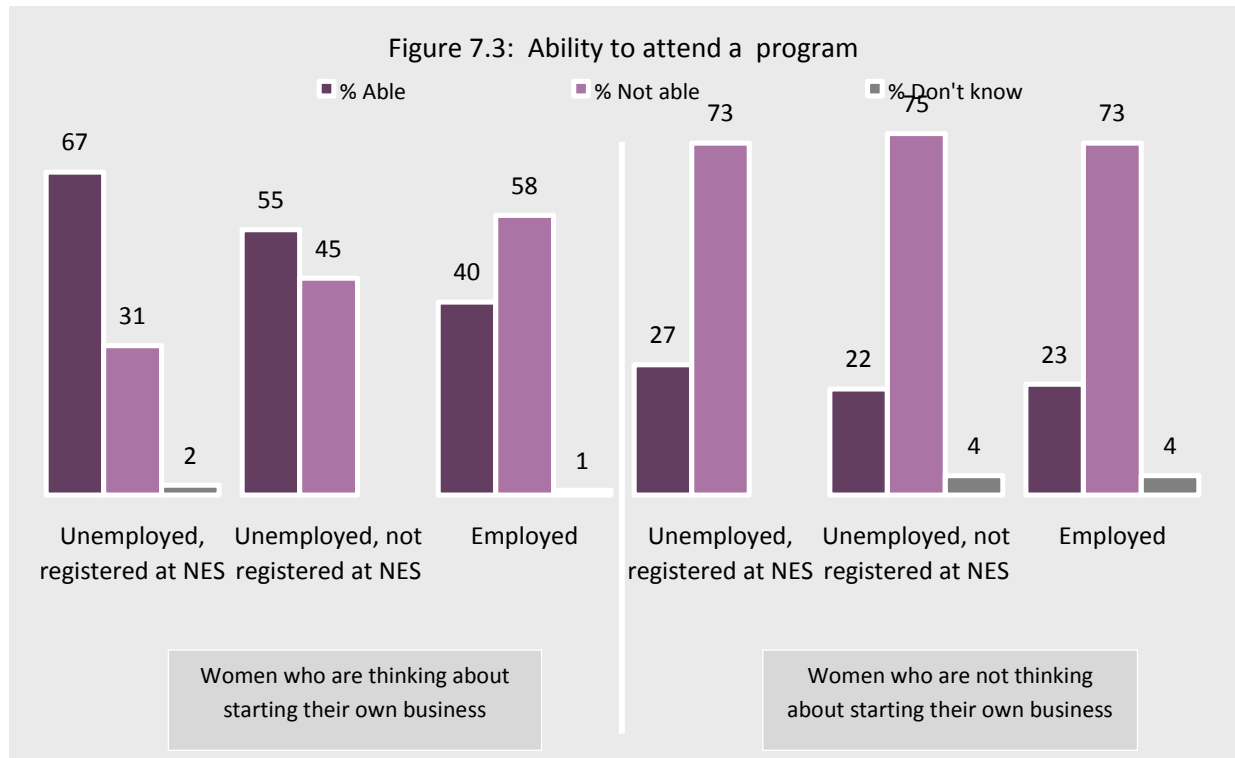
is only 43% of women covered by the survey. Even 67% of women who do not intend to start their own business and 40% of potential entrepreneurs don't want to be additionally trained in this way. There is somewhat higher percentage of the interested among members of younger population (18-29 years), residents of Coastal area and women registered at NES.



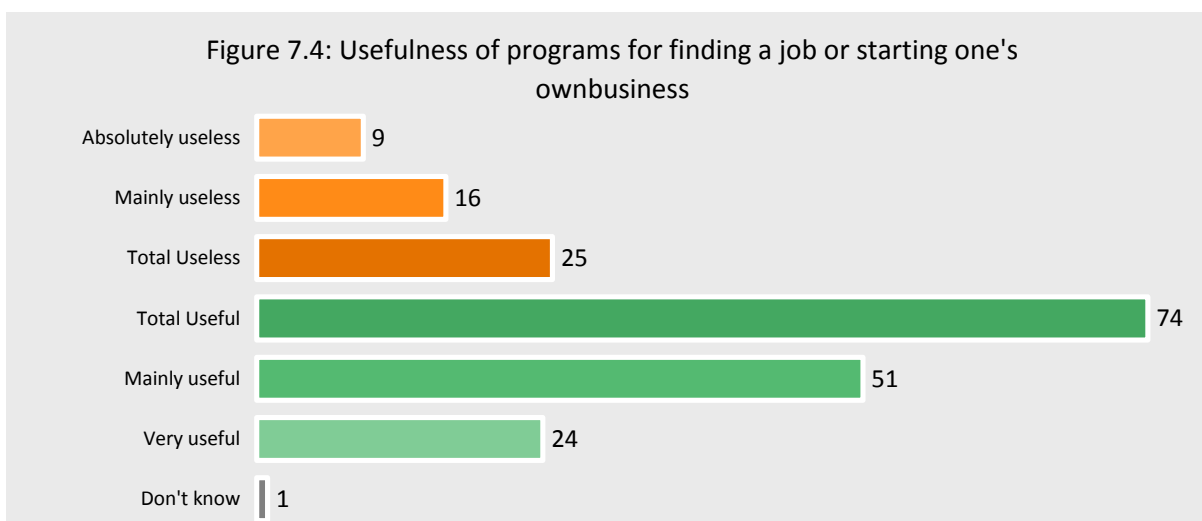
**Not only insufficient interest is the barrier for additional education, but also lack of time in case of many women covered by the survey.** If they were offered now to attend five-day training about development of entrepreneurship, which would provide concrete and useful information about starting a business, 43% of women would be able to attend. In the group of those who would not be able to do so, there is larger number of employed women and residents of northern and rural parts. However, there is some connection between interest and the possibility to attend training. Not being able currently to attend several-day education is more frequently mentioned by women who do not intend to start their own business (even 73% of this population) and those who are generally uninterested in such programs (83% of the uninterested say that they are not able to attend).

*Judging by the interviews with unemployed women registered at NES who have a business idea, interest in training aimed at boosting entrepreneurial capacity is substantial.*

*Woman registered at NES, with a business idea: „I am interested in every training that will improve my entrepreneurial abilities.“*

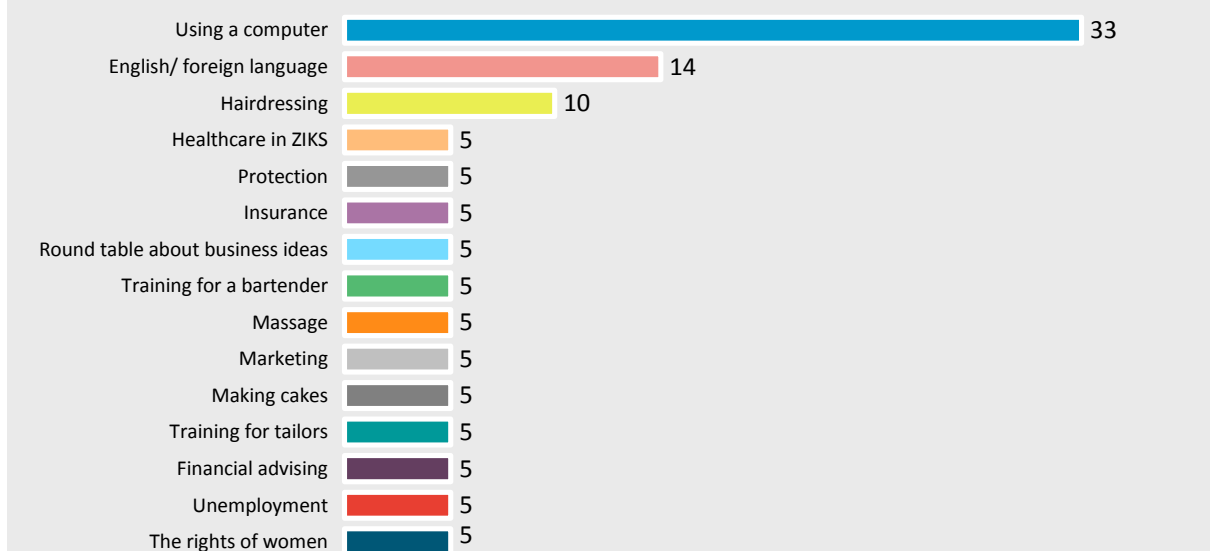


Percentage of respondents who evaluate programs for additional education in the field of entrepreneurship as useful is higher than the percentage of respondents interested in them. Namely, **77% of women covered by the survey find this education useful for finding a job or starting one's own business.** In general, programs are evaluated more positively by potential women entrepreneurs, unemployed women registered at NES and residents of the central region, while evaluation is the most negative among women who don't perceive themselves as entrepreneurs and among residents of northern area.



**Great majority of women covered by the survey didn't attend any additional training or course during the past two years, and if they did, the training didn't refer to entrepreneurship directly.** Some type of training in this period was attended by only 6% of women. There are no significant demographic differences among them and the only fact that can be singled out is that this group doesn't include any women who are unemployed, not registered at NES and not planning to start their own business. The training referred primarily to using computers (33% of women who attended training), learning English or some other language (14%) and hairdressing (10%). Women from all regions were trained to use a computer, those younger than 45 years, with secondary education and unemployed women who are planning to start their own business. On the other hand, learning foreign languages was present only in the central region and in urban areas, and again among younger women and unemployed potential women entrepreneurs. Majority of these sessions (67%) were organised by NES, while in 5% of cases the organiser was some NGO and in another 5%, lessons were private. NES programs covered different types of training, but it was usually about using computers (36% of all courses organised by NES), while private lessons were paid for learning foreign languages only.

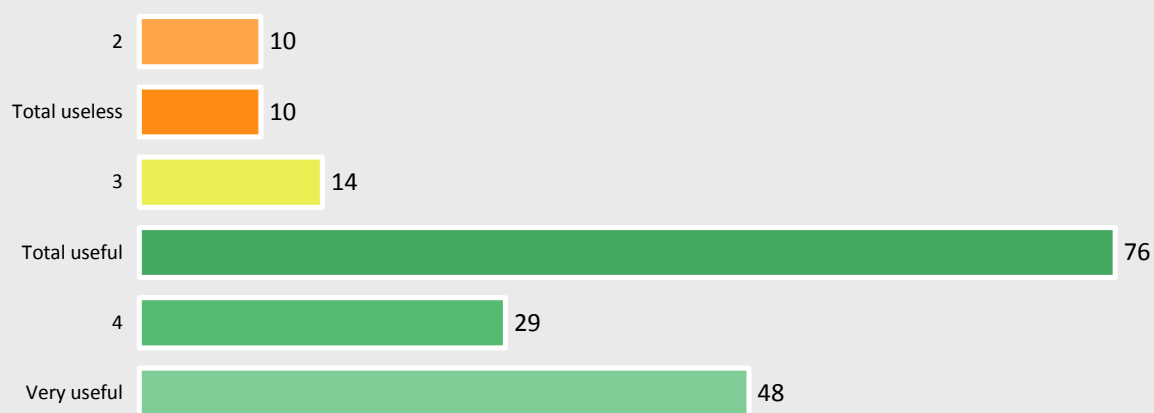
Figure 7.5: Training attended in the past 2 years (base: 6% populacije)



**When evaluating training they attended, women mainly gave general remarks about practice and obtained information as the most useful aspects, while they couldn't indicate any less useful aspects or they claimed that there were none.** For 29% of women who completed a course or training in the past 2 years, the most useful aspects were the obtained required knowledge or practice, and this was the answer of a higher percentage of unemployed women not registered at NES and residents of northern region. Next useful aspect was learning how to use a computer (19%), then the obtained information (19%), while 14% simply said that everything was useful. Respondents either knew none or didn't want to indicate any of the negative or useless aspects. One half of respondents gave no answer to this question, while 38% said that everything was useful. The only negative remark was that there were too many lectures, and this was mentioned by every tenth woman who attended a course in the past 2 years. These women also gave no concrete suggestions for improvement of this training, in order to make it more useful for women who want to start their own business: 62% gave no answer or didn't know, and 10% said that nothing was to be added. Those who had a suggestion, mentioned more practice and concrete examples (14%) and an advisor for starting a business (5%) or they simply expressed their wish that the programs be continued and expanded (10% gave this answer).

**General evaluation of training indicates, although training sessions were not really numerous, that they were useful. Even 76% of women who attended some training evaluated it as useful or very useful.** Evaluation was more positive among potential women entrepreneurs, residents of central region and urban areas, while harsher evaluation was present among unemployed women not registered at NES, those not planning to start their own business, and residents of Coastal and rural areas.

Figure 7.6: General usefulness of programs



## VIII Conclusions and recommendations

### 8.1 Conclusions

#### *Characteristics of potential women entrepreneurs*

The professional composition of potential women entrepreneurs is different, and there is no rule as to which profession or occupation is more or less stimulating to enter into entrepreneurship. It can be concluded that women of all professions and occupations showed motivation and desire to enter into private business. Namely, when women covered by this research are concerned, the profession itself is not an essential prerequisite, but is in fact the economic situation and possibility for choice of employment that determines the motivation to enter into private business.

As for the family origin of potential women entrepreneurs included in this study, they come from all social strata. The highest percentage of potential women entrepreneurs (41%) come from households with total monthly income between 350 and 650 euros.

Only one out of five was born in family where there is already a tradition of private business. Therefore, it can be concluded that potential women entrepreneurs covered by this study are mainly "new entrepreneurs" who generally move in the area with no previous family tradition.

Nevertheless, women in whose families someone was involved in traditional free professions such as shoemaking, tailoring ... or had their own business (private business) in trade or provision of other types of services or production opt more frequently for entrepreneurship as opposed to those women in whose families there is no heritage of traditional free professions.

Only 3% of potential women entrepreneurs included in this study have not completed secondary education, two thirds of potential entrepreneurs have completed secondary education, and 31% have tertiary education. Educational profiles of potential entrepreneurs in this research differ from the results of research conducted by the Association of EU Chambers of Commerce. In this study 17% of entrepreneurs have primary education, 39% have secondary education, and as much as 44% have tertiary education..

**When it comes to self-perception of own current status, there is a significant difference between the women who are currently on the records of National Employment Service (NES) and those who are not. Women who are unemployed and not on NES records are significantly less active in finding job, they more often identify with passive status of a homemaker, and less often they have previous work**

experience than women who are unemployed but are registered by NES. on the other hand, women who are employed strongly fear from losing job.

### *Motives and influence*

Besides the family influence, decision to embark on entrepreneurship is noticeably influenced by wider social network as well. **Higher percentage of potential women entrepreneurs know someone who started up own business in Montenegro in the past 2 years (61%),** than women who do not have an idea to start up their own enterprise (39%). This shows that positive examples have a stimulating effect on women, encouraging them to enter into entrepreneurship. On the other hand, there is a striking lack of positive examples of successful business women that respondents were able to specify.

As for the motives for starting up a new business, there are two groups of key reasons. The first group of reasons is to find alternative to employment with the employer and economic necessity. The second group consists of a small number of women whose motive for entering into entrepreneurship is the need for independence, the pursuit of more money and affirmation but also the dissatisfaction with previous jobs.

It is obvious that the highest percentage of women included in this study embark on entrepreneurship out of necessity, when they are "forced", or when they do not see another way out. This is supported by respondents' self-assessment of financial situation in their household. Namely, almost one half of the women covered by this survey (45%) evaluate that their current financial means are sufficient to cover the cost of food, utilities, clothes and footwear, but insufficient for purchase of more expensive commodities.

In addition to personal skills, knowledge and contacts, the decision to enter into entrepreneurship is also affected by estimates of the current situation and market conditions. When it comes to this overall evaluation women are not very optimistic.

Furthermore, both potential entrepreneurs and women who do not plan such career think that private entrepreneurship is generally risky. However, although these two groups of women recognize the same potential threats they differ in the assessment of the opportunities that market offers. potential entrepreneurs are more optimistic, which can be the result of the fact that they know more about this subject. Nevertheless, one half of them do not expect good opportunities, but they still decide to embark on private business, which supports the conclusion about their primary motive, that is, the fact that they see no another opportunity to find a job.

We can see that support of family and immediate environment is of the utmost importance, as almost two thirds of the participants in this study mention as the most important advice the advice of husband (or partner) and advice from other family members or friends.

In general, it appears that unemployed women who are registered with NES, in comparison with women belonging to other categories observed in this study, show higher degree of motivation and readiness to enter into entrepreneurship.

### ***Attitudes towards gender equality***

It may be concluded that majority of participants share progressive opinion about gender equality.

By the rule, traditional attitudes regarding gender equality are emphasized whenever children are in focus.

Observed on the level of three populations (unemployed women registered at NES, unemployed women not registered at NES and employed women), **traditional attitudes towards gender equality are present somewhat more among unemployed women not registered at NES.**

**The most important difference** in terms of attitudes towards gender equality is present between attitudes shared by women planning to start their own business and women who have already started it. Namely, **significantly higher percentage of potential women entrepreneurs has progressive attitudes regarding gender equality.** They, unlike women who are not potential women entrepreneurs, significantly more frequently think that faculty education is not less important for girls than for boys. Additionally, significantly higher percentage of them thinks that men are not better in doing business than women are, that it is not inevitable that a successful businesswoman neglects her family, that it is not best for children's wellbeing that father earns money and mother stays home with family. Besides, they find it more acceptable that when a woman earns more money than her spouse better option is that he takes a paternity leave and stays home with children. Finally, significantly higher percentage of them disagrees with the statement that little child will suffer if his/her mother works out of home.

On the regional level, **attitudes in terms of gender equality are the most progressive among residents of coastal area**, and then those who live in the central region, while it is more characteristic for residents of northern areas to share traditional attitudes towards gender equality.

It may be concluded that the burden of almost all household responsibilities is left to women. Having in mind how much time women spend a day attending to house chores and other responsibilities, potential women entrepreneurs say that, on average, they would have somewhat less than 8 hours a day, or 7.9 hours exactly, but they would work 6.25 days a week. Taking this into consideration, **support of family members is a very important factor which might determine women's success in entrepreneurship.**

### ***Barriers***

What women miss most by far too successfully start their own business is **money and more favourable financing model (crediting).** Other barriers include no assistance with preparing a business plan, choosing and equipping premises, insufficient tax exemptions in the first years of doing business, poor business contacts and lack of information about enterprise registration process.

Besides savings (that we don't know the amount of), significantly lower percentage of women own something of their own they might use as a guarantee for the initial capital. On the other hand, **only 2/3 of women owners** of assets we discussed say that they would be **able to sell or deposit** these assets for a loan **without other household members' approval, and on their own and free will**.

**Women who are not planning to start their own business indicate problems with financing as the most important reason for that** –42% of them, but also lack of time because of family obligations –14% of them, which is much more frequently mentioned by unemployed women not registered at NES, 27% of them, and significantly less rarely by the employed – only 2% of them.

Lack of business contacts and good working experience, unsatisfactory level of managing and performing skills, insufficient level of education and no additional training for starting one's own business, no knowledge of examples of good entrepreneurial practice are significant inhibiting factors for development of women entrepreneurship. Additionally, fear of failure has demotivating influence on even 2/5 of women.

### ***Establishing and registration of enterprises***

The process of establishing and registering enterprises is perceived as an **expensive and complicated** procedure, although there is **often not enough information** about the details of this process.

At this moment, 38% of women included in the survey are not even considering starting a new business of their own, alone or with someone else, including self-employment or sale of goods or services; 52% are considering this possibility; and 10% are already working on it.

As for the establishing procedure, evaluation is also mainly negative. Majority of potential women entrepreneurs (84%) think that it would take them long to collect money for registration of enterprise and that they would need lots of documents difficult to obtain (74%). The very registration process is evaluated as too complicated in 80% of cases, and at the same time majority of potential women entrepreneurs, 72% of them, admit not having enough information about the very registration procedure and possibilities for starting private business.

### ***Stimulating measures***

Expectedly, significantly higher percentage of respondents who already have an idea for their own business or who have already taken some steps in that direction are informed about the current types of support for entrepreneurship than women who currently don't want to become entrepreneurs. Of course, we can't claim that the level of their knowledge influenced them to come up with the idea to become entrepreneurs, since there is realistic possibility that they tried to find out more about support programs because of their already present entrepreneurial idea.

However, they are not familiar enough with all types of financial and non-financial support to entrepreneurship.

All tested non-financial, and **particularly financial, types of support are extremely important to potential women entrepreneurs**, and they that are extremely willing to **switch from their own idea to some other that they would receive, primarily, financial support for**.

Better availability of non-financial types of support, business incubators, but primarily financial support, would contribute significantly to women entrepreneurship. Even every fourth participant believes that availability of these types of support would increase the likeability that they choose entrepreneurial career .

Potential presence of business incubators in their place of residence would have positive influence on somewhat higher percentage of unemployed women registered at NES and employed women, than it is the case with unemployed women not registered at NES. Availability of business incubators would also have significantly more positive effect on women with a business idea than on women who are not planning to start their own businesses. Namely, 81% of women who already have a business idea say that they would be stimulated by availability of business incubators to start with realization, and their opinion is shared by 40% of participants who are currently not planning to start their own business. Observed by regions, it may be concluded that business incubators seem more motivating for residents of central region and coastal area than those who live in the north of the country.

Availability of financial support would affect unemployed women registered at NES most, then employed women, and finally unemployed women not registered at NES. 87% of potential women entrepreneurs (who already have a business idea) say that availability of some of the tested types of financial assistance would increase their chances of getting engaged in entrepreneurship.

#### ***Market lack of saturation and innovativeness***

**Market saturation is the main problem for potential women entrepreneurs**, and it includes difficult access to higher added value markets and lack of innovations. Large number of potential women entrepreneurs intends to enter lower added value markets, which are easier to access due to fewer restrictions.

However, these sectors are saturated and they include reduced possibility of growth. **Without introducing novelties through development of new products** and access to higher added value markets, **potentials for success are low**.

**Potential women entrepreneurs usually plan to get engaged in trade or rendering some services. Even 2/5 of women choose trade, while 1/5 decides for social utility and personal services.**

Only ¼ of future women entrepreneurs believe that there is market demand for products or services they will offer and they single this factor out as influential in case of their choice. On the other hand, even ¾ of them think that their idea is not new in the market, but that it had already existed before, while only 6% believe that it is completely new. Even when they consider their business innovative, these are enterprises which already exist, such as real estate agencies, perfume shops, nurseries, pancake shops, hairdressers', bookkeeping agencies.

Potential women entrepreneurs plan to do business in their **close vicinity only**. They are focused on **domestic, local market**. The envisaged enterprises don't require big investments, but they can't bring big profit either, or be developed much in the future. **They are aware that their ideas are already present in the market and that they have competitors.**

### *Aspirations and objectives*

Not only that they enter entrepreneurship with a modest business plan, but **potential women entrepreneurs have no ambition to significantly expand their business in the future**. They are mainly planning to work alone and to have someone working for them in the future. In order to take as little risk as possible in the financial sense, some of them are even planning to work illegally at the beginning, until their business becomes a success. Accordingly, expectations of profit are also modest: business is expected to provide normal living for the family or to simply satisfy the needs of household budget.

**For almost all potential women entrepreneurs, entrepreneurship means starting a micro enterprise (up to 10 employees), and for 2/5 of them individual activity without employing other people, at least at the beginning.**

**If all goes as planned, these micro enterprises will be expanded in the future at least somewhat in terms of the number of employees.** 59 % of women are planning to increase the number of employees in 3 years' time, while 41% will keep the initial number. The planned number of employees at the beginning and after 3 years of doing business is another indicator that women entrepreneurs **have no ambitious plans**.

Data indicate that almost all business plans are created by the principle of „**minimum investment and the least possible initial costs**“ **due to fear of failure**. If it is taken into account that products and services offered are already present in the market and that competition is strong, **it is not possible to expect big profit in the future.**

### *Training*

**Knowledge of unemployed women and those dissatisfied with their current job about seminars for starting a business or about organized retraining can't be characterized as good enough.** However,

there is sufficient room for improvement, since 63% of women from this population have heard of such programs, while almost 1/3 of them are unaware.

**Not only those unemployed women and those who want to change their job but are not planning to start their own business, are not very interested in education about entrepreneurship and retraining programs, but potential women entrepreneurs aren't either.** Interested in joining this type of program is only 43% of women covered by the survey. Even 67% of women who do not intend to start their own business and 40% of potential entrepreneurs don't want to be additionally trained in this way. There is somewhat higher percentage of the interested among members of younger population (18-29 years), residents of Coastal area and women registered at NES.

**Not only insufficient interest is the barrier for additional education, but also lack of time in case of many women covered by the survey.** If they were offered now to attend five-day training about development of entrepreneurship, which would provide concrete and useful information about starting a business, 43% of women would be able to attend.

Percentage of respondents who evaluate programs for additional education in the field of entrepreneurship as useful is higher than the percentage of respondents interested in them. Namely, 77% of women covered by the survey find this education useful for finding a job or starting one's own business.

When evaluating training they attended, women mainly gave general remarks about practice and obtained information as the most useful aspects, while they couldn't indicate any less useful aspects or they claimed that there were none.

General evaluation of training indicates, although training sessions were not really numerous, that they were useful. Even 76% of women who attended some training evaluated it as useful or very useful.

## 8.2 Recommendations

Women in Montenegro are exposed to different barriers, which result in **horizontal and vertical segregation of professions** based on gender, generated primarily under the influence of **stereotypes in the choice of education and profession, traditional gender role of women, prejudice, but also lower professional aspirations than in case of men.**

Gender inequality reflects on inherited priorities in case of choosing one's profession. Still prevails the division to „male“ and „female“ professions, so women usually do jobs which require patience and attention (technicians, teachers, healthcare or social services providers).

They are traditionally directed to jobs which are not highly positioned in terms of career development, since prestigious jobs usually require working hours different than usual ones, frequent travels and being absent long from home, which is a barrier for maintaining the balance between family and working role. The inherited inferiority of women continues in the new transition conditions in Montenegro, in a situation when economic efficacy of new employment trends sets requirements difficult to meet, together with the inherited stereotypes about the place of a woman in the family.

All these are the reasons why there are no women on managerial positions and on other prestigious jobs, which bring bigger profit and power, as well as willingness for starting one's own business and engaging in entrepreneurship. **Additionally, through the educational system, or choice of profession under the influence of stereotypes, gender segregation is promoted to the labour market, including women entrepreneurship, which stays in the scope of not very profitable and market-saturated activities.**

This research has also shown a link between traditional attitudes about the role of women and women's employment, challenges and barriers faced by women who decide to change the model, lack of understanding by institutions which should support women's entrepreneurship (lack of customized training, information and support packages), as well as a strong connection between the selection of work, business ambitions and traditional gender roles.

On the other hand, it is also obvious that entrepreneurship strongly affects the change in gender roles of women and men, so partners of women entrepreneurs either assume greater responsibility in private sphere of life, or the relationships end up with divorce / or break up of partnership because of unrealized support. Both of these situations are challenging for women and they require more energy for changes in private life, that men entrepreneurs usually are not faced with

Therefore, any strategy to encourage women entrepreneurship must necessarily have a gender perspective, that is, it must imply the development of national strategies that will effectively deal with problems coming from traditional roles of women in society.

Great obstacles and difficulties in the availability of financial resources, market saturation and lack of innovation and training, faced by women entrepreneurs must also be treated from this aspect as well.

Considering the mentioned problems, it is necessary to create packages of measures that will be focused on the following areas:

- Increase awareness that takes into account gender roles and adapted to women's capabilities
- Gender sensitization of all stakeholders for the development of women entrepreneurship
- Gender analysis of all public policies
- Training and education of the adults
- Funding, adapted to the needs of women entrepreneurs and potential women entrepreneurs
- Counselling and mentoring
- Networking
- Development of regional and international cooperation
- Statistical monitoring and research

### ***Increasing awareness and gender sensitization***

It is necessary to promote the experience of "ordinary" women who have succeeded in launching the business and thus create positive models. Therefore, in all programs geared toward promoting entrepreneurship it is necessary to cite the examples of successful entrepreneurs. Besides that, it is necessary to raise public awareness about women in business as a positive model.

System of informing the prospective women entrepreneurs should be tailored to "women's lives", i.e. information must be made available at places frequently visited by women and information should be written in the way that they understand.

Besides that, it is necessary to initiate public debate and campaign for better understanding of barriers that exist in starting a business, that are gender-related.

Organize promotional campaigns aimed at change of traditional perception of role and position of women in society.

### ***Gender sensitization of all key stakeholders for the development of women entrepreneurship***

To create and implement gender-sensible public policies it is necessary to have gender-sensitive eyes, that is, it is necessary to take into account the gender perspective (gender mainstreaming) in creating public policies. Due to that it is necessary to create a number of trainings (trainings, presentations, public debates etc.) for the key actors – decision makers in ministries, experts in this area, trade unions, inspectorates, chambers of commerce, Employers' Unions, NES, NGOs, etc.).

As women entrepreneurs have a special challenge in combining business obligations with family obligations, and numerous business consultants are not aware of the difficulties of women entrepreneurs who include in business operation the contents outside strict business agenda, it is necessary to prepare and gender-sensitize potential mentors and advisers who will work with entrepreneurs so that they can realistically perceive the challenges that women entrepreneurs are faced with.

Besides that, transitional measures must be prepared by the state. These measures include infrastructure for child care and incentives for men to participate more in activities related to household maintenance and child care. If men are not included in the appropriate set of measures that would affect the balancing of private obligations between men and women, female entrepreneurs will increasingly face the challenge of harmonizing the work and personal commitments.

Also lacking is an adequate support of well-organized social services (children's facilities, home help, day care centres, support services for the elderly). Androcentric model of child upbringing and conservative curricula, textbooks and instructional materials also contribute to a great extent to stereotypical notions of gender roles.

### ***Gender analysis of public policies***

The next step in creating the adequate policies would be **gender analysis** of all policies currently implemented by the state, primarily in the areas of **economic development**<sup>17</sup> and **education** (gender segregation in selection of occupations leads to high gender segregation of labour force).

In this sense, it is necessary to insist that all future policies take into account differences in the position of women and men, that is, all of these policies should include gender-sensitive objectives and actions.

Besides that, it is important to analyse the results of implementation of the existing measures and policies in these areas.

In developing the new Strategy for Small and Medium Enterprises (SMEs), it is necessary to envisage direct programs of support to women's entrepreneurship.

### ***Training and education of the adults***

Organize training programs focusing on the type of work that entrepreneurs plan to start. The trainings should be designed in accordance with local needs, and they should be held locally, because for majority of women it is not convenient to travel to training sessions. Within training, it would be desirable to organize visits of successful women entrepreneurs as positive role models.

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<sup>17</sup> Under public policies in this context we also mean legislative framework, as well as all national strategies and action plans which currently exist in the country in certain area

Consider organizing group workshops that would enable potential women entrepreneurs to develop their business ideas through examples, exercises and testing, because while working in groups women can more easily identify problems and learn from each other. Also, the experiences of other countries indicate that women, working together in groups, develop much more ambitious plans for growth than they would develop if working alone.

### ***Financing***

Changes in this area may be accomplished in joint organizing of experts, representatives of banks, authorities and women NGOs, in order to carry out positive actions which recommend: stimulation of women entrepreneurship, introduction of crediting lines for women, defining quota within the current credits for women entrepreneurship, establishing guarantee funds, starting business incubators and enacting Government program of support to women entrepreneurship on state level.

To ensure that certain share of funds provided by state institutions, which support entrepreneurship and economic development and which are financed from the budget or managed by the Government, is allocated to financing programs, aimed at supporting women entrepreneurship.

To start the initiative for establishing a Guarantee Fund for Women Entrepreneurs in Montenegro, this would enable providing guarantees for women novices who have no other collateral. Development of special guaranty funds would provide the necessary security, which would facilitate getting loans from banks.

To enable financing of women entrepreneurship projects in priority economic sectors. This measure may be one of the key ones, since its application may stimulate participation of women entrepreneurs in development of enterprises in priority sectors and stimulate competitiveness and women going out to the markets that are not saturated.

To consider the possibility of crediting women entrepreneurs under more favourable conditions in the north of the country due to major migrations of female population from that region towards Podgorica and coastal region.

To start programs of financing start up businesses **through grants, or funds that needn't be returned**, which would be allocated according to a business plan. This would be particularly important for services and in cases when potential user can't provide guarantees for returning a loan through mortgage or lien on the equipment. This is particularly important for women, who often don't own any assets.

Combining programs which offer training packages, counselling services and financial support may have synergetic effect, since potential women entrepreneurs are insufficiently interested in additional training, and financial support would greatly motivate attending of training if part of same package.

***Counselling and mentoring***

To organize exchange of experiences between already successful women entrepreneurs and potential women entrepreneurs through introducing mentoring, public presentation of experiences of successful women entrepreneurs.

To provide free or subsidized consulting services of foreign or local advisors for potential women entrepreneurs.

To promote integrated approach when providing support to development of entrepreneurship, ensuring that all business financing programs for starters include necessary education, as well as counselling support when funds start to be utilized. The comprehensive entrepreneurship support program should include the following components: information and counselling, financing, training and mentoring and networking.

Since women have less free time than their male colleagues, it is necessary to consider providing counselling services according to the principle “all under one roof” for women entrepreneurs. In accordance with the needs of women entrepreneurs, it is necessary to gather all counselling services provided by many different institutions in one place.

To initiate “mentoring” programs, particularly by experienced women entrepreneurs.

***Networking***

Networking is very important also as a method of collecting data. Women often have rather restricted access to information, and they don't have a developed network of business contacts when starting a new business. Providing conditions for contacts and communication may significantly facilitate and speed up business development.

To stimulate and support networking of the existing networks, institutions and other stakeholders and their activities, for example Association of Businesswomen and Donja Gorica University...

Networking of state, private and third sector with the aim of decentralizing of jurisdictions and program synergy.

To improve quality of provided training, as well as advisory services provided to program beneficiaries. It is necessary to cooperate with private sector and NGO engaged in education about entrepreneurship. This is the way to provide support to women NGOs for realization of institutional cooperation with the state aimed at women entrepreneurship.

To support activities aimed at creating clusters of enterprises owned by women. It is necessary to support these activities, since consolidation of fragmented capacities through informational, business

and technological networking contributes significantly to competitiveness, it stimulates innovativeness, facilitates international market access, stimulates growth and creating new jobs etc.

### ***Development of regional and international cooperation***

To organize training through visits to successful companies (experiences from other countries confirm that visiting successful companies is beneficial, particularly those located abroad).

Benefits of insights in the neighbouring countries experiences through defining the influence of specific measures for development of entrepreneurship realized in these countries.

### ***Statistical monitoring and research***

To upgrade statistics and the system of monitoring all programs for stimulation of entrepreneurship financed by the state and divided by gender.

Reliable data about women entrepreneurship is the key for raising awareness about economic and social role of women entrepreneurs in the society. Quality statistics is necessary for generating analysis which would serve as a foundation for creating adequate policy for stimulation of women entrepreneurship. It is also necessary for monitoring and evaluating the results of this policy. It can be said that absence of quality statistics about women entrepreneurship is a barrier for creating, conducting, monitoring and evaluation of quality development stimulation policy of women entrepreneurship.

At the very end, it is necessary to consider the possibility of developing “women” incubators intended for women entrepreneurs only. Besides, through networking with local administration units and the Ministry of Defence, it is possible to map military facilities (former barracks, homes) which do not serve their primary function, and which might be ceded to local administrations for forming of business incubators, where, through affirmative action, significant share would be intended for women entrepreneurs.

## IX BASIC METHODOLOGICAL NOTES

### 9.1. Overview of methodology

#### F-2-F survey

- defined as vulnerable groups:
  - With 3 groups of women
    - women waiting for a job, registered at the Employment Office of Montenegro
    - the so-called “invisible women”, who are unemployed, but are not registered at the Employment Office of Montenegro
    - Employed women that are unsatisfied with their working status and want to become entrepreneurs.
- The most important objective is to measure their readiness to start their own business, to collect information about their needs and potential barriers
- Total of 348 F2F interviews.
- Quota sample.

#### In-depth interviews

- With women entrepreneurs (10) and with potential women entrepreneurs (3)
- The most important objective is to explore decision making process when starting their own business and to emphasize most important factors and barriers.
- Total of 13 interviews in total. Different businesses and different regions were covered.

#### DESK survey

- Analysis of existing data, legislation and strategies important for the main topic
- The most important objectives are to assess legislative and strategic framework for development of women entrepreneurship and to review, compare and present results of different assessments, reviews, programs, etc., treating women`s entrepreneurship

## 9.2. F2F methodology

### METHODOLOGY PREFACE

Location	<ul style="list-style-type: none"> <li>• Montenegro</li> </ul>
Method of data collection	<ul style="list-style-type: none"> <li>• Face-to-face interviews at the respondent's household</li> </ul>
Sample population	<ul style="list-style-type: none"> <li>• women waiting for a job, registered at the Employment Office of Montenegro</li> <li>• the so-called "invisible women", who are unemployed, but are not registered at the Employment Office of Montenegro</li> <li>• employed women who are unsatisfied with their working status</li> </ul>
Sampling procedure	<ul style="list-style-type: none"> <li>• Combination of different methods, including Snow Ball, pre-recruitment and help of relevant organizations</li> </ul>
Type of sample	<ul style="list-style-type: none"> <li>• Non-random quota sample</li> </ul>
Quotas	<ul style="list-style-type: none"> <li>• Defined by age, education and place of residence</li> </ul>
Stipulated sample size	<ul style="list-style-type: none"> <li>• 348 respondents, 126 in the first group, 102 in the second and 120 questionnaires in the third group</li> </ul>
Questionnaire	<ul style="list-style-type: none"> <li>• Approximate interview duration is 30-35 minutes</li> </ul>

## EXPLANATION OF THE CHOSEN METHODOLOGY

Quantitative F2F survey in the respondents' household is chosen as a method of examining potentials, attitudes, opinions, ideas and determinants of entering entrepreneurship, in order to define the differences among target groups stipulated in the survey setting in an exact way.

**Quantitative approach** is chosen in order to enable **exact comparing of the defined target groups and measuring (quantification) of differences** that exist among them, and that might be connected with motivation, making decisions about entering entrepreneurship and the started actions.

Additionally, **F2F interviewing** was chosen over telephone interviewing out of at least three reasons: questionnaire duration of 30-35 minutes is not adequate for telephone interviewing, the questionnaire is conceptualized in such a way that it includes many open-ended questions and some questions where looking at cards is required, which certainly functions better during F2F interviewing and, finally, due to the fact that contact between interviewer and respondent is more solid and with more mutual trust during F2F interviewing, which results in more sincere and more valid answers, especially in questions that affect privacy or are inconvenient for any other reason.

The decision to conduct the survey on **non-random quota sample**<sup>18</sup> was shaped by the aspiration to better understand quite specific, defined-in-advance target groups, recognized as the potential for starting women entrepreneurship. **Concrete respondents were chosen by the principles of convenience sampling**<sup>19</sup> and using the **Snowball method**<sup>20</sup>, i.e. respondents were found at recommendation and subsequent screening, used in order to check whether they met the stipulated criteria and whether they were true samples of target groups in this survey focus. This way of selecting respondents is fully in line with the set objective – ascertaining specificities and differences between three target groups and association of these characteristics with entrepreneurship; in other words, this survey has no ambition of measuring entrepreneurship potential in general population, so it doesn't require a representative

<sup>18</sup> Quota sample belongs to the group of non-random samples and includes setting the number of respondents in sample groups before survey starts. Therefore, researcher will take all the groups in the population relevant for the survey into account, and define the number of respondents in the sample for each of them (the so called quota). Setting the number of respondents in each group may be based on available population data, may be guided by the desire to obtain acceptable data reliability within each group with minimum costs or may be based on some other principles, even quite ungrounded.

<sup>19</sup> Convenience sample belongs to the group of non-random samples and is formed of any members of the target population, without applying any clear procedure for choice of entities to be included in the sample. Therefore, it is up to the researcher to decide which members of the population will be included in the sample, and they are usually persons who are easiest to reach. Convenience sample is primarily used for research of phenomena relative to which the population is homogenous or in explorative studies, then in surveys that have to be conducted quickly, at the cost of obtaining only rough evaluation of phenomenon (i.e. at the expense of precise evaluation).

<sup>20</sup> Sample formed by the principle of a snow ball (*Snowball Method*) is a type of convenience sample, usually used for studying phenomena on small and difficult to reach populations. The idea is, using the principle of avalanche or a chain, to start the process of collecting data in such a way that the starting group of respondents chosen by adequate criteria (usually convenience sample) engages their relatives, friends, acquaintances who meet the stipulated criteria, and then they „recruit“ other members of their social community. The implicit assumption integrated in the Snow ball sample model, is that persons who belong to the studied population have other persons in their social network who belong to that same population, since people group by their attitudes, values, interests, profession.

random sample, but it has the intention of discovering differences on subsamples defined primarily through three groups of potential entrepreneurs, so it is important that respondents belong to these three groups by all relevant variables.

In addition to classical interviews conducted with potential women entrepreneurs, one woman per group was chosen for in-depth interview as well, in order to complement quantitative data with information that can't be collected through F2F interviews, and that refer to emotions, attitudes, motives, decision making process.

## SAMPLE STRUCTURE

Although face-to-face interviews with 300 potential women entrepreneurs were stipulated by the draft of the research project (100 respondents per target group), the fieldwork was ended with total of 348 valid questionnaires.

The sample is quota, and quotas were defined based on three combined criteria and the fourth independent criterion - region:

- Groups of potential women entrepreneurs, with three categories – women waiting for a job, registered at the Employment Office of Montenegro, the so-called “invisible women” (who are unemployed, but are not registered at the Employment Office of Montenegro) and women employed in state and public services, unsatisfied with their working status. The hypothesis such categorization was based upon was that potential women entrepreneurs should be searched for among women from these three groups, then should the way of thinking of potential women entrepreneurs from the three categories be ascertained, their attitudes and who, eventually, possessed the strongest potential to carry out an entrepreneurial idea.
- Type of settlement where respondents live, with two categories – urban and rural settlements. This variable is included in sample plan because of the two reasons – firstly because of the hypothesis that type of settlement can have an impact on birth of entrepreneurial idea and possibility to realize it, and secondly, because of the fact that training on how to start up a business was previously organized for women from rural areas, so these women were to be included in the research to check whether the training had any effect.
- Whether the business idea exists, with two categories – the respondent has or has not an idea to start up her own business. Such division of respondents made possible to identify differences between women with or without business idea, and test the hypothesis about important factors affecting the birth of the ideas and making decision about taking up entrepreneurship.
- Region, with 3 categories – Centre, with included towns Podgorica, Danilovgrad and Cetinje, North, with Bijelo Polje, Nikšić, Berane and Pljevlja and Coastal area, with Herceg Novi, Kotor, Budva, Bar and Ulcinj.

When allocating quotas, attention was paid to providing sufficient number of respondents for statistical analysis in each target group segment. The planned sample was realized with data collecting process ending, and the pre-set quota was fully fulfilled. Sample structure is presented in the table below:

	Population											
	Registered at NES				Invisible women				Administration			
Business idea	Yes		No		Yes		No		Yes		No	
Type of settlement	Urban	Rural	Urban	Rural	Urban		Urban		Urban	Rural	Urban	Rural
Number of questionnaires	64	29	17	16	31	20	32	19	49	23	29	19
Total	126				102				120			
Grand Total	348											

Selection of respondents was carried out using the Snowball Method and the Convenience Sample Method. In other words, the sample included women pre-defined as matching the criteria stipulated by target group and sample quota definition, and they were reached in various ways: through NES records, with the help of organizations and institutions engaged in women entrepreneurship and through the network of interviewers.

This practically means that the sample was not formed by the principles of random sampling and that it is not representative for the population of potential women entrepreneurs, but the respondents are **true representatives** of target groups we are interested in (since they were selected by the pre-defined criteria). Attention was paid to achieving certain variability within the defined sample categories, or to including women of various educational status, residents of different regions of Montenegro, different towns, women who belong to different social and cultural contexts.

Structure of the sample of women entrepreneurs by regions is presented in the table below:

	Region		
	Central region	North	Coast
Number of questionnaires	140	80	80

## THE QUESTIONNAIRE

As described in the Request for Proposal, the survey instrument duration is estimated to 30-35 minutes.

The questions will cover following topics:

- Attitude towards entrepreneurship (answer all respondents)
- Attitude towards gender roles (answer all respondents)
- Previous experience (answer all respondents)
- Motive (answer only respondents who are considering the idea of starting their own business)
- Taken activities (answer only respondents who are considering the idea of starting their own business)
- Market (non)saturation and innovativeness (answer only respondents who are considering the idea of starting their own business)
- Aspirations and objectives (answer only respondents who are considering the idea of starting their own business)
- Starting capital sources (answer only respondents who are considering the idea of starting their own business)
- Networks (family and social) (answer only respondents who are considering the idea of starting their own business)
- Inhibiting factors (difficulties and barriers) (answer all respondents)
- Stimulating measures and awareness (answer all respondents)
- Evaluation of educational programs for development of entrepreneurship (answer only respondents who passed the training)
- Demography (answer all respondents)

### 9.3. In-depth interview methodology

## EXPLANATION OF SELECTED METHODOLOGY

Taking into account the research objectives and fact that we should explore decision process of women entrepreneurs, we think that in-depth interviews with women who started their business in last 3-5 years would be the most appropriate methodological solution.

In-depth interviews are the most efficient method in cases when it is necessary to get deeper understanding of some phenomenon, disclose attitudes, opinions and emotions of target group members, and shed light on mechanisms by which certain processes evolve. In case of research which targets women entrepreneurs, the main objective is to obtain the best possible understanding of overall situation in which these persons work and live and to explore decision making process when started their own business – what are the most important factors and/or barriers which determine this and how they make influence. Instruments that are typically used in (field) surveys, which could be an alternative

to proposed methodology of in-depth interviews, are not the most appropriate technique for collection of information which make possible not only the measurement and identification, but also understanding and deep examination of opinions, attitudes and emotions. In other words, qualitative methods to which in-depth interviews belong are a better research option in researches where it is necessary to go beyond simple measuring and determining the frequencies, that is, the researches which demand understanding and explanation of phenomena which are the subject of research.

Except in-depth interviews, focus group discussions represent another method of qualitative research which is often implemented today. Nevertheless, it seems that in this case, taking into account the target group, in-depth interviews represent a better solution since, in terms of organization, it is very difficult to form the groups with 6-8 partners of women entrepreneurs in each group.

Moderators who worked on this survey were among the most experienced in our agency.

## METHODOLOGY DESCRIPTION

In-depth interviews lasted between 30 and 45 minutes and they were conducted by an experienced and trained moderator. It should be noted that, given the small sample sizes involved in qualitative research, the results from the in-depth interviews cannot be said to be *representative* of the population from which the participant is drawn. Further still, we will not be able to generate statistics from this element of the work. The data can, however, be said to be *reflective* of that particular audience's views. Bearing this in mind though, opinions that are expressed should be considered **typical** from the segment from which they are drawn alone. We will make it clear to you in our reporting where there are commonalities between the segments.

**There is a total of 10 in-depth interviews with women entrepreneurs from Podgorica, Nikšić and Herceg Novi. The interviewed women entrepreneurs are engaged in different professions. Besides 10 in-depth interviews with women entrepreneurs, there are another 3 interviews with potential women entrepreneurs from Podgorica.**

## RECRUITMENT

During the screening process, after precisely defining criteria for selection of potential respondents for in-depth interviews, we searched for persons who fit the stipulated criteria. Recruitment was carried out by the recruitment team in Podgorica, with assistance of our recruitment professionals located in Belgrade.

## IN-DEPTH INTERVIEW PROCEDURE

In conducting in-depth interviews, special attention was paid to:

- Conducting the interviews on voluntary basis only (before the conversation starts, all information about guarantee of security, safety and anonymity were provided to respondents).
- Providing absolute anonymity to respondents
- Providing `safe` atmosphere for respondent, where she feels free to talk. However, moderator will secure that respondent doesn't feel uncomfortable during the conversation

## INSTRUMENTS

The ISM team prepared the guide and guidelines for conducting in-depth interviews, approved by the UNDP Montenegro.

### 9.4. Desk survey

Secondary research (also known as desk research) involves the summary, collation and/or synthesis of existing research rather than primary research. It also includes analysis of existing legislative, strategies, programs etc.

For this survey, there are two main objectives that should be covered by DESK survey:

- It is necessary to assess the legislative framework for development of women entrepreneurship, as well as the existing institutional mechanisms for support, including credit lines, special programs for education and/or building of entrepreneurial capacity, and experiences of institutions that are in charge of those mechanisms and programs
- To make a review of all existing strategies, assessments/researches and projects treating the complexity of women's entrepreneurship (like Strategy for Development of Entrepreneurship, research on status of women entrepreneurship, assessment on needs on women from villages, gender pay gap, etc.)

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