

# SUCCESS FACTORS FOR BUSINESSES MANAGED BY WOMEN

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**Abstract:** *The paper presents the main findings regarding the role of women entrepreneurs in Europe specifically, and how the influence of alternative forms of finance and networking support helped their business development. The main results show that, even though women are considered one of the greatest powers of macro environment development, they are not aware of the possibilities of financing their business and they do not trust the women networks to have business with. –consider revising*

**Key-words:** *women, entrepreneurs, Europe, Romania*

## 1. Introduction

According to the European Commission (2013), even though throughout Europe the number of women is greater than the number of men, female entrepreneurs represent only a third of the self-employed.

The problem of how women can overcome gender bias within cultures and succeed in their own right as entrepreneurs – as they actually are supposed to – has been a major preoccupation for researchers for years. Women still lag behind men when it comes to starting businesses and securing funding for them. In the last couple of years the number of female entrepreneurs grew extensively, especially in the tech industry and start-ups. However, in spite of that, entrepreneurship still remains a male bastion.

EU also states that “women constitute 52% of the total European population but only 34.4% of the EU self-employed and 30% of start-up entrepreneurs and also that female creativity and entrepreneurial potential are an under-exploited source of economic growth and jobs that should be further developed”.

Also, according to EU documents, when establishing and running a business, women face challenges related to limited access to information, finances, digitalisation, lack of networks and knowledge resources, limited access to capital and technology and reconciling business and family concerns.

Lack of networks, knowledge, and links to high value markets further constrain female entrepreneurship and unfavourable business and regulatory environments are among the barriers that still impede them from accessing finance.

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The digital gap is considerable and actually increasing. In 2015, data pointed out that women represented only 16 per cent of the ICT specialists and 17 per cent of ICT students. Not all companies are digitally-driven but most need to be digitally enabled. Every woman setting up a business needs to understand what digitalisation means for her sector.

Thus, it is very obvious that women's entrepreneurial activities do have a positive impact and a significant influence on development of local economy and macro environment.

## **2. Woman Entrepreneurs in Europe**

According to statistical data on women entrepreneurs in Europe in 2012, around 29% of all entrepreneurs in Romania were women compared to 31% in the EU-28. The vast majority of these women entrepreneurs (94%) were solo entrepreneurs.

Women business owners are far more similar than they are different. Most are in their 30's or 40's, most are married, and most have children. Thus, women business owners face the dual responsibilities of growing a business and raising a family.

The Eurobarometer finds that women are to some extent more likely than men (53% to 46%) to agree that one should not start a business if there is a risk of failure. Different research shows that women would be less willing than men to engage in competitive behaviour, and may feel cultural pressure from traditional labour market divisions.

Entrepreneurship depends on access to capital as a crucial factor, and the need for investment often increases with the level of a project's innovation. There is no equal access to available capital for women and men. In 2008, only 20.3% of EU businesses with venture capital were run by women, and some analysts suggest women are asked for more financial assets as collateral, and that they are also charged higher interest rates and refused loans more often.

According to EU, three factors may explain these differences: women own fewer financial assets and have shorter credit histories (given their lack of entrepreneurial experience and possibly a fear of refusal), both of which are valued by credit providers; given the sectors women are active in and the size of their companies, their projects are generally less capital intensive; there might also be some bias reflecting a lack of confidence in female entrepreneurs. (?) This is an idea reinforced by the fact that women are less represented in financing activities and networks.

Entrepreneurial growth also depends on the access to broad and diverse networks to help advance companies, form partnerships, secure finance, and find qualified employees. Women have less access to these networks partly because of their lower presence in the most innovative industries, their lesser previous experience and possibly the lower visibility of successful businesswomen.

Entrepreneurship and its sustainable role are included in the EU 2020 strategy, and even though it does not specifically mention female entrepreneurs, it does attribute an important role to women for growth, and the European Commission (EC) recognises that women's entrepreneurial potential constitutes an underexploited source of growth. Amongst other policies and regulations, the EU has adopted a Directive on equal

treatment for the self-employed, which allows every member state to adopt positive action measures.

As for Romania, for instance, the Mastercard Index shows that 28.9% of all businesses in Romania are owned by women, the share being higher than the one of last year's edition, namely of 27.5%, thus Romania ranking 13th last year. The Mastercard Index of Women Entrepreneurs takes into account the progress registered by women (category in which Romania ranks 33rd), the knowledge and access to financial resources (Romania ranks 24th), and the support for entrepreneurial initiatives (Romania at number 29).

Ghana is number one in this top, being the country where 46.4% of all business are owned by women, then followed by Russia with a share of 34.6%, Uganda – 33.8%, New Zealand – 33%, and Australia 32.1%. The top ten is completed by Vietnam with a share of 31.3%, Poland – 30.3%, Spain – 29.4%, Romania – 28.9%, and Portugal – 28.7%. In terms of support and entrepreneurial development opportunities for women, Romania ranks 32nd out of 57 countries, with a percentage of 61.9%, down from 29th place last year.

### **3. The Objectives and the Research**

According to The National Council for Romanian SMEs (CNIPMMR) which had also drew the picture of the Romanian entrepreneur type by investigating over 1000 small businesses owners, the most important barriers are related to financing, technology, the role of women as mothers and also lack of access to networking.

Thus, considering these barriers, one may have the picture of a different gendered way of doing business in which female entrepreneurs are facing more obstacles, with important consequences for their lives such as: less spare time because of the necessity to take care both of their family and their career; a sense of unappreciated efforts, in business and family, not being able to fully dedicate to either of the two; the social pressure of high performance, since women have to prove their business abilities at least at the level of their male counterparts; passive attitude regarding implication in the political or social life of the community.

The objectives of the study were to verify the hypothesis according to which there is a link between the well-known barriers in Europe for women entrepreneurs and their willingness to run a business and also the hypothesis according to which business women, generally, are more willing to start a business if they have financial support and access to networking. The research was conducted between January 2018 and April 2018, on a number of 150 business women from Brasov, Cluj, Sibiu and Fagaras, owning small businesses or being freelancers.

The study emerged in a questionnaire composed by 12 questions regarding their access to sources of finances, access to networking clubs, the field of the business, and also questions with an open answer regarding their opinion concerning the role of women in the economic environment.

The reason to choose only business women or freelancers from these four cities was the contacts that the author has within these regions, due to her role in developing a

community of women entrepreneurs. The author also conducted open interviews with half of these business women, in order to find out exactly the personal and professional background of these women and connect the dots between the barriers, their opinions and their businesses.

#### 4. Findings and Discussions

The most important data gathered are related to the fact that these women consider that they have enough sources of finances – also due to the number of programmes launched by the government in order to support SME's. The primary focus is on women's own perception of such support, and the second focus is on women's opinion related to the access to the networks of women entrepreneurs, knowing the fact there is a lack of business women models.

92% women are freelancers and 8% women own a business, as shown in figure number 1. From those 84%, 16% are business consultants, 34% are experts in accountancy, 18% are communication specialists and 32% are beauty consultants.

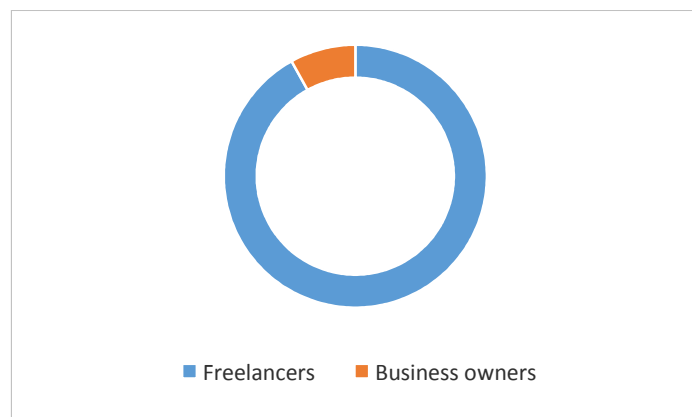


Fig.1. *The sample of women entrepreneurs of the study*

Most of the 138 businesses owned by women are small (58%) and the other (42%) are medium sized companies, as shown in figure number 2, considering also, that the number of large companies conducted by women remains very small – compared to the years before - due also to the lack of financing, lack of access to networking, the lack of a critical mass of female entrepreneurs managing large companies, and also due to the culture that does not encourage women to have such businesses and the pressure for success.

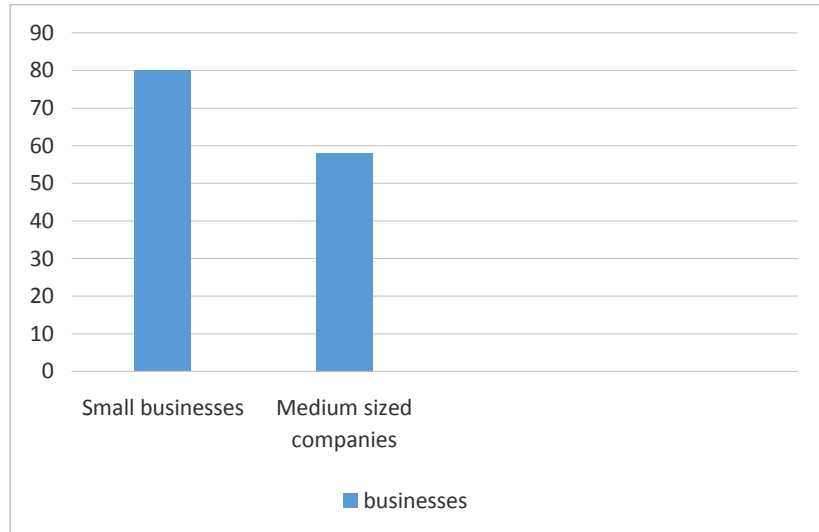


Fig.2. *The number of companies managed by women*

Most of the women entrepreneurs interviewed consider that women in Romania have enough access to finances if they want money to start-up a business. According to the interviews conducted, most of the women (88%) said that nowadays, with all the initiatives of the Government, women have enough money to start a business and enough financial possibilities, if they decide so, as shown in Figure number 3. pie chart – ‘access’

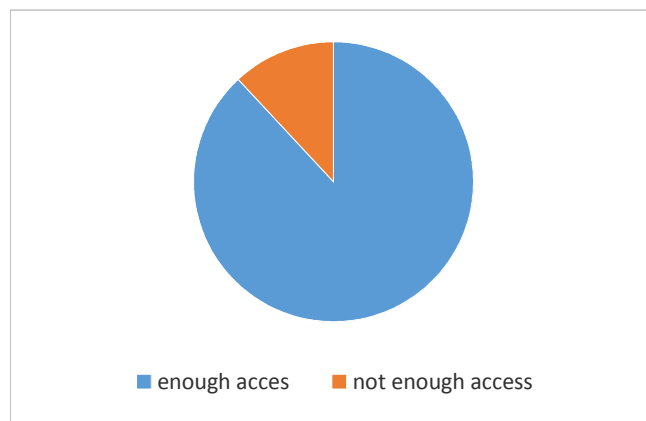


Fig.3. *The percentage of business women considering that there is enough access to finances for a business*

Most of them though (86%) do not trust networking as a way of developing a business either because they had a bad experience with networking clubs and meeting or because they just do not like to connect to other people on a personal level. The researcher had expected the women to be willing to connect and to do business

together. This was strictly the case of Braşov, where most of the women entrepreneurs said that they regularly go to business meetings and networking meetings (85%). 25% of them consider that an exclusively women entrepreneur networking club will benefit their business.

## 5. Conclusions

Most of the women, according to the questionnaire findings and the interviews, affirm that – even though generally in Europe this is not the case – there are enough opportunities to finance a business start-up, but they do not trust a networking club to develop a business – even though the studies conducted by EU illustrated that this is a barrier for a business developed by a woman.

Even though there were conducted interviews as well, the findings of the study do not reflect the opinions of all the business women from Romania, offering more information regarding the differences of views of European women and Romanian business women.

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