

Factors Influencing Performance of Women Entrepreneurs in Albania

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Abstract:

Entrepreneurial activity has been identified as a driving force for economic growth, creation of jobs and social expansion. It is perceived as an engine of economic and social development worldwide. Entrepreneurship is important not only for Albanian economy, but for the entire world even for developed or developing countries. It is an important factor that is related with employment, production and increasing opportunities. In our country are employed around 50% of the workforce, a number that is steadily decreasing due to low performance of this sector. The growth of entrepreneurship performance will have a major impact not only on improving the lives of entrepreneurs and employees, but also in the development of this vital sector in the welfare of the country.

Studies about the entrepreneurial orientation and its impact on business performance as a whole, has its origin in the 1980s and is spread to many countries of the world. Therefore in this research I have analyzed factors influencing performance of women entrepreneurs in Albania. Recognizing the importance of the emerging women entrepreneurs will create a vibrant and dynamic economy for the nation. However, little research has been undertaken to determine the factors influencing performance of women in Albania. This paper addresses important issues affecting the business development of women such as: supporting policy framework; education and training; access to financing tools and competitiveness; networking and participation of women in business world.

Key words: Entrepreneurship, Women, Performance, Albania, Theoretical Framework

INTRODUCTION

Albania is a developing country, which has an experience of 26 years (1990-2015) democracy and free market. 2011 marked the beginning of the decline in the Albanian economy as a result of the impact of the global economic crisis. These negative developments are reflected in increased uncertainty and contributed to the reduction of private consumption as well as investment.

Over the last decade, entrepreneurship and women in Albania gained significance due to the reduction of the presence of women in the labor market and paid activity, lack of opportunities to secure sources of financing, real estate and to be present in the market as well as due to the low level of participation in policy processes.

According to the report (UNIDO, 2001) productive activities of women, especially in the SME sector, empower them economically and allow contributing more to the overall development. Whether they are involved in small business or medium, in the formal or informal, entrepreneurial activity of women it is not only a way of economic survival, but there are positive social consequences for woman herself but also for the environment and its social function.

In Albania, women continue to face barriers to entrepreneurial activity compared it with men. Developed countries and developing countries like Albania have understood that the inclusion of women entrepreneurs is essential for a nation to flourish economically. It is necessary to make further efforts to allow women entrepreneurs to make better economic choices and to transform their businesses into competitive enterprises, which generate income and

employment for the whole society. Women entrepreneurs contribute significantly to the economy, especially in times of limited growth with the creation of jobs and the survival of the private sector is a challenge. By means of such a contribution, they offer great opportunities to generate income, increase employment and reduce gender inequalities. Women constitute a large group of under-represented in Albania in terms of starting and business ownership. Promoting a greater number of women to be included in the venture and added existing businesses will have a positive impact on economic performance potential of Albania.

Although women entrepreneurs in SMEs contribute much to the economic development of a country, there are a number of challenges affecting them related to various factors. For example, according to the World Bank (2005), ILO (2003), (SMIDEC, 2004), women entrepreneurs in SMEs are affected by a lack of entrepreneurial skills, management and marketing, bureaucracy, lack of access to information and knowledge, difficulties in accessing financial resources / lack of capital, unfavorable legal environment and regulatory requirements and, in some cases discriminatory practices. Despite the difficulties they face companies should give a real opportunity for personal development and economic empowerment of these women. It should be considered economic and social conditions of the regions, capacities, capabilities and needs of unemployed women in these regions and possible models that can be implemented in order to achieve sustainable success.

It is critical importance that problems and challenges faced particularly by women entrepreneurs today need to be taken into consideration. This paper aims to provide a holistic view of factors influencing the performance of women entrepreneurs, but also to increase women involved in entrepreneurship through a better understanding of the determinants of business performance of women entrepreneurs in general and in Albanian context in particular.

WOMEN ENTREPRENEURSHIP IN ALBANIAN CONTEXT: AN OVERVIEW

Productive activities of women, especially in industry empowers them economically and enables to contribute more to the overall development. Whether they are involved in small or medium activities, informal or formal sectors, activities of women entrepreneurs are not only a tool for economic survival, but have positive social consequences for themselves and their environment (UNIDO, 2001).

In many societies women do not enjoy the same opportunities as men. In many economies there is a transition progress in opening doors to education and health for women, but political and economic opportunities for women entrepreneurs have remained limited. Joint efforts are needed to enable women entrepreneurs to make better economic choices and to transform their business into competitive enterprises, generate revenue and create jobs by improving production (OECD, 1997).

To give an idea of the true weight of busy women in managerial positions in individual sectors of economic development in Albania, I received the following data published by INSTAT.

Nëdmarrjet aktive me pronare / administratore femër sipas madhësisë dhe aktivitetit ekonomik														
Active enterprises with female owner / administrator by size and economic activity														
% ndaj nëdmarrjeve aktive / % by active enterprises														
Grupuar sipas numrit të të punësuarve	numër number	%	Prodhuesit e të mirave Producers of goods	Bujqësia, pyjet, peshkimi Agriculture, forestry, fishing	Industria Industry	Ndërtimi Construction	Prodhuesit e shërbimeve Producers of services	Tregtia Trade	Transporti dhe magazinimi Transport and storage	Akomodimi dhe shërbimi Shërbime të tjera Other Services	Informacioni dhe komunikimi Information and communication	Shërbime të tjera Other Services	Group by the number of employed	
Gjithsej	47 706	31,3	18,3	11,1	22,3	11,1	33,4	36,5	5,9	29,7	21,7	38,5	Total	
1-4	44 395	32,7	11,9	7,4	23,1	10,3	34,5	38,1	4,3	30,0	21,8	40,2	1-4	
5-9	1 805	22,1	15,5	11,7	19,3	9,5	23,7	18,3	11,9	24,3	18,3	32,3	5-9	
10-49	1 169	19,4	12,0	6,9	13,9	9,7	22,0	16,3	11,1	21,3	13,8	28,7	10-49	
50+	337	20,4	16,0	0,0	19,5	6,5	20,6	18,5	13,9	28,6	26,1	20,8	50+	

As shown in the graph largest percentage of businesses with female administrator is concentrated in the trade sector (36.5%), services (33.4%), accommodation (29.7%) and other services (38, 5%). Based on information from the INSTAT almost half (47.5%) of enterprises run by women are concentrated in the district of Tirana. If we look at the degree of participation in the labor force since 2007-2015 we note that number of women is lower than men. Also number of women dropped starting in 2011 where there was a peak of women's participation in the labor force for each age band until 2015.

Enterprises run by women are at a low level, around 27% of all active businesses in 2011. Over 90% of businesses run by women are in the services sector (retail, tourism, freelance etc.). About 30% of self-employed are women. Percentage of disbursement of loans by businesses of women amounted to 25% in 2011. Lack of policies to support female entrepreneurship has affected the results of these numbers. For this reason there should be more opportunities for female entrepreneurs and government should follow some policies to support them and increase their motivation to be part of business world.

Major weaknesses are seen in terms of the provision of funds, real estate and market opportunities. According to ISB's (2013), difficulties in finding funds to start a new business or to expand existing ones seem higher for women compared to men. Women who take loans comprise half the number of men (Bank of Albania 2012). This limited access to possibility of women to find financing binds tightly to the limited opportunities they have to exercise the right to property. Women are less likely to possess the property legally, because of their representation indirectly owned by the head of the family name. (Mandro-Balili, 2013).

Association of Professional Women, Business and Crafts of Albania, which is a member of the European Network of Female Entrepreneurship Ambassadors and Gender

Programme in Rural Development - Empowerment of Women in Society Rural (GARD1 project) are few initiatives (both funded by the EU has) that contribute to the empowerment of women and increasing their opportunities to take advantage of emerging opportunities.

Interventions related to women are more focused on capacity building than in improving their economic conditions. Such interventions have had little funding and coverage, with weaker market component (Zhllima, 2012).

Even though Albanian government has been actively involved and concerned about women entrepreneurship development to ensure that women entrepreneurs are not left out from the process of national and economic development, however the results reflected poorly on the government performance, claiming that its policies disfavor new firms, and the government bureaucracy impede the creation and expansion of them.

FACTORS INFLUENCING PERFORMANCE OF WOMEN ENTREPRENEURS

Individual characteristics and performance

They focus on the individual characteristics of the impact of sources, in particular the level of education, parental occupation, age, managerial skills, previous experience of entrepreneurs that affect the performance of entrepreneurial firm.

Dolinski (1993) thinks that less educated women may face financial and human limitations that restrict their way of business.

Scherer (1989) found that the presence of a parent entrepreneur model is connected with the performance of an individual business. Individuals with a parental model entrepreneur are perceived to have a higher performance than individuals who do not have a model entrepreneur. Most

women identify successful entrepreneurial father as the most influential parent (Henning & Jardim, 1978). According to a study by Belcourt (1991) 33% of Canadian women entrepreneurs surveyed reported that their parents were entrepreneurs. This is logical, since the parent-child relationship promotes efforts for achievement and independence (Stein & Bailey, 1973).

Albanian women have always struggled to be independent and to follow their dreams, because in this way they will not feel the pressure of society that classifies them as inferior related to man. Albanian women feel the need to reach something on their own in order to have the same rights in the society as man. They believe that becoming successful entrepreneurs will have the chance to feel equal and supported by the society.

Management practices and performance

According to Heffernan (2003), the negotiating styles of women are different from men and shown that they are significantly more useful for long-term business success. From a recent study is the first time a genetic basis for special qualities of women with social skills and sensitivity means a better performance of companies created and managed by women because of their ability to communicate better with employees, suppliers and consumers (Valencia, 2006).

Strategic perspective says that success is largely dependent on reasonable accommodation between changes in environment and entrepreneurial ability to develop and implement effective strategies. This approach takes into account environmental impact and entrepreneurial strategies as determinants of firm performance. In this respect, women entrepreneurs that focus on strategic planning have a chance for higher performance.

Motivation and performance

By Brush (1990), individual motives as profit, income and sales growth were found to be linked to performance in businesses owned by women, probably from their tendency to do better than men. Researchers have found that women are usually motivated by a set of objectives for the biggest start a business than men.

Factors associated with the desire to achieve flexibility between work and family are valued differently by the sexes (Cinamon & Rich, 2002; Stephens & Felman, 1997). In addition, Hisrich and Brush (1987) have found that individual motives are linked to performance of women-owned businesses, where motivation is about survival and independence. As a result, the motivation indicates a strong relationship with performance (Lerner et al., 1997). It can be an important explanatory variable for strong performance (Miner, 1990; Miner et al, 1992; Wiklund, 1998).

In Albania there are no formal obstacles for both genders in getting a similar education and career advancement. In fact, it is quite interesting that the level of education in Albania is reflected almost in perfect equality between men and women. From all the people who have a university degree, 50.2% females and 49.8% males. Yet, equal education does not reflect the same equality in career advancement between men and women. If we see from different researchers we come to the conclusion that there are some main motivational factors that push women to be part of the business world.

Income: For an Albanian woman to increase her income by becoming an entrepreneur there are two reasons; to add and secure the family income in addition to her husband's salary. Another reason seems to be the desire for financial independence. Nowadays the younger female generation wants to indicate its independence and individuality by taking care of their financial issues by themselves.

Inadequate family income: One key element or a “pushing” factor towards entrepreneurship may be a weak financial situation inside a family. Albania is still a developing country whereas economy is not in its best situation. There are a lot of poor families especially in rural areas. For this reasons this motivational aspect might also be an attractive element in the case where a woman wishes to achieve more income to the family or her and secure better life for both.

Dissatisfaction towards wage work: Dissatisfaction towards wage labor is one of the most important motivational factors for female entrepreneurship. Albanian women are faced with difficulties in finding a proper and satisfied job. Since Albania is a poor country and people need desperately to find a job, companies are using this fact to treat employees in the worst-case scenario. Sometimes they are not paid in time, they are not paid for extra hours, they work more than 40 hours/week, they don't do the holidays, they have low wage etc. For this reason women try to open their business and be independent.

The difficulty in receiving a job: Many Albanian women strive for entrepreneurship because of their dissatisfaction towards their current jobs, frustration, unemployment and non-progress. Self-employment has been seen to offer a better career possibility and a better income level as regular work under someone's payroll. Leaving a housewife role after several years may bring together difficulties in finding a job, since after taking care of the children and the house specific professional skills might have forgotten. Then again working full- time might be difficult if the children are still young. This way entrepreneurship may be a good choice if a woman can combine home and work.

An alternative for unemployment: Due to difficult financial situation several women may be forced to self-employ themselves with the aid of entrepreneurship. Therefore starting her own business is the only way to make the family living.

Unemployment both attracts and pushes women towards entrepreneurship.

The possibility for time management: Albanian women find more easy the way to deal both with time management between family and work. They may organize their own time and feel comfortable to be present at home as well to have time for their work.

Orientation and performance

Entrepreneurial orientation is a gauge to show a business entrepreneurial activity. Each displays a level enterprise organization, which can range from a low level in the organization in a conservative high level in those entrepreneurs. Morris, Kuratko, & Covi (2008) point out that monitoring the entrepreneurial orientation can be determined on the level of entrepreneurship in an organization (p. 54).

Orientation entrepreneurs such as innovation and risk taking are factors that have been found to determine the success of a woman entrepreneur. Innovation enables women entrepreneurs new things, such as technology, products and market as risk taking is necessary if women are entrepreneurs in businesses with relatively large scale.

Network and performance

By Fraser (1995) and Wheeler (1995), using informal supportive relationships is one of the best ways to create a business and these relationships help new ventures to bypass the obstacles that hinder the growth, success and personal fulfillment. However, women are often excluded from social networks or informal networks of information such as clubs only for men, networks old boys, and business lunches than men (Brush, 1990) due to lack of time (Belcourt et al , 1991).

Albanian women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their

growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive. Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women-only or women-majority networks where a woman could enter, gain confidence and move further. Lack of networks also deprives women of awareness and exposure to good role models.

Performance is the act of performing; to do something successfully; using the knowledge that differs from the mere fact of having them. However, the performance is designed, operationalized and measured in different ways (Srinivasan et al., 1994), thus making cross-comparison difficult.

Looking at the state of women's performance in the labor market indicators are quite disturbing. Women represent a higher level and long-term unemployment and low participation in the labor market (60% of women) (VFP, 2011), while their involvement in self-employment activities is lower (Miluka, 2011) compared with men in Albania. Another feature is the concentration of women in low-productivity sectors and the high degree of informality, such as agriculture and manufacturing. Also, women are less involved in the industry and services sectors, compared with men (ISB, 2013). Such a focus is in part a result of the education system and the main responsibility of women to care for household chores. As a result of occupational segregation and larger cuts of their experiences in the labor market (due to poor care provisions for children), no significant differences in wages for women compared with men (MMSR 2014).

CONCLUSION

There is a debate over the last decade on what determines the performance of women entrepreneurs. Prior literature has indicated that women possess different characteristics and thus strengths and/or weaknesses compared to men. As such, the collection of data on the profile, experience, management skill and competency, size and sector, individual characteristics and the motives of Albanian women entrepreneurs are needed in order to allow the policy makers, educators, women associations and public to identify appropriate planning of national policies and programmes. This not only helps the government to identify the appropriate target, but also leads the women entrepreneurs in developing appropriate skills and capabilities in doing businesses especially at the start-up phase and might help them to create and sustain their business ventures successfully.

Another important factor to be taken into consideration is the support received from the Albanian government. While the government has undertaken various efforts in promoting entrepreneurship especially among the women, there are more to be accomplished. The policy makers should continue their efforts in nurturing more women entrepreneurs and also to facilitate their success.

In line with the social learning theory, the parents must be encouraged to motivate their children, particularly daughters to venture into entrepreneurship. In the past decades, many of these parents are employees and therefore, they would expect their child to become one too. However, with the strong economic growth and greater awareness on entrepreneurship, many new ventures have surfaced. The broadcast of success stories of women entrepreneurs coupled with the need for more employment opportunities due to economic growth have prompted greater attention from all parties, including parents to venture into businesses and/or to

encourage their children in doing so. Many universities has started to offer degree programme in entrepreneurship and/or make the subject of entrepreneurship mandatory.

Future studies are necessary to investigate the variables depicted in the theoretical framework. It is also interesting to compare the findings between men and women entrepreneurs using the comprehensive framework developed. Comparison between nations is another area that warrants further research attention.

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