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Policy Brief

Women Entrepreneurs Skills Enhancement

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Summary

The development and promotion of women's entrepreneurship and the support which is provided to the micro, small and medium enterprises (MSMEs) managed and/or founded by women should be implemented in a systemic and holistic manner. More specifically, the process of creating the support measures for women entrepreneurs should be based on the real and specific needs of the enterprises managed and/or founded by women, for which purpose it is necessary to keep gender-disaggregated statistics for the labor market, as well as make regular periodic assessments and analyzes of the development needs of the women entrepreneurs. In order to enable the economic empowerment of women, it is necessary to influence the processes of creating a favorable business climate, the key of which is providing easier access to resources and adequate support for the development of the entrepreneurial potential of the women who manage or want to establish their own enterprise. The development of the existing and the opening of new enterprises lead to the creation of new jobs, which in turn contributes to the growth and development of the entire economy of a country.

This policy brief has been developed based on the findings of the research conducted within the "Business Support Organizations - Champions" Activity, implemented by Strategic Development Consulting with the financial support of the United States Agency for International Development (USAID). In addition to the data collected during the research, this document also includes data collected through desk research. The recommendations for the measures and activities presented in this document are intended for the policy makers and they should contribute to the strengthening of the internal capacities of the MSMEs managed and/or founded by women and to the creation of a favorable environment aimed at increasing the competitiveness and productivity of the enterprises.



Introduction

Enterprises, especially the newly formed, but also the existing micro and small ones, need financial and non-financial support, which should ensure their survival on the market, as well as their growth and development. While the financial support should provide greater liquidity and easier cash flows, the non-financial support should provide support in the advancement of the existing and the acquisition of new knowledge and skills of the employees and the managers themselves, which in turn would increase the internal capacities of the enterprise. It implies implementation of (specific) trainings, advisory services and mentoring programs – as a kind of professional support for businesses.

To that end, the implementation of special programs for the development of the capacities of the women entrepreneurs who want to develop their own business is of special importance due to the fact that their implementation enables strengthening and improvement of the competences and skills of the employees, which is a key factor when it comes to gaining self-confidence by the entrepreneurs, but also contributes to increasing the competitiveness and productivity, as well as the profit of the enterprise. In order to achieve the expected results and efficiency in terms of the implementation of such activities, it is necessary, when defining the special programs for the development of the capacities, that they take into account the specific needs of the women entrepreneurs. Conducting regular analyzes of the training and skills needs and organizing trainings for (women) entrepreneurs according to the identified needs should be one of the priorities of the policy makers when developing the plans and programs for support of entrepreneurship. By establishing such a system where the supply *is based on the demand*, a level is reached at which the funds provided by the state (but also from other funding sources) are rationally and efficiently used for the purposes of achieving the desired results for development and support of entrepreneurship.

The enterprises managed by women do not differ from the general average when it comes to training needs, but they have a greater need for (non)financial support because women do not start from the same position as men. It is due to the still present gender stereotypes, the responsibilities within the family, the difficulties in securing capital, as well as the lower level of self-confidence. Depending on the region where they work and operate, the enterprises which are managed and founded by women represent up to 10%, and in some countries up to 30% and 38.5 % of the total number of enterprises. As a result, more and more countries are implementing special measures and activities and creating special policies for the development of women's entrepreneurship due to two main reasons, according to the research conducted by the Organization for Economic Cooperation and Development (OECD). The first reason is that, despite the lower rates of participation in the field of entrepreneurship compared to men, women are an important untapped source of economic growth because they too create new jobs for themselves and for others. The second reason refers to the fact that the women entrepreneurs have a different approach to dealing with the social, organizational and business problems, which is reflected in the processes of business management, as well as in the use of entrepreneurial opportunities.

This added value is not much promoted, i.e., there is low level of awareness of the role of the women entrepreneurs in the economy.

As a result of the support provided to the women entrepreneurs, an increasing number of women are encouraged to start their own business and manage to achieve significant economic results, not only for themselves but also for their families and for the society as a whole. In a global framework, the women entrepreneurs are more ethics-oriented and more socially responsible compared to the male entrepreneurs, due to the fact that a large part of them are also mothers and have a more protective approach to the things they do[1, 2].

The use of a gender-sensitive approach in the process of creating policies for the support and development of the MSMEs by the policy makers, which takes into account the specific needs of the women in terms of the businesses they run, would provide additional (non)financial support, which in turn would increase their potential for easier access to the domestic and foreign markets, improve their access to cheaper and better quality inputs, improve their managerial and technical skills, and enable easier access to and more efficient use of the available specific financial instruments.

Furthermore, it is also necessary for the women entrepreneurs to have easier access to the training providers, universities, institutes, laboratories, etc. so that they can more effectively include the introduction of new products and technologies and improve the existing ones in the process of business development.

The role of the local self-government units is also important, from which greater level of engagement is expected in terms of providing greater support for the potential and the already existing MSMEs managed and founded by women. Thus, for example, in relation to the potential women entrepreneurs, the municipalities should offer assistance in terms of the development of their business ideas and business plans and provide guidance to the potential women entrepreneurs in the very process of registering the companies (by considering the possibilities for support when starting a business such as the Government's program for self-employment). Furthermore, the local self-government units should be involved in the process of raising women's awareness of the advantages and risks of registering a company in their name.

On the other hand, for the already existing enterprises, in addition to the support provided to all enterprises of that region, special programs should be defined for (non)financial support of the women's entrepreneurship and the MSMEs managed and/or founded by women, such as the initiatives of the City of Skopje that include the establishing of a Council for the support of women's entrepreneurship, financing projects for support of women entrepreneurs through the business support organizations and drafting a Strategy for the development of women's entrepreneurship for the Skopje Planning Region. In addition, funds should be allocated for providing direct support based on the needs of this target group.

[1] The gender and motherhood wage gap in the former Yugoslav Republic of Macedonia: An econometric analysis, ILO 2014, analysis

[2] Gender equality and decent work, ILO 2012

The situation in the Republic of North Macedonia

Numerous international comparisons indicate that the Republic of North Macedonia, in some of the global gender-related researches, is still significantly lagging behind when it comes to achieving gender equality. There are three key international indices that measure gender equality from several aspects: Gender Inequality Index (GII)[3], Global Gender Gap (GGG) and Social Institutions and Gender Index (SIGI).

Two of the three indicators speak of the fact that in the country there is still a significant gender inequality in the participation in the economic life, in the access to resources and in the opportunities. All of this provides a strong enough argument that in addition to the national level, activities that will contribute to the promotion of women entrepreneurship and the encouragement of women to engage in entrepreneurial activities are also needed at the local level.

The low participation of women in the labor market in the Republic of North Macedonia is indicated by the data that in 2021, of the total number of employers, only 19% were women. Similarly, 78% of the self-employed were men, while 22% were women. On the labor market in the Republic of North Macedonia, women are significantly less active than men. The employment rate of women in 2021 was 38.3%, i.e., 55.1% of women are economically inactive. The differences in the participation rates of women and men in the labor market lead to a gender gap in the employment rate, which in 2021 was 20.3%[4].

The framework for the support provided to women entrepreneurs in our country is defined in four basic strategic documents (not taking into account the Law on Budgets, which for the first time regulates the principle of gender-responsive budgeting and the obligation to include gender indicators and a gender budget statement at the central and at the local level):

- Work Program of the Government of the Republic of North Macedonia for the period 2022-2024
- National Strategy for Small and Medium Enterprises (2018 – 2023)
- Strategy for the Development of Women's Entrepreneurship in the Republic of Macedonia (2019 – 2023)
- Gender Equality Strategy (2022 – 2027)
- Law on Budgets.

[3] The GII is an index of gender inequality, which the United Nations has been monitoring since 1995; it is based on 5 indicators and it shows the extent to which the national achievements in certain areas of human resource development are threatened by gender inequality. The indicators in this index are divided into 3 dimensions and are used to assess the losses in human development caused by gender inequality in the three aspects of "reproductive health", "empowerment" and "labor market".

- The indicators selected for the "reproductive health" aspect measure the "maternal mortality ratio" and the "adolescent fertility rate"
- The "empowerment" indicators consist of "the female and male share in parliamentary seats" and "the population with at least secondary education (% aged 25 and over)
- The "labor market" indicator represents the "labor force participation rate"

[4] Women and men in North Macedonia, State Statistical Office, 2023, ISBN 978-608-227-352-5

Although only the Strategy for the Development of Women's Entrepreneurship defines specific activities to support the MSMEs managed and/or founded by women, the other strategic documents - the Strategy for Small and Medium Enterprises[5] and the Work Program of the Government[6] also define strategic priorities that should be implemented within the foreseen time frame, which should provide adequate support for the development and growth of the enterprises (especially the micro, small and medium-sized enterprises).

Based on these documents, which represent a roadmap for the direction in which the support provided by the state should move and for the goals that are to be achieved, annual programs are further defined, which contain specific activities, measures and projects, the realization of which should contribute to the achievement of the previously defined goals. Such programs, which are developed in accordance with the multi-year action plans which constitute an integral part of the strategic documents, are usually adopted on an annual level by the Government and they are implemented via the Ministry of Economy[7, 8] and the Agency for Promotion of Entrepreneurship, and in some segments via the Fund for Innovation and Technological Development, as well as via the Office of the Deputy Prime Minister in Charge of Economic Affairs, Coordination of Economic Sectors and Investments. These programs comprise activities for financial and non-financial support of the enterprises.

Although there is no more detailed evaluation and assessment of the impact (as a publicly available document) in relation to the implemented activities arising from the action plans (which are an integral part of the strategies), in the future, in addition to the inclusion of such monitoring and evaluation tools through which the success of the implemented activities and the achievement of the expected results and goals of the strategic documents would be evaluated, it is also necessary to enable a higher level involvement of the end users (for whom these documents are intended) in the policy making process. This in itself strengthens the trust towards the institutions and creates a more transparent policy making process, which, by including a greater number of stakeholders and users in the process, also increases the very efficiency of the implementation of the activities and the financial resources provided by the state.

[5] Priorities from the Strategy for Small and Medium Enterprises:
- Increasing and improving the possibility for growth of the SMEs: To help the SMEs become highly productive and competitive participants in the European and other international markets.
- A dynamic ecosystem of entrepreneurship and innovation: To encourage the economic competitiveness of Macedonia by increasing the entrepreneurial and innovative capacity of the SMEs

[6] The plan for accelerated economic growth will play a key role in stimulating new jobs and stimulating the growth of the economy in the Republic of North Macedonia. The ultimate goals go in three directions: 1) Increased investments, i.e. enabling more effective use of the public investments by mobilizing additional investments by the private sector; 2) Accelerated growth, doubling the economic growth rates in the medium term and 3) Ensuring fiscal consolidation.

[7] https://economy.gov.mk/docs/sektor-pretpriemnistvo

[8] https://economy.gov.mk/mk-MK/news/programa-za-poddrska-na-konkurentnosta-na-prerabotuvackata-industrija-i-opstestvena-odgovornost-za-2023-godina.nspx

Analysis of the research results

Within the framework of the research that was carried out in the period March - June 2023 for the needs of the project USAID "Business Support Organizations - Champions" Activity, by using qualitative and quantitative methods, the goal was to analyze the challenges and needs of the MSMEs from 9 sectors of the economy (manufacturing industry; retail and wholesale trade; accommodation and food service facilities; transportation and storage; agriculture; arts, entertainment and recreation; information and communication; supply of electricity, gas, steam and air conditioning; craftsmanship) to which the government support was focused in the last 3 years (during the health and energy-economic crisis), as well as to perceive the attitudes and thoughts of the representatives of the key state institutions and the representatives of the business sector (chambers, business support organizations, business associations of women) in relation to the development of the MSMEs in order to develop recommendations for effective policies and measures that will contribute to more competitive and adaptable enterprises.

According to the data obtained within this research, which included almost 1/4 of the MSMEs managed or founded by women[9], they believe that in order to improve the conditions of the MSME sector and more specifically the women entrepreneurship, it is necessary to enable better functioning of the legal system, as well as implementation of laws, improving the operation of the institutions, and having clearly divided tasks of all involved parties from the public and the private sector. Furthermore, according to the women entrepreneurs, the improvement of the work of the institutions responsible for the implementation of certain measures for support of women entrepreneurs would help in enabling greater accessibility of the institutions to the enterprises. They believe that it is necessary to improve the speed and efficiency of the operation of the public institutions and to improve their communication with the women entrepreneurs. Additional problems mentioned by the women entrepreneurs were the collection of receivables, the impossibility to be competitive when applying for public procurement tenders, as well as the "gray economy".

In addition, the women entrepreneurs stated that there is a lack of a systemic approach in providing support from the state, i.e. implementation of the analyzes that are necessary for identification of the development needs of the MSMEs founded and/or managed by women, so that, based on those analyzes, the policy makers can develop and adopt useful support measures. In this regard, the need was highlighted to support the MSMEs for the purposes of their digitization and digital transformation. Accordingly, more support is needed for the MSMEs managed and/or founded by women – starting from raising awareness, up to implementing specific forms of digital business operations, including also the electronic payment. Taking into account the rapid development of the new technologies, there is a clear need for greater support for the women entrepreneurs in terms of the digitalization of their work processes, both during the establishment and during the promotion of the already existing businesses.

[9] 23% managed by women and 24% founded by women

Recommendations for measures/activities

Based on the conducted survey and the views and opinions that were shared by the respondents included in the focus groups and in the in-depth interviews, the priority areas that the relevant stakeholders should focus on, which areas are related to the strengthening of the capacities of the MSMEs, including/with a focus on those that are founded/managed by women, are the following:

- Establishing a central data recording system for enterprises managed/owned by women.
- Raising women's awareness of the advantages and risks of registering a company in their name.
- Educating the MSMEs about the importance of innovation in business development and the manners of introducing innovative processes/products in their operations.
- Improving the communication about the opportunities for financing and supporting innovation among the MSMEs, the business support organizations and the institutions.
- Improving the awareness and the access of the MSMEs to the government measures and programs.
- When creating the strategies and measures for support of the MSMEs, taking into account the size of the enterprises, as well as the specifics of the industry/sector in which they operate.
- Digitalization of the services in order to simplify the application procedures for the measures/support for the MSMEs.
- Creating effective tools for monitoring and evaluation of the performance/results of the implementation of the strategies and programs for support and development of the MSMEs.
- Promotion of communication and coordination among the different state institutions in terms of the MSME strategies and programs.

Based on the above-mentioned priorities, presented here are the measures, i.e., the activities that should be implemented in order to enable a comprehensive system of education for the development and advancement of the skills and knowledge of women entrepreneurs.

The topics for some of the measures related to the strengthening of the capacities of women entrepreneurs by providing trainings are defined based on the findings of the research conducted within the USAID "Business Support Organizations - Champions" Activity, as well as based on the analysis of the secondary data sources which showcase good practices applied at global level. So, for example, the strengthening of the digital skills and knowledge is one of the eight key competences for lifelong learning. In order to identify additional and specific topics for the development of the capacities of women entrepreneurs, it is necessary to conduct a research for assessment of the needs for their development.

The measures are divided into several areas, according to the type and the manner in which the activities should be carried out. Some of them are preparatory (such as conducting an analysis of training/skills needs), others refer to providing direct support to enterprises, while the rest pertain to indirect support, i.e. activities that should be carried out by the institutions in cooperation with other relevant stakeholders.

Table 1. Proposed activities that should be part of the policies/annual programs of the institutions that provide support to the MSMEs managed and/or founded by women

Activities	Estimated time required for implementation	Institution/organization responsible for the implementation
Conducting a national/regional/local analysis of the training/ skills needs of the MSMEs managed and/or founded by women	5 months	Ministry of Economy, Chambers of Commerce and other Business Support Organizations
Conduct trainings for trainers/coaches according to the results of the training/skills needs analysis (optional)	4 months	Agency for Entrepreneurship Support, associations of consultants
Providing special advisory support (mentoring) to women entrepreneurs who are export-oriented and who perform technology-related activities	3 months	Agency for Entrepreneurship Support
Developing special training programs for digitalization of the business operations, as well as for digital transformation of the MSMEs founded/managed by women	4 months	Ministry of Economy and/or Agency for Entrepreneurship Support
Developing special financial literacy training programs	3 months	Ministry of Finance and National Bank of the Republic of Macedonia
Developing mentoring programs with experienced women entrepreneurs by providing advice and networking opportunities	6 months	Ministry of Economy and Agency for Entrepreneurship Support
Support in organizing networking events and forums that facilitate knowledge sharing, cooperation and partnerships among the women entrepreneurs	12 months	Ministry of Economy and Agency for Entrepreneurship Support
Organizing workshops on using technology tools for marketing and sales, e-commerce and other business activities	12 months	Ministry of Economy and/or Agency for Entrepreneurship Support
Establishing direct cooperation with the banks for the purpose of developing special financial products and services that meet the special needs of women entrepreneurs	2 months	Ministry of Economy, Chambers of Commerce and Business Support Organizations, Macedonian Banking Association
Collecting gender-disaggregated data on entrepreneurship and development of skills in order to assess the progress, identify the gaps and effectively design the future policies	12 months	Ministry of Economy and Agency for Entrepreneurship Support
Establishing a system/mechanisms for monitoring and evaluating the effectiveness of the measures for development of the capacities of the women entrepreneurs	4 months	Ministry of Economy

Conclusion

The provision of support for the education and advancement of the capacities of women entrepreneurs represents a comprehensive system, which, in addition to the realization of the trainings and the transfer of knowledge, should also include collection and analysis of gender-disaggregated statistical data, conducting researches and detailed analyzes of the real needs of the women entrepreneurs, and mapping the relevant stakeholders and their involvement/engagement both at the national and at the local level. By accepting the measures presented in this document and their consistent planning and implementation, the policy makers will support the growth and the success of the women's businesses and the women's entrepreneurship in the country, which in turn will contribute to the improvement of the gender equality in the labor market and the overall economic development. This is especially important at times when there is no strategic framework that paves the way for the achievement of the national goals for the development of the small and medium-sized enterprises and the women's entrepreneurship.

The implementation of the proposed measures should be an integral part of the action plans that will be an integrated component of the national sector strategies, which will further be included in the annual programs that are implemented via the ministries, agencies and other state institutions.





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