

# CHARACTERIZATION OF FEMALE ENTREPRENEURS IN SLOVAKIA

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## Abstract

In the 1980s, women's businesses gained ground in scientific discourse. Public attention was directed to the appearance of this social phenomenon. In Slovakia the appearance of female entrepreneurs and the gradual rise of their number can be observed as well. The present study, on one hand, provides a theoretical overview of how female entrepreneurs got into the centre of attention, and on the other hand, this study presents female entrepreneurs in Slovakia through the analysis of secondary and primary data. Based on the primary data, entrepreneurs in the sample are characterized by both autocratic and democratic leadership styles. At the examination of management style, we can see that the Laissez - faire driving style is less favored by female entrepreneurs. Moreover, within motivational factors pull factors influence women stronger than push factors in starting up their own business. The results of the primary research confirm the conclusions of previous studies.

**Key words:** female entrepreneurs, motivation, push factors, pull factors, leadership style

**JEL Code:** L26, M12, M14

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## Introduction

In the English literature, the entrepreneur as an individual is defined by the classical economics and management (the literature uses the term “he”, from which we can conclude the way of thinking that who are considered as entrepreneurs in the field of gender) who is able to break through the resistance to change. The entrepreneur bears a kind of super-normal intelligence and will and thus has rather more masculine than feminine values. This character is featured by personal freedom, success, and individualism. After that, the attention of researchers is focused on the knowledge of the attribute of masculine personality of the private entrepreneurs, that is on the knowledge of psychological and personality traits. According to Collins and Moore, entrepreneurs are more likely to be masculine than feminine (Ogbor, 2002).

This definition has received many criticisms and this is why gender theories were centered (Ogbor, 2002); (Bruni, Gheradi, & Poggio, 2005), which examined the psychological and individual features of the entrepreneur, that are important elements of business theories.

Women's entrepreneurial participation did not identify with the entrepreneurial standards adopted at that time. Male dominance versus female obedience, male autonomy versus female assistance, male aggression versus female cooperation and even similar differences were present in business-related standards. Conflict meant that men were dominated in the scientific community, so entrepreneurial gender attitudes remained invisible (Mirchandani, 1999), and the results of women's practices were also questioned. The reason for this invisibility was that the findings of entrepreneurial research came from men-oriented dominant cultural ideologies, which have also defined theoretical constructions (Ogbor, 2002).

In the same period, management and organizational sciences started to deal with a "gender-neutral" entrepreneurial approach, but this approach also focused mainly on male entrepreneurs and on a small proportion of women (Baker, Aldrich, & Liou, 1997).

The earliest studies came about at the end of the 1970s, trying to find differences between male and female entrepreneurs through psychological and sociological characteristics. Other researches looked at women who worked in the men-dominated industry. As we have already pointed out, only a small part of science has dealt with female entrepreneurs. This statement is faithfully reflected in the *Frontier of Entrepreneurship* research journal, because of the 227 studies published between 1980 and 1987, only 13 of them were dealing with women's businesses (Brush, 1992, p. 7).

In the 1980s, female entrepreneurs gained ground in scientific discourses. Public attention was directed to this emerging social phenomenon. Researches have shown that there is a similarity between male and female entrepreneurs regarding demographic characteristics, business skills and some psychological features. At the same time, they found differences in the professional and training background, in the motivation associated with starting a business, in business goals and in business growth. Most of the studies focused on the individual demographic background, motivations and psychological characteristics of female entrepreneurs. Later they focused on characterizing female businesses, such as strategy, management style, start-ups, relationship networks, and environmental factors (Brush, 1992). Within the social sciences, in the 1980s, great attention was paid to the relationship between women and the economy in developing countries. Adler and Israeli have pointed out that since the Second World War the number of female employees has increased dramatically, showing demographic changes for institutional actors (political, economic research). Globalization of the economy and the growth of women in higher managerial position require greater investment in training and education (Bruni, Gheradi, & Poggio, 2004).

Researches have continued to investigate social and gender differences through entrepreneurial performance and entrepreneurial characteristics (Fischer, Reuber, & Dyke, 1993).

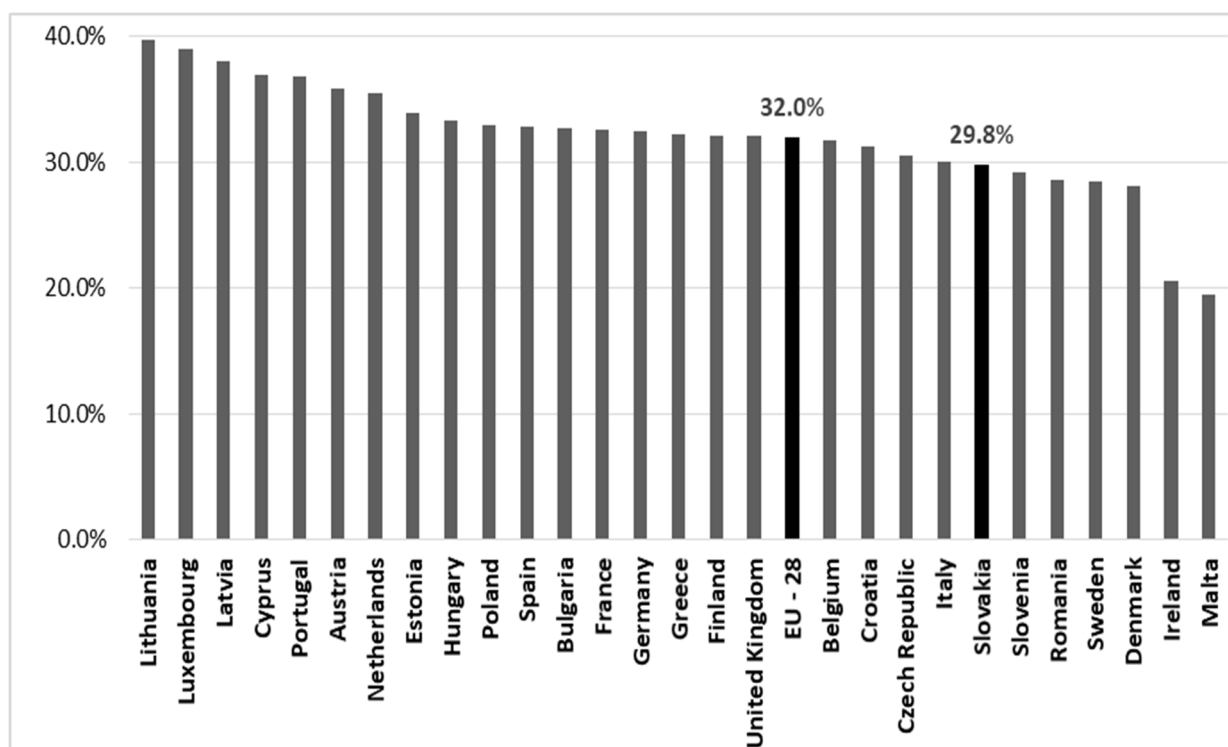
## **1 Female entrepreneurs in Slovakia**

About half of Europe's population is made up of women. Over the last decades, women as entrepreneurs have begun to become important players in the economy. According to estimations female entrepreneurs numbered about 11 million.

The following figure shows which European countries have the most female entrepreneurs in 2015. In the vast majority, female entrepreneurs are found in Lithuania (39.7 %), Luxembourg (39.0 %) and Latvia (38.1 %). Slovakia's position (29.8 %) compared to the average of the European Union (32.0 %) is much lower. After Slovakia there are another countries of European Union, like Slovenia (29.3 %), Romania (28.6 %), Sweden (28.5 %), Denmark (28.2 %), Ireland (20.6 %) and Malta (19.5 %). The scale of female entrepreneurs depends on state, international and regional support. „SMEs presents 95 to 98% of all businesses. Support for these businesses is therefore important for the economic development of each country or integration group” (Tóth & Mura, 2014).

We can see that the situation of Lithuania, Luxembourg and Latvia is outstanding, because more women can engage in business (SBA, 2016).

**Fig. 1: Percentage of female entrepreneurs in EU in 2015**



Source: Eurostat

After the change of regime, the conditions of private enterprise were created in the then Czechoslovakia. From this point, businesses started to grow rapidly. In Slovakia more than half of the population (51.3 %) and about 44 % is made up of women of economically active population.

Most of the female private entrepreneurs represent the freelance form, which is 52.4 %. The primary producers are 22.5 %, self-employed are 27.5 % and private entrepreneurs are 28.4 %. This data represents a decrease compared to previous years (SBA, 2016).

**Tab. 1: Natural persons - entrepreneurs based on company's forms and gender in 2015**

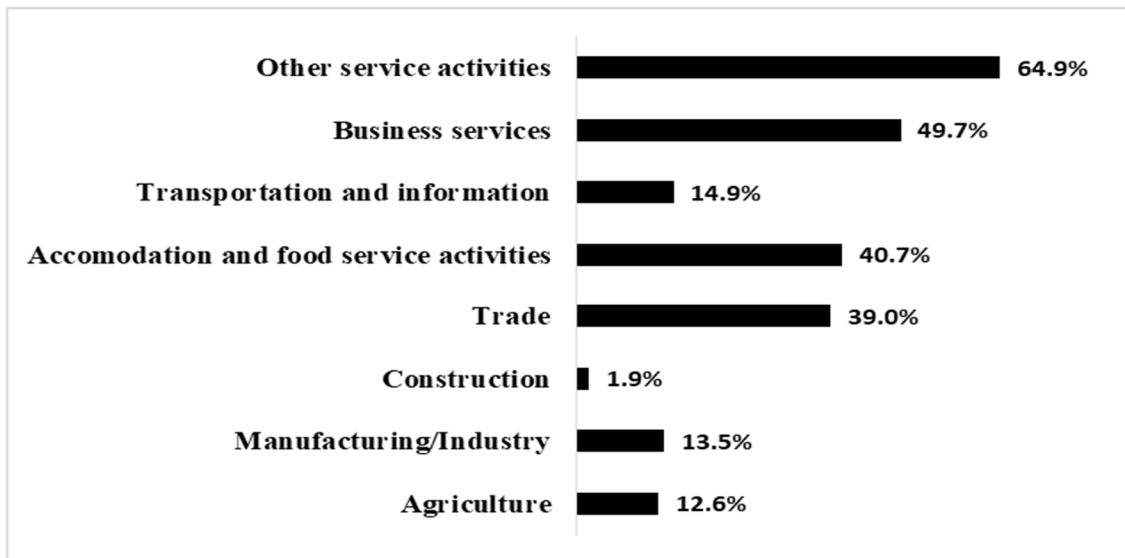
Sex / Company form	Sole traders	Self-employed farmers	Liberal profession	All natural persons - entrepreneurs
<b>Men</b>	72,8 %	77,5 %	47,6 %	71,6 %
<b>Women</b>	27,2 %	22,5 %	52,4 %	28,4 %

Source: based on SBA data, 2016, online

The following figure shows female private entrepreneurs based on sectoral breakdowns. Data shows that most of the female entrepreneurs are operating in other services (64.9 %), in

administrative and service support activities, there is also a high proportion of female entrepreneurs engaged in trade, in accommodation services and in catering (Lisičan, 2016).

**Fig. 2: Percentage of women entrepreneurs of total number of entrepreneurs by sector in Slovakia, 2015**



Source: (Lisičan, 2016)

The highest level of the entrepreneurial activity of female private entrepreneurs in 2015 in Slovakia was achieved in the capital, in Bratislava. The largest entrepreneurial activity was in the Bratislava I. district (Staré Mesto) 18.1 %, Bratislava III. district (Nové Mesto, Rača, Vajnory), Bratislava II. district (Ružinov, Vrakuňa, Podunajské Biskupice) 12.7 %, and in the Bratislava IV. district (Karlova Ves, Dúbravka, Lamač, Devín and Devínska Nová Ves) 11.0%. After the capital, the level of the entrepreneurial activity was also high in the Senec district (Okres Senec) (10.6 %), Pezinok District (Okres Pezinok) (10.5 %) and in Banská Štiavnica district (Okres Banská Štiavnica) (10.2 %) (SBA, 2016).

## 2 Research methodology

In the research and data collection, carried out in spring of 2017 Anett Szamaránszky and Ivett Csóka second year students of J. Selye University were assisting. The questionnaire query was chosen from the quantitative methods for a monitoring method, as it is considered to be a suitable method for describing large number of population. During the sampling, we used the quota sampling from non-random sampling methods. We used quota sampling because we did not have the list of the main population, however we wanted to strive for representativeness.

The criterion we chose for selecting the individuals in the sample was the number of employees in the business that was used to measure the size of the SME based on the SME rating.

### 3 Motivation and leadership style of female entrepreneurs in Slovakia

The following table summarizes the motives for starting a business. Individuals in the sample could evaluate each statement through a 7-grade Likert scale in terms of how much they agree with the statement. If we take a look at the table, we can see that respondents' motives for starting a business have been influenced by pull factors rather than push factors. Within the pull factors, the desire for independence is also the strongest, as it has been already confirmed by previous researches. Within the push factors, workplace dissatisfaction was dominant. In addition to the average values, it is worth to check out the deviation values, which can be inferred from how far the values differ from the average. We can see that there is a difference between the individual answers and their average values (Gódány, 2017). In other studies where employee satisfaction was studied in terms of the motivational tools to increase the employees' degree of satisfaction, financial recognition was also considered to be important motivational tool (Vlacseková & Mura, 2017).

**Tab. 2: Average value and standard deviation of motives for starting a business**

<b>I started doing business:</b>		<b>Average</b>	<b>Standard deviation</b>
Pull	, because I found a new need for a new product / service.	<b>4,15</b>	<b>2,194</b>
Pull	, because I wanted to be my own boss.	<b>6,23</b>	<b>1,499</b>
Pull	, because I wanted to be independent in financial matters.	<b>6,18</b>	<b>1,435</b>
Pull	, because I want to become independent, not financially. (Time)	<b>5,94</b>	<b>1,654</b>
Pull	, because I want to be recognized by others.	<b>5,02</b>	<b>1,950</b>
Pull	, because I want to create a personal well-being for myself..	<b>5,92</b>	<b>1,710</b>
Pull	, because I want individual development.	<b>5,76</b>	<b>1,712</b>
Pull	, because I want to realize myself.	<b>6,18</b>	<b>1,407</b>
Push	, because I inherited the business from my family.	<b>2,12</b>	<b>2,103</b>
Push	, I was dissatisfied with my previous job.	<b>4,16</b>	<b>2,531</b>
Push	, I had no choice.	<b>2,10</b>	<b>1,840</b>
Push	, because I was previously unemployed.	<b>1,78</b>	<b>1,804</b>

Push	, because my previous job position became uncertain.	2,52	2,174
Push	, because at work I had workplace conflicts.	2,00	1,780
Push	, because on my workplace I had disagreement whit my leader.	1,97	1,795
Push	, because I felt my position without prospects.	2,57	2,220

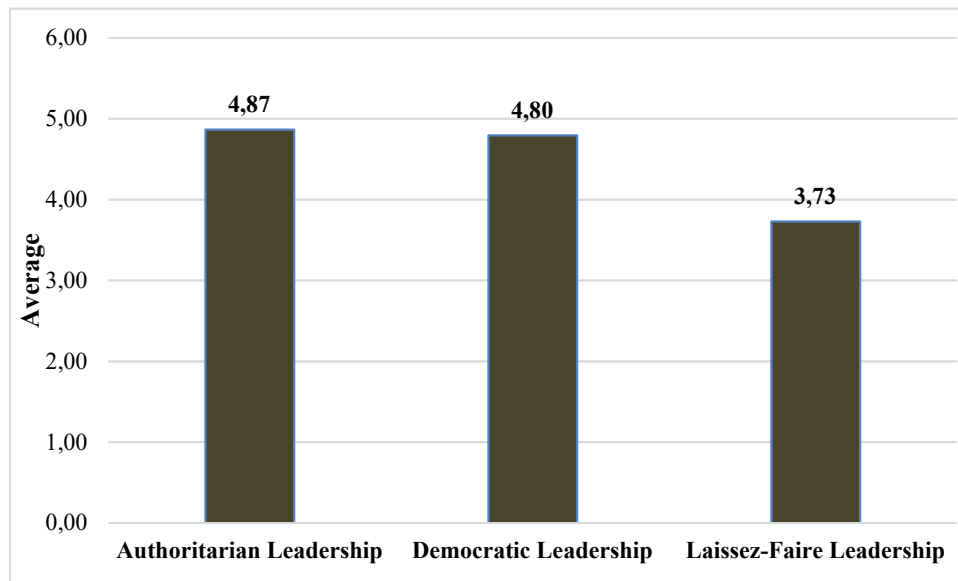
Source: (Gódány, 2017, p. 109)

American female entrepreneurs were motivated to become entrepreneurs by the push factors, like frustration at the former workplace and impoverished environment. Stokes in his research found that in large organizations, the work environment for female middle managers was more unfriendly than for the male executives, which he explained with the “glass ceiling” phenomenon. The feelings of frustration or discomfort experienced by women in the workplace usually arise from a strong masculine corporate culture that carries a strong hierarchy, male dominance and the power of the directives. This is in contrast to soft influences and to striving for consensus, which is more specific in the feminine organizational culture (Orhan, 2005)

Kurt Lewin is closely associated with leadership styles. He distinguished three types of leadership styles:

- Autocratic: leader who do not particularly deals with the standpoint of his employees. He tries to achieve goals with the style of tyrant, in which way he can sometimes reach what he wants, although it is not the most favorable workplace atmosphere for employees, because everything is regulated.
- Democratic: we might say it is the opposite of autocratic style, because in this leadership style the leader involves his employees in decision making. They ask for their opinion in certain decisions, thus enabling employees to work in good workplace atmosphere. Apart from that, the leaders asks the employees for the tasks to be performed, but still with a method, with which no one feels restricted.
- Laissez-faire: the leader does not participate in the management of the employees, he gives them only the necessary “raw materials”. He does not force his opinion and he lets the employees to solve the problems themselves (Northouse, 2011).

**Fig. 3: Average value of leadership style of women entrepreneur**



Source: own research

Based on the research, female leaders who completed our questionnaire can be classified into the following categories. The average of the autocratic leadership style was 4.87. Surprisingly, it is not far from the democratic leadership style that has an average value of 4.80. We can see that from the three leadership styles dominate the democratic and the autocratic leadership style, which we fully agree with, because the final outcome is realistic. Today’s entrepreneurs could be described as precisely. Indeed, the democratic leader does not postpone the accrual and pay attention to the business, is helping his subordinates and listening to their opinions in decision-making cases.

## Conclusion

In this study, we could gain insight into the process of how female entrepreneurs get in the middle, on the other hand we can gain knowledge through secondary and primary data about the situation of women entrepreneurs in Slovakia.

Based on statistic results it can be said that the proportion of female entrepreneurs in Slovakia is lower than male entrepreneurs. This value is also low in European terms, as we have seen in the previous figure. Observing the sectorial distribution of female entrepreneurs, it can be clearly stated that gender segregation is observable. There are some industries, where the number of women entrepreneurs is low on European and Slovak levels, but in the administrative and other service sectors the proportion of women exceeds the number of male entrepreneurs.

The results of the primary research confirm the conclusions of previous studies. We can see that pull and push factors together affect women in starting a business. Pull factors play a



greater role than the push factors, so it can be said that the individuals involved in the study initially began to engage in internal motivation rather than external constraint. At the examination of management style, we can see that the Laissez - faire driving style is less favored by female entrepreneurs. Based on Hofstede's research, Slovakia has a high power gap and a high Masculinity dimension. Depending on this, it is clear that authoritarianism and competitive spirit are important, which is less favorable to the Laissez-faire driving style.

In order to get more accurate results, it is necessary to continue the research in the future. Depending on the research results, it would be worthy to examine the profile of women entrepreneurs behind the high standard deviation values.

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