

Chapter 14

Problem of Financing Women Entrepreneurs: Experience of Women Entrepreneurs in Post–Conflict Bosnia and Herzegovina

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ABSTRACT

The purpose of this chapter is to explore the problem of financing women entrepreneurs from the perspective of BiH women entrepreneurs. Using an interpretive research methodology and based on face-to-face semi-structured in-depth interviews with 12 women entrepreneurs, the authors examined their perceptions and identified the key barriers to accessing financial means as they were experienced and faced by women entrepreneurs from Bosnia and Herzegovina (BiH). The results presented in this chapter indicate that in BiH there is a problem of social inadmissibility of women entrepreneurs, as well as open discrimination by banking officers. If these are accompanied by high interest rates on loans, extensive and costly documentation necessary for applying for a loan, and the inability to provide collateral, it leads to financial exclusion and limited access to finance. Making progress on alleviating or tackling the problem of financing women entrepreneurs is a long-term commitment from governments, non-governmental organizations, financial institutions, and investors.

INTRODUCTION

Regardless of the great role that women entrepreneurs can play in creating new jobs, reducing poverty (Naudé, 2010), economic recovery, growth and development, and social cohesion, their position in most developing countries today is far from wanted and encouraged (Abor & Quartey, 2010). One of the main reasons for this is the lack of financial resources and difficult access to them, i.e. problem of financing. From these and many other reasons the problem of financing women entrepreneurs attracts continuous interest in academic and non-academic circles. The problem of gender inequality and exclusion is part

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of a global ‘natural disaster’ and injustice inflicted on women around the world. There are numerous and specific challenges that women face in securing financial resources for their business, regardless of the size of the business, the activity they are dealing with or the country in which they do business.

In order to better understand this problem, insights into the experiences and perceptions of women entrepreneurs are valuable because they have the potential to clear up this problem to all stakeholders - the academic community, financiers and policymakers (de Bruin, Brush & Welter, 2007). Nevertheless, a large number of scientific papers on the problem of financing women entrepreneurs deal with this issue from the perspective of the developed - Western economies, whereas a small number of papers focus on the problem of financing women entrepreneurs in other and different cultural and institutional contexts, such as developing countries (De Vita, Mari & Poggesi, 2014). However, the fact is that a different and more global view of gender gaps in funding allows us to develop more complete and more contextual theories and concepts related to this issue.

Therefore, this chapter is focused on the Bosnia and Herzegovina context and tries to explore the key barriers that limit the financing of women entrepreneurs in this small, poor and underdeveloped country. The research methodology is interpretative in its nature and is based on insights from in-depth interviews on a sample of BiH women entrepreneurs which document their perception of the complexity of different sets of factors that influence the access to funds for financing their business ventures.

The objective of this chapter is to explore the constraints in access to financial resources, that is, the key barriers faced by women entrepreneurs in developing countries. This chapter is a kind of research study that documents perceptions of key barriers to accessing financial resources that limit the growth and development of women entrepreneurs, viewed from the perspective of a sample of BiH women entrepreneurs. Certain attention is also dedicated to the demystification of motives that drive women in transition economies to start their own entrepreneurial venture.

The results of the research presented in this chapter are in line with other recent research on the problem of financing women entrepreneurs that attributes to women a greater risk aversion and, therefore, a lesser chance of securing funding from external sources; they also tend to focus on service sectors that are usually cheaper and easier to set up or operate in sectors where growth can be restricted and their jobs are local. With a lower degree of economic development of the country, this problem is deteriorating, so that women in BiH as well as in other developing countries face many deficits due to social and structural inequalities that hinder their access to resources, influential social and political positions, the creation of networks and social capital, which only reinforces gender inequality (Stošić – Panić, 2017).

The research results presented in this chapter are unique in the way of getting to know and warn on the specificity of the entrepreneurial experience with the problem of financing in the Bosnian-Herzegovinian context, and therefore in the context of the developing economies in general. The results of the research stemmed a proposal of measures and guidelines for policy makers, the implementation of which would contribute to raising national awareness of the importance of woman entrepreneurs, and thus significantly mitigate the problem of financing. Therefore, this chapter may be interesting not only for the academic community, but also for the wider socio-political community, and policy makers, which also reflects the practical value of this chapter.

This chapter is organized in the following way: theoretical discussions bring a brief overview of theoretical and empirical papers dealing with the problem of financing women entrepreneurs both in developed and developing countries, and they are presented in the next section. Furthermore, we point to the problem of financing women entrepreneurs in the post-conflict Bosnia and Herzegovina. We then explore the experiences of successful women entrepreneurs in BiH regarding the problem of financing

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