



UNIJA POSLODAVACA
CRNE GORE
MONTENEGRIN EMPLOYERS FEDERATION



ASSESSMENT OF THE ENVIRONMENT FOR WOMEN ENTREPRENEURSHIP IN MONTENEGRO

ISBN 978-9940-658-00-7



9 789940 658007 >

CIP - Каталогизација у публикацији
Национална библиотека Црне Горе, Цетиње

ISBN 978-9940-658-00-7
COBISS.CG-ID 23390480

Assessment of the environment for women entrepreneurship in Montenegro

Podgorica, September 2013.

Title:

Assessment of the environment for women entrepreneurship in Montenegro

Author:

Montenegrin Employers Federation (MEF)

Co-author:

IPSOS Strategic Marketing (ISM)

Published by:

Montenegrin Employers Federation (MEF)

IX crnogorske brigade 11

81 000 Podgorica, Montenegro

T: +382 20 209 250

F: +382 20 209 251

E: upcg@t-com.me

www.poslodavci.org

Editor:

Zvezdana Oluić

Design and print:

M.A.S. Code, Podgorica

Copies: 200 copies

Place and date of publishing:

Podgorica, September 2013.



International
Labour
Organization

Expressions used in this publication make no distinction between female and male gender but imply both genders.

Work on this project was made possible with support of the Government of the Kingdom of Sweden.

This publication has been published with the support of the (Bureau for Employers` Activities of the) International Labour Organization.

The responsibility for the opinions expressed in this report rests solely with the author/co-author. The International Labour Organisation (ILO) takes no responsibility for the correctness, accuracy or reliability of any of the materials, information or opinions expressed in this report.

CONTENT

Preface	5
Acknowledgement.....	6
List of Abbreviations	7
1. Executive Summary	9
2. Introduction	18
2.1 Research objectives.....	20
2.2 Methodology.....	20
2.3 Limitations of the research	22
3. Framework for understanding conditions for women entrepreneurship in MNE	23
3.1 Legal Framework.....	23
3.2 Political Participation	24
3.3 Economic Environment	25
3.4 Labor Market.....	28
3.5 Business environment in Montenegro.....	30
3.6 Small and Medium-Sized Enterprises.....	33
3.7 Companies owned by women.....	35
4. Assessment of environment for the development of women entrepreneurship in MNE.....	38
4.1 Assessment of the management and coordination policy.....	38
4.1.1 Institutional mechanisms	38
4.1.2 So far progress assessment	42
4.2 Assessment of regulatory and legal issues.....	43
4.2.1 Strategic documents.....	43
4.2.2 Business barriers	47
4.3 Assessment of Promotion of Women as Entrepreneurs.....	50
4.4 Assessment of Education and Training Access.....	53
4.4.1 Analysis of current situation.....	53
4.4.2 Missing skills and knowledge.....	56
4.4.3 Entrepreneurial learning in the system of informal education	57
4.5 Assessment of the Access to Credits and Financial Services.....	59
4.5.1 Demands for credits	59
4.5.2 Available credits	62
4.5.3 Women entrepreneurs as credit users.....	65
4.6 Assessment of the Access to Services for Business Development and to Information	66
4.7 Assessment of Associations and Networks of Women Entrepreneurs.....	67
4.8 Assessment of the Access to Business Facilities	69
4.9 Assessment of the Market Access.....	70
4.10 Assessment of Researches on Women Entrepreneurship	71
Resources	74

Preface

As owners of small and medium sized companies, women are generally perceived as unequal player in the economic arena. Compared to men entrepreneurs, women often have unequal status and credibility, it is more difficult for them to establish a company and they need more time in order to get accepted in business community. Along with the problems faced by all participants in business and especially by those belonging to the small companies, it is often said that women when establishing and developing business do not have equal starting point as compared to the social, educational and technological challenges as well as access to economic and financial resources. In addition to the lack of gender sensitive policies and their underdevelopment as well as economic sectors dominated by men and family commitments borne by women in most of the countries, it is clear that women entrepreneurship is followed by numerous factors that significantly limit or slow down its development.

In order to mitigate and overcome those problems, developing countries such as Montenegro, can follow a successful path of governments of developed countries where women entrepreneurs are identified as special target group, and which have adopted specific program measures, policies and strategies. Such an approach is a base of this strategic document which has been created by Montenegrin Employers Federation (MEF) and International Labor Organization (ILO) in order to provide support to policy and decision makers and thus to help future dialogue between public, private and civil sectors in preparation of program measures, policies and strategies which may provide expected results and contribute to further development of women entrepreneurship in Montenegro.

In that case, we can expect that the role and position of women in the world of work, is to be accepted as the standard.

Although the global economic crisis quite negatively reflects on the Montenegrin economy, at the same time it provides some challenges and possibilities for small businesses, especially if considered from gender perspective. Having in mind the role of small and medium business as key factor for economic growth, employment, poverty reduction and country development, it is clear that our society must not miss such opportunity.

As a contribution to such activities, ILO and MEF prepared a strategic document which has been realized within the project “Assessment of the environment for women’s entrepreneurship in Montenegro”, using the *AfDB/ILO Integrated Framework Tools and Methodologies for Assessment*. Being a long-standing and trusted partners, ILO and MEF had the aim to present with this content the practical needs of women entrepreneurs and to contribute to the removal of cultural, social, legal and political obstacles which they face in the work, advocating the intensification of the processes which lead to creation of favorable environment for the development of women business and gender equality in Montenegro.

Dragan Radić

Specialist for Employers Activities
ILO Office for Central and Eastern Europe

Predrag Mitrović

President
Montenegrin Employers Federation

Acknowledgement

We believe that policy and decision makers at local and national level are going to recognize values and meaning of the strategic document “Assessment of the environment for women’s entrepreneurship in Montenegro”, especially in terms of the development of future policies and measures as well as creation of entrepreneurship culture which promotes and contributes to the development of women business, gender equality and economic empowerment of women.

We thank the key information providers – Ministries, institutions and organizations (both national and international ones), business associations, women entrepreneurs, representatives of banking sector and the media for their time, shared knowledge, comments and feedback that contributed to preparation of this document.

We want to thank to Ipsos Strategic Marketing agency for the conducted research, technical support and assistance of their consultants.

We are most grateful to the ILO and Mr. Dragan Radic - Senior Specialist for Employers’ Activities in DWT/CO-Budapest, for the financial support, technical assistance and guidelines which enriched our understanding in this field.

Montenegrin Employers Federation

List of Abbreviations

United Nations Agency for Gender Equality and Empowerment of Women	UN Women
Small Business Act	SBA
Association of Business Women of Montenegro	ABW
Business Incubator	BI
Center for Entrepreneurship and Economic Development	CEED
Center for Vocational Education and Training	VET
Center for Development of NGOs	CRNVO
Faculty of Economics	FE
European Commission	EC
European Union	EU
Global Entrepreneurship Monitor	GEM
Global Competitiveness Index	GCI
Investment and Development Fund of Montenegro	IDF
Small and Medium Sizes Enterprises	SME
International Labour Organization	ILO
Montenegro Business Alliance	MBA
Non-governmental organization	NGO
German organization for international cooperation	GIZ
Action Plan for Gender Equality Achievement	APAGE
Chamber of Commerce of Montenegro	PKCG
United Nations Development Program	UNDP
Regional Centre for Entrepreneurial Learning for South-East European countries	SEECCEL
Foreign Investors Council in Montenegro	FIC
Foreign direct Investment	SFDI
World Trade Organization	WTO
Montenegrin Employers Federation	MEF
Employment Agency of Montenegro	EAM
Directorate for SMEs Development	DSME
Statistics Institute of Montenegro	Monstat
Bureau for Education Services	BES

1. Executive Summary

Montenegro has established a legal and institutional framework and adopted policies and strategic documents that support gender equality, promotion of women's rights and economic empowerment of women. However, the formal requirements are created, but the practice shows that the development of women's entrepreneurship still needs the full institutional support and appropriate incentive mechanisms. In our society, women are not sufficiently recognized as equal players in the economic arena, which leads to the worse starting position when establishing and later during the development of their own business. Therefore, there is a need to introduce affirmative measures and to enhance them further and in order to increase their efficiency, implement those measures from the local to the national level, with the participation and support of all segments of the Montenegrin society - public, private and civil sectors.

In traditional economies such as Montenegrin, the challenges of development of women's entrepreneurship can be seen double. The initial challenge is to legally define and strengthen the basis in the formal economy for the economic activities of enterprises owned by women, so they could strengthen and expand their business. Another challenge is to promote entrepreneurship and business opportunities with high growth potential among the educated and qualified women, so that their businesses are strong from the very beginning and have a potential for growth and job creation. In order to solve these challenges successfully, it is necessary to provide women with the access to a number of key financial and non-financial resources, as well as to the business that excludes gender-based institutional, cultural, regulatory and legal barriers which limit both the potential and total amount of their business activities. Therefore, the *integrated framework of ILO* should be recalled, which is generally based on the assumption that if women are equipped with the necessary resources, skills and capabilities to establish a stable business, then the country is going to derive profit from reduced poverty, increased employment and economic growth. Women entrepreneurs will be able to develop their own companies and become more significant players in the national economy, which will open the ways for greater social inclusion of women in the public domain, the higher degree of gender equality and the economic empowerment of women.

At the moment, data for Montenegro are not encouraging. Although, there are more women in the total population, they are in minority in terms of their participation in economic and political life. They are represented in entrepreneurship significantly less than men, as evidenced by data that only 9.6% of women are business owner, which places Montenegro behind the EU and the countries of the region. The reason for this is that for a large number of women entrepreneurship is not the primary goal in life, but they get into it mainly out of necessity, seeing it as a way to provide for their family. In addition, the ratings of certain representatives of the private sector show that these indicators of women's businesses in Montenegro are not a reflection of the real situation, but it includes data on women who are only formal business owners while the management functions and entrepreneurial activities are performed by their male relatives (spouse, brother, son). When it comes to the property women are owners of 4% of houses, 8% of land and 14% of holiday houses. The feminization of certain professions is disturbing as well, the existence of so-called "glass ceiling" and the wage gap which shows that for jobs of equal value, women's incomes are 86% of male income. In terms of education, women more often attend school for "female" occupations, which suggests the existence of gender segregation in educational profiles, although there are noticed positive changes lately - especially at the university level. Non-formal education offers numerous entrepreneurial training programs (for start-up and for existing business), which are recently created especially for women as a target group, and it is an improvement compared to the previous period. Although the support for entrepreneurship (start-up and existing) can be realized through financial and non-financial forms of support, Montenegrin banking sector remained dormant and fairly "aside" when it comes to the needs of women entrepreneurs. As of financing start-ups, the women

who have no ownership of the property are in particularly bad position, whose chances of self-employment and economic empowerment are at a minimum due to the inability to provide guarantees for the repayment of the loan in the form of mortgages. A particular problem for women is the harmonization of the work and family life, than the lack of family support and proactive actions of the state in encouraging entry into entrepreneurial waters (especially at the local level). A number of other restrictions should be added and they are recognized through insufficient networking, limited access to information, business premises and business opportunities. Although there have been some positive developments in terms of statistical recording data on the ownership structure of business entities (by gender), this area in the future should be significantly improved. This is particularly important if we have in mind that one of the key elements for the success of the overall process of strengthening gender equality is the availability of relevant statistics that are gender-disaggregated, and which provide the ability to see the actual level of the existing (in) equality and then to define priorities that require special attention.

In Montenegro, women entrepreneurs have shown that they are responsible, accurate, persistent, systematic and rational in business. With efficient management, quality decisions and responsible approach when meeting the obligations, they managed to cope with the economic crisis and maintain a business that is already burdened with debt collection problems, reduced liquidity and lack of funds. Therefore, the opportunity should be given to them and to all potential participants in the business and allow them to exercise their rights, to give contribution and to collect profit from economic, social, cultural and political development.

Policies aimed at women entrepreneurs and suggested by *the integrated framework of ILO*, may also include:

- Policies for removing barriers for start-up, growth and formalization of companies owned by women;
- Policies for improving access to markets;
- Policies for improving access for women to and control over economic and financial resources;
- Policies for strengthening social protection and social inclusion, as well as for reducing risks and vulnerabilities faced by women entrepreneurs and employed women;
- Policies for creating favorable entrepreneurship culture and context and a more favorable business environment for women entrepreneurs.

In this report, the environment for women's entrepreneurship in Montenegro is estimated by ten key areas. Each of them gives an overview of the recommendations, and the following are key ones:

- 1) To support entrepreneurship and SME by gender development measures of the private sector, fiscal policy and legislation - at the local and national level;
- 2) To establish a closer inter-agency cooperation at the government level, to create inter-agency teams for implementation of measures for the development of women's entrepreneurship and to introduce the obligation of regular evaluation of the realized activities;
- 3) To intensify the activities of the state on eliminating business barriers and creating the environment that is favorable and conducive for the development of women entrepreneurship - particularly at the local level;
- 4) To introduce tax incentives for self-employment of women and women entrepreneurship, and government subsidies for start-up for employed women and not only for women from the category of the unemployed;

- 5) To integrate entrepreneurship education into national curricula at primary, secondary and tertiary level and to encourage entrepreneurial learning in the informal education system;
- 6) To create a favorable bank credit lines for women entrepreneurs, to support the establishment of a guarantee fund for women entrepreneurs and to provide funding for women start-up through the provision of grants;
- 7) To establish women business incubator(s), and to introduce a quota system for women entrepreneurs within the existing (and new) business incubators;
- 8) To establish an annual prize for the most successful women entrepreneur(s), to provide regular maintenance of women entrepreneurship fair and to intensify the media promotion of successful business women;
- 9) To create the conditions for ensuring the collective care of children - especially at the local level (extended hours kindergarten, daily care in primary schools ...);
- 10) To include a gender perspective in all researches, and to introduce a requirement for recording and statistical classification of all data relevant to the development of entrepreneurship by gender.

Summary of recommendations by key areas:

1. Management and coordination policy:

- The state, government and authorities in the good spirit of tripartite social dialogue and with the full cooperation with private and civil sector, to implement economic and social policies at local and national level, which are supporting measures and affirmative action oriented toward the improvement and development of women business.

- That the public policies undergo gender analysis in order to identify and then eliminate possible shortcomings, omissions, ambiguities and opportunities for misinterpretation when interpreting and applying the existing laws, policies and action plans.

- To achieve closer inter-agency co-operation at the government level, especially between relevant ministries, bodies and institutions, and to establish an inter-sector teams (with the participation of employers' organizations, NGOs, international organizations, independent experts ...) responsible for the implementation of measures for the development of women entrepreneurship with the obligation of regular evaluation of realized activities;

- The Directorate for Development of SMEs, for the purposes of creating the strategy for development of women entrepreneurship, to form a working team consisting of representatives of relevant institutions, partner organizations from the private and civil sector and international organizations as well as experts in the field of gender equality.

- The Social Council of Montenegro, when considering economic and social issues, to pay the special attention to the development of women entrepreneurship and to make recommendations which will be addressed to the policy makers and decision makers at the national level; the local Social Councils to be activated (in accordance with the obligations under the act of their establishment) and to proactively act on all matters relevant to the development of women entrepreneurship in the municipalities territories that they cover.

- To create a basis for engendering institutions and governance in order to more successfully implement the interests and needs of women, particularly women entrepreneurs, through the Economic and Social Policy.

- The municipalities to establish a separate organizational unit for women entrepreneurship (secretariat, department), to provide a development policies which will be able to meet the needs of current and future

entrepreneurs and to support their work; such units to work closely with employers' organizations representing interests of business and women entrepreneurs.

- The measures at the level of local government to be adopted in accordance with the measures adopted at the national level, i.e. with a greater level of coordination between decision makers and public policies at local and national level.

- The state and competent institutions (at national and local levels) to implement affirmative activities on the promotion of women business initiatives - particularly in sectors that are not typically female.

- All partners from the program of gender equality (public, private, civil society) to prepare regular reports on the activities carried out with regard to supporting women entrepreneurship and their effects; relevant institutions to carry out monitoring and evaluation of implemented activities (comparison of planned and realized activities).

2. Regulatory and legal issues:

-The Government to support SMEs by applying measures of gender development in the private sector, fiscal policy and legislation.

- At the national and especially at the local level, to provide predictability and stability of the business environment, transparency of legal and regulatory frameworks, compliance between municipal level taxes and the state level, to simplify the complicated and costly administrative procedures and to eliminate forms of bureaucratic self-will.

- The state to intensify the ongoing activities in organizing the legislative framework and relevant regulations, in conducting favorable tax and financial policy, and in providing other kinds of support to women entrepreneurship.

- Local governments to verify the validity and amount of certain local taxes, especially in terms of their impact on the development of women entrepreneurship.

- To adopt action policies which foreseen the establishment of women business incubators at the level of all three regions; in different stages of setting up the incubators to provide a partnership of public, private and civil sectors.

- To pass the law on social entrepreneurship (social enterprises) which are going to provide a legal framework for self-employment of women - especially for those belonging to the less employable category.

- To define more precisely the work of inspectorate bodies, to work more on strengthening preventive compared to the repressive measures, to encourage inspections which include the same and equal treatment of all controlled bodies (both men and women business owners).

- The government to expand the tax scope to all legal and natural entities, that are carrying out some forms of illegal activity and generate income either partially or completely (doing business in the informal economy).

- The state to establish liability for negligence and delay in the work of certain institutions and public sector organizations, so that the women entrepreneurs are not to bear the burden of them.

- The state to adopt a set of measures to address the receivables collection between entrepreneurs and between entrepreneurs and public sectors, and to limit them on certain time period. This is especially when having in mind the unequal position of women owners of micro and SMEs, compared to the "big players".

- To improve the transparency of tender procedures, to work on elimination of identified weaknesses (the privileged position of certain businesses, nepotism, corruption) and to ensure that women benefit equally from the opportunities provided by any procurement process.

- *To enable more efficient control of administrative services, better practical implementation of provisions, and to provide the most of the procedures, forms and applications in electronic form.*
- *In the area of legislation to reduce the number of regulations and required documents, to simplify and shorten administrative procedures - especially for registration of business.*
- *The local authorities at the municipal level to work more closely with women entrepreneurs and help them to harmonize work and family life, by providing the collective childcare (extended hours kindergarten, new kindergartens, day care for children in primary schools ...); to continue the activities by which the fathers will be encouraged to use parental leave and to share the responsibility of child care.*

3. Promotion of women entrepreneurship:

- *To introduce special programs at the state level for promoting women entrepreneurship, for which the adequate funds will be allocated, the holders and expected results will be defined as well.*
- *To organize lectures delivered by guests - successful entrepreneurs - in primary and secondary schools and in colleges - in accordance with the professional molding of students;*
- *To organize public debates and gatherings, emphasizing the role and importance of women entrepreneurship and greater participation of women in business.*
- *With the aim of promoting the successful stories of women entrepreneurs that would serve as a role model for other women, to introduce an annual award for the entrepreneur(s) (at the national or local level) that should be assigned during the specially organized event, with media promotion; these activities to be implemented in partnership between the state (e.g. SME Directorate, Department for Gender Equality ...), employers' organizations and NGOs.*
- *The employers' organizations and women's business associations, as well as institutions and organizations at the national and local levels to promote successful entrepreneurs, their business practices and achieved results in all the regular and appropriate activities (e.g. during seminars and conferences, in promotional materials, business reports, on the website ...).*
- *The media to be actively involved in the promotion of women's entrepreneurship and successful women entrepreneurs; to launch a range of thematic TV and radio shows, than special newspaper sections and content on their websites, etc.*
- *Public, private and civil sectors to intensify their activities in terms of media promotion of successful business women, high quality business ideas and innovative solutions of women entrepreneurs, especially if they are implemented in the economic sectors dominated by men.*
- *To consider the possibility of introducing tax incentives for self-employment of women and women entrepreneurship.*
- *The subsidies for start-up not to be tied exclusively to self-employment of unemployed women, but also self-employment of women currently in the status of employees.*

4. Access to education and training:

- *The entrepreneurial learning (with particular aspects of women entrepreneurship) to be included in the national curriculum at all three levels - primary, secondary and tertiary.*
- *To constantly promote among the women the importance of lifelong learning and following the trends, particularly with regard to the effects of such practices on sustainability and business development.*
- *Business associations, governmental and non-governmental organizations and education providers to further enhance the existing training programs for women entrepreneurs (potential and existing ones) and to align*

them with their interests; for those purposes to engage successful women entrepreneurs who are going to pass on their practical knowledge and experience to attendees.

- The entrepreneurial training programs for women to be created by the topics covering all aspects of the business process, following the practice and technological advances in the world; to provide free education for the participants or possibly at reduced prices.

- The entrepreneurial learning programs and training to be organized in a way that they are available to women in all three regions of Montenegro and that are adjusted to the working hours and duties of women entrepreneurs.

- When organizing training and developing programs of entrepreneurial learning to pay special attention to the needs of women with disabilities (access to training premises, moving around premises, the use of special software).

- To encourage female students in schools and universities to participate in projects of virtual enterprises and in the voluntary practices in enterprises.

- To promote and encourage mentoring programs and to encouraging existing and potential entrepreneurs to use the benefits of this type of entrepreneurial learning.

- To promote among women the importance of education in the field of ICT as well as the opportunities and benefits of online learning and business.

5. Access to credits and financial services:

- To create the conditions for the funding of women business programs to be equally available in rural and urbanized areas and to be adjusted to the specifics of women businesses.

- The banks to create credit lines for start-ups and for the existing businesses women, under favorable conditions, i.e. the conditions which entrepreneurs can meet (lower interest rates, reduced collateral, simplified and reduced administrative procedures ...); to get better access to financial markets by guarantee instruments and by establishing alternative sources of funding women entrepreneurship.

- To initiate special programs for financing start-up women business, by providing grants or funds that would be awarded based on the quality of business plans; these programs not to make only for unemployed women, but they should be developed and promoted in a way that they are attractive for employed women as well.

- To provide additional subsidies and loans for women with disabilities who want to start or improve their own business.

- To develop a specific training program and to train a key staff of financial institutions to better understand the needs of women entrepreneurs and then to create an adequate supply of financial products and services for women entrepreneurs (existing businesses, start-up).

- The IDF and commercial banks to improve their cooperation, particularly in terms of effective support to those entrepreneurs whose businesses have exceeded the need for micro-financial services and require a higher level of loans (higher amount of credits).

- The employers' organizations, women's business associations and other partner organizations from the program of gender equality to organize training and consultancy for women entrepreneurs (existing and potential) about the knowledge and skills that can help them in the process of securing bank funding.

- To facilitate the reduction of criteria for subsidized loans, in order to encourage as many entrepreneurs to apply for these kind of funds.

- To support the creation of a guarantee fund for women entrepreneurs; to reconsider the possibility of a guarantee fund services which are related to issuing guarantees for bank loan for start-up, to be provide for women who do not own property.

-In all start up funding programs to include as a mandatory segment the education and counseling women entrepreneurs on the effective use and management of these means; for such purposes to connect financial institutions and providers of training and consulting services (private and civil sector).

6. Access to services for business development and information:

- Relevant state institutions, employers' organizations, women's business associations and NGOs to introduce a regular practice of sharing information important for business operations and the development of women entrepreneurship.

- At the level of local governments to organized so called info-services (dedicated telephone line) that will serve as information provider to potential and existing entrepreneurs.

- To create a special web portal that will contain useful business information and enable entrepreneurs to achieve two-way communication, and to receive quick and quality response to their question.

- Business organizations and women's business associations to conduct regular practice of informing its members on issues of importance to their business, and the attention should be paid to the development of publishing activities (publications that cover topics of interest to women entrepreneurs).

- The providers of entrepreneurial training to engage successful business women as lecturers.

7. Associations and networks of women entrepreneurs:

- The creators of the economic and social policies to encourage networking of women, to promote the importance of women's business associations (entrepreneurial associations) and membership in them.

- To promote and encourage mutual cooperation between women's business associations, as well as their connection with local governments, employers' associations, NGOs, international organizations and associations of women entrepreneurs in other countries.

- The employers' organizations and NGOs to provide assistance to women business associations in capacity building and strengthening of advocacy and lobbying for the interests of their members.

- The government (on both national and local) to create programs of financial support for projects of women's business associations.

- Women business associations to develop high-quality database of its membership; the data from these bases, as well as from those held by the employers' organizations and other development partners in the program of gender equality, to merge into a single register of women in business.

- For the needs of its members, women's business associations to create a separate service to provide free legal advice.

- To create a registry – data base of mentors for education and advice of current and potential women entrepreneurs; for mentors to choose successful entrepreneurs and managers and experts in various fields (regardless of the gender).

- To promote the international trends of business networking among the women entrepreneurs as well as benefits of participating in communities of that type (e.g. the concept "coworking").

8. Access to business premises:

- *To provide a partnership between public, private and civil sector (especially at the local level) in establishment women business incubator - at all three regions; to provide a new or use an existing, abandoned commercial buildings;*
- *In cooperation with local authorities, to provide for women's business incubators favorable conditions for the room tenants - women entrepreneurs (e.g., first year free of charge, lower costs of utilities ...).*
- *To strengthen the capacity of existing business incubators and to introduce quotas for the inclusion of women entrepreneurs as incubator tenants. The quota system for women should also be applied in the establishment of new business incubators.*
- *To organize a public competition for writing the best business plan for women start-ups and for the winners as a reward, among other things, the use of office space will be provided (for free, at a price lower than the market one ...).*
- *The local governments in making decisions on issuing business premises owned by the municipality to look for the possibilities by which the women entrepreneurs will be offered with certain advantages for the use of such space (e.g. first year free of charge).*

9. Access to markets:

- *The publications on economic indicators and market conditions to be regularly published and available to all interested women entrepreneurs.*
- *Fairs on the women entrepreneurship to be held annually, with the support of government and in partnership with women business associations and other partners in the program of gender equality (private and civil sector, international organizations).*
- *The organizers of the business forums and B2B meetings (especially international ones) to promote them among women entrepreneurs and their business associations, particularly bearing in mind the importance of such events in terms of information exchange and the opportunity to establish business cooperation.*
- *The organizers of the fair events in the country to provide favorable conditions and special discounts for women entrepreneurs and their participation.*
- *In organized participation of companies at fair events abroad, the organizers of such activities to provide favorable conditions for the participation of women entrepreneurs.*
- *Employers' organizations to achieve closer cooperation with diplomatic missions in Montenegro, and to inform businesswomen about the market situation and conditions, as well as about the opportunities to connect with businesses in other countries.*
- *The state to provide mechanisms (at national and local level) for the equal participation of women entrepreneurs in the procurement process, and to enable them to gain equal benefit from these economic opportunities.*

10. Researches on women entrepreneurship:

- *The gender aspect to be present in all surveys.*
- *The women's business associations, employers' organizations and other partners in the program of gender equality to continuously produce data that identify barriers for the development of women entrepreneurship at national and local level, and to make recommendations for their elimination; general public to be acquainted with the results of such researches.*

- *The national statistics institute to continuously record and statistically classify all data relevant to the development of entrepreneurship - by gender; the Institute for those purposes to analyze the effects of the involvement of women in business, along with the statistical comparison of the activities and status of men entrepreneurship, and to analyze the impact of traditional values, institutional, cultural, regulatory and legal barriers on yet insufficient participation of women in the economy.*
- *To encourage undergraduate students and especially graduate studies to increasingly implement research projects dealing with the topic of women's entrepreneurship and economic empowerment of women.*
- *To conduct research on the level of the existing knowledge and skills of women entrepreneurs, and to determine the level of compliance between the existing trainings and their needs for them; the development partners and training providers to be familiar with the results in order to create new training programs for women entrepreneurs.*

2. Introduction

The following sections will analyze the conditions for the development of women's entrepreneurship and the legal framework, Government's strategy, the current economic situation, as well as the overall market situation from the perspective of women-owned enterprises.

From the establishment of the former Yugoslavia, equality was the dominant ideology that was advocated by the nineties of the last century in the entire area of Yugoslavia, meaning in Montenegro as well, and in addition to other forms it included gender equality. However, patriarchal patterns of relationships were reproduced in that period.

The research on women in politics, which was conducted during 2012 for the purposes of the UNDP Office in Montenegro, shows that contemporary Montenegrin society is shaped by deep patriarchal norms. Many citizens are inclined to agree with the statements that explicitly express attitudes by which women's place is at home, not in public and political life. It is interesting that women often agree with these views, although less frequently than men. It can therefore be concluded that both private and public patriarchy as a set of attitudes about gender roles and the place of men and women in public and private life very emphasized and that the men are generators of such situation but the women as well.

However, the activity rate of women in all the former socialist countries was very high according to international standards. Nineties of the last century brought re-traditional trends that lead to the deterioration of the overall position of women in our society. The deterioration of the social position of women in the former Yugoslavia is particularly evident in disrupting economic position compared to the previous period, primarily through the reduction in the activity rate of women, lower incomes, higher employment of women in lower-profit sectors, and their lower presence in leadership positions and among entrepreneurs as compared to men.

Although from the period of socialism the women in the region inherited a significant step in the emancipation (a big step forward for women has been made in the education) and then in achieving the positions in the labor market, as of entrepreneurship development this period meant discontinuity. The arrival of socialism broke the initial process of entrepreneurship development during a short phase of capitalist industrialization in pre-war Yugoslavia, in the first half of the 20th century. Finally, after the nineties of the last century, there came the restructuring of the economy and economic reforms that result in significant development of entrepreneurship, still followed by a number of difficulties and weaknesses.

Today, after years of deep crisis, slow recovery, rising unemployment and poverty and the continuing recession, even with the best efforts towards fiscal consolidation and structural reforms which need to continue, there is a danger for the regional countries to be caught in a vicious cycle that emphasizes long-term saving cycle, low or even negative growth, high debt and the risk of social disruptions.

With the second wave of recession, unemployment continues to rise. Three years after the global crisis hit the region labor markets continue to be weak in most of its economies. The unemployment rate in Montenegro is higher than it used to be before the crisis.

The financial sustainability of the public sector, especially the public administration, and its impact on the state budget is the strategic question since the restoration of Montenegrin independency, and this issue has become more complex in recent years due to the global financial

crisis. Under the influence of such circumstances, the government is for several years in a position to take measures to ensure fiscal sustainability, including the wage funds limitation, while on the other hand there is a need to improve the efficiency of public administration and to build capacities in order to manage the process of EU accession.

Experiences of countries that have undergone the similar processes show that proper dimensioning and optimization of the public sector may include but not necessarily lead to a reduction in staff.

With a share of around 30% of employed in the public sector out of total employment, but also compared to other indicators, Montenegro when it comes to the size of the public sector is above the average for OECD countries. Despite the statements of officials who deny layoffs in public administration, we cannot ignore the fact that the reduction of the number of employees in public administration would have a particular impact on women in the labor market. Regardless of the fact that an increasing proportion of women acquire higher education, the status of women in the labor market is inferior compared to the male population, particularly with regard to the access to managing positions and especially in the area of self-employment and politics. However, the legislative and strategic documents adopted in Montenegro recently are a good basis for a solution to these problems.

The emergence and development of women entrepreneurship in the past 20 years, is closely linked to the process of equalization of rights of men and women and with democratization in general. However, despite the overall democratization, for the last 10 years Montenegro has been characterized by a transition period followed with lower production volume, accelerated privatization and transformation of business organizations. All this leads to an increased unemployment, sudden impoverishment of certain social classes and changes in the lifestyle of men and women. Although the years of economic slowdown affects both men and women, statistics show that women are more vulnerable than men, especially in terms of higher unemployment, but also in terms of poverty particularly for mothers. Such economic conditions lead to the perception of entrepreneurship as an important way to provide income through self-employment.

However, conditions for entrepreneurship development are still worse for women than for men and it continues to be contributed by the deeply rooted patriarchal attitudes of men and women in Montenegro. Gender inequality is manifested through the lack of women's political participation, economic inequality, unequal share of the family duties, differences in property ownership that put women in a very difficult position to start their own business...

Women entrepreneurship in Montenegro is now in the early stages and it can be called "entrepreneurship out of necessity," which is characterized by the need to find alternative employment.

Entrepreneurship as a key element for the potential of growth and development of any country, in the European Union is recognized as the main driving force of the modern and dynamic knowledge-based economy. The experience from other countries suggests that a step to a higher level of development of women entrepreneurship needs a greater extent of institutional support. In that way the entrepreneurial potential of women can fully contribute to both the development of the economy and modern society in Montenegro.

2.1 Research objectives

The global economic crisis has led to a strong growth of unemployment rate in the world. The concept of "permanent employment" and particularly "the secure job until retirement" almost do not exist. Under these circumstances, the stimulation of entrepreneurship is becoming one of the important measures introduced by governments of many countries, by implementing programs designed to self-employment, business development, job creation and economic growth.

A particular challenge in the process of recovery and further development of Montenegrin economy is women entrepreneurship, whose potential is an important source of overall economic growth. The purpose of this report is to assess the environment for women's entrepreneurship in Montenegro, by ten key policies and programs defined in the *Integrated Framework of Assessment Tools and Methodologies of the ILO*:

1. Management and coordination policy;
2. Regulatory and legal issues;
3. Promotion of women entrepreneurship;
4. Access to education and training;
5. Access to credits and financial services;
6. Access to services for business development and information;
7. Associations and networks of women entrepreneurs;
8. Access to business premises;
9. Access to markets;
10. Research on women entrepreneurship.

2.2 Methodology

This report is created by "AfDB / ILO *Integrated Framework of Assessment Tools and Methodologies*" and represents the integration of data obtained using different research techniques, which have been applied with the same objective – assessment of environment for women entrepreneurship in Montenegro.

The assessment by the 10 key areas was performed using the following research techniques: desk research, in-depth interviews with decision-makers and organization of focus groups where women entrepreneurs participated.

The desk research

The desk research or the secondary research includes examination, arrangement and/or synthesis of the existing research, rather than primary research, and the analysis of the existing strategies and legislation.

In this research, a number of data sources were used which could be grouped in two categories:

- Assessment of the legal framework for the development of women entrepreneurship and of the existing institutional support mechanisms, policy documents, the existing forms of assistance to women entrepreneurs, such as credit lines and trainings;
- Review of all official information and researches related to the economic situation, labor market and in particular, on women entrepreneurship.

In-depth interviews

In-depth interviews belong to the group of qualitative researches. Through these individual interviews, the data are collected on behavior, thinking, feelings and experiences or perception of a particular idea, program or situation. In-depth interviews are the most effective method in situations where it is necessary to come to a deeper understanding of a phenomenon, to discover the attitudes, opinions and emotions of the target group representatives and to clarify the mechanisms by which certain processes are taking place. Since the purpose of this study is a comprehensive understanding of the conditions for women entrepreneurship, this method was chosen as the most suitable. Also, this method is often used when conducting researches with the so-called stakeholders or the key information providers, as it was the case in this research, since it is relatively difficult to get to them and they cannot be organized for any other form of qualitative research (e.g. group discussion).

During the interviews, a trained moderator speaks with the interviewee who may be a member of the target group or with the key informants who have a specific knowledge about the target population, the status among the members of the target population, access to important information or willingness to share their knowledge and skills. In this study, in-depth interviews lasted between 30 and 45 minutes and were conducted by experienced and trained moderator.

As a guide for discussions during the interviews, the questions were used which are contained in the "AfDB / ILO Integrated framework of tools and methodologies" submitted by MEF and partially adapted by the ISM.

The 17 key informants were interviewed in total and they were selected in cooperation with MEF and ILO, and they were identified as relevant for the topic of women entrepreneurship.

In-depth interview respondents
Ministry of Economy
Ministry of Finance
Ministry of Labor and Social Welfare
Ministry of Human Rights and Minorities – Department for Gender Equality
Tax Administration
Directorate for SMEs Development
Investment and Development Fund of Montenegro
Employment Agency of Montenegro
Union of Municipalities of Montenegro
Chamber of Commerce of Montenegro
Business Women Association of Montenegro
Montenegro Business Alliance
Association of Women Entrepreneurs of Montenegro
Faculty of Economics/University of Montenegro
UNDP Montenegro
ERSTE Bank, Podgorica
TV Vijesti

Focus Groups

Focus groups belong to the form of qualitative research where the interaction between participants is a key source of analysis and interpretation. Focus group involves an informal discussion on the given topic with a small number of selected participants (usually 6-12), with the aim to share their knowledge, attitudes, values, motives, meanings, beliefs, etc. It is considered that the given number of participants makes the optimal group size - small enough to allow to each participant to present their position, but also large enough to develop a specific group dynamics. The principle of homogeneity is one of the key rules when selecting participants (they should be a part of the same social group, i.e. the most similar to each other). What makes focus group the unique is a group interview and a synergy of group interaction which, based on carefully designed questions, helps to generate data and obtain information relevant to the examination of certain social phenomena. When analyzing data, the figures are not important, but the analysis is done based on the spoken word / statement. Focus groups are recorded in audio or audio-video format.

For the needs of this report, the two focus groups are organized with a total of 12 participants - women who own businesses (registered), operating at least 2 years, in different economic sectors and with headquarters in different cities of Montenegro. The first focus group lasted for two hours and the second one hour and a half. The discussion was led by an experienced and qualified moderator whose role was to relax the participants, facilitate their spontaneous behavior and statements, to streamline the flow of the discussion and to encourage interaction and discussion on all areas of the given topic. The guidelines for discussion are made in accordance with the questions contained in the "AfDB / ILO Integrated framework of tools and methodologies".

This report quotes the statements of participants which in the best way reflect the views communicated during their participation in the focus groups. Bearing in mind that they follow the results of desk research and in-depth interviews, the quotes contribute to the overall legitimacy of the report. This is confirmed by the recorded material prepared by MEF (transcripts and audio recordings of focus groups).

Participants of the focus groups were: (1) The Association of Business Women of Montenegro and MEF, (2) The Association of Women Entrepreneurs of Montenegro.

2.3 Limitations of the research

Limitations identified during the work on this research are:

- Qualitative research conducted through in-depth interviews and focus groups does not allow the generation of statistics. This restriction is removed in a way that for the purposes of this report, the used statistic data are those published in researches of national and international institutions and organizations;
- Due to the small sample size involved in the qualitative research, the results of in-depth interviews cannot be considered representative for the population where the participant belongs. However, the relevance of these data is not into question, especially having in mind that the data obtained in this way, reflect the opinions and views of that particular segment of the population.

3. Framework for understanding conditions for women entrepreneurship in Montenegro

3.1 Legal Framework

The structure of Montenegro is defined by the Constitution of Montenegro adopted 2007 as the highest legal act. Constitution, among other things, introduced the principle of gender equality through two articles. Thus, Article 18 guarantees the equality between men and women and obliges to development of policies on equal opportunities, while Article 8 prohibits any direct or indirect discrimination on any grounds. The stated provisions of the Constitution are further defined in detail in the Law on Gender Equality and The Law on Anti-Discrimination.

The Law on Gender Equality, as the first and most important anti-discrimination law in the field of gender equality in Montenegro, was adopted 2007. This law defines gender equality *as the equal participation of women and men in all spheres of public and private sector, equal status and equal opportunity to exercise all rights and freedoms and the use of personal skills and knowledge for the development of society as well as equal benefit from the results of their work* (Article 2). The law regulates a way of providing and implementing rights based on gender equality, as well as measures to eliminate discrimination based on a gender, which would create equal opportunities for both sexes in all spheres of social life. Discrimination based on a gender is legally defined *as any legal or physical, direct or indirect distinction, privilege, exclusion or restriction based on sex because of which a person's recognition, enjoyment or exercise of human rights and freedoms is more difficult or denied in the political, educational, economic, social, cultural, sporting, civic and other areas of public life* (Article 4). However, in order to encourage disadvantaged groups, the law states that as discrimination there will not be considered *general and specific measures, adopted or taken to eliminate and prevent unequal treatment of women and men, to eliminate the consequences of the unequal treatment of men and women and to promote gender equality* (Article 5).

„ I think that the situation today is more favorable for women than 11 years ago when I was at the beginning, particularly for start-ups. First of all, there are much more discussions on entrepreneurship, information is more available, there are more associations, for example Montenegrin Employers Federation, Business Women Association, etc. and then governmental organization such as Directorate for SMEs. Simply, there are all the addresses for one women entrepreneur for information and to get some guidelines.“

Ksenija

11 years in business, marketing

The measures for ensuring gender equality, foreseen by the Law on Gender Equality, are the following:

- Obligations of the Parliament and the Government of Montenegro, within their jurisdiction, to apply the principles of gender equality, in particular the principle of the balanced representation in the selection and appointment to certain positions, education, working the body and determine the composition of official delegations (Article 10)
- Obligations of the local community united, within their competence, to promote and realize gender equality and to undertake measures and activities important for the achievement of gender equality (Article 11)
- Obligation of the political parties with their documents to process methods and measures for achieving equal representation of women and men in their bodies, in the candidate lists

for the election of members of Parliament and councilors, in the elected clubs of MPs and councilors and for the election for public offices at all levels (Article 12)

- Duty of the media to promote gender equality through the program concept (Article 13)

As a way to upgrade the Law on Gender Equality, the Law on Anti-Discrimination (2010) was adopted, that specifically defines direct and indirect discrimination, as well as specific forms of discrimination and provides institutional mechanisms of protection.

3.2 Political Participation

Political system of Montenegro stipulates that the right to elect and to be elected as a member of the parliament, has a voter who has turned 18 years of age, who is professionally competent and legal resident of Montenegro for at least 2 years before the Election Day (the Law on the Election of Councilors and Parliament Members 1998). Although the law guarantees freedom of political activity, the proportion of women in parliament has been low for many years.

After the elections in 1992, the Montenegrin Parliament entered only 8.2% of women although the number rose slightly in 1996 it then fell again to 5.1% after the elections in 1998. The significant growth up to 10.4% of women in Parliament came 2001 and one year later (2002) when in the Parliament there were 13.3% of women. In the last Session of Parliament, before the amendments on the electoral law, the proportion of women was 13.6%.

In a meanwhile, in September 2011, The Law on Election of Councilors and Parliament Members was amended in a way that it takes into account the gender composition of electoral lists of political parties and coalitions. The amendment introduces a "quota system" when submitting the lists of candidates for parliamentary and local elections, and it is determining that the electoral list must contain at least 30% of the less represented gender, and if the electoral list not meeting this requirement does not correct deficiencies in the list within the legally defined time period, the Election Commission will reject the proclamation of the candidate list. The same amendments of the law provide that mandates are allocated to the candidates in line with the order on the list. Despite the adopted changes, the new composition of the Parliament includes only 17.3% of women, which is made possible by the provision of the law stipulating that the bearer of the electoral list determines the order of candidates on the list (Article 39).

The presented data indicate that representation of women in the Parliament of Montenegro is growing for the last 20 years, but with oscillations and is still low and below the world average (19.6%).

Table 1. Representation of Women in Sessions of Parliament of Montenegro 1992-2012. (Source: research "Women in Politics" and data of the Parliament of Montenegro)

SESSION	Women%
Session 1992-1996	8.2
Session 1996-1998	8.4
Session 1998-2001	5.1
Session 2001-2002	10.4
Session 2002-2006	13.3
Session 2006-2009	11.1
Session 2009.	13.6
Session 2012.	17.3

When looking at the authorities, the men are significantly more present in both the Government and in the bodies of the Parliament. Position of the President and Vice President of the Government of Montenegro is carried out by men. Out of a total of 17 Ministries, only three women are performing functions of ministers (Ministry of Defense, Ministry of Science and Minister without Portfolio). At the same time, more and more women are present in the Cabinet of Ministers (heads of cabinets, deputy ministers, counselors, secretary generals), where women make even 45% of their employees. If considered the overall composition, the Government has 41.6% of females.

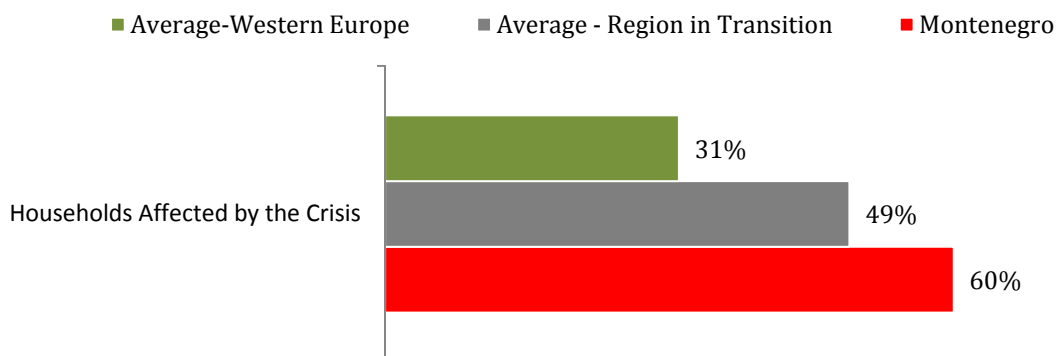
When all the working bodies of the Parliament of Montenegro are considered jointly, women occupy 23% of the seats. In addition, the female MPs are not included in 5 out of 14 parliamentary committees, and those are: Committee for Security and Defense, Committee for Economy, Finance and Budget, Committee for the Anti-Corruption, the Constitutional Committee and the Commission for Monitoring and Controlling the Privatization Process. On the other hand, women make the majority in the Committee for Gender Equality (90.9%) and they are significantly represented in the Board for Education, Culture, Science and Sports (45.5%).

3.3 Economic Environment

Current Economic Situation and the Impact of Crisis

The global economic crisis has greatly affected Montenegro. A significantly greater proportion of households in Montenegro suffered negative effects, compared to the region and Western Europe. Even 60% of households in Montenegro have been affected by the crisis, which is half less than in Western Europe (data from Life in Transition II, EBRD, 2011).

Figure 1. Households Affected by the Crisis (source: Life in transition II, EBRD, 2011)



After the biggest hit of the crisis in the 2009 which was proved by a negative GDP growth of -5.7, a partial recovery followed in the 2010 and 2011. However, as in other countries of South-East Europe, 2012 has brought a new wave of recession, partly caused by the consequences of the harsh winter on the economic activities and by the growing unemployment. The consequences were reflected in the reduction of consumption, investment and export (GDP growth - 0.2).

Figure 2: Growth rate of gross domestic product
(source: Statistical Yearbook, Monstat, 2012)

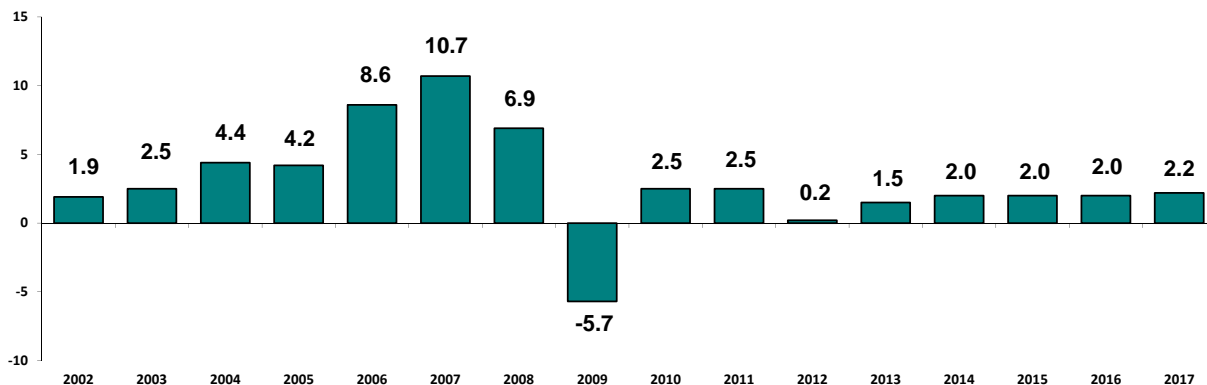
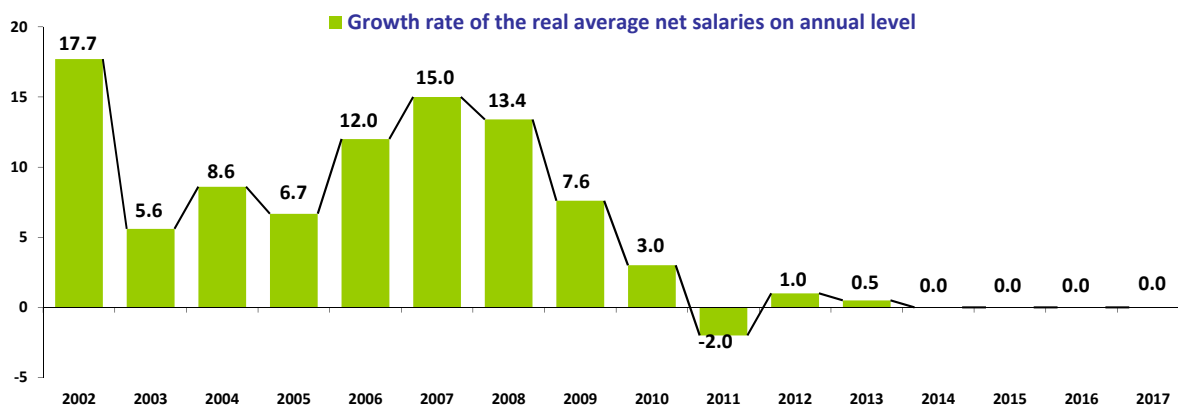


Figure 3: Growth rate of average net salaries annually
(source: Statistical Yearbook, Monstat, 2012)



When it comes to the earnings, the impact of the crisis was felt in 2009, although the average salary rose, the recorded growth was much lower than in previous years (7.6). The salaries rose only in 2010 even though in a low rate (3.0) and in 2011 they decreased.

The fall in GDP and reduction of average salaries, directly affected the household incomes. From 2009 to 2011, the poverty rate and the percentage of households living below the absolute poverty line were constantly growing. Thus, the poverty rate of 9.3% in 2011 was almost twice as high as the one recorded 2008 when it was 4.9% (analysis of poverty in Montenegro, Monstat, 2011).

Table 2: Poverty line in Montenegro
(source: Analysis of poverty in Montenegro, Monstat, 2011)

POVERTY LINE					
	National absolute poverty line (in € monthly, by equivalent to the adult)	Poverty rate (%)	Poverty gap (%)	Poverty severity (%)	Gini coefficient (%)
2006	144,68	11,3	1,9	0,6	24,4
2007	150,76	8,0	1,4	0,4	26,4
2008	163,57	4,9	0,9	0,3	25,3
2009	169,13	6,8	1,4	0,5	26,4
2010	169,98	6,6	1,1	0,3	24,3
2011	175,25	9,3	2,0	0,7	25,9

According to the **Global Competitiveness Report 2012-2013** (GCR) of the World Economic Forum, Montenegro is ranked at 72nd position in terms of competitiveness of the economy (4.1 points out of a possible 7), registering a drop for 12 places compared to the previous year (Table 3).

Table 3: Position of Montenegro in global competitiveness, compared to the countries in the region

(source: "Report on the Action Plan Realization in 2012 Strategies for encouraging competitiveness at the micro level, 2011-2015")

Country / Year	GCR 2009-2010	GCR 2010-2011	GCR 2011-2012	GCR 2012-2013
Slovenia	37	45	57	56
Montenegro	62	49	60	72
Croatia	73	77	76	81
Serbia	93	79	95	95
BH	109	96	100	88
Macedonia	84	88	79	80
Albania	96	102	78	89

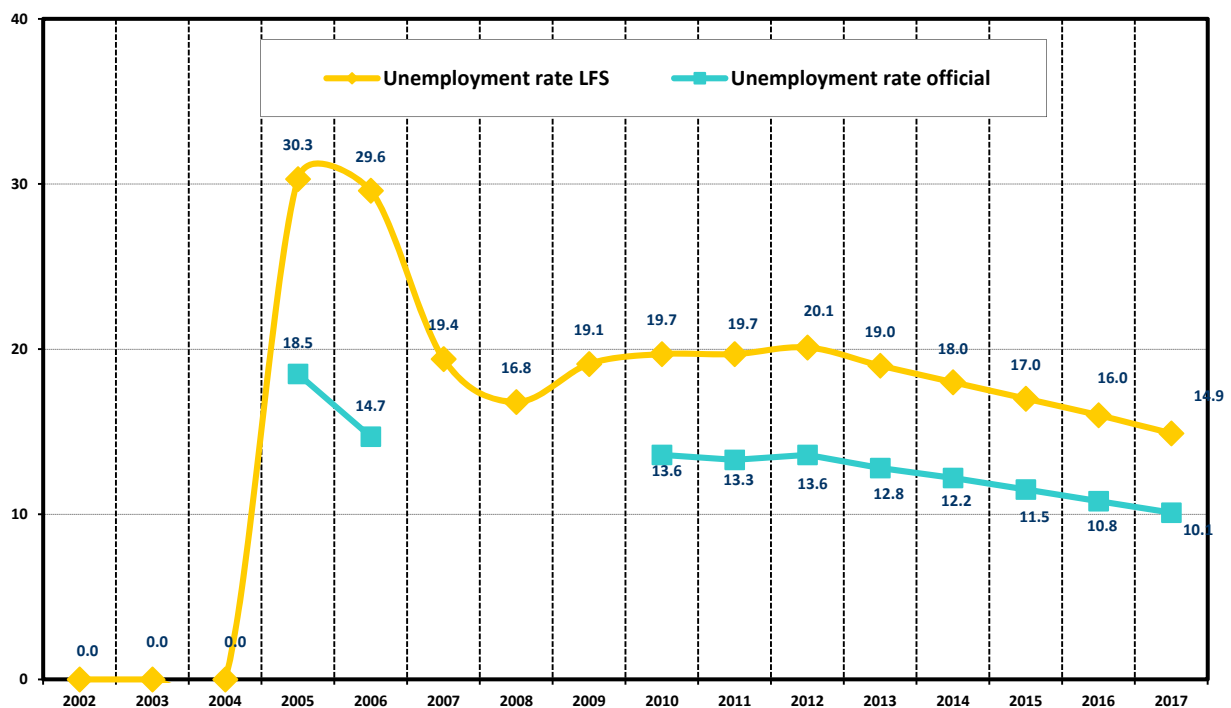
Compared to the data for 2011-2012, the decline of Montenegro in the period 2012-2013 was recorded in the following areas: Institutions, Infrastructure, Macroeconomic stability, Health and primary education, Higher education and training, Efficiency of goods market, Labor market efficiency, financial market and Technological readiness. Indicators Business sophistication and Innovation have kept the same number of points, but their decline in the ranking of countries has been recorded (due to the rapid progress of other countries). On the other side, the same position is recorded within the indicator Size of the market.¹

¹ For the comparison, in the GCR 2011-2012 Montenegro had the worst indexes for Size of the Market (2,0), Innovation (3,4) and Business sophistication (3,8).

3.4 Labor Market

The growth of unemployment is linked to the beginning of transition and privatization of the state owned enterprises. However, with the growth of foreign investments in Montenegro, the unemployment rate decreased in 2007 and 2008, although since 2009 there has been again a slight increase, it is relatively stable. The data from the Labor Force Survey (Monstat, 2012) indicate that the unemployment rate in 2011 was 19.7%, which was significantly higher than the EU average in the same year in which 10.2% of the working population didn't have a job.

Figure 4: Unemployment rate (source: EAM and Monstat, 2012)



The data from the Labor Force Survey indicate that the unemployment rate in the third quarter of 2012 was slightly higher among women, and that women more often work in lower-profit sectors, while the management positions and entrepreneurial activities are more dominantly represented among the male population.

When monitoring only the population that should belong to the working population according to the age, or older than fourteen, there are more women in that age group than men. However, among the officially working population of Montenegro there are more men, while women are more represented **in the category of inactive population** (Table 4).

Table 4. Working activity of population fourth quarter 2012
(source: Labor Force Survey, Monstat, 2013)

	Men	Women
Population (15+)	48.8	51.2
Active ²	55.1	44.9
Employed	52.2	47.8
Unemployed	55.6	44.4
Inactive ³	42.9	57.4

According to the level of education, **in average the employed women more often than men possess high education degree**, which means that 33.2% of employed women had completed high school or college, compared to 26.2% of employed men. However, working men and women in Montenegro, regardless of their current employment status, usually are of mid-level qualifications (Tables 5 and 6).

Table 5: The employed persons by the level of education and gender, Montenegro the fourth quarter of 2012 (source: Labor Force Survey, Monstat, 2013)

Education	Men	Women
No education or incompleted primary school	0.7	0.2
Elementary school	5.3	4.9
Vocational education after the elementary school	11.5	9.4
General high-school education	4.6	8.7
Vocational high schools	51.6	43.6
Higher vocational education	26.2	33.2

If we consider only the unemployed population of Montenegro, it can be noticed that between men and women of this group there are no significant differences in terms of education.

Table 6: Unemployed persons by the level of education and gender, Montenegro the fourth quarter of 2012 (source: Labor Force Survey, Monstat, 2013)

Education	Men	Women
No education or incompleted primary school	–	(2.0)
Elementary school	11.2	17.3
Vocational education after the elementary school	13.5	7.0
General high-school education	3.5	7.7
Vocational high schools	54.6	53.1
Higher vocational education	13.5	13.0

²Active population (labor force) composed of all employed and unemployed persons of 15 and more years of age.

³Inactive population composed of all persons of 15 and more years of age who do not belong to the active population.

The male population is characterized by significantly higher degree of entrepreneurial activity: 19.2% of employed men have their own business and his is a type of employment 9.3% of women, but this topic will be addressed in more details in the next section (Table 7).

Table 7: Employed persons by employment status and gender, Montenegro the fourth quarter of 2012 (source: Labor Force Survey, Monstat, 2013)

Employment status	Men	Women
Self-employed	19.2	9.3
Employees	80.1	89.4
Domestic workers	(0.7)	1.3

Difference analysis in the average earnings between employed women and men in Montenegro between 2008 and 2011 indicate that the difference was in favor of the members of the male population and that **the gender gap for hourly rates was 16%**. Even when the calculated gender gap is adjusted in a way that it takes into consideration the profile of workers (the differences in education between men and women, work experience, occupation) it remains the same in Montenegro. In the most of developed countries, the gender gap after such corrections decreases, since the working women when compared to men have a slightly worse performance that this formula takes into account and it is the reason for their lower income.

The data that the unadjusted and adjusted gender gap are at the same level, indicate that even if women have identical level of education, work experience and other operating characteristics as men, their earnings would still be lower. Differences in earnings are partly explained with the direct differences in income and bigger bonuses for men for the same performance (about 25% gender gap), but much more with the invisible differences between men and women that the employer rewards - such as a greater willingness to take risks (75 % of gender gap comes from the invisible differences).

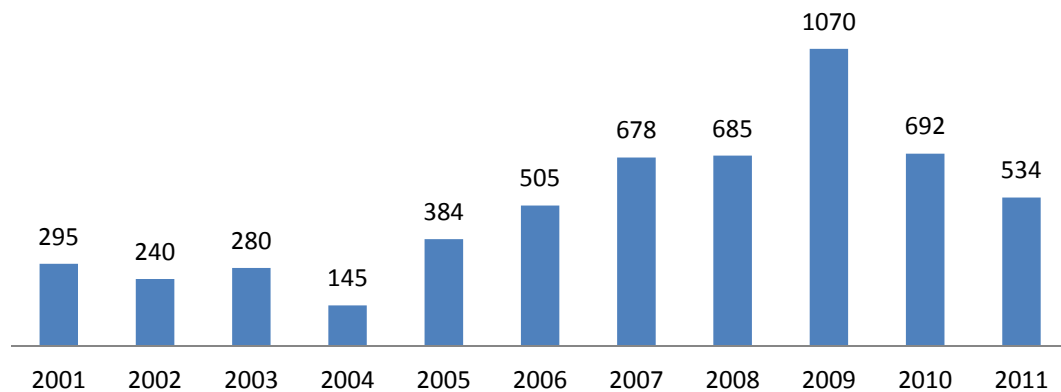
If we consider the adjusted gender gap in different income categories, we can see that it increases with the level of income and that the smallest gap is among the lowest wages (10%), and that it is as high as 20% among the highest wages. The stated difference indicates **the presence of the "glass ceiling"** for women i.e. the women do not occupy positions that make the highest monthly incomes. The reason can be seen in the discrimination by the employer, but also in the decisions of the women themselves if they, for the sake of meeting the expectations based on their gender roles (as a wife and mother) do not accept more responsible and more demanding jobs.

3.5 Business environment in Montenegro

The independency of Montenegro was followed by a significant inflow of foreign investments in the economy (Figure 4). However, after the highest investments in the 2009 (1070 € million) there was a partial decline and the investments in 2011 were 692 million Euros ("The strategy for attracting foreign direct investments for 2013 - 2015"). As investments are directly dependent on the business climate in the country, the Foreign Investors Council of Montenegro (FIC) assessed various indicators of the business environment in Montenegro. When it comes to the general assessment, or assessment of the ease of doing business in Montenegro based on a perception, rating of Montenegro is 5.8 out of possible 10 ("White Book 2011: Investment Climate - Opportunities and Challenges", FIC).

For the three consecutive years, Montenegro has recorded the highest FDI per capita in Europe. In the period 2006-2009 the total FDI were more than 3 billion Euros, where only in 2009 there was an inflow of 1.07 billion. However, 2009 cannot be taken as a benchmark because it was only than when a part of Electric Industry of Montenegro was privatized. In 2011 there was an inflow of 534 million Euros, which is for 158 million or 22.83% less than in 2010.

Figure 4: Foreign direct investment in millions of Euros in Montenegro (source: "The strategy of attracting foreign direct investment for 2013 - 2015," Agency of Montenegro for Foreign Investment Promotion)



Aside of the general rating, the ease of doing business in certain sectors was assessed, and according to the opinion of foreign investors, the best environment is in the telecommunications and information technology (rating 8), tourism (7), and then in the trade, transportation and logistics (5.7).

FIC assessed the specific areas important for the business or to which extent they had positive or negative impact on their business (on a scale from 1 to 10). The results show that the best are rated **taxes** (different taxes, fees, surcharges and overall consistency and transparency in paying/evasion of taxes) with a grade 6.3, then the **corporate governance** (financial reporting regulations in the area of bankruptcy, the harmonization of VAT with the EU practice, the auditing) with a grade 5.5, then with the grade 4.8 the **real estate development** (building permits, registration, cadastre, the enforcement of contracts on mortgages, the real estate appraisal, etc.) and **the rule of law** (the duration of commercial disputes and court proceedings, permits and licenses, permits for the residence and work of foreigners, etc.), while the worst rating is for **the labor market and employment** (severance payments, employment contracts for definite period of time, sick leaves, etc.) with a grade of 4.3.

During the detailed analysis of the above areas, FIC has identified several key issues that need to be improved in order to improve the business environment:

- **Labor Market and Employment:** still insufficiently flexible, primarily due to the mandatory indefinite employment contract and high redundancy.
- **Property Development:** a great development potential, but burdened by the inadequate regulatory framework and business barriers in the form of administrative procedures (e.g. for a building permit).
- **Taxes:** generally favorable tax regime at the national level, but the local taxes and duties collected by the municipality are to be concerned of, as well as ad-hoc introduction of certain duties.
- **Corporate Governance:** requires significant changes in the area of financial transparency and accountability, regulations and practices in bankruptcy field.

- **Rule of law:** problems such as too long and complicated court proceedings as well as other administrative procedures and public services.

The "**Doing Business Report 2013**" is carried out in 185 countries, including Montenegro. It evaluates various aspects of doing business in each country and determines the ranking of countries on the list of all 185 countries. The data in Table 8 show that Montenegro takes the 51st place when it comes to the general assessment of **ease of doing business** for the 2013, which is a drop of four places compared to the previous year. The top rated aspects (where Montenegro is among the top 50 countries) are: obtaining a loan (at 4th place), protection of investors (32) international trade (42) and resolving insolvency (44). On the other hand, the most problematic point is obtaining a building permit where Montenegro is among the 10 countries with the worst problems in this area (ranked at 176), contracts enforcement (135), property registration (117) and tax payment (81).

Table 8: Ranking of Montenegro according to the ease of doing business (out of 185 countries)(source: „Doing Business Report 2013“ , World Bank)

Ease of doing business	51
Obtaining a loan	4
Protection of investors	32
International trade	42
Resolving insolvency	44
Starting up business	58
Connection to Electricity	69
Tax payment	81
Property registration	117
Enforcement of contracts	135
Obtaining a building permit	176

Comparing the new results to the previous ones the latest research from the 2012 emphasizes three positive developments in Montenegro in creating a better business climate. Those are in obtaining building permits, getting credits and employing workers. The advancements are reflected in the fact that the cost of obtaining building permits is far lower due to the reductions in costs before and after the structural procedure. Also, there is an improved access to credit information by the right of borrowers to review their personal information. The redundancy payments have been reduced, as well as the maximum duration of the fixed-term employment contracts.

On the other side, **the index for setting up a business** ("Starting a Business Index"⁴) records the officially required procedures to start and run a business, and ranks countries accordingly. By this index, the position of Montenegro in the period 2012-2013 deteriorated compared to the reporting period 2011-2012, i.e. decreased from 45th to 58th place (out of 185 countries). During the same period a decline in the index had Croatia (from 72 to 80), Slovenia (from 28 to 30) and Bulgaria (from 48 to 57), while Serbia made progress (from 91 to 42).

„...if the state provides women entrepreneurs with paying no taxes for the first year. I think it would be a very good stimulus because the first year is very difficult in many aspects and it depends on the first year what is going to happen further on...“

*Marija
13 years in business, marketing*

⁴ Source: <http://www.doingbusiness.org/data/exploreeconomies/montenegro/>

3.6 Small and Medium-Sized Enterprises

Small and medium enterprises in European Union

In terms of European integrations, the 2012 is very important for Montenegro, especially bearing in mind that the European Council, at its meeting in Brussels on 29th of June, confirmed the decision to open accession negotiations with our country. Another key step for Montenegro in the process of integrations into the modern international economic relations and an important element of the support for the process of internal economic reforms is obtaining the status of a full member of the WTO.⁵

As the legislation and market are increasingly harmonized with the European ones, it is important to show which problems are identified for small and medium-sized enterprises (SMEs) in the European Union and therefore to indicate recommendations arising from this analysis.

Bankruptcy problem: In the European Union, 15% of company closures are caused by bankruptcy. Nearly 700 thousand SMEs annually go in bankruptcy, which makes a loss of 2.8 million jobs. Not only that entrepreneur after the bankruptcy has no desire to start a new business, but the length of the bankruptcy process stands in their way, which takes between 4 months and 9 years. Therefore, the recommendation would be: *to enable entrepreneurs who have experienced bankruptcy to quickly get a second chance.*

The problem of huge regulatory and administrative burdens: SMEs are significantly more burdened and for the same duty spend up to ten times more than large companies (e.g. if the big ones pay 1 euro per person, SMEs spend up to 10 euros). Recommendation: *to take into account the characteristics of SMEs in creating legislation and to simplify the existing regulatory environment.*

The problem of complicated and long administrative procedures: Not only that the administrative burdens are expensive, but they require a lot of time. Recommendation: *to promote e-government and one-stop-shop solution.*

The problem of insufficient participation of SMEs in the public procurements: the 16% of the GDP of the European Union goes on procurements, but SMEs do not participate in them sufficiently. The reason for this is primarily the lack of information about the existing public procurement and long and complicated procedures that discourage participants. Recommendation: *to adjust the procurement conditions and procedures for SMEs and to create manuals for participation in public procurement.*

The problem of inadequate education and training of employees as well as management in SMEs: more than 60% of companies rated that the entrepreneurs and their employees in the schools do not acquire the necessary competence. Recommendation: *to encourage researches and active management of intellectual property in SMEs.*

The problem of environment protection: SMEs in much smaller numbers, compared to large companies, introducing energy and raw materials saving measures while the energy and raw material prices are rising. Recommendation: *to enable SMEs in finding opportunities in environmental challenges to turn to the new "green" markets and to increase energy efficiency.*

⁵ After the long-lasting negotiation process on accessing which started in 2004, on 29th of April 2012 Montenegro became 154th full member of WTO.

GEM Report

The international research project "Global Entrepreneurship Monitor" (GEM) started in 1999 with the aim of studying the relationship between entrepreneurship and economic growth. Montenegro joined this project in 2010, signing the agreement between the institutions involved (Faculty of Economics Podgorica, IDF, the Ministry of Economy, EAM, NASME and CM).

GEM is primarily intended to provide an annual assessment of entrepreneurial activity at the national level, but also to examine the role of entrepreneurship in the economic development of Montenegro. The data from 2010 show that Montenegro is characterized by the increased industrialization and the size of the economy as well as by the dominance of large companies, which classified Montenegro **as the economy based on efficiency**.

According to the GEM research results for 2010, the country with this type of economy is characterized by:

- the highest level of entrepreneurial activity among the population aged between 25 and 34
- **the emphasized entrepreneurial activity of men, compared to the percentage of women entrepreneurs (according to the GEM report for Montenegro, entrepreneurial activity of men is twice as high as compared to the activity of women)**

GEM research provides information on so-called TEA index, which determines the percentage of the population aged 18-64, whose entrepreneurial activity is shorter than 42 months. The report for 2010 shows that Montenegro holds the first position among the countries of Eastern Europe according to the so-called TEA index and the 7th place in a group of economies whose development is based on efficiency. These data indicate that the economy of Montenegro is an economy with a relatively short history of the application of the principles of entrepreneurship.

European Commission Progress Report on Montenegro

Each autumn, under the enlargement package, the European Commission publishes a report containing information on the progress in meeting EC recommendations which has been achieved by the candidate countries and potential candidates for EU membership. Also, the report contains recommendations that should be taken in the period that follows and thus serves as a guide for candidate and potential candidate countries.

The Progress Report on Montenegro for 2012, the EC for Chapter 20: Enterprise and Industrial Policy stated that little progress can be reported, "There are a variety of strategies and institutions, but further efforts are needed to ensure the development and implementation of this policy." Also, it states that "in general, a large informal sector and difficulties in obtaining credit are the two main challenges for the development of a company."

„We regularly pay all the obligations toward the employees, we pay contributions on their salaries and all of them are registered. But it seems to me that inspections visit more often those that have registered companies. The inspection came to my company recreantly and everything was alright but they found that the price of one item was not properly posted and took it as a fault. It was posted but not in a way they found it should have been posted. And of course they punished me.”

*Dijana
22 years in business, trade*

The Report „SME Policy Index“⁶

The report on implementation of SME policy in accordance with the guidelines of the Small Business Act (SBA) for 2012 gives recommendations that "Montenegro should continue with development of its institutions and improvement of their implementation capacities, especially focusing on strengthening institutions which provide support to small and medium enterprises and other "government agencies" such as agencies for export promotion and innovation."

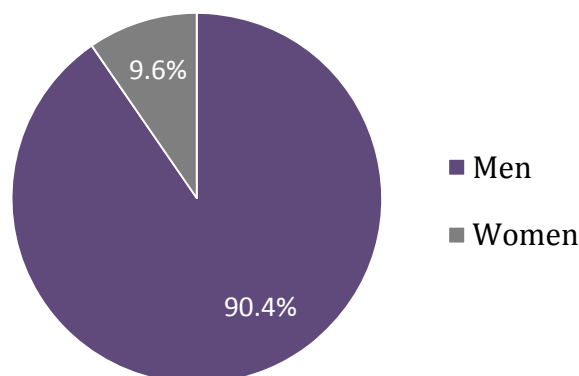
Montenegro has achieved a medium level in the implementation of the principle of SBA compared to other countries in the region. In several areas there has been significant progress, particularly in the institutional framework (Coordination Team and the Council for Competitiveness), registration and start up of business, regulatory reform and the introduction of RIA, access to finance, consultations with the public and private sectors, promotion of women entrepreneurship. The areas requiring further improvement are related to the measures for strengthening innovation, business support services, partnerships for lifelong learning, provision of information within a centralized online portal, improvement of knowledge and skills in order to strengthen the competitiveness of SMEs especially in the areas of trade with the EU.

3.7 Companies owned by women

According to the National Statistics Institute (Monstat) in 2011 in Montenegro there were 21 127 active businesses. Out of that number, business entities owned by women were only 9.6% (2 025), and the businesses in men ownership were 90.4% (19 102).

Figure 5: Owners of Business Entities in Montenegro

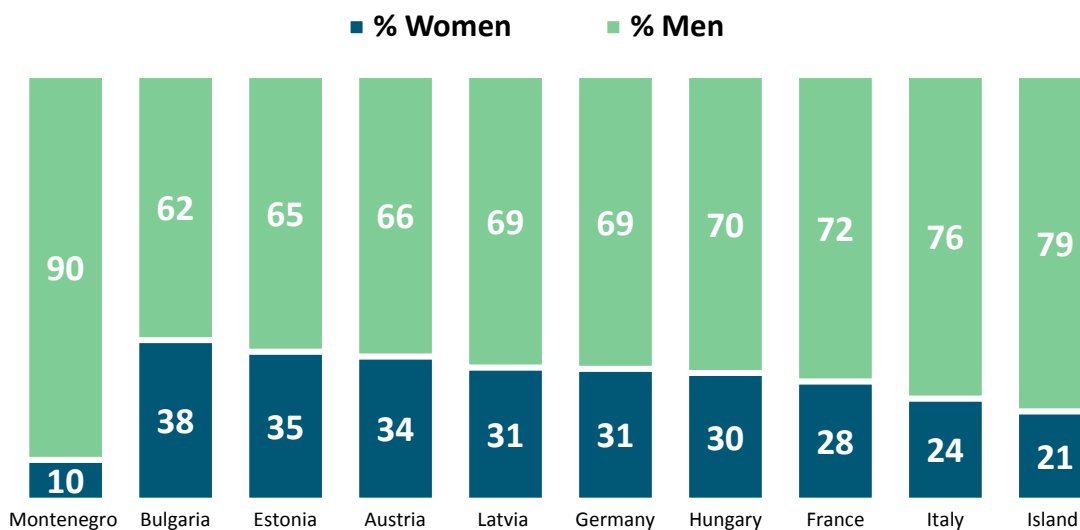
(source: " Owners of Business Entities in Montenegro 2011 by gender", Monstat)



When these data are compared with other countries in Europe it is evident that Montenegro has the lowest proportion of women as bearers of business activities. For example, in Bulgaria there are 38% of companies that are owned by women, in Germany 31%, Hungary 30%, France 28%, and in Italy 24%.

⁶ The Report "SME Policy Index: Western Balkans and Turkey 2012" is available at: <http://www.oecd.org/daf/psd/smeindexwesternbalkansandturkey2012.htm>

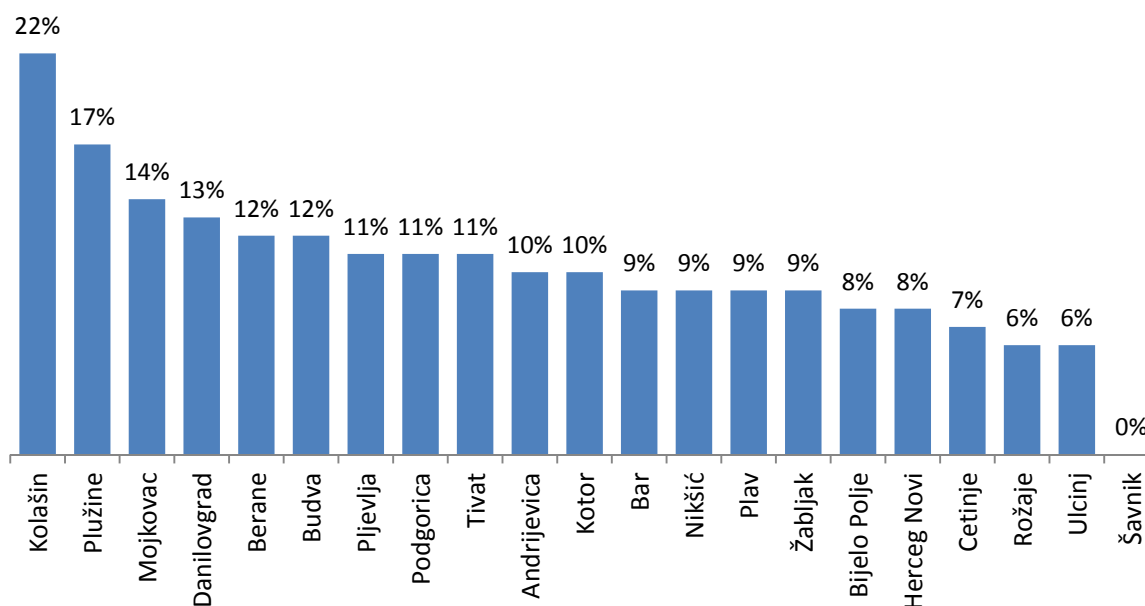
Figure 6: Holders of business entities ownership- comparison by countries
(source: "Women Entrepreneurship in Montenegro")



The highest percentage of ownership in businesses have women in the Municipalities of Kolašin (22.2%), Plužine (17.2%), Mojkovac (14.3%) and Danilovgrad (13%) and the lowest in the Municipalities of Rožaje (5.45%), Ulcinj (5.7%), Cetinje (6.6%), Bijelo Polje (8%), Herceg Novi (8.3%), and Niksic and Bar (9%).

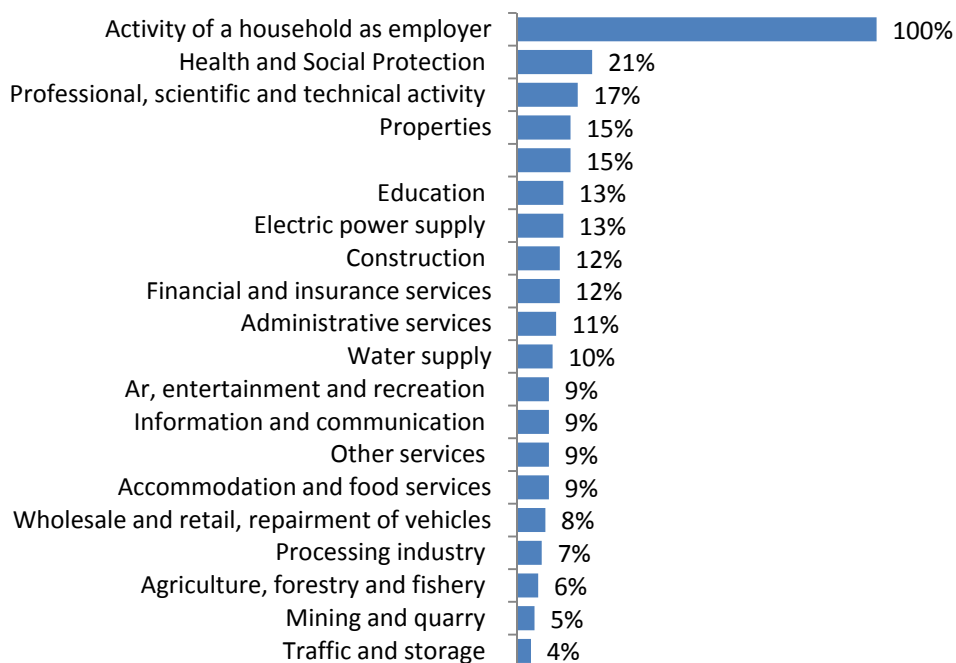
The Municipality of Podgorica has only 10.5% of active businesses owned by women, while in the Municipality of Šavnik there are no such businesses (100% owned by men).

Figure 7: Percentage of businesses owned by women per municipality
(source: "Holders of Business Entities Ownership in Montenegro 2011 by gender", Monstat)



Activity of businesses owned by women are usually performed in the category "Activity of a household as employer," while all other activities are relatively evenly represented.

Figure 8: Percentage of businesses owned by women per activity (source: "Holders of Business Entities Ownership in Montenegro 2011 by gender", Monstat)



If the businesses are classified by size, taking into account the number of employees, turnover and assets, in 2011 in Montenegro the majority of companies were in a class of small enterprises 98.7% (or 20 855). At the same time, as the bearers of business activities, women were the most common in this group (9.7%) while only one woman was the owner of the company which belongs to a class of large companies.

Figure 9: Holders of business entities ownership according to the company size (source: "Holders of Business Entities Ownership in Montenegro 2011 by gender", Monstat)

Company size	Total	Number of companies owned by men	Number of companies owned by women	Percentage of companies owned by men	Percentage of companies owned by women
Small	20 855	18 838	2 017	90,3%	9,7%
Medium	230	223	7	96,9%	3,1%
Big	42	41	1	97,6%	2,4%

4. Assessment of environment for the development of women entrepreneurship in Montenegro

4.1 *Assessment of the management and coordination policy*

Improvements of entrepreneurship and increased number of SMEs have been recognized by the state authority as one of the future leader of economic development in Montenegro. Representatives of ministries and other government bodies, who were interviewees in this study, point out that the state is making more efforts, especially in financial terms, to support development of this sector. They also point out the government's activities aimed at removing business barriers in order to provide a favorable business environment.

Although almost all previous measures are gender-insensitive and focused on entrepreneurs, not taking sufficiently into account the gender dimension of obstacles for development of entrepreneurship in Montenegro, recently the emphasis is increasingly placed on women entrepreneurship, resulting in a higher participation of government in different projects. In addition, a special line of credits for women entrepreneurs has been launched, while significant funds are allocated through the IPA programs.

This chapter presents the existing institutional mechanisms for development of women entrepreneurship, as well as assessment of the so far progress.

4.1.1 Institutional mechanisms

Montenegro established institutional mechanisms at all levels (National, Regional and Local) in order to institutionally support legal and policy framework for the promotion of gender equality. Within them, there are formed separate bodies responsible for improving the economic status of women and for the development of women entrepreneurship.

Institutional mechanisms for supporting gender equality in Montenegro are:

- Department for Gender Equality - Ministry for Human and Minority Rights
- Committee for Gender Equality – Parliament of Montenegro

Department for Gender Equality within the Ministry for Human and Minority Rights has been established through the reorganization of Ministry for Human and Minority Rights in 2009. The Law on Gender Equality regulates competences of this Ministry in the area of gender equality, which include:

- Coordination of activities with the aim of achieving gender equality and participation in the preparation and adoption of action plans for establishing gender equality at all levels;
- Monitoring the implementation of international documents and conventions, as well as adopted international standards in the field of gender equality, taking measures for their implementation in the legal system of Montenegro and a quality monitoring of the respect of those documents;
- Preparation of the Action Plan, the proposal for its adoption and monitoring of its implementation;
- Preparation of the program for the implementation of the Action Plan on the basis of the report of authorities from the areas of their jurisdiction;
- Research and analysis on the state of gender equality and analysis required for the implementation of the Action Plan, as well as data collection within the framework of cooperation at the national and international level;

- Preparation of reports on the implementation of international commitments by Montenegro in the field of gender equality;
- Cooperation with local authorities and support to the establishment of mechanisms for gender equality at local level;
- Cooperation with non-governmental organizations;
- Organization of education on gender equality and the issuance of publications aimed at promoting gender equality;
- handling of petition/s which indicates the direct or indirect discrimination based on gender, and expressing an opinions and recommendations, if necessary, informing the Protector of Human Rights and Freedoms on discrimination based on sex;

Committee for Gender Equality of the Parliament of Montenegro has been established in 2001 as a permanent working body of the Parliament, in order to monitor the enforcement of the constitutionally established rights and freedoms of people and citizen related to the gender equality. Responsibilities of the Committee for Gender Equality of the Parliament are:

- Consideration of law drafts, other regulations and general acts related to the achievement of gender equality principles;
- Monitoring the implementation of these rights by law enforcement and improvement of gender equality principles, especially in the area of children's rights, family relationships, employment, entrepreneurship, decision making process, education, health, social policy and information;
- Participation in the preparation, development and harmonization of laws and regulations to the standards of European legislation and EU programs related to gender equality, promotion of signing international documents dealing with this issue and monitoring of their implementation, cooperation with the relevant authorities of other Parliaments and with non-government organizations from this field.

Competences of the two described bodies are divided. The Committee for Gender Equality of the Parliament is responsible for legislation i.e. creating and monitoring of the implementation of policies in the field of gender equality, and the Department for Gender Equality within the Ministry for Human and Minority Rights is responsible for coordination of the activities coming from the legislation.

In Montenegro, pursuant to the Law on Gender Equality, ministries and authorities have determined the officers working as the coordinators of the gender equality issues within their jurisdiction and participate in the preparation and implementation of the Action Plan for Gender Equality Achievement (APAGE).

Also, APAGE 2013-2017 states that in addition to the institutional mechanisms at the national level, in cooperation with 14 municipalities in Montenegro, mechanisms at the local level have been established. They have established councils for gender equality in municipal assemblies, while within the executive branch there are defined coordinators for gender equality. There is an Office for gender equality at the local level in the Royal Capital of Cetinje and in Pljevlja Municipality, and the Municipality of Bijelo Polje it is in the process of setting up.

The following state institutions are engaged with the economic empowerment of women in Montenegro:

- Directorate for SMEs Development
- Investment and Development Fund of Montenegro
- Chamber of Commerce of Montenegro - Committee for Women Entrepreneurship

- Employment Agency of Montenegro

Directorate for SMEs Development

Directorate for SMEs Development (former Agency for SMEs Development) is established by the Decree of the Government of the Republic of Montenegro and covers the following competencies:

- Defining the strategy for development of small and medium-sized enterprises
- Preparation and implementation of programs and projects for development of small and medium enterprises
- Coordination of programs, measures and activities related to the development of small and medium-sized enterprises
- Monitoring the implementation of the program of financial support for small and medium-sized enterprises, including foreign financial support allocated for the development of small and medium-sized enterprises
- Assessing the impact of legal and other regulations on the development of small and medium enterprises
- Preparation of training programs for entrepreneurs
- Projects development and managing the organization of regional and local centers for supporting the development of small and medium-sized enterprises
- Proposing and ensuring the implementation of special programs for supporting the development of small and medium-sized enterprises (supporting the development of franchising, leasing, technology parks, incubators, etc.)

The Directorate for SMEs Development continuously adopts strategies for development of small and medium enterprises for a four-year period, than coordinates them and implements activities from their authority. In accordance with the Economic and Fiscal Program of Montenegro 2010-2013, the Directorate has prepared a Strategy for the Development of Small and Medium Enterprises 2011-2015, which as a special task foresees the encouragement of women entrepreneurship.

Also, the Directorate coordinates implementation of the principles of the Small Business Act (SBA - Small Business Act)⁷. The realization of the defined activities of the Action Plan for 2012 of the Strategy for Development of Small and Medium Enterprises 2011-2015, according to the report of the Directorate (December 2012), is in line with the implementation of the principles of the SBA. In cooperation with the partner organizations and institutions the Directorate works on the preparation of the Strategy for Development of Women Entrepreneurship⁸ and in line with the APAGE the Directorate is recognised as a stakeholder. Within the framework of institutional support for SME development, the Directorate has established local and regional business centers, business incubators and clusters. The aforementioned activities target all SMEs and no special actions are aimed at stimulation of female entrepreneurship.

"When we created the Strategy for Development of Small and Medium-sized Enterprises, a few measures given in this strategy relate to women, we tried to contact all – NGOs, Montenegrin Employers Federation and Chamber of Commerce to give us feedback and information on what they have done in order to include that into an action plan and work report, so there is an informal

⁷SBA is the supreme political document of EU which defines 10 principles of SME policy and gives guidelines and best practices in the field of support for SME and entrepreneurship. The principle „Small Think First“ is a key element of SBA and it needs to be included in decision making on all levels in EU and in national policies.

⁸This Strategy is being adopted in Montenegro for the first time

network that works quite well. We are small, so on a private basis we made a good connection with each other, we are more networked in an informal way.... "

Representative of Directorate for SMEs Development

Investment and Development Fund of Montenegro

Investment and Development Fund (IDF) was established with the adoption of the Law on Investment and Development Fund of Montenegro in 2009. The authority of IRF is allocation of loans and guarantees that encourage the establishment and development of SMEs and promote employment, as well as monitoring and implementation of financial support for micro and SMEs.

IDF activities are:

1. Granting the loans and guarantees which:
 - Supports establishment and development of SMEs and entrepreneurs;
 - Provides support and implements programs of cooperation on: infrastructural projects, water supply projects, waste water management as well as projects on improving the environment;
 - Finances projects of local, regional and national importance;
 - Promotes export;
 - Promotes employment;
2. Activities related to the sale of equity in the Fund's the portfolio;
3. Other activities that provide support for economic development in accordance with the law.

„I haven't addressed commercial banks because I heard about their high interest rates, so I went directly to IDF and to Mr Lajovic. That my idea which was in my opinion a bit different and original one opened the door for me immediately... Of course, I needed a lot of documentation, papers than a business plan, etc., but everything was solved in a meantime. I succeeded. “

*Branka
2 years in business, production company*

The Statute provides that the IDF adopts the annual work plan, financial plan and a medium-term work program within which are defined activities for the support of women entrepreneurship in the four-year period. The Medium Term Plan also provides the financial and non-financial support to SMEs projects, with priority given to the projects of specific target groups: young population (18-25 years), women, Roma people and people with disabilities.

Chamber of Commerce of Montenegro – Committee for Women Entrepreneurship

The Chamber of Commerce of Montenegro in 2006 established the Committee for Women Entrepreneurship with the goal of organizing training and workshops on current issues in the development and promotion of women entrepreneurship, analyzing the conditions and opportunities for improving the business environment for entrepreneurs and networking of women entrepreneurs in the local and regional networks. Chamber of Commerce is a member and one of the founders of the Forum of Chambers of Adriatic and Ionian Region (2000), as well as a part of the Council for Women Entrepreneurship in the Association of Balkan Chambers (2010).

In cooperation with the Center for Entrepreneurship and Economic Development (CEED) 2011 and 2012, Chamber of Commerce conducted the project "Network of Mentors for Women Entrepreneurs in Montenegro" funded by the European Commission through the Directorate General of Commerce and Industry, which was implemented in the framework of The European

Network of Female Entrepreneurship Ambassadors established in 17 countries. The national network of mentors for women entrepreneurs was established to encourage and promote women in Montenegro to improve their business through personal and professional development. The network consists of successful entrepreneurs who have expressed a desire to transfer their knowledge and skills to women entrepreneurs, by the principle of "know-how". The project includes 11 mentors and 12 entrepreneurs. The chance to take part in the project was given to entrepreneurs and women had intention to start a business in the future (five of them).

Employment Agency of Montenegro

Employment Agency of Montenegro (EAM) is a separate state body responsible for employment. To increase the level of employment, EAM among other things, implements a number of financial and non-financial support measures aimed at self-employment. One such program is the Innovated Program for Continual Stimulation of Employment and Entrepreneurship in Montenegro (Innovated self-employment program) that is being implemented since 2008.

Within the project "Capacity Development of Employment Agency of Montenegro in the Field of Gender Equality in the Labor Market" supported by UN Women (2011/2012), the survey was conducted among employees in the EAM on the degree of knowledge and on the implementation of the principle of gender equality.

4.1.2 So far progress assessment

The most of respondents during the in-depth interviews agree that there is much room for improving the shape and intensity of the support for women entrepreneurship.

However, while the representatives of the state administration find previous efforts to be significant, respondents from NGOs believe that all efforts so far are only "on paper", in the form of adopted strategies and action plans, and the business barriers are still not removed. These are the barriers which are encountered by the most of the entrepreneurs, regardless of the gender, such as complicated administrative procedures, high taxes and fees. Barriers which are more often encountered by women are business finance issues and provision of the start-up capital. Part of the interviewees even considers that intensive discussion on entrepreneurship, without the significant concrete steps, causes a negative reaction from one part of population.

"I see institutions as a mechanism which only exists, which is inflexible and slow and very often has no idea about the situation in the field. It is continuously writing strategies, employs a huge number of people who are just sitting in the offices. We are on the opposite side, real women, women who exist and work, create and employ. We are not a dream!"

*Anđela
5 years in business, marketing*

In the opinion of respondents, entrepreneurs with disabilities are not specifically identified. The majority of them state that they even don't know any women from this group of the population who is entrepreneur. The general opinion is that not enough attention is paid to the women with disabilities.

Montenegro has ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 2006. In assessing the current situation, it is important to mention that the last report of the CEDAW Committee in October 2011. Although this report is a product of the Convention on the Elimination of All Forms of Discrimination against Women signed by Montenegro,

the findings and recommendations are largely related to the economic status of women. Thus, this report points to some disturbing data in terms of employment and entrepreneurship, as well as the high rate of unemployment among women, their under-representation in senior positions in the public and private sectors but at the same time a high concentration in low-paid jobs, frequent temporary employment with the possibility of losing their jobs after exercising the right on the paid maternity leave. The Committee is also concerned about the lack of flexible work arrangements, institutions for the care of children and the absence of a special, non-transferable right on the paid paternity leave for a child birth, which forces women to work in part-time and low-paid jobs and which leads to more inequality in terms of the division of household duties.

The Committee also stated a number of recommendations in the area of employment:

- The Labor Law to foresee an equal remuneration to men and women for the work of equal value, to protect the right on paid maternity leave for women employed by the fixed-term contracts with the right to return to work after that, and to introduce a special non-transferable right of father on the paid leave for birth of a child in order to enhance the active involvement of fathers in child-raising.
- To stimulate employers and employees to contract flexible work arrangements, and to encourage men to use such arrangements, to further raise awareness about responsible fatherhood and to increase the number and capacity of financial affordable institutions for child care in all parts of the country.
- To collect data on women and men in the labor market, classified by gender, as well as the number and results of labor inspections, the court cases and processed complaints on work discrimination based on gender and sexual harassment, and to include this information in the next periodic report;
- Effective implementation of the existing and adoption of new policies and targeted measures with the defined period for achievement of objectives and with indicators for achievement of substantive equality between women and men in the labor market, for improvement of the employment of women, including the women from RAE population and for elimination of occupational segregation and for decreasing the gap in wages between men and women.

4.2 Assessment of regulatory and legal issues

Strategies define the attitude of the state towards a specific area, in this case it is the entrepreneurship, but it is important to understand the reality in practice. Therefore, the following is a presentation of strategic documents related to entrepreneurship and the position of women as well as the overview of business barriers that are recognized by respondents during the in-depth interviews.

4.2.1 Strategic documents

This chapter briefly presents strategies and programs that the Government of Montenegro adopted in order to increase economic potential, and which are among other things related to the development of entrepreneurship. A number of strategic documents were adopted in the period 2007- 2012:

- Strategy for Combating Poverty and Social Exclusion (2007);
- National Strategy for Employment and Human Resources Development 2012-2015;
- Economic and Fiscal Program for Montenegro 2010-2013;

- Strategy for Development of Small and Medium Enterprises 2011-2015;
- Strategy for Strengthening Competitiveness at the Micro Level, 2011-2015;
- Action Plan for Achievement of Gender Equality in Montenegro, 2013-2017;
- Strategy for Lifelong Entrepreneurial Learning 2008-2013.

Strategy for Combating Poverty and Social Exclusion (2007) in the framework of the activities on improving the labor market provides the activities aimed at supporting self-employment, entrepreneurship and SME development. The strategy plans to create an enabling environment for SME development, to strengthen institutional and financial support for their development and to promote entrepreneurship.

The new **National Strategy for Employment and Human Resources Development** is a continuation of the strategy adopted in 2008 and refers to the period 2012 - 2015. The general objective of the new strategy is *"enabling better conditions for job creation and the parallel or along with this, investment in human capital in order to increase employment and improve the economic competitiveness of Montenegro"*. The strategy also provides three priority objectives and specific objectives within them:

- **Priority 1:** "Increase employment and reduce unemployment" , with the objectives:

- **To stimulate employment by improving the business environment and labor market management. To find the right balance between flexibility, productivity and security in the labor market.** The way for implementing this goal is to continue to simplify procedures (Registering companies, tax payments, issuing building permits, etc.) and to further reform public administration and increase its efficiency.
- To increase efficiency of activation policies - with special emphasis on the integration of long-time unemployed and young unemployed people in the labor market.
- To increase self-employment. To stimulate entrepreneurship, especially in underdeveloped areas of Montenegro.

"My assessment of the environment for women entrepreneurship in Montenegro is 'figure it out by yourself'. I believe more in my private connections than in institutions."

Marija
13 years in business, marketing

- **Priority 2:** *"To improve knowledge, skills and competencies in order to increase employment opportunities and competitiveness through formal and informal education and training"*, with the objectives:

- To promote access and participation of adults in LLL. Raising awareness on the importance of lifelong learning.
- To improve the quality of education at all levels. Strengthening the links between education and the labor market.

- **Priority 3:** *"To promote social inclusion and poverty reduction"*, with the objectives:

- To improve the system of social allowances and social services in order to guide and cover vulnerable groups in a better way
- To integrate persons with disabilities in employment
- To integrate RAE population, refugees and dislocated persons

Economic and Fiscal Program for Montenegro defines the framework and objectives of the Economic Policy of Montenegro for the period 2010-2013. As one of the economic measures, it provides support programs to the SME sector, including in particular:

- Creation of the Strategy for SMEs Development
- Strengthening institutional support for SME development

- Strengthening financial support.

In accordance with the Economic and Fiscal Program 2010-2013, Directorate for SMEs Development adopted in 2011 **The Strategy for Development of SMEs 2011-2015**. As strategic objectives, this Strategy defines:

- Strategic objective 1: To improve the business environment
- Strategic objective 2: To strengthen the financial support
- Strategic objective 3: To strengthen the competitiveness of SMEs and promote entrepreneurship
- Strategic objective 4: To support beginners in business –start up

Within the framework of entrepreneurship promotion, the Strategy as a separate task foresees the stimulation of women entrepreneurship.

Strategy for Strengthening Competitiveness at the Micro Level 2011-2015 (2011) is harmonized with the Strategy for the Development of Small and Medium Enterprises 2011-2015, and aims to develop the productive and export-capable SMEs that significantly contribute to the overall economic growth of Montenegro and to the competitiveness of its economy, which is based on three priorities:

- Development of the existing and creation of innovative industries / facilities
- Strengthen the exporting performances of companies
- Promotion of Montenegrin potentials.

Action Plan for Achievement of Gender Equality in Montenegro 2013-2017 (APAGE) has been created in accordance with the national legislation, but also with the parts of international legal documents of the United Nations, Council of Europe, European Union and specialized international organizations related to the equality between women and men. When it comes to the economy, one of the strategic objectives this document is: *to increase the employment of women and eliminate all forms of discrimination against women in the labor market*. In order to encourage women entrepreneurship APAGE foresees the following strategic objectives:

- to develop a strategy for women entrepreneurship
- to create and develop a comprehensive database on women entrepreneurship
- to initiate and establish favorable credit lines for women
- to initiate the introduction of tax incentives for self-employed women, women entrepreneurs and women employed in agriculture
- to conduct training programs and seminars for women who start their own business or for those who are owners of SMEs, with a special training for women from less employable category
- to organize a fair for female entrepreneurship
- to encourage the diversification of the rural economy (development of traditional crafts, souvenir production, handicrafts, etc.) and exchange of experience
- to promote the activities of women in rural area through the media, the election of the most successful woman entrepreneur in the rural area
- financial support for agricultural activities of women and to finance projects for women from rural areas
- to celebrate the International Day of Women Entrepreneurs - third Friday in May

- to provide assistance in launching crafts and handmade products, with the possibility of establishing cooperatives, especially for women from the less employable category and women from rural areas.

A large number of local self-authorities, after the adoption of APAGE 2008-2012, adopted **the local action plans for achieving gender equality**. The respondents during the in-depth interviews recognize the importance of the local level is a key for the development of entrepreneurship. From their perspective, the establishment of mechanisms for gender equality would be more effective if it is approached from the local to the national level.

"Many things in Montenegro are centralized. When it comes to women everything has to be localized so that they can get into position to interact with these institutions in the educational, incentive sense, appropriate to their roles, especially due to the finances. This is the foundation."

Representative of media, education institutions and international organizations

In this regard, the activity started at the end of 2012 with the aim to promote the economic empowerment of women in the municipalities of Montenegro is very important. Namely, within the Program for Gender Equality IPA 2010⁹, representatives of the UNDP and the Ministry of Human and Minority Rights, signed the agreement on cooperation in the field of women entrepreneurship with representatives of the three Montenegrin municipalities - Cetinje, Kolasin and Mojkovac. The planned activities will take place over the next 16 months and in the next phase the program will be expanded to Pljevlja and Zabljak.

"Although I was told that everything would be done in 3 to 4 days, the procedure for registering my company took a month, between 7 a.m and 3 p.m, running everyday. And why it was so long? Because everything is connected and dependat to each other"

*Branka
2 years in business, production*

"Each municipality in their local unite should have an office or someone to assist women entrepreneurs."

Representative of state authority

Strategy for Lifelong Entrepreneurial Learning 2008-2013 is a comprehensive vision of entrepreneurial learning in Montenegro. It is made in accordance with the National Strategy for Employment and Human Resources Development 2007-2011 and the discussion paper "Human Resource Development - Montenegro in 2017 " and in cooperation with the working group composed of the representatives of all relevant stakeholders at national level (Ministry of Labor and Social Welfare, Ministry of Education, Directorate for SMEs Development, EAM, Institute of Education, Vocational Education and Training Centre, Montenegrin Employers Federation and the Center for development of non-governmental organizations). The Strategy priorities are:

- Awareness rising on the importance of entrepreneurial learning for the overall socio-economic development of the country;
- Improving entrepreneurial learning in the formal education system;
- Improving entrepreneurial learning in the informal education system;
- Monitor the implementation and evaluation of entrepreneurial learning.

⁹ Program for Gender Equality IPA 2010 is implemented in the partnership between the Ministry for Human and Minority Rights, EU Delegation and UNDP Office to Montenegro.

4.2.2 Business barriers

As it can be seen from the presented strategies and introduction, legal provisions guarantee equality and equal rights of both male and female citizens of Montenegro, which means equal conditions when it comes to entrepreneurship. Although the business barriers interfere with the regular operations of all businesses (both women and men owners of companies), there are differences in the intensity and the way they affect women compared to the men business owners. These implications are closely related to the traditional role of women in Montenegrin society and the private life.

"It is easier for men entrepreneurs only since they have no obligations at home. They can deal with their job only and a woman needs to deal with the job, children, family, cooking and cleaning. Everything which privately does not go well, the woman is to be blamed for. A man never."

*Marija
13 years in business, services*

One of the major business barriers relates to **the procedures for the registration of business entities and obtaining necessary work permits**. In the opinion of the majority of respondents during the in-depth interviews, these procedures are long, complicated and expensive. On the other hand, the legislation defines them as very simple.

"If you take the simplicity of the law on the establishment of an enterprise and the procedure that is written in the law which is understandable to everyone regardless of the level of their education, and on the other hand if you take the practical results and the time needed to shape everything, than you see that the barrier is extremely big."

Representative of the company, media, education institution and international organizations

A length and complexity of these procedures are the reason for that most of entrepreneurs to decide for this purpose to hire a bookkeeping agency (which they could do by themselves), thus making an additional cost (about 200 euros). If we take into account the traditional role of women in a society and the amount of their obligations in the household, it is understandable that the engagement of such agency is an attractive option, especially since it saves valuable time.

"The woman, who hires the agency to complete the procedure, ends better than the one who goes alone for the paper work and loses too much time."

The representative of business associations

The procedure for registering a company and obtaining permits is officially regulated as it follows:

- From the 20th May 2011 it is foreseen for the company registration to be in the Central Register of Companies run by the Tax Administration i.e. in one place, introducing the one-stop-and-shop window. This enables that registering the company in the Central Register of Companies it is automatically registered in the registry of the Statistical Office, taxpayers register, customs payers and value added tax payers as well as the excise payers, in the case that company representatives wish that. The application for registration can be submitted and electronically via the portal www.euprava.me. In order to do the registration, an entrepreneur needs to submit a copy of identity card or passport, to pay the administrative registration fee of 10 Euro and the administrative fee of 12 euros for the publication of announcement in the "Official Gazette of Montenegro" as well as to fill in the registration form.
- The procedures for registering the business activity has been transferred into electronic form so that the registration of the commercial, industrial, catering and other activities,

permits, licenses, approvals, certificates, authorizations and other documents stipulated as a condition for carrying out business activities can be found in the electronic register of licenses at the website www.licenca.me. This register contains substantial and electronic database of all licenses to be issued by the competent bodies, administrative bodies, administrative organizations and other organizations with public authorities in Montenegro. The portal contains guideline for application and the required documentation for obtaining licenses, with all the necessary information. Access to the portal is free of charge.

- The Law on Improvement of Business Environment ("Official Gazette of Montenegro", no. 40/10) amended the provisions of the Company Act to the effect that the obligation to renew registration is for one year. This means that companies whose expiration date is later than the date when these changes entered into force (31 August 2010), are no longer obliged to extend the registration.

Time duration for obtaining all permits is attached to the work of institutions and the lack of information of citizens. An additional problem is frequently a lack of the computer skills and insufficient coverage of the Internet, which is particularly associated with the northern region and rural areas. The official figures show that in the category of women older than 15 years, 34% are computer literate and 16% are partially familiar while 50% do not how to work on a computer. That Montenegro is still in the informatics transition, speaks the data that 60% of men have never used the Internet, while that percentage among women is 66% (Monstat, "Women and Men in Montenegro 2012").

Administrative procedures are complicated for everyone, but the time spent in the public institutions for these obligations is especially hard for women. The reason for that is their greater involvement in family and household tasks, which means that the time spent in the waiting lines for women requires an additional organization in terms of child care (if they have children).

"For a while everyone was talking in the public that Montenegro is the only country in the world where one euro is enough to start the company and that it was nothing compared to the Western countries. And it is really just a mask because if you want to start a company, you have to have a bunch of consents and papers, to knock on a million counters with a bunch of impolite workers who are forever on the break. People going into business must ramble around the counters like lunatics, and if that person is a woman who has children to take care of, to bring them to school and run other errands, how to fit into everything? "

Representative of a company, media, education institution and international organizations

Significant problems for companies are **number of taxes, charges and fees and their high amount**- particularly at the local level. In a very difficult economic situation in Montenegro, these barriers are often recognized as discouraging for conducting a regular business activity and for the overall sustainability of SMEs which all together contributes to the emergence of informal or grey economy, and it is, among other things, manifesting through the provision of the hair and beauty care services in homes, selling clothes and jewelry and production services also from homes (catering, cakes and cookies ...) etc.

"The inspection can come my companies 6 times for 6 months and to find no irregularities. I believe that the inspectors still have the old communists system of thinking about the private business which is "take everything from them".

*Marija
13 years in business, services*

The informal economy or unregistered work is one of the biggest problems for development of the real sector and thus for the women business which represents a particularly vulnerable category. It causes the unfair competition which hurts the companies operating legally

(those that register their workers and regularly pay income taxes and contribution ...). The companies that operate illegally do not pay VAT, the tax on the office space lease, the industrial or more expensive electricity, water and utilities. All these taxes for legal employers make the prices of their goods and services to be up to 60-80% higher than of those who operate in the informal economy, which has the result in the overflow of fiscal burdens from informal to the formal sector.

According to the research done by CEED about the women operating in the informal economy (2012), the main reasons for doing business outside the regular flows the respondents stated the high taxes and charges as well as high costs for the registration and regular operations. In addition, even 62.1% of women in the southern region of Montenegro assessed that there were significant benefits from operating in the informal area and that it was more profitable for them.

„I personally do have a problem since at least once a day I meet a real estate agent ... they have a phone, a notebook, a car and it is enough for performing the business. I have noticed the same thing for hairdresser services, they are everywhere and they neither pay taxes nor lump sum, although no taxes at all. That is the informal economy I am talking about... And I have noticed that those who operate regularly are more punished.“

*Jasmina
7 years in business, real estate*

"When you analyze all the taxes that an entrepreneur needs to pay, then the profitability of any enterprise is in question, no matter how innovative and creative the business is. Therefore, the transition of small businesses from informal to formal economy means a lack of profitability. "

Representative of a company, media, education institution and international organizations

Among the barriers that burden business activities there is a problem of **irregular payment or delayed payment of claims**. Since the women entrepreneurs are particularly sensitive category, such problem especially in this difficult economic time, may have as a result that a woman who is a

„I do not expect help from anyone, but I expect to be paid for my work. But then I get in a situation when the state does not want to pay me... When the bill gets to be paid you realized that it is not there... and it is the fourth year that they did not pay my bill. Let's don't allow them to damage us if they cannot help us. “

*Ksenija
11 years in business, marketing*

company owner cannot pay any other business obligations, and there is a danger of closing the company, too. Therefore, setting up a system of mutual receivables payment (defining the deadline for the mutual payment of claims) would be very helpful for their further sustainability. In addition, limited period for payment upon the issuance of invoices for goods and services should be applied on the claims between businesses and on claims between businesses and the public sector (public institutions and enterprises and the state and local government). It would help development of women business and the

overall economy, and it would strengthen fiscal discipline which may contribute to the improvement of liquidity, faster cash flow and stop further interruption in the market functioning.

In 2012, MEF conducted a survey among SMEs on "Business Barriers in Montenegro." Summary analysis showed that the sample companies (300) as business barriers at the national level in Montenegro commonly recognized the unavailability of funds, administrative barriers, corruption, lack of subsidies, unfair competition and inadequate work of the state administration.

4.3 Assessment of Promotion of Women as Entrepreneurs

In the Montenegrin society, women are primarily seen in the context of the traditional roles which they have as wives and mothers. Although there is not a negative attitude towards women entrepreneurs, in addition to run a business successfully they are expected to perform all of their family responsibilities. But the help they need in the private sphere is absent both from men and from the state.

In fact, research shows that men spend much less time in housework. Thus, the UNDP research "Women Entrepreneurship in Montenegro" (2012) showed that 99% of married and 95% unmarried women are engaged in housework, while every fourth man (husband/partner) deals with those tasks. Women, especially those who are married, spend significantly more time for such obligations: 91% of married and 60% unmarried women spend over an hour per day for household chores, and even 36% of married work on household tasks for more than 3 hours a day. Similar results were shown in the study of Montenegrin Employers Federation (MEF) "Women Entrepreneurship - the Potential of the Montenegrin Economy" (2012). In fact, when it comes to taking care of household obligations, the perspective of men entrepreneurs and women entrepreneurs is different – women entrepreneurs often consider themselves to be primarily responsible (64% of women compared to only 21% of men), while not a single woman entrepreneur finds her spouse primarily responsible. When it comes to taking care of children, women entrepreneurs find themselves primarily responsible (46.4% of women compared to 12% men). None of the women entrepreneurs said that her spouse or partner was primarily responsible for taking care of children, while 36% of men entrepreneurs said that their spouses were responsible.

„I worked today and had some meetings.... but no one will come to make a lunch for tomorrow! That is where we need support. How to be organized, how to make a balance and do all the tasks.“

*Vera
2 years in business, trade*

The most of respondents during the interviews explained this situation with tradition and patriarchal values and did not expect significant changes in the near future.

"Montenegro is specific in a way that women stand out as it is often said in such mentality, and they would firstly face a judgment, because their job is not to go around and do who knows what, but a woman's place

is in the family. That's the first thing. Now we're a bit emancipated so we got over that. Second thought is that someone stands behind them; it is the conventional wisdom, although we slowly leave that behind, too. Thirdly, a man will always be forgiven if he is not properly dressed, a woman never. There will always say - look at her greasy hair, look at this and look at that, and never thinking if she had to take care of a child who had a fever the whole night, that in the morning she got up at 5 a.m. to make a pie for breakfast for children because even if she is a parliament member or a teacher or business owner, her children also need to eat and her children have a fever like children of those who do not have to go to work."

"We should have in mind that today's woman has a family and a job. If she wants to fulfill her business ambitions, than she needs help with a childcare, maybe even to organize a bus transportation to schools or similar things."

*Olga
3 years in business, publishing*

Representative of a company, media, education institution and international organizations

The respondents of the in-depth interviews said that the state did not develop an adequate system of social services which would allow fathers, but especially mothers, to exercise entrepreneurial activity without interference. The biggest problems are the insufficient number of public kindergartens, their inadequate working hours and a lack of extended stays in primary schools. Due to the insufficient number of pre-school institutions (public), not only that all children can be enrolled, but the number of children in groups is far beyond the optimum. Consequences of the overcrowded kindergarten are the health issues causing the children to remain at home, and it is necessary to find a person who will take care of them in that period. Although the kindergartens have extended hours to 17 hours, it is still not adjusted to the needs of women entrepreneurs (and other mothers and fathers) because their hours are often longer than 5 p.m., which means that they need extra help with child care. Similar problems have the mothers of school-age children. The majority of primary schools do not have the extended hours, so it is necessary to provide a person to care of children before and after the school hours. Insufficiently developed system of child care by the state, is just one of the determining factors that influence women not to enter into entrepreneurial waters. On the other hand, as a precondition for women entrepreneurship, the respondents of in-depth interviews, find the family support. It is, among other things, provided through the help of other family members (grandparents) in child care.

„Why the state owned kindergartens where the price is more favourable do not have working hours like the private ones until 7 or 8 p.m? If you divide children in two groups, everything is possible – you resolve the unemployment problem and you have more children i.e. more parents who pay for their care. Secondly, there should be in elementary schools, at least until 4th or 5th grade to have whole day care. I was a child whose parents were working in two shifts... they nicely paid for my stay and I had breakfast, snacks, lunch, classes... There was peaceful when I got home. I played with my parents, everything was great, and all my obligations were finished”

*Marija
13 years in business, service provider*

“If a woman has any kind of job, and especially if she is an entrepreneur that requires additional energy, 24-hour engagement, a day care for children must be provided. But the kindergartens which are not like these in Montenegro, where two children sleeps in the same bed and where fifty of them are in small rooms, where the child is sick all the time and therefore must often be absent. Secondly, our schools are in poor condition. Many schools do not have those so called extended hours. Also, if the state has a good health system, a woman who is engaged in business would be in much easier situation. In order to take a child to the doctor, I have to be absent from work for at least 3 hours. And it is more difficult for a woman who has her own business since for her the time is literally the money. “

Representative of a company, media, education institution and international organizations

Among the citizens of Montenegro, the entrepreneurship is not highly rated as desired vocation. Data from the UNDP National Report on Human Development 2013, titled "People are the Greatest Wealth of the Country - How Rich is Montenegro", shows that the two-thirds of the Montenegrin citizens would rather work in the public sector for a wage of 450 Euro, than in private sector for 750 Euro. The respondents of the in-depth interviews assess that there is generally a lack of entrepreneurial spirit in Montenegro but the reason for this can partially be found in the school curricular which do not explain entrepreneurship sufficiently to children. Consequently, for the majority of women, entrepreneurship is not the primary life goal, but they generally engage with it due to the need. Such situations are often related to losing a job and inability to find a new one and they recognize the entrepreneurship as a way to provide for their family.

"Generally in the Montenegrin society, for both the men and women, the idea of entrepreneurship is not too close. Definitely! There has never been capitalism in Montenegro, so generally we are not

recognized as an entrepreneurial nation. And since the women are much less inclining to risk, then they less turn to entrepreneurship. "

State authority representative

The majority of women entrepreneurs are opting for a modest business plans and are generally less inclined to the risk than men. It is assessed that this is the result of the attitude of the environment which is far more critical to the potential failure of women than of men. On the other hand, women are much more patient and persistent when it comes to the work that they lead.

When it comes to the promotion of women entrepreneurs there has not been yet established in Montenegro a special award that emphasized their successes, but also the contribution they provide to the community and the society at general. It is believed that this would be a good incentive to both women who are already engaged in entrepreneurship and to potential entrepreneurs. Although the successful business women - entrepreneurs and managers are recognized in their branch of economy (within the business community), their wider promotion among the Montenegrin public is not present.

"Recently, for the first time in Montenegro, there was a promotion of a woman manager who was recognized in Montenegro and the region as a good entrepreneur. But it was only when she got the recognition in the region and the international community, that the recognition took place in Montenegro."

Representative of business associations

Therefore, an important form of support is expected in the next three years with the project "Women Entrepreneurship - a Job Creation Engine for South-East Europe) which was introduced at the beginning of 2013 by Directorate for SMEs Development in collaboration with SEECEL.

The objective of this project is strengthening and promoting women entrepreneurship in eight SEECEL member states and in Moldova through active cooperation between the public and private sectors.¹⁰

And the media are expected to assist, in addition to inform, in activities that will have an educational form along with the promotion - especially from the perspective of women and girls who can find in entrepreneurship a good model for self-employment and economic empowerment. Although they are often characterized as being primarily oriented towards the problems and negative aspects of the business and social environment and not too prone to report on the positive examples, some Montenegrin media show that they are familiar with promotion of successful women business stories.¹¹ In addition, the media representatives themselves state that the audience responds positively to publishing stories about successful business women.

I cannot believe that there is no EU project whose results would be a range of TV shows about women entrepreneurs. I believe that it would be very important for high school and university students because it would help them to think differently... At least they would understand that the job cannot just happen but they need to take an action and to self-employ."

*Anđela
5 years in business, marketing*

¹⁰ The project is implemented by SEECEL and GTF, and supervised and coordinated by the Regional Council for Cooperation.

¹¹ Some of positive examples about the promotion of successful business women: a series of texts about women entrepreneurs in monthly newspaper CG Ekonomist (2007/2008), texts about successful business women and managers in daily newspaper "Vijesti" - column "Home" (2012), participation of women entrepreneurs in TV show "Between Us" TV Atlas (2013).

"We had a story about a woman entrepreneur. She used to in Italy and then she decided to return to Montenegro, she opened a shop across the "Delta Shopping Centre" and makes custom handmade shoes. After the story on television I had somewhere around sixty calls, so many people called me completely thrilled for having such a positive story. "

Representative of a company, media, education institution and international organizations

4.4 Assessment of Education and Training Access

4.4.1 Analysis of current situation

Regardless of different views about other barriers to business, all respondents during the in-depth interviews were unanimous in their assessment that neither men nor women in Montenegro are educated enough to run their own business. The problem can be seen in the early, preparatory stages and later when managing the company. Women are generally aware about the lack of adequate knowledge on entrepreneurship, as indicated by the results of the UNDP research, "Women Entrepreneurship in Montenegro", since one third of the women participants believe that they need additional training in order to start the business, while 80% believe that they need continual trainings and further education.

As one of the main reasons for such situation, the education and school curricula are recognized. The introduction of entrepreneurship in the education system is the result of education reform that is being implemented in recent years. Although there have been improvements, additional efforts are required for entrepreneurship to become an integral part of the educational process at all levels. In November 2011, the Government adopted a number of conclusions in this regard, with the guidelines for the key stakeholders. Thus, there occurred the "revived" of National Partnership for Entrepreneurial Learning - the body whose main task is to create a proposal of activities for Lifelong Entrepreneurial Learning Strategy, to monitor and to report about implementation. It is surprising that the financial resources provided by the government are limited and the development of entrepreneurial learning to date is largely dependent on foreign donors.

„If you don't create an image about entrepreneurship to your child in elementary or high school, you will hardly manage to do that at the university. Encouraging competition and how to fight for your own things, needs to start at early childhood. We are talking here about rising awareness on entrepreneurship. OK, a lot has been done about it during the last 10 years. But I think that the awareness does not still fundamentally exist in both elementary and high school education. Neither do parents develop that fight for survival in children but they teach them to go in state institutions and to get safe salaries.

*Suzana
3 years in business, consulting*

As a follow up of the European Charter for Small Enterprises, European Commission adopted in 2008 the Small Business Act which has established principles and guidelines based on which is a policy formulated for SMEs in the EU Member States and countries of the Western Balkan. The first chapter of the Small Business Act is dedicated to entrepreneurial education and includes indicators related to: Policy Framework for Entrepreneurial Learning, Lower Secondary Education (ISCED 2), High Secondary Education (ISCED 3) and Supreme Education (ISCED 5 & 6). The coordinator of activities for implementation of the Small Business Act is the Directorate for Development of SMEs. The Report of the Small Business Act for 2012, the part related to the promotion of entrepreneurship and the development of entrepreneurial skills, states that educational institutions have to take greater responsibility and commitment regarding the implementation of entrepreneurial learning. An important step should be the adoption of the EU recommendations on

the development of key entrepreneurial competencies and their systematic application in the primary, secondary and high education in Montenegro.

Elementary Schools

Since the academic year 2012/2013 it has been shifted to the new curriculum, which, unlike the old one that was based on the adoption of content, is teaching-targeted and process-developing. The new curriculum includes basic areas of knowledge that student needs to acquire during the education, intellectual, mental and physical abilities and skills which provide him/her with a secure foundation for life and work. Although it is possible to identify a number of elements that are conducive to the development of entrepreneurship, when we get to the specific activity there prevail passive forms of learning.

Through the implementation of the project "Entrepreneurship Clubs in Elementary Schools" (2003-2007), Directorate for SMEs prepared a program for the subject Entrepreneurship for 8th grade, which was adopted in 2007. Today, the entrepreneurship is present in elementary education as an optional subject in the 8th grade, with one class per week or 33 classes per year. It is currently being implemented in three elementary schools, and during the 2011/2012, the number of students who selected this subject was 88.

The four elementary schools (Bar, Podgorica and Risan), during the 2012 the pilot project "Development of entrepreneurial competencies in ISCED 2" was successfully implemented, within the project SECEEL (South East European Centre for Entrepreneurial Learning). Moreover, within the BES¹² the commission has been established with the task to develop instructions for implementation of entrepreneurial learning through mandatory curricula.

Secondary Schools

A curriculum for entrepreneurship for secondary school does not exist either as regular (mandatory) or as optional subject. Currently, Directorate for SMEs Development implements a project on training the high school teachers in the northern region.

Starting from 2004, the secondary education began teaching the new curricula, which are characterized by a higher proportion of vocational-theoretical subjects and practical training compared to the old curricula. As the subject, entrepreneurship has been introduced in all secondary vocational schools.

Montenegro has successfully implemented the concept of training companies, but for now only in secondary schools, educating the professions in the field of economics, law and administration. The program is being realized within the framework of the ECO NET project, which from 2005 was implemented by the Austrian organization Kultur Kontakt, with the financial support of Austrian Development Agency - ADA, while the VET Center and schools will be responsible for its implementation in the future.

During the academic year 2012/2013, the subject has been carried out in 15 secondary schools, 70 training companies have been established where about 1,200 students get practical knowledge and skills in entrepreneurship.

¹² BES link for entrepreneurial learning:
http://www.zavodzaskolstvo.gov.me/rubrike/preduzetnicko_ucenje/

The program "Young Entrepreneurs" is implemented in secondary vocational schools (starting from the academic year 2012/2013) within the subject Entrepreneurship in all work sectors apart of the economy. The program was developed within the framework of activities of VET Centre, Ministry of Education and Sport, Directorate for SMEs Development, the secondary vocational school teachers and MNE/011 Project, with the aim of developing an entrepreneurial mindset and acquiring entrepreneurial knowledge, skills and attitudes. In order to support this program, the following is created: a guide for students (practical guide through the process of entrepreneurship, with a number of useful examples), the teachers' manual (a guide through different methodological options for teaching this subject).

In the area of economics where "Training Company" is being realized, a manual "Training Company for Students" is created and distributed to all students in Montenegro. Also, the existing website of the Service Center for training companies ¹³ is renewed and the online registration of virtual training companies is introduced.

University education

The university education reform is carried out in order to increase the efficiency of studies and due to the harmonization of the system with the European tendencies, but in order to prevent previous dropouts, "brain drain", insufficient mobility of students and teachers in terms of professional development and insufficient engagement of young teachers in faculties and higher schools.

The subject Entrepreneurship exists at all universities in Montenegro, within certain academic programs that are business oriented - undergraduate and postgraduate studies.

„I think that entrepreneurship at university cannot be taught by people who do not come from business. Entrepreneurship is not a theory and just a story in the air. Neither the marketing is to be learned from books, but from the people with the practice from “the field”... The stronger in business, the more experience they will transfer. “

*Suzana
3 years in business, consulting*

University of Montenegro – Postgraduate studies „Entrepreneurial Econom“, with entrepreneurship as one of the basic subjects, was established in 1992. Faculty of Economics (FE) in 1995 introduced EMB study program (Entrepreneurship, Management, and Business). Among the different orientations, there are Entrepreneurship and Entrepreneurial Finances at the final year of studies. For all students at management studies, regardless of their orientation, the entrepreneurship is compulsory subject from 2004. At the first year of undergraduate studies of FE, one of the compulsory subjects is "Business". During the 2012 the FE organized: the event "Business Day" when the three best business plans were awarded, the International Scientific Conference "Employment through the Prism of Entrepreneurship" (in collaboration between FE, Directorate for SMEs and IDF), the lecture "Are You Innovative" and the round table due to the Global Entrepreneurship Week. Also, within the MEF project "Women Business - The Potential of Montenegrin Economy," which was supported by UN Women, for the FE students at the final year and post-graduate studies, MEF during the 2011/2012 organized a series of guest lectures by successful business women (entrepreneurs and managers). On the other hand, within the Tempus

„The essential moment for me was when I realized after the university that I started to learn only than. Than I began with taking classes from finances, accounting, computers and Internet... Everything which could be useful for me... I belong to the group of those who wanted to work in private sector in stead of the public , to get a lot of tasks and to learn how to work.“

*Ana
11 years in business, trade sector*

¹³ Web site of the Service Center for training: <http://www.serviscentarpzv.me/>

Project - the development of the concept of lifelong learning at the University of Montenegro, FE in 2012 in cooperation with the Chamber of Commerce, organized a round table "Recognition of the Prior Learning and Flexible Learning Paths." FE published the 8th magazine "Entrepreneur" whose mission is to raise national entrepreneurial culture.

University Donja Gorica (UDG) - within the university education ISCED 5 & 6 SEECEL's t project at the Humanities, implemented in 2012 a module Entrepreneurship and Innovation, and the first generation completed the classes. Also, UDG for the second consecutive year organizes The Stock Exchange of Entrepreneurial Ideas, with the aim of stimulating business development ideas of students and high school students from Montenegro. Out of 26 registered business ideas from Bosnia and Herzegovina, Bulgaria, Serbia, Macedonia and Montenegro, 10 were selected and they were presented and quoted on the Stock Exchange of Entrepreneurial Ideas. The faculty of International Finance, Economics and Business, organized at the beginning of 2011 the first school of entrepreneurship for young people. In a meanwhile, in cooperation with the Ministry of Education and Sports, the third school was held whose participants were secondary school students from Montenegro. The objective of this project was to raise awareness on entrepreneurship among high school students and their motivation for further development in this area.

Mediterranean University - Faculty of Tourism Bar ("Montenegro Tourism School"), at the undergraduate study program for Tourism and Hospitality Management, there is a subject Entrepreneurship in Tourism and Hospitality starting from 2004/2005.

MONSTAT data show that women in Montenegro made progress and that they make a majority of students enrolled in all levels. Thus, out of the total number of students who graduated within the new system (Bologna Declaration) there are 57.4% of women who have completed undergraduate studies, basic-applied studies 51.7%, specialized studies 67%, while 61.6 % of women completed the master degree. On the other hand, one out of five women who entered university in 2007/08, graduated in 2010, while at the same time every seventh man graduated.

4.4.2 Missing skills and knowledge

The entrepreneurs face a problem at the beginning when developing and writing a business plan. It happens that they do not recognize the importance of the analysis of market conditions before entering the job (potential entrepreneurs) and the existing data are rarely used - not even for the purposes of a rough analysis of the market. Unlike men, women are more aware of the need for additional training and if given the chance, they diligently start it.

"In order to start a business, there is a need for education for both man and women, but women recognize the need more often. When we organized trainings for startups, definitely women were those who in 80% were regular and dedicated. They never say 'I know everything', but they are ready to receive additional education. Women always have a dose of self-criticism, much more than men."

A representative of the state administration

The respondents during the in-depth interviews said that a particularly important thing was a business plan. It is said that to the skills of writing a business plan is given too much of unnecessary importance and it was essential that entrepreneurs knew how to read it and to understand it. The respondents believe that it is reasonable to let hired, professional entities to write a business plan, while entrepreneurs need to understand what the plan provides in order to stick to it and to manage the work successfully.

The education process should be complementary to the financial assistance in order to ensure that users are informed of how to more effectively utilize the received funds. Otherwise, the risk of unintended usage rises. Training is needed when it comes to crediting as well, especially for women to be able to make a calculation which would show the amount of the liabilities, the interest rate, or whether the business would repay obligations

"Everyone is aware that the money is missing, but not that knowledge is missing. Hypothetically, if someone gives you the money, then you will wonder what to do with that money. If you are following the feelings, something can be good, but in most of the cases it turns out bad. And when you take a loan from a bank, you are taking 30,000€ loan but do you know that at the end you will repay 45,000€? Can you bear that financially? Do you know how the bank calculates it? So, the basic concepts are to be learned. "

Representative of business associations

The respondents during the in-depth interviews highlight that a significant number of women, particularly in the north and in rural areas, do not have an access to a large amount of information because they are missing knowledge in the field of information and communication technology or they do not have an Internet access. Therefore, training for computer skills organized by EAM and some organizations are assessed as very useful.

"She can not apply for the loan to the Investment and Development Fund, or to someone who provides funds if she does not know how to do so. She cannot know how if she does not use a computer and if the Internet is not available."

A representative of the state administration

4.4.3 Entrepreneurial learning in the system of informal education

In European Union, in addition to the entrepreneurial learning within the formal education system, a significant part of such learning is conducted through the informal training programs. According to the ILO, there is an average of 7% of the persons over the age of 35 participating in the adult education programs in the EU, while in Montenegro it is far less (Strategy for Lifelong Entrepreneurial Learning 2008-2013).

The Report on the Action Plan Implementation for 2012 of the Strategy for Lifelong Entrepreneurial Learning 2008-2013, states that the available educational programs in entrepreneurship in the informal education system strive to address the needs of SMEs and it emphasizes the activities of Directorate for SMEs Development, Chamber of Commerce, EAM, Montenegrin Employers Federation and VET Center which are continuously working on the capacity building in order to support development of economy. According to the Report, a progress has been achieved in organization of fairs for promotion of entrepreneurial learning, in training teachers to implement activities that recognize entrepreneurship as a key competence, in capacity building for the implementation of entrepreneurial learning among adults and in the implementation of the National Qualifications Framework. On the other hand, a little progress has been made in promoting a research on entrepreneurship among students, in learning entrepreneurship as a key competence in grammar schools, in establishing virtual enterprises, etc.

In Montenegro, the training generally covers persons registered in the EAM and a number of other partners (public, private and civil sector) are dealing with entrepreneurial learning.

University of Montenegro - the Faculty of Economics in Podgorica, from 25th to 28th of January 2013 organized a four day Winter School of Entrepreneurship, where the participants were representatives of the business community (MEF, Entrepreneur and Crafts Chamber, MBA, CCM), the best undergraduate and postgraduate students of EF and the students of High School "Mirko Vešović" from Podgorica. Lecturers were professors of EF and other international universities, as well as the entrepreneurs themselves. The topics were: methodology of developing a business plan, market analysis principles and concepts of marketing, creating customer satisfaction, leadership in entrepreneurship, business ethics and code of ethics, the importance of the financial assessment of investment projects, basics of entrepreneurship, and principles of marketing, branding and HR in SMEs.

„ For the business plan I firstly paid 250€, then a woman who wrote it charged me 300€ and then a man 450€ and the fourth time I paid 280€ for some minor changes. Therefore I said when I was in IDF: “When we come here, please give us a person who would take 1% or 3% or 5% or whatever but that person would be in charge for me for seven days and help me to make an appropriate business plan”

*Ivana
3 years in business, production*

Employment Agency of Montenegro educates within several programs its clients in the field of entrepreneurship. One part of the training is focused on potential credit users for entrepreneurs and it is implemented prior to the credit application process, and it is a formal requirement for application. This program has two roles: informative (to show participants how to choose the business, how to apply for a credit, what is to expect when applying for credit and later in the business) and practical one (specific information for potential users on development of a business plan). Another important program of EAM is a Virtual Enterprise. This program involves a group of 15 persons registered in the EAM, with different levels of education, occupation and age. A group chooses business activity in a virtual system that simulates real conditions in Montenegro for starting the entrepreneurial process - the establishment of company and administration, creating the company statute, registration of worker, etc. The participants then run the company and learn how to calculate income tax, VAT, etc, and rotate in various positions in the company (management, accounting, legal office, etc.). To acquire knowledge which is relevant to the real-world conditions, members of the virtual enterprise closely cooperate with a partner enterprise. In fact, every virtual company is connected with a real entrepreneur, which means that employees of the real company visit the training companies and share their knowledge and experience. Some of the previous participants took part in virtual enterprises fair.

Business associations also recognize the need for additional training of their member companies.

Thus, **the Association of Business Women of Montenegro** organized a number of events, international conferences and round tables as well as seminars and workshops on important topics for women entrepreneurs, such as negotiation skills, enterprise development (development of products/services, selling, planning, written and oral communication), etc.

Association of Women Entrepreneurs of Montenegro due to limited finances implemented fewer seminars and on issues related to the specific problems of women entrepreneurs. Such was a seminar on financial management and cost calculations, organized in 2012.

In 2012 **the Directorate for SMEs Development** held a series of roundtables, workshops, and conferences which covered the following topics: eco-innovation, export opportunities on the Russian market, the quality system in the touristic offer of SMEs, the promotion of intellectual property rights, the development of SMEs in the EU and Montenegro, corporate social responsibility and so on.

Vocational Education and Training Center in collaboration with Culture Contact and EAM organized the training on entrepreneurship for unemployed persons registered with EAM. Also, the Program on Entrepreneurship for adults' education is amended and adopted by the National Council.

Montenegrin Employers Federation organized over the same period a number of seminars and workshops, covering a wide range of useful topics, such as human resource management, preparation for the inspection controls, corporate social responsibility, occupational health and safety, favorable environment for the development of women entrepreneurship, energy efficiency and renewable energy sources, etc.

Chamber of Commerce of Montenegro organized a number of thematic one-day or two-day training. The topics include: communication skills, time management, identifying business opportunities, business plan development, market research and marketing plan, management of family business, planning strategy, access to finance and accounting basics.

Montenegro Business Alliance organized a number of seminars with, among other things, the topics were access to financing sources and the possibility of registering a business, or what entrepreneurs are to expect after the business registration, what options are the best for them and where are the possible sources of funding (not only loans, but also non-repayable grants within specific projects).

CEED and the Women Alliance for Development organized in 2013, within the project "Empowerment through Women Entrepreneurship in the North of Montenegro", a series of trainings on topics: market research, legal framework, tax liability and registration of companies, access to funding sources, recognizing business opportunities and development of a business plan.

Ministry for Human and Minority Rights, the EU Delegation and UNDP Office to Montenegro from December 2012 in the municipalities of Cetinje, Kolasin and Mojkovac implement the program for development of women entrepreneurship¹⁴. The training topics for the general entrepreneurial skills are administrative procedures for establishing and registering a company, requirements for credits and financing, management, marketing skills, business plan development, administrative skills, and communication skills and teamwork. The program also includes specific training for women (organic production standards and branding ...) as well as mentoring.

4.5 Assessment of the Access to Credits and Financial Services

4.5.1 Demands for credits

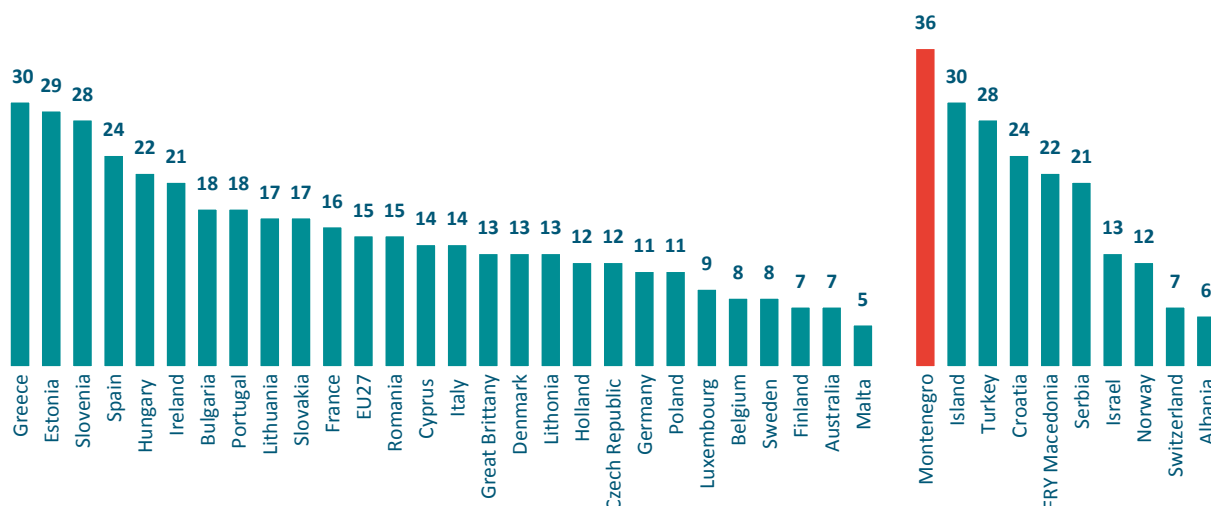
The respondents during the in-depth interviews say that access to finance - for women and men entrepreneurs, is the main barrier for starting a business. Therefore, a large number of potential entrepreneurs need a start up loan.

This is not the case only in Montenegro, but in the rest of Europe, as evidenced by the data from the research SMEs and Access to Finance Survey 2011 where Montenegro participated as well, which was for the needs of the Commission conducted by Ipsos Mori. According to the data of the survey, for SMEs in Montenegro as well as for those in the rest of Europe, the second biggest

¹⁴ The Program is being realized within the Program for Gender Equality IPA 2010, and the duration is 16 months

problem in business is access to finance, along with the presence of competition as the second significant problem. However, Montenegro mentioned a problem of access to finance more frequently mentioned since it was stated by 36% of company representatives, while the European average is 15%.

Figure 9: The biggest problem faced currently faced by the company
(Izvor: "SMEs and Access to Finance, Survey 2011", European Commission)



Like the companies in the rest of Europe, SMEs in Montenegro most often rely exclusively on external sources of funding (46%), such as overdrafts, leasing and loans. If we take those SMEs which use external sources with some other source of funding, a total of 67% of companies used external sources of financing for a period of 6 months prior to the survey. For bank loans in this period applied a bit more than one fifth of companies in the sample (22%), and the most of them were granted the entire amount (56% of those which applied) or bigger part of the money (12%), while 12% of SMEs were rejected.

When looking at a longer period, for two years ago, there were significantly more borrowers among SMEs: 72% used some form of credit, which is significantly higher than among the EU companies (50%). Even 90% of credits for SMEs in Montenegro were given by the banks and 53% of the borrowers used the credit as a working capital.

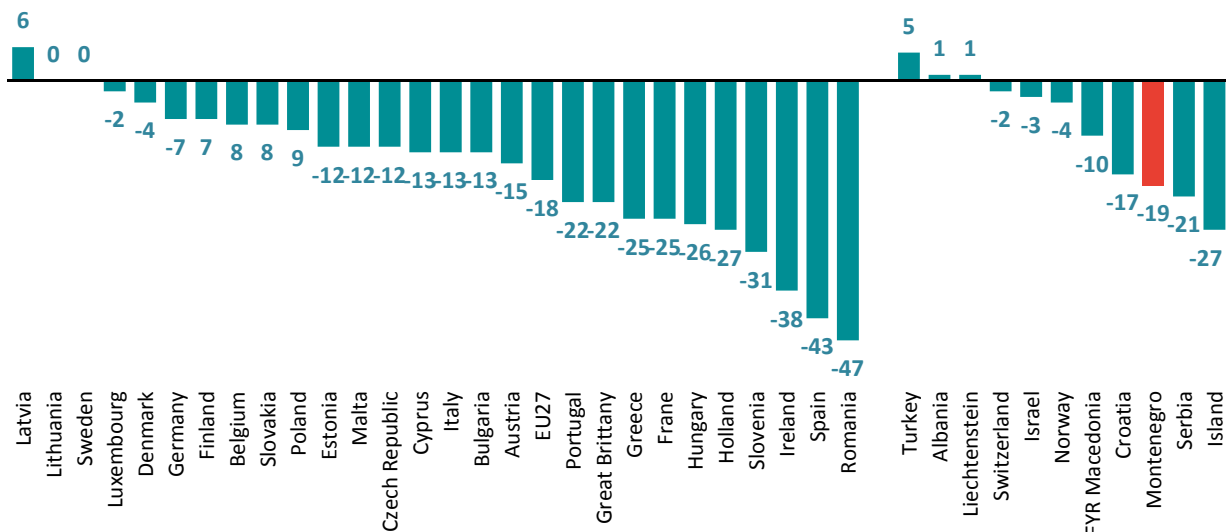
That the credit policy of the banks during the last six months prior to the survey was not favorable, says the fact that in Montenegro there are more those companies stating that the readiness of banks to grant loans deteriorated in that period (net score of -9).

Figure 10: Readiness of banks to grant loans (Source: “SMEs and Access to Finance, 2011“, European Commission)



The situation is even worse when it comes to the public financial support (including grants), since 19% more of companies estimate that during the 6 months period prior to the survey, this type of support was less available than it used to be.

Figure 11: Access to the public financial support, including the guarantees – net score (Source: “SMEs and Access to Finance, 2011“, European Commission)



UNDP Research with the Potential Entrepreneurs (2012) points out as well that the access to finance is one of the biggest barriers for starting up business, which also suggests that women do not choose entrepreneurship, primarily due to lack of funds (42% of respondents stated that

concerns about funding were the first and the most important reason for decision not to enter into business, while 14% of them said that the family responsibilities were the reason for such decision). Moreover, 93% of these women stated that it would be difficult to provide the money to start their own businesses, while only 7% said that it would not be a problem. At the same time, two thirds of the respondents would rely on a bank loan to start a business.

Data from the MEF's Research "Women Business – the Potential of the Montenegrin Economy" which was conducted among men and women entrepreneurs, showed that 56% of the women respondents (women entrepreneurs) recognized access to credits as a barrier to start a business. On the other hand, the initial capital to start a business, women entrepreneurs mainly provided through the state programs for supporting the start-up businesses, unlike men who used credits from the commercial banks.

"Money for initial investments I borrowed from my parents, and the initial money which was required, I borrowed in two, three, five, six installments. During 2001 there were really no credits. I believe that only one bank was giving credits but with insane interest rates, but I did not want to get into it."

*Marija
13 years in business, services*

In the times of crisis, due to the lack of funds, the private sector is much weakened and it is difficult or impossible to realize its growth potential, which additionally endangers the prospect of their future growth and sustainability of the overall business. Illiquidity of the real sector has been greatly caused by the limiting banks' policy in approving new loans as well as by the unpaid (and often unplayable) mutual claims.

At the moment, unlike the banking sector which is still quite a "dormant" when it comes to granting the loans for companies, especially for those in the SME category, it appears that the IDF is a rare address which is sensitive to the economy and which creates arrangements aimed to support companies' business. This is being confirmed by the understanding of IDF for women entrepreneurs, which resulted in the acceptance of the ABW initiative to create a special line of IDF credits for women in business (March 2011)

4.5.2 Available credits

Women are in a less favorable position than were men when it comes to crediting since traditionally the majority of women in Montenegro does not have its own property and therefore are unable to independently provide financing. Data show that only 6% of women have registered real estate. For this reason, the majority of respondents during the in-depth interviews repeat the argument that family support is necessary and that without the support, in a way it is pointless to start a business - even if the funds are provided.

"To start up a business, women need finances as the most important thing. However, 90% of them do not have a required collateral or the property registered in their name, and when you do not have it, it is clear that you cannot get a credit. I personally need those credits without collateral, the small and fast ones, from 3.000 to 5.000€..."

*Anđela
5 years in business, marketing*

"If the woman even has a property, which is rare, it is an apartment or house where she lives with children and she is in a terrible problem: whether she will be on a street tomorrow if the business doesn't go well. A majority does not even have anything in their ownership."

A representative of business associations

For the women who start their own business, **the bank credits** are available which are available to all entrepreneurs. These credits are offered by a number of banks, but the conditions are absolutely identical for men and women. For example, a bank that participated in this study provides loans ranging from 3,000 to 30,000€ with a repayment period of 84 months and an effective interest rate of 13%. The credit guarantees are mortgage, pledge, deposit or guarantor. Other banks offer similar conditions. Although there are no special advantages for women, the advisors in banks are on disposal to women entrepreneurs, and through a sort of partnership they provide adequate advice regarding the credits and business operations, and even connect them with other clients. Some other types of financing, such as micro-financing above the limit, are not available so far. While the banks representatives assess credits they offer as favorable, other respondents during the in-depth interviews believe that with the commercial credits, due to the high interest rates and a lack of a grace period, it is not possible to run a profitable business, especially for the companies in the start-up phase.

In order to further support the development of women entrepreneurship, the government has launched **a special credit line for women allocated by the Investment and Development Fund of Montenegro (IDF)**. IDF data indicate that from March 2011 to June 2013 there were credited 24 such projects implemented by women and that funds were in the amount of €771,239.50. There were 6 projects in the manufacturing sector (total value € 142,000), 14 in the field of service providing (€ 562,239.50) and 4 in the area of agricultural production (€ 67,000). When looking at the regional distribution of these projects, 14 projects or 56.90% of the approved funds were realized in the central region of Montenegro, 9 projects or 32.72% of the funds were allocated in the north part of Montenegro, and one project or 10.37% of funds in the south of Montenegro.

The annual plan for the 2013 also foresees the further development of IDF credit lines. A specific target group when designing the concrete financial support will be: young population, women in business and those who have innovative ideas. The plan specifies that when designing the measures of financial support, the specific position and characteristics of each of the target groups will be taken into consideration.

Special IDF credit lines are relating to: (1) MIDAS project which is being implemented in collaboration with the Ministry of Agriculture and Rural Development (2) financing projects which are run by women, (3) the young people in business (between the age of 21 and 35).

Table 10: Financing conditions for the special IDF credit lines for 2013 (Source: IDF)

Credit line	Amount of IDF credit	Grace period	Repayment period (does not include a grace period)	Percentage of companies owned by women
MIDAS	Up to 70.000 €	Up to 2 years	Up to 8 years	4,5% annually
For projects run by women	10.000 € - 200.000 €	Up to 2 years	Up to 6 years	4,5% annually
Young people in business	10.000 € - 50.000 €	Up to 2 years	Up to 6 years	4,5% annually

According to the IDF data, in the first four months of 2013 there were **51** projects of SMEs, entrepreneurs and farmers (men and women) supported by credits, , independently and in cooperation with banks. Out of them, 35 projects were supported by direct credit arrangements,

while the remaining **16** were approved through credit lines via commercial banks. Total amount of IDF funds allocated for this are **€ 8.78 million**.

Protocol on Cooperation between MEF and IDF signed at the end of 2012 provides that, inter alia, IDF will in designing credit arrangements for SME sector and entrepreneurs, respect their different needs and requirements, and in cooperation with MEF, it will design products for different target groups, such as women in business.

For 15 years **Employment Agency of Montenegro** is implementing the program of crediting entrepreneurs. Since 2008, this program has been significantly innovated and includes not only financial support but also education that precedes it, counseling services and continual evaluation by the regional commissions. Women are identified as a special group and for them credit terms are more favorable and interest rate is 3% (for others 4%).

The conditions for granting the credits :

- the amount of credit per new employee is up to € 5,000
- the maximum credit amount is € 15,000 - 3 new jobs
- grace period is one year
- credit is repaid in semi-annual installments
- a repayment period is three years for the unemployed persons and two years for small businesses and entrepreneurs
- annual interest rate is 3% for projects run by unemployed women and for those implemented in the less developed municipalities (Cetinje, Niksic, Berane, Pljevlja, Bijelo Polje, Rožaje, Šavnik, Plužine, Zabljak, Pljevlja, Andrejevica, Plav and Kolasin) and 4% for projects implemented in developed municipalities

As mentioned before, the specificity of this program is education prior to the application process, which experts evaluate as very beneficial as it allows for participants the in-depth analysis of business ideas (not to rush into entrepreneurship). Also, for the applicant EAM offers a free business plan preparation by professionals who work in the Agency, as well as advisory services by the regional commission. Also, the regional commissions after the approval of credits have a dual role: control (monitoring the appropriate usage of funds) and counseling (support). Within the program "Employment of Persons with Disabilities", EAM also provides credits to stimulate employment and entrepreneurship for people with disabilities and conducts training for users of such credits.

Since 2008 there are 1488 approved credits, out of which 598 are for unemployed women, representing 40% of total credits. The total value of approved funds is 9.203€ million, out of which 3 400 000€ is the value of credits granted to women. When it comes to the business activity for which the credits are granted, there are 56% of loans in agriculture, than in trade, catering and tourism, crafts and personal services. Regional distribution indicates that the biggest share of women among the borrowers is in Tivat (50%), than in Danilovgrad 45%, Ulcinj 45%, Podgorica 40%, Bar 35%, Budva 30%, Herceg Novi 30%.

In crediting, it is important to specify **the MIDAS project**¹⁵ with a total value of € 17.1 million and which is being implemented in the period 2009-2014. According to the data of the Ministry of Agriculture and Rural Development, presented at the conference of the Association of Business

¹⁵Government of Montenegro and the Ministry for Agriculture and Rural Development as the project developers, signed the credit arrangement with World Bank "Institutional development and Strengthening Agriculture in Montenegro" (MIDAS projekat) with the aim to prepare Montenegrin agriculture and its institutions for EU membership.

properly dedicated. In this way, they would better understand their business and plan expenses, and at the same time they would save money instead of giving it to the agencies.

In order to have better and easier access to information, a series of publications have been issued on topics of interest for entrepreneurs (potential and the existing ones) and certain contents are available electronically.

Some of the brochures published by **MEF** are: Guide for Starting-up a Business, Inspectorate Supervision - Handbook for Employers, Labor Law – for Better Understanding and Application, A Guide through the Process of Peaceful Labor Disputes Resolution, Human Resource Management, Trilogy - Employment of People with Disabilities, Employment and Work of Foreigners. These and other MEF' brochures, the monthly edition of the Tax Practice – Frequently Asked Questions and Answers (published by the Tax Authority), regulations and information on new regulations, MEF publishes regularly on its website.

PKCG and **MBA** also publish legislation on their website. At the same time, on the website of the Chamber, under the heading "How to register a company," there is described the entire process of business registration and it is followed by the necessary forms (registration form, typical forms of establishment acts, contracts, agreements ...).

For the needs of companies, the leaflets from **BESRE** project - "From Idea to Realization - A Guide for SMEs" are published as well. The topics are: available forms of businesses, the procedure for obtaining construction permits, property registration, taxes, tax incentives in Montenegro, financial support to small and medium-sized enterprises in Montenegro, market research, available information on the market, and trainings for employers.

Within the business centers network, there are 11 regional / local business centers that are designed to provide different types of business information, consulting and business services, as well as training adjusted to the needs and level of development of small and medium enterprises.

4.7 Assessment of Associations and Networks of Women Entrepreneurs

Business women - entrepreneurs and managers increasingly recognize the need for mutual networking and closer cooperation. Unlike men who are believed to obtain a significant number of business contacts and agreements in the informal gatherings or after the working hours (sports activities, dinners, etc.), women are not prone to such activities.

Even the low level of spontaneous networking is associated with the role of woman as mother and wife, and their duties in the private life. Therefore, the existence of formal organizations, in a way is a model for promoting the cooperation and strengthening the ties among women.

This is confirmed by the one of conclusions of the first regional conference of business women - "Business Women and European Integrations" which was held in 2010 and organized by the Association of Business Women of Montenegro, in cooperation with GIZ, MEF, UNDP, the Directorate for SMEs Development and the Ministry for Human and Minority Rights: "women business associations and

"All of us work for the whole day. There are times with less work, and then we make a break, go home and make lunch or run some errands and it is really great that there are such organizations which follow our work, which inform us on a daily basis, organize us and present our work somewhere. We really don't have too much time for sitting around."

*Marija
13 years in business, services*

*their mutual cooperation strengthen women economic networks and they are important factors for creating favorable business environment, for rapid economic development and the achievement of gender equality. On the other hand, a joint project of women business associations, their economic strength and numerous memberships are significant support for Montenegro and for the countries of the region in the overall process of integration and accession to the European Union.*¹⁸

One of the most active associations is **the Association of Business Women of Montenegro** "Business Woman" (ABW), where the members are women entrepreneurs and manager. ABW was established in 2009 on the initiative of the **MEF** and this MEF's project was financially supported by the German Agency for Technical Cooperation - GIZ (former GTZ) which significantly helped the work of ABW. Founders of ABW are owners of Montenegrin companies, the directors and managers (12 of them) and MEF. Association's goals are to jointly help women business, their networking at the local, national and international level, to exchange ideas, knowledge and experience, as well as to jointly implement projects. ABW participated in and organized several national and international conferences and roundtables on women entrepreneurship and economic empowerment of women, and in 2010 ABW published a bilingual publication "Principles of Women Empowerment," with the support of UNDP. Upon the promotion of constituting the Business Embassy, ABW appointed four ambassadors. As one of the greatest contributions they point out that this association initiated a special IDF credit line for women entrepreneurs.

The association which is exclusively for women entrepreneurs is established in 2009 on the initiative of Crafts and Entrepreneurial Chamber and it is a non-governmental organization called the **Association of Women Entrepreneurs of Montenegro**. For now, the number of active members is relatively small – 60 of them, but its management is in touch with 70 others and makes some form of cooperation. Although the work of the association is limited due to the low source of funding (membership fees only), their activities are focused on trainings, but also on making cooperation among members, sharing knowledge and experience.

Within the PKCG there is a **Committee for Women Entrepreneurship**. The Committee consists of 20-25 women entrepreneurs who own business and their activity mainly involves collaboration and discussion on topics of interest for women entrepreneurs, analysis of their operations, identification of barriers and the ways to eliminate them, and the networking. CCM has its own magazine "Glasnik" where, among other things, are promoted the women mentors who participated in the project "Network of Mentors for Women Entrepreneurs."

According to **MBA**, between 15% and 20% of companies in their membership are owned by women.

All the above associations have shown the interest and they work on regional networking (in the Balkans). CCM is a part of the Balkan Association of Chambers of Commerce where has been established a Council for Women Entrepreneurship (2012), and it is a part of the Forum of Adriatic and Ionian Region. On the other hand, the Association of Women Entrepreneurs of Montenegro is one of the founders of the Balkan Alliance of Women in the Craft which, in addition to Montenegro, includes members from Bulgaria, Albania, Moldova, Serbia, Bosnia and Herzegovina, Macedonia and Romania. ABW in 2010 became a member of the Association of Business Women of the Mediterranean (AFAEMME) which brings together 41 associations from 22 countries of the Mediterranean and ABW has a significant cooperation with associations in the region.

¹⁸ Recommendations and conclusions of BWA Conference are available at:
<http://www.poslovnazena.me/index.php/me/arhiva/35-zakljuci-regionalne-konferencije-qposlovne-ene-i-eu-integracijeq>

CRNVO's publication indicates the importance of networking between the women entrepreneurs and within the list of possible activities for the implementation of the UN Women's Empowerment Principles, inter alia, it says: *"to promote the cooperation between the women entrepreneurs, to promote their association (through women business associations) and their connection with companies owned by men, local governments, employers' organizations, NGOs and international institutions / organizations. This provides a support for creating women entrepreneurial network, it promotes the exchange of knowledge and experience, and it further promotes the potential of women entrepreneurs and their private initiatives."*

4.8 Assessment of the Access to Business Facilities

From the perspective of women entrepreneurs, the issue of office space is primarily linked to the issue of funding. If the woman entrepreneur has sufficient initial capital, providing space then is not a problem - especially in Podgorica, where there are enough facilities for this purpose. Otherwise, they rent facilities which are often on less attractive, remote locations, and money for rent or for advance payment they provide through loans (family, relatives) or through credits (micro credits). If such possibility does not exist or if funds are insufficient, the problem arises.

"With this assortment of products, if my store is located in the centre of the city or in a more attractive place, things would be different and I wouldn't need Investment Fund. But I am always in a suburb, hidden, because the business offices are 300€ there and in the centre 1.000 €."

Marija
13 years in business, services

Therefore, business incubator (BI) is one of good ideas. Business incubators are special facilities with the purpose to provide new developing companies with office space, infrastructure, a comprehensive range of services and amenities, so they can improve the business performance during the early period of development (OECD definition). In Montenegro, there are two active incubator centers (BI "Inventiveness" Podgorica and BI BSC Bar) and there companies on average spend 2, 5 to 3 years, while going through the following stages:

1. pre-incubation period for registration and incorporation
2. incubation period for growth and development within the incubator
3. the post-incubation period for monitoring and supporting the companies that have left the incubator

However, neither of the two existing BI in Montenegro is exclusive for women, although it is perceived as a good idea for women entrepreneurs, especially in cases of insufficient funding and inadequate family support. During the in-depth interviews, the respondents said that for that purpose, the abandoned commercial spaces could be used.

"We have a lot of abandoned factories which could be very well rearranged and become incubators. I think it would be a very good step, because when a woman knows how much it cost, how much are the first expenses and without the family support, it is a barrier for her. But when she knows that her expenses for the first year are covered, she would say: "let's try it, so we'll see ..."

"Business Incubator can absolutely help young companies, especially during the first year when that support is extremely important, or even decisive. I think that establishment of a business incubator for women entrepreneurship is very useful idea. It needs to be started and we need to work on it."

Azra
3 years in business, financing

A representative of the state administration

The worldwide researches show that about 75% of startups go in bankruptcy during the first year because they are confronted with many difficulties, such as a lack of initial capital, lack of experience in managing business, and due to the initial entry into the market. Therefore, the business incubators are established in order to support the rapid development of SMEs, where the work space and services are the main instruments for enabling the companies for stable operation after the incubation period.

Significant potential for providing an office space, which is the practice in the world, can be the old industrial buildings that are currently out of use (brown fields) and objects which are owned by so called "failed" companies that are unsuccessfully privatized. In both cases, with the intervention and the activity of local government, these objects can be put back into the economic function and support the future development of women business.

Although in 2012 the existing IBs conducted a series of important activities, the Report on the Implementation of the Action Plan for 2012 of the SMEs Strategy 2011-2015 showed that the realized support for start-ups was less than planned. Especially when it comes to the operational objectives of the SME Strategy 2011-2015 and to the investments in strengthening the institutional infrastructure and nonfinancial support for starting up a business.

In 2009, the Government of Montenegro and the Municipality of Berane adopted the act and made a business plan for establishing a business incubator in Berane, the BI have not been established yet (the finances were not provided in accordance with the business plan).

4.9 Assessment of the Market Access

Most of the respondents during the in-depth interviews say that entrepreneurs in Montenegro, generally, poorly use available information on the state of the market. A lot of them follow "their feelings."

"I'm not sure how many potential entrepreneurs use market analyses that exist in Montenegro, and they are widely available on the internet. Simply they follow the feelings which in some cases may be good, but in majority of cases they are doing so and it is quite problematic when developing a new business. "

A representative of business associations

The respondents explain this situation by the fact that the most of entrepreneurs are not adequately trained in terms of analyzing the market, and many of them operate "by inertia", or they select the trusted businesses when entering entrepreneurship.

"When something is successful then everyone follows the same path. They see that a cousin has made a fortune and then no one thinks about being the 150th that have seen the cousin's fortune. They choose the same way and don't think: let's take a step further, if I improve the offer which has my cousin, than I would be even richer or I would survive. Or let's think of something new that does not exist here. That is wrong among people, the lack of education and emancipation, everybody would like to do the same thing, it is best illustrated by the way children enter universities. Everyone goes to the law and economics because someone who is a prime minister graduated the economics, and the president graduated the law school."

CRNVO's publication indicates the importance of networking between the women entrepreneurs and within the list of possible activities for the implementation of the UN Women's Empowerment Principles, inter alia, it says: *"to promote the cooperation between the women entrepreneurs, to promote their association (through women business associations) and their connection with companies owned by men, local governments, employers' organizations, NGOs and international institutions / organizations. This provides a support for creating women entrepreneurial network, it promotes the exchange of knowledge and experience, and it further promotes the potential of women entrepreneurs and their private initiatives."*

4.8 Assessment of the Access to Business Facilities

From the perspective of women entrepreneurs, the issue of office space is primarily linked to the issue of funding. If the woman entrepreneur has sufficient initial capital, providing space then is not a problem - especially in Podgorica, where there are enough facilities for this purpose. Otherwise, they rent facilities which are often on less attractive, remote locations, and money for rent or for advance payment they provide through loans (family, relatives) or through credits (micro credits). If such possibility does not exist or if funds are insufficient, the problem arises.

"With this assortment of products, if my store is located in the centre of the city or in a more attractive place, things would be different and I wouldn't need Investment Fund. But I am always in a suburb, hidden, because the business offices are 300€ there and in the centre 1.000 €."

Marija
13 years in business, services

Therefore, business incubator (BI) is one of good ideas. Business incubators are special facilities with the purpose to provide new developing companies with office space, infrastructure, a comprehensive range of services and amenities, so they can improve the business performance during the early period of development (OECD definition). In Montenegro, there are two active incubator centers (BI "Inventiveness" Podgorica and BI BSC Bar) and there companies on average spend 2, 5 to 3 years, while going through the following stages:

1. pre-incubation period for registration and incorporation
2. incubation period for growth and development within the incubator
3. the post-incubation period for monitoring and supporting the companies that have left the incubator

However, neither of the two existing BI in Montenegro is exclusive for women, although it is perceived as a good idea for women entrepreneurs, especially in cases of insufficient funding and inadequate family support. During the in-depth interviews, the respondents said that for that purpose, the abandoned commercial spaces could be used.

"We have a lot of abandoned factories which could be very well rearranged and become incubators. I think it would be a very good step, because when a woman knows how much it cost, how much are the first expenses and without the family support, it is a barrier for her. But when she knows that her expenses for the first year are covered, she would say: "let's try it, so we'll see ..."

"Business Incubator can absolutely help young companies, especially during the first year when that support is extremely important, or even decisive. I think that establishment of a business incubator for women entrepreneurship is very useful idea. It needs to be started and we need to work on it."

Azra
3 years in business, financing

A representative of the state administration

The worldwide researches show that about 75% of startups go in bankruptcy during the first year because they are confronted with many difficulties, such as a lack of initial capital, lack of experience in managing business, and due to the initial entry into the market. Therefore, the business incubators are established in order to support the rapid development of SMEs, where the work space and services are the main instruments for enabling the companies for stable operation after the incubation period.

Significant potential for providing an office space, which is the practice in the world, can be the old industrial buildings that are currently out of use (brown fields) and objects which are owned by so called "failed" companies that are unsuccessfully privatized. In both cases, with the intervention and the activity of local government, these objects can be put back into the economic function and support the future development of women business.

Although in 2012 the existing IBs conducted a series of important activities, the Report on the Implementation of the Action Plan for 2012 of the SMEs Strategy 2011-2015 showed that the realized support for start-ups was less than planned. Especially when it comes to the operational objectives of the SME Strategy 2011-2015 and to the investments in strengthening the institutional infrastructure and nonfinancial support for starting up a business.

In 2009, the Government of Montenegro and the Municipality of Berane adopted the act and made a business plan for establishing a business incubator in Berane, the BI have not been established yet (the finances were not provided in accordance with the business plan).

4.9 Assessment of the Market Access

Most of the respondents during the in-depth interviews say that entrepreneurs in Montenegro, generally, poorly use available information on the state of the market. A lot of them follow "their feelings."

"I'm not sure how many potential entrepreneurs use market analyses that exist in Montenegro, and they are widely available on the internet. Simply they follow the feelings which in some cases may be good, but in majority of cases they are doing so and it is quite problematic when developing a new business. "

A representative of business associations

The respondents explain this situation by the fact that the most of entrepreneurs are not adequately trained in terms of analyzing the market, and many of them operate "by inertia", or they select the trusted businesses when entering entrepreneurship.

"When something is successful then everyone follows the same path. They see that a cousin has made a fortune and then no one thinks about being the 150th that have seen the cousin's fortune. They choose the same way and don't think: let's take a step further, if I improve the offer which has my cousin, than I would be even richer or I would survive. Or let's think of something new that does not exist here. That is wrong among people, the lack of education and emancipation, everybody would like to do the same thing, it is best illustrated by the way children enter universities. Everyone goes to the law and economics because someone who is a prime minister graduated the economics, and the president graduated the law school."

Representative of companies, media, education institutions and international organizations

It is assessed that women in most of the cases create a modest business plans, "they play it safe" and stick to jobs where they have a prior experience. The reason for this is identified in the fear of a possible failure, but also in a lack of funds since the innovative plans require more investments.

"Before I established my company, I was working in the same branch as at the moment, economic researches and similar... There I found a room which is not completely filled... My aim is not to do everything, but to specialize my company in the future. I found my market and I want to be the first in it."

*Suzana
3 years in business, consulting*

"Statistics show that women choose traditional occupations, cosmetic and hair salons or accounting services. There is a low percentage of women starting to deal with something that is new and creative. It is probably due to lack of funds, since the new ideas need more funds than when starting a small business. "

A representative of the state administration

When analyzing a market or choosing a business, the advice is available in the EAM as well. This service is primarily designed for people who apply for a credit line in the Agency and include advice, as well as specific and free expert help in the preparation of a business plan.

"You go easily from business to politics. It is like the Olympic circles, everything is connected. And I am not interested in that, I don't want politics in my shop."

*Ana
11 years in business, trade*

"Sometimes you think that something is a great idea, and when you get the information and someone attracts your attention to something, you may realize that the idea is not as good as another one could be. So I think that the Agency, the people who work there and give you an advice, they have experience, they have the skills. The only question is whether the person on the other side will accept some negative comments for the idea. Not everyone is always willing to accept someone's criticism and it makes some real problems, too. "

A representative of the state administration

When it comes to the participation in public procurement and in export particularly, the majority of respondents consider that women businesses generally are too small for that. Therefore, they can hardly be an adequate competition to large companies or to other "well-coordinated" bidders.

It is estimated that the production capacities of women-owned businesses are small for now to cover the domestic market, and the businesses should be improved in order to potentially take advantage of the fact that Montenegro is a member of CEFTA. In a meanwhile, monitoring and particularly the participation of companies in trade fairs and business forums in Montenegro and in the region are important.

4.10 Assessment of Researches on Women Entrepreneurship

Data on women entrepreneurs and on any relevant difference between men and women in Montenegro come primarily from an official source - the Statistics Institute of Montenegro (MONSTAT). The annual report "Women and Men in Montenegro" (latest edition in 2012) compares these two population groups in various areas: vital statistics, health, education, social welfare,

justice, policy and decision-making, family violence. Particularly important are data on employment and salaries, which are summarized in the introduction to this report.

Also, the Institute publishes official information about the companies owned by women, as well as their distribution by sectors and municipalities and also with regard to the company size.¹⁹ These data are also given in the introductory part of this study. However, some of the respondents stated that the data were not fully reliable, since they were not fully in compliance with the data from Tax Administration.

"I believe that the key role of the state and the state bodies should be to create the framework and environment where we all would conduct competitive businesses. "

*Suzana
3 years in business, consulting*

"In our research, from the sample we received the information that in 25% companies, one is owned by women. We have no information whether it is majority or minority ownership, but they make a share in ownership. So we are not sure if the Monstat data is accurate. When we tried to make the data base, we took out from the Central Registry of Companies all the companies registered on women. When we filtered the data base, out of 135 companies in Rozaje, there were less than 30 owned by women. Therefore the data on companies are not so relevant."

A representative of the state administration

The official data is missing the operation analysis of companies owned by women. Monstat annually conducts the research of structural business statistics where they examine 160 variables in a sample of 1016 micro and SMEs. This study provides data on employment, expenses, turnover, assets, investments, capital and liabilities. However, the questionnaire does not have a variable *gender of the owner* and the analysis by gender is not available.

Along with the missing information about the company's operations, there is no data on the owners of the companies. The existing publications do not provide an image of the demographics of women entrepreneurs and the differences compared to the man owners, regarding the level of education, profession, marital status and so on.

In order to improve the status of women entrepreneurs and the environment where they operate, it is necessary to examine their experiences in business, attitudes, motives and barriers encountered in business or to examine what discourages them to get into the business. This type of research is mainly conducted by non-governmental sector. In recent years, the following studies on women businesses have been conducted in Montenegro:

- Within the project "Economic and Social Empowerment of Women in Montenegro" funded by UN Women, the Department for Gender Equality in the Ministry of Human and Minority Rights realized in 2011 the "Research on the Needs of Women in Rural Areas in 2011", which was conducted by the Institute for Strategic Studies and Prognosis. The publication which followed the research, inter alia, pointed out the need to promote and encourage development of women entrepreneurship in the country.
- MEF realized the research "Women business - the Potential of Montenegro" within the same project supported by UN Women (published in 2012). The research was conducted by "DeFacto Consultancy" and the goal of MEF was to examine women entrepreneurship in comparison to men entrepreneurship, and with the detection of gender inequalities to provide specific recommendations that would affect the elimination of barriers, promotion and stimulation of increased number of women a business. The participants in this study

¹⁹The publication „Company Owners in Montenegro in 2011 by Gender” 2012, Monstat

were women and men entrepreneurs. Also, at the end of 2012, MEF conducted a research in Montenegrin companies (using the ILO questionnaire) for the needs of the Global Study on Women in Business and Management which is being prepared by the ILO. Although, ILO will publish this global study and findings in every country by the end of 2013, it should be noted that the results of MEF's research are indicative enough when it comes to defining the status, problems and needs, and to making recommendations for further development of women in business and management in Montenegro.

- For the Program on Gender Equality IPA 2010 which is implemented in the partnership between the EU Delegation to Montenegro, the Ministry for Human and Minority Rights and UNDP in Montenegro, the research "Women Entrepreneurship in Montenegro" has been realized and conducted by Ipsos Strategic Marketing (published in 2012). Furthermore, the research "Support for Women Entrepreneurship in Montenegro - Regulatory Framework for Establishing the Revolving Fund for Women" (2011) was conducted and Mila Ioncheva, UNDP consultant, did the study for the Program.
- Within the project "Challenges Faced by Women Entrepreneurs in Montenegro" implemented for the needs of U.S. Embassy in Montenegro, CEED has issued (2013) the publication which promotes successful women entrepreneurs and presents the results of the research on women operating in the informal economy.

The respondents during the in-depth interviews and representatives of organizations which connect entrepreneurs or work with them have mentioned that one of the biggest barriers for their work is a lack of database on women entrepreneurs.

"It is difficult to work on something, to make progress when you don't know what is the starting point."

A representative of the state administration

"A friend of mine from Slovenia asked from me a data base of women entrepreneurs in Montenegro. Believe me I could not find it anywhere, it did not exist, I sent her what I had and those were only women I knew."

*Ivana
3 years in business, trade*

Resources

- The Constitution of Montenegro, "Official Gazette of Montenegro", no.1/2007
- The Law on Gender Equality, "Official Gazette of Montenegro", no. 46/07
- The Law on Anti-Discrimination, "Official Gazette of Montenegro", no. 46/2010
- The Law on the Election of Parliament Members "Official Gazette of Montenegro" no. 4/1998 and "Official Gazette of Montenegro", no. 46/2011
- The Law on Improvement of Business Environment, "Official Gazette of Montenegro", no. 40/10
- The Strategy for Attracting Foreign Direct Investments 2013-2015 (2013)
- Employment Strategy 2012-2015 (2012)
- Development Strategy of Small and Medium Enterprises 2011-2015 (2011)
- The Strategy for Enhancing Competitiveness at the Micro Level, 2011-2015 (2011)
- Strategy for Lifelong Entrepreneurial Learning 2008-2013 (2008)
- Strategy for Combating Poverty and Social Exclusion (2007)
- Action Plan for Gender Equality in Montenegro, 2013-2017 (2013)
- Recommendations of the CEDAW Committee to Montenegro, the United Nations (2011)
- Economic and Fiscal Program for Montenegro 2010-2013 (2010)
- Action Plan for Gender Equality in Montenegro 2008-2012 (2008)
- "Small Business Act for Europe", European Commission (2008)
- National Report on Human Development 2013, "People are the greatest wealth of the country – how is rich Montenegro", UNDP Montenegro (2013)
- "SME Policy Index: Western Balkans and Turkey 2012", OECD, European Commission, European Training Foundation, European Bank for Reconstruction and Development (2012)
- Report on the Implementation of the Action Plan for 2012 of the Strategy for SME Development 2011-2015, the Directorate for Development of SMEs (2012)
- Report on the Implementation of the Action Plan 2012 of the Strategy for Enhancing Competitiveness at the Micro Level, 2011-2015, Directorate for Development of SMEs (2012)
- Report on the Implementation of the Action Plan 2012 of the Strategy for Entrepreneurial Learning 2008-2013, Directorate for SMEs Development (2012)
- "Report on the Business Environment for 2012" AmCham Montenegro (2012)
- "The White Book 2011: Investment Climate - Opportunities and Challenges," Foreign Investors' Council in Montenegro (2011)
- "Doing Business 2013", World Bank (2013)
- "Company Owners in Montenegro 2011, by gender ", Monstat (2012)
- "Women and Men in Montenegro", Monstat (2012)
- "Labor Force", Monstat (2012)
- "Analysis of Poverty in Montenegro 2011", Monstat (2012)
- "Statistical Yearbook of Montenegro", Monstat (2012)
- The research "Women in Politics", EU Delegation to Montenegro, the Ministry for Human and Minority Rights and the UNDP Montenegro (2012)
- The research "Women Business - The Potential of Montenegro", MEF (2012)
- The research "Women Entrepreneurship in Montenegro", the EU Delegation to Montenegro, the Ministry for Human and Minority Rights and the UNDP Montenegro (2012)
- The research "Business Climate for Small and Medium-sized Enterprises in Montenegro", the Directorate for SMEs Development and GIZ (2012)
- The research "Gender pay gap in the Western Balkan countries: Evidence from Serbia, Montenegro and Macedonia", the Foundation for Development of Economics and American University in Skopje (2012)

- The research " Support for Women Entrepreneurship in Montenegro - Regulatory Framework for Establishing the Revolving Fund for Women," the EU Delegation to Montenegro, the Ministry for Human and Minority Rights of Montenegro and UNDP Montenegro (2011)
- "The Research on the Needs of Women in Rural Areas in 2011," the Ministry of Human and Minority Rights - The Department for Gender Equality (2011)
- The research "Gender Equality, Personal Income and Revenue and the Public Policy," European Movement in Montenegro (2011)
- The research "Life in Transition II", EBRD (2011)
- "SMEs and the Access to Finance, 2011", the European Commission (2011)
- The research "Global Entrepreneurship Monitor" (2010)
- Publication "The Challenges Faced by Women Entrepreneurs in Montenegro," CEED (2013)
- Publication "Guide through the Corporate Social Responsibility towards the Employed Women, Women on the Market and in the Community," CRNVO (2012)

