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VOICES

of Women Entrepreneurs in Bosnia and Herzegovina

MI-BOSPO

IFC International Finance Corporation
World Bank Group

About IFC's Gender Program:

IFC supports the participation of women as well as men, as an important part of its mission to foster sustainable private sector growth in developing countries. Recognizing that aspiring businesswomen are often prevented from realizing their economic potential because of gender inequality, IFC is committed to creating opportunities for women in business.

About MI-BOSPO:

MI-BOSPO is a leading micro-credit organization in Bosnia and Herzegovina targeting women. The organization's mission is to economically empower women, led by the belief that the economically empowered woman can better influence social change and contribute to better quality of life within the family.

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ACRONYMS

BIH	Bosnia and Herzegovina
BEEPS	Business Environment and Enterprise Performance Survey
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CIDA	Canadian International Development Agency
DFID	Department for International Development
EBRD	European Bank for Reconstruction and Development
EU	European Union
FBIH	Federation of Bosnia and Herzegovina
FIAS	Foreign Investment Advisory Service
IFC	International Finance Corporation
IMF	International Monetary Fund
KM	Convertible mark
NGO	Non-governmental organization
ROSCA	Rotating Savings and Credit Association
RS	Republika Srpska
UN	United Nations
UNECE	United Nations Economic Commission for Europe
UNIFEM	United Nations Development Fund for Women
US	United States
USAID	United States Agency for International Development

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This report was prepared by Jozefina Cutura, IFC consultant, and is part of a collaborative effort between IFC's Gender Program and MI-BOSPO, a micro-credit provider targeting women in Bosnia and Herzegovina.

The report is based on desk research and in-depth interviews with ten Bosnian women entrepreneurs in September 2007 whose profiles are featured in this report. Interviews were also conducted with relevant donors, government agencies, and non-governmental organizations. The women interviewed run businesses that range from micro-enterprises with fewer than 5 employees, to large businesses employing up to 50 workers. While many are in the traditionally women-dominated service sectors, others are branching out to areas such as engineering.

Many of the women interviewed are MI-BOSPO clients, and the author is grateful to MI-BOSPO for facilitating the interviews.

The author thanks the many individuals who gave valuable feedback on earlier drafts of this report, including Natalie Africa, Alma Bijedić, Mark Blackden, Michael Edberg, Leora Klapper, Shahbaz Mavaddat, Nejira Nalić, Carmen Niethammer, and Zouera Youssoufou. Report layout and formatting were prepared by Kate Tallent Design & Communications.

We finally thank the wonderful women entrepreneurs who gave up their valuable time to share the stories of their successes and challenges, and who serve as the inspiration to many other Bosnian women and girls as they chart their economic futures.

IFC FOREWORD

Increasingly, the importance of women's entrepreneurship and its contribution to economic growth is being recognized around the world. Entrepreneurship creates new jobs, which is essential in a country with high unemployment rates, especially among women and youth. Because Bosnia and Herzegovina has the lowest female labor force participation rates in South-East Europe, female entrepreneurship can provide a productive outlet for a well-educated and underutilized talent pool.

This publication is a joint product of MI-BOSPO and IFC's Gender Program (Gender Entrepreneurship Markets—GEM), which promotes women's private sector participation. IFC is pleased to have partnered with MI-BOSPO, a microfinance provider targeting women, to document the obstacles facing women entrepreneurs and the inspiring stories of their business success. IFC made an investment in MI-BOSPO in 2006 which has helped to significantly expand its client base. In addition to the investment, IFC has provided MI-BOSPO with advisory services on corporate governance, strategy, and gender issues.

In a country that is still adjusting to the transition to a market-led economy, there is little information on the obstacles that female-owned enterprises in Bosnia and Herzegovina face. This publication helps fill this gap, shedding light not only on the challenges facing women, but also celebrating their successes and demonstrating the potential of business activity for job and income generation. It is to be hoped that this important effort to better understand the characteristics, contributions and challenges of women entrepreneurs will be the catalyst for further work, and most importantly, for expanding women's entrepreneurship in Bosnia and Herzegovina.

Shahbaz Mavaddat
Director
Southern Europe and Central Asia
IFC

MI-BOSPO FOREWORD

MI-BOSPO was created to provide access to funds for low-income women. As time passed, this mission statement was adjusted, but the fundamental purpose has never changed. MI-BOSPO today enables easy access to long-term funds for women entrepreneurs, and it aims to become the primary source of funding for all women in Bosnia and Herzegovina. We still have a long way to go. Not only because we need to grow and get stronger as a financial institution, but because many women still need to grow stronger in their own thinking, families, communities, and in their businesses.

If you ask women in Bosnia and Herzegovina whether they think that women are discriminated against, only a few might answer in the positive. This is the case not because there is no gender discrimination, but because awareness on the subject is very low. Women, especially in rural areas, tend to say that they are housewives and do not work. But when they start talking about their everyday activities, they realize how much work they accomplish. That is where change starts—by becoming aware. And that is often a difficult process. MI-BOSPO is therefore proud to partner with IFC's Gender Program in researching the successes and obstacles of businesswomen in Bosnia, raising awareness on the issue, and helping women become better advocates for needed change to improve their business success.

When we asked women what inspired them to start businesses, they said it was a wish to financially contribute to the household, to have something of their own, to have their own money, to be successful and respected. MI-BOSPO provides one of these things—money—but also an opportunity for the other things to happen. It provides hope and encouragement to the 26,000 women entrepreneurs that are our clients.

Although MI-BOSPO has been in this business for over 12 years, there was never a chance to consolidate information on our clients and women entrepreneurs in general. Research on gender issues in Bosnia and Herzegovina is often partial, the data is not very reliable, and little of it focuses on women in business. That fact says so much about the low priority that gender issues have been given in our country.

Yet the numbers of women entrepreneurs are growing, and hopefully one day they will become strong enough that MI-BOSPO will not be needed anymore. All these women will have easy access to long-term funds from banks and they will be crucial contributors to the well-being of the country. As women's businesses gain in strength and our awareness of their potential increases, we might see many more reports such as this one being produced to showcase their successes.

While waiting for this change to happen, MI-BOSPO is thankful to IFC for supporting this report. It will serve as our base for future research and a reference in everyday work. Most importantly, MI-BOSPO hopes that this report will be an inspiration to existing women entrepreneurs and will make them proud of what they have achieved, but will also inspire other women to become aware of their potential and invest in their business success.

Alma Bijedić
MI-BOSPO Marketing Manager

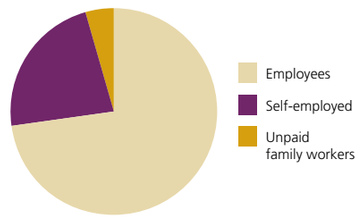
EXECUTIVE SUMMARY

Women are a significant, but underutilized force in Bosnia and Herzegovina's economy. The severe lack of research on women in the private sector means that their challenges and contributions are not well recognized. This report aims to fill this gap, compiling available research on the topic and showcasing positive role models of women in business, in the context of the country's post-conflict background.

In the immediate aftermath of the war, momentum on women's empowerment helped enshrine equality for women in legislation. Positive changes include the ratification of the Convention on the Elimination of All Forms of Discrimination against Women, and the adaptation of key new laws on women's rights, including the Gender Equality Law, the Gender Family Law and the Law on Protection against Domestic Violence. A requirement that one third of candidates on party lists during elections must be female helped strengthen women's participation in politics.

Despite positive legislation and political advances, women continue to be economically disadvantaged, and contribute less to the economy than men. Bosnia and Herzegovina's women have strikingly low labor force participation rates of only 43 percent, compared to the global average of 52.5 percent, and suffer from high unemployment levels.[1] They earn, on average, less than men. Moreover, few women turn to entrepreneurship. According to the 2007 Labor Force Survey, only 22.6 percent of employed Bosnians are self-employed and 26.9 percent of these are women (chart 1), a figure which is comparable to regional averages. At the same time, women make up 69.3 percent of unpaid family workers.[2] When women do have businesses, they tend to focus on traditional service sectors, such as small retail shops or beauty parlors.

Chart 1: Persons in Employment by Status of Employment



Source: Agency for Statistics of Bosnia-Herzegovina (2007).

Women entrepreneurs cite dealing with licenses, taxation, finance, and labor issues as the biggest obstacles to their business success. In 2008 Bosnia and Herzegovina was ranked 105th in the World Bank Group's *Doing Business in 2008* report, which rates countries annually on the ease of doing business. The country's pace of reform has slowed from a few years ago, and its rank slipped from 95 in 2007 to 105 in 2008.[3] This is a worrisome trend for all businesses, but it is likely to affect disproportionately women-owned businesses due to their small size and lower capacity to deal with a difficult business environment.

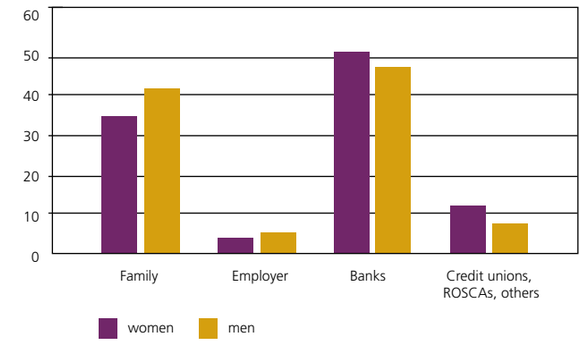
On a positive note, women make up a slightly larger percentage of bank borrowers and are also more likely to borrow from credit unions, rotating savings and credit associations and other sources, while men are slightly more likely to borrow from family (figure 1). However, the average size of a loan that a woman takes out is smaller than a man's, at 2,702.50KM (US$2,169) versus 3,395.82KM (US$2,725), and women are more likely to take out loans for immediate consumption such as daily family needs rather than investment, indicating that they invest less in their businesses.[4] Both women and men who take out bank loans complain of overly long and complicated procedures, as well as the high cost of borrowing. In the meanwhile, microfinance providers, such as MI-BOSPO, have stepped in and successfully filled this gap to provide funds quickly and with fewer requirements, albeit at high interest rates, enabling an ever greater number of women to finance their businesses.

Heavy household and childcare responsibilities may lead women to invest less in economic activities. Women spend much less time on their businesses than men do. A female business owner spends, on average, 29.2 hours per week on her business, compared to 46.9 hours that a male business owner spends on his enterprise (figure 2). Many women turn to self-employment out of necessity, and for some Bosnian businesswomen self-employment seems to help accommodate family responsibilities.

The lack of strong networks and pervasive cultural barriers also discourage women from entrepreneurship. Many women lack the self-confidence in their ability to run a business. Thirty-four percent of the women interviewed in a 2002 survey of 428 women across the country noted that they are unsure if they have the right skills and knowledge to start a business, with another 9 percent noting that they lack information needed to start a business.[5] Moreover, women in the private sector remain largely unorganized. Professional organizations tend to be male-dominated, with limited participation from women. The lack of strong women's business associations means that women do not have a network of other businesswomen to turn to for sharing ideas and knowledge, which impacts their access to resources, training and information that could increase their business success.

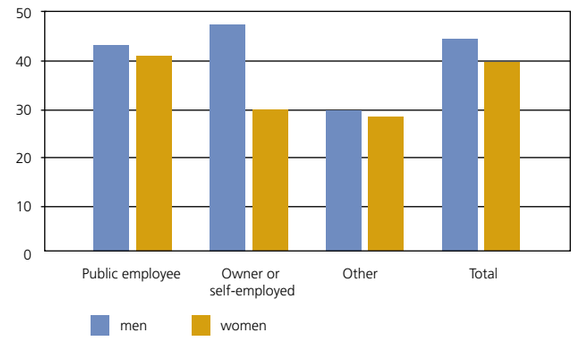
This report is one advocacy tool that women can use to show their success stories and make their views heard with policy makers and the international community. The report highlights the many positive role models of Bosnian businesswomen, whose stories of succeeding in a challenging post-war environment can provide inspiration to young women who are just starting out in their professional life. By listening to the voices of Bosnia and Herzegovina's women and documenting their inspirational stories, the report demonstrates the vast but underutilized potential of women and sends the message of how important it is to implement policies that will encourage and strengthen their performance.

Figure 1: Percentage of Persons who Took Loans in the Preceding 12 Months, According to Source of Loan by Sex



Source: World Bank (2001).

Figure 2: Hours Worked per Week by Type of Employment



Source: Federation of Bosnia and Herzegovina Federal Office of Statistics (2006).

CHAPTER 1

The Legal and Economic Context Facing Women's Businesses in Bosnia and Herzegovina

This section provides an introduction to the legal and regulatory framework facing women in Bosnia and Herzegovina. The chapter also discusses how education, traditions, and cultural norms affect women's economic status and influence their employment and business choices.

Bosnia and Herzegovina's Legislative Frameworks Seek to Ensure Gender Equality

The constitution prevents discrimination based on sex and guarantees equal opportunities for its citizens. Bosnia and Herzegovina ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1994, and it adapted in 2005 key new laws on women's rights, including the Gender Family Law and the Law on Protection against Domestic Violence. A requirement that one third of candidates on party lists during elections must be female has helped strengthen women's participation in politics. Other post conflict-countries, such as Afghanistan or Rwanda, secured similar positive legislative and political changes to help ensure equality for women in the post-war period, indicating how reform momentum in the immediate aftermath of a war can be a good opportunity towards ensuring women's empowerment.

Bosnia and Herzegovina's 2003 Law on Gender Equality is meant to further strengthen women's status in areas such as employment, media, education, and the private sector. The law prohibits discrimination based on gender and sexual harassment in the workplace, and it mandates equal pay for equal work. This law also seeks to harmonize the country's legislation with the *acquis communautaire,* as part of the European Union accession process. Yet, women's organizations in the country note that the implementation of the law has been limited and that appropriate by-laws are still missing.[6] According to Bosnia's 2005 CEDAW statement to the UN, the country's courts are overloaded, and have therefore had limited capacity to handle cases dealing with discrimination against women.

The post-war transition has not encouraged women's participation in the private sector

Since the signing of the Dayton Peace Accords in late 1995, Bosnia and Herzegovina has been rebuilding its institutions and strengthening its economy. The country is now divided into two largely autonomous entities, Republika Srpska and the Federation of Bosnia Herzegovina, with some of the data presented in this report being separate for these two entities.

Bosnia's women were generally perceived to enjoy equal rights and strong social protection in many spheres of life during the socialist times, but the conflict was marked by an erosion of their status. The influx of foreign aid since the end of Bosnia's war and donors' support for gender issues brought new energy to the women's movement. Yet, many women's non-governmental organizations (NGOs) and services that sprung up in the mid to late 1990s tended to focus exclusively on women's political participation or human rights issues. Few focused on women in the private sector and their potential to contribute to the country's economic development.

Women's participation in the economy is low, but increasing

Female labor force participation rates in Bosnia and Herzegovina are strikingly low. Comparison data on pre-war trends are unavailable, but research indicates that women made up a significant share of the labor force, particularly in the industrialized sectors.[7] Even though women today make up 51.9 percent of the working age population, their labor force participation rate is only about 43 percent, which is much lower than in developed countries. However, their participation rate has been steadily increasing over the last decade. In contrast to Bosnia and Herzegovina, women's labor force participation rates in much of the rest of Central and East Europe, except for Turkey, are close to, or higher than the global average of 52.5 percent (figure 1.1).[8]

Women also suffer higher unemployment levels. In 2007 the unemployment rate for women was 32.9 percent, versus 26.7 percent for men.[9] Unemployment rates are alarmingly high among young women in the age category of 15 to 24, where their unemployment levels have reached a staggering 63.1 percent, compared to 55.6 percent for men in the same age category.[10]

LEJLA RADONČIĆ, BHCRAFTS, SARAJEVO

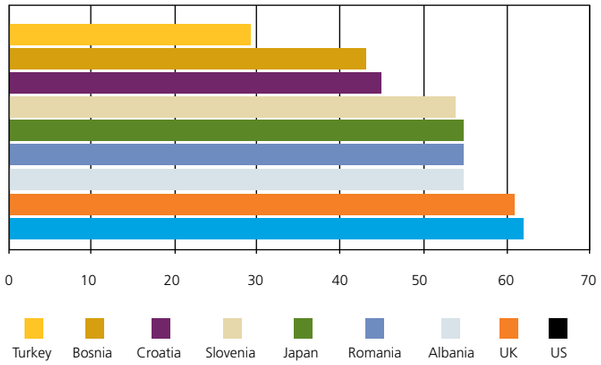
Shopping with Purpose is the motto of BHcrafts, a network of Bosnian women producing beautifully hand-crafted pieces with traditional patterns that range from knitwear and accessories to home décor. The products have been sold at Neiman Marcus, Agnes B, and National Geographic and Sundance catalogues. The company has an international reach, selling products in Europe, Japan, and the United States. Several outlets in Sarajevo offer gift options to local tourists.

BHcrafts is one of few Bosnian businesses that have embraced the social entrepreneurship agenda and used it to generate profit through a message that their items not only represent a beautiful purchase but also benefit impoverished women. Knitting for BHcrafts is the main source of income for many of the women the company employs, and allows them to support their families and send their children to school. The network usually includes about 350 women per year, but can engage up to 700 women when orders are in high demand. However, according to Lejla, "the local laws do not distinguish our social entrepreneurship model from a regular business." The company has two sets of registrations, and is registered as a firm and as an NGO. "We do two separate sets of accounting for the firm and the NGO. This separation is a big problem."

Started as a psycho-social project in 1995 by Lejla during her stint working for the Norwegian People's Aid organization, BHcrafts has been supported with funding and technical assistance by various donors, including the European Union, the Canadian International Development Agency (CIDA), UNIFEM, and the World Bank. As such, the company is one of few donor-supported projects in the country that has focused on women's private sector participation and economic empowerment.

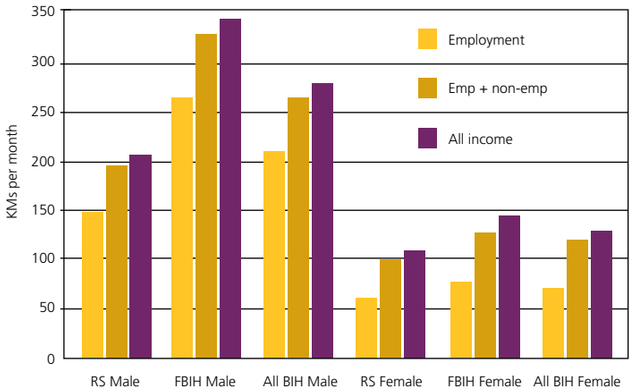
BHcrafts has done an excellent job with marketing its products, and it encourages buying through its website (http://www.bhcrafts.org/). Each BHcrafts product includes a small card with the handwritten name of the woman who made it. Sales are also encouraged through various fashion and charity shows, and auctions at embassies. In the future, Lejla is looking to further strengthen her brand, increase production, and focus more on the European market.

Figure 1.1: Women's Labor Force Participation Rates in Bosnia and Comparator Countries



Source: World Economic Forum (2007); US Census Bureau; Yemtsov and Tiongson (2008).

Figure 1.2: Mean Monthly Individual Income by Gender



Source: DFID (2005).

Most new jobs in Bosnia and Herzegovina are being created in the informal sector, which accounted for 42 percent of employment in 2004. Also, women make up 69.3 percent of unpaid family workers. Yet, the participation of women in informal employment is almost the same as in formal employment, demonstrating once again their lower participation in the productive economy.[11] In general, unemployment rates are higher for women than for men across the former Yugoslav countries, with the largest gender gaps in Bosnia and Kosovo.[12]

These low employment levels for women tend to be mirrored in other post-conflict countries, such as Kosovo or Angola, as women in the post-war period focus on household activities and donors and policy makers typically fail to capitalize upon women's economic potential in their reconstruction programs. In their post-conflict assistance international donors have tended to focus on construction-heavy projects, which mainly employ men. Increasing the focus on opportunities for women in the economy is therefore a significant gap in donor aid to post-conflict countries.

Even when employed, women tend to earn significantly less than men

Women's incomes are much lower than men's in both Republika Srpska (RS) and the Federation of Bosnia and Herzegovina (FBIH) (figure 1.2). The gender disparity in earnings mirrors global trends. In the U.S., for example, women earn, on average, 77 cents for every dollar that men make.[13] However, the data in Bosnia and Herzegovina indicate a much higher gulf between women and men. Data from 2005 indicate that women in Republika Srpska had a mean monthly income from employment of KM60 (US$48) per month, compared to KM145 (US$116) for men. In the Federation women's mean monthly income was higher, at KM129 (US$104), compared to KM196 (US$157) for men.[14] The earnings disparity may be due partly to women working less, but also to the fact that women are concentrated in less well paid occupations.

While older women tend to lag behind men in educational attainment, educational backgrounds of younger women are comparable to men's

Education statistics in Bosnia and Herzegovina indicate slightly lower secondary school completion rates for women. Yet, lower completion rates are more pronounced among the older generation of women who also have high unemployment rates. However, women currently graduate from university in higher numbers than men in both the Federation and Republika Srpska. Moreover, a greater share of employed women has a higher degree, such as a college or university degree (table 1.1).[15]

Interestingly, women also made up 58 percent of students of business management in 2005/2006, which should help them acquire skills needed in business. Yet they are also the majority of students getting a degree in subjects such as education, health, fine arts or philosophy. Men, on the other hand, tend to choose degrees in information technology or engineering.

These positive trends in women's education do not seem to be reflected in their labor force participation rates, which, as discussed above, remain well below the rates for men. The fact that higher education for women in the 15-24 age category has not translated into employment indicates that they may be particularly affected by the small formal employment sector and gender bias. Moreover, as the country's education system is not well adapted to market needs and is undergoing reforms, both women and men could benefit from more practical skills needed in business.

Table 1.1: Structure of the Working Age Population, by Education and Sex

	Labor Force		
	Employed Persons	Unemployed Persons	Inactive Persons
Female			
Primary School and Less	25.4	26.8	72.2
Secondary School	56.1	68.3	26.3
College, University, Masters, Doctoral Degrees	18.4	4.9	1.5
Male			
Primary School and Less	22.5	25.5	55
Secondary School	66	71	39.8
College, University, Masters, Doctoral Degrees	11.5	3.5	5.2

Source: Agency for Statistics of Bosnia-Herzegovina (2007).

Entrepreneurship is not well appreciated or developed in Bosnia and Herzegovina

While sex-disaggregated data on private sector activities is scarce, statistics indicate quite low overall entrepreneurship levels in the country. Over 85 percent of enterprises in Bosnia and Herzegovina are micro enterprises, with 10 or fewer employees. This is in line with the overall regional trend of pronounced micro-enterprise participation. The number of small, medium and micro firms per capita in Bosnia and Herzegovina is the lowest in the Eastern Europe region, especially in comparison with the more advanced central European countries.[16]

According to the 2007 Labor Force Survey, only 22.6 percent of employed Bosnians are self-employed and 26.9 percent of these are women (chart 1.1). This figure is comparable to the rest of East Europe and Central Asia where the average percentage of female entrepreneurs is 26.8 percent (figure 1.3).[17]

Part of the reason for such low entrepreneurship levels might be that many Bosnian citizens tend to prefer formal employment with a firm over becoming an entrepreneur, reminiscent of

Male firms are bigger, so of course they are more successful. Women have small businesses, but they help us survive.

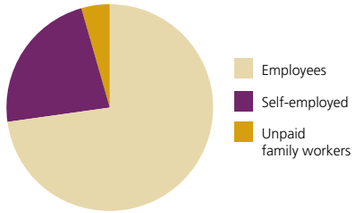
—Mejrema Alimanović

the communist legacy that guaranteed employment with solid benefits. This preference may shape their reasons for not getting into business and may also help explain why there are so few women entrepreneurs.

Data from the World Values survey indicate that Bosnian women are also more likely than men to favour increased government ownership of business rather than private ownership, suggesting that women have a less positive attitude towards business than men.[18] One reason for this cautious attitude to business may be due to the loss of support services, such as childcare, social security, and maternity leave that women were accustomed to during communism, which has increased women's vulnerability.

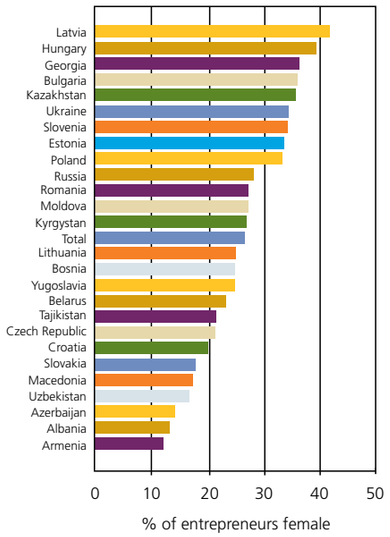
The significant amount of remittances in the country may also affect levels of entrepreneurship. Bosnia and Herzegovina is among the top 20 countries in the world receiving remittances, which amount to over 11 percent of GDP.[19] Research has found that individuals who switch from not receiving remittances to receiving payments are 3.5 percent less likely to start a business.[20] This may well affect many Bosnian women with husbands or relatives outside the country on whose support they rely.

Chart 1.1: Persons in Employment by Status of Employment



Source: Agency for Statistics of Bosnia-Herzegovina (2007).

Figure 1.3: Share of Female Entrepreneurs by Country, Eastern Europe and Central Asia Region



Source: Sabarwal and Terrell (2008).

Box 1.1: Engaging in Business as a Way to Heal:
NADA STJEPANOVIĆ, DANCE STUDIO SEBASTIJAN, BRČKO

"I like dance. And I wanted to turn the minds of the children away from negative things and towards something positive," says Nada Stjepanović about her motivation for starting Dance Studio Sebastijan. "There was dancing in my house from the time I was born," she says. "I went to dance schools and trained." She set up her business in 1996, and now gives classes in aerobics, dance, modeling, and ballet in the town of Brčko. She also organizes beauty competitions in her town and the region.

Nada is involved in all aspects of the studio's work, from managing administrative duties to conducting the dance classes and giving catwalk lessons to aspiring models. Today the studio has about 300 students who span a variety of ages. About 8,000 people have taken courses from the studio in the past 11 years in the town of Brčko. A master at multitasking, Nada has accomplished all of this in addition to her full-time job as a financial director at a local firm. She was even recognized with a "Woman of the Year" award by her municipality a few years ago.

Nada has never had to do much advertising for her business. Local TV stations have been eager to cover her competitions and events, and Nada notes that her students' distinctive look while out and about in town speak for itself. Her most pressing task now is to secure her own space for classes, as they are currently held in the town's youth center.

Despite their low business ownership, women do express a growing interest in starting a business

A survey conducted in 2002 found a marked increase in the numbers of women who expressed an interest in starting their own business, from 18 percent in 1998 to 60 percent in 2002.[21] Faced with poor employment opportunities, Bosnian women increasingly view entrepreneurship as a viable source of income. For female-headed households poverty may be a particular motivating factor. About 25 percent of households in the country are female-headed (15 percent of these are widows), and 61.4 percent are likely to be below the poverty threshold, compared to 33.5 percent of households headed by men.[22]

Women interviewed for this study note a variety of reasons for starting their businesses, but most did so out of necessity. A number of women started their business upon returning from exile and finding few other employment options. For some, starting a business was a positive, therapeutic activity and a coping mechanism (box 1.1).

Women's businesses are smaller than men's, and tend to be clustered in the traditional trade, handicrafts, and service sectors

Country-wide data on women's business activity are scarce, but the graph below from the Banja Luka municipality shows that women's businesses are focused on handicrafts, trade, and services, perhaps due to the lower initial capital investment and skills requirements for these sectors (figure 1.4).[23] This is in line with other countries in the region, where women's businesses are predominantly clustered in wholesale trade, retail, and textiles. The choice of the industries women focus on partly explains why their firms are smaller in terms of sales revenues and profits.[24]

Sometimes we women feel like we are not being taken seriously. I am trying to break that mode of thinking.

—Ružica Janković

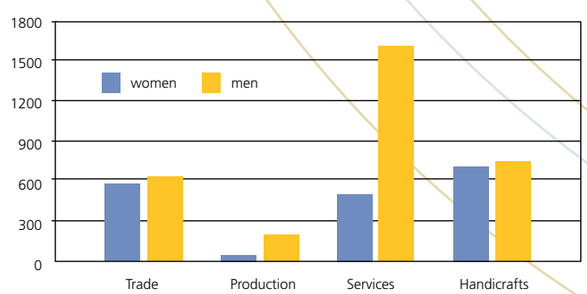
The lack of self-confidence among women in their ability to run a business is an inhibiting factor

Thirty-four percent of the women interviewed in a survey by a women's NGO, the World Learning STAR Network, noted that they are unsure if they have the right skills and knowledge to start a business. Another 9 percent noted that they lack information needed to start a business. This finding should not be surprising, given that their educational backgrounds are often not well suited to business. The lack of positive role models for businesswomen in mainstream media may also contribute to this poor confidence among women about their ability to start a business.

Traditional cultural norms also hinder women's business success

The communist legacy brought to Bosnian women over the past half century formal equality, but the 1992-1995 war saw an erosion of privileges and equality that women had gained during that time. Today the traditional division of roles between men and women that has always been present in the society persists, and combined with the lack of childcare options strongly shapes the work habits of many women entrepreneurs (box 1.2). Seventy-one percent of the women interviewed for the World Learning STAR Network survey noted that patriarchal traditions and customs that put a woman "in her right place" contribute to their lower position in society.

Figure 1.4: Number of Women and Men Entrepreneurs by Sector in the Banja Luka Municipality



Source: UNECE (2004).

Box 1.2: Defying traditional norms:
RUŽICA JANKOVIĆ, SKELANI

Originally from Srebrenica, Ružica fled with her husband and two children to Serbia in 1992. She initially accepted various menial jobs because she needed the income, including a stint at a cousin's café. Two years later she finally decided to take matters into her own hands. "In Skelani I saw a kiosk that was in a fairly good shape and not too destroyed, so I decided to invest in opening it," she says. Skelani is a small community near Srebrenica, in a remote region of Bosnia on the border with Serbia that is poorly accessible by roads and marked by a large number of people who have left the area since the war.

Yet Ružica remained undeterred by the town's remoteness and its diminishing population. Initially, as people continued to move out of their region, the profits were low. But the business continued. Ružica's store is in the center of Skelani, has a good reputation in the community, and has steadily attracted customers from across the area. She now employs four female workers in a grocery store that sells a variety of goods, including food, beauty products, and drinks.

As a female entrepreneur, Ružica has had to fight prejudices. According to her, "even when our business partners know that they should come to me to resolve certain questions, they turn to my husband instead." Ružica thinks that high unemployment rates among women in the country are due to their limited mobility and "their high level of responsibility within the family. We still need to keep taking care of all the household chores." A well-respected woman in her community, Ružica is active in local politics, and was the first woman to be elected to the post of the representative of the town People's Committee in 2004.

CHAPTER 2

Dealing with Bureaucracy

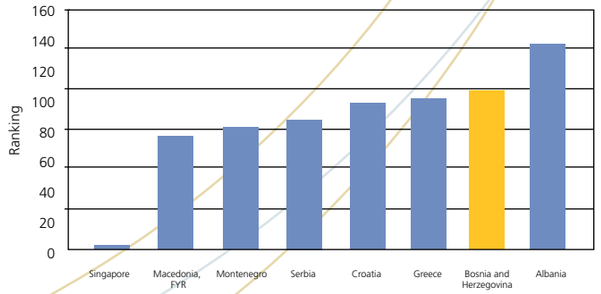
Relative to its regional neighbours, Bosnia and Herzegovina still suffers from a weak business environment

Bosnia and Herzegovina was ranked 105th in the World Bank Group's *Doing Business in 2008* report, which rates countries annually on the ease of doing business. While some countries in the West Balkans, such as Croatia, are reforming rapidly, Bosnia and Herzegovina's pace of reform has slowed from a few years ago, and its rank slipped from 95 in 2007 to 105 in 2008 (figure 2.1). The declining rank is partly due to the fact that many other countries are reforming faster and partly due to the national political landscape that has not sufficiently focused on reforms. This is a worrisome trend for all businesses, but it is likely to affect disproportionately women-owned businesses due to their small size and lower capacity to deal with a difficult business environment.

It is difficult here to operate legally. If you operate legally, there are inspections coming upon you from all sides. They always find something that is not in order.

—Ružica Janković

Figure 2.1: Bosnia and Herzegovina's Ease of Doing Business Compared to Global Best Practice and Select Economies



Source: World Bank (2007a).

Box 2.1: Dealing with a Difficult Bureacracy:
FAHIRA HABIBOVIĆ, ZLATARICA HABIBOVIĆ, ŽIVINICE

As soon as the American military set up a base in the Živinice region at the end of Bosnia's war, the Habibović family saw an opportunity. Realizing that the soldiers were interested in gold as gifts to take home for their significant others, Fahira and her husband opened a series of four jewelry outlets in the American military bases catering to the military personnel stationed in the region. They seized the opportunity to offer products to the American military personnel early on, when there were few competitors, and have managed to diversify their operations since then.

The business did very well between 1996 and 2007 when the American military left, but starting out was not easy. "Getting a permit to operate on the American military base took a long time and required a lot of paperwork," Fahira says. The couple registered their business in 1996 but had to undergo tests to prove the quality of their gold. Once the business was set up, they were plagued by numerous inspections. Finally, attending trade shows abroad has not been easy, given the difficulty for a Bosnian national in getting a visa to travel abroad. This is also the reason why the family had to reject an offer to be the national representatives for a Turkish jewelry chain in Bosnia and Herzegovina.

The Habibović family now has various other business ventures, including a bakery, a supermarket and a gambling club. Theirs is a joint business, in which the husband does business negotiations and travel, and Fahira is responsible for running the day-to-day operations and sales. The couple believes that running their businesses as a family and dividing up tasks has helped them achieve their success. The Habibović's are currently also investing in a disco club, which they intend to give to their son to manage due to his interest in music.

KANA N & N, NERMA HAMZIĆ AND NARCISA KAVAZOVIĆ, ILIDJA

Nerma and Narcisa have come a long way from sewing pillows and bedcovers in their garage and selling them at the marketplace. They now own a spacious production space in Ilidja with a colourful new showroom. The company employs 25 people and sells 130 different articles across the former Yugoslavia, with occasional exports to Sweden, Germany and Russia.

Their success masks difficult beginnings. The sisters started their business after returning to Bosnia from Spain, faced with the need to ensure survival and provide for their families. They used an old sewing machine and their personal bedding to make their first pillows, which they stuffed with the leftover materials of military uniforms.

Their biggest problem has been various government regulations that have negatively affected their business. According to Nerma, "laws here don't stimulate business, they only stifle it." The sisters formally registered their firm in 1996 and note that the process was difficult. "Even now the government makes problems. That's how they make money," Nerma says. "The requirements and taxes are horrible. If it were not for these people we employ, we would sell all of this." Even opening their new showroom has not been easy. According to Narcisa, "There were many requirements before we opened it. They keep harassing us, but nobody tries to help."

Nerma and Narcisa believe that their success in this difficult business environment is due to their being able to fill a gap in the market and offer the customers what they need. "Everybody needs a pillow and bedding. Just as we need to eat, so do we need to also sleep and cover ourselves with something while we are asleep," says Narcisa. The sisters are now grooming their three daughters to eventually take over the business. According to Narcisa, "We will leave the company to them to continue where we left off."

Women entrepreneurs interviewed cite dealing with licenses, taxation, finance and labor issues as the biggest obstacles to their business success

The barriers to business success that women cite are reflected in the Doing Business rankings, where the areas of starting a business, dealing with licenses, paying taxes, and registering property received the worst rating in 2007. A survey of businesses in Bosnia and Herzegovina, which does not contain sex-disaggregated data, mirrors some of the same concerns, but also includes uncertainty over economic policy and corruption as the biggest obstacles (figure 2.2).

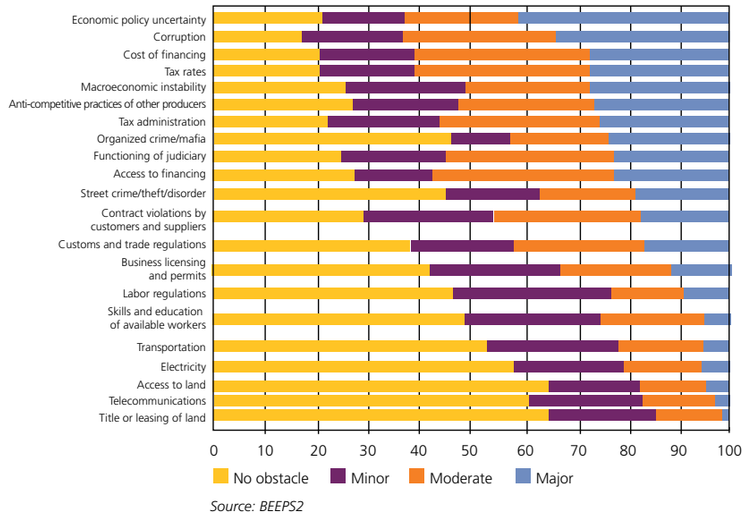
The 2007 Transparency International corruption perception survey assigned Bosnia and Herzegovina the 84th to 93rd position among 180 countries, lagging well behind the EU and its accession country candidates.[25] Women's businesses are, on average, smaller and their owners tend to be less confident and educated in business matters. As a result, dealing with issues such as government bureaucracy can become even more daunting for them.

Government fragmentation, which is the result of the complex political structure of the country devised in the aftermath of the war, also contributes to the cost of doing business. There is a high level of decentralization in Bosnia and Herzegovina, with fourteen governments operating with little coordination among each other. As noted in a 2007 White Paper completed by the Bosnia-Herzegovina Foreign Investors Council, the duplication of essentially the same authority over multiple government levels poses particular problems.[26] A number of the women interviewed noted frustrations with trying to do business in different parts of the country and hesitation to expand to other regions, due to the unclear or varied business requirements of the different regions (box 2.1).

Business Licensing Can Impose Early Hurdles for Women Entrepreneurs

Bosnia's ranking for the "Dealing with Licences" indicator in the Doing Business report improved by 10 places—from 160th to 150th between 2006 and 2007—partly due

Figure 2.2: Barriers to the Operation and Growth of Businesses (percentage of firms)



Source: BEEPS2

Table 2.1: Dealing with Licenses in Bosnia and Herzegovina

Procedures (number)	16
Duration (days)	467
Cost (% of income per capita)	790.3

Source: World Bank (2007a).

to ongoing efforts on the inspections reform and the "regulatory guillotine" process.[27] However, it is still a poor ranking, and several women complained of delays and a frustrating bureaucracy in obtaining needed licenses (box 2.2). The process requires, on average, 16 procedures and 467 days (table 2.1). The time and effort needed to navigate these procedures can significantly delay business start-up and discourage formalization. Given that women also bear prime responsibility for household tasks, they may experience these procedures more acutely than do men.

Lengthy, Complicated Procedures and the Cost of Bank Finance are Issues for Women's Businesses

Bosnia and Herzegovina is ranked at number 13 in the Doing Business report in terms of the ease of obtaining credit, reflecting an excellent performance in this area. Banking reform in 2001 has led to the liberalization of the banking sector, and the country has a competitive banking market with regulatory and supervisory functions that are being enforced. Moreover, credit to the private sector is growing rapidly, with real private sector credit averaging 22.8 percent between 2001 and 2006.[28] The country has an inclusive credit registry that covers both commercial and micro lenders.

Few of the women interviewed for this report noted *access* to finance as an issue; rather both women and men complained of the *cost* of finance. In fact, women make up a slightly larger percentage of bank borrowers and are also more likely to borrow from credit unions, rotating savings and credit associations (ROSCAs) and other sources, while men are slightly more likely to borrow from family (figure 2.3).

Box 2.2: Dealing with Licenses:
MIRSADA MEHMEDINOVIĆ, KONFEKCIJA SDM, LUKAVAC

Mirsada was working in a garment factory in Italy after her escape from the Bosnian war when she met her future husband, an Italian with a long family history of working in the garment industry. After the war ended Mirsada and her husband returned to her home town of Lukavac and built SDM Lukavac, a garment factory that produces slick Italian shirts for export to the Italian market.

Living in an area of the country known for the high level of pollution from the surrounding heavy industry and large chimneys at the city's entrance, Mirsada was looking to start a business that would offer alternative employment opportunities to the local population and would not harm the environment. Konfekcija SDM now employs 50 workers, of whom two are male. As is common in the garment industry, women have taken on all levels of responsibility in her factory, from working in production to being directors. With unemployment in the region high, Mirsada feels positive about her contribution.

While her intentions were good, Mirsada realized that opening up the factory would not be very easy. Even though Mirsada started to set up her business in 2003, she did not commence operations until 2006. It took two and a half years to obtain all the necessary paperwork and permits from the government. She notes having to go to various different ministries, with no clear explanations of who was responsible for what. Her business site was finished only in 2005. Despite her challenges, Mirsada is optimistic about her future prospects. Her business is still in the expansion phase and she plans to more than double her workforce in the coming years.

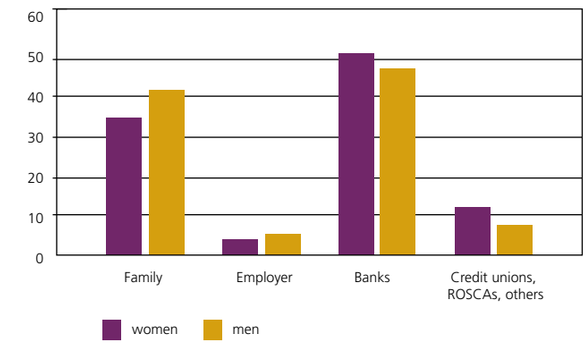
We get loans from commercial banks. But the interest rates are too high, and the terms are too short.

—Lejla Radončić

The numbers indicate that women in Bosnia and Herzegovina may be better off in terms of securing credit than women in the rest of the region. A study using data from Europe's Business Environment and Enterprise Performance Survey found that female-managed firms have a 5.4 percent lower probability of securing a bank loan than male-managed firms. Moreover, female-managed firms pay, on average, 0.6 percent higher interest rates than their male counterparts.[29] In contrast to the rest of Europe, the same study found that women-owned firms in South-Eastern Europe report fewer constraints in access and cost of financing than male-owned businesses.

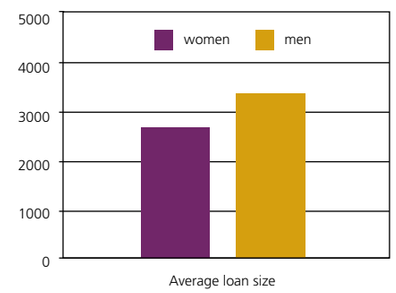
However, the average size of a loan that a woman takes out is smaller than a man's, at 2,702.50KM (US$2,169) versus 3,395.82KM (US$2,725) for men, and women are more likely to take out loans for immediate consumption rather than investment, indicating that they invest less in their businesses (figure 2.4).[30] Also, Bosnian entrepreneurs are more likely to finance their business start-up with personal funds rather than bank loans. While bank finance is rarely used for business start-ups in the country, research has found it to be significant in ensuring business survival.[31] Therefore, the fact that women are less likely to take out bank loans for business purposes is likely to have a negative impact on their business survival.

Figure 2.3: Percentage of Persons who Took Loans in the Preceding 12 Months, According to Source of Loan by Sex



Source: World Bank (2001).

Figure 2.4: Average Loan Size (in KM), by Sex



Source: World Bank (2001).

While access to bank finance is less of a problem for women, businesswomen interviewed for this report note that the length of time it takes to get bank financing, the lack of long-term financing options, as well as the complicated paperwork and requirements are problematic and lead them to turn instead to microfinance institutions. Men tend to turn to microfinance for the same reasons.

As in many other parts of the world, the lack of registered property under their own name can become a problem for women when seeking bank financing, particularly for larger loan amounts

The law provides for joint property registration, but traditional practices of registering land in a man's name tend to prevail. Only 6.5 percent of women interviewed for the STAR Network survey reported owning land in their own name (figure 2.5). Moreover, forty percent of women noted that lack of property makes accessing finance difficult.

The numbers are similar across the former Yugoslav countries. In neighbouring Montenegro only 3 percent of property is registered in women's names, while the corresponding figure in rural parts of Kosovo is 10 percent.[32]

The growth in the leasing market in the country could have positive effects for women. Outstanding leasing contracts in Bosnia and Herzegovina grew by 74 percent between 2004 and 2005.[33] The IFC has been working to update the leasing legal framework, and in late 2007 a new Law on Leasing was enacted in Republika Srpska. Leasing can help women's businesses with limited start-up capital and cash flow to start operating immediately. Yet few of the women interviewed for this report seemed aware of the potential that leasing offers, indicating the need for education on this product.

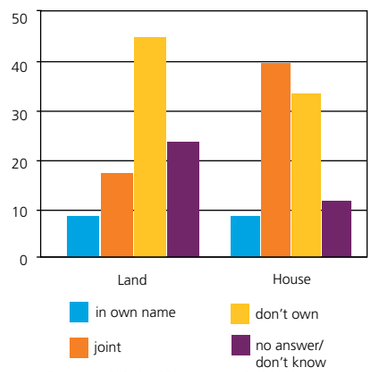
Microfinance institutions have stepped in to fill the funding gap

There is a large presence of microfinance organizations in Bosnia and Herzegovina. In 2004, there were 46 registered microfinance providers in the country.[34] Many of these were established with donor assistance following the end of the war, but are now self-sufficient (box 2.3). The country passed similar microfinance laws in Republika Srpska in 2001 and the Federation in 2000. A new law on microcredit organizations stipulates that microcredit organizations have to transform from non-profit organizations to either foundations or commercial entities.

MI-BOSPO is simple because we know and trust each other.

—Mejrema Alimanović

Figure 2.5: Women's Property Ownership in Bosnia nd Herzegovina (percentage)



Source: Baksic-Muftic, Jasna et al. (2003).

A number of the women interviewed are receiving both micro-credit and bank loans. Women preferred microfinance loans due to the convenience and speed associated with obtaining them (box 2.4). Yet they note that interest rates are too high. Depending on the type of loan, microfinance institutions charge from 15 to over 20 percent interest, compared to 8 or 9 percent interest charged on a consumption or housing loan by commercial banks.[35] With competition in the micro-enterprise market in the country increasing, the interest rates have been on a downward trend.

Taxation Imposes Further Burdens on Women's Businesses

Bosnia and Herzegovina is undertaking tax reform, including lowering property taxes and simplifying corporate income taxes.[36] However, tax rates are still rated by entrepreneurs among the highest obstacles to doing business in the country. For instance, taxes that an employer has to pay for each employee to the social insurance fund average about 70 percent of an employee's net pay, making it very costly to create new jobs.[37]

We had problems with taxation at first. We had nine inspection visits within six months.

—Fahira Habibović

The *Doing Business in 2008* report found that the number of payments in the taxes category has been reduced from 73 to 51 annually from the previous year, but the total estimated required time for processing these payments increased from 100 hours to 368, increasing complexity. The complexity and cost of the process may be one of the reasons why women, who tend to be more time constrained than men, do not formally register their small informal businesses or hire workers.

MIRSADA MAJDANČIĆ, HERBAL PHARMACY MEDITERA

Steeped in a family tradition of herbalists and with a degree in pharmacy, it seemed only natural for Mirsada to turn to herbal medicine when she was looking to start her own business. Mirsada is today the director and sole owner of a pharmacy that focuses on herbal medicine and natural drugs. She started her business in 1997 after returning from exile in Germany, now employs five people, and is increasingly focusing on herb growing and production on her family-owned land. "I have focused on plants because of my family tradition and history. Nature is our salvation," she says. Her clients are the locals from her town of Živinice, including athletes and people who believe in alternative medicine.

Mirsada used her own funds to start the business, yet notes that financing has been an issue. "Banks are not an attractive option for financing, as they have too many requirements. While microfinance organizations have higher interest rates, they are faster. Yet they do not offer large enough loans."

Mirsada has a resilient spirit, and notes: "I do not intend to give up. I will continue to fight on." In the future, she hopes to acquire more land and expand the herbal production side of her business.

Box 2.3: MI-BOSPO — Increasing Women's Access to Finance through Micro Loans

Initiated in 1996 as a World Bank pilot project, MI-BOSPO has evolved into a leading micro-credit organization in Bosnia targeting women. The organization's mission is to economically empower women, led by the belief that "the economically empowered woman can better influence social change and contribute to better quality of life within the family."

As of March 2008, MI-BOSPO had 26,580 active clients and a loan portfolio of KM64,000,000 (US$51,375,307). Based in Tuzla, the organization focuses mainly on northeast Bosnia. The loans range from US$180 to US$18,200, with an average tenor of 13.5 months. On any given day, one can see the MI-BOSPO staff in the colorfully branded company vans visiting clients in the cities that the organization serves.

MI-BOSPO is involved in various community initiatives, such as a local recycling program, and is starting a foundation that will focus on research and programs to the benefit of women. MI-BOSPO is a member of Women's World Banking, a global network of microfinance organizations based in New York.

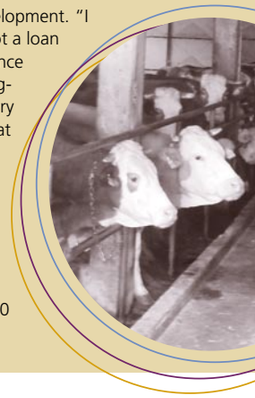
For more information, visit: http://www.mi-bospo.org.

Box 2.4: Benefiting from Microfinance: NIZAMA IMSIRAGIĆ, MILK COW BREEDING FACTORY NEAR TUZLA

"I started work with MI-BOSPO as soon as they began operating here seven years ago," says Nizama Imsiragić, sitting in the shade of a tree in front of her milk cow breeding factory at a large farm near Tuzla. Running a family business together with her husband, Nizama started out by selling the milk of her one cow in the neighborhood. Soon enough she saw the potential for more. She now has eighty cattle and various machines for processing milk. Their milk is sold to the Tuzla Milk Factory and distributed to the region.

Loans from MI-BOSPO have played a key role in this development. "I had one cow and wanted one more," says Nizama. "I got a loan from MI-BOSPO and bought a second cow." Her experience with MI-BOSPO has been positive and she values the long-standing relationship with the organization. "They are very fast. Now that I have secured their trust, I can get credit at any time," she says.

Going forward, Nizama would like to focus on breeding the Holstein breed of cows, which are distinctive black-and-white-colored cows known for their large milk production capacity. Nizama is optimistic about her firm's future: "We have this large space for the cows, in which we invested a lot of funds. We have capacity for 50 more cattle."



There is no flexibility with employees. The state does not offer good training for workers. We are coming out of a communist system, and the state is insuring people who do not have good work habits. We have gone through 150 workers to get 50 good ones.

—Mirsada Mehmedinović

Poor Worker Skills Can Impact Women's Business Performance

The education system in Bosnia and Herzegovina has not adapted to a market economy. The system focuses on training for defined jobs in a command economy rather than adaptability and flexibility, and has yet to equip young people with the skills that are needed in the private sector. According to the World Bank, more than 40 percent of secondary students in the country continue to study programs in hundreds of occupational specializations for which there are few jobs.[38] A number of women entrepreneurs noted issues with poor quality of workers and the difficulty in finding good employees.

Vocational education opportunities are also limited for those who wish to improve their skills, and companies tend to invest little in training their workers. Moreover, a 2006 labor study found that vocational training is associated with a negative effect on earnings of about 20-25 percent, probably due to the fact that poor people with lower job prospects traditionally enrol in vocational programs instead of completing a full secondary school degree.[39] A 2005 World Bank Education Restructuring Project has been designed to address some of these issues.

Rigid protection has meant that private employers have had a difficult time firing and hiring workers

While there have been some initial reforms of the labor code and employment institutes, more is needed. Women entrepreneurs tell of numerous labor inspections by government that often amount to harassment. A study by the World Bank Group's Foreign Investment Advisory Service (FIAS) noted that the system for labor inspections lacks reasonable rules and remedies and gives individual inspectors large amounts of power but little accountability. This situation can easily lead to requests for bribes that are difficult for women entrepreneurs to refuse.[40]

Women employees, in particular, are often seen as a burden by employers. The World Bank has argued that the one year maternity leave policy, mandated in the labor laws, hinders female employment. Maternity benefits in Republika Srpska are financed through general payroll contributions and are therefore not a disincentive to hiring women. In the Federation the benefits are supposed to be financed by the Cantonal social protection system, but in practice are often left to the employers to finance, creating a disincentive to hiring women. One potential solution is to pay the maternity leave through the social insurance system instead of leaving it effectively to the employer.[41] Moreover, research indicates that employers often disregard the norms of the labor law, prevent women from using maternity leave, and sometimes even fire women during pregnancy.[42]

Discrimination against older women is also prevalent, with older women being rejected from consideration for employment due to their age and looks. Job advertisements, particularly in the services industry, often have specific requirements for applicants to be below 35 years of age and to look attractive.[43] Increased awareness by women's NGOs and Gender Centers on this problem and gender sensitivity training for the private sector may help change such perceptions.

MEJREMA ALIMANOVIĆ, KIOSK SHOP MERI, LUKAVAC

When her husband was injured during the war and had to stop working, Mejrema borrowed funds from relatives and started a small kiosk to ensure the family's survival. "Those were the post-war years, and life was difficult. My husband was a war invalid and we were having a hard time getting by."

But the hard times are long over for Mejrema. From her first small kiosk, Mejrema has developed a variety of business ventures in her town of Lukavac that include agriculture and coffee roasting. Four years ago she also opened a greenhouse where she grows strawberries and vegetables that she sells in her own shops. The market for her products is local, and Mejrema says she would have to improve the labeling to be able to sell the products elsewhere.

Her biggest problem has been finding well qualified and reliable employees. "Today's youth do not like to work hard and are not careful. They don't have good work habits. It is very hard to find good workers." With a business that depends on customer loyalty, she has had a hard time finding workers who have a pleasant and friendly attitude towards the customers.

Mejrema is looking to expand her fruit and vegetable production. She recently attended training on large-scale production and agronomy, and looks forward to applying the lessons in her business expansion.

CHAPTER 3

Bosnian Women: Building Partnerships for Success

Unemployment is high among women because of their high level of responsibility within the family. We still need to keep taking care of all the household chores.

—Ružica Janković

Managing work-life balance in light of women's disproportionate responsibilities in the home

Many women turn to self-employment out of financial necessity, and for some Bosnian businesswomen being your own boss seems to help accommodate family responsibilities. When Bosnian women run their own business, they are likely to spend significantly less time on it than when they are employed for someone else. A female business owner spends, on average, only 29.2 hours per week on her business, compared to 46.9 hours that a male business owner spends on his enterprise. In fact, men work longer hours in every work category. This data indicates that many women may be choosing self-employment or exit the labor force partly due to their greater household burdens (figure 3.1).

The unavailability and high cost of childcare services and the general belief that a woman should be home with her children may also contribute to this time allocation.[44] Currently less than 9 percent of children attend a preschool educational institution, and kindergartens charge between KM100 (US$80) and KM120 (US$96) per month.[45] Since women's earnings average KM129 (US$104) in the Federation and KM60 (US$48) in Republika Srpska, the cost of childcare is a too high burden for many households.

Women entrepreneurs need stronger networks

Business networking is valuable for sharing ideas, contacts and news in one's industry, for getting business referrals, and securing deals. Yet, even though Bosnia and Herzegovina has a vibrant women's movement and strong civil society organizations focusing on gender issues, women in the private sector remain largely unorganized.

The BH Women's Economic Network is one existing organization that brings together women entrepreneurs, as well as government and business leaders. Yet it has few active members and limited resources, making it difficult to offer comprehensive services to its members.

We need to get together more, and exchange experiences. There is no women's business association here, but we should start one.

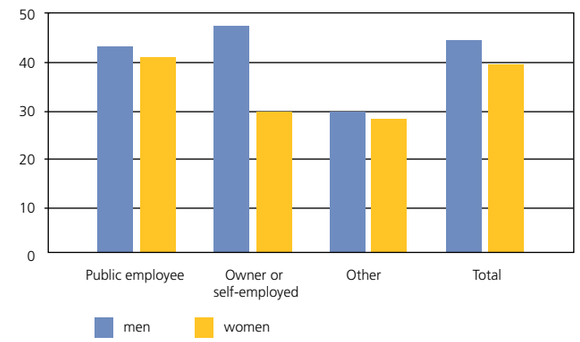
—Mejrema Alimanović

This lack of organization of women in business tends to be mirrored in the rest of Central and Eastern Europe, as many women in the region are reluctant to associate themselves with 'feminist' ideas or be singled out as a marginalized group.[46] Moreover, business membership organizations do not tend to cater their services to women entrepreneurs. A 2000 study found that only 29 percent of organizations in Central and Eastern Europe provided such services, compared to 41 percent in the European Union.[47] As a result, professional organizations tend to be male-dominated, with limited participation from women, and women enjoy less access to resources, training, and information that could increase their business success.

Strong women's business organizations could provide much-needed training, networking and advocacy

Few of the women interviewed noted receiving training or information relevant to their business, which membership in an association could provide. One reason for women's low participation in associations may be due to their large family responsibilities. Yet many women expressed interest in networking and training opportunities, indicating a strong need for such an organization. There are many global examples of successful women's business associations, whose models could provide

Figure 3.1: Hours Worked per Week by Type of Employment



Source: Federation of Bosnia and Herzegovina Federal Office of Statistics (2006).

DUŠANKA JOVANOVIĆ, CLOTHING BOUTIQUES MAJA BRCKO

Dušanka has always been interested in fashion, but she turned it into her profession out of necessity in the early post-war years. Faced with poor employment opportunities, she started to sell bags eleven years ago in the town of Brčko where she was living with her family. That initial effort has been expanded into three boutiques selling clothing to women and men of different age groups and economic means.

Despite the demands that her business imposes, Dušanka seems to maintain a good balance between her work and her family life. She employs eight female staff who help run the shops and are reliable, long-term employees. In an industry known for its tendency to employ young and attractive female workers, Dušanka does not discriminate in hiring, and her employees are between the ages of 20 and 52.

With competition increasing, it is becoming more difficult to operate and vie for the attentions of fickle consumers. Dušanka would like to open a more exclusive boutique, but does not think that people in her town would be able to afford it.

"A lot of people ask me how I manage to do it all. You have to love this job in order to do it," she says. "But I do not exhaust myself too much. It is all a matter of organization, and for now I've managed to get organized." Going forward, Dušanka's goals include buying an apartment for her daughter who will soon begin university studies as well as opening another shop.

impetus and ideas for the women in Bosnia and Herzegovina (box 3.1).

Government and donors should work with women's businesses to ensure change

Donor assistance in Bosnia and Herzegovina to date has focused overwhelmingly on issues such as women's political participation, peace building, or trafficking. In other post-conflict countries donors have traditionally supported similar gender activities, typically failing to capitalize upon women's economic potential. Encouragingly, in recent years donors have started to support initiatives geared towards women's business potential, such as in Kosovo (box 3.2). Some economic empowerment initiatives, such as the BHcrafts initiative described earlier in this report or micro-credit schemes, have received donor support in Bosnia and Herzegovina. Yet these represent ad-hoc activities in an environment that lacks a coordinated, strategic focus on women in the private sector.

The government has enacted supportive legislation and put in place a machinery to address gender concerns, including Gender Centers at the state level and at the level of entities, and Gender Equality Commissions. These organizations might be well placed to strengthen support for women in the private sector, including engaging in advocacy on issues facing women entrepreneurs.

This report is one advocacy tool that women can take to policy makers to make their views heard. The report highlights the many positive role models of Bosnian businesswomen, whose success stories can provide inspiration to young women who are just starting out in their professional life. By listening to the voices of Bosnia's women and documenting their inspirational stories, the report demonstrates the vast but underutilized potential of women and sends the message of how important it is to implement policies that will encourage and strengthen their performance.

Box 3.1: Networking for Success: Examples of Women's Business Associations

National Association of Women Business Owners

With 9,000 women-owned businesses in America as its members and 80 chapters throughout the country, this association creates networking opportunities for its members, organizes nation-wide conferences and public policy days, and provides tools for growing a business. For more information, visit their website: *http://www.nawbo.org/*

Jordan Forum for Business and Professional Women

Established in 1976, the Forum provides a platform to develop, empower and advocate for women in business in Jordan. For more information, visit their website: *http://www.bpwa.org.jo/*

Global Directory of Women's Business Associations

IFC's Gender Program houses a Global Directory of Women's Business Associations, searchable by country: *http://rru.worldbank.org/External/psd-gender/*

Box 3.2: Donors Promoting Women Entrepreneurs in Kosovo

Faced with poor employment prospects and a patriarchal system, women in Kosovo are facing particular challenges as Kosovo strives to rebuild its institutions and economy.

To address the issue, the Swiss Agency for Development and Cooperation initiated a project in 2001 to foster small and medium enterprises, with a particular focus on building skills among young women. The program offers courses for women entrepreneurs on business management, accounting, and marketing, as well as vocational training. A media campaign and exhibitions showcasing women's products are designed to counter societal prejudices and encourage young women to enter the business arena.

For more information, visit: http://www.swisscontact.org/english/pages/PR_Dn/PR_Dn_005_Img.php

LEJLA SPAHO, PERSPEKTIVA ENGINEERING, VISOKO

Lejla Spaho has an impressive resume—she is a teacher at a secondary school in Visoko, the national head of the BH Women's Economic Network, a cantonal representative, and also the owner of Perspektiva Engineering, a firm providing services in consultancy, engineering, and architectural design. After being a director of a state-owned construction firm, she used her business connections to open her company ten years ago.

As a leader of the BH Women's Economic Network, Lejla is an advocate for issues facing women in the economy and in business. According to Lejla, the network has about 1,800 members in each region of the country, though a small number of these are active. The network facilitates information sharing, conducts research, advocacy, and training activities.

According to Lejla, "part of the problem with the network has been that the women members expected financial support from the network. Also, businesswomen have no time to be part of an association given all their other obligations." Yet she remains a passionate advocate for women in business, taking a leadership role and an active part in the network's training activities and learning exchanges.

HAVA FAZLIĆ, CLEANING SERVICE SEIF, HAIR AND TANNING SALON, FLOWER SHOP KALESIJA

After living in Germany for several years, Hava returned to her small Bosnian town of Kalesija in 1997 filled with optimism about the future, but also with various business ideas. Yet she first focused on family and spent some time raising her three children.

Hava soon got to work. She had always loved flowers, and started by selling flowers on the street in her town. Soon enough, there were plenty of clients, and Hava opened a flower shop in 2004. Today she also owns a hair salon, a tanning salon, a greenhouse for growing flowers, and a newly opened cleaning service SEIF. "I get the ideas for my businesses from listening to the needs of the customers. I brought back a lot of positive impressions from Germany," she says. She and her husband are now focusing increasingly on their cleaning service. "People are not aware about cleaning services in this market. We will need at least a year of advertising to acquaint people with the notion," Hava says.

A dynamic and hard-working woman, Hava manages to juggle her personal life with the demands of her various businesses. Despite the multiple demands on her day, she finds time for family and usually leaves work by 4 or 5pm. "I love to work but I am also attached to my family. I usually cook myself. But I am having a harder time making time for friends these days." As if managing a growing family and various businesses were not enough work, Hava is also studying on a part-time basis for a university degree in economics.

RECOMMENDATIONS

Issue	Recommendations	Responsible agency
Complex bureaucratic procedures in areas such as obtaining licenses, employing workers or accessing finance have a disproportionate burden on women's businesses due to their smaller business size and capacity to address the issues. The complicated government structure in the country has meant that procedures for getting business permits are not standardized.	**Eliminate Bureaucratic Hurdles that Hinder the Success of Women in Business and Provide Training** ▪ Increase the mobility of the labor force and address the pervasive discrimination in hiring by strengthening the implementation of the Gender Equality Law, to help increase women's low labor force participation rates. ▪ Conduct training on gender sensitivity and diversity within the private sector to help change negative company culture and attitudes towards women. ▪ Ensure that education initiatives address gender inequalities, including encouraging entrepreneurship training for women in secondary education. ▪ Create a central registry to make it easier to obtain permissions for doing business and help standardize procedures.	Government, business associations, donors
Lack of awareness and education on business issues may be an inhibiting factor for women entrepreneurs.	**Offer Training to Increase Business Success** ▪ Offer education on business and financial management. ▪ Build and strengthen leadership skills of businesswomen, and provide information on new technological and business developments in their industry to help grow women's businesses. ▪ Educate women entrepreneurs on the benefits of leasing.	Commercial banks or micro-credit providers, women's associations and NGOs, Gender Centers
Women in business remain poorly organized and lack a coordinating body and networking opportunities.	**Support Women's Advocacy** ▪ Increase women's advocacy on private sector development issues by supporting the creation of a women's business association, and strengthening existing bodies such as the BH Women's Economic Network. ▪ Sponsor international learning exchanges between Bosnian women entrepreneurs and women's business associations from other countries. ▪ Initiate regular two-way dialogue between government and women in business. ▪ Conduct further research into concerns facing women in business, and ensure business surveys are sex-disaggregated and analyzed by gender.	Donors, government, and businesswomen
Many Bosnian women are held back by poor self-confidence and lack of a belief in their ability to succeed in business.	**Highlight Women's Success Stories to Raise the Profile of Women in Business** ▪ Increase awareness of women's potential in business and highlight the success stories of women in the private sector, such as through this publication, by working with the media and sponsoring events that celebrate women's achievements in business.	Businesswomen, media, government and donors

USEFUL LINKS AND RESOURCES

BH Women's Economic Network
http://www.bhzem.ba/aktivnosti/centralna/index.php

Gender Center of the Federation of Bosnia and Herzegovina
http://www.fgenderc.com.ba/en/o_gender_centru.html

Gender Center of Republika Srpska
Contact: E-mail: gcrsoffice@blic.net
Website: www.gc.vladars.net

Gender Equality Agency of Bosnia and Herzegovina
http://www.arsbih.gov.ba/

IFC's Gender Program
www.ifc.org/gender

IFC Advisory Services in South-Eastern Europe (PEP-SE)
http://www.ifc.org/pepse

ILO's Get Ahead for Women in Enterprise Training Package and Resource Kit
http://www.ilo.org/public/english/region/asro/bangkok/library/pub4c.htm

MI-BOSPO Micro-Credit Organization
http://www.mi-bospo.org/

US Small Business Administration Free Online Business Courses
http://www.sba.gov/services/training/onlinecourses/index.html

Women's World Banking
http://swwb.org/

World Bank's Gender Program
www.worldbank.org/gender

World Bank's Europe and Central Asia Gender Website
http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTECAREGTOPGENDER/0,,menuPK:570872~pagePK:34004175~piPK:34004435~theSitePK:570862,00.html

World Learning STAR Network
http://www.worldlearning.org/star/

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MKF 'MI-BOSPO'
Bosne srebrene bb
75 000 Tuzla
Bosnia and Herzegovina
Tel: ++ 387 35 270 283
Fax: ++ 387 35 252 448
www.mi-bospo.org

International Finance Corporation
World Bank Group

2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
(202) 473-1000
www.ifc.org