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Woman's entrepreneurship – female participation in loss-making SMEs*

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Abstract

The paper explores the ownership structure of small and medium-sized enterprises (SMEs), which fell into a debt crisis due to business failures, in order to indicate the differences between male and female entrepreneurs. We conducted the empirical research on a sample of 186 small and medium-sized loss-making enterprises in the Republic of Serbia. The results obtained by descriptive statistical analysis of the observed sampleshow that the participation of female companies among loss-making enterprises is considerably low. The ratio of companies owned by women and those owned by men was 18.8%: 81.2%. Furthermore, we have recorded a significant difference in the amounts of debt, indicating that female companies have significantly lower debt rates when compared to those owned by men. The findings of this research can be applied as a strategic framework for policymakers to encourage female entrepreneurship.

Key words: *SMEs, owners, female entrepreneurs, loss-making enterprises, capital*

JEL classification: *D24, J16, L26*

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1. Introduction

The history of entrepreneurship in the Republic of Serbia is relatively short and without continuity. After the initial process of entrepreneurship development in the first half of the 20th century, further progress was interrupted with the advent of socialism. The change of the political regime in 2000 affected the business climate in the country. The period afterward has faced the intensification of the reforms, restructuring of the economy, and a significant increase in entrepreneurship. Besides numerous changes, entrepreneurs are still too weak a social stratum that could significantly encourage socio-economic development (Serbian Association of Employers, 2013) due to the transition difficulties that burden the Serbian economy.

The development of women's entrepreneurship during all these years took place in even more unfavorable conditions, marked primarily by ingrained patriarchal values, according to which women take on most of the household and family responsibilities. However, after years of visible progress and emancipation, especially in the field of education and the inclusion of women in the labor market, the trend of female self-employment began to increase.

In recent years, the importance of women's entrepreneurship has been recognized in numerous studies around the world, indicating that SMEs owned by women are achieving significant business results (Kelley et al., 2010; Henry et al., 2016; Khan et al., 2021). Although they are still far from the amount of total income reached by their male counterparts, female entrepreneurs are recognized as the fastest-growing category of entrepreneurship (Cardela et al., 2020) and appreciated for their ability to deliver higher returns (Boston Consulting Group, 2018).

The fact that women can manage their invested capital better and that they are less likely to fall into debt, the theory explains by their specific leadership traits, more restrained and realistic attitude to risk, as well as their commitment to lead firms that will do responsible and long- term business (Janovac, 2020:202). These reasons, in particular those related to the way women take risks and make decisions, are the key factors that have made women-owned businesses profitable today. The statement that the majority of female entrepreneurs run profitable businesses and generate lower debt rates was examined in this paper on the example of the Republic of Serbia. The verification process was based on the analysis of the ownership structure of loss-making SMEs, with an assumption that the share of women-owned firms is a minority.

An additional reason for this research was the fact that such analysis has not been made in the Republic of Serbia. However, the research on business failures has been conducted by Nikolic et al. (2018) who classified the factors that lead to SME failure, without further analyzing of ownership structure. Also, authors Ivanovic-Djukic and Lepojevic (2017) explored the influence of various factors on the

preferences of men and women towards entrepreneurship. Another motive for this research came from the real need for the development of women's entrepreneurship, having in mind the official data showing that the share of female entrepreneurship in the total number of active enterprises in Serbia is only 33% (Serbian Business Registers Agency, 2020)**.** In addition, considering the unemployment rate of 9.7% in Q4 2019 (The Statistical Office of the Republic of Serbia, 2020), there is a strong need to encourage the development of women's entrepreneurship and to increase the level of employment. SME sector in 2018 accounted for 65.7% of employment and contributed 57.4% of Serbia's GDP (The Ministry of Economy of the Republic of Serbia, 2020). According to the European Commission (2019), similar data were recorded in the EU countries. Therefore, 34.4% of the total European population are self-employed and 30% are entrepreneurs in the start-up stage.

Many authors shave provided a solid theoretical foundation in the field of female entrepreneurship, including Radovic-Markovic (2013), who believes that women's entrepreneurship has led to a "new revolution" in the business world and industries where they were not active before. Despite this fact, female creativity and entrepreneurial potential have remained an underutilized source of economic and employment growth that need to be developed in the future. According to the European Commission, the main challenges for female entrepreneurs are the following : insufficient financial capital; lack of access to information and networks for business purposes; lack of training; reconciling business and family concerns; as well as relying on stereotypes that are still present in society.The limiting elements and factors regarding women's entrepreneurship have been demonstrated by Pérez-Pérez and Avilés-Hernández (2016) who indicated in their study that the lack of entrepreneurial culture and social support can be a limiting factor.

One of the key factors that affects the startup process of women-owned businesses is the source of financing. Many authors agree that the main reason for this is the bankers' mistrust towards female entrepreneurs (Radovic-Markovic, 2013; Pérez-Pérez and Avilés-Hernández, 2016; European Commission, 2019). Furthermore, legal and regulatory barriers can affect female entrepreneurship development, especially the hereditary law that can inhibit women in deciding to start their own businesses.

In the Serbian National Strategy for Improving the Status of Women and Promoting Gender Equality one of the key strategic goals is the improvement of the economic position of women and the achievement of gender equality in the field of economic participation. Within this strategic goal, the strategy involved the objective to encourage employment, women's entrepreneurship and self-employment.

Entrepreneurship in Serbia faces many problems such as the lack of favourable sources of funding in SME sector; high costs (fiscal and parafiscal) that burden the business and reduce the competitiveness due to complicated procedures, excessive

administration; low purchasing power of the population, etc. (Serbian Association of Employers, 2013). At the same time, women's entrepreneurship is only sporadically recognized as an underdeveloped and under-exploited potential, which stays without systematic and comprehensive support. Although legal solutions prohibit gender discrimination, which sometimes prevents the development of women's entrepreneurship (e.g. granting specific loansfor women entrepreneurs), stereotypes related to women are still present in society.

The paper aimed to examine the ownership structure of small and medium-sized enterprises within the list of loss-making enterprises to determine the frequency of the firms owned by women. In addition, the paper analysed the influence of the owner's structure, the region and the size of the enterprise on the debt rate.

Regarding the theoretical background and research aim, the authors developed the main hypothesis and two auxiliary ones:

> Hypothesis H1: Small and medium enterprises whose owners are women are less represented among loss-making enterprises.
>
> Hypothesis H2: There is a statistically significant difference in the debt rates between enterprises owned by women and men. Women-owned enterprises have lower debt rates in comparison to men–owned enterprises.

The third hypothesis is based on the assumption that the amounts of debts incurred between enterprises differ depending on the enterprise size and operating regions.

> Hypothesis H3: There is a statistically significant difference between the influence of the owner's structure, the size of the enterprise and the region of operation on SME debt rate.

Testing Hypothesis H1 was made by determining the relative frequency of male and female enterprises in total observations. Hypothesis H2 was examined by using at-test of independent samples, while testing the Hypothesis H3 was performed by three-way factorial analysis of variance. The statistical software IBM SPSS (version 21) was applied in data processing in order to examine the hypothesis.

The findings presented in this paper can serve policymakers to prepare incentive measures, remove obstacles to provide adequate assistance and support female entrepreneurship development.

The remainder of this paper is structured as follows: Section 2 deals with the literature review; Section 3 presents the research methodology; Section 4 provides the empirical data and analysis; Section 5 provides the results and discussion, and Section 6 summarizes the conclusion.

2. Literature review

Small and medium-sized enterprises are considered as an important factor of national economic development. Depending on the country's level of development, the share of these enterprises in gross domestic product ranges from 10 percent in underdeveloped countries up to 70 percent in highly developed countries (Kumar, 2017).

The contribution of SMEs to employment is utterly high on a global level as well, with a difference that their share in the overall employment rate in underdeveloped countries is much higher, reaching over 80% of total employment, unlike the contribution to GDP. In developed countries, SMEs employ more than 50% of working population. Generally speaking, small and medium-sized enterprises account for 90% of firms, generate 40% of the global GDP and engage half of all employees in the world. The World Bank estimates that additional 600 million jobs will be needed by 2030 in order to absorb the global workforce. (The World Bank, 2020).

Although the importance of SMEs for the overall economy is beyond doubt, their establishment, growth and survival are accompanied by many difficulties. The number of SMEs, which managed to survive by the 10 Th year of doing business is even smaller than 1/3 in the most developed economies. Particularly critical are the first years of work, which is confirmed by the fact that in the period 2012-2015, 9 out of 10 newly established small companies in the European Union failed to get their first birthday (European Commission, 2018). The reasons behind the low survival of start-up companies are numerous. More than 30 years ago, Michael Ames (1983) identified 8 factors that most often lead to the early failure of a small business: lack of experience, insufficient financial capital, poor location, poor inventory management, over-investment in fixed assets, unfavorable loans, the use of business assets for personal needs and unexpected growth. Almost all of these factors are still considered to be important causes of small companies failure, whereby the most commonly placed in the first place is poor financial management. According to U.S. Bank's research, poor cash flow management, or a poor understanding of cash flow in 82% of cases, is the cause of the small business collapsing. In the second place (79%) is insufficient financial capital for starting a business, followed by inappropriate design of a business plan, which implies insufficient market research of the business (78%), inadequate pricing of products (77%), but also excessive optimism regarding the volume of sales and revenues (73%), as well as the failure to recognize the signs that business is not doing well and the lack of professional assistance to repair it (Flint, 2018).

An interesting fact is that a high level of responsibility and some other factors such as flexible working time are not as important as used to be considered for influencing the start-up of a small business, evidenced in research conducted by Mihić et al. (2015) on the example of Serbian small and medium-sized enterprises. Another significant result obtained in this study is that a presence of large number

of family members as employees, and the unclear hierarchy among them, may jeopardize the success of the company in terms of annual revenue and turnover.

In order to find a way to reduce the high failure rate of newly established companies, many studies have been carried out. For instance, Robb et al. (2014) indicated that SMEs owned by men have had poor business performance in recent years, while the companies owned by women show a higher trend of revenue growth and higher stability (Centre for entrepreneurs 2015; Fetsch et al., 2015). The reasons that led to the fact that women-owned companies show better business results are often explained by the personal characteristics of their owners (Du Rietz and Henrekson, 2000; Veena and Nagaraja, 2013; Bouzekraoui and Ferhane, 2017). Women are considered more responsible, and more exposed to the pressure and driven by the desire to be successful concurrently in business and family roles. Additional support to this consideration is an extensive survey carried out a few years ago by the American Centre for Entrepreneurship, together with Barclays Financial Services. It gives at least five reasons why women are considered better and more promising than men (Fink, 2018). The first reason is that women are better-calculated risk-takers, emphasizing that this does not mean that women give up challenges, but better assess the danger and make more realistic decisions. Another feature that is considered as a comparative advantage of female entrepreneurs is that women are less prone to over-confidence, unlike male entrepreneurs who are prone to overestimate their opportunities. The third reason is that women are more ambitious and express more than their male colleagues the intention to launch a new business or expand the existing business. The fourth comparative feature highlighted in the survey is that women are more likely to take the long-term view, which is reflected in the greater orientation of women towards a slower, but more secure and longer-lasting growth, while male entrepreneurs are mostly prone to high risk for a quicker profit. The fifth reason why most experts see the future of business in women entrepreneurship is that women succeed despite facing more barriers than their male counterparts (Centre for entrepreneurs, 2015).

In addition to this,many other studies examine the reasons for expansion and success of women's entrepreneurship. Some of them agree with the list of factors that place the women in the center of future economic development (Robb et al*.,* 2014; Fetsch et al*.,* 2015), while other studies step further to expand the list with ten or even more than twenty comparative advantages that define women entrepreneurs. Women as business owners are commonly stated to be more willing to accept hard work, have more optimism, and create a better working climate (Bank of America, 2018).

Most of these characteristics typical for women, especially those related to the way women take risks and make decisions, are the key factors that have influenced the fact that women - owned companies nowadays are more profitable, since a greater number of them is either doing business positively, or achieves a higher rate of return on invested capital (Zenger and Folkman, 2012).

The very claim that most women's businesses are with positive performance appraisal (Xavier et al*.,* 2012) has solid proof in many studies, further tested in this work on the example of Serbia. The testing conducted to analyze the ownership structure of small and medium-sized enterprises loss-making assumes that, in this structure, the share of SMEs owned by women is a minority.

3. Methodology

The research question related to whether small and medium enterprises owned by women are smaller losers than companies owned by men will be examined based on the analysis of the SME owner's structure within the list of large tax debtors recorded by The Republic of Serbia Tax Administration on November 30 th 2019 (Neobilten, 2019).

The initial list included 194 small and medium-sized debt companies that were 100% in the form of limited liability companies. Given that the sample was made based on the official list of The Republic of Serbia Tax Administration and that it included all the SMEs from the list, the sample may be considered relevant for the survey. Regarding gender, the sample was divided into women-owned and men-owned SMEs. According to size, companies were divided into two groups: micro / small and medium-sized companies. Another classification was made by region of operation. The first group consisted of companies from Belgrade and Vojvodina, while the second group included companies from Sumadija, Eastern, Western and Southern Serbia. Finall, based on industry sectors, the sample included companies from the primary, secondary and tertiary sectors.

A t-test of independent samples was used to determine whether women-owned enterprises are smaller losers than men-owned enterprises. In this research, independent samples have unequal variance ($\sigma_1^2 \neq \sigma_2^2$), and the following formula (Ho, 2014) was used to determine t-statistics:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{S_1^2}{N_1} + \frac{S_2^2}{N_2}}} \tag{1}$$

where:

x_1 is the mean of first data set
x_2 is the mean of first data set
S_1^2 is the standard deviation of first data set
S_2^2 is the standard deviation of first data set
N_1 is the number of elements in the first data set
N_2 is the number of elements in the first data set

A three-factor analysis of variance was used in order to determine whether there is a significant influence of the owner's structure, the region of operation and the size of the enterprise on the debt rate. In this regard, the owner's structure is marked as A, the company size is denoted as B, the region as C, while the debt rate is marked as Y. Consequently, there were three main effects of A, B and C that have been tested in the research. In addition, there is a significant influence between the tested effects (AB, BC, AC and ABC). The procedure is based on the concept of general linear model (GLM), which is used in order to explain each individual influence and interaction of effects on the dependent variable (Y) (Sarma and Vishnu Vardhan, 2019):

$$Y = Constant + \alpha_i + \beta_{ij} + random\ error \quad (2)$$

where

α_i = effect of the i^{th} factor,

β_{ij} = interaction of the i^{th} and j^{th} factors

Constant = the baseline value of *Y*.

3. Empirical data and analysis

The aim of the paper was to examine the ownership structure of small and medium-sized enterprises within the list of loss-making enterprises in order to determine the frequency of the firms owned by women, as a debt ratio created by female enterprises in comparison to those which were in the ownership of men. In addition, the paper analyzes the influence of the owner's structure, the region of operation and the size of the enterprise on the SME debt rate. Bearing in mind the robustness of debt data, the logarithmic value of debt as a dependent variable is used.After the additional analysis of the initial sample (N=194), all the untypical points were scattered, so the survey sample was reduced to 186 debt companies (N=186). To obtain descriptive statistical indicators of the debt rate (logarithmic value), the minimum, maximum, mean value, standard deviation and variance were used, as can be seen in Table 1.

Table 1: Descriptive layout of the debt rate

	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Shapiro-Wilk
Debt rate	186	4.30	5.44	4.869	0.255	0.065	0.134

Source: Calculation by the authors, SPSS exit table

The range of obtained results ranges from 4.30 to 5.44, while the average value of debt is 4.869. The result of the normal distribution test based on the Shapiro-Wilkes test indicates that the assumption about the distribution normality is confirmed, p> 0.05, which requires the parametric statistical techniques application.

Descriptive statistical indicators of the effects (the owner's structure and the size of enterprises, the owner's structure and the region of operation, the owner's structure and the economy sector) on the debt rate are shown in Table 2.

Table 2: Descriptive layout of effects on debt rate

Dependent variable: Debt rate		SMEs owners								
		Male			Female			Total		
		Mean	Std. Dev.	N	Mean	Std. Dev.	N	Mean	Std. Dev.	N
Enterprise size	Micro	4.933	.216	138	4.565	.218	34	4.860	.261	172
	Small	4.974	.129	8	5.103	-	1	4.988	.128	9
	Medium-size	4.970	.098	5	-	-	-	4.970	.098	5
	Total	4.936	.209	151	4.581	.233	35	4.869	.255	186
Region	Belgrade	4.917	.189	69	4.557	0.226	13	4.860	.235	82
	Vojvodina	4.893	.234	32	4.600	0.264	10	4.823	.270	42
	Sumadija and West Serbia	4.840	.134	27	4.592	0.265	8	4.784	.198	35
	South and East Serbia	5.167	.135	23	4.586	0.185	4	5.081	.252	27
	Total	4.936	.209	151	4.581	0.233	35	4.869	.255	186
Sector of the economy	Primary	4.896	.166	6	5.103	-	1	4.926	.171	7
	Secondary	4.922	.219	58	4.570	0.139	9	4.875	.241	67
	Tertiary	4.949	.206	87	4.564	0.243	25	4.863	.268	112
	Total	4.936	.209	151	4.581	0.233	35	4.869	.255	186

Source: Calculation by the authors, SPSS exit table

The highest debts are generated by small companies from Southern and Eastern Serbia operating in the primary sector. Within the men-owned companies, the highest debts are generated by small companies from Southern and Eastern Serbia operating in the tertiary sector of the economy. When considering the companies owned by women, the largest debts are generated by small companies from Vojvodina operating in the secondary sector of the economy.

Based on the results obtained by descriptive statistical analysis of the sample, it was evidenced that the participation of women among the loss-making enterprises in the Republic of Serbia is quite low. The share of women-owned companies in the sample was only observed at 18.8%, while the proportion of men–owned companies was 81.2% (see Table 3), which confirmed *Hypothesis H1* in this paper.

Table 3: Descriptive layout of companies according to ownership structure

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	151	81.2	81.2	81.2
Female	35	18.8	18.8	100.0
Total	186	100.0	100.0	

Source: Calculation by the authors, SPSS exit table

An additional analysis in this paper examined the debt factor in order to determine whether there is a difference in the debt rates between genders or there is an interaction between the debt rate, the company size and the region of operation. The first analysis applied the t-test of independent samples in order to monitor the debt-to-equity ratio and the type of enterprise based on the male / female ownership structure. In this test, it was necessary to prove whether there was a statistically significant difference in the debt rates in relation to the ownership structure of SMEs (men and women), that is, whether men and women as SME business owners differ significantly in relation to the debt rates, as can be seen in Table 4. The T-test of independent samples compares the results of testing the difference in the male and female SME owner's debt rates (Green and Salking, 2014).

Table 4: Test of independent samples

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Debt rate	.418	.519	8.851	184	.000	.356	.0402	.276	.435

Source: Calculation by the authors, SPSS exit table

A statistically significant difference was found in male owners (M = 4.936, SD = 0.209), and female owners (M = 4.581, SD = 0.233); t (184) = 8.851, p = 0.000. The difference between the mean values of the statistical characteristics by groups (average difference = 0.356, 95% CI: 0.276 to 0.435) was very large (eta square = 0.2986) (Cohen, 1988), indicating that the difference between the male and female owners of SMEs explains 29.86% of the debt variance. Regarding that the mean value of the debt rate is lower within the women –owned companies and higher for the enterprises owned by men, it can be concluded that *Hypothesis 2* is adopted. Therefore, it was proved that there is a statistically significant difference in the

debt rates between enterprises owned by women and men and that women-owned enterprises have lower debt rates in comparison to men –owned enterprises.

A three-way factorial analysis of variance was used to test *Hypothesis 3*. The analysis was supposed to determine whether there were differences in the ownership structure (men/ women), in the company size (micro and small enterprises, medium-sized enterprises), as well as differences in the regions of operation according to SME debt rates. The objective of the analysis was to determine whether the size of the company has a different influence on the debt rates generated by men and women, and whether the region in which the enterprise operates has a different influence on the debt rate generated by specific gender.

The findings indicated the interaction between the enterprise size and the region of operation in relation to the debt rate, that is, the region of operation has a different influence on the micro, small and medium-sized enterprises debt rate (Table 5).

Table 5: A three-way factorial analysis of variance

	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected model	3.835[a]	5	.767	16.826	.000	.319
Intercept	597.567	1	597.567	13108.194	.000	.986
Owners	3.408	1	3.408	74.768	.000	.293
Size	.001	1	.001	.031	.861	.000
Region	.001	1	.001	.014	.907	.000
Owners * Size	.000	0	.	.	.	.000
Owners * Region	.031	1	.031	.681	.410	.004
Size * Region	.016	1	.016	.347	.556	.002
Owners * Size * Region	.000	0	.	.	.	.000
Error	8.206	180	.046			
Total	4422.306	186				
Total corrected	12.041	185				

Note: a. R Squared = .319 (Adjusted R Squared = .300)

Source: Calculation by the authors, SPSS exit table

According to the size, we have divided SMEs into two groups (Group 1: micro and small companies, group 2: medium-sized). Since the sample did not include medium enterprises owned by women, we have excluded the impact of the enterprise size on the owner's structure. According to the region of operation, we have divided enterprises into two groups (Group 1: Belgrade and Vojvodina, Group 2: Sumadija and Western Serbia, and Eastern and Southern Serbia). Preliminary

testing has verified the assumptions about the normal distribution and homogeneity of variance (Coakes, 2013:99). We have not noticed any serious violation of the assumptions. The influence of the owner's structure and the operating region interaction was not statistically significant, F (1, 180) = 0.681, p = 0.410. Therefore, the debt rates of male and female enterprises are not statistically different depending on the region in which they operate. The influence of the size and region was not statistically significant, F (1, 1 80) = 0.347, p = 0.556, that is, it is noted that there is no significant difference in the influence of the region of operation on the debt rate in micro, small and medium-sized enterprises.

The analysis determined the statistically significant different influence of the owner's structure, F (1, 180) = 74.768, p = 0.000; (partial eta square = 0.293). It means there is a statistically significant difference in the debt rates between the male and female SME owners. However, the individual effects of enterprise size, F (1, 180) = 0.031, p = 0.861, and the region of operation F (1, 180) = 0.014, p = 0.907 did not achieve statistical significance. Therefore, we conclude that *Hypothesis 3*: There is a statistically significant difference between the influence of the owner's structure, the size of the enterprise, and the region of operation on SME debt rate cannot be accepted.

4. Results and discussion

The assumption that the female owners of SMEs in Serbia generate lower debt rates in comparison to their male counterparts, which was proven in this research paper, has additionally confirmed what many previous studies had found (Ayyagari et al., 2014; Bouzekraoui and Ferhane, 2017) – the majority of women-owned SMEs operate positively and have higher returns.

The results of this paper, obtained by descriptive statistical analysis of the ownership structure in the sample, have shown that the percentage of women's enterprises among loss-making firms was very low (18.8%) compared to the percentage of men-owned enterprises which was 81.2%. Similar findings have been made during the analysis of the ownership structure regarding the debt rates. It was noted that the debt rates of women-owned enterprises were significantly lower in relation to the debts created by men-owned enterprises.

According to The Statistical Office of the Republic of Serbia (2019), the total number of SMEs in 2019 was 88,224 companies, of which 33% were women-owned, while 69% were owned by men.

By analysing the ownership structure of the observed sample, the share of debt companies owned by women was 0.13% in relation to the total number of women-owned SMEs while the share of debt companies owned by men was 0.25% in the

total number of men-owned SMEs. These findings confirm that the participation of women's companies among loss-making companies is quite low and that they generally operate positively.

Furthermore, many studies have analysed the success rates of the companies, and their relations with female or male leadership, indicating that companies led by women achieve better overall success (Applegate et al., 2016; Paustian-Underdahl et al., 2014). In addition, the research, which included 7.280 leaders, showed that companies run by women were efficient in 67% of the cases, which was a 10% higher result than the companiesrun by top men managers (Zenger and Folkman, 2012).

Even though women bring higher returns to their businesses, they also encounter numerous problems, not least of which is an average level of financial support. (Calderon et al., 2013; Dawson and Henley, 2015; Bank of America, 2018). Boston Consulting Group's most recent research evidenced that the average level of investment into female-founded (or cofounded) companies is $ 935,000, while the average level of investment into male-founded counterpart is 2.1 million dollars, which represents a difference of more than 100%. Despite this unequal investment base, women-owned enterprises inthefive-year business period generate an average of 10% more cumulative revenue. The average was $ 730,000 for women-owned firms, compared to $ 662,000 for men-owned firms (Abouzahr et al., 2018). Women were more successful in terms of profitability, returns on invested capital, as they generated 78 cents for each dollar invested, while companies owned by men generated less than half, only 31 cents of return on the invested dollar. It is therefore difficult to explain why women, even if they earn a higher return on invested capital, when starting their business, receive, on average,$1million fewer funds than male founders to support their entrepreneurial ideas from investors.

Some theorists explain the groundless favouring of men-owned enterprises with the axiomatic hypothesis of the so-called underperformance, which is based on the idea that women entrepreneurs are equal in everything, except that they tend to be less successful than their male counterparts by conventional measures of economic performance (Du Rietz and Henrekson, 2000). Nowadays, this thesis is usually taken for granted. Its long existence, despite the numerous evidence of women entrepreneur's success, can be explained by the hidden influence of metanarrative economic growth as well as the continuous playback image of the inferiority of women entrepreneurs (Dean et al., 2019).

In the United States of America male entrepreneurs are still preferred in the business spheres because, although they do not achieve higher profitability and profitability rates than women entrepreneurs, they still generate higher incomes in nominal terms (Bank of America, 2018). The growth of women's founding firms increased by 45% between 2007 and 2016. During this period, the growth

rate of these enterprises was 6 times higher than the growth rate of the men-owned companies. (Score Spring, 2017). This trend continued in the next two years as well. According to the recent American Express data presented in „The 2018 State of the Women-Owned Businesses Report", between 2017 and 2018 an average of 1,821 women-founded businesses annually was established in the United States. In 2018 there were 12,3 million women-founded firms with 9,2 million employees and a revenue of $ 1.8 trillion (American Express Open, 2018). However, according to the same report, the total revenue earned by women entrepreneurs in the United States, although it sounds impressive, represents only 4.3% of the total revenue of all companies. This figure certainly justifies the views of those who believe that men are more successful employers, forgetting that most of the total revenue is generated by large multinational companies that still rarely place women as top managers. Additionally, women entrepreneurs continue to face numerous obstacles in their business, of which the most obvious is the unequal treatment in obtaining loans and the acquisition of founding capital (Sarfaraz et al., 2014).

Nevertheless, the situation is improving in this field for the benefit of women. According to the recent American Express report,the number of women-owned businesses that earn income over $ 1 million within the 2011-2018 period increased by 46%. It is significantly above 12% for the total number of such companies.

Numerous studies on female entrepreneurship show that the processes characterized by the increasing number of newly established companies, increased employment, and profitability growth are intensifying. Therefore, it is not surprising that entrepreneurship development in the future will depend more on women (Brooks et al.,2014; Sarfaraz et al.,2014).

5. Conclusion

The findings presented in this paper indicated thatwomen's small and medium-sized enterprises in the Republic of Serbia, although the economy, still burdened with numerous transitional difficulties, have characteristics similar to those of their counterparts in the world. The analysis of the ownership structure of small and medium-sized enterprises, which fell into a debt crisis due to business failure, has shown that the majority of these companies were men-owned. The percentage of observed loss-making SMEs whose owners were women is less than 19%, while the total participation of women's SMEs is about 33%. These results confirm the assumption that companies owned by women generally operate positively as proved in the studies presented in the literature review.

Even though the number of new enterprises established by women is significantly increasing, which undoubtedly represents an increase in female entrepreneurship,

the statistics show that the share of women in the business sector is still at a low level. The figures are significantly below the expectation concerning the sector of small and medium-sized firms in Serbia, otherwise considered the backbone of economic development. The main reasons for such problems are related to stereotypes about women that are still present in the society. In addition to this, we can note that women usually take greater responsibilities in family lives, which affect their working experience and longer breaks in career paths. Therefore, the majority of women have never even tried to fight for ideas in order to start their own businesses. The most likely scenario is that women accept jobs with less responsibilities due to the "maternal role" they have. The disbalance occurs between women's roles in private and business lives: it supports prejudices towards female entrepreneurs that are usually judged and valued with a more negative connotation when compared to their male counterparts.

The fact remains that women everywhere, even in the world's most developed countries, are still encountering many difficulties in business. Although they achieve higher returns on invested capital, women still have many problems in collecting start-up capital to finance new ideas. The reason for such unequal treatment could be in a long-built and still-wired attitude of male superiority in business sphere. The only aspect that still justifies this opinion is the amount of revenue generated by the companies owned by men. However, for all other business performances, such as the number of newly established companies, the number of jobs, profitability, growth dynamics and business duration, women have, without a doubt, outperformed male colleagues.

The results obtained during the empirical research of women entrepreneurship in Serbia are closely correlated to previous studies conducted in different countries worldwide. However, the prejudice that business is reserved only for men is hard to eradicate. The women entrepreneurs still do not have equal treatment in business environment, often forced to show additional effort in order to deserve the trust of business partners.

Despite the evidence that women-owned enterprises are more profitable and long-lasting, up to this moment, women entrepreneurs tackle a rudimental problem: how to get their startup capital. Therefore, one of the goals of this study was to make a change in such practice and to reassure the investors that their financial resources would be safer and more profitable if invested in women owned businesses.

This research also presents a scientific basis for further studies related to SMEs in times of crisis caused by the covid-19 virus, as well as comparing the business results between men-owned and women-owned companies.

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Žene u poduzetništvu- ženski udio u stvaranju gubitka u srednjim i malim poduzećima

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Sažetak

Rad istražuje vlasničku strukturu malih i srednjih poduzeća, koja su upala u dužničku krizu uslijed propusta u poslovanju, kako bi se ukazalo na razlike između muških i ženskih poduzetnika. Empirijsko istraživanje je sprovedeno na uzorku od 186 malih i srednjih poduzeća, koja su poslovala s gubitkom u Republici Srbiji. Na osnovu dobivenih rezultata primjenom deskriptivne statističke analize posmatranog uzorka, dokazano je da je zastupljenost ženskih poduzeća, koja su poslovala s gubitkom veoma niska. Udio poduzeća čiji su vlasnici žene iznosio je samo 18.8%, u usporedbi sa 81.2% poduzeća u vlasništvu muškaraca. Također, utvrđeno je da postoji značajna razlika u visini duga, pri čemu je utvrđeno da ženska poduzeća imaju značajno niže stope dugovanja za razliku od poduzeća u vlasništvu muškaraca. Rezultate ovog istraživanja mogu primjeniti kreatori politika kao strateški okvir u cilju poticanja ženskog poduzetništva.

Ključne reči: *mala i srednja preduzeća, vlasnička struktura, žene-poduzetnice, poduzeća koja posluju sa gubitkom, kapital*

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