Women’s entrepreneurship in Poland and the EU: on selected actions to promote women’s entrepreneurship

Introduction

The dynamic development of the global economy observed in the early 21st century strongly affects situation of all companies operating therein. It is, however, particularly important to the sector of small and medium enterprises (SME). Both in Poland and in the European Union, this sector generates a significant part of the GDP and creates numerous job vacancies. Support for self-employment as well as stimulation for establishing new enterprises is, therefore, a vital element of actions taken by the authorities. Due to a considerably lower level of female enterprise in comparison with male entrepreneurship, which results from various factors, stimulating the development of women’s enterprise in the EU member states constitutes one of the European Union’s crucial areas of interest. In the former socialist countries, which had centrally planned economies for years, social and economic determinants of entrepreneurship represent a peculiar case. Until the early 1990’s, enterprising attitudes were promoted neither among men nor among women. The turning point came with the political changes, accompanied on the one hand by high, overt unemployment unobserved so far and, on the other, by a number of new opportunities to start a company and gain employment. For many people, self-employment became not only a way to escape unemployment, but also a source of satisfaction and personal growth. Another decisive moment was the year 2004, when Poland, along with nine other countries, joined the European Union. Polish entrepreneurs gained free access to new markets and simultaneously had to start competing with
stronger and more experienced players in a uniform market. Small and medium enterprises have played a strategic role in the European economy for years. They constitute 99% of all European companies. In the entire EU, 9 out of 10 enterprises are micro-businesses with 2 employees on average. SMEs create 2/3 of all jobs in the private sector and generate over 50% of value added, produced by businesses in Europe. These companies are, therefore, considered by the European Commission to be the basis for the European economy, which determines the affluence of the entire EU. However, the level of enterprise growth in the European Union is regarded as unsatisfactory. For various reasons, an insufficient number of EU residents perceive running their own business as more attractive than having a “regular” job. As far as women are concerned, there are additional, special factors discouraging them from self-employment. As a result, only a little over 30% of the EU’s entrepreneurs are women. Therefore, the European Commission puts particular emphasis on promoting female enterprise and creating a favourable environment for the development of companies run by women.¹

The aim of this article is to analyse women’s entrepreneurship in Poland in comparison to other member states of the European Union, it includes special consideration for some selected actions promoting women’s entrepreneurship. Descriptive and analytical methods have been used in an analysis of national and foreign publications as well as statistical data and the reports of the European Commission, the German-Polish Science Foundation and Polish Agency for Enterprise Development (PARP). The analysis is illustrated with the example of “Kobiety Kobietom” (“Women for Women”) Project, which was an initiative of the Chamber of Commerce and Industry in Cracow to promote entrepreneurship (setting up one’s own business) among women in Poland.

1. Entrepreneurship and its role in economic transformation

Entrepreneurship is frequently discussed in social and economic sciences and the humanities. Within the field of economic theory this phenomenon has a long and complex history. This term was introduced into the scientific literature around 1800 by J.B. Say who defined an entrepreneur as a person investing resources in an unknown and risky future and transferring capital from a less profitable to a more efficient area. In regards to the management literature, the first person to describe the essence of enterprise was P. Drucker. He presented an approach that consisted of, “introducing innovations, creating grounds for the future business” with “the best use of available resources.”

Currently, at the beginning of the 21st century, there is no single or generally accepted definition of “entrepreneurship”, this might be due to the fact that this issue is discussed by scholars representing various scientific disciplines. In the opinion of B. Kożuch, the classical understanding of entrepreneurship was presented by B. Piasecki, who described entrepreneurship using the following criteria: economic functions, individual characteristics of an entrepreneur, and behavioural criteria in management. B. Kożuch also proposes a general definition of entrepreneurship, which suggests that, “entrepreneurship is a proficient and socially accepted activity, oriented at development and undertaken by individuals and groups of people within a market economy.”

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6 Ibidem, p. 16.
It is worthwhile to stress that scholars generally refer either to the characteristics of an entrepreneur presented by particular authors or to generalised characteristics of entrepreneurs, comprising the ability and tendency to take risks, accommodating/filling the market niches, leadership, innovativeness or creativity?

Thus J. Klich understands entrepreneurship as, “a process of using opportunities and creating new values, rooted in individual actions, which initiates and/or intensifies the processes or restructuring of specific sections or branches of economy.”

In the opinion of E. Rollnik-Sadowska, “entrepreneurship is a way of behaving in economic activity and comprises the issues related to the process of initiating such an activity, including development and risk taking. This refers to an active way of behaving within commercial activity undertaken by the people whose actions consist in animating this activity or changing it in order to gain some material profits.”

According to M. Bartnicki and J. Strużyna, “entrepreneurship, understood as taking up commercial activity and its effective management in the conditions of risk and competition, provides an inherent feature of economic societies and depends on economic, technical, cultural, social, ecological, legal and political conditions created within the historic process of development.”

The issues of enterprise are often raised in developing countries and those transforming their economies. Enterprise can affect the speed of economic transformation and development, but only a few countries belonging to this group benefit from programmes lending active support to enterprise. In the majority of cases, enterprise comes down to undertaking activity on a small scale, though its role in social and political

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8 *Ibidem*.
development, creating new jobs, balanced regional growth and generating income needs to be stressed.

Moreover, many emerging countries focus more on supporting the activities of international corporations than their domestic enterprise. International corporations can contribute to the increased income of the country in which they operate; they introduce innovations and can act as a catalyst for market transformations, and therefore they can be used as sources of development. On the other hand, one begins to suspect that a better solution would be for governments to promote domestic enterprise represented by local companies, as domestic entrepreneurs are more familiar with local markets and have a more precise knowledge of the demand that needs to be satisfied.  

An unquestionable merit of corporations is their ability to make direct foreign investments resulting in an inflow of capital into the country in which they operate, but their obvious flaws include the frequent transfer of profits and making economies (particularly those in developing countries) dependent on the import of natural resources or components. In this context, domestic entrepreneurs are much more attached to the local market. More than twenty five years after political change took place in Poland, it is possible to make the statement that entrepreneurs played a significant role also in transforming the Polish economy.

2. Women’s entrepreneurship in Poland and in the European Union

In Poland, during the period of centrally planned economy, a rule of the superiority of state-owned property over private property applied. Citizens were obliged to take a job, but simultaneously the state provided them with full-time employment. Enterprise was not only not promoted, but also maximally restricted, particularly by means of fiscal methods. In this period, a man was the main breadwinner in the family and many

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women stayed at home to take care of the house. In the 1970’s, women started doing piecemeal work. It enabled them to increase the family budget and, at the same time, to keep house and take care of their children. The turning point was the political change in 1989, which guaranteed economic freedom and contributed to a boom in enterprise. In 1990 and 1991 alone, entrepreneurs created two million new jobs. Such a boom in enterprise seen in the early 1990’s in Poland took place nowhere else in the world. All citizens, women and men alike, participated in this process, proving their great resourcefulness and ability to take a chance on running their own business. However, after a few years, the market modified these attitudes. Competition was stronger and stronger, product shortages on the market smaller and smaller, and the authorities’ policies less favourable to entrepreneurs.

Another turning point was Poland’s accession to the European Union on 1st May 2004. The development of enterprise constitutes one of the EU’s crucial areas of interest. The definition of enterprise contained in the European Commission’s Green Paper on Entrepreneurship concerns the business context of this phenomenon, despite an awareness of its multidimensional, extra-economic character. Entrepreneurship is defined as a commonly accepted attitude and process which creates and develops business activity through combining such aspects as the ability to take a risk, creativity and/or innovations with accurate management, taking place inside a new or already existing organisation. In the Green Paper on Entrepreneurship, particular emphasis is given to the following functions of enterprise: contribution to creating new jobs, the major importance of increasing competitiveness, revealing human potential and bringing social benefits. Being aware of a peculiar way of development

14 K. Ostaszewski, op.cit., p. 4.
in the new member states, the European Union supports and promotes enterprise using many different tools. The funds from which money can be obtained to start and develop one’s business activity (the European Regional Development Fund, the European Social Fund – within selected activities from operational programmes, and the Cohesion Fund) have been established for this purpose.

To make the European Union more familiar with the needs of small and medium companies, the Enterprise Europe Network (EEN) maintains a presence in each of the member states. The network centres are affiliated with organizations supporting economic development, such as: chambers of commerce and industry, regional development agencies and enterprise support centres. The EEN networks provide small and medium companies with comprehensive services aiming to help them fully develop their potential and innovative capabilities. The network operates on a non-profit basis. The centres’ activity is financed by EU funds and by the budget. Currently there are about 600 such centres in Europe and in the Mediterranean countries, out of which 30 centres are located in Poland and grouped in four consortia.\(^{18}\) In the period between January 2011 and December 2013 their services were used in Poland by 35 thousand entities, including more than 33 thousand enterprises.\(^ {19}\)

In Poland there are a number of institutions promoting entrepreneurship\(^ {20}\) – the most important being the Polish Agency for Enterprise Development (PARP), created in 2000 and focusing mostly on promotion. It comes under the competency of the Minister of Economy and its purpose is to manage funds from the budget and the European Union intended to support enterprise, innovation and human resources development. The Agency’s mission is to create favourable conditions for the balanced development of the Polish economy through supporting enterprise, and to promote environmentally friendly forms of production and


\(^ {20}\) This is discussed in A. Borkowska, Determinanty i bariery przedsiębiorczości kobiet w Polsce, “Economics and Management” 2013, No. 3, pp. 159–160.
consumption. Its aim is to implement programmes for economic development, which support the innovation and research activities of small and medium enterprises (SME), regional growth, increases in export, human resource development and the use of new technologies. In the financial perspective for the years 2007–2013, the Agency was responsible for implementing activities as part of the following three operational programmes: Innovative Economy, Human Resources, and Development of Eastern Poland. In the new financial perspective of 2014–2015, the operational programme – Innovative Economy was replaced with the programme Smart Development; the programme – Human Capital with the programme Knowledge, Education, Development and the programme Development of Eastern Poland – with the programme Eastern Poland. The PARP also coordinates the National System of Services for Small and Medium Enterprises, i.e. a network of non-commercial organisations cooperating with each other and providing services for entrepreneurs and people who plan to set up their own business.

In 2013, for the first time, the number of entities listed in the REGON [business classification] register exceeded 4,000,000, and at the same time, the share of micro-enterprises remained stable at 96%, unchanged for years and 3 percentage points higher than the EU average.

In 2012 the rate of women’s entrepreneurship in Poland was 14%, 4 percentage points lower than the EU average (10%), whilst the member states with the highest index of women’s entrepreneurship were Greece (24%), Portugal (17%) and Italy (16%). In all of the EU member states this figure was lower for women than for men, and in the years 2003–2012, the numbers dropped in nine EU countries: the largest decreases were observed in Lithuania (–5.9%) and Poland (–2.5%).

The share of women among employers and self-employed people (women entrepreneurs) in the European Union (2012) was diversified,
with the highest rates in Latvia and Lithuania (40% each), and the lowest in Ireland (20%) and Malta (17%). In Poland women entrepreneurs accounted for 34% of the total, 3 points higher than EU average, which was 31%. Yet, at the same time, this share is gradually decreasing in Poland, dropping by –1.7% between 2008–2012. A similar situation is present in four EU member states: Bulgaria, Croatia, Estonia and Finland. The figures are presented in Table 1.

Table 1
Women’s entrepreneurship in the EU (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of women entrepreneurs within total number of entrepreneurs, 2012</th>
<th>Change of the proportion of women entrepreneurs in the total population of entrepreneurs, 2003–2012</th>
<th>Percentage of women entrepreneurs in total active labour force (entrepreneurship rate), 2012</th>
<th>Change of the proportion of women entrepreneurs in the active labour force (entrepreneurship rate), 2003–2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia</td>
<td>40</td>
<td>4.1</td>
<td>8</td>
<td>1.4</td>
</tr>
<tr>
<td>Lithuania</td>
<td>40</td>
<td>1.0</td>
<td>8</td>
<td>–5.9</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>39</td>
<td>3.5</td>
<td>7</td>
<td>0.7</td>
</tr>
<tr>
<td>Portugal</td>
<td>38</td>
<td>0.0</td>
<td>17</td>
<td>6.7</td>
</tr>
<tr>
<td>Croatia</td>
<td>37</td>
<td>–2.3</td>
<td>15</td>
<td>–1.3</td>
</tr>
<tr>
<td>Austria</td>
<td>35</td>
<td>1.0</td>
<td>9</td>
<td>0.3</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>34</td>
<td>–1.7</td>
<td>8</td>
<td>–2.0</td>
</tr>
<tr>
<td>Hungary</td>
<td>34</td>
<td>3.2</td>
<td>8</td>
<td>–0.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>34</td>
<td>3.0</td>
<td>11</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Poland</strong></td>
<td><strong>34</strong></td>
<td><strong>–1.7</strong></td>
<td><strong>14</strong></td>
<td><strong>–2.5</strong></td>
</tr>
<tr>
<td>Germany</td>
<td>32</td>
<td>3.2</td>
<td>8</td>
<td>1.0</td>
</tr>
<tr>
<td>Spain</td>
<td>32</td>
<td>5.3</td>
<td>12</td>
<td>0.3</td>
</tr>
<tr>
<td>Belgium</td>
<td>31</td>
<td>0.5</td>
<td>9</td>
<td>–0.4</td>
</tr>
<tr>
<td>Finland</td>
<td>31</td>
<td>–1.2</td>
<td>8</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>UE-28</strong></td>
<td><strong>31</strong></td>
<td><strong>2.1</strong></td>
<td><strong>10</strong></td>
<td><strong>0.4</strong></td>
</tr>
<tr>
<td>Czech Republik</td>
<td>30</td>
<td>2.8</td>
<td>12</td>
<td>2.0</td>
</tr>
<tr>
<td>France</td>
<td>30</td>
<td>2.7</td>
<td>7</td>
<td>0.9</td>
</tr>
<tr>
<td>Greece</td>
<td>30</td>
<td>3.6</td>
<td>24</td>
<td>1.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>30</td>
<td>2.8</td>
<td>9</td>
<td>1.8</td>
</tr>
<tr>
<td>Italy</td>
<td>29</td>
<td>4.2</td>
<td>16</td>
<td>1.3</td>
</tr>
</tbody>
</table>
The comparison of the Polish situation to that of Germany, which is not only a neighbour, but also has the strongest economic ties with Poland, shows that in 2012 in Germany 11% of the population carried out commercial activity, whereas in Poland the number of entrepreneurs amounted to almost 19%.\(^{25}\) Statistics show that entrepreneurship in Germany is predominantly in male hands: the number of TEA enterprises\(^{26}\) set up by men amounts to 7.2%, while women account for only 3.5%. What is interesting is the fact that the number of male entrepreneurs continually grows, whereas the number of women who have their own enterprises has remained on almost the same level since 2008. Only every fifth new enterprise in general, and every tenth in technology, are women’s initiatives.\(^{27}\) At the same time, in recent years in Germany there have been various undertakings intended to support entrepreneurship.


\(^{26}\) Total Early-Stage Entrepreneurial Activity, TEA; this indicator is used within the Global Entrepreneurship Monitor, GEM, programme for measuring economic activity. It refers to people opening their economic activity and owners or/and people who manage enterprises which have existed for not longer than for 3.5 years.

among women (e.g. the creation of women oriented advisory institutions, such as “Women’s Way of Entrepreneurship”, or a research programme “Power für Gründerinnen.”)\textsuperscript{28}

In Poland, the results of the PARP study (2012) show that “female” or “male” entrepreneurship do not exist. There are rather hopes, expectations and fears, which all owners of small and medium enterprises have (regardless of gender). Even if Polish women belong to those Europeans whose entrepreneurship is above average, the statistical Polish entrepreneur is still male. In Polish society, there are strongly rooted stereotypes concerning the sexes: women are meant to perform the roles of mother and wife and men are meant to pursue a career.\textsuperscript{29} The basic reason why women decide to undertake commercial activity is economic. At the same time, after ten years of membership in the European Union, the market has become increasingly saturated, which might be a cause of the decrease in the economic activity among women in Poland.

Why is it so important to support women’s enterprise? The problems in combining family life with professional work result in a low level of women’s economic activity and a very low fertility rate in Poland (1.3). Both of these elements affect an increasing demographic dependency ratio. Creating better conditions for running a business (as an alternative to hired labour) should lead to an increased rate of the population’s professional activity.\textsuperscript{30} Women’s enterprise has a positive influence on the reduction of unemployment; it provides satisfaction, enables self-fulfilment, independence and professional development. It is, however, burdened with a considerable risk and responsibility. In order to increase opportunities and minimise threats within the development of women’s enterprise, the “Women for Women” project has been implemented in Poland.

\textsuperscript{28} More extensively in \textit{Niemieckie przedsiębiorczynie w Polsce...}, p. 28.
\textsuperscript{29} \textit{Ibidem}, p. 33.
3. “Women for Women” project

The European Commission places particular emphasis on promoting women’s enterprise and creating an environment favourable to the development of women-owned companies. The purpose of this project was to encourage women, both professionally active and unemployed, to set up their own business. The project was established as part of the Competitiveness and Innovation Framework Programme – CIP, within which the Entrepreneurship and Innovation Programme – EIP was created. Its purpose was to support and promote access to funds for people setting up their businesses and to develop existing companies through investing in innovations.

A special competition, also called a limited tender, has been organised to carry out the programme in the form of various projects suggested by individual EU members or associated countries. Consortia from these countries participated in the competition. Their members consisted only of EEN networks – it was the so-called EEN Special Action within the “EU Network of Female Entrepreneurship Ambassadors”. The process of creating the Network lasted 24 months and was implemented in Poland by a consortium whose members included: the Cracow Chamber of Commerce and Industry (as the project coordinator) and the Polish Agency for Enterprise Development (as the project partner).

The network’s ambassadors and members could include established entrepreneurs who, through their counselling and coaching, were supposed to inspire women to help them create a vision of their future business and to convince them that business activity can also become their career path. Such an ambassador could be a person (women and men alike) running a small or medium enterprise for at least five years, ready to become socially involved in the project (with no remuneration) for a year and to subsequently monitor her/his “charges” for two successive years. An enterprising woman at any age, linking her future with self-employment, could become one of the project’s beneficiaries.

9 ambassadors (7 women and 2 men) and 60 final beneficiaries were selected in Poland. They were qualified in a two-stage application process (there were more applicants than places). The ambassadors were trained...
in coaching and mentoring to be professionally prepared for performing their role. The beneficiaries participated in a 132-hour course “My Job, My Business” to find out how to manage a company. The course included, among other subjects, classes in accounting, marketing and management, and civil and labour law. All the participants passed the final test.\textsuperscript{31} In this way they gained the knowledge and skills to run their own business. Particular emphasis was placed on the development of personal and interpersonal competences, which would be crucial to the success of their future undertakings. Unfortunately, the programme’s main flaw turned out to be a lack of any financial support whatsoever for the beneficiaries. Many of the women were unemployed and had neither their own money nor creditworthiness. As a result, only 17 participants set up their businesses immediately after completing the course,\textsuperscript{32} though more of them declared to do so in the future. The ambassadors helped them to solve problems and overcome difficulties arising in business practice.

This widely advertised project enjoyed great popularity, several women contacted organisers to obtain detailed information. Moreover, the Ambassadors’ Representatives participated in the Network’s foreign meetings, promoting Polish enterprise on the European scale.

**Summary**

In entrepreneurship it is possible to learn the process of taking advantage of opportunities and creating new value from individual actions, this is an important factor affecting processes and results in development of both single businesses and whole groups, and thus, contributing to economic development. It is particularly significant for developing countries as well as those transforming their economies, e.g. Poland, where its boom has lasted since 1989.

Women are a minority among entrepreneurs, both in Poland (34%) and in the entire EU (31%). Women are more burdened with family

\textsuperscript{31} Basing on the Materials concerning the “Women for Women” project, made available by the Cracow Chamber of Commerce and Industry.

\textsuperscript{32} Ibidem.
obligations, which is a significant factor affecting the position of women entrepreneurs in comparison with men.\textsuperscript{33} In this context, a woman for natural reasons is in a much worse situation than a man, and promoting entrepreneurship is especially important given the very low birth rate. Having one’s own company might be a path to greater independence in terms of working time and in adapting obligations to what is actually possible. The support of self-employment among women should, in the long run, result in an increase in new companies and, therefore, an increase in the number of workplaces.

On a positive note, it must be observed that in Poland, the both the share of women among the employers and self-employed (women entrepreneurs) (34\%) as well as the rate of women entrepreneurship (14\%) are higher that the EU average (31\% and 10\% respectively). Also the comparison of women entrepreneurship in Poland with women entrepreneurship in Germany points to the advantage of Polish women. The rate of women entrepreneurship in Germany (8\%) is almost half as high as in Poland. However, the decrease of rate of women entrepreneurship in Poland (–2.5\%) and the share of women among employers and entrepreneurs (–1.7\%), given the positive, reverse tendency in EU 28 (an average increase by 0.4\% and 2.1\% respectively) must be regarded as a worrying symptom. This may be connected with the necessity to adapt to the modified conditions of carrying out business activity in the conditions of Poland’s membership in the EU, within the last ten years. The main causes of failures in business have remained unchanged: ignorance regarding legal regulations and factors regulating the business activity in question, inappropriate cost assessment, an unattractive or uncompetitive offer, no consistency in striving to develop the company, etc.\textsuperscript{34} However, it is necessary to emphasise that even a highly motivated and perfectly prepared individual is not able to start their business without sufficient funds. This thesis was once again proven by the “Women for Women” project. The

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project included modern forms of individual coaching and mentoring, which made the scope of counselling appropriate to the beneficiaries’ most important needs, but it ensured no financial support whatsoever, neither in the form of one-time designated subsidies nor loans. Undoubtedly, the course as completed by the participants (as an investment in human resources) broadened their competence to run their own businesses in the future (in their own opinion), but the disappointment over the inability to start their businesses due to a lack of funds was highly discouraging. It is also worth stressing that the ambassadors received no remuneration for their work or even reimbursement of costs incurred, which seems unjustified considering that they devoted not only their time, but also shared their knowledge and experience. It is quite probable that some of them would not decide to participate in such a project again.

The entirety of actions taken for the benefit of promoting women’s enterprise in Poland should be assessed positively and recommended for the future, but it is necessary to consider the widest spectrum of problems, from women’s personality traits to the broadly defined market conditions, in order to increase their effectiveness in the future. As highlighted in the PARP report, the Polish cultural norms, within which enterprise traditionally has a male form, are changing. The next generation of women demonstrates great openness to changes and a willingness to take a risk. Like men, women value traits favourable to enterprise, such as diligence, patience, creativity and innovation – indicators of a contemporary and successful approach to running a business. Women are statistically better educated than men and, although they choose non-technical faculties more often, they are slowly becoming equal to men in regards to their knowledge about enterprise. Finally, the family model is gradually changing towards that of a partnership.

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References


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Trends in the World Economy
Women’s entrepreneurship in Poland and the EU...

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Joanna Garlińska-Bielawska
Cracow University of Economics