

# Aspects of government policies in the fields of economy and entrepreneurship from the gender viewpoint

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## Abstract

The equal access of women and men to goods and economic services plays an important role in achieving gender equality and empowerment of women. Gender equality, in the distribution of economic and financial resources, encompasses a multiple positive effect on the fulfillment of the key priorities to increase welfare and the living standard in the society. It contributes to the consolidation of the women's rights by enabling them to initially manage and control their own life and consequently influence on the society. Removing gender bias in the economic level affects not only the improvement of the women's own situation, but also the growth of the children's welfare and that of the other family members, considering that women spend a part of their time and costs for the later.

**Keywords:** gender equality; economic services; property rights; entrepreneurship; government policies

## Introduction

Despite of all changes made to their status in the various spheres of life, women still face a lot of difficulties to participate and benefit from the economic life in the same manner as men. When talking about equal treatment regarding goods and economic services, first of all it refers to the equal access regarding property rights, women's benefit from the property title, equal opportunities to incorporate and register a company, in other words it refers to the rights of female entrepreneurs or the removal of specific restrictions for women to access bank loans. As such, the economic empowerment of women is a two-dimensional process: the resources dimension and that of the opportunities. Productive resources, helping women in their economic development, vary according to financial resources; such as income, bank loans, savings; and natural resources, such as land, technologies, etc. An analysis of the UN Woman on the situation of women in Albania underlines that *"The women's ownership of the productive resources does not automatically imply their economic empowerment. They should also be able to use these resources as they like. With a greater control and access to the assets, a woman has more power to make decisions that will affect positively her welfare. At the same time, greater opportunities to make*

*choices related to economy, will allow her to gather more resources to guarantee her sustainable economic success.”<sup>1</sup>*

## **Gender discrimination related to property rights**

One of the problems that have historically accompanied the Albanian society in this field is gender bias related to property rights. Gender bias, concerning property, is a clear indicator of poverty and social exclusion of women. Property rights, in the Albanian reality, are specifically reserved to males, heads of the household, male partners of the family. On the legal as well as on the formal aspect, women have been in less favorable conditions than men regarding their assets. The reasons and barriers preventing women from the access, control and use of the property as well as other economic resources are related both to the inadequate legal standards and/or their ineffective application as much as to the cultural discriminating behaviors and practices in the institutional or community level.<sup>2</sup>

The early laws reserved almost an exclusive right of the head of the household to the property, who in all cases was represented by males. In the cases of the declaration of the will, it has also been observed that the land was passed to the son and only when the family lacked a son, then this right could also be reserved to the daughter.

The development of such a patriarchal society as ours has brought about little changes regarding the situation of women on the issue. Although the law establishes the equal right to the property unaffected by the notion of gender, *de facto* women face more difficulties in registering properties under their name. I think these difficulties come as a result of the tradition and stereotypes created by the Albanian society itself about the male figure in the family. As in the case of the most societies, in the Albanian society as well, the gender bias regarding property rights relates to the assumption that men, as heads of households, control and manage the property, reflecting the idea that women are unable to manage effectively such resources as, for example, land.<sup>3</sup> Within the family itself there are significant differences, as well. The right of each spouse to the administration, use and availability of the property, changes according to the property regime<sup>4</sup> established by both of them. It is observed that

<sup>1</sup> UN Action Plan for Women’s economic empowerment in Albania, March 2014, page 5.

<sup>2</sup> UN Women “Realizing Women’s Rights to Land and other Productive Resources” New York And Geneva, 2013, page 2.

<sup>3</sup> Ibid.

<sup>4</sup> The Family Code establishes three forms of matrimonial property regimes, which can be applied by way of prenuptial agreement between the spouses at the time of the wedding. In the statutory community of property regime (when spouses have not contracted another regime by prenuptial agreement) the property created during the matrimonial period is assumed to be in common ownership between the spouses, unless one the spouses can prove its personal character. The regime of community of ownership by contract, can by agreement change the statutory community of property by establishing unequal shares of the community of property of by establishing a universal community of their movable (real) or immovable (personal) property. The third form refers to the regime of separation of property where each spouse reserves the right of free management, use and availability of his/her property.

even in those cases when the assets are *de jure* in joint property ownership of both spouses, in most cases they appear in the property registers only under the husband's name. Although it cannot affect the woman's legal right to the property, such a phenomenon underlines her social exclusion from the economic field. On the other hand, the women's gender bias on the property rights has a negative effect in different moments of life when women could face difficulties such as divorce or other situations related to domestic violence.<sup>5</sup> A more restricted access to the property right is more conspicuously observed in the rural areas where women are literally "stripped off" of their property rights. This whole panorama translates into women more poor and vulnerable in the society.

### **The status of women entrepreneurs**

Together with the property rights, the women's/ men's entrepreneurship rights are another important discussion point on gender discrimination. Women often start small business projects depending on their personal qualification, interests and savings, on the level of small or medium-size enterprises. Moreover, the fields where women mostly operate are agriculture, embroidery business, handicraft, or freelance professions which differ from the tougher jobs done by men. Nevertheless, during the whole process of entrepreneurship, they face harder restrictions and difficulties than men.<sup>6</sup> These restrictions are manifested in greater difficulties for women to take a loan, in the lack of business relations/networks, administrative difficulties to register their own business, high taxes or obstacles that they might encounter within the business environment.

Gender discrimination regarding the access to the bank loans is related mainly to the bank policies as the most important actors in providing financial aid to start up a certain activity. During the procedure of issuing a loan, the banks, according to their profit-making objective,

evaluate all the factors, both those related to the characteristics of the business as well as those related to the entrepreneurial subject, husband/wife, who applies for borrowing certain amounts by way of a bank loan. The different treatment between women and men regarding the access to bank loans occurs when women applying for a loan are treated worse than men in similar situations, when banks "turn down" the application of women with similar business characteristics as men to profit from a

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<sup>5</sup> There are a lot cases when violated women are obliged to abandon their household and their husbands who violated them remain the sole owners of the property.

<sup>6</sup> In the proposed directive 2004/113 the European Commission discussed the problems of challenges faced by women regarding the enterprises that could help them to start a business. The Commission proposed special loans for female entrepreneurs with special terms or interest rates and suggested that in order to overcome this financing disadvantage, "the provision of extra support to businesses and counseling " to help female entrepreneurs. See *Commission Proposal for a Council Directive Implementing the Principle of Equal Treatment between Women and Men in the Access to and Supply of Goods and Services*, paragraph 14, COM (2003) 657 final (May 11, 2003)).

bank loan or when banks establish tougher terms and conditions to women applying for a loan than to men.<sup>7</sup>

From a less complicated viewpoint, banks can mainly discriminate in three forms: by applying high interest rates to the loans requested by female entrepreneurs; by establishing tougher pre-agreement terms and conditions to the firms of the females as compared to those of the males or by demanding the female entrepreneurs to present a higher guarantee for loan repayment than for their male counterparts<sup>8</sup>.

Often, the discrimination women feel in this direction which excludes them from the entrepreneurial world relates either to the failure to fulfill bank requirements of placing a collateral as a form of bank guarantee, or to the higher interest rates applied to women as compared to men. At an average, banks treat women differently from men by requiring them to place higher levels of collateral in order to profit from a loan, by reasoning that smaller projects usually signal “a lower profit return combined with a higher risk”. On the other hand, male entrepreneurs usually prefer loans of larger amounts because of lower interest rates likely to be applied, which could again have a negative influence for women in the same situation who apply for smaller amounts than men<sup>9</sup>. Women are disadvantaged regarding collateral placement as bank guarantee, if we return to the fact that property has been created disproportionately more by men, who are also the majority of title holders of the assets. Women are viewed as less secure creditors by banks, because of the lower scale of their land, asset and livestock ownership title, as well as because of lower employment and income rates than men. Moreover, the fear of business failure for women is greater than for men.<sup>10</sup> They encounter difficulties regarding access to bank loans also because of their lack of information about the existing financial institutions or because of their low level of education. Very few women have had access to financial training or other professional courses on the field <sup>11</sup> All the above-mentioned factors, including the possible bank credit history of the female entrepreneurs, influence the banks, which in order to preserve their position in the market, approve a lower number of loans to female entrepreneurs than to male ones.

CEDAW Committee, through its recommendations, has oriented the Albanian state to take measures for the economic empowerment of women in the society. In its

<sup>7</sup> Institute for Public Policy Research “Women and banks: Are female customers facing discrimination?” November 2011, page 8.

<sup>8</sup> *Calcagnini.G, Giombini.G and Lenti.E* “Gender differences in bank loan access. An empirical analysis.” Under [www.eale.org/conference/eale2012/paper/download/151/112](http://www.eale.org/conference/eale2012/paper/download/151/112). For further reading on economic discrimination see Becker. G “The economics of Discrimination” University Of Chicago Press; 2nd edition (August 15, 1971).

<sup>9</sup> Panopoulos. adam g “Barriers to financing: Is European union indirect discrimination law the answer for female entrepreneurs?”, page 559.

<sup>10</sup> For further reading see World Bank “Opportunities for men and woman: Emerging Europe and Western Asia”, Report no 65189, pp. 70-75.

<sup>11</sup> Institute for Democracy and Mediation, Policy Brief: Empowering Albanian Rural Women; Economic and Social Perspectives, Tirana, October 2010, fq 5.

concluding remarks on Albania, the Committee on the Elimination of Discrimination against Women (CEDAW) has underlined the disproportionate situation of women in relation to men in the economic field. As we have pointed out above, the Committee underlines that the political and economical reforms undertaken in Albania during the '90's, have contributed to the increase of poverty and social exclusion, especially in the rural areas, where only 6 % of the farms are owned or managed by women, with 70 % of women working in the agriculture. In its observations, the Committee has concluded that only 8 % of the women have profited real estates and that the registration of property under the name of the male spouse only, is illegal. As regards the above-mentioned, the Committee makes recommendations to the Albanian state that during the phase of drafting of the national socioeconomic policies, it should analyze first the impact that these policies have on each gender. The Committee also recommends that, in order for the women to benefit fully and equally from the economic growth and decrease of poverty, special measures should be taken for those women to aim at increasing the access of women to property, loans and credits as well as providing adequate daily child care institutions, especially for those women coming from ethnic minority backgrounds or who live in rural or remote areas, as well as for those women who manage family businesses.<sup>12</sup>

### **The role of government policies in the economic empowerment of women**

As such, in order to reduce the difficulties and discrimination faced by women in relation to entrepreneurial rights and access to bank loans, it is necessary in such a situation for the government to intervene through its programs to help small business enterprises. One way of state intervention in this field is through consolidation and increase of start-up fund of government support for those women in their initial business stage. In this view, it is important the Decision of Council of Ministers No 592 of 10.9.2014 "*Për krijimin e fondit në mbështetje të grave sipërmarrëse*" (*Fund Raising in Support of Female Entrepreneurs*) which establishes the raising of the Fund for the Support of Female Entrepreneurs, in the total amount of 26 500 000 (twenty-six million, five-hundred thousand) ALL, to be implemented during a period of 4 (four) years. The fund aims at subsidizing the loan interest rates for micro, small and medium-size enterprises, managed by women in the role of owners or managers. This is planned to be achieved through payment of interest rates on loans taken by women and that will be used for investment on businesses. The financial aid is expected to cover 5 % of interest rate, during 4 (four) years on a raw, and not exceeding 1 000 000 (one million) ALL for a single loan, for enterprises operating in: the production and services sector; the light industry sector, mainly in the industry of active processing

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<sup>12</sup> The above conclusion are part of Concluding observations of the Committee on the Elimination of Discrimination against Women about Albania, September 2010 paragraphs 36-37 in relation to socio-economic rights. [http://www.europarl.europa.eu/meetdocs/2009\\_2014/documents/dsee/dv/2610\\_05\\_/2610\\_05\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/dsee/dv/2610_05_/2610_05_en.pdf)

(fason industry); tourism; in the research and development field; the agroprocessing industry or design, modeling and handicraft field.<sup>13</sup>

Likewise, the Strategy for business and investments development defines the funding of medium- and small-size enterprises as one of its challenges. It underlines that small and new businesses encounter significant difficulties to benefit from loans from the bank sector, where the interest rates are relatively high. The bank requirements are not business friendly, especially regarding the high level of collateral arriving at 120-150 % and the high interest rates on loans even when they are required for investments in machinery and equipment. The studies in the field have shown that supporting policies for start-up businesses or alternative financial resources for SME-s, such as venture capital, innovation vouchers, business angels, etc., are still missing. Additionally, the enterprises managed by females are at a low level, making up for some 27% of all active businesses for the year 2011. Over 90% of businesses managed by females are in the services sector (retail sector, tourism, freelance sectors, etc.). About 30% of self-employed are women. The Strategy lists as one of its objectives the Development of Small Business and Entrepreneurship, by increasing every year the number of new and innovative enterprises and through a better funding, improving constantly the business climate, encouraging the spirit of entrepreneurship and learning throughout the whole life. This development process will be accompanied by the insertion of new financial instruments for all SME-s and in particular in support of those businesses managed by females or that are in their initial (start-up) stage. The main directions of the SME Development Policy during the period 2014-2020, are focused towards the improvement of SME access to financing, women encouragement to do business, start-up support, etc.

Based on this Strategy, the Ministry of Economic Development, Trade and Enterprise has set up an action plan for female entrepreneurship in Albania for the period 2014-2020. The Action Plan is based upon five main columns, namely: support through encouraging policies for female entrepreneurs; capacity growth of female entrepreneurs; the increase of financial access for female entrepreneurs; establishment of actors network in support of female entrepreneurs and support for women in the rural areas. Through the Action Plan, until the end of 2020, it is aimed at increasing the number of active enterprises managed by women as much as 30%, achieving the 45% level of bank loans for female entrepreneurs, and the 35% increase of the number of self-employed women.

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<sup>13</sup> For further reading see **VENDIM Nr. 592, datë 10.9.2014**, Për krijimin e Fondit në Mbështetje të Sipërmarrjeve të Reja "Start-Up" Fletore Zyrtare Nr 143, 18 september 2014, page 6603.

## Conclusions

To conclude, in order to increase the economic empowerment of women, firstly it is necessary their involvement in the groups that discuss gender equality programs and policies, in order for them to state clearly their problems and difficulties they face in the economic sphere. On the other hand, it is necessary an increase of government support through subsidies of low interest rate loans to give an impulse to the start-up of new projects by female entrepreneurs. Another way could also be the aid given through tax reduction for small, new businesses or providing facilities to register them. In my opinion, the rise of women's awareness on this field as well as the improvement of their professional education will give birth to a new stage in a society directed and managed by more females.

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