RURAL WOMEN INNOVATION AND ENTREPRENEURSHIP IN TRANSITION COUNTRIES

Abstract

Purpose– This research purpose was to identify the critical factors that determine the development of rural entrepreneurship in transition countries.

Design/methodology/approach – The research derived from secondary data in an effort to show how the processes associated with entrepreneurship may transition disadvantaged countries into market economies. The research is especially focused on women in rural areas because female farmers are the most at risk of climate change.

Findings – The women are more dependent on agriculture and water resource changes than men because of their low socio-economic, legal status, and lack of knowledge on how to approach environmental disasters, use appropriate research methods and instruments to collect data, and find available financial resources. Hence, the female human capital is less involved in social and economic strategies than men to approach climate change. The authors believe the new approach may establish productive green and market economies, as well as form new bilateral relations.

Research limitations/implications – Based on this research, successful adaptation depends on first, understanding the holistic nature of the problem, and then creating and implementing a vision that aims to meet business and environmental challenges.

Practical implications – This paper can encourage women farmers to take leadership roles within rural entrepreneurship development in transition countries.

Originality/Value – Our proposals have a special value because they offer a variety of measures that can be taken with an aim to support development of rural entrepreneurship and support women in rural areas.

Keywords: women, rural entrepreneurship, agriculture, climate change, transition countries.

Research type: research paper

JEL classification:
L26 - Entrepreneurship
Q01 - Sustainable Development
Q54 - Climate; Natural Disasters; Global Warming

Introduction

The interest in rural entrepreneurship research has increased in the past few years in the European Union (EU) countries as a result of numerous programmes for entrepreneurship in remote rural areas. Namely, the countries that have only recently joined the EU expressed their need for a deeper comprehension of rural entrepreneurship processes in the economies in transition (Radović-Marković, 2009).

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Important as the process is, rural entrepreneurship has, nonetheless, only recently been clearly defined. In this domain, however, no universal definition has been adopted, nor a universal concept of the study of rural entrepreneurship.

Despite an increased interest among the new member states of the EU, the current literature in this field generally focuses on the developed countries. Research shows that small and medium-sized enterprises (SMEs) in rural regions make up 28% to 30% of the total number of all businesses in the developed countries, such as Canada and the United States (SME Financing Data Initiative, 2004).

Thus, to formulate a definition of rural entrepreneurship that would be all-comprehensive, both in its essence and in the aspects it covers, the purpose for various programs are integrated in the definition to approach low profitability of agriculture in developing countries and in many transition countries, including Serbia (Radović-Marković, 2009a). A majority of these countries are characterized by obsolete technology, poor training of the labor force in rural regions, and so forth. Hence, rural entrepreneurship emerges in economically and socially backward regions, those with inadequate infrastructure, low level of education, unskilled work force and low incomes, where the level of local culture does not support entrepreneurship (Kulavczuk, 1998).

Radović-Marković (2009) defined rural entrepreneurship as the creation of entrepreneurial associations, which aims to ensure the improvement of crucial economic, social, and other changes in rural regions through individuals creating innovations and governmental systems devising a rural development policy based on investing in rural entrepreneurship. Based on the theory of dependency, positive dependency involves the development of the underdevelopment through bilateral relations to promote growth (Friedmann and Wayne, 1977). Thus, Nelson-Porter (personal communication, November 2, 2012) adds to the definition, entrepreneurship does not entail being self-contained, the concept entails being independent in relations to having the ability to share personal ideas and implement recommendations and innovations in a bilateral relation in an effect to apply knowledge and experiences to stimulate a dissociated society.

**Communities Warranting Economic Transitioning**

Women now represent 40% of the global labor force and 43% of the world's agricultural labor force (World Bank 2012). About 1.5 billion individuals, which is nearly 60% of the developing countries workforce, are engaged in agriculture and agricultural productivity (Radović-Marković 2010b). Despite women's position having gradually improved in developing countries, the women remain far behind women in developed nations. Many women in developing nations continue to lack higher education and higher paying salaries, role models and mentorship in entrepreneurship, suitable public and private financing, relevant networks, safe working conditions, women's mobility, and so forth, which may be a result of formal, customary, or religious laws (Månsson and Färnsveden 2012; Rural Development Institute 2009).

Representatives of the United Nations (UN) Food and Agriculture Organization (FAO) reported women in Africa are most affected by climate changes because of their dependency on agriculture and water resource and their low socio-economic and legal status (Radović-Marković 2010b). Climate change affects agricultural productivity in underdeveloped nations through floods, pests, and catastrophic events, as well as through temperature changes (Radović-Marković 2010b; UN Development Program
Climate change is defined as a human induced act whereby an increase in the concentration of greenhouse gases are released in the atmosphere that reduces agricultural and natural resources (UNDP 2007).

Climate change impacts the production of women farmers in transition countries as the women most often work in agriculture and food production and, much less, in non-agricultural activities. For example, African women farmers produce up to 90% of the continent’s food, although women only own about 1% of the land (Radović-Marković 2010b). Women in Serbia continue to be a very important resource of the rural economy. Research based on 50 villages across Serbia indicated 2 out of 3 female farmers work 7 days a week and for more hours than the average work day of 7 or 8 hours (Peric Zimonjic 2008). Moreover, the women in Serbia have a problem finding employment in the non-agricultural sectors as 93% do not invest in pension insurance funds (Peric Zimonjic 2008).

A staff member of Tanjug (2012) reported, during the past 2 decades, the prolonged droughts, torrential rains, floods, storms, and occurrences of hail and night frost, taking place in Serbia were a result of climate change. The estimated damages in Serbia to the agricultural sector is up to $2 billion (USD), and the crop production is estimated to be reduced by 50% in 2012 (Tanjug 2012). The effects of climate change have resulted in some Africans and Serbians migrating to neighbouring communities that also have limited resources (UNDP 2007; World Bank 2010).

In her 2008 article, Africa’s Population and Resources: A Comparative Analysis, Nelson-Porter suggested instead of migrating due to food insecurity, an internal system whereby knowledge-seeking women are empowered to network internationally to gain insight on how to approach food insecurity may be established to increase food production. Empowering women to bringing women into the mainstream of development, however, has been difficult. Their share of informal sector employment has remained high in Africa (60-80%), diminishing their capabilities to participate in decision-making (Radović-Marković 2010a). Women in rural areas continue to lack knowledge about environmental disasters, information and instruments to collect data, financial resources to approach climate change, and sufficient involvement in social strategies on climate change risks (UN Women Watch 2009). Thus, the lack of gender equality in Africa, which may be associated with experiences of women in other poorer nations, has limited the contribution of women to the management of hazards in their adaptation to climate change. In addition, a limited amount of programs exist to steer these women in entrepreneurial activities (Peric Zimonjic 2008). Consequently, rural entrepreneurship is under-utilized for strengthening the position of women in Serbia and other disadvantaged nations (Peric Zimonjic 2008).

**Rural Entrepreneurship Emergence**

The earliest and the most important concept, which prevailed in the 1950s and 1960s, involved entrepreneurial activities in the agricultural sector were identified as “production” based on price (Petrin, 1994). This constrained concept noted the importance of producing enough food to sustain the health of members of the community.

The core idea of a newer concept emerged aimed to transition countries from a socialist society to a capitalist society, which involved promoting privatization (Bezemer, 2006). The aim was to develop small markets and new products and services
to solve problems. Regardless of the high share held by SMEs, a large number of rural entrepreneurs encounter serious issues, such as remoteness of markets, high shipping and related costs, problems in recruiting qualified labour force, and low profit rates compared to firms in urban regions (Radovic Markovic, 2010 b). Ownership of property (land) is essential in many cases for women to freely engage in the growth of rural areas; however, various formal, customary, or religious laws have been a hindrance (Rural Development Institute, 2009).

In Pakistan, women are not permitted to title land if the woman is widowed or divorced and have to will their land to their son or a close relative (Dale 2013). Furthermore, because of formal, customary, or religious laws, women also in Asia, Afghanistan, and India are negatively influenced regarding the rights to own property (Rural Development Institute 2009). As indicated, the socioeconomic status of women in Serbia is also unfavourable (Vladisavljevic 2011). From one side, their unfavourable position is determined by particularly the status of women in villages. On the other side, the unfavourable position of women in Serbia is conditioned by general development opportunities in the given environment (Vladisavljevic 2011).

In the urban areas of Canada, the numbers of women business owners are smaller than in rural areas. This suggests that Canadians residing in rural areas were more likely to be entrepreneurs than those living in urban centres. This is corroborated by the fact that 6% of rural-based Canadians owned an SME compared with 4% of urban residents (Canada's Small Business Hotbeds, 2005). The number of rural entrepreneurs who join the businesses of their close relatives continues to be considerably higher than the number of such entrepreneurs in urban areas (Canada's Small Business Hotbeds, 2005).

In agriculture, gender differences in productivity almost always disappear when access to land and productive inputs are taken into account. Similarly, productivity differences between female-owned and male-owned businesses are often explained by differences in access to and use of productive resources, where these differences are primarily a function of the business size and sector of operation rather than a gender-specific factor (Sabarwal et al. 2009). If female farmers were to have the same access to fertilizers and other inputs as men, maize yields would increase by almost one-sixth in Malawi and Ghana (World Bank 2012). Representatives of the World Bank (2012) stated eliminating barriers that discriminate against women working in certain sectors or occupations would increase labour productivity by as much as 25% in some countries.

Despite gender differences, what is common for all transitional countries refers to inadequate rural infrastructure and levels of services and knowledge about these subject matters. This makes an impact on reducing the competitiveness of rural producers outside local markets and restricting their access to current market information.

**Innovation and Rural Livelihoods**

Researching the positive impact that innovation can have on women's lives (Grozdanic et al, 2010; Gill et al, 2010) many good examples could be find which include foot-pedal water pumps, cellular phones, solar-powered food dryers. In many cases technology and innovative practices (Carr and Hartl, 2010) have literally 'lightened the load' for women – reducing the need to spend so much time and energy
fetching wood and water or carrying goods to market by hand. As innovations increased the profitability of some enterprises (such as drying/selling fish or grating cassava mechanically rather than by hand), men either started taking over their businesses or setting up competing enterprises.

Another study (GSMA and the Cherie Blair Foundation) highlighted numerous ways that mobile phone technology in particular has improved the lives of rural women – from personal safety and greater independence to opening up business opportunities. However, that a tremendous gap in access to mobile phone technology still exists in much of the developing world, not only for the entire population but pointing out that women are far less likely than men in many countries to have access to mobile telephony. The access to ICT alone does not improve a lot the lives of rural women (Kwake et al. 2006). Many difficulties with access and knowledge still remain. A lack of technology and the knowledge of how to use it are both significant impediments for women business owners in rural areas (Singh and Belwal 2005). When technology and innovative practices are coupled with educational assistance and training, however, adoption improves and benefits are greater (see Figure 1). Women-focused training not only improved self-confidence among women in rural Balkan countries, but the introduction of specific skills, such as use of technology and opportunity identification, improved business success and innovative behaviour (Petridou and Glaveli 2008).

Figure 1: Technology enabling environment for rural women innovation

According to UNDP activity reports, other rural education projects that have received some focus with respect to disseminating innovative products and processes
are agricultural extension services and industry-specific community cooperatives. Cooperatives have proven to not only be efficient vehicles for disseminating education and finance in rural areas, but excellent mechanisms through which women can gain self-confidence and a sense of “sisterhood.” Further, these organizations not only exist in rural areas but in industry-specific atelier environments in small towns as well. The agricultural extension services have been one way in which innovative practices are disseminated in rural areas, but that there are often problems with sustainability and variability in local adoption (Walker, 1990).

The World Bank’s Gender in Agriculture Sourcebook notes that support for rural livelihoods and agricultural support has evolved from extension services with travelling experts and classes to “agricultural innovation systems” that expand beyond farmer-based education to involving other local actors and to including farmers not as beneficiaries but as engaged participants. This, of course, is not always done in a gender-aware manner.

Aside from how innovation has helped the lives of women, perhaps the most prevalent topic that arises when “innovation” and “gender” are used together is in the discussion of how microfinance tools—such as peer group lending, village banks, and the delivery mechanisms offered by microfinance institutions—have increased the economic empowerment of women around the world. The International Fund for Agricultural Development (IFAD), evident ‘virtuous spirals’ that can be set into motion by providing women access to small amounts of capital: a growth in personal self-esteem, improved household well-being, social and community political empowerment—and economic empowerment, including enterprise creation. There can be no doubt that the spread of microfinance models—including lending pools, village banking, cell phone banking, and microfinance institution networks—have helped lift many women (and the clients of these services ARE mostly women) out of poverty. Popularized and brought to large-scale use by the Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC), microfinance institutions (MFIs) have been pointed to as an innovative practice, and a tool for women’s empowerment and have received a tremendous amount of visibility in the wake of the granting of the Nobel Peace Prize in 2006 to Muhammad Yunus and the Grameen Bank. Yet, microfinance tools have their limitations, most particularly a lack of ongoing education and technical assistance as an enterprise grows, and a pervasive access to capital chasm between where microfinance leaves off and formal sources of capital pick up.

**Recommendations for Entrepreneurial Development**

Because rural development policy has to observe local, regional, and national aspects and potentials, formulating the most appropriate model of rural entrepreneurship development that would have a universal meaning and implementation may prove difficult. An efficient concept of rural entrepreneurship has to focus on the transformation of the local business culture to be adopted by the local rural population as their own career choice.

The development of rural entrepreneurship in this manner as offered by Radovic-Markovic (2012b) would bring major benefits, not only to the local community but to the entire society in several of its domains, such as:

1. A larger number of entrepreneurs—an increased number of new businesses;
2. More competent entrepreneurs-entrepreneurs who have the knowledge and skills needed in their businesses
3. Growth and expansion of businesses- businesses boost production and sales, as well as create new jobs that absorb the local labour force;
4. Economic benefits for the local community-by way of tax payments.

In many developing countries, enterprise development centres have been successful at assisting the development of start-up enterprises. Such efforts should help women obtain necessary training and support to start businesses for food production, conservation, and marketing as well as establish themselves village leaders who are, engaged in the community’s development and in the design and implementation of activities to improve their livelihoods (Radović-Marković 2010a).

Based on the report by representatives of the Rural Development Institute (2009), governing international leaders may consider leasing land at no cost to disadvantaged women in poorer nations who desire to cultivate the lands to start businesses. Business ventures, which will promote professional development while enhancing skill-sets, may involve emerging female entrepreneurs collaboratively working with volunteer natural resources, soil, micro propagation, and biotechnology practitioners or scientists (Lowry 2010). Until formal, customary, and religious laws consider equality ownership rights, leasing land to emerging female entrepreneurs in poorer nations may be more feasible and may not violate any laws.

Young women may consider enrolling in entrepreneur courses and participate in internships in agriculture and food technology to gain an understanding of every day practices that are warranted to rebuild and sustain rural communities, which include the water supply (Charles 2010). Science courses share insight about the climate and how climate change leads to destruction of community property and negatively impacts farming (Charles 2010; UNDP 2007). Engineering courses tend to enhance knowledge related to constructing the development of the infrastructure (Charles 2010; UNDP 2007). Financial or economic courses may help with understanding how investments aimed to reduce poverty are configured (Nelson-Porter 2008; UN Conference 2012). Researching history help individuals understand the plight of the poor and the path women have travelled to gain independence (Dale 2013; Nelson-Porter 2008). Thus, the development of continuous international educational initiatives is pertinent to the survival of rural communities.

Training programs might be available not only to women with low income and who are impacted by climate hazards, but also to their instructors and teachers. Educators who lack the necessary holistic view about the subject matter cannot properly prepare individuals for foreseen and unforeseen challenges (OECD 2010). Educators who complete the training are better opt to share experiences, encourage others, and generate ideas and solutions. In relations to visionary mentorship, a concept coined in 2008 by Nelson-Porter (personal communication November 2, 2012), educators can participate in networking and netweaving events and use research and interviewing techniques and coaching or mentoring methods to enhance self-knowledge. Through knowledge transfer aimed to help individuals secure any opportunity to enhance their knowledge-level, visionary mentors should share the outcome of their learning experiences and encourage individuals to obtain certifications that centre on entrepreneurship and corporate research.
Conclusion

In this paper is synthesized the existing international research and experience in this area. In line with this, a rural development is linked to entrepreneurship by virtue of the understanding the plight faced by disadvantaged populations and the lack of skills and knowledge warranted to assist those populations.

A focus on gender issues aimed to encourage women farmers to take leadership roles within rural entrepreneurship development. In this context, there is a need to strengthening knowledge and skills of female farmers through effective training. Women-focused training not only improved self-confidence among women in rural Balkan countries, but the introduction of specific skills, such as use of technology and opportunity identification, improved business success and innovative behaviour. At the same time, women-focused training helps to increase women’s access to credit services. The spread of credit services and microfinance models have helped lift many women out of poverty.

It is further recommended that improving female headed households' participation in rural entrepreneurship development programmes require the efforts of all relevant stakeholders working in the area. Female entrepreneurs who gain insight on the purpose of state and national policies with programmes aimed to aid in the development of entrepreneurship become enlightened on the processes geared toward transitioning underdeveloped nations into green and market economies.

Suggestions

Our suggestions are dedicated to measures to be taken with an aim to support development of rural entrepreneurship, as follows:

1. Fostering the setting up of businesses, but also motivating entrepreneurs to continually improve products or services;
2. Networking of entrepreneurs to define the areas that can bring highest profits, which should help the planning and orientation of business activities;
3. Entrepreneurs should make decisions in favour of both their own business and their environment;
4. Entrepreneurs should pay attention to environmental protection when creating entrepreneur activities;
5. Provision of a better future for rural families and reducing the migration of young people into cities;
6. Leaders of state institutions must appreciate the value of rural entrepreneurship and incorporate it into the economic strategy of the country's development, and support its development. Leaders who help individual entrepreneurs formalize their activities help entrepreneurs contribute to their local communities as tax payers. Special programmes should be devised to help and support women, young workers, elders, and the self-employed to ensure their social inclusion.

References


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