

## **STAKES AND CHALLENGES OF BUSINESS WOMEN ON THE ROMANIAN LABOUR MARKET**

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**ABSTRACT:** *In the market economy, especially in the former communist countries that joined the European Union, including Romania, the concepts of competition, skill and vision to work seem to raise from the anonymity a new category of human resources of the globalized Romania: business women.*

*The research questions are the following:*

*- What are the stakes for business women in Romania?*

*- What are the challenges for business women in Romania?*

*To answer these research questions, we used as research methods the analysis and synthesis and conducted a reflection type study.*

*For more than 20 years since the adoption by the European Union of the legislation promoting equal opportunities, the European management and the Romanian management have still remained male enclaves.*

**KEY WORDS:** *stakes; challenges; business women; women managers; labour market.*

**JEL CLASSIFICATION:** *I21; I23; I25; J60.*

### **1. INTRODUCTION AND ISSUE OF THE PAPER**

It is said that, throughout history, behind every great man, there has been a woman. However, hundreds of years passed until the acceptance of the idea that a woman can get into the business, can be a doctor, priest, architect, or even Prime Minister.

Just a few decades ago, it was inconceivable for women to work and contribute to the revenues of the family. Things began to change around the Second World War, when the male workforce was mobilized on the front. But at that time either, the work of the woman has not been accepted as something natural. It represented only a temporary solution. The young women who came from traditional families - and they were quite numerous - were educated to accept their role as mother and wife, being convinced that it is the husband who must deal exclusively with the revenues of the family.

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But once accepted in various institutions and firms, women have realized that they are doing very well and they are not at all inferior to men. With the talents and skills they possess, business women show not only moral and physical strength, but also the ingenuity to cope with life's challenges on the competitive, extremely tough economic market.

The issue of this paper thus focuses on the comprehension and analysis of the stakes and challenges that business women in the European Union and especially in Romania are subject to.

## **2. RESEARCH QUESTIONS AND METHODOLOGY**

*The research questions are:*

- *What are the stakes for business women in Romania?*
- *What are the challenges for business women in Romania?*

*To answer these research questions, we used as research methods the analysis and synthesis and conducted a reflection type study.*

## **3. STAKES AND CHALLENGES OF BUSINESS WOMEN ON THE EUROPEAN UNION LABOUR MARKET**

Although women represent 41% of the European labour work, yet, they occupy only 10% of the managerial positions and barely represent about 1% of the board of administration. The higher the level of management, the bigger the difference between the sexes is. Even when women arrive in top positions, they almost always earn less than men.

A research conducted by Grant Thornton International Business Strategies Ltd. (European Business Survey, 1996) on 5,000 small and medium-sized enterprises in the European Union member states notes that very few women have managerial positions and that in 50% of the firms women are completely absent from management functions. In Great Britain and Spain, the percentage of companies that have no women managers is 37% and 38%, respectively, while in the Netherlands and Sweden, the latter classified, the percentage of companies that do not have women in managerial positions raises at 70%, 64% respectively. The data resulting from the research are very different from what one might suppose. The countries with a very high participation of women on the labour market, with a strong legislation have, surprisingly, the lowest number of women in administration and management. There are two explanations for this situation. The first is the number of women in the management staff, compared to the dimension of the staff - the larger the staff is, the bigger the probability is to find women in its structure. The second explanation is that the high costs associated with the long maternity or childcare leaves can discourage companies from hiring women in managerial positions.

In general, we consider that women managers have the greatest chances of success in the Scandinavian countries, where there was the greatest number of women in the workforce and where family policies and equal opportunities programs are strongly supported by law. However, the number of women managers in the Scandinavian countries is not so big compared to other European countries. For instance, it is estimated that, in

Denmark, only 10% of women who are working in the private sector and in the public sector have management functions. Only 4% of companies have a woman as manager. In Finland, the figures are slightly larger. According to research conducted by Hanninen - Salmelin & Petajaniemi, 2004, 21% of management forces are women. However, even here, the women managers are concentrated manager in the banking sector and the public one and continue to be poorly represented in the private sector.

In Southern Europe, the situation of women managers is much more complicated. While, traditionally, women were less oriented towards a career in many countries of Southern Europe, at present, there are signs of significant growth in the volume of the female labour force and the number of women managers. In Italy and Spain, especially young women seem to have a different attitude towards labour and engage in managerial careers. However, their number remains low. In Italy, women represent 3% of the top managerial positions, and in Spain, 5% of the managerial positions in the private sector are occupied by women. As in other European countries, the Southern Europe women managers tend to concentrate in the public sector and services jobs.

Women's equal participation in the decision-making process is a matter of social justice, a condition for democracy and an essential component in the maximum use of human resources. This is the reason for which the European legislation provides a set of guidelines on equality, as well as many interpretations of the Court of Justice. The Council Directive no. 76/207/EEC of the 9<sup>th</sup> of February 1976 fits into the same direction. With respect to the application of the principle of equal treatment for women and men, with regard to the access to employment, the qualification and professional advancement and the working conditions, it provides for equal treatment for women and men, referring to access to employment, professional advancement, qualification and working conditions. It introduces the concepts of indirect discrimination and positive action in favour of women (Official Journal No. L 039).

In the order of the Community law, on which all the acts and the policy of the European Union are based on, the principle of equality between women and men is of fundamental importance.

#### **4. STAKES AND CHALLENGES OF BUSINESS WOMEN ON THE ROMANIAN LABOUR MARKET**

In the market economy, especially in the former communist countries that joined the European Union, including Romania, the concepts of competition, competence and vision to work seem to raise from the anonymity a new category of human resources of the globalized Romania: business women.

Romania is engaged in a historic transition of an enormous complexity. The central axis of this transition is the shift from a centrally planned economy of socialist type, which, until 1989, took forms of an aberrant bureaucracy and political arbitrary, to an economy based on the free market. Before 1999, the role of the free market was completely marginal in the Romanian economy, which could not but adversely affect the economic changes. In this transition process, the management plays a crucial role. And it is probably here that there is a need for the most profound change: from the highly centralized management which is specific to a socialist type economy, to the management specific to a market economy.

The economic success of the transition mainly depends on the speed of development of a new management culture that would facilitate the transition and development of a functional economy.

In the former communist system, the equality between women and men has played an important role in setting political objectives. The mechanism of the transition to the market economy seems to have a negative impact on the representation of women on the labour market and the possibilities of obtaining their rights. The existence of independent trade unions and non-governmental organizations, engaged in the support of the equality of rights for women and men is very useful. Their development should be supported by the Phare Democracy and Lien programs.

For this purpose, in 1991, the Association of Women Manager from Romania (AWMR) was created. This is a non-governmental, apolitical, of employer type organisation, with a legal personality, which is headquartered in Bucharest, and has 10 branches in the country, with more than 500 members. In the Western region, a subsidiary was created in March 1998 in Timișoara, with more than 62 members working in areas of the sphere of production and trade, as well as of the sphere of financial, medical or advertising services (<http://www.anasaf.ro>).

Internationally, since 1999, the AWMR has been a member with full rights in the World Federation of Women Entrepreneurs, called “Les Femmes Chefs D’Entreprises Mondiales” – F.C.E.M. (<http://www.anasaf.ro>).

The European Union helps AWMR and provided, in the MARR program, the financing of women from the Gorj and Hunedoara departments who want to get into the business.

Traditionally, the first aspect studied to identify the differences between men and women in society is the place occupied in the economy. It can be seen regularly that, in this respect, women are not like men (Pasti, 2003).

Only a quarter of those with management functions in NGOs are women, and they are distributed primarily to managerial positions of secondary level, as only 11.8% of the presidents of these organizations were women in 1998 (Pasti, 2003).

What is the cause of this huge numerical difference over the years, in the economic, but also political fields? According to the first report on entrepreneurial activities in Romania of the Centre for Entrepreneurial Studies and Business for Romania, published in May 2007, although women are more involved than men in activities before starting a business, most of the owners of small and medium firms are men (Lafuente González & Driga, 2007).

Compared to the Eurostat criteria, the small enterprises include a number of 10-49 employees and the medium enterprises a number of 50-249 employees. Micro-enterprises have less than 9 employees (Eurostat, 2012).

The CEBR study made by Lafuente González & Driga, 2007 was conducted on the basis of a representative sample of 1,449 Romanians, 812 (56%) men and 637 (44%) women, only 8% of them saying that their mothers were the ones who started a business, while fathers who have started a business have a percentage of 23%.

And yet, for what is there a difference in numbers so great? The answers are varied, as well as the causes. According to the statistical data in the period following

the democratization of the country, workers in the secondary sector (industry), where the majority were men, were dismissed primarily. These, being aware of their position of household heads, but without a job which could ensure the financial stability of the family, began a series of activities prior to the establishment of their businesses or their family associations (where the woman would get involved, but not as the owner).

But in this way of trying to explain the phenomenon, conflicting data are involved. Those who have tried to interpret the data collected by the CEBR say that the difference between the number of Romanian women and Romanian men entrepreneurs is due to the economic studies of those who are involved in activities prior to the creation of a business (EurActiv Romania, 2007).

First, the number of females with higher economic studies, since the 1998-1999 academic year was greater than the number of males with the same education. And, in the previous period, the situation was balanced continuously (National Statistics Institute of Romania, 1999-2012), the differences being very small and without relevance. And, from the business point of view, being competent in a business depends more on the talent and competitive spirit than on the training, as the current capitalist market demand, and as the most recent studies and analyses reveal.

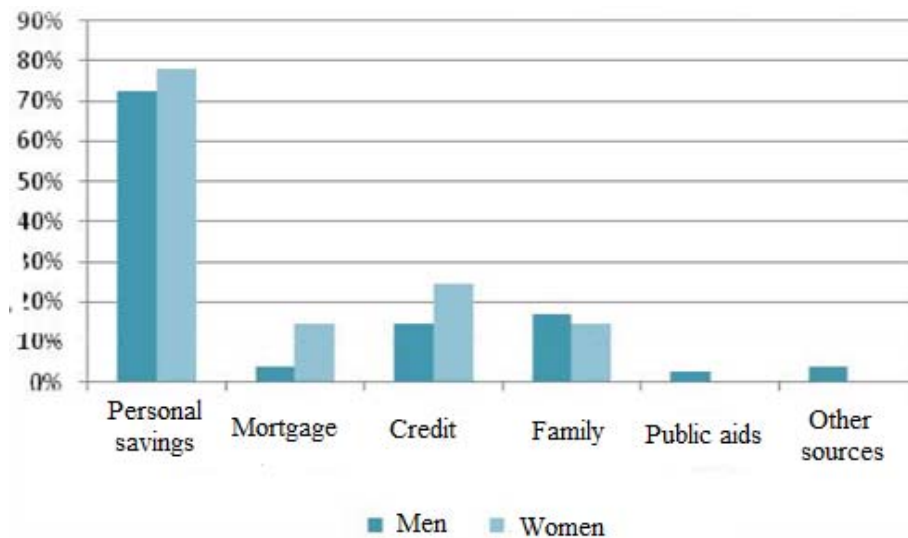
It is interesting that in Romania 9.58% of women are involved in starting a new business, compared to only 6.53% of men. But it seems that on the difficult path to climb of the business world, many of these women lose themselves in relation to the number of men. Promoting a business and continuously driving it to profit supposes competitiveness, winning the trust of partners, customers or employees, a limited time spent in the family, family support and the list can continue. So, according to the data, those who received more of these benefits were the men, fathers or sons, not women, mothers or daughters (Lafuente González & Driga, 2007).

The highest number of women owners is in the Southeast, West and Bucharest - Ilfov Romanian development regions. But the biggest difference between the number of male owners and the number of women owners can be found in the Bucharest - Ilfov development region, and the smallest difference is in the West development region. Thus, the equality of chances seems to present the biggest problems exactly in the area where it has been addressed in the legislation, but more present in the real competitive economic world in the closest region to the Western world (National Statistics Institute of Romania, 1999-2012).

According to another study of the Centre for Entrepreneurial Studies and Business for Romania, published in December 2009, on women's entrepreneurship in Romania, focussing on personal characteristics and the effect of entrepreneurial examples, personal savings is the main form of business financing by new entrepreneurs, 78% of women and 72% of men in the sample group using this form of financing. More women than men use bank loans to finance their business. 14% of women surveyed have used a mortgage compared with only 4% of men. The results of the main sources of funding used by new entrepreneurs are presented in Fig. 1. The CEBR study was conducted on the basis of a representative sample of 1,626 Romanians, among which 378 (60%) men and 248 (40%) women (Driga & Lafuente González, 2009).

Also, while approximately 24% of women have used other types of bank loans only 14% of men have used such sources to finance their business. At the same time, it is observed that more men than women were based on amounts borrowed from other family members to start business: 17% of men compared to 15% of women. Interesting

to note is the fact that very few entrepreneurs (3%) rely on sources from public institutions, for example grants or subsidies and those who benefited from such public aids are exclusively male (Driga & Lafuente González, 2009).



**Figure 1. Sources of funding**

*Source: Driga & Lafuente González, 2009*

To get a clearer picture of the situation of the Romanian women managers, making use of the interview technique, a pilot survey was conducted on women managers from Timișoara. Many young people who finish a faculty nowadays do not have a job, situation which requires a professional reorientation. This theme of retraining was also used in the study. From the total number of people surveyed, only 30% used retraining. This is remarkable, but do not forget that the current managers, either men or women, were, in their majority, educated in the communist period, and received a place of work in accordance with their studies, or at least closer to what they have studied in their field. So, if, after the fall of communism, some aspects have changed, they were also able to make a change on a professional level, but those surveyed remained in the field. This aspect could be seen from the fact that only 30% of those surveyed used the retraining, but also from the question: "What is your basic education?" correlated with the profile of the company where they work.

To the question: "Before having occupied this position, have you worked in another field?" 30% of those surveyed responded affirmatively, for 30% of those surveyed that field being very different from that in which they currently work. The reasons that led to the change of the field are very different: a higher level of prestige, a bigger wage, opportunities to better develop the skills, vocation, a more attractive career, facilities to advance, the company image. But a trend was observed for those concerning "the vocation", "a career that promises more" and "the image of the company". After 1989, the Romanians had access to a greater amount of information, trying to

develop their skills by collateral activities, which eventually led to the discovery of a new vocation, and if they were young, they framed a new professional direction.

To the question: "What major challenges have you encountered in your career advancement?" women managers reported: age - too young for a managerial position, education, children, starting from scratch in a new culture and mentality. The most frequently mentioned problem, by more than 50% of women, has been fighting with the old mentality, respectively the stereotype that women should take care of the children and not occupy prestigious positions. Some of the surveyed women reported that they have been called many times to the interview, and at the end, they learned that they were appropriate for the respective position, but they were not going to be hired because they were women.

To the question: "During your career, have you ever been treated in a discriminatory manner by men?" 80% of those surveyed responded affirmatively. The situations in which these women felt discriminated against were, first, in making certain decisions and accepting certain opinions. Business partners who are men can hardly accept that women can have a very good solution for a problem or that women can also make decisions. Another discriminatory situation, given as an example by women managers is the maternity period. They felt some resistance from their leader, because he did not like the fact that his employee was pregnant. Although those women performed their respective tasks each day, their leader was unhappy, especially when they were pregnant with their second child.

## **5. CONCLUSIONS**

More than 20 years since the adoption by the European Union of the legislation promoting equal opportunities, the European management and Romanian management still remain male enclaves.

Even though nowadays you can find many women in middle level managerial positions, and quite as many non-executive directors, the number of women in top managerial positions has not significantly increased in the recent decades, neither in the European Union, nor in the Romanian economic space.

They must exceed too many "barriers" to climb the corporate ladder in a multinational company, while the "barriers" of their male colleagues are mobile, flexible and no harmful - if they exist.

And this situation seems illogical, if you look at the current trends in the organizational life. Organizations which are moving now to the top places are multicultural and services-oriented, and women are considered more suitable than men for jobs that require interpersonal and intercultural skills.

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