INTRA-URBAN SPATIAL CHANGES AMONG WOMEN ENTREPRENEURS IN BUCHAREST (ROMANIA) DURING ECONOMIC TRANSITION (1992-2002)

Audrey KOBAYASHI*, Alexandru GAVRIȘ **, Ioan IANOȘ***
*Queen’s University, Canada
**Bucharest University of Economic Studies, Romania
***University of Bucharest, Interdisciplinary Centre for Advanced Research on Territorial Dynamics, Romania

Abstract: Women entrepreneurs in Bucharest, Romania, increased by six times (compared to five times for men) between the 1992 and 2002 censuses, during a period of transition from a centrally planned to a market economy. A study of over 150 territory referential units shows a concentration of business women in central, high income areas and a correlation between the entrepreneurial status and education. Data from 50 telephone interviews show that women with university degrees are more likely to operate at a city-wide or national scale, in fields such as cosmetics, consultancy, law, design, art, and manufacturing. Women without higher education tend to operate at a local, smaller scale. Both spatial concentration and education have an impact upon business behaviour.

Key Words: women entrepreneurs, transition economy, post-socialism, Bucharest

Introduction

The study of the spatial implications of women’s work has been a growing topic in geography and other social sciences since the 1970s (Gamarnikow 1978). Most studies adopt a sectoral approach to address the characteristics of women business owners (demographic, education and training, work experience, competencies), or market sectors, including investment fields. Since the 1980s, geographers have addressed the interconnections of gender, work, and urban processes such as gentrification (Wekerle 1984, Rose 1987) and urban economic restructuring (Mackenzie 1986, England 1991). The confluence of women, work, and place (Kobayashi 1994, Hanson and Pratt 1995, McDowell 1997, Pratt 2004) provides the dynamic context in which to understand their experiences as entrepreneurs, and the ways in which women and men interact with the urban environment – including other people – in specific, spatially defined ways. Understanding the context in which gender variations occur is important, since gender is not a simple female/male dichotomy, but it varies according to cultural and social norms and practices in different places, and between developing (Ubogu et al. 2010) and developed nations (Díaz Muñoz 1995). As Calás et al. (2009: 555) point out, “a focus on gender relations brings the analyst’s attention not simply to the sex of participants as embodied actors but to the cultural production of their subjectivities and the material production of their social lives”.

Recent international studies expand our understanding of the spatial outcomes of women’s changing role in the urban economy. For example, the new technological sectors attract more and more women in non-specific activities, fact that leads to a re-thinking of the relationship among technology, place, and gender (Boyer 2006). Al-Hossenie (2011) suggests the need, especially in developing contexts, to understand women’s entrepreneurship in the context of the family and the national economy, emphasizing that both economic and social changes are involved. Brush et al. (2002) also make this point, by showing that women’s entrepreneurship is...
a channel not only to a better integration within the economy, but also to the development of social capital in general. Hood and Thompson (1994) go so far as to suggest that there is a link between successful entrepreneurship and citizen participation, because women use feminist principles in making charitable donations. Arapoglou and Sayas (2009), analysing changes in the operational structures of Athens, conclude that new ethnic and gender divisions, combined with residential mobility, introduce strong tendencies towards fragmentation in intra-urban space. Analysing the spatial fragmentation of High-Tech firms led by women in four large American urban agglomerations (San Francisco-Silicon Valley, Boston, Washington DC, Portland), Mayer (2008) confirms the theory that labour market fragmentation influences the distribution of companies led by women in the high technology fields.

A number of recent studies also emphasize the significance of social and cultural factors influencing urban spatiality. Mapping social networks shows the significance of support networks for women entrepreneurs (Audretsch et al. 2006, Trettin 2006) and that such networks empower women to contribute to the economic wellbeing of their surrounding communities (Bruni et al. 2004a, Bruni et al. 2004b, Court 2012). In contrast, Rosenthal and Strange (2012) argue that the spatial mismatch of home and work is more pronounced for women than for men. Because women are less networked than men, and commute shorter distances because of domestic duties, women-led businesses are less agglomerated, and less likely to be located in interactive centres of activity, with a concomitant reduction in elasticity of sales. Gender and other demographic characteristics then provide a possible basis for spatial mismatch across different national contexts (Preston and McLafferty 1999). There is strong consensus, however, that place does matter in forming the culture of entrepreneurship as well as the essential component of agglomeration (Glaeser 2010, Glaser et al. 2010).

In the formerly centrally-planned countries that include Romania, prior to 1989, entrepreneurship experience was almost non-existent, as private property was very limited and the cultivation of individual “entrepreneurial spirit” was practically forbidden. The main argument was that an ethic of individualism would destroy the basis for an equitarian society. Authorities often cited the first Marxist-Leninist thesis, which stated that “in the new society” each person’s contribution should be determined by individual work capacity, and the distribution of goods should be dependent upon needs. Notwithstanding that most of the countries that underwent an economic transition from a centrally planned to a market economy after 1989 cultivated leadership by promoting some women to high positions within the state. The women were much slower than men to develop entrepreneurial activities during a period of “social-economic rehabilitation” (Ianoș 2000), when men enjoyed both more extensive potential business contacts from the former regime, and a greater ability to travel throughout the country and internationally. As the rate of economic development accelerated through the 1990s and early twentieth century, however, women began to make spectacular gains to become a dynamic entrepreneurial force (Welsh and Dragusin 2006).

Our study expands upon the literature on gender and socioeconomic and cultural changes in the intra-urban areas of post-socialist transition countries such as Poland, Germany, the Czech Republic, Hungary, or the Baltic countries (Grabher and Start 1997, Pickles and Smith 1998, Pickles 2008, Marcińczak and Sagan 2011). Izyumov and Razumnova (2000) suggest that the circumstances of transition carry forward longstanding marginalization of women with the result that market reforms began, in the early 1990s, by shunting them into less lucrative micro-entrepreneurial activities. Although it is beyond the scope of this article to address the larger question of the differences between post-social transition countries and the larger international context, our results point to the need to understand women’s entrepreneurial activities according to the place-specific context in which they occur.

Romania remains one of the least studied of the post-socialist economies, although the analysis of Romanian statistics to date shows that in 2005, approximately 38% of small and
medium sized enterprises (SMEs) at a national level were led by women (Dragusin 2007). In Bucharest itself, the percentage was under the national average, due to the vast number of SMEs, but the capitol city soon caught up. The wage gap between men and women was cut by two thirds between 1991 and 2006 (Hordau and Pop Sitar 2009). Initially, women invested in small scale commerce and services, just like women from other developing countries (Loscocco and Robinson 1991), but gradually turned to clothing production, high technology, and especially media, beauty products, and art. Romania now has a recognized cadre of visibly successful business women.

This study examines the growth of women entrepreneurs in Bucharest, Romania, between the last two censuses (1992 and 2002), to explain their spatial pattern of residence, the relationship between domicile and quality of life across neighbourhoods, and the relationship between business activity and education, during a period of transition from a centrally planned to a market economy. We link demographic characteristics, including income and educational attainment, to business activity and economic restructuring, to show variations in spatial patterns at an intra-urban scale.

**Methodology**

We faced two methodological questions in developing our research strategy. The first was whether to think about entrepreneurial “changes” or about entrepreneurialism as a new phenomenon creating for the first time a business social culture. We chose the former on the grounds that we are examining not only the shift in business itself from an (almost) non-existent base, but also the incremental spatial changes to the built environment at an intra-urban level. The second question concerned the ways to separate the two categories: first, the women who own their own firms; and, second, the women who work independently. We chose to analyse the two categories separately at the macro-territorial level, but at the micro-territorial level, the analysis relates only to the first category, of women who own their own firms.

Statistical data for the 1992 and 2002 censuses were obtained from the Directorate of Statistics of Bucharest Municipality, based on highly detailed territorial referential units provided by the Urban Planning Centre of Bucharest City Hall. Between the two census years, the number of units was reduced from 160 to 154. This reorganization resulted in the elimination of undeveloped spaces, and therefore does not significantly affect our analysis. We also conducted 50 qualitative telephone interviews to investigate the relationship between home and work, the role of family support, and experiences of entrepreneurship at district level.

To explore the spatial changes of women entrepreneurs in the city of Bucharest we performed an exploratory spatial data analysis – ESDA (Anselin et al. 2006). The Moran’s test, as part of the ESDA, revealed the non-random nature of the variable clusters. The second step in our analysis relied on the autocorrelation of women entrepreneurs in space, measured with local indicators of spatial association (LISA). The presence of gaps in the census data map required several additional steps to remove them. The matrix construction followed a distance based approach of k-nearest neighbours. The k element represents the number of neighbouring units nearest to the core and this becomes useful because of the size variation of census units. As a final step, the analysis included the correlation of business women’s distribution with five other variables: the percentage of women with higher education over 20 years of age, the percentage of women having more than three children, the rate of female unemployment, the female population occupied in industry, and the population over 65 years of age.

Our analysis followed three stages. First we analysed the population variation of women entrepreneurs at a macro-territorial level using the administrative division of Bucharest into six sectors. Second we explored the distribution and the local spatial autocorrelation of women entrepreneurs. Finally we interpreted changes revealed by the LISA maps and used the results
of telephone interviews to provide contextual information on the patterns that emerged in the spatial analysis.

Study Area

The city of Bucharest is the capital of Romania. With a population of nearly 2 million, it has 9% of the country’s total population, over 18% of the employees nationally, 23.4% of total employees in the service sector, and it accounts for 20.6% of the GDP. Bucharest was among the few European capital cities to register almost 50% of the labour force employed in industry before 1989. The extensive industrialization of the capital, beginning in the 1960s, resulted in the development of large peripheral areas, where most of the industrial activities were located, in close proximity to large working class housing districts (Gavriș 2010).

The transition to a market economy in a large city such as Bucharest meant a fundamental shift in the structure of economic activities, as tertiary activities exploded to surpass secondary economic activities. In the decade following 1989, there was a rapid development of service industries, which had previously been underdeveloped, and deindustrialization resulted in a transfer of labour power to the tertiary sector. The rapid development of upscale tertiary activities (banking, finance, management, insurance, higher education) resulted in the concentration of capital away from smaller cities towards the capital.

Results and Discussion

Table 1 shows the spatial changes in the distribution of women entrepreneurs as a proportion of the labour force between 1992 and 2002. Whereas the proportion of women in the Bucharest population decreased very slightly (0.3%) over this period, there was a spectacular increase in the proportion of women who were entrepreneurs (13.9%), as well as a 3.5% increase in the female proportion of all entrepreneurs.

|           | 1992 Total labour force | Women (l) % | Indep women (l) % | Women of total (l) % | 2002 Total labour force | Women (l) % | Indep women (l) % | Women of total (l) % |
|-----------|-------------------------|-------------|-------------------|---------------------|-------------------------|-------------|-------------------|---------------------|
| Sector 1  | 107 283                 | 47.8        | 4.4               | 25.2                | 88 791                  | 48.2        | 22.1              | 30.1                |
| Sector 2  | 182 908                 | 48.7        | 2.5               | 25.7                | 153 124                 | 48.0        | 19.7              | 29.4                |
| Sector 3  | 195 236                 | 48.3        | 2.2               | 26.0                | 175 844                 | 48.0        | 17.7              | 28.5                |
| Sector 4  | 155 469                 | 48.3        | 2.0               | 29.5                | 130 592                 | 47.9        | 15.3              | 31.3                |
| Sector 5  | 125 112                 | 47.1        | 3.2               | 27.9                | 110 826                 | 46.9        | 10.9              | 30.6                |
| Sector 6  | 194 779                 | 48.5        | 1.2               | 25.1                | 166 478                 | 48.5        | 13.0              | 31.2                |
| Bucharest | 960 787                 | 48.2        | 2.4               | 26.4                | 825 655                 | 47.9        | 16.3              | 29.9                |

Source: Population Census 1992 and 2002, processed data

Sectors 1 and 2 stand out as the most entrepreneurially enterprising. It is interesting that in 1992, Sector 5 was in the second position, after Sector 1, but ten years later it had among the lowest levels of women entrepreneurs, less than half of Sector 1. These two sections are known to be polar opposites in terms of life quality: Sector 1 is considered to be Bucharest’s aristocratic area, with a wealthy population, and Sector 5 is the poorest, with several
neighbourhoods (Ferentari, Rahova, Sălaj) much below the average income of the city. In 1992, Sector 5 showed a number of small businesses and a lack of commercial and business culture, but suffered over the next decade both from a dramatic reduction in manufacturing jobs, and from a replacement of small businesses with commercial chains and supermarkets.

The most significant growth in the proportion of business women over the decade took place in Sector 6 (24.3%) and Sector 1 (19.4%). The advancement of Sector 6 is not surprising as it includes the “protocol district” – Drumul Taberei, visited by most of the head-of-state delegations that arrived in Romania before 1989. Drumul Taberei is now inhabited mostly by former employees who worked within the army or the police, and a university-educated population working in educational and administrative institutions.

The proportions of women holding entrepreneurial business licenses help reveal the changes that occurred in Bucharest (Table 2). Again, there is a significant increase (more than double) in the percentage of the labour force holding business licenses, and an even greater increase in the percentage of women entrepreneurs in the labour force. Women now make up nearly 40% of all licensed entrepreneurs. Sector 6, however, is the exception, where the proportion of women actually declined, although the overall percentages by 2002 were close to those for the rest of the city.

### Table 2

|          | 1992 | 2002 |
|----------|------|------|
|          | Licensed entrepreneurs, total labour force (%) | Licensed women entrepreneurs, total labour force (%) | Women of total licensed entrepreneurs (%) | Licensed entrepreneurs, total labour force (%) | Licensed women entrepreneurs, total labour force (%) | Women of total licensed entrepreneurs (%) |
| Sector 1 | 9.5  | 6.4  | 32.4 | 19.1 | 15.4 | 38.9 |
| Sector 2 | 6.8  | 4.2  | 30.3 | 15.6 | 12.1 | 37.2 |
| Sector 3 | 5.0  | 3.4  | 32.2 | 11.5 | 9.0  | 37.4 |
| Sector 4 | 5.3  | 3.4  | 30.7 | 13.3 | 10.9 | 39.0 |
| Sector 5 | 6.3  | 3.6  | 27.0 | 11.5 | 7.6  | 31.3 |
| Sector 6 | 6.6  | 7.0  | 51.1 | 8.4  | 6.5  | 37.5 |
| Bucharest| 6.4  | 4.6  | 34.9 | 12.7 | 9.9  | 37.1 |

Source: Population Census 1992 and 2002, processed data

The micro-territorial level analysis (of review units), which includes only women with entrepreneurial licenses, shows major variations in the distribution of license holders. The 1992 map (Fig. 1) shows their concentration in the central-northern part of the capital, in Băneasa, Domenii, Herăstrău, Primăverii and Floreasca districts, inhabited by the most wealthy social classes, continuing south to Tineretului, as well as the new residential area situated along Unirii Boulevard, located to the east of the Parliamentary Palace or the northern part of Militari district. The central-northern area is thus distinguished from the working class districts such as Apărătorii Patriei and Berceni to the south. The asymmetry between the northern and southern parts of the city is very clear.

The 2002 map (Fig. 2), reveals a stronger concentration in the central area, and it shows a clock-wise rotational movement with a stronger and more compact concentration in the central districts (Sectors 1, 2, and 3). This movement coincides with a re-grouping of the wealthiest inhabitants into the central area, which is characterized by the “villa” type of housing, built in the interwar period. In contrast, two low-value areas stand out at the opposite ends of the city, which include some of the poorest neighbourhoods of Ferentari, Rahova, and Giurgiului in the south and Chitila, București Noi, Dâmăroaia, and Străulești in the northwest.
In order to try to explain this distribution of women entrepreneurs \( (Y) \) in 2002, we correlated five other demographic characteristics: the proportion of women with university studies \( (X_1) \), the proportion of women in service occupations, the proportion of women in industry \( (X_3) \), women
having more than three children (X4), and the unemployment rate (X5). The matrix of Pearson coefficients for these variables shows that there is a direct correlation, relatively significant, with the population having university studies (Table 3), and there are much weaker inverted correlations with the women’s occupation in industry and services. The R² test confirms a connection between women with university education and business women. This finding is supported by interview data, which indicate that in the last eight years this correlation has become much more significant. There is a clear segregation between women managers/employers and women workers from the services field. There must be mentioned that, at the beginning of the transition period, the correlation was positive, while most of business women were developing their activity in small firms centred upon ordinary commerce.

Table 3

|     | Y     | X1     | X2     | X3     | X4     |
|-----|-------|--------|--------|--------|--------|
| Y   | 0     | 0,523  | -0,454 | -0,474 | -0,390 |
| X1  | 0     | 0      | -0,837 | -0,844 | -0,793 |
| X2  | 0     | 0,997  | 0,885  | -0,313 |
| X3  | 0     | 0      | 0,881  | -0,327 |
| X4  | 0     | -0,415 | 0      | 0      |

Source: processed data

Placing Women Entrepreneurs in a Neighbourhood Context

We conducted telephone interviews with 50 women entrepreneurs between January and February 2009. There have obviously been changes between 2002, the last year for which census data were available, and the time of the interviews, but our findings based on the residential location of those interviewed are consistent. Women were asked to indicate their age, level of education, length of time in business, where they received their ideas for their capital from, the size of their businesses, the scope of their business (city-wide, Sector wide, or limited to a neighbourhood), and their future plans. In the wealthier Sectors of the city, 60% of businesses owned by women operated at a level beyond the neighbourhood, with city-wide services including consultancy, design, and architecture, the beauty industry, the arts, or retail sales of imported goods. Not surprisingly, those in the wealthier neighbourhoods have higher levels of education (at least high school, and over a third with higher education), stronger capitalization from both family sources and banks, and larger operations, some even multinational in scope. The majority of these businesses involved more than ten employees. They also had more expansive plans to develop their businesses over time.

In the poor Sectors, 80% of women entrepreneurs operate only at neighbourhood level, with smaller operations, the majority having three or fewer employees. Over 92% of the firms belonging to women who live in poor districts are centred upon food and non-food commercial activities, and food services. Very few of those operating at neighbourhood level had higher education than a high school degree, and about one quarter of women had not graduated from high school. Interestingly, the majority of those operating at neighbourhood level received their inspiration and support from others (usually husbands, sometimes parents), while those in the wealthy areas relied upon their own ideas, a finding that makes sense given their higher levels of education and training.
Conclusion

Our study of the distribution of business women in Bucharest shows the capacity of the female population to develop entrepreneurial activities in the two decades of transition from a centrally planned economy, as well as the speed at which this development has occurred. In a city whose population doubled over the first transition and where the service and commercial sectors grew very rapidly, women entrepreneurs were an important part of economic development trends. The women’s business sector has played an increasingly important role in restructuring the city’s economic base. As the market economy developed, business women have tended to concentrate in the central areas, where both their residences and their firms are located. The result is an increasingly large gap between the socio-economic circumstances of the central city, where the wealthy are concentrated, and the suburbs that were built during the period of socialist industrialization. This process has reinforced social segregation across the urban districts.

The story goes beyond spatial distribution, however, and it shows the need to distinguish among different types of entrepreneurial activities for different residential areas of the city. Those in the wealthier, architecturally attractive central neighbourhoods take advantage of the greater access to financial capital (from both banks and family), as well as to higher levels of human capital, mainly through education, and access to a larger market and a much larger scope of operations. Those in the poorer, peripheral areas operate more locally, in much smaller-sized firms, usually having one-two employees catering to the needs of the neighbourhood inhabitants. Our 2009 interviews, although based on a relatively small sample, would indicate that the process of social segregation is becoming both more pronounced and more strongly spatially concentrated.

Our findings are preliminary and indicate the need for much more extensive research on the conditions in different neighbourhoods, and more in-depth qualitative work on the experiences of women entrepreneurs, including the importance and availability of education, the role of family members in providing support, and the significance of the slippery issue of cultural capital in providing the means, the motivation, and conditions of success for the women entrepreneurs. Our findings also echo those of other international studies that show that women’s entrepreneurial activities are an important part of the economic development, but that a re-framing of entrepreneurship as social change (Calás et al. 2009) is required in order to understand the various kind of changes that women’s activities bring, especially in the context of the transitional socialist city, where a wide range of changes are taking place simultaneously. We can tentatively say that the built form of the city, especially in terms of the inherited architecture, is a very important aspect of social differentiation, and that once the process of socio-economic segregation quickens it tends to reinforce very quickly the differences that occur across the city.

Our results lead us to suggest that entrepreneurial activity is not itself, therefore, a panacea for improving the conditions of women in the city. Women in poorer neighbourhoods seem to have a much strong spatial mismatch (not surprisingly) as they operate in locales farther from the economic centre, while women in the wealthier districts benefit in fact from the concentration of economic and social advantages. In the case of Bucharest, the spatial mismatch is exacerbated by the fact that the higher quality of housing and financial resources is concentrated in the central city as opposed to the suburban areas that were developed during a period of centrally planned industrialization and have suffered a decline since the economic transition began.

In terms of public policy, our findings suggest, along with a number of other studies that we cited earlier, that access to education is of key importance, but so is the access to capitalization. Beyond public policy, however, we can suggest a need to examine further the
less tangible factors that include the qualities of the neighbourhood environment, the role of
family support (without which we suspect that women in poorer neighbourhoods would have a
much more difficult time), and the importance of cultural capital as a basis for entrepreneurial
development.

References

AL-HOSSIENIE C. A. (2011), Socio-Economic Impact of Women Entrepreneurship in Sylhet City, Bangladesh, BDRWPS 12, 1-22.
ANSELIN L., SYABRI I., KHO Y. (2006), GeoDa: An introduction to spatial data analysis, Geographical Analysis 38 (1), 5-22.
ARAPOGLU V. P., SAYAS J. (2009), New facets of urban segregation in Southern Europe: gender, migration and social class change in Athens, European Urban and Regional Studies 16 (4), 345-362.
AUDRETSCH D. B., KEILBACH M. C., LEHMANN E. E. (2006), Entrepreneurship and economic growth, Oxford University Press, Oxford.
BOYER K. (2006), Introduction: Gender, space and technology, ACME: An International E-Journal for Critical Geographies 5 (1), 1-8.
BRUNI A., GHERARDI S., POGGIO B. (2004a), Doing gender, doing entrepreneurship: an ethnographic account of intertwined practices, Gender, Work & Organization 11 (4), 406-429.
BRUNI A., GHERARDI S., POGGIO B. (2004b), Entrepreneur-mentality, gender and the study of women entrepreneurs, Journal of Organizational Change Management 17 (3), 256-268.
BRUSH C. G., CARTER N. M., GREENE P. G., HART M. M., GATEWOOD E. (2002), The role of social capital and gender in linking financial suppliers and entrepreneurial firms: A framework for future research, Venture Capital: An International Journal of Entrepreneurial Finance 4 (4), 305-323.
CALÁS M. B., SMIRCICH L., BOURNE K. A. (2009), Extending the boundaries: Reframing "entrepreneurship as social change" through feminist perspectives, The Academy of Management Review 34 (3), 552-569.
COURT K. L. (2012), Mapping the economic contribution of women entrepreneurs, International Journal of Business and Social Science 3 (1), 136-144.
DIAZ MUÑOZ M. Á. (1995), Género y estructura urbana en los países occidentales, Anales de Geografía de la Universidad Complutense 15, 267-279.
DRAUSIN M. (2007), National and regional women entrepreneurs’ network, Romanian Journal of Regional Science 1 (1), 81-90.
ENGLAND K. V. L. (1991), Gender relations and the spatial structure of the city, Geoforum 22 (2), 135-147.
GAMARNIKOW E. (1978), Introduction to Special Issue on Women and the City, International Journal of Urban and Regional Research 2 (3), 390-403.
GAVRİŞ A. (2010), Elements of the urban image in large habitats of Bucharest, Journal of Urban and Regional Analysis 2 (1), 71-80.
GLAESER E. L. (ed.) (2010), Agglomeration economics, The University of Chicago Press, Chicago.
GLAESER E. L., ROSENTHAL S. S., STRANGE W. C. (2010), Urban economics and entrepreneurship, Journal of Urban Economics 67 (1), 1-14.
GRABHBER G., STARK D. (eds.) (1997), Restructuring networks in post-socialism, Oxford University Press, Oxford.
HANSON S., PRATT G. (1995), Gender, work and space, Routledge, London.
HOOD J. N., THOMPSON J. K. (1994), Care and connection: A study of gender differences in charitable contributions of small businesses, Journal of Business and Entrepreneurship 6 (2), 73-89.
