

# RESEARCHING THE GENDER ASPECT IN BUSINESS DEVELOPMENT (THE CASE OF MOLDOVA, UKRAINE AND BELARUS)

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## Abstract

*The SME sector covers economic operators that substantially differ by many parameters: size of enterprises, types of activity, etc., including entrepreneurs' characteristics – their ethnic, gender, age and other peculiarities. The specificity of different groups of enterprises and entrepreneurs is important both for attracting attention of the society to their problems and for the elaboration of business regulation policy on local, national and international levels.*

*The purpose of the paper is investigation of characteristics of female entrepreneurship in some countries with transition economy – Moldova, Ukraine, and Belarus. In particular, possibilities of women–entrepreneurs to access different types of resources are presented, peculiarities of women's character that influence the entrepreneurial activity are elucidated, need of governmental assistance to women that initiate and develop own business is examined. Common characteristics and some peculiarities in the female business development in the three countries are outlined. The investigation is based on results of questionings and interviews with women – owners and managers of enterprises, first of all, SMEs, from Moldova, Ukraine, and Belarus.*

**Keywords:** *SMEs, female entrepreneurship, countries with transition economy.*

## Introduction

Since 1990<sup>th</sup>, in the New Independent States, including Moldova, Ukraine, and Belarus, the process of business establishment, where both men and women participate, is ongoing. Although the legislation that regulate entrepreneurial activity in the three countries declares equal rights for all citizens disregarding their gender, the real state of men and women in the social and economic life, including, business is different.

The attention paid lately by researchers and politicians from different countries and international organisation to gender problem is conditioned by its importance. The opinion of unequal possibilities of men and women in the contemporary world is widely spread and it concerns many countries, spheres of activity, and groups of population.

The purpose of supporting women in business is to offer those equal conditions and possibilities, but not facilities. In spite of importance and potential of female business in transition economies, this group of enterprises is not paid enough attention to.

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The authors start from the point that female entrepreneurship, as a part of business community, mainly has analogical characteristics and faces similar problems as men-entrepreneurs do. Anyway, it makes sense to pay attention to existent peculiarities of women activity in business for a better consideration of their needs and problems, as they form a considerable part of entrepreneurship and have a substantial economic potential.

In the paper, some characteristics of female entrepreneurship in transition economies on the example of Moldova, Ukraine and Belarus are investigated. The elucidated peculiarities allow to precise more clearly the characteristics of different groups of entrepreneurs. At the same time, they can be taken into account in the elaboration of business regulating policy at national and regional levels, as well as, in the activity of institutions of infrastructure oriented to women-entrepreneurs.

## Literature review

In many economies, female entrepreneurship for decades has been subject of research and discussions as a way of solving economic and social problems of the society due to the potential of women and, lately, due to the tendency of women to develop own carrier along with men. However, according to Baker et al. (1997), only 6-8% of surveys on entrepreneurship are related to female entrepreneurship. From existed investigations can be outlined that between male and female entrepreneurship there are many similarities, at the same time, obvious differences persist, as well (Birley, 1989; Cromie, 1987; Alsos and Ljunggren, 1999;). The purpose of this kind of surveys is to determine decision making bodies and business community as a whole to understand the situation and to contribute to creation of an adequate business regulating framework which would take into account the distinctions and will stimulate the women start-up (Kjeldsen and Nielsen, 2000).

Today, the preoccupation of researchers from developed countries is to explore the dimension of female business more deep and wide. McClelland et al. (2005) focus on the two dimensions: 1) the development of female-owned enterprises from inception to maturity; and 2) their growth not only in domestic but also in international markets.

In Ukraine, the analysis of gender problems in business is subject of investigation for more and more researchers. Among them, first of all, must be mentioned works of Zhurzhenko, Dovzhenko, Turetskaya, where change of the state of women in society is analyzed more detailed (Zhurzhenko, 1999; Dovzhenko, 1998; Turetskaya, 2001).

In Moldova and Belarus less researches of gender aspect in business are undertaken (Eliseeva, 2004; Lukashova, 2004; Petina, 2004). Based on the results of the international project "Female Entrepreneurship in Transition Economies: the Example of Ukraine, Moldova and Uzbekistan" and other projects, F.Welter, D.Smallbone, N.Isacova, A.Slonimski, E.Aculai and others published a range of papers where different aspects of female entrepreneurship are identified – its potential, main characteristics, barriers and factors that contribute to its development, the role in the development of region (F. Welter and others, 2003; F. Welter and others, 2002, D. Smallbone and others, 2001, N.Isacova and others, 2004; E. Aculai and others, 2006).

Lately, problems of women in business have been actively discussed in business community and media. For instance, in March month of current year, in Chisinau (Moldova) the national conference "Women-entrepreneurs in a changing world" took place, that found a sound response in newspapers and television.

In general, the problem of female entrepreneurship in Ukraine, Moldova and Belarus still needs investigation. One of the obstacles of investigation is lack of official statistics. This fact impedes realization of detailed analysis of activity of enterprises where women are business

owners/ managers. Another one is the opinion that today doesn't make sense to differentiate female entrepreneurship, when the whole SME sector needs attention and support from government.

## **Background Teoretic**

The present paper material is based on the results of several projects, including the international research project "Female Entrepreneurship in Transition Economies: the Example of Ukraine, Moldova and Uzbekistan", realized with the financial support of INTAS (00-843) and oriented to the identification of gender aspect in the entrepreneurial activity. A determinant contribution to the project realization – discussion of methodology and results – had the project coordinator prof., dr. Friederike Welter (University of Siegen, Germany) and prof., dr. David Smallbone (Kingston University, Great Britain). During the project realization, questionings and interviews with women and men - owners and managers of SMEs from different regions of the countries participating in the project where undertaken. (Female entrepreneurship in the Ukraine, Moldova and Uzbekistan: National Report on Survey Data for the Ukraine. – prepared by N. Isakova, O. Krasovska, O. Lugovy, L. Kavunenko; Female entrepreneurship in the Ukraine, Moldova and Uzbekistan: National Report on Survey Data for Moldova. – prepared by E. Aculai, N. Rodionova, N. Vinogradova).

Besides, results of other projects – international and national – realized during 2001-2007 years and oriented to entrepreneurship investigation that at some extent concerned gender problems where utilized.

The main research method in all projects was questioning and semistructured interviews with women-entrepreneurs from Moldova, Ukraine and Belarus.

## **Research of the gender aspect in entrepreneurship**

Identification of the peculiarities of female entrepreneurship can be base both on objective data, which confirm existence of differences in business conditions for representatives of different genders and on subjective opinion of women on their problems in business.

### *Size of female entrepreneurship in Ukraine, Belarus and Moldova*

The published statistical data in Ukraine, Belarus and Moldova are not sufficient for the quantitative evaluation of the size and potential of female entrepreneurship. There is no solid data even about gender structure of proprietors of the enterprises, especially about parameters of their profitability, priority spheres, dynamics of development, etc. Relying on results of different investigations we can judge about separate parameters of entrepreneurship development with gender aspect.

For example, in Moldova, according to results of our previous projects, women represent around 1/3 of Moldovan entrepreneurs – owners or managers of SMEs (Aculai et all. 2006). Among them, about 25% of SMEs are women-owned (Fomin, 2008). In Belarus, according to authors' estimation, the share of enterprises managed by women is around 30-35%. Based on the demographic situation in the republic and the results of questionings, some researchers assume that the share of SMEs managed by women is even higher – around 50% (Eliseeva, 2003).

Results of several investigations have confirmed that enterprises owned and managed by women are usually SMEs with limited resources and possibilities, therefore, necessitating a special support. In Ukraine, according to one of the general business surveys (Gray, Whiston, 1999), 50%

of all enterprises with zero employed were women-owned. Among enterprises with 1 to 5 employees women business comprise 26,8%, and among the with 1 to 50 employees women business comprise 30%. The results for firms without employees are not surprising. Many of the small vendors seen in street markets of Ukraine are women.

#### *Access to resources*

The opportunity of attracting resources at stages of business initiation and development is an important condition of a successful activity. Questionings and interviews have shown that access of women - entrepreneurs to some kinds of business resources is more limited.

It is known, that lack of capital essentially affects development of business in all three countries. The given problem affects activity of women - entrepreneurs more sharply. For example, in Ukraine the mentioned problem was noticed as main at the moment of questioning by 24 % of women and 8 % of men engaged in business activity. Thus for search of sources of financing, the woman and the man tried different opportunities: women preferred to use personal savings or to address for financial support to other members of the family or friends, while men more often addressed for the credit in bank.

In Moldova, the problem of access of entrepreneurs to financial resources also stands sharply enough and gender differences exist: lack of capital was mentioned as the main problem by 14 % of women and 3 % of men. More than that, the Moldovan women face essential restrictions with regard to sources of financing. They not only relatively less often than men use bank credits, but also more seldom use family means and address for financial support to relatives. In interviews they explained it basically by reason of existing traditions in family and society. In many families, it is privately considered, that the assurance of means of living for family is, first of all, a duty of the man. He has also more rights, opportunities for use of family money resources, and it is easier to him to receive a loan from relatives.

Quite difficult is the problem of financing for women at the stage of initiating their business. In Belarus, women that opened own businesses basically used personal savings or loans from relatives and friends. Only few women managed to receive a bank credit or found an investor.

Considering the problem of access to resources in the historical plan, in the 1990<sup>th</sup>, women less often than men established their businesses by privatizing the state property. And gender distinctions are relatively more essential in Moldova. According to the carried out questioning, in Moldova, as a result of privatization, only 4 % of the "female" enterprises have been created, at the same time, 13 % of men have taken advantage from privatization opportunities. In Ukraine there are less gender distinctions: as a result of privatization 5% women and 7 % of men have created enterprises.

The results of monitoring of the Institute of Sociology of the National Academy of Science of Belarus, that reflect, including, development of female business, allow to note, that the majority among those who goes in business, organize it independently. O.Lukashova considers that the practice of purchasing before created enterprises or transfer of business by right of succession has not received yet a wide development. In result, 82 % of women have independently opened the business; 18 % of women have redeemed a share in already existing enterprise (Lukashova, 2004).

Analyzing access to resources, it makes sense to take into account both opportunities of maintenance with finance, consultations, information and limited time resources of some categories of entrepreneurs. In this context, it is necessary to notice double task of women who, as a rule, should combine business with domestic duties. The prevailing majority of women involved in business activity, including owners and main managers, participate in domestic duties (education of children, care of other relatives, etc.). In Moldova, only 6% of the interviewed

women engaged in business have noted, that they are not involved in domestic duties, among men there are such 22%.

In Ukraine, 5% of women, practically, are not occupied in domestic duties and 37% of men.

In the interviews carried out in Belarus, it is precisely observed, that women were able to combine successfully business and family duties, basically, when they received support from close relatives. For example, if their mothers helped with the children care, or they had rich husbands and presumed to take advantage of nurse service.

### ***Impact of women character on the results of entrepreneurial activity***

The researches have shown differences in psychology and behaviour of entrepreneurs of different genders.

For example, though enterprise activity by definition is always connected to risk, the tendency of women to risk is much lower. In particular, because of fear of risk, women try to avoid bank credits. So, an owner of the transport company in Kiev (Ukraine) did not dare to open the business until has collected all sum necessary for it in spite of the fact that the bank credit would allow her to make it much earlier.

The conclusion about unwillingness of women to risk is confirmed also by results of a self-estimation of women engaged in business. In particular, during a self-estimation, such quality as propensity to risk, was given by women in Moldova the lowest point - 2,98 (on a 5-mark scale). Ukrainian women-entrepreneurs appeared more self-assured and inclined to risk. Their self-estimation has made 3,54 points, that is higher than the parameter of Moldovan business-women, but, nevertheless, is lower than that of Ukrainian businessmen (4,14).

The interviews with women - entrepreneurs, carried out in Belarus within the framework of the research project on cross-border cooperation, have added "portrait" of the woman in business. As women appreciate stability and predictability, they are more cautious, try to find out full details – what to do and how to behave in different situations, what are the "rules of game" - in order everything to be considered beforehand. Frequently women do not have enough positive examples, so called "samples". They need to see how other women achieve success.

As a problem at the stage of establishing the business, some Moldovan women, sometimes mentioned psychological factors - shame, remorse. For example, the elderly teacher of school from Chisinau, starting to be engaged in tutoring, tested the big inconvenience, considering that teaching children is her work, and taking money for that is uneducationally, against conscience.

Interviews have shown that for potential and starting business-women psychological preparation play a special role. Women, especially in province, rarely take into account the opportunity of solving their financial problems by means of opening a business. Moreover, mentality of a part of citizens, especially the senior generation, impedes entering of women in business. In Moldova, till now family traditions with regard to girls' education don't foster the development of qualities needed in a business activity. In Ukraine, especially among urban population, traditions do not play such a main role.

In Belarus, women intending to initiate a business, also face internal barriers linked with existence of traditional stereotypes. Researches have shown that the woman definitely can rely on support of family and wider environment if she is engaged in domestic affairs, has a permanent job and stable earnings. In business, which demands risk, ingenuity and self-offering, society and frequently family, are not always ready to support the woman. As a rule, women have no place to address for the help. Especially, it concerns women living in small country towns, in a countryside where problems of unemployment and poverty are sharpest (Petina, 2004).

That fact that women, at least, in the countries with transitive economy, prefer to work in certain sectors (education, health service, social services, etc.) is well known. The carried out

interviews have shown, that in the certain directions of activity women are considered more successful, in others - on the contrary. According to female respondents, women in Ukraine are more successful in such areas as "growth of sales" (43,3 %), personnel management (42,7%), market development (36,6%). Women felt as weaknesses the following areas: exporting (39,4 %), innovation (36,9 %), production (36,8 %). Men were more critical of women's abilities in business. Actually, almost in every aspect of running business the majority of male respondents answered that "women are less successful".

Among women that recognized the influence of gender, there are opposite opinions concerning positive or negative impact of it on the effectiveness of their business development.

Thus, in Ukraine, only about 5 % of women have specified, that gender is an obstacle in the dialogue with authorities, whereas the majority (54,9 %) have told, that on the contrary, it helped. Also women have noted positive influence of the gender on dialogue with suppliers (63,5 %), customers (54,0 %) and other businessmen (54,9 %) and only in dialogue with bank structures the gender did not play a role for 74,7 % of women.

Not always is possible to identify precisely, whether the concrete case displays gender discrimination, or it is conditioned by other reasons. For example, in Ukraine there was a case when gender and age of a young woman turned into obstacles for business initiation. The firm has been created with use of means of the American grant with the purpose of realization projects in ecological field. In the respondent's opinion, in the beginning, the attitude of nongovernmental organizations and official bodies towards her enterprise was negative. When she started preparations of the first seminar, she faced threats and blackmail. The respondent explains such attitude, first of all, by conditions in city where nothing new is encouraged. The attitude of nongovernmental organizations was determined by their unwillingness to have a new competitor. The respondent considers that her age and gender have aggravated the negative attitude, as women, especially young, in business are not treated seriously, as an equal. At present the situation has improved due to high quality of services rendered by the enterprise.

While acquiring entrepreneurial experience, women more rarely connect their problems with gender aspect. Thus, 71 % of Moldovan women, at the moment of questioning didn't relate their problems of business development to gender (at the stage of business establishment, there were 60 %). In Ukraine the situation is similar - 68,2 % of women do not connect the initial difficulties with gender, further - there were 76,7 %.

## Conclusions

The gender distinctions presented in the paper had the purpose to capture the attention of business association, institutes of support and the state on the need to take into account the peculiarities of different groups of entrepreneurs.

Women, as a part of business - community, simultaneously represent a special group of entrepreneurs which specificity is determined, first, by features of character of the "weaker sex"; second, by the difficult access to internal and external resources and traditions prevailing in the society.

In many interviews it is marked, that women are aware of their peculiarities - there are some "female" types of business, "a large business for men is a small business - for women". But as a whole, the antagonism was not present in relations between business women and businessmen. Many respondents - women displayed examples of good, equal in rights relations with business partners of a male. Examples of gender discomfort or discrimination were observed only in cases with young women, which could be caused both by gender and age prejudices.

The majority of interviewed women count, that the Government and local bodies should pay a special attention to them. It is indicative that the majority of the interviewed men also have answered this question affirmatively, that has actually recognized presence of the distinctions concerning female and man's business.

The need of women in special attention from the government differs for separate groups of entrepreneurs. More often the need was mentioned by elder entrepreneurs, starting entrepreneurs, and owners/managers of low profitability enterprises.

Women-entrepreneurs have specified the following measures which, in their opinion, could promote development of female business in the country:

- Improvement of legal regulation of business and development of programs specially focused on support of women-entrepreneurs.
- The positive attitude to female business, change of the traditional attitude of society towards women.

In order to develop female entrepreneurship it is necessary also to develop social partnership between authorities and business. Acceptance of measures on development of a female business network which in due course can be engaged in protection and lobbying of interests of women - entrepreneurs is expedient. Nevertheless, at present, real measures of both government and business support institutions on development of female entrepreneurship are obviously not enough.

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