



# Barriers and drivers of women's entrepreneurship in Belarus

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*We have conducted the number of interviews with female entrepreneurs and top managers of Belarusian companies. During the interviews we have identified four groups of factors that prevent women from starting up or developing their businesses. These barriers include the social pressure and family responsibilities; gaps in education; lack of managerial experience and strategic orientation; general challenges of entrepreneurial ecosystem and macroeconomic instability. We propose recommendations to stimulate female participation in business, which include: introduction of new role models; development of the infrastructure for women's work-family balance; promotion of academic and business education which takes into account gender-specific needs; financial and information support as well as initiatives to develop social capital.*

## **1. Introduction**

The women's entrepreneurship is not just a question of gender equality but the case of economic priorities. The presence of women among decision makers is beneficial for company's performance, effectiveness and innovativeness (Akulava, 2016). According to global survey of 21,980 firms from 91 countries, the increase in the share of women in the board of directors from zero to 30 % associates with a 15 % rise in profitability (Noland, 2016). Furthermore active women's participation in business contributes to economic development in transition countries (Aidis et al, 2007), where female entrepreneurship mitigates

discrimination effects, balances the labor market and promotes successful role models for younger generations (Brush et al, 2009; McManus, 2001).

But we know relatively little about the state of women's engagement in economic governance in Belarus. Belarus is one of the 15 countries around the world in which Human development index for women is equal or higher than for men (UNDP, 2014), which may indicate relatively high level of women capabilities and their potential in business. At the same time there is no adequate statistics on the share of male and female owners of Belarusian enterprises and their contribution to business effectiveness and innovativeness, except for World Bank Enterprise Surveys, which involved 32,7% of firms with female top manager and 43,6% of firms with female participation in ownership in Belarus (The World Bank, 2013). The provided numbers on female participation in management and firm ownership look relatively good in comparison with other countries from Eastern Europe and Central Asia. However those businesses do not generally belong to high-tech industries and normally are marked with relatively low profit margins. Women are well presented in retail and services, but are thinly represented in manufacturing and construction sector. The average size of man-owned company in Belarus is 78 people, for woman-owned – 50. At the same time the research of European Bank of Reconstruction and Development shows that for every 10 men taking loans for the development of their own enterprise, only one woman attracted the same loan. Furthermore the probability of loan rejection is 55% higher for women than for men in Belarus<sup>1</sup>. Potentially this may be a sign of discrimination and constrains women's economic activity.

Current policy paper aims to uncover individual, social, economic and cultural barriers that affect economic behavior and career choices of women as well as introduce new drivers for female entrepreneurship in Belarus. For this purpose we conducted interviews in 3 focus-groups with the involvement of women from Belarusian business. During interviews we identified and discussed all reasonable opinions on existing barriers for female economic activity.

We obtained a number of internal and external barriers in existing business environment for women, which were categorized as follows: barriers concerning social roles, educational patterns, decision making process and general macroeconomic factors. The lack of new successful role models, infrastructure for work-family balance as well as business knowledge was mentioned most commonly.

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<sup>1</sup> These numbers were presented by EBRD representatives during the conference "Business Territory: Women's View"(Minsk, 2017) <https://myfin.by/stati/view/9224-bolee-7-mln-dollarov-v-kredit-poluchili-belorusskie-predprinimatelnicy>

In the next section we discuss the methodology of the research. Section 3 describes the barriers of women's entrepreneurship and section 4 concludes with policy implications and future research directions.

## **2. Methodology**

The research was conducted in September, 2017 in a form of interviews in 3 focus groups. Each focus-group included 7-12 women. Following sectors were presented: IT, travel, retail, wholesale, recruiting agency, pharmacology, petrochemical production, food production, fashion and design, social entrepreneurship projects. First focus group included top managers and business-owners, who graduated from EMBA program in IPM business school (Minsk); second focus group involved female entrepreneurs from Belarusian regions, who participated in the project "Business ideas competition" in 2016-2017 years; the third group included active participants of the project "ProWomen", which conducts educational and networking events among women from Belarusian business.

The objective of the interviews was to identify all the barriers and obstacles in existing business environment for women. The interviews took 1-1,5 hours each. During the interviews number of questions was asked and discussed concerning general information about respondents and their businesses; their perception of business environment; their perception of barriers and drivers in business related to stereotypes towards women in society, related to the role of family and children, education, career, women's decision making process, financial assistance and friends and family support. We structured the obtained opinions in four groups and emphasized the most frequently mentioned ones.

## **3. Barriers of women's entrepreneurship in Belarus**

According to research results the main barriers and obstacles in existing business environment for women in Belarus refer to the following groups: variety of social roles, business education, managerial practices and strategic development, general challenges of business environment.

### *3.1 Variety of social roles*

When asked about barriers and drivers in starting own business the majority of respondents mentioned the fact that woman have to combine work and family. And although women are

known to be better in multitasking, relevant responsibility level and pressure may become overwhelming:

*“Barriers emerge because women typically have to balance numerous roles: boss, wife, mother, even daughter. Own business is a challenge, but this balancing is even more challenging. When mother devote much time to business it involves a certain sense of guilt. And this barrier is formed not only by women herself but also by society she lives in. Woman decides to step over this barrier if she gets some moral support, or if she is very ambitious, or when acute need happens.”*

Respondents also admitted that the household responsibilities are hardly shared with the partners and remain mostly among female tasks. They do more than 50% of the housework. This is particularly so with childcare. This finding follows the official statistics, according to which women spend on average 4 hours and 36 minutes a day on household care, whereas this activity takes only 2 hours 17 minutes among men (National statistical committee of the Republic of Belarus, 2016).

However having children sometimes becomes very strong motivation of not returning to employee position. Flexible working time is rarely available for majority of salaried employees. Own business takes time and effort but owner is in charge of this (at least referring to self-employment and small business):

*“As an owner I can plan my time, develop my competences in prescribed pace. If I were in corporate business I couldn't work 8 hours per day and should have taken maternity leave. But such a pause would negatively affect my income and career path.”*

On the other hand it occurs widely that women during parental leave bake a pies, knit, make soap etc., which serves as an extension to their hobbies and is settled as “proper female business”. But these businesses bring low revenues and are hardly scalable.

The perception of managerial practice also differs under the influence of social roles:

*“If a man cracks the whip – he is right, he a strongman. But if a woman plays hardball – she is perceived very negatively.”*

The variety of social roles and sense of responsibility constrains women from risk. For example, women will use personal savings or borrow money from family and friends rather than pawn

property in order to start or develop business (Gundry, 2002). But risk aversion and challenges in decision making appears not only in financing but also in minor things. In this case woman always needs approval whether from family cycle or from society in general:

*“During interviews men state that they would like to start up own business way more often than women. Women rarely have such ambitions, they immediately mention the need for financial support, understanding from family, trusted business partners<sup>2</sup>.”*

Finally women in Belarus are lacking new role models: the success stories of business owners and top-managers among women rarely appear in media landscape. People tend to account woman’s success by her family’s support, generally do not take into account the role of the entrepreneur in jobs creation or tax payments. The perception of female owner in society is far from inspiring:

*“Sometimes I give my card [with director title] with caution.”*

### *3.2 Academic and business education*

Most of respondents admitted that their basic university education had influence on the sphere of their career choice and/or future business. Lack of technical background is one of the main reasons why women are less well represented in manufacturing and construction sector (Vossenbergh, 2013). No one from the respondents had technical background:

*“Girls don’t go to technical university or university of informatics and radioelectronics. They most commonly embrace a profession of accountant, lawyer, economist.”*

It appeared that postgraduate business education is challenging for women due to time constraints:

*“I can combine family and business. But family-business balance and business education at the same time – it is too much. It is impossible.”*

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<sup>2</sup> The respondent is a co-owner in recruitment agency and mentions the job interviews, which she conducts by herself.

Another problem which constrains women from getting high-quality business education is low budget staff development in microbusiness and low-profit sectors:

*“Of course that would be great to do MBA course. But I cannot afford it. Look at those who take it – mostly they are from large businesses and flourishing industries. And prevailing audience are men.”*

### *3.3 Managerial practices and strategic development*

Respondents admitted that the lack of knowledge, skills and managerial experience retard their business' development. Break in career during maternity leave affects lack of experience and slower career development:

*“When my female schoolmates are having second maternity leave, sitting at home and have no industry experience at all – my male schoolmates are getting first promotions, becoming department supervisors etc.”*

Career gaps not only result in lack of knowledge and experience, but also in lack of networks obtained at work. Also notwithstanding the ability of women in communications, there appears the problem of entering the “powerful male networks” (Vossenbergh, 2013), where important acquaintances and contacts are accumulated.

Another problem which is closely related to business development is shifting away from operational management. Some of the women emphasized the willingness to deal with strategic development, but lack of personnel or inability of delegacy:

*“I have so many ideas, I would like to bring in new product, to start joint projects. But I don't have time for these plans, I work with clients from dawn to sunset during peak season [in travel agency].”*

Lack of information support was mentioned as a threat for business development in regions:

*“The association of travel agencies exists in my region. They cooperate closely with some donors from abroad, implement educational projects and common initiatives. But I don't have access to them, they don't affiliate new members and don't share the information. This is club for privileged owners.”*

Respondents considered own business as convenient opportunity to balance family and self-development. But in case of medium and large business it is no longer easy to devote much time to family as it used to be – that could be another reason of not developing business.

None of respondents from small business have ever taken loans. High risks were named as reasons for this as well as uncertainty and lack of more or less long-term planning. Women prefer borrowing from family or friends, or use their own savings. Respondents also admitted that they prefer not to invest much during start up phase. However those of them, who said this, operated in low capital intensity sectors (web-design, travel agency, recruiting firm). Risk averse behavior and fear of mistakes are widely explained in research on psychological aspects of women's decision making process in business (Gundry, 2002; Klapper & Parker, 2010). This was also confirmed during interviews:

*“Women are different than men in decision making. We take into account many factors. If a woman does not feel 90 % sure, she thinks she will make mistake. That is why it is so important for a woman to have approval from people around her.”*

#### *3.4 General challenges of business environment*

Generally respondents admitted during interviews that the overall situation in the economy is not so positive, furthermore business environment experiences numerous restrictions and is far from fostering the entrepreneurial boom. These conditions affect both men and women, but as it is underlined in Brush, de Bruin and Welter (2009) the strength of effect of negative environment on men and women is different:

*“Both men and women businesses face generally the same obstacles in starting up, operational management and strategic development. But in an unfriendly environment – mostly men survive.”*

Strict and in some cases contradictory regulations may become an impassable barrier for women in situations where the backdoor decisions are the only remedy:

*“I think women are more law-abiding. They will better not achieve some goal rather than bribe or follow quasi-legal business schemes.”*

The problems in Belarusian educational system and staff training appear as both a barrier for business development and antidiscriminatory factor. Due to lack of skilled staff, employers

mostly take into account skills but not gender. The absence of discrimination in the labor market allows women getting experience and confidence for becoming their own boss in the future:

*“Due to talent shortage – any good employee is welcomed, whether it is a man or a woman.”*

Macroeconomic instability also affects decision making process, especially when a woman has a child. Generally low income makes it cheaper and more preferable to stay at home with children rather than give the whole salary to babysitter (the average wage in Belarus in principle make this service unaffordable):

*“When my friends from UK learned that we have paid 3-year-long maternity leave they were pretty shocked. This does not stimulate women to do anything, it is too relaxing – they said. But, look, in the developed countries, where maternity leave is 2 or 4 months, women can afford babysitter. In Belarus with very low average wages it is just unaffordable.”*

Crisis and negative macroeconomic perspectives hinder business development. However respondents considered self-employment as a good survival strategy, which determines the rise in the number of female self-employment. Following the world trend, the respondents admitted more push and pull factors for women in starting up business than for men:

*“Quite often woman starts thinking of starting up own business in some critical life circumstances. For example, when she get divorced, has no means of living, have to take care of children on her own.”*

#### **4. Summary and policy implications on stimulating female participation in business**

The analysis of barriers and stimuli of women entrepreneurship in Belarus confirmed existence of gender gap in motives of education and industry choice, managing practices, actual time for career development and factors of starting own business.

Social pressure is one of the most frequently mentioned barrier for women in Belarusian business. In fact balancing between family and work as well social stereotypes further affect the education, career paths and women’s decision making process.

Women are not so much oriented on business growth, perceiving it more like mean of subsistence. Besides, women tend to lend soul to their business regardless of primary



motivation in starting the enterprise. That is why they tend to be involved in socially oriented projects more often than men, although generally these businesses are low-profitable. The barriers differ for own business development and women's career in corporate business. The maternity leave leads to gaps in corporate career, whereas it appears to be a driver for starting up own business. However, corporate career is an important step towards own business in terms of industry knowledge, managerial experience, networking. General labor shortage in the country favors career progression regardless the gender. The barriers for women in business in Belarus are also determined by existing institutional rules, socioeconomic environment and macroeconomic prospects – which are generally relevant both for men and women. However respondents hold the view that men more likely tend to enter, survive and gain from businesses in risky and unpredictable environment. Possible solutions to barriers mentioned above lay in following focus areas.

#### *4.1 New role models*

The promotion of Belarusian business women's success stories through the mass-media will serve as source of inspiration and effectiveness for the development of female entrepreneurship. There is also need for social marketing projects, promoting communications and messages that will spread beliefs towards women's social activity and entrepreneurship. Another direction of informational campaigns is equal distribution of household duties and childcare in the family. The programs on general financial literacy also enhance the fundamental understanding of the role of entrepreneur in the society. New role models are especially important for younger generations. There is need for projects influencing girls' perception of their opportunities starting from the school days. The educational programs focused on entrepreneurship will raise girls' confidence and their capabilities in future.

#### *4.2 Infrastructure for work-family balance*

The part-time jobs, flexible working hours or 2-hours cut of working day for young mothers is a widespread practice in developed countries. It helps to overcome the “double burden” of women. At the same time they keep getting experience, evolving competences and networking which contributes to their self-confidence and future decision to strike out on their own. The essential elements of infrastructure are day-care facilities for toddlers. There is also demand for parenting rooms and part-time babysitters. Technologies play important role in work-family balance. The online-servicers and e-government technologies help women save time when managing administrative tasks.

Promotion of the infrastructure solutions is a matter for new regulations on both corporate and governmental levels.

#### *4.3 Academic and business education*

There is a great demand for promotion of technical education to girls, that takes into account certain gender sensitive career guidance. Technical background will raise the prospects of women's contribution to innovation projects in manufacturing and IT-sector. In turn that will raise the profitability and growth perspectives of their businesses. IT and high-tech sectors are also dynamic industries with talent shortage. In such circumstances women with corresponding education have more chances to be promoted. IT background raises not only growth perspectives but also opportunities of distance work, which is important in terms of work-family balance.

Supplementary education matters both for a job application and business setting-up. Various business trainings focused on gender issues may narrow the skill gap, inspire and support women's decision to start a business. There is also need for mentoring, close interaction between women and experienced businessmen.

The need in technical and managerial assistance could be solved within business incubators, which offer low risk and low-cost access to the productive capacities. The start-up capital can also be provided through incubators. The sectoral incubators can also serve as a platform for networking and cooperation.

Moreover further promotion of blended and distance learning programs contribute to ongoing development of the women, who combine work and childcare.

#### *4.4 Financial support*

Financial support is provided primarily by credit market development. Women entrepreneurs should have access to financial products, specific for micro and small business. In particular, these are low-interest loan programs for starting up business as well as subsidized loans and loan guarantees. Furthermore financial institutions should discover and monitor specific needs and requirements of women entrepreneurs.

The expertise in women's business development is also relevant to venture financial experts. At the same time female entrepreneurs are in need for new knowledge and communicative skills to cooperate with venture capital investors.

The assistance in elaboration of financing plan will boost confidence of female entrepreneurs while deciding to start up or expand their businesses. This service could be available directly in

banks, in incubators or as a stand-alone project, focused on women entrepreneurship development.

Improvement of the terms and mechanisms of small business financing is a primary goal in prevention of discrimination of female borrowers. In order to monitor the issue, the special supervision agency should be organized like Consumer Financial Protection Agency (CFPA) in the United States (Piacentini, 2013).

#### *4.5 Information support and social capital development*

Information is the next resource after financing that is critically important for business development. It is necessary to intensify women efforts in networking. It is difficult to overestimate the role of business associations in informational support. They integrate women entrepreneurs' community, initiate and support economic activity among women, enforce the understanding of the role of women in economic development. Women business associations could also serve as lobbying groups, protecting interests of female entrepreneurs (Bliss & Garratt 2001).

It is also useful to implement various educational supporting programs as well as personalized consulting services or group trainings with industry-specific or cross-sectorial character (Kantor, 2001). The level of the programs implementation can vary from local to national.

## **5. Conclusion**

The research revealed gender gap in Belarusian business environment as well as helped to identify internal barriers and obstacles that constrain women's business activity. Altogether the barriers of female entrepreneurship in Belarus are associated with the huge burden of household duties and childcare; career gap and hindered access to business education; lack of managerial experience and industry knowledge. Overall macroeconomic instability and the quality of entrepreneurial ecosystem also contribute to the quality and dynamics of female business.

The obtained results confirm the necessity for adding a gender perspective to SME's policy support in Belarus as well as for taking it into account when estimating the potential effects of business support programs and policies.

Further research of women entrepreneurship, collection of reliable statistics on the role of women in business as well as implementation of gender sensitive framework in

entrepreneurial policies development are vital. These will give an impulse to new initiatives and will contribute to economic growth and innovative perspectives of Belarus.

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