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# **Women Entrepreneurs in Belarus: Characteristics, Barriers and Drivers**

This policy brief summarizes the results of the research on aspects of female entrepreneurship in Belarus. The aim of this work was to shed a light on what the features of female-owned business in Belarus are and whether there are any differences in the motives and barriers it faces compared with male-owned companies. Results show that female-owned companies are smaller in size, less likely to grow fast and less effective in the monetization and promotion of their innovative products and ideas. This is partly due to differences in social roles, motives, decision-making process and macroeconomic factors.



Women's entrepreneurship is not just a question of gender equality but one of the sources for the sustainable economic development of the country. The presence of women among decision makers is beneficial for companies' performance, effectiveness and innovativeness, and impacts the growth of profitability of the company (Akulava, 2016; Noland et al., 2016).

Little is known about the state of women's engagement in economic governance in Belarus. According to the 5<sup>th</sup> wave of the BEEPS survey conducted by the World Bank, female top managers operate in around 32.7% of Belarus' firms and 43.6% of firms have women among their owners (The World Bank, 2013). At the same time EBRD research shows that, on average, for every 10 men taking loans for the development of their own enterprise, only one woman did. Furthermore, the probability of loan rejection is 55% higher for women than for men in Belarus (these average numbers were presented by EBRD representatives during the conference "Business Territory: Women's View", Minsk, 2017). Unfortunately there is no information on the size and purpose of the loans, but potentially this may be a sign of discrimination and constraints on women's economic activity.

We tried to expand the understanding of the role of women in Belarus' private sector and 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 entrepreneurs and also ran a survey that covered

407 owners and top decision-makers in the small and medium enterprises (SMEs).

The data analysis showed that around 30% of businesses belong to women (Table 1). Women tend to choose to operate in wholesale/retail trade, manufacturing, and medical/social services. Trade is the most popular with 28.9% of female-owned companies being part of this industry, while manufacturing stays second (10.1%). Trade also attracts the largest share of the male-owned companies (29.6%), next go manufacturing (23.9%) and construction (18.9%).

*Table 1. Sectoral distribution by gender of the owner*

	Female-owned	Male-owned
Share in total sample (%)	30.3	69.7
Sectoral distribution		
Trade	29.0	29.6
Manufacturing	10.1	23.9
Construction	7.3	18.9
Medical and social services	8.7	1.3
Hotel and catering	8.7	2.5
Transport	7.3	10.1
Other	29.0	13.8

An average female-owned firm grows much slower than male-owned business (Table 2). The annual sales gain and the sales gain over the last 3 years are 4 times and 2 times smaller respectively. The average number of employees is also smaller among female-owned companies (10 vs. 17 employees). On average, the owner of the male-owned firm has almost 15 years of relevant working and 13 years of managing experience. Similar characteristics for female owners are 12.8 and 9.7 respectively.

Innovative behavior changes slightly depending on the gender of the owner (33.3% of female- and 38.9% of male-owned companies have



implemented innovations during the last 3 years). The measure of implemented innovative activities includes information on whether the company introduced any radical or incremental innovation (product/service/novelty in business processes/new strategy) during the last three years.

However, the realization of the implemented innovations as well as their relevance look more successful among the male-owned businesses. According to the answers in the survey, the profit share due to implemented innovations equals 28.8% among male-owned businesses and just 16.4% among female-owned. Thus, the major part of return is generated by the established business model and not the novelty.

*Table 2. Business characteristics by gender of the owner*

	Female-owned	Male-owned
Sales growth 1yr (%)	7.6	27.1
Sales growth 3yr (%)	18.4	36.1
Size of the company (employees)	10.6	17.3
Age of the company (years)	8.8	10.2
Relevant experience of the owner (years)	13	14.7
Managing experience of the owner (years)	9.7	12.8
Owners with a higher education (%)	91.3	86.2
Implemented innovation (%)	33.3	38.9
Profit share of implemented innovations (%)	16.4	28.8

One of the potential reasons for differences in characteristics and performance indicators between genders is self-selection, meaning that women are choosing less productive sectors in order to have more flexibility in balancing various social roles they play. In order to check for this, we compare the characteristics mentioned above in three different sectors (manufacturing, wholesale/retail trade and

medical/social services) (Table 2a). The male-owned companies form the majority in the manufacturing sector, while medical/social services industry is mostly presented by female-owned business. Finally, the wholesale/retail trade sector is located somewhere in between and is well presented by both female- and male-companies.

*Table 2a. Business characteristics by gender of the owner in manufacturing, wholesale/retail trade and medical/social services*

	Wholesale/Retail Trade	
	Female-owned	Male-owned
1 Sales growth 1yr (%)	9.8	31
2 Sales growth 3yr (%)	16.4	37.9
3 Size of the company (employees)	5.9	14
4 Age of the company (years)	8.8	7.8
5 Relevant experience of the owner (years)	13	13.8
6 Managing experience of the owner (years)	9.8	11.2
7 Owners with a higher education (%)	85	83
8 Implemented innovation (%)	35	34.1
9 Profit share of implemented innovations (%)	2.5	25

	Manufacturing		Medical and social services	
	Female-owned	Male-owned	Female-owned	Male-owned
1	2	26.2	10	n/a
2	5.6	42.3	17.5	n/a
3	23.7	19.8	13	8.5
4	16.1	9.2	12.6	16
5	15.3	14.8	15.2	16
6	12.3	13.3	10.3	22
7	100	89.5	100	50
8	57.1	57.9	16.7	50
9	30	34.1	n/a	n/a

There are differences in size and age of the businesses subject to the industry of the businesses. However, controlling for industry does not reveal



any significant changes in the picture in terms of companies' performance and effectiveness. Male-owned firms are still growing faster and are more successful in promoting implemented innovations. Thus, this is likely not an issue of self-selection but of the way male and female owners operate their businesses.

The analysis revealed a number of internal and external barriers creating obstacles for doing business that breaks down into the following categories: social roles, educational patterns, decision-making process and general macroeconomic factors.

### Women's social roles in Belarus

Women in Belarus are mainly at the wheel of domestic responsibilities, which are rarely shared with male partners. According to the survey results, 40% of female and just 9% of male entrepreneurs are responsible for at least 75% of family duties (Table 3). 37% of female and only 0.74% of male owners said that they are in charge for taking care of kids. The same is true for the responsibility to stay at home when kids are sick (32.6% vs. 1.28).

*Table 3. Distribution of domestic responsibilities by gender of the owner*

	Women	Men
<b>Family duties</b>		
less than 25%	10.91	37.5
around 50%	49.10	53.5
more than 75%	40.00	9.00
<b>Kids</b>		
taking care of kids	36.96	0.74
staying at home, when kids are sick	32.61	1.48

At the same time, participants of the focus groups admitted that particularly childbirth motivated them to start their own business with flexible

working hours and the possibility to work from home, which is generally not possible in corporate business in Belarus. Thus balancing between family and business becomes challenging, impacting career decisions. That motive also appeared in the survey where on average 13% of female and 2.5% of male owners started businesses in order to combine work with parenting. This trend does not change much if we control for industry.

### Education

There is no significant gender difference in the educational level of business owners. According to the survey data, 91.3% of female and 86.2% of male owners have a university degree or higher. However, the established social role models of Belarusian women influence both their career and educational choices. Usually girls tend to choose education in arts and humanities, law or economics, rarely going to technical universities. Lack of technical background further prevents their access into hi-tech profitable industries.

### Business and economic environment

During the interviews, women stated that "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". Similar messages were obtained from the survey, with almost no significant difference in the estimation of barriers was revealed. The main external barriers mentioned were government control (32.2% of female and 29.3% of male owners), administrative burden (44.1% vs. 41.1%) and tax system (33.5% and 30.5%) (Table 4). Almost all barriers were equally mentioned by the respondents except for corruption. Corruption is the only obstacle that differs between men and women, pointed out by 50% of women, while just 12% of men considered it a problem. We interpret it as women being more



risk-averse and less likely do bold and dangerous actions in business like bribing. That corresponds to the literature, which finds women more risk-averse than men (Castillo and Freer, 2018; Croson and Gneezy, 2009).

*Table 4. Main obstacles and motives for doing business by gender of the owner*

	Women	Men
<b>Main barriers</b>		
Government control	32.2	29.3
Administrative burden and legal system	44.1	41.1
Tax system	33.5	30.5
Corruption	49.7	11.8
Human capital	16.1	17.1
Unfair competition	28.5	26.9
<b>Motivation to start-up business</b>		
Sudden business opportunity	47.8	42.8
Willingness to earn more	29	34.6
No chance to continue the previous activity	14.5	13.2
Improvement of state's attitude to entrepreneurs	13	13.2
Possibility to combine work and parenting	13	2.5

## Conclusion

The statistical evidence showed that female-owned businesses are smaller in size and grow more slowly compared with male-owned competitors. There are no signs of gender differences in entrepreneurial innovativeness. However, the monetization of implemented innovations is more successful among male-owned companies.

Altogether, the barriers of female entrepreneurship in Belarus are associated with the huge burden of household duties and childcare; hindered access to technical and business education; lack of managerial experience and industry knowledge. The existing exogenous barriers, excessive control, contradictory regulations and unfriendly entrepreneurial ecosystems are seen as additional constraints and 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, comparison of the results with other transition countries are vital. These will give an encouragement to new gender specific initiatives and will contribute to economic growth and innovative perspectives of Belarus.

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