

## **Women Entrepreneurs in Russia: Learning to Survive the Market**

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### **Abstract**

*The explosion of unemployment and increase in economic discrimination against women in Russia since the start of market reforms has pushed many of them into the ranks of microentrepreneurs. The paper surveys the status of women-owned businesses in Russia with an emphasis on the training needed for a successful transition from unemployment to entrepreneurship. Advantages for female entrepreneurs of home-based businesses, in particular Internet-mediated information services, are discussed. A case study is presented based on the authors' survey of participants of a training program for women entrepreneurs in Moscow province.*

*Key words: Female entrepreneurs, economic development, unemployment, entrepreneurial education, and information services.*

In the former USSR, women's participation in the economy was always one of the highest in the world. This was a result of the planned economy's emphasis on maximization of the labor force. In addition, low salaries forced families to have as few dependents as possible, and made it necessary for women to work outside the home or in a home-based business. However, prior to the start of the market transition, women had little opportunity to engage in entrepreneurship. Most private businesses that existed under the communist system in the former USSR operated in the underground economy. For decades, the terms "private property" and "private business" had been used in a negative context only. Private entrepreneurs were almost exclusively men. For obvious reasons concerning family and safety, women were not willing to take on the risks of criminal prosecution inherent in entrepreneurial activities.

The legalization of small private business in 1987 as part of Gorbachev's

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*perestroika* gave Russians a chance to test their entrepreneurial skills in the open for the first time in over 50 years. However, their massive influx into the ranks of private entrepreneurs began only after 1991, with the start of Russia's radical transition to the market. It was a transition that destroyed the "permanent full employment" guarantees inherent to the planned economy. Moreover, with the fall of the communist state, the principle of "equal pay for equal work" was no longer enforced, resulting in a decline in women's average wage levels from 70% to 40% of that received by men.

Eight years of continued economic depression, followed by the financial crisis of August 1998, produced sharp increases in unemployment among women. Comprising close to half of the total labor force in 1992-99, women accounted for two-thirds of the officially registered unemployed. Faced with declining job opportunities and increasing economic discrimination, Russian women massively turned to private entrepreneurship, both informal and officially registered. At present, the estimated total number of women engaged in independent business of all kinds is over 3 million, which represents at least one-third of all self-employed in Russia.

In Western literature the terms "self-employed", "micro-enterprise", "small business" and "entrepreneurs" are used in a distinct sense (see, for example, Morris, 1998). However, for a transitional economy such as Russia, this distinction is much less clear. The unique and highly adverse macroeconomic and social conditions make starting almost *any* new business in Russia an entrepreneurial undertaking. This is due to (a) the general novelty of private enterprise for a formerly communist economy; (b) the lack of legal and financial infrastructure, which is readily available to entrepreneurs in the West; (c) the extreme level of risk, including personal risk, associated with running a small business.<sup>1</sup> Therefore, in this article, we use the terms small business, micro-enterprise, self-employment and entrepreneurship interchangeably.

Our purpose is to address the problems and prospects of female entrepreneurship in Russia in the context of the Post-communist economic transition. The main questions addressed in the study include:

- In what ways have reforms affected the economic status of women in Russian society?
- How extensive is participation in private enterprise by Russian women, and how successful have women been?
- Do women entrepreneurs receive adequate help from the government and private organizations in preparing them for the change from government sector jobs to business careers?
- What appear to be the more promising areas for female entrepreneurship in Russia?

In the section that follows, we discuss changes in the economic status of women brought about by the market reforms in the last fifteen years (1986-1999). We then proceed to analyze the development of female entrepreneurship, viewing it as

primarily a reaction to unemployment and dislocation brought about by the market reforms. Next is a review of training programs available to Russian women entrepreneurs, after which we present a case study of one such program. Finally, a number of conclusion and recommendations are provided for the continued enhancement of women's participation in the entrepreneurial sector.

### **Economic Status of Women in Russia: From Comrades to Third-Rate Citizens**

Privatization of the economy and the demise of the Soviet state are responsible for the wide downgrading of the economic status of women in Post-Communist Russia. The removal of the affirmative action types of regulations and quotas maintained by the Soviet authorities has essentially caused the return of the patriarchal attitudes toward women that prevailed prior to the communist era. At the end of his rule, Gorbachev himself called upon Russian women to voluntarily give their jobs to men and return to their rightful place as wives and mothers (Bryne, 1998).

The discrimination against women in hiring can largely be attributed to the fact that social benefits are no longer paid by the state but by individual employers. Private employers prefer hiring men because they are unlikely to take maternity, family and sick leaves. Women are also more likely to be among the "hidden unemployed" because employers often choose to place them on extended maternity leave to reduce labor surpluses and costs (Martin, 1998).

As a result, the labor force participation rate for women in Russia has been declining more rapidly than for men. Between 1990 and 1997 it fell from 48.9% to 39.7%, compared to a decline from 53.4% to 49.9% for men (Labor and Employment in Russia, 1998). At the same time, levels of unemployment among women grew extremely fast. In 1992 alone, their total number among the officially registered unemployed increased almost 10-fold, from 43,000 to 417,000. Throughout the 1990s, women's share of the officially unemployed was approximately two-thirds, fluctuating between 63% and 73% of the total (see Table 1). The true extent of unemployment in Russia is much higher than indicated by the official numbers due to widespread compulsory part-time employment, forced early retirements, and other factors. Thus, employment survey data indicate that by the start of 1999 there were 8.9 million unemployed in Russia, or 12.4% of the economically active population. Of them 4.1, million were women (Russian Statistical Agency, 2000).

Russian women have a high level of education: 47% of them (compared to 34% of men) have university or professional degrees (Babaeva, 1996). Yet, in the Soviet economy, even women with higher education traditionally performed routine labor, such as data collection and entry, record-keeping and secretarial duties. Frequently, this work did not demand a special (professional level) education, which led to loss of the learned skills and prevented promotions. Some have also suggested that Russian women have tended to be passive in approaching the job market, i.e. when

**Table 1: Officially Registered Unemployment in Russia: 1991-98\***

	1991	1992	1993	1994	1995	1996	1997	1998
Total (thousands)	62	578	836	1637	2327	2506	2700	2800
Women (thousands)	43	417	567	1051	1455	1575	1725	1800
Women (% of Total)	69.7	72.1	67.8	64.2	62.5	62.8	63.9	64.6

Source: Labor and Employment in Russia (1996), Russian Statistical Agency (1999); Izvestiya (March 4, 1999).

\*Year end figures.

searching for a job they often looked more for social comfort rather than professional growth and fulfillment.

It can be argued that the segregation of women into subordinate lower-paid positions has always occurred; however, the transition to a market economy has been notably harder on women's incomes. The income inequality between men and women in post-reform Russia is astounding. Today, the average salary for a woman in Russia amounts to 40% of the average man's salary, while 7-8 years ago it amounted to roughly 70%. For women employed in the state sector of the economy, average salaries do not even reach the subsistence level (*Nezavisimaya Gazeta*, March 6, 1999). In 1997, the best year for the post-reform Russian economy, women comprised 87% of employed urban residents earning less than \$21 per month while the national average wage level was over \$160 per month (Hunt, 1997 and Russian Statistical Agency, 1999). Thus, despite the fact that the educational level of Russian women is higher than that of men, it has not been sufficient to help women successfully survive the transition to a market economy.

### **Women-Owned Businesses in Russia: General Characteristics and Challenges**

Left without jobs and/or adequate incomes, millions of Russian women turned to self-employment. The overwhelming majority of them joined the ranks of "informal" one-person businesses in activities such as the resale of consumer goods, shuttle trade<sup>2</sup> and home-based businesses (sewing, repair, cleaning, day-care, tutoring, etc). By 1996, of the 12 million people in Russia engaged in small business of various kinds, both informal and registered, an estimated 35% were women (*Economic and social changes*, 1996; Federal Program, 1998).

The total number of *officially registered* small businesses in Russia is much lower than the number of self-employed. Just 844,000 registered small businesses

were in operation in Russia in 1997, compared to over 18 million in the US.<sup>3</sup> In fact, the total number of small private businesses in Russia is less than the number of *new* businesses opening up in the US every year. Women's share of all officially registered small businesses was estimated in a 1996 nationwide survey to be 31%, or less than 300,000 (Economic and Social Indicators, 1996). In that year, women comprised 23% of owners of cooperatives and 18% of all entrepreneurs hiring wage labor. Further, women-owned small businesses accounted for 12% of all goods and services produced in Russia. (Kishkovksy & Williamson, 1997).

Among officially registered businesses, women are predominantly represented in services, public catering, textiles, food processing and retail trade. This is explained by the fact that in the former USSR the government deliberately put women "directors" in charge of these so-called "female industries." In the course of mass privatization in Russia in 1994-95, some of these executives were able to transform their enterprises into private firms. More recently, women-led businesses have started to branch out to traditionally male-orientated business sectors such as manufacturing and construction (Babaeva & Chirikova, 1997). Women, however, are not yet visible in the rapidly growing field of small computer-based businesses: sales of computers, software development, data processing and Internet commerce.

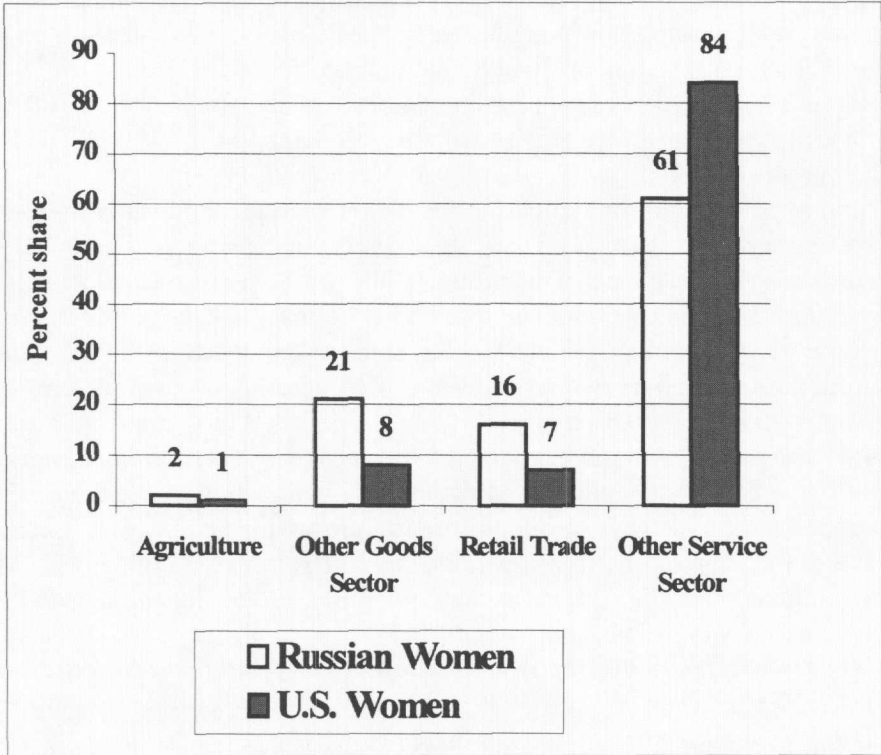
The characteristics of Russian women entrepreneurs generally parallel that of women entrepreneurs in Eastern Europe (NFWBO, 1996; Zapalska, 1997). The average Russian woman business owner is married, has children and is 43 years old. According to a recent study, 24% of the Russian women entrepreneurs are under the age of 35; 37% between the ages of 35 and 40; and 35% are over 45 (see Figure 2). Russian women-entrepreneurs possess higher than average educational levels, with 79% having a college degree (NFWBO, 1998). Approximately 40% of the Russian women-entrepreneurs are former engineers, research scientists or educators, and 15% had the equivalent of a Ph.D. (IPSDSA, 1998).

Many characteristics of Russian women business owners are also similar to those in the United States. In terms of key differences, results of a survey conducted jointly by the National Foundation for Women Business Owners (U.S.) and the Ural Women's Association (Russia) indicate that Russian women entrepreneurs are more actively engaged in manufacturing and retail trade, and less in services. On average they are also somewhat younger than their American counterparts, and have more years of education (see Figures 1-3).

A Moscow conference on Women Entrepreneurship in Russia organized by the United States Agency for International Development (USAID) highlighted the top problems faced by women entrepreneurs in Russia. According to the survey of female entrepreneurs sponsored by the USAID and presented at the conference, the highest ranking concerns were tax policy (90%), incompleteness and frequent changes of the legislative base for business (81%), and access to credit (67%). Next in importance were concerns about the banking system's instability (66%), government corruption (55%) and racketeering (39%) (USAID, 1997).



Figure 1  
Industry Distribution for Women-Owned Firms, Russia and the US



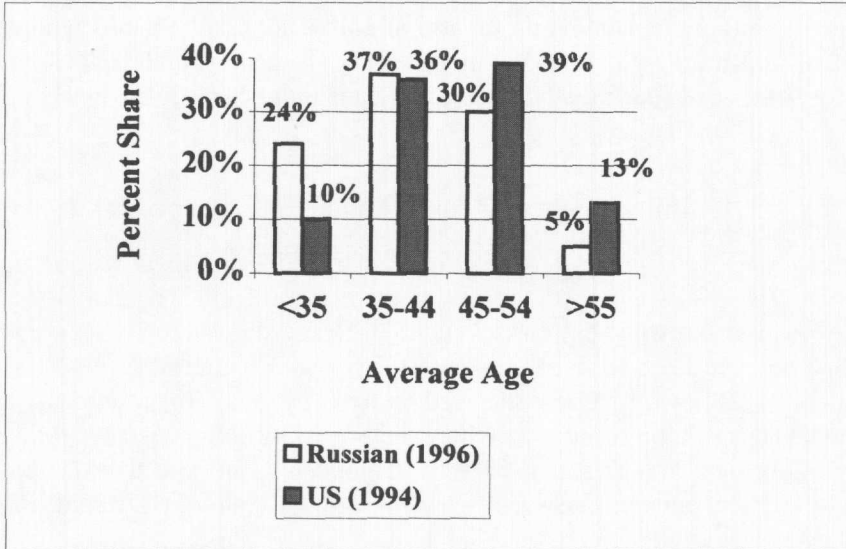
Other goods sector includes manufacturing and arts and crafts.

Other services include wholesale trade, public catering, financial services, education, and health care.

Source: NFWBO, 1998

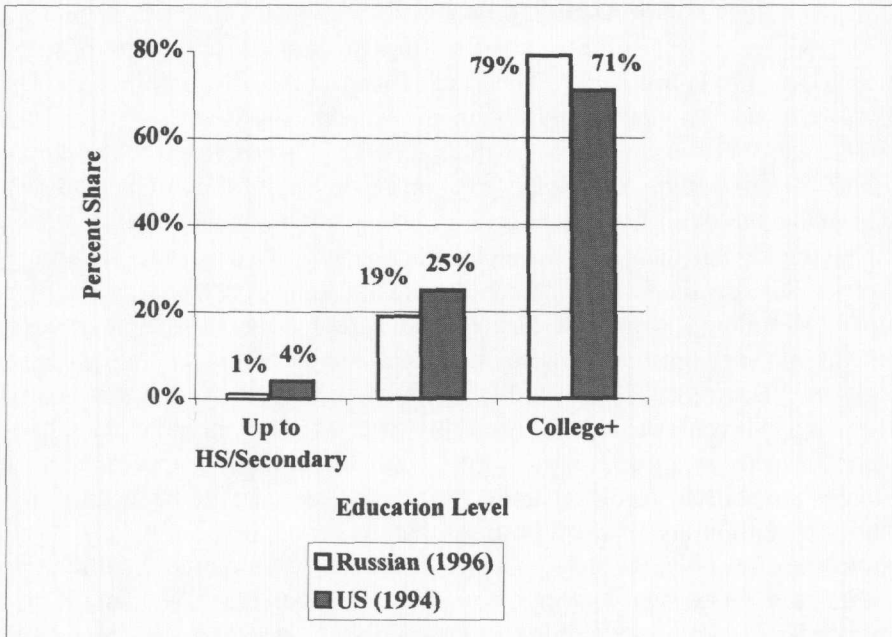
Thus, it appears that many of the leading obstacles to the development of women-owned businesses are the same as for small Russian businesses in general. To start a business, every aspiring Russian entrepreneur must negotiate a complex bureaucracy of official permissions, certifications, and regulations from no less than seven different organizations. In total, some two dozen legal steps are involved in securing the ability to do business in Russia. If everything is in order, it takes a minimum of two months to complete these steps (Razumnova, 1996). However, due to the arbitrary nature of the system, many entrepreneurs spend considerably more time filing this paperwork. Rampant corruption also creates obstacles for prospective entrepreneurs. They can be denied licenses, permits, office space and access to materials unless substantial bribes are paid. The 1996 Congress of Small Business Owners of Russia reported that 83% of its members faced extortion by local officials (*Finansovye Izvestia*, March 5, 1996). Entrepreneurs who successfully negotiate the paperwork often lose their businesses due to the Russian tax system. Taxes can take

**Figure 2**  
Average Age of Women Business Owners, Russia and the US



Source: National Foundation of Women Business Owners, 1998

**Figure 3**  
Women Business Owners Education Level, Russia and the US



Source: National Foundation of Women Business Owners, 1998

up to 90% of a company's income, making it very difficult to keep the business solvent (Kishkovsky & Williamson, 1997).

Russian entrepreneurs also have great difficulty in accessing capital. In the absence of working legislation on the use of collateral, private banks ignore small businesses or set inflation-adjusted interest rates for them as high as 75% (annualized) for three- and four-month loans. Such rates make bank loans inaccessible to the majority of small entrepreneurs.

### **Training Programs for Women Entrepreneurs**

A key challenge for Russian female entrepreneurs concerns their historic point of reference. The overwhelming majority of them come from the ranks of salaried employees of state-owned enterprises. Further, for most of their lives these women have had no exposure to a market economy, even as consumers. And yet, with the exception of a few programs financed mostly by Western countries, women entrepreneurs in Russia receive very little help or consulting assistance. In a recent survey of women entrepreneurs, 59% of respondents said that they do not have adequate skills to run a business and are interested in training in this field (*Business for All*, March 5, 1999).

Programs aimed at helping women to start and develop their own business exist in many countries. Some of them are well established and some run on an experimental basis. National or regional development funds offer specialized training and financial assistance for women entrepreneurs in Sweden, Finland, Norway, the Netherlands, Spain, Britain and Turkey. In France the Ministry for Women's Rights provides direct financial support and consultations to business-women (Hisrich & Fulop, 1995). The Small Business Administration in the United States also has a special program for women-owned businesses.

Women in Western countries also have access to "unemployed to entrepreneurs programs". These programs typically pay participants a self-employment allowance instead of unemployment compensation. Participants must attend entrepreneurial training courses and can receive technical assistance when they start up their enterprise (see Rosdahl, 1993; Aucouturier & Daniel, 1993). Studies of self-employment training programs indicate that participation in them increases the likelihood of entry into self-employment and increases the overall duration of employment (Benus, 1994). Several transitional economies (China, Estonia, Hungary, Poland, Slovenia) have also tried this form of new enterprise development. Transitional economies are particularly well-suited to this approach, as their economies are shifting from a manufacturing base to a service base, thus offering numerous opportunities for small business ventures (Vodopivec, 1998).

In Russia, however, the state provides little support for entrepreneurial training in general and for women and the unemployed in particular.<sup>4</sup> Women, of course, participate in the state-run training programs for the unemployed, conducted by regional employment agencies in most of Russia's 89 provinces. They also take part



in entrepreneurial training programs offered by Russia's so-called regional enterprise support funds. About seventy such funds are in existence. Most of these operate as private non-profit entities while some function as departments of local governments (IPSDSA, 1997). At present there are just a few business development programs aimed specifically at female entrepreneurs, and these are characteristically created with the help of Western countries. The two oldest and most prominent are the *Guildia* Small Business Development Center and the *Volkhov International Business Incubator*.

*Guildia* is the oldest Russian organization specializing in business training for women entrepreneurs. Since its establishment in 1991 as a private non-profit company and until the start of 2000, *Guildia* has held 237 different training seminars in which it has educated approximately 3,900 people, over 2,800 (75%) of them were women. In addition to training, *Guildia* provides consulting services aimed to assist small businesses in their formation, development, and management, and in solving their financial and legal problems.

From the very start the emphasis of *Guildia* programs was on women's micro-entrepreneurship in fields requiring no or low start-up capital such as direct marketing and home-based businesses. An early successful example of the former was *Guildia's* participation in a training school for independent distributors of *Avon* products ("Avon Ladies") conducted in 1994-96. In the framework of that program 515 workshops were held in which 2,300 women from different regions of Russia were trained and helped to launch their independent direct marketing operations.

*Guildia's* office and training facilities are based in Moscow, but many of its seminars and consulting operations are conducted in the outlying provinces. Training is provided by Russian and international instructors, including experienced entrepreneurs and academics. Many of the courses are organized with the support and cooperation of international organizations and companies. Over the years these have included Avon Products (US), USAID, Eurasia Foundation (US), the Netherlands Management Cooperation Programme, the Canadian Executive Service Organization, the National Association of Women Business Owners (US), the British Know How Fund, *Andersen Consulting* (US), BBC-MPM (Great Britain), and the University of Western Ontario (Canada).

The *Volkhov Business Incubator* was founded in 1995 by the city of Volkhov (130 kilometers east of St. Petersburg), the Alliance of American, and Russian Women (AARW). From 1995-98, the incubator was financed by a grant from USAID and is one of approximately 40 small business centers established in Russia since 1993 (*Private and Small Business in Russia and the Labor Market*, 1998). The idea of the business incubator is borrowed from the Western experience and is expanded to provide a virtual "one-stop service" for aspiring entrepreneurs. In Russia an incubator typically consists of an office building donated by local government, where entrepreneurs can rent an inexpensive and relatively secure space, lease equipment, and get on-site training and advice for their business

ventures. Most of the users of the Russian business incubators are unemployed or underemployed. The *Volkhov Business Incubator* has a special focus on women-led businesses and is committed to providing them with 60 % of the leased space. As of July 1999, it helped create 98 new businesses that created 363 new jobs. It has also trained 1,763 aspiring entrepreneurs, 80% of them women. In addition, it developed a Women's Business Support Program, a special ten week course to help women overcome fears connected with opening and running a business. It is a form of group counseling, in which 57 women have participated and 22 women graduates have organized their own businesses. (Schmertz, 1999).

Two relatively new public organizations also play a prominent role in promoting women's entrepreneurship in Russia: the Association of Women Entrepreneurs of Russia (AWER) and the Alliance of American and Russian Women (AARW). AWER, with chapters in 70 Russian cities, focuses primarily on political activism and lobbying for women's interests in local and federal legislatures. AARW, on the other hand, is directly involved in training women entrepreneurs and helping them to launch new ventures. The stated mission of AARW is "to assist Russian women in developing and managing micro-enterprises, through which they can support themselves and their families and participate in the development of the new market economy" (AARW, 1996). In addition to helping found the *Volkhov Business Incubator*, AARW participated as a Non-Government Organization partner in a two-year USAID grant program *Aid to Artisans*. The project assisted over 300 Russians, the majority of whom were women, to develop profitable craft businesses, form craft associations, and export their products to the U.S. market. AARW was also instrumental in launching an ongoing customer service training seminar called "Mirror, Mirror," that was developed under sponsorship of the American Express Philanthropic Program. The main mission of the seminar was to improve the business skills of Russian women by providing training in customer service attitudes and skills. The program was started in Moscow in 1996 in the travel and tourism industry, and then broadened to retail and restaurant establishments and other service companies outside Moscow. The AARW *Mentoring Program*, now in its third year, enlists Western businesswomen based in Moscow to mentor Russian women seeking to enter the job market or make significant career changes (AARW, 1999).

Many major international donor agencies that aid small business development and education in Russia declare that their goal is to support women's entrepreneurship. Thus the European Bank for Reconstruction and Development stated that women should receive 50% of the loans made to small businesses from its \$300 million revolving fund of credits, established in 1993 (Kishkovsky & Williamson, 1997). According to the USAID Micro-Enterprise Initiative Statement of Renewal, USAID has pledged that half of its support to micro-enterprise credit programs would target the very poor, and at least half the clients served would be women (US Government Assistance, 1997). However, in the field of business training the

principle of equal support for female and male entrepreneurs is not always achieved. For example, in the largest US-government sponsored programs—*Business for Russia* and SABIT—the share of women participants is less than one-third.

The *Business for Russia* program (later renamed *Community Connections*) was established and is run by the United States Information Agency (USIA). From 1994 to 1997, it was responsible for bringing approximately 3,300 nationals of the former USSR to the US for short-term (3-6 weeks) business internships and training. *Business for Russia* is clearly successful: 50% of its participants have reported opening a new business within two years of completing the program (*Business for Russia*, 1997). However, the number of women entrepreneurs who have participated in the program is 1,050, or less than one-third of the total (M. Weider, USIA, personal communication, January 1999). The Special American Business Internship Training Program (SABIT) managed by the US Department of Commerce, places executives, administrators and businesspeople from the former USSR in U.S. firms for longer-term (3-6 month) internships. These internships are aimed at fostering experience in a market economy and developing ongoing business relationships with the US counterparts. However, out of 1,476 persons from the former USSR trained by SABIT, so far, only 21% have been women. The share of women trainees from Russia was even lower (see Table 2).

### **Home-based Business Opportunities: Insights from Current Training Programs**

Between 1997 and 1999, the *Guildia* Small Business Development Center focused its efforts on entrepreneurial training for women interested in home-based businesses. The home business approach has many advantages for Russia. Since start-up costs are low, it is an option available to women of all income categories. Home businesses are generally more convenient for women than for men, due to women's additional roles as mothers and household keepers. Further, widespread development of self-employment would help reduce the burden on local and federal budgets of social support payments to the unemployed. Home businesses also generate goods and services at low cost, making them accessible to the poor. Finally, home businesses contribute to the enhancement of a pro-market mentality by involving thousands of people in productive activities. For a transition economy like Russia this is very valuable, since the resistance to market reforms is particularly strong among the low-income segments of the population.

However, home-based businesses in Russia should not be limited to traditional low-tech fields such as retail trade, sewing, shoemaking, cleaning, tutoring and the like. In the high-tech sphere, the US experience serves as evidence of the effective use of small forms of enterprise, including home- and family-based businesses. With the development and increasing availability of personal computers and modern communication devices, home-based businesses can play an expanding role in accounting, data processing, software development, publishing, design and other

**Table 2: Women from the Former USSR Participating in the SABIT Program**

Country	Women Participants	Total Participants	Percentage Women
Armenia	2	24	8.3%
Azerbaijan	3	12	25.0%
Belarus	6	50	12.0%
Georgia	7	41	17.1%
Kazakhstan	26	82	31.7%
Kyrgyzstan	8	32	25.0%
Moldova	17	32	53.1%
Russia	160	852	18.8%
Tajikistan	2	20	10.0%
Turkmenistan	4	23	17.4%
Ukraine	67	261	25.7%
Uzbekistan	6	47	12.8%
<b>Totals</b>	<b>308</b>	<b>1476</b>	<b>20.9%</b>

Source: Special American Business Internship Training Program (1998).

creative spheres. The number of Internet users in Russia, which is approaching 2 million, supports this potential. As of mid-1999, Russia maintained 192,000 Web hosts. This is much less than comparative numbers for the US, but compares favorably to many other countries. For example, China had only 63,000 Web hosts in the same time period (Internet Software Consortium, 1999).

As noted earlier, unemployed Russian women tend to have relatively high levels of education. Many are former engineers and scientists from state research and development bureaus. They represent a valuable resource of human capital for a



wide range of information service businesses. To let the skills of these women decay while they stay unemployed or work in totally unrelated fields would be a tremendous waste for them and for the economy.

In 1997, *Guildia* received a grant from the Eurasia Fund (with financial support from USAID) to execute a program entitled: "How to Start a Home Business". In cooperation with employment agencies in the Moscow and Kostroma provinces, *Guildia* developed and offered six workshops for the unemployed between August and December 1997. A total of 182 persons participated in the workshops, 175 (96%) of them unemployed and 144 (79%) women. The participants were selected by the employment agencies and underwent training at no cost. The courses taught to the participants were marketing, accounting, entrepreneurship, business plan preparation and psychology of human resource management. Before and after every workshop, participants were asked to fill out a detailed survey, and this data are analyzed below.

The majority of female trainees were in the most productive age groups, 30 to 40 years (36.3%) and 40 to 50 years (31.9%). Of the total, 64.5% had completed college or its equivalent (see Table 3). The professional background of trainees was quite diverse; the largest groups were former engineers (15.9%), technicians (14.5), and sales personnel (13%). College graduates and dropouts without professional experience comprised 15.9% of the group total. The trainees proved to be fairly self-critical in appraising their business skills. Of the various business disciplines, they indicated the highest need for training in legal matters (25.2%), accounting and taxation (16.0%), and entrepreneurial skills (11.8%).

The largest group among the trainees had lost their job involuntarily because of the liquidation or bankruptcy of their employer or a planned reduction of staff (a total of 39% for these two categories). A significant number (30%) indicated that they had left work voluntarily. Despite being unemployed, only a minority of respondents (23%) named creation of a job for oneself as their main motive for planning to start a home-based business. For the majority the dominating motive is self-fulfillment (39.3%) followed by the goal of generating higher income for the family (38%). These numbers are similar to the results of other comparable surveys (see for example, Babaeva, 1996) and speak of high self-esteem of aspiring women-entrepreneurs, which in turn is likely linked to their relatively high level of education.

In response to the question "How do you estimate your plans to work in business after this program?" 15.3% of trainees indicated that they hope to start their own enterprise in the near future, 38.4% said that they will be opening up a business in the longer-term, and 44.4% said they will be able to work for someone else's private firm (as opposed to employment with the government). Only 1.4% (2 persons) stated that they feel that they cannot become entrepreneurs. Of the different industries, most women wanted to open businesses in retail trade (37.5%), small manufacturing (19.1%) and services (22.4%).



**Table 3: General Characteristics of Female Trainees in Entrepreneurship, Guildia Survey**

Characteristics of Trainees	Number	Percentage
<b>Age</b>	<b>N</b>	<b>%</b>
Under 20	16	11.6
20-30	26	18.8
30-40	50	36.3
40-50	44	31.9
Over 50	2	1.4
<b>Total</b>	<b>138</b>	<b>100.0</b>
<b>Education</b>	<b>N</b>	<b>%</b>
High School completed	49	35.5
College completed	89	64.5
<b>Total</b>	<b>138</b>	<b>100.0</b>
<b>Are you presently employed?</b>	<b>N</b>	<b>%</b>
Yes	10	7.2
No	128	92.8
<b>Total</b>	<b>138</b>	<b>100.0</b>

To raise start-up capital the aspiring entrepreneurs planned to use their personal savings (20.7%), or to get funds from friends and relatives (20.1%), rather than rely on bank credit (6.3%). Again, the survey results confirm very low trust in the ability of entrepreneurs to acquire bank financing. Still, many (28.2%) hope that govern-

ment economic assistance (subsidized loans or direct subsidies) will help them to initiate their ventures.

Four months after completion of the *Guildia* program, 26 out of 144 women-trainees had opened their own business, 12 were in the process of starting up, and 58 were gainfully employed in private firms. Thus a total of 86 people (59.7% of trainees) were employed and taken off the unemployment rolls.

In 1998-99, encouraged by the success of its first home-business-training program, *Guildia* developed a specialized course aimed at the "high-tech" unemployed, especially women. Working in cooperation with the University of Maryland, and using a framework from a USAID-funded project called Institutional Reform and the Informal Sector (IRIS), *Guildia* started this new training project in the Moscow province area. During the year 2000, it will conduct a series of workshops for 125 former employees of research establishments in the province, with the majority of them being female engineers and scientists. The goal is to build on the skills of these unemployed women to prepare them for entrepreneurship or jobs in the high-tech sphere, such as Internet-mediated business and information services. *Guildia's* other plans for the high-tech unemployed are also targeted to women.

### Conclusions

A number of conclusions can be drawn regarding the status and progress of female entrepreneurship in Russia since the collapse of the Soviet economic system in 1991. With Russia's transition from a planned to a market economy the economic status of women in general has significantly deteriorated. Women have lost not only guaranteed employment but also the relative economic equality assured them by the affirmative-action-type policies of the communist government. Between 1992 and 1999, unemployment among women grew faster than that of men, while women's incomes dropped. Left with little choice to support themselves and their families, millions of women have chosen micro-entrepreneurship as their way of economic survival.

In the newly created private sector of the Russian economy, female entrepreneurs operate under conditions of adversity. Most of this adversity is not female-specific, but rather related to small business sector situation in Russia in general. The factors of this adversity, such as the prolonged macro-economic crisis, domination of the economy by large monopolistic structures, high level of government corruption, and so forth are in fact characteristic problems of small entrepreneurs in many parts of the world. The uniqueness of the situation is that Russian women are on average markedly better educated than men. But, unlike male entrepreneurs, many of which "graduated" from the school of the black-market economy, few women had any business experience before Russia's free-market transition. Lack of

basic business skills among aspiring women entrepreneurs, rather than direct gender discrimination, makes them the underprivileged players in the new Russian economy.

Consistent with the recommendations of the International Labour Organization (1998), the development of women's entrepreneurial education should be one of the priorities of the Russian government, but it is not. Given their average level of education and their tradition of high labor force participation, Russian women can contribute considerably more to the country's economic revival. Based on our experience in this area, including the training program profiled in the case study, Russian women unemployed by the shrinking state sector of the economy are willing and able to start their own businesses, provided that they receive some basic training in entrepreneurship. A typical trainee in an entrepreneurship program is a women of just under 40 years old, with an engineering degree, formerly employed in the state sector of the economy, and interested to enter such traditional small business fields as retail trade, public catering, and small scale manufacturing and crafts. The business subjects in which such aspiring entrepreneurs are most interested include the basics of entrepreneurship, business law, accounting and financial analysis.

Regarding the types and structure of entrepreneurial training programs that would be particularly useful for a transition economy such as Russia, our analysis suggests the need for a two-tier approach. The majority of first tier programs should be aimed at basic entrepreneurial training with the goal of helping women to realize their business potential and overcome the fear of and/or misconceptions regarding the market. Expanding programs for businesses with low start-up costs, such as direct marketing and home businesses, is particularly desirable. This is one of the most efficient ways to reduce unemployment and to help generate new goods and services at reasonable cost.

At the same time, entrepreneurial training for Russian women should not be limited to the traditional spheres of small business. Almost a half of all Russian women, and over 40% of unemployed Russian women have a technical college or university-level degree, many in engineering and exact sciences. With the rapid spread of personal computers and Internet use in Russia, these women are prime candidates to become owners of small home-based information service businesses. Thus, the second tier of the entrepreneurial training of Russian women should focus on the small high-tech business fields: computer-based data processing, accounting, design etc.

The discussion here also points to a number of questions that require further research. We see a clear need for research to measure the effectiveness of existing business programs in terms of their impact on women's attitudes and perceptions, understanding, and behavior, and on business outcomes. This should include longitudinal surveys of women-led businesses. More research is needed to facilitate the development of home-based businesses in Russia. Specifically, designers of

development and training programs should study the successful experience of the US small business information companies and decide which of these experiences can be applied in Russia, as well as in other transition countries. (For the description of the pioneering experiments of this type in Ukraine, see Shelton & Margenthaler, 1999). Another promising area of research concerns the development and application in Russia and other transition economies of the new-generation of high impact training methods, such as distance learning, Internet-mediated entrepreneurial training centers and business incubators.

Western countries providing economic assistance to Russia should expand programs that focus on female entrepreneurship. Most of this aid should be directed not to the central government, but to the local programs that have proven their effectiveness, such as business incubators and small business training centers. Providing these centers, especially in the provinces, with computer and communication equipment would directly enhance their outreach and capabilities. Assisting Russian women to overcome the difficulties they face in the struggle to survive their country's transition from communism to a free market is one of the most productive ways of enabling Russia to build a viable market based economy.

### Endnotes

1. Owners of small businesses are the most frequent targets of robberies, extortion and other crimes. Several successful Moscow entrepreneurs (both men and women) personally known to the authors have been killed or injured "in the line of duty" between 1992 and 1999.
2. Shuttle trade is a term generally applied to describe the massive unregulated and unregistered commerce conducted by hundreds of thousands of Russians since 1992. It involves buying goods abroad and selling them in Russia on street markets. In 1999 the turnover of unregistered shuttle trade had reached an estimated \$11.5 billion, comparable to the total revenue from Russian oil exports for that year (Russian Statistical Agency, 2000).
3. As defined by the 1995 "Law of Governmental Support of Small Business in the Russian Federation," small businesses include: retail and consumer service establishments with less than 30 employees; wholesale firms with less than 50 employees; science and agriculture firms with less than 60 employees; and manufacturing, construction and transportation firms with no more than 100 employees.
4. At present Russia has over 750 state-run and over 450 private schools and centers that offer paid programs in business and management education (Business Training Services in Russia, 1998). However, most of these training programs are of poor quality. Only about 50 educational institutions offer contemporary programs of business education comparable to business colleges in the US. Most of them are concentrated in Moscow and St. Petersburg.

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