Women’s Entrepreneurship — A Promising Potential for Economic Development

The paper describes development trends of women’s entrepreneurship in the second half of the XIX century and in the beginning of the XX century, which are established on the basis of statistic materials, measures taken by the country leaders and the facts, which are of interest for the readers. It is noted that with the transition to market conditions, women’s business developed in the form of “shuttle” business, which, to some extent, mitigated the shortage of consumer goods and helped “shuttle” entrepreneurs and those who provided them with infrastructure to survive. The shuttle business, which was mainly women’s business, helped create initial capital for the further development of women’s classic entrepreneurship. Statistical materials show that the development of women’s business in the subsequent period was notable for its intensity regardless of objective and subjective reasons that created difficulties for female entrepreneurs. The research was carried out as part of a project funded by the Science Committee of the Ministry of Education and Science of the Republic of Kazakhstan (Grant No. AP14871920).

Keywords: women’s entrepreneurship, shuttle business, family business, small and medium business

DOI 10.37659/2663-5070-2023-10-10-16

Introduction

Among the problems of small and medium-sized enterprises (SMEs), the development of women’s businesses is of great importance. It should be noted that many employers avoid hiring young mothers. The country continues to streamline the activities of educational, medical, and other institutions, merging them, and as a result, many women are facing difficulties. There is such a concept as hidden unemployment. Official statistics do not reflect this, but it is primarily a problem for women.

It is difficult not only for women, but also for men in the small towns and villages that dominate the country. Many women working in households, including young mothers, may combine this service with paid community work,
small and medium business or private business. Many women who have become “entrepreneurial mothers” worldwide not only support themselves and their families, but also contribute seriously to local and national budgets. However, officials responsible for small business, including women’s business, have learned to prepare various development programs and report on the success of these programs. One important reason for the continuation of this situation is the interest of large companies, among which there are many foreigners. Small businesses are actually small in size, but their overall activities and profits are significant.

History of women’s entrepreneurship

Women’s entrepreneurship emerged in the second half of the 19th century as a form of women’s participation in public life, which indicates their growing importance, especially in the sphere of entrepreneurship. The growth of women in business was influenced by the law “On the Authorization to Issue to Merchants’ Wives the Certificates for Carrying Out Trade Separately from the Husband” (allowing merchant’s wives to issue certificates for their trade separate from their husbands), adopted on June 10, 1857. Three groups of women were allowed to engage in business: merchant widows (the most numerous), married merchant women, and unmarried merchant daughters. After a number of radical reforms introduced by Alexander II starting from February 19, 1961, and after further steps in the economic development of the country by Alexander III, women became more and more active in business, destroying the stereotypes in the mass consciousness about the ability of women to run a business. Thus, already in 1884, out of 27,235 enterprises, women owned 1,454 enterprises, i.e. 5%; in 1887 — 1,684 out of 34,723 (also 5%). The number of women who owned enterprises increased by 16%. The proportion of women among factory owners was highest in the food and textile industries, which stood at 9.2% and 7.7% respectively in 1884 and in 1897 — 10.6% and 6.9% of all factory owners [1]. By the beginning of the twentieth century, women were among the most entrepreneurial in the world.

This was facilitated by changes in the position of women in society, their increased education, domestic and business culture, and the introduction of women’s right to personal ownership of property. Entrepreneurship, or business as it was then called, was taken up by noblewomen, merchants, burghers, well-to-do peasant women, and other categories with capital.

The intensive development of entrepreneurship in the 19th century brought to the economic arena many new business people, including women entrepreneurs, who contributed to the development of the economy and authority in the international market. For example, in neighboring Russia, the start of market reforms in 1992–1996 influenced the emergence of women entrepreneurs through the so-called “shuttle” business, which became widespread with the adoption of Presidential Decree No. 65 of 29 January 1992, “On Freedom of Trade” [2]. Experts estimate that the shuttle business provided jobs for up to 10 million people at all stages of its implementation. In addition, shuttle traders revived the activities of travel agencies and all modes of transport both within the country and routes abroad. Moreover, in that period they were quite seriously reducing the problem of consumer goods shortages in the country. The “shuttles” were importing consumer goods worth up to $5–7 billion a year. Among these brave, hardy people who worked in the toughest conditions without any help from the state, more than half were women of various professions and education levels, who were later able to set up their own businesses with employees.

• It should be noted, as sociologist S. Barsukova outlines, the main reasons for the priority of the service sector and trade in the development of women’s entrepreneurship include the following:
• The previous experience of women, including domestic work, forms skills and knowledge adequate to work in these industries.
• Women are less likely to have a technical education, which prevents them from creating enterprises in the field of construction, transport, and industrial production.
• It is more difficult for women to find borrowed capital, in particular, “non-traditional” industries for women require more initial capital.
Preferences in character, imitation of “domesticity” in relations with colleagues.

It is important to note that with the collapse of the Soviet Union, all spheres of life in Kazakhstan, like in other post-Soviet countries, went into deep stagnation, which was overcome in the early 2000s. From a historical perspective, this development has been forced.

The economic and social sphere in Kazakhstan is characterized by a dynamic combination of progressive and traditional features, which is also evident in the principles of choice of industries by women entrepreneurs. A characteristic feature of women’s entrepreneurship in Kazakhstan is also its forced character. The majority of women start independent business activities because of unemployment. For developed countries, this feature is not so pronounced. Thus, according to data from 2020, the unemployment rate among women in Kazakhstan was 5.4%, while the overall unemployment rate for the country was 4.9%. This indicates patriarchal traditions in Kazakhstan’s society and, in particular, gender discrimination: employers prefer to hire men, and thus there is a higher female unemployment rate than that of men.

There is labor discrimination against women, which, in turn, is confirmed by data on the ratio of men’s to women’s wages, as demonstrated in Table 1.

Analyzing statistical data, we note that the average gender wage gap in the Republic of Kazakhstan is 21.7%.

At the current stage of economic development, the labour market is influenced by the depressed state of the regions and a number of socio-economic factors.

The regional economies are characterized by:

- Severe distortion of commodity and resource markets.
- Lack of consumer and producer information.
- Process of radical structural transformations in the economy and society.
- Unbalanced prices, supply and demand.
- Low incomes (and a low standard of living).
- Dependence on agricultural production and fuel and raw material exports.
- Subordinate position, dependence and vulnerability in the system of international relations.

Women’s entrepreneurship may involve relatives and employees. In addition, it has a distinct industry specificity. Women’s business is mainly concentrated in various types of services, retail trade and catering, light industry, and other sectors of the country’s economy. Women’s business carries enormous and largely unexploited socio-economic and political potential.

The fact is that society can be healthy and efficient if it has a large middle class that ensures its economic and political stability. The main part of the middle class consists of small and medium-sized businesses. Here, women’s entrepreneurship can play a serious role in the development of the domestic economy and society as a whole. In practice, women have always been perceived as members of the weaker sex. At the same time, a careful study of women’s behavior in both family and public life confirms the opposite. Let us recall the activities of women during the Great Patriotic War, both at the front and on the home front. They were always physically and psychologically more resilient than men. The fact is that nature has endowed them with additional physiological functions, which men have been deprived of, restraining the manifestation of their natural potential. A 2012 study by the international consultancy McKinsey & Company found that companies run by women have 56% higher profits than those run by men. In 2016, the international audit firm Ernst & Young, based on a compilation of the financial results of 22,000 public companies in 91 countries, found that an organisation with at least 30% women in its management team generated an additional 6 percent of net profits.

Table 1. Gender pay gap ratio in the Republic of Kazakhstan by year

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<td>Gender pay gap ratio, %</td>
<td>34.0</td>
<td>32.0</td>
<td>30.5</td>
<td>32.2</td>
<td>33.0</td>
<td>34.1</td>
<td>31.4</td>
<td>32.2</td>
<td>34.2</td>
<td>32.2</td>
<td>25.0</td>
<td>21.7</td>
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Source: [3]
The functions of women entrepreneurs in the modern world are seen in strengthening the social orientation of the business sphere and in increasing the stability of the economy by introducing into the business sphere a number of feminine qualities that perform a stabilizing role. It should be noted that the enrichment of the business environment with fundamentally new elements of doing business inherent in female psychology can be considered in the classical sense of innovation.

In our practice, women entrepreneurs are a relatively new socio-professional group in the social structure of society, defined both by objective criteria: they are engaged in a common professional activity — entrepreneurship in the structure of the social division of labor, and by subjective ones (identifying themselves as members of this group, having common professional interests, employment motives, etc.). At the same time, entrepreneurship still remains a predominantly male field of activity. Currently, as noted above, the majority of women entrepreneurs are employed in the field of small business. In addition, there is a division of labor based on gender: 1) the construction and transport industries are the least developed by women; 2) the industrial sector, agriculture, wholesale trade, market functioning activities, the financial sector do not have a pronounced gender component; 3) retail trade, catering, science, culture, and healthcare are the most actively mastered by women [4].

State support for women's entrepreneurship

Support for women's entrepreneurship is one of the world's socio-economic trends. The UN is a pioneer in this field. The Beijing Platform for Action, adopted by the Fourth World Conference on Women in 1995, highlighted the need to increase support for women entrepreneurs, including by providing access to official financial instruments in the vocational training markets.

State support for women’s entrepreneurship consists in organizing education, training, seminars, round tables, master classes, and socially significant events. Women's business centers and social welfare centers help women to navigate the labor market and provide information on their area of interest, opportunities for professional development, etc.

The results of sociological surveys in 2017 show that 98% of women are positive about the prospect of setting up their own businesses. Women with minor children, children with disabilities, residents of single-industry towns and rural areas are in the most difficult situation among them. An unsatisfactory demographic situation, instability in family relations, a growing number of divorces, especially in recent years, and low wages encourage women to set up their own businesses, which can provide material wealth. The development of women’s entrepreneurship is negatively influenced by imperfect legislation, in which even the term "women’s entrepreneurship" does not exist. The essence of entrepreneurship in general form and absolutely does not take into account the specifics of its female segment, which can play a significant role. People who do not have the necessary means want to engage in small business, in particular female entrepreneurship. The lack of initial capital, which is the basis for setting up their own business, "screens out" a significant number of men and women who are capable of becoming productive business people.

In most countries, women’s business is a distinct segment of the entrepreneurial sphere, which has received a lot of attention. It is created with multi-faceted government support, reducing women’s unemployment and social tensions in society. In many countries, comprehensive support is given to women with minor children. In the UK, there is even a new term “mumpreneur” — working mother.

Mumpreneurs UK, which runs the Campus for Mums program, has been established. As a result, 300 thousand business mums bring about 7.4 billion pounds annually to the British economy [5]. As the foreign practice shows, the most successful niches of entrepreneurial ideas for mothers are rendering services connected with the solution of children’s problems, manufacturing handicrafts, children’s goods to order, and rendering services of social character.

In general, it should be noted that women’s entrepreneurship in Kazakhstan faces the classic problems of small and medium-sized businesses. The established Fund for Sustainable Development and Support of Women’s Entrepreneurship, which was established in June 2018 within the framework of the IV Congress of the Council of Business Women of NCE RK Atameken is a
good tool in development. The Foundation was created due to the great desire of the founders to build a sustainable platform for the implementation of effective mechanisms to support women's entrepreneurship.

The Foundation implements projects aimed at empowering women who want to implement their ideas in entrepreneurship, create new jobs, and increase family income.

It should be noted that at the International Congress of Women’s Entrepreneurship in Astana, Prime Minister of the Republic of Kazakhstan Alikhan Smailov stressed that today women make up almost 50% of the workforce in the country. The number of legal entities headed by women increased by more than 9% and reached 625,100 by the end of 2021. The contribution of women’s entrepreneurship today is about 40% of the country's GDP. Kazakhstan ranked 65th among 146 countries in the World Economic Forum’s Gender Gap report, which is 15 positions better than in 2021. Significant progress has been made in the section “Economic participation and opportunities”, where Kazakhstan has risen from 47th to 29th place.

Women’s Entrepreneurship Support Centers have been opened in every region of the country to help empower rural women and promote their sustainable economic growth.

More than 7 thousand women have applied for consultations; more than 30% of clients are from a socially vulnerable category of the population who are just planning to start their own business.

Within the framework of the Congress of the Council of Businesswomen of NCE RK Atameken, a Memorandum was signed between the People’s Bank of Kazakhstan and the Council of Businesswomen of NCE RK Atameken on launching a Women’s Business Lending Program from 5 to 7% per annum. Women can receive up to 10 million tenge in one hand for the development of their business without restrictions on the fields of activity. The maximum loan term is 7 years. Applications for a loan are accepted in the Regional Councils of Businesswomen of NCE RK Atameken, which today is a good support for women.

The Council of Business Women of NCE RK Atameken with the support of the Asian Development Bank launched an educational project “Development of Women’s Entrepreneurship in Rural Regions” in 2019. The aim of the educational project is to develop women’s entrepreneurship in rural regions, increase access to finance, provide incentives for women’s entrepreneurship to engage in business, increase gender equality in the economic sphere, and increase women’s employment in rural regions.

It is important to note that over the past few years, work has been carried out to support and develop women’s business, the transformation of the economy orients the population to active promotion, but at the same time, there are socio-gender features associated with the traditional patriarchal way of Kazakhstan society.

Entrepreneurial activity of women in international organizations

Women’s entrepreneurship is now on the global agenda of all major international organizations. In order to promote women’s entrepreneurship and raise the profile of women entrepreneurs, the UN has established Women’s Entrepreneurship Day (WED), which has been celebrated annually in 144 countries since 2014 on November 19. Most interesting, in our view, is the experience of SME development in China, which not long ago was considered a hopelessly backward country by historical standards, and now is already “on the heels” of the United States. It is a paradox that the Chinese Communist Party leads the intensive development of capitalism and has been very effective in boosting the social and economic processes in their country. The Chinese government is basically using well-known means and methods to develop women’s business, weakening or enhancing them in various combinations depending on the changing conjuncture. Government and civil society organizations are effectively engaged in this work. According to Forbes magazine, in 2017, of the 88 richest women in the world, with a fortune of more than $1 billion, two-thirds are Chinese women. Chinese women, for the most part, clearly demonstrate that it is not connections and money from close relatives that lead to business success, but rather daily hard work and constant creative thinking.

For instance, one of the world’s top 20 billionaires is Zhang Yin, a Chinese woman who set up her business at the age of 28 thanks to a landfill
in the United States. She has started collecting and transporting waste paper and recycling it in China. The finished products, in the form of cardboard packing boxes, were in high demand as the volume of Chinese shipments to the US and other countries increased. Today, Zhang Yin, 60 years old, has a fortune of more than $4 billion. If the right conditions are created for our enterprising women, they will turn out thousands of huge mounds of rubbish around cities and towns, where useful recyclables abound, in a short time.

In order to further develop and support women’s entrepreneurship, it seems necessary to take the following measures:

• To develop a draft law or a section in the current law to support women’s entrepreneurship.
• To develop a comprehensive program to develop women’s entrepreneurship on the basis of cooperation among government, public, and commercial organizations.
• To create a special section on “Assistance in the development and support of women’s entrepreneurship” in the regional programs for the development of SMEs.
• To extend tax holidays for single young mothers and mothers of large families running businesses in small towns, villages, and rural areas, where it is difficult for women to find work.
• To ensure large-scale introduction of distance learning and employment for women’s and other types of entrepreneurship.

You do not have to be a professional to see that SME owners and workers are in dire straits. We do not yet see any prospects of creating for them the conditions of foreign small businesses, providing a high standard of living and contributing huge amounts of money to the state budget. But it is not so difficult to organize a rational environment for these enterprises.

Thus, the support of women who want to engage in entrepreneurial activity is one of the most important trends of our time, which is reflected in the relevant laws of international law, as well as in the legislation of individual foreign countries. Various mechanisms for supporting women’s entrepreneurship are widely represented in world practice.

Despite the large number of various programs and measures aimed at the development of women’s entrepreneurship, there are still many unresolved problems. The inexorable red tape and bureaucracy create many difficulties in the organization of enterprises, in their operation, and even in their closure. Due to cuts in the state budget, expenditures for supporting small businesses, including women’s businesses, have also decreased.

In general, it should be noted that modern economic realities make the practice of entrepreneurship difficult, but at the same time, women are actively involved in these processes. Women entrepreneurs are a relatively new socio-professional group in the social structure of society, which in turn solves a number of socio-economic problems of the state.

References:


Conclusions

The study showed that the role of women in modern society is changing rapidly. In the conditions of dynamic development of economic relations, the essence of the activities of women entrepreneurs is steadily increasing.
Акибаева Г., Мусабекова А.

Жіноче підприємництво — перспективний потенціал для економічного розвитку

У статті описано тенденції розвитку жіночого підприємництва у другій половині XIX — на початку XX ст., встановлені на основі статистичних матеріалів, заходи керівництва країни та факти, що становлять інтерес для читачів. Зазначається, що з переходом до ринкових умов жіночий бізнес розвивався у формі "човникового" бізнесу, який певною мірою пом'якшував дефіцит товарів широкого вжитку, допомагав виживати "човниковим" підприємцям і тим, хто забезпечував їх інфраструктурою. "Човниковий" бізнес, який був переважно жіночим, допоміг створити початковий капітал для подальшого розвитку класичного жіночого підприємництва. Статистичні матеріали свідчать, що розвиток жіночого бізнесу в наступний період відзначався інтенсивністю, незважаючи на об'єктивні та суб'єктивні причини, які створювали труднощі для жінок-підприємниць. Дослідження виконано в рамках проекту, що фінансується Комітетом науки Міністерства освіти і науки Республіки Казахстан (грант № AP14871920).

Ключові слова: жіноче підприємництво, човниковий бізнес, сімейний бізнес, малий та середній бізнес