Russian Business Woman: Overcoming Barriers to Success

Julia Prokofieva

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Approved: ___________________________ Date: 6/2/05
Thesis Director Signature

Dr. Diane Bruce Anstine

Approved: ___________________________ Date: 6/2/05

Thesis Director Print Name Here

Dr. Sarah Ann Stewart
Second Reader Print Name Here
ABSTRACT

Since the fall of the Soviet Union, the lives of Russian women have drastically changed, yet in the official statistics and reports most of these changes have been overlooked. "The transition from the Soviet system to market economics was carried out largely at the expense of women. We were forced to adapt, more than men, to wild changes in the economy in order to survive and feed our families," says Yelena Yeshova, president of the independent Association of Women's Non-Governmental Organizations.

This project investigates the development of the Russian women entrepreneurs, challenges faced as a result of the economic transition and gender discrimination, salary assessment, as well the current social status and future outlook.
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1. Introduction

"As a business woman, I believe that my mission is to contribute to the creation of jobs and raising living standards in our country, which is an economy in transition. Modern businesses should improve all possible aspects of a woman's life. The Twenty First Century should be seen under the sign of Woman," said Marina Korneva, a Russian businesswoman, when asked to comment on her vision of the Twenty First Century and the development of women entrepreneurship (Portrait, 1).

The goal of this thesis is to introduce the Russian businesswoman to the reader and to provide adequate information about the history, development and current position of the women entrepreneurs in Russian and international societies. Following the general narration there will be an analysis regarding the difficulties and barriers to entry for women entrepreneurs followed by the salary analysis of women and men. The research will be followed by the author's remarks and an econometric study analyzing the results of the Russian Businesswoman Richter Fellowship research.

2. Differences between American businesswoman and Russian businesswoman

The notion of a businesswoman is not that uncommon in the modern world. Most certainly, there are millions of businesswomen throughout the world today, especially in North America and Europe. Recently, the Russian Federation has proudly presented her own businesswomen to the world.

The following thesis will clearly identify the Russian businesswoman in terms of her status in society, history, occupation, and goals. But first, it would be beneficial to get acquainted with the general portrait of this woman. A reporter, Natalia Gevorkyan from Kommersant, a leading Russian
newspaper, attended the first Russian-American summit of leading businesswomen conducted in Moscow on April 18, 2002 and noted the following in her report (Gevorkyan, 2):

If you did not read the name tags, it was practically impossible to tell the difference between the American and Russian businesswomen. But after a little time passed, I did notice some visual differences. First, the majority of the American women seemed to be a bit older than their Russian counterparts. Second, the Russian women practically did not use the headphones to listen to the translation since most of them have a good command of English. Third, the American women, of course, do not smoke. In all other respects, they were much the same: very modest makeup, neat business suits - mostly dark, but sometimes red and blue.

As far as the smoking aspect, there is not much that has to be said. Russians have one of the world's highest rates of smoking (Nearly, 1), and among the category of smokers are of course the business men and women. A pack of Marlboro cigarettes costs only 50 cents when converted to US currency, which only encourages the smoking in Russia.

Aside from the smoking comment, the reporter noted two very important facts when describing the Russian businesswomen. First, she noticed that there were a lot of relatively young businesswomen from the Russian side, and also, that most of them had a proficient knowledge of English language, or in other words they were all well educated. These remarks bring me to the first major part of this paper: the woman of the Post-Soviet society.

3. Women in the Post-Soviet society

The Institute of Complex National researches of the Academy of Social researches of Russia and Russian Independent Institute of Social and National Problems have published an analytical report about the new Russian
woman in 2001. As suggested by the heading of the report: A woman of New Russia: What is she like? What is her life like? What are the goals she is gaining? there is much to discuss about the new Russian women (Woman of New Russia, 1).

3.1. Goals of the new Russian woman

The first section of the report dealt with the general goals Russian women currently have. Some of these goals reflect the Soviet influence on women discussed in later sections and others indicate the effects of the transition to the market economy and emergence of new values for women. The responses fell in one of the following categories: 1) have already accomplished; 2) not yet, but think it is possible; 3) would like to do, but scarcely it is possible; and 4) have not had in plans.

Table 1 (This table has been slightly moderated from the official report (Woman of New Russia, 1))

The things that women have or have not managed to do, %

<table>
<thead>
<tr>
<th>The sphere of ambitions</th>
<th>Have done already</th>
<th>Not yet, but think it is possible</th>
<th>Would like to do, but scarcely it is possible</th>
<th>Have not had in plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>To get a good education</td>
<td>31.8</td>
<td>27.8</td>
<td>30.4</td>
<td>9.2</td>
</tr>
<tr>
<td>To get a prestigious job</td>
<td>11.5</td>
<td>35.1</td>
<td>43.0</td>
<td>9.4</td>
</tr>
<tr>
<td>To create a happy family</td>
<td>40.0</td>
<td>39.3</td>
<td>16.3</td>
<td>3.6</td>
</tr>
<tr>
<td>To run business of their own</td>
<td>4.6</td>
<td>14.4</td>
<td>27.7</td>
<td>52.2</td>
</tr>
<tr>
<td>To make a career (professional,</td>
<td>5.5</td>
<td>25.7</td>
<td>23.5</td>
<td>44.0</td>
</tr>
<tr>
<td>political, social)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To do work according to the</td>
<td>30.3</td>
<td>38.7</td>
<td>26.5</td>
<td>3.6</td>
</tr>
<tr>
<td>interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To meet a real love</td>
<td>50.1</td>
<td>27.2</td>
<td>17.0</td>
<td>4.5</td>
</tr>
</tbody>
</table>
The results indicated that the values mostly fell in the traditional sphere of having reliable friends, respect of others, with true love, honest life, creating a happy family, having a separate apartment, doing work according to the interests, bringing-up nice children. For each of these traditional categories, the results indicated that more than 80% of the women have either "have done already" or "not yet, but think it is possible." In other words, four out of five women still believe that it is their duty to uphold the traditional Soviet values.

Conversely, business-related goals still seem unattainable or unneeded to Russian women. It's interesting to note that 52.2 percent of the women never thought of becoming an entrepreneur, and 44 percent do not even want to be career-oriented. So stepping out of the traditional female routine and taking a step into the business world still appears to be alien to the great part of Russian woman.

The results of the first part have also indicated that the Russian women can be distinguished into four categories, according to their ambitions. The analysts of the report have decided to label the groups in the following ways (Woman of New Russia, 1):
• The "house-wives" type focuses on children's up-bringing, having reliable friends, an honest life, and respect of others.

• "Hard-workers" are mostly the women whose responses have fallen in the categories "have already done," or "not yet." They have many of the same values as the "house-wives," but also believe that it is important to focus on interesting and prestigious job, on the opportunity to do work according to their interests, and on good education.

• "Careerists" (there is no negative hint in the name of the type, it just shows that the essential ambition of the women of this type is to make a career) have the largest spectrum of life-goals. This type consists of the women who having life-goals of the previous types also already run or are certain that they shall run their own business, make a career, travel all over the world, and join the right stratum of the society.

• At last, the forth type which analysts described as "dispirited," includes the women who are very close to the "house-wives" regarding their life-goals, but think that they will not be able to fulfill the ambitions which are easy to fulfill for the "house-wives," first of all which includes creating a happy family, bringing up happy children, etc.
It should be stressed that the common belief stating that career-oriented women are less interested in family appeared to be false. It was clearly noticeable that the women of all types consider family to be an essential side of life. Moreover, 95% of the career-oriented women have included the ambition to create a happy family in their life-goals.

**Table 2**

<table>
<thead>
<tr>
<th>Types</th>
<th>Age 17-20</th>
<th>21-25</th>
<th>26-30</th>
<th>31-40</th>
<th>41-50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Careerists</td>
<td>30.8</td>
<td>21.9</td>
<td>14.9</td>
<td>8.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Hard-workers</td>
<td>41.5</td>
<td>44.6</td>
<td>41.3</td>
<td>36.3</td>
<td>32.2</td>
</tr>
<tr>
<td>House-wives</td>
<td>20.0</td>
<td>26.6</td>
<td>38.8</td>
<td>45.5</td>
<td>46.1</td>
</tr>
<tr>
<td>Dispirited</td>
<td>7.7</td>
<td>6.9</td>
<td>5.0</td>
<td>9.3</td>
<td>9.5</td>
</tr>
</tbody>
</table>

One of the leading female journalists in Russia noted that "Things are changing drastically," says Ms. Doletskaya, editor in chief of the Russian edition of *Vogue*. "Younger women these days do not hang back or defer to
men. They are investing themselves in careers and some are even arriving at the upper heights of management." (Russia, 1) These results support Doletskaya's statement: younger women do have more ambitions in becoming careerists and hard-workers than older women.

3.2. Level of education

The analysts claimed that, moreover, the most important factor, which defines the success of Russian women's life goals is the level of their education (Woman of New Russia, 2).

Table 3

The Correlation among the Types of Russian Women in Groups of Different Educational Level

<table>
<thead>
<tr>
<th>Types of Women</th>
<th>Unfinished Secondary Education</th>
<th>Secondary Education</th>
<th>College Education</th>
<th>Unfinished Bachelor Degree</th>
<th>Bachelor Degree</th>
<th>Master Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Careerists</td>
<td>8.1</td>
<td>11.3</td>
<td>12.1</td>
<td>40.3</td>
<td>21.5</td>
<td>57.9</td>
</tr>
<tr>
<td>Hard-workers</td>
<td>10.8</td>
<td>30.1</td>
<td>36.2</td>
<td>41.0</td>
<td>56.3</td>
<td>31.6</td>
</tr>
<tr>
<td>House-wives</td>
<td>54.1</td>
<td>46.4</td>
<td>44.2</td>
<td>15.8</td>
<td>18.4</td>
<td>10.5</td>
</tr>
<tr>
<td>Dispirited</td>
<td>27.0</td>
<td>12.2</td>
<td>7.5</td>
<td>2.9</td>
<td>3.8</td>
<td>-</td>
</tr>
</tbody>
</table>

Clearly, the careerists and hard-working women place a high value on education.

So, as the analysts proclaim, a Bachelor's and Master's degrees are not only the most important reason for successful realization in professional sphere or for making a good career, but a degree "becomes a real identity card for them to another, more colorful and intense life, another social surrounding, where the relationships between a man and a woman, a husband
and a wife, between friends have absolutely another quality and the opportunity to have multifaceted and happy life grows rapidly." (Woman of New Russia, 3) This is one of the explanations why Russian women are eager to get a university degree, and why the majority of current women citizens have a degree.

4. The development of the Russian businesswoman

This section will explore why women have developed in such a way described above: why do many of their goals revolve around the traditional values in addition to the career-oriented ambitions, and why education is such an important factor? Much has to do with the ideology of the Soviet epoch, but most deals with the years of the transitional economy where women realized and took it upon themselves to become entrepreneurs in order to accomplish their objectives and succeed in business against male competitors. In order to clearly the evolvement of the businesswoman it is important to initially go through the generic historic development of the Russian woman.

4.1. Women in Soviet Epoch

Officially, in the former Soviet Union by the laws established in 1917, women were granted equal rights as men. “Equal pay for equal work” legislation had been in force since almost immediately after the October Revolution (Katz, 5). For the majority of cases this slogan proved to be true. The communist idea of equality among sexes was very well adapted and favored by the general public. Women across the country grew up with the belief that all doors were open to them in any industry and for any position. As Svetralana Petrukhova, Advertising Sales Manager for ELLE in Russia, noted, “USSR was very asexualized. At that time, there were no jobs that men could do better than women or the other way around although patterns did appear.
[Even today some evidence is still present]. If you take a walk in Moscow you will notice that it is the old women shoveling snow in the streets.” (Russia, 1) Little did these women know that behind the mask of equality, the Soviet Union was, in reality, very discriminative against their females.

“Occupational sex segregation was pervasive,” say Racioppi and O’Sullivan of James Madison College and Michigan State University (Racioppi, 5). According to the statistics they have gathered, 80 percent of the female labor force held jobs in sectors dominated by women, such as education, health, and culture, where wages were significantly below state averages, ranging from 53 to 78 percent of the average industrial wage. On average, women earned 65-70 percent of what men earned (Racioppi, 7). The study furthermore investigates the fact that women faced a “glass ceiling,” meaning that they were kept at lower grade rankings even when they had comparable skill levels to men (Racioppi, 9). Certainly, it was not unusual for a woman to be passed over by a lower skilled male for promotion. Thus, even behind the “equal pay for equal work” slogan, the pay turned out to be lower for the females.

Nevertheless, some of this pay inequality was justified by the privileges available to women due to their status. Among these privileges was the right to maternity leave, which was up to 18 months in 1982, with 18 weeks fully paid (Katz, 5). Caregivers also had the right to leave to take care of a sick child (Katz, 6). As much as these rights were valuable to women, they did not come without a price. More often than not, employers viewed women workers as less reliable and less committed to their careers than men. Thus, women were rarely promoted and usually kept at their base ranking.

There was discrimination among the sectors as well, as wages and fringe benefits varied dramatically from one sector to another. Those that had a higher political priority enjoyed the privileged access to resources and capital.
These sectors tended to be male dominated, while female dominated sectors like teaching, health-care and consumer goods industries were characterized by low pay. There were always jokes among commoners in the Soviet Era, that only the politicians and the high executives could enjoy their living with caviar on the table and vacations to the closed zone resorts, while the rest had to work in order to pay for the caviar on the tables of their directors. Of course, the number of women in these positions could be counted using the fingers of one hand.

Women were affected both as workers and as consumers. Not only did the women have to bear all of the housework, child-care, cleaning, laundry, and shopping on their shoulders, they also had to work fulltime in order to make ends meet. So when the shortage of consumer goods and services occurred in the country in the late 1980s, women were hit the hardest. As Racioppi and O'Sullivan correctly note, “in the face of rising prices for consumer goods [of late 1980s], women's traditional second shift of household-related work assumed even more onerous dimensions—they had to spend even more time searching for reasonably priced goods and waiting in long lines to purchase these” (Racioppi, 9). That time period was hard for everyone, but for the women especially. At least, in the days of the Soviet Union they knew that the government guaranteed them a certain wage sufficient high for survival. But when the perestroika crises hit the country, women lost even that last guarantee.

4.2. Women going through Perestroika crises

As Michael Gorbachev took power of the Soviet Union, changes began to occur. The regime of communism was coming to an end, and so was the care-free job guarantee for millions of women. As the economic crisis progressed, Gorbachev called upon women to return to their rightful place as wives and mothers and to voluntarily give up their jobs to men (Wells, 2).
According to the President, these actions would help restore order and help solve problems dealing with juvenile delinquency, poor labor discipline and immorality.

According to the President, these troubles were somewhat due to "women taking part in social production at a degree and at the expense of 'their everyday duties at home – housework, the upbringing of children and the creation of a good family atmosphere'" (Gorbachev 1987, cited in Racioppi, 3). So, as a result, the President initiated a wave of housewives, a process which was helped by massive firing of women across the country.

Perestroika brought many changes into the female Russian labor market. Women faced diminished labor market access, increasing vulnerability to crime, loss of family-oriented social benefits, and exceedingly low parliamentary representation. The level of the female poverty was unbelievable: 87 percent of employed urban residents with incomes under $21 a month were female (Hunt, 1). Needless to say, $21 is not enough money even for food.

Large groups of women suddenly found themselves in extremely low-paying professions. In terms of finding a better job, the task seemed nearly impossible. Discrimination on gender basis was thriving on every corner, and in those few industries where women workers were welcome the pay was below misery levels. Doctors, teachers, and public workers often left their profession to go in the underground economy market to make at least some kind of a living. Sadly, many even turned to prostitution in despair.

4.2.1. Discrimination

The reason for such sudden discrimination came not only from economical crises but from political and social issues. Some of these issues were common for Eastern Europe in general, while some were unique to Russia. The marginalization of the women's labor force was clear when the
following became a usual occurrence: the direct exclusion of women from employment, unjustifiable dismissals, major cut of working hours, unpaid leaves, and, finally, discrimination against women while hiring (Mezentseva, 6).

The dominant influence of such disproportionate effect on the women’s labor market was in fact the outcome of the economic crisis which caused (despite assurances in the Soviet Constitution regarding sexual equality) the state enterprises to begin reducing staff by firing women for whom they could not find "appropriate work" (Mezentseva, 7). Privatizing enterprises consistently discriminated against women workers. Factories were often offered an opportunity to begin with a “clean slate” (Mezentseva, 7). To reduce their own costs, many businesses closed down the sectors where women dominated, or closed down the entire enterprise and then reopened with a fresh all male labor force. In one of the most important sectors of the economy, the military industrial complex, factories which began downsizing in the process of conversion fired women in disproportionate numbers (Mezentseva, 8).

To add to the state of economic depression, some economists attribute women’s exclusion from employment as not merely an economic, but rather a social and political issue (Mezentseva, 8). Young women rejected by employers as unreliable workers have to postpone bearing their first babies or cannot afford to have a second or third child. Millions of women are deprived of jobs or receive beggarly money. Finally, women of the pre-retirement age which have lost their jobs have hardly any chance to find a new one.

Discrimination against women in hiring was not even concealed. Most job advertisements at the time politely asked women not to apply to positions at their firms. In part, this discrimination can be attributed to the fact that social benefits were no longer paid by the state but by individual employers...
Obviously, private employers prefered hiring men because they are unlikely to take maternity, family and sick leaves. So, women were also more likely to find themselves among the "hidden unemployed" because employers often choose to place them on extended maternity leave to reduce labor surpluses and costs, if not lay off completely (Izyumov, 3). By the way, women on maternity leave currently receive two dollars per month from the government (Portrait, 2), and during the 1990’s this amount was even smaller, if paid at all. This payment which originated in the Soviet epoch and which at the time was a partial compensation of income, is still one of the few remaining government payments such as pension, social security and others. Unfortunately, the worth of this “thoughtful” payment has decreased to practically nothing.

4.2.2. Banking sector discrimination example

A clear example of discrimination against women was seen in the banking sector which (Mezentseva, 8) in the Soviet times was one of the most feminized sectors of economy. Traditionally, banking as well as accounting and other finance-related professions were considered to be womanly in the Soviet epoch. However, with the emergence of new commercial bank institutions and the enormous inflow of money into banks, the sector suddenly gained popularity with the men. Thus, the share of women in the total number of bank employees decreased from 90 percent in 1990 to 75 percent in 1994-1995. As for salaries, the tendency was just the opposite. According to official statistical data, in 1990 salaries in bank institutions represented about 1.2 times the national average, while in 1994-1995 this level was 2.5 times higher than the national average (Russian Statistical Yearbook, 1997: 89, 121). So while female employment declined, average salaries rose as men entered the banking sector in large numbers.
5. Changes in the Dominant Employment Model

It is important to note that women were not the only ones experiencing changes in the labor market. Perestroika, change of political structure, and the economics crisis of the early 1990’s changed the employment model as a whole. The communist model governed by the socialist principles was rapidly adapting to the new market economy and changing the structures of the industries as well as its workers. According to Tchernina, some of the main features that emerged in new the employment model were the following (Mezentseva, 10):

- drainage of labor force from the public sector into other sectors of employment, e.g. private, co-operative, etc.;
- starting of an official registration of the unemployed and other job-seekers after the adoption of the Law on Employment and re-organization of the public employment services in 1991;
- emergence of new forms of latent (or hidden) unemployment in the forms of long unpaid leaves and forced part-time work;
- expansion of the informal sector which attracts the labor force excluded from the formal labor market;
- changes in the forms of hiring of workers (temporary contracts and contracts concluded for the period of performing of a certain job);
- emergence of new modes of labor behavior such as entrepreneurship, self-employment, various types of job-combination, etc.

The last point brings me to the main point of entrepreneurship in Russia, and the women entrepreneurs.

6. Entrepreneurship in Russia

The emergence of small and medium enterprises in the transforming Russia was inevitable, since entrepreneurship is one of the key attributes of a developing free-market economy. Without a doubt, Russia, with its vast natural resources and highly educated population has the potential for successful entrepreneurial activity. Ageev, Gratchev, & Hisrich see Russian
entrepreneurship: "on the leading edge of radical economic and political transformation of the society that should lead to new business developments, and improved quality of life" (Wells, 2).

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.

As part of the Gorbachev’s strategic plan for Russia, the former President passed laws such as the Russian law on individual enterprise in 1987 and the law on co-operatives in 1988, which provided an incentive for entrepreneurial initiatives and new firm creation (Ylinenpaa, 5). Yet, during the first years of development towards market economy, the emerging entrepreneurial sector was still usually regarded with avarice and public speculation.

The reason was simple. As the author stated, at the time “the dominant mode of entrepreneurship was focusing on creating value and making profit from trade and financial operations, exploiting weaknesses in the state’s legislation and taxation system, and even utilizing illegal or unethical measures” (Ylinenpaa, 7). Only few people of important status and connections were permitted to become entrepreneurs. Interestingly to note, many of these first entrepreneurs later became famous Russian Oligarchs like Boris Berezovsky and Mikhail Khodorkovsky. Since both have been a cause of major international financial criminal scandals, the use of illegal and unethical methods by many successful entrepreneurs of the first wave is unquestionable. Other businessmen made their money and ran. In either case, this shows the inadequate level of supervision and established laws and punishments that were in place in the early 1990’s.
Yet, this situation did change for the better. From a very low level, (Wells, 1) the number of new business grew rapidly following the collapse of the Soviet Union in 1991, driven by opportunity and economic necessity. The public fear of the Communist government was gone and thousands of Russians were eager to make their contribution to the developing free-market economy.

According to Tkachev and Kolvereid, 437,000 small and medium-sized firms were registered in October 1992 (Tkachev, 269). These private businesses included spin-offs of former state enterprises and small start-up enterprises. By 1994-95, new business creation had come to a stall at a number of approximately 1,380,000 firms (Wells, 1). In January 1996, 8.9 million people or 15% of the total workforce in Russia was employed by small and medium enterprises (Kontorovich, 3). However, the collapse of the ruble in 1998 forced many small enterprises to go out of business.

Ageev, Gratchev, & Hisrich maintain the opinion that while the phenomenon of Russian entrepreneurship is not much different from that occurring in other countries, the business activities and environment of Russian entrepreneurs have been strongly influenced by their “unique historic heritage, including the legacy of communism” (Wells, 8). A broad socio-economic perspective, recognizing historical foundations, cultural influences, and situational factors is required to address entrepreneurial expansion in Russia. This aspect played especially an important role in the women entrepreneur formation and development.

6.1. Russian brides

The wave of new businesses of the late 1980s have spurred and even larger wave following the fall of Soviet Union in 1991. Businesses of all sorts have popped out of nowhere ranging from construction to mail-order brides. Just to give an example of uniqueness of some of the Russian businesses, the mail-order bride business will be briefly discussed since it is such a bizarre
entrepreneurship, yet very successful. There is an entire industry that deals with exporting brides from Russia to countries all over the world, especially the USA. These agencies, mostly also led by women have a whole networking system set up to “successfully” match and for a small fee make the transportation and visa arrangements of thousands of women.

These businesses became extremely successful in the early nineties, as thousands of women left the country by marrying a foreign man. At some point it was considered very popular to marry a foreigner, especially a rich foreigner, and hundreds of companies that specialized in this business became very profitable. The businesses became very proficient, with excellent letter writers and translators, travel agents, and other specialists. However, recently, the popularity has declined, and these agencies are desperately looking for clients. Some of the advertisements are changing their original focus to attract new clients. One of these websites, for example, has the following as its urging argument for marrying a Russian woman: “Believe it or not, the reason for all these beautiful Russian women seeking their destiny over the Internet is that they cannot find their ideal man in Russia. It is that simple - even if it sounds unbelievable” (Smiley, 2). The truth is that Russian women that seek their destiny over the Internet are either looking for a way to get out of the country and become rich, or they are not very good looking, in which case they really do have a difficulty finding a husband in Russia and are forced to turn to foreign market for men.

Other advertisements focus on population distribution and the fact that in Russia, women outnumber the men. Thus, “most Russian women seeking husbands abroad are NOT focused on finding a "foreign husband" but more importantly on finding "The Husband" (Smiley, 2)”. So Russian Women do use their entrepreneurial abilities even in such an unusual marketing business as Russian mail-order brides.
6.2. Women entrepreneurs

"Women's business in Russia is a tough case: cruel and risky. Historically, women entrepreneurship in Russia was and in many cases still is today a movement of pioneers. At the beginning, we had to overcome many administrative barriers, rather than getting assistance from the State or authorities. Yet today, women entrepreneurship is a vital, humane and social feat in the name of Russia." (Portrait, 4) In one quote this woman entrepreneur had summed up the devastating process of development of Russian businesswomen. Their way to the top was not an easy one, and those that did it deserve recognition.

Prior to the start of the market transition in Russia, women had limited opportunity and practically no motivation to engage in entrepreneurship. Private entrepreneurs were almost exclusively men. Since safety was always regarded as one of the most important aspects of the female environment in the Soviet Union, those women that had the opportunity were usually not willing to take on the risks of criminal prosecution inherent in entrepreneurial activities of the socialist epoch (Izyumov, 3).

Women's entrepreneurship grew tremendously after the fall of the Communism, just as did the sector in general. Yet as opposed to men, women had different reasons for starting new businesses. The main one was basic economic survival. As discussed earlier, Russia's transition from a planned to a market economy, in general, has significantly deteriorated the economic status of women. 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.

At first, hundreds of thousands of them became "shuttle traders," bringing consumer goods in bulk from abroad to sell in local markets. Though
shuttle trading has been superseded by organized commerce in recent years, women remain strong in the retail sector. "Women understood they had to survive," says one expert. "While men lay about on the sofa, or took to drinking, women mobilized to support their families" (Izyumov, 1)

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 still 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 (Izyumov, 1).

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. "The numbers of women in management positions in business are growing, while numbers of men are stagnating," says Tatiana Chertoritskaya, chair of the Women's Social-Democratic Congress, a coalition of mainly professional women that lobbies for equal rights (Russia, 1).

6.2.1. Major reasons for starting a business
Although I have mentioned economic survival as being the principle reason for women staring their own business there are other reasons to consider as well. The reason of survival has somewhat diminished in the last 10 years as the economy has more or less stabilized. Those who were able to find a job within these years are not as much at risk of being fired. They can be somewhat safe about tomorrow, as long as Russia does not face another economic crisis.
Survey of 670 citizens of the Murmansk region of 1999 results lists nine main motives with corresponding percentages for women to start their own businesses (Ylinenpaa, Table 1).

Table 4

<table>
<thead>
<tr>
<th>Motive</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>To achieve or maintain an independent form of living</td>
<td>29%</td>
</tr>
<tr>
<td>To provide a higher standard of living</td>
<td>25%</td>
</tr>
<tr>
<td>To realize personal talents or capabilities</td>
<td>16%</td>
</tr>
<tr>
<td>To avoid poverty</td>
<td>14%</td>
</tr>
<tr>
<td>To gain authority and respect in the society</td>
<td>14%</td>
</tr>
<tr>
<td>To earn more money</td>
<td>11%</td>
</tr>
<tr>
<td>To secure personal standard of living when getting older</td>
<td>10%</td>
</tr>
<tr>
<td>To use personal time and funding available</td>
<td>7%</td>
</tr>
<tr>
<td>To be useful to society and to other people</td>
<td>4%</td>
</tr>
</tbody>
</table>

Please note, that this survey took place in 1999, a year following the Ruble default, at the time when the general public was very concerned about the economic stability of the country and the security of their job.

6.2.2. Characteristics of Russian women entrepreneurs

Due to the fact that in forty percent of Russian families women are the only breadwinners, the opening of one’s own business is often the only way for the family to survive. Thus, many women are attracted to business by freedom and opportunity, since success depends just on them as opposed to the state and male managers.

Russian women are strong, resilient, full of enthusiasm and entrepreneurial spirit, and even without any benefits have been able to achieve success (Kalinina, 4). Most often women open businesses in the following spheres: everyday services and social assistance to families, education, social adaptation, publishing, printing industry, manufacturing of clothes and food, medicine, recreation, tourism, health rehabilitation and consulting services (Kalinina, 4). Improvement in all the above mentioned spheres leads to better
quality of life, and that is why the work of women in business is socially important. A typical age of the firm headed by women ranges from 3 to 7 years. "Female" firms provide workplaces for every fourth worker in the country (Lobanova, 1).

In terms of age, Russian businesswomen usually parallel that of women entrepreneurs in Eastern Europe (Izyumov, 2). The average Russian woman business owner is married, has children and is on average 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 (Izyumov, 3).

The uniqueness of the situation in Russia is that the women were and still are on average markedly better educated than men. As stated in the 1998 statistics of the Institute for Private Sector Development and Strategic Analysis, Russian women-entrepreneurs possess higher than average educational levels, with 79% having a college degree, and approximately 40% of the Russian women-entrepreneurs are former engineers, research scientists or educators, and 15% had the equivalent of a Ph.D.

But, unlike male entrepreneurs, many of which “graduated” from the school of the black-market economy, few women had any business experience before the fall of Communism (Izyumov, 1). “Lack of basic business skills among aspiring women entrepreneurs, rather than direct gender discrimination, at first made them the underprivileged players in the new Russian economy” says (Izyumov, 1). Thus, women entered the business world on a step lower than men, but this did not stop them, and in some cases even turned into advantage.

Also, as far as dealing with the black market and illegal businesses, studies show that Russian women-entrepreneurs are “much more law-abiding, they are not inclined to unjustified risks, as a rule are not involved in shadow
or criminal business; and so women can play a decisive role in the changing of stereotypes of attitude to entrepreneurs,” says (Kalinina, 2). Usually women become very worried if they have to cheat the system or do something unethical. However, there are some that do go outside the rules, and those tend to be extremely good at that, a lot better than the majority of businessmen.

Also, female firms do not collapse as easily and often as do men’s businesses (Odintsova, 1). Women tend to be more careful and independent when opening their business. The main forces that women put to use in business are charm and femininity.

6.3. Three social groups of women entrepreneurs

Women’s entrepreneurial activity often depends on factors such as where is she coming from and what are her goals. Thus, a study conducted in Novosibirsk stated that there are three major social groups of female entrepreneurs.

To the first group belong the women that are determined to succeed. They are motivated by a desire to become the best and they are committed to their plan. They came to the business world of their own will and with the most serious intentions (Kulikov, 8).

Some other social studies point out that women entrepreneurs value the outcome and the skills that are obtained as a result of owning one self’s business. Some of the major objectives that women look to achieve when starting their own business are (Ylinenpaa, 9) (Kalinina, 2):

- Job of interest, promising new experience and new contacts;
- Concrete and tangible results from work;
- Obtaining inner comfort and self-esteem;
- Practical way of thinking;
- Clear vision of goals;
- Developed intuition.
The second group and the biggest one unites the women that became entrepreneurs because they were offered the opportunity and took it. So it was a combination of being at the right place at the right time that brought them into business (Kulikov, 8). The reasons for entering this market range from friend's advice to reading a newspaper advertisement. The motives are also very broad, usually combining most of the reasons mentioned in the lists above.

Finally, the third group brings together the women that became entrepreneurs not by their own choice. They were facing difficult problems which lead them to opening a business. These are the women that opened their business to escape from poverty, injustice, and other negative factors (Kulikov, 8).

6.4. Dealing with Russian businesswomen

On the other hand, Russian male executives often get quite a shock when dealing with businesswomen. In other words they do not know how to act and conduct business with some of them. For example, there was an article about a prominent Moscow businesswoman in the construction business, who always leaves men thunderstruck after her arrival. This is a businesswoman that has gorgeous looks and also appears in the following manner: “long black-stockinged legs, mini skirt, sparkling eyes and flashing smile.” As the author pointed out later, “I'd love to see her on a construction site, stirring up those feelings in the brickies and - at the same time - letting them think they are cleverer than her. In the jungle that is modern Moscow, she is one cool cat” (Nicholson, 2).

7. What does it takes to become a “businesswoman”? 

There are several aspects of a Russian businesswoman that are unique. As mentioned in one of the first sections, education and age are dominant
factors, yet there are others like the amount of willpower and strength that determine who stays in the business and who does not. Some of the “success stories” show just how difficult it is to survive and how tough the economy is on the businesswomen. The following story is taken from an interview published in *Argumenty i Fakty* (Odintsova, 1-2) (Personal translation). Please note that this story reflects the average conditions and actions that most women went through when opening their businesses and facing the challenges. This is not by any means the “worst case scenario”.

Svetlana was raised by her grandmother, because her mother was very negligent when her daughter was growing up. One time when Svetlana was kicked out of the house on the street she promised herself to “achieve everything herself, and not rely on anyone.” In school she was a straight A-student and received her Master’s Degree from one of the best universities. She then became an engineer at a factory.

Later she started working at a state science center and was planning to write her dissertation when Perestroika crisis occurred. Both Svetlana and her husband were left with nothing, a job where even the miserable salary is not paid because the government has no money. Her husband went into a depression, and this is when Svetlana realized that there was no help for her so she started going to the food market and selling fish.

One day, they decided to take out some credit from their bank by putting their apartment as collateral and open up their business. They registered a firm, leased an office with furniture, bought a car, but with the failing of their first big contract, they went out of business. The business had to be closed and the apartment sold to pay back the debts. At some point later, her husband also left Svetlana.

Svetlana notes that at first she saw her life as a ruin, but then she got another inspiration. She decided to become a clothing trader, so she went to
Poland and Turkey and brought back bags of clothes and resold them in the street markets in Russia. When she made some profit she opened a couple of booths, and with some more profit she was able to open a few small shops.

Then, before she knew it, the country was facing another crisis, the default of 1998, when hundreds of thousands of firms went out of business. Svetlana’s retail business barely stayed alive: the imported goods disappeared from the markets, and so did the money. What saved her was the decision to lease out her stores, and that was how she made ends meet. A few years went by and things started to turn around for the better. Today, Svetlana is still running her business and she has adopted two kids to whom she wants to pass on her business.

7.1. The Black Market

The black market and the underground economy still remain a sensitive issue in Russia. Lidiya Blokhina, president of the Confederation of Business Women of Russia, when asked if unemployment affects women more than men, said there are no reliable statistics.

I can tell you just one thing: women work mostly in the shadow economy. If we look at the markets where fruit and vegetables are sold, mostly women do the selling. And believe me, they are not registered anywhere and no proper records of their employment are kept. Thus, in the shadow economy, if we go out into the streets just now, we are going to see women’s faces. What is more, no records of these people’s employment are kept anywhere. They have no social security of any kind. This is a problem that just has to be resolved. Women should fight for official records to be kept and for all their contributions into social funds to be paid (Russian Government Posts, 1).

The issue that Blokhina is addressing is very crucial. Most of the Russian data is very skewed due to the fact that there is a whole underground sector that is completely unofficial. For example the official gap between the
rich and the poor in Russian is 14.8 while in reality, this number is close to 30-40 times (Mereu, 1). This is how much there is hidden in the underground market. Most of the people in these black markets are women.

7.2. Fighting for opportunities

In Russia, like in most other countries, women have to fight for opportunities. The story mentioned above shows that it is extremely difficult to survive for a woman in a brutal Russian business world. The study of the Murmansk region in 1999 with 670 surveyed women, has noted the following factors with corresponding percentages that are the most common barriers and restrainers to women opening businesses (Ylinenpaa, Table 2).

Table 5

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal traits of women (such as risk-taking propensity, degree of aggressiveness)</td>
<td>27%</td>
</tr>
<tr>
<td>Lack of start-up capital</td>
<td>24%</td>
</tr>
<tr>
<td>Prevailing business laws and tax system</td>
<td>18%</td>
</tr>
<tr>
<td>Degree of actual stability in the society</td>
<td>13%</td>
</tr>
<tr>
<td>Lack of personal qualification and education</td>
<td>10%</td>
</tr>
<tr>
<td>Lack of personal motives for starting a business</td>
<td>8%</td>
</tr>
<tr>
<td>Corruption among authorities</td>
<td>7%</td>
</tr>
<tr>
<td>Criminal blackmailing and mafia</td>
<td>6%</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>3%</td>
</tr>
</tbody>
</table>

The situation with the start-up capital is still very tough in Russia. Historically, it has been the case, that in order to start a business, one had to bribe their way in order to be safe. Thus, historically, the price of starting a business has been very high, yet this would not have been such a problem, had the access to capital been somewhat easier. 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 percent (annualized) for three or four month loans (Izyumov, 1). Obviously, such rates make bank
loans inaccessible to the majority of small entrepreneurs. Other ways of accessing capital can be counted as illegal, unless one has connections in the political or financial sectors.

Note that corruption and crime account for 13 percent of entrepreneurial barriers [Table 4]. This is an unfortunate situation, although it has been progressing in the better direction lately with the new President Putin’s legislation. Yet corruption is still at very high levels and crime is a regular occurrence.

As was recently noted in the business section of the main St. Petersburg newspaper, the result of a survey of 159 foreign companies named corruption as the main obstacle for investment into Russia. This number accounted for 71 percent of the companies polled. This high number surprised even the Russian legislators (Korchagina, 1). "We all know that corruption is a problem, but the number of people who put corruption at the top of the list came as a surprise," Deputy Economic Development and Trade Minister Andrei Sharonov said after a meeting of the Consultative Council on Foreign Investment (Korchagina, 1).

The crime situation is not better by any means. News brief such as the following are not uncommon. It is very depressing that criminals choose to go after businesswomen just as commonly as businessmen. The following news of October 31, 2003 proves this assertion (Russian Businesswoman, 1):

SAINT PETERSBURG, Russia, Oct 31 (AFP) - Police in a town near the northwestern Russian city of Saint Petersburg said that a businesswoman and her husband gunned down on Friday were victims of a contract killing.

Lyudmila Pomazova, 50, director of the Drofa-Saint-Petersburg publishing house was shot six times and her husband twice in the courtyard of the building where they lived in at Vsevolozhsky.

It was the seventh contract killing in the Saint Petersburg business community since the beginning of September.

Hundreds of such killings, usually of business people, take place each year in Russia. Few are ever cleared up.
Reasons for a killing could include being in conflict with a competitor or a mafia organization. Knowing too much or being too powerful is also a common reason for obstructing a person. The latter was probably the reason for this particular killing, although there could be other reasons involved.

On a lighter note, the survey also mentions other barriers to entrepreneurship. Ten percent of questioned women said that they lack qualification. Experts have addressed this problem as the lack of training programs for women entrepreneurs. This problem was especially evident in the nineties, when many women failed to open or sustain their business. The article in the Journal of Developmental Entrepreneurship argued that the reason so many female-owned businesses failed in the free-market economy was because “the overwhelming majority of [women] came from the ranks of salaried employees of state-owned enterprises, and for most of their lives these women have had no exposure to a market economy, even as consumers” (Izyumov, 3). The article then goes on the state that 59 percent of women entrepreneurs claim that they do not have the adequate skills to run a business, and these are the women that are already running a business (Izyumov, 3).

The women also expressed an interest in training programs in the field. Unfortunately for them, these programs are very uncommon in Russia, and consulting assistance if it exists is too expensive. This is a problem that ties closely to another problem, a bigger one, dealing with the general lack of support for businesswomen both on economic and political level.

The director of the Saint-Petersburg Social and Economic Institute, Elena Kalinina, complains about the situation (Kalinina, 8):

It is difficult to survive in business without support. This is particularly true of Russia. Comparison of conditions under which women start and carry out their business in Nordic countries and in Russia is not going to be in favor of Russia, There are no special programs for crediting,
funding and support of women’s business, there is no coherent policy of entrepreneurial support. It is obvious that one-time separate events are not sufficient for the creation of a system of entrepreneurial support.

Kalinina is absolutely correct in noting that there currently do not exist a lot of organizations supporting women entrepreneurs. To be even more specific, there are no Russian government sponsored organizations focusing on aiding women entrepreneurs, the only ones that exist are either international or organizations led by enthusiasts that usually have no sponsors. So if a woman entrepreneur is facing a business crisis of some sort, she generally has nowhere to turn. Combined with the high rate of corruption, the fact that women have no support makes their entrepreneurship much more difficult: they must accept the rules of the game and pay the price through monetary bribes or other business favors. This is what the Russian businesswomen deal with on regular basis. Not only do they work harder than men to simply survive in the Russian business world, but they also have almost no support behind them. The reason women face a bigger challenge than men is because every time a woman competes against men she has to prove herself first of all as a worthy competitor since she is not a man, and second of all, competent. Women are usually at a disadvantage during bribe negotiations and other initial steps of the business creation process because despite gender protection laws women are still regarded as a class of entrepreneurs of whom it is relatively easy to take advantage.

Officials name two main business development programs aimed specifically at female entrepreneurs. These were created with the help of the Western Countries and successfully operate in Russia, but there are only two such programs! Officials also note that many major international donor agencies who aid small business development and education in Russia declare that their goal is to support women’s entrepreneurship, yet in reality, women
participants represent less than a third of the total number of enrolled entrepreneurs.

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 recovery than they are currently. Based on the expertise in this area, including the training program profiled in the case study, experts claim that “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 woman 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” (Izyumov, 3). The training that most of these starters are looking for are the basics of entrepreneurship, business law, accounting and financial analysis.

Western countries providing economic assistance to Russia should expand programs that focus on female entrepreneurship. Most of this aid should be given out to local programs, such as business incubators and small business training centers, as there are no effective centralized programs yet. Providing these centers, especially in the provinces, with computer and communication equipment would directly increase 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” said the authors of the “Women entrepreneurs in
Russia: Learning to survive the market” article in *Journal of Developmental Entrepreneurship* (Izyumov).

8. Women’s interests are not represented

In March of 1991, women gathered at Dubna, Russia in the first Independent Women’s Forum in the Soviet Union. The slogan of the Forum was "Democracy Without Women Is Not Democracy." (Women in Russia, 2) Many similar activist groups emerged throughout Russia to fight for the rights of women. However, there are not enough women in today’s legislature to adequately represent the women’s stance.

“Women are not sufficiently represented in Russian politics,” said Lidiya Blokhina, president of the Confederation of Business Women of Russia (Russian Government Posts, 1). She noted that women should account for at least one-third of the participants in state decision-making processes and she criticized the Russian parliament for failing to enact such a law that would make this happen. Currently there are ten percent of women in the State Duma, an equivalent to the Congress of the United States. The number of women in legislature did rise from eight to ten percent, however that change had no impact on the representation of the rights of women. On the decision-making level, women are significantly underrepresented, especially given the fact that the population of Russia as a whole is women dominated (Russian Government Posts, 1).

Blokhina noted that Russia failed to comply with UN recommendations that women should be represented more fully in the country's institutions. "I just want to say that two years ago the United Nations reported our failure. We were obliged to put that right within a year. However, almost two years have passed already. Russia still lacks a gender strategy. The United Nations told us so. We are obliged to develop and implement a gender strategy" (Russian Government Posts, 1). Due to the fact that women are so
underrepresented on a political level, there is not enough state support for the rest of the women, whether entrepreneurs or homeless. Hopefully this figure will continue increasing until there is at least a 33 percent women representatives in the state Duma and other political structures.

9. Current women’s business organizations in Russia

Nevertheless, there have been many independent women’s networks and organizations that did emerge to improve employment and living conditions and somewhat increase women’s representation in government (Russian UN-NGO, 1996). The goals of such women's economic and business associations is to provide training in marketing and accessing credit and capital, advance supportive policies, and work to eliminate legal and regulatory barriers.

Although as stated earlier, there might be only two major organizations that support women, there have emerged quite a number of smaller provincial organizations with the same goal. In total, there are 45 such organizations, thirty six of which are geographically in the European part of the Russia, mostly in Moscow. Not all of these organizations strictly focus on women’s entrepreneurship, most just relate in some fashion to women. The other nine organizations are located in the Asian part of Russia, which covers all of Siberia and the Far East of Russia. For the territory of more than 5,000,000 square miles, most of which is still in the beginning of their transition to the free market, such organizations are a must. However, there is clearly not enough support and money flowing into the eastern part of Russia to improve the conditions and establish successful entrepreneurships.

10. Russian businesswomen going international

The occurrence of international conferences dedicated to female entrepreneurship in Russia, training programs abroad, and other transnational
business activity suggests that Russian businesswomen are indeed going international. As far as upcoming international events, there is a major conference in September 2005 focusing on female entrepreneurial development and recent achievements:

*Conference "Women as Leaders of the New Russia. The State and Women's Entrepreneurship"*

VIth Solemn Ceremony of Granting with National "OLYMPIA" Award of public recognition for Russian women's achievements

Moscow, 22-23 September, 2005

Organizers: the Russian Academy of Business, the Russian Union of Industrialists (Employers)

Russian women entrepreneurs are very outgoing and look forward to cooperation with foreign countries. They support their foreign colleagues in collaborations and gladly help as much as they can decaling with global issues. They definitely deserve some credit for their achievements.

11. **Successful businesswomen**

If there is one single statement to be said about Russian businesswomen, it is the Russian businesswomen do not give up, no matter what. They are not scared of the challenges and there is no doubt that Russian businesswomen will bring Russian enterprise to a new level.

One of the successful businesswomen quoted in the *United Nations Economic Commission for Europe* noted that, "For me, business means: readiness to work hard, to rely only on myself, good knowledge, wish and ability to learn more, and huge desire to achieve a success." (Portrait, 5)

Natalia Samkova, said that to be successful, a woman must “Be active and do not give up when facing life’s troubles.” (Top, 1) Samkova is currently one of the nation’s most prominent business women. Her profile can be found in the appendix.
11.1. Most powerful women entrepreneurs in Russia

In fact, there are many powerful women in Russia today. They have competed against men and thrived. A recent rating included up to 100 business women throughout Russia, all of which play a dominant part in Russian enterprises and contribute to the development of the economy. Some of these women should definitely be noted, who they are, and how did they accomplish their achievements. More profiles of the internationally recognized Russian female entrepreneurs can be found in the appendix. Here are the three profiles of most recognized women entrepreneurs:

Olga Dergunova – CEO of Russian division of Microsoft

Dergunova was listed by World Economic Forum as one of the 100 young leaders and was invited to participate in "Global Leaders for Tomorrow" program; The Wall Street Journal Europe twice listed Olga Dergunova among the most successful and influential business women in Europe (in 2001 - Top 30 most influential business women in Europe; in 2002, Top 25 most successful business women in Europe). “Bill Gates must be very proud” said the editor of (Graudt, 1).

Elena Baturina – CEO of Inteko

Baturina, the wife of Moscow Mayor, Yury Luzhkov, proudly holds the title of the only Russian female billionaire. She started out her business in producing plastic products, and grew her company into a dominant builder. Baturina has recently sold one-third of her business - all cement works that she owned - to the Eurocement group. The deal was evaluated at the record sum of $800 million, which increased Elena Baturina’s fortune to $2.1 billion.

Irina Hakamada – female candidate in the 2004 presidential race, 4th place

One of the former leaders of the Union of Right Forces (SPS) and the only female candidate in the 2004 presidential race, Irina Khakamada first came into the limelight in the early 1990s among the first post-Soviet entrepreneurs when she founded the Russian Commodity and Raw Materials Exchange, where she sat on the board of directors and
served as chief expert. (Irina, 1) She also took part in the presidential elections of 2004 where she took fourth place, receiving 3.84% of the vote. Khakamada followed by creating the Free Russia Democratic Party. (Irina, 1)

11.2. Female executives: How many are there?

These successful women definitely have broken the “glass ceiling” in the labor market, at least to some degree. Yet, how many women really are in executive positions is still a question that remains unanswered.

According to a recent report by International Business Owners Survey, Russia took first place among 26 countries of the number of women executives (with Philippines second, and with US in the top five). The survey also reported that 42 percent of all senior management positions in Russian companies are occupied by women, a figure considerably higher than the 19-percent international average (Nikitina, 1). The survey was conducted among 256 independent medium sized businesses in Russia.

This result was by all means very impressive, yet Russian experts immediately questioned both the methodology of the study and its accuracy in relation to reality. One skeptic, Alla Chirikova, a leading researcher at the Institute of Sociology of the Russian Academy of Sciences, said that ulterior motives may have been behind the claim. “I certainly want the situation to be like this. But I am inclined to think that this is a case of trying to draw more attention to the publication or, more likely, the organization itself,” said Chirikova, the author of the book Woman at the Head of a Company and a number of other publications on women in business and among the business elite in Russia. “I can’t rule this out as being the case for certain types of small and medium-sized businesses. We need to know how the survey was conducted and what kind of sampling was used.”

Another expert, Sergey Aslibekian, managing partner of Grant Thornton Trid, suggested significant bias in the selection of the enterprises.
"The survey was carried out covering businesses in different sectors. One hundred of the businesses surveyed are located in Moscow, while the remaining are divided between St Petersburg, Nizhny Novgorod, Samara, Yekaterinburg, Rostov-na-Donu, Novosibirsk, and Vladivostok."

Tatyana Malutina, the president of the Association of Women Entrepreneurs in Russia said that her own figures add up only to about 26 percent women CEO's, on average, for the entire country. This figure is more reasonable: about 1 out of every 4 executives is a woman.

11.3. Paper jobs

Many jobs look better on paper than in real life. Many women occupying what sounds to be an executive post are in real life clerks. This explains partially why the number of women occupying a managerial post is so high: many of the positions are called titles which do not correspond to what they really are.

Regression analysis.

12. Men vs woman in upper management

The upper managerial positions are still clearly male dominated. Men are preferred to women for various reasons ranging to traditional stereotypes to beliefs that women are less reliable than men. An interesting fact regarding the management positions: even if the entire sector consists practically of only women workers, as was the base in Soviet banking, on the executive level men still dominate.

According to the data from the Institute of Sociology of the Russian Academy of Science, 18% of the first or the second leading positions in 200 Moscow private companies were filled by women; this twice exceeds the number of women-directors (Meshcherkina, 2). According to the data
collected by G.P. Sillaste, women accounted for one fifth of enterprise or farm owners, as well as those engaged in business as an occupation (Sillaste, 7).

As far as entrepreneurship or individual mini-business goes, these are also mainly male-dominated sectors, and the difference in income here is even more striking. On average, 45 percent of all entrepreneurs are women and 55 percent are men. In the sphere of private mini-business the women represent only 40 percent of the total while the other 60 percent are men (Meshcherkina, 2). At the entrepreneurial executive level the difference is extreme, only 18 percent are women with remaining 82 percent men (Meshcherkina, 2).

13. **Salary differences nationwide**

On average, official statistics claim that women earn 63 percent of men’s salaries (Russia, 1). These salaries range from almost nothing to Elena Baturina’s salary. Of course, there is only one Baturina in the country, while millions of women earn almost nothing. Let me define the term “almost nothing”. The minister of labor in the province of Mordovia provided the following statistics for the monthly salaries in her region (Aleksandrov, 1):

<table>
<thead>
<tr>
<th>Sector</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications</td>
<td>$203</td>
<td>$119</td>
</tr>
<tr>
<td>Industry</td>
<td>$141</td>
<td>$98</td>
</tr>
<tr>
<td>Health, Social sectors</td>
<td>$125</td>
<td>$74</td>
</tr>
</tbody>
</table>

So, in Russia, a woman earning $74 dollars a month is somehow supposed to survive, and perhaps also feed a family, parents and children. This amount of money is not enough to even pay the bills in most Russian regions. What is even more depressing, is the fact that most of these people earning
such miserable salaries are professionals in their field with college level education.

The common trends concerning gender inequality in labor payment may be characterized in the following ways (Meshcherkina, 6):

- Wages and salaries of women in all sectors, even with a prevailing female labor force, were lower. Women’s wages and salaries within a certain sector and at an intra-sectoral level was significantly lower than that of men.
- Especially in “male-dominated” sectors, women received lower wages and salaries.
- If a working woman is employed in a traditionally “male-dominated” sector, her chances of earning more are higher than those of a women of the same profession employed in the “female-dominated” sector.

Realistically, about 25 percent of Russia is still below poverty line (CIA 2004). This result was measured by surveys of various sub-groups of the Russian population, with the results weighted by the number of people in each. Poverty line was defined by the government.

Although there are aspirations for improvements, it will take time to bring the whole country to a new level. While there are individuals in Russia that are among the wealthiest in the world, worth billions of dollars, there are only a handful of those, while millions of the others barely make ends meet. The Russian women are in the worst position since their salaries are smaller to begin with and the government does not provide adequate financial support for them.
14. Econometric project

In addition to the presented information on the topic of the Russian businesswoman, I have personally conducted a corollary study in March 2004, in Russia. The main goal of the study was to identify the current social status of the Russian businesswomen as well to find out where they stand on current hot issues. Another purpose was to gather first hand data on salaries of the businesswomen using a questionnaire. As a result of this study and interviews with many businesswomen, I came up with personal conclusions on the topic.

Using the gathered data, I was able to run an econometric project that helped explained the results more clearly. The following is an excerpt from the questionnaire that was used during the data gathering in Russia (translated into English), followed by the results of the econometric project.
Name
City
Gender
Age group: under 25  25-35  35-45  45-55  55+
Education

Company name you work for
Whether the company is
publicly or privately owned
Your Job Title
Do you have these items in your possession:
Apartment    YES   NO
Summer house   YES   NO
Computer       YES   NO
Cell Phone     YES   NO
Car            YES   NO
Pets           YES   NO

Your Salary
<$300
$300-$600
$600-$1000
$1000-$4000
>$4000

Is the economic education an important factor in becoming successful entrepreneur in Russia?

Not important
Not very important
Neutral
Somewhat important
Very important

Do you believe that it is harder for women to obtain trust at work than it is for men, especially if this woman holds an executive post?

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

Do you believe that a woman can serve as a good director/executive of a company?

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

Project Definition:
This project focuses on the results obtained from the "Russian Business Woman" research. The goal is to investigate whether factors such as location, gender, age, education, job, and personal assets have an effect on the level of income of a person in business in current conditions in Russia, and what the magnitude of that effect is.

Variables:
Dependent variable:
Salary category: $300 and below, $300-600, $600-1000, $1000-4000, $4000+

The regression equation will analyze the impact of independent variables on the salary level.

**Independent variables:**

Location:

Gatchina: suburb town of St. Petersburg, population ~80,000. Omitted variable in regression equation.

Moscow: capital, population ~11 million. One of the most expensive cities in Europe, and by far the most expensive city in Russia

St. Petersburg: second largest and expensive city in Russia, population ~5 million. Novosibirsk: capital of Siberia, population ~4 million. Because it is so far in the depth of the country, everything is cheaper there than on the western border.

Samara: smaller city, relatively cheap, population ~1 million.

Gender: males and females. The basic assumption is that females earn less than males.

Age category: 25 and younger, 25-35, 35-45, 45-55. The basic assumption is that with age the person earns more money.

Education level: High school, bachelors, masters. The basic assumption is that people with higher education level earn more money. Omitted variable in the equation: HS

Work company type: government or commercial. As in any other country, commercial workers should receive more money than the government.
Personal assets: whether or not the respondent owns an apartment, summerhouse, car, computer, pets. The one asset that is in the regression equation is the computer, because people that have a computer are more technologically advanced, hence they should receive higher salary for their skill with computer.

Regression Equation:
\[
\text{SALARY} = \beta_0 + \beta_1 \text{GENDER} + \beta_2 \text{AGE} + \beta_3 \text{EDUC BA} + \beta_4 \text{EDUC MA} + \beta_5 \text{COMP} + \beta_6 \text{WORK} \times \beta_7 \text{Moscow} \times \beta_8 \text{St-Petersburg} \times \beta_9 \text{Novosibirsk} \times \beta_{10} \text{Samara} + \beta_{11} \text{CAR} + e.
\]

SALARY This particular dummy dependent variable, tests the likelihood of shifting to the next value on a scale of 1-5. Given these independent variables, what is the likelihood of the salary of a person rising to the next grade level?

GENDER Dummy variable: 1=female, 0=male
Expected negative impact for women, since women usually earn less than men.

AGE Dummy variable for age categories
1=25 and younger, 2=25-35, 3=35-45, 4=45-55
Expected positive impact for older citizens

EDUC BA Dummy variable for bachelor's degree. 1=BA degree, 0=otherwise
Expect positive results because compared to a high school, people with bachelor's degree should earn more money.
EDUC MA Dummy variable for master's degree and higher. 1=MA degree, 0=otherwise
Expect positive results because compared to a high school, people with these degrees should earn more money.

WORK: Dummy variable for company type. 1=commercial, 0=government
Expect positive results because people working for successful commercial firm have much higher salaries than equivalents in government.

COMP Dummy variable for computer ownership. 1=yes, 0=otherwise
Expected positive result, since computer skills are very valuable in today's Russia, so a people with these skills should earn more.

CAR: Dummy variable for car ownership. 1=yes, 0=otherwise
Expected positive result, since people who drive have a vehicle can use it for business purposes and therefore are likely to conduct more business and earn more money.

Moscow, St. Petersburg, Novosibirsk, Samara
Dummy variable for the four cities
Expected positive impact, when compared to a small suburb Gatchina. The people in more expensive and heavier populated cities should earn more money.

Data Sources:
Cross-sectional data, number of observations 63
The data was collected in Russia from the following people:
* Older citizens, who were be able to talk about the changes in their lives
during the transition period in Russia.

* Students, both male and female, who are currently in studying business-oriented subjects in different institutions perceiving to enter the business world.

* Businessmen and businesswomen

There are independent variables that have little variation. WORK * variable for the type of company, turned out to be dominated by commercial companies. Very few people in the sample worked for the government. Their salaries, in fact, were lower than of their equivalents in commercial firms.

There are a several variables with relatively high correlation values: Moscow and EDUC BA (.713). This means that most of the business people in Moscow have a Bachelor’s degree. This makes sense, because Moscow is a very competitive city, and without at least a BA a person will not likely to be even hired for a job.

Samara and EDUC MA (.645). This makes sense because Samara is a very highly academic city with many universities, so most people in the city indeed do have a masters degree or higher to begin with.

**Regression results:**

The following regression was considered to generate the best results. This regression tested the impact of the location, age, gender, education level, and possession of a car and computer as the independent variables on the salary level. Those seem to be the definite variables that would influence the likelihood of the salary advancement to the next grade level.

The coefficient signs were for the most part as expected. Although it was very surprising that the coefficient signs for all four cities came up
negative. This is a clear indication of omitted variables, or possibly multicollinearity, because it is a known fact that the salaries in at least Moscow and St. Petersburg are on average much higher than anywhere else in Russia. Additionally, the results indicated that the location was relatively insignificant according to the t-statistic results. Again, the fact that location was insignificant is rather surprising. One would think that in Moscow, a city that expensive, would also have higher salaries for workers. So this result was rather surprising, indicating a problem with data or sampling. As noted above, Moscow and Samara had high individual correlation values with EDUC BA and EDUC MA variables respectively. This could have easily caused multicollinearity issues that had caused the wrong signs and insignificance in the equation.

The gender sign, surprisingly, came up positive, indicating that women actually earn more money than men. In some cases that is true, so the result can be accepted. Further research pointed out cases when salaries of females are indeed greater than the ones of men. Yet this is not a typical case. The other variable that had the wrong sign and was insignificant was CAR, indicating that car ownership is in fact not a critical determinant of salary. This is a logical argument, so there is no problem with this result.

The variables that showed to be the most significant were gender, education levels, followed by age and computer, all of which make sense, since the hypothesis predicted the same impacts on the salary level.

The R^2 was .661 for this equation, which is a fairly good result. So the ten dummy variables explain 66% of the movement in the salary level. The adjusted R^2 was .595, which takes in account the degrees of freedom and reduces the value, but not dramatically, so all ten variables in fact do matter in the salary analysis. The F-test indicated that the equation is in fact significant.
14.1. **Comment on the results of the regression analysis**

Before interpreting the study results, I should mention that the study was biased since the sample was relatively small and very specific. On the other hand, interesting conclusions can be reached from the results. Perhaps the most important that there are women that earn more than men. If this trend continues to spread throughout Russia, especially into the eastern regions, the hope is that the salary gap between men and women will decrease.

14.2. **Interview questions correlation study**

I have also calculated the averages of the responses and the correlations of the three questions from the questionnaire that were most related to this study to the other variables from the econometric project. For the first question, "Is the economic education an important factor in becoming successful entrepreneur in Russia?" the average was 4.19 on a 1 to 5 scale. This can be interpreted as four out of five people asserting that economic education is an important factor for success in business. This is a very compelling percentage, which supports the claim made in one of the first sections of the thesis about the importance of education to business-oriented people, and more specifically, modern economic education. The correlations were very high between Question 1 and GENDER, WORK, and SALARY. This makes sense because in Russia, overall, women are more educated than men, and as indicated by Section 3.2, women find it prestigious to get a good education. As far as work, logically, those working for private companies and entrepreneurs would find economic education useful. Finally, people with large salaries also believe that economic education is important. The explanation could be that many of these people have economic education and use it to be successful and have comparative salaries.
The second question, “Do you believe that it is harder for women to obtain trust at work than it is for men, especially if this woman holds an executive post?” was also answered “yes” by the majority. The average came to 3.667 on a 1 to 5 scale. The correlation matrix indicated that WORK and CAR had the highest correlations with Question 2. Again, it is obvious that in the private business it is more difficult for women to establish reputation and trust since she must prove herself to male coworkers and managers. As far as owning a car, this was an unexpected result. Perhaps since owning a car is traditionally associated with men, women that do own and drive cars are regarded more skeptically than men. In the early nineties the only women that drove cars were the wives of businessmen and mafia members. So it is possible to assume that women that own cars have a harder time establishing a trust relationship in a work environment.

The third question asked “Do you believe that a woman can serve as a good director/executive of a company?” The results indicated that, in fact, the majority believes that women cannot serve as a good executive. On a scale of 1 to 5 the average was 2.67. This was a surprising finding, although many women during the interview did indicate that they prefer seeing a male as the CEO of the company. Men themselves also seem to prefer male executives. The cities of Moscow and St. Petersburg had high correlations to Questions 3. Since these are the two most prominent cities with thousands of women executives it is not surprising that many citizens of these cities approve female executives.

15. Personal observations

During my study in Russia I had a chance to observe and interview many business women. These businesswomen fell in one of the two categories: starting business women and successful higher-end
businesswomen. Not much can be said about the starters, they still have a long way ahead of them. On the other hand, the higher-end business women that I have interviewed made quite an impression. These women are beautiful, they take very good care of themselves, they dress in the best suits I have ever seen, and they know exactly what they need to do in order to be successful in this brutal men dominated world. Just like in most other countries, women are forced out of the top executive positions in every way possible. Although it is extremely difficult to survive for a woman in such world, the Russians find a way. In fact, there are several ways, some more ethical then others. I was very shocked of one of my interviews, when several days after I found out how this woman really got to the top of the company. The woman that I interviewed that is currently holding a position of a director of one of the branches of the St. Petersburg bank apparently did not become the president because she is very intelligent, has two degrees and is currently writing a PhD, but rather because of certain connections and other unethical ways. Although it did not surprise me, this finding was rather sad, because I was hoping to find proof that a woman can get to the top by her intelligence and ability to succeed and perform the job better than men, but yet, I found that intelligence and hard work alone still often are not enough. This is especially true for the financial world in Russia. If a woman holds a top position in that sector, chances are, there are some unmentioned facts about the true story of this woman’s success. In the other fields, such as medicine, travel, management, science, and civil work, there are more women that have risen by themselves. Perhaps it is because these jobs tend to be viewed as rather womanly, or because there is not as much dirty politics and money involved.

16. Conclusion

Today, the situation in Russia is challenging. The country has still not completely transitioned into the market economy, facing many problems
remaining from the old Soviet regime and the new resulting from unstabilized legislature and economy. Those who decided to take the challenge and become entrepreneurs face constant difficulties on their road to success. It is even more difficult for women because they have to prove their worthiness first of all, and then fight against discrimination as they take each step towards success. Surely, in just fourteen years since the fall of the Soviet Union women have accomplished tremendous progress in the entrepreneurship. Today over 3 million women are successful entrepreneurs in various industries. These women help push Russian economy to a new level of stability and ensure a brighter future for their children. There are many women entrepreneurs that have recently achieved phenomenal success and even more that are currently on their way. Russia has everything it need to become a dominant world player, it only needs some time to set things right.

As one of the businesswomen said "I wish generations of the 21st Century to review the spiritual values of the Russian Nation, to eradicate poverty and corruption. I wish Russia to become a highly industrial State capable to provide all working population with jobs, to ensure a further economic progress and high living standards for her people. I wish future generations to raise a galaxy of clever and talented leaders, who will be patriots of their country, capable to make Russia into a leading country of the world.” (Portrait, 1)
Most successful woman in regional sector:
Gulzhan Modazhanova – CEO of “Bazovyi Element” (Base Element)

Modazhanova was graduating with honors from the Physics Department of State University of Kazakhstan when she realized that the age of physics has passed, and applied for a position of a secretary for a businessman. Since then she moved up the latter to become the leader of one of the incorporated companies. In parallel to her career success, she found time to graduate from the Financial Academy of Russia and received an MBA from a foreign university. She received the nick name “Steel Lady” for being tough and demanding of others.

Most successful woman in the financial sector:

Samkova graduated from the department of Mechanics-Mathematics of Moscow State University, and started out as an average economist in a bank. A year later she was the head of the department of economical analysis and planning. Eight years later she became the CEO of the bank, replacing the former CEO and the creator of the bank.

Most successful financial director:
Elena Shmatova – CFO of Vympelkom

With a degree of engineer/economist Shmatova started out working in the telecommunication sector. At some point she joined a company called Vympelkom, where she gradually moved up to become a financial controller, then the director of cash operations, and finally the CFO. Recently the company was sued, but after the investigation process, the company was found not guilty.
Most successful woman in government operations:
  Tatiana Goklikova – Vice Minister of Finance of Russian Federation.

Her colleagues say that Goklikova is the only person in the country that has a perfect and complete understanding of the budget of Russia. She even remembers all the figures from the book of the “National Budget of Russian Federation”. She recently received a medal of honor for her achievements.

Most successful businesswoman of the country:
  Veronika Borovik-Hilchevskaya – Media Holding “Sovershenno Sekretno”

Veronika Borovik-Khilchevskaya, the President of the holding Sovershenno Sekretno (Top Secret), was voted for the Person of the Year 2003 for her adherence to journalist traditions and support of independent journalism in Russia. "The victory in this nomination is especially important for me. It is nice that our work, activities of the whole holding Sovershenno Sekretno were evaluated so high. It means that everything we are doing is not in vain", Ms. Borovik-Khilchevskaya said. By reputation, she is another fragile-looking woman yet with a steel will and the mindset for making things happen.

Most successful fitness businesswoman of the country:
  Olga Slutsker – the president of World Class, Moscow's oldest Western-style fitness club

Slutsker - a fencing champion, entrepreneur, lobbyist and doyenne of the local fitness industry is definitely a one of a kind. "Look. I am not a greedy person. I don't have a crazy mentality that I want to rule the world, so I don't worry about the competition. I simply tell my staff that we're No. 1." (Johnson, 2) And together, Slutsker and her fitness club do have the first place in the sports industry in Russia.
WORKS CITED


