

Barriers to Successful Entrepreneurship for Women in Ukraine

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Abstract

Ukraine is an Eastern European country of about 50 million people with a well-educated and skilled labor force. After Ukraine declared its independence from the former Soviet Union it made real progress in shifting towards a free-market economy and democratization. However, many critical problems still remain to be solved. Among them, women in business in Ukraine cope with stereotypes and other issues which often create insurmountable obstacles toward the success of their business endeavors.

Problem

High barriers to entrepreneurship and traditional views of women continue to exist in Ukraine but few studies have deeply explored such impediments.

Purpose

The purpose of this study was to identify common barriers that female entrepreneurs face in Ukraine and to develop guidelines to help overcome those barriers.

Research Questions

Two questions guided this study:

1. What barriers to the growth and development of your business did you face?
2. How were these barriers overcome?

Procedures

Researchers, supervising contracted in-country associates, conducted a qualitative study using a phenomenological approach.

Twenty two successful female entrepreneurs were selected from the different regions of Ukraine using criterion sampling.

In-country research associates collected data via in-depth interviews in local communities (all major cities in Ukraine in Summer 2012), followed up by focus group in Kyiv – Capital of Ukraine (September 2012)

Relevant Literature

Although many studies on Small to Medium Enterprises (SMEs) in transition countries emerge (e.g., Robert McIntyre and Bruno Dallago, 2003; Josef Mugler, 2000; Oliver Pfirmann and Gunter Walter, 2002; Jean-Paul Larcon, 1998), very few of them focus on female entrepreneurship (Aidis, et al., 2005). Aidis, Welter, Smallbone&Isakova (2005) state that the emergence and legalization of entrepreneurship in the form of privately operated business was a great change in all post-Soviet countries. Self-employed women emerged as a new economic force. In this new setting, Welter, Smallbone, Isakova, Aculai&Schakirova (2003) indicate a high significance of female-owned enterprises within the overall job market. The Ukrainian researcher Zhurzhenko (2001) considers the Ukrainian woman-entrepreneur as a separate type of identity that has special Ukrainian traits. According to Zhurzhenko (2001), because of the stereotyped view of gender roles, a woman-entrepreneur is seen more as a wage-earner who has to do business only due to the harsh life circumstances and will return to her maternal role as soon as these circumstances change. Becoming a successful businesswoman can be a difficult task for Ukrainian women. This stems not only from the harsh market competition and bureaucracy but also from the barriers created by a stereotyped gender policy and male dominance in big business/politics (Sukovata, 2001). Sukovata (2001) rightly states that Ukrainian society “has no positive image of a ‘businesswoman’ and lacks the model of ‘a successful woman’ that would not overlap with a paradigm of a successful marriage” (p. 132). Because of these factors, Ukrainian women who have succeeded in starting successful businesses have the opportunity to model these skills for younger women who are only beginning their career (Welter, et al., 2003).

Data Analysis

Interviews and **focus group** data were analyzed inductively, with the collection, analysis, and writing occurring simultaneously.

The researchers **clustered information into major themes**, using triangulation between interviews and participants to justify the themes.

Major Findings

- Many Ukrainian women have had to become self-employed mainly due to harsh life circumstances. They initiated their businesses due to the difficult economic times when it was nearly impossible to secure any private or public jobs in the market. Business startups by female entrepreneurs include services such as dress making, hair salons, catering, event-management services, informational/educational services, and consulting.
- Respondents stressed that they enjoy running their own businesses in spite of the challenges. They find it very difficult at times but do not regret the choice they made to begin the business. They are following a personal need for self-development and enjoy what they are doing even though it is difficult to run a business in Ukraine.
- Even though participants are running their own businesses which are profitable, many of them were reluctant to call themselves “successful” entrepreneurs. Success in their minds would mean creating/running a very large operation, vs. one which is merely profitable and provides for their needs. The researchers argued that this reflects a Slavic tendency for modesty and understatement. (As compared to the American tendency for over statement and dramatization).
- Most commented that their family was a major source of motivation, support, and encouragement and not a detriment to success. They noted also that the society around them did not provide this as there are few entrepreneurial networks, support groups and governmental initiatives to help. The respondents articulated various barriers for women who run small and medium sized enterprises, including bribes, the need for personal connections in high places and the lack of governmental support. Pointedly, many gave recommendations to younger females not to start their own businesses because of difficulties with the current political and economic climate. Surprisingly, none of the women felt that gender stereotypes in Ukraine were an obstacle to their success. On the contrary, many respondents commented that it is important not to do conduct business as men often conduct business (at times, some compared businessmen to sharks). They argued that it is essential to be flexible and use the advantages that women have, in addition to the need to achieve balance and maintain flexibility.

Limitations

Difficulty in locating independent businesswomen in the regions as open rosters did not always show good candidates.

Many business women are either wives of daughters of powerful regional men or politicians who serve as protectors.

Difficulty to gain agreement on the interview even if contact is identified (low level of trust, many telephone offers were turned down)

Conclusions

Successful entrepreneurship is possible by women in Ukraine in spite of the challenges they face.

Starting a business not only provides a source of income for women, but also a sense of confidence and self fulfillment.

Women who start businesses in Ukraine often overlook the talent skill and ingenuity which this action has demonstrated.

Women who are entrepreneurs in Ukraine tend to depend on family, friends and informal networks for support, vs. participating in business organizations.

More barriers to entrepreneurship exist today than they did a decade ago due to new government regulation and the state of the economy.

One challenge mentioned to business growth was the need for qualified and dependable personnel and the difficulty in securing such. This seems counterintuitive in a country with a weak job market and an educated workforce such as Ukraine.

Social Change Implications

This research project reaffirmed the concept of successful female owner, and helped provide **role models** for a new generation of female entrepreneurs.

In countries with developing systems of entrepreneurship such as Ukraine, the engagement of women in business is changing the overall patterns and landscape of the market and economy.