



DRIVING INNOVATION THROUGH WOMEN ENTREPRENEURS: A STUDY OF RUSSIA AND KAZAKHSTAN

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ABSTRACT

Innovation has always been considered as one of the main ways to enhance economic growth and create viable regions and nations. Innovation has been for decades crucial for development within industries and sectors, and 'innovate or die' has for long been a formula for success of big companies, or individual entrepreneurs. In understanding of how we can manage innovation successfully, theoretical research focused on multiple issues and relatively recently started studying differences between individuals looking on how gender is embedded in processes and practices. Women entrepreneurship is a phenomenon that has a tremendous impact on employment and the global business environment. The scale and growth of women entrepreneurship has attracted considerable attention from academics, practitioners and policymakers. In western countries, women are recognized as a driving force in the economy whether measured by the number of businesses owned, revenue generated or people employed. However, this is not always the case for countries in transition. This research studies women entrepreneurship in two neighbouring post-Soviet countries: Russia and Kazakhstan. The research investigates the entrepreneurial environment, particularly government support programmes and the availability of financial resources, with the focus on women entrepreneurs. In doing so, a particular emphasis is put on understanding innovation women are inclined to develop and to implement. The central idea of this study is to understand whether women entrepreneurs are good at social, service, and/or responsible innovation?

Keywords: innovation, women entrepreneurship

Driving innovation through women entrepreneurs: a study of Russia and Kazakhstan

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Abstract

Innovation has always been considered as one of the main ways to enhance economic growth and create viable regions and nations. Innovation has been for decades crucial for development within industries and sectors, and ‘innovate or die’ has for long been a formula for success of big companies, or individual entrepreneurs. In understanding of how we can manage innovation successfully, theoretical research focused on multiple issues and relatively recently started studying differences between individuals looking on how gender is embedded in processes and practices.

Women entrepreneurship is a phenomenon that has a tremendous impact on employment and the global business environment. The scale and growth of women entrepreneurship has attracted considerable attention from academics, practitioners and policymakers. In western countries, women are recognized as a driving force in the economy whether measured by the number of businesses owned, revenue generated or people employed. However, this is not always the case for countries in transition.

This research studies women entrepreneurship in two neighbouring post-Soviet countries: Russia¹ and Kazakhstan. The research investigates the entrepreneurial environment, particularly government support programmes and the availability of financial resources, with the focus on women entrepreneurs. In doing so, a particular emphasis is put on understanding innovation women are inclined to develop and to implement. The central idea of this study is to understand whether women entrepreneurs are good at social, service, and/or responsible innovation?

¹ Study conducted in Russia has been done prior to recent EU sanctions against Russian Federation over Ukrainian crisis of 2014 and that impact hasn't been addressed in this paper.

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Introduction

Innovation is about creating value through change and as Peter Drucker famously put it, ‘innovation is what entrepreneurs do’ (1985), and whether they do it in the context of a solo start-up or as part of a team inside a large organization trying to renew itself through innovation, the underlying process of capturing value from ideas will depend on their ability to understand and manage the innovation process.

In this study, we aim to extend the context-dependent framework of entrepreneurship (Brush et al., 2009; Ettl and Welter, 2010; Welter 2011) and to have a closer look on the macro and meso environments in relation to the development of women entrepreneurship in two post-Soviet countries – Russia and Kazakhstan.

Russia and Kazakhstan are the largest countries in former Soviet Union, with about 146 and 17 million inhabitants respectively. Both countries have a 70-year experience of the Soviet regime where entrepreneurship was perceived as an illegal operation. After the collapse of the Soviet Union two nations faced difficulties in economic development but the transition period is mainly overcome by now. Although similar in many ways, Russia and Kazakhstan represent two countries with different contexts and most importantly different cultures.

Our aim is threefold. Firstly, we aim to describe the macro/meso environment focusing on government support for female entrepreneurship in chosen countries. We want to understand what has changed since the introduction of the marketing economy in regard to supporting the development of entrepreneurship that was an illegal act before 1990s in both states. Secondly, we wish to address the call for identifying theories of entrepreneurship context (Aldrich, 2009; Welter, 2011) by extending the Brush et al. (2009) model via including the concept of “motherland”, which captures temporal as well as historical aspects of entrepreneurship development and female roles in each selected country. Here our query is

about the legacy that the countries inherited from the Soviet times and how it impacts the process of entrepreneurship development. In doing so, thirdly, we also want to explore the research question of what type of innovation women particularly good at in the selected countries? Our idea is to get to the understanding of whether Russian and/or Kazakh women entrepreneurs good at social, service and/or responsible innovation, why/why not?

Following Peter Drucker's famous quote ('innovation is what entrepreneurs do'), we simply want to understand what kind of innovation entrepreneurs in Russia and Kazakhstan do, focusing on women.

Contextual & Theoretical Background

Before we understand innovation we need to understand the context of entrepreneurship in the selected countries. Historical background is a powerful foundation and here we will provide an insight into what has changed since the transition from the command to the market economy. Well-knowingly, both countries were part of the Soviet Union, where law forbade entrepreneurship, although some form of entrepreneurship did exist (a shadow economy and small-scale entrepreneurs in the agricultural area).

Both countries have been independent since 1991. Policy-makers in Russia and Kazakhstan instantly considered the development of entrepreneurship as a driving force of reforms for their economies. Since then, the number of SMEs started to grow and per 1000 inhabitants reached 41 in Kazakhstan but only 11.3 in Russia (cited from M. Akulava, 2012). In terms of ease of conducting business, the World Bank (2014) ranks Kazakhstan as 50th and Russia as 92nd out of 189 economies. It all looks like the small brother has outperformed the bigger.

Along a discussion of the entrepreneurship development in Russia and Kazakhstan, it is important to say a few words about the role of women. During the Soviet time, the equality of males and female was written in the constitution of the USSR, where men and women had

equal right, where 'equal work should render equal pay'. The constitution's article 35 however also stated the women's responsibilities for the reproductive sphere: the rights and obligations of Soviet women as mothers. This 'double burden' to contribute to both the productive and reproductive sector, often referred to as a characteristic of women also in Western economies.

After the collapse of Soviet Union, women continued to have their position as an important source of working force for both countries. However, many social security things were destroyed and massive violation of labor legislation were happening. Women did not feel the same level of social protection, which reflected in the strong demographical downward curve. In addition, a wave of defaults and absence of loan system for housing created extra challengers. From the other side, the structural changes open up "windows of opportunities". The number of women in the board of directors in mid-1990s dropped down to 5,6% (IERAS, 1993). However, the research shows that this happened due to the fact that women left for the creation of their own enterprises. An important factor is that social security was no more at place, so no extra rewards were given for employees on the enterprises in comparison with those who were self-employed. So women left their employee position to establish own enterprises or to become co-owners.

In the present paper, entrepreneurship is viewed as "a context-dependent social process through which individuals and teams create wealth by bringing together unique packages of resources to exploit marketplace opportunities" (Ireland et al., 2001, p. 51). Drawing on the institutional theory, Brush et al. (2009) suggested a 5M model that aimed to offer a new gender-aware framework. In addition to "3M" model that includes "market", "money" and "management" (Bates et al., 2007), Brush et al. (2009) suggested to enhance this model with two new concepts – "motherhood" and "macro/meso" environments. Motherhood concept relates to the household and family context of female entrepreneurs, while meso/macro environment captures considerations beyond the market, such as

expectations of society and cultural norms (macro), and intermediate structures and institutions (meso).

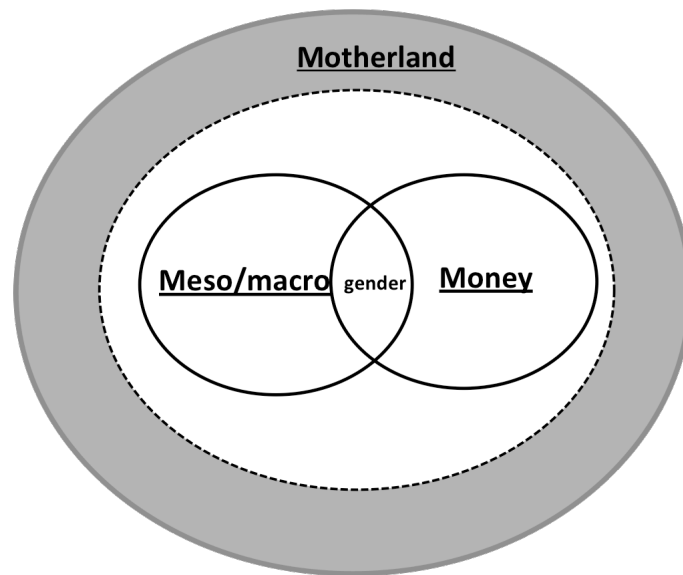


Figure 1: Meso/macro environment and money as a part of motherland in female entrepreneurship, built on Brush et al. (2009)

In the current research, we focus on the *meso/macro environment* and *money* constructs of the 5M model (Brush et al., 2009). Macro environment reflects national policies, strategies, cultural and economic influences, while meso environment includes regional support policies, services and initiatives. The macro environment is exogenous since women entrepreneurs have no power to change it. According to Brush et al. (2009), the macro environment impacts gender socialization, which pervades a wide range of decision-making context. For example, the gender socialization is reflected in the bank practices (Carter et al., 2003), relationships with potential investors (Iakovleva and Kickul, 2011), as well as socio cultural barriers and access to information (Bruni et al., 2004). The sociocultural institutional arrangements frame how society and female entrepreneurs themselves view their business and as such, they have significant impact on business development of female entrepreneurs.

We, therefore, suggest an integration of the concept of “Motherland” into the Brush et al.’s (2009) 5M-framework. “Motherland” relates to the mixed-embeddedness, or path-dependency, that is necessary to better capture the context for women entrepreneurs. It differs

from motherhood concept in several ways. Motherhood concept proposed by Brush et al. (2009) captures mostly the family role of women. It is highly needed construct, that lights the important work-life balance of women and explains a lot in understanding of the development of female entrepreneurship. “Motherland” construct, on the other hand, will capture the historical roots of entrepreneurship development on the respective country, and how the roots affect the image and actual behavior of entrepreneur and those who interact with her. Motherland is a higher-level category, not discrete context but a lens, through which we look at the development of entrepreneurship. This is the “tacit” knowledge that is shared among the citizens and that make certain things obvious for those who belong to one culture, while they remain an unknown language for those who cannot understand the context embeddedness in a certain country.

Research Design

This exploratory study of female entrepreneurs in two neighbouring post-Soviet countries has used interpretive research paradigm. Data for this study was collected using qualitative methods (Denzin and Lincoln, 1994; Silverman, 2005; 2006). In total, 63 interviews were conducted in 2012-2013 in Russia and Kazakhstan. We explored the macro and meso environment with the reference to entrepreneurs, bankers, and entrepreneurship support organizations. We extended version of an interview guide used by Ettl and Welter (2010), which was also translated into Russian. Additional interview-guide was created to bank officers and for the officers working in organisations, like incubators and in government. Interviews were conducted in the first largest city of Kazakhstan – Almaty (former capital). In Russia face-to-face interviews took place in the third largest city of Russia – Nizhny Novgorod (former Gorky city). A few phone/skype interviews been taken as well in Moscow, Saint-Petersburg and in Magnitogorsk (Urals).

Findings

Since 1990s, there is in place governmental support and institutional environment for entrepreneurship both in Russia and Kazakhstan.

In Russia, several support programs exist and funding is available for entrepreneurs. However, according to interviewees, they do not use the programs or support actively. Either they do not know that such programs exist, or they perceive getting such kind of support as too complex and demanding. This is in line with previous studies (Zhuplev et al., 1998). Although, in Nizhny Novgorod, officers of the Ministry of Entrepreneurship suggest that one of the major reasons for financial challenges that entrepreneurs encounter is the lack of knowledge and the desire to learn.

Today, the infrastructure and the system are built in such a way that if an entrepreneur develops his or her relationship with the Government steadily and progressively, then, he or she might get support at all stages of business development. If it is a start-up there is a grant offer. The credits are available and funds are there to provide guarantees for business development. If one introduces innovation into business, there is compensation. If one creates innovation, there is a venture fund. *“We have all aspects for a serious entrepreneurship”*. One of the requirements to get governmental financial support is to provide a concept business plan which addresses the basic issues related to a firm necessary to check whether an entrepreneur is aware about his or her business. There is a template of a business plan provided by the Ministry that contains only eight pages and includes cash-flow, tax, profit, marketing, production, and personnel. However, although it officially means that it is quite easy to obtain support, entrepreneurs have a different view, entrepreneurs don't have much faith, don't trust much and don't believe that the government can really do something for them, *“sincerely,”* – they all think that *“There isn't no such thing as a “free lunch””*.

In Kazakhstan, all entrepreneurs consider that it is easy to start and register a business. It takes only a few days. But to make business in Kazakhstan is not easy, according to the majority of interviewees. The supply of goods and services is higher than the demand.

Government has become more loyal towards entrepreneurs. In Kazakhstan there is a special tax regime for SMEs, which rate of two per cent. This tax scheme that allows micro entrepreneurs and sole proprietors pay a symbolic sum as a fixed tax, is helpful for entrepreneurs investing money into the business development.

Kazakhstan is still on the early stage of market economy development that Russia has already overcome in relation to SMEs. As in Russia, in Kazakhstan we have observed governmental efforts in the form of programs, funding that is available for a limited number of entrepreneurs and “image”-building in relation to entrepreneurship was discovered. While several barriers can be named, such as high number of controlling organizations, to our observation, in both countries entrepreneurs seldom apply for governmental bodies to gain support. The lack of marketing information, miscommunication, lack of best practices – are perceived as one of the reasons for the low interest of entrepreneurs to the programs of support.

Although, Russian and Kazakhstan governments aim to decrease the number of controlling organizations but *“there are as many as 49 or so. People who start their own business are very brave; they have to be ready for overcoming different bureaucratic barriers”*, argued one of the interviewees in the Ministry (Russia). Sometimes entrepreneurs have less time to ‘do business’ while they have to deal with various ‘infrastructural’ organizations during a working day. The day might start with the bank where the entrepreneur has to bring all sorts of documents supporting the cash-flow; then an entrepreneur goes to the tax agency where he or she gets documents from to provide back to the bank to confirm their cash-flow; after that an entrepreneur might meet sanitary inspection, fire brigade inspection, and/or municipal services dealing with energy, water, or central heating. And if entrepreneurs

do mistakes, they need to pay penalties – for the above named agencies they can be fined by fire brigade or by sanitary inspector, separately or by both at a time. To lower the costs, entrepreneurs will look for old buildings with cheaper renting, as a result, fire protection and sanitary conditions are likely to be out of order or not up to the modern standards. So, having saved on the rent, entrepreneurs might lose on penalties.

In Russia, Ministry of Entrepreneurship of Nizhny Novgorod has started looking at gender for their internal monitoring and external reports. At the same time, for the Ministry it is still an open question “*what women’s entrepreneurship is*” because it is sometimes difficult to find out the gender of SME’s owner as we were explained. Individual entrepreneurs are around 70 % in the total number of small entrepreneurs and it is easy to state gender here. But with the rest of 30 % – when often a small company has more than one owner, legislation, doesn’t provide answers for gender differentiation of, for example, Ltd. with few owners. The Ministry is putting efforts to build a positive image of ‘women entrepreneurship’ among younger generation and students. To exemplify, a contest “Woman – the Director of the Year” was introduced a few years ago in cooperation with Nizhny Novgorod Women Union.

According to the opinion of the governmental officers in Kazakhstan, there is no gender difference related to conditions of doing business. If a person owns necessary qualifications to drive the business, it is in some cases even easier for female entrepreneurs to deal with the government male-officers.

Availability of bank loans for entrepreneurs

In the Russian newest banking history there are two chapters when banks were targeted at SMEs and entrepreneurs. First, it was before 2000s when EBRD¹ largely credited micro and small businesses. Those were years when Russian banks met families, saw how entrepreneurs live, what they literally eat to understand the reliability of new business-people.

¹ The European Bank for Reconstruction and Development.

At the beginning of 2000s EBRD wrapped that programme, equally, banks encountered problems with credit returns and the first chapter was closed. Nearly ten years later, banks understood that the market segment of SMEs and entrepreneurs – is the future of the loan business (along with individuals and private credits) and it might be a major niche for banks. Thus, the second chapter began. From the range of merely 2 products banks enriched SMEs initiatives up to 10. To illustrate, banks even considered governmental privatization market and these days offer special programmers for entrepreneurs if they aim at purchasing governmental property (manufacturing plants, real estates) which is on sale but they don't have enough cash-flow. To the question what has changed so far within the last 20 years, one of the Russian female-entrepreneurs commented: *“When I got my first credit in the bank in the 1990s – the bank interest grew every day and was about 240 per cent. When the bank lowered the interest till 170 – I was happy. At the beginning it was extremely difficult – but I wanted to have something of my own... I use credits till today – it is impossible to earn enough to keep developing on your own capital. The bank interest is still high but in comparison with 1990s it is much lower and around 30 per cent now...”*.

There is a fierce competition in the bank sector in Kazakhstan and the bank experts whom we interviewed expect that the number of banks in the country will decrease in the future. Thus, bank officers interviewed argue that after the financial crisis of 2008, the banks became rather careful with credits to entrepreneurs. Entrepreneurs willing to take loans must comply with the number of requirements. The special feature of banking in Kazakhstan is a significantly higher interest rate than in the developed economy countries (annual interest rate is starting from 12.5% (NBK, 2013). This makes bank loans not attractive for entrepreneurs.

Interviewees in Kazakhstan experience that banks start giving loans on the phase of growth. Practically banks do not give loans to the novice entrepreneurs. As a rule, if the banks deal with novice entrepreneurs, the interest rate is up to 10% higher than the standard

interest rate. Requirements to entrepreneurs from the side of the banks are to carry out transparent accounting; to estimate entrepreneurial risks; and to have a sound business plan at least for one year.

In Russia all bankers interviewed were very optimistic about getting a credit with them. An entrepreneur has to run a business for at least half of a year, show positive cash-flow, and provide certain documents. In some banks for the case of emergency there is a 'speedy credit' within 3 hours with a 'standard credit' taking a few days. Time-span depends on the size of the required sum and the origin of the bank. Local banks make decisions locally. National and international banks need approvals from headquarters if the loan is above a certain limit. Currently, the Russian banks started working with organizations that support entrepreneurship to help small businesses with providing guarantees and deposits where there is a problem. Around 20 % of the applications are rejected, though, for the reasons that we present below.

Bankers in Russia suggest that one of the major reasons for financial challenges that entrepreneurs encounter is the lack of knowledge and the desire to learn. As the bank officers explained: *“As a rule, banks offer a variety of products but, most often due to the low communication – entrepreneurs are unaware what opportunities we can open for them. For the moment, all initiatives are coming from the banks – we provide workshops, seminars, trying to explain banking products”*. Interestingly, bankers from the credit departments echo interviewees in the Ministry by saying that *“there is a strong illiteracy among entrepreneurs and the lack of good knowledge. When, at the stage of a credit application we ask about their profit – entrepreneurs can say about daily or weekly profit only. Nobody makes proper business-planning. If you are an entrepreneur you should analyze your cash-flow and know at which stage you need a credit. A regular thing, they run into the office and say: “Give us a loan instantly or the business is in danger”*. *Instead of this, they should analyze and foresee at the beginning of the financial year how their business might change with each month. We*

even try to help them that they need 'this sum' as a credit rather than the one they 'thought of' – we teach them about seasonal fluctuations, NPV, IRR. The sad fact is that they have no clue about their business determinants”.

Is the reason in poor business management among Russian entrepreneurs, or elsewhere? In Russia, women entrepreneurs have different experiences with the obtaining the bank loans. For some of them it was a challenging process, however, for others it went smoother. Taking into consideration that novice entrepreneurs have particular difficulties, we perhaps can conclude that bank loans are available but expensive. In Kazakhstan, entrepreneurs consider obtaining bank loans as an easy step. There are no special difficulties with the obtaining loans. The only barrier for entrepreneurs is a high interest rate.

All banks, both in Russia and in Kazakhstan, require collateral of guarantee when entrepreneurs apply for a credit. This is a serious barrier which also makes a decision to enter a business quite personal and often makes all family members to feel that they are a part of the process. *“Do you know that the credit starts not with the bank, rather with municipalities? To get a credit you need a guarantee. For me (and many entrepreneurs) it is my flat where I live. According to the law, if anyone is registered in the flat, the bank is not allowed to sell it. So, to make a flat a guarantee, you go to the municipals and un-register all people from the apartment. And it is just one paper out of many”*, claimed one of the female business owners in Russia. The other entrepreneur shared that it took her two months to get a credit. But it should be noted here that the bank credited her in the beginning of 2008 recession, she had hardly anything to use as collateral. Bankers just looked at the potential cash-flow and realized that she is a promising entrepreneur who is very experienced in her area and can be trusted. She recollects: *“Unexpectedly, I was offered a very nice place for rent to open a saloon, to start my own business with. I got excited. The first bank where I applied analyzed my application for two weeks. Then, they came to see my apartment where I worked at that time. They might be shocked as it was a very small flat. The inspector looked*

around and asked me if I possess any valuables? I said that all my valuables are in my notebook, i.e., the names of my clients. I am a manicurist master. Please call my customers and talk to them". The woman got the loan. She rented the place and now she is giving work to 10 more people and plans to open another saloon. But taking the risk of using the apartment where an entrepreneur lives is a difficult for the majority of entrepreneurs, especially if one takes into account that women have families. All entrepreneurs willing to take a loan are thoroughly checked by the banks' experts.

Gender as a factor for availability of loans

As for the bank policies related to credits to males and females, all bank officers argue that there are no special policies for female entrepreneurs. Bank officers in Kazakhstan do not differentiate between males and females when they estimate a financial status of a firm or an entrepreneur willing to take a bank loan. In Russia it is quite similarly, neither of the two state Russian banks considered the issue of 'gender'. Classification of their clients contains 'private' (ordinary or VIP) and 'corporate' (small, medium or large). In our research sample, there is only one bank that offers 'auto-lady' credit for women who want to buy a car. Other bankers interviewed were surprised to get to know about 'auto-lady' banking idea and were astonished at the question when they were asked about women as 'clients'. Bank officers suggest: "*Women or men – there is no difference for banks*". All male-bankers interviewed don't see the need to do such differentiation and most surprisingly that is where they are especially keen on gender equality. At the same time, female-bankers of senior management commented with something like "*It is interesting, I need to do my investigations and study which banks provide special services for women*".

In Russia, banks also confirm that there is no such concept as 'motherhood' in Russian banks' strategy. Banks think of 'children' only when they analyze women income

and their level of creditability. Formally, for bankers motherhood is “*a concern*”. When an entrepreneur, a single-mother applies for a loan, banks’ logic is “*she is a single-mother. She is bringing up a child alone, hardly anyone helps her. Can she really return the credit? What if she gets ill? We need to take into account that from her income she has to devote certain money for a child and there is no man in the family to support her*”. If a single-mother has more than one child, it would be more difficult for her to get a business credit. At the same time, if a mother has many grown-up children who already work – it helps the banks’ decision. Furthermore, if she is married the bank can ask her husband to provide a guarantee. It should be noted that as a part of the demographic governmental solutions women in Russia get ‘motherhood capital’. Banks are allowed to accept it as a part of the mortgage or loan return. “Motherhood’ and ‘womanhood’ are parts of banks’ concern only at the communicative level for staff who is working with entrepreneurs directly. At this level, banks admit that men and women are different. “*Women need a special approach. We usually ask women how they are, how their family and children are*”.

One of the bank officers in Russia confirmed, “*Women and men treat documents differently. For men, business is business; documents are documents. Men do business and they do not like paperwork. They delegate this job to women working for them. For women in business, documents are a part of the business. Women in business try to understand all about documents and do their best; they hardly delegate paper-work*”. In the other banks, officers echoed: “*Men ask for a list of documents and say that they will give it someone to work with them*”. To the question of lessons learnt working with women entrepreneurs in banks, we were told: “*You can’t deceive women on no account. A woman is a woman; if she’d be offended, she will never come back; she is more emotional*”.

In Kazakhstan, the male bank officers whom we interviewed were more sceptical towards female entrepreneurs. They consider that the businesses registered in the name of females are in the majority of cases is only a formality and the real owners of businesses are

husbands or fathers (e.g., civil servants which are not allowed to have businesses); or rich businessmen who invest money to their wives businesses. In contrast, female bankers give examples of female businesses where a woman is a head of business and her husband has a supportive function.

Female entrepreneurs do not feel that the banks have different policies for females and males. This finding is not in line with previous research (Marlow and Patton, 2005) suggesting that women entrepreneurs entering self-employment in developed economies are disadvantaged by their gender. However, all female Kazakhstan entrepreneurs and majority of Russian female entrepreneurs in our cases prefer not to use credits. One entrepreneur had a negative experience with the bank loan. She shared that some banks have hidden costs in the loan contracts. Two former bank officers confirmed that some banks do this. One of them argued: *“I started my own business (selling coffee machines and special coffee beans for them) because I did not want to lie to the clients”*.

A portrait of female entrepreneurs

A Russian woman entrepreneur is 35-45 years old with one or two graduate degrees usually in her major area and supplementary one either in economics, management, marketing, finance, or accounting. She is extremely responsible and a workaholic. Most frequently, she is a single woman who has problems with her personal life. She is good mother providing her children with all necessary things. She runs the business in order to provide the better future of her children. She is very determined and going-ahead. She should be communicative, open and energetic, too. She has to be good at making contacts, solving problems, talking to people. She has to be both firm and flexible. These women were compared with “sharks” that go firmly to the target. She cannot be soft or sensitive because *“Russian realities of doing business”* make her such a hard person. Entrepreneurs have to *“make their way through all challenges and barriers, have to move their ‘claws’ fast”*. She

has to be aggressive and persistent because Russia has such a solid bureaucratic system (in banks, municipals, and everywhere). She has to struggle with them every day. She has to be patient as well, because *“we have queues, obstacles and impediments everywhere to carve her way through. She is a female with male character”*.

One of the Russian male-bankers summed up: *“I wish them all good luck. And notwithstanding, I don’t want my wife to be a business woman. Women make their choices, men do, too. For some men, it is safe to live with such a woman from financial perspective, but I can’t choose a woman who is stronger than me. I have seen many couples separated due to this reason”*. A female-interviewee from the bank echoed: *“I think that a woman should keep on her mind that she is in the first place a female not a ‘Horse’ that has to race through banks, tax bodies, and municipals trying to earn money. That’s my summary”*. When we asked women if business changed them for the worse or for the better, they admitted that they became firmer but happier, too, as they feel equal and walk with *“the head up”* in society.

Entrepreneurs interviewed in Kazakhstan were from 30 to 60 years old also with 10 to 20 years of running own business. In Kazakhstan, the “portrait” seems to be quite similar. Both male and female bankers were unanimously agreed that the successful female entrepreneurs among their clients are women with the masculine character (“a woman in trousers”). They often operate in traditional female businesses, such as beauty salon, restaurants and shops. Two of three bankers noticed that females are better to manage their employees. Successful entrepreneurs (of those who were interviewed) take risk and analyse risks. Females having marketing education seem to be more aware about doing business.

We have also noticed that women entrepreneurs, who are more successful, innovative, and self-confident, do not blame government and/or banks. They think that their personal entrepreneurial qualities are more important for the success of their firms than any external support. Successful entrepreneurs (of those who were interviewed) take risk and analyse

risks. Females having marketing education seem to be more aware about doing business. They set price on business planning. They take courses which develop their entrepreneurial and professional skills, and read professional literature. It was interesting to note that entrepreneurs who were successful have not a goal to earn money, but they wish to make their customers happy and satisfy their needs. They think that one of the key success factors is to like the business which they do.

In terms of new ideas that create value, women are more involved with social and service innovation. One of the female-entrepreneur having a few drug stores has opened a medical centre when her daughter got ill. To support her own child, she bought some medical equipment and started a new service to be used by many people. There were a number of examples of female entrepreneurs opening hair-dressing or beautician businesses in the locations they haven't exist or been not available before, like villages or small towns when people had to travel to a bigger places to take the service. Women introduce special schemes of payment for pensioners where applicable or look after children like the first internet-toys shop. What is happening is that women are looking at the niches that have been neglected during the era of the command economy when the Soviet country was mainly interested in defence and military industries, hard ware, industrial plants, and service sector was outside the scope of the government attention. Now, women are filling in this gap with opening services in education, health care, household, or catering. The innovations that take place are mainly of improved rather than radical origin. SMEs copy ideas from overseas and adopt product innovations to the local needs.

We haven't found any cases of sustainable innovation introduced by female entrepreneurs (neither male). The explanation to that leaves in the low sustainability culture in both the countries studied. Neither in Russia nor in Kazakhstan people do recycling still

putting everything into one bin. There is no need for solar or wind power either – both the nations reach with oil and gas.

Conclusions and implications

This paper aims to contribute to our conceptual understanding of female entrepreneurship in transition economies through comparing two post-Soviet countries, Russia and Kazakhstan. The empirical evidence demonstrates the importance of the context for our understanding of female-entrepreneurship.

The findings of this study demonstrate that both countries have overcome the transition from the command to the market economy and local people are gradually adjusting to the new environment. Presented evidence gains insight into financial and infrastructural support available for developing business in the chosen emerging economies and the differences between the two countries.

Our study has several limitations. In this article we have considered only two factors of the 5M model: macro/meso environment and money. We leave the discussion of the management, marketing and in some extent motherhood beyond the scope of the present paper. Additional research is needed to explore three other factors presented in 5M model in more depth.

From a policy perspective, the study reveals a great need for development of the policy instruments that can be supportive towards female entrepreneurship. Female entrepreneurs constitute only one third of all entrepreneurs in Russia and Kazakhstan. Increasing the number of women entrepreneurs can create a considerable value for countries' economies. Assisting women to start and grow enterprises will reduce unemployment, contribute to economic growth in the country and wealth creation. Women are mainly engaged with service – in the servitization of economies and businesses (Vandermerwe et al., 1988) the role of women is changing and requires further attention of researchers.

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