

16. Country Report of Russia¹

16.2 Current Status of Women Entrepreneurs of Russia

The sector of Small and Medium Enterprises in Russia represents 21 per cent of GDP. The Russian Small Business Index (RSBI), which gauges the activity of SME based on quarterly survey of 2000 Russian enterprises, rose to 44.9 percentage points in Q3 2016, its highest level since the end of 2014, indicating improved business' environment.

However, the index declined in Q4 2016 as more respondents expressed pessimism over the current situation, describing it as stagnation. Aggressive growth strategies or boost in investments disappeared from the SME' agenda and declining turnovers in retail and squeezed profit margins slow down investment activity. These figures indicate SME' adaptation to new economic conditions by achieving cost efficiency and profitability without making bold moves. Frugality principles and organic growth have become a priority for many companies and, as a result, 75% of SMEs do not set out the requirement of additional funding. Dismayed by low confidence about the economic environment or revenue growth prospects, businesses try to operate without debt financing attraction. 59% of SMEs believe that the business environment has not changed. 80% of companies do not plan to scale investments either up or down².

Based on RSBI survey results, women feel more constrained. Only in Q3 2016 female respondents expressed more optimism than men about access to funding and the overall economic environment.

According to the survey, 38% of women entrepreneurs are primarily oriented toward frugal and cost-efficient models, while 35% of men entrepreneurs are focused on ensuring the stability of their business. For women entrepreneurs cost efficiency above all means the transformation of the product or service mix, rather than lower spending on materials or components, let alone job cuts. The RSBI survey suggests that 92% of women entrepreneurs have never received funding from state-owned supporting infrastructure, while one-third of all companies are unaware of state SME' support mechanisms available. In practice only 7% of women entrepreneurs have received subsidies and grants under start up support programs in the last 5 years. The lack of access to finance is identified by women as one of the key obstacles for opening new businesses. As a result, most women used owned, family-owned or friends-owned funding to start their businesses³.

¹ This report was written by Irina Saltikova, Technical Director of ANO APE, Ericsson Training Center, and Veronika Peshkova, General Director, IExpert, Russia.

² Ministry of Economic Development of the Russian Federation Report,2017

³ GENDER DIVERSITY 2017, HAYS Recruiting experts worldwide, March 2017

The share of women entrepreneurs participating in bidding for state and municipal procurements contracts is also marginal; even the special legal quote, that at least 10 per cent of state procurements and 18 per cent of state-owned corporation procurements are to be made from SMEs (including sub-contracting) does not help to overcome the problem.

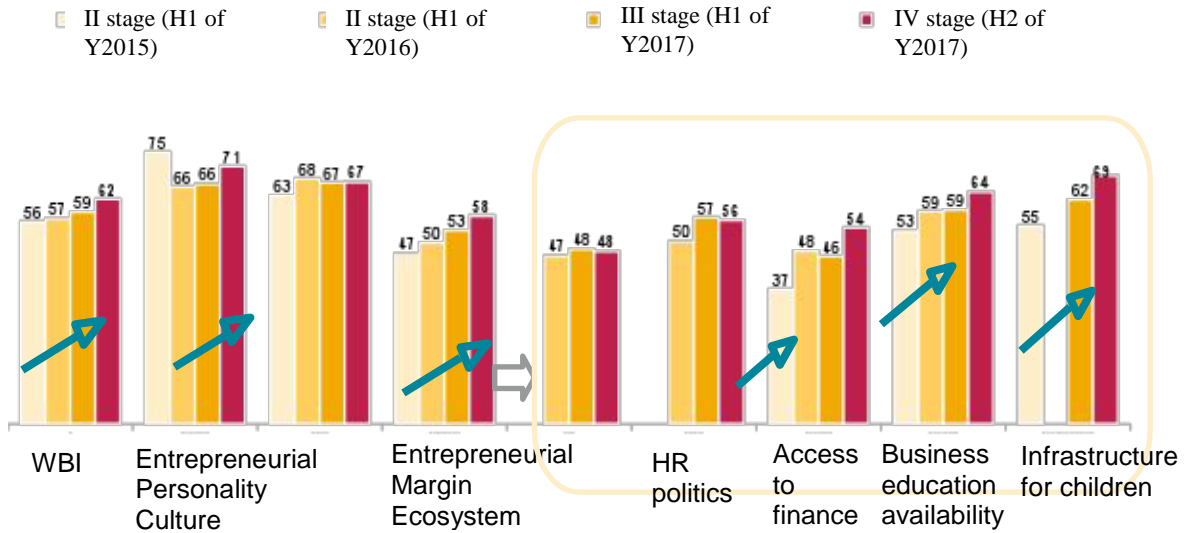
Women in Russia are successful not only addressing local challenges and running microenterprises but also in climbing the ladder in big corporations, be it in heavy industry in the ICT sector. In the modern world, there are increasingly more female professionals in accountancy and finance, who increased gender diversity in boards of major Russian companies. Almost half of Russia's major companies (44%) have women on the both boards of directors and management boards. Combined statistics, including RTS50 companies, indicate that women hold top management positions in 88% of major fast-growth companies in Russia.

In Hays' gender diversity survey held in Russia among 1,614 respondents, 32% of female respondents were business unit leaders, 30% were managers and only 4% either had their own business or served as CEO. There are certain barriers that impede the advancement of women in Russia. Stereotypes and informal arrangements are the top reason that women are not leading in sufficient numbers, cited by 59% of respondents. 57% believe that women are forced to interrupt their careers, while 52% point to challenges in striking a balance between work and family.

Women executives in Russia normally hold a university degree, but this does not necessarily mean that they have adequate knowledge and skills in finance and business management. The findings of the RSBI survey provide evidence: 58% of female respondents have not studied additional degree in management. 69% of women entrepreneurs holding a business degree say that it is helpful in both finding a solution to business problems and running day-to-day operations. Lack of time is the main barrier to receiving special training. Tuition fees are too high for them as well. This can be attributed to the fact that women typically run microenterprises, which requires little investment and presupposes a strong focus on cost efficiency.

Russian Federation Women Entrepreneurship Development Committee (OPORA RUSSIA) together with NAFI evaluated Women Business Index (WBI) from Y2015. The aim of this investigation is to look after dynamics of entrepreneurial activity of women to make legal and economical initiative to support the trend of women entrepreneurship development. WBI is the accumulated relative indicator that characterizes women activity in business from the 3 positions: entrepreneurial culture (the society's attitude towards women-entrepreneurs); entrepreneurial ecosystem (estimation of business conditions, infrastructure, finance and business education availability etc.), and personality (estimation of women professional skills and life quality).

Figure 1. Private Index “Entrepreneurial Ecosystem”

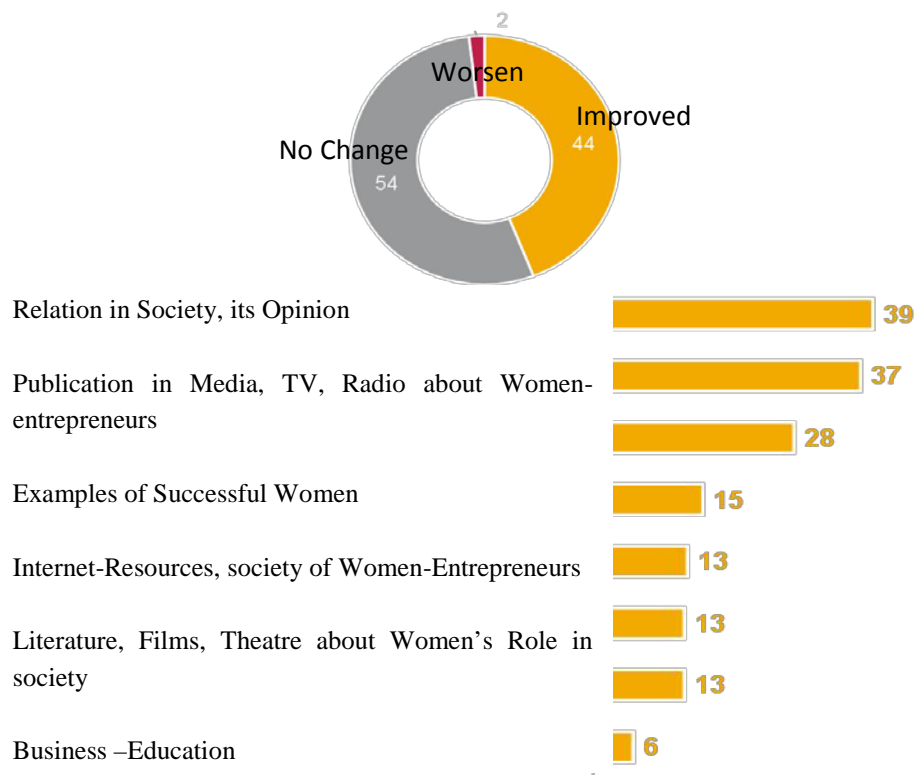


The target group for the investigation:

- Not less 1,000 women of 18-55 years old, living in Russian cities with population of 500,000+ people.
- Not less 1,000 women, heads/owners of SMEs. Max blunder is not more 4,9%
From Y2015 WBI grown up on 6 points (from 56 to 62). The basis of this growth is increase of private index “Entrepreneurial ecosystem” from 47 to 58 ps. The main improvements are related to advantages in an access to finance (from 37 to 54 ps.) and business education (from 53 to 64 ps.) as well as infrastructure for children (from 55 to 69 ps).
- Another reason for WBI growth is improvement of business doing culture – private index has increased from 66 to 71 ps⁴.

⁴ GENDER DIVERSITY 2017, HAYS Recruiting experts worldwide, March 2017, , Analytical Report on 4 stage of Women Business Index (WBI), NAFI, 2017

Figure 2. Statistic Result about Women-Entrepreneurs



Women rarer pointed at negative reaction of their relatives to the decision of starting business (12% at the 3-d stage and 8% -at the 4-th one). Moreover, women-entrepreneurs underlined positive changes in attitude towards business-women. Publications in media, spreading women success stories, active national politics in the field of women's entrepreneurship, activities of women's business societies and presentations of officials supporting this topic, contributed to the WBI growth.

Changes in relation to women-entrepreneurs are noted by about half of respondents (44%). The most part characterized them as positive ones. The major changes are related to the shifts in public opinion and stereotypes (39% of respondents noting the positive dynamics of the changes) and media publications (37 %).