Women in Small Business, Barriers and Opportunities of Gender Integration Development in Georgia

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It is wellknown that condition and status of women in the society mostly relies on the political and socio-economical conditions of the country. The number of women's enterprises is growing worldwide. Georgia announced adherence to the construction of democratic society and transition to the socially oriented market economy, but it clashed with the unknown socio-economical problems, though quite typical for many countries with transition economy. Country faces mass poverty and fight against it is the main goal of the Government of Georgia. But under existing conditions of finance- budget crisis, prosperity of corruption and uncontrollability State is not able to meet this goal at this stage. Although women and men both participate actively in the economy of the country, the decline of the industrial sector. Despite implementation of economic reforms in Georgia, the social-economical problems have been aggravated. Government of Georgia cannot defend the population’s individual rights. According to official 2002 data, the average monthly salary amounted to only $26.5, pensions ($7), monthly payments of social assistance ($5) to internally displaced persons (IDP) are given frequently either paid late, or not at all. 83% of population is on the verge of poverty.

Entrepreneurship is an important source of job creation and opening career opportunities for men and women. There is however an asymmetry in access to entrepreneurship, which is also reflected in the broader trends in the labor market. Establishing gender sensitive policies supporting SMEs development is thus an important priority of economic policies in transition countries. While women running SMEs form minority among their entrepreneurial sisters, the potential economic contribution of SMEs to the national economy and its further integration into the world economy is than that generated by self-employment and micro-enterprises. In contrast with the developing countries the qualified specialists and mostly women among them appeared to be on the verge poverty line who are 53% of the population of Georgia. According to data of State Department for Statistics of Georgia 61% out of the registered unemployed are women and the majority of them can hardly survive. Two –thirds of Georgia’s poor are women.

With less property, less savings and lower salaries, female-headed households, especially among the growing numbers of elderly and single mothers, are poorer than male-headed households. Poverty rates are particularly affected since most children support is undertaken entirely by the single mother. Furthermore, women shoulder the responsibility of raising the children and carrying out the vast majority of household duties, in addition to working outside the home and maintaining an active public role. This created the heavy triple burden for women. The Multiple roles of women in family, society and business are potential and actual sources of conflict. Most of the poor women hesitate to expose themselves to public life, because they believe their primary role is in the family sphere, leaving the public activity spheres to men.
Self-employment in the informal sector is an important outlet for women attempting to walk themselves out of poverty. As a result self-employment became for many women the only avenue for paid employment. Out of 57% working population self-employed women are 22.2%

Many women (as heads of the households and single parents) are forced to take employment in which their education and professional knowledge are not used. In order to survive their families and earn a livelihood, majority of the unemployed women (including IDPs and the women from regions looking for a job) taking the risk of moral and physical extermination start working in the streets and market places as a seller, getting $2 a day. Most of them have to be engaged in the buying and selling goods, including illegal goods. As a rule they are hired on verbal agreement without concluding a contract. This enables an employer to fire them on any pretexts or without them. These circumstances inevitably put women in disadvantaged positions which lead to loss of job security, lack of labor protection and lack of state employment benefits. Naturally, such experiences have harmful effects on their physical and mental health. In the end the women acquire inferiority complex and reconcile themselves to extremely desperate situation. This is the result of their unawareness of market relations, absence of initial capital and business skills. They are not organized and hence their business ideas cannot be implemented.

It is noticeable that in Georgia over the last period a number of state support has been carried out with the purpose of promoting small entrepreneurship. In 1999 the law on “Supporting small enterprises” was adopted, where the main principles of development, forms and methods of economical and legal regulations are defined. In the same year in Georgia presidential coordinative council of small enterprises was established, members of which are representatives of the executive power and a number of business associations, among them is the association “Women in business”. Sessions are held once in a quarter where the problems of institutional base of the small business are discussed, also structures, forms and directions of the support. The council in cooperation with the center of development and support of small business elaborated the Programme of the state support of small business for 2002-2004 years. After scrutinizing the programme was approved by president of Georgia. However, it should be noticed that the law on supporting small scale business and the above mentioned programme are not carried out yet. The main obstacle is lack state resources for funding, also opposition between some members of the power and big business the representatives of the later consider from their of view, that at present stage - during developing market economy, the state must contribute only to big business, which in its turn provide support to over the last decade

At present enterprises have to pay state and local taxes. In Georgia are operating 12 state and 6 local taxes. The total sum is 67 per cent.

The development of small enterprises or family businesses is an issue of high priority for the economic development of Georgia and it can play a key role in the fight to poverty. Many women hardly overcoming gender stereotype aiming to feed the family tried to open small enterprises or small family business. In Georgia more women in small business is 21% have become self-employed and owners and managers of micro-, small and medium-sized enterprises. focusing on extension of traditional women’s and household skills-agriculture and horticulture, food processing, marketable handicrafts,
leather processing, textile and garment manufacturing—and were generally community-based. The women have access only to service fields and retail trade. There is disbalance between men and women and advantage is given to men. In reality nowadays in Georgia only those small enterprises are being developed owners of which are big entrepreneurs. They are only men, so it is easy to imagine the state of the small women entrepreneurship. Participation and assistance of government agencies relevant to the development of women’s entrepreneurship was judged insufficient. Women business in Georgia particularly in entrepreneurship is not considered seriously.

The main obstacles for women entrepreneurs to start their own business due to gender specific barriers are the lack of access to, including control over, capital, privatization of land and premises, information and technology, as well as the lack of training, production inputs, networking and assistance from governmental agencies. Out of 16376 small enterprises only 1.3% is privatizes by women. Continuing process of privatization led to the strengthening of men positions and their more access to the means of production. More difficult access to credits, collateral at times coupled with high interest loans, limited bargaining power and limited mobility, dependency on male kin, male-biased policies and male-dominated markets, are obstacles identified by research as being women-specific. Obtaining licenses in their own name, and applying for loans were nightmares that they had to live with. It has also been difficult to change the mentality of male service providers, particularly of loan officers in the formal financial institutions.

The Association is aware of women entrepreneur problems, potential abilities and interests. Resulting from its activities and goals, the Association “Women in Business” has systematic, close connection with the women entrepreneurs. Its major mission is raising women's status, its social-economical and political role in market economy, to involve women in small entrepreneurship, to support its development, to provide an access to credit, education and information, employment, raising qualifications, level of economical, legislative and gender education, preparing, raising income and improving their conditions of life.

The association has implemented 15 projects with the help of donors the business incubator was setup, also small enterprises of service, a mini publication house, where 150 women are involved.

As the research shows the imitation of others and the advice given by friends are the main reasons for taking up a new business idea for women. Only in rare cases are market studies conducted. As soon as the business faces problems, entrepreneurs wait for the problems to be solved by the others, mainly by the government. Thus, any training conducted by the Association reinforces their self-confidence and responsibility and a systemic approach to business decisions and problem-solving.

As the survey analysis show entrepreneurs do not perceive opportunities and do not act upon them by taking calculated risks. This needs to be addressed in training programs. Limited exposure to different ways of producing new products or alternative ways of organizing business is apparent. For women entrepreneurs, it is especially important to be trained to become more “outgoing” and to interact with their environment. After they have learned basic managerial issues the participants have the opportunity to work in the enterprises and take part in the management. During business incubator activity the association organized and provided 650 women with basics of economy, management, marketing, business-planning training courses. The association systematically conducts
workshops and trainings for start-ups and entrepreneurs. Micro credits were given to 4300 women in Tbilisi and regions of Georgia.

In 2000 Georgian Association «Women in Business» participated in Special Session of the General Assembly of UN to discuss the Act approved at the Fourth World Women Conference in Beijing+5. And 12 criteria worked out at the conference are the key document for the Association. Whereas in many countries the legal and policy framework has been adjusted and improved as a result of the UN conferences on women and of social pressures from local civil society groups and donors, the implementation of these changes has not yet reached a satisfactory level. These obstacles are rooted in the legal system and/or the discriminatory. Socio-economic change in Georgia is also linked with increasing crime, violence and corruption which affect men and women in different ways. Violence against women has been identified as a pervasive and serious problem.

Compounded by the lack of legal protection from and corruption within government institutions violence differently affects women. In the rising instances of domestic violence, trafficking, sexual harassment and sexual blackmail, women are the key targets. In Georgia women were victims of violence twice as more as often as men. The practice suggests that in Georgia one of the spread types of gender discrimination is a violence in the family. The most of the women name physical violence as the major reason in divorces.

National laws appear to be in adherence with international standards and prohibit discrimination on the basis of sex, however the intermittent implementation of the law and women’s lack of awareness and knowledge of the law often constrain women’s full participation in the growing market economy. It is noticeable that Georgia joined many international conventions on eliminating discrimination and violence on women and President's decree on elaborating state politics on women development, improving their conditions of life, establishing state commission. The following legislative documents defend and regulate women's rights and interests in our country:

- Georgian Constitution;
- Labour code;
- drawing up the programme on improving women's and children's conditions of life.

In Georgia constitution prescribes the equality of men and women but other valid codes and rules of law have not been harmonized with this principle It is fulfilled partly or is not done at all. It is this imbalance which causes a multitude of obstacles for women entrepreneurs and maintains their “equality by law, inequality by practice”. The existence and persistence of customary practices, combined with structural imbalances in the legal system, are the root cause of a multiple of obstacles which women entrepreneurs continue to face. The major problem is traditional attitude to women. There are some new tendencies on women in executive body. The Government does not carry out gender programme. The population of Georgia particularly women do not realise actuality of gender discrimination and violate women's rights. One of the striking deficiencies in Georgian Legislation is the fact that there is no formal legal definition of gender discrimination, nor has a working definition been established through case law. Furthermore, the lack of a provision on equal pay for equal work constitutes a shortcoming in Georgian Legislation. In other gender equality issue areas where laws do exist they are too often overlooked and are not enforced. Commonly employers justify
discriminatory practices by stating it is an inevitable consequence of rapid privatization and structural adjustment measures. The absence of clearly defined legal provisions or case law, coupled with the high cost of legal action and the lack of knowledge and workers’ experience of social and labor rights, intensifies the low rate of implementation of rights and freedoms.

These events are quite a lot. Since 1991 year the law on «Identically Displaced People» has been operating in our country. Despite the fact that among them 60% are women, who word is mentioned on women's rights. 99% of IDP women do not work by their professions, they busy with small scale trade.

Persisting gender biases rooted in the socio-cultural environment and manifested in male supremacy and traditional roles prescribed for women continue to have a negative impact on women’s entrepreneurship. In such enterprises where men are dominating women's income on average 15% less than men's. Similar situation is in the enterprises where women are dominating. Only 18% of women are on the senior positions.

The economic constraints faced by the women during the transition period are further exacerbated by the lack of women’s de facto rights, which are acutely apparent with regard to discriminatory employment practices and unequal pay wages. Practically women do not have equal rights in economical and political activities, social status and payment. There is 6 percent of women in local government and 6.4 percent in election bodies of parliament. Judging from the limited attention paid to women entrepreneurs in SME programs and projects, it is obvious that there is still little awareness of the potential and actual economic contribution of women entrepreneurs. That’s why it is necessary for government to create an enabling environment for women entrepreneurs, so that business support programs will have impact and will be sustainable in the long term. A strong civil society, rule of law, and effective and accountable government institutions, primary focuses of the democratic transition, are integral components to ensure both women’s and men’s economic empowerment.

At present pension reform implementation is one of the most significant problems in Georgia. There are 860,000 pensioners among them 63 percent women in Georgia. Under the former system, women received significant benefits. Women were allowed to retire 5 years earlier than men, and they were given credit for two years of maternity leave for every child (more if the child had disabilities or health problems). Given lower retirement ages and longer average life expectancy of women, their average returns from the former retirement system probably exceeded those of men. The former system, however, was not sustainable. By the assistance of the World Bank and Donor organizations the pension system reform is being carried out in our country. New reforms call an increase in retirement ages for both men and women (maintaining a lower age women) and a system of benefits based on the last salary earned and the number of years of total employment. The Association tries to pay the special attention to pensioner entrepreneurs and develop their employment programs. To make pensioner business women aware of the local government program as an opportunity to develop citizen participation and dialogue with government on national issues, mounting local-level public information campaigns about draft civil code items (Equal Opportunity Acts, Freedom of Information Act, pension reform, pensonification law and privat pension funds).
We are sure that the analysis and recommendations provided during the symposium will assist the organizations to mainstream gender into the new country strategy, technical areas and mission policies/procedures. These recommendations will also assist NGOs and associations to develop their micro, small and medium enterprise sector by supporting activities that provide direct assistance to firms, strengthen associations, provide credit, develop specific sectors and assist development of a legal/ regulatory framework. We hope that among the recommendations of the symposium the following issues should be reflected:

- Strengthened institutional capacity of private sector associations, government sector counterparts and NGOs to serve market economy goals;
- Policy Environment: the improvement of the policy environment for enhancing women’s entrepreneurship, by adopting measures based on practical experiences and policy lessons—which should be shared and disseminated with adequate international and multilateral support
- To enhance women’s entrepreneurship and integrate women into mainstream economic development, it is necessary to either create a favorable legal, economic and policy environment or to improve the existing one. More effective partnership among government, business development services, NGOs, business associations and the international donor community could create such an “enabling” business environment
- It is fact, that although women may be heavily involved in Community Society Organization activities they do not predominate in the decision-making level. This could prove significant to women’s role in policy-making as the NGO sector transforms from primarily charity and donation-based organizations to organizations that take on advocacy roles on important issues, such as social policy development and human rights protection
- Networking: the facilitation of national, regional and international networking for women entrepreneurs.
- Provide training: on gender integration for business associations with which donor organizations and its implementing partners work. The training should focus on the importance of analyzing gender issues related to their activities to better understand and therefore address the needs of both male and female members and effectiveness of investments.
- BDS: creation of regional business development services for women entrepreneurs;

As you already know the important political event - The Rosy Revolution happened in Georgia. After free and fair presidential election young, progressive-thinking president and his team full of energy has come in the administration of the country. Almost the whole population of Georgia (96%) elected them and they have people’s mandate of trust. We are sure that in the new Strategy, Democracy and Governance activities will focus on effective, accountable and responsive governance. Today Georgia is preparing to join the European Union (E.U.) and pursuing the economic, political and social policies necessary to meet E.U. requirements, so we hope that reform process will become more consolidated.
### SWOT Analyses of the SME state Policy and Business Environment

#### STRENGTH
- Establishment of Small and Medium Entrepreneurship Development is the starting point for the development of SME state support;
- Good perspectives for attracting investment;
- Ability of the population to adaptation of the market conditions, self-survival and self-employment;
- Cheap labor and natural resources;
- Material-technical and financial support of the international organization.

#### OPPORTUNITIES
- Tax system promotion;
- Elimination of administrative barriers;
- Strengthening state discipline, eliminating of corruption and black economy;
- Perfection of legislative basis carried out in entrepreneurship market;
- Implementation of financial-credit policy, development of SME; introduction of privilege conditions for start-up entrepreneurs;
- State support in development business infrastructure, providing accessibility to business education and information of the vast layers of population;
- Increasing the solvency of the population;
- Target use of international financial support

#### WEAKNESS
- State policy started relatively late;
- Lack of alternative financial sources for SME units;
- Law demand of the local market;
- Business support infrastructures are still in the process of formulation;
- High level of black economy;
- Low level of business education and information advisory service;
- Inaccessibility of credit resources and underdevelopment of financial market;
- Economical instability;
- Lack of sound market competition;
- Heavy taxation burden and complicated account

#### THREATS
- Bureaucracy and corruption hindering SME development, low level of income and budget deficit;
- Instable energy supply;
- Bad defends of economic borders;
- Unsettled regional conflicts;
- Disintegrated regional markets;
- Political instability;
- Lack of protection of the inner market from the illegal and adulterated products;
- Unfavourable investment environment
Administrative barriers

- Increasing number of bodies controlling entrepreneurship activities and lack of coordination between these bodies;
- Lack of implementation of the measures to strengthen budget discipline;
- Economical instability;
- Lack of access to credit resources and lack of development of finance institutions;
- Lack of sound market competition;
- Heavy tax burden and complicated account;
- Widely organized corruption;
- Making the processes of registration, licensing, and certification of custom procedures more bureaucratic;
- Not withholding the State program of supporting small business, development of business infrastructure;
- Neglecting the relation of the executive bodies to small business, its role in overcoming unemployment and poverty;
- Lack of sufficient market for agricultural products;
- The hardest labor conditions and low effectiveness of farming;
- Lack of funds for startups;
- Lack of access to the free consultation and education;