

**UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE
CONFERENCE OF EUROPEAN STATISTICIANS**

**UNECE Work Session on Gender Statistics
(Geneva, Switzerland, 26-28 April 2010)**

Working paper 11
24 March 2010

Session I B. of the provisional agenda

**CONDITIONS FOR ENTERPRISES' CREATION AND DEVELOPMENT:
GENDER ANALYSIS**

Note by the National Bureau for Statistics, Republic of Moldova¹

Supporting paper

I. INTRODUCTION

1. During the last years, the National Bureau for Statistics of the Republic of Moldova disaggregates a lot of data by sex and publishes materials with a focus on gender aspect, for instance statistical publications "Women and Men of the Republic of Moldova"; "Women and Men on the Labour Market in the Republic of Moldova", "Gender Statistics User Guide" etc. However, until recently, the statistical framework has not allowed for a serious research of the gender aspect in entrepreneurship development, as the purpose of business data collection characterized enterprises, and not individuals that manage them.
2. In view of identifying the particularities of women and men entrepreneurs, analyzing business initiation and development issues through the perspective of gender differences, the National Bureau of Statistics developed a new module within the structural survey of enterprises – "Conditions for enterprises' creation and development" with a specific focus on the gender aspect. A special questionnaire was developed that served as a basis for entrepreneurs' survey.

II. METHODOLOGY OF STUDY

3. As object of analysis were considered the following categories of enterprises: active enterprises (with a more than zero turnover) except for the enterprises in financial intermediation and public administration that had submitted financial reports; individual enterprises that had submitted their income tax declarations to the state tax inspection; newly created enterprises. Peasant (farm) economies were not included in the survey.

¹ Prepared by Ms. Nina Cesnocova, National Bureau of Statistics, Republic of Moldova. (The National Bureau for Statistics ensured development of project concept, organized and conducted the survey as well as process the obtained results. The project executive officer from the NBS is Nina Cesnocova, Gender Focal Point. Analysis of results and presentation of materials for the publication were carried out by the independent consultant Elena Aculai, PhD in economics. The project was implemented with the conceptual support of UNDP, UNIFEM and SIDA).

4. With a view of conducting a qualitative survey, the sampling base was formed on the basis of three information sources:

- RENIM database (National Inter-administrative Registry) as of 1 January 2009 and RENUM (National Registry of Statistical Units);
- Database of active enterprises with a more than zero turnover rate that have submitted their financial reports for 2008;
- Database for active individual enterprises that have submitted income tax declarations to the State Tax Inspection.

5. In forming the sampling, the following criteria were considered:

- Main type of economic activity (according to CAEM – Economic Activities' Classifier of Moldova)
- Size of enterprises – by the number of hired personnel criteria (groups: 0-4, 5-9, 10-19 and 20+)
- Territory – location area of enterprises (urban, rural) and economic region (municipal Chisinau, North, Center, South, Gagauzia ATU)

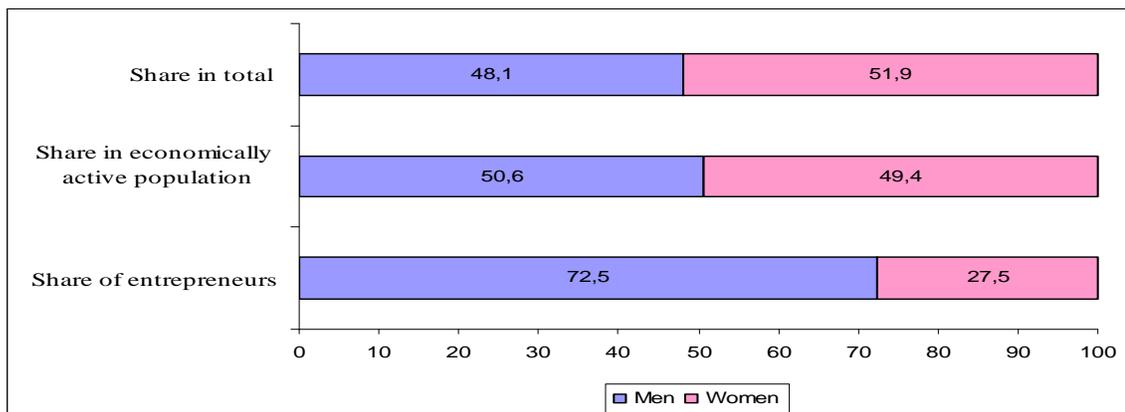
6. The general coverage of the structural survey constituted 27,900 enterprises. Sampling involved 15537 enterprises amounting to 55.7% of the sampling base. Respondents were represented by entrepreneurs, in particular leaders/lead managers of enterprises, both hired and owners.

7. The main body of the material is presented in two sections. The first gives the characteristic of entrepreneurs, their distribution by sex, age groups, education level, enterprise location, development regions, and other characteristics. The second section is related to analysis of the profile and development conditions for enterprises. It gives a distribution by types of economic activity, age of enterprises, and size of business. Enterprises' establishment conditions were investigated – ways of creation and sources of start-up capital; the situation and business problems in 2008 and expectations of entrepreneurs for 2009 were identified.

III. MAJOR FINDINGS

8. The proportion of women entrepreneurs (hired managers and business co-owners) in the total number of entrepreneurs in Moldova is 27,5%. That means that the number of men entrepreneurs is by 2,6 times higher than the number of women entrepreneurs. The stated proportions do not correspond to the sex structure of the population of Moldova: proportion of women engaged in entrepreneurial activity is significantly smaller than the proportion of women in economically active population (49.5%) and in the total population of Moldova (51.9%). However, the share of women entrepreneurs on Moldova is comparable with the similar indicator of other countries.

Diagram 1. Distribution by sex of the population and economically active population and entrepreneurs, %



9. This indicator shows the situation not only in business but also in other spheres of public and private life, and such situation does not contribute to active involvement of women in entrepreneurial activities.

10. The share of women entrepreneurs in rural areas is relatively smaller than the existing indicator for men: the share of women entrepreneurs in rural areas is 14,9% (17,6% for men). Respectively, in urban areas, the share of women entrepreneurs makes 85,1%, i.e. exceeds the share of men (82,5%).

11. Most of entrepreneurs (58,7%) live/work in Chisinau municipality. Other development regions mark a relatively larger proportion of respondents working in the North (17,1%) and Center (14,0%) regions. In the South of Moldova, the share of entrepreneurs is around 10%, including 6,9% in the South region; 3,3% in Gagauzia ATU. There has been no evidence of significant gender differences in different development regions.

12. The share of women entrepreneurs business (co-)owners is by 1,2% smaller than the share of men entrepreneurs: for women this indicator was 66,2%; for men – 67,4%.

13. Analysis of age structure of entrepreneurs showed that the main proportion belongs to entrepreneurs of two age groups of 45-54 (30,7%) and 35-44 years old (29,5%). The specified two age groups incorporate 60,2% of all respondents. A potentially active group of young nationals among entrepreneurs – aged 15-34 – constitutes only 22,7%, of which only 2,4% are young men and women under 24 years old. A percentage of 17,1% of respondents belong to the oldest group (55 and older).

14. There were no significant differences in age identified among entrepreneurs of different sexes. The average age of entrepreneurs among women is slightly smaller than among men and is 43 years of age (45 for men).

15. The main characteristics of women entrepreneurs that demonstrate their difference from men entrepreneurs are the following:

- The level of education of women entrepreneurs is somewhat lower than of men entrepreneurs. The share of women entrepreneurs with higher education comprises

64% (men – 69,3%). In the conditions of insufficient external support (underdeveloped infrastructure institutions, limited access to financial resources, etc.) education not only characterizes a certain level of qualification, expands possibilities for contacts, but it also is an important resource that contributes to business development. This hypothesis is confirmed by the fact that difficulties in business are more often encountered among entrepreneurs with lower level of education.

- Previous activities of women before they came to business were rarely related to entrepreneurship. Previous experience as an employer had 10,5% of women (13,4% of men), as a farmer – 1,3% of women (2,1% of men). Prior to entrepreneurial activities women were mostly occupied with household work – 5,0% (men – 0,2%).

16. Analysis of activities of enterprises owned and/or managed by women revealed that they face considerable barriers in terms of the following positions:

- Women entrepreneurs more often manage/own micro enterprises, which are known to be characterized by more limited resources and growth possibilities. The share of women entrepreneurs in this group comprises 79,4%, while the proportion of men is 67,8%. In enterprises of a different size men are more often entrepreneurs. The larger the size of the business, the higher the proportion of men entrepreneurs. In small enterprises the share of men entrepreneurs is 1,4 times higher than that of women; in medium size enterprises the odds are 2,3; and in large enterprises the share of men entrepreneurs is 3 times higher than the share of women.
- Gender differences were demonstrated by the fact that women entrepreneurs more seldom than men entrepreneurs had an opportunity to establish enterprises by means of privatization in the South and Central regions. In all regions the share of women who created their business by means of merger of several enterprises or divestiture from some other business is lower than the share of men. Correspondingly, in all regions (except for the municipality of Chisinau), women more often had to create enterprises using the most complicated way – by means of establishing a new business.
- Women entrepreneurs, relatively more often than men, prefer running a business in such sectors as trade, hotels and restaurants, (55,9% as compared to 43,4% for men); real estate operations, rent and services for enterprises (16,8%; 14,1% for men). Correspondingly, men more often establish and develop a business in industrial sectors (15,9% – men; 10,1% – women); transport and communications (respectively, 8,1% and 6,4%); construction (8,0% and 2,4%); agriculture, silviculture, hunting and fishing (7,0% and 2,9%).
- Women entrepreneurs more often work in young (less than 2 years old) and start-up (less than 1 year old) enterprises. The share of young enterprises managed/owned by women is 25,8% (by men – 20,7%); the share of beginning women entrepreneurs is 2,4% (men entrepreneurs 2,2%).
- Both at the stage of establishment of enterprises, and at the stage of business development, women experience more restrictions in terms of access to sources of financing. In the structure of the start-up capital of-women entrepreneurs the proportion of own savings is lower – 72,8% (in case of men – 74,8%), of foreign investments – 5,0% (in case of men – 5,5%), state subsidies – 0,4% (in case of men –

1,0%). At the same time women have a higher share of funds borrowed from relatives or friends – 13,8% (in case of men – 11,4%), and also of bank credits – 5,5% (in case of men – 5,1%). In 2008 for women a relatively more serious problem was lack of funds (76,5%; in case of men – 73,2%).

- A small share of respondents (1,8%) initiated their business upon return from abroad. Respondent men and women showed different preferences in selecting the country for working abroad. A relatively higher proportion of women, as compared to men, had worked previously in Italy (16,7%), Turkey (11,1%), Romania (8,3%), Ukraine (5,6%), and Portugal (5,6%). Men, relatively more often than women, preferred going to work in Russia (33,1%) and Germany (8,3%) prior to initiating their own entrepreneurial activity.
- Women more seldom than men participate in export activities: the share of exporting enterprises among all enterprises owned/managed by women comprises 9,1%, versus 14,1% by men
- Women are more optimistic about future changes. Expected worsening of the situation was noted by 19,7% of women and by 23,2% of men. 27,2% of women hope that the situation will get better, while the relevant share of men is lower – 26,5%.

VI. CONCLUSIONS AND RECOMMENDATIONS

17. The said results allow making a conclusion that enterprises owned and managed by women generally have more limited resources and possibilities for growth, and also allow formulation of a number of proposals related to levelling of conditions for men and women in business.

18. One of the main methods of development of entrepreneurship is adoption and implementation of target state programs. Support of women entrepreneurs is possible both in the framework of programs that are specifically aimed at supporting women, and in the framework of programs meant for micro enterprises or for starting businesses, as women relatively more often own/manage such types of enterprises.

19. Further development of market infrastructure institutions oriented towards specific needs of women entrepreneurs are necessary – improvement of their access to information, consulting services, banking and non-banking sources of funding. Training of entrepreneurs on basics of the market economy, work in the competitive environment will give them additional chances to promote their enterprises in the domestic market, to maintain them in the conditions of a crisis, to develop export activities, to improve competitiveness of their businesses.

20. Until now support of entrepreneurship is done mostly on the national level. Local governing bodies in their regions can offer entrepreneurs from some groups, including women, more attractive conditions for business development. For that purpose they can elaborate and implement their own regional programs of business development taking into consideration specifics of development of certain territories.

21. Results of the survey can serve as grounds not only for the policy aimed at ensuring gender equality, but also for taking measures aimed in general at business development. For example, one of important criteria for grouping of enterprises is allocation of enterprises by age groups.

22. Analysis showed that today for young people business is not a very attractive sphere, or barriers for entering business and other restrictions prevent their involvement in entrepreneurship. Initiation and elaboration of target programs and special projects, or continuation of implementation of measures taken earlier aimed at attracting young people to business could play a positive role both for that group of citizens and for the country.

23. Rather considerable average age of entrepreneurs (45) allows making a conclusion that a significant part of entrepreneurs were educated back in the Soviet period, or in the first half of 1990-s. Therefore, it could be assumed that they hardly have any serious theoretical knowledge about business, management, marketing, or other skills needed for successful operations in the market economy. In addition, some persons (especially of older generation) in the past were “pushed into” business as a result of mass closure of enterprises in search of earnings. And today many of them have to be involved in entrepreneurship having no other sources of income. The state, simplifying conditions primarily for the smallest enterprises – self-employed, individual enterprises, family firms, etc., not only contributes to business development, but also resolves important social tasks – reduction of unemployment, increase of citizens’ incomes.

24. Improvement of the system of state regulation in all cases has to be based on results of special research allowing identification and assessment of real problems of entrepreneurs, of their need in support, attitude of entrepreneurs to measures taken by the state, and also expected effect of their implementation.

25. In addition, obtained results allowed identification of certain problems in existing gender related statistics. At present, there is no statistical data that would allow examining in dynamics gender differences in the field of entrepreneurship. It seems reasonable to conduct similar studies on a permanent basis – annually, or once every two years, or to include “gender” aspect in the annual structural survey of enterprises and use it subsequently in the course of processing and analysis of questionnaires as one of the main classification criteria. Focus on these problems would allow improving the statistical base for analysis of gender aspects in entrepreneurial activities.

26. For objective assessment of the situation in the field of entrepreneurship it is necessary to publish the annual statistics digest on entrepreneurship in Moldova, which would contain results of multidimensional analysis of its development, and also comparable indices of entrepreneurship development in neighbouring countries, and also in states that are of strategic interest for Moldova, first of all EU and CIS. Statistical information is a necessary tool not only for employees of state managerial bodies and for researchers, but also for entrepreneurs themselves.
