

VISIBLE AND INVISIBLE BARRIERS:

A Gender Based Analysis of the Export
Challenges of Ukrainian MSMEs



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Trade & Investment
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Visible and Invisible Barriers: A Gender Based Analysis of the Export Challenges of Ukrainian MSMEs

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About the CUTIS Project

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CUTIS is a five-year development assistance project funded by the government of Canada through Global Affairs Canada from February 2016 until February 2021. The project is implemented by The Conference Board of Canada in coalition with the Canada–Ukraine Chamber of Commerce. The CUTIS project aims to reduce poverty and increase sustainable economic growth to Ukraine through the expansion of Ukrainian exports to Canada and the attraction of Canadian investment to Ukraine. CUTIS supports Ukrainian small and medium-sized enterprises (SMEs), including SMEs owned or operated by women.



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Special thanks to Marina Shpiker, who wrote many sections of this report based on quantitative analysis of the results and produced the charts and maps found in this report and its five associated industry-specific gender and trade reports. She also ensured that researchers were trained in computer-assisted telephone interviews (CATI) methodology and managed data accuracy during the quantitative field work.

The 25 in-depth interviews with women-led MSMEs would not have been possible without the dedication of Anastasiia Bastrakova, a qualitative research manager at Kyiv International Institute of Sociology.

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Executive Summary

This research report is the culmination of two years' worth of quantitative and qualitative research examining barriers to exporting faced by Ukrainian micro, small, and medium-sized enterprises (MSMEs).¹ Building on similar studies in Ukraine,² our focus was on comparing the barriers to MSME growth and exporting identified by women-led MSMEs with those identified by men-led MSMEs. In other words, we used a gender-based analysis to examine the key issues facing men and women MSME owners and top managers as they engage in international trade.³ In total, 432 men-led MSMEs and 209 women-led MSMEs participated from five target industries. This report adds value to previous research by including the perspectives of export-oriented enterprises.

The first chapter outlines the objectives of the report and offers a brief introduction to the importance of MSMEs to economic growth and jobs in Ukraine. The methodology, including data sources, collection methods, and methodological limitations, is described in the second chapter. The third chapter provides an overview of the key results across all five CUTIS-supported industries, and the final chapter offers recommendations to Ukrainian stakeholders that may help reduce gender-based barriers to exporting for women-owned and women-led MSMEs.

The study's results highlight several findings that contribute to the global literature on gender and international trade. We found that women were under-represented compared with men in terms of owning or managing an MSME. On average, only one in three companies was women-led (i.e., majority women-owned or managed). Interestingly, women-led MSMEs in four out of the five industries examined have women-dominant workforces.⁴

Furthermore, we found that micro and small women-led companies are slightly less likely to be currently exporting than men-owned companies of the same size. Among non-exporting businesses, we found that women-led MSMEs were less likely than those led by men to consider engaging foreign markets in the future.

Women-led exporters reported that market entry issues were a primary trade barrier across all five industries.⁵ Ukrainian men agreed: the trade barrier reported most often by men-led MSMEs was also

¹ The definition of MSMEs used by the State Statistics Service of Ukraine (Ukrstat), which defines MSMEs as those employing fewer than 250 people, is used in this report. See a full definition on page 14.

² UNDP, *Women and Men in Leadership Positions*; GfK Research Institute, *Gender Equality Baseline Study* (note: The aim of the GfK study was "to assess how accessible are resources to women, women's participation in the decision-making process (including ownership structures), and gender occupational segregation in small and medium-sized businesses); Garten and others, "Barriers to Successful Entrepreneurship"; Aculai and others, "Researching the Gender Aspect."

³ Researchers engaged in field work interviewed the owners (or co-owners) or top managers (director, accountant, CEO, or export manager) of MSMEs in the target industries. For simplicity's sake, we refer to "women-led MSMEs" and "men-led MSMEs" throughout this report. A definition can be found in the methodology section.

⁴ This means that 50 per cent or more of the total workforce at the enterprise are women.

⁵ In the furniture industry, "customs/documentation issues" tied "market entry" for the most-cited barrier among women-led SMEs.

market entry. But over and above trade-related challenges, women-led MSMEs also voiced significant concern about traditional gender stereotypes and the role of women's double burden in limiting their potential to internationalize their business.

Interestingly, we found that most MSMEs—both women-led and men-led—who applied for some sort of financing were awarded it. However, application rates for loans and line of credit were low: Only a quarter of MSMEs reported having applied for business financing.

Finally, our results highlight a potential gap in business development services. Although there was little knowledge among MSMEs about initiatives that help support women-owned businesses, 51 per cent of women-led MSMEs said they would be interested in women-targeted networking or learning events, such as mentoring.

It is the hope of the authors that you will share this report with colleagues and clients in order to ensure that its recommendations are taken up and that business women in Ukraine will benefit from its publication.

Objectives

Background

In Ukraine, micro, small, and medium-sized-enterprises (MSMEs) are an important employer, contributing significantly to Ukraine's gross domestic product (GDP). MSMEs accounted for almost all businesses in Ukraine in 2017, according to the State Statistical Office of Ukraine (Ukrstat). In absolute numbers, there are approximately 15,000 medium enterprises and 323,000 micro and small enterprises employing a total of 4.25 million workers,⁶ representing 72.7 per cent of waged Ukrainian employees.⁷

The potential for increasing GDP by increasing MSME exports is significant, yet many of these companies⁸ face barriers to accessing global value chains. Common barriers include obtaining market intelligence and identifying and interacting with customers.⁹ According to the World Bank's financial arm, the International Finance Corporation (IFC), an estimated one-half to two-thirds of formal small and medium-sized enterprises lack proper access to finance, resulting in a global economic activity shortfall of US\$2 trillion.¹⁰ In the service sector, when these enterprises export at all, they tend to opt for "soft" forms of trade (e.g., cross-border trade and informal transactions) due to business-size limitations.¹¹

According to the IFC, in 2012 women accounted for a paltry 18.1 per cent of majority ownership in small and medium-sized enterprises in Central Asia and Europe (where Ukraine is situated).¹² Yet even when women control enterprises, they tend to face more constraints to international trade than men do. This is the central question driving this study, owing to the lack of research in this area.

Some of the constraints identified in global literature that hamper women's ability to benefit from international trade on an equal footing with men include: limited access to finance; limited access to and control over assets and productive resources; lack of information, business networks, and managerial training; and limited access to new technologies.¹³ Cultural factors, discrimination, and

⁶ State Statistical Office of Ukraine (Ukrstat), Labour Market and Enterprise Data Tables. Note: The 2017 enterprise data do not include banks, budget organizations, the temporarily occupied territories of the Autonomous Republic of Crimea, Sevastopol city, and antiterrorist operation zones.

⁷ Ibid.

⁸ For the purposes of this report, the terms "company," "enterprise," "business," and "MSME" are used interchangeably hereafter.

⁹ ITC, *The Region: A Door to Global Trade*.

¹⁰ Stein and others, *Closing the Credit Gap*.

¹¹ WTO, *World Trade Report 2016*, 9.

¹² IFC, *Women-Owned MSMEs*.

¹³ Montour, "Connecting the Spheres"; MacLaren, *Free Trade Agreements in Peru and Colombia*; Higgins, *Gender Dimensions*.

gender biases in labour markets also play a role, although these constraints vary from country to country.¹⁴ The top challenges facing women entrepreneurs, according to one recent Ukrainian study, are bureaucracy in state authorities (77 per cent of respondents), a lack of funding (76 per cent), and a lack of qualified staff in their regions (56 per cent).¹⁵

While women face additional challenges, they can also succeed in global value chains. For example, the ITC's SheTrades program reports that, among its members, women-owned enterprises that export an intermediate product are more likely than men-owned enterprises to export not only to one, but to two or more regions around the world.¹⁶

There is an increasingly positive policy and regulatory environment in Ukraine around issues of gender equality—another reason behind the decision to undertake this study. This trend began in earnest with the passing of the *Law of Ukraine on Ensuring Equal Rights and Opportunities for Women and Men* in 2005. The following year, the State Programme for Ensuring Gender Equality in Ukrainian Society set out directives to introduce sex-disaggregated data collection, gender-based budgeting processes, and gender-inclusive policy planning across all government departments. Civil servants and parliamentary representatives were trained in gender analysis, and gender focal points were introduced in several ministries as an accompanying measure.¹⁷

More recent developments include the establishment of the Office of the Commissioner on Equal Opportunities and the Inter-Factional Caucus on Equal Opportunities in the Verkhovna Rada (Ukraine's Parliament). In the international trade policy area, a Strategic Trade Development Road Map (STDR) was announced in January 2018, outlining the activities that the Ukrainian government will implement in order to better support trade and export competitiveness. While section 3.2.3 of the STDR's action plan cites the need to support women and young entrepreneurs, it does not integrate a gender dimension in a significant or cross-cutting way. Furthermore, recent progress made toward defining a policy road map to help small and medium-sized enterprises succeed and grow—such as the *Law of Ukraine on State Support for SMEs* in 2015—does not clearly address gender issues.

Report Objectives

The objectives of the gender-based analysis undertaken in this report are to:

1. provide useful policy recommendations to stakeholders on how to lower gender-based barriers to trade for women-owned and women-managed MSMEs; in particular, to provide advice about what government can do to support and promote women exporters and women-led enterprises interested in expanding their business;

¹⁴ Galinsky and others, *Leaders in a Global Economy*.

¹⁵ These findings come from a survey of 1,000 women-led enterprises conducted by John S. Johnson between 2012 and 2015 across Ukraine. Their study did not include enterprises owned by men. Anna Taranenko, "Barriers to Entrepreneurship."

¹⁶ ITC, *The Region: A Door to Global Trade*, 31.

¹⁷ UNFPA, *Report on the Implementation*. Experts have noted that the subsequent implementation of the program has been slow.

2. inform the CUTIS project's gender equality strategy (GES) and propose interventions to lower the export barriers faced by women-led MSMEs in Ukraine.

The industries examined in this report are:

- confectionery (chocolate and sugar)
- apparel
- footwear
- furniture
- information technology (IT)

These industries were chosen based on a number of criteria, such as their global competitiveness and the potential demand for the product or service in the Canadian marketplace, as well as environmental and gender considerations.

The survey asked MSMEs about five issues:

- real or perceived barriers to export;
- access to capital and business financing;
- the role of business associations and women's business networks in supporting women-led MSMEs;
- registrations with voluntary certifications;
- the company's outlook regarding future exporting.

It is important to note that this report is not a comprehensive examination of gender equality in these industries. Rather, it is a snapshot of business/export barriers for MSME owners and operators (both men and women) at a time of greater openness to these issues on the part of the Ukrainian government.

This overview report and its five associated industry reports are intended to be useful and informative for Canadian and Ukrainian policy-makers whose work relates to MSME development and international trade, and for other stakeholders such as bank managers in charge of issuing business loans, managers of trade-support institutions, business associations and chambers of commerce, and donors who support women's economic empowerment.

Methodology

Survey Design

Our gender-based analysis comprised both qualitative and quantitative data collection. In February and March 2017, a literature review was undertaken in order to identify important factors impacting women-led MSMEs and women entrepreneurs' ability to engage foreign markets.

This desk research covered several surveys regarding the challenges to business growth facing MSMEs, including those that are women-led.¹⁸ At the international level, sources consulted included reports by the International Trade Centre, Statistics Canada, and Asia-Pacific Economic Cooperation. The Kyiv-based research company GfK's survey of managers, commissioned by the Canadian government in 2016–17, and John S. Johnson's 2012–15 survey of women entrepreneurs were the major sources consulted for Ukraine.

The review found that women entrepreneurs and business owners frequently cited the following challenges:

- lack of access to information;
- lack of access to financing, capital, or assets;
- inadequate training, mentorship, or professional development opportunities for owners/managers;
- inadequate business association/trade-support services;
- issues pertaining to skills and staff retention.

As a result of the desk review, these key topics were included in our study. Specifically, our survey of MSMEs included questions on: international trade barriers; non-trade barriers to enterprise growth; capital and financing; and business associations, including women's business networks. Voluntary certifications targeting women, definitions of success, and perceptions of future business outlook were also included in the survey because they are under-researched areas from a gender dimension.

In May 2017, CUTIS experts led content testing with women-led MSME representatives and trade experts and subsequently refined the survey questions for a Ukrainian context. The questions were further refined for each industry after field work started, because some discrepancies between industries exist (for instance, with regard to certification types).

The Centre for Social Indicators and the Kyiv International Institute of Sociology (KIIS) were contracted to code and deliver the survey to MSMEs in the target industries. To do so, they relied primarily on computer-assisted telephone interviewing (CATI) with a web-based application as a supplementary data collection method.

¹⁸ Zhu and Kuriyama, *Gender-Related Constraints*; Pozarny, *Trade Promotion*; ITC, *Unlocking Markets*; Statistics Canada, "Survey on Financing and Growth."

All interviewers involved in CATI for the survey were trained and oriented on:

- the purpose of the survey;
- respondent selection procedure;
- a section-by-section overview of the survey in Ukrainian and Russian;
- technical training, such as the use of the CATI system, data recording, and coding procedures.

This field work resulted in 641 completed surveys between July 4, 2017, and February 22, 2018. The data were collected mostly by phone: 533 surveys were completed as a result of a phone interview, compared with 108 surveys completed on the web. Survey implementation resulted in a detailed quantitative data set, with some qualitative information from open-ended survey questions. MSMEs were identified using official government business registries (see the section on Data Sources and Quality Control below). Throughout the field work, attempts were made to reach a 1:1 ratio of men-led to women-led MSMEs; however, as shown in Table 1, this proved impossible. At the end of the field work, 209 women-led MSMEs completed surveys compared with 432 men-led MSMEs, meaning about one-third of the surveyed MSMEs were women.

Table 1
Number of Women- and Men-Led MSMEs Participating in the Survey
(number of companies)

	Women-led MSMEs				Men-led MSMEs			
	Total	Micro	Small	Medium	Total	Micro	Small	Medium
Confectionery	15	3	2	10	35	11	9	15
Apparel	98	29	51	18	119	27	59	33
Footwear	12	5	3	4	31	4	16	11
Furniture	28	14	10	4	102	44	40	18
IT	56	40	13	3	145	93	47	5
Total	209	91	79	39	432	179	171	82

Source: CUTIS gender and trade survey.

Finally, a series of 25 in-depth interviews based on a qualitative question guide were conducted between May 29 and July 31, 2018, by experts working for the Centre for Social Indicators. These conversations engaged women-led MSMEs only, identified from among survey respondents. The interviews consisted of 10 semi-structured questions and allowed for unstructured dialogue with the interviewers. This allowed the team to collect additional qualitative data and information, which can be found both in this report and the case stories contained in some of the industry-specific gender and trade reports.

The in-depth interviews were split equally among the target industries, with five women participants from each industry. The in-depth personal experiences of these 25 women owners or top managers add context and nuance to our quantitative results. Moreover, their examples help to explain some of the results from the much wider pool who responded to the survey.

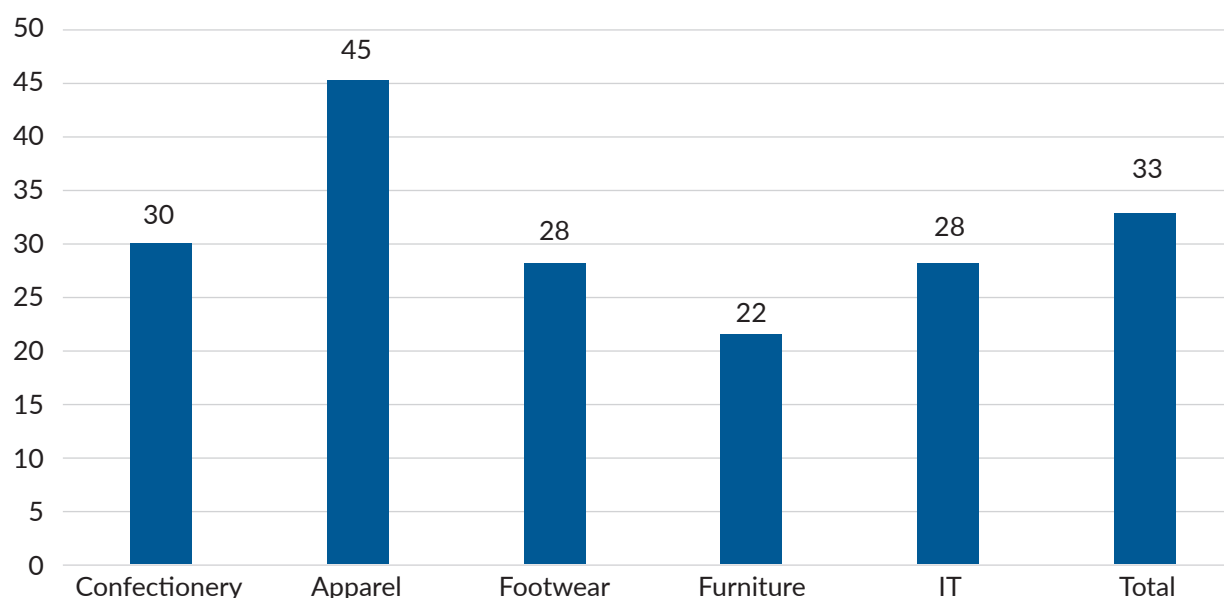
Definition of Women-Led Enterprise

As this study focuses on gender-specific barriers to business growth and export activity, all surveyed MSMEs have been classified as majority men-led or women-led. An MSME was defined as majority women-led if one of the following is true:

- it has only one owner, who is a woman;
- there are several owners, and the number of women owners makes up 50 per cent or more of the total;
- it is owned by a legal entity or central/local government or state, and the head of the company or the main decision-maker is a woman.

As mentioned above, 209 women-led MSMEs completed the survey. A breakdown of the percentage of women-led companies in the target industries that completed the CATI and web-based surveys is seen in Chart 1.

Chart 1
Share of Women-Led Companies Participating in the Survey
(per cent)



Source: CUTIS gender and trade survey.

It should also be noted that the data in Chart 1 may overstate the true gender differences in MSME leadership in the selected industries, due to the efforts made during field work to reach a 1:1 ratio of men to women. The lack of random sampling increases selection bias and does not allow for generalization of the survey's findings to the wider Ukrainian population without further data collection. Also, the low share of women-led companies in the furniture, footwear, and IT industries

make authoritative conclusions impossible. Therefore, it is not possible to infer statistical significance when comparing the responses given by women-owned SMEs and men-owned SMEs. The goal was simply to gather adequate data to be useful for tentative research implications.

Data Sources and Quality Control

This study employed a database of officially registered MSMEs purchased in 2016 from the State Statistical Service of Ukraine (Ukrstat) for the survey sampling frames.¹⁹ These data sets represented the complete population of MSMEs in the five target industries registered with the Ukrainian government in 2015,²⁰ the latest available data at the time. These were all formal enterprises. Informal MSMEs and individual entrepreneurs were not included in the database. The CUTIS project requested that the database be sex-disaggregated, so government statisticians created men or women business-owner categories (based on the names of individuals registering their business). Relevant samples were then created by the research team for each industry before field work began. In the confectionery industry, the sampling frame consisted of 500 enterprises²¹; in apparel and footwear, the frame was 1,848 enterprises; in furniture, 1,891 enterprises; and in IT, 2,223 enterprises. More information about the samples can be found in the industry-specific gender and trade reports.

The research team at the Centre for Social Indicators/KIIS ensured that the data collected were valid and accurate. Quality-control measures included verifying the data from 20 per cent of phone and web surveys by listening to the audio recordings and correcting any errors found. No significant problems were found with the audio. To further ensure quality, experts checked the final data set of results for compliance with company selection, correctness of the company's classification as women-led or men-led, and accuracy of transitions to new questions (skipping a question) during the interview.

On average, surveys were completed in 15 to 20 minutes. Respondent MSMEs were chosen from each industry's list of registered enterprises. Strategies employed to ensure a high response rate included sending out official letters with an invitation to participate in a web-based survey, making repeat calls, allowing secondary call backs to facilitate the completion of the survey, and accommodating the time constraints of respondents. In the smaller industries (confectionery, for example, where 50 surveys were conducted) the research team made at least one attempt to call every enterprise on the list. By the end of the field work in all industries, a satisfactory 12 per cent response rate was achieved.

¹⁹ An exception was made for the confectionery industry, due to the small number of companies provided by Ukrstat. An additional 60 MSMEs associated with the CUTIS project and MSMEs from recent KIIS surveys were added to the sample frame.

²⁰ The databases facilitated research because they contained the owner's name(s), phone number, e-mail address, legal address, and non-exporter or exporter status of the company.

²¹ Due to a low response rate in the confectionery industry, CUTIS included a small number of companies not originating from the government registry—44 companies from a previous SME survey and 16 MSMEs known to CUTIS.

The main limitations encountered during the field work included:

- frequent failure to establish initial contact with an MSME, due to invalid contact information in the government registry list, closure of the company, etc.;
- incorrect industry assignments on the government registry (some companies initially contacted actually operated in a different industry than the one listed);
- a negative response from the respondent due to lack of interest in the topic of the survey.

These are not unique survey limitations. Conducting research of any kind is often a challenge in Ukraine, and response rates are often low. However, because of the official nature of the lists of registered MSMEs used for field work, it is our hope that the findings in this report are representative, at least in those industries where larger numbers of respondents were engaged, such as apparel and IT.

Definition of Micro, Small, and Medium-Sized Enterprise (MSME)

There are several ways to define an enterprise. The most common method is by using business employment or sales data, or both. This report uses employment data to delineate the type of MSME, as follows:

Micro: 0–9 employees

Small: 10–49 employees

Medium: 50–249 employees

For each of the three employment categories, Ukrstat employs a minimum annual sales benchmark of less than €2 million for micro enterprises, less than €10 million for small enterprises, and less than €50 million for medium enterprises.²² However, because it can dissuade businesses from participating in research, our survey did not ask companies for sales data.

²² Ukrstat, “Methodological Explanations.”

The Big Picture: Key Results

This section will provide an overview of the survey results and in-depth interviews and will examine some of the broad trends that are revealed by looking at the big picture. Five industry-specific gender and trade reports are available separately and provide a more in-depth analysis of the survey results for each industry.

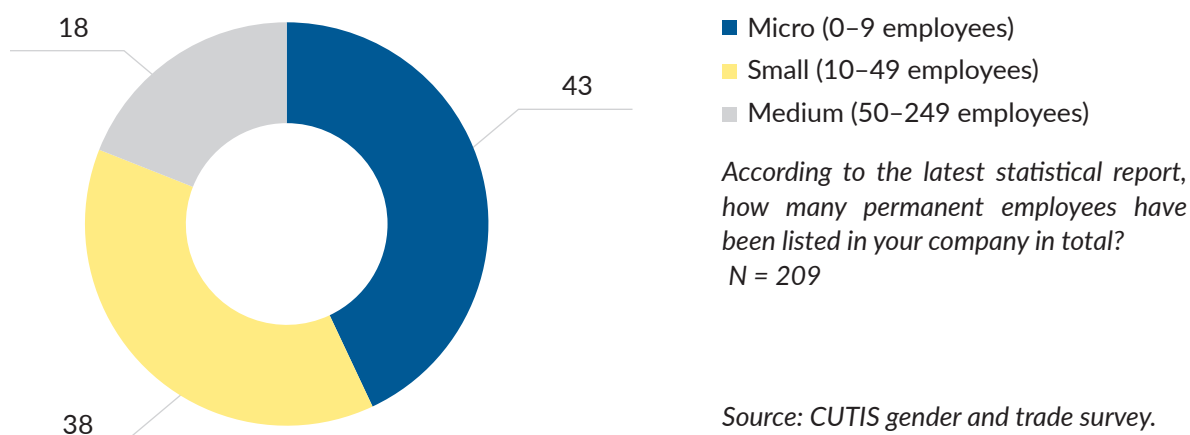
Characteristics of Women-Led MSMEs

There are three key findings from the survey section covering the characteristics of MSMEs:

- The largest share of both women-led and men-led MSMEs are micro-enterprises.
- Women are significantly under-represented in management and/or ownership of MSMEs across all industries.
- Women-led MSMEs in four out of the five industries examined have women-dominant workforces.²³

First, we found that more women lead micro (0–9 employees) or small (10–49 employees) businesses rather than larger businesses. Medium-sized businesses were in the minority, overall, among survey respondents. Among women-led MSMEs, the largest proportion were micro (with 43 per cent) and the second largest share were small (38 per cent), as illustrated in Chart 2. There was no significant association between a company's size and its gender profile; the same pattern was observed with men-led MSMEs, within two percentage points.²⁴

Chart 2
Women-Led MSMEs Are Mostly Micro or Small
(per cent)



²³ A woman-dominant company is defined as a company where women make up at least 50 per cent of the workforce.

²⁴ Among men-led MSMEs, 41.4 per cent were micro, 39.6 per cent were small, and 19.0 per cent were medium-sized.

The second key finding was the low representation of women leading MSMEs.²⁵ Of the 641 MSMEs that participated in the study, one-third (32.6 per cent) were women-led and two-thirds (67.4 per cent) were men-led. While our methodology was not entirely random—efforts were made to reach significant numbers of women-led businesses—the 2013 Global Enterprise Survey (GES) in Ukraine found that 31.5 per cent²⁶ of MSMEs had women’s participation in ownership. In other words, our results replicate within 1 percentage point the gender gap in ownership found in that earlier survey.

Among the five target industries—confectionery, apparel, footwear, furniture, and IT—the highest level of women’s leadership was found in apparel, with 45 per cent of surveyed MSMEs led by women. This is not surprising given the historical tendency for women to work in garment manufacturing. If significantly more women work in an industry, there may be a greater chance that they will start their own companies or rise to management positions. It is notable that even in this industry men-led businesses are still in the majority. The confectionery industry achieved the second-highest rank in this area, with 30 per cent of surveyed companies led by women, followed by a tie between IT and footwear, where women-led businesses account for 27.9 per cent in both industries. The one with the lowest proportion was furniture, with only 21.5 per cent of surveyed businesses led by women. However, the proportion of women MSMEs is likely overstated (or exaggerated) due to the non-random methods used to select participants in the survey.²⁷

Despite the clear dominance of leadership by men in four of the five target industries, there were some outlier MSMEs. In apparel, IT, and furniture, at least some of the businesses reported that their company was 100 per cent women-owned. For example, 16 of 98 apparel companies reported full ownership by women. Almost four in 10 apparel companies reported being women-led, including those with one woman owner. This indicates that while in some industries the glass ceiling may exist, it is not a given.²⁸

Indeed, perhaps the corporate culture is changing in Ukraine. Most participants in follow-up interviews did not think the glass ceiling existed in their industry. They stressed that, in Ukraine, men and women have equal access to education and to jobs, and therefore, if women do not advance to executive levels in business, it is mostly due to their acceptance of stereotypes about their gender or their own lack of confidence. In the words of one woman: “It’s not an issue of, say, lack of access to education. It’s an issue of internal confidence and other factors that can impact the woman’s ability to make a career.”

²⁵ Recall that women-led does not only indicate majority women’s participation in company ownership. Many companies in Ukraine are state-owned, so we also include management by women. Please refer to the methodology section of this report.

²⁶ World Bank Group, “Enterprise Surveys.” Note that our definition of a women-led firm differs from that employed by the Enterprise Surveys, which counts the share of firms with any female participation in ownership. The Enterprise Surveys include only manufacturing industries for gender-related questions.

²⁷ Please see the methodology section of this report.

²⁸ The glass ceiling concept refers to gender-based barriers preventing women from advancing into executive or management roles in a company.

She Speaks ... About the Double Burden

Women need more time for their children, for their husbands, and for themselves. There are some women [in my business] who work remotely. I cannot say that it is very convenient, but sometimes it is necessary. Women should still be a woman, a mother. I also work the same way; I am also a mother. I generally work until midday three times a week.

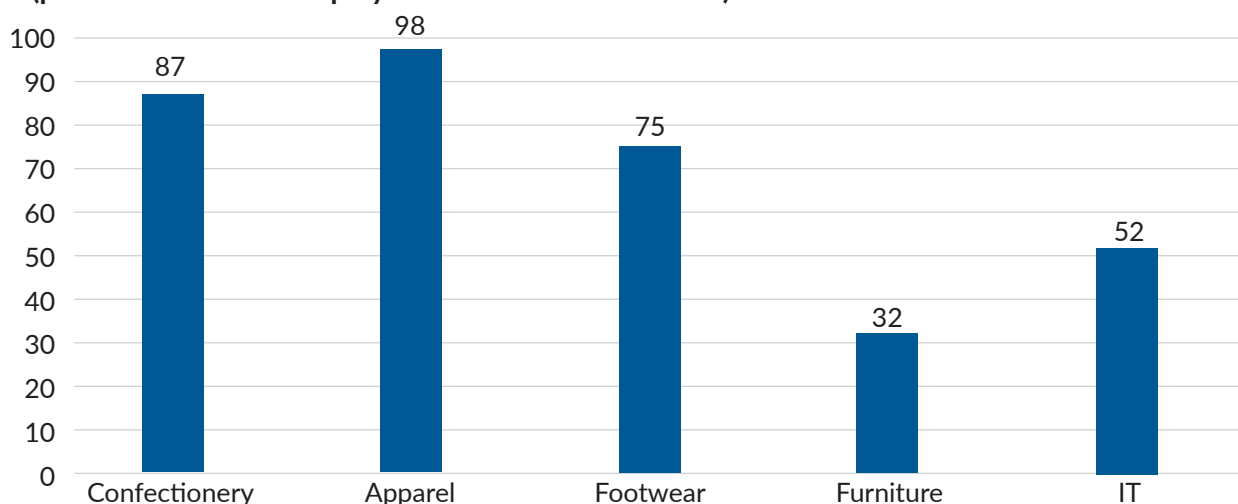
—Woman furniture business owner

Whatever the situation on the ground, the under-representation of Ukrainian women in MSME leadership is something that policy-makers should be addressing. The final chapter of this report provides recommendations to reduce gender-based barriers to women's participation.

The third key finding has to do with the participation of women in the workforce. While the share of women employees was almost on par with that of men employees when looking at the data provided by men-led MSMEs, we found that women workers predominate at women-led MSMEs: 47.5 per cent in the case of the former versus 74.6 per cent in the latter. This represents more than a 27 percentage point gap! If the furniture industry were overlooked, this gap would be even more pronounced. Women's dominance in the labour force is particularly significant in the apparel and confectionery industries, as shown in Chart 3.

Chart 3

In All Industries but Furniture, Women-Led MSMEs Reported a Women-Dominant Workforce (per cent of women employees in women-led MSMEs)



What percentage of permanent employees are women?

N: confectionery = 15; apparel = 98; footwear = 12; furniture = 28; IT = 56; Total N = 209

Source: CUTIS gender and trade survey.

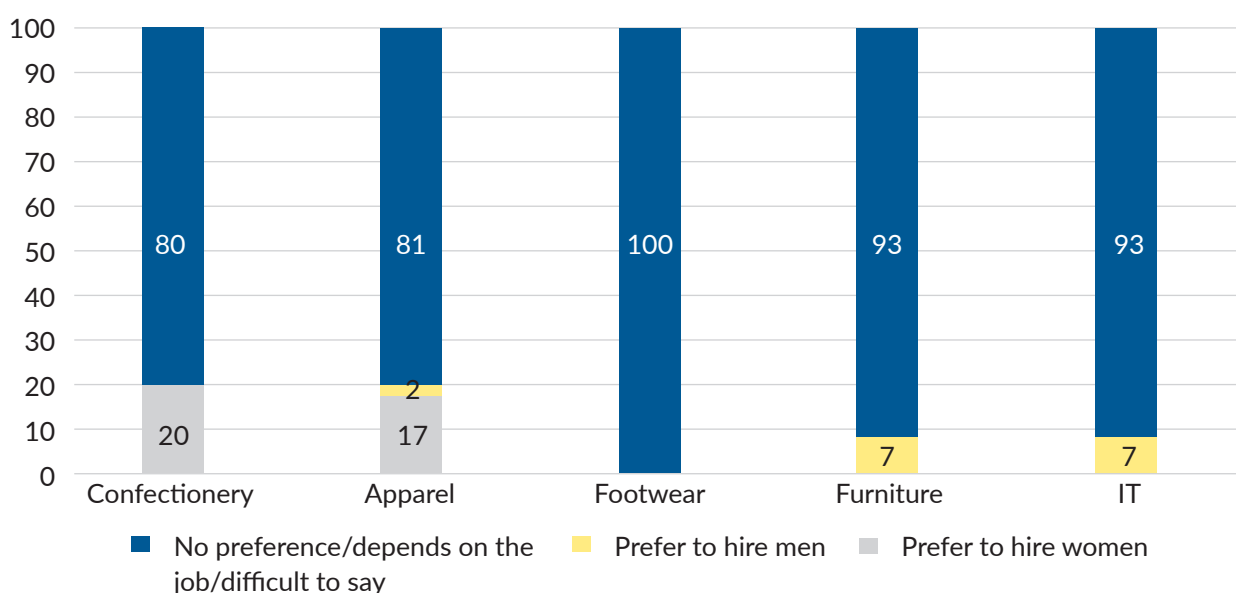
And since apparel and confectionery producers also achieved top ranks for women's ownership and/or management, this raises the question: Is this purely coincidence? Or do women tend to prefer hiring other women over men?

Both women and men survey respondents, on average, denied that there was any gender bias in recruitment more often than not for both production and management jobs. Regarding recruitment for production-level jobs, 62 per cent of women-led companies and 57 per cent of men-led companies said they see gender as irrelevant to recruiting the right person for the job. Among the remaining women respondents, 27 per cent reported that women are typically hired as production workers in their industry, while 9 per cent said men are typically hired for such jobs.²⁹ In footwear and IT industries, where opinions were the most pronounced, three in four women-led MSMEs claimed that there was no gender bias in their hiring processes.

However some respondents did admit to gender-based bias when asked directly about hiring for management jobs. Where gender bias was admitted, women-led MSMEs were more than twice as likely to prefer hiring women for management positions. Ten per cent of women-led companies said they preferred hiring women, while only 4 per cent stated a preference for men. Respondents who admitted to a gender bias work in four industries: apparel, confectionery, furniture, and IT. (See Chart 4.) If they have a preference, respondents from the first two industries overwhelmingly prefer hiring women; by contrast, in furniture and IT, women-led MSMEs preferred hiring men. Again, there is only a marginal difference between the results for this question from men-led and women-led MSMEs.

Chart 4

In Confectionery and Apparel, Nearly One in Five Women-Led MSMEs Prefer to Hire Women Managers
(per cent of women-led MSMEs)



In your industry (generally speaking), are there preferences in recruiting male or female employees for management positions? (Grey and yellow bars indicate the respondents answered the question affirmatively).

Total N: confectionery = 15; apparel = 98; footwear = 12; furniture = 28; IT = 56

Source: CUTIS gender and trade survey.

²⁹ The remaining margin of respondents said the question was “difficult to answer.” The survey question was: “In your industry (generally speaking), are there preferences in recruiting male or female employees for production-related positions?”

In follow-up interviews with 25 women-led MSMEs, some reasons women CEOs and executives may prefer to hire women emerged anecdotally. These respondents mentioned advantages such as good mutual understanding between the boss and her employees, women feeling better connected to other women compared with men on their team, and women executives being better at finding common ground with women employees when resolving a problem. One respondent from the IT industry gave this reason for preferring women to men on her team: “I can presume that a woman might be more cautious ... a woman will think 10 times before she engages in any risky stuff or dubious investment.”

Unconscious bias may play a role in recruitment decisions, giving rise to the gender differences observed in the shares of employment in Chart 3.³⁰ After all, young girls are often reared to believe that women are better suited to some occupations. In-depth interviews with women-led MSMEs corroborate that, in Ukraine, there are strong occupational stereotypes based on sex in certain occupations. For example, some interview participants regarded the furniture industry as more appropriate for men than for women: “Men dominate in companies that produce furniture because it has many jobs that involve lifting heavy objects and require additional physical force.” Thus, gender stereotypes and ideas of what constitutes “masculine” versus “feminine” work may be a factor behind MSME recruitment.

There are other equally relevant factors as well which are not related to hiring practices. From an employee’s perspective, women are likely applying for jobs more often than men in women-dominant industries, due to occupational stereotypes. Women’s educational choices relate to this situation. For both women and men job applicants, an industry’s wages will also affect where they choose to work, with women often over-represented in lower-wage occupations around the world.

Export Barriers

For the survey section related to export barriers, the key findings are:

- Women-led MSMEs in Ukraine do not experience significantly lower levels of representation in leadership of export businesses.
- Exporting MSMEs (both women- and men-led) are larger, on average, than domestic-focused MSMEs.
- Export barriers of concern to women-led companies are market entry and customs processes.
- In three of the five target industries, about half of women-led businesses that sell to domestic markets are not considering export activity.

According to Arancha Gonzalez, Executive Director of ITC, women are significantly under-represented globally as owners of export businesses: only one in five exporting companies are owned by women.³¹ Research backs up her claim that women are outnumbered by men in export enterprises.³² Ukraine,

³⁰ ILO, *Breaking Barriers*, 3. This report defined unconscious bias as “unintentional and automatic mental associations based on gender, stemming from traditions, norms, values, culture, and/or experience.”

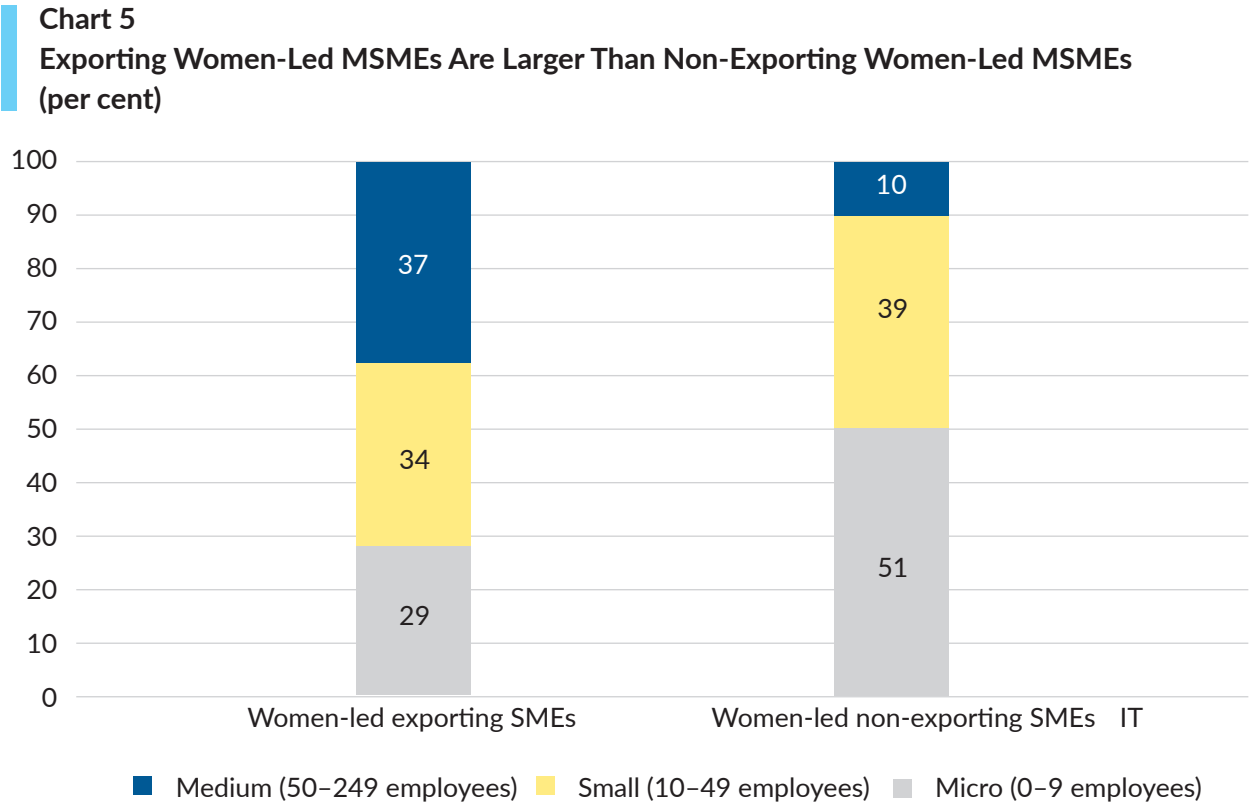
³¹ Gonzalez, “Statement.” Gonzalez cited the numerous economic benefits that women-owned firms contribute to growth and employment, and commented that “only one in five exporting companies is owned by a woman.”

³² Pozarny, *Trade Promotion*; ITC, *Unlocking Markets*.

however, seems to be the exception. Women-led MSMEs in Ukraine experience similar levels of representation in leadership of export businesses: 32 per cent of women-led MSMEs were exporters, versus 37 per cent of those led by men.

The second key finding is that the women-led exporters surveyed were likely to be larger, on average, than domestic-focused women-led companies. Almost four in 10 (37 per cent) women-led exporters in our study reported a medium-sized business, followed by lesser percentages of small and micro businesses. By contrast, domestic-focused companies led by women were unlikely to be medium-sized enterprises.

Chart 5 compares the business sizes reported by women-led exporters and women-led non-exporters. As illustrated, women-led medium-sized exporters were 27 percentage points ahead of their domestic-focused (non-exporting) counterparts.



According to the latest statistical report, how many permanent employees have been listed in your company in total?
Per cent of exporting female-led SMEs, Total N = 67
Per cent of non-exporting female-led SMEs, Total N = 142

Source: CUTIS gender and trade survey.

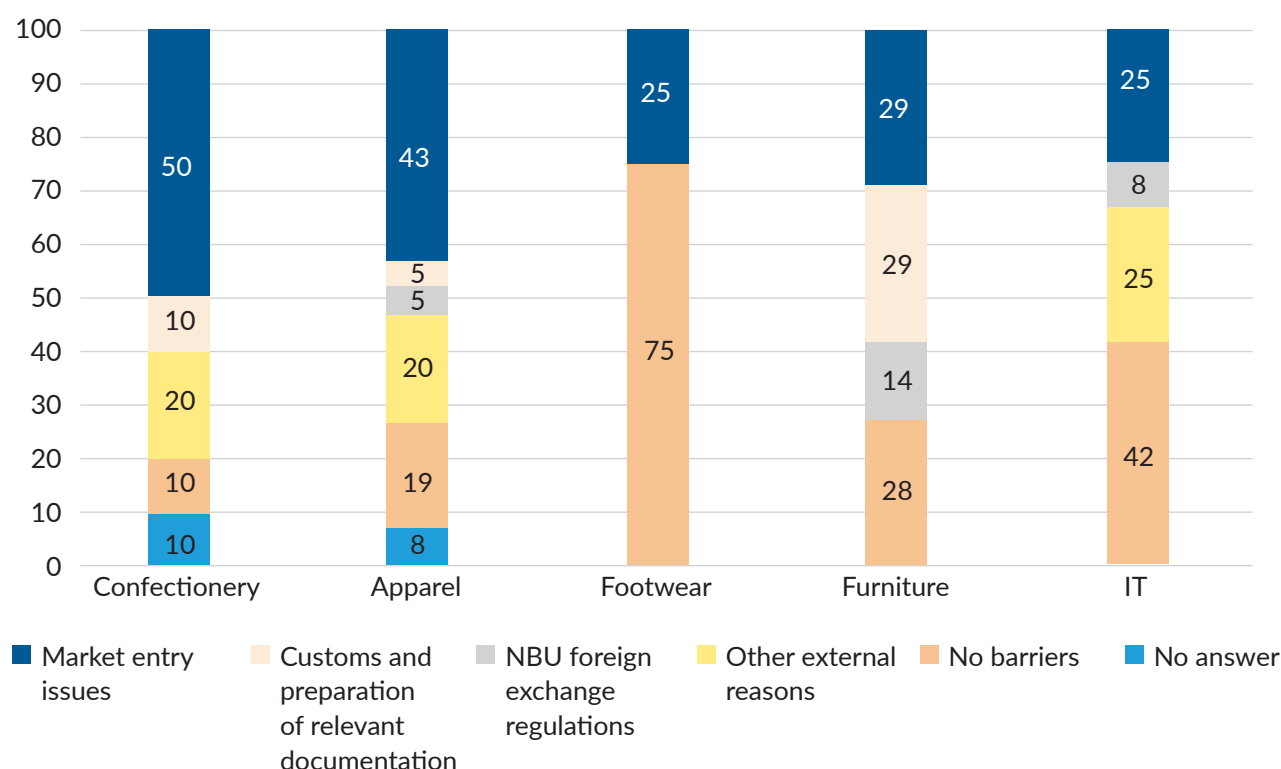
This result backs up the commonplace notion that exporting MSMEs are larger, on average, than domestic-focused MSMEs because the global markets they sell to demand higher production volumes.

A look at the aggregate results for women-led companies that engage with foreign markets shows

that market-entry issues³³ were cited as the primary barrier to exporting by the largest share (35 per cent) of these businesses. As shown in Chart 6, reported export barriers vary by industry. In the furniture industry, an equal share of women-led MSMEs reported market entry and customs issues as their primary concern about exporting. A large share (30 per cent) of women-led exporting MSMEs said they did not face any export barriers.

Chart 6

Market Entry Is the Export Barrier Most Commonly Cited by Exporting Women-Led MSMEs
(per cent of women-led exporting MSMEs)



If your company is not exporting now, what is the most important reason?

Total N: confectionery = 10; apparel = 21; footwear = 4; furniture = 7; IT = 24

Source: CUTIS gender and trade survey.

After other external reasons,³⁴ which ranked second among those reporting barriers, customs issues and National Bank of Ukraine foreign-exchange regulations were the third and fourth most common concerns of women-led exporting SMEs, respectively. By contrast, customs was not a significant concern of men-led exporting SMEs.

³³ In the survey, access to market information, search for business partners, and language barriers were provided as examples of market entry problems, if respondents asked for clarification.

³⁴ While not specified, other external reasons could refer to such factors as the unstable economic situation in Ukraine and uncertain relationships with Russia, its traditional trading partner.

She Speaks ... About the Burden of Customs and Other Documentation

The number of official papers that you must fill out in order to export, and then again after you export, places a great reporting burden on businesses. As for the government's regulatory policy, it must be made simpler. The Export Promotion Office is very helpful. Today it is one of the driving forces promoting Ukraine as a whole and facilitating the entrance of small and medium-sized businesses into external markets. But step-by-step export instructions, including support on how to find potential partners, are lacking.

I know a lot of small enterprise owners who could potentially be exporting. But if they do decide to export, it's very frightening for them to wait for the government verifications that may come back to them regarding incomplete documents, due to us not fully understanding the requirements.

—Confectionery business owner

The survey found that almost half of domestic-focused women-led companies were not considering any export activity (47 per cent). By comparison, just 34 per cent of domestic-focused men-led companies gave this answer.

In the in-depth interviews, women participants were asked whether or not they felt that gender is a factor that may have influenced their success in foreign markets. The opinion of most was that it was irrelevant. A respondent from the confectionery industry said: "I can't say that these are obstacles that stand in my way, and that they have any gendered aspect, no."

Why are so many women MSME owners and managers simply not giving export markets any thought? Does the smaller relative firm size (and thus smaller production volumes) solely account for this gender difference? Or are there other factors, such as the time constraints faced by executive women, at play? The 25 follow-up interviews with women shed some light on these questions. Several women offered the opinion that starting to export entails risks that women are less willing to take than men. Indeed, these respondents felt that women are more likely to "settle for less," and they are more scrupulous about their decisions than men.

She Speaks ... About Taking Risks

There are always risks. When you leave the house, then you face risks. Even in your hometown it is risky because anything could happen. The solution is to write down all the risks that you may face and then minimize them in advance. Although it's impossible to take into consideration everything, assess the risks you can foresee.

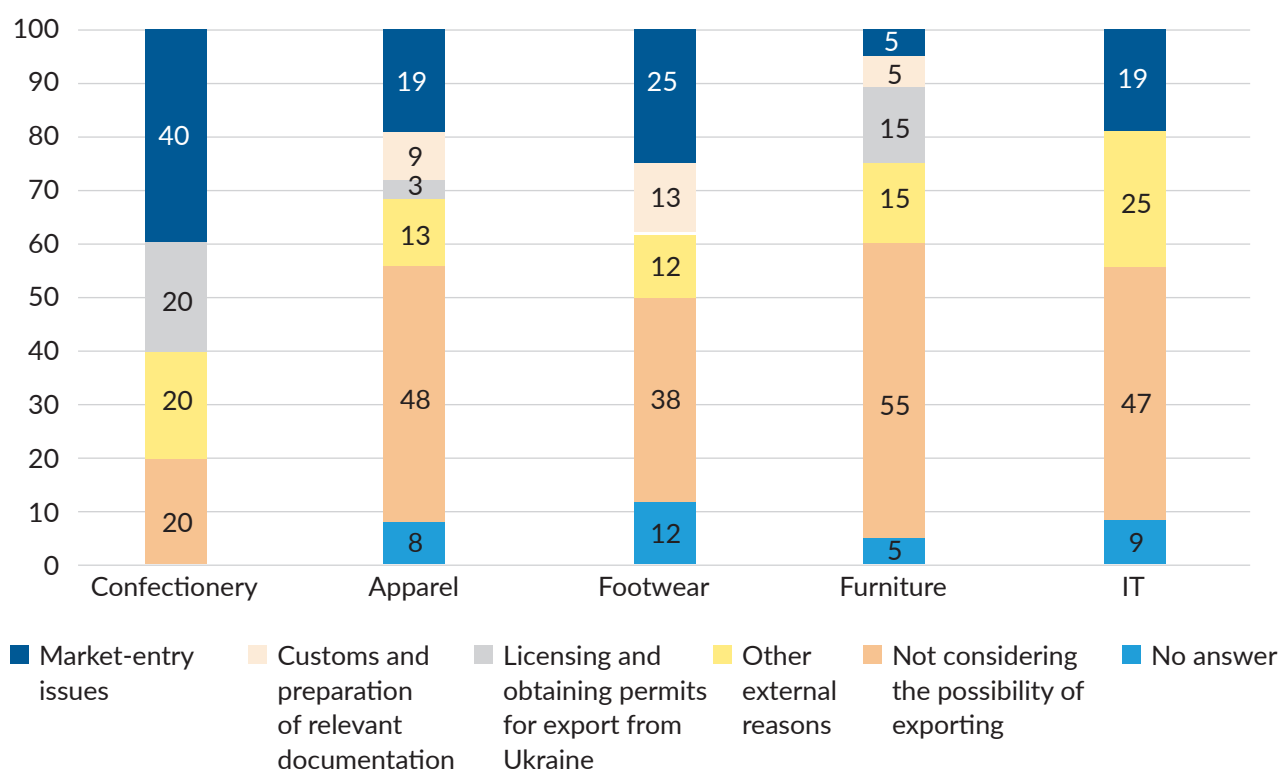
—IT business owner

As shown in Chart 7, among those considering exporting, the ranking of barriers to exporting varies by industry, but overall, the complexity of entering a new market ranked as the primary trade barrier, followed by other external reasons. A handful of follow-up interview participants revealed that the cost of participating in professional exhibitions abroad and fees to receive advice from professional

agents were barriers dissuading them from exporting. In the footwear and IT industries, licensing was not reported as a barrier, while in the confectionery and IT industries, customs was not cited as a barrier.

Chart 7

Export Barriers Perceived by Domestic-Focused Women-Led MSMEs Vary
(per cent of non-exporting women-led MSMEs)



If your company is not exporting now, what is the most important reason?

Total N: confectionery = 5; apparel = 77; footwear = 8; furniture = 20; IT = 32

Source: CUTIS gender and trade survey.

In the IT industry, several women participating in the in-depth interviews reported that product specificity was the main reason they sold their services to the domestic market only. (One example given was the design of accounting programs adhering specifically to Ukrainian accounting practices, which would not be useful elsewhere).

Tariff barriers, non-tariff barriers such as import requirements, packaging requirements, and contract and transportation costs were not identified as export barriers among women non-exporters, probably because they are not aware of them.

Examples of export barriers cited by several in-depth interview participants include lack of information about international markets and procedures for importing and licensing goods, small production volumes (larger volumes are needed for export), IT products that can be used only by Ukrainian customers, an inability to afford agents, and trade-fair costs. Corruption at customs offices and fear

of signing contracts with unknown companies overseas was also mentioned by one participant. One woman who manages a furniture company believes that exporting from Ukraine is too costly due to business taxation and the cost of moving goods.

She Speaks ... About Barriers to Doing Business

I'll tell you that there are a lot of corruption barriers at every step. All obstacles begin here: You need to give [the government] some money, then pay someone else as well. A very large amount. It's very difficult to remain afloat.

—Furniture business owner

Then there is the question of gender-based barriers. When MSMEs were asked, “Do you think that women business owners—as opposed to men—sometimes face additional trade barriers?” a resounding no was the reply: nine out of 10 respondents refuted this statement. Similarly, in-depth interview participants were asked whether gender influences success in exporting, and the majority of respondents asserted that whether the company is prepared to export or not does not depend on who its CEO is. In the words of one woman respondent: “Women executives think just as strategically as men.”

Access to Financing

In the financial section of the survey, we hoped to learn about any gender gaps in access to business financing. We defined business financing as a loan or line of credit intended for investment in a business. We also asked about grants and subsidies, but these were of little significance.³⁵ In some countries, women face more barriers to accessing capital than men. For example, if there are legal or *de facto* constraints to women’s property ownership, women will have difficulty providing collateral requirements to lenders in order to apply for business loans.³⁶ In Ukraine, this does not seem to be the case, and our survey results do not reveal significant gender gaps in access to financing.

The survey revealed that:

- Application rates for business financing are quite low for both women- and men-led companies. Only slightly more men-led than women-led MSMEs apply for business financing.
- Application rates vary by industry.
- More exporting MSMEs (both women- and men-led) apply for financing than domestic-focused businesses.
- Women-led and men-led MSMEs are almost equally likely to be awarded business financing by a financial institution.

³⁵ Less than 4 per cent of women- and men-led MSMEs reported they had received a grant or subsidy to invest in their business.

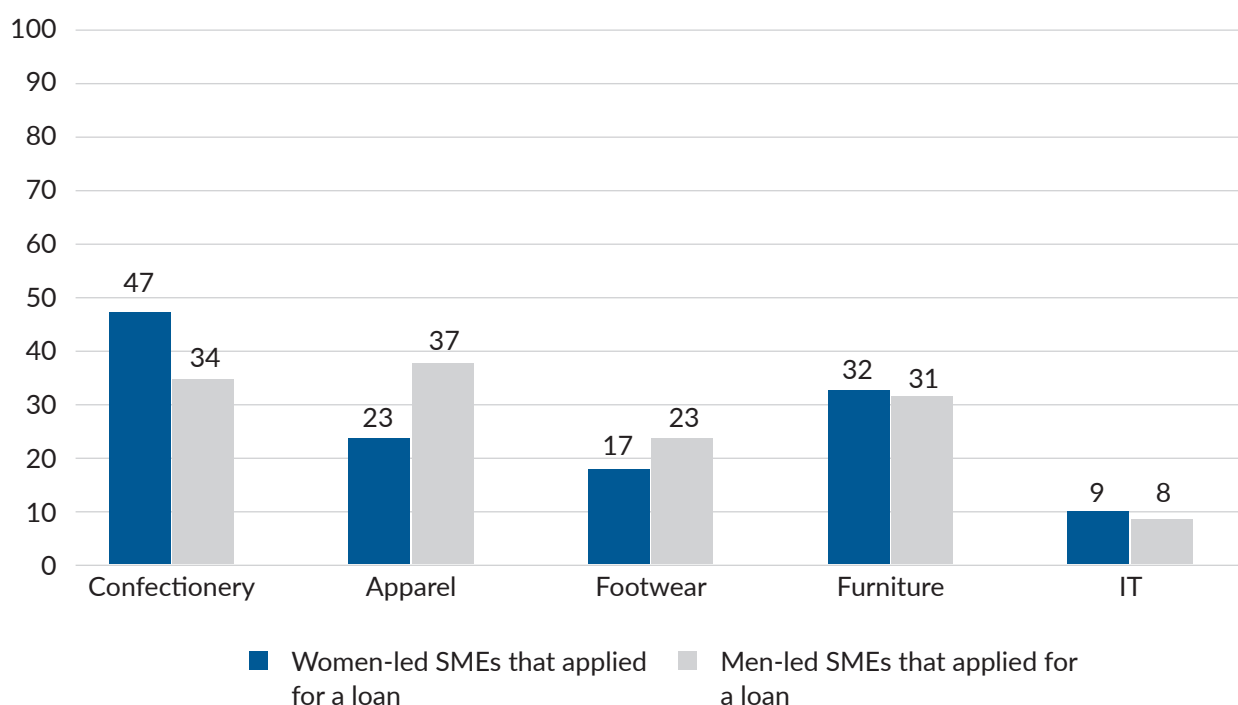
³⁶ ITC, *Unlocking Markets*, 22.

- A significant portion of both women- and men-led MSMEs in the target industries do not require business financing.

Aggregate results show that only 24.5 per cent of men-led MSMEs in Ukraine apply for business financing compared with 22.0 per cent of women-led MSMEs.

Looking at this issue for each industry, conclusions are mixed (see Chart 8). While more women-led than men-led businesses in the confectionery industry applied for a loan, there is an opposite tendency in the apparel industry, where there is a 14 percentage point gap. The gender gap is smaller in the footwear industry, while very similar proportions of men and women apply for business financing in the IT and furniture industries.

Chart 8
Proportions of Women-Led and Men-Led MSMEs Applying for Loans Differ by Industry
(per cent)



Has your company applied for a line of credit or a loan from a financial institution in the past five years?

Women-led SMEs total N: confectionery = 15; apparel = 98; footwear = 12; furniture = 28; IT = 56

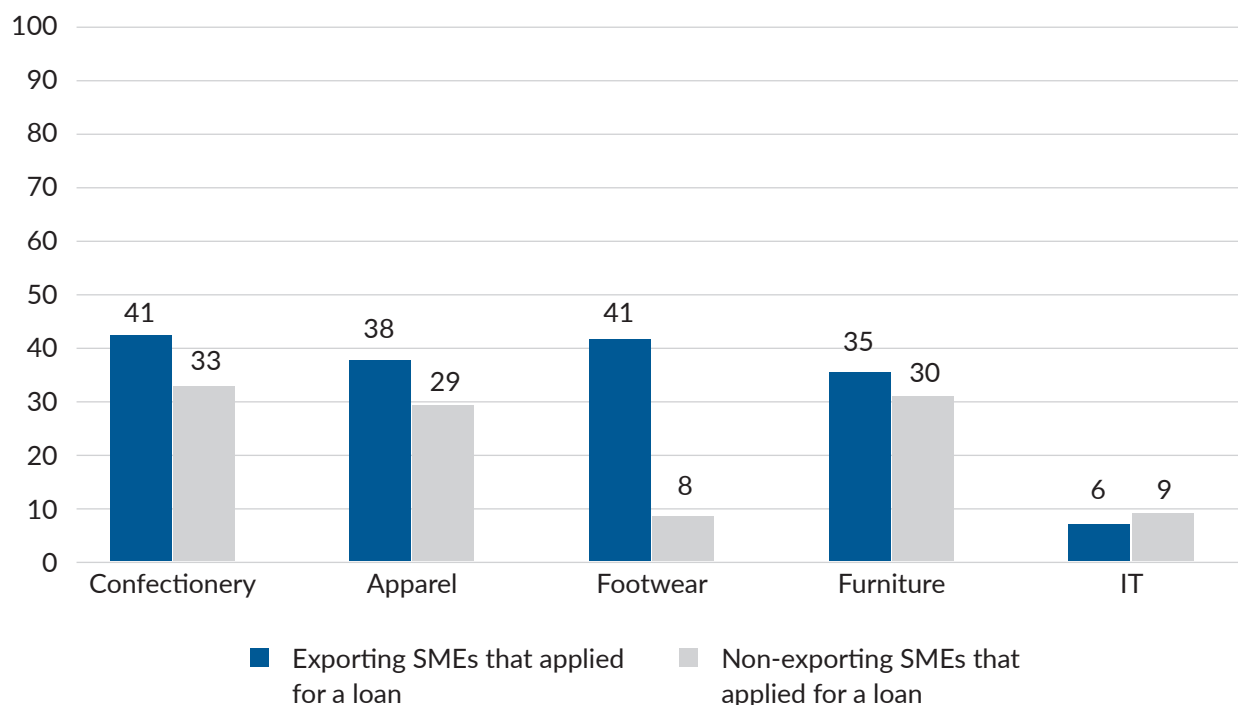
Men-led SMEs total N: confectionery = 35; apparel = 119; footwear = 31; furniture = 102; IT = 145

Source: CUTIS gender and trade survey.

A much more significant variable than gender in determining the likelihood of business-finance applications among MSMEs was export behaviour, as illustrated in Chart 9. In all industries except IT, which had by far the lowest incidence of loan applications, more exporting businesses than domestic-focused businesses applied for business financing. This holds true for both women- and men-led MSMEs. In the footwear industry, the gap between exporters and non-exporters was the greatest. The confectionery industry, with its established markets, has the highest level of MSME borrowing.

Chart 9

**More Exporting MSMEs Applied for a Loan Than Non-Exporters
(per cent)**



Has your company applied for a line of credit or a loan from a financial institution in the past five years?

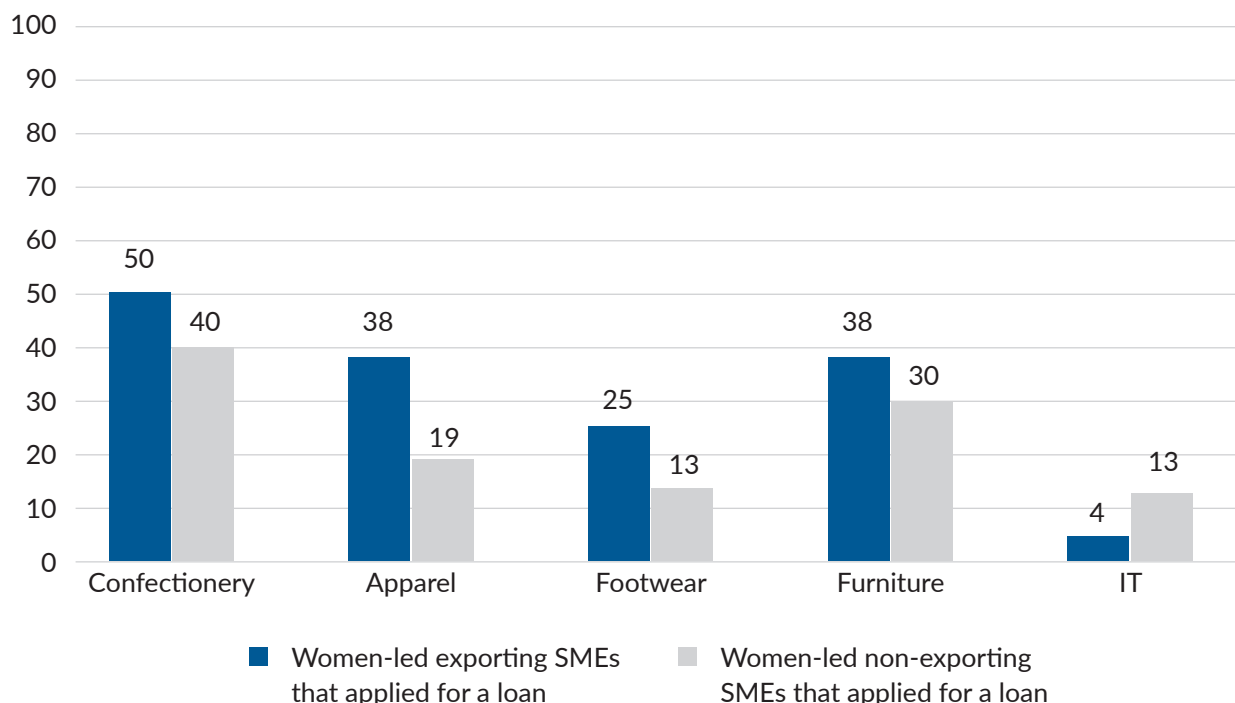
Exporting SMEs total N: confectionery = 32; apparel = 45; footwear = 17; furniture = 37; IT = 94

Non-exporting SMEs total N: confectionery = 18; apparel = 172; footwear = 26; furniture = 93; IT = 107

Source: CUTIS gender and trade survey.

In Chart 10, we see the data on loan applications in the five target industries for both exporting and non-exporting women-led companies. Again with the exception of IT, we see that exporting businesses were more likely to apply for loans. The negligible proportion of women-led exporting IT MSMEs (4 per cent) may be of particular concern, or may simply reflect lower capital needs in this industry. This question requires further research.

Chart 10
More Women-Led Exporting MSMEs Applied for Loans Than Their Domestic-Focused Counterparts
 (per cent)



Has your company applied for a line of credit or a loan from a financial institution in the past five years?

Exporting SMEs total N: confectionery = 10; apparel = 21; footwear = 4; furniture = 8; IT = 24

Non-exporting SMEs total N: confectionery = 5; apparel = 77; footwear = 8; furniture = 20; IT = 32

Source: CUTIS gender and trade survey.

The reasons why many MSMEs had not applied for loans were surprising. The most commonly cited reason, across all industries, was that the business “had sufficient capital/had no need for a loan.” More surprising still, women-led companies were slightly more likely to report this answer than men-led (61.4 per cent versus 55.2 per cent, respectively). In second place, high interest rates were the culprit (23 and 26 per cent, respectively). We also learned that a higher proportion of women-led than men-led MSMEs had never been declined for a loan, by over 12 percentage points.

The next hypothesis the survey results tested was whether men-led MSMEs were more likely than women-led MSMEs to be awarded business financing in these export industries. In fact, they were equally successful: Among women-led companies who said they had applied for financing, 80.4 per cent reported being awarded the loan or line of credit, compared with 80.2 per cent of men-led businesses. In other words, four of five loan applicants were financed by lenders regardless of gender. The implication is that neither men and women apply unless they feel they have a good chance of being awarded financing.

Finally, the survey results reveal what the minority of MSMEs that received business financing over the past five years used it for. The purpose reported most commonly by both women- and men-led

companies was to finance business expansion to incorporate technical upgrades. This was reported by just under half of all MSMEs. For women, the second most common use was to finance operations (we can assume this means to pay staff, because labour is usually the highest cost for MSMEs) whereas men-led businesses cited the need to buy inputs.

In the follow-up interviews with women-led companies, a few respondents commented on a lack of capital infringing on their ability to export. In the words of one confectionery executive: “Our company could not start exporting for a long time because we simply lacked the funds, the capital. We didn’t have enough resources to accelerate this process and reach the [production] level which is required in order to export to Europe.”

Although, based on the survey results, Ukrainian women-led MSMEs face approximately the same barriers to financing as men-led MSMEs, this does not imply that those barriers are low. Indeed, Ukraine’s interest rates are quite high relative to other countries in the region, representing an important barrier to business capital for all small business owners. This problem is so well-known in the Ukrainian business community that some projects have begun to work around it. The United Nations Development Programme’s Alternative Financing Lab, for example, has invested in a project to inspire 12 entrepreneurs to build their businesses in war-affected regions. The project harnesses crowdfunding because “mainstream banking is prohibitively expensive.”³⁷

She Speaks ... About Business Financing

I had a conversation the other day about the need for a credit program for small and medium-sized enterprises, not only for large enterprises. There is such a program in Ukraine managed by the European Bank for Reconstruction and Development (EBRD). They offer business loans for up to five years. Not for one or two years, but for five years! These funds enable [MSMEs] to invest in business development activities with a new purpose, such as participating in western trade fairs. Business and industry associations should be trying to solve these issues and help their young members.

—Apparel business owner

Labour/Production Issues

In analyzing the survey results related to production and labour, the significant challenges of running and operating a micro, small, or medium-sized Ukrainian business become clear. As is the case in many countries, the largest share of MSMEs (both women- and men-led) reported:

- a lack of appropriate skills and/or experience among workers or job applicants (55.4 per cent);
- unmet wage expectations among workers or job applicants (45.6 per cent);
- high labour-related taxes for which employers are responsible (39.5 per cent).

Across all industries, 81 per cent of women-led MSMEs reported facing some sort of labour issue in

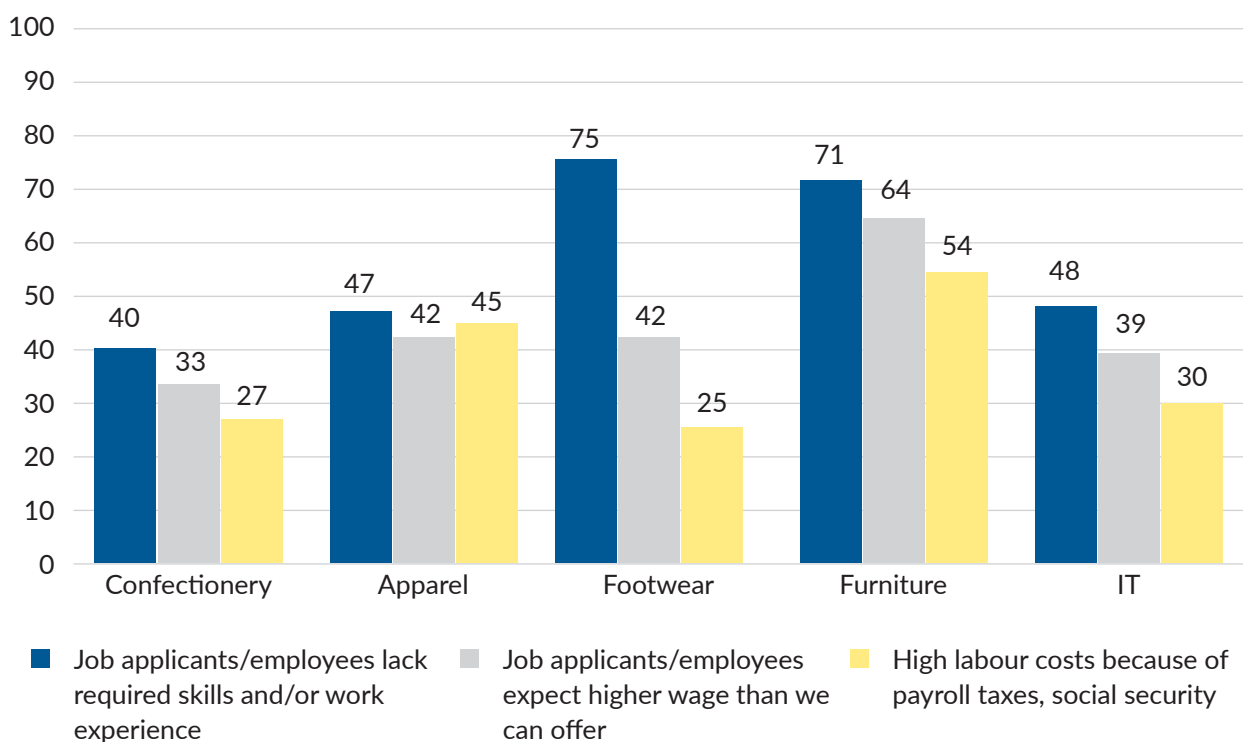
³⁷ Pašičko and others, “Crowd Funding for Businesses.”

their business. The most common labour issues reported by women-led businesses were (in order of importance): skills or experience deficits among employees/applicants; wage expectations that couldn't be met; and high labour costs because of payroll taxes/social security. (See Chart 11.) The one exception is the apparel industry, where high labour costs ranks second instead of third, by a small margin. Footwear enterprises seem much more concerned about the skills or experience deficit of their workforce than with the other two labour issues. Women owners and managers are also least concerned with labour costs in this industry.

There were no significant gender differences related to labour issues. The same top three issues, in the same order of importance, were reported by men-led SMEs in all industries.

Chart 11

Most Common Labour Issue Reported by Women-Led MSMEs Was Skills/Experience Deficit (per cent of women-led MSMEs)



Does your company face any labour-related challenges?

Total N: confectionery = 15; apparel = 98; footwear = 12; furniture = 28; IT = 56

Source: CUTIS gender and trade survey.

The most-reported issue, skills or experience deficits, signals that MSMEs in these industries are struggling to recruit appropriate talent for their businesses; it also implies that there may be a gap between needed and available skill levels. These results are corroborated by other recent studies in Ukraine that have found “a lack of qualified workers is an obstacle for doing business.”³⁸ The challenge,

³⁸ USAID, *Shchorichna otsinka dilovoho klimatu v Ukraini: 2016 rik*.

therefore, is for policy-makers and other stakeholders to find meaningful ways to build business-ready skills and experience among young people, including women. After all, MSME jobs represent the lion's share of employment in Ukraine. In follow-up interviews, a majority of respondents mentioned the importance of on-site training (internships) and workshops for both men and women to support industry-relevant professional development.

The lack of any significant gender differences regarding labour issues raises a question, not covered in the survey, about other under-represented groups within MSMEs: How well-represented are racial/ethnic minorities or LGBTQ individuals in MSME management and production jobs? This is an interesting question because many global studies find that more diverse companies face fewer labour challenges. Gallup polls, for example, recently found that diverse teams (including more women) in IT have a 22 per cent lower turnover rate and an easier time recruiting.³⁹ In 2015, McKinsey & Company undertook research that showed that more inclusivity is becoming “a competitive differentiator” for companies and puts them ahead of the game.⁴⁰ More research is needed on this question in Ukraine.

With regard to bricks-and-mortar production concerns, the survey results show that women-led businesses (37.8 per cent) were slightly more likely than men-led companies (31.5 per cent) to find it difficult or very difficult to obtain modern equipment or undertake technical upgrades. Getting inputs from suppliers was a less significant constraint for both, with two-thirds of all surveyed companies stating they had no problem securing production inputs.

Business Association Services for MSMEs

Business associations and networks can be important drivers of a company's success. They can impart relevant business and trade information, conduct business advocacy with government, and provide space for networking and knowledge exchange among members. Yet the survey results related to networks and business associations are not promising for women-led MSMEs, and in fact reveal an important opportunity lost.

Few MSMEs, regardless of their industry, reported being members of a business association in Ukraine.⁴¹ Only 9.6 per cent of women-led MSMEs (less than one in 10) said they were a member of a business association.⁴² Similarly, of the 25 women engaged in in-depth interviews, only four were members of business associations. The highest proportion of association membership among women-led MSMEs was reported by the footwear industry, with a 25 per cent membership rate. (See Chart 12.)

³⁹ Gallup poll, cited on the website of *Hire More Women in Tech*, <https://www.hiremorewomenintech.com/>.

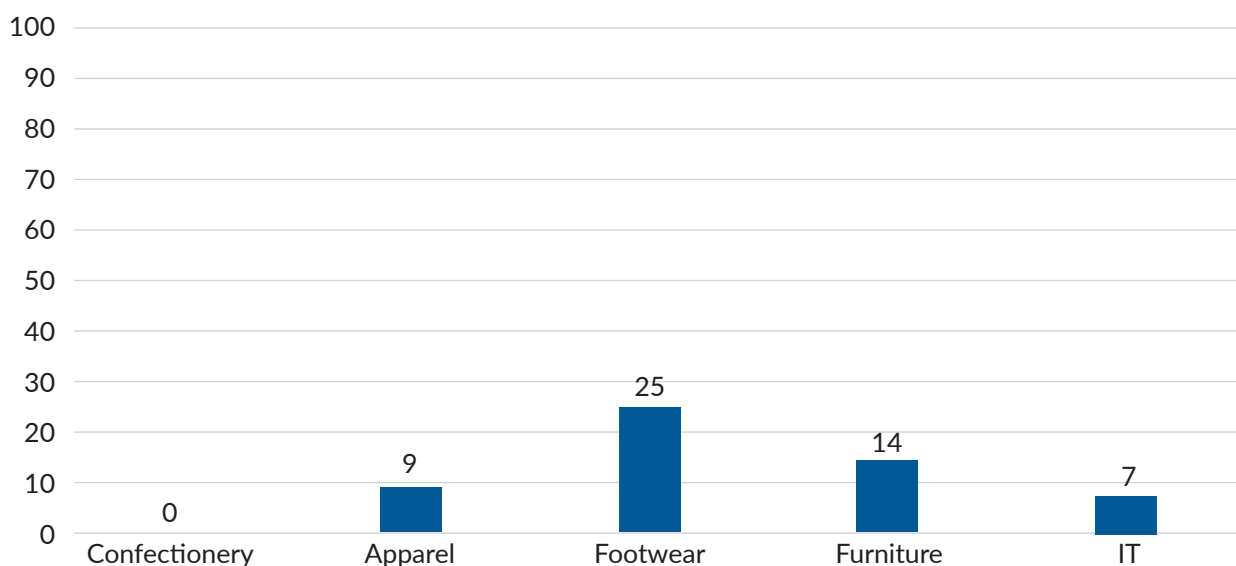
⁴⁰ Hunt and others, “Why Diversity Matters.” The research project “Delivering through Diversity,” on which this article is based, polled 1,000 companies in 12 countries, and defines diversity as a greater proportion of women and a more mixed ethnic and cultural composition in the leadership of large companies.

⁴¹ Recognized business associations exist in all five industries that are the subject of this analysis, as do multi-industry associations in most regions across Ukraine. While the survey did not specifically ask respondents about chambers of commerce, some respondents may have interpreted the definition of a business association to include them.

⁴² Men-led firms reported a similar proportion (11.8 per cent).

Chart 12

Few Women-Led MSMEs Are Members of Business Associations, Except in Footwear Sector (per cent)



Is your company a member of a business association?

Total N: confectionery = 15; apparel = 98; footwear = 12; furniture = 28; IT = 56

Source: CUTIS gender and trade survey.

Women-led MSMEs reported the following benefits (as an average across all industries):

- 50 per cent reported that they benefited from their membership in the form of business networking;
- 45 per cent said they had participated in an association's trade-related workshop;
- 40 per cent reported the association helped them attend trade fairs;
- 35 per cent said their association was a helpful source of trade and event information;
- 30 per cent reported benefiting from advocacy support with the Ukrainian government;
- 29 per cent reported that their association helped them export.⁴³

Men-led MSMEs who were members of a business association were more likely than their women-led counterparts to report trade-fair participation and trade information as services received from their association. Interestingly, fewer women-led than men-led businesses reported receiving support to attend a trade fair. Furthermore, men-led companies were three times more likely than women-led companies to have received technical assistance from a business association (29.5 per cent and 10 per cent, respectively). Registered women-led MSMEs were asked if their association had helped them obtain a voluntary certification; only one in 10 reported receiving such support. Women-led MSMEs were also asked whether or not they had received any women-specific support or opportunities

⁴³ Note that no women-led MSMEs reported this benefit from the confectionery and IT industries, meaning that the average percentage of businesses in the remaining three industries was, in fact, much higher. This number is slightly higher than the recent USAID finding that 26 per cent of enterprises in Ukraine reported that business associations assist them in finding trade partners abroad. USAID, *Shchorichna otsinka dilovoho klimatu v Ukrayini: 2016 rik*.

(women's clubs, mentoring, etc.) from a business association. Only two of the 20 companies that answered this question (10 per cent) said they had.⁴⁴

Women-led MSMEs most often cited a space for business networking as the value they perceived in business associations. Similarly, the main benefits of membership reported by in-depth interview respondents stressed the human connection provided by business groups. For example, several women cited connections, professional support (including of women by women), opportunities to receive or give advice, belonging to the professional community, and partnership in project implementation as the benefits they received from their business association.

She Speaks ... About Networking

These [women's business] clubs, they really help women to stretch their wings or feel that they can do anything. This kind of support is very important for women.

—Confectionery business owner

Finally, over 70 survey respondents made suggestions for business services they would like to see more of in the future. The most common suggestions were support in the search for business partners and customers, business-to-business (B2B) meetings, and information about external markets (market intelligence).

The in-depth interview respondents who said they were not members of a business association offered several reasons they were not interested in joining one, including lack of time, lack of awareness about the opportunities and benefits, lack of trust, and lack of programming of interest to them (events, training, etc.). Notably, the first two reasons are largely gender-based barriers, due to women's reproductive and caretaking role in the household. Some in-depth interview respondents also asserted that business associations do not help MSMEs export, nor do they help businesses search for partners, echoing the survey results on this topic.

Women's Business Certification and Voluntary Certification

MSMEs' level of awareness about women's business certification, and about voluntary certification in general, were explored in the survey as well.

Women's business networks are not necessarily membership-based, but their key objective is to advance women in business, and in some cases, in exporting as well. The example provided to women-led MSMEs engaged in the survey was WEConnect International, a growing network of 7,000 women-owned businesses and nearly 80 corporate members in over 100 countries.⁴⁵ Their membership comprises both buyers and sellers, with the following stated goal: "Together, we help to ensure all women-owned

⁴⁴ Only 20 MSMEs answered this question. Interpret with caution.

⁴⁵ WEConnect, *WEConnect Annual Report 2017*.

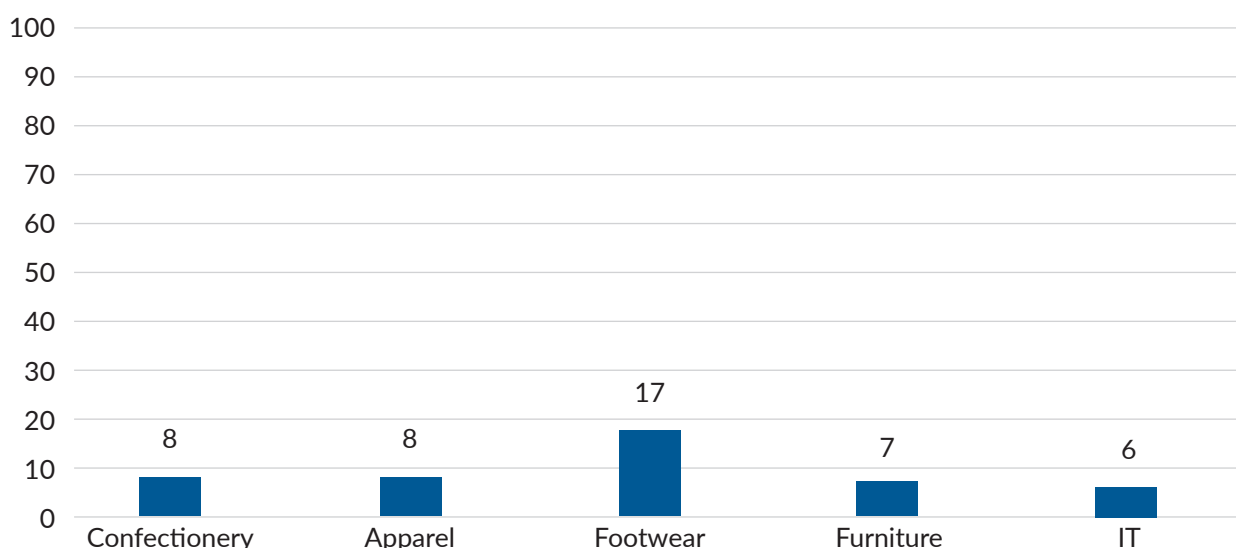
businesses have an equal opportunity to access new markets, compete, and reach their full potential.”⁴⁶ It provides in-person and online networking and learning opportunities for women-led businesses.

One of the innovative things about WEConnect is that it helps women-led businesses register for a voluntary certification open only to majority women-owned companies. This certification is known as a Women’s Business Enterprise,⁴⁷ and it can give women-led businesses a competitive edge in global markets via ethically-driven consumers. There are several other organizations with similar objectives; however, the survey cited WEConnect as it is likely the most popular one in Europe.

Unfortunately, none of the surveyed women-led MSMEs had registered with WEConnect.⁴⁸ Very few women in Ukraine were even aware that a voluntary certification can be obtained for majority women-owned companies through WEConnect International and other women’s networks: only nine of 194 women-led MSMEs (4.6 per cent) answered this question affirmatively. Moreover, few reported participating in networking or learning events targeting women, as Chart 13 illustrates. The highest reported rate of attendance at women-targeted business events was in the footwear industry.

Chart 13

Few Women-Led MSMEs Participate in Networking or Learning Events Targeting Women
(per cent)



Have you ever participated in networking or learning events (trade fairs, webinars, business mentoring, etc.) only for women?

Total N: confectionery = 13; apparel = 95; footwear = 12; furniture = 27; IT = 47

Source: CUTIS gender and trade survey.

⁴⁶ Ibid.

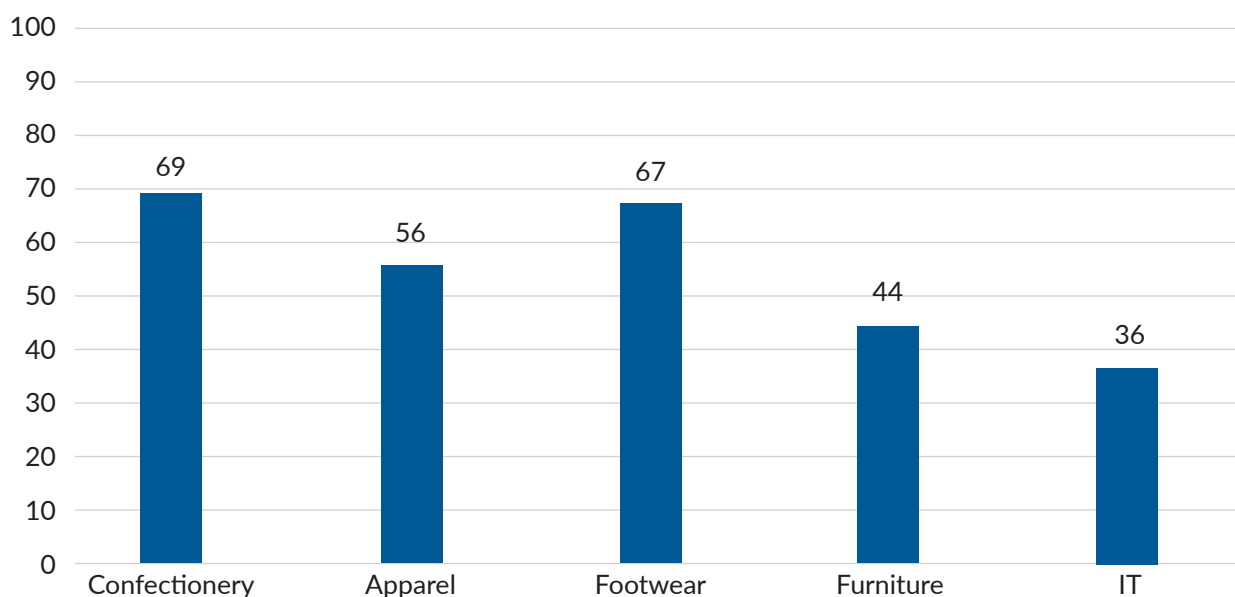
⁴⁷ There is a rigorous process of member selection for Women’s Business Enterprises, requiring that new applicants prove, among other things, that their business is at least “51 per cent owned by one or more women, as well as managed and controlled by women.” For more information, visit the How to Register page of WEConnect’s website: <https://weconnectinternational.org/en/womens-business-enterprises/apply-now/register-certified>.

⁴⁸ CUTIS contacted the European head of WEConnect during the writing of this report and learned that the global network has not yet launched a registration campaign in Ukraine or in any other Eastern European country.

Despite low levels of awareness about opportunities and capacity-building that target women business owners, more than half of surveyed women-led MSMEs responded with enthusiasm to the idea, particularly in the confectionery and footwear industries. (See Chart 14.) This suggests that women are interested in engaging in professional development together in a space with other women. Our in-depth interviews suggest this is a gap yet to be filled in Ukraine.

Chart 14

Women-Led MSMEs in Most Industries Are Interested in Networking or Learning Events Targeting Women
(per cent)



Are you interested in networking or learning events only for women in the future?
Total N: confectionery = 13; apparel = 95; footwear = 12; furniture = 27; IT = 47

Source: CUTIS gender and trade survey.

She Speaks ... About Professional Development

Executive training should be based on a combination of different things. The popular saying "It's not who you are born with but who you eat with" applies here. People need to be placed in an environment where it is easy to communicate openly with more experienced people—those who have achieved some business goals. And these sessions should be held on an ongoing basis. In this situation, a woman can build herself.

—IT business owner

The survey questions on voluntary certification in general received a more positive response. Across all industries, about one in four companies had registered for one or more voluntary certifications. The

data show a gap of more than 10 percentage points between women-led and men-led MSMEs who had undergone voluntary certification: 31.5 per cent of men-led businesses held a certification versus 19.6 per cent of women-led businesses.

Gender gaps were found in several industries, particularly in IT (with a 26 percentage-point gap between women-led and men-led MSMEs), in furniture (17 percentage points), and in apparel (10 percentage points).⁴⁹ In confectionery and footwear, certification rates for women-led and men-led businesses were similar. The type of certification varied greatly with the type of product or service provided, but overall, the most popular choice was to register for an appropriate ISO code relevant to the business.

Men-led companies were slightly more likely (13.7 per cent) to register for an eco-label than women-led companies (11.1 per cent).⁵⁰ The vast majority of these businesses were from the confectionery industry. Organic certification was less popular, with only one confectionery business and one apparel business reporting an organic certification. This is not surprising given that food producers and farmers were not selected for this research.

Women-led and men-led MSMEs agreed that the primary motivation for pursuing certification was to gain a premium in the market. However, the second most common motivation of women-led companies was to be more socially and environmentally responsible, whereas men-led companies sought to improve their business reputation. Some companies certified because foreign customers required certification.

The last topic broached in this section of the survey was supplier diversity, a strategy that aims to better incorporate enterprises owned by historically marginalized or under-represented groups, including women, into supply chains. Supplier diversity programs may form part of a corporate social responsibility (CSR) plan or figure in a government's procurement plan. Either way, the intention is the same: to make value chains more inclusive.⁵¹ Among the women-led MSMEs surveyed, 14 per cent had heard of supplier diversity, and of those, 10 per cent had benefited from such a program. Results from men-led MSMEs were similar, with only six reporting that supplier diversity had helped their firm export.

These results confirm our hypothesis that supplier diversity is best-known in North America, particularly the United States, and is not common in Ukraine.

Future Outlook

The final section of the survey examines the optimism and ambition of women- and men-led MSMEs regarding future sales, including export sales. Companies were asked whether or not they are putting

⁴⁹ This finding should be interpreted in the context of very low response rates to this question: only two women-led MSMEs answered from footwear, seven from confectionery, 11 from clothing, and 12 from furniture. Women-led enterprises seem to be ahead of men-led in terms of certification in the furniture industry, but owing to the low response rate, no conclusions can be drawn.

⁵⁰ Note that this question asked MSMEs: "Does your company use product eco-labelling?" Third-party eco-labels and self-declaration of eco-values were possible answers.

⁵¹ For more of a description and for links to information about supplier diversity, see the Canadian Trade Commissioner's Service website: <https://www.tradecommissioner.gc.ca/businesswomen-femmesdaffaires/supplierdiversity-diversification-des-fournisseurs.aspx?lang=eng>. Wikipedia also has relevant information: https://en.wikipedia.org/wiki/Supplier_diversity.

plans in place to increase sales next year. Seventy-two per cent of women-led businesses stated that they were doing so, compared with 81 per cent of men-led businesses.

Companies were also asked specifically about their export plans. Women-led MSMEs were generally pessimistic about the ability of their company to increase exports in the next year: While only 31 per cent reported being either optimistic or very optimistic, 52 per cent said they were pessimistic or very pessimistic. These results include the 37 per cent of women-led companies that said they were not considering exporting. A slightly higher proportion of men-led MSMEs (37 per cent) were optimistic or very optimistic about future exports.

In-depth interviews shed some light on the potential differences in the behaviour of Ukrainian men and women as MSME executives. One woman non-exporter in the confectionery industry stated: “I think that, purely psychologically, women are more practical. You know, a bird in the hand is worth two in the bush. I mean, I’m here and I make money. I don’t have millions from export, but I have income, I control my business. I think there’s a fear of this global thing.”

She Speaks ... About Optimism in Business

I think that everything that a person wants can be found, if a goal is set.

—Furniture business owner

While from a psychological standpoint, these findings—and specifically the gender gaps in the two future outlook questions—are interesting, it would be erroneous to conclude that women tend to behave differently from men in business contexts. Women are not a homogenous group. Indeed, women have different racial identities, sexual identities, socio-economic statuses, and educational backgrounds, which can influence career outcomes just as much as gender.

Factors Affecting the Advancement of Women

In-depth interview participants were asked several questions not covered by the survey in order to understand which factors Ukrainian women find helpful in advancing their careers. These questions dealt with professional development, job flexibility, and key challenges and drivers of success. The key findings from these segments of the in-depth interviews were:

- Women’s double burden is a key constraint to the advancement of women in business.
- Traditional gender stereotypes (attributed to both men and women) have a negative effect on merit-based advancement in business.
- Flexible work arrangements (such as remote work or flexible hours) are uncommon for both men and women, but some labour entitlements benefit women more than men (when MSMEs respect them).
- Ongoing access to mentorship and professional development is an important element of success in business for everyone, including women.

The Double Burden and Gender Stereotypes

The double burden was raised by virtually all in-depth interview participants. In the words of one woman, Ukrainian society still holds outdated ideas about women, according to which “their fate is to be in the kitchen and with their family.” Widespread gender stereotypes put pressure on women and affect the decisions of both men and women. This result is backed up by recent research by the United Nations Population Fund (UNFPA) that explored masculinity in Ukraine.⁵² Another woman had this to say: “I think we face [stereotypes] in our society. Many responsibilities, including household chores, are on the woman, and this is the barrier.”

Several women interview participants expressed the opinion that the personality traits of some women hamper their ability to advance in business. Self-esteem, in particular, was cited more than once. One hypothesis to explain this finding could be that women are playing to the gender stereotype that society imposes on them as the “weaker sex.” Past studies in Ukraine and other countries point to confidence and assertiveness as important characteristics in women entrepreneurs or executives.⁵³ Indeed, one participant mentioned that Ukrainian women sometimes use their physical appearance to seek attention in the workplace, but she rejects this type of behaviour.

Another common idea voiced by participants was that all executives need to work harder in order to grow their business and start exporting, and under these conditions it is very difficult for women to balance work and family responsibilities. It became evident that several participants had internalized or accepted traditional gender stereotypes. For example, one interviewee from the furniture industry expressed that a woman’s excessive attention to her job can negatively impact her marriage and relationship with her husband: “Here is what I’ll tell you: to export, you need to invest even more effort and time. And women need to also allocate time to their children, and husbands, and themselves. A man can work from dawn till dusk, but a woman has to be a woman.”

The important corollary to these findings is that, if Ukrainian women cannot afford a suitable nanny, after-school program, or extracurricular activity for their children to attend in the after-school hours, they will not move up the ladder in their industry because they cannot dedicate the required time to work. They are effectively being penalized for having a family.

Factors other than gender were also identified as grounds for discrimination in our research, including age and rural residence. One participant bluntly reported: “It might be much more difficult for a young woman than for a young man in business, because she may not be taken seriously. For women, age can be an additional factor in discrimination.”

Another woman echoed this opinion with her own personal experiences: “They did not treat me as a CEO, as a business owner, as a woman, because I was rather young when I started my business. I needed time to defend my business. They did not take me seriously! They thought I was just a kid who’s playing with something. There was also the stereotype that someone is protecting, helping me, although I started everything from scratch, with my own efforts only, on the money I earned. [...] but I

⁵² UNFPA, *Masculinity Today*.

⁵³ Galinsky and others, *Leaders in a Global Economy*. This is a global study that identifies factors helping women advance to executive positions, and identifies “taking risks,” “standing up for what I think,” and “being collaborative” as necessary elements to advancement of women in executive positions.

can't say the same thing now. Maybe the times have changed and people look a bit differently at [me]. Now there are many business women in Ukraine."

Flexible Work Arrangements

Flexible employment and better child care access are powerful tools currently being advanced by many European countries to help address the double burden. Yet when asked about the topic, few interview participants reported flexible work arrangements in their industry. Moreover, most respondents believe that an on-site workforce is best for productivity. In their opinion, arrangements such as remote work or part-time contracts are only possible at larger companies or in the tech industry, where the nature of the work facilitates this arrangement. Flexible employment tends to be open only to accountants, lawyers, designers, marketers, or other specialists, and women are no more likely than men to have access to these jobs.

Despite this limitation, survey participants reported that MSME managers make exceptions for employees who need to leave earlier or work from home due to child care (or elder care) responsibilities. In-depth interviews also revealed that MSMEs will respect an employee's labour right to a shortened (by one hour) workday for workers with young children. This entitlement is virtually always requested by a woman who is picking up children at school or daycare.

Mentorship and Professional Development

Mentorship stood out as another key finding from the 25 in-depth interview results. Over half of participants mentioned they had benefited from (mostly informal) mentoring during their careers. Some entrepreneurs spoke in favour of state support of mentorship programs, while others doubted that anything offered by the government would work well, and suggested that businesses should cover the costs of such a program. A third group of respondents were convinced that the funding burden should be split equally between business and government.

This consensus on the need for mentorship was explained by one woman who reported that "contemporary education [in Ukraine] is mostly theoretical" and higher education programs lack practical elements. Therefore, young professionals must profit from on-the-job learning where possible, and seek feedback from mentors. While global research has shown that women mentoring women can have a unique and significant impact,⁵⁴ in-depth interview participants did not express a preference for women over men as mentors, with one exception.

⁵⁴ For example, in *Leaders in a Global Economy*, the authors found that executives in large corporations value mentorship. A key finding of the report: "While help and support of higher-level executives—both male and female—are essential to developing leaders, women mentoring women is of special importance." Galinsky and others, *Leaders in a Global Economy*, 5.

She Speaks ... About the Importance of Mentors

The best examples for women are other women who have achieved everything with their own power. Women who built their own business—not the wives of footballers. Women who, by their own intelligence and talents and diligence, created their enterprise. By their own example, they inspire the next generation.

—Apparel business owner

In addition to finding a mentor, most of the women CEOs and business owners engaged in in-depth discussions recommended professional development to help women advance in their careers, yet they mentioned that finding the time for in-person professional training is difficult (citing child care or other responsibilities) and may come with a cost. Online learning was proposed as an alternative. This raises the question of whether workshops aimed specifically at women that take into account their financial and time constraints might inspire more women to attend capacity-building events that could help their enterprise. The survey results suggest it is possible: 51 per cent of women-led MSMEs reported they would be interested in such women-targeted networking or learning events, although few had participated in them in the past.

One woman respondent holds the opinion that supplementary courses on soft skills such as leadership, teamwork, and public speaking would benefit management students in Ukraine. In addition to preparing young women for their careers, they would also build their self-esteem, another common theme raised during in-depth interviews.

Measuring Success

In-depth interview participants offered numerous suggestions when asked by what standards they evaluated their own success in business and trade. Here are some of the criteria mentioned by women owners and top managers:

- competitiveness (you know you are competitive when competitors copy you);
- setting and achieving goals and moving plans forward;
- faithfulness to your values (for example, the value of natural ingredients for food products);
- securing a large deal;
- reaching maximum capacity;
- gaining new customers and the loyalty of old customers;
- designing one's own trademark;
- language proficiency, so as to negotiate contracts and exports;
- mastering the work-family balance and good time-management skills;
- a good team.

Several women stressed that the key to their success was being inspired by role models, whether personal mentors, peers, or other women business leaders. In many of the testimonials collected, interviewers heard about the strength required of women to persevere in business; therefore, confidence to stick to one's business plan in an often men-centric business environment also seems critical.

In the words of one woman tech executive, being a CEO means being independent: "You know [you've made it] when you do not depend on anyone and [you] earn your own money, and you know that you've paid your taxes and you don't owe anyone anything. For me, this is the most important. I don't like to depend on anyone."

In sum, Ukrainian women-led MSMEs face several challenges to staying afloat, but a new generation of entrepreneurial women is emerging in Ukraine and they want a competitive edge in the global marketplace. The next section outlines recommendations that can help support women-led enterprises in Ukraine through initiatives by government, trade, business, and education stakeholders.



Recommendations to Reduce Gender-Based Barriers for Women-Led MSMEs

The following recommendations are each prefaced by the gender-related challenge they seek to address. We suggest individual stakeholders who might act on each recommendation, but this does not represent an exhaustive list of entities who could potentially take action on these issues. For example, regarding the recommendations for Ukrainian national government, most could also be implemented by local or regional governments. It is our hope that these recommendations spark further discussion and action to bring about a more level playing field for men and women in international trade.

Gender stereotypes	Challenge
	<i>Traditional gender stereotypes are pervasive in Ukrainian society. Our results suggest that this is a root cause of the barriers facing Ukrainian women that limit their success in business and trade. Related to this, women business owners—particularly those with children—face greater time constraints (the double burden) than men. The fact that so few women are entering business in certain industries (e.g., furniture and IT) also points to the existence of occupational gender segregation.</i>
	Recommendations for the Ministry of Social Policy, the Ministry of Education, and donors
	<ol style="list-style-type: none"> 1. Improve the gender sensitivity of didactic content in textbooks and other educational materials used to teach girls and boys at all levels, in order to eliminate stereotypical portrayals of men and women. 2. Design and deliver media campaigns aimed at eliminating harmful gender stereotypes, and provide funding for organizations (e.g., women's organizations, non-profit media projects) that can undertake, or are already doing, this type of work. Ensure that these campaigns focus on the need to change both harmful attitudes of men and women regarding women's reproductive responsibilities and role in the family and traditional perceptions about masculinity and men's work. This would lead to more acceptance of women working in all industries, including in international trade and business, as well as greater tolerance for men occupying non-breadwinner roles in the family. 3. Harness opinion leaders (e.g., journalists, actors, prominent women leaders) to motivate others to eliminate harmful traditional gender stereotypes and reduce occupational gender segregation. 4. Improve the accessibility and quality of government-funded child care centres associated with the school system and local government.
	Recommendation for the National Association of Small and Medium-Sized Businesses and for employers
	<ol style="list-style-type: none"> 5. Deliver workshops on strategies that businesses can adopt to encourage women's career advancement and address women's double burden (e.g., flexible work arrangements, entitlement of employees to maternity and paternity benefits).

	<p>Recommendations for colleges and universities</p> <p>6. Ensure that advertisements aimed at prospective students in business programs target women's enrolment as well as men's. Strike a balance between portraying men and women in photos and images; ensure gender-neutral pronouns are used; and ensure that women are portrayed working in industries, including those traditionally considered masculine.</p>
MSME Leadership	<p>Challenge</p> <p><i>The representation of women in MSME leadership is weak: just one in three is women-led. Therefore, there is a need to support women entrepreneurs (and women-led start-ups) and to advance women's promotion to executive positions in MSMEs.</i></p>
	<p>Recommendations for the Ministry of Economic Development and Trade (SME development) and for donors</p> <p>7. Introduce measures and initiatives to specifically encourage start-ups led by women and to increase women's participation in business ownership. Specific measures can include funding business incubators that build the capacity of women entrepreneurs, expanding the regional and industrial coverage of women's business associations and professionalizing existing associations, and funding industry-specific or regional networks of women entrepreneurs.</p> <p>8. Create a dedicated advertising program for all government-funded start-up/business incubator training programs that specifically target women.</p> <p>9. Fund MSME start-up programs that integrate e-commerce into their training curricula. Digital marketing strategies lower the entry costs to owning a business.</p>
	<p>Recommendation for employers, business associations, and donors</p> <p>10. Increase mentorship and networking opportunities for women considering starting their own business or seeking advancement to executive positions in MSMEs.</p>
	<p>Recommendations for colleges and universities</p> <p>11. Promote distance/online course options in business and related disciplines. This would address women's time constraints and increase their enrolment in management courses.</p>
Engagement in export markets	<p>Challenge</p> <p><i>Women-led MSMEs are less likely to consider exporting than men-led MSMEs. Almost half of domestic-focused women-led companies reported that they were not considering exporting at all, compared with 34 per cent of men-led companies. A large share (44 per cent) of women-led businesses are micro enterprises, which are under-represented among exporters, thereby exacerbating this problem. Among women- and men-led MSMEs reporting a business association affiliation, a minority (29 per cent) said their business association played a role in helping their company to export.</i></p>
	<p>Recommendations for the Ministry of Economic Development and Trade (MEDT), Export Promotion Office (EPO), and donors</p> <p>12. The MEDT should encourage women to consider engaging foreign markets as part of the implementation of its Strategic Trade Development Road Map. EPO and the SheExport Program should build the capacity and strategic/trade-related knowledge of women-owned businesses in Ukraine.</p>

	<p>Recommendations for donors, business associations, and chambers of commerce</p> <p>13. Build on existing tools or create and deliver new trade-readiness tools such as the I Can Export guidebook funded by the Government of Canada⁵⁵ and monitor results to ensure that women are accessing these tools alongside men.</p> <p>14. Encourage micro enterprises, including those owned by women, to join chambers of commerce and business associations, and offer support to women owners on how to professionalize and scale up their business.</p> <p>15. Promote global initiatives that encourage women's engagement in international trade and provide buyer-seller linkages for women (including SheTrades Global, among other initiatives).</p>
Market intelligence	<p>Challenge</p> <p><i>MSMEs, including those led by women, report having weak market intelligence to help them start exporting. The complexity of entering new markets (including a lack of market information) was the top concern reported by surveyed MSMEs.</i></p>
	<p>Recommendations for EPO, SheExport program, business associations (including women's business associations), and any other institutions providing business development services</p> <p>16. Widely disseminate up-to-date market intelligence on markets of interest to women-dominated industries, support the participation of women in trade fairs, and disseminate practical information for MSMEs considering foreign trade (e.g., potential customer lists, where they can register for upcoming trade fairs and meet potential partners, how to prepare for fairs and sales negotiations) using a variety of dissemination methods.</p> <p>17. Deliver workshops in Ukraine's regions to disseminate up-to-date trade data and relevant information that can help businesses weigh the pros and cons of exporting in the context of their own business plans.</p>
Foreign language capability	<p>Challenge</p> <p><i>Women-led MSMEs say they lack fluency in foreign languages, including English and other languages typically used in commerce, which limits their export potential.</i></p>
	<p>Recommendations for the Ministry of Education and donors</p> <p>18. Improve the accessibility of foreign-language education across Ukraine, particularly in the regions (e.g., provide government grants to study English at university and language centres).</p>

⁵⁵ This guidebook is intended to help Ukrainian MSMEs find the information they need to successfully enter the Canadian market. To access a copy, visit the Canada-Ukraine Trade and Investment Support (CUTIS) project's website: <https://cutisproject.org/en/success/icanexport/>.

Business association membership	<p style="text-align: center;">Challenge</p> <p><i>Business associations have low membership rates among MSMEs in general. Fewer than one in 10 women-led MSMEs reported being a member of a business association. With increased women's membership in associations and chambers, more women would receive trade information and benefit from participation in trade events, helping them identify opportunities to engage foreign markets.</i></p>
	<p>Recommendations for business associations, chambers of commerce, and donors</p> <p>19. Survey the women MSME leaders in your membership who attend association events to determine what types of services or information they would like to receive in future; then start offering more of these services and information to business women.</p> <p>20. Share effective practices and results from other countries about association-run mentorship initiatives for business women.</p>
Business capital	<p style="text-align: center;">Challenge</p> <p><i>Business capital is not being taken advantage of by MSMEs, including those that are women-led. Fewer than one in three women-led companies reported applying for a line of credit or loan to invest in their business.</i></p>
	<p>Recommendations for MEDT, lenders, NBU Board, and donors</p> <p>21. MEDT should work with the managers of private banks to offer lower interest rates that target women-led MSMEs.</p> <p>22. Ease NBU foreign-exchange regulations to incentivize international trade for women-led (and men-led) MSMEs.</p> <p>23. Ensure that women are aware of business financing options not only via traditional lenders (bank loans), but also non-traditional lenders (e.g., the future export credit that will soon be available to Ukrainian businesses; microfinance programs; cooperatives).</p>
Branding	<p style="text-align: center;">Challenge</p> <p><i>Women are not aware of existing opportunities to brand their businesses as women-owned enterprises, which can help them succeed in international markets. Fewer than one in 10 women-led MSMEs knew about supplier diversity programs or WEConnect International.</i></p>
	<p>Recommendations for women's business associations and donors</p> <p>21.24. Supplier diversity programs are helping women- and minority-owned enterprises integrate procurement chains in the United States and Canada through corporate and government policies and quotas toward their integration. This concept is worth promoting in Ukraine, as it would directly benefit women-owned businesses. (See Supplier Diversity Canada for more information on these practices.⁵⁶)</p> <p>25. Promote women-owned business certification in Ukraine via global business networks (such as WEConnect,⁵⁷ among other initiatives) that can increase the marketability of products made by women-owned businesses in ethically-minded consumer markets.</p>

⁵⁶ <http://supplierdiversitycanada.ca/about/>

⁵⁷ <https://weconnectinternational.org/en/>

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