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Women's entrepreneurship as the part of economic systems inclusive development

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Abstract

Up to the third of all businesses operating in the formal economy worldwide are run by women, but most of these enterprises, especially in developing countries and countries with transitional economies, as Ukraine, are micro-enterprises with little potential for growth. Along with traditional indicators of economic growth, the inclusive economic development model takes into account human capital equality, environmentally friendly production, social protection, gender equality as factors of economic system sustainability. The purpose of the study is to determine the role of women's entrepreneurship in economic systems inclusive development. The objectives of the study are generalization of women's in entrepreneurship involvement role in inclusive economic growth; current state of women in various types of economic activity involvement analysis; the possibility of inclusive growth through the women's entrepreneurship development achievement justification. The object of the study is the process of economic systems inclusive growth through women entrepreneurship activity increase. It has been proved that, significant differentiation in women and men wage levels, insufficient number of women in business on management positions remain relevant issues today. The current state of women's entrepreneurship and gender equality aspects under inclusive growth and inclusive development issues was determined. Ukraine population structure and the distribution of managers and individual entrepreneurs by sex within the types of economic activity analysis has been conducted. The mechanism aimed at women's entrepreneurship inclusiveness provision, which includes regulatory, financial credit, organizational and economic, motivational and stereotypical components has been proposed. It has been substantiated, that entrepreneurship contributes to the middle class increase, and thus social and political stability strengthening, including gender problems that exist in the labor market solvation. The system of measures of women's entrepreneurship inclusiveness ensurance mechanism, which will provide an integrated approach, formation has been proposed.

Keywords: economic growth, employment, gender equality.

Жіноче підприємництво як складова інклюзивного розвитку економічних систем

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Анотація

До третини всіх підприємств, що працюють у формальній економіці у всьому світі знаходяться під управлінням жінок, але більшість цих підприємств, особливо в країнах що розвиваються та в країнах з перехідною економікою, зокрема, і в Україні, є мікропідприємствами з невеликим потенціалом для зростання. Інклюзивна модель розвитку економіки враховує, поряд із традиційними показниками економічного зростання рівності людського капіталу, екологічно безпечного виробництва, соціальний захист, гендерну рівність як чинники збалансування економічної системи. Метою дослідження є визначення ролі жіночого підприємництва у інклюзивному розвитку економічних систем. Завдання дослідження полягають в узагальненні уявлень про роль залученості жінок до підприємницької діяльності у інклюзивному економічному зростанні; аналіз поточного стану економічної активності жінок у різних видах економічної діяльності; обґрунтування можливості досягнення інклюзивного зростання через розвиток жіночого підприємництва. Об'єктом дослідження є процес інклюзивного зростання економічних систем через збільшення підприємницької активності жінок. Доведено, що значна диференціація у рівнях заробітних плат жінок та чоловіків, недостатня кількість жінок у бізнесі на керівних посадах залишаються актуальними проблемами сьогодення. Визначено поточний стан щодо жіночого підприємництва та аспектів гендерної рівності за умов інклюзивного зростання. Здійснено аналіз структури населення України та розподіл керівників та фізичних осіб підприємців за статтю в межах видів економічної діяльності. Запропоновано механізм, спрямований на забезпечення інклюзивного спрямованості жіночого підприємництва, що включає нормативно-правову, фінансово-кредитну, організаційно-економічну та мотиваційно-стереотипну складові. Обґрунтовано, що підприємництво сприяє збільшенню чисельності середнього класу, а значить, зміцненню соціальної та політичної стабільності, вирішуючи в тому числі гендерні проблеми, які існують на ринку праці. Запропонована розробка системи заходів для формування механізму забезпечення інклюзивності розвитку жіночого підприємництва, який забезпечить комплексний підхід.

Ключові слова: економічне зростання, зайнятість, гендерна рівність.

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Introduction

Significant part of available human capitalizing potential lies in fostering national entrepreneurship that is essential to economic development increase and employment creation, which leads to the state inclusive growth. Currently, women entrepreneurs account for up to a third of all businesses operating in the formal economy worldwide, but the majority of those in developing and transitioning economies, like in Ukraine, are very small and micro enterprises, with little potential for growth. Promotion strategies for women's entrepreneurship growth, social cohesion, income increase need to be systematically integrated with strategies that reduce women's poverty susceptibility and fair resources distribution. Özyol Arzu highlighted that international networks are very important concerning capacity and business development of women entrepreneurs through the development of gender-sensitive public policies, supply chain, and marketing practice besides the promotion of women's entrepreneurship (Özyol Arzu, 2019). Bavle S. concluded that women entrepreneurship, which is still in its nascent stages, is the most appropriate and viable solution to improve the female work participation (Bavle S., 2015). Boarini R., Causa O. and others proposed a policy compact to achieve more inclusive growth in G20 countries so that economic growth regains the ultimate sense of improving all people's lives (Boarini R., Causa O. and others, 2018). Female entrepreneurship have far greater impact on economic growth the state needs to introduce more effective policies, regulation of the informal sector and further support to women entrepreneurs (Lock R., Lawton Smith H., 2016).

Cichowicz E., Rollnik-Sadowska E. considered that Central and Eastern European countries went along similar paths in transforming from centrally planned to fully market-based economies and after the collapse of communism, they shared common experience in pursuing the growth model and integration with the EU standards including inclusive growth (Cichowicz E., Rollnik-Sadowska E., 2018). Kanza Satrio M. analyzed inclusive growth inequality and the influence of economic growth, health, education and government spending on infrastructure on inclusive growth inequality (Kanza Satrio M., Amar S., Aimon H., 2019). Kirieieva E. assumed that low income leads to the fact that society prefers income growth, rather than the quality of products they consume and the conservation of the environment (Chaikin O., Kirieieva E., Slobodeniuk O., 2018).

By conditioning the turning point per capita income of the Kuznets curve to the level of financial development, Baiardi D. and Morana C. found strong evidence in favor of euro area-wide steady-state financial Kuznets curve and of ongoing convergence across EA members

toward a common per capita income turning point level (Baiardi D., Morana C., 2018). However, common per capita income distribution doesn't indicate the benefits of economic growth spread to all parts of the Union, including its outermost regions and individuals resisting those areas equal access to all economic and social benefits, thus indicates the need of inclusive growth aspects, that would allow to determine the level of progressive economic growth and social benefits to all members distribution. Beugelsdijk S. and Schaik T. studied the cross section of 54 European regions and the central question was whether regional differences in economic growth were related to social capital, in the form of generalized trust and associational activity (Beugelsdijk S., Schaik T., 2005), which made it possible to determine the importance of social cohesion in economic growth that corresponds to smart, sustainable and inclusive economy concept proclaimed by EU. Soava G. analysed the relationship between the following indicators: income inequality, gross domestic product, risk of poverty threshold and median equivalized net income for EU countries, which are traditional indicators but do not take into account some inclusive aspects of economic growth, such as employment, equality of access to social benefits, etc. (Soava G., Mehedintu A., and others, 2020). The inclusive approach to sustainable development goals achievement based on each particular area of economic activity sustainable development achievements, while ensuring the inclusivity of territorial development and ensuring equal opportunities for all society members were proposed by Chaikin O. and Kirieieva E. (Chaikin O., Kirieieva E., 2020). Pouw N. and Bruijne A. highlighted the urgency of to strategically govern societies towards more inclusive development within an interactive governance constellation, for positive or normative reasons, is a major challenge (Pouw N., Bruijne A., 2015). Manafi I. and Marinescu D. noted that to decrease the number of people in, or at risk of poverty and social exclusion the state agenda should stimulate all citizens, including women, to acquire new skills, adapt to a changing labor market, raise employment and labor productivity, reduce unemployment, invest more in training and helping people to have access to social benefits (Manafi I., Marinescu D., 2013). Georgescu M. and Herman E. highlighted that it is widely recognized that highly productive employment achievement is a serious challenge facing inclusive and sustainable development (Georgescu M., Herman E., 2019). However, additional aspects of women's entrepreneurship as economic systems inclusive development component require additional study.

The purpose of the study is to determine the role of women's entrepreneurship in economic systems inclusive development. The objectives

of the study are generalization of women's in entrepreneurship involvement role in inclusive economic growth; current state of women in various types of economic activity involvement analysis; the possibility of inclusive growth through the women's entrepreneurship development achievement justification. The object of the study is the process of economic systems inclusive growth through women entrepreneurship activity increase.

Methods and Materials

The methodological basis of the research is general scientific and specific methods of economic phenomena and processes cognition. Therefore, the following methods have been applied: logical generalization (while current situation on women's entrepreneurship and inclusive growth issues defining); comparison (when Ukraine population structure and working age population analysis); abstract-logical (when women's entrepreneurship inclusive development ensuring mechanism design); monographic (while the recent research on inclusive growth and woman entrepreneurship study); economic and statistical (when distribution of managers and individual entrepreneur by gender within each NACE (Nomenclature générale des Activités économiques dans les Communautés Européennes) section analysis); graphic (for visual presentation of sole proprietors managers by gender and economic sector distribution); heuristic (when key scientific and research findings generalization and highlighting the future research area).

Results and Discussion

Modern world development is characterized by a significant degree of uncertainty in various institutions and economic systems activities. An important agenda for today is that the world community is on the verge of traditional resources use and development decrease which necessitates the need of new ways to more resources for development involvement search. Ukraine's economy, which significantly slowed and is in crisis due to the COVID-19 pandemic impact, requires the special approach and the use of additional opportunities for stabilization. Within this approach, the application of an inclusive approach is relevant.

In the microeconomic context, under the new cross-border rational economic order influence, currently proposed by the EU, inclusive growth allows all members of society to enjoy progressive economic growth and social benefits (Ilzkovitz, F., A. Dierx, and others, 2007). The emergence of the need of economic development inclusive model introduction is the evidence that the global economy needs significant restructuration. However, in our opinion, along with traditional economic growth indicators, it is necessary to take into account the human capital equality, ecological state of the environment, social protection and social cohesion as the economic system balancing factors.

At the conditions of practical exhaustion of economic growth traditional factors potential, as well as the latest trends in economic development (metropolization, networking, intellectualization and digitalization of socio-economic processes) rises a growing need to find balanced solutions for: choosing the innovation development trajectory; socio-economic potential effective use; modification of the transformation processes management system in the economy of cities and regions in the context of reliable basis for breakthrough and competitiveness on a global scale formation is growing. Within this, the inclusive sustainable growth concept has emerged and gained considerable interest and spread.

Inclusion (comprehension, involvement) is an increase of the degree of participation of all citizens of society in the process of economic growth and its results fair distribution (European Commission. Europe 2020, 2010). Within the framework of the inclusive approach, the development of women's entrepreneurship is particularly important and urgent task today, as it guarantees involvement provision. Women entrepreneurship is a growing trend in both developed and developing countries (Gabaldón Quiñones, P., 2016). It is critical that the motivations and results of women starting ventures within a developing country are understood in order to sustain this trend.

The study of women's in entrepreneurship involvement is especially relevant in the context that entrepreneurship is the basis for middle class formation, which is the basis of social cohesion of the society, that promotes and protects the democracy foundations, rule of law and which opposes any encroachment on the rights of citizens, including by the state. To analyze the potential of women's entrepreneurship in Ukraine, let's analyze the gender structure of the population (Fig.1).

So we can observe that the general structure of the population is dominated by women, at the same time, among the working age population, the share of women is lower (48 %), which shows a certain disproportion. In addition, the issue of ensuring gender equality and the development of women's entrepreneurship is acute in Ukraine, especially among women residing rural areas. Currently, in Ukraine only 30 % of the total number of their own business heads are women.

At the same time, women have an increasing desire and are actively involved in all economic processes, including entrepreneurial activities. The development of women's entrepreneurship creates significant opportunities for the development of the economy and social sphere of the country. The increase in the number of women entrepreneurs is increasingly seen as a significant factor in economic growth, job creation, income equality, social inclusion. According to expert estimates, if gender disparities in business would be eliminated

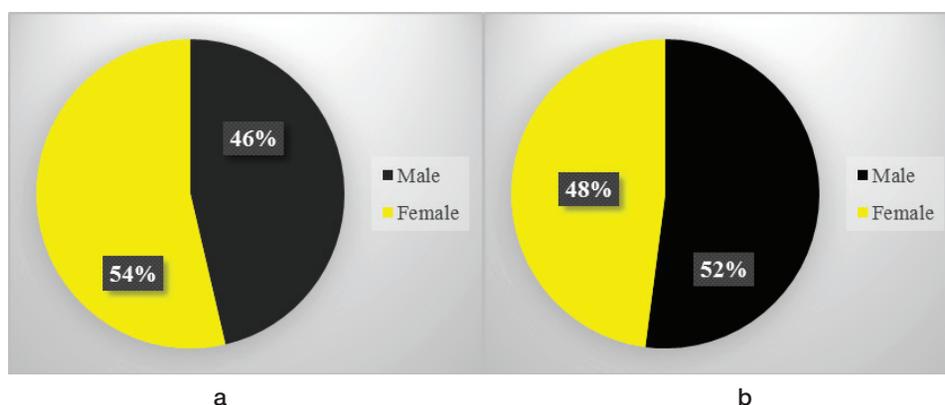


Fig. 1. Population structure (a) and the working age population (b) in Ukraine, as of 2020 (State Statistics Service of Ukraine, 2020).

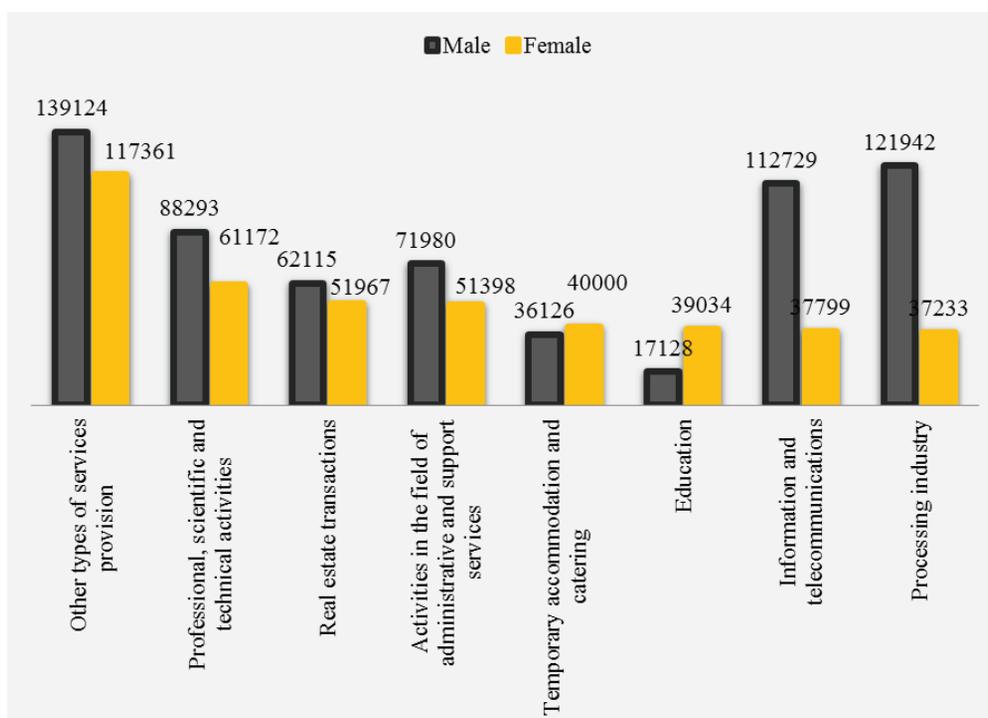


Fig. 2. Distribution of managers and individual entrepreneurs by gender within each NACE section, Ukraine, 2018 (State Statistics Service of Ukraine, 2020).

and the full-potential scenario of bridging the gender gap would be implemented, \$ 28 trillion of additional annual GDP in 2025 (McKinsey Global Institute, 2015).

In addition to the obvious benefits, which are new jobs creation, unemployment reduce, GDP growth and tax revenues to the budget, local infrastructure development participation, entrepreneurship among women residing rural areas development, provides opportunities for the implementation of organizational and creative abilities, development and implementation of innovations. Entrepreneurship, especially micro and small, helps to increase the number of the

middle class, that is, strengthening social and political stability, promotes faster and more reliable integration of the national economy into the global space. United in various associations and unions, entrepreneurs become real power, as their representatives are involved in public discussions at all levels and included in supervisory boards strategically and politically important enterprises and institutions, that is able to influence political decision-making. Ultimately, entrepreneurship can contribute gender issues solvation, which exist at the labor market of Ukraine and are especially acute in rural areas.

To study the involvement of women in various areas of business it is necessary to analyze the distribution of managers and individual entrepreneur by gender within each NACE (Nomenclature générale des Activités économiques dans les Communautés Européennes) section (Fig. 2).

Thus, among most industries, the number of male heads exceeds the number of women, excluding the field of education and temporary accommodation and catering. This indicates the predominant number of men among entrepreneurs and the lack of women involvement. In addition, women have limited access to formal and non-formal education. The problems and unfavorable obstacles that women entrepreneurs could face while their economic activities provision could be grouped in to the following areas:

- 1) Property rights. First of all, the problem concerns office and industrial premises.
- 2) Informational. The problem here is not only limited access to information about implemented programs, opportunities for implementing business ideas, data on the development of a particular industry, market needs, and product sales opportunities.
- 3) Education. Due to the lack of special knowledge required to start a business, many entrepreneurs face problems even when registering their business.
- 4) Financial. The problem of lack of start-up capital to launch the new project and difficulties with funds for further business development. Current preferential lending programs are not easily accessible, and banks requirements are strict.
- 5) Infrastructure. Regarding infrastructure for business development, the range of problems is quite wide, ranging from access to information resources in remote regions, to the functioning of domestic and foreign sales markets and the sale of goods and services.
- 6) Interaction with state bodies and funds to support entrepreneurship. Unfortunately, today there is no clear scheme of cooperation between state bodies and start-up entrepreneurs, representatives of state structures and various funds are not interested in the successful implementation of a project, their work is formal.

Conducted analysis and research results shows that at the heart of all the problems of entrepreneurs is the lack of knowledge about legal aspects, financial literacy. When comparing the European practices of women's in entrepreneurial activity involvement, it is possible to determine that women constitute 52 % of the total European population but only 34 % of the EU self-employed and 30 % of start-up entrepreneurs (Women entrepreneurship, 2020). Female creativity and entrepreneurial potential are an under-exploited source of economic

growth and jobs that should be further developed. According to above mentioned we could identify the main challenges faced by female entrepreneurs when establishing and running a business, namely: access to finance; access to information; training and studding opportunities; access to networks for business purposes; reconciling business and family concerns.

Thus, it is possible to determine that some gender disproportions exist both in Ukraine and in Europe. At the same time, in Ukraine the level of impact of these problems is much deeper, and society is more critical of the role to women in business. To study the condition of women, we analyze the gender wage gap in Ukraine and various European countries. The gender wage gap is defined as the difference between median earnings of men and women relative to median earnings of men. Data refer to full-time employees on the one hand, and to self-employed on the other (Fig.3).

In order to change the negative indicators of women's representation in various areas of entrepreneurship, the state must rely on international experience. For example. Norway transferred 90 million of Norsk krone to the women's entrepreneurship support fund Women's Entrepreneurship Facility managed by the World Bank. In general, along with Finland, Norway was among the first European countries, where women were the first in Europe to receive equal political rights with men. In Finland, the government has adopted the legislative action plan to achieve gender equality. The aim of this plan was to reduce the gender pay gap, as well as creating equal conditions for professional promotion. It should be noted that the formation of favorable environment for the development of women's entrepreneurship in Ukraine requires a comprehensive approach.

Favorable business climate for women's entrepreneurship development formation such steps are proposed:

1. Regulatory and legal component. The significant number of obstacles to the development of women's entrepreneurship are largely related to the regulatory environment were the gender equality principles would be clearly decelerated. The creation of effective mechanisms for dialogue between the government and women's business will allow the formation of public policy taking into account the interests of business, as well as involve it in the joint projects certain and implementation.
2. Financial and credit component need to be provided through the financial and credit base strengthening; infrastructure for small business support and the economic environment improvement development.
3. Organizational and economic component. An important component of the development of

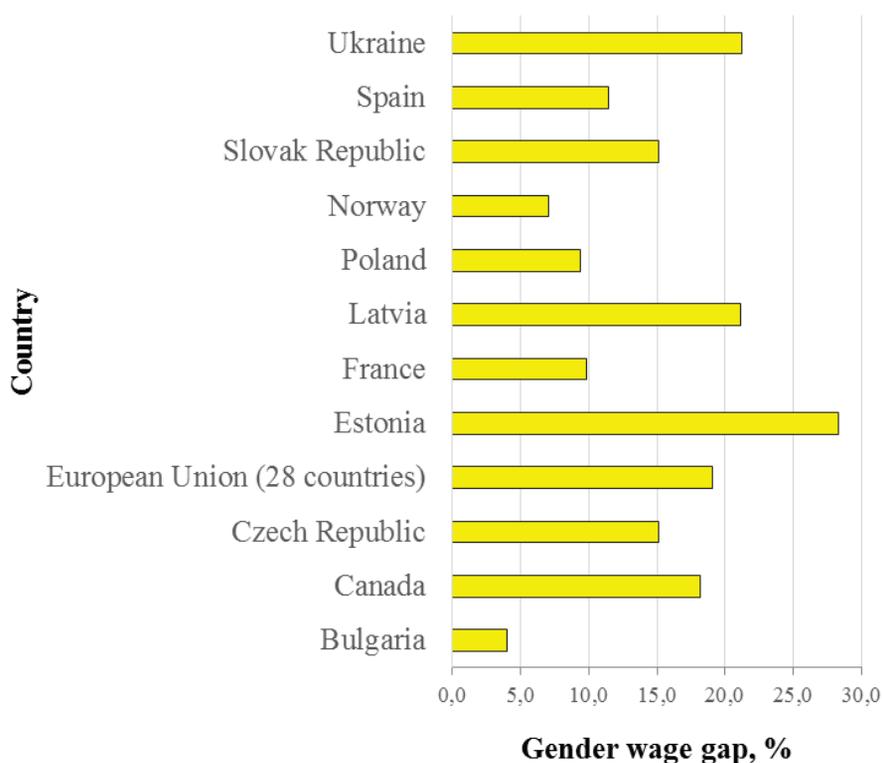


Fig. 3. Gender wage gap, Employees, Percentage, 2018 or latest available (United Nations Ukraine, 2020).

women's entrepreneurship is the formation of trust in SMEs in the community. The improvement of women's entrepreneurship image is the effective tool for this. The community should perceive women entrepreneurs as an important factor in job creation, meeting society's needs for goods and services, and filling local budgets. The positive image of women's entrepreneurship formation requires, among other things, self-organization of women entrepreneurs and their compliance with the principles of corporate social responsibility. To achieve that it is necessary: to provide business advice to women entrepreneurs provision; initial manuals on women's entrepreneurship development and publication.

- Motivational and stereotypical component. The creation and development of effective women's business associations in Ukraine is one of the factors in improving the entrepreneurial culture, building the infrastructure of SMEs and civilized promotion of the interests of entrepreneurs. To implement if we need design trainings for those who want to start their own business, business development trainings and gender stereotypes overcome.

It is necessary to ensure the stable functioning of such subsystems as regulatory, financial and credit, organizational and economic and motivational

and stereotypical. It is important to form such a mechanism to ensure the inclusiveness of women's entrepreneurship that should provide an integrated approach, unite stakeholders and cover the broad information campaign to promote and develop women's entrepreneurship.

Conclusion

Women's entrepreneurship, in terms of practical exhaustion of economic growth traditional factors potential is one of the most significant factors in the national economy development. Developed countries experience proves that the growing women involvement in economic processes and socio-economic life activity contributes the country's GDP increase, improving the business climate, conducting socially oriented business in compliance with ethical norms and principles. At the same time, Ukraine, in the dimension of various institutions, has only just begun to determine the need to develop women's business and made the first steps to involve women in their own business and entrepreneurship. However, gender wage gap, low women in business and management positions involvement are still relevant issues. To overcome these factors the mechanism aimed at ensuring the inclusive development of women's entrepreneurship is proposed in the research paper. At the same time, the tools for the development of women's entrepreneurship need more detailed study based on world experience and the possibility of

implementation in Ukraine, which will be carried out in the next study.

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