Phenomenon of Women-Leaders in Romania and Russia: 
Equal Gender Opportunities in Emerging Markets

Irina BUDRINA

Abstract
With women now accounting for nearly half of the paid labor force in developed countries and 40% or more of managerial positions (though far fewer in top management) it is becoming more and more important to take into consideration the phenomenon of Women Leadership.

The West Europe has been under examination and analysis for quite some time due to the EU policy of equal gender rights and the institutional and economic development of this part of Europe.

The uniqueness and difference of the political, economic and social changes in Eastern Europe provides an attractive and different field for research. Romania and Russia are the countries in transition from one economy (post socialism or post-communism) to the emerging markets or so called developing countries.

What are the leadership qualities that are welcomed by the private and public sectors there? What is the profile of women-leaders in these countries, women who had to quit their state jobs and start their own business as a survival urge? What is the influence of women-leaders-entrepreneurs on their own companies’ financial results in the emerging markets?

Keywords: Women-Leaders, Leadership, Emerging Markets, Equal Gender Opportunities, EU

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Introduction

The knowledge about the characteristics of women business - leaders and the existence of gender differences in entrepreneurship can be found in the US and in Western Europe, but it cannot be directly applied to all countries due to political, economic, cultural and institutional differences. The entrepreneurship is a social and economic phenomenon that is influenced by economic and non-economic conditions. The economic conditions consist of access to profit, the existence of some groups with a leaders position, opportunities, chances and capital (Nastase, 2011).

Thus, the research of women-business leaders in other countries, especially East-European or post-communist countries, is considered to be a promising direction as the conditions for business development were different.

The uniqueness and difference of the political, economic and social changes in Eastern Europe provides a different and attractive field for research. The
transition period in Russia and Romania was characterized by a lot of reforms and transformations and produced new social and economic inequalities, the detailed analysis of these inequalities can be found in Romania, Eurequal Desk Research (2007). The privatization process and liquidation of many state-owned enterprises raised unemployment significantly. Throughout the 1990s, except in 1997, the poverty rate has been constantly over a quarter of the country’s population. Wage earners’ households included the highest number of poor. The poverty rate among those employed was, in 1998, 6.8% at 2 € per day and 44.5% at 4 € per day (Transition report, 2000). Women were discriminated in finding new jobs and new salaries, state childcare support reduced and deteriorated. Thus entrepreneurship and private sector became an attractive potential option that pushed women to overcome the shortcoming in the labor market and to combine work and family responsibilities.

1. **Purpose of the study**

The general objective of this study is to underline leadership characteristics of female entrepreneurs in a transition economy in general and in particular in Romania and in Russia in order to contribute to a better understanding of their high potential and differences. It can also provide some insights useful to understand the phenomenon of women-leaders in particular and women’s entrepreneurial spirit in general in developing countries or countries with emerging markets where women were forced to take an opportunity of establishing new business.

This research project was focused on women-leaders in a transition economic context for several reasons:

- gender issues in social research in general and in the field of entrepreneurship in particular.
- existence, nature, and reasons for gender differences in leadership in a transition economy.
- female entrepreneurship development in a transition context presenting evidences from two countries in transition from centrally planned to market economy where the research on gender differences in leadership is still very limited.
- differences between male and female leaders in a transition economy in their characteristics and in the characteristics of their companies
- profile of women-leaders in a transition economy and specific characteristics of women-leaders.

2. **Emerging markets**

The concept of the emerging markets should be brought to your attention first. In the Emerging Economy Report, 2008, we can find one of the definitions: nations with social or business activity in the process of rapid growth and industrialization. Countries are considered to be in a transitional phase between developing and developed status.
In their effort to create a market economy and to ensure sustainable development, emerging markets still face big challenges that come from fundamental problems associated with their traditional economic and political systems. A market economy requires those countries to redefine the role of the government in the development process, to control corruption, which distorts the business environment and obstructs the development process, to undertake structural reforms with their financial system, legal system, and political system. This further description can be found in the article written by Li “What are the emerging markets?” (Chuan, 2011).

3. EU policy of Gender Equality

The main guideline in the EU gender equality policy is the statement that women and men must have the same opportunities to support themselves and attain financial independence. The EU has introduced a large number of measures to bring this about: “apart from the directives on equal conditions in the labor market and parental rights, the EU also has common guidelines on employment.

Each Member State follows up the common guidelines each year to give them concrete expression in national action plans for employment”. Romania, as a member of the EU, and Russia, not a member of the EU, have their own policies on gender equality which differ in statistics and years but are similar in the content – to protect women’s right and to give them equal social and economic opportunities.

3.1 Romania

In Romania, equal treatment and equal opportunities for women and men have been guaranteed by legislation for a long time and, especially in the 1980s, progress was made in increasing women's participation in economic and social life. However, in the context of recent economic restructuring and downturn, even though norms on women’s protection at the workplace have been strengthened, only few women have had the courage to make use of all legal provisions. Women are poorly represented at management level (making up around a quarter of managers) and their careers progress more slowly. Only 0.6% of the female labor force are employers and about 16% are self-employed (Vasile, 2003). The Gender Barometer (2000) indicates a significant income difference between men and women: on the investigated sample, the incomes of women are the equivalent of about half of men’s incomes, while the percentage of women without income is four times bigger to that of men in the same situation. Feminization of poverty became a social trend at this period.

According to research done by Berevoescu (1999) the main challenge for Romania in gender issues is bridging the gap between policy and practice. The establishment of a legislative framework for gender equality in Romania is still emerging, though many important steps have already been taken. The revised 2003
Constitution (like its predecessor) guarantees equal opportunities for men and women. Romania has ratified various relevant International Labour Organisation (ILO) Conventions.

3.2 Russia

According to the state’s propaganda (with the similar situation in Romania), women in the Soviet Union had full equality in the sphere of paid employment. However, many researchers question this claim. Some argue that the „emancipation” of women was hardly driven by any motives except economic necessity. It was stated that women were obliged to work because „the rights based on citizenship were substituted by ones based on having regular and continuous employment” (Einhorn, 1993).

The shift from a state-controlled to a market economy brought changes such as privatization, free market policies and welfare cuts which significantly influenced women’s position in the Russian labor market. One of the main questions discussed in literature was whether women were „losers” or „winners” in the transitional period (Attwood, 1996; Brainerd, 1998; Bridger, et al., 1996; Einhorn, 1993; Kay, 2000; Silverman & Yanovich, 2000)

Women were significantly disadvantaged during the transition and had more difficulty adjusting to the changes than men. The change in the economy led to a dramatic increase in unemployment and women were the first for laid-offs. In 1991 about 70-80% of registered unemployed people in Russia were women.

3.3 Both countries

Besides the transformations of different sectors of the economy after 1989, changes in the economy gave rise to many new occupations which were beneficial for women. One of the changes was unemployment as a new phenomenon for both countries after 1989 especially because during communism unemployment was neither recognized, nor accepted (Voicu, 2005). The occupation rates of people aged 15-64 was 57.6 in 2003, lower than the 1997 rate of 65.4, which remain below the EU-15 average but above the ten new member states (Eurostat figures and estimates cited in Eurostat yearbook 2005:4).

Women’s skills and services that were previously exchanged informally and were unpaid turned into legitimate paid occupations during the transition period and this gave women advantage in adaptation. The professionalization of social work in which women were engaged informally before the transformation period, for example, led to their upward social mobility. Karepova (2010) made this statement about women’s drivers to become leaders in the business arena in Russia, which can be easily applied to the situation in Romania:

“Women possession of certain skills like social networking and management skills created a form of social capital that they could utilize for

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performing under a new type of economy, even though the increase in opportunities did not bring a rapid growth of personal incomes for women”.

Another source of new possibilities for women was the development of the private sector of the economy. By 1996 about 35% of small business owners in Russia and 29% in Romania were women. They mainly engaged in trading, financial services, health and care services (Izyumov & Razumova, 2000). However women’s presence in the new private sector of economy was still considerably smaller than men’s. Women find it more difficult to set up private enterprises due to the lack of initial monetary capital and the lack of networks in the private sector.

The available literature on gender and leadership in the countries in transition from centrally planned to market economy is scarce and suffers from the lack of methodological base and lack of explanatory investigations. Despite a rapidly growing international research literature on business leadership all over the world, the Romanian and Russian counterpart is still being scarce and limited.

4. Women-leaders in Romania

Unlike in the United States, where there is a very rich literature on women’s leadership the subject of Women Leadership and Women-Leaders are not visible in the latest business literature in Romania.

Women leaders in Romania are an interesting phenomenon and this fact was mentioned and examined in a work written by Dragusin (2007) – Leading Women Entrepreneurs in Romania. An increasing number of women are setting up successful businesses in Romania, overcoming barriers and building their credibility inside and outside their companies. In Romania women entrepreneurship in general tends to become a force in the economic development. Women make 51.2% of the Romanian population and cover 47.6% of the total active population. Consequently, women represent a readily available pool of potential entrepreneurs in diverse fields: trade, industry, tourism, PR and advertising, IT and communication and real estate that each Romanian region can leverage to improve its economy.

According to Luca (2005) Romania has the same values as other Balkan countries: great authority distance, high collectivism, femininity, high risk-avoidance and short-term orientation, which situates it at the opposite pole from the Anglo-Saxon countries, from which it borrows the managerial and human resource management practices.

Women-leaders have to set up a managerial culture first, which can be characterized as “the sum of beliefs, values, symbols, attitudes and behaviors of the managers within an organization that reflect in their decisions and actions in order to assure the organisational survival and development” (Nästase, 2009). To be competitive in this process means that the leader succeeds to see beyond the boundaries of the routine activities and classical settings. “Coping with change means to have abilities to lead the process since the perception of the need for
change and until the changes are not only in place, but they are internalized by most of the personnel” (Năstase, 2011). But, at the same time, the phenomenon of the Women Leadership is not conceptualized as a separate model.

The results of socio-economic transformations in Romania are largely dependent on the active role of women in all sectors of the economy. In this research a selected number of female leaders in Romania was profiled and examined from the point of view of the relationship between leadership and management in private companies in the context of the growing economy. A recent inquiry of the Statistic National Institute outlines women presence in the small business sector: almost 38% of the total active small and medium sized enterprises were led by women entrepreneurs in 2006.

Men and women have, at least theoretically, equal opportunities to start their own businesses. The common perception that women start primarily small hobby-related businesses that are less likely to grow is contradicted by substantial evidence showing that women own firms in all industrial sectors and that many succeeded in developing them in size and scope. In fact their expansion into non-traditional industries will continue.

Unfortunately women businesses’ dynamic is not closely monitored in Romania. There is scarce information available on Romanian women entrepreneurs’ evolution.

In a country with rather low entrepreneurial culture the concept of leading women - entrepreneurs is in its development stage. Although their visibility in the media is increasing it is still at a very low level. One of the main contributions in this research is the Ringier Media Group initiative to publish each year the 100 Top of Successful Women. These women consider their business ownership in terms of a career development rather than just an additional family income and have made their solid steps into the traditional male-dominated industries.

5. Women-Leaders in Russia

In the latter days of the Soviet era, most Russian women believed that the official Soviet ideology and the government employment laws were the main reason why women were less likely to hold managerial positions. According to Ylinempää & Chechurina (2000) Russian women have limited options to achieve a leading position in industry, politics or other spheres of social production. Those limitations serve as “push” factors for women to enter the entrepreneurial sector, where starting new, smaller firms serves the double purpose of both generating additional family income, and creating an arena for self-fulfilment. Results from cross-cultural studies indicate that women from Eastern and Central European countries, including Russia, go into business ownership as a means of escaping unemployment (Lisowska, 1998; Ben-Yoseph & Gundry, 1998).

Under the previous social system women were forced to hold jobs. As a result, their commitment was much lower than men's level of commitment. With the end of the Soviet era came new opportunities. Legally and economically
women had the ability to choose where to efficiently allocate their time and efforts in response to market incentives.

Despite the fact that number of women is larger than the number of men in Russia, more men work in managerial positions. Almost two thirds (64%) of managers in companies and organizations registered in the Russian Federation are men, and just over one third (36%) are women. The gender structure of company proprietors is not in women's favour either — only 31% of business entities have women as proprietors (Independent Director, 2005).

Industries and sectors of the Russian national economy still fall into two categories: “male” and “female”. In their study of women entrepreneurship in Russia, Gale & Polnareva (2004) observed that women’s businesses were mainly established in areas like consulting services, training, magazines and publishing, agriculture, small-scale production and commerce. The bulk of these women entrepreneurs concentrated on small and medium-sized ventures (Verkhovskaya & Dorokhina, 2008). The authors also report that most of the women were highly trained, for instance in engineering, but often founded their businesses in sectors that had nothing to do with their education.

6. Methodology

Women’s Leadership studies in Russia and in Romania require special combination of research methods. What are the reasons for it? On the one hand, fulfillment of this phenomenon with myths and stereotypes dictates the need to maximize objectivity of research methods and tools. On the other hand, the objective methods tend to be based on standard limited procedures. This forces researchers to seek other methods, making it possible to describe individually the participants of this research. Principle of multi-layer analysis can protect received results from the effect of instrumental distortion and subjectivity.

Formal methods, like regression analysis, are suitable and reliable for “macro approach” to the situation; “micro approach” can combine a wider palette of methods like self-perception surveys, individual and group portraits, interviews.

Principal Component (Regression) Analysis was applied in order to find the possible correlation between business performance and leadership characteristics of women-leaders in Romania and Russia. Both results were compared in order to find the women-leaders profiles in these countries.

Leadership Characteristics as Dependent Variable and Entrepreneurial Self-Efficacy as Independent Variable were measured based on respondents self-perception and perception of the leadership attributes necessary for the requirements of business environment in Romania and Russia.

The research which was done for both groups – Romanian and Russian women-leaders showed similar results that women with strong leadership characteristics, in particular with high self-efficacy are more likely to have successful and higher performing ventures than women-leaders that do not have these characteristics. We do not find it important to bring these numbers to your
attention as they do not show the picture or the profile of a woman-leader which was formed by the transition economy.

Another method, which was used during this research and which is more representative and significant for the purpose of this study, is Soft Interview method which has an advantage comparing to quantitative or hard methods in a delicate situation of unstructured conceptual field research - the capability of so-called interactive interview, in which the interviewer and the respondent are included in an active interpersonal communication. According to Anne Oakley (1983) Interview method was used a lot by scientists in cross-cultural studies where the paradigm of interview generally emphasizes:

a) its' status as a mechanical instrument for data collection;
b) its' function of a specialized form of conversation, in which one person asks questions, and the other answers;
c) characteristics of the interviewees as passive individuals;
d) the restriction of interviewers actions to asking questions and establishing their roles as participants, enabling a short, dry answers.

6.1 Structure and respondents of Interview

Interview consisted of 13 blocks: start in business and the way to success, concept of business, problems and motivation for the business, plans and perspectives, social orientation, leadership and education, leadership style, inner life of the firm, team: selection and principles of work, self-concept, family, personal life and business, state assistance to women business-owners, recommendations of women leaders.

20 Russian and 20 Romanian women-entrepreneurs were sampled. These women were members of the Russian Women Business Association (RWMN) and Associatia Femei – in – Afaceri in Romania. The average age of respondents women-owners of business in Romania was 32 y.o and in Russia – 40 y.o., with 8 years of professional experience in Romania and 12 years in Russia.

6.2 Analysis

Analysis of the interview results was focused on the main areas like:

- Specifics of women’s leadership style in crisis and during implementation of business development strategies, the advantages and limitations;
- Men and women at the head of the company: a comparative analysis of business behavior;
- Women-leaders: self-concept and motivation to achieve a leading position in the state organization;
- Women-leaders in an extreme (crisis) situation;
- Women-leaders and the family: technologies to reach a compromise;
- Discrimination against female leaders: myth or reality;
- The psychological specifics of women-leaders.
The results of interviews show that women are quite positive about their leading capabilities and about 70% (in Russia) and 80% (in Romania) are convinced that women’s management has its advantages over men, or at least is able to complement the male lead in the certain situations (60%).

Today, unconventional leadership style, human management, is more in line with the changing conditions of firms and facilitates the transition to new leadership paradigm in a free-market economy. The meaning of it is a departure from the administrative rationalism towards the greater openness and flexibility in response to the constantly changing demands of the environment. This fact confirms the statement made by Nastase (2009) that managers must be aware of their role inside and outside the organization, both formal and informal and, consequently, they are eager to devote part of their time for communicating and preparing the employees in what concerns the managerial philosophy and the company’s set of values. That is the challenge that a woman is able to handle the most productive way.

Restrictions which, according to women leaders, reduce the effectiveness of leadership of the company and hard enough for a woman to cope with, were distributed as follows:

- The softness of nature, the difficulty of authorization for any errors – 40% in Romania and 50% in Russia;
- Long experience of emotions in crisis 30% in Romania and 40% in Russia;
- Reduced potential risk, the lack of adventure – 40% in Romania and 25% in Russia;
- Increased thoroughness and responsibility – 30% in Romania and 25% in Russia;
- The predominance of tactical over the strategic lines – 20% in Romania and 15% in Russia;
- Lack of ambition – 15% in Romania and 25% in Russia.

6.3 Main results

The main results obtained during the survey, quality ratings and indexes are shown below. As demonstrated by this study of self-assessment of business and personal qualities by women, there are substantial differences in the perception of male and female business strategies showed by respondents (women business leaders in Russia and in Romania), the perception of those skills in which they operate and achieve success in business.

The profile of women – leaders, the first nine positions in the overall series, according to the rating assessment, is as follows:

1. The ability to compromise, to negotiate on flexible terms in order to take into account the positions of other parties.
2. Confidence in yourself and your mission.
3. The ability to act in situations of conflict and the threat of risk.
4. Always ready for a change, the ability to innovate.
5. The ability to quickly make a choice.
6. Ability to effectively use the skills and abilities of others.
7. Rational attitude towards innovation, a healthy conservatism.
8. The ability to withstand the pressure, to defend their position.
9. The ability to live “today, here and now.”

The profile of men – leaders, drawn by respondents (women-leaders in Russia and Romania) have the different list of traits of leaders, emphasizing the obvious psychological differences in male and female perceptions of leadership.

Skills of men - leaders are as follows:
1. Always ready for a change, the ability to innovate.
2. Ability, if necessary, to impose its position.
3. Ability to feel free and benefit within the accepted limits and rules.
4. Ability to effectively use the skills and abilities of others.
5. Ability to use other people’s ideas in order to realize own goals.
6. Ability to act in situations of conflict and the threat of risk.
7. Ability to make an impression, establish and maintain relationships with other people.
8. Confidence in yourself and your mission.
9. Ability to withstand the pressure and to defend their own position.

If we compare similarities and differences in characteristics in men and women leaders identified by respondents (both in Romania and Russia), noteworthy is the fact that women in their strategies focus on the quality of “compromise”, “confidence” with a high impact of “plasticity” in the background of pronounced ability to dominate. Men, according to respondents opinion, tend to lead, relying primarily on the ability to dominate, to act in situations of uncertainty and threats of risk and to use effectively other people in order to achieve their goals. In this sense, men are able to take greater advantage of the potential of others, while women tend to rely and trust only on themselves. Rather paradoxical is the fact that men focus more than women on “demonstration”, while women have less tendency to “self-presentation.”

Managers of firms in today’s Romania and Russia, regardless of gender, cannot fail to recognize that the uncertainty in the socio-political and economic situation increases the demand for professional leaders and staff of companies.

As the interview material showed, both in Romania and in Russia, now women leaders are active in finding their own set of techniques, taking into account the real backgrounds of mastering the situation “here and now” in their firms.

Conclusions

Thus, the analysis of interviews suggests that the situation of the economic crisis led to a change in leadership strategies for women leaders, contributing, on the one hand, “tightening” of these technologies to the concentration of power that could cause an increased level of stress in a relationship with the team, on the other hand, contributed to the fact that women often have to resort to the
technology of “favors” which could be accompanied by warming effect of relations between the staff of the firm and the leader.

The majority of respondents positively assess the impact of market relations in the development of their businesses and themselves. 5 out of 7 or 70% of all women-leaders are convinced that the market has helped to implement them fairly bold initiatives in enterprises for which they would never have gone in the previous conditions. The reason for that – a sharp increase in freedom from regulatory institutions and the appearance of an additional maneuver. All the women-leaders share the position that the work was hard, but interesting.

One paradoxical fact attracted attention during this research, which showed its strongest point in Russia, than in Romania, - respondents demonstrated higher motivational level of their activity, in spite of the distrust from the entrepreneurs from the private sector. Self-identification of women-leaders is determined by the term “workaholic, carrying their cross.” They do not limit their expectations by material benefits only.

In conclusion it is important to mention that women-leaders have no value outside the career of their enterprises (companies). The presence of certain benefits in the leadership style of women in situations of uncertainty, in transition, indicates an underestimation of women’s abilities to manage the firm. The reason for this underestimation is the lack of research practices, through which one can make an informed opinion.

Rethinking the possibilities of women’s leadership and management in business development in Romania and Russia would bring us to the new human resources potential, which is not only fast to be trained, but is much less demanding and also more efficient.

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