ENTREPRENEURSHIP AND SOCIAL INNOVATION: MUSLIM WOMEN ENTREPRENEURS IN UZBEKISTAN

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ABSTRACT

This paper is an empirical research that is a current work in progress and looks at Muslim women entrepreneurs in Uzbekistan, a country in transition. Overall, this qualitative research examines their entrepreneurship and leadership, both socially innovative and is a departure from their traditional housebound life and subservience to their husbands, fathers and mothers-in-law. Fewer women in Uzbekistan participate in economic activity compared to the predominance of men in the labor force. Moreover, little scholarly work is known about Muslim women’s participation in the labor force and especially in self-employment in Uzbekistan.

INTRODUCTION

Governments and policy makers around the world are tuning on to the idea that self employment through entrepreneurial activity is an effective social innovation tool for poverty alleviation through its potential for job and wealth creation. In this climate of fear of Muslim terrorism and the marginalization of people of Islamic faith, a critical starting place for strategies for the social inclusion of Muslim communities is the pivotal role of women in general, and women entrepreneurs in particular, in the social inclusion process. A prime example of social innovation is the leadership of one man, Mohammad Yunus who led the way to set up Grameen Bank that provides micro-credit to poor village women in an over-populated and low income Muslim country, Bangladesh (Yunus, 2003). His action changed the lives of Muslim women as well as the lives of their families and their communities and had inspired many around the world to follow his social innovation model (Yunus, 2003). The Nobel Peace Prize awarded to Mohammad Yunus and his Grameen Bank in 2006 further increased the commitment of many policy makers to encourage women’s self employment as an instrument of social innovation.

As a world religion, 1.3 billion people or 20% of the world's population practice the Islam faith, half of them women. Uzbekistan is a Central Asian country and its main religion is Islam (CIA, 2005). Throughout ancient history the country was invaded by foreign powers, the last being Russia who ruled for almost a century. It gained independence in 1991 with the breakup of the Soviet Union and became the Republic of Uzbekistan. Since then Uzbekistan has been under the rule of an authoritarian president. Like the rest of its neighbors and the western world at large, its main concern is national security. In 2004, there were incidences of bomb explosions in Tashkent and Bukhara with Islamic extremists blamed (BEEA,
Uzbekistan has a population of nearly 27 million with women highly disadvantaged in all facets of life in Uzbekistan. Women’s participation rate in economic activity is around 66% compared to 82% for men (SSD, 2002). Although the ratio of women who are employed and who have higher education (18%) is greater than men (17.3%), only 24.4% of women hold managerial positions in government organizations. More women than men work in public health sector (76%), education, culture, art, science and scientific services sector (73%). Apart from these official statistics, there is little else known about women’s participation in the labour force and especially in self-employment.

Since independence, the transition to a market economy in Uzbekistan is slow. Women’s participation in the market economy is disadvantaged despite a number of legislative changes and legal reforms designed to guarantee the interests and status of women. Women have to choose between work and home or are pushed to participate in informal sector of economy when displaced by privatization. Further, “women 45-50 years of age often find it impossible to re-enter the labor market. If they succeed they have been channeled into marginal, low-paying, low status sectors.”(Ergasheva, 2002; HRW, 2001). According to Ergasheva (1996/1997), there is a move back to the farm, where the family plot provides self-employment for women. Those who remain in cities are engaged in informal entrepreneurial activities in small wholesale and retail trade, in providing domestic services and in producing confectionary products. In cities where there is a higher concentration of highly qualified and skilled women, it is these women who are leading the change and achieving economic independence through self-employment.

Women's dissatisfaction with the slow change process in Uzbekistan gave rise to women's activism in the forms of the growth of women's organizations and committees (government and non-government organisation (NGOS) including women business organizations). Fifteen years ago, there was only one women's NGO and within a decade, it grew to 40-50 (Mee, 2001). By 2003, there were over 240 women's groups mostly engaged on issues pertaining to the advancement of women. However, for fear of activism gaining its own momentum for change, the government introduced two resolutions (#56 and #3434) in 2004. These resolutions required all groups and organizations to re-register their activities. These resolutions impacted gravely on women's groups and the implementation of Resolution #56 allowed their funds to be frozen and practically paralyzed women's activism in Uzbekistan.

FEMALE ENTREPRENEURSHIP AND MOTIVATION LITERATURE

Over the past two decades, women have vastly increased their labour force participation; women entering into business ownership and self-employment have become a visible and important trend, particularly in western countries. It is estimated that that women represented more than one-third of all people involved in entrepreneurial activity (Allen et al., 2006). Since 1999, the Global Entrepreneurship Monitor (GEM) collected data on entrepreneurial activity in selected countries, now grown to include 40 countries, although Uzbekistan is not included in these studies. Three reports on women and entrepreneurship, published from the GEM data (Allen et al., 2006; Minniti et al., 2005; Minniti et al., 2004) provided further insights into female entrepreneurship.

In the GEM literature, motivation to enter an entrepreneurial activity is based on two primary reasons, namely opportunity or necessity. According to GEM (Minniti et al., 2004), opportunity entrepreneurship takes into account the desire to take advantage of an entrepreneurial activity, while necessity entrepreneurship arises when employment opportunity are absent or unsatisfactory. In theorising why women venture into enterprise formation, a number of researchers have found it useful to explain motivations under the categories of “push” and “pull” factors (Brush, 1990; Jasten, 2000; Langan-Fox and Roth, 1995; Moore and Buttnner, 1997; Pilhala et al., 2000). Sometimes the determinants of triggers that pushed and pulled are not clear. However, push factors are generally those positions where women have little choice: they are “pushed” into a decision or situation of owning and operating a business, whether by herself or with family or others. Pull factors are considered attractive options for the women: they are drawn to brighter prospects and generally have control over their decisions to establish a business.
Other studies have also argued that some men and women are necessity entrepreneurs or are pushed into entrepreneurship through barriers at work and in the labor market. In the immigrant entrepreneurship literature, this is referred to as blocked mobility (Collins, 2003), where negative job experiences led these men and women to aspire to greater control over their lives (Roffey et al., 1996), though men tend to focus more on making money (Still and Timms, 1999) and women often seek flexibility (Brush, 1992; Stevenson, 1986). Stevenson (1986) further explained that a consequence of negative job experiences is a desire to escape from an insecure and low-paid labour market or to escape supervisory control through self-employment and to reject social stereotypes imposed on them. These negative job experiences and escapism factors are also recognised by researchers in immigrant entrepreneurship studies for both men and women in Australia (Collins et al., 1995; Lever-Tracy et al., 1991) and are often explained as blocked mobility factors. Other overseas researchers on ethnic entrepreneurship also present this line of argument. They observed that ethnic entrepreneurship arose from the need to escape from the insecure and low-paying labour market jobs, unpleasant work environment and supervisory controls (Gold, 1988; Waldinger et al., 1990). They added that minority groups are further disadvantaged by racial discrimination in the workplace (Aldrich et al., 1984; Collins et al., 1995; Jones et al., 1994; Ladbury, 1984; Min, 1988) adding to blocked mobility.

The family is also an important reason for entrepreneurship. Researchers in Australia as well as those in the US, Canada and the UK have found that women balance family responsibilities with productive employment by starting their own businesses or engaging in family businesses which allow them a degree of flexibility for their other responsibilities (Burgess-Limerick, 1993; Collins et al., 1995; Evans, 1984; OECD, 2001).

These literature are developed in the main from research in western countries. Do these same conditions apply to female entrepreneurship in developing nations? This paper which reports on recent research in Uzbekistan attempts to answer this question.

THE STUDY

To examine implications of social innovation, this paper first explores why a group of women in Uzbekistan chose the path to entrepreneurship. What motivates this group of women in Uzbekistan in starting their own businesses and creating employment for others in an environment where the economic and political structures are underdeveloped? Many of these women were born during the Soviet occupation and had lived through the different waves of transitions. Why do these Uzbek women choose entrepreneurship against other career options? Did these women have any options in the first place? The paper then queried the relationships between the reasons for and the outcomes of entrepreneurship and social innovation. Lastly this paper looked at the policy implications in promoting social innovation through encouraging the increase in women’s entrepreneurship in Uzbekistan?

THE SAMPLE

Twenty five Muslim women entrepreneurs in Uzbekistan were interviewed in April 2007 for this study. Random sampling in selection of interview subjects is not possible given there is no data base of population to draw on. As such it is not to be taken as representative of the population. Instead the selection this study of women entrepreneurs and their leadership roles is purposive (Sarantakos, 1998). Religious practice is not subject of the study, however, the women were selected on they basis that they identified themselves as Muslims. The Muslim women entrepreneurs were identified through a snowball sampling (Sarantakos, 1998) They were identified through various contacts of the researcher and primarily with the assistance of academic colleagues in the National University of Uzbekistan, University of Oriental History, University of World Languages and women’s business associations. Additional women business owners were referred by women entrepreneurs interviewed earlier. To be selected for an interview for this study, the Uzbekistan Muslim Women Entrepreneurs (hereafter referred as UMWEs) had to meet the following criteria: she has to be a business owner, either solely or in partnership and the business has to take up a substantial amount of her energy and time; where she is engaged in a family business or in partnership with others, she must be involved in the day-to-day operations of one of the functional areas
and be involved in the strategic decision-making processes, which may be informal or formal. There was no limit set on the size or the type of the business in which she is engaged, allowing the exploration of the boundaries of their entrepreneurship. The women in the sample are not homogenous and this reflects the diversity of women in entrepreneurship which this study tries to capture.

In the sample, more than half of the women were 50 years and over with 10 who are in their fifties and 4 being above 60 years old. Of the remaining, 8 are in their forties and 2 are in their thirties with one in her late twenty. This suggests that for many, they experienced the Soviet occupation and Soviet system of government. Most have tertiary education with 19 having completed their first university degree and 4 others who have completed their doctorates and 2 with vocational qualifications. If one looks at the UMWEs’ qualifications and the range of their earlier professions, the list reads like the Who’s Who Directory of accomplished scholars and professionals. For example, the qualifications of this group of women include medicine (western and medieval), gynaecology-obstetrics, law, philosophy, science, chemistry, bacteriology, physics, architecture, cinematography, polygraph, engineering, linguistics and economics. However, for many of the women, the business that they first established and the business they own at the time of the study, often bear no resemblance to their tertiary qualifications and little to their work history. A sampling of the businesses that this group of women are engaged in include dress making, sale of cosmetics, hairdressing, interior designing, medical services, medical centres, tuition and coaching centres, bakeries and manufacturing of confectioneries, publishing, magazines, book retailing, stationery stores, property development, mobile phone services and to the import of consumer and industrial products. Why? This may suggest career dislocation, labour market barriers and blocked mobility that women faced.

WHY GO INTO BUSINESS?

To understand why these women go into business, open-ended questions about their reasons for going into business were asked of each of the Muslim women interviewed. The leading question asked was "What made you decide to go into business?" or "Why did you decide to set up your own business?" followed by other open ended questions. Often their answers were not straightforward, their reasons clouded in revelations of other events in their lives. None of the women gave a single answer to the research question. For some, the personal and financial risks were not even considered or calculated nor thought to be insurmountable when they first decided to open a business. There is no one simple straight answer on why the women chose entrepreneurship over employment. The following presents a content analysis of the seven main reasons why this group of women in Uzbekistan chose to start up their own business.

Content Analysis

The reasons why the UMWEs ventured into business are complex and often multi-linear. Each reason is interrelated with the next, but common themes emerged when analysing the interviews. By developing a content analysis table of key words, counting the number of times a particular descriptive word or phrase was used to provide a reason and then establishing a frequency scale, seven common themes of reasons emerged and were ranked. The results are shown in Table 1.

The seven common themes of reasons for going into business are labelled as self-actualization, family, government policies and economy, wealth creation, social contribution, low wages & labour market barriers, and poverty. Examples of the manifestations of the common themes of reasons for going into business are summarised in the second column of Table 1.

These seven main reasons for entrepreneurial pursuits by the UMWEs are also embedded in different ways as opportunity and necessity motivations as expounded in the Global Entrepreneurship Monitor (GEM) methodology of classifying motivations for entrepreneurship. However, the decision-making process in taking risks in a business venture, whether out of necessity or the opportunity present is found to be a complex one for the group of Muslim women in this study. Those entering entrepreneurship out of necessity are also able to recognize viable business opportunities for themselves and having this insight, they are able to better investment decisions. The complexities of the UMWEs’ choice for entrepreneurship are situational and may be caused by internal (domestic) or external factors or by both.
These factors further make the reasons for entry into entrepreneurship as diverse as the group of women themselves. It was found that 17 of the UMWEs were motivated by a range of opportunity reasons while the remaining 8 chose self employment out of necessity. Necessity entrepreneurship in the case of the UMWEs is not because of lack of employment options, but more because of low pay in employment that they are not able to financially support themselves and their families.

Table 1: Reasons Why Uzbekistan Women Decide To Start a Business

<table>
<thead>
<tr>
<th>Reasons For Going Into Business</th>
<th>Manifestation of Reason</th>
<th>Number Of UZWEs (N=25)</th>
<th>Percent of UZWEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Actualisation</td>
<td>- I work for my own enjoyment</td>
<td>20</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>- I want to be independent</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- I want to realize myself</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- I wanted to find my own way</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>- to give my children a good education</td>
<td>17</td>
<td>68%</td>
</tr>
<tr>
<td></td>
<td>- to support my family</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- to earn more money for my children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- to provide employment for family</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Policies &amp; Economy</td>
<td>- it is an opportunity to start business in post Soviet</td>
<td>12</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>- after my country went independent I decided to take the opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wealth Creation</td>
<td>- I found how to make money</td>
<td>10</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>- I want to make money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Contribution</td>
<td>- It is the aim of my life to help other people</td>
<td>7</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>- I want to provide handicapped women with free services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour Market Barriers &amp; Low Pay</td>
<td>- they discriminated against me</td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>- my salary is not enough</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- even though I worked in a high position, my income was low</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty</td>
<td>- we were poor</td>
<td>2</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>- we started our lives from zero</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INTERSECTIONS OF ENTREPRENEURSHIP AND SOCIAL INNOVATION

The following case studies look closely at three cases to demonstrate the intersections of one or more of the seven reasons given so as to explain the diversities and complexities in entrepreneurship and social innovation of the UMWEs.

Intersections of Self-Actualisation, Social Contribution and Family: Masuda’s Experience

Masuda is a qualified as a teacher, but spent most of her working life in the tourism and entertainment related industries. A few years ago, she recognized the opportunity to start her own business in an industry that she said, “I know this field is not competitive” and that combined with “I like to meet people” she was confident in her decision to start a life-style and celebrity magazine.

Masuda’s entrepreneurial endeavour is socially innovative in a number of ways.

First, Masuda through her editorial and featured articles in print (magazine) as well as digital (web site portal), has the power to influence changes in social values and norms in her country. The fact is that she knows that and uses this power as evident from the interview. She described how she used her power to educate and inform her readers on a wide range of topics covering health, family and marital relationships, and to educate her readers on local and global developments in business and economics and on global trends in living and fashions. In doing so she has accumulated a large store of social capital and her invitation lists to her celebrity functions is another Who’s Who Directory of Uzbekistan’s elite, people who are themselves leaders and with power to change the Uzbek society.

Secondly, Masuda had to overcome cultural barriers at home. Initially her husband opposed her ideas and was unsupportive of her business venture. Today, her husband is proud of her achievements and supports her leadership role in business as well as her innovative ideas for a new society in Uzbekistan. Masuda said, “My husband did not support my idea. It was difficult for me to work on my own and traveling most of the time. On the magazine’s first birthday party, my husband saw so many people turned up and realized how much I was respected, that changed his mind set.”

Moreover, women’s entrepreneurship impacts on family and marital relationships and potentially socially reconstructs gender roles at home. This social innovation is borne out in Masuda’s home. Masuda’s husband now does household chores, looks after the children and cooks for the family. She earns more than he does as a government employee and he accepts and recognizes the wealth she is able to create to secure the future of their children.

6.2 Intersections of Self-Actualisation, Social Contribution, Policies and Economy: Charos’ Experience

Charos operates one of the largest bread factories in Uzbekistan. A university graduate in Economics and with more than thirty other training certificates to her name, Charos is also an adviser to the Foreign Economics Relations Minister on matters as to the future entry of Uzbekistan to WTO. As a woman leader, Charos is a founder of a businesswomen’s association in Tashkent as well as on various committees and boards relating to promotion for the economic and social advancement of her country.

Class resource shapes entrepreneurship as evident in Charos’ story. Charos started her baking business almost twenty years ago. She said that in Uzbek families, girls are taught to make bread and to bake, the foundation of her baking skills. She came from a business family, her father and grandfather were all businessmen and so is her husband. After fulfilling her marital duty of starting a family, she decided she wanted to establish her own business. Her husband as well as her mother-in-law and her own family, all supported her decision. Her mother stepped in and took care of her children and house.
Social innovation requires vision and leadership. Although brought up in a privileged environment, Charos said “I wanted to set up the bakery to provide employment to the poor people in my Mahallah (community). In her bakery, half of her employees have physical disabilities. She had set up her baking operations to accommodate work for the handicapped in her community. Charos said that setting up the bakery fulfilled her aim in life and that is to help others. At the time of the interview, Charos reported that 35 of her baking staff are handicapped, “they are proud to work here, they have dignity” she said. Charos also employs a welfare officer to support the handicapped and their families. As the marriage institution is important in Uzbek life, she added, “I am happy to give jobs to the handicapped. Now even my handicapped staff has the financial means to get married and to support their families of their own as a result.”

**Intersections of Poverty, Labour Market Barriers, Wealth Creation and Self-Actualisation: Shahlo’s Experience**

Shahlo is a qualified doctor and practiced medicine before she decided a change of career. She wants to be an entrepreneur with the aim to make money as “doctor’s salary is very low and you can’t get another job” she said. Earlier with her husband, they had moved from a small town to the capital city. At the time they were poor. “We had to start our new life from zero, no house and we needed money”. While she worked, she directed her husband to start a business, but the ideas were mainly hers.

Shahlo started her business from buying goods from people who bought them on their overseas trips and sold to her. “I did not have the money to pay them” she said, but “I paid after the goods were sold.” This is reflective of the state of the economy at the time where under the Soviet rule and in the early independence period, the grey market economy functioned. Goods were imported through human mules, traveling back and forth buying needed goods mainly from neighbouring Russia and China.

A few years later, Shahlo resigned from her job and took over the business fulltime from her husband. Today she employs 25 people. The wealth created from her business is able to support her children’s education in the USA and asset accumulation. Today, she owns two office premises, shop houses and is a leading distributor in her industry.

With her new found wealth, Shahlo is able not only to improve the educational opportunities for her children, but also to help some of her more able staff to start up their own businesses. Shahlo lives by her own philosophy saying, “If you want to be prosperous, you must never forget your past”. She was referring to her poverty and her struggles and the many people who helped her along the way. In this connection and understanding the aspirations of others to be entrepreneurs, Shahlo said “When I first employ the person, I say to her, you should stay with me for at least two years, you can learn everything and when you want to start your own business, I will help you.” She said, “you can keep a person motivated by good salary or by good attitude (towards them) that she or he knows that when they leave, they will get my support”. In this way too, she is able to reduce staff turnover and to keep a steady team of committed employees to build her business, a management strategy that worked well for her given the state of the economy and the lack of formal skills training in the country. Todate, Shahlo proclaimed that she had successfully trained 15 new women entrepreneurs.

**RESEARCH IMPLICATIONS**

This paper reveals that while there has been considerable study of female entrepreneurs in the West, we know very little of female entrepreneurs in developing nations like Uzbekistan. In order to redress this situation, I have reported on my research designed not only to fill the gap in the existing literature on female entrepreneurship, but also designed to explore the social as well as business role and contribution of female entrepreneurs in Uzbekistan. I would argue that the international literature on female entrepreneurship is not strong on the way that they are embedded in family and community relations. In particular, female entrepreneurs often play a role as community leaders. Post 9/11, research that explores the way that female entrepreneurs in developing Muslim nations, like Uzbekistan, create important social as well as economic dividends is innovative and important. When women are encouraged to participate actively in the economy, it is the society that benefit. Women’s entrepreneurship and social
innovation are in tandem in achieving economic and social change in Muslim societies and should be encouraged.

ACKNOWLEDGEMENT

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