Fostering Women’s Entrepreneurship in ASEAN

TRANSFORMING PROSPECTS, TRANSFORMING SOCIETIES

OVERVIEW
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OVERVIEW
Preface

Across Asia and the Pacific, women still cannot fully exercise their rights to decent work and full and productive employment. Women’s overall labour force participation in the region is just 48 per cent and the situation appears to have worsened. Between 1990 and 2016, the female-to-male ratio in labour force participation rates declined from 0.67 to 0.61. In South-East Asia, in particular, the gender gap in labour force participation is 23.1 percentage points. In this regard, advancing women’s economic empowerment is a pathway to inclusive and sustainable development. Increasing women’s participation in the economy could add an additional US $12 trillion to annual global output by 2025. Closing gender gaps in hours worked, participation and productivity could result in GDP gains of up to 48 per cent for South Asia (excluding India) and 30 per cent for East and South-East Asia (excluding China) by 2025.

Entrepreneurship is a key means through which women can both empower themselves and contribute to prosperous, inclusive and sustainable development. A vital part of this agenda includes the 61.3 million women who own and operate businesses within the ten member States of ASEAN.

It is the particular challenges and opportunities that the recently introduced ASEAN Economic Community (AEC) will bring to women entrepreneurs which provide the impetus and focus for this report. The measures set out in the AEC Blueprint 2025 are expected to affect the prospects for SME growth in various ways. These range from the benefits of improvements in market access and physical and ICT infrastructure on the one hand, to the challenges of increased competition, on the other.

Although many SMEs, female and male-owned, will face challenges in this respect, women entrepreneurs will have additional constraints to contend with, undermining their potential to contribute to inclusive and sustainable development under the AEC. Within the ASEAN, ensuring that women entrepreneurs enjoy equal opportunities and reap the benefits of regional economic integration is integral to building a prosperous, inclusive and resilient Economic Community.

This report proposes actions that can be taken by ASEAN Governments and key stakeholders to address the constraints facing women entrepreneurs. Two key levers for change are highlighted. These are greater access to and use of innovative technologies, especially those made available through the ICT revolution; and creative approaches to making finance and credit available to women entrepreneurs. As well as being critical in their own right, these two levers also contribute to unlocking progress in other key areas, such as education and training, access to business support and networks and opening market opportunities.

We hope that this publication will help to stimulate action to foster gender-responsive ecosystems to promote women’s entrepreneurship and contribute to accelerating achievement of SDGs in ASEAN countries and beyond!
Acknowledgements

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Women’s economic empowerment is both a fundamental issue of human rights and an important development goal. In that context, women’s entrepreneurship is a key pathway for advancing women’s economic empowerment and has proven multiplier effects on decent employment for all, poverty eradication and economic growth. By setting up and managing a business, women can achieve economic independence, overcome poverty through asset building and improve their well-being as well as that of their families. Research in three ASEAN countries found that, compared with male business owners, women business owners hired 17 per cent more women employees.1 Women also tend to use their incomes more productively. One study shows, women devoted 90 cents of every dollar they earn on their families including on children’s education, health and nutrition compared to 30–40 cents by men.2 Thus, enhancing women’s economic participation and entrepreneurship is critical to the realization of the Sustainable Development Goals.

This study examines the challenges faced by women entrepreneurs in the ASEAN subregion. ASEAN has emerged as the most successful grouping in Asia and Pacific with gradual deepening of regional economic integration culminating in the ASEAN Economic Community (AEC) in 2015. The anticipated free movement of goods, services, investment, skilled labour, and free flow of capital as set out in the AEC Blueprint 2025 presents both opportunities and challenges for businesses. The measures are expected to affect the prospects for the growth of small and medium-sized enterprises (SME), many of which are owned by women, in various ways. These range from the benefits of access to enlarged market of 632 million people and to improved physical and ICT infrastructure, but also challenges due to increased competition. The study analyzes the challenges that AEC may have for SMEs especially those owned and operated by women and comes up with policy lessons to address them, including through improved access to financing and technology to reap the benefits of regional economic integration. The analysis is based on data extracted from the Global Entrepreneurship Monitor (GEM) Surveys for 2013/14 and 2014/15 for six ASEAN countries namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam, among other sources.

The report begins with a profile of women entrepreneurs within ASEAN. It goes on to analyse the challenges they face, including from the AEC. It makes a case for creating a gender-sensitive ecosystem for promoting women entrepreneurship and concludes with policy lessons in that direction.
Women’s entrepreneurship in ASEAN: a snapshot

An estimated 61.3 million women entrepreneurs own and operate businesses in the ten ASEAN member countries, accounting for 9.8 per cent of the total ASEAN population. Indeed female ownership is relatively high across the region: in 2015, the proportion of firms with female participation in ownership was 69 per cent in the Philippines, 59 per cent in Viet Nam and 43 per cent in Indonesia. However, women in the ASEAN continue to face pivotal barriers in the set-up, management and expansion of their businesses.

These critical obstacles for women entrepreneurs mirror limitations for women workers as a whole. The average gender gap in labour force participation across all ASEAN member states is 23.1 percentage points — narrowest in Lao People’s Democratic Republic (0.4 percentage points), and widest in Indonesia (32.8 percentage points). While in some countries the gap may have shrunk, as in Singapore and Brunei Darussalam, it has widened in others. This gap persists despite economic growth, decreasing fertility rates and increasing educational opportunities for girls.

At all levels of economic activity, whether in the labour market or as entrepreneurs, women are clustered in sectors and jobs that limit their mobility and restrict them to lower productivity, lower value-added, labour intensive and informal or vulnerable circumstances.

Women’s activities in business can be tracked using the Global Entrepreneurship Monitor (GEM) Surveys for six ASEAN countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam, in 2013–2014 and 2014–2015. The GEM comprises the Adult Population Survey (APS) complemented by the National Expert Survey (NES) covering qualitative perceptions on the status of entrepreneurial framework conditions drawing upon the World Economic Forum’s Global Competitiveness Index. GEM data has been supplemented by a range of sources, including the World Bank Enterprise Surveys (WBES).

According to GEM data, women entrepreneurs in ASEAN are likely to be in their late-30s, and slightly older than their male counterparts. Women are also more likely than men to be involved in total early-stage entrepreneurial activity (TEA), which is defined as setting up a business or owner-managers of new businesses up to 3.5 years old. Women are also more likely to be concentrated in micro and small enterprises, particularly in retail and service activities. They are more likely than men to confine their business activities to local rather than international
Entrepreneurs were significantly more likely to be motivated by opportunity rather than necessity

markets, and they have lower expectations that their enterprises will expand. However, like men they are constrained by a lack of finance, although to a far greater degree.

MOTIVATION FOR STARTING A BUSINESS: An entrepreneur starts a business either to take advantage of an opportunity or out of necessity. An opportunity-driven entrepreneur recognizes a new business possibility, or is driven by the desire to improve an existing product or service. A necessity-driven entrepreneur, on the other hand, starts a business because there are no better options for earning a living. According to GEM, in ASEAN countries, entrepreneurs were significantly more likely to be motivated by opportunity rather than necessity. For both men and women, more than three-quarters of entrepreneurs were driven by opportunity, as shown in Figure 1.7

CONSTRAINTS FOR WOMEN’S ENTREPRENEURSHIP: Compared with men, women face a number of additional disadvantages that hamper their potential as entrepreneurs. These include social and cultural norms, gender stereotypes, lack of access to decision-making and unequal access to resources. In some countries, for example, women who are not considered heads of household need to have the husband’s permission for certain activities, and need men as co-signatories.

Other problems arise from a lack of access to education or training, which significantly constrain business opportunities. In most ASEAN countries,

FIGURE 1: Main motivation for starting a business in ASEAN, 2013 versus 2015

Note: TEA = total early-stage entrepreneurial activity.
Note: Data for Singapore not available.
GEM found fewer women entrepreneurs had received higher education — post-secondary or graduate — compared with their male counterparts, with the exception of Malaysia. Indeed, 17.5 per cent of women entrepreneurs in the Philippines had no formal education at all, as highlighted in Figure 2.

A lower educational level can impact business development in many ways. It can influence the type and size of a business due to a low growth orientation; the degree of innovation of products and services; access to finance (including due to lack of information); the capacity to internationalize (due to knowledge gaps and language barriers); and the ability to transfer research and development outcomes to the business.

Entrepreneurial activity is also shaped by social capital and social networks. Additionally, as women entrepreneurs expand their networks and influence, they bring important issues concerning inequality and promoting inclusive development to the national agenda, creating a positive feedback loop for change. However, compared with their male counterparts, women who start businesses usually know fewer other entrepreneurs and often lack the social connections that offer further opportunities, information, and contacts.

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**FIGURE 2 Level of education of entrepreneurs in ASEAN, 2013–2014**

<table>
<thead>
<tr>
<th>Country</th>
<th>Entrepreneurs without formal education</th>
<th>Some secondary</th>
<th>Secondary degree</th>
<th>Post-secondary</th>
<th>Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>16.1</td>
<td>20.6</td>
<td>50.3</td>
<td>12.7</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>11.5</td>
<td>16.4</td>
<td>54.4</td>
<td>17.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.4</td>
<td>11.8</td>
<td>19.7</td>
<td>54.5</td>
<td>8.6</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>13.6</td>
<td>20.7</td>
<td>53.2</td>
<td>8.5</td>
</tr>
<tr>
<td>Philippines</td>
<td>17.5</td>
<td>50.4</td>
<td>31.7</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>18.4</td>
<td>46.9</td>
<td>34</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>9.2</td>
<td>4.4</td>
<td>30.3</td>
<td>44.1</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>5.8</td>
<td>4</td>
<td>22.9</td>
<td>54.9</td>
<td>12.3</td>
</tr>
<tr>
<td>Thailand</td>
<td>23.1</td>
<td>12.2</td>
<td>24.7</td>
<td>37.9</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>14.7</td>
<td>11</td>
<td>27.5</td>
<td>44.1</td>
<td>2.7</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>7.9</td>
<td>22.9</td>
<td>26.3</td>
<td>41.3</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>4.7</td>
<td>18.4</td>
<td>28.1</td>
<td>47</td>
<td>1.8</td>
</tr>
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</table>

These constraints on women’s activities are costly, not just for women but also for whole societies. According to one multi-country study, gender gaps in entrepreneurship and labour force participation may cause a severe negative impact on aggregate productivity and income per capita. In nine ASEAN countries, these income losses range from 7 per cent in Cambodia to 29 per cent in Brunei Darussalam.

TECHNOLOGY ORIENTATION: Embracing new technology can empower entrepreneurs for growth and is an indicator of innovative orientation and openness to change. New technology use can help to develop new or better products and services and is a key factor in manufacturing and organizational improvement. As shown in Figure 3, with the exception of Indonesia, the overall trend in ASEAN is towards low levels of innovation in technology for entrepreneurs who had been running their established business for more than 3.5 years. This trend applies generally to both female and male entrepreneurs, and also for those in early stage enterprise development.

ENTERPRISE SIZE: Women entrepreneurs in ASEAN are generally concentrated in micro, small and medium-sized enterprises (SMEs). Within ASEAN, SMEs account for more than 96 per cent of all businesses, between 52 and 97 per cent of domestic employment, and 23 to 58 per cent of GDP, as well as 10 to 30 per cent of total exports. Sustainable economic growth and job creation will therefore rely on competitive and robust SMEs.

One key indicator of the size of an enterprise is the number of its employees. The 2013–2014 GEM data shows that a majority of enterprises across ASEAN had either between one and five employees or no employees. As depicted in Figure 4, the two countries with the largest number of enterprises with no employees were Thailand and the Philippines.
Moreover, in all the survey countries, more women than men indicated that they do not intend to add any employees within the next 5 years.

**COMPETITIVE PRESSURES:** As a result of globalization and new technologies, all businesses are under competitive pressure to produce more innovative products and services. This is more difficult for SMEs due to restricted resources and capabilities, coupled with market uncertainties. Current gender gaps in educational attainment and access to technology mean that women entrepreneurs in particular face barriers to being actively involved in the flow of relevant knowledge from research institutes and universities, affecting their capacities to innovate and grow.

In 2015, ASEAN published the Strategic Action Plan for SME Development 2016–2025 which aimed for ‘Globally Competitive and Innovative SMEs’. The plan has a number of objectives: to promote productivity, technology and innovation; increase access to finance; enhance market access and internationalization; enhance the policy and regulatory environment; and promote entrepreneurship and human capital development. This plan includes specific support for women, to improve their management and technical skills and provide a platform for their participation. These commitments are reinforced to various degrees by SME policy frameworks and institutional arrangements at national levels in ASEAN countries.

Progress on achieving these objectives can be monitored using the ASEAN SME Policy Index. The Index tracks policy development and identifies gaps at regional and national levels. The first SME Policy Index assessment, published in 2014, made recommendations across eight policy dimensions. The report noted uneven levels of performance across ASEAN countries — in particular between the original six ASEAN members and the more recent members: Cambodia, Lao People’s Democratic Republic, Myanmar and Viet Nam. The most significant gaps were in: technology and technology transfer; access to finance; promotion of entrepreneurial education; cheaper, faster start-up and better regulations; and access to support services. These gaps reflected weaknesses, in national legal frameworks and SME agencies, as well as in the elaboration and implementation of specific policy measures.

**FIGURE 4** Countries with largest percentage of businesses with no employees (as an indicator for the size of an enterprise), 2013–2014

![Countries with largest percentage of businesses with no employees](https://via.placeholder.com/150)

Note: TEA = total early-stage entrepreneurial activity

The ASEAN Economic Community, SMEs and women entrepreneurs

At the end of 2015, ASEAN reached a major milestone in its regional integration agenda with the introduction of the ASEAN Economic Community (AEC). Underpinning this historic step is the AEC Blueprint 2025, which will open the way to the freer transfer of capital and free movement of goods, services, investment and skilled labour across the region.

The Blueprint has five interrelated and mutually reinforcing components:

1. A highly integrated and cohesive economy
2. A competitive, innovative and dynamic ASEAN
3. Enhanced connectivity and sectoral cooperation
4. A resilient, inclusive, people-oriented and people-centred ASEAN
5. A global ASEAN

With a view to narrow the gaps between original six ASEAN members and those that joined later, the ASEAN Heads of State launched the Initiative for ASEAN Integration in 2007. Nevertheless, there are still substantial gaps. Moreover, most ASEAN countries continue to face persistent poverty and inequality; indeed, disparities in income and opportunities have been rising.

ASEAN integration should enable entrepreneurs to expand their customer bases beyond national borders and participate more in regional and global value chains. Under the AEC, entrepreneurs should gain greater access to new technologies that will facilitate cross-border trade and electronic transactions. This will have major implications for wholesale and retail trade — with the Internet serving as an additional sales channel.

Projections made by the International Labour Organization and the Asian Development Bank suggest that, by 2025, AEC integration could increase the region’s aggregate GDP by 7.1 per cent over the baseline — with the largest gains accruing to the poorest countries. However, some sectors projected to expand are also often associated with the informal economy and vulnerable circumstances for workers and women entrepreneurs — such as trade, transport and construction.

The consequences of AEC policies will differ from country to country, but the overall impact will include the following areas:
a **CHANGES IN CUSTOMER PREFERENCES:** Consumers in local markets will have access to cheaper products and services as well as more choice. Local household consumers are likely therefore to demand higher quality products and services. Local companies similarly will have more options for sourcing their inputs. In order to adapt to changing customer preferences, SMEs will need to improve and innovate production of high quality products at competitive prices.

b **EXPANSION OF OVERALL POTENTIAL CUSTOMER BASE:** Exporters should find it easier and more attractive to sell goods to new markets and participate in regional value chains.

c **CHANGES IN PRODUCTION COSTS:** SMEs should be able to reduce costs. Potential savings include:

1. **economies of scale** — production costs decrease as output increases and operations are consolidated

2. **lower logistics costs** — reduced customs and transportation costs

3. **lower inventory costs** — a harmonized market will reduce warehousing costs and speed up transport minimizing the obsolescence costs of good arriving too late

d **LOWER TRANSACTION COSTS:** Through elimination of tariffs and duplicate registration, as well as streamlining, testing and certification procedures.22

These changes will affect all SMEs. Assessing the impact on women entrepreneurs, however, will require rigorous gender analysis to understand and address the particular opportunities and challenges they are likely to face. This in turn requires stronger and more consistent attention by governments and the private sector to mainstreaming gender considerations in policies, programmes and everyday practices. Also, critical in this context is the systematic collection, dissemination and use of sex-disaggregated statistics, including data on women’s entrepreneurship, to inform policy and regulatory development.

The AEC should potentially strengthen local businesses that can establish partnerships or attract investment from foreign companies. It should also help local competitors to further expand within domestic markets, for example, through better infrastructure that facilitates this expansion. However, businesses that do not attract foreign investment or establish necessary partnerships will struggle to compete domestically. This has major implications for women entrepreneurs particularly those in small and micro enterprises who will come under greater competitive pressure. This scenario is further supported by GEM data, which showed that women entrepreneurs in general tended to be significantly less internationally-oriented than men.

The introduction of the AEC is likely to also see a rise in vulnerable employment, which in five ASEAN countries has been predicted to make up half of the job gains under the AEC, and over 65 per cent in Viet Nam. Many of these will be street and market vendors, which is also an area with high rates of informal employment and micro/small entrepreneurship, particularly for women.23 Unlike high-skill activities, many skills prevalent in informal settings are less easily transferable to other areas, which are likely to result in women remaining trapped in low value-added activities.
Levers of change: harnessing the potential of innovative technologies and diverse sources of financing

Leveraging the digital and ICT revolution

In the years ahead, economic activity will also be boosted by a new wave of disruptive technological innovations. These include the Internet of Things, the mobile Internet, big data and cloud technology. It has been estimated that, taken together, these could boost the GDP of South-East Asia by between 4 and 12 per cent, with an annual economic impact of $220 billion to $625 billion by 2030.24

Better access to the Internet will also transform retail and service activities, and allow previously excluded SMEs and women entrepreneurs to improve their business processes, access different markets and promote new products. In future, more people will be accessing the Internet via mobile technology. Projections indicate that by 2020, nearly 800 million new mobile subscribers in Asia could come online if barriers are reduced or eliminated.25

What do these technological advances mean for women entrepreneurs? Regional trends and available studies suggest that, currently there is a gender divide that could be impacting women entrepreneurs’ ability to fully take advantage of ICTs in particular. Internet use in the wider Asia-Pacific region is higher for males than females in almost all age groups. Likewise, statistics for social media show Facebook usage is 61 per cent for males but only 39 per cent for females. Research by the Asia Foundation in three ASEAN countries further shows that women are 12 per cent less likely than men to be aware of emerging technologies.26

Given the expansion of digital economies and services, and the likelihood of greater competition resulting from the AEC, women entrepreneurs will need better access to ICTs in order to open up new opportunities for access to market information and trends and to connect directly with buyers and partners. A key benefit through ICTs is improved access to networking to build social capital, capacity and skills. Women entrepreneurs are already leveraging this potential by using a number of innovative ICT initiatives—often created and owned by women. These include mobile phone networks, business hotlines and Internet platforms. #StartupLokal in Indonesia, for example, offers online and direct information sharing, mentoring and networking opportunities. In Malaysia, Gorgeous Geeks supports the careers of women in the male-dominated ICT sector.
Women in ASEAN could also take advantage of regional and global initiatives. WEConnect International, for example, is a network that connects women-owned businesses, allowing them to showcase their products to buyers around the world. Girls in Tech works to empower women through online learning modules and participatory online events.\textsuperscript{27} The UN Economic and Social Commission for Asia and the Pacific (ESCAP), through its Asian and Pacific Training Centre for Information and Communication Technology for Development (UN-APCICT), has also launched the “Women and ICT Frontier Initiative”, which includes an online platform that seeks to enhance the knowledge and skills of women entrepreneurs in business management and ICT usage.\textsuperscript{28}

ICTs can also enable the provision of alternative financial services including mobile money and mobile banking. In countries where mobile money is starting to take off, such as in Indonesia and Myanmar, utilizing this technology effectively could assist women entrepreneurs in mobilizing funds more quickly and securely by receiving money from family and friends, a key source of funding for many entrepreneurs.\textsuperscript{29}
In more developed markets throughout Asia, innovative Internet applications are also being adopted to reach more women. Ant Credit, an online platform launched by Ant Financial in partnership with the IFC and Goldman Sachs’ 10,000 Women Initiative, focuses on providing credit to women-owned small businesses. Based on data gathered from online transactions and behavior, Ant Credit assesses the credit-worthiness of business owners and provides loans accordingly. Unlike regular commercial banks, this allows Ant Credit to disburse loans without collateral, a fundamental constraint that curtails women’s access to finance.\(^3\)

Technology adoption by SMEs should be supported by government policies. Such policies include ensuring access to new technologies, supporting the development of a strong skills base, reducing counterproductive government-imposed costs, and promoting an enabling legislative environment.\(^3\) To assist governments, the AEC Blueprint includes an e-ASEAN component which encourages e-commerce mainly through harmonized regulations and policies, and a common framework for recommended best practices and guidelines.\(^2\) It also promotes essential infrastructure as well as hardware and software systems.

Except for Singapore, ASEAN countries are generally below global rankings in research and development. To address such gaps, ASEAN governments are increasingly working with private companies and universities on new initiatives such as research parks. In addition, they should ensure that women entrepreneurs have good access to these and other research facilities, benefit from technology transfer and development, get support for innovation and have access to standard certification services. They can also encourage women entrepreneurs to be part of cluster and incubator approaches and ensure that they have equitable access to ICT infrastructure, tools and services.\(^3\) Moreover, it is integral that women entrepreneurs themselves are also part of government initiatives to promote and protect intellectual property rights.
Enhancing access to finance and credit

Access to finance is one of the biggest constraints on growth for all SMEs, with women-owned businesses generally facing larger barriers than their male counterparts. The International Finance Corporation’s (IFC) Enterprise Financial Gap Database shows that 63 to 69 per cent of women-owned SMEs in developing countries are unserved or underserved by financial institutions — a financing gap of $260- $320 billion.34 Closer to the region, IFC data shows that $900 billion to $1.1 trillion of SMEs’ credit requirements are unmet in East Asia, with a disproportionate impact on women entrepreneurs.35 One survey concluded that the proportions of women-owned SMEs having good access to finance averaged only 5 to 6 per cent for micro-enterprises, 12 to 15 per cent for small firms, and 17 to 21 per cent for medium-sized undertakings.36 This reflects the findings from the GEM national experts, who regard a diminishing availability of seed funding for small start-ups as a key constraint for entrepreneurial activity particularly for women.37 Limited access to finance is also cited as one of the main reasons for business discontinuance among women.38

According to the World Economic Forum, greater financial access is considered to be especially critical for Brunei Darussalam, Cambodia and Lao People’s Democratic Republic.39 The impact of barriers in accessing finance can be apparent at the very beginning of the entrepreneurial journey, with the high regulatory and capital costs of starting-up a business in some ASEAN countries.40

A vital element of financial inclusion is access to accounts with formal financial institutions. Except in Indonesia, the Philippines and Viet Nam, women are less likely than men to have bank accounts. Moreover, as Figure 6 shows, using an account for business purposes, for both women and men, is still underdeveloped in most ASEAN countries, with cash transactions remaining common.

Higher levels of exclusion from financial systems mean that women are less likely to be able to assemble collateral or formal documentation, further undermining their credit worthiness and leading to higher interest rates.41, 42 This is further compounded by challenges such as limited financial literacy skills and lower levels of access to and knowledge of ICT services, which could open doors to finance and credit options. In addition, women entrepreneurs face legal, regulatory and social barriers which include lengthy, complex and time-consuming application procedures.

Without access to inclusive formal financial systems, SMEs — where women are concentrated — must largely rely on their limited earnings and access to community and family support to pursue potential growth opportunities. With the exception of Singapore, women and men in ASEAN rely heavily on loans from family and friends — for men between 16.9 per cent (Lao People’s Democratic Republic) and 50.6 per cent (the Philippines), and for women from 14.4 per cent (Lao People’s Democratic Republic) to 46.8 per cent (the Philippines). In addition, relatively high proportions of adults report borrowing from private informal lenders in some ASEAN countries, with 19.4 per cent of Cambodian women turning to informal sources to borrow money, for example. This compares with less than five per cent of adults turning to such sources globally.43 Available research indicates that reliance on informal lending tends to have broader aggregate consequences which lead to persistent income inequality and stunted economic growth.44
Some of the needs of women entrepreneurs in small businesses can be met through microfinance which reaches out to women with small loans, on manageable terms at community entrepreneurship level, especially in rural areas. However, microfinance also carries risks. It may lock women entrepreneurs into micro-level activity, thus perpetuating vulnerability and pushing households further into debt. Additionally, many microfinance lenders are outside established banking regulatory frameworks, creating potential additional risks for borrowers. Microfinance is clearly not sufficient. Women need to be able to graduate to larger business activities higher up the value chain, employing more workers and making a greater contribution to inclusive and sustainable economic development.

Responding to the need to take steps at regional and national levels, the Strategic Action Plan for ASEAN SME Development 2016–2025 aims to improve access to finance for small and medium-sized businesses. It has two main objectives. The first is to develop an institutional framework for access to finance. The second is to promote financial inclusion and literacy and help SMEs engage with the financial system. For this purpose, it aims to strengthen both traditional infrastructure and alternative financing approaches.

A number of ASEAN countries are already developing relevant policies and programmes consistent with these commitments. These include public credit guarantee schemes in Indonesia (People’s Business Credit) and Thailand (portfolio guarantee scheme); mandatory lending in the Philippines; a refinancing scheme in Malaysia; and the establishment of a centralized credit bureau in Viet Nam.

Furthermore, a number of international agencies, non-governmental organizations and the private sector have established programmes at regional, national and local levels to close the finance gap for SMEs. The Asian Development Bank, for example, has set up a fund designed to support the growth of SMEs in South-East Asia as well as an SME supply chain finance programme in partnership with Standard Chartered Bank.

\[\text{FIGURE 6: Used an account at a financial institution for business purposes in ASEAN, 2011}\]

**Note:** Data for Brunei Darussalam and Myanmar are not available.

**Source:** ESCAP based on World Bank (2014). Global Findex (Global Financial Inclusion Database).
At the same time, there are new approaches that are expanding financial accessibility for SMEs. These include: impact investing, capital market financing, digital financial services and crowdfunding. Singapore-based Woomentum is a community-based crowdfunding platform for women who are funders and entrepreneurs. Early-stage funding is a particularly important part of the approach, based on research showing that less than five per cent of venture capital funding currently goes to women-founded businesses.49

Another good example in this area is the Global Entrepreneurship Program Indonesia’s (GEPI) Angel Investment Network’s Women’s Fund. This programme has supported a number of women through financing; mentoring from other women entrepreneurs; and offering role models to encourage new women entrepreneurs to start, and grow their own business.50

The liberalization of financial services under the AEC Blueprint will have significant implications for women entrepreneurs. Integrated banking markets across ASEAN can reduce costs by enhancing competition and allowing institutions to achieve economies of scale. Cross-border transaction costs could also fall by avoiding the use of US dollars as an intermediate when converting from one ASEAN currency to another. Although the ASEAN Central Bank governors endorsed the ASEAN Banking Integration Framework in April 2011, progress has been slow due to the sensitivity of many of the issues involved.51

Better financing for women-owned SMEs within ASEAN cannot, however, rely on any single solution. Innovative options are rapidly emerging through the private sector, but governments must also help — with a comprehensive suite of policies, legal frameworks, financial infrastructure and institutional arrangements that facilitate diversified and efficient bank lending for SMEs at different business stages, incorporating gender considerations throughout. Moreover, critical to effective policy and regulatory formulation, whilst paying due attention to the status of women entrepreneurs, are strengthened measures at national and ASEAN levels to collect and analyze sex-disaggregated SME financing data.
Fostering gender-responsive enterprise development and promotion

Governments help shape the business landscape, through their policy, regulatory and budgetary frameworks — either hindering or enhancing entrepreneurial activities. Existing government policies with respect to entrepreneurship are generally considered to be both inadequate and not implemented effectively in practice, with an average of 50 per cent of national experts surveyed by GEM seeing them as a constraining factor for entrepreneurs, with the exception of Singapore.

Key issues that stand out from GEM expert surveys and women entrepreneurs’ feedback include complicated, overly numerous, costly and time-consuming procedures as well as a lack of consistency and coordination between government ministries and agencies in some cases.52

If governments in the region are to effectively play their role in promoting enabling conditions for the development and growth of women’s entrepreneurship at all levels, a key foundation must be the implementation of gender equality commitments made in the Beijing Declaration and Platform of Action in 1995; the 2030 Agenda and the Sustainable Development Goals; and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development.

There are several examples of good gender mainstreaming initiatives from within the region upon which all governments and other actors can build. One such good practice has been the Gender Responsive Economic Actions for the Transformation of Women (GREAT Women) Project, implemented under the guidance of the Philippine Commission on Women. Commencing in 2006, one component of the GREAT Women Project has focused on provision of technical assistance and capacity-building programmes for national government agencies to advance women’s economic participation. Its concrete success is seen through adoption of 98 policies by Local Government Units that address women’s economic empowerment, from Gender and Development Codes and Revenue/Incentives Codes to ordinances and executive orders.53

Women entrepreneurs will also be in a better position to start and develop their businesses if they can rely on supportive social development policies and measures, including access to education at all levels, affordable good quality childcare services and social protection schemes, such as pensions and health care. Only about 20 per cent of women in developing Asia are currently covered by some form of pension, compared with 35 per cent of men.54
The value of access to education and training is indicated in GEM data which shows that over 80 per cent of early-stage women entrepreneurs had at least secondary education and were more likely than other women to have completed the first stage of tertiary education. However, compared with their male counterparts, women entrepreneurs still had fewer opportunities to pursue higher education, specialized training and job experience. One contributing factor is time poverty faced by women, because of the inequitable division of domestic responsibilities between women and men.

Translating education into decent and productive employment and entrepreneurship proves to be a major roadblock in the school-to-work transition. Technical Vocational Education and Training (TVET) and integrating entrepreneurship into school curricula are increasingly being recognized as key strategies. For instance, in Lao People’s Democratic Republic and Cambodia, the ILO “Know About Business (KAB)” programme is being mainstreamed across the national secondary school curricula after successful pilots in each country. Some major universities also now offer degrees in entrepreneurship, and others have organized apprenticeship and internship programmes for SMEs.

Other initiatives to promote entrepreneurship education and training have been taken at the ASEAN level. These include the development in 2012 of the ASEAN Common Curriculum for Entrepreneurship which follows a consultation-based learning methodology, involving students, academics and SMEs. Such initiatives provide essential pointers for addressing gender gaps and helping women entrepreneurs move up the value chain. As a result of the AEC, the fastest-growing occupations are likely to be in the semi- to high-skilled categories, which will require further investment in women’s skills. To allow more women entrepreneurs to take advantage of such opportunities governments should support those at the micro and small-enterprise level who wish to grow, and encourage those already in a position to do so to participate in value chains. These efforts can also be supported by national and international and NGOs.
Strengthening national women’s machineries and advocacy efforts

To champion and sustain government policies and programmes to promote women’s entrepreneurship in the region, gender advocates are needed both inside and outside government systems. In this respect, ESCAP research has highlighted the centrality of national women’s machineries in effective gender-responsive SME policy implementation. However, if such machineries are to be effective, there is an important need to bolster their standing and mandates, financing and capacity in order to particularly fulfill their oversight, coordination and technical support roles.

In addition, the increased participation of women in corporate leadership and management is critical in enabling networking opportunities, developing their knowledge of the business environment, and raising their bargaining power and visibility as economic actors in their own right.

Independent civil society organizations also play a vital role in keeping the needs and priorities of women entrepreneurs to the fore in discussions of national policy, laws and regulations as well as in the design and implementation of programmes. One success factor which stands out in this regard is the constructive relationships between women’s entrepreneurship advocates and the respective governments, including a focus on the following: (i) evidence-based advocacy to promote change at policy and programmatic levels; (ii) tapping into the power of networking, including through ICT tools; and (iii) partnerships to multiply impact and enhance access to resources.

One success factor is the constructive relationships between women’s entrepreneurship advocates and the respective governments.
ESCAP research indicates that national women’s entrepreneur bodies generally adopt a multi-faceted approach combining research and advocacy with programme delivery linking on-the-ground capacity development with evidence-gathering for policy advocacy.41

National efforts to strengthen the collective voice of women entrepreneurs have been mirrored at the regional level by the creation of the ASEAN Women Entrepreneurs Network (AWEN). This provides a platform for promoting, developing and empowering women entrepreneurs. A further networking node is the Women Entrepreneurs Working Group of the ASEAN-Business Advisory Council which has conducted outreach activities with women’s businesses and other associations, including with members of AWEN.
In light of the above discussion, the following broad five key areas are those which require urgent attention in order to effectively foster women’s entrepreneurship in the ASEAN:

i. Incorporating the specific priorities and needs of women entrepreneurs within relevant ASEAN and national legislation, policies and programmes, with a view to foster gender-responsive enterprise development and promotion.

ii. Enhancing greater access to and use of innovative technologies for women entrepreneurs in line with the e-ASEAN Framework, as well as SDG 17 which calls for increased cooperation on, and access to, science, technology and innovation.

iii. Removing the barriers facing women entrepreneurs in accessing finance and credit, through strengthening national financing policies, legal frameworks, infrastructure and institutional arrangements as well as exploring alternative financing approaches, such as crowdfunding, impact and gender lens investing, and capital markets.

iv. Strengthening capacity at national and ASEAN levels to collect and analyze sex-disaggregated SME-related data in order to enable policymakers and other relevant stakeholders evaluate whether the needs of women entrepreneurs are being met and make more informed policy decisions.

v. Forging stronger partnerships between Governments, the business sector and civil society across the region towards creating an enabling environment for advancing women’s economic empowerment through entrepreneurship.

Building on these key areas, below is a summary of the recommendations emerging from this report. Underpinning these recommendations is the concept of an ASEAN entrepreneurial ecosystem that comprises many interdependent and mutually reinforcing parts, including government policies and programmes, private sector initiatives; relevant and quality education and training at all levels; R&D and innovation; the role of the media; ICT infrastructure and tools; and ASEAN cooperation frameworks.
1 **Addressing systemic factors exacerbating gender inequality, including in entrepreneurship**

It is essential to address the deeper systemic factors that underlie the discrimination and constraints faced by women entrepreneurs. For this purpose, governments need to fulfil their commitments under international instruments and agreements, particularly the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW, 1979) and the Beijing Declaration and Platform for Action (1995), as well as the Sustainable Development Goals.

Strategic areas for government intervention in this respect include:

i. **Addressing the time poverty faced by women across the region through policies and measures to reduce the unequal burdens of women in unpaid care**

ii. **Enhanced social protection schemes which address the particular needs of women entrepreneurs, including equitable pension provision and access to health coverage**

iii. **Ensuring the provision of accessible and affordable quality childcare services**

iv. **Promoting gender equality in access to education and technical and vocational training at all levels, including ensuring relevance and quality of the school curricula.**

2 **Implementation of ASEAN commitments to support women-owned and operated SMEs**

Various ASEAN strategic action and work plans set out specific points for implementation by ASEAN governments to enhance the position of women entrepreneurs, including in areas such as access to ICT and finance and improving business skills. Key among these are the Strategic Action Plan for ASEAN SME Development 2016–2025; the ASEAN Plan of Action on Science, Technology and Innovation 2016–2025; the Vientiane Declaration on Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN (2016); the Declaration on the Advancement of Women in ASEAN (1988); and the Work Plan of the ASEAN Committee on Women for 2016–2020.

In particular, the Vientiane Declaration reflects Recommendation No. 204 on the transition from informal to formal economies adopted by representatives of governments, employers and workers organizations at the International Labour Conference (ILC) on 12 June 2015. Measures to accelerate the transition from informal to formal economies across ASEAN will be beneficial in making business and capacity development support more accessible to micro and small business where women entrepreneurs are concentrated.

The specific support of National Women’s Machineries and women’s civil society organizations and networks will be essential to ensuring the implementation and longer term development of these points for governmental action and regional cooperation. Translating regional commitments to the local level, through provincial, district and municipal government agencies, is also critical in reaching the millions of women entrepreneurs in the informal sector.

3 **Enhancing access to innovative financing for women entrepreneurs**

Government action is key in the provision of enabling policy, legislative, regulatory, taxation and budgetary environments for SMEs, with consideration of the particular challenges and needs of women entrepreneurs mainstreamed across all areas.

Potential government initiatives include measures to encourage and facilitate the following:

i. **Diversified and innovative financing models targeted to the needs of women entrepreneurs in areas such as long-term financing instruments; SME equity markets and trading platforms; capital market financing; digital financial**
services; impact and gender lens investing; and
crowdfunding

ii Development of financial infrastructure to expand
outreach to SMEs, including those owned by
women (e.g. credit bureaus, credit guarantees and
collateral registries)

iii Revised credit risk assessment approaches to
take account of the disadvantages often faced by
women in this regard, for instance, arising from
constraints on their ability to own land and other
assets

iv The scaling-up of the non-bank finance industry
(NBFI), which remains small across the region

v Expanded retail financing and e-payment systems,
including mobile phone transactions and online
banking

4 Incentivizing the use of ICTs
by women entrepreneurs

As shown in this report, ICTs are key in enabling
women entrepreneurs to innovate; access financial
and support services; harness market information
and opportunities; and network with entrepreneur
counterparts.

In this regard, Governments have made a number of
e-ASEAN commitments, which should be adhered to.
These include:

i Ensuring that the necessary regional ICT
infrastructure is in place

ii Expanding e-commerce and e-government
facilities and services

iii Liberalizing trade in ICT products, services and
investments

iv Reducing the digital divide, within and between
ASEAN countries, as well as the gender-based
digital divide.

Governments can also facilitate the use of ICT
for business development and innovation for
women entrepreneurs, by (i) adopting policies
which support creativity and the flourishing of
innovative technologies, including through the
protection of intellectual property rights and the
free-flow of data across borders; (ii) ensuring that
ICT skill development is part of school curricula,
with particular attention to access by girls; and
(iii) targeting ICT training opportunities to women
entrepreneurs at all levels.

5 Promoting cluster approaches and
business incubation facilities for
women entrepreneurs

Government policy and related measures can play a
key role in creating the enabling environment and
space for business innovation. Areas for attention
include:

i Streamlining government policies, regulations
and procedures as well as supporting
revision of credit risk assessment methods
and decision-making procedures in order to
encourage innovative start-ups, especially by
women

ii Providing financial incentives for research and
development in areas which will benefit SME
growth and sustainability

iii Encouraging participation by women
entrepreneurs in cluster approaches, incubator
facilities and research parks

iv Ensuring women entrepreneurs benefit from
technology transfer access to ICT tools, services
and infrastructure

v Ensuring women entrepreneurs have access to
information on innovation support services and
standard certification services
6 Engaging women entrepreneurs in shaping national economic and entrepreneurship policies

Women entrepreneurs are generally under-represented in business associations and other fora. Steps are required in a number of areas, including:

i Engagement with government — Increase the presence of women entrepreneurs in processes and mechanisms for policy engagement with governments

ii Entrepreneur associations — Support the development of women's entrepreneurs associations and include these in all relevant policy, programme and budgetary consultation processes

iii Business networks — Support stronger representation of women entrepreneurs in broad-based business associations and networks

iv Marketing opportunities — Increase the participation of women entrepreneurs in promotional and marketing opportunities such as trade fairs and international trade missions

7 Strengthening business support and capacity development services for women entrepreneurs

The business and other capacity development support provided by government services, business sector providers and civil society organizations, have a vital role to play in enhancing the skills, confidence and effectiveness of women’s entrepreneurs. Key areas highlighted by women entrepreneurs for training support include essential business skills such as book keeping, accounting, business planning, use of ICT, financial literacy, general management, human resource management, process management, marketing, communications and leadership. Other priority areas include the facilitation of access to networking and mentoring opportunities; and information on government regulations and services.

8 Reducing the costs of doing business for women entrepreneurs

The costs and administrative burdens of establishing a business are a key concern of women entrepreneurs surveyed throughout ASEAN. Governments can make a critical difference in addressing this constraint through the adoption of a streamlined and integrated whole-of-government approach to registration and service provision.

Key potential measures include: (i) the establishment of one-stop shop and integrated government service approaches; and (ii) proactive outreach to entrepreneurs (potential and current) who are outside the main business networks, including through the use of online and mobile services.

9 Facilitating participation of women entrepreneurs in domestic and international value chains

Measures to promote engagement by women entrepreneurs in domestic and international value chains will provide opportunities to create jobs, increase income, improve working conditions, tap into wider ICT and other resources, expand business skills and diversify production and exports. At the operational level, such participation can increase access to finance, shorten lead times, reduce operational disruptions, cut inventory, improve quality and customer service, speed innovation and reduce risk.

To enable more women entrepreneurs to take advantage of such opportunities within the context of the AEC, action by governments as well as business and civil society actors will be needed to ensure that the necessary policy and direct support is provided to those at micro and small-enterprise level who wish to strengthen their capacity to engage in domestic or international value chains.
Ensuring the status of women entrepreneurs is well captured in national statistical systems

Addressing gaps in the availability of up-to-date and reliable statistics on women’s entrepreneurship is part of a wider need to develop national capacities to ensure the availability, dissemination and use of reliable gender statistics. Critical to progress in this regard is the relationship between National Statistics Offices; National Women’s Machineries; women’s civil society organizations (including women entrepreneurs associations); and academic and other research institutions.

Increased availability of statistics on women’s entrepreneurship, including through national population censuses (which better capture informal entrepreneurship) and time-use studies, will help inform relevant policy making. One particular area for attention is the number, growth and failure rates of women-owned start-ups and small businesses.
Achieving the goals and aspirations of both the 2030 Agenda for Sustainable Development and the AEC Blueprint 2025 hinges on the concerted efforts of all stakeholders towards harnessing women’s entrepreneurial spirit and dismantling the barriers that hold them back from achieving their full potential.

The analysis presented above finds that an overwhelming majority of women entrepreneurs in ASEAN are concentrated in lower value-added, lower skilled micro and small businesses, largely in the informal sector. The potential benefits of the ASEAN Economic Community are likely to bypass, or worse, have a detrimental impact on a significant proportion of these women entrepreneurs, unless concrete steps are taken.

A policy agenda for promoting women entrepreneurship and enabling them to take advantage of opportunities arising from regional economic integration within the AEC framework has been summarized for action by the ASEAN governments. ESCAP stands ready to assist member States in the ASEAN subregion and beyond in adapting this policy agenda for their specific needs as a part of its efforts to ensure the realization of the SDGs.
Endnotes


7 Singapore not included in the data under this category.


11 Ibid. Estimates by Cuberes and Teignier (2014). Losses are estimated for a particular year for each country and can thus be interpreted as a one-off increase in GDP if gender gaps were to be removed.

12 For the purposes of this report, the terms small and medium-sized enterprise (SME) is used throughout the text on the understanding that it also encompasses micro-sized businesses. The OECD definition of a micro enterprise is that it has less than 10 employees. Source: OECD (2006). The SME Financing Gap (Vol 1): Theory and Evidence. Paris: OECD Publishing.


18 The eight policy dimensions covered by the ASEAN SME Policy Index are institutional framework; access to support services; cheaper and faster start-up and better legislation and regulation for SMEs; access to finance; technology and technology transfer; international market expansion; promotion of entrepreneurial education; and more effective representation of SMEs interests.


28 Further information available from http://www.unapcict.org/wifi


30 Further information available from http://www.alizila.com/chinas-women-entrepreneurs-targeted-small-business-loans#sthash.6lWDkQnt.dpuf


37 Guelich, Ulrike (2015), Technical background report on women’s entrepreneurship in the ASEAN countries commissioned by ESCAP.


46 Examples of well-known government-supported micro-credit/microfinance programmes which incorporate pathways for development and growth include (in Malaysia) Manah Ikhtiar Malaysia (AIM); and (in the Philippines) The Great Women Project; the Rural Micro Enterprise Promotion Program (RuMEPP); the Sari-Sari Store Training and Access to Resources (STAR) Program; and Tulong Sa Pag-unlad Inc (TSPI), which is part of the Alliance of Philippine Partners in Enterprise Development (APPEND).
Entrepreneurship is a key means through which women can both empower themselves and contribute to inclusive and sustainable development. A vital part of this agenda includes the 61.3 million women who own and operate businesses within the ten member States of ASEAN.

It is the particular challenges and opportunities that the recently introduced ASEAN Economic Community (AEC) will bring to women entrepreneurs which provide the impetus and focus for this report. The measures set out in the AEC Blueprint 2025 are expected to affect the prospects for SME growth in various ways. These range from the benefits of improvements in market access and physical and ICT infrastructure on the one hand, to the challenges of increased competition, on the other. Although many SMEs, female and male-owned, will face challenges in this respect, women entrepreneurs will have additional constraints to contend with, undermining their potential to contribute to inclusive and sustainable development under the AEC.

*Fostering Women’s Entrepreneurship in ASEAN: Transforming Prospects, Transforming Societies* proposes critical actions that can be taken by ASEAN Governments to address the particular constraints facing women entrepreneurs — in association with the finance sector, entrepreneur associations, international agencies, civil society and other key actors — towards the realization of both the 2030 Agenda for Sustainable Development and the AEC Blueprint 2025.