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TARGETED POLICIES

that support women's entrepreneurship can boost Vietnam's economic growth

International research shows that countries that invest in women's enterprise development and implement policies to promote their growth not only witness greater numbers of women-owned firms and a growth in the share of these firms as compared to national averages, but also benefit from stronger national economies overall.¹ In Vietnam, women-owned businesses currently account for only about 20% of the total number of registered enterprises.² Empowering and encouraging more women to become involved in the private sector can have a significant and positive impact on the country's already dynamic economic performance, which has proven to be an important force in alleviating poverty. Towards this aim, the Law on Gender Equality, which is currently being drafted by the Vietnam Women's Union, will be presented for the first time to the National Assembly this May. This bulletin discusses the challenges facing businesswomen as well as measures, including the upcoming Gender Equality Law, that can promote women's enterprise development in Vietnam.

A stronger legal framework for gender equality can encourage women's enterprise development

Equality between men and women is enshrined in the Constitution of Vietnam. Legally, men and women have the freedom to do business and share equal rights in the areas of property ownership, land tenure, entering into contracts, inheritance, and civil transactions. However, as in many other countries, due to both historical and cultural reasons, women entrepreneurs in Vietnam tend to be disproportionately disadvantaged when it comes to actually exercising their legal rights. Women's land tenure is a good example. While the revised Land Law (2003) and the Law on Marriage and Family (2000) require that land use registration certificates (LUCs) list the names of both wife and husband, to date a disproportionate number of LUCs do not contain women's names.³ This greatly hinders women's ability to use land as collateral for potential business loans.

The currently drafted Law on Gender Equality outlines the basic principles of gender equality, not only in general but in specific areas, including business and professional development. Specifically, the law affirms that

men and women who start and develop businesses, cooperatives, and household economic activities must receive equal opportunities and face the same conditions for accessing funding, resources and markets, and tax incentive policies. The law also introduces a number of affirmative measures aimed to narrow the gender gap, including training opportunities for women. Most importantly, the law aims to establish an effective mechanism for the enforcement of gender equality in society. Finally, the law provides that all future legislation and policies be evaluated for potential gender impact before being passed

Women entrepreneurs still face many challenges in setting up and running their businesses

A survey of approximately 500 women business owners conducted in 2005 by IFC-MPDF found that women-owned enterprises, particularly SMEs, share many of the challenges faced by other firms in Vietnam, such as: limited availability of capital, inadequate market information, ambiguous rules and regulations, and a shortage of skilled employees.⁴ Even though limited access to finance is a difficulty common to both female and male

entrepreneurs, businesswomen face more disadvantages. This is partly because few women entrepreneurs have names on LUCs, which banks require as proof of collateral, and also because they tend to have lower levels of formal business planning skills.

In addition to such obstacles, women entrepreneurs also report that they confront gender-specific barriers, including: i) lack of business and financial management training; ii) insufficient networking opportunities; and iii) difficulty in balancing work and family responsibilities. The perceived gender bias in training opportunities was also confirmed in another 2005 survey (of 4,176 individuals, 46.5 percent of whom were female) on gender issues by the Vietnam Academy of Social Sciences (VASS), which found that the percentage of women trained in any form (at school or at work) is lower than that of men.⁵ The VASS report also reveals that fewer women enjoy a regular stream of income than men, and that women undertake a disproportionate amount of unpaid work (e.g., housework) – which excludes them from participation in professional training and social activities.

The government and society should recognize that women's enterprise development contributes to sustainable economic growth

The women business owners in the IFC survey indicate a strong desire for more government policies and programs that specifically focus on women and

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The "Business Issues Bulletin" provides those interested in business issues with a short summary and analysis of a particular topic affecting the business environment in Vietnam, and exposure to different opinions held by various stakeholders on the topic.

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(1) A. Lundstrom and Stevenson, L., *On the Road to Entrepreneurship Policy*, Swedish Foundation for Small Business Research, 2002.

(2) According to the Vietnam Women Entrepreneurs Council (VWEC)

(3) Asian Development Bank (ADB), *Vietnam Gender Situation Analysis*, 2005. In 2000, around 10-12 percent of Land Use Certificates (LUCs) were issued under a woman's name (Socialist Republic of Viet Nam, 2005b). As a result of a World Bank-funded pilot project, another 35,000 new LUCs containing the names of both husband and wife in 20 communes across the country were issued in 2003-2004. However, at the present time there are no updated statistics on the percentage of LUCs throughout the country that specify a woman's name.

(4) International Finance Corporation (IFC), *A National Survey of Women Business Owners in Vietnam*, March 2006. This is a survey jointly conducted by IFC's Gender Entrepreneurship Markets (GEM) initiative and the Mekong Private Sector Development Facility (MPDF).

(5) Vietnam Academy of Social Sciences, *Gender survey at household level*, 2005. In terms of 'professional skills,' the VASS survey reported that 16.3 percent of men had acquired skills through school education (as compared to 9.9 percent of women) and that 13.9 percent of men had on the job training (as compared to 9.7 percent of women).

A stronger legal framework for gender equality can encourage women's enterprise development



● In my opinion, the three key factors for achieving substantive gender equality in economic development are: i) available sex-disaggregated statistical data on economic performance, which will facilitate assessments of men's and women's contributions to and impact on the economy; ii) the mainstreaming of gender issues into economic development policies, rather than having gender-specific policies; and iii) the implementation of measures that support all disadvantaged groups, not just women, in having equal access to resources and breaking the glass ceiling.

Ms. Pham Thi Thu Hang, Vice Chairwoman, Vietnam Women Entrepreneurs' Council of the Vietnam Chamber of Commerce and Industry (VCCI)

● Vietnam has a strong legislative framework for gender equality. The principle of gender equality is enshrined in the Constitution and also influences other subordinate legal documents. However, for various reasons, gender inequality exists in all aspects of social and family life. In order for women to narrow the gap and achieve substantive equality, it is necessary to have a Law on Gender Equality that regulates gender equality in various aspects of life (politics, economics, culture, social and family issues), adopts affirmative measures for both men and women and establishes an enforcement mechanism. In terms of gender equality in the economic field, the law states that women participating in economic activities should have equal access to resources and to government-funded incentive schemes. In addition, the law applies a number of temporary measures to support women, such as tax incentive schemes for female-owned SMEs and for enterprises that employ a significant number of female employees, women-only training facilities and

programs, and a fund to support income generation activities for poor women. After the Law is approved, the delegation of responsibility for developing and implementing the above measures to a specific agency or organization that can provide businesswomen with necessary and timely supports will be absolutely critical.

Ms. Le Thi Ngan Giang, Deputy Director, Department of Policy and Legal Issues, Vietnam Women Union



● According to Vietnam's legal framework, women have the same freedom as men when it comes to participating in economic activities, including business start-up and development. Encouraging women to participate more actively in the private sector is a national priority, and has been addressed clearly in the upcoming National Five Year Socio-Economic Strategy. However, there is a big gap between the policies that exist on paper and what actually occurs in practice.

There are few initiatives and programs that support women in business. Women need additional assistance, as they have to undertake many other responsibilities in their lives outside of work. It is worth noting that one of the reasons women are in a disadvantaged position is their lack of awareness regarding their legal rights. Look at land use certificates, for example. Many women do not realize how it is important to have their name on land use certificates (even though the law stipulates that the names of both husband and wife should be on the certificate). As a result, few women actively request re-issuance of their family's land use certificates so that they can use them as collateral for bank loans.

Ms. Tran Thi Mai Huong, First Vice-Chairperson, National Committee for the Advancement of Women in Vietnam (NCAFW)

Women entrepreneurs still face many challenges in setting up and running their businesses



● Although there is an established tradition of women's business activity in Vietnam, many businesswomen do not enjoy the same level of services and support as their male colleagues. While existing laws and policies in Vietnam do not overtly discriminate against female entrepreneurs, cultural factors, such as dominant gender stereotypes pigeonhole women into domestic roles or into employment sectors that are undervalued and poorly paid. These factors have a direct

negative impact on the education levels of female entrepreneurs in areas including marketing, business expansion and the use of technology for business. To date there has also been a lack of services tailored to meet women's needs, especially when it comes to time management, training and human resource management.

Enterprise development is widely recognized as contributing to the economic empowerment of women and promoting gender equality. However, not all women are born as entrepreneurs; instead, business skills must be learned, either from colleagues, family and friends, through formal training and education, or from experience. A recent nationwide survey conducted by IFC found that business women in Vietnam are crying out for additional support that can assist them in growing their businesses.

It is strongly recommended that the Law on Gender Equality drafting team consider a number of temporary affirmative action measures, including additional credit funds, vocational education opportunities for

upgrading skills, and the promotion of women in leadership, to assist in reducing the "equality gap" between men and women in Vietnam.

Ms. Froniga Greig, Gender and Social Development Advisor, CIDA Vietnam



● Women entrepreneurs face a number of barriers in expanding their businesses due to: i) a lack of sufficient business management knowledge and skills, ii) being disconnected from the larger business community, and iii) a low level of encouragement and support from the government and society. During the past few years, a number of income generation programs initiated by women's unions and some NGOs have mostly targeted poor women in rural and remote areas. However, businesswomen in the formal sector also need additional support in order to catch up with male entrepreneurs, especially in the current context of strong international integration.

With funding from the EU, female members of the Hanoi Young Entrepreneurs Association have set up a "Network of Women Entrepreneurs," as they wish to have a place where many business women can gather and share information and their experiences in both running businesses and in managing their personal lives. This network initiative has three major objectives: i) Individual: to build capacity for network members through training, technical assistance and experience-

sharing; ii) Business: to strengthen the connections and cooperation, both among association members as well as between association members and non-members; and iii) Community: to create more opportunities for members to share their experiences with balancing work and family responsibilities. If these goals are achieved, the network can provide a good environment in which women can share and overcome challenges that arise in their personal and family lives, with their businesses, and with other social responsibilities. Most importantly, these women can be happier, more respected and more successful.

To date the network has 24 core members. In the future, the network will try to attract more members from Hanoi and other provinces. We suggest that the government and international donor community give more support to women entrepreneurs' networking initiatives throughout the nation so that the voice of the women's business community becomes stronger in the policymaking process and so that there can be many successful role models for the younger generation.

*Mr. Dang Duc Dzung, Vice Chairman,
Hanoi Young Entrepreneurs Association*

- Gender-specific training is particularly important. Research in other countries shows that women learn differently from men, and value the sharing and relationship-building that happens in women-centered programs. This is not a reaction to perceived or actual discrimination, but rather the recognition that women have different learning styles and preferences from men.

*Ms. Julie Weeks,
President and CEO of Womenable
(former Chief Executive Officer of National Women Business Council)*



- In my opinion, there are no bank regulations or policies that discriminate against women entrepreneurs. In Sacombank, consistent loan policies are applied to all clients, male or female. However, women tend to be more afraid of debt than men, and, particularly because most women-owned businesses are of a small or medium scale, women seem hesitant about using bank credit for business development purposes.

In my experience, female customers, in many cases, have different preferences than male customers when making purchase decisions. When deciding on whether or not to use any bank services, women conduct a very thorough assessment of those service offerings, focusing on features, prices, delivery and the attitudes of bank clerks. In order to attract more female customers, Sacombank tries to develop new products and services that address their specific needs, such as packaged bank services and, through cooperation with Women's Clubs, organized seminars and trainings specifically for women. Through our 8 March branch (where all of

the clients are women), women can access products and services that not only are available to the general public but also are tailored specifically for women, such as "Au Co" saving accounts.

*Ms. Nguyen To Quyen, Director of 8 March Branch,
SACOMBANK*



- In order to promote female entrepreneurship, there should be business support and facilitation that address their needs, specifically in the areas of: i) developing knowledge and skills in business planning, financial management, marketing, and quality control; and ii) promoting an enabling business environment through policy proposals that address gender-specific barriers for women entrepreneurs.

Regarding skills development, during 2001-2003, a joint project between the Vietnam Women's Union and the Maastricht School of Management trained around 12,000 women entrepreneurs in 62 Vietnamese provinces in a three-day business management. A subsequent impact assessment survey measured the results of the training by comparing a test and a control group of women entrepreneurs four to six months after the training. It confirmed that the training had improved the management practices of the participating women entrepreneurs by introducing business plan writing and new marketing techniques, and by setting up financial management systems. The trainees also had better technical innovation skills, an improved capacity for product enhancement and had increased the productivity of their businesses. The management training also had an effect on business figures such as sales and income: 20% of the trainees increased their incomes by 20% and more. In fact, three months' worth of the extra income generated as a result of the training equaled the direct cost of the training event itself. These outcomes show that management training for women entrepreneurs yields benefits for society as well. The researchers were unable to confirm that the training resulted in direct or indirect employment creation after four to six months. With regard to the gender dimension, the survey presented an interesting picture; although women entrepreneurs experienced an increase in workloads and working time after the training, they generally felt that they had a better quality of life and more control in decision-making.

Women entrepreneurs in Vietnam also face the realities of liberalized markets and increased competitiveness. Entrepreneurs have to innovate; not doing so is equally, if not, riskier, for the survival of the business. Successful innovation is in a large measure an issue of identifying and controlling risks. Policies, the regulatory framework and institutions are, in that respect, important in minimizing the risk of innovation and providing a stable and transparent context for formal and informal rules. These factors are critical for improving the business environment for women entrepreneurs in Vietnam.

Mr. Jaap Voeten, Maastricht School of Management

The government and society should recognize that women's enterprise development contributes to sustainable economic growth



- Is paying targeted attention to women's enterprise development worth it? The answer is, most certainly, yes! In the United States, during the years following the implementation of the Women's Business Ownership Act of 1988, the number of women-owned enterprises grew at twice the rate for all businesses – a trend which still continues. Women-owned firms now comprise 30% of all businesses in the United States, and firms in which a woman or woman own 50% or more of the enterprise

comprise nearly half (48%) of all businesses.

The lessons we have learned over the years in the United States with

respect to women's enterprise development activities – and what those in other countries are learning as well – are three-fold. First, while the basic steps one takes to build a business and the hurdles one faces in so doing are the same for women and men alike, women do face a steeper challenge in starting and growing their enterprises. This is due to differences in prior work and professional experience, levels of education, their relatively greater difficulty than men in accessing networks of influence and assistance, and external social, and sometimes legal, barriers, such as access to property rights for business collateral or the inability to hold credit in their own name. Therefore, to encourage the full economic participation of women in the economy, it is often necessary to develop specific policies and programs to encourage women's business development. Policies aimed at SME development in general frequently do not reach women in significant numbers. Secondly, whenever such programs have been developed – and ▶

► their outcomes measured – women-centric training, technical assistance, and network development have been shown to provide a very positive return on investment. Targeted programs work because they address specific needs and can deliver information in a way most relevant to a particular group. One size does not fit all with respect to business development assistance - but in order to continue such targeted programming in the face of opposing pressures to consolidate and streamline ongoing government investments, research and program evaluation which measures impact and outcomes is particularly important. Thirdly, it is usually the case that passing a law or implementing a program is necessary, but not sufficient, to truly engender women's enterprise development on an ongoing basis. Civil society needs to be engaged as well, not only for program delivery but also for the development and growth of women's business organizations and networks. Such involvement can also ease the pressures on government agencies related to budgetary support and program management.

Ms. Julie Weeks, President and CEO of Womenable, former Chief Executive Officer of National Women Business Council



● As Vietnam seeks to encourage greater participation in the economy by its women entrepreneurs, it may be useful to consider examples from other countries, such as the UK, whose experience can provide valuable lessons in designing effective policies and programs.

Comparisons from the Global Entrepreneurship Monitor show that compared to other countries, especially the USA, Canada and France, the rate of female entrepreneurship in the UK does not compare favorably with the rate of male entrepreneurship. This is the latest research in a growing body of evidence that has led governments to accept that much more needs to be done to promote women's enterprise. The UK Government's Department of Trade and Industry (DTI) published the Strategic Framework for Women's Enterprise in May 2003. The Strategic Framework recognizes that "encouraging women to become involved in enterprise and grow existing businesses has significant potential to impact positively on the UK's economic performance." One of the Strategic Framework's key objectives is to ensure improved support for existing women-owned businesses, especially those seeking to grow, and also for women who wanted to set up businesses. It acknowledges the previous absence of a broad strategic structure for the long-term development of women's enterprise and highlights the need for distinct approaches in the short, medium and longer-term to increase the number of women-owned businesses in the UK.

In the short and medium term, the Strategic Framework aims to improve the provision of customer-focused government and business support services. It encourages a parallel approach of specific women-friendly and women-only support alongside mainstream business support services. Over the longer-term, it emphasizes the need for a fundamental change in social and cultural attitudes to women's enterprise and calls on mainstream government services to adapt their delivery to reflect the needs of women as customers.

The Strategic Framework sets out targets for achieving these aims; for example, a key target is that women owned businesses will account for 18-20% of the UK total by 2006 (up from 12-14% in 2003; evidence from a national business survey conducted in late 2005 indicates that the figure is now around 18-19%). The Strategic Framework also sets out detailed 'action priorities' that indicate how to undertake and measure future activities for achieving the targets. It places emphasis on the delivery of services by agencies and organizations that engage with women at the local and regional levels. The DTI is currently carrying out a review on the Strategic Framework's impact and establishing a Task Force on Women's Enterprise to continue its work on the aims and objectives mentioned above.

Ms. Jackie Brierton, Former Development Advisor, PROWESS, UK

● It is critical for the upcoming Law on Gender Equality to look at women's enterprise development issues. The statistic of only 25% of businesses in Vietnam being owned by women shows that there is an imbalance of women in our business community. It also indicates a need for further support of women entrepreneurs to have equal access to social and economic resources, such as access to market, finance, information and training. In addition, within government-funded enterprise support programs, priority must be given to activities that promote gender equality.

Ms. Pham Thi Thu Hang, Vice Chairwoman, Vietnam Women Entrepreneurs' Council of the Vietnam Chamber of Commerce and Industry (VCCI)

● It is a challenge now in Vietnam to generate public awareness that gender equality is not an issue that affects only women. Inequality is not just a social issue but also poses a critical barrier for sustainable national economic growth and development. Women should be considered a core economic force. Reducing the burden of their domestic responsibilities and helping women realize their potential contribution to economic development will require the involvement of the entire society, including men.

Ms. Tran Thi Mai Huong, First Vice-Chairperson, National Committee for the Advancement of Women in Vietnam (NCFW)

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entrepreneurship. They recommend that in the upcoming Gender Equality Law and subsequent implementation regulations, special consideration be given to promoting women's enterprise development. Particular emphasis should be placed on gender-specific business education and training, on targeted loans for female entrepreneurs, and on support for women's networks and forums. Also, the women surveyed strongly favor the establishment of a special government advisory board that handles women's business development issues, so that their voices can be better heard in ongoing policy deliberations.⁶ Ultimately, what businesswomen in Vietnam would like to see is more public support for women's entrepreneurship.

International research has shown that government investment in women's enterprise development generates solid economic benefits for the entire country, and some governments have officially recognized this by linking economic development with gender equality.⁷ A recent gender

and growth assessment study undertaken in Uganda found that legislated gender inequalities reduced annual GDP growth by approximately 0.2%.⁸ Aware of the potential contribution of women-owned enterprises and of the need for greater participation by women in their economies, a number of nations have recently adopted a systematic approach to improving their respective investment climates. South Korea promulgated its Act for Assistance of Women Entrepreneurs in 1999. In Canada, a Task Force on Women Entrepreneurs examines the unique challenges faced by women entrepreneurs and advises the Prime Minister on how the federal government can advance their contribution to the Canadian economy. In the United Kingdom, the Strategic Framework for Women's Enterprise, which was developed in 2003 sets out a collaborative and long-term approach to women's enterprise development. These initiatives may provide useful policy lessons for Vietnam. It is time to look at this issue more strategically and thoroughly so that Vietnam can fully take advantage of women's socio-economic contributions.

(6) IFC, *A National Survey of Women Business Owners in Vietnam*, March 2006

(7) A. Lundstrom and Stevenson, L., *On the Road to Entrepreneurship Policy*, 2002

(8) Amanda Ellis, Claire Manuel and C. Mark Blackden, *Gender and Economic Growth in Uganda: Unleashing the Power of Women*, World Bank, 2005.