STRENGTHENING WOMEN’S ENTREPRENEURSHIP IN ASEAN
Towards increasing women’s participation in economic activity

KEY POLICY MESSAGES

Increasing gender equality in access to education, employment and entrepreneurship has been an important component of strategies to stimulate greater and more inclusive economic growth around the world. Southeast Asian countries have shown considerable commitment to gender issues over recent years. However, whereas economic growth and better targeted social policies have contributed to shrinking gender gaps in terms of educational attainments in the region, significant disparities remain in women’s labour force participation, job quality, and earnings.

Developed in partnership with ASEAN, this report provides a comprehensive analysis of women’s participation in the labour market in the Southeast Asia region today. It assesses the progress achieved towards gender equality in education and highlights the remaining challenges to reduce outstanding gaps in a wide range of labour market outcomes. It offers an in-depth analysis of the status of women’s entrepreneurship as well as the related policy and programme landscape in all 10 of the ASEAN member states, and proposes measures to advance the role of women as entrepreneurs and business owners in the region.

This report forms part of a series of papers being developed by the OECD specifically for policy makers in the Southeast Asia region to support the design and implementation of entrepreneurship and gender equality policies at both the national and the community level in ASEAN.

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Key Messages and Recommendations to Strengthen Women’s Entrepreneurship in ASEAN

The economic growth achieved by the Southeast Asia region over the past few decades has been accompanied by considerable gains in women’s access to labour markets. In 2015, the average female labour force participation rate in Southeast Asian countries was close to 67%, exceeding the OECD average by over 7 percentage points. The region’s male/female wage gap also steadily decreased between 2010 and 2015, although it remains significantly higher than the OECD average.

The majority of ASEAN governments have adhered to international instruments or apply elements of international recommendations to tackle gender discrimination, notably the OECD Gender Recommendations and the CEDAW. They have also worked to implement national gender mainstreaming strategies to address gender gaps in access to government programmes and services.

However, adopting a mainstreaming approach does not replace the need for targeted gender-specific policies and programmes, both at the national and regional level. Although the region has made strong progress in reducing gender gaps, there continue to be significant divergences in performance between countries, often the result of different inherited customs and social norms, as well as individual economic development patterns. Given this diversity, no one set of policy recommendations can be developed that are uniformly applicable to the region. This report thus aims to better understand the driving forces behind women’s economic participation and entrepreneurship across the region and provide policy makers with recommendations on a range of policy levers and good practices that can help unleash women’s full potential.

This section provides policy makers with an easily-accessible overview of the report’s key messages and outlines the main recommendations contained in the three following chapters.

A comprehensive policy framework is needed to tackle gender gaps in Southeast Asia

Gender gaps can arise from a broad range of market and policy failures in areas such as access to education and labour markets, as well as in working time arrangements for mothers and fathers. These gaps also have a negative knock-on effect on women’s entrepreneurship. For example, unequal access to education can hamper the productivity and profitability of women-owned businesses later on. Women’s inability to access labour markets may incite women to start their own businesses, however often those businesses are necessity-based and their growth is hindered by women’s lack of professional experience. Finally, women continue to bear the main brunt of unpaid household tasks and the provision of care to children, the elderly and disabled family members.

All in all, the evidence presented in this new report suggests that efforts to foster women’s entrepreneurship must start with policies that tackle the underlying causes of gender gaps and gender discrimination, and cut across a range of policy areas. The OECD Gender Recommendations as well as other international instruments such as CEDAW provide this framework.
In this regard, the report identifies three key priorities for Southeast Asia:

- First, concerted policy action should be taken to close remaining gender gaps in education and access to capital that continue limiting women’s economic opportunities. Higher educational attainments have not been fully translated into better labour market outcomes yet, but progress can be seen already. More could be done to encourage girls to pursue studies in STEM subjects and to encourage female participation in tertiary education. Improving women’s financial literacy is equally important.

- Second, combining financial education with knowledge on, and access to formal financial services (such as current accounts) and with entrepreneurial training is a powerful tool to improve women’s overall economic, financial and entrepreneurial prospects.

- Third, interventions could be made to address all the factors that hamper the inclusion of women into labour markets, such as constraints on women’s time. Improving access to early childhood care and educational institutions has proved not only to significantly free up women’s time and facilitate labour market participation, but also to have a positive impact on child development. Making parental leave more effective through strengthening and encouraging the take-up of both maternity and paternity leaves can also contribute to reducing gender disparities in various labour market outcomes.

Further, policy making could focus on improving job quality and labour market security for female workers. Tackling social norms that promote stereotypical gender role models and removing gender biases from public laws and regulations is crucial to curb gender discrimination in the formal labour market. Addressing informality is key to improving the stability of female employment, reducing gender pay gaps and countering occupational segregation. Policy interventions that have proven effective in reducing the prevalence of informality in labour markets include increasing the benefits of formalisation, reducing the costs of formal employment and strengthening enforcement mechanisms.

**Targeted policies to boost women’s entrepreneurship can help overcome barriers and unleash firm development**

Although policies to improve women’s access to education and labour markets – such as those mentioned above – are essential to advancing women’s broader economic participation, additional measures are required to foster women’s entrepreneurship. Creating an environment where women with a viable business idea are able to make it a reality, is necessary for developing a dynamic, resilient and inclusive economy. Measures aiming at rising entrepreneurial prospects of productively self-employed women are the key to fostering growth and improving quality of female owned businesses. Policies that reduce the risk women face in engaging in a new entrepreneurial activity – such as the terms of external financing – could go still further. Increasing the number of female employers and women in leadership positions can set the pace for other women to follow.

Research has shown that the most common barriers hindering the development of women’s entrepreneurship in Southeast Asian countries are the prevalence of inherited customs and social norms which create specific pressures on women, and access to finance. Support from husbands and families are important for women willing to engage in entrepreneurship activity. Limited access to capital and credit, which is often linked to gender inequality in property and land rights, hampers the potential for women’s businesses to expand. In addition, a lack of business knowledge and skills, and a limited access to business networks and networking activity in certain countries where these could be further developed, are also common barriers that restrict women’s entrepreneurship in the region. Large
disparities in job quality and remuneration between men and women in the Southeast Asian region are also reflected in the low prevalence of women in leadership positions.

These limiting factors have tended to reduce the growth ambitions of women-owned businesses and led them to be concentrated in low productivity sectors in the informal economy, generally with low levels of profitability. While the AEC Blueprint is creating new trade and investment opportunities in the region, policies are needed to increase the competitiveness of MSMEs, particularly those that suffer from structural imbalances, in order to generate increased prosperity. Consequently, at the enterprise level, women’s entrepreneurship in the ASEAN region should be supported by gender-sensitive and responsive MSME policies and strategies (gender mainstreaming) in order to reduce the risk of women being left behind in the ASEAN Economic Community integration process.

In order to ensure that the broad policy framework tackles the obstacles of women entrepreneurs, national MSME development strategies could place further emphasis on gender inclusiveness and recognition of the potential economic gains from ensuring greater participation of women in their various support programmes and services. Establishing a clear focal point on women’s entrepreneurship with government-wide accountability, and working on a co-ordinated basis to design and implement a comprehensive strategy to foster women’s entrepreneurship development, would ensure that the range of actions implemented are properly coordinated among the various institutions.

Finally, gathering more information on the existing obstacles through commissioned studies and collection and reporting of gender-disaggregated data on MSME ownership, including a gender analysis of the characteristics of MSMEs and their performance would help policy makers get better understanding of the existing problems and bottlenecks and would allow them to act more efficiently by developing more relevant policies.

The WED assessment framework is a helpful tool for governments to assess the effectiveness of their national programmes and apply some of the policy recommendations listed below.

Policy makers can make use of an internationally accepted framework to review and analyse the WED dimensions of their national-level programmes. The framework focuses on the dimensions of access to finance, provision of business development services, access to markets, and access to ICT and production technologies. Applying this framework to ASEAN countries has led to a comprehensive set of policies for strengthening enterprise support programmes for women entrepreneurs as presented in the section below.
Policy recommendations

1. Closing the gender gaps in education and labour market outcomes (Chapter 1)

- **Close remaining gender gaps in education.** Policy makers should focus on further reducing the direct and indirect costs of schooling for poor families, as well as on improving the quality of teaching. Apprenticeships can be used as a tool to close gender gaps in the school-to-work transition, particularly in the case of lower-income families. Conditional cash transfer programmes could also be considered.

- **Fight gender discrimination in the formal labour market.** Existing legal barriers impeding women’s access to the labour market should be lifted. Access to justice should be ensured, and stereotypes and misperceptions fought through affirmative action for women.

- **Free up women’s time and promote flexible employment.** Policy intervention should work on freeing up women’s time by easing the burden of household responsibilities on them, and by encouraging men to participate more actively in household and family care. Greater flexibility in work scheduling can also help women in juggling household responsibilities with career advancement.

- **Make parental leave more effective.** Strengthening and encouraging the take-up of both maternity and paternity leave may help level the playing field between men and women, by reducing the relative cost of hiring female workers and by encouraging new fathers to share responsibility for childcare-related activities.

- **Curb informal employment.** An effective strategy to reduce informal employment should encompass a broad range of policies aimed at reducing the costs of formalisation, increasing its benefits and strengthening enforcement of labour codes. Special attention should be paid to removing labour market obstacles hindering women from being hired in formal paid jobs. It is also important to eliminate administrative impediments that prevent the expansion of women’s entrepreneurial activities.

- **End violence against women.** All countries should have a modern legal framework to deal with violence against women and especially domestic violence. Such a system should include special courts and the possibility for judges to issue protection orders. Countries that lack encompassing legislation on sexual harassment should introduce it. Such legislation should cover not only employment, as is typically the case, but also education.

2. Supportive policies and institutional structures for the promotion and strengthening of women’s entrepreneurship (Chapter 2)

- **Ensure proper policy and institutional support for promotion of women’s entrepreneurship.**

  - Countries should increase the level of gender inclusiveness in national MSME development strategies and alignment of MSME development policies and measures with policy directions set in national women’s empowerment and gender equality strategies. This could be facilitated by closer linkages between the ministries responsible for women’s affairs and the ministries responsible for MSME development and more effective implementation of gender mainstreaming in MSME policies and measures.
ASEAN could consider strengthening the emphasis on women’s entrepreneurship development in its Strategic Action Plan for SME Development by mainstreaming gender across all of the strategic goals. This action would provide an enhanced level of guidance to member states on MSME-related actions to support the development of women entrepreneurs and women-owned MSMEs at the national level.

Business and industry associations, including chambers of commerce and industry, should be encouraged to extend and increase their memberships to businesswomen and aim to mainstream their interests and concerns in policy dialogue with the government.

Governments should establish formal mechanisms for conducting policy dialogue with women entrepreneurs and ensure that they are represented in public-private dialogue fora and consulted on legislative and policy reforms.

ASEAN countries should establish the appropriate institutions to ensure the coherence of policies and actions to support women’s entrepreneurship across ministries and agencies. The designation of clear governmental focal points could be an effective tool in achieving this. Such a mechanism can help to improve the leadership and coordination of WED policies and programmes across relevant ministries and agencies and promote joint and complementary actions in support of WED.

- Improve the MSME sector knowledge base on gender dimensions.
  - Policy makers should work to develop accurate and comprehensive databases with sex-disaggregated data on MSME ownership and performance as inputs to create better informed and evidence-based public policies, measures, and programme interventions.
  - A workable definition for “woman-owned business” should be established in order to develop criteria for targeted government incentives, such as public procurement.
  - ASEAN countries could benefit from carrying out more systematic analyses of the barriers to women’s entrepreneurship, to include: the distinct nature of barriers for start-ups and growth-oriented enterprises, and the gender gaps to be addressed in the MSME policy framework and business support ecosystem. Performing this assessment of the environment for women’s entrepreneurship development at the ASEAN-country level, could serve as the foundation for national comprehensive strategies and action plans.

3. WED-based enterprise support programme options (Chapter 3)
   - Facilitate improved access to credit and education on financial products.
     - Raise the ceiling on micro-credit loans, so women entrepreneurs have greater access to more funding to expand their microenterprises.
     - Help women micro-entrepreneurs transition from micro-credit to standard bank financing.
     - Strengthen policy actions to improve women entrepreneurs’ access to bank financing and close the gender gap in business lending (e.g. issuing instructions to banks to allocate a certain percentage of their loan portfolio to women-owned SMEs).
- Offer technical assistance in designing gender-responsive products and services in order to address the unmet demand of women entrepreneurs in the ASEAN countries for start-up and growth financing.

- Negotiate low-interest credit lines for relending to women-owned enterprises.

- Design special guarantee provisions for women-owned MSMEs in government-backed SME credit guarantee schemes.

- Provide gender-sensitivity training to bank managers and credit officers.

- Combine financial literacy education and training with access to formal financial products.

- **Facilitate better access of women entrepreneurs to business development support (BDS) services, including in rural areas.** The provision of gender-sensitive and responsive BDS services is critical to the goal of supporting more women to start viable enterprises and improve their chances for success.
  - Gender mainstreaming of BDS-providing organisations may be required, including provisions of gender-sensitivity training to counsellors and advisors in SME support centres (especially government-supported centres) to increase the level of gender awareness in dealing with women clients.

  - Support BDS providers with technical assistance in modifying the content, delivery, and facilitation approach of training and advisory services to be more gender-responsive.

  - Harness new technologies in improving the outreach of BDS services to women entrepreneurs in remote areas; this can be accomplished through mobile delivery and information communications technologies (ICTs).

  - Ensure women have equal and formalised opportunities to participate in entrepreneurial and business management skills programmes, including equal opportunities for young women to participate in “Start-up Weekends” and other entrepreneurship challenge competitions.

  - Support existing self-employed women with viable enterprises with advice and technical assistance so they can scale up their activities and integrate into the formal economy.

  - Increase mentoring opportunities for women entrepreneurs. Successful examples include training women as mentors, then matching women entrepreneurs with mentors. Every effort should be made to create awareness among women entrepreneurs of the recently announced ASEAN Mentors-Entrepreneurs Network (AMEN) and to engage their participation in the offer of mentoring matches.

  - Gender diversity should be promoted in government-funded and sponsored mixed incubator and accelerator programmes. Bridging the gender gap in access to the supports available in these facilities can help businesses grow and create jobs. In some cases, it may be advisable to introduce women-focused business incubators to help women entrepreneurs with high-potential business ideas scale-up their businesses. This is becoming a more common practice in many countries, with some evidence of this approach emerging in the ASEAN region as well.
- **Improve access to markets for women-owned enterprises.** Women entrepreneurs can be disadvantaged in accessing markets due to lack of information, networks, skills, productive resources, capital, and expansion capability. Within the context of the market opportunities created by the ASEAN economic integration, dedicated efforts to bring women entrepreneurs into larger markets should be a policy priority. This would entail programmes and initiatives to improve their export potential and opportunities, open up procurement opportunities for women-owned SMEs, and ensure that women-owned enterprises are integrated in the supply chains of large corporations and anchor firms. Specifically, governments could:
  
  - Develop export-readiness programmes targeting women entrepreneurs (using models in Malaysia and the Philippines as a source of inspiration).
  
  - Seek guidance from the UN International Trade Centre on good practices in gender-responsive public procurement policies, regulations and procedures with the objective of increasing the participation of women-owned SMEs in public procurement offers.
  
  - Create and roll-out supplier development programmes for women-owned MSMEs with support from governments and donor organisations.
  
  - Develop programmes that enable women-owned MSMEs to take advantage of corporate supplier diversity policies and programmes.

- **Develop initiatives to build the ICT skills and capacity of women entrepreneurs.** In order to reduce gender gaps in digital inclusion, digital literacy and use of ICTs are important tools for the empowerment of women entrepreneurs in order to improve the productivity of their enterprises. Various initiatives are in place in the different ASEAN countries to improve women’s ICT knowledge and skills generally, with some focused specifically on women entrepreneurs. Governments can strengthen their efforts through the following actions:
  
  - Develop dedicated programmes to build and strengthen the ICT skills and capabilities of women entrepreneurs, including the application of ICT-enabled technologies to improve their efficiency and broaden their market access.
  
  - Ensure women are fully integrated in government-supported programmes and initiatives aiming to facilitate ICT-based start-ups.
  
  - Support women entrepreneurs associations in their efforts to aid women entrepreneurs in using ICTs to improve the performance of their enterprises.
  
  - Enter in discussions with the United Nations Asian and Pacific Training Centre for Information and Communication Technology for Development (UN-APCICT) to implement the “Women ICT Frontier Initiative” (WIFI) programme. This can serve as a vehicle for building the ICT capacity of women entrepreneurs.
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