

(DRAFT REPORT)

A National Survey of Women Business Owners in Vietnam: Report of Findings

November 2005



Gender Entrepreneurship Markets

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The report was written primarily by Julie Weeks (consultant), with contributions from Froniga Greig (consultant) and Nguyen Trinh Thi (IFC-MPDF intern). The project was managed by Nguyen Thien Huong (IFC-MPDF) and Jozefina Cutura (IFC-GEM), under the supervision of Amanda Ellis (IFC-GEM) and Trang Nguyen (IFC-MPDF). Nguyen Thi My, Duong Thanh Trung and Rashmi Pendse of IFC-MPDF and Catherine Hue-Bi (IFC Africa Dept.) also contributed.

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¹ For more detailed information on the conduct of the survey, please refer to the Methodology section at the end of this report.

Executive Summary

Background

Women comprise the majority of the poorest 1.3 billion people who subsist on less than \$1 a day, warranting special attention as a target group for poverty reduction. Facilitating their increased participation in private sector activity is integral to meeting the Millennium Development Goals.

Women's participation in private sector activity, both as employees and as entrepreneurs, has increased significantly over the past decade. However, women are more likely to be stuck in the informal sector for reasons associated with legal impediments and/or cultural norms restricting female labor force participation and business activity. Addressing gender discrimination in the investment climate is a prerequisite to unleashing economic growth and making progress towards gender equality and the empowerment of women.

Recognizing this, the International Finance Corporation started the Gender, Entrepreneurship and Markets (GEM) initiative in 2004 to tap into this large source of untapped growth. In Vietnam, the Mekong Private Sector Development Facility (MPDF) – IFC's technical assistance program in Vietnam, Cambodia and Lao PDR – has begun working with GEM to promote women's entrepreneurship.

One of the first activities undertaken by IFC-MPDF-GEM was to survey women business owners in Vietnam in the summer of 2005, in order to:

- learn more about their personal and business characteristics
- uncover the challenges and concerns of these women as they grow their firms; and to
- gather and report on the policy and programmatic needs of the women's business community in Vietnam as the country's leaders prepare landmark legislation to address women's equality in general, and enterprise development in particular.

Summary of Key Findings

When the women business owners surveyed were asked about important business concerns, policy recommendations for national government leaders, and what would be helpful for their own business development, the answer is clear – more entrepreneurial education, training and technical assistance. They not only desire general business management skill development, but also specific training and technical assistance in the areas of financial management and accessing new markets.

Women business owners in Vietnam say they would benefit greatly from gender-specific training and education. This was the number one policy recommendation from the women surveyed, from a list of potential policies and programs. Research in other countries has shown that women learn differently from men, and value the increased level of sharing and relationship-building that happens during women-centric educational programs. Therefore, gender-specific training is not a reaction to perceived or actual discrimination, nor to a skills gap, but is recognition of learning style differences and customer preferences.

At several points in the survey, women with 25 or more employees express greater than average concern with issues of business management and growth and their own skill development. Therefore, it might be useful to consider special, focused entrepreneurial training for the owners of established firms with employees in addition to programs focused at the small, start-up level.

Current lack of attention to the needs of women business owners in Vietnam is limiting their growth potential

While women business owners in Vietnam are optimistic about their business' potential for growth over the next two years, they are less optimistic about their own firm's prospects than about the future growth of the country's economy. This finding is somewhat unusual compared to other surveys among business owners internationally, and is an indication that many women business owners in Vietnam feel that a number of barriers are holding them back from their full potential.

According to respondents, the major barriers to future growth would appear to be: lack of basic business management skills, lack of financial management skills, laws and regulations that are hampering economic growth overall, and finding and keeping good quality employees. Women who own larger businesses are more likely to be expressing these concerns, which indeed may be limiting their ability to grow their firms, and therefore expand Vietnam's employment base.

In addressing the special needs of women business owners in Vietnam, the women surveyed would strongly support the establishment of a special advisory board for women's business development issues, so that their voices can be heard in policy deliberations.

Women business owners surveyed are also eager to meet more regularly with other women business owners, to share ideas and experiences and to learn from one another. Many already rely on other business owners as informal mentors; more formal women's business networks would strengthen the women's business community.

Access to financing is as much about education as about capital.

The majority of women business owners surveyed say they have enough capital for their business growth needs, and nearly half currently have bank credit, yet few have been able to reinvest business earnings for growth. This is a clear indication that many firms may not be growing as strongly as they could be, and could therefore be undercapitalized.

Women business owners clearly indicate that they need better financial management skills. This would indicate that specific training and technical assistance in the area of financial management and using capital for business growth could yield significant results.

A key policy recommendation from the women's business community to national policy makers is to establish special loan funds or guarantee schemes to encourage small business growth and development.

Women business owners in Vietnam want to learn more about international trade opportunities.

Another area of potential business growth lies in pursuing international trade opportunities. Nearly one-third of survey respondents are already importing or exporting goods or services for their business, and accessing new markets at home and abroad is one of the most highly ranked issue concerns in the survey.

Many of the women business owners surveyed are eager to learn more about how to get involved in doing business abroad. Respondents note that the availability of specific training on accessing new markets would be particularly helpful for their business' future growth.

The women business owners surveyed represent a wide range of businesses from every region in the country. Their firms are likely larger and more well-established than the average woman-owned firm in the country.

The women business owners responding to this survey are the owners of established, substantial business enterprises. Most have been in business for five or more years – 39% for ten or more years – they have an average of 67.7 full-time employees and 24.9 part-time employees. Even though the majority of these businesses (63%) are operating out of their homes, 62% earned 1 billion or more Vietnamese Dong in turnover in 2004, with 21% earning over 10 billion.

On a personal level, an 80% majority of the women surveyed are married, and their average household size (including spouse, children, parents or other relatives) is 5.1 individuals. Fifteen percent (15%) of these women are under 35, 31% are 35 to 44, 38% are 45 to 54, and 14% are 55 or older. These women business owners are well-educated. Just 12% have only a primary level of education, while 25% have secondary schooling, 27% some post-secondary education, and fully 34% have a university or graduate degree.

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I. Important Business Concerns

Both individual-level business skills needs and broader business environment issues are at the top of the list of concerns of women business owners in Vietnam. When presented with a list of 15 important business concerns, the following individual-level concerns top the list:

Quality of employees/Finding and keeping good employees	80% very/extremely important
Learning financial management skills to grow your business	69% very/extremely important
Low efficiency and productivity	61% very/extremely important

These three concerns are cited as among the most important business concerns among all of the women business owners surveyed, regardless of business size, industry, region or age of the business owner. However, not unexpectedly, the issue of finding and keeping employees rises in importance along with the size of the business, as do concerns with efficiency and productivity.

“Private companies like us face a lot of problems in terms of human resource management. It’s very difficult to recruit and retain good people. Typically, those who are inexperienced or incapable stay, while the good ones leave.”

With respect to learning financial management skills, that, too, is of importance to all business owners regardless of size and industry of firm, or the age of the owner. Regionally, however, women business owners in the northern regions of the country outside of Hanoi (Red River Delta and North Mountain) show the greatest concern with this issue – with fully 93% (versus 69% nationwide) saying this is a very or extremely important concern.

Vietnamese women business owners also point to the external environment when citing important business issues. These issues related to government policy and access to business development services are of greatest concern:

Laws and regulations that hamper your business’ growth	67% very/extremely important
Access to new markets, such as international trade or selling to new kinds of customers	67% very/extremely important
Gaining access to technology for your business	63% very/extremely important
Access to finance for your business	63% very/extremely important
Access to training and technical assistance to learn business and management skills	62% very/extremely important

When looking at the responses by important survey subgroups, one sees that these issues are of top importance among most women business owners. The owners of larger firms are more cognizant of the importance of business laws and regulations, and show more concern about moving into new markets. In addition, though, business owners in Hanoi and the northern part of the country are more concerned than are women business owners in the rest of the country with these issues – especially with the issues of access to finance, training and technical assistance, and new markets.

“The government is still applying ‘one size fits all’ rules for all enterprises.”

especially with the issues of access to finance, training and technical assistance, and new markets.

Of moderate importance to the women business owners surveyed is the issue of access to property or land. Nearly half (48%) of women business owners across the country say it is a very or extremely important issue, 18% say it is somewhat important, and 28% think it not very or not at all important. This level of concern does not vary significantly by size of firm, industry or ethnic background of the owner, but regionally land access issues are of highest concern in the northern regions (Red River Delta and North Mountain), with 67% saying it is a very or extremely important issue, compared with 48% nationally.

The high cost of public services such as electricity, water and telephone service is another issue of moderate importance, with 42% saying it is very or extremely important, 23% somewhat important, and 31% not very or not at all important. Concern with this issue is somewhat higher in Hanoi and Ho Chi Minh City compared with the rest of the country.

Less important to women business owners are the issues of racketeering or the need to make business payoffs (60% say it is not an important issue concern), prejudices against women (just 27% rate this issue very or extremely important, while 54% say it is not important), corruption among government officials (50% say this is not an important issue), and the high cost of labour (35% say it is important, while 31% feel it is not an important concern). There is not a significantly higher level of concern with any of these issues by region, industry, size of firm, nor by the age or ethnic background of the business owner.

When asked if there were any other pressing issue concerns in addition to the 15 issues tested, just 13% of respondents added an additional concern. Most were single responses; the only additional issue concerns of note were “tax policies/high tax rates” (11 responses, or 2% of respondents), “inadequate local economic development assistance or policies” (6 responses, or 1% of respondents), and “inconsistent application of economic policies” (3 responses, or <1% of respondents).

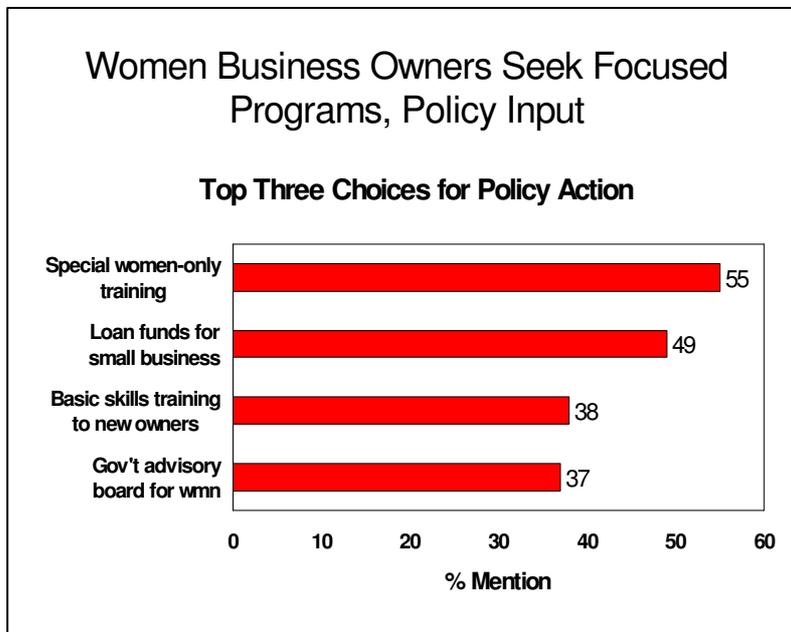
“In my opinion stable policies from the government are important for businesses. The fact that policies change too much negatively affects businesses in many cases.”

II. Policy Imperatives

When asked in what specific areas the Vietnamese government should offer policies and programs to aid in the growth of women-owned businesses across the country, four key issues rise to the top of the respondents’ “wish list.”

First and foremost is special business skills training targeted specifically toward women business owners. From a list of ten possible policy and program areas, this was the clear number one choice, with 55% of survey respondents choosing it as one of the top three areas needing government involvement.

Second on the list is a special loan fund or loan guarantee scheme for small business owners, with 49% of women business owners choosing this as one of the top three areas for government intervention.



“The challenge today for Vietnamese women is not that they are discriminated (against), but that they lack influence. There should be real forums for women entrepreneurs to talk. Life always precedes laws. If many people raise their voices, then the law would follow them.”

Two issues tied for third place – establishing a special government advisory board for women’s business development services (38% choose it as one of the top three issues) and providing basic business skills training for new and prospective business owners (37% top three).

The fact that so many respondents choose general business skill-building in addition to the top choice of gender-specific training shows how critically important business skills training is to women business owners – and the difference between the level of support for gender-specific versus gender-neutral training indicates that women business owners are much more likely to value women-focused programming than training and education programs that are open to all business owners. Research in other countries has shown that women learn differently from men, and value the increased level of sharing and relationship-building that happens during women-centric educational programs. Therefore, gender-specific training is not a reaction to perceived or actual discrimination, nor to a skills gap, but is recognition of learning style differences and customer preferences.

“We have to rely on the laws to do business, so it is important to have a strong and clear legal system. The government has to stand behind us and protect us. Our government talks a lot, but does not support enterprises much.”

These top choices for policy action are strongly supported across the country, regardless of region, industry, or size of business. However, business owners in the North region (Red River Delta and North Mountain regions) are much more supportive than average of special women-focused training (73%

choose it among their top three areas), and the owners of goods-producing industries are especially interested in loan funds targeted to small businesses, with 57% putting that on their top three list.

Of lesser importance are some other areas of possible government support for small business development:

Establish goals for government purchasing of goods and services from small businesses	28% top three areas for policy intervention
Make it easier for women as well as men to register and transfer property ownership	21% top three areas
Reduce the amount of time it takes to register and start a new business	19% top three areas
Change employment laws to increase business flexibility for hiring and replacing workers	14% top three areas
Reduce the amount of money it takes to register a new business	13% top three areas
Promote business ownership in general with more marketing and public awareness efforts	11% top three areas

III. Business Skill-Building

As previously discussed, obtaining entrepreneurial education and training to build business skills is one of the most pressing concerns of women business owners in Vietnam. It is among the top expressed issue concerns and is also among the top policy recommendations the women’s business community would make to public officials to include in the upcoming gender equality initiative. Clearly, women business owners in Vietnam would benefit greatly from policy and programmatic attention paid to accelerating entrepreneurial learning and skills development. Given the strong desire expressed by the respondents of this survey – the owners of largely established firms in the formal economy – to

“I think I lack experience and skills in business management. I wish I had a chance to attend some business management training courses that targeted potential business starters, so that I could feel more confident in running my business.”

improve their business management skills, one can assume it must be even stronger among the owners of smaller, less-established enterprises, as well as those who have not yet started their businesses.

Several more specific questions with respect to business skill-building were asked of survey

respondents – namely, how helpful seven distinct types of assistance would be in improving business growth and success. All seven items garnered strong support from survey respondents, with training sessions again ranking at the top of the list.

Type of Assistance	Percent Very/ Extremely Helpful
Training sessions on business management and leadership issues	77%
Training sessions on financial management issues	74%
Learning more about how to access new markets, at home and abroad	71%
Learning more about how to use technology to grow your business	71%
Meeting regularly with other women business owners across the country to share ideas/experiences	64%
Learning more about how to get involved in policy issues and advocacy	60%
Organized trips to other countries to meet with other women business owners and their organizations	59%

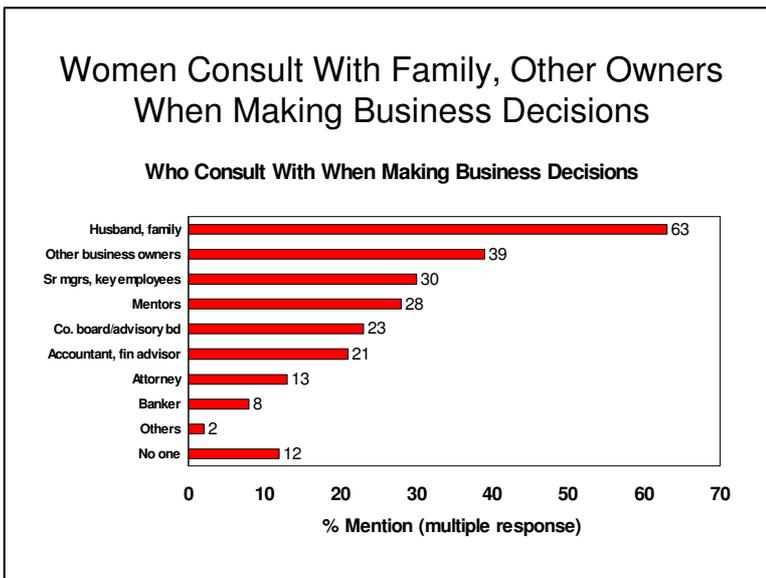
In addition to general business management and leadership training, specific training sessions on financial management skills, accessing new markets, and using technology were also rated as very or extremely helpful to their business' future growth potential. Clearly, the women business owners of Vietnam are expressing a strong desire and need for direct entrepreneurial education and training. They also express a desire to meet regularly with one another: nearly two-thirds (64%) would find networking regularly with other women business owners to be of benefit to their own business growth.

Business owners from all regions of the country rate these issues highly, and there are also few differences by industry or personal characteristics of the owner. However, once again, the owners of larger firms – especially firms with 25 or more employees – are the most interested in business management and leadership training. These owners earlier stated greater concern with issues of managing their firms' growth and in their own management skills. Therefore, it might be useful to consider special, focused entrepreneurial training for the owners of established firms with a significant number of employees in addition to programs focused at the small, start-up level.

Having others to consult with and learn from is an important part of the support network for all business owners, and women business owners in Vietnam are no exception. In the area of business education and learning, the survey also queried women business owners about who they currently rely upon and consult when making important business decisions. Nearly all accede that they do consult regularly with others when making business decisions – only 12% say that they typically make important decisions themselves.

“Due to the fact that the vast majority in our business community are men, women entrepreneurs have a lot of difficulties in networking. We need to have (more) communities of businesswomen. From my own experience, I believe that women have a lot of trust each other and among themselves, so they can forge business cooperation very easily.”

The most regularly consulted individuals are the women’s husbands or other family members, whether or not they are sole owners or share ownership of the business. Fully 63% say that they consult with family members when making important business decisions. Other categories of individuals women business owners consult with when making decisions are: other business owners (39%); senior managers or key employees in the company (30%); informal mentors (28%); members of a company board of directors or advisors (23%); an accountant or financial advisor (21%); an attorney (8%); a banker or loan officer (2%).



The larger the business, the less likely the owner is to consult her family members for advice, and the more likely she is to rely upon senior managers, a board of directors, and other external, formal advisors such as attorneys, accountants and bankers.

Interestingly, when looking at the differences in whom a business owner consults by the age of the owner, women under 45 are much more likely than those 45 or older (33% compared to 24%) to say they draw upon informal mentors for advice. Perhaps women 45 or older have fewer contemporaries or older advisors with business management experience to rely upon for counsel and advice, given Vietnam’s relatively recent transition into a market economy.

IV. Access to Capital and Financing

Access to business financing – and, perhaps just as importantly, learning financial management skills – is a key issue concern for women business owners in Vietnam. While a majority report that they have enough capital for their current business needs, few are able to reinvest business earnings to grow their business. This is a clear indication that many firms may not be growing as strongly as they could be, and could therefore be undercapitalized.

Indeed, because of a lack of financial management skills many women business owners may not realize that lack of sufficient capital is impeding the growth of their businesses. As reported earlier,

“It is true that finance is most important in the beginning. But our ancestors had a saying: “Management based on situation.” If you had only 10 dong, you should do business with 10 dong. When you have 100 dong, you do business with 100 dong

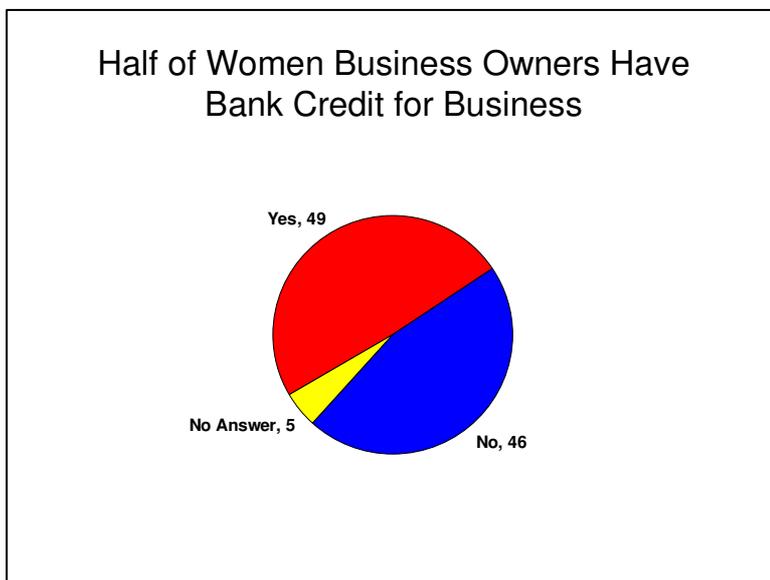
63% of survey respondents say that access to business financing is a very or extremely important issue concern, and fully 69% note that learning financial management skills is a very or extremely important concern.

In follow-up to that general query, survey respondents were asked a series of questions related specifically to access to financing: their major sources of business financing, whether or not they have bank credit, and what difficulties they have encountered, if any, when seeking outside capital for their business over the past year.

First of all, a 56% majority of the women responding to the survey feel that they currently have enough capital for their business’ growth and development. Just under half (49%) currently have bank credit – such as a loan or line of credit – and fully 80% used some sort of financing for their business over the past year.

The most frequent source of financing used recently was a commercial bank loan, with 52% drawing upon that source of capital during the past year (again, with 49% having bank credit at the present time). Another 47% drew upon private sources, such as personal savings, friends and family, for their financing needs.

However, just 23% were able to reinvest business earnings to fuel business growth – a much lower figure than that typically seen among women business owners surveyed in more developed market economies.² This is an indication that the businesses are not yet profitable enough to generate funds for reinvestment – or perhaps that business profits are being used for purposes other than reinvestment in the business.

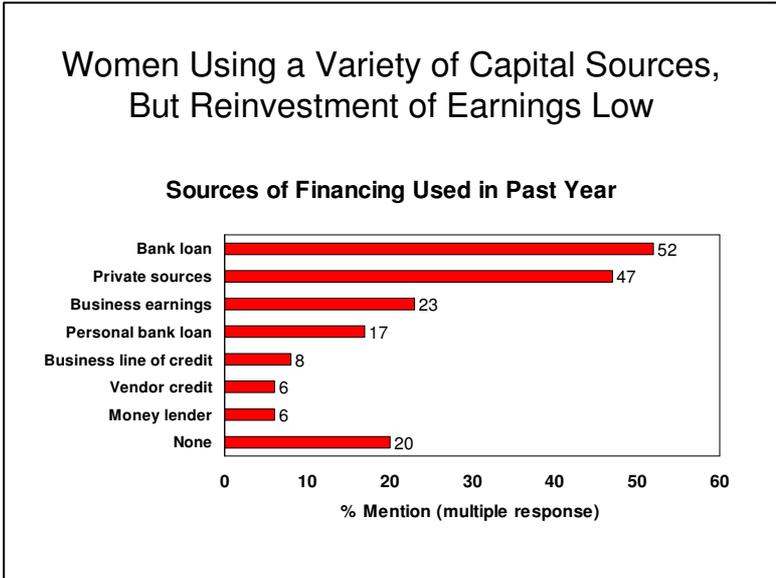


Other sources of financing used by survey respondents over the past 12 months include: a personal bank loan, 17%; business line of credit, 8%; vendor credit, 6%; money lender, 6%; credit cards, 2% (a much lower level than that seen in more developed market economies); and a micro-finance institution loan, 1%.

² This may not only be due to the relative youth of the market economy in Vietnam, but the age of the businesses themselves compared to those of the women surveyed in other countries.

When asked if they had encountered any difficulties when seeking outside financing over the past year, half of the respondents did report at least one difficulty. The three most significant barriers to obtaining financing were: that they found the process for obtaining external financing too complicated (29%); that interest rates were too high (28%); and that they were denied financing due to a lack of collateral (20%). Just 3% said that they perceived any sort of gender discrimination while seeking capital.

“It is complicated to borrow from the bank. You need to have assets like land or houses, and in many cases the bank values your assets less than its market value, and as a result the amount you can borrow is less than what you expect.”



Looking at the responses to these capital-related questions by major subgroups finds that women business owners in Hanoi are less likely than women in other regions of the country to have access to bank credit. Just 44% of the women business owners surveyed in Hanoi have a current loan or line of credit with a bank, the lowest level among the five major regions. Majorities of women business owners in the North (56%) and Central (55%) regions have bank credit available to them, while 47% in Ho Chi Minh City and 48% in the South have bank credit. There are no significant differences by industry or age of firm.

There are some significant differences by age of firm with respect to the full range of sources used for business financing. As one would expect, a firm’s reliance on personal savings and personal bank loans decreases as the firm matures. Sixty percent (60%) of women who have owned their firms for less than five years have used personal savings to fuel business growth over the past year, compared to just 45% among women who have owned their businesses for 10 or more years. And 29% of women with younger firms have drawn upon a personal bank loan, while only 13% of women with older firms have done so. Conversely, the share relying on commercial credit increases with firm age – from 43% among women owning firms less than five years old to 56% among women whose firms are 10 or more years old.

However, women who have been in business for 10 or more years are not more likely to be reinvesting business earnings to fuel their business’ growth than their less experienced counterparts. Just 26% of women who have owned their firms for 10 or more years are reinvesting business earnings to finance their firm’s growth – essentially the same level as the 28% seen among women who have owned their firms for less than five years. This is another indication that lack of access to capital – or a lack of knowledge of how to use capital – could be limiting the growth potential of many women-owned firms in Vietnam.

V. Access to International Markets

Another important issue for women business owners in Vietnam is gaining access to international markets. The women business owners surveyed are eager to learn more about how to access the international marketplace, and nearly three in ten are doing so already – currently trading in an average of three countries.

Two-thirds (67%) of the women business owners surveyed report that gaining access to new markets such as international markets is a very or extremely important issue concern, and 71% state that learning more about how to access international markets would be very or extremely helpful to their business' growth and success.

At the present time, 29% of women business owners in Vietnam are importing or exporting their goods or services – 8% are exporting, 12% are importing, and 9% are doing both.

The women who are involved in international trade own larger enterprises, are more likely to own goods-producing rather than service-producing businesses, and are more likely to reside in Hanoi or Ho Chi Minh City than are the women whose firms are not importing or exporting. In addition, younger businesses are more likely to be involved in international trade than are firms

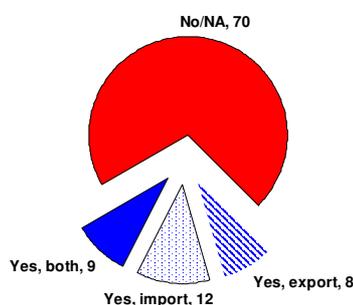
of longer standing. Looking at the responses to this question in more detail finds that 60% of women who own firms with 25 or more employees are involved in international trade, compared with just 19% of those with fewer than five employees. Nearly half (47%) who own goods-producing firms either import or export materials for their business, while just 24% of service businesses are trading globally. Fully 70% of women-owned firms surveyed in Hanoi, and 56% in Ho Chi Minh City, are trading internationally, compared to just 12% in the rest of the country. And, while 42% of women who have started their firms within the last five years are trading internationally, just 29% of those who have owned their businesses for 10 or more years are involved in international trade.

“I’ll have to make time to travel abroad to take training courses. I want to improve my market research knowledge and English language skills. I want to be able to talk to my foreign partners without having to go through an interpreter.”

Among those who are involved in international trade, most are selling or buying in more than one country. Just 30% of international traders are only involved with one other country, 22% are involved with two, 15% with three, and 33% with four or more. On average, women business owners in Vietnam who trade internationally have business in three other countries.

The single largest trading partner of these women is the United States, with 40% doing business there. Other significant trading partners are largely in the region: China, 35%; Singapore, 34%; Japan, 30%; Taiwan, 27%; Germany, 27%; South Korea, 23%; Malaysia, 22%; and Australia, 21%. Another 14% are doing business in Hong Kong, and 10% are trading in the United Kingdom.

Nearly One in Three Women Business Owners are Involved in International Trade



VI. Access to Technology

Technology pervades much of life around the world today, and is an important tool for increasing business efficiency and productivity. Women business owners in Vietnam are definitely taking advantage of many technology tools, yet they are anxious to learn more. Nearly two-thirds (63%) state that gaining access to technology is a very or extremely important issue for their business at the present time, and nearly three-quarters (71%) feel that it would be very or extremely helpful for their business to learn more about how to use technology to fuel business growth.

The vast majority of women business owners in Vietnam are already using some of the basic technology tools in their businesses. Fully 83% use a cellular phone, 75% have one or more computers, 63% have a multi-line phone system, and 61% have a fax machine.³

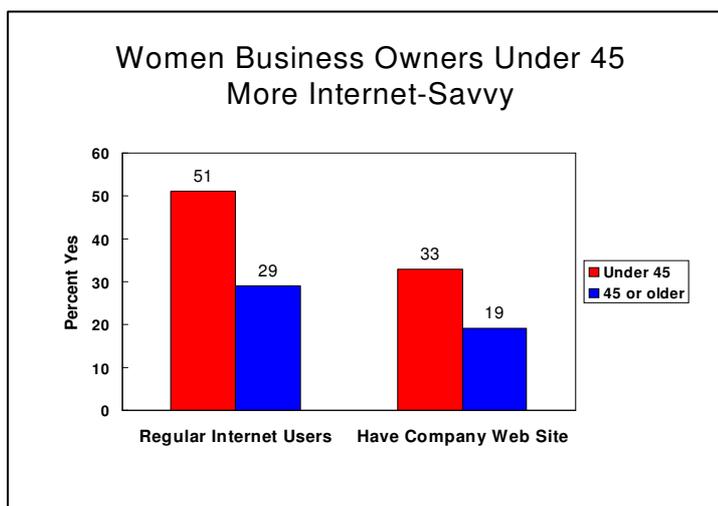
“My company provides accountancy services. We have only 4 computers but 20 accountants, so most of the accounting works are paper-based, which takes a lot of time. We want to buy more computers and train our staff to use computers to do accounting works. It would be more professional.”

Women business owners are much less likely to have their computers networked together, however, or to be utilizing the Internet regularly. Just 35% of women business owners surveyed report that they have a local area network, and just 37% use the Internet regularly. Nearly one-quarter (24%) of women business owners do say that they have a web site for their business.

Cell phone use is prevalent among women business owners in Vietnam regardless of the size or location of their business. Owners of firms with less than five employees, as well as women who live outside of the country’s two major metropolitan areas, are nearly as likely to have cellular phones as those with larger firms or those who live in cities. However, the sophistication of their office systems increases with business size. For example, while just 29% of women who have fewer than five employees have a fax machine in their business, fully 89% of those with 25 or more employees has a fax machine. And while 70%+ of all women business owners, regardless of business size, use computers in their businesses, just 8% of the smallest firms have them networked together in a local area network, compared to 66% of the largest firms.

When it comes to using the Internet and building web sites for their business, size and location of firm are important factors, but so is the age of the business owner. The majority of women business owners surveyed who are located in Hanoi and Ho Chi Minh City say they are regular users of the Internet, while one-quarter or fewer of the women located elsewhere are regular Internet users. This same disparity is seen with respect to whether or not their firms have web sites: half of those in the cities have a web site for their business, while 16% or fewer of women-owned firms located elsewhere have an online presence.

And, while the owners of larger businesses are more likely be regular users of the Internet and to have a web site – which is not surprising – online activity varies even more widely by the age of the business owner. Just 29% of women business owners aged 45 or older call themselves regular Internet users, and just 19% have a web site for their business. However, fully 51% of women business owners under 45 are regular Internet users, and 33% have a web site for their business.



³ As noted in the methodology section of this report, due to the nature of the survey sample, survey respondents are more likely to be the owners of larger, more established businesses, and less likely to be the owners of part-time, seasonal or informal businesses.

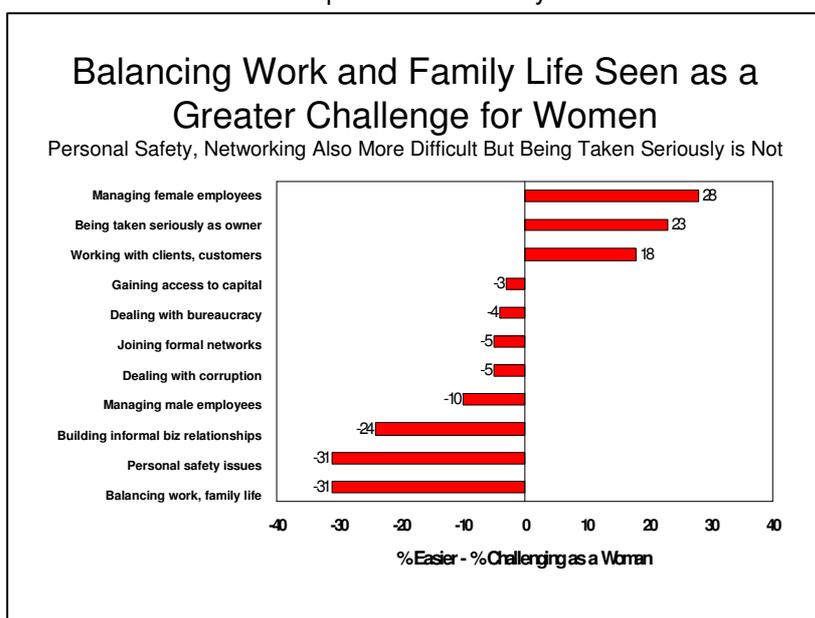
This confirms what has been seen in other research in other countries – younger people are frequently more technology-savvy.

In summary, while most women business owners in Vietnam are taking advantage of basic technology tools (such as computers and cell phone technology), they still seek additional knowledge and assistance to take information and computer technology (ICT) to the next level in their businesses. The need for technology tools, especially access to the Internet, is especially pronounced in the rural areas of the country.

VII. The Special Challenge of Women Business Owners

Because of the multiple roles that women play in society, the corresponding social and cultural norms and the gender gap in business skills and networks that frequently results from these norms – and even legal constraints – women frequently face steeper challenges in starting, operating and growing a business enterprise. While women business owners in Vietnam recognize this and admit that some issues are more challenging for them as women – they feel that, on balance, their gender is not a net negative influence on their business.

Primary among the steeper challenges they face as women business owners is, not surprisingly, the issue of balancing work and family life. Thirty-eight percent (38%) say this issue is more challenging for them as women compared to just 7% who say this issue is easier for women – a 31-point “challenge gap.” This challenge is raised frequently by women in both quantitative and qualitative research around the world. Among these survey respondents in Vietnam, women under 45 are those most likely to feel the pressure of their dual roles as entrepreneur and family caretaker – most probably because they are most likely to be the parents of younger children. Fully 42% of women under 45 say that balancing work and family issues is a greater challenge for them as a woman, compared to just 6% who say it is easier – a 36-point challenge gap. In comparison, a lesser 35% of women 45 or older say it is more difficult for women to balance work and family, while 9% say it is easier – a 26-point gap.



Equally as important to survey respondents are personal safety issues, with 36% saying this is a greater challenge for them as women compared to just 5% who say that this issue is easier for women – another 31-point gap. Women under 45 and the women interviewed who live in Hanoi and Ho Chi Minh City are more likely to cite personal safety as a greater challenge than are older women or women who live outside the two major cities.

“Everybody knows that 60 to 70 percent of business transactions or contracts are signed with state partners over party tables. Men have more advantages than women in the sense that they can drink and make outside contacts. Women can also invite partners to eat or drink, but it is still constrained. First, we are Asian women, so we cannot do that. Second, we can’t compete with men in terms of drinking capacity. It may be a disadvantage in doing business.”

Women also perceive the ability to network and form mentoring relationships with other business owners to be a greater challenge because they are women – with 38% saying it is more difficult and 14% easier (a 24-point challenge gap). Networking is a greater challenge for women in goods-producing industries, for women business owners in the two major cities (Hanoi more so than Ho Chi Minh City), and for younger women.

Managing male employees is seen as somewhat more difficult – 22% more difficult versus 12% easier, although fully 55% say it makes no difference. Women business owners under 45 find managing male employees more difficult than do other women – with a 16-point challenge gap on this question. The opinion swings the other way when it comes to managing female employees, with 32% of all survey respondents saying it is easier for them, as women, to manage other women, compared to just 4%

who say it is more challenging. Again, a 54% majority says that their gender makes no difference in this regard.

Respondents perceive several other issues as relatively gender-neutral for them as *women* business owners. The majority of women surveyed say their gender makes no difference in the areas of: dealing with corruption and racketeering (55% no difference), dealing with bureaucracy and paperwork (60%), joining formal networks, like business associations (65%), and gaining access to capital (67%).

One issue that women see as a net advantage due to their gender is working with clients and customers. While a 51% majority say they see no gender difference in this area, 29% state that they feel working with customers is easier for them as women, versus 11% who say it is more challenging – an 18-point “advantage gap.”

On balance, when asked whether being a woman was a net negative, net positive, or made no difference in their business overall, fully 65% say it makes no difference, 17% count it as a positive, and only 6% say it is a net negative factor. Perhaps this is why women business owners in Vietnam largely feel that they are, indeed, taken seriously as business owners. While a 54% majority feel there is no gender difference in “being taken seriously as a business owner,” 30% say this is easier as a woman, while only 7% say it is more challenging – a 23-point advantage gap.

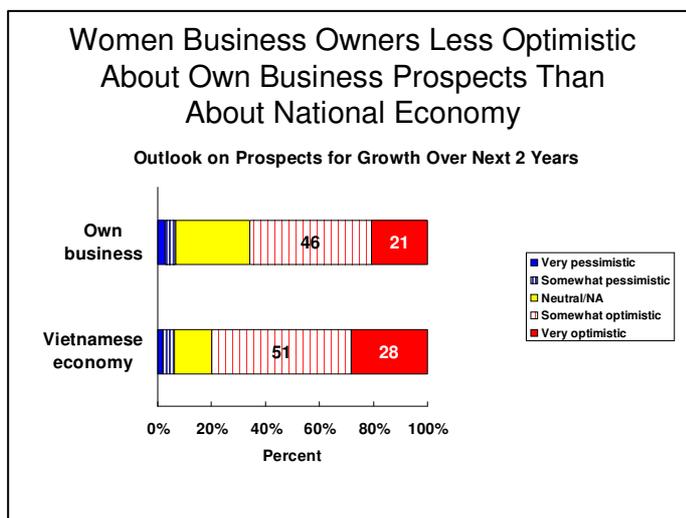
VIII. A Look to the Future

The women business owners surveyed are definitely looking to the future, with more plans for growth and expansion than for the status quo, but there are a significant number who appear somewhat hesitant about the future. In addition, women business owners are more optimistic about the growth prospects of the national economy as a whole than for their own business, which indicates that they are, indeed, a population in need of policy and programmatic attention.

Over the course of the next 12 months, women business owners in Vietnam plan to embark on several key growth strategies. Fully two-thirds (67%) plan on increasing capital investment in their business, 53% would like to expand into new markets, 45% say they will be hiring new employees, 36% will seek support from the government, and 30% plan on seeking a foreign partner. Among the most expansion-minded are women in Hanoi and the North – over 80% of whom are planning to increase capital investment and over 60% of whom are planning to hire additional employees. Women in Vietnam’s major cities (53% in Hanoi, 57% in Ho Chi Minh City) are those most likely to be seeking a foreign partner in the coming year. As seen earlier in the report, these are the firms already most likely to be engaged in international trade.

Another 19% say they will keep investment and employment in their business about the same and will adopt a “wait and see” approach. Very few women surveyed are considering any business contraction activities. Just 2% say they will be reducing employment, 2% will close stores or branches, and 1% will reduce capital investment.

While most women business owners are looking to the future with growth in mind and on their active agenda, they are nonetheless somewhat less optimistic about their own business’ prospects over the next two years than they are about the country as a whole – which is not a typical finding when compared to other surveys querying business owners in this manner. While two-thirds (67%) of the women business owners are optimistic about the growth and development of their business over the next two years (46% somewhat optimistic and 21% very optimistic), over three-quarters (79%) are optimistic about the prospects for growth for the Vietnamese economy as a whole (51% somewhat optimistic and 28% very optimistic). This shows that women business owners are generally somewhat more hesitant about their own personal future than about the country’s prospects.



Even new business owners – those whose firms are less than five years old – are more optimistic about the country’s economic prospects than the prospects of their own firms, and these are typically among the most optimistic business owners. In fact, only in Hanoi are the women business owners queried more optimistic about their own business prospects than the country’s economic future (86% are optimistic about their own firms, 72% about the country).

This finding, coupled with the clarion calls seen elsewhere in the survey for: more business skills training; help with increasing their financial management skills; stronger capitalization to increase business earnings reinvestment; and aid in opening doors to new markets suggests that the women business owners of Vietnam need policies and programs to address these issues, and that the future growth and development of the women’s business sector in Vietnam is dependent upon policy action in these important areas.

IX. Business and Personal Characteristics

The women business owners responding to this survey are the owners of established, substantial business enterprises. Most have been in business for five or more years – 39% for ten or more years – they have an average of 67.7 full-time employees and 24.9 part-time employees. Even though the majority of these businesses (63%) are operating out of their homes, 62% earned 1 billion or more Vietnamese Dong in turnover in 2004, with 21% earning over 10 billion.

Survey respondents come from across the country. The largest concentration is from Ho Chi Minh City (24%), while 11% are from Hanoi. The remaining respondents come from across the regions, with the largest numbers in the more populous Mekong Delta region, South Central Vietnam, and the East Southern region.

On a personal level, a solid 80% majority of the women surveyed are married, and their average household size (including spouse, children, parents or other relatives) is 5.1 individuals – so a substantial number of other individuals relies upon their business income.⁴ Fifteen percent (15%) of these women are under 35, 31% are 35 to 44, 38% are 45 to 54, and 14% are 55 or older. These women business owners are well-educated. Just 12% have only a primary level of education, while 25% have secondary schooling, 27% some post-secondary education, and fully 34% have a university or graduate degree.

Ethnically, few women business owners surveyed are not Vietnamese in origin. Just 6% are ethnic minorities – 4% are Chinese, less than 1% are Khmer, and less than 1% are of some other ethnic background.

The table below summarizes the business and personal characteristics of the survey population.

⁴ The wording of the question asked how many people were living at home who were dependent upon the income generated by the business.

Business and Personal Characteristics of Survey Respondents			
Business Characteristics		Personal Characteristics	
<u>Years in Business</u>		<u>Age</u>	
Less than five years	17%	Under 25	1%
5 – 9 years	40	25 – 34	14
10+ years	39	35 – 44	31
No answer	4	45 – 54	38
Average # years	8.6	55 or older	14
		No answer	2
<u>Industry</u>		<u>Education</u>	
Agriculture	4	Primary level only	12
Resource development (oil, gas, coal)	3	Secondary level/Vocational	25
Non-durable manufacturing (food, clothing)	14	Some post-secondary	27
Durable manufacturing (machines, steel, tires)	6	University/Institute degree	28
Wholesale/retail trade	40	Post graduate work or degree	6
Services – travel/tourism	7	No answer	3
Business services	14		
Personal services	2		
Technology/ICT	2		
Other	16		
<u>Number of Full-time/Contract Employees</u>		<u>Marital Status</u>	
0	13	Married	80
1 – 4	24	Single, never married	7
5 – 9	17	Divorced	5
10 – 24	21	Separated	1
25+	26	Widowed	5
Average # employees	67.7	No answer	2
<u>Number of Part-Time/Seasonal Employees</u>		<u>Number of Persons Dependent Upon Business Income</u>	
0	49	None	5
1 – 4	14	One additional person	8
5 – 9	6	Two additional people	20
10 – 24	15	Three additional people	15
25+	16	Four additional people	17
Average # employees	24.9	Five additional people	9
		Six additional people	10
		Seven or more additional people	10
		No answer	6
		Average # dependents	4.1
<u>Business Revenues, 2004</u>		<u>Ethnic Origin</u>	
Under 100M VND	7	Vietnamese	94
100-499M VND	15	Chinese	4
500-999M VND	11	Khmer	<1
1-4.9B VND	28	Other	<1
5-9.9B VND	13		
10-49.9B VND	16		
50B+ VND	5		
No answer	4		
<u>Location of Business</u>			
Home-based	63		
Non home-based	35		
<u>Region</u>			
Hanoi	11		

Business and Personal Characteristics of Survey Respondents			
Business Characteristics		Personal Characteristics	
Red River Delta region	4		
North Mountain region	2		
North Central region	5		
South Central region	12		
Central Highland region	4		
Ho Chi Minh City	24		
East Southern region	12		
Mekong Delta region	23		
No answer	4		

X. Policy Implications and Recommendations

Based on the results of the survey reported in detail in the preceding pages, and summarized in the **Executive Summary** section of this report, the following policy and programmatic actions are offered for consideration:

It is clear from the survey that a lack of policy and programmatic attention to the needs of women business owners in Vietnam is limiting their growth potential. In Vietnam's impending Gender Equality Law, detailed consideration should be given to promoting women's enterprise development – with special emphasis on access to entrepreneurial education and training, access to capital, and access to new markets.

- Throughout the survey, women business owners express a strong desire and need for formal education on business management issues – not only on general business management skills but in the areas of financial management and accessing new markets. Creating and funding entrepreneurial education and training programs should be a part of the new law.
- Gender-specific training that recognizes women's learning styles, with a greater need for relationship-based rather than transactional learning, should be developed. So, too, some special programs focused on the owners of larger, more established firms should be developed, in addition to providing training and education to pre-start-up and start-up firms.
- Access to start-up and growth capital is another important element of governmental assistance. Either in the Gender Equality Law, or elsewhere, targeted loan or loan guarantee schemes for small firms should be established.

Women business owners in Vietnam need more opportunities for networking and forming mentoring relationships. The Vietnamese government, perhaps through the Vietnam Women's Union, should provide regular forums for such activities.

- Women business owners surveyed are eager to meet more regularly with other women business owners, to share ideas and experiences and to learn from one another. The establishment and expansion of clubs or organizations specifically for women business owners should be encouraged, with some support from the Gender Equality Law and/or the Vietnam Women's Union.
- In other countries, there are often regional or national conferences for women business owners, with educational programming, and sometimes with awards recognizing business achievements. A regular series of conferences, perhaps annually, would help develop a sense of community among women business owners in Vietnam, and raise public awareness of their achievements and contributions to the country.

Women's entrepreneurship in Vietnam needs a formal home, such as an office for women's business development programs, a women's business advisory council, or both.

- When programs are developed after the passage of the Gender Equality Law, responsibility and oversight for those initiatives should be housed in one office devoted to women's business issues, as opposed to being scattered throughout existing government offices. Such

an office, with a programmatic portfolio, should be established as a part of the Gender Equality Law.

- In addressing the special needs of women business owners in Vietnam, the women surveyed would strongly support the establishment of a special advisory board for women's business development issues, so that their voices can be heard in ongoing policy deliberations. Such advisory groups have proven invaluable in other countries when developing and implementing policies to support women's entrepreneurship, and in establishing an ongoing dialogue as policies and programs are modified or expanded.

Methodology

The findings in this report are based on a quantitative survey conducted among a convenience sample of women business owners in Vietnam. Qualitative focus group discussions and in-depth interviews were also conducted among 82 women business owners (as noted below). All of the women who participated in the focus groups or interviews also filled out a survey questionnaire. Some of the verbatim quotes from the women who participated in the focus group discussions are included in this report to add first-person flavor to the survey findings. A report focused on the qualitative discussions is being published separately.

For the quantitative survey, a 39-question, 75-item survey was mailed to a sample of 2,160 women business owners – gleaned from a random sample of 4,000 names drawn from several lists from Chambers of Commerce, industry associations, and the Vietnam Women's Union, which totaled 13,000 registered businesses. Out of the sample of 4,000, there were 2,160 records with complete mailing addresses. Surveys were mailed to these 2,160 business owners in late July, 2005 and, by the time of the survey cut-off in late August, 473 responses were received. This represents a 21.9% response rate – an excellent rate of return for a survey of this type.

A survey of N=473 responses has an error rate of +/- 4.5%, at a 95% level of confidence. This means that, 95 times out of 100, survey responses will be within 4.5% of true population values.

The experiences of 82 women were collected during in depth interviews and focus group discussions. Eight focus group discussions were conducted with a total of 63 participants selected from a range of industries and locations. All participants owned formal sector businesses, with the exception of one discussion in Da Nang which included representatives from the informal sector. The focus group discussions were conducted in four different locations: Hanoi, Ho Chi Minh City, Da Nang and Can Tho. Each discussion was approximately 2 hours in duration.

In addition, a total of 19 in-depth interviews were conducted with women entrepreneurs at their workplaces. The average length of these individual interviews was 2 hours. The interviewees were selected through various channels. Women's clubs and business associations recommended some women, while others were found through word of mouth. Four of the women also participated in focus group discussions.

Of course, given that this survey and the companion qualitative discussions were not conducted among a truly random sample of all women business owners in Vietnam (since such a list does not exist) – but rather a convenience sample of women business owners who are members of or on the mailing lists of several national associations, or who are registered with the government – the results reported in this summary are likely not representative of all women business owners in Vietnam. It is more likely that the women included in the sample population for this survey are the owners of larger, more well-established businesses, as well as businesses in the formal sector. The owners of smaller firms, part-time or seasonal businesses, and self-employed women in the informal economy are therefore likely to be under-represented in this survey.