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Women Entrepreneurship and Financial Barriers in ASEAN

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Abstract: The paper reviews financial barriers women entrepreneurs in ASEAN are facing. There are a number of women entrepreneurs in ASEAN. Encouraging women's entrepreneurial aptitude can lead to positive economic outcomes. Nevertheless, women face obstacles differently from men, especially financial barriers. Women tend to lack ownership in property which causes difficulty in borrowing. Hence, they tend to borrow from family or friends. There has been some progress and assistance in terms of policies and regulations both domestically and internationally. However, improvement of government policies and implementation needs to go along with efficient government bureaucracy.

1. Introduction

Since the turn of the century, Southeast Asia's rapid economic expansion has resulted in significantly better socioeconomic situations, including increased and improved employment options, progressively rising earnings, and higher living standards. The benefits and effects of this robust dynamism, meanwhile, have not yet been equally distributed across men and women. While economic growth and more carefully focused social policies have helped to close the gender gap in educational attainment, there are still large differences in women's employment, job quality, and incomes in the region.

With the launch of the AEC at the end of 2015, ASEAN accomplished a significant goal in the direction of regional integration. The AEC's trade policies may result in a large rise in output boosting the region's total GDP by 7.1 percent over the baseline by 2025. According to projections by the Asian Development Bank and the International Labor Organization, this will make it possible for more money to be transferred freely across the region as well as for the free movement of commodities, services, investments, and skilled workers. This results in positive outcomes for entrepreneurs. However, the benefits from trade liberalisation is not equally apportioned between male and female entrepreneurs as the latter tends to face more financial barriers.

This paper aims to investigate female entrepreneurship in ASEAN. In the first part, we elaborate on the development of women's economic empowerment. This includes the importance of women entrepreneurship, women’s participation in economic activities in various ASEAN countries. In the second part, we inspect financial barriers that women entrepreneurs are facing. And, lastly, in the third part, we observe the progress and implementation of policies, laws, and regulations among ASEAN countries.

2. Development of women’s economic empowerment

After a decade of advancement, according to the 2017 Global Gender Difference Report from the World Economic Forum, women are now falling behind and it will take 217 years to eliminate the gender gap in both the political and economic realms (World Economic Forum, 2018) (The Global Gender Gap Report 2017, 2017). As programs run by international, regional, and bilateral public bodies as well as the private sector show, promoting women's entrepreneurship is essential to enhancing women's economic empowerment. Policymakers, business owners, academics, and development professionals discussed how the public and private sectors can help remove obstacles and speed up support for female startups and entrepreneurs at the ASEAN Development Bank seminar, Breaking Barriers: Women Entrepreneurs in Asia and the Pacific (Breaking Barriers: Women Entrepreneurs in Asia and the Pacific, 2018).

The session outlined the difficulties and triumphs faced by women entrepreneurs in the area. Lack of access to capital and markets, as well as inadequate education and training in starting, running, and expanding a business, are some of the major obstacles. Women's capacity to launch a business is hampered by regional legal and regulatory restrictions, a lack of supportive environments, including networks, and unpaid caregiving. Women's possibilities for entrepreneurship are negatively impacted by social and cultural norms and practices that restrict women's mobility and relationships. Despite these challenges, women-led micro, small, and medium-sized firms (MSMEs) are expanding, and some of them are even prospering. This is especially true of MSMEs in the technology sector, e-commerce and online marketing, as well as other recently developing, innovative fields.

An estimated 61.3 million women entrepreneurs run enterprises in the ten ASEAN member nations, making about 9.8 percent of the region's total population. In fact, female ownership is prevalent throughout the region, with rates of 69 percent in the Philippines, 59 percent in Vietnam, and 43 percent in Indonesia in 2015 for enterprises with female participation in ownership (The Global Gender Gap Report 2015, 2015). Women's economic empowerment, job creation, the eradication of poverty, and social growth can all be significantly advanced by encouraging women's entrepreneurial aptitude. However, in the ASEAN region, women still encounter significant obstacles when starting, running, and growing their enterprises. Since the ASEAN Economic Community (AEC) was established in 2015, it has become even more crucial to remove these obstacles for women business owners so that they can benefit from equal opportunities and regional economic cooperation.

Many of these female business owners work for small and medium-sized firms (SMEs), which are crucial to the expansion and development of the economies of ASEAN Member States. More than 96 percent of business owners are in the SME sector, which also accounts for 52–97 percent of domestic employment, 23–58 percent of GDP (ASEAN Integration Report 2015, 2015), and 10–30 percent of exports (ASEAN SME Policy Index 2014 Towards Competitive and Innovative ASEAN SMEs, 2014). Therefore, competitive and strong SMEs will be necessary for long-term economic growth and employment generation. The SME Working Group was established in 1995, marking the beginning of ASEAN collaboration on SMEs. This still serves as a venue for consultation and coordination, but it was strengthened in 2011 with the addition of an advisory board made up of the director general-level heads of SME agencies from every Member State and at least one well-known SME leader from the private sector.

3. Financial barriers for women in ASEAN

Entrepreneurs frequently struggle with issues relating to finance and funding their businesses, as well as having the necessary management and technical competence that grow was supported. (Jones & Tullous, 2002, #). Women entrepreneurs confront challenges to credit due to their gender, as well as demand, supply, and regulatory restrictions, along with cultural and societal norms, when it comes to funding their businesses. ("Insights on Lending Opportunities to Women-Led Businesses: Myanmar," 2022, #). Private commercial banks provide the majority of the funding for women-owned enterprises. They make the decision not to use official money ("Access to Finance of Women-Owned SMEs in Southeast Asia: An Assessment of Five Countries," 2015, #). As a result of the various challenges to business ownership and development that women entrepreneurs must overcome in order to finance, own, and expand their enterprises. There aren't many alternatives to entrepreneurship for women. Due to a number of obstacles, women are unable to obtain adequate financing.

3.1. Credit Access

Women business owners lack documentation. They generally lack the supporting documents needed by banks and other loan providers, such as bank track records. For instance, banks in Vietnam that lend to SMEs see financing to women company owners who lack paperwork as extremely dangerous because the majority of small firms lack audited financial accounts that the banks may use to assess the feasibility and sustainability of business operations ("Access to Finance of Women-Owned SMEs in Southeast Asia: An Assessment of Five Countries," 2015, #).

3.2. Lack of Collateral

Women do not own many assets. Men are more likely than women to own land. Lack of authority by women over significant assets can be a significant issue when it comes to property rights (Ortiz et al., 2019). The inability of women's companies to grow is frequently attributed to the gender gap in property and land rights as well as the restricted access to finance and credit. Financial institutions typically demand that any collateral, whether real estate, buildings, security documents, or deposits, be in the borrower's name. Moreover, due to a religious or cultural history of registering properties to men, women do not have ownership rights ("Access to Finance of Women-Owned SMEs in Southeast Asia: An Assessment of Five Countries," 2015, #).

3.3. Lack of Networks

Networks are lacking for female business owners. They are unable to access information, contacts, and commercial prospects due to a lack of networks. Business networking might help you find funding choices, a mentor, or other women who can give advice. Women in ASEAN need support from women's ministries and agencies as well as a network of women's organizations in the private sector. Consequently, the ASEAN Women Entrepreneurs Network (AWEN) was established by the ASEAN Committee on Women (ACW) . For ASEAN women to interact with the rest of the globe, AWEN facilitates networking. It might hold the key to presenting opportunities and resolving the various difficulties that women entrepreneurs encounter (*ASEAN Women Entrepreneurs Network (AWEN) and Its Role in ASEAN*, 2017).

3.4. Alternative Financial Sources

Bank funding has historically been more difficult for women than for males. Women business owners prefer to rely on unofficial sources of financing due to a lack of knowledge about the implications of financial options (*How To Borrow From Friends And Family To Grow Your Business*, 2017). For instance, they forego bank loans in favor of borrowing money from friends and relatives. Additionally, relative loans from family members have more flexible repayment terms than bank loans. Table 1 depicts the percentage of people in ASEAN nations that were 15 years of age or older and had access to loans and financial information in 2014. The percentage of Singaporean women entrepreneurs who borrow money from family and friends is just 3.1%. Singapore borrows money from friends and family the least out of all the ASEAN members, making up the majority of its loans. All five of the top loans in ASEAN countries were obtained from family or friends. At 46.8%, the Philippines has the highest percentage of female business owners that rely on loans from friends or family. Following Indonesia are Cambodia, Thailand, Malaysia, and 41.2 percent, 36.8 percent, 30.1 percent, and 29.9 percent, respectively.

	ACCOUNT AT A FINANCIAL INSTITUTION		BORROWED ANY MONEY IN THE PAST YEAR		BORROWED FROM A PRIVATE INFORMAL LENDER		BORROWED FROM A FINANCIAL INSTITUTION		BORROWED FROM A STORE BY BUYING ON CREDIT		BORROWED FROM FAMILY OR FRIENDS		BORROWED TO START, OPERATE, OR EXPAND A FARM OR BUSINESS		LOAN IN THE PAST YEAR	
Cambodia	10.7	14.9	65	58.2	19.4	16.8	29.4	25.5	8.7	8.7	36.8	35.5	14.5	15.2	58.9	60.3
Indonesia	37.2	34.6	55.3	57.9	3.6	2.3	11.2	15.1	6.1	7.6	41.2	41.7	11.5	11.9	49.6	48.7
Lao People's Democratic Republic	26.2	27.4	N/A	N/A	5.0	4.7	17.2	19.1	0.0	0.0	14.4	16.9	N/A	N/A	31.9	33.2
Malaysia	78.1	83	48	63.4	0.0	1.5	16.6	22.2	8.6	15.3	29.9	47.2	3.9	8.1	28.9	36.1
Myanmar	17.1	28.6	40.8	44.9	17.2	15.2	11.8	19.5	5.4	6.4	21.4	22.3	19.8	25.2	N/A	N/A
Philippines	33.9	22	70.7	68.6	14.7	12.2	13.6	9.9	16.7	16.2	46.8	50.6	12.2	15.0	55.2	61.2
Singapore	96.1	96.6	18.8	22.6	1.0	1.1	14.3	14.1	4.4	8.9	3.1	5.9	1.7	1.6	27.3	38.3
Thailand	75.4	81.2	49.8	50.8	8.2	10.2	13.7	17.4	1.6	4.2	30.1	32.3	12.6	13.0	26.3	28.1
Viet Nam	31.9	29.8	48.5	45.1	2.1	1.5	21.3	15.4	1.0	2.0	27.3	32.6	7.9	6.3	40.7	47.4

Note: Data for Brunei Darussalam is not available.
Note: Data for Lao People's Democratic Republic is from 2011 Global Findex.
Note: Data for *Loan in the past year* is from the 2011 Global Findex.
Source: World Bank (2014). Global Findex (Global Financial Inclusion Database).

Table 1: the percentage of the population aged 15 and over with financial information and loans across ASEAN in 2014

4. Policies in response to support female entrepreneurship in ASEAN

Female entrepreneurship is a key driver of innovation, growth and jobs. However, a number of cultural, employment and economic barriers obstruct those women to unleash their best potential. Therefore, at the national level, laws and policies that support gender equality and their effective implementation are essential so that women's entrepreneurship development (WED) can thrive. Although economic integration in the region opens up trade opportunities, its impacts on women are different from those of men. Targeted interventions are needed, immediately, to ensure that the benefits from the AEC or any other economic integration are shared by women. These include investments in women's technical training, fiscal incentives for firms to hire women and greater monitoring of gender commitments at the regional and national levels (ASEAN Secretariat, 2016).

4.1 Laws, regulations, national development plans supporting businesswomen

A righteous sign of commitment to gender equality and women's empowerment among the ASEAN countries are laws and regulations . This is evident in national development plans and other strategic documents. For example, one of the strategic objectives of Cambodia's "Rectangular Strategy" for Growth, Employment, Equity and Efficiency Phase III, the 5-year plan to 2018, is to enhance gender equality and improve the status of women, calling for easier access to SME credit for women entrepreneurs and expanded opportunities for women to develop their professional and knowledge capacity, including strengthening their entrepreneurial skills as part of improved vocational education and training (Royal Government of Cambodia, 2013). For the case of Lao PDR, the "share of women among owners of businesses/enterprises" is stated as one of the performance indicators in the Lao PDR's 8th National Socio-Economic Plan 2016–2020 (Ministry of Planning and Investment, 2016). However, the sections on SMEs and entrepreneur development do not explicitly reference the role of women and how the performance indicator would be realized.

A quality example regarding laws supporting businesswomen belongs to the Philippines, which has a law on support for women-owned enterprises. It is “An Act Providing Assistance to Women Engaging in Micro and Cottage Business Enterprises, and for Other Purposes", Republic Act No. 7882 of 1995 (Republic of the Philippines, 1995). Passed in recognition of the special role women play in development. Mandates support for women entrepreneurs in micro and small enterprises. Obligates government financial institutions to give priority to financial assistance of up to PHP 2 million to NGOs engaged in developing women's enterprises; loans of up to PHP 50 000 to existing women entrepreneurs; and loans of up to PHP 25 000 to potential women entrepreneurs starting a non-retail business with a maximum capitalisation of PHP 25 000, upon certification from the Technical Education and Skills Development Authority (TESDA) or other government-accredited training institutions that appropriate training has been completed. Moreover, this country also implemented an impressive plan. The Philippines Women’s Empowerment, Development and Gender Equality (WEDGE) Plan 2013–2016 dedicates an entire section to the gender strengthening of MSMEs. The strategies include service delivery, capability building, monitoring, advocacy, and policy development. Examples of service delivery are improving access of women entrepreneurs to relevant business information and linkages, ensuring the availability of business development services, such as training, counseling, and consultancy services to women entrepreneurs, including access to financing.

4.2 Women Entrepreneurs Financing Programme (WEFP)

In 2015, the government-owned SME Bank Malaysia launched its Women Entrepreneurs Financing Programme (WEFP) designed exclusively to be accessed by sustainable women-owned SMEs (in operation for more than two years) in need of working capital or financing to acquire fixed assets. MYR 2 billion (about USD 45 million) was allocated for the programme to finance sharia-compliant loans of MYR 500 000 to MYR 2.5 million. In 2012, the IFC issued a syndicated loan of USD 25 million to the Orient Commercial Bank for lending to SMEs in Viet Nam, of which USD 5 million (under the IFC Banking on Women programme) was set aside exclusively for lending to women-owned and managed businesses (OECD, 2017).

4.3 Available government interventions: funds, credit guarantee schemes.

Governments in many countries may utilize direct and indirect public interventions, such as SME development funds or government-based credit guarantee schemes, to promote improved access to SME financing or to encourage certain types of SME investment behavior, such as technology upgrading. These interventions may be necessary when market failures of various kinds are preventing an allocation of financing to particular groups, such as women entrepreneurs. In the ASEAN countries, cultural factors also play a role in the extent to which women entrepreneurs and women-owned enterprises can gain equal access to finance, relative to their male counterparts (UNESCAP, 2015). This provides rationale for government intervention on behalf of women entrepreneurs. The government loan guarantee programmes can encourage banks to lend to women entrepreneurs. In some countries, SME credit guarantee agencies/schemes will make special guarantee provisions in case of bank loans to women-owned SMEs. Credit guarantee schemes were noted in six of the ASEAN countries: Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam. The only credit guarantee scheme with special provisions for women-owned SMEs appears to be the Credit Guarantee Corporation (CGC) Malaysia.

4.4 Are these government policies enough?

Government policies and implementation for entrepreneurship are generally inadequate. In Cambodia, Myanmar, Brunei Darussalam and Lao People's Democratic Republic, the greatest obstacles for doing business are inadequate government policies and inefficient government bureaucracy. Similar responses have been gathered by the Asia Foundation: in Malaysia, over 40 percent of respondents found the government to be unsupportive. In Thailand, women entrepreneurs were 21 percent less likely than men owners to think that the government was accessible. The problems start with setting up and registering a business. In Cambodia and Lao People's Democratic Republic it can take more than 70 days to set up a business, compared with 2.5 days in Singapore. Similarly, while it takes 16 procedures to set up a business in the Philippines, it only takes three in Malaysia and Singapore (UNESCAP, 2017). Thus, in order to enhance the support of female entrepreneurship, the improvement of government policies and implementation needs to go along with efficient government bureaucracy.

5. Conclusion

This paper reviews financial barriers women entrepreneurs in ASEAN are facing. There are a number of women entrepreneurs in ASEAN. Encouraging women's entrepreneurial aptitude can lead to positive economic outcomes such as job creation, the eradication of poverty, and social growth. Nevertheless, women face obstacles differently from men, especially financial barriers. Women tend to lack ownership in property which causes difficulty in borrowing. Hence, they tend to borrow from family or friends. There has been some progress and assistance in terms of policies and regulations both domestically and internationally. This can be found in government plans, regulations, or government support programs such as SME development funds or government-based credit guarantee schemes. However, Government policies and implementation for entrepreneurship are generally inadequate. The improvement of government policies and implementation needs to go along with efficient government bureaucracy in order to support and be accessible to entrepreneurs and businesses.

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