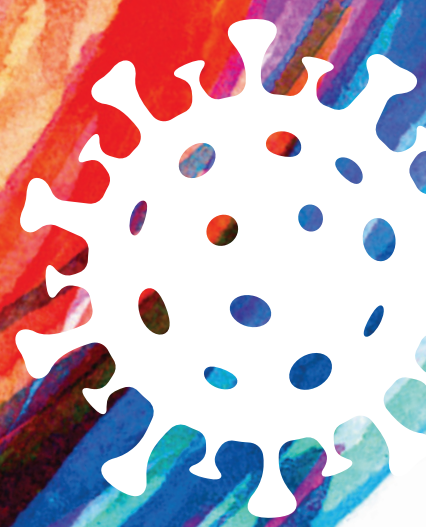




EXECUTIVE SUMMARY

# BRAVING THE WAVES

SURVEY RESULTS ON  
WOMEN-OWNED BUSINESSES  
ON COVID-19 IMPACTS ON WOMEN-LED ENTERPRISES



November 2022

RESEARCH TEAM

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## BACKGROUND

Beginning in early 2020, COVID-19 pandemic has spread out and severely affected human life around the globe, causing adverse impacts on the world's and Vietnam's economy.

Sharing the same situation as many other countries, Vietnam has been strongly hit by the pandemic break-out. As 2021 went by, economic activities saw significant declines mainly due to strict restrictions and protection measures that were widely adopted, shortage of labor forces caused by high job-quitting rate, disruption of material supply chains, restraints in goods transportation among provinces and cities, bankruptcy or dissolution of businesses as their resources ran out dealing with the pandemic over the long time. Some enterprises had to suspend their business or maintain at low level or delay their production activities due to unprofitable operation and smash in challenging conditions.

In such context, women-owned businesses also suffer pains and losses caused by COVID-19 pandemic. Globally, many of the smallest, most vulnerable businesses in the most affected industries were led by woman entrepreneurs. Apart from difficulties in business environment, the work-life balance pressure, there remains many prejudices in the society such as: women's "natural" capacity is for care work, not in management and business, and women should take on an auxiliary position ("second position") instead of taking on top leadership, or women are unable of concentration because they focus mainly on taking care of children and families, and women are hesitated of taking risks and do not have the skills like men in making bold decisions... Women had to face more challenges arising from increasing family's needs, such as taking care of children, the elder in the family when schools were closed and healthcare facilities switched their priority to support the fight against the pandemic.

With the support from Australian Department of Foreign Affairs and Trade (DFAT) via Australia-Vietnam Economic Reform Program (Aus4Reform program), Vietnam Chamber of Commerce and Industry (VCCI) have released the Report ***"BRAVING THE WAVES: SURVEY RESULTS ON WOMEN-OWNED BUSINESSES ON COVID-19 IMPACTS ON WOMEN-LED ENTERPRISES"***.

In this report, the authors try to analyze the data collected from the survey on largest businesses in Vietnam conducted by VCCI in 2020 and 2021 to identify impacts caused by COVID-19 pandemic and the responses of women-owned businesses in Vietnam, businesses' responses and assessments some Governmental supporting policies at central and local levels, and thereby provide some recommendations to help women-owned businesses to recover and promote their capability and strengths.

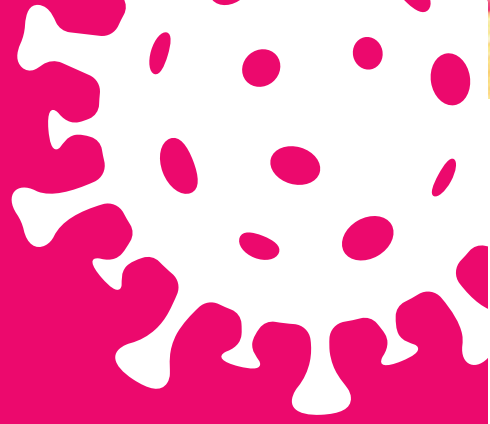
Strengthening the economic power and leadership of women and promoting their active participation in the economy are drivers for the sustainable development. Empowering the women in the economy and filling the gap in the job market are the key to the success of United Nation's Sustainable Development Agenda 2030<sup>1</sup>, as well as to the achievement of the goals identified in Vietnam's National Strategy on Gender Equality in 2021-2030 period.

The assessments and recommendations in the report are of the experts working on it. They do not necessarily represent the opinion of Vietnam Chamber of Commerce and Industry, Aus4Reform or Central Institute for Economic Management.

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<sup>1</sup> The Sustainable Development Agenda <https://www.un.org/sustainabledevelopment/development-agenda/>





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## KEY FINDINGS





## THE PICTURE OF WOMEN-OWNED BUSINESSES

### *Official statistics<sup>2</sup>:*

By the end of September 2022, there were 263,444 women-owned businesses out of 833,000 active businesses in the whole country.

### The number of women-owned businesses by types by the end of September 2022

No.	Type	Quantity	Percentage
1	Joint Stock company	36,647	15.75%
2	Partnership	12	0.005%
3	Limited company with 2 members or more	75,632	28.71%
4	One member limited company	135,331	51.37%
5	Private company	9,451	3.59%
	<b>Total</b>	<b>263,444</b>	<b>100%</b>

Source: The data was provided by Business Registration Management Agency - Ministry of Planning and Industry

### The number of women-owned businesses newly established and dissolved in 2021 and 9 first months of 2022

No.	Type	2021	9 first months of 2022
1	Newly established	34,681	36,009
2	Dissolved	5,706	4,742

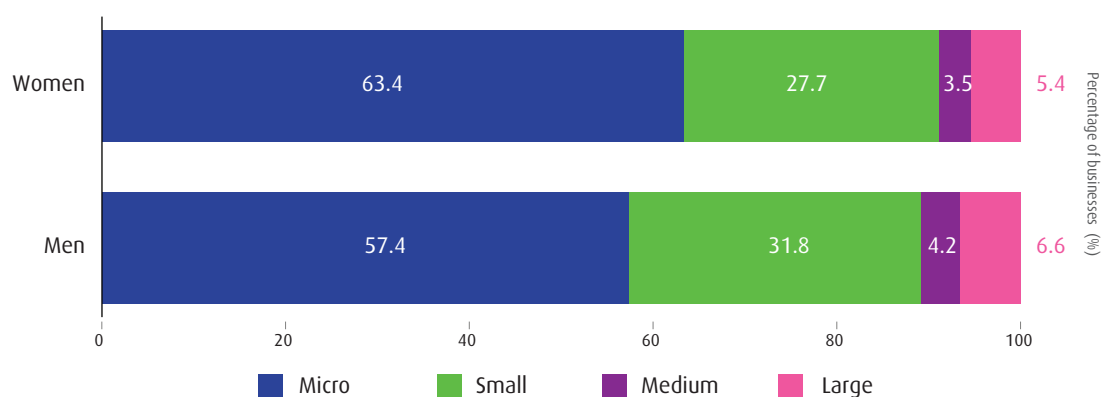
Source: The data was provided by Business Registration Management Agency - Ministry of Planning and Industry

<sup>2</sup> The data was provided by Business Registration Management Agency - Ministry of Planning and Investment

### *The statistics from 2021 PCI survey on businesses:*

- The percentage of women-owned businesses in 2021 PCI survey on businesses was 22.2%;
- Their main fields of operation were commerce/services. They mostly started as business households;
- Most women-owned businesses were of micro or small size (accounting for 90.7% of the total women-owned businesses) and their average scope was smaller than that of men-owned ones. There were up to 61.3% of women-owned businesses originated from individual business households;
- Their clients were mainly Vietnamese individuals and domestic private companies.

### Business size by gender of owners in PCI 2021



Source: VCCI-USAID, PCI survey

### THE FOUR BIGGEST CHALLENGES THAT WOMEN-OWNED BUSINESSES HAD TO FACE

- Seeking clients/customers: 64.3% of businesses;
- Access credit: 34.1% of businesses;
- Market fluctuation: 33.7% of businesses;
- Finding suitable personnel: 27% of businesses.

### OVERALL ASSESSMENT OF LOCAL BUSINESS ENVIRONMENT

- In general, women-owned businesses assessed the business environment in 2021 to be medium-relatively good (67.7/100 points), being slightly improved compared with that in 2020 (63.8/100 points). Given the struggling context of the whole economy, this assessment of women-owned businesses demonstrated that local economic management fields saw positive changes;

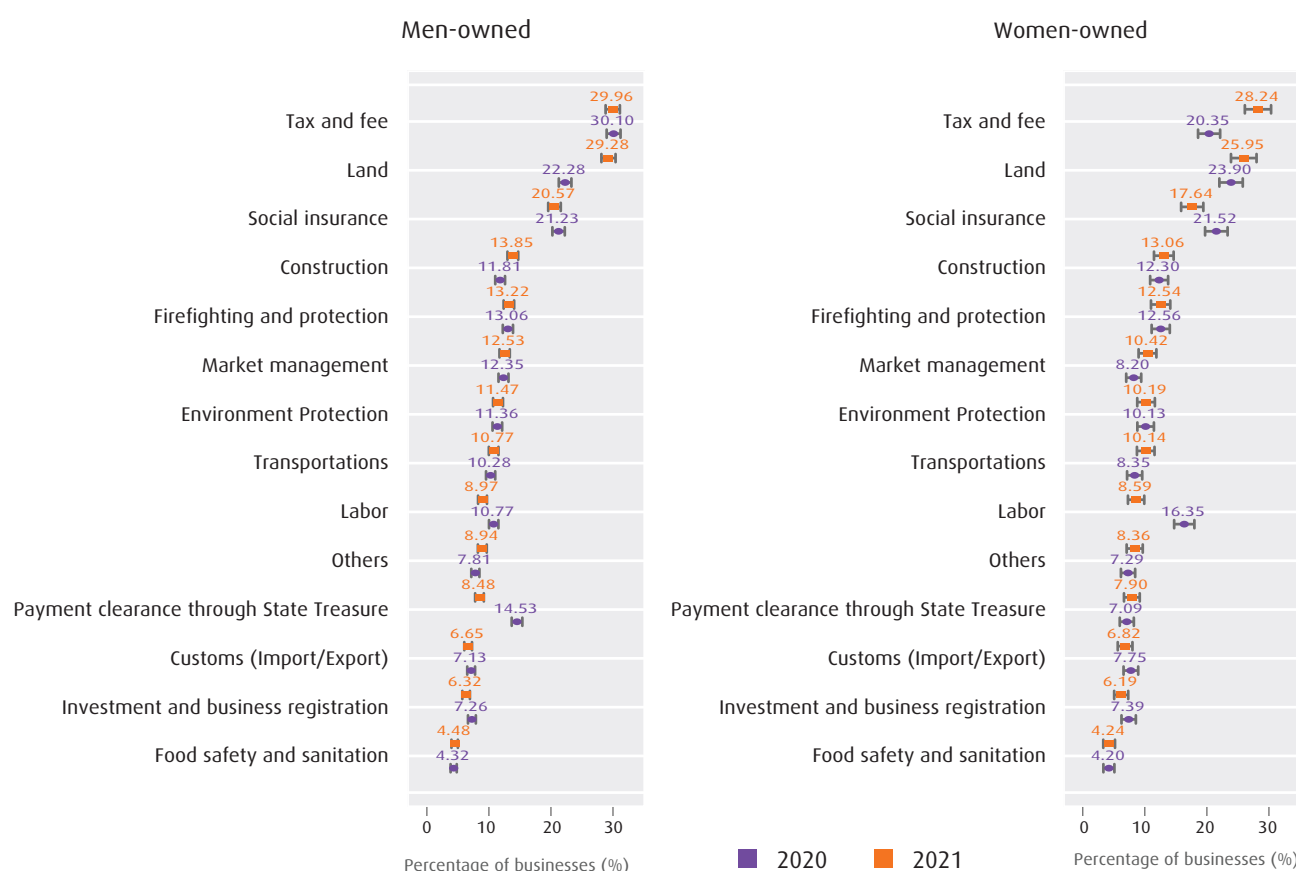
### Overall assessment of local business environment by gender of owners



Source: VCCI-USAID, PCI survey

- The aspects which were not really favorable for women-owned businesses were: land access, transparency, market penetration and labour training;
- The three areas with the most annoying administrative procedures: taxation and fees; land, site clearance; social insurance.

### Administrative procedures in some fields were found troublesome to enterprises



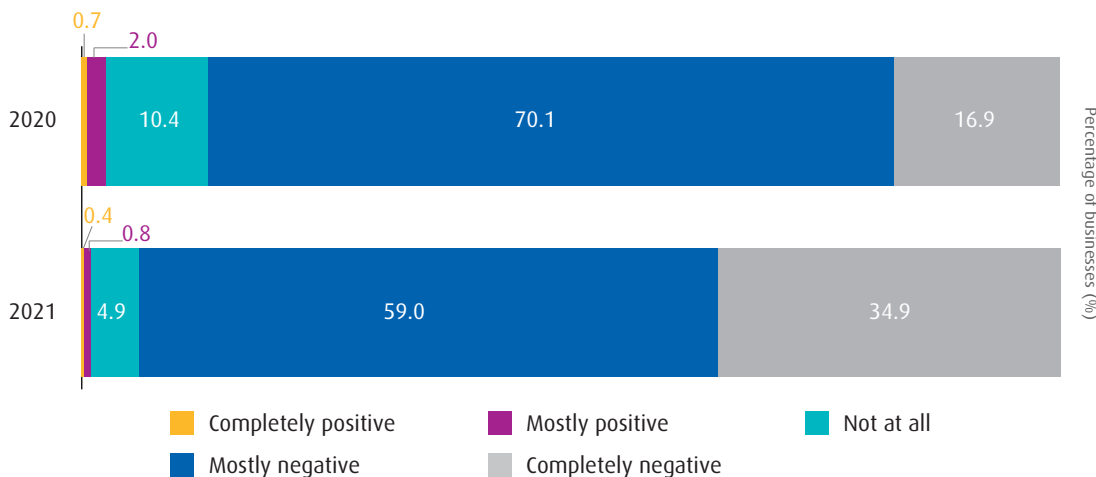
Source: VCCI-USAID, PCI survey



## IMPACTS OF COVID-19

- The COVID-19 pandemic caused adverse impacts to most businesses;
- In 2020, 87% of women-owned businesses suffered from negative influences and only 2.7% reported positive impacts. There was an increase in the percentage of businesses witnessing negative impacts in 2021. Most (93.9%) women-owned businesses said they were negatively affected, only 4.9% said they experienced no impacts and very few (1.2%) of them assumed positive impacts;

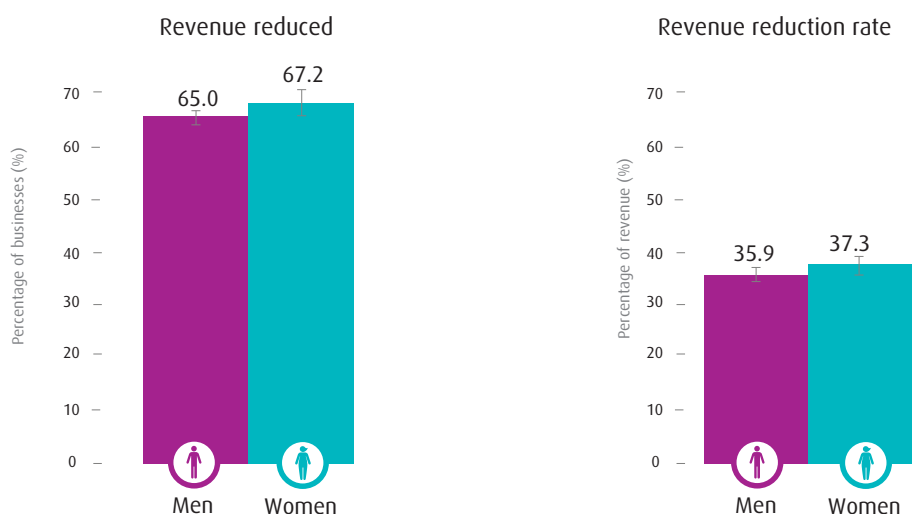
### Impacts of COVID-19 on women-owned businesses: comparison of survey results in 2020 and 2021



Source: VCCI-USAID, PCI survey

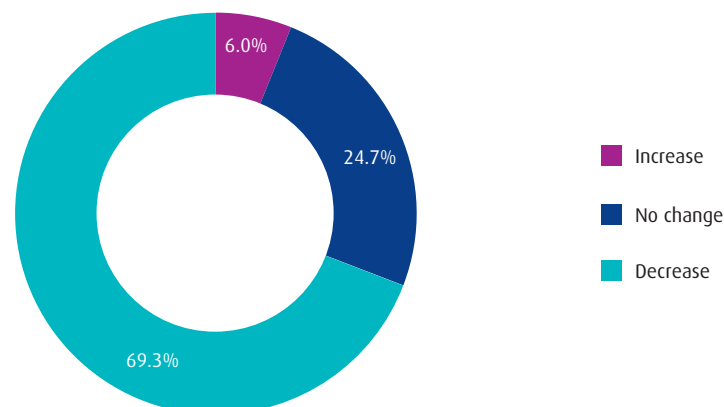
- There was decline in revenue in two years of COVID-19: The percentage of women-owned businesses seeing their revenue go down in 2020 compared with 2019 was higher than that of men-owned ones (being 67.2% and 65% respectively). The revenue decline of women-owned businesses was also higher (37.3% against 35.9%). Over 2/3 (69.3%) of women-owned businesses shared that their revenue estimates in 2021 were lower than in 2020 and very few of them (6%) saw increase in their revenue;

### Impacts of COVID-19 on revenue in 2020 compared with 2019 of businesses by gender of owners



Source: VCCI-World Bank

## Revenue estimates of women-owned businesses in 2021 compared with 2020 due to impacts of COVID-19



Source: VCCI-USAID, PCI survey

- The aspects suffering from negative impacts included: Seeking capital, access to customers, supply chains, issues of labours/personnel of enterprises;
- A very large proportion (approx. 90%) of businesses were compelled to have their workers quit their job, however, this figure in women-owned businesses was lower than in men-owned ones, being 89.6% and 91.1% respectively. The women owners made great efforts to retain their workers. The percentage of businesses with micro and small sizes that had to adopt this measure was the highest at 95% and 88% respectively.

## Percentage of businesses dismissing workers in 2021 by gender of owners

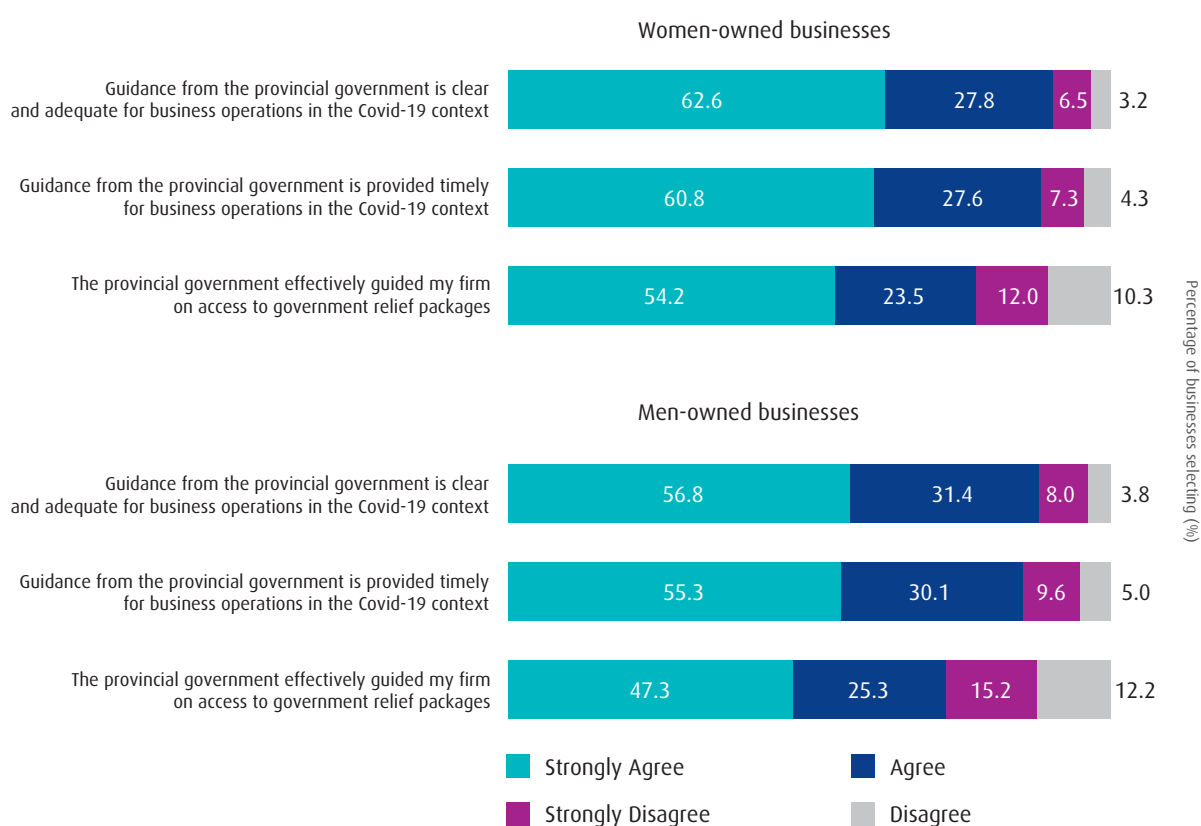


Source: VCCI-USAID, PCI survey

## RESPONSES AND ACCESS TO SUPPORT POLICIES:

- Women-owned businesses did adopted lots of response measures: those to guarantee safety of workers, fundamental measures to maintain continuous operation, those to cope with pandemic break-out; measures to increase use of IT and automation technologies were less applied;
- Regarding all implemented measures, women-owned businesses saw higher completion rate than men-owned ones;
- They also had more positive assessments and agreed more with some specific response activities of local governments than men-owned businesses;

### Assessments of businesses on pandemic response activities

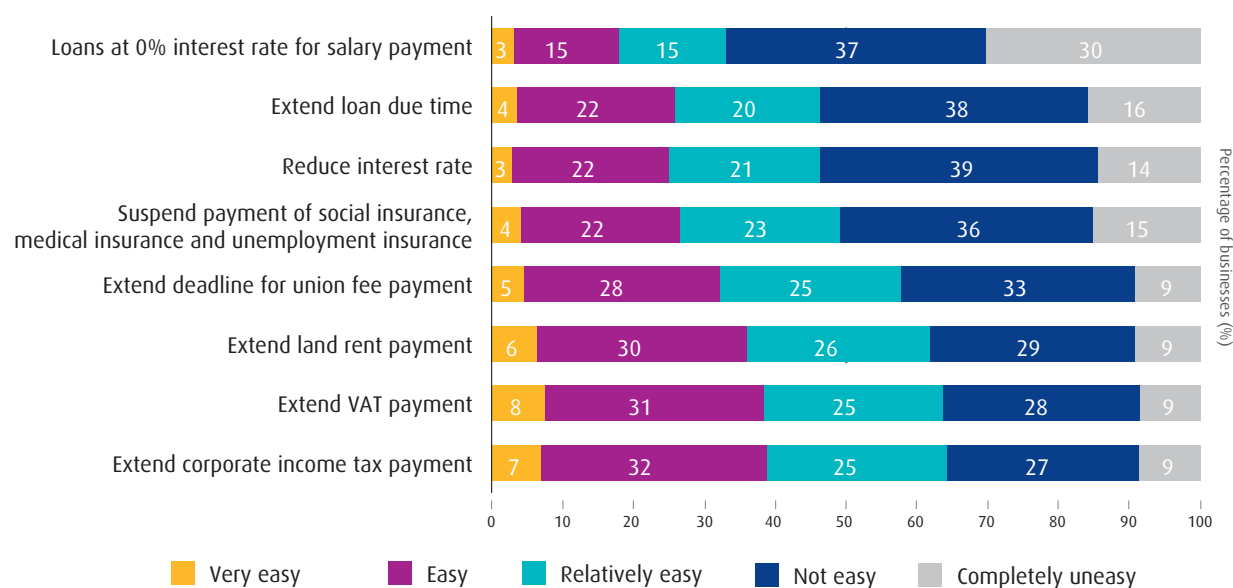


Source: VCCI-USAID, PCI survey

- Fiscal and monetary measures to assist businesses in fighting against COVID-19 pandemic were neutral;
- Regarding access to Governmental support policies: The percentage of businesses finding measures of extending time for corporate income tax payment, VAT payment easiest to access was the largest. Borrowing at 0% for paying workers was the most difficult to access.



## Women-owned businesses' evaluation on ease of access to support policies in 2020

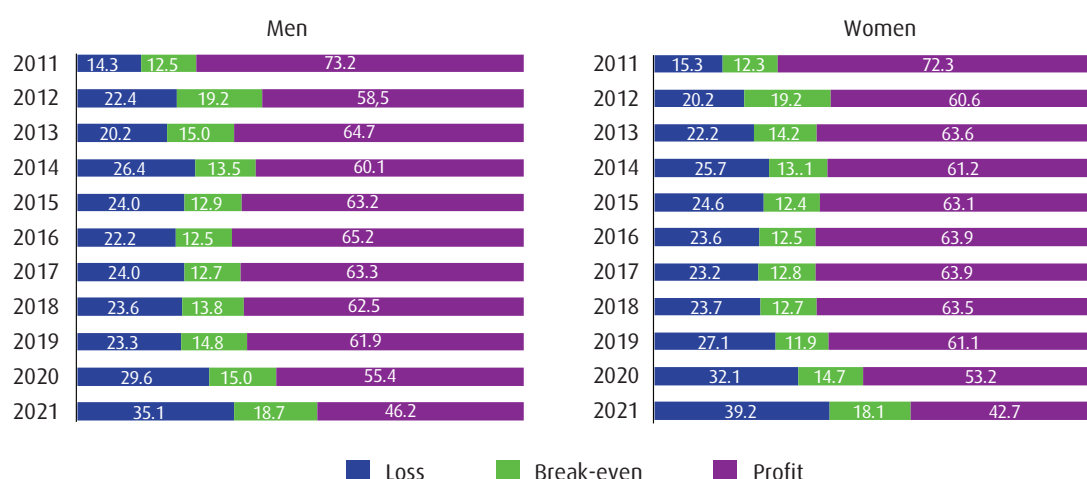


Source: VCCI-USAID, PCI survey

## BUSINESS RESULTS OF WOMEN-OWNED ENTERPRISES IN 2020 AND 2021:

- Business results of women-owned enterprises were gloomier with smaller number of enterprises gaining profit and larger number of those suffering loss;
- In 2020, only 53.2% of businesses gained profit while the percentage of those seeing loss was 32.1%. In 2021, the figures were 42.7% and 39.2% respectively;
- Women-owned businesses had poorer performance in 2020 and 2021 than previous years and than that of men-owned ones.

## Business results by gender of owners over years of PCI survey



Source: VCCI-USAID, PCI survey

Notably, the decline in business result of 2019 when the pandemic had not arrived demonstrated that women-owned businesses faced more difficulties and challenges, of which a large proportion originated from business environment.

## BUSINESS POTENTIAL OF WOMEN-OWNED BUSINESSES:

- The optimism level saw the greatest decline in the last 10 years of PCI survey;
- The percentage of businesses having plans to reduce their size or close was highest in the last 10 years, being 13.9%;
- Approx. more than a half (52.5%) of businesses wanted to maintain and try to keep their business activities at the current level.

### Business plan in the next 2 years of businesses by gender of owners

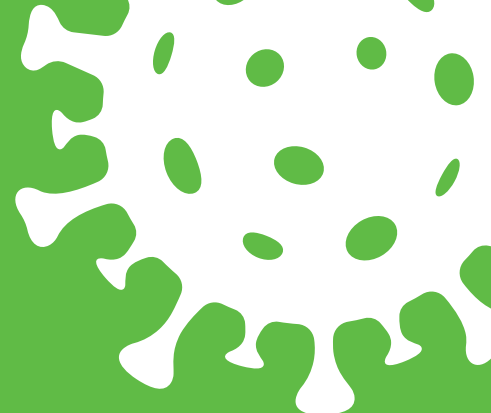


Source: VCCI-USAID, PCI survey

## THERE WERE STILL OUTSTANDING ISSUES IN POLICIES AND ASSISTANCES PROVIDED TO LOCAL SMES

- The Law on Support for Small and Medium-size Enterprises (SMEs), which became effective since 1 January 2018, stipulates the principles to prioritize women-owned SMEs;
- Decree No. 39/2018/ND-CP guiding the exercise of the Law still saw outstanding issues when some policies were not specific enough for the implementation of localities. It was replaced by Decree No. 80/2021/ND-CP which includes policies to support the use of counseling services on human resources, finance, production, sales, market, internal administration and others related to women-owned SMEs' production and business activities.
- Support for enterprises were also stipulated in some other documents, resulting in overlapping and confusion during implementation;
- The understanding of Law on Support for SMEs was very limited: About 51.3% of respondents in 2021 PCI survey (both men and women) did not know about Law on Support for SMEs. Among those aware of this Law, only 36.8% benefited from at least one supporting program. In general, as the percentage of businesses having no idea of this Law, the difficulty when complying with procedures to benefit from support might be worse in the reality than the assessment of those actually receiving support.

**LACK OF GENDER-SEGREGATED STATISTICS** there was a lack of basis to introduce evidence-based suitable policies.



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## RECOMMENDATIONS





In recent years, improving business environment and supporting enterprises' development have been the Government's priority to promote economic development and improve national competitiveness. Since 2020, the Government has issued many policies to assist people and enterprises to recover their production, business activities and overcome negative impacts of COVID-19 pandemic.

Promoting gender equality, including issuance of criteria and introduction of measures to increase the percentage of female leaders in businesses, cooperatives is also among focuses of the Government and demonstrates Vietnam's commitments to the international community over the last decades. However, the criterion set out in National Strategy on Gender Equality in 2011-2020 period as *"The percentage of women-owned businesses reaches 30% by 2015 and 35% or higher by 2020"* was not met.

To narrow the gender gap in economic sector and getting closer to the targets specified in the National Strategy on Gender Equality in 2021-2030 period, great efforts from multiple stakeholders, on various aspects are required to set out objectives and detailed implementation measures in short, medium and long terms.

### Increase support for business recovery in the new normality

- Local authorities should prioritize women-owned businesses in support programs, provide support to enable them to equally access credit, especially after State Bank of Vietnam officially changes the credit growth criteria for some commercial banks; simplify loan procedures and conditions and quickly process applications;
- Localities should improve the implementation of support measures introduced by the Government to assist businesses in the crisis caused by COVID-19, especially in term of transparency of information and procedures. Ministries, agencies and local governments should strengthen dissemination and communication of support policies to facilitate businesses in accessing introduced support packages. There should be adequate, specific and detailed guidance on procedures, implementation steps to make it simple and easy for businesses to follow. Relevant agencies could collaborate with enterprise associations and business networks, other communities to answer, assist with information and detailed instructions regarding support solutions to enterprises, in a manner that suit enterprises' characteristics and thereby promote access and beneficial use of support measures;
- The Government should identify suitable goals for each period to develop financial support packages which are big enough to timely meet criteria, benefit the right targets, with adequate implementation time and coverage to produce results as expected. In short term, the objective of financial support packages is to restrain the pandemic and minimize its health-related and economic impacts and therefore, priority will be given to spending on health care, social welfare of people and workers, support to businesses with focus on those which could produce large impacts and those with rapid recovery potential; SMEs, in which direct subsidies still play an important role. In long term, given the objective of economic recovery, financial measures should gradually shift from direct to indirect support, from financial to mechanism support, from large to smaller group of those who suffer from persistent impacts of the pandemic, promote innovation, digital transformation and green, sustainable development;
- The Government should review the implemented financial support policies to consider expand the beneficiaries, level and time of support. Focus should be placed to improve efficiency of communication and implementation activities of the issued support policies. Appraisal procedures and steps should be minimized and focus on post-audit and sanctions for rent seeking acts;
- The Government, businesses and stakeholders should together promote digital transformation: businesses should review the transformation and seek e-commerce opportunities, including online platforms and digital transactions as a way to enter "low touch economy" which is forecast to see rapid growth in the new normality. State agencies should closely cooperate with businesses and organizations to effectively apply digital transformation instruments on large scale, by introducing initiatives and infrastructures to enhance technology knowledge and make use of practical benefits of such instruments. Women-owned businesses

might find it difficult with IT application and therefore need to have awareness improved and the Government should actively provide them with technical assistance for low cost online transaction techniques, develop need-driven programs and initiatives, which is crucial to expand their access to domestic and international markets. In addition, women-owned SMEs should be enabled to easily access digital banking system and digital instruments to improve their chance with cross-border business;

- Governments at different levels should promote, associations should connect and businesses themselves should actively seek domestic supply chains and opportunities to promote domestic market: Customers/clients of women-owned businesses are mainly domestic ones and therefore, better connection with domestic supply chains and exploration of domestic market with 90 million potential customers could help speed up their recovery, foster their expansion to new markets in other provinces and cities by using e-commerce platforms and online marketing tools, using more diverse supply sources and logistics services and trying to better satisfy changes in domestic demands. This is the context when COVID-19 highlights the significance of building a robust domestic market for products and services and not relying too much on foreign market for future economic growth. Business associations, clubs and representative offices should strengthen their support to business linkage, market expansion for their members; at the same time, enterprises should also actively find their own ways such as do online business, online exhibitions, attend workshops and seek online opportunities etc;
- State agencies, business associations should timely provide market information while enterprises should actively control and mitigate risks of market fluctuation by conducting risk assessment and preparing response plan by creating new sales channels, expanding supply chains, controlling and strengthening distribution channels etc., for example;
- Associations and organizations representing businesses share information and strengthen coordination as well as linkage with each other and between member businesses for cooperation and reciprocal development. Also, they synthesize and propose solutions with initiatives to the Government to facilitating businesses in proactive adaptation, rapid recovery and sustainable development.

### Improve laws and policies to encourage women entrepreneurship and promote women-owned businesses

- Assess the efficiency of the Law on Support for SMEs, especially regarding the information access, support provision method and support benefiting of women-owned SMEs and thereby amend and revise this Law;
- The Government is recommended to consider including the facilitation and promotion of women-owned businesses in the Decree on improving business environment and national competitiveness for gender equality in economic sector, contributing to the fulfillment of sustainable development goals;
- For other policies and regulations, gender impacts and gender mainstreaming should be carefully assessed.

### Improve implementation efficiency of current supports for SMEs

- At local level, there should be detailed implementation plan and objective independent assessment on the task fulfillment;
- Improve quality of the national Portal for SME support, supplement database of statistics on SMEs, sectoral analysis, goods, public services procurement and shopping opportunities etc. to support businesses to interact, seek and fully access support programs and services. Maintain the information sharing mechanism between national Portal for SME support and business support portals of ministries, ministerial-level agencies and Provincial People's Committee;
- Strengthen connection between women entrepreneurs, business clubs/associations, financial institutions to support businesses.

## Improve business environment, focus on improvement of the areas with most outstanding issues

- *Reform administrative procedures, reduce the burden of compliance costs*

Strengthen reform in all administrative procedures relevant to businesses, especially in terms of land, taxes and fees. Improve quality of administrative procedures, review and eliminate unnecessary ones, simplify administrative procedures and optimize their implementation, reduce troublesome implementation of administrative procedures.

Complete revision of Land Law 2013 and some relevant laws to ensure the uniform and consistency, timely complete development of digital database and national land information system which is concentrated, consistent, uniform, multi-purpose and of continuous connection.

Taxation sector still needs to work on further reforms, review and simplify administrative procedures, promote technology application, modernize tax management methods, ensure stability when using General Department of Taxation's portal, further improve procedures for tax exemption, reduction and refund. This is especially recommended in the context that COVID-19 is still unpredictable, making people and businesses tend to perform administrative procedures online and limit direct contact.

Regarding administrative procedures of social insurance: It is necessary to cut down unnecessary procedures, promote modernization and effective operation of the "concentrated electronic one-gate" to virtually monitor activities of receiving dossiers, processing and return results of administrative procedures in social, medical and unemployment insurance areas.

Reduce conditions for business, minimize difficulty for enterprises when applying for certificate of eligibility for business operation, business registration and practice certificates.

- *Improve conditions for market entering*

Continue to strongly reform and promote digitalization, simplify procedures for market entering and improve business environment. Review to eliminate conflict, overlapping and outstanding regulations which are no longer suitable and hinder business development, revise application forms and procedures of certification to reduce burden for both businesses and state agencies.

- *Strengthen publicity and transparency*

Local agencies better perform their responsibilities to provide information as requested by businesses, transparently publish and facilitate businesses in accessing information, actively notify them when there is any change in provincial laws and policies (via online forms/website). Attention should be placed to predict changes in legal laws which might affect business activities and anticipate implementation of the laws at local level.

Representative organizations should be more active and state agencies should call for their comments and distribution in policy making process to improve the regulations and create favorable conditions for businesses.

- *Improve worker training quality to assist businesses to find suitable personnel*

Localities should research and develop appropriate training programs, improve human resource quality and ensure the competitiveness of the economy. Improve vocational education, labour training institutions (in terms of both personnel and facilities, training equipment, education curriculum and programs); follow policies on need-based vocational training and attachment to the job provision; vocational training based on enterprises' demands and vocational training in student diverging to attract young workers etc. It is necessary to ensure that vocational training and orientation facilities would not strengthen the gender bias and pattern in career orientation and student diverging.

There should be mechanisms, policies and regulations in cross-border training activities and post-training job introduction among vocational training institutions and businesses and regulations to align short-term training programs based on needs of enterprises with the national vocational training program etc.

It is essential to build up strong relations between vocational training with enterprises and labour markets at levels to ensure that vocational training activities are in line with demands and needs of each industry, each area and that enterprises become one of participants in vocational training.



### The Government considers development of strategy for women-owned business development with specific priorities and implementation measures as well as participation of the whole society

The overall objective of Strategy for Development of Women-owned businesses is to empower women economically by creating favorable business environment and support their business development potential, contribute to the development of existing enterprises and create more new enterprises, new jobs and thereby promote growth of the economy.

The long term objective is to develop startup ecosystem for continuous development of women entrepreneurs.

The mid-term objective is to:

- Improve the environment, opportunities and conditions for development of women entrepreneurs and engage all stakeholders in the Strategy implementation;
- Increase the percentage of women-owned businesses;
- Increase the percentage of female workers corresponding to the labour force scope.

To perform strategic priorities, the Government and relevant agencies should closely work with private sector to implement economic and social policies, execute support measures at local and central levels in order to encourage and promote women startups, including:

- Create favorable environment for the development of women entrepreneurs;
- Provide systematic support for development of women-owned businesses;
- Develop infrastructure to support and promote development of women entrepreneurs;
- Promote, develop networks and provide comments for policy making.





## CONCLUSIONS

Gender equality in Vietnam has been encouraged in many aspects. The role of women entrepreneurs have been affirmed in the context of regional and global integration and robust economic growth. Vietnam has made lots of efforts in encouraging women to start their business and build up community of women-owned businesses. The percentage of women-owned businesses in Vietnam is quite high compared with other countries around the world.

In recent years, the business community highly appreciates the Government's effort to implement commitments for improvement of business environment to become equal, transparent, safe, friendly and favorable for enterprises, especially private ones, SMEs and startups. Those are efforts for institutional reform, administrative procedure reform, reforms of organization structure and for improvement of responsibility, attitude when serving people and enterprises etc.

However, to further promote development of women-owned businesses, there should be stronger determination and overall plan with clear objectives for each period, followed by specific implementation measures and participation of the whole society.



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November 2022

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