

Gender related Obstacles To Vietnamese Women Entrepreneurs



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Technical Report*

Prepared for the UN-GOV Joint Programme on Gender Equality,
by the United Nations Industrial Development Organization (UNIDO)
in cooperation with the Viet Nam Chamber of Commerce and Industry (VCCI),
and the funding of MDG Achievement Fund (MDGF),
Project FM/VIE/09/005

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS.....	6
ABBREVIATIONS	7
LIST OF TABLES	8
LIST OF FIGURES	9
LIST OF ANNEX TABLES	10
EXECUTIVE SUMMARY	11
 1. INTRODUCTION.....	 17
 2. THEORETICAL PERSPECTIVE OF THE STUDY.....	 19
2.1 Framework for Institutional Analysis of Vietnamese female entrepreneurship	19
2.2 Women’s internal perceptions (attributes of the entrepreneur herself).....	22
2.3 The World Bank’s Doing Business and the Economics of Institutions	24
2.3.1 The five Selected Doing Business indicators used for the research.....	25
2.3.2 Criticism against Doing Business	27
2.3.3 Linking regulatory reform with Vietnamese tradition	28
 3. VIETNAMESE TRADITION, LAWS AND FEMALE ENTREPRENEURSHIP	 28
3.1 Vietnamese Tradition	28
3.2 Vietnamese Laws affecting women’s business environment.....	29
3.3 Development of female Equality and Entrepreneurship in Vietnam	30
 4. METHODOLOGY	 33
4.1 Selection of Research areas.....	33
4.2 Sampling procedure.....	34
4.3 Data-gathering and analysis	35
 5. OVERVIEW OF RESULTS	 37
5.1 General Description of survey respondents	37
5.2 Starting a business for Vietnamese women.....	40
5.2.1 Traditional factors influencing Starting a business	41
5.2.2 Regulatory factors influencing starting a business.....	45
5.2.3 Internal factors influencing starting a business	47
5.3 Running a business for Vietnamese women	48
5.3.1 Traditional factors influencing running a business	49
5.3.2 Regulatory factors influencing running a business	50
5.3.3 Internal factors influencing running a business.....	57
5.4 Doing Business and respondent’s policy suggestions.....	66
5.4.1 Knowledge about the Doing Business	66
5.4.2 Policy recommendations from Vietnamese entrepreneurs.....	68
5.5 Assessment of Laws and Decrees	69
5.5.1 Conformity of Laws and Decrees with Law on Gender Equality	69
5.5.2 Assessment of Laws and Decrees in the context of the project’s results.....	70

6. CONCLUSIONS, POLICY IMPLICATIONS and FURTHER STUDY	74
6.1 Conclusions	74
6.1.1 Conclusions with regard to Traditional gender-based obstacles in <i>Starting</i> a business	75
6.1.2 Conclusions with regard to Regulatory gender-based obstacles in <i>Starting</i> a business	75
6.1.3 Conclusions with regard to Traditional gender-based obstacles in <i>Running</i> a business	76
6.1.4 Conclusions with regard to Regulatory gender-based obstacles in <i>Running</i> a business	77
6.2 Policy Implications.....	77
6.2.1 Policy Implications to improve the regulatory business environment	78
6.2.2 Policy Implications for the Vietnamese National Strategy on Gender Equality (2011-2020)	79
6.2.3 Policy Implications for the Vietnamese SME Development Plan (2011-2015)	82
6.3 Study Limitations and Suggestions for further study	85
7. REFERENCES	87
8. ANNEX TABLES.....	95

ACKNOWLEDGEMENTS

This study was prepared by the United Nations Industrial Development Organisation (UNIDO) as part of the UN-Government of Viet Nam Joint Programme on Gender Equality (JP) in cooperation with the Viet Nam Chamber of Commerce and Industry (VCCI), through the Vietnamese Women Entrepreneurs Council (VWEC) and the funding of MDG Achievement Fund (MDGF).

The study contributes to work under JP output 2.2. *Improved Partnership between mass organizations and government agencies to promote women economic empowerment*, for which VCCI collaborates with UNIDO and the International Labour Organization (ILO).

The lead researcher and primary author is Ms. Aimée Hampel-Milagrosa, with the contributions by Mr. Pham Van Hong, Mr. Nguyen Anh Quoc, and Mr. Nguyen Tri Thanh.

Three regional and one national consultation workshops were organized by VCCI/VWEC and the UNIDO office in Vietnam.

Valuable comments were provided by Ms. Tran Thi Thuy, Chairwoman of VWEC, Ms. Nguyen Thi Tuyet Minh, Vice Executive Chairwoman of VWEC, Ms. Pham Nguyen Cuong, Vice Director of Department of Gender Equality of the Ministry of Labour, Invalids and Social Affairs, Ms. Trinh Thi Huong, Deputy Director of SME Development Division, Enterprise Development Agency, Ministry of Planning and Investment, Ms. Ingrid Fitzgerald, UN Gender Advisor, Ms. Neliën Haspels, ILO Bangkok, Ms. Nilgun Tas, UNIDO Representative, and participants of three regional and national review workshops.

The project managers for this study are Ms. Gabriele Ott, Industrial Development Officer, Rural Entrepreneurship Development and Human Security Unit, UNIDO Vienna, and Ms. Le Thi Thanh Thao, National Programme Officer, UNIDO Vietnam.

Leaders from VCCI provided support throughout the research.

ABBREVIATIONS

ADB	Asian Development Bank
BDS	Business Development Services
CEDAW	Convention on the Elimination of all forms of Violence against Women
EWI	Employing Workers Indicator
GEL	Gender Equality Law/Law on Gender Equality
GER	Gross Enrolment Ratio
GDP	Gross Domestic Product
GPI	Gender Parity Index
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IFC-GEM	International Finance Corporation – Gender Entrepreneurship Markets
IFC-MPDF	International Finance Corporation – Mekong Private Sector Development Facility
ILO	International Labour Organization
ITUC	International Trade Union Confederation
LUC	Land Use Certificate
MOLISA	Ministry of Labour, Invalids and Social Affairs
MOWA	Ministry of Women’s Affairs (Cambodia)
MPDF	Mekong Private Sector Development Facility
MPI	Ministry for Planning and Investment
NIE	New Institutional Economics
OECD	Organization for Economic Cooperation and Development
PASW	Predictive Analytic Software
PCI	Provincial Competitiveness Index
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
SRS	Systematic Random Sampling
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
US	United States
USAID	United States Agency for International Development
VAT	Value-added Tax
VCCI	Viet Nam Chamber of Commerce and Industry
VHLSSS	Viet Nam Household Living Standards Survey
VNCI	Viet Nam Competitiveness Initiative
VWEC	Viet Nam Women Entrepreneurs Council

LIST OF TABLES

Table 1 Vietnam's performance in Doing Business 2007 until 2010	26
Table 2 Descriptive characteristics of respondents	37
Table 4 Distribution of survey respondents by region and sector.....	39
Table 5 Impact of gender on business start up and continuation, per region, female entrepreneurs only	41
Table 6 Difficulties in start-up and continuation, controlled for type of enterprise.....	42
Table 7 Difficulties in start-up and continuation, controlled for Sector	42
Table 8 Asset ownership of entrepreneurs by gender and type of asset	43
Table 9 Sources of financial capital for business start-up per region	45
Table 10 Crosstabulation, gender and problems in business registration	46
Table 11 Chi-square test for independence for gender and difficulty in business registration	46
Table 12 Perceived gender-related bias in doing business, by gender and business related activity	49
Table 13 Crosstabulation, gender and problems in obtaining business loans	50
Table 14 Crosstabulation, gender and problems in retaining good employees.....	54
Table 15 Crosstabulation, gender and problems in paying taxes.....	55
Table 16 Crosstabulation, gender and facilitation payments	57
Table 17 Crosstabulation, gender and working hours.....	58
Table 18 Network density of female entrepreneurs across regions	60
Table 19 Cross tabulation, gender and membership in entrepreneurial organizations	60
Table 20 Crosstabulation, gender and lack of good employees as hindrance to continuation and scaling up	61
Table 21 Cross tabulation, gender and lack of education, skills and training as hindrance to continuation and scaling-up.....	62
Table 22 Cross tabulation, gender and effect of family responsibilities to continuation and scaling-up	62
Table 23 Crosstabulation, gender and bureaucracy / red tape as hindrance to continuation and scaling-up	63
Table 24 Difficulties with regulation, controlling for type of enterprise	64
Table 25 Difficulties with regulation, controlling for sector	64
Table 26 Summary of findings (selected)	65
Table 27 Suggested areas for regulatory reform grouped across genders, in percentages.....	68

LIST OF FIGURES

Figure 1 Williamson's Economics of Institutions	20
Figure 2 Map of Viet Nam and project's survey areas	36
Figure 4 Asset ownership among female Vietnamese entrepreneurs by region and type of asset	43
Figure 5 Gender-disaggregated asset and capital ownership among Vietnamese entrepreneurs	44
Figure 6 Risk-taker, initiative for new business and innovative characteristics of Vietnamese women entrepreneurs per region	48
Figure 7 Business loans from same (entrepreneurs' original and main bank) and other banks	52
Figure 8 Employment of male and female workers by female entrepreneurs per region	53
Figure 9 Payments to facilitate business registration and taxation by region and gender in absolute values	56
Figure 10 Comparison of working hours of male and female Vietnamese entrepreneurs	57
Figure 11 Paid hours worked (in categories) and number of children	59
Figure 12 Observed improvements in the past two years in selected areas of doing business compared across regions (female entrepreneurs only)	67
Figure 13 Observed improvements in the past two years in selected areas of doing business compared across genders	68

LIST OF ANNEX TABLES

Annex Table 1 Descriptive statistics of survey respondents by gender	95
Annex Table 2 Chi-square test for independence for gender and problems in obtaining business loans	95
Annex Table 3 Chi-square test for independence for gender and difficulty retaining good employees	96
Annex Table 4 Chi-square test for independence for gender and problems in paying taxes ..	96
Annex Table 5 Independent samples t-test for facilitation payments for registration and taxation by gender	96
Annex Table 6 Chi-square test for independence for gender and working hours	96
Annex Table 7 Chi-square test for independence for gender and membership in entrepreneurial organizations	97
Annex Table 8 Chi-square test for independence for gender and belief that lack good employees serve as a hindrance to continuation and scaling-up	97
Annex Table 9 Chi-square test for independence for gender and belief that the lack of education, skills and training serve as a hindrance to continuation and scaling-up	97
Annex Table 10 Chi-square test for independence for gender and belief that family responsibilities serve as a hindrance to continuation and scaling-up	97
Annex Table 11 Chi-square test for independence for gender and belief that bureaucracy serves as a hindrance to continuation and scaling-up.....	98
Annex Table 12 Phi-coefficient interpretation	98

EXECUTIVE SUMMARY

In recent years, the Vietnamese government has focused efforts on tapping on women's potential by improving the regulatory business environment and implementing the Law on Gender Equality, Law on Investment and Law on Enterprises as well as other Decrees in support of female entrepreneurship. The aim of reforms is to level the playing field in order to draw on female entrepreneurship as an engine of economic growth and social development. However, women entrepreneurs in Viet Nam live under two social settings: Traditional values that support the subordination of women and socialist ideals of the equality of citizens before the law. How do women entrepreneurs perceive the impact of policy reforms and prevailing traditions on their entrepreneurial situations and initiatives? And what are the implications for policy makers and private sector associations? This report analyzes the traditional, regulatory, and internal gender-based obstacles that influence Vietnamese women entrepreneurs in starting and running their businesses and provides policy implications for promoting women's entrepreneurship and gender equality in Vietnam.

RESEARCH METHODOLOGY

Data for this research come from results of a survey of six provinces in North, Central and South Viet Nam conducted between September and November 2009. A total of 199 female and 41 male entrepreneurs that were members of the Vietnamese Chamber of Commerce and Industry (VCCI) were interviewed using pre-tested semi-structured questionnaires. The survey explored gender-based obstacles to female entrepreneurs in terms of tradition, perceptions and in five areas concerning businesses, namely: (1) Registering property (measured through asset ownership), (2) Starting a business, (3) Getting credit, (4) Paying taxes and (5) Employing workers. They correspond to five indicators used in the World Bank's Doing Business project. These five indicators were selected for this study since earlier research showed that reforms in these five regulatory areas impact women the most.

In addition, a gender-based analysis of selected Laws and Decrees relevant to female entrepreneurship was also conducted. The Laws included in the analysis were: (1) Law on Investment (No. 59/2005/QH11 of December 25, 2001) together with the Decree detailing and guiding the implementation of a number of articles of the Investment Law (Decree 108/2006/ND-CP dated 22/09/2006); and (2) the Law on Enterprises (No. 60/2005/QH11) together with the Decree on business registration (Decree 88/2006/ND-CP dated 29/8/2006), Decree on assistance to the development of small- and medium- sized enterprises (Decree 56/2009/ND-CP), the Circular on guiding the cooperation mechanism between organizations handling business registration, tax registration and seal registration to enterprises establishing and operating under Enterprise Law (Circular 05) and the Circular instructing on selected issues in regard of business registration documentation, procedure and formality (Circular 03).

In December 2009, regional workshops and Focus Group Discussions with experts were conducted in Da Nang (in the Centre), Ho Chi Minh City (in the South) and Hai Duong (in the North). A one-day national workshop with various stakeholders was held on 02 April 2010 in Ha Noi.

Research results are grouped in four main categories, namely; (1) traditional and regulatory obstacles in starting a business (2) traditional and regulatory obstacles in running a business (3) quality of the regulatory business environment in the context of Doing Business indicators and (4) the conformity and characteristics of the Laws and Decrees supporting Vietnamese female entrepreneurship.

The sample for this research consisted of entrepreneurs that were registered with the VCCI. The limited population pool does not allow findings of the study to be generalized for all micro-, small and medium-sized enterprises in Viet Nam. Nevertheless, study results provide significant information on the situation, experiences and perceptions of male and female Vietnamese entrepreneurs in the light of business environment reforms and a changing institutional environment.

RESEARCH RESULTS

Majority of the entrepreneurs surveyed owned Limited Liability Companies and operated in the services sector. Both male and female Vietnamese entrepreneurs established enterprises primarily to generate income and employment.

(1) Traditional and Regulatory Obstacles to *Starting* a business

Vietnamese female entrepreneurs seem to be more bound to tradition than men. Women tend to consult their families for important business decisions, consider heavy family responsibilities as impediments to business start-up, and generally feel that their gender made it more difficult for them to start and continue a business. Specifically, female owners of Joint Stock Companies as well as owners of enterprises that are involved in multi-sectoral businesses found that their gender made it more difficult to start enterprises as compared to the rest of entrepreneurs surveyed. Age was not deemed as a factor hindering business start-up.

No gender-based difference exists between men and women in terms of ownership of vehicle, building and bank account. . Significant but weak gender-based differences exist in terms of registered land ownership and savings. Most of the entrepreneurs used own capital or asked for financial support from family and friends in order to start businesses. Male entrepreneurs however, are on average more highly educated than female entrepreneurs. Men also have more confidence in the adequacy of their education and skills to start a business, have more plans to expand businesses and are more willing to take investment risks than female entrepreneurs.

In terms of business registration, majority of the entrepreneurs found formalizing enterprises a relatively easy procedure. The few who experienced problems complained about complicated application forms that were difficult to fill-up, and the time-consuming administrative process.

(2) Traditional and Regulatory Obstacles to *Running* a business

The research did not find any significant difference in perceived gender-based bias of male and female entrepreneurs in getting collateral, entering networks, acquiring new contracts, employing workers and dealing with authorities.

Fewer women than men worked longer than 12 hours (paid work) for their enterprise and the difference in paid working hours across time categories was not significant. The study

revealed however that women invest consequently fewer working hours once the number of children goes beyond two.

Despite high worker mobility, lack of education and skills, and bureaucratic burden, Vietnamese female entrepreneurs do not believe that these serve as a hindrance to business continuation and scaling-up. However, significantly more women than men believe that the burden of domestic responsibilities is an impediment to business operation and expansion. It is for this reason perhaps, why even if entrepreneurs ranked themselves as successful in balancing work and family, many still longed for more freedom from domestic responsibilities in order to be able to focus on their businesses.

Women feel discriminated when it comes to obtaining commercial credit, but actually more men experience problems in this regard. This is because, despite having more registered land under their names, male entrepreneurs have fewer savings in the bank than women. Women tend to also be more diplomatic and persevering than men when it comes to loan applications. However, the successful borrowing rates of women are much lower than men when applying for loans from an *alternative* bank. The most common problems encountered in getting credit were drawn-out loan application procedures, complicated loan terms and conditions, low asset valuation and strict collateral conditions. While obtaining long term commercial credit was a prevalent problem, very few entrepreneurs complained about taxation. The few women who experienced problems in paying taxes complained of complex forms that were arduous to accomplish. The regulation that most entrepreneurs experienced problems with are those related to retaining educated and experienced workers. Many reported that the high labour mobility of workers in Viet Nam tend to disrupt operations and creates unnecessary costs for the firm. We also found that there was no significant difference between men and women in terms of making facilitation payments (bribes) to ease administrative burdens.

(3) Quality of regulatory Business Environment in the context of Doing Business indicators

In the light of regulatory framework analysis using Doing Business project's indicators, it appears that the Vietnamese government has been making good progress in eliminating gender-related obstacles in the regulatory business environment of female entrepreneurs. Except for regulations affecting employing workers, few female (and male) entrepreneurs experienced problems with regard to the regulations. The few who experienced problems dealt with issues that were less about traditional gender-bias and more about cumbersome procedures and their implementation.

(4) Conformity and characteristics of Laws supporting female entrepreneurship

With regard to the recent Laws and Decrees implemented by the Vietnamese government to assist female entrepreneurship, initial assessment showed that the Law on Enterprises and Law on Investment—in their wording and formulation - do not conflict with the Vietnamese Law on Gender Equality. However, the Decrees and Circulars following these laws are at times not very clear with regard to terms and their priorities; do not have a wider and farther perspective of the gender impact of certain provisions, do not recognise women as investors and as owners of SMEs, do not provide provisions that would protect women in cases of problems with registration officials, do not provide preferential treatment to women-led SMEs where it is needed (for example, in business domains that are disproportionately dominated by men, which women would like to enter), and do not consider the burden of domestic tasks on women, among others. There is a need to continuously analyse Decrees and Circulars following important laws to make sure that women's rights and opportunities are protected.

*In a nutshell, Vietnamese women entrepreneurs who were covered by the study appear to suffer more from traditional and internal, than from regulatory factors **when starting a business**. However, once a business is started, and if we reduce the burden of family responsibilities, female entrepreneurs seem to be able to take the lead over male entrepreneurs in terms of their perseverance and determination to succeed.*

POLICY IMPLICATIONS

Policy implications are grouped into four categories, namely: (1) policy implications on how to improve the regulatory business environment in the light of regulatory reforms along the lines recommended by the World Bank's Doing Business project, (2) policy implications on how to enhance the National Strategy on Gender Equality (2011-2020) (3) policy implications on how to deal with traditional obstacles to gender equality, and (4) policy implications for the Vietnamese SME Development plan (2011-2015).

(1) Policy implications to improve the regulatory business environment in the light of the Doing Business indicators are as follows.

- a. In *Registering property*, a thorough review of land registration forms procedures, processes and costs is needed to find out whether any remaining gender bias stems from regulatory aspects.
- b. In *Getting credit*, a review of the loan application process from commercial banks focusing on three items: the terms and conditions for long term loans, the process of collateral valuation and the duration of loan procedures. Improvement of information sharing between public and private banks in terms of credit histories and repayment records of entrepreneurs-borrowers to increase women's chances of successful loans is needed.
- c. In *Starting a business* the simplification of business registration forms is still necessary. Introducing an online registration process and a database that links business registration-related agencies to each other could make the whole registration procedure faster¹.
- d. In *Paying taxes*, tax forms could be further simplified and ways (protocols, processes, procedures) that would minimize mistakes in the tax calculation process could be devised.
- e. In *Employing workers*, it is recommended to find a policy mix that would balance worker protection (difficulty of firing) with company welfare, social welfare, as well as state interests. The objective is to reduce entrepreneurs' losses incurred from sudden worker resignation while at the same time protecting worker's rights.

(2) Policy implications the Vietnamese National Strategy on Gender Equality (2011-2020) are as follows:

- a. Promote female employees in decision-making positions and actively reduce gender-based discrimination in government offices; enforce sanctions on government agencies that violate this policy; organize regular gender sensitivity trainings to government officials and employees.
- b. Establish a monitoring and enforcement (M&E) system that checks whether laws decrees and circulars on gender equality are being implemented; inclusion

¹ As of April 2010 while this report is being written, business registration reform, with assistance from UNIDO, was currently underway in Vietnam. The registration reform combines business, tax, statistics and public security registrations into one electronic system that is shared between relevant government offices. The system also offers on-line registration facilities.

of indicators for labour and enterprise sectors in the M&E framework for the Gender Equality Law.

- c. Review regularly the laws on gender equality against a changing society and against other laws; sanction businesses that violate promulgations related to gender equality; specific provisions on gender-based discrimination should be included in decrees and circulars in line with CEDAW.
- d. Disaggregate data collected by government and research offices by gender.

(3) Policy implications on how to deal with traditional obstacles and negative internal perceptions

- a. Raise men's awareness about gender equality and the benefits of shared decision making, shared domestic work, equal property and inheritance rights.
- b. Campaign for equal responsibility between men and women in domestic work.
- c. Actively campaign for the registration of land and other conjugal properties using both husbands' and wives' names; prioritise and facilitate land and conjugal property registrations that include both husband and wives' names; further simplify land registration process by removing unnecessary costs and procedures; encourage fathers and other male members of the family to give land as inheritance gifts to daughters and other females.
- d. Continuously promote awareness on gender equality through popular culture such as television and radio shows or commercials, newspapers, magazines and propaganda.
- e. Improve existing infrastructure for child care services and increase the total number of child care facilities in the country; priority for acceptance to child care services should be given to parents with two children or more, those with children younger than five, and when both parents are formally employed; tax incentives to companies that provide for child care facilities; requirement for and tax preferential treatment to industrial zones who provide child care facilities for workers; facilitating administrative procedures for businesswomen with more than two children or those with children younger than five years old.
- f. Step up government efforts to promote the education of girls and the higher education of young women; but not at the expense of boys and men.

(4) Policy implications for the Vietnamese SME Development Plan (2011-2015) are as follows:

- a. For the Government:
 - i. Tailor tertiary curricula more to the demands of the job market; Introduce entrepreneurship education to secondary, technical and vocational schools in cooperation with local Vietnamese companies; continue provision of short-term business courses.
 - ii. Improve working conditions by providing attractive financial and non-financial incentives, flexible working hours, possibility for promotion, etc. to workers to reduce high labour mobility; provide same-sector training programs to raise knowledge, skills at equal level among workers; reduce artificial non market-based income differentials for same-sectors; Come up with policy mixes that will balance worker protection, company welfare, government, and broader societal interests; mainstreaming of gender issues into the Labour Law.
 - iii. Campaign about the possibilities and advantages of combining work and family in business.

- iv. Campaign for increased bank savings; create an information exchange system among financial institutions about credit worthiness of clients; investigate reasons behind perceived gender bias of women from credit institutions.
- v. Create public information-sharing programmes on regulations affecting business using popular means such as TV, radio or newspapers; provision of legal information service to entrepreneurs who request it.
- vi. Analyse experiences from other countries on experiences with mentoring systems for women in business, with both male and female mentors.
- vii. The state should view the support of female entrepreneurship as a way to support female employment and productivity in general.
- viii. Continuously analyse the relevance and impact of Vietnamese laws and decrees, and revise outdated laws in order to have greater positive impact on female entrepreneurship and on female economic participation.

b. For Business Associations and Mass Organizations

- i. Engage in training programmes on financial, business management, English language and communication, long-term business planning, avoiding bankruptcy (i.e. complete business failure) , crisis response and basic computer skills.
- ii. Increase training programmes on soft skills related to networking, socialization and negotiation; hold training programmes at hours and days in which female entrepreneurs could participate without sacrificing household duties.
- iii. Increase opportunities for networking among male and female entrepreneurs by holding fairs and workshops; looking at success stories of other countries in business networking; establishment of sector-specific networks; increase networking within entrepreneurial associations; vigilance of associations in acquiring latest legal information and policies that would impact business.
- iv. Promote willingness to learn, collective action and provide forum for entrepreneurs to speak out about administrative hurdles encountered in doing business and report any form of abuse or discrimination; seek more private-public dialogue to discuss business- and legal-related issues and create a special website where important information and updates are regularly available, with a forum for exchange among entrepreneurs.

1. INTRODUCTION

One of the key policy recommendations of the 2nd OECD Conference of Ministers Responsible for Small and Medium-sized Enterprises (SME) held in Istanbul was to “listen to the voice of women entrepreneurs” (Organization for Economic Cooperation and Development, 2004). The ministers underscored the importance of evaluating and supporting women’s entrepreneurship following several studies that recognised it as an important but untapped source of economic growth. The conference also called for all countries to consciously include a gender dimension in the formulation of local policies affecting small and medium-sized enterprises in order to increase the potential of women to significantly contribute to national development.

In Vietnam, Vietnamese leaders sincerely recognize the economic potential of women. Central Party Resolution No. 11 paved the way for the creation of the National Action Plan for Women 2008-2010. The Law providing for Gender Equality (No. 73/2006/QH11) was enacted and the government issued several decrees supporting, among others: mainstreaming of gender equality into legal normative documents (No. 48/2009/ND-CP), implementation of articles under the Gender Equality Law (No. 70/2008/ND-CP) and handling of administrative violations of gender equality (No. 55/2009/ND-CP). The decree that supports the development of small and medium-sized enterprises and prioritises women-owned enterprises and female labour-intensive SMEs (No. 56/2009/ND-CP) was recently reviewed and re-issued.

The Vietnamese government is on the right track. Empirical research show that where women are allowed to operate business, female entrepreneurship significantly contribute to employment generation, the diversification of enterprise and economic growth (World Bank, 1995, Minniti et al., 2005 Stotsky, 2006, and Buvinic and King, 2007b, Lundstrom and Stevenson, 2002). However, many studies also show that many women suffer from gender-related obstacles that make it more difficult for them to start and continue their own businesses or to formalize existing ones (Mayoux, 2001; Verheul et al., 2006; Ellis and Cutura, 2007; Hampel-Milagrosa, 2008b; Minniti, 2008). That fewer female entrepreneurs formalise their business is not uncommon. In Vietnam, only 20% of the total number of registered enterprises belong to women (Viet Nam Chamber of Commerce and Industry, 2006). Entrepreneurship literature point to three gender-based sources of obstacles to business start-up (including registration) and continuation for small and medium enterprises, namely: institutions (regulatory framework and social norms), women’s internal perceptions, and women’s human capital (see for example Minniti, 2005 and 2008, Ellis and Cutura, 2008, Ellis et al 2007). These three dimensions will be the focus of this research; differentiating it from two previous researches that have already been conducted in this topic.

In 2005, a national survey using convenience sampling of formal women business owners in Viet Nam was jointly undertaken by the International Finance Corporation’s Gender and Entrepreneurship-Markets (IFC-GEM) and the Mekong Private Sector Development Facility (IFC-MPDF). The study focused on uncovering the challenges and concerns of larger, more well-established, formal businesses as well as the personal and business characteristics of women entrepreneurs. The study was undertaken mostly to support the creation of the Gender Equality Law (Law No. 73). In 2007, the ILO together with the Viet Nam Women Entrepreneurs Council (VWEC) undertook a study on women’s entrepreneurship development in Vietnam. The ILO study utilized VCCI’s database of women entrepreneurs, databases of women business clubs as well as a “snowballing method” to acquire respondents.

Aside from looking at development patterns and constraints of men- and women-owned enterprises in Vietnam, the study focused on entrepreneurs' demands for business development services (BDS).

Building on and adding to the earlier research, the overall objective of this project is to generate empirical evidence on gender-based sources of obstacles to Vietnamese women's entrepreneurship.² The specific research objectives are as follows: (1) to identify tradition, regulatory and internal-based challenges to the start-up and continuation of female-owned enterprises in Viet Nam (2) compare differences between male and female entrepreneurs along various dimensions of business start-up and continuation (3) based on selected indicators, determine whether reforms in the regulatory business environment have actually made it easier for Vietnamese entrepreneurs to conduct business and (4) based on research results, to provide policy recommendations for state policies on gender equality and female entrepreneurship³.

In the light of the aforementioned objectives, the two main research questions that the research will attempt to answer are: (1) *what are the regulatory and traditional gender-based obstacles that affect Vietnamese women entrepreneurs in starting and running their businesses?* and (2) *What are policy implications for the Vietnamese National Strategy on Gender Equality (2011-2020) and the Vietnamese SME Development Plan (2011-2015)?* To provide an answer to the research questions, coordinated field surveys in North, Central and South Viet Nam were conducted between September and November 2009. The field surveys yielded a total 240 respondents (41 men and 199 females).

The rest of the report is structured as follows: Section 2 provides a short background on the concepts and analytical framework that were used in the research. Section 3 presents an overview of Vietnamese tradition, its laws and local female entrepreneurship. Section 4 briefly presents the methodology used for the project. In Section 5, the project's findings are discussed. This is immediately followed by Section 6 that presents the main conclusions, policy recommendations and suggestions for further study.

² It does so by (1) using distinct indicators of doing business to examine specific legal aspects of female entrepreneurship (2) analyzing the conformity of Vietnamese laws and decrees with the Law of Gender equality (3) assessing the impact of business environment reforms on male and female entrepreneurs (4) comparing perceptions of gender-based discrimination across various dimensions of doing business

³ Modern western literature have accepted the alternate use between the terms "sex" (biological functions of males and females which technically do not change) and "gender" (social roles and relations between males and females which *can* change). In this report, we use the terms interchangeably.

2. THEORETICAL PERSPECTIVE OF THE STUDY

This section briefly discusses three dimensions influencing Vietnamese entrepreneurship that play a central role in the research namely: institutions (in the form of traditions and the regulation), women's internal perceptions, and human capital. With regard to regulation, the regulatory environment will be evaluated based on five areas of business represented by indicators of the World Bank's Doing Business project. These are; (1) Registering property (measured through asset ownership), (2) Starting a business, (3) Getting credit, (4) Paying taxes and (5) Employing workers. The three aforementioned dimensions influencing Vietnamese female entrepreneurship represent the different social layers of Williamson's (2000) "Economics of Institutions", the analytical framework employed for the research.

2.1 Framework for Institutional Analysis of Vietnamese female entrepreneurship

According to Slangen et al (2008), institutions are very important for economic growth and welfare. The institutions he refers to are what North (1990) describes as the "humanly devised constraints that structure human interaction". These constraints could be in the form of (1) *social norms* that delineate the roles and functions of members of the community or in the form of (2) *regulation* that set the legal rules by which social transactions are structured. Institutions could be distinguished based on their dimensions and could be analysed whether they account for good economic performance or not. Institutions are important because they impose critical consequences not only on the national economy but also on the micro level. Since institutional analysis takes into account a range of socio-political dimensions and levels in the process of evaluating macro and micro economic efficiency, it is the optimal tool for assessing female entrepreneurs' performance.

Applying institutional analysis to Vietnamese female entrepreneurship means looking at the various traditions and regulations that are in effect in society, and tracing their impact downstream towards institutional arrangements and resource allocation. Williamson (2000) was the first to formally propose a framework for institutional economic analysis, which will be the analytical framework upon which this research will be based. His framework is presented in the Figure 1.

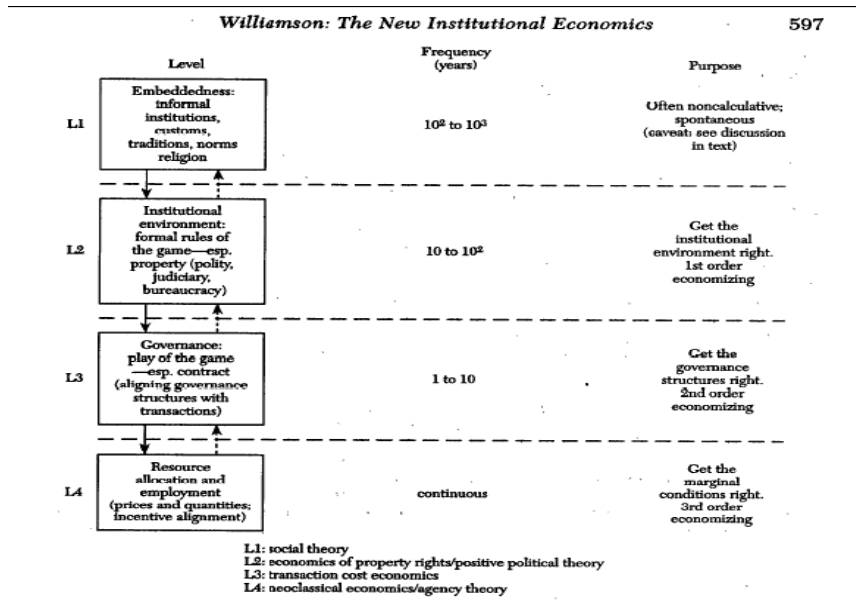


Figure 1 Williamson's Economics of Institutions

Source: Williamson, 2000

Williamson (2000) categorized institutions into four layers. *Level 1*, called embeddedness, is the layer where customs, practices, traditions, beliefs, codes of conduct and social norms take shape. Religion plays a big role in defining this social layer. Many scientists consider this level as given, because a change in this level occurs very slowly unless an abrupt institutional change is exogenously imposed (Lin, 1989). A good example of an institution at Level 1 is the belief that men, and not women, are heads of the family with the main responsibility to sustain his wife/children and ultimate decision-making authority. This belief is very slow to change, unless an external change is forced⁴. Other beliefs such as *women are not income earners for the family* might require two to three generations to change. Granovetter (1985) argued that economic behavior is so constrained by social relations that it would be a grievous mistake to construct the two as independent. Thus, analysis at Level 1 mainly concerns the degree to which economic transactions are embedded in social relations⁵.

Applying Level 1 to this research involves evaluating social norms, roles and beliefs that tend to constrain (or conversely, promote) female Vietnamese entrepreneurship. Traditional obstacles are part of the institutional dimension influencing Vietnamese entrepreneurship. Tradition is a non-tangible concept that is difficult to operationalise. For this reason the project will use proxies that approximate the extent of influence of Vietnamese tradition on female entrepreneurship. For example, we try to approximate the extent of influence of Vietnamese tradition by asking whether the female entrepreneur consults the family for important business decisions. This question tries to approximate the level of respect and decision-making power of men and women with respect to other members of the family.

⁴ Following the 1994 genocide in Rwanda, 70% of the nation's remaining population are female, tremendously increasing the number of female-headed households in the country (World Bank 2008c).

⁵ Gender advocates would rightfully argue that gender-related obstacles stemming from Level 1 (the level of tradition, norms and beliefs) are in essence "gender-based discrimination". This argument is valid and is acknowledged by the study. However, in keeping with the institutional approach of this research, we will continue to refer to gender-related obstacles from Level 1 as "traditions" when we are referring to social gender-based discrimination.

Asking whether women feel discriminated in various social-legal transactions is an approximation of whether women find it harder to establish relationships with suppliers, clients and employees on account of gender. According to the IFC (2007) the combination of youth and gender makes it especially harder for Vietnamese women to do business. We therefore inquired whether family responsibilities were perceived as a hindrance to business start-up and continuation. This serves as an approximation of whether Vietnamese women still bear most of the weight of domestic tasks over and above their engagement in the business. Other proxies for the extent of influence of tradition on Vietnamese female entrepreneurs are discussed in more detail in Section 5 of the report.

Level 2, called the institutional environment, is the layer where the regulatory framework – or so-called “rules of the game” - is located. Williamson (2000) proposed that change at this social layer occurs at the rate of decades because of the time it takes to introduce new laws or change existing policies. However, as we will explain later, a wave of regulatory reform is being experienced worldwide, in part due to the influence of the World Bank’s Doing Business project. In the context of Viet Nam, the speed with which new laws and decrees have come out has made it possible to hasten the rate of change of the institutional environment, through a change in the laws, every five years or so. Vietnamese decrees have a lifespan of around three to four years whereas circulars are valid for around a year. Applying Level 2 to this research involves looking at the introduction of new laws and decrees and the reform of old regulations influencing Vietnamese female entrepreneurship. Results of analysis at this level correspond to identifying the regulatory obstacles (a part of institutional dimension) to Vietnamese female entrepreneurs.

Level 3, called the governance structure, is the layer where social transactions are held. Hendrikse (2003) refers to governance structures as institutional arrangements consisting of rules by which an exchange is carried out. Thus the quality of the contractual arrangements found at this social layer is a direct consequence of the rules that were laid out in the institutional environment. Change at this level occurs from a year to a decade, because when a policy change is made, formal legal transactions tend to immediately adapt to the new rules. Applying Level 3 to this research means looking at how new entrepreneurship regulations introduced by the Vietnamese government influenced the conduct of transactions in the different areas of business that they were targeting.

Level 4, called the resource allocation level, is the level of individual decision-makers, and the level where standard neoclassical economics work. This social layer refers to pay-offs that arise as a result of the transactions carried out in Level 3, whose rules were laid out in Level 2. Therefore this level is where the actual economic impact of the three higher institutions is felt. Applying Level 4 to this research involves looking at whether the kind of social transactions entered in by Vietnamese entrepreneurs are efficient, or whether monetary and non-monetary pay-offs from these transactions were large or not. Results of analysis at this level will explore the remaining two dimensions influencing Vietnamese women entrepreneurship: their internal perceptions and level human capital.

Each institutional level strongly influences the quality and characteristics of the layer located directly under it as shown from the downward-moving arrows. Thus, social norms (Level 1) tend to strongly influence the kind of new rules as well as the frequency of new laws introduced by the government (Level 2). A concrete example would be when the Vietnamese government reformed the regulatory business environment in order to simplify administrative processes related to entrepreneurship. This is an attempt to level the playing field between

men and women after realizing that the full economic potential of Vietnamese women remains untapped due to discriminatory social norms and beliefs.

However, caution should be exercised in the rapid introduction and reform of laws. In the recent rise of regulations supporting Vietnamese women entrepreneurship, potential mismatch between new and old laws, as well as the inconsistent implementation of provisions across regional or city-level government offices could occur. A mixture of weak implementation, lack of supervision and lack of priority setting could result in hard-fought policy changes that still fail to improve Vietnamese women entrepreneurs' economic situation.

The framework's lower levels provide feedback into the higher levels, albeit at a much weaker degree.

It is upon this framework that the approach and analysis of this research is anchored. It is also upon this framework upon which most of the survey questionnaire was structured. The remaining sections of the questionnaire were devoted to (1) finding out individual-level characteristics (perceptions and human capital) that additionally influence female entrepreneurship and (2) finding out more about the relevance of the World Bank's Doing Business project to Vietnamese entrepreneurship. The discussion on this is presented in the following sections.

2.2 Women's internal perceptions (attributes of the entrepreneur herself)

The introduction of new laws of the Vietnamese government in order to level the playing field between men and women is an example of a state-led initiative to reduce traditional and regulatory gender-related obstacles to female entrepreneurship. However, apart from traditional and regulatory issues, women entrepreneurs additionally struggle with *internal* gender-related obstacles. By internal obstacles we mean, barriers to female entrepreneurship that arise from attributes of the entrepreneur herself.

Minniti and Minniti et al (2008 and 2005 respectively) revealed that the likelihood of women to create a new business is strongly correlated with their perceptions of their own skills, and knowledge, as well as their perceptions of opportunities and failure. When women perceive themselves as not having the necessary skills or knowledge to start a business, or when they perceive fewer opportunities (or conversely, higher chances for failure) in the future, women are less likely to initiate new enterprises. Positive internal perception on the other hand, influences personal initiative. In Malaysia, Rose et al (2006) identified personal initiative as one of the major key to the success of SMEs in the country. Entrepreneurs with a high sense of personal initiative have a higher tendency to overcome the disadvantages and weaknesses in them with their self-starting and proactive attitude. According to Boyd and Vozikis (1994), new business formation requires perseverance and self confidence, a strong belief in one's capabilities, and the ability to take risk.

Shane and Venkatamaran (2000) propose that opportunity recognition is the most distinctive and fundamental entrepreneurial behaviour. A worker might become an entrepreneur because she recognizes an opportunity and believes she can profit from the introduction of an innovation in the marketplace (Fetzer, 1998). These are the so-called opportunity entrepreneurs. Elam and Terjesen (2008) showed that women's belief in their start-up skill, expectation of seeing good business opportunity, and knowing another entrepreneur are important positive predictors of female entrepreneurship whereas advanced age and a fear of business failure significantly decreases the likelihood of women starting businesses.

Entrepreneurship literature suggest that the entrepreneur, as an innovator, creates profit opportunities by devising new products, processes or marketing strategy (Schumpeter, 1934). In general, an individual with more work experience, a higher level of education, more knowledge of the market and business practice is more likely to be able to identify an opportunity for starting a new business (see Davidsson and Honig, 2003). Several studies on opportunity entrepreneurship has linked it to economic growth in the context of low income countries (Romer, 1989 and Schumpeter, 1989 and 1996).

In contrast to Schumpeter's innovation model, Drucker (1985) argued that most of entrepreneurs are not really innovative, rather basing their strategy on "creative imitation". Other research has shown that entrepreneurship is a process of market discovery for individuals who enter into previously-unknown profit-making opportunities (Kirzner, 1997). Necessity entrepreneurs discover undervalued resources in the market and mobilise these for productive purposes. When necessity entrepreneurs utilise under-valued resources for economic benefit, they also generate economic growth (Baumol, 2003).

For women more than for men, the decision to start a new business is often linked to necessity or to time and location flexibility. Women's decisions are related to the type of enterprise that could accommodate domestic responsibilities, family needs and child rearing (Minniti et al., 2005). Because of the need to balance domestic with business responsibilities, women in these situations would prefer to become entrepreneurs, because of the time flexibility that comes from managing your own business (see for example, Hampel-Milagrosa, 2009 for an empirical example in the Ghanaian context).

Education is a factor that positively influences internal perceptions and boosts a woman's confidence. According to Cutura (2007), education provides women with knowledge and skills they need to more efficiently supervise and succeed in their businesses. Female literacy leads to higher productivity, entrepreneurial success, a higher likelihood of paid employment rates and increased incomes, and is a key support for long-term economic growth. In BRICS and N-11 countries⁶ which includes Vietnam, investments in female education could raise GDP growth by about 0.2% per year and push income per capita by 14% by 2020 (Lawson, 2008). In Sub-Saharan Africa, equality in education between boys and girls could boost annual average GDP growth by 0.8% and doubled economic growth in the region between 1960 and 1992 (Blackden and Bhanu, 1999). Studies have also shown that investments in girls' education not only lead to improved household welfare but also better macro-economic performance. This is because education encourages more women to contribute more productively to the economy, as employees or entrepreneurs, whether in agriculture, manufacturing or service sectors (Buvinic and King, 2007a).

Human capital does not only stem from education, it also comes in the form of the stock of skills and technical knowledge that women have garnered. These may include working experience prior to owning the business, or management experience prior to owning the business (Atieno, 2006). Studies showed that increased human capital plays an important role in boosting women's participation in the labour market. Maglad (1998) showed the link between augmenting individual human capital and increased female labour force participation. Duryea et al (2001) also supported higher education for girls and women after finding out that it increases women's probability of obtaining wage employment.

⁶ BRICS are Brazil, Russia, India and China. N-11 (Next 11) are Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Nigeria, Pakistan, Philippines, Turkey and Vietnam. (*Focus Money*, Nr. 5 21 January 2009)

In addition to education, the life stage that the woman is in and the woman's beliefs for example, was found to significantly impact her labour market participation (Atieno, 2006). For women employees, the likelihood of working for pay increases with age, urban residence, and household headship (Morrison et al., 2007). This likelihood decreases with marriage, number of children, as well as the presence of children going to pre-school/school (Maglad, 1998).

At this point it is important to clarify that internal perception and beliefs regarding one's own abilities emanate not only from the person *per se* but rather, could be the person's feedback to the socio-legal environment within which she functions. For example female workers tend to adapt to discriminatory practices in the labour market by looking for work in feminised sectors and workplaces (Haspels and Majurin, 2008). Although this link is not explicitly analysed in this research, internal perceptions that develop as a feedback to traditional and regulatory-internalized discrimination is highly possible and therefore, should not be disregarded.

To summarize, internal perceptions and level of human capital are two of three main dimensions that influence Vietnamese female entrepreneurship. They are linked to institutions, the third dimension. Institutions in the form of *social norms*, roles and expectations strongly impact a woman's internal perceptions, investments in her human capital, and her decision-making with regard to entrepreneurship. Institutions in the form of laws and *regulation* influence the quality of the formal legal milieu within which the female entrepreneur acts. These three dimensions interact to create the entire environment that structures the opportunities and threats for Vietnamese female entrepreneurship.

The following section provides a deeper discussion about the World Bank's Doing Business project. The project has been responsible for the surge of regulatory reform in most parts of the world, including those in Vietnam. Reforms of the regulatory business environment signifies engagement in Level 2 of institutions. We will be using selected indicators from the World Bank's Doing Business project to disclose the institutional quality for female entrepreneurship in Vietnam.

2.3 The World Bank's Doing Business and the Economics of Institutions

To measure the ease of doing business in Vietnam, this research project uses five indicators that were derived from the World Bank's Doing Business project. The World Bank's Doing Business project measures regulations that enhance and constrain business activities worldwide. Doing Business 2010 (World Bank, 2009) is the seventh in a series of annual reports that investigates regulations and presents quantitative "indicators" that measure the total number of days, procedures and costs that affect various stages of a business' life. Ten regulatory areas are represented by ten indicators namely: (1) Starting a business, (2) Dealing with construction permits, (3) Employing workers, (4) Registering property, (5) Getting credit, (6) Protecting investors, (7) Paying taxes, (8) Trading across borders, (9) Enforcing contracts and (10) Closing a business. Each country's indicator values are used to assess the ease of doing business in that country, and are compared with other economies to create a ranking on the ease of doing business worldwide.

The rationale behind Doing Business is very straightforward: in order for companies to create new businesses, capture new opportunities for growth and increase efficiency, a certain degree of flexibility is required. For firms to acquire this degree of flexibility the state could

help by simplifying and reducing the cost and time required for administrative procedures that enterprises deal with during the business' life.

Following severe criticism (see Altenburg and Drachenfels, 2006; Arruñada, 2007; Drachenfels et al., 2007, and World Bank Independent Evaluation Group, 2008, for example), Doing Business 2010 clarified that the ten indicators that are currently used to measure institutional quality are limited in scope and could not measure all aspects of the business environment (World Bank, 2009). While admitting that its indicators are based on standardised scenarios and that the project's focus is on the formal sector, people behind the Doing Business reiterated that a higher ranking in Doing Business reports tend to be associated with better economic outcomes over time (ibid).

In 2007, the World Bank launched the Doing Business Gender project in response to the fact that gender dimensions are not evident in all ten indicators of the Doing Business yet research findings reveal that women face disproportionate barriers in business start-up, taxation, cross-border trading, property registration, formal employment and credit access (Ellis and Cutura, 2007). Case studies by the Doing Business gender project on obstacles to African female entrepreneurship found that African women experienced gender-related obstacles in taxation, cross-border trading, employing workers, getting credit, property registration and business registration (World Bank, 2008c). Further research on the gender and regulatory reform nexus confirmed that four out of ten regulatory areas covered by the Doing Business indicators are especially relevant for women entrepreneurs. (Hampel-Milagrosa, 2008b) The four areas are: (1) Getting credit, (2) Registering property, (3) Starting a business and (4) Employing workers. Research on Ghanaian entrepreneurs revealed that the Paying taxes is a critical issue for female businesswomen as well (Hampel-Milagrosa, 2009). Therefore to analyse Level 2 of institutions for this research, we shall focus on the four-abovementioned regulatory areas (with Asset Ownership as proxy for Registering property) and include the Paying Taxes indicator.

2.3.1 The five Selected Doing Business indicators used for the research

Registering property evaluates the ease of formally registering land and property in order to obtain a document or title that is legally recognized. Doing Business uses three sub-indicators to measure Registering property, namely; (1) the total number of procedures, (2) the time in days and (3) the total cost of property registration as percent of property value (World Bank, 2008b). According to the *Doing Business*, simplifying regulations related to property registration are especially beneficial for women. Empirical research have shown higher investments in children's health and education among women who have access to property (Beegle and Strauss, 1996 and Katz and Chamorro, 2003). Land titling is said to create a market for the rights to the resource, give value to the land and bring it into the economy (de Soto, 2000). Entrepreneurs benefit because land could be used as collateral to acquire loans to start or expand businesses. Throughout the world, women are more constrained than men in accessing finance (Buvinic and King, 2007b).

Getting credit evaluates the extent of background information that public credit agencies have with regards to prospective borrowers, and the overall strength of legal rights of borrowers and lenders. Doing Business uses four sub-indicators to measure Getting credit, namely: (1) strength of legal rights index (ranging from 0 to 10, with 10 as the best), (2) depth of credit information index (0 to 6, with 6 as the best), (3) public registry coverage and (4) private agency coverage (both in percent of adults). According to *Doing Business*, making it easier for women to access finance could be the simplest method to help improve women's

businesses after several studies showed that the lack of financial capital is the single biggest constraint preventing women from expanding enterprises (International Labour Organization, 1998 and Ellis et al., 2007). When lenders and borrowers both have strong legal rights, the fear of legal complications coming from financial transactions gone wrong, is smaller (Hampel-Milagrosa, 2008a). If governments combine strong legal rights with public availability of credit histories, women will face fewer constraints in accessing commercial credit.

Starting a business evaluates the duration and costs required before a business could begin formal commercial operations. Doing Business used four sub-indicators to measure Starting a business. These are: (1) number of procedures required to start a business, (2) total time in days, (3) total cost of starting the business (in percent of income per capita) and (4) the minimum capital needed to start the business (in percent of income per capita, in US\$). Easing regulations by making it cheaper, faster and simpler to start a business are regulatory changes that are the most straightforward and easiest to carry out. When regulatory conditions allow easier registration of new businesses, female entrepreneurship and employment is observed to be higher (World Bank, 2007).

Employing Workers evaluates the ease and costs of hiring and firing workers and the stringency of working hours. Doing Business uses six sub-indicators to measure Employing workers namely; (1) the difficulty of hiring and (2) difficulty of firing indices (ranging from 0 to 100, with 100 as best), (3) the rigidity of hours and (4) rigidity of employment indices (ranging 0 to 100, with 100 as best), (5) non-wage labour cost (as percentage of salary) and (6) the cost of firing (in weeks of salary). The Doing Business Employing workers indicator (EWI) recommends creating more flexible labour markets to boosts job creation and to eliminate possible biases in the hiring and promotion of female workers (ibid). High worker dismissal costs were said to increase the number of women in the informal economy and reduce overall female employment (Montenegro and Pagés, 2003 and Saavedra, 1998). Reforming labour laws to make them less rigid is also said to foster entrepreneurship: Countries with less rigid labour regulations have a 30% increased probability of formal business start-ups (Stel et al., 2006).

In *Paying Taxes*, Doing Business looks at taxes and mandatory contributions that a medium-size company must pay or withhold in a year, including the administrative burden involved in paying taxes and contributions. Reducing tax rates and simplifying administrative procedures in paying taxes is the second most popular reform among Doing Business indicators because making taxes cheaper is relatively uncomplicated (World Bank, 2006). Since women-led enterprises are said to experience more regulatory burden and harassment from public officials than enterprises headed by men (Ellis and Cutura, 2007 and World Bank, 2008c), introducing electronic tax filing and payment is a solution that could alleviate their harassment. To see how Viet Nam ranked in the Doing Business for these five indicators and for the other indicators across a four-year period, Table 1 is presented below.

Table 1 Vietnam's performance in Doing Business 2007 until 2010

Rank	DB 2010 (183 economies)	DB 2009 (181 economies)	DB 2008 (178 economies)	DB 2007 (175 economies)
Ease of Doing Business	93	91	91	104
Starting a business	116	109	97	97
Dealing with construction permits*	69	67	63	25
Employing workers	103	100	84	104
Registering property	40	37	38	34
Getting credit	30	27	48	83
Protecting investors	172	171	165	170
Paying taxes	147	140	128	120

Trading across borders	74	73	63	75
Enforcing contracts	32	39	40	94
Closing a business	127	126	121	116

Source: World Bank, 2006, World Bank, 2007, World Bank, 2008a, World Bank, 2009

* This indicator was named “Dealing with licenses” until 2008

One regulatory area where Viet Nam consistently achieved improvements in terms of Doing Business report rankings is in “Enforcing contracts”. The country progressed from rank 94 to rank 32 in the ease of contract enforcement in the four-year period between 2007 and 2010. In the 2009 and 2010 reports, Viet Nam slipped in rankings for all indicators except in “Enforcing contracts”.

The slip in rankings in Ease of Doing Business occurred even when the Vietnamese government placed new laws, decrees and circulars that make it easier for women to do business. That Viet Nam slipped in rankings despite decrees that support female entrepreneurship seems incongruous with implied gender effects of deregulation. This is because the World Bank’s Doing Business project believes that less burdensome procedures supports private sector development as well as level the playing field between men and women. However, as seen in Vietnam, the introduction of new laws that equalise the playing field and increase the welfare of Vietnamese female entrepreneurs nevertheless did not help to prevent the country’s slip in Ease of Doing Business ranking (World Bank, 2004a).

2.3.2 Criticism against Doing Business

Criticism against Doing Business is not lacking. According to Drachenfels et al (2007) seven out of ten Doing Business indicators promote lesser regulation, discounting the central function of laws and regulations as a mechanism for facilitating economic activity and social welfare. And, although the Doing Business asserts the association of regulatory framework with firm performance (see Djankov et al., 2006), other research (see for example, Commander and Svejnar, 2007) have shown otherwise. The World Bank’s Independent Evaluation Group further criticised Doing Business by stating that that the direction of the causality between the regulatory framework and macroeconomic outcomes is difficult to isolate because many other factors tend to influence macro-level outcomes (World Bank Independent Evaluation Group, 2008). Since the Doing Business fails to capture other key dimensions of a country’s business climate and in the light of conflicting research with regards to the gender-related benefits of regulatory reform, caution should be taken when asserting the advantages of regulatory reform on women (Drachenfels et al, 2007; Arrunada, 2007, Hampel-Milagrosa, 2009). This is important particularly when solid empirical research on how Doing Business reforms work on women is still lacking.

Recently, the Employing Workers Indicator (EWI) of the World Bank’s Doing Business project has come under heavy criticism for undermining workers’ rights by giving best scores to countries with the least amount of labour regulation on various aspects of protection (Hampel-Milagrosa, 2008a). In 2009 the ITUC (International Trade Union Confederation, 2007) criticized Doing Business of ranking higher in the reports those countries that have not ratified ILO Core Labour Standards. Among the elements that comprise the EWI that is most especially harmful for women is the “Social Contributions and Labour taxes”. Doing Business rewards countries who have the lowest level of mandatory employer contributions to non-wage employee benefits such as healthcare, unemployment insurance and maternity leave (see Berg and Cazes, 2007 and Hampel-Milagrosa, forthcoming).

2.3.3 Linking regulatory reform with Vietnamese tradition

In the ideal world, once a law is put into effect, the quality of “downstream” governance structures (social transactions) are immediately affected, resulting in a change in the distribution of resources among transacting parties. For women, this means that the passing of Laws on Enterprise and Investment, and the decrees and circulars pursuant of these laws should have made resource access and doing business easier, increased their profits and overall welfare. However, traditional and social factors continue to affect e on Vietnamese women and their economic participation. Social rules permeate every aspect of the people’s lives such that, although it is relatively easy to change regulations, discriminatory social practices still perpetuate in the population.

Nguyen (2008) commends the Vietnamese government’s current attention to create an enabling environment for women entrepreneurs but argues that it is insufficient to remedy significant constraints to Vietnamese women involved in business. The existence of Confucian values of subordination alongside socialist and legal values of equality makes Vietnamese women entrepreneurs the ideal group to analyze using traditional and regulatory approaches of Williamson’s economics of institutions framework. It is important to examine internal- and human-capital constraints affecting Vietnamese women’s entrepreneurship because very limited fresh literature exists in this area. Analyzing Vietnamese women’s entrepreneurial obstacles in this manner is a way to truly listen to the voices of women entrepreneurs and give female-led enterprises opportunity to flourish.

3. VIETNAMESE TRADITION, LAWS AND FEMALE ENTREPRENEURSHIP

This section provides a short background on the history of Vietnamese traditions with focus on the social roles of women. An overview of laws and regulations influencing the business environment for Vietnamese women entrepreneurs that have been undergoing major policy changes recently will also be presented.

3.1 Vietnamese Tradition

The culture of Viet Nam is one of the oldest cultures in the Pacific Ocean Region. Owing to Chinese influence, Vietnamese culture has evolved a number of characteristics more similar to its East Asian neighbours but different from other countries in Southeast Asia that have been considerably more influenced by the Indian culture.

For example, the Vietnamese family is modelled after Confucian principles which are structured along male lines (Keyes 1977 and Marr, 1976 from Kibria, 1990). Families have high regard for Confucian precepts of “*Three submissions and four virtues*” that encompass the code of behaviour expected of women. According to the *Three Submissions*, an unmarried girl submitted to her father's wishes; a married woman, to her husband's; and a widow to her son's. According to the *Four Virtues* a woman must follow proper appearance, master domestic tasks such as cooking and sewing, observe correct speech, and conduct proper behaviour. Women’s subordinate position relative to male members of the family gives the men freedom to make important decisions for the family (Bui and Morash 1999, Go et al 2002, O’Harrow 1995, and Santillan et al 2004, from Luke et al., 2007). On the other hand, Vietnamese women are expected to ensure family harmony by complying with their husband and in-law’s wishes, and by being passive and hardworking (Gammeltoft 1999, Rydstrom 2003, and Zhang and Locke 2002, from Luke et al., 2007). In earlier times, Vietnamese

women were married off early and tended to move in with the husband's household. A married woman has minimal stature in the family until she bears sons; older women tend to receive higher status and more power (Johnson 1983, Kandiyoti 1988, Lampere 1974 and Wolf 1972, from Kibria, 1990). Household heads - *chu ho*- who represent the household in extra-family affairs are mostly men, in conformity with Confucian tradition (Hirschman and Loi, 1996). Changes in family composition that lead to female family headship rarely occur, but socio-economic demands in urban areas have recently altered traditional Confucian family headship notions.

In rural Vietnam, women had access to economic resources (including networks) through their involvement in village-level businesses. Women were often involved in trade and were considered assets in family businesses but this did not help erode their economic subordination and dependence on men (Hendry 1954, Hickey 1964 and Nguyen Van Vinh 1949 from Kibria, 1990).

Since 1945, the Communist Party and the State of Viet Nam have promoted the role of women and ensured women's right to equality following socialist ideals of equality between genders. As a result, modern Vietnamese women occupy many important positions of the country and have been an important driving force in Vietnamese economy. In the modern Vietnamese business sector, there are over one million active women of which about 25% serve as company heads and over 30% serve as heads of small business households. The economic impact of female entrepreneurship should not be undervalued. According to Vietnamese Prime Minister, it is estimated that each Vietnamese female entrepreneur creates four employment opportunities for others⁷.

3.2 Vietnamese Laws affecting women's business environment

According to Williamson's framework on the Economics of Institutions (see Figure 1), social interactions are governed by traditions and by humanly-devised legal rules and regulations. The most relevant regulation for social interactions of Vietnamese women entrepreneurs is the **Law on Gender Equality** (No. 73/2006/QH11 of November 29, 2006, thereafter, GEL or Law No. 73). The Vietnamese Law on Gender Equality that provides for equality between men and women in all fields of social and family life started to take effect in January 2007. The law provides the legal foundation for developing policies that include gender equality with the hopes of changing the public's discriminatory attitude towards women. Supporting the GEL are several decrees and circulars; of which two decrees were referred to in the assessments made in this study, namely **Decree 48⁸** and **Decree 70⁹**.

To support survey findings on gender-based regulatory obstacles to Vietnamese women entrepreneurs, this research will make a brief analysis of relevant laws and decrees for businesswomen using a gender lens, and in the context of stipulations within the Vietnamese Law on Gender Equality. In what follows is a synopsis of the selected laws and decrees that will be analysed.

The **Law on Enterprises** (No. 60-2005-QH11) provides for the establishment, organization and operation of enterprises and corporate groups in all economic sectors. It provides explicit details on the rights and obligations of limited liability companies, shareholding companies,

⁷ Speech of Prime Minister Nguyen Tan Dung at the 18th Global Summit of Women, 5 June 2008, Ha Noi.

⁸ Decree 48/2009/ND-CP of 19/5/2009 providing measurements to ensure gender equality

⁹ Decree 70/2008/ND-CP of 4/6/2008 detailing the implementation of a number of articles of the Law on Gender Equality among which are stipulations on responsibilities and coordination for implementation of state management.

partnerships, private, and state-owned enterprises. The law also describes prohibited practices, enumerates necessary documents for administrative procedures, specifies the roles and functions of various actors involved in the enterprise and clarifies steps and decision-making with regard to legal procedures. Legislation supporting the Law on Enterprises which is covered in this research is **Decree 88¹⁰**, **Decree 56¹¹**, **Circular 05¹²** and **Circular 03¹³**.

The **Law on Investment** (No. 59/2005/QH11 of December 25, 2001) regulates business investment activities for both domestic and foreign investors in and outside of Vietnam. It differentiates among types of investments that are possible in and out of Viet Nam and explicate the obligations and rights of domestic and foreign investors. It also contains provisions for dealing in cases of complaints, breach of contracts and other legal procedures. Legislation supporting the Law on Investment that is included in this research is **Decree 108¹⁴**.

3.3 Development of female Equality and Entrepreneurship in Vietnam

In traditional Vietnamese society marked by patriarchal and authoritarian systems, women lived strictly confined lives not extending beyond the family rice paddies. Women in pre-revolutionary Viet Nam enjoyed practically no rights and privileges, with minimal protection in the workplace and in their homes (Bunck, 1997).

Post revolution, Vietnamese women gained considerable economic power as more women entered the agricultural labour force, Vietnam's largest economic sector (Thi, 1995). This situation empowered women with decision-making capabilities and offered opportunities for social exchange outside of the family. However, this situation also burdened women with exceedingly long working hours. The demand of the workplace added to the demands of the home (Tetreault, 1994). Post-cold war Vietnamese society witnessed the elimination of state-owned enterprises, and subsequently, the expansion and the absorption of women into the private sector (Irvin, 1995).

In 1979, Viet Nam became one of the first countries to adopt the Convention on the Elimination of All forms of Discrimination against Women (CEDAW). Since then, the country has taken bold policy changes towards improving the situation of Vietnamese women relative to men; including the publication of the 2004 "Guidance for the integration of gender in policy planning and implementation" and the more recent Law on Gender Equality in 2007 (Tien, 2010). The state's efforts have led to increased number of women involved in politics, commerce, education, finance, and healthcare (Thi, 1995).

Compared to the past, Vietnamese women are more involved than ever in the mainstream economy. As of 2010, 62%, 52% and 34% of the labour force in commerce/engine/motorcycle repairing, processing/manufacturing, and science/technology respectively are women (Tien, 2010). In 2006, the general population literacy rate is at 93% with female literacy rate at 90%, only six percentage points lower than men (96%) (ibid). This

¹⁰ Decree 88/2006/ND-CP dated 29/8/2006 on business registration

¹¹ Decree 56/2009/ND-CP on assistance to the development of SMEs

¹² Guiding the cooperation mechanism between organizations handling business registration, tax registration and seal registration to enterprises establishing and operating under Enterprise Law.

¹³ Instructing on selected issues in regard of business registration documentation, procedure, and formality

¹⁴ Decree 108/2006/ND-CP dated 22/09/2006 detailing and guiding the implementation of a number of articles of the Investment Law

is a remarkable achievement from 1943 literacy rates where approximately 95% of the population and 98% of Vietnamese women could neither read nor write (Bunck, 1997).

Viet Nam ranked 42nd out of 128 countries according to the Global Gender Gap report (Hausmann et al., 2009). This position is behind Philippines, Sri Lanka but ahead of Thailand and Japan. In the same report the country ranked 11th, 8th, 1st and 42nd in terms of economic participation and opportunity, labour force participation, professional/technical workers, and political empowerment. Despite its high literacy rates, the country however, ranked 103 out of 128 in educational attainments. The Human Development Report 2007/2008 ranked Viet Nam 105 out of 177 countries ahead of India, Indonesia, Cambodia but behind Malaysia, Thailand and the Philippines. The country ranked 52nd out of 93 in the Gender Empowerment Measure with an estimated female to male earned income ratio of 0.70 (with 1 being equal).

Recent data from the Ministry of Labour, Invalids and Social Affairs (MOLISA) shows that a total of 83% of economically active Vietnamese women are engaged in business, and the rest are in wage employment (Tien, 2010). The same report however, revealed that women spend considerably less time than men in watching TV, listening to the radio and spending vacation. Vietnamese women still perform majority of the housework. In total, Vietnamese women's total workload exceed those of men's, generating negative consequences for their health and physical well-being (Coltrane, 2000). Women have limited time left for social activities and additional learning (Kabeer and Anh, 2000). According to Huy and Carr (2000), the growing number of women working outside the family and earning more seemed to have pushed men to share housework more than in the past. However, according to Pham and Jayakody (2010) the outlook of Vietnamese women in the public domain is not as positive as their outlook in the domestic domain. Tests revealed that despite Vietnamese women's higher educational attainment and income, they still face the lack of equal opportunities as compared to men and are still considered primary doers of household tasks (Mekong Economics, 2004).

Ms Dong Thi Anh, owner of Anh Viet Export and Import Trading Co. Ltd and recipient of the Vietnamese Yellow Rose Award 2007, is no stranger to the delicate balancing act between work and family. Between balancing her time for her wood and agricultural products processing business and devoting time to her family and two children, she still found time to engage in charitable and social activities. According to Ms Dong Thi Anh:

“The most important for women's lives is to have a balance in all three aspects: working effectively in the company, being a good wife and being a great mother for my two children. A businesswoman clearly does not have as much time as other people to take care of her family. However, I always try my best and never do anything in halves.”(Source: Viet Nam Chamber of Commerce and Industry, 2007b)

The same holds true for Tran Thi Lan Huong, director of Nam Son Trading and Production Co. Ltd, whose company produces and distributes bathroom and kitchen equipment. According to Ms Tran Thi Lan Huong:

I didn't have my baby until six years after I got married because I couldn't juggle work and family at the same time. Before I had my baby, it wasn't unusual for me to work 16 hours a day. Now I work 10 hours a day and when I get home, I focus solely on my baby. I manage this by delegating responsibility to others. (Source: International Finance Corporation, 2007).

Ms Tran Thi Land Huong could be considered one of the fortunate workers who could afford paid childcare at home. For over 3 million children under the age of three in Vietnam, only 135,000 small kindergartens and 11, 629 pre-schools are available (Vietnamese Ministry of Education, 2010). According to Heymann (2003), parents from lower socio-economic families and those in rural areas have lower access to formal child care centers or early education. This means that female entrepreneurs who are still trying to launch their household businesses have probably weaker access to childcare support that they need most. The same study has shown however, that direct public provision and public subsidies of childcare can make a difference in increasing the accessibility of decent early childhood care and education to everybody and in ensuring equal opportunity.

4. METHODOLOGY

This section provides information on the selection process for the research areas covered in the study, the sampling procedure employed, and the data-gathering phase.

4.1 Selection of Research areas

To provide answers to the study's research questions, triangulation of information was employed. This method involves putting together information from secondary data, survey data and in-depth expert interviews in order to create a holistic picture of the various obstacles to Vietnamese female entrepreneurs. Secondary data that were used for the study included journal articles, published reports and other academic publications. Survey data originate from a survey of 240 entrepreneurs from the North, Central and Southern regions of Vietnam. Expert interviews in three abovementioned regions was also conducted to augment information that were not covered by previous data sources, to clarify research issues that remain unsettled, and to gather critical inputs for the way forward for the country's National Strategy on Gender Equality and SME Development Plan.

Survey areas for the research were determined by grouping the eight regions in the country into three regional clusters as follows:

1. Northeast + Northwest + Red River Delta = North Viet Nam cluster
2. North Central Coast + South Central Coast + Central highlands = Central Viet Nam cluster
3. South East + Mekong River Delta = South Viet Nam cluster

For each region, provinces that comprise them were listed and compiled to create a pool of provinces for each cluster. Simple random sampling of provinces was conducted from the complete pool of provinces in each cluster. After a province was selected from each cluster, it was first examined for its ranking according to the Vietnamese Provincial Competitiveness Index (PCI), before being referred to the Viet Nam Chamber of Commerce and Industry (VCCI) to confirm for data availability. The objective of conferring with the VCCI is to check whether there are enough registered members of the VCCI in the province/city needed to accomplish the survey.

The Provincial Competitiveness Index of Viet Nam (PCI) is an assessment and ranking of Vietnamese provinces and cities based on the performance, capacity and willingness of provincial governments to create enabling regulatory environments for the development of their private sector (Malesky et al., 2008)¹⁵. The PCI categorizes provincial competitiveness as either Low, mid-Low, Average, mid-High, High or Excellent. Since the research team would be deriving possible survey respondents from a list VCCI registered members, the purpose of examining the PCI Ranking of each selected province/city is to increase provincial, and hence, entrepreneur variability in the sample. The team wanted to avoid obtaining a sample of provinces characterized by the same business regulatory environments because the respondent sample is already exclusively derived from the VCCI list.

¹⁵ The PCI is a joint project of the United States Agency for International Development (USAID), VCCI and the Vietnam Competitiveness Initiative (VNCI).

The first round of province/city sampling passed both the PCI criteria and the availability of respondents based on the VCCI list. The provinces to be surveyed are as follows:

North: Hai Duong (PCI Rank: Mid-high)
 Central: Quang Ngai (PCI Rank: Average)
 South: Ho Chi Minh (PCI Rank: High)

On the suggestion of the VCCI, and upon unanimous agreement of the research Team, a secondary province/city was added to the selected provinces in case there are not enough entrepreneurs to be surveyed in the main province/city. The additional provinces/cities are as follows:

North: Ha Noi (PCI Rank: Medium)
 Central: Da Nang (PCI Rank: Excellent)
 South: Can Tho (PCI Rank: Mid-high)

Please refer to Figure 2 for a map of Viet Nam indicating the project's survey areas.

4.2 Sampling procedure

To obtain the respondent population, systematic random sampling (SRS) from the list of female entrepreneurs provided by VVEC for each region was performed. Using this procedure, each element in the population has a known and equal probability of selection (please refer to classic texts such as Cochran, 1953 and Steel and Torrie, 1960 for detailed explanations of SRS and other sampling techniques). The same sampling procedure was performed to obtain male respondents.

The initial task of the research team was to survey Vietnamese female entrepreneurs only. However, in order to obtain the male perspective as well as to be able to compare male and female entrepreneurship experiences in the context of tradition and regulation, the inclusion of a small pool of male respondents was agreed upon. The decision was to obtain a total number of male respondents that represent between 10-15% of total female respondents surveyed per region. This is in order to obtain enough male respondents to create a meaningful comparison with female respondents who were the focus of the study. The total number of men surveyed was 41 whereas women totaled 199. According to Luck and Rubin (1987), in order to be able to use the data statistically with an analysis of 95% significant level, a minimum of 30 respondents is required.

VCCI suggested to utilize their members as the total population pool of the research, to which the research team agreed. This decision is due to financial and logistical constraints posed by undertaking a country-wide survey as well as the extremely limited amount of time available for field work. The decision to use members of the VCCI for respondents logically bears implications in the study results. First, the research excluded informal entrepreneurs from the survey and therefore could be missing out on important gender-related traditional and regulatory dimensions of informal entrepreneurship. Second, the research excluded entrepreneurs who are not listed with the VCCI in the survey and therefore the findings could not be generalized to all small and medium enterprises within the country. Third, within the VCCI list, micro and small household enterprises as well as enterprises located in rural areas are underrepresented therefore; the findings could be missing out on gender-related obstacles

to entrepreneurs at this level. Thus, it is important to take these biases into consideration when reading this report.

Nevertheless, the research captures significant elements of female Vietnamese entrepreneurship. The institutional economic approach used by the research sheds light on traditional and regulatory gender-based obstacles to both male and female entrepreneurs as well as determine how these obstacles influence their business operations. The four-level institutional approach of this research to analyse the socio-legal environment of small and medium sized Vietnamese enterprises has not been employed in enterprise-related Vietnamese studies before, therefore this study still significantly contributes to the knowledge in this area.

4.3 Data-gathering and analysis

Two questionnaires were drawn up, one for female and one for male entrepreneurs. Most of the questions were structured although several sections of the survey instrument allowed for open-ended answers. Before the actual survey, the research team separated into three small groups to pre-test the questionnaires. The survey instrument consisted of questions related to respondent personal information, general enterprise information, internal perceptions, regulations, tradition and perceived impacts of regulatory reforms. After the questionnaire was finalized, simultaneous field surveys in the provinces selected from North, Central and South Viet Nam respectively, took place between September and November 2009. Data were encoded into SPSS (Statistical Package for Social Sciences, now called PASW, Predictive Analytic Software) and migrated to Stata for further statistical analysis.

A series of regional workshops were conducted in Da Nang, HCMC, and Hai Duong on 16, 18 and 23 December 2009 respectively. A final national consultative workshop was held in Ha Noi on 02 April 2010. The three-fold objective of the workshops was to present research results to stakeholders, obtain their comments, reactions and recommendations based on the findings as well as conduct focus group discussions with selected experts.

Results from regional and national workshops as well as outcomes from qualitative focus group discussions were used to substantiate the quantitative findings of this report. Mixed method approaches that triangulate *quantitative* and *qualitative* primary data with secondary data from the *literature* review is one of the best approaches to bring out the most information from empirical-based research



Figure 2 Map of Viet Nam and project's survey areas

Source: www.xunacotours.com

5. OVERVIEW OF RESULTS

This section presents research findings. It begins with a general description of characteristics of respondents followed by a presentation of traditional, regulatory, and internal gender-based obstacles in starting and running a business for Vietnamese entrepreneurs. The section ends with an analysis of the conformity of selected enterprise-related laws in the light of the Vietnamese Law on Gender Equality.

5.1 General Description of survey respondents

This section presents study results regarding characteristics of survey respondents, their types of enterprises, sector affiliation and their motivations behind starting a business.

A total of 240 Vietnamese entrepreneurs composed of 199 women and 41 men were simultaneously surveyed in the North (66 females, 14 males), Central (51 females, 9 males) and South (82 females, 18 males) within the period September to November 2009. All of the respondents were entrepreneurs that were members of the VCCI. Table 1 shows descriptive characteristics of survey respondents. A more detailed version of Table 2 is shown in the Annex.

Table 2 Descriptive characteristics of respondents

Variable	Male entrepreneurs n= 41 observations	Female entrepreneurs n=199 observations
	Mean	Mean
Entrepreneur Characteristics		
Age	44.46	45.07
Highest finished education ⁺	4.80**	4.41**
Marital status ⁺⁺	1.90	1.88
Number of children (for married entrepreneurs only)	1.91	2.11
I possess education/experience to start a business (0=No, 1=Yes)	0.56**	0.34**
Do you need to consult your family (including extended family) for important business decisions? (1=No, 2=Yes)	1.54**	1.81**
Enterprise Characteristics		
Type of enterprise ⁺⁺⁺	3.32**	3.06**
Plan to scale up business ⁺⁺⁺⁺	1.07**	1.19**
Internal Perceptions		
Are you willing to take investment risks? ⁺⁺⁺⁺	1.24**	1.43**
Do you consider yourself innovative? ⁺⁺⁺⁺	1.15	1.08
Do you have stakes in other businesses? ⁺⁺⁺⁺	1.32	1.43

⁺ (1= Secondary school, 2= High School, 3= Vocational Training, 4= Higher School/Institute of Technology, 5=University, 6= Master/Doctor degree)

⁺⁺ (1= Single, 2= Married)

⁺⁺⁺ (1= Household, 2= Sole Proprietorship, 3= Limited Liability Company 4= Joint Stock Company, 5= Cooperative)

⁺⁺⁺⁺ (1= Yes, 2= No)

Source: Survey data

** Significant at $\alpha=0.05$ for a t-test on the equality of means

Male entrepreneurs had significantly higher levels of education compared to female entrepreneurs¹⁶. In addition, more male entrepreneurs believe that they possess the necessary education and experience to start business as compared to females¹⁷. These are perhaps some of the reasons why significantly more male entrepreneurs than women are planning to expand their businesses¹⁸ and are willing to take investment risks¹⁹.

¹⁶ ($t=2.10$, $df=68.9$, $\alpha=0.039$, $nMales=40$, $nFemales=196$)

¹⁷ ($t=2.73$, $df=238$, $\alpha=0.007$, $nMales=41$, $nFemales=199$)

¹⁸ ($t=-2.274$, $df=82.258$, $nMales=41$, $nFemales=193$)

So far, t-tests revealed that a significant relationship exists between **gender** and (1) level of education (2) confidence to start a business (3) need to consult family members for decisions (3) type of enterprise (4) plans to scale up business, and (5) entrepreneurs' risk attitude. However, t-tests failed to indicate the strength of these relationships.

To find the magnitude of difference between male and female education, we calculated η^2 (eta-squared) statistics²⁰ and found $\eta^2=0.012$. Following Cohen's guidelines²¹, we conclude that the magnitude of the difference between Vietnamese male and female entrepreneurs' level of education is **weak**. We also found a weak magnitude of difference between men and women in plans for business expansion²² and in willingness to take investment risks²³.

The same procedure was used to find the magnitude of difference between men and women in terms of the belief that they possess the necessary education and skills to start business. We found a **medium** magnitude of difference between men and women in this belief²⁴. The difference between men and females, in the perception of their capacities to start business, is apparent. Results underscore the importance of education and continuous skills training as a way to increase women's human capital. Human capital, as discussed earlier is to succeed in business.

Women tend to have lower levels of human capital compared to men because they are more likely to work part-time or drop out of the labor force after having children (Becker, 1993). It is also likely that human capital, in terms of prior work experience in a similar business, is lower among women and leads to lower success rates of women-owned businesses (Fairle and Robb, 2009). Therefore, women may have fewer opportunities to develop the experience needed to engage in entrepreneurship and thus have lower self confidence (Watson, 2002). In subsequent sections of this report, respondents identified factors that they presume would hinder the scaling-up or continuation of their businesses. Four impediments were raised: lack of entrepreneurs' education, skills and training (representing human capital and internal perception), the lack of (good) employees, bureaucracy (representing regulation) and family responsibilities (representing tradition). These will be discussed in more detail in Section 5.3.3.3.

Significantly more female entrepreneurs as compared to men consult family members for important business decisions²⁵ and further tests²⁶ showed a **medium** magnitude of difference between men and women in this regard. Vietnamese women are significantly more guided by family members than men. Whether this is because women are indeed more bound to tradition or because they are incapable of independent decision-making without raising conflict in the family needs further exploration.

An important finding is the similarity between male and female entrepreneurs in their capacity for innovation, enterprise diversification and initiative to improve businesses. Research by Rose, et al (2006) of Malaysian SMEs shows that entrepreneurs with a high level of personal initiative tend to overcome obstacles to the business and obstacles of the self to effectively work towards business success.

¹⁹ ($t=-2.438$, $df=63.95$, $\alpha=0.018$, $nMales=41$, $nFemales=195$)

²⁰ The equation for calculating η^2 is presented in the Annex.

²¹ We use Cohen's (Cohen, J. W. (1988) *Statistical power analysis for the behavioural sciences*, 2nd ed., Hillsdale New Jersey, Lawrence Earlbaum Associates) criteria for interpreting η^2 values where 0.010 indicates small effect, 0.030 indicates medium effect, and 0.050 for large effects.

²² Eta squared = 0.0218

²³ Eta squared = 0.0248

²⁴ Eta-squared = 0.0304

²⁵ ($t=-3.108$, $df=48.098$, $\alpha=0.003$, $nMales=39$, $nFemales=190$)

²⁶ Eta squared value = 0.041

Table 3 shows different types of enterprises of male and female respondents. Most of businesses for both men and women are registered as Limited Liability Companies, distantly followed by Joint Stock Companies and Sole Proprietorship. There were no male entrepreneurs and hardly any female entrepreneurs in Household and Cooperative types of enterprises in the VCCI sample.

Table 3 Type of enterprise by region and gender

Type of enterprise		Region						Total
		North		Central		South		
		Male	Female	Male	Female	Male	Female	
Household		0	0	0	2	0	2	4
Sole Proprietorship		2	22	1	9	0	6	40
Limited Liability Company		6	23	3	32	13	43	120
Joint Stock Company	Stock	6	18	5	7	5	27	68
Cooperative		0	0	0	0	0	2	2
Total		14	63	9	50	18	80	234

Source: Survey data

Note: Some respondents provided no answers and for this reason, the total number of responses do not always equate to total interviewed.

According to the Vietnamese Ministry of Planning and Investment (MPI) (2010), the number of new business registrations in Viet Nam for Sole Proprietorships have steadily decreased from over 10,000 to under 10,000 in the period between 2006 and 2009. The number of registrations for Limited Liability Companies and Joint Stock Companies have considerably increased in the same time period (from roughly 25,000 to 31,000 and from roughly 10,000 to just under 20,000 respectively). This overall trend in business registrations at the national level is reflected in the distribution of the types of enterprises that were covered in the survey.

Table 4 shows the distribution of survey respondents by region, gender and sector. Roughly half of male entrepreneurs surveyed belong to the services sector. A total of 28%, 25% and 16% of women surveyed work in the manufacturing, services and trading sector respectively. The rest of the entrepreneurs surveyed work in sectors that are a combination of either of the three above mentioned areas.

Table 4 Distribution of survey respondents by region and sector

Sectors	Region									Vietnam		
	North			Central			South					
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Manufacturing	3	21	24	0	11	11	6	23	29	9	55	64
Trading	0	8	8	0	10	10	3	14	17	3	32	35
Services	10	16	26	5	6	11	7	28	35	22	50	72
Manufacturing-Trading	0	7	7	2	8	10	0	11	11	2	26	28
Manufacturing-Services	0	3	3	0	2	2	0	2	2	0	7	7
Trading-Services	0	7	7	2	12	14	2	2	4	4	21	25
Manufacturing-Trading-Services	1	2	3	0	2	2	0	0	0	1	4	5
Total	14	64	78	9	51	60	18	80	98	41	195	236

Source: Survey data

Motivations underlying entrepreneurship are illustrated in Figure 3. There were no differences across three regional clusters in terms of motivations underlying entrepreneurship and for this

reason, output was organised according to gender. Most of the respondents, regardless of location, cited the need to have increased income as drivers behind entrepreneurship. Innovation and the continuation of family business were the least cited reasons underlying the decision to start businesses.

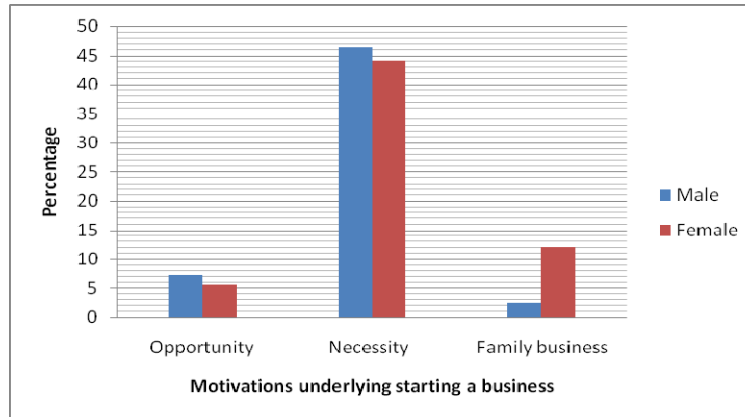


Figure 3 Motivation underlying starting a business

Source: Survey data

Note: Some respondents provided no answers

In the case of both male and female Vietnamese entrepreneurs, necessity – the need to have employment, income or additional income – was the strongest motivating factor underlying starting a business. Creating employment or augmenting income through entrepreneurship occurs for various reasons; the most compelling of which is the fact that the cost of starting small businesses at home is relatively low (Fairle, 2009).

Majority of the enterprises surveyed were in the growth stage (almost 90% of enterprises in all regions were established more than 18 months prior to the interview) and relatively few were in the start up stage (those established less than 18 months prior to the interview).

Across all regions, both fathers and mothers of the entrepreneurs surveyed were involved in wage-employment for most of their lives. This is very closely followed by entrepreneurs whose parents were likewise involved in businesses. Although there were no tests conducted in this regard, it does appear that the impact of observing parents engage actively in the economy whether as entrepreneurs or employees has influenced entrepreneurs to also participate actively in the economy.

5.2 Starting a business for Vietnamese women

*This section discusses various elements influencing starting a business for Vietnamese male and female entrepreneurs. We discuss how starting a business is influenced by **traditional** factors such as the importance of family support, the impact of entrepreneur's gender and age, asset ownership, and sources of capital. Quality of **regulatory** environment influencing starting a business was tested using a proxy of entrepreneur's problems encountered with business registration. Finally, this section also discusses **internal** factors affecting starting a business such as entrepreneur's education and experience, and entrepreneur's risk, innovation and initiative behaviour.*

5.2.1 Traditional factors influencing Starting a business

5.2.1.1 Family support and the Impact of Gender and Age

Family support is important for starting businesses, whether for financial or network support, or as unpaid manpower. Family support is even more critical for Vietnamese women whose decision to start businesses and earn income goes against traditional social norms and decreases the time spent for performing household tasks. For both male and female entrepreneurs across three regions, family support received during business start-up was overwhelmingly affirmative (on average, 81%), with very little resistance from family and relatives. As shown in Section 5.1, for matters related to business, significantly more women than men (77% versus 51% respectively) turn to family for guidance regarding important business decisions. Vietnamese women's decision to ask family members for guidance are shaped by a variety of values in their lives, including educational attainment, culture, their status in the family, and their overall socio-economic position. The same argument holds true for Vietnamese men although, as shown in test results, their actions are opposite that of women's. Gender-based differential values in education, culture, family status and socio-economic position shape men's decisions to resolve business issues by themselves without the need to consult family members for guidance.

Majority of female respondents recognized gender (in this case, pertaining to both *sex* and *power relations*) as a significant factor influencing the ease of business start-up. Across three regions, female entrepreneurs perceived that their being female, and the corresponding social roles and relations associated with being female made it more difficult for them to start and continue businesses, as compared to males. Table 5 shows absolute responses with percentages in parenthesis.

Table 5 Impact of gender on business start up and continuation, per region, female entrepreneurs only

Impact of gender in starting a business	Region					
	North		Central		South	
	More difficult	Easier	More difficult	Easier	More difficult	Easier
Do you think being female made it more difficult for you to start and continue your business?	32 (49%)	28 (42%)	36 (71%)	12 (23%)	42 (51%)	30 (37%)

Source: Survey data

Note: Values do not add up to 100% due to missing responses.

Respondents from Central Viet Nam seem to be more convinced that being female served as an obstacle to business start-up more than others although correlation analysis show no significant relationship between *location* (North, Central, South) and *gender*-related difficulties in starting and continuing businesses.

Even though majority of the women believed that gender played a role in the difficulties related to business start-up and continuation, over 73% of female entrepreneurs believed age was not a negative factor to start and continue businesses. The combination of youth and gender was said to create difficulties for women entrepreneurs in establishing relationships with suppliers and clients due to Confucian legacy in Viet Nam (International Finance Corporation, 2007). However based on our survey, female entrepreneurs only considered gender, and not age as an obstacle related to doing business.

Using the same question, data was tested again by removing regional distinction and now controlling for type of enterprise (Household, Sole proprietorship, Limited Liability company, Joint Stock company and Cooperative, see Table 6 below). Cross tabulation results reveal that similar to earlier findings, regardless of type of enterprise, an overwhelming number of

female respondents still felt that being female and power relations between men and women made it more difficult for them to start or continue their businesses. However female entrepreneurs who led Joint Stock Companies seem to have more gender-related difficulties than other legal types of enterprises²⁷. Almost 70% of female Joint Stock Company owners said it was more difficult to do business being female as compared to responses from other types of enterprises (excluding Cooperatives). This value is at least 10% higher than percentages from all other legal enterprise forms.

Table 6 Difficulties in start-up and continuation, controlled for type of enterprise

Type of enterprise	Do you think being female made it more difficult for you to start and continue your business?		Total
	More difficult	More easy	
Household	3 (60%)	2 (40%)	5 (100%)
Sole proprietorship	19 (56%)	15 (44%)	34 (100%)
Limited Liability company	59 (55%)	48 (45%)	107 (100%)
Joint Stock company	44 (70%)	19 (30%)	63 (100%)
Cooperative	2 (100%)	0	2 (100%)
Total	127 (60%)	84 (40%)	211 (100%)

Source: Survey data

Note: Data does add up to total population because some respondents provided no answer.

Again using the same question, data was tested controlling for products or services of the enterprise (sectoral affiliation). The enterprises covered in the survey were grouped into four namely: those that provide Services, those that are into Manufacturing or Trading and companies that considered themselves engaging in a mixture of either of the major enterprise types. Similar to earlier results, an overwhelming number of respondents felt that being female made it more difficult to start or conduct business. Results are in Table 7.

Table 7 Difficulties in start-up and continuation, controlled for Sector

Sector	Do you think being female made it more difficult for you to start and continue your business?		Total
	More difficult	More easy	
Services	32 (56%)	52 (44%)	57 (100%)
Manufacturing	33 (57%)	25 (43%)	58 (100%)
Trading	21 (66%)	11 (34%)	32 (100%)
Mixed	42 (67%)	21 (33%)	63 (100%)
Total	128 (61%)	82 (39%)	210 (100%)

Source: Survey data

Note: Data does add up to total population because some respondents provided no answer.

²⁷ By definition Joint Stock companies involve shareholders and practice relatively complex administrative procedures to guarantee transparency of operations. Transparency is important because they are allowed to sell shares to the public whether these shares are listed or publicly held. This could be one of the reasons why they experienced more hurdles than other enterprise types.

Owners of “hybrid” business (or those that do not belong exclusively to a specific sector) felt that being female and the power relations associated with it, was a factor that made it more difficult to start and continue business. This is very closely followed by perceptions of entrepreneurs whose businesses are involved in Trading.

5.2.1.2 Assets and Capital

To start and continue an enterprise, assets and capital are needed. Figure 4 compares asset ownership (absolute values) among female entrepreneurs across three regions of Vietnam.

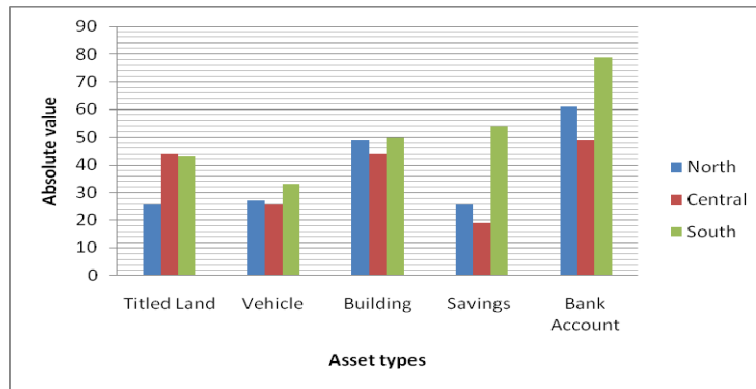


Figure 4 Asset ownership among female Vietnamese entrepreneurs by region and type of asset

Source: Survey data

Except for titled land, Vietnamese entrepreneurs from the North appear to own more assets (in the form of vehicles, buildings, savings and bank accounts) than their female counterparts from other regions. Within the study, entrepreneurs from central Viet Nam have the lowest absolute asset and capital ownership rates. Disaggregating data by gender shown in Table 8 still reveals strong asset ownership among Vietnamese female entrepreneurs in general but also shows disproportionate male ownership of land and female rates of savings.

Table 8 Asset ownership of entrepreneurs by gender and type of asset

Type of Asset	Male entrepreneurs (n= 41)				Female entrepreneurs (n=199)			
	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	Min	Max
Registered land (0= No, 1= Yes)	0.73**	0.449	0	1	0.57**	0.497	0	1
Vehicle (0= No, 1= Yes)	0.39	0.494	0	1	0.43	0.497	0	1
Building (0= No, 1= Yes)	0.68	0.471	0	1	0.72	0.451	0	1
Savings (0= No, 1= Yes)	0.32**	0.471	0	1	0.50**	0.501	0	1
Bank Account (1= No, 2= Yes)	1.98	0.156	1	2	1.96	0.198	1	2

Source: Survey data

Note: Values are as percentage of total “yes” responses

**Significant at $\alpha=0.05$ for a t-test on the equality of means

Figure 5 below is directly derived from Table 8 above. The illustration is provided to highlight differential asset ownership between male and female entrepreneurs.

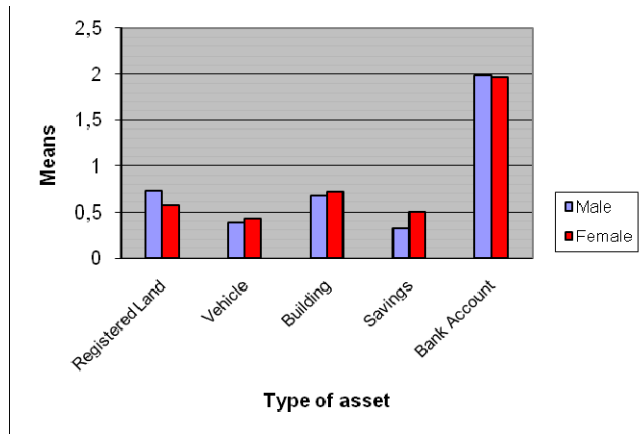


Figure 5 Gender-disaggregated asset and capital ownership among Vietnamese entrepreneurs

Source: Survey data

Both Table 8 and Figure 5 show that after gender-disaggregating data, significantly more male VCCI members as compared to women own registered land under their name²⁸. Moreover, despite overall low values, significantly more female entrepreneurs as compared to men have savings in the bank²⁹. It appears that women manage risk differently than men, as a result of the various gender-based barriers to business and access to resources that they face. To find the magnitude of the differences between men and women in owning registered land and in having savings in the bank, we calculate the η^2 values. Both eta squared values for the magnitude of difference between male and female entrepreneurs in registered land ownership³⁰ and in having savings in the bank³¹ indicated weak effects. Despite the weak effect, this finding has implications on entrepreneurs' propensity to successfully obtain commercial loans from the bank and will be discussed in detail in Section 5.3.2.1.

There is no difference between men and women in ownership of vehicles, buildings and bank accounts. According to Whitmore (1984), the status of women in Viet Nam is conspicuously higher than many other economies in Southeast Asia. And, when it comes to legal documents regarding property rights in Vietnam, Chongson (2009) noted that the legal framework is gender neutral. Constitutional and legislative support allows the wife to bring her own property into the marriage and awards her full rights to dispose of it according to her will. In fact, the so-called Red Book in Viet Nam that contains land use rights and house ownership certificates now encourages both the full names of husbands and wives to be indicated in the documents. It has proven to be useful collateral for husbands and wives. For example, when a husband (wife) wants to use the Red Book as collateral to obtain loan from a bank, he (she) is required to submit to the bank and the notary office (1) a marriage certificate and (2) a signed approval from the wife (husband).

According to the ADB (2005), despite the revised Land Law of 2003, and the 2000 Law on Marriage and Family that requires both husband's and wife's name on the land use certificate (LUC) and the recent amendments in names indicated in the Red Book, a disproportionate number of LUCs still do not contain women's names. This shows that even if the Vietnamese

²⁸ ($t=2.090$, $df=61.955$, $\alpha=0.041$, $nMales=41$, $nFemales=199$)

²⁹ ($t=-2.208$, $df=60.173$, $\alpha=0.031$, $nMales=41$, $nFemales=199$)

³⁰ Eta squared = 0.018

³¹ Eta squared = 0.020

legal framework governing property rights is gender neutral, implementation still seems to be a challenge.

On a positive note, general property ownership among VCCI registered female entrepreneurs is strong and comparable to other developing countries. Despite strong asset ownership however, Vietnamese women all over the country still experience constraints in accessing commercial credit for starting businesses. As shown in Table 9, relatively fewer female entrepreneurs availed of credit from commercial banks to finance business start-up.

Table 9 Sources of financial capital for business start-up per region

Sources of capital to start business	Region						Total		Vietnam
	North		Central		South		Males	Females	
	Males	Females	Males	Females	Males	Females			
Own capital	13 (46%)	48 (39%)	4 (14%)	22 (18%)	11 (39%)	54 (44%)	28 (100%)	124 (100%)	152
Family and friends	7 (29%)	25 (27%)	4 (17%)	25 (27%)	13 (54%)	43 (46%)	24 (100%)	93 (100%)	117
Credit from commercial banks	6 (54%)	26 (40%)	2 (18%)	25 (38%)	3 (27%)	14 (22%)	11 (100%)	65 (100%)	76
Informal credit	4 (57%)	6 (46%)	1 (14%)	1 (8%)	2 (28%)	6 (46%)	7 (100%)	13 (100%)	20

Source: Survey data

Note: Percentages refer to total responses by gender in each capital category across regions. Regional values do not total to respondent count because entrepreneurs were asked to select only answers that apply.

Most of the entrepreneurs employed own capital to start businesses. This is closely followed by the financial support of family and friends and remotely followed by the use of credit from commercial banks.

On the one hand, it is important to remember that compared to the rest of the world, the percentages of acquiring commercial credit for business start-up for Vietnamese female entrepreneurs is relatively high. In most parts of Sub-Saharan Africa, Latin America and even within Asia, the lack of property which could be used as collateral for commercial loans drives most entrepreneurs to use their own financial resources for business purposes (see for example, Dowuona-Hammond, 2008 or de Soto, 1990). On the other hand, the fact that female entrepreneurs still have weak access to commercial credit despite strong asset ownership implies that in Vietnam, obtaining commercial credit is not fully related to the availability of collateral but also to other factors such as information about credit worthiness, savings. In Section 5.3.2.1 impediments to commercial credit access in the form of strict collateral conditions (the quality of land, buildings, for example), low asset valuation, complicated loan terms and conditions from banks, unstable interest rates, and cumbersome and time-consuming loan application procedures will be discussed.

5.2.2 Regulatory factors influencing starting a business

Regulations pertaining to registering businesses influence the rate of formalisation of enterprises. According to Doing Business, when it is easier, cheaper and faster to start business, more women tend to cross over from informality towards formalisation³². To check

³² At this point it is crucial to clarify that this argument as well as other policy arguments of the Doing Business in property registration, getting credit, employing workers and paying taxes, etc, aim to support the full participation of men and women in the economy. Doing Business additionally argues that reforms in these areas bring in huge pay offs for women. Thorough and empirical gender-based analyses of the intended and unintended policy implications of Doing Business however, are still largely lacking.

for the ease of business registration in Vietnam, we asked the question “*Did you ever encounter difficulties registering your business?*” to both male and female respondents. Responses were coded into 1=No, 2=Yes. Shown in Table 10 is the cross tabulation of respondents’ responses.

Table 10 Crosstabulation, gender and problems in business registration

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Did you ever encounter difficulties in registering your business?	No	20 (62%)	128 (73%)	148
	Yes	12 (38%)	48 (27%)	60
Total		32 (100%)	176 (100%)	208

Source: Survey data

Majority of survey respondents, regardless of gender, encountered few problems in business registration. Only 38% of male respondents encountered difficulties registering businesses as compared to 27% of female respondents. This means that Vietnam’s business registration procedures are relatively efficient. Cross tabulation show that slightly more men than women across regions encountered problems with registering their businesses. To test whether gender³³ is associated with difficulties in business registration³⁴, we use the non-parametric chi-square test for independence. Results are shown in Table 11³⁵.

Table 11 Chi-square test for independence for gender and difficulty in business registration

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.380	1	0.240		
Continuity	0.927	1	0.336		
Correlation					
Likelihood Ratio	1.324	1	0.250		
Fisher’s Exact Test				0.289	0.167
Linear by Linear	1.373	1	0.241		
Association					
N of Valid Cases	208				

Source: Survey data

Phi-coefficient: -0.081, $\alpha = 0.240$

Cramer’s V: 0.081, $\alpha = 0.240$

The Chi-square test for independence indicated no significant association between gender and difficulties in business registration³⁶. We also looked at phi-coefficients³⁷ to reveal how strong the association between gender and difficulties in business registration is and found it to be insignificant³⁸.

The minority who encountered registration problems reported lengthy procedure (in days) involved in registration. Others complained about complicated registration forms: either the

³³ (categorical variable 1=Male, 2=Female)

³⁴ (categorical variable 1= No, 2=Yes)

³⁵ For result interpretation, we use the Yates Correction for Continuity instead of the Pearson value. The Yates Continuity Correlation is an additional correction value for chi-squared tests that deal with exactly two categories in each variable. This is designed to compensate for the possible over-estimate of the chi-square value when used with a 2 x 2 table (Pallant, J. (2007) *SPSS Survival Guide* Berkshire England, Open University Press).

³⁶ $\chi^2 (1, n=208) = 0.927, \alpha = 0.336$

³⁷ Please see the Annex for an explanation on phi-coefficients and their interpretation.

³⁸ The phi-coefficient value for a 2 x 2 design = -0.081 and is not significant

forms are complicated to fill-up or other documents necessary for registration are difficult to obtain. One reason cited for this by entrepreneurs is the lack of standardization of code-based registration forms. Although respondents positively rated the approachability of authorities and accessibility of business registration centres, they questioned the value of going through protracted explanations to registration authorities when formalising new businesses. This means that problems related to registration are actually less about gender-bias and are more about complicated procedures and their implementation.

5.2.3 Internal factors influencing starting a business

5.2.3.1 Education and experience

In all regions covered by the research, a general high level of education among male and female entrepreneurs was observed although men have significantly higher educational attainment than females. Irrespective of gender, a total of 53%, 68% and 76% of entrepreneurs in the North, Central and South respectively hold University degrees. This was followed by entrepreneurs who finished High School level. It is noteworthy that several respondents, 16%, 3.3% and 8.2% in North, Central and South Viet Nam respectively, hold either Masters or Doctorate degrees.

This finding connotes positively for women in particular and for private sector development in Viet Nam in general. However, it should be recalled that survey respondents came from a pool of VCCI-registered entrepreneurs and therefore the findings are not representative of education levels of entrepreneurs in the country.

According to World Bank data, the primary and secondary education Gender Parity Index³⁹ (based on Gross Enrolment Ratio, GER) for Viet Nam is 0.94 and 0.92 respectively (UNESCO Institute for Statistics, 2009). This ratio is high in comparison with other Asian and other developing countries all over the world. However, although World Bank data and the Viet Nam Household Living Standards Survey VHLSS⁴⁰ show an explosion of gross enrolment for tertiary education - attributed to the increase in number of tertiary institutions in Viet Nam over time - the data lacks national enrolment ratios disaggregated by gender. Hence it is not possible to calculate gender parity in tertiary education for the whole of Vietnam.

Nevertheless, the VHLSS made it possible to compare gender parity in tertiary education per region. For example, Red River Delta and South East regions in Viet Nam have the lowest gender disparity in tertiary education whereas North West, North East, Central Highlands and South Central Coast have high gender disparities. Through the VHLSS, it was also possible to observe huge variability in accessibility to education among different groups within Vietnamese society. For example, rural and lower-income people have much less access to education than their urban and higher-income counterparts. Kinh and Chinese groups have better access to tertiary education than ethnic minority households.

Several other research have shown the tendency of Vietnamese men to have higher participation and education attainment ratio than women whereas Vietnamese women have higher gross, net enrolment and education equity index than men. It means that over time, Vietnamese women have increased their access to tertiary education, but whether they manage to complete tertiary education is another matter.

With regard to types of previous employment, more than half of the entrepreneurs worked as employees (wage employment) before deciding to start their own businesses. The highest

³⁹ Gender Parity Index (GPI) refers to the ratio of the female to male gross enrolment ratios. A GPI of 1 indicates parity between sexes.

⁴⁰ See www.worldbank.org > [Data & Research](#) > [Research](#) > [LSMS](#)

level of previous engagement in wage employment was observed in the Central region where 80% were in wage employment– *as compared to only 63% average for North and South* - before becoming entrepreneurs. More entrepreneurs in the North and South (27% and 21% respectively) were entrepreneurs engaged in another type of business, before changing to their current enterprise. Very few entrepreneurs were unemployed previous to starting the current business.

5.2.3.2 Personal characteristics

As previously discussed, there is a significant difference between men and women in terms of risk behaviour but no significant difference between male and female entrepreneurs in terms of innovation, diversification, and initiative. For this reason, Figure 6 focuses on female entrepreneurs' characteristics that are important for starting a business. As illustrated, women from the Central region were ranked lower relative to North and South counterparts in terms of risk-taking behaviour, initiative for new business and innovation.

Across regions, majority of female Vietnamese entrepreneurs do not consider themselves as risk takers. The risk-averse behaviour of Vietnamese female entrepreneurs replicate Johnson and Powell's findings (1994) that women in managerial positions tend to be more risk averse compared to men. Women appear to be more pessimistic towards gains than men when undertaking risky decision-making.

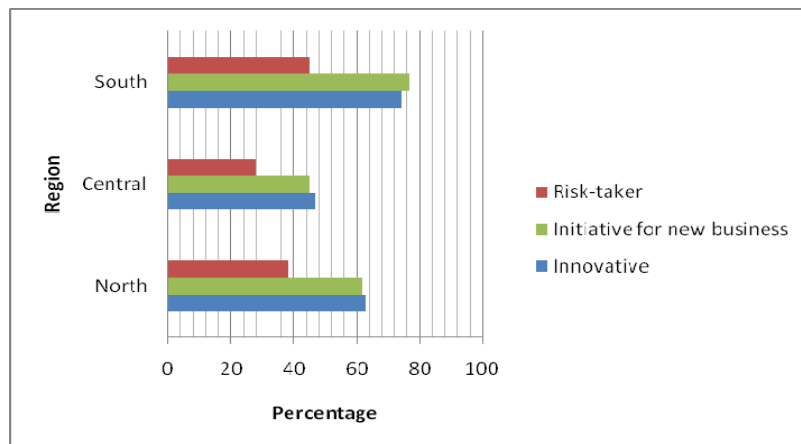


Figure 6 Risk-taker, initiative for new business and innovative characteristics of Vietnamese women entrepreneurs per region

Source: Survey data

Although necessity and not innovation was the underlying motive behind entrepreneurs' decision to start businesses, (see Section 5.1), many respondents still consider themselves innovative in terms of finding new products and services to introduce in the market. It seems that once the small business is off the ground, the innovation to discover undervalued resources in the market and use it for economic benefit starts to take effect.

5.3 Running a business for Vietnamese women

In this section, **traditional** factors influencing running a business were explored using entrepreneur's perceptions of gender bias on various aspects of doing business. The quality of the **regulatory** environment surrounding running a business in Viet Nam was analysed using problems encountered by entrepreneurs in areas of getting credit, employing workers, paying taxes and paying for administrative facilitation. This section also analyses **internal**

factors influencing running a business such as characteristics of entrepreneur's working hours, networking tendencies, perceptions of impediments to business continuation and scaling-up, and work-life balance.

5.3.1 Traditional factors influencing running a business

5.3.1.1 Gender-related traditional bias

Shown in Table 12 are areas of business where respondents felt a gender bias. The question posed was: “*In which areas of doing business are you having particular problems because of your gender?*”. The question was posed to male and female entrepreneurs. Answers were coded 0=No, 1=Yes for each category.

Table 12 Perceived gender-related bias in doing business, by gender and business related activity

Business related activity	Male entrepreneurs (n= 41)				Female entrepreneurs (n=199)			
	Mean	Std. Dev.	Min	Max	Mean	Std Dev	Min	Max
Getting credit	0.02*	0.156	0	1	0.09*	0.280	0	1
Getting collateral	0.07	0.264	0	1	0.05	0.219	0	1
Acquiring or entering networks	0.10	0.300	0	1	0.17	0.377	0	1
Acquiring new businesses/contracts	0.10	0.300	0	1	0.16	0.364	0	1
Employing workers	0.10	0.300	0	1	0.06	0.239	0	1
Dealing with authorities	0.05	0.218	0	1	0.10	0.295	0	1

Source: Survey data

*Significant at $\alpha=0.1$ level for a t-test of the equality of means

From the pool of respondents, very few male and female entrepreneurs reported gender-related bias across various business activity categories. An independent samples t-test was conducted to compare incidence of perceived gender-related bias between male and female entrepreneurs. Results show that there is no significant difference between men and women in perceived bias in getting collateral, acquiring or entering networks, acquiring new contracts, employing workers and dealing with authorities. However, a significant difference between men and women in terms of perceived gender bias⁴¹ in getting credit was observed⁴². The magnitude of the difference is small⁴³. Unfortunately for logistical reasons, the study did not go far enough to investigate the real reason behind women's perception of gender bias in accessing credit. Further research in this area should look at whether the perception of gender bias arises from the treatment of bank officials, the loan application procedure, the technical requirements for the loan, regulation surrounding getting credit or other factors.

Looking closer, the relative “highest” incidence of perceived gender-related bias among men was experienced in acquiring networks and new contracts as well as employing workers. Women perceived higher gender bias than men in acquiring networks and new contracts but this is not statistically significant. We also found that more women than men indicated experiencing gender-bias when dealing with authorities (although the difference is not statistically significant). We found it unnecessary to differentiate between higher and lower ranked government authorities following Djankov et al (2002) arguments that show that regardless of rank, politicians use regulation to create rents and to extract them through campaign contributions, votes, and bribes. Regulation, in public choice theory, is pursued for

⁴¹ Other dimensions of the interaction of gender and credit access will be discussed in the following sections

⁴² ($t=-1.940$, $df=101.631$, $\alpha=0.055$)

⁴³ Eta squared= 0.0156

the benefit of politicians and bureaucrats regardless of their location in the government hierarchy (McChesney, 1987 and de Soto, 1990).

Across regions, female entrepreneurs from the Central and South reported more gender-related obstacles to running a business as compared to female counterparts in the North. The most remarkable result is the experience of gender bias in terms of entering business networks (experienced by 28% and 16% of Central and South female entrepreneurs respectively), acquiring new business contracts (experienced by 27% and 16% of Central and South female entrepreneurs respectively) and dealing with authorities (experienced by 15% and 10% of Central and South female entrepreneurs respectively). Women entrepreneurs felt being inferiorly treated during discussions with government officials and business prospects. They also experienced being left out in business-related negotiation processes.

The story across other developing countries is almost similar. In Cambodia, women engaged in micro and small enterprises also face constraints related to acquiring new markets in addition to their lack of business-related information, lack of collateral and lack of credit (Ty et al., 2009). In Swaziland, Gambia and Uganda, the constitution provides for the equality of sexes but tradition remains gender biased against women resulting in very limited formal economic participation from women (Ellis and Cutura, 2007 and Ellis et al., 2007).

5.3.2 Regulatory factors influencing running a business

5.3.2.1 Getting credit to run a business

A survey by the IFC-MPDF (International Finance Corporation, 2006) showed that the limited availability of capital is one of the challenges faced by women-owned SMEs in Vietnam.

The previous section showed no significant difference in perceived gender bias in getting credit between male and female entrepreneurs although in absolute values, women perceive higher gender-bias than men. As the following tests will substantiate, the problem of successfully acquiring long term commercial loans in Viet Nam has less to do with gender-bias and more to do with the (1) savings (and collateral), and (2) the characteristics and implementation of the regulatory framework surrounding the commercial credit system. Table 13 shows cross tabulation of gender of entrepreneur (coded 1=Male, 2=Female) with responses to the question “*Did you ever encounter problems obtaining loans for your business?*”. Answers were coded 1=No, 2=Yes.

Table 13 Crosstabulation, gender and problems in obtaining business loans

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Did you ever encounter problems obtaining loans for your business?	No	13 (45%)	103 (65%)	116
	Yes	16 (55%)	56 (35%)	72
Total		29 (100%)	159 (100%)	188

Source: Survey data

A total of 55% of male entrepreneurs surveyed encountered problems in obtaining business loans as compared to only 35% of female entrepreneurs. The Chi-square test⁴⁴ indicated a significant but weak⁴⁵ association between gender and difficulties in obtaining loans⁴⁶. This confirms that more male entrepreneurs than women encounter problems in getting credit.

⁴⁴ For more detailed test results please see Annex Table 2

⁴⁵ The phi-coefficient value = -0.148 and is significant at $\alpha=0.05$

The Chi-square test for independence confirms that male entrepreneurs encounter more problems in obtaining loans for their businesses as compared to women although the effect is very small. This is despite the fact that significantly more men own registered land under their name, and that significantly fewer men reported a perceived gender bias in terms of getting credit. During regional workshops held in Vietnam, participants suggested possible reasons behind this, for example: (1) significantly fewer men have savings in the bank as compared to women and (2) men are less diplomatic and patient when approaching bank officials for commercial loans.⁴⁷

It seems that banks consider not only land but also the savings rates of bank account holders when considering loan applications. After the passing of the 2005 Civil Code and the Decree 163/2006 that allowed business to use movable assets as collateral, new avenues for credit access has been opened for Vietnamese women (Viet Nam Chamber of Commerce and Industry, 2007a). Moreover, since female entrepreneurs have significantly higher savings than males, these factors could explain why significantly fewer female Vietnamese entrepreneurs encounter problems than men in obtaining business credit. During discussions with stakeholders at the regional workshops, many experts pointed to the fact that Vietnamese women tend to be more diplomatic than men, and are less discouraged by failure as compared to men. Stakeholders explained that Vietnamese women tend to not give up when their loan applications are rejected. They would fulfill what was missing in the previous loan application and re-apply for another loan. These could also partly explain why women encounter significantly fewer problems than men in obtaining loans for their businesses. According to Stephenson and Mintzer (2008), the ability to effectively negotiate is a skill that entrepreneurs tend to develop because negotiation skills are called upon in business in an almost daily basis. Especially female entrepreneurs, diplomacy and effective negotiation skills are necessary in order to orchestrate win-win situations that form the basis for building long term and profitable business relationships.

Whether the loan is from the same bank where the female entrepreneur holds a bank account (original bank) or from another bank (alternative bank), is a different story. Figure 7 shows rates of business loans of male and female entrepreneurs from the same bank (entrepreneurs' original bank) and from another bank (alternative bank) by gender.

⁴⁶ $\chi^2(1, n=188) = 0.3.331, \alpha = 0.068$

⁴⁷ These information were not covered in the survey and thus remained to be confirmed.



Figure 7 Business loans from same (entrepreneurs' original and main bank) and other banks

Source: Survey data

Across regions, VCCI-registered female entrepreneurs generally experience difficulties in successfully taking out business loans from alternative banks. Of course, since the alternative banks are not their main banks, trust between the alternative banks and entrepreneurs is still lacking, leading to unsuccessful loan applications. However, since the phenomenon is observed across Viet Nam (except for a few female entrepreneurs in the central region), this also implies that information regarding credit histories and repayment records of bank account holders are not adequately shared across public and private credit institutions. Entrepreneurs would tremendously benefit if their credit histories were shared through public and private credit registries so as to increase their credibility as borrowers. Doing Business (World Bank, 2007) also encourages this type of reform for countries who do not have credit-history-sharing mechanisms. Women are said to especially benefit from this policy change because microfinance research worldwide has shown that women borrowers put extra effort in maintaining good repayment records in lending institutions (Mukasa et al., 2004 and Cutura, 2007).

Although a minority, problems that both male and female entrepreneurs encountered in getting commercial credit were mostly related to regulation and its implementation. For example, women in the south who experienced constraints in accessing finance, complained about time-consuming loan application process as well as complicated terms and conditions of repayment that make it unattractive to apply for loans in the first place. When female entrepreneurs do manage to overcome the obstacle of cumbersome loan application procedures, the next hurdle are the relatively strict collateral conditions from banks. The quality of assets to be used for collateral is strictly evaluated for its commercial value and there is a tendency of banks to undervalue assets. Many also complained of fluctuating interest rates that influence the ease of loan repayment later on.

5.3.2.2 Employing workers

Data on employing workers in Viet Nam show that VCCI-registered female entrepreneurs tend to hire more women employees than men, with South entrepreneurs having the highest tendency to hire female workers. The female to male employee ratio in enterprises surveyed in north, central and south is 1:0.94, 1:0.87 and 1:0.59 respectively. Absolute employee numbers per region summative from all enterprises is illustrated in Figure 8.

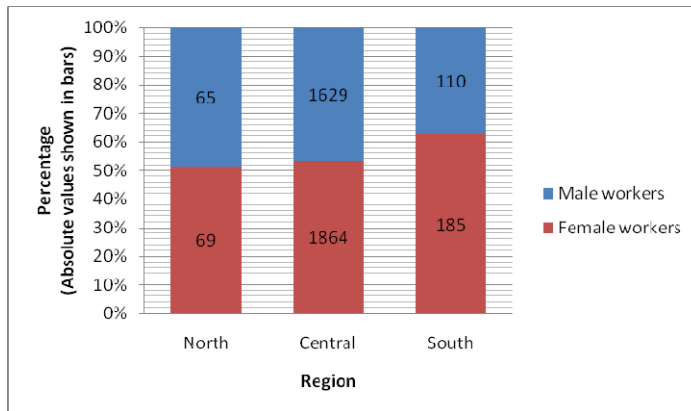


Figure 8 Employment of male and female workers by female entrepreneurs per region

Source: Survey data

Note: Results are in absolute values

One explanation for the tendency of female entrepreneurs to hire female workers is because their enterprises deal with or are located in feminized sectors. As shown earlier in Table 3, most entrepreneurs were in the services sector that includes among others, wholesale and retail trade. In the Focus Group Discussions, female experts explained that they prefer to hire female workers because they could easily understand and relate with them, and makes it easier and cheaper (e.g. in case of shared hotel rooms) for them to go on business trips together.

Nevertheless, majority of entrepreneurs (over 70% for female entrepreneurs across three regions) recounted problems linked to hiring, and most especially retaining educated and experienced workers. Recurring problems were namely:

1. High labour force mobility – The high employee turnover rate interrupts business operations and creates unnecessary costs for the firm. Workers are very sensitive to differences in wage and are easily lured into other enterprises even if wage differential is marginal. Entrepreneurs prefer to avoid the interruption and costs related to hiring and training new employees.
2. Low skilled workers - Entrepreneurs complained that even if labour is abundant in Vietnam, finding skilled workers is still challenging. Moreover, even if workers graduated from so-called “theoretical vocational schools” they still require training in order to bring out their skills.
3. Working attitude and discipline – Most of the workers hired by female entrepreneurs come from rural areas and are not well trained in working in industrial or service environments. There is still a need to teach them proper working attitude and discipline.

To test whether female entrepreneurs have significantly more problems than men in retaining good employees (good employees are defined as those with proper education and with experience related to the job), cross tabulation of gender and employing workers problem was performed. The question given to both male and female entrepreneurs was: “*Do you have problems retaining good employees?*”. Answers were coded into 1=Yes, 2=No. Table 14 shows the results.

Table 14 Crosstabulation, gender and problems in retaining good employees

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Do you have problems retaining good employees?	No	14 (34%)	77 (40%)	143
	Yes	27 (66%)	116 (60%)	91
Total		41 (100%)	193 (100%)	234

Source: Survey data

A total of 66% and 60% of male and female VCCI-registered entrepreneurs respectively encountered problems in retaining educated and experienced employees. The Chi-square test⁴⁸ and phi coefficients⁴⁹ indicated no significant association between gender and difficulties in retaining good employees⁵⁰. In short, the problem related to maintaining good workers in the roster of employees occurs regardless of the sex of the entrepreneur. Regional consultation workshops also confirmed that the gender relations between employers and workers had no impact on worker mobility.

A survey by the IFC-MPDF (2006) revealed that shortage of skilled employees is one of the challenges faced by women-owned businesses in Vietnam. In the Employing workers indicator of the Doing Business 2010 (World Bank, 2009), Viet Nam had very flexible labour regulations compared to many other countries. On a range between 0 and 100 (where 100 means more rigid regulation), the country ranked 11th, 40th, and 21st in difficulty of hiring, difficulty of firing, and employment rigidity index respectively. High labour mobility is one of the main problems encountered by Vietnamese entrepreneurs in terms of employing workers. Note that the country ranked relatively lower in the *difficulty of firing index* compared to other indices because firing a redundant employee would cost the employer a total of 87 weeks of the employees' salary.

Many entrepreneurs complained that their businesses bear the costs of interruption from labour force movement and firing redundant employees. Moreover, many entrepreneurs incur considerable expenses in organising training courses for short and long-term employee skills, only to lose the employees later on. According to Kabeer and Anh (2006) the Vietnamese Labour Code is generally more relevant to employed than to self employed workers. Thus from the perspective of both entrepreneurs and the firm, it appears that Vietnamese SMEs could benefit if labour regulations affecting the *difficulty of hiring* balance itself with regulations influencing *difficulty of firing*. A policy change that moves toward employer-bias should not overlook the welfare of workers and the interests of the state. Despite decades of labour research, there is no international "standard" policy that guides this recommendation. Rather, equilibrium between worker protection and labour market flexibility should be aimed for by the state and worker organizations based on each country's unique socio, legal, economic and other characteristics. Improving worker conditions is a possible option to try to reduce worker mobility. These policy alternatives are discussed in Section 6.

5.3.2.3 Paying Taxes

Female entrepreneurs most commonly paid two kinds of taxes; these are the income tax and Value Added Tax (VAT). Other types of taxes that were paid by minority of the respondents include licence tax, special consumption tax, natural resource tax, and import/export tax.

Majority of the enterprises take taxation seriously although only 12%, 10%, and 17% of VCCI members from North, Central and South Viet Nam respectively mentioned encountering problems in paying taxes. Table 15 shows the descriptive statistics of the responses of male

⁴⁸ For more detailed test results please see Annex Table 3.

⁴⁹ Phi-coefficient = 0.045 and is likewise not significant.

⁵⁰ $\chi^2 (1, n=234) = 0.260, \alpha = 0.610$

and female entrepreneurs to the question “Do you ever experience problems paying taxes?”. Responses were coded into 1= No, 2= Yes.

Table 15 Crosstabulation, gender and problems in paying taxes

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Do you experience problems paying taxes?	No	34 (83%)	165 (87%)	199
	Yes	7 (17%)	24 (13%)	31
Total		41 (100%)	189 (100%)	230

Source: Survey data

Majority of male (83%) and female (87%) entrepreneurs that were members of the VCCI did not experience problems in paying taxes. Cross tabulation shows that slightly more men experienced taxation problems than females. Chi-square test⁵¹ and phi coefficients⁵² indicated no significant association between gender and problems in paying taxes⁵³. Results of the test for gender and taxation problems lead us to accept the null hypothesis of no difference between men and women in terms of problems encountered in paying taxes.

Survey respondents however, used the opportunity to voice out their complaints regarding the Vietnamese taxation system. The nature of commonly recurring problems and complaints in paying taxes were noteworthy and were grouped into four categories as follows (in no particular order):

1. Complaints related to “tradition”
 - a. Negative attitude of tax authorities towards female entrepreneurs
2. Complaints related to regulation
 - a. Complicated tax payment forms, difficult to understand and requires lengthy fill-up time
 - b. VAT refund claim procedure is slow, complex not oriented towards supporting SMES
 - c. At times, it is necessary to use bribe to facilitate paperwork
 - d. Processing complaints takes time
3. Complaints related to entrepreneur issues (internal)
 - a. The time spent on processing paperwork takes time away from family and businesses
4. Other problems
 - a. Wrong calculations from tax authorities could occur, and it takes a long time for corrections to be entered,
 - b. When an entrepreneur lodges a complaint about the taxation process or authorities, she could be singled out for unfair treatment afterwards

The list of complaints regarding paying taxes falls into four categories relating to tradition, regulation, internal issues and dealing with erroneous calculations and complaints. Although tax authorities were reported to treat female entrepreneurs in an inferior manner most of the complaints about business taxation in Viet Nam relate to the regulation and its implementation. The amount of tax paid was not problematic for entrepreneurs but rather, complicated taxation forms that take time to process. Entrepreneurs are allowed to lodge complaints in cases of miscalculations leading to over-taxation, but the effort is useless

⁵¹ For more detailed test results, please see Annex Table 4.

⁵² Phi-coefficient = -0.049

⁵³ χ^2 (1, n=230) = 0.241, α = 0.623

because the processing of complaints and reimbursements are prolonged. Workshop participants added that the complaint will only allow the entrepreneur to be singled out for unfair treatment later on. The issue of excessive tax administration requirements in Viet Nam and the benefits of doing away with them was reported in Doing Business 2008 (World Bank, 2007).

5.3.2.4 Payments to facilitate regulatory procedures

Across three regions, majority of VCCI-registered entrepreneurs preferred to register their businesses themselves. A smaller number of entrepreneurs paid for official and unofficial mediators to facilitate business registration. Entrepreneurs who used official mediation to register business preferred the Business Development Service (BDS) to independent lawyers. According to the VVEC (2007) BDS refers to any non-financial formal or informal service that is employed by the enterprise to facilitate in business functions and growth. For most entrepreneurs, the use of official mediators for business registration is seen as a way to fast-track the registration process in terms of days and in terms of delegating work related to obtaining cumbersome documentation requirements. It could be observed that no one complained about the amount of fees paid for official / unofficial mediation and registration.

Figure 9 illustrates the frequency of paying a third-party to facilitate business registration and taxation. Due to very low incidence of facilitation payments for both men and females, absolute values of total responses by gender were used. Payments to official mediators (such as independent lawyers and the BDS) were subtracted from values, thus the graph and the following statistical tests use only values for unofficial payments (bribes).

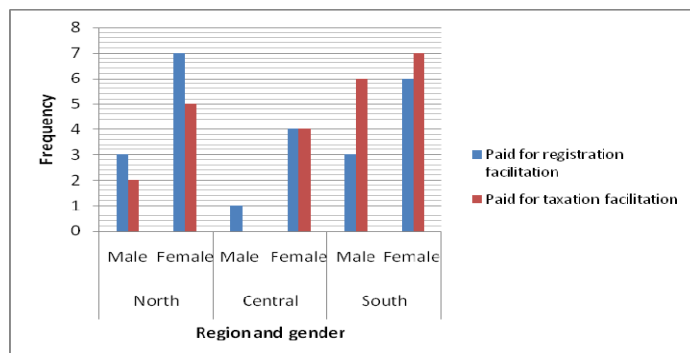


Figure 9 Payments to facilitate business registration and taxation by region and gender in absolute values

Source: Survey data

The illustration above shows stark regional contrasts in the type of unofficial payments made by VCCI members. In the North, entrepreneurs tend to pay for facilitation in business registration whereas in the South, entrepreneurs tend to pay for the facilitation of taxation. It seems that despite earlier results that no significant difference between men and women exists with regard to problems in paying taxes, women tend to pay for facilitation of taxation more than males. To confirm this, a cross tabulation for gender and incidence of facilitation payments was conducted and shown in Table 16 below. The question posed was: “Have you paid someone to facilitate business registration?”. To avoid confusion, we supplied a further definition for the question by clarifying “paid someone in cash or in kind, in order to simplify, reduce or facilitate your tax payments”. Responses were coded into 1=No, 2= Yes.

Table 16 Crosstabulation, gender and facilitation payments

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Have you paid someone (unofficial) to facilitate business registration?	No	24 (77%)	128 (88%)	152
	Yes	7 (23%)	17 (12%)	54
Total		31 (100%)	145 (100%)	206
Have you paid someone (unofficial) to facilitate taxation?	No	31 (80%)	162 (91%)	193
	Yes	8 (20%)	16 (9%)	24
Total		39 (100%)	178 (100%)	217

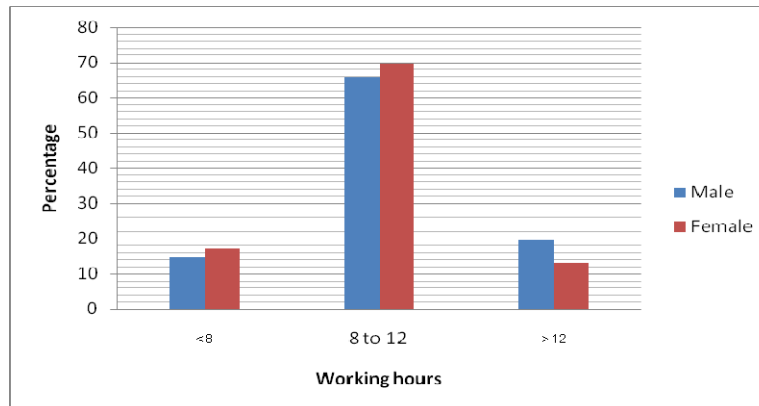
Source: Survey data

Among those who paid for facilitation, more male (23%) than female entrepreneurs (12%) bribed authorities in order to facilitate registration procedures. The same holds true for payments to facilitate taxation. There were more men (20%) than women (9%) among those who paid for taxation facilitation. Unfortunately, because of very low responses to this question⁵⁴, chi-square tests of independence could not be performed. An independent samples t-test⁵⁵ was conducted to compare incidence of facilitation payments for registration⁵⁶ and taxation⁵⁷ between male and female entrepreneurs showed no significant difference.

5.3.3 Internal factors influencing running a business

5.3.3.1 Working Hours

Running a business requires considerable time investment, possibly creating conflict between household and business for entrepreneurs. For this reason, survey respondents were asked, “How many hours do you work in a day?” with responses falling into three categories (<8 hours, 8 to 12 hours and >12 hours). The question refers to paid working hours only and is exclusive of hours devoted to unpaid domestic work. Results show no significant difference among regions in terms of time spent in working in the enterprise. Therefore, Figure 10 disaggregated the data and focuses on the comparison on the time allocation between male and female entrepreneurs.

**Figure 10 Comparison of working hours of male and female Vietnamese entrepreneurs**

Source: Survey data

The graph reveals that more women than men allocate time for their businesses within the <8 and 8 to 12 hour working time categories. However, fewer women than men work longer than

⁵⁴ Resulting in cells with expected counts <5

⁵⁵ For more detailed test results, please refer to Annex Table 5.

⁵⁶ ($t=1.526$, $df=68$, $\alpha=0.132$)

⁵⁷ ($t=1.125$, $df=19.95$, $\alpha=0.239$)

12 hours. Traditionally, Vietnamese women bear most of domestic tasks, which means that running a business automatically reduces the time spent by the woman for household responsibilities and vice versa. Men are not traditionally bound to perform domestic tasks and therefore, tend to work more in the >12 hour category. To confirm, gender is cross tabulated with total working hours in three categories and shown in Table 17 below.

Table 17 Crosstabulation, gender and working hours

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
How many hours do you work in a day?	<8	6 (15%)	34 (17%)	40
	8 - 12	27 (66%)	139 (70%)	166
	>12	8 (19%)	26 (13%)	34
Total		41 (100%)	199 (100%)	240

Source: Survey data

To explore the relationship between gender and working hours, the chi-square test for independence was performed under the null hypothesis that there is no association between the variables being tested. The Chi-square test⁵⁸ indicated no significant association⁵⁹ between gender and working hours⁶⁰. Nevertheless, the results still show that female entrepreneurs do invest considerable amounts of time in the business to ensure its success, over and above the time spent performing household tasks.

An earlier study by Kabeer and Anh (2006) revealed that self-employed Vietnamese women took the fewest holidays compared to the rest of working population. Women working in the Vietnamese garment industry also worked longer hours than the rest of the economy (ibid). The study's findings also confirm World Bank findings (World Bank, 2004b) that there exists a very uneven distribution of responsibilities of domestic work in Vietnam. According to the World Bank report Vietnamese women disproportionately bear the burden of household tasks and this negatively influences the time women could spend on productive activities.

Data was tested again controlling for number of children and showed that the number of paid hours worked by the businesswoman follows a distinct pattern. Please refer to Figure 11.

⁵⁸ For more detailed test results please refer to Annex Table 6.

⁵⁹ The Pearson chi-square results are used in interpreting the test for the association of gender and working hours because the test was not a 2 x 2 table due to three categories of working hours. Also, in this case, Cramer's V value was used to check for the magnitude of effect of gender and working hours because we had >2 categories. The Cramer's V value = 0.071, and is not significant at $\alpha=0.549$. This means there is no correlation between gender and length of working hours.

⁶⁰ $\chi^2(2, n=240) = 1.198, \alpha = 0.549$

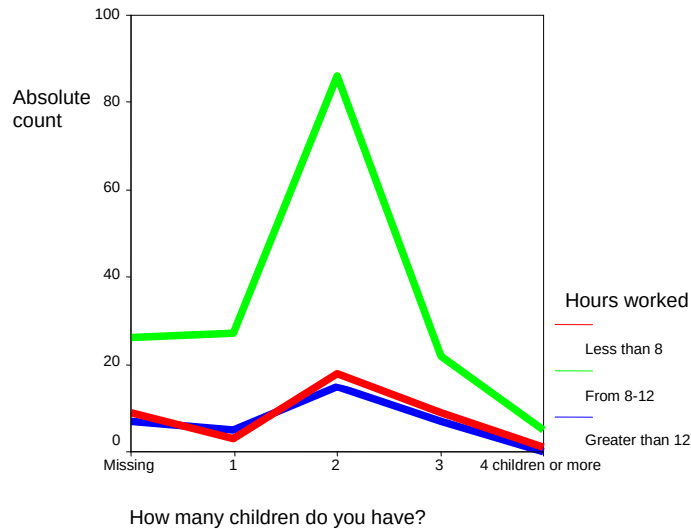


Figure 11 Paid hours worked (in categories) and number of children

Source: Survey data

Tests showed that the length of paid working hours that women invest in the enterprise is directly and positively related to the number of children she has. However, after the second child, the amount of paid working hours invested by women into the business becomes increasingly less. This means female entrepreneurs invest fewer and fewer paid hours into the business the more children she has. However Vietnamese female entrepreneurs that were interviewed are still highly motivated; in Section 5.3.3.4 survey results showed that entrepreneurs still wanted lessened household tasks in order to focus more time on the business.

Fears of the negative consequences of the recent financial crisis has led majority of the female entrepreneurs to believe that the next six months will be a difficult time for the business. Therefore, aside from the motivation to improve the business, female entrepreneurs always take the initiative to find immediate solutions to business-related problems. In workshops entrepreneurs identified diversification as one method commonly employed to allay fears and buffer incomes. Survey results showed that more than half of the entrepreneurs own other types of businesses or have shares in other businesses.

5.3.3.2 Networking

Another approach used by the women to improve business is networking. Networking is viewed as a way to increase sales and expand business. The network brings its members the opportunity to share risks and uncertainty. The people within such a network can play a role in the development of the entrepreneurial knowledge of an individual, which can lead to the identification of opportunities and the development of new ideas for the business. Based on the survey and regional workshops we confirmed that Vietnamese female entrepreneurs do not discriminate with whom they associate with. Women would readily make contacts and exchange ideas with both male and female entrepreneurs, if they were given the chance.

Most of the respondents were members of some type of entrepreneur organisation, the highest membership rate was observed in South and Central Viet Nam (both at 63%). Affiliation in associations as a form of networking increases members' awareness, increases women's

access to experience-based information on how to start and run businesses and therefore plays an important role in women entrepreneurship success (Dragusin, 2007). Entrepreneurs in all regions belong to dense business networks as shown in Table 18.

Table 18 Network density of female entrepreneurs across regions

Entrepreneurial network	Region		
	North (in %)	Central (in %)	South (in %)
1-5	12	15	15
6-10	23	19	23
Over 11	65	65	62

Source: Survey data

Note: Values do not always total to 100 due to missing answers

At the regional workshops, women characterised entrepreneurs' organisations as an effective means of obtaining accurate and up-to-date information concerning the business, supporting each other through exchange of best practices and lessons learned as well as in informal means to learn further product or service development. Similar to other female entrepreneurs worldwide, the lack of time of Vietnamese entrepreneurs is an important reason for not spending more time or money (through reading professional literature or joining workshops that take more than a day) to gather new entrepreneurial knowledge (Erzetic, 2008). Thus, entrepreneurial organisations in Viet Nam are important anchors for many businesswomen, and therefore could serve as an effective means of gathering new business-related information and for disseminating policy change and conveying other information related to SMEs that the government would like to disperse. Cross tabulation in Table 19 of gender (1=Male, 2=Female) and membership in entrepreneurial organizations (0=No, 1=Yes) shows the following:

Table 19 Cross tabulation, gender and membership in entrepreneurial organizations

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Are you a member of an organization of entrepreneurs?	No	20 (49%)	92 (46%)	112
	Yes	21 (51%)	107 (54%)	128
Total		41 (199%)	199 (100%)	240

Source: Survey data

Cross tabulation of gender and membership in entrepreneurial organizations show that roughly half of surveyed VCCI-registered entrepreneurs are members (*vis à vis* non members) of associations of entrepreneurs. Slightly more men than women have not joined any entrepreneurial organization. The Chi-square test⁶¹ indicated no significant association between gender and membership in entrepreneurial organizations⁶².

Networking for Vietnamese entrepreneurs appears to be very crucial for business. The study however, failed to cover the mechanisms, dynamics and benefits of male/female entrepreneurial networks. Female entrepreneurs in this research complained about difficulties in access to business networks and their incapacity to clinch deals in “after-hour” informal settings. It would benefit policy makers, associations and entrepreneurs if research that reveals the dimensions of female entrepreneurial social networking is conducted; as well as

⁶¹ For more detailed test results please refer to Annex Table 7.

⁶² $\chi^2(1, n=240) = 0.016$, $\alpha = 0.900$. The phi-coefficient = 0.019 is not significant

how female entrepreneurs create/tap into their own networks. Findings from such research could be used as a guideline for entrepreneurial workshops and seminars that teach valuable social networking skills to Vietnamese women.

5.3.3.3 Hindrances to continuation and scaling-up the business

Although an overwhelming number of female entrepreneurs plan to expand their businesses as shown in Section 5.1, survey respondents were quick to point out various obstacles to business continuation and scaling-up. The respondents were allowed to choose from various types of obstacles, including: obstacles related to resources (finance, labour), social (family and business partners), regulations, and the implementation of regulations (gender-based discrimination and red tape).

The four most frequently mentioned obstacles to continuation and scaling up were: (1) lack of (good) employees, (2) entrepreneur's lack of training/education/skills, (3) family responsibilities and (4) bureaucracy. We will be discussing and testing each one separately, beginning with the entrepreneurs' own perception of their skills and education necessary for successful entrepreneurship.

Cross tabulations results of gender (1=Male, 2=Female) and the belief that the lack of good (educated and trained) employees is a hindrance to continuation and scaling up (0=No, 1=Yes) are shown in Table 20.

Table 20 Crosstabulation, gender and lack of good employees as hindrance to continuation and scaling up

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Lack of good employees as a hindrance to scaling up and business continuation	No	25 (61%)	152 (76%)	177
	Yes	16 (39%)	47 (24%)	63
Total		41 (100%)	199 (100%)	240

Source: Survey data

Majority of male and female entrepreneurs (61% and 76% respectively) believe that the lack of good employees does not serve as a hindrance to business continuation scaling up. The Chi-square test⁶³ for independence indicated a significant association between gender and the belief that the lack of good employees serve as a hindrance to scaling up⁶⁴. This means that significantly fewer women than men believe that the lack of educated and skilled workers serve as a hindrance to business continuation and expansion⁶⁵.

Cross tabulations of gender (1=Male, 2=Female) and the belief that the lack of education, skills and training impedes business continuation and expansion (0=No, 1= Yes) is shown in Table 21.

⁶³ For more detailed test results please refer to Annex Table 8.

⁶⁴ $\chi^2(1, n=240) = 3.140, \alpha = 0.065$

⁶⁵ However, phi-coefficient = -0.133 significant at $\alpha=0.041$ indicates that gender created only a weak effect on entrepreneur's beliefs.

Table 21 Cross tabulation, gender and lack of education, skills and training as hindrance to continuation and scaling-up

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Entrepreneur's lack of training, education and skills as a hindrance to scaling up and business continuation	No	20 (49%)	131 (66%)	89
	Yes	21 (51%)	68 (34%)	151
Total		41 (100%)	199 (100%)	240

Source: Survey data

Although significantly more male respondents possess higher education levels than females, men were roughly divided in their perceptions on whether the lack of education, skills and training served as a hindrance for them to expand their businesses. Workshop participants suggested that for female entrepreneurs, the lack of education is *not* a hindrance to business scaling up and continuation as long as the businesswoman is determined to succeed. The Chi-square test⁶⁶ for independence indicated a significant association between gender and the belief that education and skills are a hindrance to business continuation and scaling up⁶⁷. This means that significantly less women than men believe that education and skills serve as a hindrance to business expansion⁶⁸.

Cross tabulations of gender (1=Male, 2=Female) and the belief of negative impact of family responsibilities on business continuation and expansion (0=No, 1= Yes) are shown in Table 22.

Table 22 Cross tabulation, gender and effect of family responsibilities to continuation and scaling-up

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Family responsibilities as a hindrance to scaling up and business continuation	No	34 (83%)	122 (61%)	156
	Yes	7 (17%)	77 (39%)	84
Total		41 (100%)	199 (100%)	240

Source: Survey data

Results of cross tabulations show that more male than female entrepreneurs believe that family responsibilities do not serve as a hindrance to business continuation and scaling-up (83% and 61% respectively). This is probably because men are traditionally not responsible for the bulk of domestic tasks and therefore, family responsibilities do not seem as an impediment to the enterprise. Chi-square test⁶⁹ for independence indicated a significant association between gender and the belief that family responsibilities were a hindrance to scaling up⁷⁰. This means that significantly more women than men believe that family responsibilities serve as a hindrance to business continuation and expansion⁷¹. The results reproduce primary findings of Viet Nam Women Entrepreneurs Council (2007) that showed that high pressure from work and family as well as the lack of time were major constraints to female-led Vietnamese businesses.

⁶⁶ For more detailed test results please refer to Annex Table 9.

⁶⁷ $\chi^2(1, n=240) = 3.536, \alpha = 0.060$

⁶⁸ However, phi-coefficient = -0.133 significant at $\alpha=0.040$ indicates that gender created only a weak effect on entrepreneur's own assessments of their education and skills.

⁶⁹ For more detailed test results please refer to Annex Table 10.

⁷⁰ $\chi^2(1, n=240) = 6.067, \alpha = 0.014$

⁷¹ Phi-coefficient = 0.171 significant at $\alpha=0.008$ indicates a weak association between gender and the entrepreneur's beliefs.

Finally, cross tabulations of gender (1=Male, 2=Female) and the belief that bureaucracy creates a negative impact business continuation and scaling-up (0=No, 1= Yes) are shown in Table 23 below.

Table 23 Crosstabulation, gender and bureaucracy / red tape as hindrance to continuation and scaling-up

Survey Question		Gender		Total
		Male (% are within gender)	Female (% are within gender)	
Bureaucracy as a hindrance to scaling up and business continuation	No	26 (63%)	160 (80%)	
	Yes	15 (37%)	39 (20%)	
Total		41 (100%)	199 (100%)	240

Source: Survey data

More female than male entrepreneurs (80% and 63%) believe that bureaucracy or red tape does not serve as a hindrance to business expansion. Chi-square test⁷² indicated a significant but weak association between gender and the belief that bureaucracy was a hindrance to scaling up⁷³. This means that significantly more men than women believe that bureaucracy serve as a hindrance to business continuation and expansion⁷⁴.

5.3.3.4 Work-life balance

Most of the VCCI-member businesswomen that were interviewed did not experience any problems with balancing their work and family life. Research results show that almost 70% of the female entrepreneurs from northern Viet Nam consider themselves successful in allocating equal attention to the business and the family. However, this finding shows the tendency towards equality of genders in the Vietnamese household and the support of the husbands in their wives' economic endeavours. Women entrepreneurs' status within the family has considerably improved, partly because they have managed to assert their significant role in augmenting household income. Respondents also shared that their husbands support their businesses by sharing in their difficulties and taking over some of domestic responsibilities.

Despite the fact that entrepreneurs who experience work-life problems were the minority, survey results showed that women from North and Central Viet Nam still prefer more freedom from household responsibilities in order to be able to focus on their businesses. Only female entrepreneurs from South Viet Nam preferred to change the type of business in order to allow them more time for family life. The common request from all entrepreneurs was to have government support in terms of increased facilities for childcare and kindergarten because the burden of child-care still rests upon their shoulders.

5.3.3.5 Regulatory problems controlling for type of enterprise and Sector

We tested problems related to registration, obtaining loans, taxation, and retaining good employees (educated and/or experienced) controlling for type of enterprise. The general question related to regulatory issues posed to respondents was "Did you ever encounter difficulties in..." followed by the regulatory category. Majority of respondents replied "no". Results for those who replied "yes" are shown in Table 24 below.

⁷² For more detailed test results please refer to Annex Table 11.

⁷³ $\chi^2(1, n=240) = 4.694, \alpha = 0.030$

⁷⁴ Phi-coefficient = -0.153 significant at $\alpha=0.018$ indicates however that a weak association between gender and the entrepreneur's beliefs.

Table 24 Difficulties with regulation, controlling for type of enterprise

Type of enterprise	Did you ever encounter difficulties in ... ("YES" answers only)			
	Business registration (% of YES answers)	Obtaining loans (% of YES answers)	Paying taxes (% of YES answers)	Retaining good workers (% of YES answers)
Household	20%	50%	0%	75%
Sole proprietorship	26%	14%	8%	46%
Limited Liability company	23%	45%	16%	65%
Joint Stock company	29%	37%	13%	65%
Cooperative	0%	0%	0%	0%

Source: Survey data

The table could be interpreted this way: among the sole proprietorships that disclosed they encountered difficulties along the regulatory category options, 46% reported problems with retaining workers. There were only two respondents belonging to cooperatives and they did not report any problems along the regulatory categories included in the study.

In general, no visible trend related to problems in the four aforementioned areas of business were revealed after cross tabulation. Among those who reported experiencing difficulties, owners of Joint Stock Companies commonly reported difficulties related to formalization; Household enterprises commonly reported problems in obtaining loans and retaining good workers while Limited Liability companies commonly reported problems in paying taxes. While responses regarding problems in business registration, obtaining loans and paying taxes were broadly modest, problems related to retaining educated and experienced workers are still the most prevalent across different types of enterprise.

We re-tested problems related to registration, obtaining loans, taxation, and retaining good employees (education and/or experienced) while controlling for sector. Results are shown in Table 25.

Table 25 Difficulties with regulation, controlling for sector

Sector	Did you ever encounter difficulties in ... ("YES" answers only)			
	Business registration (% of YES answers)	Obtaining loans (% of YES answers)	Paying taxes (% of YES answers)	Retaining good workers (% of YES answers)
Services	28%	32%	16%	74%
Manufacturing	25%	34%	10%	47%
Trading	56%	41%	15%	61%
Mixed	72%	44%	12%	64%

Source: Survey data

The table could be interpreted this way: among enterprises that disclosed they encountered difficulties along the regulatory category options, enterprises in the trading sector commonly reported problems related to retaining good workers.

"Mixed" types of enterprises that could not be solely classified into one sector experienced the most problems in business registration and in obtaining long-term commercial loans. This could be perhaps because of the administrative confusion that could arise in business registration offices or in banks when categorizing the enterprise. On the other hand,

enterprises in the Services sector (this includes tourism, health and education-related enterprises) are those that reportedly experienced the most problems in paying taxes and in retaining good workers. Overall, the problem related to retaining good workers is still the most prevalent across various types of enterprise.

There were not enough surveyed entrepreneurs residing in rural areas that tests controlling for location (rural versus urban) was not feasible. Tests controlling for marital status and size could not be conducted because of low number of unmarried entrepreneurs (for marital status) and lack of information on company size.

To summarise the results of selected statistical tests conducted in this section, Table 26 is constructed.

Findings show that there is **no significant difference** between male and female entrepreneurs in terms of working hours, membership in entrepreneurial associations, problems encountered in business registration, employing workers, paying taxes and facilitation payments. **Significant (but weak)** gender-attributed differences occur in education levels, business expansion plans, risk behaviour, land ownership, savings in the bank, problems in obtaining credit, perceived gender bias in acquiring loans, and in beliefs about the negative effect of the lack of good employees, education/skills, family responsibilities and bureaucracy on business continuation.

Table 26 Summary of findings (selected)

Test	Findings	Magnitude of difference
Personal Characteristics/Internal		
Highest finished level of education	Male entrepreneurs have significantly higher education levels than females.	Weak
Possession of education and skills necessary to start a business	Male entrepreneurs have significantly higher beliefs than women in their possession of education and skills necessary to start businesses.	Medium
Consultation of (extended) family for important business decisions	Significantly more women than men consult family members for important business decisions.	Medium
Plans to scale-up business	Significantly more male entrepreneurs than women plan to scale up their businesses.	Weak
Willingness to take investment risks	Significantly more male entrepreneurs are willing to take investment risks.	Weak (but near Medium)
Working hours	Male and female entrepreneurs invest similar working hours into the business.	None
Membership in entrepreneurial associations	The rate that male and female entrepreneurs join entrepreneurial associations is similar.	None
Asset Ownership		
Ownership of registered land	Significantly more male entrepreneurs than women own registered land under their name.	Weak
Having savings in the bank	Female entrepreneurs than men have significantly more savings in the bank.	Weak
Regulatory Factors		
Problems in business registration	Males and women encounter business registration problems similarly.	None
Problems in obtaining credit (long term business credit from commercial banks)	More male entrepreneurs than women encounter problems in obtaining credit	Weak
Perceived gender bias in getting credit	Significantly more women perceive a gender bias in getting credit.	Weak
Problems in employing workers	Males and women encounter problems retaining good employees similarly.	None
Problems in paying taxes	Males and women encounter problems in paying taxes similarly.	None
Incidence of facilitation payments for business registration and taxation	Males and female entrepreneurs practice facilitation payments for business registration and taxation	None

(bribery)	similarly.	
Perceptions		
Lack of good employees as a hindrance to business continuation and expansion	Significantly more male entrepreneurs than women believe that the lack of good employees serve as a hindrance to business continuation and expansion.	Weak
Lack of own education and skills as a hindrance to business continuation and expansion	Significantly more male entrepreneurs than women believe that the lack of education and skills serve as a hindrance to business continuation and expansion.	Weak
Family responsibilities as a hindrance to business continuation and expansion	Significantly more female than male entrepreneurs believe that family responsibilities serve as a hindrance to business continuation and expansion.	Weak
Bureaucracy and red tape as a hindrance to business continuation and expansion	Significantly more male entrepreneurs than women believe that bureaucracy and red tape serve as a hindrance to business continuation and expansion	Weak

A significant (medium level) difference between male and female entrepreneurs was found in the possession of the necessary education/skills to start business and the consultation of family members for critical business-related decisions.

Additional tests also show that regardless of type of enterprise (Services, Manufacturing, Trading or mixes) and legal enterprise form (Household, Sole proprietorship, Limited Liability company, Joint stock company and cooperative), the problem that is most prevalent is on retaining educated and experienced workers.

Although medium-level differences in education/skill perception and family consultation practices were revealed by the tests, in several instances there are no (or weak) significant differences between male and female entrepreneurs across various indicators of traditional and regulatory gender-related obstacles to entrepreneurship. This is attributed to two factors: First, survey respondents consisted of VCCI-member entrepreneurs and the limited sampling pool might have had similar characteristics, which then translated into marginal differences in their entrepreneurial experience. Second, it is possible that the statistically significant differences between male and female entrepreneurs could lie at the micro and household level that were not tackled in-depth by the current research.

5.4 Doing Business and respondent's policy suggestions

Reforms of the regulatory business environment inevitably impinge on female-led enterprises in Vietnam. This section presents survey results on how well informed respondents are about the World Bank's Doing Business project, one of the significant driving forces behind the recent surge of regulatory reforms in Viet Nam and across the world. This section also presents suggestions derived from entrepreneurs themselves, on how to make doing business easier for them.

5.4.1 Knowledge about the Doing Business

Relatively fewer female entrepreneurs are familiar with the *Doing Business*, although majority felt the impacts of reforms recommended by the World Bank project. A total of 29%, 15%, and 31% from the North, Central and South are informed about the *Doing Business*. This value is to a large extent higher than values obtained from a separate study about Ghanaian female entrepreneurs (see Hampel-Milagrosa, 2009). The Ghana study showed that education has a great deal to do with information-seeking attitudes of entrepreneurs, and since most of female Vietnamese business-owners interviewed were educated, this could explain their knowledge about the regulatory reforms.

When asked whether they felt improvements in various legal areas vis-à-vis the enterprise since the past two years, remarkable similarities and differences in opinion were observed across regions (see Figure 12) but minor differences across genders (see Figure 13).



Figure 12 Observed improvements in the past two years in selected areas of doing business compared across regions (female entrepreneurs only)

Source: Survey data

Note: Values are in absolute responses.

Most female entrepreneurs in North, Central and South Viet Nam observed substantial improvements in business registration and other legal matters requiring registration. Experience in regulatory reform worldwide has shown that changes in regulations related to business registration were the most straightforward and easiest to carry out (World Bank, 2008a). Complex, time consuming and costly registration procedures could be reformed with a strike of the pen; and many countries managed to increase their ranking in Ease of Doing Business because of this reform.

Relative to North and South Vietnam, considerable improvements were felt by most Central-based female entrepreneurs in areas of property registration and getting credit. As shown in Section 5.2.1.2, many women from Central region own titled land; land is the most common collateral used for commercial credit. Women from central Viet Nam also had the highest rate of successful loans from commercial bank as compared to the other two regions. In contrast, around 30% of entrepreneurs from the north reported no tangible improvements whatsoever in four regulatory areas of doing business. Entrepreneurs from the north did not perceive any negative gender bias in areas of getting credit, employing workers and dealing with authorities, but did not feel any positive impact of regulatory reforms either.

The regulatory area where both male and female entrepreneurs perceived very little improvement was in employing workers. Clearly one problem that Vietnamese SMEs always have to deal with are the financial as well as non-financial costs associated with high labour mobility of workers in the country (See 5.3.2.2). Flexible labour regulations influencing labour mobility benefit workers who could easily transfer between jobs in exchange for a minimal increase in salary, but detriments enterprises who have to shoulder the costs associated with the employee loss and re-hiring measures. Finding the perfect policy mixture of labour regulations where the welfare of firms and workers in a satisfactory equilibrium is a goal that both developing and developed countries continuously aim for but whose path is long and complicated. In Viet Nam particularly, much work could still be done in the search for the most effective policy mix.

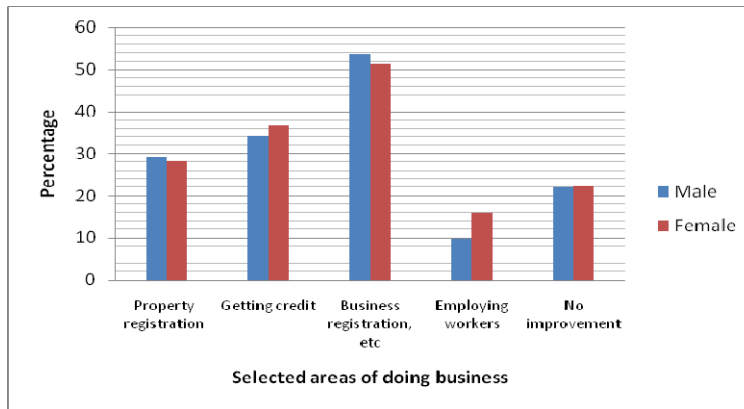


Figure 13 Observed improvements in the past two years in selected areas of doing business compared across genders

Source: Survey data

Note: Values are percentages of each respondent type

Disaggregating results of Figure 12 according to gender brings in interesting insights into the findings as shown in Figure 13. First, males' and females' perceptions regarding improvements across four regulatory areas covering doing business are roughly the same. Second, both male and female entrepreneurs found commendable improvements in business registration procedures but few felt any positive change in areas of employing workers. Third, although pay offs for women from faster, cheaper, and easier business registration procedures were said to be large, differences between values show that male Vietnamese entrepreneurs benefited from the simplification of property and business registration more than women in the sample.

5.4.2 Policy recommendations from Vietnamese entrepreneurs

Respondents were asked to share their suggestions on which policy areas the Vietnamese government should focus on in order to make the regulatory business environment and doing business better for entrepreneurs. Results are presented in Table 27 below.

Table 27 Suggested areas for regulatory reform grouped across genders, in percentages

Suggested areas for reform	Males (In % of total male respondents)	Females (In % of total female respondents)
Access to credit	43%	37%
Skills improvement and training	20%	28%
Provide opportunities for networking	35%	22%
More public private dialogue	3%	11%

Source: Survey data

Note: Values are shown in percentages of each respondent type

Not surprisingly, more male entrepreneurs surveyed requested for policy change in the area of getting commercial credit. Research results from 5.3.2.1 showed that male entrepreneurs experience more problems obtaining loans for business purposes than females. Nevertheless, the average success rate for loan applications across regions is 69% and although this is high relative to other countries, policies could still be devised to increase entrepreneurs' access to finance.

More male entrepreneurs also requested for more opportunities for networking as compared to females. This could be because (1) Vietnamese women have the advantage over men in networking in the light of their additional membership in Women's Unions and, as mentioned in Section 5.3.3.2, (2) female entrepreneurs readily network with both male and female business people, given the chance.

Relatively more female entrepreneurs asked for the provision of more possibilities to improve their business, financial and management skills. In line with this, women in the survey and participants in regional workshops also requested for more public/private dialogue in order to have proper set-up on which to discuss business-related problems and issues.

5.5 Assessment of Laws and Decrees

This section evaluates selected Vietnamese Laws and Decrees with their conformity with the Law on Gender Equality as well as presents an independent assessment of the Law and Decrees in the light of the findings of the study. Results show that Laws and decrees- to a certain extent- conform to and supplement the stipulations of the Law on Gender Equality however; the Laws and Decrees themselves could still be improved.

5.5.1 Conformity of Laws and Decrees with Law on Gender Equality

The Vietnamese Law on Enterprises (Law 60) and Law on Investment (Law 59) largely conform to the Vietnamese Law on Gender Equality. The structure, formulation and wording of the laws and decrees are gender neutral but as we have observed in this study, the translation and implementation of the laws into real life is not necessarily gender-equal or generate equality. For example, the revised Land Law has not entirely closed the gender parity gap in ownership of registered land (see 5.2.1.2); the Gender Equality Law has not entirely closed the gap for gender parity in education (see 5.1), and there still exists a perceived gender bias in starting a business (see 5.2.1.1). This brings back Williamson's argument that statutory laws are embedded in a socio-cultural context which tend to put colour not only on the law itself but also on its implementation.

A general positive feature of the laws that were analysed is the use of gender-neutral terms when referring to entrepreneurs or the concurrent use of the terms "his or her" to refer to enterprise owners (Law on Enterprises Article 41). This formulation fundamentally recognises that Vietnamese men and women have equal capacities in starting and managing enterprises. The Law on Enterprises also recognises the equality of all types of enterprise before the law regardless of their form of ownership (Law on Enterprises Article 5 and Law on Investment Article 4).

The Law on Investment specifies access of investors to and the use of public services on the principle of non-discrimination (Law on Investment Article 19). This promulgation is further strengthened by Article 12 of Decree 108 that gives investors equal rights to access and use of credit capital sources, land and natural resources in accordance with the law.

The Decree to support the Development of Small and Medium-sized Enterprises (Decree 56) recognizes the potential and problems of Vietnamese women entrepreneurs in starting and running businesses by unequivocally rendering priority in program support to women-owned and female-labour intensive SMEs. In what follows is a more detailed assessment of the Laws and Decrees.

5.5.2 Assessment of Laws and Decrees in the context of the project's results

The **Law on Enterprises** (Law No. 60) (60/2005/QH11 of December 25, 2001) is a comprehensive document detailing the obligations, rights, responsibilities of different types of enterprises and actors involved in the management of these enterprises. It also details the requirements for each administrative procedure, the steps to be followed in various legal transactions surrounding the business, conditions for successful legal transactions and the responsibilities of the Vietnamese state *vis a vis* the enterprise in various situations. The Law on Enterprises contains a thorough interpretation of terms and is explicit on the rights and responsibilities of private enterprises, partnerships, limited liability companies, shareholding companies and corporations. While the Law on Enterprises allows small scale household businesses to formalise businesses that were established before the enactment of Law 60 (Article 170), the Law does not specifically refer to women entrepreneurs .

Article 3 of **Decree 88** states that “in receiving and processing applications for business registration, business registries and other agencies are prohibited to create ‘trouble’ for registrants”. This research has shown that both men and women entrepreneurs complained about the need provide lengthy explanations to registration officials about business formalisation. In order to remove confusion with regards to Article 3, and effectively reduce complaints about negative treatment from registration officials, the state could provide specific examples of what constitutes “trouble” as well as what are the sanctions for those who were proven to create difficulties for registrants.

Article 9 of **Decree 88** mandates the MPI to provide training for staff involved in the business registration service. The MPI is also tasked to develop and manage the national business registration information system to be able to provide business registration information to those who make requests. This research showed that overall, women entrepreneurs felt that their being female made it more difficult for them to start businesses. To increase gender sensitivity in business registration, the MPI should include gender sensitivity trainings among the roster of trainings lined up for staff involved in the business registration service. This study also showed that disaggregating and analysing data according to gender (for example, asset and capital land ownership) is one of the fastest methods to highlight gender disparities. To derive deeper information from the data collected and use it as an effective policy-making tool, the MPI should adhere to gender-disaggregation of all types of data that it will collect for the business registration system.

Article 3 of **Decree 56** is commended for attempting to provide a definition of small and medium-sized enterprises based on size and sector as this definition serves as a benchmark for other Vietnamese Laws, Decrees and Circulars that have impact on SMEs. Article 5 of Decree 56 makes up for the lack of gender focus of Law 60 by prioritising assistance programs to (1) women-led SMEs, and (2) SMEs that provide employment to a large number of female workers.

Some stipulations on of **Decree 56** on support to SME development remain vague, and have not been made with consideration and in association with related legal normative documents in Vietnam. There are no concrete provisions on portions allocated for supporting SMEs in S&T Development Funds in the Decree. In reality and in accordance with stipulations regulating operation of funds, the annual budget allocated from S&T funds depend on the number of enterprises' projects and proposals that conform with the criteria set by the funds.

Article 7 of **Decree 56** stipulates provisions for financial assistance, financial consultancy and financial training to SMEs but provides no differentiation between male- and women-led SMEs. Whether Article 7 of Decree 56 follows up on the prioritisation of women-led enterprises and female-labour intensive enterprises as stipulated in Article 5 of Decree 56 remains unclear. If Article 7 **does** follow up on Article 5, then it should be stated explicitly otherwise the legal basis for priority for women entrepreneurs and enterprises providing work for women will be lost. The same observation and recommendation holds true for Article 9, 10 and 12 of Decree 56.

Moreover, in Article 7, the responsible agency for handling the support to human resources training is not clearly stipulated. A point of confusion could arise because Article 13 of the same **Decree** identifies the Ministry of Planning and Investment as the focal agency synthesizing SME demands on support for human resources training. The MPI however, needs to request its training budget from the Ministry of Finance which was identified as the agency responsible for balancing and arranging implementation budgets.

Article 11 of **Decree 56** aims to encourage SMEs to participate and perform contracts related to the provision of public services. In order to increase the participation and performance of women-led SMEs in the provision of public services, the state and provincial-level People's Committees should promulgate mechanisms to encourage more women to compete in the calls for tenders. Moreover, in case of equal capabilities or equally attractive tenders from male and female-led public service providers, preference should be given to the female enterprise.

Article 17 of **Decree 56** provides for the establishment of a centre for the promotion of SME development that would provide consultancy and technical assistance to small and medium sized enterprises. In order to encourage women who populate the informal sector to move to the formal sector, the MPI should make it clear to the public that the centre is also open for consultancy among informal enterprises; and that informal enterprises should use the centre as an opportunity to increase productivity and formalise their businesses.

Circular 05 following Decree 88⁷⁵ is a very detailed description of the mechanisms of transactions between organizations handling business registration, taxation and seal registration and applicants (organizations and individuals) which were missing in earlier legal documents. The Circular is commended for providing a clarification about the Enterprise Code and in explaining the value and convenience of the unique Enterprise Code for setting up/operation of enterprise and for tax payments.

Circular 05 (III.1) is also commended for allowing information to be sent and received, to and from, the business registration office and tax authorities by writing, fax or internet. By allowing these methods, women entrepreneurs who are challenged by education, time or mobility will have a range of options to choose from on the manner by which they interact with these agencies. Allowing fax and internet for information exchange are two excellent time-saving technological options for women entrepreneurs who lack the time to personally appear in registration and taxation offices.

Circular 03 following Decree 88 details issues regarding business registration documentation, procedure and formality. This study revealed that one of the complaints of entrepreneurs is the complicated business registration forms which are difficult to fill up. The

⁷⁵ Circular 05 follows Decree 59, 88, 139, 58 and 85.

entrepreneurs cited the lack of standardisation of code-based registration forms as one of the reasons behind their confusion. Circular 03-V is commended for providing the details and the rules to be followed behind enterprise and business household codes. This will reduce the confusion experienced by business owners during the registration process.

The Annex section of **Circular 03** shows the different forms and templates that businesses have to fill up for registration, for listing of members and authorized representatives, and various for notices. The document requirements for every business aspect are numerous and seemingly standardised in content, but clearly have a legal purpose. The value of these documents, once they are accomplished, is that they make doing business generally easier. However, knowing that women-owned enterprises are mostly household businesses or very small enterprises (based on the definition of SMEs on Decree 56), and that women tend to have lower educational attainments than men (as shown by this study), the MPI could attempt to make forms and templates for household business and very small enterprises easier for women to fill up by removing unnecessary fields. The MPI could also (1) provide personalised assistance to women entrepreneurs when filling up the forms or (2) provide detailed explanation about the information asked for in each field in the space at the end of the application forms. In this way, easier registration forms will reduce misunderstanding between officials and businesswomen, reduce mistakes in the application form (mistakes extend the administrative process) and generally encourage more women-owned businesses to formalise.

The **Law on Investment** (Law No. 59) is also clearly formulated with clear interpretation of terms and specifications of the different forms of investment. It explains which investments are allowed in Viet Nam and those that are prohibited. It also provides stipulations that deal with complaints and breach of contracts. The document is directed towards investors, and provides attractive conditions for both local and foreign businesses (Article 8, Article and Article 33).

While the Law on Investment aims to assist the development of SMEs (Article 42) it does not refer to women investors nor women entrepreneurs at all. In Decree 108, aside from the prohibition of women trafficking (Appendix IV-II), it fails to recognize women as investors or as entrepreneurs.

Article 17 of **Decree 108** gives investors the right to mortgage land use rights certificates and other assets attached to land with financial institutions to borrow capital in order to execute investment projects. This provision strengthens the legal framework in getting loans, increases overall opportunities for obtaining credit and underscores the legal and financial value of the Red Book, which contains both husbands and wives' names. However, (1) as results of the survey show, significantly more men still have land and property registered under their names and (2) a 2005 ADB study showed that a large number of LUCs still do not contain women's names. In order for Article 17 of Decree 108 to be an instrument for gender equality, the state could insert a provision that requires married investors who are seeking to mortgage land using LUCs but whose wives' (or husband's) names are still not reflected in the Red Book to first make an amendment in their LUCs in order to accommodate the name of the wife (or husband).

Article 18 of **Decree 108** gives investors the right to lodge complaints or initiate lawsuits against individuals that violate the provisions of the Law on Investment. The survey revealed that when women filed complaints about erroneous taxation calculations, they tended to be singled out for discriminatory action by state officials. To provide legal protection to women

entrepreneurs who would file complaints against government officials who violate the rights of investors, the state could insert a provision that ensures fair and equal treatment for both the accused and defending parties, a quick and fair trial of the case, and that the case would not have any legal implications on future investment projects of the entrepreneur.

Article 30, 31, 32 of **Decree 108** mentions state support for SMEs for research and development for technology and technology transfers; training for human resources; and establishment of design and testing centres, respectively. While Articles 30, 31 and 32 are noble in their intention, they still failed to mention, recognize and prioritise women-led SMEs. The Decree might produce the unintended effect of providing more support for male-led SMEs while at the same time, making it more difficult for informal female led SMEs to increase productivity and move from the informal to the formal sector.

A prominent and commendable feature of Decree 108 is the identification of domains and provinces and that qualify for special investment preferences. Although the Decree provides preferential treatment to investments in certain areas of education, health, fruit juice production, and handicrafts (Appendix I: A-VI, B-II, VII, and VIII), it actually contains a strong focus on investments that are more technological, industrial, mechanical, infrastructure- and scientific orientated. This might disproportionately harm female investors who tend to begin with small businesses and especially those who operate in feminised sectors.

According to **Decree 108**, special investment preferences are to be provided to labour intensive industries (Appendix 1: A-IV, B-IV). This research showed that women entrepreneurs tend to provide employment for other women, more than the employment provided by male-led enterprises. In recognition of this fact and in support for female entrepreneurs who absorb women into the formal labour market, the state should also provide investment preferences to female-led investments that have proven to be female-labour-intensive.

Article 72 of **Decree 108** tasks the MPI to organise and coordinate with other ministries and agencies in the creation of a national master plan on the development of industrial parks, export processing zones and economic zones. This research has revealed that women disproportionately suffer from the burden of domestic tasks, negatively affecting the amount of hours invested into paid work⁷⁶ and negatively affecting their general participation in the labour market. It is recommended that child care facilities should be included and prioritised in the development of the national master plan. Preferential taxation could also be given to industrial parks, export processing and economic zones that contain these facilities and actually use these facilities to absorb the child care needs of a significant number its workers.

One general issue that needs to be resolved in the abovementioned legal documents is their lack of clarity regarding indicators, values and measures of success in terms of conforming to ideals of gender equality and the principle of non-discrimination. From a more legal point of view, this conclusion was also reached by Chiongson (2009) in her analysis of these, and other Vietnamese legal documents, from the CEDAW⁷⁷ point of view. It recommended that clear provisions on non-discrimination on account of gender, be stipulated and continuously reviewed in the decrees and circulars following the Law on Enterprises and Law on Investment.

⁷⁶ The disproportionate share of household work on Vietnamese women negatively affects their capacity perform paid work during their prime years in turn, reduces their propensity to save for the present and for retirement.

⁷⁷ Convention on the Elimination of All Forms of Discrimination against Women

6. CONCLUSIONS, POLICY IMPLICATIONS and FURTHER STUDY

This research set to find out the regulatory, traditional and internal gender-based obstacles that affect Vietnamese women entrepreneurs in starting and running their businesses. Vietnamese culture is anchored in Confucian precepts of female submission and subordination that renders a traditional gender-bias in the social and economic lives of Vietnamese women. It is under this assumption that the conditions of starting and running a business for female entrepreneurs were examined. This section presents the research's general conclusions and conclusions with regards to the traditional and regulatory aspects of starting and running a business in Vietnam. We also discuss three types of policy implications namely, (1) policy implications to improve regulatory business environment of Viet Nam in the light of reforms along areas recommended by the Doing-Business project (2) policy implications for inputs into the Vietnamese National Strategy on Gender Equality (2011-2020) and (3) policy implications for inputs into the Vietnamese SME Development Plan (2011-2015). The section concludes with suggestions for further study.

6.1 Conclusions

A total of 240 male and female entrepreneurs that were members of the VCCI were surveyed for this study. Results reveal that majority of the entrepreneurs that were surveyed owned Limited Liability companies and operated in the Services sector.

The study results show that Vietnamese women entrepreneurs take their enterprises seriously, are goal-orientated, work as hard as male counterparts, and experience almost the same obstacles that men experience when it comes to managing their businesses. Although more women feel discriminated by authorities in getting business credit, they are more successful than men in obtaining commercial loans due to their ability to save money in the banks. Tradition still controls women's actions to a stronger degree than men, because women tend to consult families for business decisions and believe that the burden of family responsibilities is one factor that would hinder them from increasing enterprise size. Therefore, based on this research, Vietnamese female entrepreneurs' perceptions of more difficulties in doing business as a woman mainly stem from (1) women's lack of self-confidence in their abilities (education and skills) to start a business and (2) the burden of family responsibilities while the business is running.

Vietnamese men are privileged to have more education and more registered land under their names than women. They have confidence in doing business and this explains, to a certain degree, why – even if they perceive that skills, bureaucracy and lack of good workers serve as a hindrance to scaling-up - they are still planning to expand businesses and willing to take investment risks. men however, have greater difficulties in obtaining long-term commercial loans than women, because of their lack of savings in the bank and lack of diplomacy and patience in taking out loans in general. This research shows that Vietnamese male entrepreneurs have the advantage of education and risk-taking behavior over women and are not as bound to tradition and the responsibility of unpaid household work as compared to women. Moreover, in all areas of regulation, men did not experience any gender-based discrimination.

More detailed conclusions with regards to traditional, internal and regulatory factors as well as the assessment of laws and decrees are presented below.

6.1.1 Conclusions with regard to Traditional gender-based obstacles in *Starting a business*

Significantly more men than women believe that they have the adequate education and skills to start businesses. Tests for effect size showed a medium magnitude in the difference between male and women who believe in their educational and skill-related capacity to start business. This confirms the critical role of education in equipping the labour force with the necessary education skills and confidence to effectively contribute to private sector development. Moreover, more male entrepreneurs than women had plans to expand their businesses and were willing to take investment risks.

Male and female entrepreneurs were similar in their assessment of ability to take initiative, innovate and diversify for the benefit of the business. However, significantly more women than men consult their families before taking important business decisions. The strong influence of Vietnamese tradition on enterprise formation and management is also evident in the overwhelming support entrepreneurs received from their families.

Majority of female entrepreneurs believed that their gender, but not their age, was an impediment in starting and continuing their businesses. Tests also revealed that female entrepreneurs who led Joint Stock Companies found it more difficult to start and continue businesses than women who led other types of enterprises. Female business owners whose businesses do not exclusively belong to one sector, but rather, caters to a mixture of at least two sectors found it most difficult to start and continue businesses.

Necessity of employment and income generation was the strongest motivation behind entrepreneurship for both male and female Vietnamese entrepreneurs.

6.1.2 Conclusions with regard to Regulatory gender-based obstacles in *Starting a business*

Based on research results, Viet Nam has been making very good progress in removing gender inequality in the regulatory framework affecting enterprises. The regulatory business environment of Viet Nam is *more or less* gender neutral as research results showed that most of the problems encountered by female Vietnamese entrepreneurs have more to do with the regulation itself (or its implementation) and less with gender-bias. The following analysis was made in the context of the Doing Business indicators of the World Bank.

With regards to *Registering property*, property ownership among female entrepreneurs is very strong and comparable to men in several aspects (vehicles, buildings, and bank accounts). However, female ownership of registered land in Viet Nam is still significantly lower than male ownership although the magnitude of difference is weak. It appears that some form of gender-bias still exist in the area of land registration – a highly important property because land is the most commonly accepted form of collateral in banks. Although female entrepreneurs did not express complaints regarding the length, procedures and costs of the legal process concerning property registration, it is recommended to look closer into processes (traditional, social and regulatory) surrounding land inheritance and titling in Viet Nam to find out where the bias originates.

Problems with regulations concerning *Getting credit* have less to do with gender bias and more to do with cumbersome procedures and their implementation. Both male and female

entrepreneurs reported problems in acquiring credit, although men seem to experience greater difficulties than women. It seems that obtaining long-term commercial loans from financial institutions requires not only owning an account at the bank where the loan was applied for, or possessing assets that could be used as collateral, but also having savings deposit in the account. Among the complaints with regard to the legal framework covering Getting credit are time-consuming loan application procedures, complicated loan terms and conditions, low asset valuation and strict collateral conditions. This is a critical issue as observed from the relatively low number of entrepreneurs who used banks to support in business start-up.

Most respondents observed considerable improvements in areas of *Starting a business* through more efficient business registration procedures. The regulation itself was gender-neutral. The relatively few who experienced problems with business registration complained about long procedures and complicated registration documents. The registration sheets are either too complicated to fill up or the additional document requirements are difficult to obtain.

6.1.3 Conclusions with regard to Traditional gender-based obstacles in *Running a business*

In terms of business-related activities, no gender-related bias were observed in areas of getting collateral, entering networks, acquiring new contracts, employing workers and dealing with authorities. However, women feel discriminated in terms of getting long-term commercial credit. It is possible that this perception stems from women's higher failure rates as compared to men in obtaining loans from *alternative* banks. Tests show actually, that more male entrepreneurs than women encounter problems in obtaining long term commercial loans from their *original* banks. The reason is because, although significantly more Vietnamese men owned registered land than women, more women have savings in the bank as men. No significant difference between men and women in difficulties related to business registration, retaining good employees and paying taxes was found. men and women worked similar hours in general, joined entrepreneurial organizations at the same rate and used unofficial means to facilitate administrative procedures (bribes) in the same degree. However, when working hours was tested controlling for number of children, female entrepreneurs appeared to work less across all working-time categories when their total number of offspring goes beyond two.

The internal gender difference between male and female Vietnamese entrepreneurs lies in their beliefs regarding business continuation and expansion. Although significantly more women perceive that they do not possess the necessary education and skills to start a business, they still believe that this is not a hindrance to business continuation and expansion. In addition, significantly more women believe bureaucracy and the lack of educated and skilled workers also do not serve as a hindrance. The burden of family responsibilities however, was perceived by a significant number of female entrepreneurs as a hindrance to business continuation and growth. It is for this reason that female respondents preferred to have more freedom from household tasks or have a different kind of business in order to allocate more time for their families.

6.1.4 Conclusions with regard to Regulatory gender-based obstacles in *Running a business*

The legal framework surrounding *Paying taxes* did not exhibit perceptible gender-bias. Similar to other legal frameworks mentioned above, the problems entrepreneurs are confronted with in relation to Vietnamese taxation have actually more to do with implementation of regulation than with gender bias. Complaints about taxation included complicated taxation forms that take time to fill-up, mistakes in tax calculations and the negative attitude of tax authorities *after* a complaint has been filed. Entrepreneurs however, did not complain about tax rates.

Many entrepreneurs were dissatisfied with regulations concerning labour mobility and did not find improvements in the area of *Employing workers* for the past two years. The most common problem female entrepreneurs have to deal with is the high rate of job transfers among workers which increase company's costs (through re-hiring and re-training) and disrupt enterprise activities. The problem of low-skilled workers and the unproductive work attitude of workers were additional challenges to the respondents.

6.1.5 Conclusions regarding the assessment of selected laws and decrees

Regarding assessments of conformity of the Vietnamese Law on Enterprises and Law on Investment as well as the Decrees and Circulars supporting these laws with respect to the Vietnamese Law on Gender Equality, we conclude that **formulation and overall wording** of the aforementioned laws and decrees are gender neutral and do not conflict with provisions of the Gender Equality Law. However, the Decrees and Circulars following these laws are at times unclear with regard to terms and their priorities; fail to have a wider and farther perspective of the gender impact of certain provisions, fail to recognise women as investors and as owners of SMEs, fail to provide provisions that would protect women in cases of problems with registration officials, fail to provide preferential treatment to women-led SMEs where it is needed, and fail to consider the burden of domestic tasks on women, among others. There is a need to continuously analyse Decrees and Circulars following important laws to make sure that women's rights and opportunities are protected. Women should also be included in the design of decrees to ensure that their goals, objectives, terms and targets are realistic and to make sure that policies take most of women's constraints into consideration. There is a need to measure intended *and unintended* outcomes of state policies on women in general and women entrepreneurs in particular, in order to have a correct assessment of the success/failure of government's efforts to increase gender equality and augment women's economic participation. Finally, consultation with target groups (women/men, private/public enterprises, formal/informal, very small businesses/companies) should be done to make sure that their interests are incorporated in future policies on gender equality and SME that the state would want to formulate.

6.2 Policy Implications

Policy implications from this research's findings are grouped into three categories, namely: (1) recommendations on how improve the regulatory business environment (2) recommendations on how to enhance the National Strategy on Gender Equality (2011-2020) (3) Inputs to the Vietnamese SME Development plan (2011-2015).

6.2.1 Policy Implications to improve the regulatory business environment

This study's results showed that significant improvement in the ease of administrative procedures related to formal entrepreneurship has been accomplished in Viet Nam after the introduction of reforms in the regulatory business environment. Therefore Viet Nam should continue to simplify the regulatory business environment by focussing on policy areas that are most relevant for economy (e.g. Employing workers). The country should not strive for sweeping regulatory reforms for the sake of improving its rank in the Doing Business reports. Moreover, Viet Nam should continue to combine regulatory reform with the creation of laws, decrees and circulars that are in accordance with the country's unique socio-economic and legal characteristics. This study's results have shown that the government has done a good job so far in levelling the playing field for entrepreneurs (for a summary of results, see Table 26), and should carry on in its efforts of creating an enabling environment for its private sector.

In the light of (1) this research's findings, (2) the assessment of Laws and Decrees related to female entrepreneurship and (3) *Doing Business* experience worldwide, following policy areas require further attention to improve the regulatory business environment for Vietnamese women, as presented below.

In the area of **Registering property**, a thorough review of land registration forms, procedures, processes and costs could be conducted, to reveal whether possible gender bias originates from the legal part of land titling.

In the area of **Getting credit**, a review of loan application processes from commercial banks with focus on the terms and conditions of loans, the process and methodology for collateral appraisal and the time required for each loan application procedure to be finished could be conducted. For the benefit of entrepreneurs who want to open loans for enterprise start-up and expansion, the total loan application process from banks should be shortened, the terms and conditions for loans and its repayment made simpler, and the process of asset valuation for collateral purposes made transparent and reasonable. It is recommended to increase credit history information-sharing among public and private banks in order to highlight good credit records and repayment histories of female entrepreneurs and in general, increase both male and female entrepreneurs' chances of successful loans.

Although business registration process seems to be already efficient, there is still room for improvement in the area of **Starting a business**. The government could streamline the registration process even more by simplifying registration forms and making the whole business registration procedure faster. One way to make business registration faster is to introduce electronic business registration that would eliminate the need for lawyers or registration mediators such as the BDS. In connection with electronic registration is the establishment of links between databases of agencies concerning business registration to facilitate cross-agency information search.

Similar to policy implications for Starting a business, regulations influencing **Paying taxes** could benefit from the simplification of tax forms in order to make the process of filling them up straightforward, easier and faster. It is also recommended to review the process of calculating taxes and devise ways (machines or procedures) that could minimise the occurrence of tax calculation mistakes.

Research results point to recommendations leading to the creation of more rigid regulations influencing **Employing workers**, specifically, labour market mobility, in the Vietnamese

context. It is much easier to hire than to fire (unwanted) workers in Vietnam, resulting in high rates of job terminations from the employees' side which entrepreneurs feel are excessively often and in their current frequency, detrimental to business. The country could look at different types of policy mixes that allow regulations related to hiring workers balance out with regulations related to firing workers, keeping state, worker and enterprise interests in mind.

Clearly, labour market laws are contentious issues. Despite decades of research, scientists and policy makers alike have failed to come up with a consensus on what comprises an ideal regulatory environment for the labour force. This research revealed that one of the biggest problems of entrepreneurs with regard to the regulatory business environment is that of the high mobility of workers. High labour mobility is instigated by a variety of motives coming from both employees and employers alike; but was not covered in this research. What is certain is that worker mobility in Viet Nam is both aided and deterred by the structure of employment laws surrounding the labour force. This study's findings are sufficient to imply that reforms in the area of Employing workers should be conducted in order to ease the common employment problem manifested by survey respondents. Which reforms this would entail could only be revealed by a more in-depth labour market-specific study. Nevertheless, the Vietnamese government should continue to identify policy mixes that try to reach equilibrium of the interest and position of workers, entrepreneurs/employers and government alike.

6.2.2 Policy Implications for the Vietnamese National Strategy on Gender Equality (2011-2020)

6.2.2.1. General Implications

Vietnamese female entrepreneurs' contribution to Vietnam's economic growth could not be discounted. Increasingly more women participate actively in the formal economy via privately owned enterprises (83% of economically active Vietnamese women are engaged in business) and a total of 25% serve as company heads (International Finance Corporation, 2006; Vietnam Chamber of Commerce and Industry, 2006; Tien, 2010). To further increase women's potential as an engine of growth, the entrepreneurial associations, private sector, as well as the state need to join forces to actively support improvements in the business environment and leveling the playing field for women entrepreneurs.

Based on analysis of decrees and laws, it is recommended that clear provisions on non-discrimination on account of gender be promulgated and continuously reviewed in the decrees and circulars supporting the different laws. It is also highly recommended to further analyse for the conformity of these laws to the Law on Gender Equality, with a legal and gender lens.

Based on research results the following are the policy implications for the Vietnamese National Strategy on Gender Equality (2011-2020).

1. To reduce gender-based discrimination in government offices and include women in the decision-making process, it is recommended to
 - a. Monitor the female/male worker ratio in decision-making positions at the provincial/city level, district level and community level in all government offices.
 - b. Actively enforce sanctions to government offices and related agencies that violate male/female quotas in the workplace

- c. State provision of regular gender sensitivity trainings to government authorities, their staff and employees, as well as to all other state agencies that have a direct contact with businesses and entrepreneurs.
- 2. There is a strong need for an active monitoring and enforcement (M&E) system that checks whether state decrees and circulars related to gender equality and female entrepreneurship are being implemented (properly) or violated. This will effectively mitigate the gap between written decrees and circulars and what actually occurs in reality.
 - a. A regular review of the laws, decrees and circulars on gender equality and female entrepreneurship will make it easier to keep legal framework up to date with a rapidly changing Vietnamese society.
 - b. Sanctions for businesses and agencies that do not follow policies related to gender equality and female entrepreneurship
 - c. Specific provisions on direct and indirect gender-based discrimination should be included in the decrees and circulars in line with the CEDAW
- 3. The research revealed that gender disparities between men and women are made more visible when data is disaggregated according to sex. To facilitate all kinds of gender-related analysis and to effectively come up with policies that lead to the achievement of gender equality, it is recommended to increase the availability of gender-disaggregated data in all areas related to businesses and economics..
- 4. The M & E framework for the Gender Equality Law is currently being developed. Concerned agencies should ensure that indicators for labour and enterprise sectors are included in this framework.
- 5. Reviewing, formulating and implementing legal normative documents on stipulations ensuring principles of gender equality.
 - a. More research is needed to look into the gender effects of the different laws and their impact on Vietnamese women.
 - b. Mainstreaming of gender equality issues should be carried out strictly as stipulated.
 - c. Measures to promote gender equality should be developed- proposing some solutions in the Strategy and the Target Programme on Gender Equality
 - d. Review stipulations in connection with trading and manufacturing activities (where Vietnamese women entrepreneurs are concentrated) as well as in other fields where women often do business.
 - e. Formulate policies specifically supporting women entrepreneurs
- 6. Establishing activities and models for business development into which gender equality is mainstreamed.

6.2.2.2. Policy Implications on how to deal with Traditional Obstacles and Negative internal perceptions

The research has shown that relative to men, fewer Vietnamese women possess registered land under their name. Women also disproportionately bear the burden of domestic responsibilities and harbour more negative internal perceptions. The reasons behind these could all be traced to the level of tradition and social norms. *In general, raising men's awareness about gender equality is as critical as raising women's awareness. Therefore, men should be equally informed about the benefits of shared decision making, equal property rights and inheritance as well as responsibility for domestic work. Communication activities on the right to equality of both men and women should be undertaken.* In what follows are specific policies for the state, private sector and entrepreneurs to tackle the situation.

1. To increase female ownership of registered land it is recommended to:
 - a. Create a campaign that makes men and women aware of the importance and benefits of joint land ownership,
 - b. Actively campaign for and promote the registration of both husband's and wives' names in land use right certificates and titles, in Red Books, in urban and particularly in rural areas,
 - c. Prioritise, facilitate, and fast-track land registration applications that include the husband and wife's names
 - d. Further simplify the land registration process by removing complicated administrative procedures, shortening the days required for registration and reducing unnecessary costs related to it,

With regard to land inheritance practices, fathers, husbands and male family members should be encouraged by the state and by community/family elders to give land inheritance (or gifts) to female members of the family or to give land inheritance/gifts *equally* between sons and daughters. The fathers, husbands and male family members should accompany female family members in land registration offices to officially transfer registered land titles under their name. This is a simple but important act that shows legal and social recognition of the equality between men and women that could help tear down traditional bias.

While significant improvements have been made with regard to gender equality in the legal front, its feedback on improving the status of women in the social front are (predictably) slower. However, despite the protracted impact of affirmative policies, government efforts are still widely effective. To further eliminate gender bias in urban areas (*but most especially at the grassroots level and in rural areas where female discrimination tend to be more prevalent*), the continuous promotion of the public's awareness to gender equality through gender propagandas is strongly recommended. Popular and traditional culture and other easily understandable and accessible means of communication is an effective tool to inform the general public about the benefits of moving towards an egalitarian society.

2. Vietnamese women were found to still suffer from heavy domestic responsibilities that they perceive as hindrance to business continuation and actually take working hours away from the business. To reduce the burden of domestic tasks, the government and the private sector could focus on
 - a. Campaign for equal male and female responsibility in childcare and household work. The familial, social and economic benefits of the equal presence of the father and mother in raising the children should be emphasised.
 - b. Improving *existing* infrastructure for childcare services and kindergartens and generally increasing the total number of childcare services and kindergartens in the country. This will boost the total number of children these facilities could absorb and at the same time expand parents' options for child-support,
 - c. Priority for acceptance for childcare services or kindergarten facilities could be given to parents with two children or more, parents with children younger than five years old, and parents who are both formally employed.
 - d. State-provision of tax incentives to companies that build and provide for child care facilities for its own employees
 - e. Require industrial zones to build adequate child care and health care facilities and provide preferential tax treatments to businesses that provide facilities for their employees

- f. Facilitating and prioritising all types of administrative procedures for female business-owners who have more than two children or children younger than five years old.

Education is not only a significant factor influencing successful female entrepreneurship but is also one of the most important factors that repel traditional notions of female subordination and negative internal perceptions. It is recommended for the government and its concerned agencies to step-up efforts to promote the education of girls and the higher education of young women, but not at the expense of boys and men. In light of the increasing gross and net enrollment for tertiary education but lower educational attainment of Vietnamese women compared to men, it is recommended for the state to focus on policies and projects that foresee the completion of tertiary education among female students. Moreover, the government could also start tertiary education support that prioritizes women from rural areas of the country and those belonging to ethnic minority groups.

6.2.3 Policy Implications for the Vietnamese SME Development Plan (2011-2015)

6.2.3.1 Policy Implications for the State

Based on research results, policy implications for the Vietnamese SME Development Plan (2011 to 2015) are as follows:

1. Lack of qualified employees was found to be one of the biggest obstacles facing both male and female entrepreneurs.
 - a. The state could improve the Vietnamese educational system by tailoring tertiary curricula more to the demand of the job market.
 - b. Entrepreneurial culture should be systematically fostered and supported in both public and private universities to benefit future female (and male) entrepreneurs.
 - c. Introduce action-oriented entrepreneurship education in secondary, technical and vocational schools, in cooperation with local Vietnamese companies.
 - d. The continuous provision of short-term courses for entrepreneurs is recommended. The private sector could also explore the provision of this service since the demand for short-term courses and training programmes is high⁷⁸. Programmes should include long-term cooperation with local companies to allow students to participate in on-the-job training (OJT), gather practical experience in companies and study tours.
2. The study showed that female entrepreneurs tend to hire a large number of female workers but suffer from high labour mobility. Across sectors and types of enterprises, retaining experienced and educated workers is the most prevalent problem among entrepreneurs.
 - a. Create training programmes for same-sector businesses with the objective of standardising the knowledge and skills of workers so that headhunting among same-sector enterprises will diminish.
 - b. Conduct research to identify a policy mix that will better balance worker protection, company welfare, social welfare, and government interests.
 - c. Review the Labour Law, to look at its conformity with the Gender Equality Law and amend their supporting decrees and circulars accordingly in order to ensure mainstreaming of gender issues.

⁷⁸ (at least among entrepreneurs surveyed in the research and among those who participated in the regional workshops)

3. Collateral and money in the bank are two important factors affecting credit access for both male and female entrepreneurs. Unfortunately, even if majority of entrepreneurs own bank accounts, savings are still low, negatively affecting the propensity of successful commercial loans.
 - a. Campaign for increased bank savings, not only as a means for financial security but also as a means to increase entrepreneurs' credit worthiness.
 - b. Create a system where information on credit worthiness and credit histories could be efficiently transferred between public and private credit institutions, with a view to increase entrepreneurs' credit access to *alternative* banks
 - c. Conduct further research on gender bias in credit access, to understand where women's perception of such gender bias originates. .
4. To increase legal literacy among entrepreneurs, it is recommended to reinforce government support for public information sharing programmes that aim to increase and update women's knowledge of legal procedures that affect their businesses.
 - a. Create public information programme on regulations affecting businesses using popular approaches (TV, radio or newspapers), in order to make the legal instruments easily understandable for entrepreneurs.
 - b. Set up an "information provision service" to entrepreneurs and entrepreneurial organizations where the latest legal information critical to businesses could be requested for a fee
5. Analyse experiences from other countries on experiences with mentoring systems for women in business, with both male and female mentors.
6. Continuously analyse the relevance and impact of Vietnamese Laws and Decrees on female entrepreneurship and on female economic participation in general, particularly because new laws and decrees in Viet Nam tend to be created every few years or so. Review and revise outmoded policies for women-led enterprises that do not fit into the modern Vietnamese society.
7. Conduct training courses on gender equality for different target groups (entrepreneurs, cadres and civil servants and concerned people).

6.2.3.2 Policy Implications for Business Associations and mass Organizations

1. Launch information campaign about the possibilities of combining work and family in the business, in the light of this research's findings that women invest long working hours for the enterprises on top of hours allotted for domestic task,
2. Increase supply of training programmes to improve the skills and capabilities of entrepreneurs with respect to ,
 - a. Financial and business management skills that teach entrepreneurs how to effectively and efficiently manage the business and their profits; to show them how to re-invest profits into the enterprise for expansion or into other businesses for diversification
 - b. English language skills in order to help widen entrepreneurs' networks and increase business opportunities with non-Vietnamese-speaking partners
 - c. Effective communication skills that will help them enter networks as well as acquire and successfully negotiate business deals
 - d. Marketing skills in order to teach entrepreneurs how to market the enterprise as well as its products/services to attract more business

- e. Long-term business planning skills that focuses on avoiding bankruptcy (i.e. complete business failure),
 - f. Skills that teach entrepreneurs how to effectively respond to financial, labour and other types of crises,
 - g. Basic computer skills that would allow entrepreneurs to document finances and transactions search the internet for business related information and communicate with business contacts and other entrepreneurs.
3. Increase supply of training programmes that aim to improve men's and especially women's "soft skills" since both the research and the regional workshops highlighted the high demand for soft skills acquisition among entrepreneurs. The soft skills that women called for were about:
- a. How to effectively network, properly socialise and successfully negotiate with other business people, particularly with men
 - b. How to successfully acquire new clients and deals *without the necessity of after-hours informal socialization*
 - c. How to enter new business networks
4. Since female entrepreneurs are still mainly responsible for running the household, it is recommended that training courses should be scheduled at hours that do not take time away from female entrepreneurs' business and domestic responsibilities. Voluntary night/after-hours-training courses will offer women the time to participate without worrying about losing income or forgoing family responsibilities.
5. A dense business network among entrepreneurs such as those found among entrepreneurs in the study, is a concrete sign that social capital exists among entrepreneurs⁷⁹. It is essential for the Vietnamese associations to capture and maintain social capital by increasing the level of connectedness among business people through the provision of opportunities for networking.
- a. It is recommended to strengthen the network of female and male entrepreneurs through VCCI/VWEC and other entrepreneurship organizations, looking at successful models of other countries and taking in best practices.
 - b. Entrepreneurial associations in cooperation with state and private sector could encourage and support expanded business networks for female entrepreneurs, for example, sectoral networks, or business-specific networks.

Due to time, literacy and other constraints, most entrepreneurs prefer to obtain practical, experienced-based information regarding important business matters from other entrepreneurs. It is therefore recommended for the entrepreneurial associations to allow more frequent opportunities for meeting among entrepreneurs. Regular holding of provincial, national and international businesses fairs (*of interest to the public, private sector and commercial institutions*) offers opportunities for social networking and information transfer *among entrepreneurs*. Entrepreneurial organizations should also be vigilant in acquiring latest legal information and policies that would impact business. This information should be disseminated to members in timely, systematic and effective manner.

⁷⁹ Social capital refers to observable but non-contractual elements that have been proven to have an effect on performance, productivity and is an important factor behind economic development (Slangen, L. , L. Loucks and A. Slangen (2008) *Institutional Economics and Economic Organization Theory*, Wageningen Wageningen Academic Publishers)

- a. Promote among members the importance to learn business management skills, voice their needs, including types of *skills that they highly need so that training programmes from the state and private sector and from educational and commercial sector could be tailored accordingly.*

Provide a forum for entrepreneurs to speak out the administrative difficulties they encounter and report any form of abuse or discrimination experienced from government agencies. This will ensure that the laws are properly implemented and that sanctions are executed to civil servants that are causing trouble to organizations and individuals in business-related transactions as stipulated by the law. Promote public-private dialogue with government offices and other business-related agencies in order to have a proper set-up on which to discuss business-related problems and issues.

Promote improvements of working conditions, such as better working times/flexible working hours, better working environment/working culture, possibility for promotion and increased incomes, long term employment outlook, childcare and other non-financial benefits.

Create a special website for businesswomen where important information and updates are available. A unique feature of the website is to include an active forum for entrepreneurs where business related questions could be answered by other entrepreneurs or a representative of a concerned agency.

6.3 Study Limitations and Suggestions for further study

This research has explored traditional, regulatory and internal factors influencing Vietnamese entrepreneurship using a survey of 240 VCCI-registered entrepreneurs.

The exclusive use of the VCCI list of entrepreneurs for its respondent pool, limits the findings to rather better-off and medium, larger companies. Survey results could have had more variability and revealed more significant differences in gender-related obstacles if the respondents included micro, household, informal and rural respondents. Future studies should use an increased sample size coming from a bigger population pool of regionally listed business and include the informal sector as well.

The study found that Vietnamese women seemed to be guided by family members, tend to manage risk differently (i.e. by having more savings in the bank) and tend to feel gender-biased in getting credit compared to men. Future studies are encouraged to investigate deeper into these topics, to feed into policy making for state, private sector and entrepreneurial associations.

Joint Stock companies seem to experience most problems in business formalisation, Household enterprises faced most difficulties in obtaining loans while Limited Liability companies faced the most problems with regards to taxation. More thorough studies focusing on the specific problems of each type of enterprise need to be conducted, and the underlying reasons traced according to the Law that supports each enterprise type.

Retaining educated and experienced workers is the most common problem across all types of enterprise and sectors and a thorough review of the Vietnamese Labour Law in this context is highly recommended. The review of the conformity of Vietnamese Labour Law with the Law on Gender equality is a topic not covered by this study but significantly touches upon the

employment of female workers (and their partners). For further studies, it is recommended that Vietnamese Labour Laws and Laws on Gender Equality should be closely analysed for conformity. Furthermore, it is also recommended to look into the actual provisions with regard to maternity/paternity protection and balancing work/family for both male and female workers.

Because gender is also about men, and in the light of this research's results, it is worthwhile to look at the issue of the savings among entrepreneurs; look into why men have fewer savings than females, and into repayment rates and credit history information-sharing within the Vietnamese financial system. In general, it is also recommended to look at the social and traditional aspect of land inheritance and registration systems in Viet Nam to explore why more men than women acquire more registered land, and whether an affirmative policy could be formulated to balance the situation.

Finally, innovation among Vietnamese entrepreneurs seems to come out *after* the business has started. It is suggested to look at innovation among entrepreneurs, in particular; when does innovation start, where does it take root, how innovation among entrepreneurs could be fostered and the difference between male and female innovation, if any.

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8. ANNEX TABLES

Annex Table 1 Descriptive statistics of survey respondents by gender

Variable	Male entrepreneurs n= 41 observations				Female entrepreneurs n=199 observations			
	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	Min	Max
Entrepreneur Characteristics								
Age	44.46	9.18	30	69	45.07	9.39	22	70
Highest finished education, (1= Secondary school, 2= High School, 3= Vocational Training, 4= Higher School/Institute of Technology, 5=University, 6= Master/Doctor degree)	4.80**	1.02	1	6	4.41**	1.32	1	6
Marital status, (1= Single, 2= Married)	1.90	0.30	1	2	1.88	0.32	1	2
Number of children, (for married entrepreneurs only)	1.91	0.57	1	3	2.11	0.72	1	4
Opportunity entrepreneurship dummy, (0= No, 1=Yes)	0.20	0.40	0	1	0.15	0.35	0	1
Necessity entrepreneurship dummy, (0= No, 1= Yes)	0.46	0.50	0	1	0.44	0.50	0	1
I Possess education/experience to start a business, (0=No, 1=Yes)	0.56**	0.502	0	1	0.34**	0.474	0	1
Father's primary occupation, (1= Employee, 2= Unemployed, 3= Entrepreneur, 4= Farmer, 5= Other)	2.48	1.60	1	5	2.45	1.46	1	5
Mother's primary occupation, (1= Employee, 2= Unemployed, 3= Entrepreneur, 4= Farmer, 5= Other)	2.31	1.55	1	5	2.52	1.51	1	5
Entrepreneur's pervious occupation, (1= Employee, 2= Unemployed, 3= Entrepreneur, 4= Farmer, 5= Other)	1.56	1.13	1	5	1.87	1.33	1	5
Do you consult your (extended) family for important business decisions, (1=No, 2=Yes)	1.54**	0.505	1	2	1.81**	0.397	1	2
Enterprise Characteristics								
Type of enterprise, (1= Household, 2= Sole Proprietorship, 3= Limited Liability Company 4= Joint Stock Company, 5= Cooperative)	3.32**	0.61	2	4	3.06**	0.77	1	5
Plan to scale up business, (1= Yes, 2= No)	1.07**	0.264	1	2	1.19**	0.391	1	2
Internal Perceptions								
Are you willing to take investment risks? (1= Yes, 2= No)	1.24**	0.43	1	2	1.43**	0.50	1	2
Do you consider yourself innovative? (1= Yes, 2= No)	1.15	0.36	1	2	1.08	0.26	1	2
Do you have stakes in other businesses? (1=Yes, 2= No)	1.32	0.47	1	2	1.43	0.50	1	2
Do you have strong initiative in finding opportunities for new business? (1= Yes, 2= No)	1.05	0.22	1	2	1.09	0.29	1	2
Do you have strong initiative in finding networks and contacts useful for business (1= Yes, 2= No)	1.07	0.26	1	2	1.08	0.27	1	2
Do you have strong initiative in finding solutions to business-related problems (1= Yes, 2= No)	1.02	0.16	1	2	1.03	0.16	1	2

Source: Survey data

** Significant at $\alpha = 0.05$ for a t-test on the equality of means

Annex Table 2 Chi-square test for independence for gender and problems in obtaining business loans

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.132	1	0.042		
Continuity Correlation	3.331	1	0.068*		
Likelihood Ratio	4.020	1	0.045		
Fisher's Exact Test				0.060	0.035
Linear by Linear Association	4.110	1	0.043		
N of Valid Cases	188				

Source: Survey data

*Significant at $\alpha = 0.10$ level

Phi-coefficient: -0.148, $\alpha = 0.042$

Cramer's V : 0.148, $\alpha = 0.042$

Annex Table 3 Chi-square test for independence for gender and difficulty retaining good employees

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	0.470	1	0.493		
Continuity Correlation	0.260	1	0.610		
Likelihood Ratio	0.477	1	0.490		
Fisher's Exact Test				0.597	0.308
Linear by Linear Association	0.468	1	0.494		
N of Valid Cases	234				

Source: Survey data

Phi-coefficient= 0.045, $\alpha=0.493$ Cramer's V: 0.045, $\alpha=0.493$ **Annex Table 4 Chi-square test for independence for gender and problems in paying taxes**

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	0.553	1	0.457		
Continuity Correlation	0.241	1	0.623		
Likelihood Ratio	0.525	1	0.469		
Fisher's Exact Test				0.454	0.301
Linear by Linear Association	0.551	1	0.458		
N of Valid Cases	230				

Source: Survey data

Phi-coefficient: -0.049, $\alpha=0.457$ Cramer's V: 0.049, $\alpha=0.457$ **Annex Table 5 Independent samples t-test for facilitation payments for registration and taxation by gender**

		Levene's test for Equality of Variances		t-test for the Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Business related activity Have you paid someone (unofficial) to facilitate business registration?	Equal variances assumed	2.411	0.125	1.526	68	0.132
	Equal variances not assumed			1.419	22.27	0.170
Have you paid someone (unofficial) to facilitate taxation?	Equal variances assumed	5.810	0.019	1.392	61	0.169
	Equal variances not assumed			1.215	19.95	0.239

Source: Survey data

For interpreting results of tests regarding unofficial payments for registration, we use the row with "Equal variances assumed" because Levene's test showed a significance value >0.05 . For interpreting results of tests regarding unofficial payments for taxation, we use the row with "Unequal variances assumed" because the Levene's test showed a significance value <0.05 .

Annex Table 6 Chi-square test for independence for gender and working hours

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.198	2	0.549
Likelihood Ratio	1.120	2	0.571
Linear by Linear Association	0.871	1	0.351
N of Valid Cases	240		

Source: Survey data

Phi-coefficient: 0.071, $\alpha=0.549$ Cramer's V: 0.071, $\alpha=0.549$

Annex Table 7 Chi-square test for independence for gender and membership in entrepreneurial organizations

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	0.089	1	0.766		
Continuity Correction	0.016	1	0.900		
Likelihood Ratio	0.089	1	0.766		
Fisher's Exact Test				0.864	0.449
Linear by Linear Association	0.088	1	0.766		
N of Valid Cases	240				

Source: Survey data

Phi-coefficient: 0.019, $\alpha=0.766$

Cramer's V: 0.019, $\alpha=0.766$

Annex Table 8 Chi-square test for independence for gender and belief that lack good employees serve as a hindrance to continuation and scaling-up

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.168	1	0.041		
Continuity Correction	3.140	1	0.065*		
Likelihood Ratio	3.907	1	0.048		
Fisher's Exact Test				0.051	0.035
Linear by Linear Association	4.151	1	0.042		
N of Valid Cases	240				

Source: Survey data

*Significant at $\alpha=0.10$ level

Phi-coefficient: -0.132, Approx Sig. $\alpha=0.041$

Cramer's V: 0.132, Approx Sig. $\alpha=0.041$

Annex Table 9 Chi-square test for independence for gender and belief that the lack of education, skills and training serve as a hindrance to continuation and scaling-up

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.235	1	0.040		
Continuity Correction	3.536	1	0.060*		
Likelihood Ratio	4.117	1	0.042		
Fisher's Exact Test				0.050	0.031
Linear by Linear Association	4.217	1	0.040		
N of Valid Cases	240				

Source: Survey data

*Significant at $\alpha=0.10$ level

Phi-coefficient: -0.133, Approx Sig. $\alpha=0.040$

Cramer's V: 0.133, Approx Sig. $\alpha=0.040$

Annex Table 10 Chi-square test for independence for gender and belief that family responsibilities serve as a hindrance to continuation and scaling-up

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6.985	1	0.008		
Continuity Correction	6.067	1	0.014**		
Likelihood Ratio	7.689	1	0.006		
Fisher's Exact Test				0.011	0.005
Linear by Linear Association	6.956	1	0.008		
N of Valid Cases	240				

Source: Survey data

**Significant at $\alpha=0.05$ level

Phi-coefficient: 0.171, Approx Sig. $\alpha=0.008$

Cramer's V: 0.171, Approx Sig. $\alpha=0.008$

Annex Table 11 Chi-square test for independence for gender and belief that bureaucracy serves as a hindrance to continuation and scaling-up

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	5.626	1	0.018		
Continuity Correction	4.694	1	0.030**		
Likelihood Ratio	5.146	1	0.023		
Fisher's Exact Test				0.024	0.018
Linear by Linear Association	5.602	1	0.018		
N of Valid Cases	240				

Source: Survey data

**Significant at $\alpha=0.05$ level

Phi-coefficient: -0.153, Approx Sig. $\alpha=0.018$

Cramer's V : 0.153, Approx Sig. $\alpha=0.018$

Evaluating phi-coefficients

The phi-coefficient is a correlation coefficient that measures the strength of association between two categorical variables. After Pallant (2007) and Cohen (1988), the following is a rule of thumb in interpreting phi-coefficients:

Annex Table 12 Phi-coefficient interpretation

-1.0 to -0.7 strong negative association	-0.7 to -0.3 weak negative association
-0.3 to +0.3 little or no association	+0.3 to +0.7 weak positive association
+0.7 to +1.0 strong positive association	

Source: Cohen, 1988

Calculating η^2

The eta squared statistics could be calculated using the following equation:

$$\eta^2 = \frac{t^2}{t^2 + (n1 + n2 - 2)}$$