



# *Voices of* Vietnamese Women Entrepreneurs



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Women constitute a large group in Vietnam in terms of business start-up and ownership. Encouraging more women to become involved in enterprise and grow existing businesses will impact positively on Vietnam's economic performance.

We invite to listen to women entrepreneurs from different parts of Vietnam as they share their experiences in doing business. As in other developing countries, women face a number of challenges, not only due to the strong influence of historical and cultural values but also because of discriminatory barriers in the business environment. However, despite these obstacles, they have been struggling to develop their companies, in many cases with creativity and effectiveness. They have different definitions of success, varying goals, and unique life experiences that influence their work and their business. Their frank and insightful confidences may help inspire other women across the country to put their cherished business ideas into practice, provide all those involved in supporting, financing and developing businesses, including the government, with more information about the specific needs of women entrepreneurs, and serve as suggestions for concrete actions that can boost women's enterprise.



# TABLE OF CONTENTS

<i>ACKNOWLEDGEMENTS</i>	<i>3</i>
<i>INTRODUCTION</i>	<i>5</i>
<i>LAWS AND REGULATIONS - THE BUSINESS ENVIRONMENT</i>	<i>9</i>
<i>MONEY MATTERS - ACCESS TO FINANCE</i>	<i>15</i>
<i>SETTING UP SHOP - PROPERTY AND INFRASTRUCTURE</i>	<i>23</i>
<i>MAKING CONNECTIONS - BUSINESS CULTURE AND NETWORKING</i>	<i>29</i>
<i>DAY-TO-DAY MANAGEMENT - RUNNING A BUSINESS</i>	<i>37</i>
<i>BUSINESS AND FAMILY - WORK-LIFE BALANCE</i>	<i>47</i>
<i>FINAL THOUGHTS</i>	<i>51</i>
<i>NOTES</i>	<i>52</i>



# VOICES <sup>OF</sup>

## *Vietnamese women*

### ENTREPRENEURS



# ACKNOWLEDGEMENTS

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# INTRODUCTION

## INTRODUCTION

Women play a crucial part in reducing poverty and advancing human development. Through a variety of roles - family caregivers, agricultural producers and wage earners - women have a positive impact that not only sustains their households but also benefits their overall societies. In recent years, there has been greater awareness of yet another way through which women power economic growth - entrepreneurship.

Throughout the world, the number and influence of women-owned and women-managed enterprises is increasing. This is due to a number of factors, including better recognition and protection of women's political and economic rights (such as equality, education, and access to resources), the growing role of the private sector in many economies, and the globalization of trade, which has increased market opportunities for businesses.

Businesses run by women - ranging from large companies to small, family-sized enterprises - contribute to their communities in

many ways.<sup>1</sup> They not only increase the production of goods and services but also create jobs, in many cases for other women. The extra income of women business owners and workers boosts family incomes, instills personal confidence and fosters a sense of empowerment. Over time, this leads to greater recognition and respect for women's abilities and contributions, which, in turn, can change broader attitudes and perceptions in their societies and ultimately shape a more equal environment for women and men alike.

In Vietnam, there are several reasons to be optimistic about women's entrepreneurship. The country's impressive track record on gender equality, its strong commitment to both economic growth and poverty environment for women's business activity,<sup>2</sup> Current estimates of the percentage of female-owned businesses range from 22 percent to 35 percent.<sup>3</sup> As long as these positive trends continue, there is no reason to doubt that women in Vietnam will increasingly have greater opportunities not only to share in but also to create prosperity.



However, much remains to be done to ensure that women-owned businesses continue to thrive. Recently, the IFC surveyed 473 women entrepreneurs in Vietnam and conducted in-depth interviews with over 80 of them to learn more about the challenges they confront and seek their recommendations on possible policy remedies.<sup>4</sup> The results yielded several useful inputs for reform; in particular, businesswomen expressed a clear need for entrepreneurial and women-only training, improved access to finance, and an official channel or "home" through which they could relay their particular business concerns to policymakers.

*Voices of Women Entrepreneurs in Vietnam* highlights some of these conversations with successful businesswomen. As they reveal in the following pages, women entrepreneurs still face many obstacles on a variety of levels. In "Laws and Regulations - the Business Environment," they begin by discussing the problems posed by an evolving and inconsistent legal context. Next, in "Money Matters - Access to Finance" are their thoughts on the overwhelmingly common concerns of finding capital and managing finances. Following this, in "Setting up Shop - Property and Infrastructure," the women explain how a lack of access to land and to adequate





facilities and services limits their businesses. In "Making Connections - Business Culture and Networking," they describe how the way that business is done in Vietnam can impede their efforts. They also highlight a clear need for networking and associations. Next, in "Day-to-Day Management - Running a Business," the conversations turn to the problems women business owners encounter in expanding their markets and finding and retaining qualified staff. Finally, in "Business and Family - Work-Life Balance," the women candidly reflect on their conflicting responsibilities at work and at home.

Despite the difficulties confronting them, Vietnamese women entrepreneurs demonstrate an extraordinary ability to survive, adapt and prosper. Their discussions go beyond describing problems to reveal a number of creative and effective coping strategies and tactics. It is our hope that by amplifying their voices, this publication will not only help expand opportunities for existing businesswomen in Vietnam but also inspire future generations to follow their own visions for economic development.





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# ***LAWS AND REGULATIONS THE BUSINESS ENVIRONMENT***

In recent years there has been increasing recognition that a country's legal and policy environment is a key factor in its achieving sustainable business and job growth. In Vietnam, the government has demonstrated a strong commitment to transforming the economy from centrally planned to market-oriented. Since launching the economic reforms known as *doi moi* ("renovation") in 1986, the country has experienced remarkable growth, driven largely by the private sector.<sup>5</sup> During the Tenth Communist Party Congress this spring, the political leadership reaffirmed its commitment to further integrating Vietnam into the global economy and to continuing with related reforms, such as the Common Investment Law, which facilitates business investments. The government is also firmly centered on fulfilling the United Nations' Millennium Development Goals, which include poverty eradication, gender equality and women's empowerment, by the year 2015.

However, despite its progress and future ambitions, Vietnam still has a long way to go in terms of improving business conditions for

private firms in general and for women-owned enterprises in particular. In the World Bank's annual *Doing Business* report, which compares the business enabling environment across countries, Vietnam ranked 99 out of 155.<sup>6</sup> Most enterprises, whether male- or female-owned, report difficulties when it comes to understanding and following complex regulations, dealing with government officials, and providing insights regarding potential policy changes. Businesswomen in Vietnam also believe that the absence of a policy dialogue mechanism through which they can address their chief concerns, such as access to capital and land, imposes additional limitations on their success.

## **LEGAL ISSUES**

As is the case for most entrepreneurs in Vietnam, whether male or female, legal issues pose a significant concern for women business owners. Many female entrepreneurs simply do not have the time or resources to understand the full impact of regulations relating to their businesses. Different laws

specify a variety of complex requirements, inadvertently creating a great administrative burden for businesswomen. In practice, the implementation of laws varies according to the level of government (national, provincial, or local); to complicate matters further, actual procedures often diverge from those required by rules on the books. As one business woman comments,

*"Enterprises find the implementation of policies and laws frustrating, unclear and too dependent on the discretion of government officials."*

In a fairly constant legal environment, such inconsistencies would be problematic enough, but given Vietnam's ambitious pace of reform, they can be downright confusing. Entrepreneurs often find it difficult to get accurate and timely information on proposed changes affecting businesses:

*"Laws and policies in Vietnam change so fast...so there's no choice but to work hard and try my best to stay on top of them."*

Even when such details are available, official "commitments" tend to differ from what is ultimately decided. For example, while the government officially insists that private sector

growth is important for the country, many regulations and practices still tend to favor state-owned companies.

*"Although the government has opened the printing industry to private companies, preference is still given to state-owned enterprises. For example, only state-owned companies can publish materials about religion."*

Some laws, originally meant to be beneficial, actually prevent enterprises from operating efficiently. For example, although the labor code in Vietnam recognizes the special circumstances of working mothers, it effectively raises businesses' cost of hiring them:

*"At present, there are very few special policies to support enterprises that employ a lot of women. Government policy is that female workers have four months of maternity leave, and one extra hour per day off during the child's first year. For enterprises that employ mainly women, this means having to deal with a labor shortage throughout the year."*

Many women entrepreneurs are eager to employ other women, but existing government incentives in this area, such as tax benefits, require measures that lie beyond the capacity of small companies:





*"There is a policy that says enterprises employing many female workers are eligible for a tax reduction, but such businesses have to meet ten specific conditions, including one that requires the enterprise to have childcare facilities."*

As a result, both the actual and perceived costs associated with hiring females make it more profitable to hire men.

## TAXES

High regulatory costs on and constraints to doing business are other common problems for entrepreneurs. Several women complained about illogical tax laws and collection practices:

*"Our [income] taxes increase every year. The tax authorities don't care whether we've actually had profits, or what our expenditures were throughout the year. They also don't care that even though we may have high revenues, our profits may not be very high. They just fix an amount each year and make us pay that in taxes."*

Businesswomen involved in international trade also face other charges besides income tax:

*"We are required to pay the VAT [value added tax] immediately when importing goods; but it is only after we sell the products that we can get the VAT refund. This is difficult for enterprises that lack capital because even if they haven't sold the goods yet, they have to pay the VAT in advance. This can have a huge impact on the cash flow of small enterprises."*

Another common concern is that officials apply tax regulations in an inconsistent manner, thereby creating a breeding ground for "unofficial payments." Bribes are practically a standard for doing business in Vietnam, so much so, in fact, that businesswomen view them as facilitation fees



that reduce document processing times rather than as an element of corruption. One woman put it matter-of-factly:

*"We had a difficult time trying to get our tax refund because we didn't pay enough of a bribe. We gave them some money, but they wanted more. And if we don't pay that, they will just make our lives difficult."*

## INTELLECTUAL PROPERTY RIGHTS

Beyond taxes, another problem that limits the growth and innovation of many women-owned enterprises, particularly design, craft or other creative businesses, is Vietnam's inadequate enforcement of intellectual property rights:

*"My company has registered for intellectual property rights protection, but frankly, even if there are violations, there is nothing we can*

do. For example, in 1995, I won the third prize in a national contest for my design of a wooden toy. But when I went to an exhibition, I found that a state-owned company also in the education industry had exactly the same design as mine. I couldn't do anything because my company was small and private, competing against a large SOE."

## CONTRACT ENFORCEMENT

Contract enforcement in Vietnam is still rather weak, especially since laws and policies are applied inconsistently throughout different levels of government and/or regions. When disputes arise, women business owners tend to find that resolution through courts or arbitration is quite prohibitive in terms of time and costs:

*"Going to a commercial arbitrator is no different than going to court. Court fees and arbitration fees are both very high. And because the processes are so time-consuming and have an impact on the business, enterprises don't have time to pursue them."*

Consequently, many women entrepreneurs often just prefer to cut their losses and proceed with business as usual.

## RECOMMENDATIONS

Businesswomen suggested several ways in which the government can improve the legal environment for enterprises. Harmonizing laws and procedures is crucial:

*"We have to do business according to the law. So it is important to have a clear, reliable legal system that can be followed."*

Also, women entrepreneurs suggested that information related to laws, policies and potential changes should be more readily available, through channels such as business associations, newspapers, the internet and other public media. As Tran Thi Lan Huong states:

*"I just want to do business in an environment where the competition is fair and healthy. Entrepreneurs need to have better access to information. We generally don't have easy access to information about laws and policies, and the relevant authorities usually aren't forthcoming when enterprises want to find out this type of information."*

Women business owners regard government efforts that specifically encourage private sector development as crucial. The draft SME Development Plan for 2006-2010 tasks the Ministry of Planning and Investment (MPI), Ministry of Justice (MOJ), and Ministry of Finance (MOF) with reducing costs, streamlining regulations and reforming tax policies for small and medium-sized enterprises. Such measures may particularly encourage women entrepreneurs, many of whom have informal businesses, to register their operations formally and thus have easier access to capital.

Ultimately, businesswomen in Vietnam would like to have a more permanent "home" that allows them to advocate their regulatory and policy concerns to government officials. Governments in other countries have implemented high-level advisory boards, special task forces and public-private dialogue mechanisms for women's business issues. In Vietnam, where the government already consults the private sector when forming strategic and economic development plans and where the machinery for gender equity is rather well-established, such approaches may prove effective in boosting women's enterprise development.



## NAVIGATING THROUGH UNCERTAINTY STAY INFORMED ABOUT GOVERNMENT POLICIES



**VU THI TU HANG**, 54, is the director of Binh Dan Hospital in Da Nang. In 1996, Hang opened the first private hospital in Vietnam. Despite the initial lack of a clear legal framework for business, Hang has managed to establish a successful venture. Today, the hospital has annual revenues of VND7 billion (US\$450,000). Early this year, Hang opened a second hospital, also in Da Nang, that was expected to earn a revenue of VND30 billion (almost US\$2 million) in its first year of operation.

*During my 20 years as an employee of the Da Nang General Hospital, I encountered patients who had to wait for months before they could have operations. In 1989, an idea popped up into my head - I would open a private practice that could serve patients faster. Initially, we had more patients than we could serve. In order to increase our capacity, we had to turn our health care center into a major hospital where operations could be carried out legally.*

*At that time, government policies relating to the health care sector were ambiguous, especially the regulations that defined what the private sector could do. The Ministry officials were nervous because nobody had opened a private hospital before. It took me one and a half years to get permission from the Ministry of Health for my hospital.*

*Because the legal framework was undefined, other people were afraid of investing in the health care sector. At the beginning, only a few people supported my idea. People said a private hospital wouldn't be as respected as a public one. They advised me not to leave my important position at the state hospital.*

*During the initial years, I ran my business without any clear idea of government policy. The government did not consult businesses about potential changes in laws and regulations. However, during the last few years, I have gone to Hanoi many times to discuss regulations affecting private hospitals with the government. Now I feel that the government respects the private sector more than before; it takes the effort to clarify the policy environment and make it more favorable for business. Now businesspeople are actually invited to official meetings.*



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# ***MONEY MATTERS ACCESS TO FINANCE***

Throughout the developing world, access to finance, which refers not only to the availability of funds but also to knowing how to manage money, is probably the biggest challenge facing enterprises.<sup>7</sup> In many countries, entrepreneurs find it difficult to obtain financing for any number of reasons, including poverty, a lack of acceptable collateral, a poor understanding of bank requirements, improper financial management, and banks' rigid perceptions of risk. Without adequate funds, businesses cannot operate effectively, invest in innovation and capacity improvements, nor, ultimately, expand. Even if they can obtain capital, owners of small and medium-sized enterprises (SMEs), in particular, may lack the financial management and accounting skills to make the best use of available funds.

For women entrepreneurs in Vietnam, as compared to their male counterparts, access to finance is a particular challenge. Men tend to borrow more from government banks, whereas women are more likely to tap into informal sources that offer relatively smaller

loan amounts at higher rates of interest.<sup>8</sup> Because businesswomen have relatively less skills, time, resources, and credit, their enterprises tend to be undercapitalized, employ fewer people, and less profitable than those run by men.<sup>9</sup>

## **BANK LOANS**

In Vietnam, women business owners access capital from both formal and informal sources. The most common formal source of capital is bank loans, but this is generally only possible for established enterprises with significant assets:

*"When you are just starting business, nobody trusts you. You can't do anything without capital. If you don't have assets or a credit history, then nobody will lend to you."*

Some women indicated that they have borrowed from state-owned financial institutions. However, even if entrepreneurs can demonstrate sufficient collateral, formal lenders are extremely conservative:

*"It is very difficult to borrow money from banks. You need to have assets like land or real estate as collateral. And in many cases, the bank's valuation of your assets is much lower than their market value. As a result, the amount you are actually able to borrow from a bank is much lower than what you need."*

Often female entrepreneurs find providing evidence of collateral problematic, and many have been refused bank loans for this reason. The most obvious form of collateral - land - is difficult to leverage without a Land Use Certificate that proves one's title to a piece of land:

*"Although I have both land and houses, I don't have all of the paperwork that proves ownership. So I can't mortgage any of my assets for a bank loan."*

Even those businesswomen who can tap into bank funding say that getting a loan is a complex process that involves confusing paperwork:

*"It is very difficult for me to get a loan from a bank because I don't know the procedures very well. Often having collateral doesn't guarantee that you can get a loan from a bank. The banks will also want to evaluate your business plan and assess the investment project's feasibility and potential for success."*

Women also perceive Vietnamese state-owned banks as inflexible and lacking in customer orientation, especially when it comes to SMEs and their needs:

*"A customer once transferred a payment of hundreds of billions of Vietnamese dong to me through the bank. But because there was a minor difference between the name cited on the transaction and the name on the customer's money order, the bank held the money... what's worse, the bank didn't even inform me of the situation! I found out about it from my client. Not being able to access that large sum of money for such a long time caused major problems for my company. Banks just don't have very good customer service attitudes."*





Other common complaints about banks include insufficient credit limits, overly high interest rates, and short loan terms. Some women indicated that it is easier for them to obtain better deals from non-state banks (private and foreign commercial banks), perhaps because such institutions are more customer-oriented and have a more flexible view of the potential risks and returns associated with the enterprise market.

*"In the last five years, the market economy has allowed for the establishment of many more private banks. This has been great for*

*private enterprises. It is easier to borrow from private banks, especially if you know someone at the bank and are willing to accept slightly higher interest rates. They will even help with preparing the necessary documents. Of course, it isn't easy for early-stage companies to borrow large sums of money at one time. In the case of my company, in addition to mobilizing capital from my relatives, I have an established relationship with five other companies that allows me to raise funds from them."*

**Truong Lan Anh**, 52, is the head of Thuan Phat, a food-processing cooperative in Ho Chi Minh City that has been operating since 1982. Thuan Phat has 12 contributing members and 130 employees. Anh's family holds an 85 percent share of the cooperative's capital, which is approximately VND10 billion (US\$650,000).



When Anh built her factory in an industrial park outside of Ho Chi Minh City five years ago, she received a loan from a city-run investment fund to cover 80 percent of her investment. However, the rate was "too high" and the loan term was "too short," with only five years for repayment.

*"For small enterprises like ours, banks are more like pawn shops. We have to give them our things, and they will give us a very short-term loan. So we can't use the money to make a long-term investment. Because we lack capital, the investments we've made in equipment and technology have been sporadic."*

Thuan Phat produces food products for both the domestic and export markets, and realizes revenues of about VND18 billion (US\$1.2 million) a year. Since 1997, Thuan Phat has been exporting products to Russia, Hong Kong, Australia, and the USA. However, a lack of capital is currently preventing the cooperative from expanding its domestic and international markets.

*"The market has accepted my company's products, but in order to expand nationwide, we will need to support a network of distributors financially. And to be able to export to Europe, we will need to invest in technology so that we can meet their food safety standards. We are planning to do all of this, but it will require a lot of capital."*

## INFORMAL FINANCING

When formal sources of capital are either insufficient or simply unavailable, women entrepreneurs resort to a variety of alternative financing strategies. Almost all, but particularly owners of newer and smaller enterprises, obtain financing from informal alternatives, such as family, friends, employees and other businesses. Loans from family and friends are considered most reliable. While in some instances family members take on the additional roles of initial investors or business partners, they generally limit their involvement to loans:

*"My company usually mobilizes capital by borrowing from family or friends. I pay them interest on the loans, generally at a rate slightly higher than the bank's rate."*

When the capital borrowed from family and friends has been exhausted, women sometimes approach "loan sharks" or pawnbrokers, including jewelry stores. Because these moneylenders are willing to provide money in cases of emergency, the interest rates that they charge are quite high.

*"I mainly mobilize capital from family and friends. It's hard to borrow money from other sources. Even if you borrow from the black market, the interest rate is ten percent, and it's not easy to get. But sometimes when I need money urgently, I end up having to borrow from the black market."*

## FUNDING STRATEGIES

Some women have established their own revolving capital funds with friends or other business colleagues – an interesting arrangement because it also allows for networking opportunities:

*"We have a network of women entrepreneurs that allows us to help each other out with capital. We get together one Saturday a month, and everyone contributes money into a pot. Then we draw a name, and the person whose name is drawn gets to borrow the money. There is no interest on that loan, and a small amount is used to buy food for the get-together. Actually, the main purpose of these gatherings is for us to share experiences in doing business and to advise each other."*

Others have raised share capital for their business by inviting staff to invest, a tactic that also reduces the risk of employee attrition in an increasingly competitive market for skilled labor:







*"I mobilize capital from my employees by allowing them to buy shares in the company. When they have shares, they have a sense of ownership and are more conscientious and dedicated. And when they receive dividends on those shares, they are even more willing to contribute more money to buying shares...by earning more money, the employees are more committed to the company and are less likely to consider leaving."*

## MANAGING MONEY

In addition to the challenges of finding sufficient capital, another common problem businesswomen cite is that of maintaining cash flow. Several women entrepreneurs complain about the practice known as "*chiem dung*", which translates into "money used by others." This is particularly common in industries like construction, where the nature of the business cycle usually results in business owners receiving payments for goods or services well after the time of sale

or delivery. This payment lag greatly reduces the amount of available cash and can even threaten an enterprise's operations:

*"It is difficult for construction companies, especially in the case of dealing with large, state-funded projects. In the case of one project, I didn't receive payment until six months after it was completed. And in the meantime, I had to pay cash up-front for the materials."*

Financial management is difficult because female entrepreneurs often lack adequate knowledge and skills and/or competent and trustworthy staff to carry out essential functions:

*"In small businesses, the owner usually has to do it all, including accounting and many other jobs. I tried to recruit accountants to give me more time to focus on other things, but the quality of the candidates applying to private companies was too low."*

Ultimately, the lack of financial and accounting skills can also make it difficult for businesswomen to generate profits that they can subsequently reinvest into their businesses.



## RECOMMENDATIONS

According to women business owners, the government can improve enterprises' access to capital by introducing targeted policies that complement its broader economic reforms and efforts to liberalize the banking sector. Simplifying the loan application process would be a good place to start. According to Do Thi Tuyet Mai,

*"The requirements and procedures that private enterprises must go through to get credit from financial institutions, including international financial institutions, are currently very complex and need to be simplified. In particular, enterprises that have been operating for ten or more years and have established good reputations should be able to access capital."*

Also, women entrepreneurs suggest that the government encourage financial institutions, particularly private ones, to lend more to SMEs and women-owned enterprises. As Cao Thi Minh Hanh suggests,

*"The state should help enterprises access different sources of capital, including international sources of credit. Now my company is so much bigger than I imagined it could be when I started it, but without better access to capital, I won't have the courage to continue expanding it."*

Finally, improving businesswomen's access to training in the areas of financial, accounting and management would greatly improve their capacity to manage cash flow.

## SAVING PENNIES TO MAKE PROFITS BE CREATIVE IN FUNDING YOUR BUSINESS



**CAO THI MINH HANH**, 47, is the general director of International Trading and Shipping Co. Ltd. (ITS). Before founding ITS in 2000 with two other partners, Hanh worked for a state-owned ship chartering company for fifteen years and then for a shipping joint venture for several years. Her company now has four branches across the country and provides a range of services, including freight forwarding, import/export services, and investments for shipbuilding. Despite its remarkable success so far, ITS will need increased access to capital and improved financial management to continue its growth.

*My business is the first private shipping company in Vietnam to provide investments for shipbuilding. Its success has been possible because my business partners and I were able to mobilize a huge amount of capital from families, friends, and other informal sources.*

*Formal capital such as bank loans, on the other hand, accounts for only 20 percent of our total capital. Collateral is the biggest issue we have encountered when applying for bank loans. My partner and I have to use our houses and land as collateral, but even then we can only borrow up to 70 or 80 percent of the real value of our properties; my house and land allow me to borrow only VND1 billion (approximately US\$ 65,000) from the bank. We've been able to find customer contracts worth US\$ 200,000, but with only such small loans from the bank, we would never be able to fulfill those big contracts. We can only take on a couple of small projects, up to the value of US\$ 3 0,000, at one time.*

*Getting loans from the bank can also be very troublesome. Any time we want to get a bank loan, we have to go through a lot of paperwork and complicated procedures. We have to get signatures from several people, such as the precinct officials and the district authorities, and there are many unreasonable requirements.*

*Three years ago, when we needed capital to invest in shipbuilding, we managed to borrow 80 percent of the necessary VND35 billion (US\$2 million) from a state-owned financing company. The loan has to be repaid in quarterly installments for about 10 years. Even with this loan, it was still very difficult for us to come up with the 20 percent deposit - the so-called "corresponding amount" - that financing companies always require from borrowers.*

*Our reputation and credibility have enabled us to borrow from informal sources, but those sources are finite. We will need to have better access to formal sources of capital if we want to continue to grow. Within the next couple of years, as Vietnam joins the World Trade Organization, the government will have to open our currently protected shipping market to foreign companies, and competition will definitely increase.*

*My solution to the problem of insufficient capital is to use the funds I have effectively. This means that I continuously have to turn over the capital by investing and reinvesting profits back into the business. If a company has unused capital, that means its management doesn't know how to do business. I also try to tap into different sources of capital. For example, I have set up a joint-stock group under which my company and two other private firms help each other financially.*



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# SETTING UP SHOP PROPERTY AND INFRASTRUCTURE

Having access to sufficient land and proper infrastructure are two important policy-related issues that directly affect the livelihoods of women in developing countries. In many places, women face restrictions on owning, using and inheriting land, which in turn prevents them from using such property as collateral to obtain business or even personal credit.<sup>10</sup> Poor infrastructure burdens enterprises and customers with increased delays and costs, ultimately hurting profitability and opportunities for expansion. In rural areas in particular, the lack of sufficient power, telecommunications, water, and roads makes it difficult for women not only to do business but also to carry out domestic responsibilities.

## LAND ACCESS

Women's access to and control over land has been a longstanding issue in Vietnam. Officially, the state owns all land and grants usage rights by issuing "Land Use Certificates" (LUCs) to businesses and households.<sup>11</sup> Until recently revised legislation

- namely, the Law on Family and Marriage (2000) and the Land Law (2003) - specified that family LUCs must list the names of both husband and wife, women were not guaranteed equal rights to land. At least ten million LUCs have been issued to individual households in an officially gender-neutral context, but because each LUC originally had space for only one person's name, many more were issued to men, as the heads of household, rather than women.<sup>12</sup> Even now, women continue to face obstacles in getting land certificates (re)issued with their names; reasons range from varying degrees of local law enforcement to social factors such as traditional family practices.<sup>13</sup> Ultimately, both the lack of a legal land title and adequate physical space impose serious limitations on women-owned enterprises, especially those involved in agriculture and manufacturing:

*"Access to land is a major problem for private enterprises like ours. At the moment, many women entrepreneurs are still operating from home. When their businesses grow bigger, they will be faced with the difficult issue of finding land."*

## INFRASTRUCTURE

Another related issue, particularly in rural areas, is access to infrastructure. Even urban enterprises cite the need for better roads, ports, and bridges. Lack of adequate infrastructure has limited production and delayed some women business owners' plans for expansion:

*"I own a company that sells both industrial and household electrical supplies. One of my difficulties is that big ships cannot dock in Da Nang, so I have to go to Ho Chi Minh City on a regular basis to get my merchandise."*

In recent years, the government has established industrial parks in key

locations, such as along national highways or near airports. While these zones are proving to be successful magnets for investment, their high rents and distance from city centers renders them inaccessible to many women entrepreneurs:

*"It is very difficult for a company to get into the industrial zone. And industrial zones are not necessarily good for all businesses - some businesses need to be located in the city center so that customers can find them. My company, for example, supplies packaging materials and we need to be accessible to our customers, so a central location is necessary for us."*

**Phan Thi Minh Tue**, 49, is the director of Phu Thanh Co. Ltd., a seafood processing and exporting company in Can Tho. Before she and her husband started their business, Tue had 17 years experience in working for state-owned seafood companies. Today, Tue has 280 employees, and her exports are worth about US\$4 million a year.



Although Can Tho is considered the capital of Vietnam's Mekong delta region, Tue notes that inadequate investments in infrastructure impede the development of local enterprises:

*"The roads and bridges are in bad condition, and investments in infrastructure have been very slow. We have to first transport our shipments all the way to Ho Chi Minh City, and then put them in storage before we can export them. These extra steps cost money and significantly lower our profit margins."*



## RECOMMENDATIONS

According to women business owners in Vietnam, the single most important reform the government can undertake with respect to land is improving their access to it. As mentioned earlier, while women now enjoy the legal right to land, obtaining LUCs in practice is still quite difficult. In 2003 and 2004, after the revision of the Land Law, a World Bank-funded pilot project was implemented in several communes to ensure that LUCs included the names of both husbands and wives. Not only were a significant percentage of certificates issued or amended, but the project also generated greater awareness of women's land rights among local officials and the general public. Reissuing certificates via this two-name

approach throughout the country can make it easier for women entrepreneurs to establish title to land, provide lenders with evidence of collateral and obtain financing for their businesses:

*"There isn't a single enterprise in Vietnam that isn't dependent on land or property. Enterprises need land-use rights in order to access capital and invest in longer-term production."*

The other major recommendation from women business owners is to improve "hard" (i.e., roads, ports, telecommunications, etc.) and "soft" (i.e., labor and services) infrastructure in rural areas and industrial zones so that it is easier for them to access suppliers, tap into human resources and reach customers.



## FOLLOWING YOUR VISION STAY PATIENT AND PERSISTENT

**NGUYEN THI BINH**, 50, is the general manager of East West Seed Vietnam Co. Ltd. Binh, a trained biologist, used her savings of US\$23,000 to start a vegetable seed company in 1994. In 1997, she set up a joint-venture enterprise with East West Seed Group, contributing 30 percent towards the company's start-up capital. Today, the business employs 200 staff across the country and has an annual growth rate of 40 percent.



*In 1989, after working for a state-owned seed company for thirteen years, I realized that I had spent a lot of energy, effort and devotion - all in vain. A major weakness of state-owned institutions was that they were not putting research into practice. Without any plans, I decided to leave the job to develop my own career.*

*The legal climate in Vietnam was still very difficult for private enterprises, especially those in agriculture. I thought that as an agricultural country, Vietnam could not afford to neglect the development of the seed industry. Moreover, with no husband or children, I was in a better position than anyone else to do something meaningful.*

*I helped a Dutch friend find investment opportunities in Vietnam's seed markets, and he insisted that we set up a business. Trying to avoid risks, I decided to start small, on my*

*own, and as a local private firm. I started the business with my own savings. My parents thought I was crazy. Back then, the Chinese controlled nearly 98 percent of the seed market in Vietnam, and competing with them was not going to be easy. I would go to Chinatown to observe the Chinese buying and selling seeds and to learn about the trade. I would stay there until 10 p.m.*

*Initially I had many problems because I was a scientist, not a businessperson. During the first two years, I had only losses. I did a lot of work on my own - testing the market, breeding new varieties and recruiting and training new staff. I didn't own any land and so I had to use my mother's house as an office.*

*I decided to focus on getting the farmers' acceptance. Instead of selling seeds through agencies, I would sit in farmers' huts and sell to them [directly]. I believed that once*



*the farmers accepted the quality of our seeds, they would demand them from the agencies, who would then have to sell our seeds. This strategy worked; today, we're supplying seeds to 200 agencies. My long-term goal is to focus on research and development (R&D). My foreign partners initially wanted to centralize R&D in Thailand, but they finally let me set up facilities here with the business profits.*

*Starting up was extremely difficult, but the skills I had acquired previously, including knowledge of finance and money management, helped. The biggest challenge for me, though, has been finding and training good people. It is very hard because agriculture doesn't appeal to young people these days. Our turnover rate at the beginning was extremely high. I think the younger generation today lacks ideals and commitment. During the American War, I lived*

*away from my family from the age of three; I learned to live in the forest and got used to bombings and malaria. All these things taught me to be persistent. Without such a history, I would never have been able to make this business survive.*

*During my career as an entrepreneur, I have learned a few lessons. First, never think you are unable to do business just because you don't have capital. What you need, in fact, is knowledge and experience. Don't start big. Without experience, a big investment is a big risk - especially when our economy is still changing very fast. Start small with whatever you have, accumulate experience and be effective. Your business will grow along with your experience and knowledge. The problem is not one of capital. Once you have proven yourself, the capital will find you.*





# VOICES OF

## *Vietnamese women*

### ENTREPRENEURS



# MAKING CONNECTIONS BUSINESS CULTURE AND NETWORKING

One of the biggest obstacles to the success of women business owners in Vietnam, in comparison to that of their male counterparts, is their relative lack of business development and networking opportunities. Women entrepreneurs believe that male business owners have more resources and time at their disposal to advance frameworks and one-off measures such as loan assistance, training and incentives. Encouraging women's business networks is an important complement to these efforts, since such groups can take on a life of their own and yield continued benefits.

## BUSINESS CULTURE

In Vietnam, the experience of being a women entrepreneur often involves serious constraints to doing business. Traditionally, business is considered men's work, and many customs and practices discriminate against women either by restricting their participation or through outright exclusion:

*"In places like Hue, attitudes towards women are still very conservative. If you talked to ten men on the street, eight or nine of them would say that women should stay home. Women entrepreneurs are still considered strange, as if they were breaking the order of things. And although many women are self-employed and run household businesses, they aren't considered entrepreneurs. Their husbands don't want them to become businesswomen."*

Government relations, which are a vital element of business dealings in Vietnam, tend to be conducted in informal, social settings:

*"Everybody knows that 60-70 percent of government-related business transactions or contracts are signed at social gatherings, over drinks. That's where men have the advantage over women - they can drink and have lots of opportunities to network at social events."*

Typically, it is inappropriate for women to participate in such gatherings, which can create disadvantages for their enterprises:





*"When I first started doing business, it was very hard for me to establish relationships with local government authorities. Being a woman, I couldn't invite them out for drinks or to parties, so I didn't have the opportunity to get to know them informally. I would only see them when I had a problem related to my business, so it was very difficult. I've had problems with the tax office, customs and local government agencies."*

Gender stereotypes also influence women's choices and opportunities when it comes to particular work sectors and occupations. In Vietnam, sectors such as construction, politics, science, and technology are traditionally viewed as male domains, while health, education or labor-intensive manufacturing (i.e. textiles, footwear) are deemed more appropriate for women. For women business owners who operate in "male" sectors, breaking into the world of business is definitely more difficult:

*"Often it seems that clients and business*

*partners are less enthusiastic to conduct business with a woman, especially early in the relationship. This is especially true in sectors that are traditionally male-dominated. I make stainless steel products; this is considered a man's business. When I meet new clients, they often seem suspicious, as if they don't think that a woman can provide high-quality products and services. It's not until we've worked together for a while that they start to trust me."*

It is not only customers who often display a lack of respect; women entrepreneurs also maintain that managing men is also difficult in the workplace:

*"In general most male employees don't like having a female boss. But if they respect your ability, that negative impression will slowly fade away."*

Younger women, in particular, encounter many problems, since respect for elders, both men and women, is an important part of the



Confucian legacy in Vietnam. The combination of youth and gender makes it harder to establish relationships with suppliers, clients and employees:

*"Right after I graduated from university, I became a shareholder in a company. The partners, who were older, often shot down my opinions and comments. In their eyes, I was just a kid, and female at that. What I'm trying to say is that women even have to overcome negative stereotypes held by their colleagues, not to mention customers and business partners."*

Despite these obstacles, many women entrepreneurs have developed ways to work within Vietnam's informal business culture. In some cases, women work around gender biases by sending male colleagues to network with partners and officials:

*"When you deal with government authorities, one of the difficulties you face as a woman is that they expect you to be demure, accepting, and to do what they tell you. If you are too tough, things are more difficult. But once you've made a good impression through your work, you can build a strong relationship. It's similar when it comes to relationships with business partners and customers. My company sells technological equipment and provides consulting services, so 95 percent of our customers are men. To get a contract signed can be quite an ordeal; sometimes it requires taking customers out to a big dinner. But if there are women present, the men feel less comfortable and have to watch their behavior...so often I ask my project manager to do the negotiation with partners in my place. It's easier for two men to talk."*

Over time, by using the "appropriate" behavior to their own advantage, women can subtly reshape the way business is done in Vietnam. Women business owners tend to find that their people and relationship management skills ultimately stand them in good stead with partners and clients who may initially doubt their abilities:

*"If you are a woman, and especially a young woman, doing business, customers are automatically skeptical at the beginning. One time, a customer came to my company and insisted on meeting with the director. When he met me, he was visibly taken aback because he thought I was too young. But after we had discussed business for a while, I saw his attitude change, because he realized that I am a capable professional."*

## NETWORKING

Business associations provide another opportunity for women to get around "old boy" networks. Such groups provide a setting in which women can share information, form peer relationships and build partnerships with other entrepreneurs. The Women Entrepreneurs' Council, which is part of the Vietnam Chamber of Commerce and Industry, was the first association for registered women-owned enterprises in Vietnam; in recent years, a number of associations for private companies have also been established. In addition, other mass organizations, such as the Vietnam Women's Union and Youth Union, have made efforts to build relationships between SMEs, especially those in the informal sector.

**Alan Duong**, 30, is the owner of Mosaïque, an upscale furniture and home-accessories company based in Hanoi. Alan spent six years in a refugee camp in Hong Kong and returned to Vietnam in 1996. She started up her own business in 1998 at the age of 23 and today, she employs more than 100 staff at three Mosaïque stores. Exports account for about 80 percent of Alan's production.



To make up for her lack of formal education and training, Alan has good taste and a passion for the décor business.

*"This business is very demanding. It requires capital, connections, technical skills and experience. It involves hundreds of people from production, exporting, transportation, and finance, and is even dependent on the weather! You have to make sure that all processes are in place and everything goes smoothly in order to meet deadlines. You have to be very dynamic to be in this business. If I didn't love it, I couldn't be in this business."*

Before starting her home décor business in

1998, this young and outgoing woman had already established a wide network of personal and business contacts while working as a realtor for foreign clients. Alan understands the role of marketing and networking in doing business - that's partly why she opened Mosaïque Living Room, the first members-only club in Hanoi, a year ago.

*"I see business relationships as mutually beneficial - my partners and I create business opportunities for each other."*

Alan has supplied décor items to companies such as Neiman Marcus in the U.S.A., Hong Kong-based Shanghai Tang, and stores in Japan and Singapore.

However, access to associations in Vietnam is limited because such groups have limited service capacity. Also, due to their own personal time constraints, many women view mass associations more as social organizations rather than as useful business networks.

In several cases, women entrepreneurs are establishing their own informal groups as a way to stay connected and even provide access to capital:

*"Business associations provide a forum through which women entrepreneurs can meet one other. However, most women entrepreneurs don't have a lot of time because they split their time between family, friends and society, and their companies. Women can form small groups within associations, like the women's group of the Ho Chi Minh City Young Entrepreneur's Association. When we meet once a month, we always find a lot to talk about, because so many of us are in the same boat. Businesswomen understand one another - we can relate to each other's difficulties and provide one another with advice and feedback."*

## RECOMMENDATIONS

Although the Vietnamese government has long been committed to gender equality, women business owners believe that there is still ample opportunity to reduce discriminatory attitudes and practices in the economic arena. Publicly highlighting women's achievements and expanding networking opportunities for women are two potential measures that the government can take. As Cao Minh Truc observes:

*The issue for Vietnamese women entrepreneurs is not necessarily that they face discrimination, but rather that they lack influence. There need to be fora where women can really raise their concerns. Real life often occurs before laws are made. If many people raise their voices, the laws will have to follow real life."*

In developing recent policies affecting the business community (including the Investment Law, Enterprise Law and SME Development Plan), the Vietnamese government has consulted with a wide range of stakeholders, including over 30 business and civil society organizations such as the Vietnam Women's Union and the Vietnam Chamber of Commerce and Industry. This type of public-private dialogue is an effective way for women entrepreneurs to raise their issues with upcoming policies that may affect their businesses; perhaps in the future a more formal and permanent mechanism that focuses specifically on businesswomen might be established. The government could also consider measures that specifically encourage business networking activities among women entrepreneurs. `



## MANAGING RISKS LOOK BEYOND YOUR BUSINESS



**PHAM THI MY LE**, 34, is the director of Le & Associates Co. Ltd, a Ho Chi Minh City-based management consulting and training company with annual revenues of VND11 billion (US\$750,000). Le founded L&A, which provides a range of personnel services, private management consulting, and professional training, in 2001. L&A currently employs 600 people in positions ranging from workers to executives. The company's main challenges include maintaining its brand, growth and staff amidst increasing competition.

*I was one of the many people who jumped into the labor services industry as soon as the government opened the market up to private companies. I started with an investment of VND100 million (US\$65,000) from my family's savings, with five employees and a tiny office.*

*Now my business covers a full range of recruitment and training services. We can supply companies with workers, secretaries, accountants, sales supervisors, and executives. On average, we've grown by 150 percent per year.*

*My biggest achievement so far is that I have built a brand name for the company. There are different ways for companies to build a reputation. Some use the media, advertising or public relations. I have tried to build a culture for my company. The core values I promote include professionalism, caring, and dynamism. I think the culture of a company is primarily influenced by the style of its own leader.*

*This market is getting increasingly competitive, but I am prepared. To avoid competition, we have to find our niche. My strategy is to focus on the high-end market - to train and provide consultants and*



*executives. We will provide training courses not only on skills but also on behavior and self-motivation. In the future, I will look for foreign partners who can help bring our services up to "international standards".*

*A key investment principle is diversifying risks. I also have stakes in other businesses - a software firm, an occupational health and safety consulting joint venture, and a translation services and overseas education*

*company. Sometimes I look for investment opportunities, but other entrepreneurs also just come and find me.*

*The greatest difficulties I have faced in business are managing people and time - capital and other issues are easier to handle. Also, SMEs like mine don't have money to spend on market research, which can cost more than setting up a new business, so we often base our investments on qualitative information.*





# VOICES *OF*

## *Vietnamese women*

### ENTREPRENEURS



# DAY - TO - DAY MANAGEMENT RUNNING A BUSINESS

For female entrepreneurs in Vietnam, running a business successfully involves making several decisions on a daily basis and in an increasingly competitive environment. Some of these - government policies, financial management, and professional networking - have already been discussed. Among the many other aspects of managing an enterprise and maintaining its competitiveness, women business owners consider market expansion and human resources the most important areas for potential policy intervention.

## EXPANDING MARKETS

Vietnamese women entrepreneurs are more than aware of the challenges arising from international economic integration and resulting competition from other countries:

*"My company is facing harsh competition from foreign companies who operate in the same industry. They have better technology, better working conditions and more capital. They can*

*sell goods at lower prices because their technology enables them to produce at lower costs. Because my company's technology is out of date, my prices are higher. In addition, because there are so many counterfeit goods on the market, customers prefer to buy products from large companies with brand names rather than from small companies like mine, even if our product and prices are the same."*

Given the country's delay in WTO accession, those involved in the manufacturing industry, particularly the garment and footwear sectors, have already had to deal with loss of market share to Chinese producers and continue to harbor concerns about the future:

*"When Vietnam joins the WTO I will be more worried. Many more enterprises will be established, and many big companies will come to Vietnam, making the competition even fiercer. For example, a Chinese company sells a shirt that I sell for US\$5 at only US\$1 - how can I compete with that? I think their advantage is that they must be getting some government support."*

Most women entrepreneurs are interested in growing their businesses through a variety of means, such as: better customer relationships, larger trade and export networks, the use of national trademarks and branding campaigns, technology upgrades, and staff training. However, they face a number of obstacles, including a lack of resources, time, information, and linkages to potential partners and markets.

Nevertheless, several businesswomen believe that global developments will bode well for

Vietnam's economy and have a number of concrete suggestions at both the enterprise and government levels. For example, partnerships with foreign companies or other local enterprises are a viable opportunity for women entrepreneurs who want to expand their businesses, as they can pool resources, undertake joint activities, and access necessary expertise and technology:

*"I think I need to join forces with other cake manufacturers in order to develop our own brands. Many brains can always generate more ideas than one."*

**Tran Thi Le Quy**, 63, is the director of Da Nang-based Phu Ngoc Co. Ltd., a company that produces and supplies liquid medicine containers to the pharmacy industry. She currently employs 20 workers and has an annual revenue of VND1.5 billion (US\$95,000). Quy had operated the production as a family business for 20 years before registering the business as a company in 2002. Her main focus now is on staying competitive.



Technology improvement has been vital to Quy's business success and remains a central concern in her business strategy. Quy was the first in her sector to switch from manual to mechanical production, which has enabled her to secure her position in the market:

*"Everyone in this business, from central to northern Vietnam, seals the product by hand; I am the only one who has switched to machinery. It's lucky that I switched, because just after I did, the government made it mandatory to use machine sealed containers."*

The new equipment, technology transfer, and worker training required an investment of VND1 billion (US\$65,000). Quy borrowed the capital from a bank using her real estate as collateral. However, Quy anticipates that she may need to invest a further US\$360,000 in technology to upgrade her production.

*"The government will continue to upgrade industry standards, and the market will also demand higher quality, especially now that Vietnam's presence is increasing in the world market. We have to continually adapt and upgrade our products."*



**Nguyen Thi Hong Mai**, 36, is the director of Hong Phat Joint

Stock Company, a business that produces and supplies e-books and educational toys. In 1997, she started her first business, which supplies swimming pool and sauna equipment and services. Mai started Hong Phat in 2003 and currently employs more than 30 staff. Together, her two businesses currently generate more than VND30 billion (approximately US\$2 million) a year in revenue. Mai is also the vice chairperson of the Hanoi Young Business Association. She attributes her success to having developed a keen understanding of marketing, which she has applied to her businesses.



Mai learned about business management firsthand after her first business failed. In the mid 1990s, seeing how fast the living standards of Vietnamese people were improving in the big cities, Mai started to import and supply equipment and services for swimming pools and saunas. But without the skills necessary to manage a business, especially marketing skills, she failed.

*"I accurately predicted the growing demands of the market, but that wasn't enough. I didn't do proper market research, and didn't plan carefully...so I ended up importing a large shipment of products before I had done any marketing. So I ended up with a large debt and didn't have the money to pay it."*

Since then, Mai has appreciated the importance of market knowledge and marketing skills to business successes. Two years ago, when she decided to invest in producing e-books and educational toys for children, she spent much time and effort on marketing, advertising, and establishing the distribution system even before her products entered the market.

Mai, who eventually aims to export her products particularly to the Vietnamese communities overseas, finds business associations and other networking channels beneficial to her business in terms of marketing, updating information and finding business partners.

Many women suggest that the government should make greater efforts to promote SMEs by developing better trade promotion initiatives and providing greater support:

*"Trade promotion programs have not been very effective to date. There are hardly any women entrepreneurs who can afford to attend international trade fairs on their own to find new customers and markets...so government-sponsored trade promotion programs should consider paying for a booth that a group of women entrepreneurs can share at these types of fairs. In addition, local governments should consider giving discounts to women entrepreneurs who want to rent space at provincial commercial centers."*

## FINDING AND KEEPING TALENT

Women entrepreneurs believe that having talented people is crucial to the long-term success of their enterprises. However, in Vietnam, attracting and retaining capable employees is one of their biggest challenges. Private businesses are often at a disadvantage compared to state-owned companies in attracting good people because of a widespread perception that state-owned enterprises provide better working conditions and job security. They must also compete with foreign-owned companies for talent.



**Quach Kim Hong**, 39 and of Chinese origin, is the president of Ho Chi Minh City-based Truong Vinh Garment Export Co. Ltd.



After working for several years at Taiwanese and Hong Kong-based garment companies, Hong started her own company in 1995. Hong's company is now subcontracted to produce brand name clothing for export including Adidas, Reebok, Lee, and Nike. Hong employs more than 600 workers, of which 80 percent are women.

Attracting and retaining workers have been the biggest concern for Hong. Monthly staff turnover at her business has been 10 percent. The rate - although not unusually high among private companies in Ho Chi Minh City - has negatively affected Hong's business and slowed her expansion ambitions.

*"As hard as we try, we just can't compete with the wages that foreign-owned companies pay their workers. Even though working for foreign-owned enterprises is much more demanding, workers are easily tempted by higher pay. It's very difficult for me to retain workers, especially since we are surrounded by foreign companies in this industrial area."*

Hong, however, believes that as a Vietnamese businesswoman, she has advantages over foreign companies, particularly in understanding workers' feelings and needs.

*"In this business you have to stay in close touch with the workers. My workers know that they can come to my office anytime they have a problem. We speak the same language and I can understand the mindset of my employees. Employees of foreign-owned factories go on strike all the time because they have issues with their management...we've never had a strike in my company."*

Hong believes that her human resource department is probably too large, but she recognizes the importance of recruitment and training, and of being able to deal with issues that concern her workers, such as housing, insurance, health, and family affairs.

*"Family lives need to be stable, or workers won't be able to perform well. So our company always tries to help out the families of our workers when they are having difficulties."*

Hong offers housing allowances and rents a nearby dormitory for workers from other provinces. She is also setting up a vocational school where she will train about 100 workers a month. Although Hong had to make a lot of changes and investments to meet the standards required by international companies such as Nike, she has found that these efforts have helped improve the company's management and quality control systems and her staff's working conditions.

Also, as the private sector grows, many businesses also find that some of their best employees are leaving to start their own businesses:

*"I think the main reason is that everyone wants to eventually become his or her own boss - no one wants to work for others forever. Many of my employees have gone on to start their own companies once they've learned the business. This is inevitable. When my company grows bigger - who knows? My business partners may be former employees."*

Many women adopt different strategies to avoid high staff turnover. Some provide incentives to staff or attempt to improve working conditions, but a general lack of resources means that many cannot increase salaries or provide training programs:

*"Due to the nature of our industry, women account for over 80 percent of the total employees in the company. With regard to women who are key professional staff, we support them in getting more education and skills training. When it comes to workers, we are concerned about their health and with helping them care for their families."*

Businesswomen find it particularly difficult to recruit skilled and qualified human resources in poorer areas, where education levels are often lower than in urban centers:

*"In general I'm frustrated about the slow pace of development in the Mekong Delta region. Any manufacturing company that wants to use technology will have a difficult time, because it's hard to find workers with high skills. Any company, regardless of what industry it's in, needs technology to develop. For a company to grow it must continuously improve its products. But this cannot happen unless the skills and abilities of workers in the region are improved "*





## RECOMMENDATIONS

As Vietnam integrates with the global economy, the SMEs that are powering its growth will need to become and remain competitive. Towards this end, women business owners would enthusiastically welcome more government-sponsored training programs and assistance targeting both entrepreneurs and staff. Such training, according to them, should not only cover general business issues but also a variety of specific areas, including technology (both as it relates to production, as well as to computers and the internet in general), marketing and strategy, business and financial management, and human resources. It should be made available on a wide scale and on an ongoing basis, especially in rural and/or poorer areas. Interestingly, a number of businesswomen expressed a strong preference for gender-specific business and management training, partly because of the increased networking and experience-sharing opportunities that a women-only training environment can provide.

Another key area for government action is expanding market access for women entrepreneurs. Increasing information on potential markets, conducting trade fairs, encouraging study trips abroad and establishing promotional offices abroad can help businesswomen establish international linkages with intermediaries and customers.

Finally, women business owners believe that the government should put higher priority on the national human resources



development by reforming the existing education system. As Nguyen Thi Binh remarks, the need for reform in this area is pervasive:

*"The education system needs a complete overhaul. The schools have not been able to teach our students how to think independently. In terms of developing our human capital, our country has been very slow. This is a huge obstacle for enterprises like ours."*

## VALUING PEOPLE RECOGNIZE THAT EMPLOYEES CAN BE YOUR STRONGEST ASSET



**PHAM THU HA**, 43, is the vice director of Hanoi-based Hoan My Co., a provider of company cleaning services, equipment and technology. Ha and her husband, the company's director, started the business in 1997 and since 2000, they have expanded operations to central and southern Vietnam. As for many other businesses, human resources management poses a major challenge to Hoan My. The company, which has annual revenues of VND37 billion (US\$2.4 million), employs about 2,000 staff across the country, providing services to hotels, office buildings, industrial complexes, and hospitals.

*The most important skill I have learned over the years is how to manage people, including how to handle the relationship with my husband in our business. Private companies like ours face many problems in terms of human resources management. It's very difficult to recruit and retain good people; typically, those who are inexperienced or incapable stay, while the good ones leave. The issue is a particularly pressing one in our rapidly growing southern market, where workers are less interested in savings and other employers can easily lure them away with higher pay.*

*We've set up our own training center where we train about 100 workers a month. We can't afford to pay our workers very high salaries, but we try to emphasize professionalism, form a*

*bond between them and the company, and make them feel secure about their jobs. We no longer take on short-term or part-time contractors; instead, we focus on long-term contract employees so that we can ensure a stable work environment. Now we have managed to maintain a reasonably steady workforce, with a turnover rate of about three percent a month.*

*Managing people is still the biggest challenge for me, though. I'm certain that some time soon, there will be a dramatic adjustment in the wages in the labor market. If workers are not satisfied with their salaries, they will quit. But it's not easy for us to pass raises onto clients. If low pay becomes a big issue in our company, it will be the death of us because*



*all of our staff are laborers. Our business has been growing very rapidly, but I want to slow things down so we can make adjustments. We need to have a defense strategy - to find a way to increase the income for workers.*

*Up to 90 percent of our employees are women who come from the countryside. We haven't received any assistance from the government, although we're creating jobs for the poorest people in the society. On the contrary, the current tax rules make it even harder to manage human resources. While I have to spend up to 70 percent of the company's expenses on workers' salaries, the tax authorities have established a top-end limit of 50 percent. With such a rule, it would be very difficult for us to increase workers' salaries. It's also difficult for us to give bonuses and other extra benefits to our female employees because the tax authorities don't consider these outlays as enterprise expenses.*

*Managing family relationships in our business has also been a challenge. It's ironic that my husband and I didn't have any problems when we faced difficulties, but issues have emerged since we have become successful. Even in our business, I try to act as the wife. I think I have good intuition and I know the market better than my husband does, but I just offer a different opinion and let him make the final decisions. As a woman, I have to consider the family above all else*





VOICES <sup>OF</sup>  
*Vietnamese women*  
ENTREPRENEURS





# ***BUSINESS AND FAMILY WORK - LIFE BALANCE***

As women throughout the world have greater access to economic opportunities, they are increasingly able to contribute financially to the well-being of their families. However, they may also encounter more complications in balancing work and family life. In many countries, traditional expectations of a woman's role and functions within the family can persist, potentially leading to a "double shift, double burden" for those who work outside the home. This is especially true for many women in developing nations, "where poverty and lack of infrastructure can make the most basic tasks harder and more time-consuming".<sup>14</sup> For women entrepreneurs in particular, time spent on domestic duties can leave them with less availability for other activities that may help grow their businesses, such as training, networking and business development.

## **FAMILY RESPONSIBILITIES**

In Vietnam, women entrepreneurs strive to build successful businesses while also maintaining a strong role in their families. Many believe that balancing work and family can be much harder for women than for men. Women often feel pressure, either self-inflicted or from others, to put their families first before their businesses:

*"Sometimes I feel women have to divide themselves in two halves: one for family and one for society."*

Another woman told us,

*"I have worked for over 20 years, but in my mind it's always 'family and work,' never 'work and family.' "*

**Tran Thi Lan Huong**, 29, is the director of Hanoi-based Nam Son Trading and Production Co. Ltd., a business that assembles, produces and distributes bathroom and kitchen equipment. Huong started her business in 2001 and registered it as a private company in 2003. As is common for many women entrepreneurs in Vietnam, Huong has found that her family is both an invaluable source of support as well as a significant time commitment.



With little business experience and a small amount of capital borrowed from her family and friends, Huong started a business as a small-scale trader.

*"In the beginning, foreign business partners didn't take me seriously because they thought I was too young. I knew nothing about running a business. I was*

*just learning by doing - learning from each experience about dealing with customers."*

Two years later, Huong was ready to set up a company. She was also pregnant with her first baby.

*"It was such a difficult time for me. I was doing everything myself, even making deliveries to my customers."*

The ability to make quick and effective decisions is a key aspect of managing any business. Although women entrepreneurs recognize that business advisors or consultants can add value to their enterprises and help them with key issues, the high cost of such expertise prevents many women from actually employing them. Instead, many women in Vietnam frequently turn to family members for advice before making important business decisions:

*"Both my husband and I are entrepreneurs, so we often discuss business matters. My husband has good ideas...everyone looks at an issue from a different perspective. Sometimes he helps me by giving me a number of options from which to choose. But other times I just have to make my own decisions and stick to them."*

Family members, especially husbands, can provide varying levels of support:

*"If both a husband and wife are entrepreneurs, they can discuss business with each other...but if they do different things, it's more difficult. Family happiness is ultimately determined by the woman."*

Many women managers of family enterprises indicate that even though they exercise *de facto* operational control, it is extremely important to have important decisions appear as though they were made by their husbands or another man in the family.

## SOCIAL PRESSURES

Most women entrepreneurs in Vietnam cherish their traditional roles and influences within their families, but they are also sensitive to the fact that societal conventions, which stem partly from patriarchal Confucian traditions, may complicate their efforts to strike a balance between business and

personal life. Those who want their businesses to grow find that practical considerations, such as time and resources, can limit their choice of activities:

*"I want to grow my business, but only to the extent that I can manage it. I don't want my business to expand to a point where it's beyond my own management capacity. As a woman, I have a lot of other responsibilities to both my family and society."*

However, other women feel that gender biases prevent society from acknowledging their achievements and contributions:

*"When your business achieves a certain level of success, you want to take some pride in it. But when a woman entrepreneur is successful, sometimes she isn't given the credit she deserves, and instead, people will say that she used her femininity to get ahead. When I hear something like that, it bothers me, and it affects my work and attitude. I feel like all of my efforts, the fact that I worked all those years and sacrificed spending time with my family hasn't been recognized and valued. This is especially difficult for younger businesswomen who are successful, as they may have small children at home and therefore more family responsibilities...it's probably a bit better for older women."*

Occasionally, some women entrepreneurs have even had to defend their right to success, wealth and a career.

## STRIKING A BALANCE

Although juggling work and family can be difficult, many women entrepreneurs have developed their own creative and effective ways of managing their time and other people's expectations:

*"The biggest lesson I've learned in running my own business is the importance of planning my*

*time and relying on the right people. I didn't have my first 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. At home, I have a housekeeper, and at work, I have slowly moved away from dealing with day-to-day management of the company towards focusing on strategy and business development."*

Women find that networking with other women, sharing experiences and discussing strategies both helps and inspires them to continue with their efforts. Through their successes, businesswomen challenge traditional Vietnamese gender roles on a daily basis, ultimately paving the way for the next generation of female entrepreneurs.





## RECOMMENDATIONS

Although Vietnam is a regional pioneer in the area of gender equality, women business owners believe that more can be done to improve business opportunities. At a broader level, government and society should recognize that

*"Equality doesn't mean that women want to trade places with men. They still want to be wives and take care of the family. Society needs to provide more support for women-owned enterprises, because women entrepreneurs have to juggle both family responsibilities and run their businesses."*

In terms of specific policy solutions, besides investing in the infrastructure and services that women need to coordinate their family and professional lives better, providing more access to business and management training would be a smart way for the government and society to go. As Do Thi Tuyet Mai suggests,

*"Women entrepreneurs need better access to business education and training so that they can manage their businesses better. Training courses need to help women establish longer-term strategies for their businesses. Women entrepreneurs would benefit from having access to networks where they could ask questions of each other and share experiences about running a business."*

During the next few months, the National Assembly is expected to pass the Law on Gender Equality, which not only reinforces the principle of gender equality in various arenas, including economic and social, but also will outline specific policy measures to support women's empowerment and shape a more equal society. The Vietnam Women's Union has been actively involved in helping the government solicit feedback on the law from business groups and the broader public so that it can be relevant and effective.



# FINAL THOUGHTS

As their candid confidences throughout the preceding pages reflect, women business owners confront a wide range of obstacles to establishing, managing and expanding enterprises in Vietnam. Yet, instead of passively waiting for top-down reforms, these female entrepreneurs have already been working around many of these problems with remarkable energy, flexibility and persistence. Their stories share a recurring theme of not only adapting to restrictive conditions but also, in some cases, transforming barriers into opportunities.

Despite the individual successes highlighted here, it is clear that further policy reforms and encouragement from the government and donors would greatly benefit the majority of women entrepreneurs in Vietnam. Already, significant efforts to further women's opportunities in business are underway. The Vietnamese government has demonstrated not only a strong history of but also a firm commitment to advancing women's opportunities and economic development; both the Socio-Economic Development Plan 2006-2010 and the draft SME Development Plan 2006-2010 include support for women-owned enterprises. The upcoming Law on Gender Equality not only aims to ensure equal opportunities for women politically, socially and culturally, but also seeks to empower them economically, specifically in the areas of business ownership, management and labor.

It also requires that all future legislation and policies undergo a gender assessment before their adoption, so that any potentially negative impact on women can be addressed first. Finally, to complement the government's efforts, local and international donors have undertaken a variety of programs to assist women's entrepreneurial activities.

However, while the above measures hold some promise, much more needs to be done. From an overall perspective, the programs that do exist in Vietnam seem somewhat ad-hoc and even inconsistent. A comprehensive strategic framework and system for supporting women's enterprise development appears to be missing. It is time to look at this issue critically and thoroughly to help Vietnamese women business owners further realize their potential and contribute to the country's economic development and poverty alleviation. Female business owners are a valuable source of information in identifying existing problems and devising potential solutions. Perhaps, as in other countries, a more formal mechanism that incorporates their ideas and feedback will lead to more effective and sustainable policies and reforms. We urge the Government of Vietnam, businesses, donors, and the general public to keep these remarkable entrepreneurs' voices in mind as they continue to work together to improve Vietnam's business environment and generate prosperity.

For more information, please consult the Gender Entrepreneurship Markets website at <http://www.ifc.org/gem> and the Mekong Private Sector Development Facility website at <http://www.ifc.org/mpdf>.

<sup>1</sup> Official statistics do not always reflect the extent of these contributions, as women's economic activities tend to occur largely in the informal sector. According to UNFPA, women constitute approximately two-thirds of self-employed entrepreneurs in the informal sector. See United Nations Population Fund (UNFPA), *State of World Population 2005: The Promise of Equality: Gender Equity, Reproductive Health & the MDGs*, 2005.  
<http://www.unfpa.org/swp/swpmain.htm>

<sup>2</sup> Vietnam is regarded a leader among Asian countries in institutionalizing gender equity. See Asian Development Bank, *Women in Viet Nam Country Briefing Paper*, Manila: November 2002.  
[http://www.adb.org/Documents/Books/Country\\_Briefing\\_Papers/Women\\_in\\_VietNam/default.asp](http://www.adb.org/Documents/Books/Country_Briefing_Papers/Women_in_VietNam/default.asp)

<sup>3</sup> Amanda Ellis, International Finance Corporation, January 2005. The estimates cited are from official statistics and the Chamber of Commerce. Another estimate, from the National Committee for the Advancement of Women in Vietnam (NCFAW), states that 24.7 percent of enterprise owners in Vietnam are women. See Dang Huynh Mai, "Progress in Gender Mainstreaming - Vietnam," Speech from APEC Conference, 2002.  
[http://www.apec.org/apec/documents\\_reports/ministerial\\_meeting\\_on\\_women/2002.html](http://www.apec.org/apec/documents_reports/ministerial_meeting_on_women/2002.html)

<sup>4</sup> International Finance Corporation, "Women Business Owners in Vietnam: A National Survey" Private Sector Discussion Paper No. 21, Hanoi, Vietnam: March 2006.  
<http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/PSDP21>

<sup>5</sup> In Vietnam, the private sector is estimated to contribute 42 percent of GDP and 56.3 percent of jobs. See "SME Factsheet," SME.com.vn.  
<http://www.sme.com.vn/Article.aspx?TopicID=107>.

<sup>6</sup> World Bank and International Finance Corporation, *Doing Business in 2006: Creating Jobs*, Washington, DC: 2006.

<sup>7</sup> International Finance Corporation, "Women Business Owners in Vietnam: A National Survey."

<sup>8</sup> Asian Development Bank, *Women in Viet Nam*, page 22.

<sup>9</sup> Asian Development Bank, *Women in Viet Nam*, page 21.

<sup>10</sup> UNFPA, *State of World Population 2005: The Promise of Equality*, page 14.

<sup>11</sup> "The Good Pupil," *The Economist*, 6 May 2004.

<sup>12</sup> International Finance Corporation, "Gender Equal Land Laws: Driving Business Forward," page 3. [http://www.ifc.org/ifcext/enviro.nsf/Content/GEM\\_BPNotes](http://www.ifc.org/ifcext/enviro.nsf/Content/GEM_BPNotes)

<sup>13</sup> Asian Development Bank, *Women in Viet Nam*, page 14.

<sup>14</sup> Susanne E. Jalbert, "Women Entrepreneurs in the Global Economy," 17 March 2000, page 30. <http://www.cipe.org/pdf/programs/women/jalbert.pdf>

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Promoting gender equality is recognized as so essential to reducing poverty and improving governance that it has now become a development objective in its own right (Millennium Development Goals). As women comprise the majority of the poorest 1.3 billion people who subsist on less than US\$1 a day, they warrant special attention as a target group for poverty reduction. However, women themselves are also a critical part of the solution. Increasing their economic opportunities is integral to meeting not just one, but all of the eight Millennium Development Goals.

Women's private sector activity in the formal and informal economies, both as employees and as entrepreneurs, has increased significantly over the past decade. However, women are more likely to be stuck in the informal sector due to specific legal impediments and/or cultural norms that restrict female labor force participation and business activity.

Addressing gender discrimination in the broader investment climate is a prerequisite to unleashing economic growth and making progress towards gender equality and the empowerment of women.

Women entrepreneurs should have a key role to play in influencing public policies, especially those affecting their businesses. At the moment, their voices are often lost or unheard by policymakers.

A great many women entrepreneurs are being isolated, both emotionally and geographically, and lack access to traditional networks or spheres of influence, which make them less competitive and place them at a disadvantage compared to their male counterparts. Addressing the specific barriers faced by women entrepreneurs is good for growth and critical for poverty reduction. Unleashing their full economic potential will benefit not only women themselves but also their families, society and the economy overall.



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IFC-MPDF is a multi-donor funded initiative set up by the International Finance Corporation in Vietnam, Cambodia, and Lao PDR, to reduce poverty through sustainable private sector development. We work through six interrelated programs that seek to improve the business environment, develop the financial sector, improve managerial capacity, and increase sustainable business practices in three sectors that are central to economic growth and poverty reduction - tourism, agribusiness, and garments. IFC-MPDF's donors are the Asian Development Bank, Australia, Canada, Finland, IFC, Ireland, Japan, New Zealand, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

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## Gender Entrepreneurship Markets

Recognizing that aspiring businesswomen are often prevented from realizing their economic potential because of gender inequality, IFC launched the Gender-Entrepreneurship-Markets (GEM) initiative in December 2004. The program aims to mainstream gender issues into all dimensions of IFC's work, while at the same time helping to better leverage the untapped potential of women as well as men in emerging markets. If you would like more information on IFC GEM's work, please visit our website at: <http://www.ifc.org/GEM>

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