


Leveraging Women-led MSMEs through e-Commerce and Digital Marketing

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This policy brief summarizes the key policy recommendations from the ISID-UNESCAP session on Leveraging e-commerce and Digital Marketing for Women-led MSMEs held at the International Conference on “Women-led MSMEs as Catalysts of Transformation” at the ISID campus during the 23rd – 25th March 2022 jointly organized by Federation of Indian Women Entrepreneurs (FIWE), Ministry of MSMEs, Government of India and Institute for Studies in Industrial Development (ISID). The distinguished speakers of the session included Mrs K Ratnaprabha, Former Chief Secretary, Government of Karnataka & President, UBUNTU; Dr Rajan Sudesh Ratna, Dy Head, UNESCAP-SSWA Office; Mr Anurag Awasthi, COE Manager, GeM; Ms Shirley Jayawardena, President, Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL); Ms Arundhati Mukherjee, Marketing Consultant. The session was chaired and moderated by Prof Nagesh Kumar, Director, ISID. A YouTube video is available here. 

Women-led MSMEs have huge potential

Women are an important pillar of every society and civilization. The boundaries between traditionally defined workspaces for males and females are fading away with the increasing education and skill levels of women. Industrialization has further paved the way for it. The fast-changing industrial landscape has opened many opportunities for women to realize their potential in the development of the economy in terms of trillion dollars' additional contribution to the Gross Domestic Product (GDP), millions of additional job creations, and income by the women entrepreneurs. The role of women entrepreneurs has been widely recognized in the process of economic development across countries. As per an estimate by the World Bank, 600 million jobs will be needed by 2030 to absorb the growing global workforce. There is a positive correlation between female participation in business ownership and economic growth. Further, small business i.e., micro, small and medium enterprises (MSMEs) are better placed in the market than startups. A lot of startups are zero in terms of products while MSMEs have

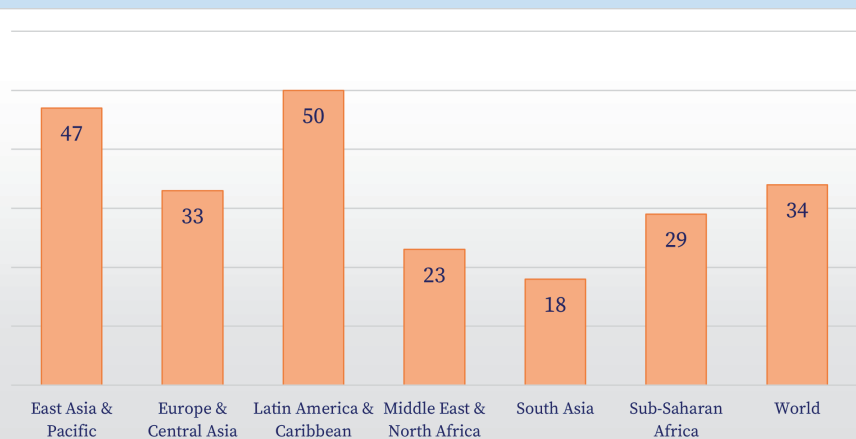
a product that can be sold in the market and scaled up for profit. Therefore, the promotion of women-led MSMEs should be a priority for governments around the world for achieving sustainable development goals.

Women have less participation in the entrepreneurial activities

About 50% of the global population is female. But the number of female-owned businesses is very low than the number of male-owned businesses all regions of the world except East Asia & Pacific and Latin America & Caribbean (*Figure 1*). Around 34% of the total businesses in the world are owned by women. Female participation in business ownership

Globally, only around one third businesses are owned by women; the proportion is much smaller in South Asia

Figure 1: Share of small, medium, and large firms with a woman among the principal owners (%)



Source: <https://blogs.worldbank.org/opendata/women-entrepreneurs-needed-stat>

in South Asia is the lowest. Only 18% of the total South Asian firms are owned by women whereas Latin America and the Caribbean reflect a higher percentage of women-owned businesses having a percentage of about 50%. The percentage of women-owned businesses in Europe and Central Asia, the Middle East, North Africa, and Saharan Africa ranged between 20- 30%. However, East Asia and the Pacific have a rate of 47% female participation in business ownership.

Challenges to women entrepreneurs are more than male entrepreneurs

Women entrepreneurs face additional barriers in their entrepreneurial pursuits due to their unequal status on par with their male counterparts in the typical patriarchal society. Males have a more favourable perception of their entrepreneurial capabilities, skill, and knowledge than females due to societal patterns. Major challenges faced by women-owned MSMEs include lack of access to finance, difficulty in exploiting technology, constrained managerial capabilities, low productivity, and regulatory burdens. These impediments have become more acute for women entrepreneurs in the globalized technology-driven economic environment.

Digitalization is empowering women entrepreneurs

Digital economy and e-commerce are rapidly emerging economic models in the rapid industrial transformation led by the 4th industrial revolution. Online shopping via websites, mobile apps and live chat platforms that promote business-to-consumer, consumer-to-consumer, business-to-business buying and selling, online marketing, and online financial exchange are rapidly emerging in the new normal situations.

New technologies, including digital platforms, are empowering women entrepreneurs. Through using digital technologies, women can operate their businesses from their houses with their comfort and have access to global markets. A digital platform is a boon for women especially who are at the home, who are married, who have social restrictions, who are in remote areas, and who want to start again after a break in the career. It is a wonderful platform for women entrepreneurs.

Further, through e-commerce, women entrepreneurs can enter high-value sectors like electronic engineering, etc. Women in these sectors are often unrepresented in offline businesses. Therefore, e-commerce entry barriers for women can be reduced and enhanced by the participation of women-owned businesses in these high-tech and high-value sectors.

A digital platform has huge democratization of entrepreneurial activities

Earlier large companies could advertise and get their products sold. Today, there are small entrepreneurs also who are competing with the largest entrepreneurs, and largest companies on the same online platform. At the same time, it is neutral to the social

Digitalization of business empowers women entrepreneurs

identities of entrepreneurs concerning gender, caste, religion, race, ethnicity, etc. Thus, the digital platform has huge democratization of entrepreneurial and market space.

Digitization of MSMEs is slightly beyond marketing and it goes into operations as well as finance. Digitization is a rapidly moving subject. Therefore, it is a lot of learning for organizations and entrepreneurs, especially. Digitization can help entrepreneurs in expanding their markets, to deliver at scale as well as to prevent leakages from the bottom line of operation. Not just cash flow, entrepreneurs can look at the profitability of their firms. It is the holistic approach of digitization that is not happening today, especially for women entrepreneurs who lack ambition in comparison to male entrepreneurs.

The pandemic has induced digital transformation of women-led enterprises

Digital platforms have been proven to be saviors during the pandemic. During the Covid19 situation and the new normal, female entrepreneurs have significantly increased the use of digital platforms for their business activities. There is a sharp increase in the use of social media like Facebook and Instagram and other marketing platforms to promote and sell products. There are several success stories that women entrepreneurs switched to the online platform for new business opportunities during the pandemic. The digital transformation of women entrepreneurs is a must in the post-pandemic scenario for reviving and reigniting their businesses.

Capacity building in digital marketing could be empowering women entrepreneurs

To harness the potential of digital marketing, the capacity-building of women entrepreneurs could be important means of their empowerment. The United Nations Economic and Social Change (UNESCAP) has developed an e-commerce platform where it trains women entrepreneurs. Its Digital Marketing Capacity Building Programme for Women Entrepreneurs was started in 2019 and presently covers South Asian Association for Regional Cooperation (SAARC) countries, South

GeM promotes transparency, efficiency, and social inclusion

East Asian Countries, and African countries. Online courses have been developed. E-learning modules have been prepared on how a woman can start a business. This programme has also a presence on various social media platforms such as Facebook and WhatsApp. Around 1411 women have received formal training under this programme including many workshops and conferences on this issue. This programme has a lot of potential. It has received support from various women entrepreneurs' associations in the SAARC countries. This programme has a significant impact on women entrepreneurs in the South Asian countries. It has given them a new lease of life for their businesses disrupted heavily due to the pandemic.

GeM platform has huge potential for women entrepreneurs and MSMEs

The Government e-Marketplace (GeM), started in 2017, is an online marketplace for government buyers including the prime minister's office to local bodies. All common goods are purchased from this platform by government agencies. It is mandated by the Rule 149 of financial rules that every government office will have to procure from this platform. The GeM promotes transparency, efficiency, and social inclusion by allowing all types of entrepreneurs, smallest to small entrepreneurs and big corporate houses, to bid for the same tender. Thus, the democratization of procurement practices takes place on this platform.

As of now, there are around 60000 buyers and around 4 million sellers or service providers registered on this platform. 9.96 million orders worth around 31 billion dollars have been fulfilled during the last five years. In order to encourage the participation of women entrepreneurs and self-help groups (SHG) from the informal sector on the GeM portal and facilitate the sale of their products directly to various Government buyers, sans

intermediaries, the government has launched 'Womaniya' in 2019. More than 1.4 lakh women entrepreneurs have registered on this platform and they have done close to a billion-dollar business during the last five years. Around 58% of the sellers are from the micro and small enterprises (MSEs) group. Other segments of entrepreneurs including artisans, physically challenged persons, self-help groups, and women in rural areas have also registered on this platform. Separate categories and market filters have been created for women entrepreneurs on the platform. It also facilitates women entrepreneurs and MSMEs in access to finance through invoice-based financing using mobile applications. The shift from collateral-based financing to invoice-based financing has significantly decreased the risks of participating in public procurement. Around 15-20% of GDP is dedicated to procurement from this platform by various government agencies. Therefore, it offers a huge market, and women entrepreneurs may play a vital role in the coming years by tapping it.

Policy Recommendations

1. *Strengthening women-owned MSMEs through a conducive entrepreneurial ecosystem:* Women-owned MSMEs should be strengthened by facilitating a conducive business environment, modern technology, entrepreneurial culture, skill development, access to finance, market facilitation, and research and development.
2. *Proper legislative, regulatory and institutional framework for women entrepreneurs:* There should be a proper legislative, regulatory and institutional framework to enhance the ease of doing business to improve the competitiveness and support in establishing a good environment for women-own MSMEs.
3. *Women entrepreneurs should be equipped with digital knowledge and know-how:* Given the digital transformation in the new normal situation, women entrepreneurs should be equipped with digital knowledge, know-how, and e-commerce. Boosting women entrepreneurs success through e-commerce will require providing additional training and expanded financing options to support their entry into higher-value sectors. There should be well-planned e-business, e-marketing, and e-commerce training programs at regional, national, and international levels for women entrepreneurs. The government, private sector, and academia and development partners such as UNESCAP should work together in this regard.
4. *Facilitating modern and appropriate technology for women entrepreneurs:* Women-led MSMEs should be supported and facilitated by modern and appropriate technology to enhance the quality, innovativeness, and competitiveness of their goods and services.
5. *Enhancing affordable access to finance:* For funding women-owned MSMEs, it is extremely important to facilitate, support, and strengthen the mechanism for easy and affordable access to finance. Therefore, there should be specific bank loan systems, microfinance institutions, credit cooperatives, finance companies, etc. for women entrepreneurs.
6. *Internalization of women-led MSMEs through the digital platform:* Internalization of women-led MSMEs via e-commerce is highly important. Women entrepreneurs should be facilitated and supported to access international markets via the digital platform.
7. *Active support from business associations:* Business associations such as National federations of chambers and commerce and industries can play a major role along with other private and public stakeholders in implementing strategies to strengthen women-owned businesses and explore e-business opportunities locally and internationally. International business associations should also work together in strengthening women-owned MSMEs locally and globally, and in effectively facilitating women entrepreneurs' networks and better connect and with other stakeholders in different parts of the world.

Women entrepreneurs should be equipped with digital knowledge and know-how for realising their potential

Women-led MSMEs cohorts can be more effective in enhancing competitiveness of women entrepreneurs

8. *Creation of Women-led MSMEs cohorts for empowering women entrepreneurs:* Women-led MSMEs cohorts of around 10 entrepreneurs should be created. Digitization should be done by one entrepreneur in each cohort at a time with peers helping each other. Creating cohorts between women entrepreneurs will go a long way in digitizing not only their marketing and market access but also their delivery at scale. Digitization is about not

just expanding the market but also being able to deliver at scale and making a profit. Entrepreneurs associations can come up with MSME cohorts and help them through training programmes.

Conclusion

The potential of digitalization is not just for marketing but for empowering the entire business. Women entrepreneurs can achieve their potential through digital platforms such as GeM. However, they need a supportive ecosystem developed through effective interaction among stakeholders, particularly government agencies, industry associations, and academia.

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