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**INVESTING IN WOMEN**  
SMART ECONOMICS  
AN INITIATIVE OF THE AUSTRALIAN GOVERNMENT

CENTRE FOR  
DEVELOPMENT  
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# Gendered Impacts of MSME Policy Responses to COVID-19 in South East Asia

Examples from Indonesia,  
the Philippines, and Vietnam

APRIL 2022

This study was carried out with support from Investing in Women, an initiative of the Australian Government through the Department of Foreign Affairs and Trade that catalyses inclusive economic growth through women's economic empowerment in South East Asia. The views expressed in this publication are the authors' alone and are not necessarily the views of the Australian Government.

# FOREWORD

## INVESTING IN WOMEN

SMART ECONOMICS

AN INITIATIVE OF THE AUSTRALIAN GOVERNMENT

Outcome Pathway 2 (P2): Impact Investment for Women's SMEs

Commissioned Report: *Gendered Impacts of MSME Policy Responses to COVID-19 in South East Asia*, April 2022

The Australian Government is at the forefront of efforts to invest with a gender lens in the Indo-Pacific region. Through our flagship program, *Investing in Women*, we partner with investors to expand access to capital for women's SMEs who have shown extraordinary perseverance during the most challenging of times. To assist the region to emerge strongly from the COVID-19 pandemic, the program has expanded its knowledge building agenda to ensure that women entrepreneurs can access funding and support during extended periods of economic uncertainty.



Investing in Women commissioned Monash University to carry out research on the economic relief measures put in place during the pandemic. Governments, donor agencies, and development finance institutions developed fiscal and economic stimulus packages to support businesses impacted by the pandemic. With a strong focus on easing liquidity constraints, these measures have included: wage support, tax relief, debt moratoriums, loan guarantees, direct lending, grants, subsidies, policy reforms, and various other responses. This report analyses the extent to which women have been involved as beneficiaries or in decision making; and the extent to which responses have met the needs of women's SMEs. The research is intended to assist policymakers and donor agencies to understand the best solutions for supporting women's SMEs through the pandemic recovery. It will fill gaps in how current SME policy responses at the national level have taken a gender lens and inform future interventions to strengthen broad-based economic recovery.

No doubt the road to economic recovery will be long, uneven, uncertain, and prone to setbacks. We will emerge stronger, hardened by our collective capacity to shape a more just future if women's voices help shape policy responses to meet the needs of women's SMEs. These research findings will be of great use to policymakers and donor agencies in understanding the best solutions to assist women entrepreneurs. Investments in women-led businesses play an integral role in the way forward, building resilience to future shocks.

### Ms Christine Clarke CSC

Australia's Ambassador for Women and Girls

April 2022

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This consolidated report is a companion to the three individual country reports produced as part of this project authored by the country research teams. While the country reports provide detailed information and analysis for each country, this report is in the nature of an overview report which consolidates and presents the key findings across the three countries and draws out their main policy implications

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## EXECUTIVE SUMMARY

The COVID-19 pandemic has severely impacted micro, small and medium enterprises (MSMEs) in South-East Asia. Supply chain disruptions, loss of consumer demand, and the prospect of shutdowns have posed sustainability challenges. MSMEs are vital for employment and economic growth in the region. Prior to the pandemic, women owned 50% of microenterprises and 59% of small and medium-sized enterprises in East Asia. Evidence worldwide shows that while policy interventions were introduced to support MSMEs during the pandemic, this policy response was seldom designed with a gender lens. Moreover, little is known about the gendered impact of the post-COVID-19 MSME policies implemented in the Southeast Asian region.

This study aimed to uncover the gendered outcomes of MSME policy responses to the pandemic in Indonesia, the Philippines, and Vietnam. Based on field work conducted from July 2021 to January 2022 in each of the three countries, the study examined the different experiences of women and men in the MSME sector. Specifically, the study examined how women and men have been consulted in policy design; the extent to which policy responses included gender analysis in design or application; factors influencing priorities in designing policy; the gender breakdown of beneficiaries of the policy support; the types of support measures which benefitted women the most; and the lessons or recommendations that could be drawn from these three country case studies.

There is considerable similarity in the obstacles faced across countries due to the pandemic. The three common obstacles across all countries since the pandemic began were: inadequate working capital, decline in domestic demand and the disruption of production/supply chains/business networks. There is a clear pattern of women MSMEs (WMSMEs) reportedly facing higher incidence of different obstacles than men MSMEs (MMSMEs), though the differences are not always significant.

In terms of current challenges at the time of the survey, enterprises in all countries faced a series of ongoing challenges. These challenges related to depressed demand for products and services, higher cost of inputs (reflecting supply chain disruptions) and operational cash flow problems (reflecting inadequate working capital). A common area of gender disparity that posed a significant challenge, care work, was highlighted in the qualitative interviews though it did not emerge as a significant factor in the quantitative survey.

Both men and women reported difficulties accessing finance at the time of the survey, especially in Indonesia and Vietnam. The two most common difficulties for all three countries related to accessing trade finance or supplier credit and the interest rates being too high.

Two of the most common adaptation strategies adopted during the COVID-19 crisis in 2020 were to reduce firm expenses and utilise own funds or retained profits to maintain business. More than two-thirds of women and men enterprises in all countries responded to the COVID-19 crisis by increasing the use of online or digital platforms and solutions. Senior managers reported that digitisation was the ‘new normal.’

The policy support offered to the MSME sector can be grouped into four categories: debt finance, tax relief, employment support and business support. In general, the policy measures were gender-blind, and only a handful of policy responses targeted women. There was minimal consultation with MSMEs (or any organisation they were part of) about policy responses. This is despite an existing framework for gender mainstreaming in all three countries. The qualitative data reiterated that gender responsiveness in entrepreneurial policy was not seen as a priority during the pandemic response. Gender-inclusive policy design was viewed as exclusionary to men. However, senior managers from organisations reported support for integrating gender components into the planning and design of programs. The lack of gender or sex-disaggregated data was an important limitation to gender analysis and gender-informed policy, particularly for those working within government policy making institutions.

The study finds that only a small fraction of all enterprises applied and received support across the whole gamut of government policy support measures available. There are no significant differences between WMSMEs and MMSMEs benefitting from the government support measures in almost all cases. However, there were wide gaps in the awareness of government support measures, which were more pronounced among WMSMEs.

Where enterprises received government support, they generally reported it as very helpful. The perceived usefulness of different forms of government support thus varied in line with the extent of support received. Policy measures that offered direct transfers or technical support to businesses were deemed most helpful than debt finance measures (e.g. subsidised loans). These trends were broadly similar across WMSMEs and MMSMEs within each country, though there are some differences in the levels of support for particular measures.

Limited utilisation of government support reflected multiple impediments to accessing support. The lack of awareness of programs/initiatives and too many requirements to access support were two of the top three reasons for the enterprises not receiving government support in all countries. Poor online connectivity was more of a problem for WMSMEs than for MMSMEs.

There was limited reliance on support from the formal private sector. Loans from banks feature among the four most common forms of private sector support received by enterprises only in Indonesia and Vietnam, while reliance on support from informal sources is more widespread in all three countries. Two of the most common forms of private sector support accessed by enterprises in all three countries were: loans from family and friends and deferred payments to suppliers and providers. Women's reliance on informal sources (e.g. family and friends) is higher because they associate less financial risk with this avenue.

Among the top four most needed areas of policy support, there are two which are common to all three countries: (i) payment deferrals and (ii) reduction or exemptions of taxes and fees. Differences in the level of support by women and men enterprises for the priority policy areas are not always significant, but there are variations across countries. Notably, the overtly gender-responsive policy of more supportive and accessible childcare was among the top four priorities only in Vietnam.

There is strong support for better communication for improving the effectiveness of policy support. Relatedly, it is important to look at the role of business associations; such associations often took proactive roles in supporting their members even if policymakers did not directly consult them. Senior management views underscore the vital role of business networks and strategic alliances with other firms. Senior management views also indicate much greater support for integrating gender components into the planning and design of programs than for targeting programs based on the gender of the beneficiary. The support for integration of gender components is not only strong, but is also significantly higher among women than men enterprises.

In conclusion, while previous studies have examined the experiences of enterprises during COVID-19, a distinctive feature of the present study is that it collects gendered data from MSMEs in three South East Asian countries and examined the different experiences of women and men. This allows a valuable analysis to be conducted which is disaggregated by gender. Based on findings emerging from the quantitative and qualitative data, we have the following policy recommendations:

- *Introduce a clear definition of women led/owned enterprises for the region*

For support to be efficiently provided to women led/owned enterprises in times of need, clarity in defining the concept of a women-owned business is essential. A simple operational definition that has official endorsement by local authorities will go a long way in ensuring that gender-informed policy support packages can be targeted correctly and reach the desired recipients. It might make sense to aim towards a goal of having formal certification of women-owned businesses. This is closely related to the concept of the certification of minority businesses in some countries.



- *Better communication and dissemination of information about available policy support*

Many firms in the three countries were unaware of the government support programs available. These results echo findings in the academic literature which report that smaller firms in 50 countries have been the most affected by the pandemic, but they have also been less likely to receive any support during the pandemic. This improvement in communication is important for both men and women.

- *Better utilization of existing business networks and associations*

Business associations can add value to policy implementation and help increase awareness and support for women-led businesses. In general, they were not consulted during the pandemic and had a limited role in helping shape policy responses to the pandemic. Ensuring the representation of business associations in policymaking bodies can be useful to facilitate future planning of policy responses to crisis situations.

- *Simplifying procedures to access policy support*

Many respondents in the survey stated that there were too many requirements needed to be eligible for the support programs. For support measures to be implemented quickly in times of crises, it is important that the application process and information requirements are not too onerous yet detailed enough so that no mis-targeting of support occurs.

- *Better targeting of policy support through greater consultation and co-design*

Differences in the utilization of the different types of support during the crisis by men and women suggest that there can be benefits to better targeting of support programs, not so much by restricting access to support to women only, but by incorporating support elements that are more helpful to women. While making available a wide variety of support programs can be helpful, information on the most needed areas of policy support is helpful in planning for responses to future crises.

- *Review the existing gender mainstreaming architecture to ensure that it provides adequate guidance in responding to any ongoing or future crisis*

Gender equality or mainstreaming was not prioritized in the policy response for MSMEs. Effective gender mainstreaming requires a stronger focus on gender statistics and utilisation of sex-disaggregated data, but this can only happen if definitional issues are resolved.

- *Prioritize support for digital solutions*

Academic research has drawn attention to the importance of having SMEs invest in digital technologies in response to the pandemic. This can help support crucial downstream activities such as sales and marketing, and to increase their internal efficiency and productivity. Our study provides strong evidence that reinforces the need to provide such support, especially for women-led businesses. Across the three countries, more women than men found support of digitization to be very helpful. Impact investors could consider helping develop an ecosystem that would facilitate greater use of such technology by MSMEs.

- *Inclusion of microenterprises*

For impact investors, even though there are minimum size cut-offs and they generally are not interested in microenterprises, keep in mind that women-led microenterprises could be the successful women-led medium to large sized firms of tomorrow. Investing in microenterprises will be potentially more significant in countries dominated by microenterprises, such as in Indonesia, where 99% of MSMEs are microenterprises. More help provided at the initial stages of developing and growing a business (akin to angel investing) can be essential for impact investing. Here, it is useful to distinguish between necessity-driven entrepreneurs and opportunity-driven entrepreneurs. It is likely that the latter group of entrepreneurs will greatly benefit from support from impact investors as it provides them the possibility of scaling up successful business ideas.

# 1 INTRODUCTION

The COVID-19 pandemic has dramatic ramifications around the world with wide-ranging impacts across households and businesses. Like elsewhere in the world, micro, small and medium enterprises (MSMEs) in South-East Asia were also severely impacted by the pandemic and the vital public health measures introduced by governments to curtail the spread of infections and disease. Lockdowns, social distancing, and staffing constraints have led to supply chain disruptions, loss of consumer demand, and the prospect of temporary (and in some cases, permanent) shutdowns. Given that MSMEs accounted for an average of 97% of all enterprises, 69% of the total work force and 41% of the total Gross Domestic Product (GDP) of in South-East Asia economies during 2010-19 (ADB 2020), the implications of these disruptions are far reaching.

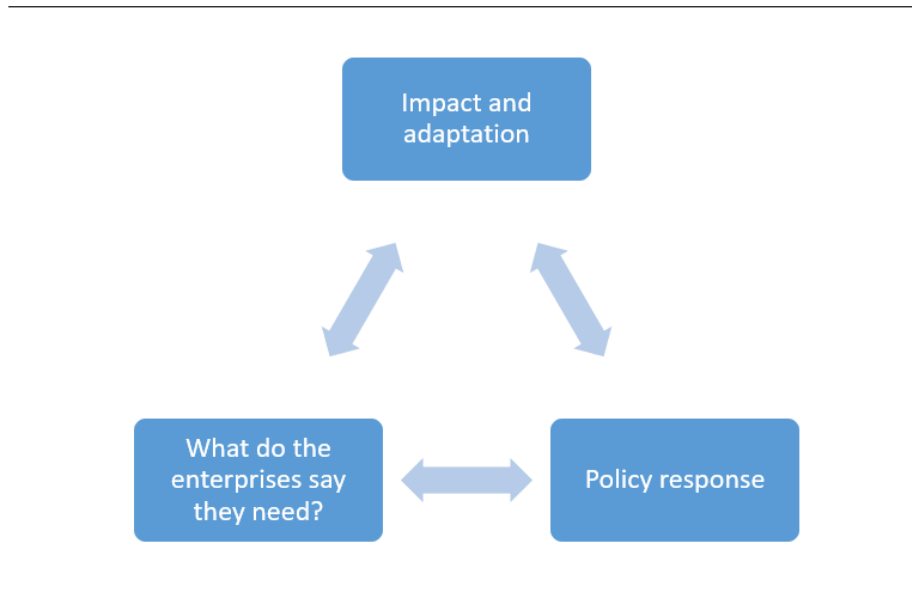
Prior to the pandemic, women owned 50% of microenterprises and 59% of small and medium-sized enterprises in East Asia (ADB 2020). MSMEs are widely promoted as a vehicle for women's economic empowerment and supporting inclusive economic growth in low and middle-income countries. Several South-East Asian countries have gender mainstreaming policies that guide policy design in MSME support and development, and over the past two decades, millions of dollars of aid programs have promoted a gender lens approach to MSME development.

However, while South-East Asian countries, like others around the world, intervened early to introduce policy measures to support MSMEs during the pandemic, this policy response was seldom designed with a gender lens. A gender lens involves making visible differences in process, standards, opportunities and outcomes for men and women, as well as gender non-binary groups. Applying a gender lens, entails considering gender norms that shape social relations within a given community. This approach has traditionally considered women's practical and strategic needs but can be applied to men too. In the case of pandemic-affected MSMEs, a gender lens directs us to ask not only how men and women were affected by the pandemic, but how the governments' mitigating policy impacts may have differed by gender. A recent review of social protection measures post-COVID-19 found that worldwide, only 19% of a total of 3099 measures reviewed had elements that targeted women's economic security or supported unpaid care (Gavrilovic et al. 2022). This proportion was 14% for the 422 measures reviewed for East and South-eastern Asia and Oceania.

This study, conducted over the period June 2021 to March 2022, aimed to uncover the gendered outcomes of MSME policy responses in Indonesia, the Philippines, and Vietnam. Using data gathered from 1155 survey responses, 58 interviews and 18 focus group discussions, the study examined how women and men have been consulted in policy design; the extent to which policy responses included gender analysis in design or application; factors influencing priorities in designing policy; the gender breakdown of beneficiaries of the policy support; the types of support measures which benefitted women the most; and the lessons or recommendations that could be drawn from these three country case studies.

This report provides a comparative overview of findings from three separate country reports from Indonesia, the Philippines, and Vietnam (as noted in the Acknowledgement section). The following section begins by describing the research methods, including how the data were collected and analysed, as well as some potential caveats for interpretation of the results. The key findings of the study are then presented in the next three sections, following a three-part framework structured around (i) impact and adaptation, (ii) the policy response, and (iii) what is needed as articulated by the enterprises themselves (Figure 1). As depicted in Figure 1, given the duration and long-term consequences of the pandemic, the processes of assessing the impact and MSME adaptation, policy responses, and the evaluation of needs are both interlinked and ongoing.

**Figure 1: Three-component framework for the report**



Following this framework, section 3 summarizes the key findings on the impact of the pandemic on MSMEs and how firms adapted in the three countries. While existing evidence from other studies is not gender-differentiated, the survey data gathered for this study provide information on overall as well differentiated impacts on enterprises owned/managed by women and men. Section 4 examines the policy response of the respective governments. Following a brief overview of the gender mainstreaming architecture in each country, it discusses the policies and support offered by governments as well the support available from the private sector. This section also presents findings on the take-up of different support measures by enterprises owned/managed by women and men, their reported usefulness and the impediments to higher take-up. Section 5 summarizes enterprise responses on what type of support continues to be needed in light of their experience of both the pandemic impact and accessible support. The final section offers recommendations to address the key themes that emerged through the research. A comprehensive review of the literature is included in Appendix A to contextualise this study and provide further information.

## 2 RESEARCH METHODS

### 2.1 Data collection

To address the key research questions, the project employed two complementary research tools in the target countries:

- (i) Quantitative data from a survey of enterprises owned/led by women and men,
- (ii) Qualitative data from key informant interviews (KIIs) and focus group discussions (FGDs).

**Table 1** gives a summary of data collection in the three countries. For the quantitative survey, a common survey instrument (questionnaire) was developed for all three countries and subsequently adapted to the country context after pilot testing. The resulting modifications were relatively minor, and they do not affect the comparability of responses across countries. The survey canvassed information on a wide range of topics, including questions on basic information about the enterprise, issues and challenges due to the pandemic, support from the government and private sectors, business strategies during the pandemic, digitization and senior management views on policies.

**Table 1: Summary of data collection**

	Indonesia	Philippines	Vietnam
<b>Quantitative data: Survey</b>			
Mode of survey	Online	Online	Mail
Conducted during...	Aug-Sep 2021	Aug-Oct 2021	Nov-Dec 2021
Number of complete survey responses	535	167	453
<b>Qualitative data: FGDs and KIIs</b>			
Key informant interviews	36	8	14
Focus group discussions	2	11	5
Mode of conducting KIIs and FGDs	Phone and online	Online	Online
Conducted during...	Jul-Nov 2021	Jul-Sep 2021	Nov 2021-Jan 2022

Owing to COVID-19 related mobility restrictions, the survey was conducted remotely, online in Indonesia and the Philippines and by mail in Vietnam. While the survey aimed to sample 500 SMEs in each country and was canvassed widely through several channels, the response rate was generally low. For instance, while the final sample for Indonesia exceeded the target of 500 respondents, the online survey was sent out to more than a million online subscribers. In Vietnam, 5250 enterprises were invited to participate in the survey to yield a final sample of 453 respondents. In the case of the Philippines, the final sample comprised 167 respondents despite repeated attempts to garner additional participation.

As the surveys had to be conducted remotely, by mail or online, it was not always possible to control which enterprises would respond to the survey. Given this potential non-randomness of response, the final samples are not necessarily representative of the underlying population of enterprises in the country. Of the three countries, the survey for Vietnam, which followed a stratified random sampling design based on the 2017 Vietnam Enterprise Census of the General Statistics Office and sought to maintain this design for the final sample, is relatively more representative of the national distribution of small and medium enterprises.

The number of key informant interviews and focus group discussions varied across the three countries according to local conditions. However, across all countries, the participants included a range of relevant stakeholders, including representatives of women and men enterprises, government agencies, business community and subject matter experts.

## 2.2 Definition of women-led enterprises

There is no commonly-accepted definition of women-owned or women-led enterprises in the three countries. This study thus relied on the survey questions on ownership and management of the enterprise to define women-led enterprises. **Table 2** shows the definitions for the three countries, which, though not identical, are similar and essentially identify women-led enterprises as those owned or managed by women. Using these definitions, the sample shares of women-led enterprises are 48% for Indonesia, 71% for the Philippines and 55% for Vietnam. The survey results should therefore be read keeping in mind this variation in sample composition.

**Table 2: Definition of women-led enterprises**

	Definition of women-led enterprises	% of women-led enterprises in the sample
Indonesia	A woman is the sole proprietor or at least 20% of the entity is owned by women, or at least one woman in the senior management/managerial position, or in the presence of a Board of Directors (BoD) the share of women in the BoD is more than 30%	48%
Philippines	Either at least 51% of the business is owned by at least one woman, or the top manager/most senior person in the business is a woman	71%
Vietnam	An enterprise owned only by women, or the top manager/most senior person in the business is a woman	55%

## 2.3 Distribution of sample by size of enterprise

The distribution of survey samples by enterprise size varies across the three countries (

**Table 3).** The original remit of the study was to focus on small and medium enterprises (SMEs) rather than also include micro enterprises within the study's purview. However, only in the case of Vietnam was it possible to use a sample frame with information on the size of enterprises. Using this information for 2017, the Vietnam sample frame thus excluded micro and large enterprises (with less than 10 and more than 300 employees respectively). The final Vietnam sample still includes a small proportion of micro and large enterprises mainly reflecting changes in firm size since 2017. However, in the absence of such size-based sample frames for Indonesia and the Philippines, their samples are dominated by micro enterprises, constituting 94% and 79% respectively, which largely reflects the prevailing size distribution of enterprises in the two countries.

**Table 3: Distribution of sample by size of enterprise**

	Indonesia	Philippines	Vietnam
Micro	94.2	79.1	7.9
Small	3.2	18.4	80.9
Medium	0.7	1.2	7.7
Large	-	1.2	4.2

Note: For the Philippines, size categories are defined by the number of employees: micro: 0-9; small: 10-99; medium: 100-199; large: 200 and above. For Vietnam, for this table the size categories are defined the same way as for the Philippines. For Indonesia, these categories are defined in terms of total assets and total revenue, following the *Investing in Women* criteria.

This important difference between the Vietnam survey on the one hand and the Indonesian and the Filipino surveys on the other should be kept in mind while interpreting the survey findings. There is nonetheless also substantive justification for the inclusion of micro enterprises in view of (a) their dominant share among all enterprises, (b) the broad and undifferentiated nature of the policy response to COVID-19 typically directed to all enterprises, including micro ones, and (c) the sliding back of some small and medium enterprises to the micro category due to the impact of the pandemic.

In recognition of the inclusion of micro enterprises in survey samples for this study, the following discussion refers to MSMEs (rather than SMEs) and henceforth micro, small and medium enterprises owned or led by women and men are referred to as WMSMEs and MMSMEs respectively.



## 3 IMPACT AND ADAPTATION

### 3.1 Impact of the COVID-19 pandemic

Before assessing the gendered experience of enterprises in relation to COVID-19 policy responses, it is important to know how the pandemic impacted enterprises in the first place. There is already quite a lot of evidence on these impacts from other studies, though this evidence is not gender-differentiated. By contrast, the survey data gathered for this study provide information on overall as well differentiated impacts on enterprises owned/managed by women and men. Several key findings are notable.

***The impact of the pandemic on both WMSMEs and MMSMEs was pervasive.*** Consistent with other evidence, the survey data for the three countries point to widespread impact of the pandemic on the operations of MSMEs. For instance, 65% of WMSMEs and 64% of MMSMEs in Indonesia reported a *decrease in sales* from pre-pandemic (2019) levels. These proportions were 66% and 49% respectively in the Philippines, and 79% and 75% respectively in Vietnam.

#### 3.1.1 Major obstacles since the pandemic

The pervasiveness of impacts is also evident from the high frequencies of the major obstacles faced by WMSMEs and MMSMEs since the COVID-19 crisis in the three countries (**Table 4**).

**Table 4: Four most common major obstacles faced by enterprises since the COVID-19 crisis**

Four most common major obstacles	% of respondents reporting ... as a major or devastating obstacle					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
Inadequate working capital	56	50	52*	34	52	46
Decline in domestic demand	37	32	44*	30	70	63
Disruption of production/supply chains/ business networks	36	35	49	37	69*	61
Tax payments requirements			37	36	58*	47
Inadequate finances to pursue digital solutions	39	36	37*	23		

Note: The table reports the incidence of four most common obstacles for WMSMEs and the corresponding incidence of those obstacles for MMSMEs. \* indicates significant difference between WMSME and MMSME.

***There is considerable similarity in the obstacles faced across countries due to the pandemic.*** Both WMSMEs and MMSMEs faced multiple obstacles due to the pandemic.

***The three common obstacles across all countries were: inadequate working capital, decline in domestic demand and the disruption of production/supply chains/business networks.*** Vietnam and the Philippines also report tax payment requirements as a major obstacle, while inadequate finance to pursue digital solutions is reported among the four most common obstacles in Indonesia and the Philippines.

***There is a clear pattern of WMSMEs reportedly facing higher incidence of different obstacles than MMSMEs, though the differences are not always significant.*** However, WMSMEs in Vietnam report a significantly higher frequency of production and supply chain disruptions and difficulties in meeting tax payments. Similarly, a larger proportion of WMSMEs (than MMSMEs) in the Philippines report facing

obstacles related to inadequate working capital, decline in domestic demand and inadequate finance for digital solutions.

### 3.1.2 Continuing and current challenges

**Large fractions of enterprises in all countries continued to face a series of challenges and difficulties at the time of the survey.** Ongoing challenges faced by enterprises at the time of the survey related to conditions of *depressed demand for products and services, higher cost of inputs* (reflecting supply chain disruptions) and *operational cash flow problems* (reflecting inadequate working capital). Other most common current challenges point to reduced opportunities to meet new clients and the challenge of changing business strategies to offer alternative products and services (**Table 5**).

**Table 5: Four most common current challenges faced by enterprises at the time of the survey**

Four most common current challenges	% of respondents reporting ...the challenge					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
Lack of operational cash flow	65	66	72*	49	70*	62
Reduced opportunities to meet new clients	62	64	70	62	83*	74
Drop in demand for products and services	69	71			80	75
Cost of inputs has increased			64*	49	82	80
Changing business strategies to offer alternative products and services	69	63	72*	47		

Note: The table reports the incidence of four most common current challenges for WMSMEs and the corresponding incidence of those challenges for MMSMEs. \* indicates significant difference between WMSME and MMSME.

**Some of the current challenges are more common among WMSMEs than MMSMEs in the Philippines and Vietnam.** For the Philippines, challenges related to operational cash flow, higher cost of inputs and adapting business to offer alternative products and services are more common among WMSMEs than MMSMEs. Similarly, in Vietnam, larger fractions of WMSMEs have report continuing problems with operational cash flow and opportunities to meet new clients.

An added challenge was the firm's employees balancing work and childcare or home-schooling during periods of lockdown or quarantining. This is reported by 47, 26 and 69 percent of WMSMEs in Indonesia, the Philippines and Vietnam respectively, though it does not figure in the four most common challenges in **Table 5**. The incidence of this challenge is similar for WMSMEs and MMSMEs; this result likely reflects that this relates to the firm's employees rather than the owner/manager of the firm.

Here, the qualitative research adds context. **In the focus group discussions and interviews, participants highlighted the importance of gender norms around care and domestic work in impacting the capacity to engage in entrepreneurial activity in all three countries.** Consistent with existing literature, women were expected to take primary responsibility for unpaid care work in the household (childcare, overseeing home-schooling during lockdowns, cleaning and cooking) even if there was more flexibility in gender norms on economic participation. The participants reported that women took up more unpaid work in the household during lockdowns resulting in them being more time-poor as they attempted to balance work and care (Indonesia, Vietnam, Philippines). In Indonesia, it was reported that there was a strong gendered division of labour and the expectation women would give greater priority to their households, so women made the

constrained choice to deprioritise their business during lockdowns. Alternatively, women’s income was seen as supplemental, or decisions about the business were made jointly even if the male spouse did not have a direct stake in the business. Furthermore, lockdown also limited mobility, leisure, and socialising (see, in particular, the Vietnam country report).

### 3.1.3 Difficulties in accessing finance

**There was significant commonality with respect to difficulties in accessing finance at the time of the survey across WMSMEs and MMSMEs, especially in Indonesia and Vietnam.** Only for the Philippines, the survey data indicate greater difficulties for WMSMEs, where a larger fraction of WMSMEs report difficulties of high repayment risk due to market uncertainty and a lack of collateral/guarantee (Table 6).

**Table 6: Four most common difficulties in accessing finance**

Four most common difficulties in accessing finance	% of respondents reporting ... as a difficulty in accessing finance					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
Interest rates too high	42	46	43	32	40	36
More difficult to access trade finance or supplier credit	41	45	43	34	37	30
Repayment risk too high due to market uncertainty	49	51	40*	26		
Have too many outstanding loans	46	51			34	31
No guarantee/collateral			39*	24		
Collateral is undervalued in the current market					26	27

Note: The table reports the incidence of four most common difficulties for WMSMEs and the corresponding incidence of those difficulties for MMSMEs. \* indicates significant difference between WMSME and MMSME.

**Two most common difficulties for all three countries related to accessing trade finance or supplier credit and the interest rates being too high.** Other common difficulties included: high repayment risk (Indonesia and the Philippines), too many outstanding loans (Indonesia and Vietnam), no collateral or guarantee (the Philippines) and collateral being undervalued in the current market (Vietnam).

## 3.2 Adaptation and survival strategies

Faced with the impact of the pandemic, enterprises used a number of different strategies to operate and maintain their business.

### 3.2.1 Common business survival strategies

**Two of the most common survival strategies were to reduce firm expenses and utilize own funds or retained profits to maintain business (Table 7).** Enterprises in Vietnam also resorted to deferring investments, while enterprises in Indonesia and the Philippines leveraged online selling as a common strategy. The evidence thus suggests that enterprises in all three countries had to often rely on their own resources to continue operations in the face of the economic shock of the pandemic. It is also notable that firms did not typically resort to laying off employees, cutting wages/salaries or cancelling contracts with suppliers, these being among the common strategies deployed by the enterprises.

**Table 7: Three most common business survival strategies**

Three most common survival strategies	% of respondents reporting ... as a survival strategy					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
Reduced firm expenses	59	59	61*	41	79	79
Utilized own fund/retained profits to maintain business	60	61	68*	47	62*	54
Leveraged online selling	72	68	58*	36		
Deferred firm investments	-	-	-	-	62	57

Note: The table reports the incidence of four most common strategies for WMSMEs and the corresponding incidence of those strategies for MMSMEs. \* indicates significant difference between WMSME and MMSME.

**Women enterprises were as or more likely to adopt these survival strategies than men enterprises.** There was no significant difference in the adoption of these strategies between WMSMEs and MMSMEs in Indonesia. For Vietnam, WMSMEs were more likely to use own funds or retained profits. In the Philippines, the adoption of all three most common strategies was higher among WMSMEs than MMSMEs. In part, this could reflect the greater obstacles and challenges faced by women enterprises in the Philippines and Vietnam, as noted above. Moreover, as discussed below, focus group discussions and interviews revealed that women sought support from existing informal networks.

### 3.2.2 Digitization

Around the world, a notable form of adapting to the constraints of mobility restrictions on account of the pandemic was the enhanced use of digital and online technologies in business operations. This was also true of enterprises in the three countries, as revealed by the responses to specific survey questions on extent of digitization post-COVID-19 (Table 8).

**Table 8: Use of digital platforms and solutions**

	% of respondents who...					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
Started using or increased the use of internet, online social media, specialized apps, or digital platforms	79	79	76	72	68	67

**More than two-thirds of both women and men enterprises in all countries responded to the COVID-19 crisis by increasing the use of online or digital platforms and solutions.** There were no significant differences in the adoption of digital solutions by WMSMEs and MMSMEs. The digital/ online platforms were used for a number of business operations, most importantly for making payments and online selling, and to lesser extent, for business administration, production planning and supply chain management.

## 4 POLICY RESPONSE

Governments in the three target countries sought to contain the economic impact of the pandemic on households and businesses through a variety of policy responses. The policy support offered to MSME sector can be grouped into four main categories depending upon the set of policy instruments used<sup>1</sup>:

- **Debt finance:** subsidized or zero-interest loans from government; debt restructuring; easing repayment of bank loans.
- **Tax relief:** tax discount or tax credit.
- **Employment support:** wage subsidies; subsidy for business recovery/; cash transfer/grant.
- **Business support:** deferred payments to government (taxes, land use fees, social security); deferred payments for rental/utilities (electricity, gas, water); support programs for business advisory, education and training; regulatory relief (suspended, reduced or waived fees for licensing, registration); support to adopt digital technologies; training on digitization and online selling.

The availability and utilization of different measures in the three countries is discussed further in section 4.2.

However, *the policy measures were essentially gender-blind in nature*. Notwithstanding the variety of policy instruments introduced, there were only a handful of policy responses which targeted women. The Philippines collected some limited sex-disaggregated data for loan programs, and also offered one targeted program for women in agriculture. Indonesia offered some support in an ad hoc manner.

Overall, as demonstrated in the qualitative data, in designing policy there was no prior assessment of differential impact of the pandemic or differential needs of women-owned or women-led enterprises, nor of their potentially different capacities to access and utilize different forms of assistance. This is *despite the existence of gender mainstreaming policies, plans or other regulatory mechanisms (Table 9)*.

**Table 9: Key gender mainstreaming policy and laws, pre-pandemic**

Indonesia	Philippines	Vietnam <sup>2</sup>
<ul style="list-style-type: none"> <li>• Presidential Instruction No. 9/2000 on Gender Mainstreaming</li> </ul>	<ul style="list-style-type: none"> <li>• Gender Equality and Women’s Empowerment Plan 2019-2025</li> <li>• Republic Act 9710 Magna Carter for Women (2009)</li> </ul>	<ul style="list-style-type: none"> <li>• The Gender Equality Law (2006)</li> <li>• National Strategy for the Advancement of Women 2011-2020</li> </ul>

*Overall, the qualitative data reiterated that gender responsiveness in entrepreneurial policy was not seen as a priority during the pandemic response.* The focus group discussions and interviews highlighted a perception among policymakers, and even among enterprises in the MSME sector itself, that the pandemic affected all enterprises and hence policy measures should be equally available to all regardless of gender. There was a lack of shared understanding among stakeholders about applying a gender lens to SME policymaking, although experts working directly on mainstreaming in Indonesia and the Philippines advocated for mainstreaming. The majority of participants in the qualitative research reported that if the government treated COVID as a disaster, and universal relief was provided, then gender did not need to be taken into account.

*Gender inclusive policy design was viewed as exclusionary to men.* This approach is not unusual in the global context as per the literature review which demonstrates the lack of gender analysis in COVID-19 policy responses. However, this overlooks widely accepted gender mainstreaming principles in disaster response or humanitarian settings, where addressing immediate needs entails incorporating gender.

<sup>1</sup> Further details on specific policy responses in each country are available from the individual country reports for this project.

<sup>2</sup> Vietnam implemented the National Strategy on Gender Equality for the 2021-2030 period at the end of 2021. The strategy aims to foster Vietnam’s gender equality and women entrepreneurship in the 2021-2030 period.

During interviews and the focus group discussions, participants in all three countries highlighted that ***lack of gender or sex-disaggregated data was seen as a limitation to gender analysis and gender-informed policy***. Without the data, it was not easy to make a case for gender-responsive policy. The root of this was (a) existing government databases that lacked information or had minimal information about the sex of the owner or management and (b) the lack of a uniform definition of SMEs and women-owned/lead SMEs to form a foundation for data collection and (c) deprioritization of gender in entrepreneurial policy and the lack of widespread knowledge of gender mainstreaming within ministries and departments.

#### 4.1 Representation in decision making

***There was minimal consultation with MSMEs (or any organization they were part of) about policy responses.*** In Indonesia only 11% of WMSMEs and 4% of MMSMEs reported any such consultation with government or policymakers. In Vietnam, 15% of WMSMEs and 14% of MMSMEs reported consultation. For the Philippines, reported consultation with government was appreciably higher: 41% for WMSMEs and 32% for MMSMEs. However, this needs to be interpreted with caution since the Philippines sample was relatively small. The enterprises who responded to the survey were likely to have been the ones who would have had some exposure to consultation with government agencies through their networks. On the other hand, MSMEs' consultation with other non-government actors (NGOs, CSOs and researchers) about the needs of the sector was even more limited than consultation with government in all countries. For instance, the fraction of WMSMEs reporting such consultation is 8% in Indonesia, 16% in the Philippines and 2% in Vietnam.

Similar to the survey findings, the qualitative data showed a low level of consultation. In Indonesia, a handful of informants were consulted in general about MSME development but they were government or local leaders rather than entrepreneurs.

***There were also widespread gaps in the awareness of government support measures.*** This is tied to the lack of consultation too. The lack of representation and consultation is also evident from the fact that large fractions of firms reported lack of awareness of government programs and initiatives as the reason for not receiving national or local government support. Notably, ***limited awareness of government programs and initiatives was a more serious issue for women than men enterprises.*** This lack of awareness was reported by 42% of WMSMEs and 36% of MMSMEs in Indonesia, 55% of WMSMEs and 47% of MMSMEs in the Philippines, and 61% of WMSMEs and 53% of MMSMEs in Vietnam.

Interestingly, participants in the qualitative data reported that women's business associations had taken a proactive approach to engagement prior to and during the pandemic. These associations had lobbied and consulted with policymakers to convey women's needs, interests and challenges. Yet, they were largely overlooked in the policy response. ***Given the limited awareness reported above, consulting and working with business associations may be a way for governments to have further reach.***

#### 4.2 Take up of government support by enterprises

While the government response in support of the MSME sector in the target countries seemed wide-ranging in terms of the policy instruments deployed, the utilization of the support measures by the MSME sector was limited. Survey data for this study offer the following main findings on the reach and beneficiary coverage of policy support measures:

- ***The coverage of beneficiaries varied by the type of policy support.***
- ***Only a small fraction of enterprises applied and received support across the whole gamut of government policy support measures related to debt finance, tax relief and employment support, with the notable exception of wage subsidy support in Vietnam.*** The vast majority of enterprises did not apply for these government programs and initiatives. Many of those who applied and sought government support did not receive it.
- ***Business support measures had a greater reach,*** with larger fractions of enterprises receiving such support.

- *There are some notable differences in the reach of policy support measures across the three countries.* In general, the coverage of support measures was widest in Vietnam, followed by the Philippines and the lowest in Indonesia.
- *In almost all cases, there are no significant differences in the fractions of WMSMEs and MMSMEs benefitting from the government support measures.*

The following details on the support actually received by WMSMEs and MMSMEs in the three countries illustrate these findings.

#### 4.2.1 Indonesia

The proportion of beneficiary enterprises across various government support measures ranges from 5-22% for WMSMEs and 7-19% for MMSMEs (Table 10). Cash transfers, digitization support, and training and education for establishing businesses had the most beneficiary coverage, though still around one-fifth. The coverage of measures such as deferment of payments to government, deferment of utility bills, tax incentives and regulatory incentives was minimal, ranging between 5-8%.

**Table 10: Government support received by enterprises in Indonesia**

Government policy support	% of respondents who applied and received support	
	WMSME	MMSME
<i>Debt finance:</i>		
Credit from government institution (KUR)	11	15
Bank loan repayment easing: interest rate subsidy, KTA, etc)	12	10
<i>Tax relief:</i>		
Tax incentives: PPh 21 paid by govt, PPh UMKM paid by govt, PPN, PBB subsidy	5	7
<i>Employment support:</i>		
Cash transfer for SMEs (BPUM)	22	19
<i>Business support:</i>		
Deferment of utilities bills (water, building rent, electricity, gas)	7	8
Deferment of payments to government (BPJS Ketenagakerjaan)	6	8
Digitization support: training and education on business digitalization	17	14
Training and education on establishing business	19	16
Regulatory incentives: registration/licensing fees reduction	7	8

### 4.2.2 Philippines

The most common form of support received by WMSMEs was training and support for digitization, technical assistance (business advisory, marketing, financial literacy, mentoring/coaching programs) and market access programs with 45-54% of WMSMEs reporting applying and receiving support (**Table 11**). These forms of support were also the most common for MMSMEs, though a significantly smaller fraction of them received this support relative to WMSMEs. About one-fifth of WMSMEs also received support in the form of government loans, deferred payments to government and regulatory relief.

**Table 11: Government support received by enterprises in the Philippines**

Government policy support	% of respondents who applied and received support	
	WMSME	MMSME
<i>Debt finance:</i>		
Government loans	21	8
Deferred payment: Bank	13	8
Subsidized loans	14	4
<i>Employment support:</i>		
Wage subsidy	10	13
Cash transfer	17	12
<i>Business support:</i>		
Technical assistance (business advisory, education and training)	52	40
Market access programs	45	32
Shared services facilities	27	21
Deferred payment: Rent	15	17
Deferred payment: Government	19	15
Regulatory relief	18	13
Training on digitization	54	47
Support for digitization	51	45

### 4.2.3 Vietnam

Relative to Indonesia and the Philippines, government support to the SME sector in Vietnam had wider reach. The most notable was support in the form of wage subsidies, with 57% of women enterprises and 64% of men enterprises receiving this support (



**Table 12).** Deferment of payments to government and tax discount/credit were other notable forms of support reaching 26-36% of women enterprises (30% of men enterprises). Deferment of payments for rentals/utilities and to banks also reached about one-sixth of women and men enterprises. There were no significant differences between women and men enterprises in the coverage of government support.

**Table 12: Government support received by enterprises in Vietnam**

Government policy support	% of respondents who applied and received support	
	WMSME	MMSME
<i>Debt finance:</i>		
Loans or credit from government institutions	6	6
Low-interest loan/subsidized loan	9	6
Zero-interest rate/collateral- free loan	3	5
Deferment of payments to debtors (e.g. banks)	17	16
<i>Tax relief:</i>		
Tax discount or tax credit	26	30
<i>Employment support:</i>		
Wage subsidies for workers	57	64
Subsidy for business recovery/cash transfer/grant	8	8
<i>Business support:</i>		
Deferment of payments to government (taxes, land use fees, social security)	36	30
Deferment of payments for rental/utilities (electricity, gas, water)	17	16
Support programs for business advisory, education and training	5	6
Regulatory relief: suspended, reduced or waived fees for licensing, registration	7	7
Support to adopt digital technologies	4	3
Training on digitization and online selling	6	4

### 4.3 Which types of policy support were most useful?

***Where enterprises received government support, they generally reported it to be very helpful.*** This reflects in large measure the pervasive economic impact of the pandemic in the respective countries, so that any available support was deemed helpful. The perceived usefulness of different forms of government support

thus varied in line with the extent of support actually received. **Table 13** shows the three policy measures that women and men enterprises in the target countries found to be the most helpful in supporting their businesses.

**Table 13: Three most helpful policy support measures**

Three most helpful policy support measures reported by:		
	WMSMEs	MMSMEs
Indonesia	Cash transfer for SMEs-BPUM (18%)	Cash transfer for SMEs-BPUM (18%)
	Business advisory, education and training (13%)	Business advisory, education and training (10%)
	Digitization support (12%)	Credit from government institution-KUR (10%)
Philippines	Technical assistance (business advisory etc.) (46%)	Technical assistance (business advisory etc.) (36%)
	Digitization support (39%)	Digitization support (27%)
	Regulatory relief (28%)	Wage subsidy (19%)
Vietnam	Wage subsidy (64%)	Wage subsidy (63%)
	Tax discount or credit (51%)	Tax discount or credit (46%)
	Deferment of payment to government (46%)	Deferment of payment to government (42%)

Note: The figures in parentheses refer to the percentages of women or men enterprises reporting the policy measure to be very helpful.

**Overall, policy measures that offered direct transfers or technical support to businesses were deemed most helpful rather than debt finance measures (e.g. subsidized loans).** Thus, for instance, cash transfers in Indonesia and wage subsidies and tax relief in Vietnam were considered most helpful. Business advisory and digitization support were among the three most helpful measures in Indonesia and the Philippines. These were also considered helpful in Vietnam, but less so relative to the wage subsidy, tax relief and deferment of payments to government. The wage subsidy program in Vietnam, in particular, stands out as it was deemed very helpful by nearly two-thirds of both women and men enterprises. On the other hand, the absence of debt finance support (for instance through subsidized credit) among the most helpful policy measures partly reflects their more limited availability but also a degree of risk aversion and lower appetite for further borrowing by enterprises who were already experiencing difficulties in servicing their outstanding loans.

**The policy measures considered most helpful are largely similar for women and men enterprises within each country, though there are some differences in the levels of support for particular measures.** In the Philippines and in Vietnam, higher fractions of women than men enterprises found digitization support and regulatory relief to be very helpful.

#### 4.4 Reasons for not receiving government support

**Limited utilization of government support reflected not lack of need but multiple impediments to accessing support.** The survey data confirm that the reason for enterprises not receiving government support was not that they did not need support; “do not need support” was reported as the least important reason for not receiving support in all countries (**Table 14**).

**Table 14: Reasons for not receiving government support**

Reasons for not receiving support	% of respondents					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
<i>Top three reasons:</i>						
Lack of awareness of the programs/ initiatives	42	36	55	47	61	53
Too many requirements	45	47	66	50	59	54
Slow internet connection*			54*	25		
Fear of going outside due to the ongoing pandemic	39	38	64	64		
Not eligible (e.g. lacking documents)					48	47
<i>Least important reason:</i>						
Do not need support	14	14	12	19	15	19

Note: The table reports the frequencies of the three most common reasons as well as the least common reason for WMSMEs not receiving government support and the corresponding frequencies for MMSMEs. \* This is just short of the top three reasons for the Philippines, but is included as the one case where there is a significant difference between women and men enterprises.

***The lack of awareness of programs/initiatives and too many requirements to access support were two of the top three reasons for the enterprises not receiving government support in all countries.*** This highlights significant gaps in the communication of policy support as well as the need to simplify processes and procedures for intended beneficiaries to access support. The fear of going outside due to the ongoing pandemic was another important factor limiting access to support in the Philippines and Indonesia, while onerous eligibility requirements was an important limiting factor in Vietnam despite the relatively wider reach of measures such as the wage subsidy program.

***Poor online connectivity tended to be more of a problem for women than men enterprises.*** In general, the reasons for not receiving government support were similar for women and men enterprises. One notable exception is that in the Philippines, more than half of WMSMEs reported poor internet connectivity as the reason for not receiving support, relative to only a quarter of MMSMEs. Although the difference was not significant, a larger fraction of women than men enterprises in Indonesia and Vietnam also reported this as a problem.

#### 4.5 Support from the private sector

***Reliance on support from the formal private sector by the MSMEs was generally limited.*** Only in Indonesia and Vietnam do loans from banks feature among the four most common forms of private sector support received by enterprises, while informal sources are commonly used in all three countries (

Table 15).

**Table 15: Most common forms of private support**

Four most common forms of support	% of respondents who report using this support					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
Loans from friends and family	41	42	35*	12	34	31
Deferred payments to suppliers and providers	27	30	22	11	47	46
Deferred payments of debt and taxes			18	12	42*	35
Loans from non-bank financial institutions			19	6		
Obtained payments from customers in advance	41*	32				
Loans from banks	23	24			45	43

Note: The table reports the incidence of four most common forms of support from the private sectors used by WMSMEs and the corresponding incidence of those strategies for MMSMEs. \* indicates significant difference between WMSME and MMSME.

***Two of the most common forms of private sector support accessed by enterprises in all three countries were: loans from family and friends, and deferred payments to suppliers and providers.*** Also among the four most common forms of private support were deferred payments of debt and taxes (the Philippines and Vietnam), loans from non-bank financial institutions (the Philippines), and obtaining advance payments from customers (Indonesia). Indeed, the qualitative demonstrated that women sought finance from friends, relatives or business acquaintances (Indonesia, the Philippines) to mitigate risk, e.g. avoid interest rates, greater flexibility and because they trusted those sources. Some accessed government support through private connections with the government's official and business association.

***Common forms of private sector support relied upon by women and men enterprises are generally similar, with only a few notable exceptions where women's reliance on informal sources is higher.*** The exceptions include women enterprises relying more commonly (than men enterprises) on advance customer payments in Indonesia, on friends and family in the Philippines and on deferred payments of debt and taxes in Vietnam.

## 5 WHAT DO THE ENTERPRISES SAY THEY NEED?

### 5.1 Most needed policies

In light of their experience both with the impact of the pandemic and the utilization of support measures, the survey solicited information from enterprises on their views of the most needed policies to support them through the ongoing COVID-19 crisis. Their responses indicate a number of policy areas.

**Among the top four most needed areas of policy support, there are two common to all three countries: (i) payment deferrals, and (ii) reduction or exemptions of taxes and fees (Table 16).** This is consistent with the lack of operational cash flow and decline in demand identified as key challenges by enterprises in all countries.

**Table 16: Most needed areas of policy support**

Four most needed areas of policy support	% of respondents stating ... as greatly needed					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
Payment deferrals (taxes, land use fees, social security contributions)	35	31	47	42	71*	63
Reductions or exemptions of taxes and land use fees	37	37	58*	42	71*	60
Tax incentives for adopting digital technologies			48	44	52*	42
Support in upgrading skills of workers to keep them competitive	37	39	47	42		
Financial assistance on teleworking arrangement (i.e. work from home)	42	42				
Regulatory support for digital payments			51	46		
More supportive and accessible childcare policies for workers with children					61	55

Note: The table reports the four most frequently reported areas of greatly-needed policy support by WMSMEs and the corresponding figures for MMSMEs. \* indicates significant difference between WMSME and MMSME.

Besides these two areas, there were some differences across countries in their top four priorities:

- Upgrading of worker skills was deemed important in Indonesia and the Philippines.
- Tax incentives for digitization was considered important in the Philippines and Vietnam.
- Regulatory support for digital payments was deemed important in the Philippines.
- Financial assistance with working-from-home arrangements was among the top four priorities in Indonesia.

It is notable that ***the overtly gender-responsive policy of more supportive and accessible childcare was among the top four priorities only in Vietnam.*** Whether this reflects underlying differences in gender norms and expectations across countries however requires further investigation.

***Differences in the level of support by women and men enterprises for the priority policy areas are not always significant, but there are variations across countries in this regard.*** In Indonesia, there are no significant differences in policy support priorities across WMSMEs and MMSMEs. For the Philippines, a significantly

larger proportion of WMSMEs identified reduction or exemptions of taxes and fees as a priority need. In Vietnam, for three of the top four priority areas – payment deferrals, reduction/ exemption of taxes and fees, and tax incentives for digitization – significantly more women identified them as most needed than MMSMEs.

## **5.2 Views of senior management**

The survey also elicited views of senior management on a range of policy considerations for addressing a crisis like COVID-19. Their views were elicited by presenting the respondents with a number of statements and asking them to indicate their degree of agreement or disagreement. The statements relate to four main areas: communication of policies; online selling and the “new normal”; business networks; and gender-



responsiveness of policies and strategies. **Table 17** summarizes the main results focusing on how often a strong agreement with a statement was indicated.

**Table 17: Views of senior management**

Statement	% of senior managers indicating strong agreement with statement					
	Indonesia		Philippines		Vietnam	
	WMSME	MMSME	WMSME	MMSME	WMSME	MMSME
<i>Communication of policies:</i>						
Effectiveness of the current policy support would be improved through <b>better communication</b> .	61*	50	51	38	54	48
<i>Online selling and "new normal":</i>						
There will be a “ <b>new normal</b> ” for conducting business following the pandemic. <b>Online selling</b> will become part or will continue to become part of the business’ strategy even after the pandemic.	63	57	51	46	39	33
<i>Business networks:</i>						
<b>Business networks</b> are important for firm survival during a crisis like COVID-19.	67*	57	53*	36	62	60
<b>Strategic alliances with other firms</b> is important for firm survival during a crisis like COVID-19.	60	54	55*	34	53	54
<i>Gender responsiveness:</i>						
Ease of access to existing government programs should be improved by integrating <b>gender components</b> into the programs’ planning and design.	50*	36	41*	25	44*	36
Policies to assist firms should be <b>targeted based on the gender</b> of the owner/leader of the business.	38	36	28	17	23*	12
Having <b>business partners of the same gender</b> (e.g. in the supply chain) is preferable.	28	30	27	17	16	10

Note: The table reports the percentages of WMSMEs and MMSMEs where the senior management strongly agrees with the statement. \* indicates significant difference between WMSME and MMSME.

Note that since in a large number of cases the survey respondents themselves represent the senior management, one would expect their views to be broadly consistent with the policy priorities noted above. However, the results offer some additional insights for a future strategy for addressing a crisis like the COVID-19 pandemic.

There is **strong support for better communication for improving the effectiveness of policy support**. This is consistent with the lack of knowledge having been identified as an important factor inhibiting the utilization of available support. There seems to be greater support for this among WMSMEs than MMSMEs.

Relatedly, **it is important to look at the role of business associations**. Senior management views also **underscore the important role of business networks and strategic alliance with other firms** in ensuring

survival of enterprises during a crisis like COVID-19. Qualitative data shows how in the Philippines, business communities helped the government generate awareness about the various COVID-19 policy responses, mainly through social media and virtual events. Informal and formal networks of women entrepreneurs were also important for advice, training, information sharing and motivation and positive reinforcement. They often had a strong presence on social media and e-commerce. In Vietnam, groups such as the Vietnam Women Entrepreneurs Council, among other associations, organised conferences and seminars to support SMEs to access state support policies and continued to provide capacity-building workshops. Formal women's groups can be used to disseminate information. This is significant because the government did not consult these groups before formulating policy. This is arguably an under-utilised avenue for improving enterprise resilience, and the management views suggest its greater importance among women enterprises, especially in Indonesia and the Philippines.

There is also ***strong agreement on the importance of online selling as part of the “new normal”***. This too is consistent with increasing recourse to digital solutions as a key element of the adaptation strategy widely used by enterprises. It also reinforces the need for further policy support in this area.

Views on the need for gender responsiveness of policies present a mixed picture. ***There is much greater support for integrating gender components into the planning and design of programs than there is for gender targeting of programs***. Similarly, there is not much support for the view that it is preferable to have business partners of the same gender. ***The support for integration of gender components however is not only strong, but is also significantly higher among women than men enterprises***. This evidence thus suggests that the common view is not that policy support in a crisis context should specifically target beneficiaries based on gender, but that the content of programs and policies should take into account the differing needs and constraints faced by enterprises owned or managed by women. This will require both better data and information on gender-specific impact, needs and constraints as well as greater consultation with and greater representation of women in the policymaking process.

## 6 POLICY RECOMMENDATIONS

Based on the findings and key research themes emerging from the study, we have the following policy recommendations.

### 1 Introduce a clear definition of women led/owned enterprises for the region

The lack of definitional clarity on women led/owned enterprises posed significant issues for policymakers and advisors. As noted through the qualitative data, the lack of gender or sex-disaggregated data was seen to prevent gender analysis and gender-informed policy. Without the data, it was difficult to make a case for a gender-responsive approach. A simple operational definition with official endorsement by local authorities can aid gender mainstreaming and help reach the desired recipients. Definitions previously proposed by the International Finance Corporation (IFC), Development Finance Corporation (DFC), Investing in Women (IW) and the World Bank can be the starting point of discussions in the region.

In working towards this goal, it may be possible to introduce a formal certification of women-owned businesses. There are existing models of such a process in the certification of minority businesses in some countries. Moreover, certified firms will have access to more professional networks and resources that can help strengthen their business and be more easily identified for government support initiatives such as business development grants and training. Pilot trials at the provincial or regional level are recommended, especially in the case of microenterprises in the informal sectors, to evaluate the certification process for all stakeholders.

### 2 Better communication and dissemination of information about available policy support

Many firms in the three countries were unaware of the government support programs available. These results echo findings in the academic literature which report that smaller firms in 50 countries have been the most affected by the pandemic, but they have also been less likely to receive any support during the pandemic. This improvement in communication is important for both men and women.

### 3 Better utilization of existing business networks and associations

Business associations can add value to policy implementation and help increase awareness and support for women-led businesses. In general, they were not consulted during the pandemic and had a limited role in helping shape policy responses to the pandemic. Ensuring the representation of business associations in policymaking bodies can be useful to facilitate future planning of policy responses to crisis situations. Associations that support women businesses already exist in the three countries, and some business associations/communities were proactive during the first year of the pandemic, focusing on supporting members in various ways. Such business associations can play a major role in helping to improve communication of policy support and also help with the targeting of support based on more detailed knowledge of the needs of its members.

Membership in such business associations can be a problem as there can be a perception that it is not closely related to product sales and other related business goals. Membership in the associations can be incentivized by highlighting the benefits of being a member, such as having access to capacity building and training programs as well as networking opportunities. They can also help with processes such as licencing.

#### **4 Simplifying procedures to access policy support**

Many respondents in the survey stated that there were too many requirements needed to be eligible for the support programs offered. For support measures to be implemented quickly in times of crises, it is important that the application process and information requirements are not too onerous yet detailed enough so that no mis-targeting of support occurs. In part, the procedure to access support could be made more efficient by following up on our previous recommendation of having a formal certification of women-owned businesses, and involving more business associations. For instance, when specific support measures are to be targeted at women-led businesses, this would eliminate the intermediate step of having to determine how to classify firms based on their characteristics.

#### **5 Better targeting of policy support through greater consultation and co-design**

Although in general, any available support was deemed useful by both men and women, differences in the utilization of the different types of support by men and women suggest that there can be benefits to better targeting of support programs, not so much by restricting access to support to women only, but by incorporating support elements that are more helpful to women. Given that in the study, WMSMEs relied more on informal networks to obtain finance, alternative financing can be discussed with business associations and their members to co-design support packages. This approach has been supported in various innovative policy approaches. For example, UN Women (2020) calls for policies to help provide gender-specific financial support services for women entrepreneurs, including debt relief, cash inflow, and support related to care and domestic work. The 2021 Innovations for Poverty Action (IPA) report argues that liquidity support programs need to consider the unique constraints that women face in accessing and benefiting from them. Design features that give women more control and agency, flexible credit products, and alternative means of screening women applicants could expand access to finance for women-led businesses. While making available a wide variety of support programs can be helpful, information on the most needed areas of policy support is helpful in planning for responses to future crises.

#### **6 Review the existing gender mainstreaming architecture to ensure that it provides adequate guidance in responding to any ongoing or future crisis.**

Gender equality or mainstreaming was not prioritized in the policy response for MSMEs. To counter this, Investing in Women can work with relevant stakeholders to convene a comparative review of mainstreaming architecture in the region. Such a task can help strengthen awareness and utilization of existing gender analysis including any new insights generated by various stakeholders including women's business associations and their members. It will address the issue of inter-agency cooperation within countries. This will help identify and address gaps in gender analysis capabilities in various institutions in an effort to address the recovery from the impact of COVID-19 and to plan for future crises.

This review can also help address recommendation 1 in this section. Effective gender mainstreaming requires a stronger focus on gender statistics and utilisation of sex-disaggregated data, but this can only happen if definitional issues are resolved. A review of the architecture can also help consider how policy making in the MSME sector can account for women's unpaid labour in the household, and supplementary policies to mitigate gender imbalances. Gender sensitive indicators can be built for continuous reporting of policy uptake and outcomes. All the above can contribute to a stronger foundation to respond with agility at the early stages of a crisis.

It is recommended that an intersectional analysis be pursued, recognising that difference in age, social, economic, religious, ethnic, income level, disability, citizenship status and so on, will impact women and men's experiences of discrimination.

## **7 Prioritize support for digital solutions**

Academic research has drawn attention to the importance of having SMEs invest in digital technologies in response to the pandemic. The argument is that these have become essential for SMEs to support crucial downstream activities such as sales and marketing, and to increase their internal efficiency and productivity. In a recent synthesis of key policy-relevant research that may help inform the design of programs and policies to support women-led businesses, Innovations for Poverty Action (IPA) in a 2021 report also stressed the need to further help women become more competitive and skilled at using technology in the field of e-commerce and e-payments. Our study provides strong evidence that reinforces the need to provide such support, especially for women-led businesses. Across the three countries, more women than men found support of digitization to be very helpful. Impact investors could consider helping develop an ecosystem that would facilitate greater use of such technology by MSMEs.

## **8 Inclusion of microenterprises**

For impact investors, even though there are minimum size cut-offs and they generally not interested in microenterprises, keep in mind that women-led microenterprises could be the successful women-led medium to large sized firms of tomorrow. Investing in microenterprises will be potentially more significant in countries dominated by microenterprises, such as in Indonesia, where 99% of MSMEs are microenterprises. Here, it is useful to distinguish between necessity-driven entrepreneurs and opportunity-driven entrepreneurs. The former is generally describing a group of entrepreneurs who started a business because they had no better options for work and were pushed into becoming self-employed. The latter are a group of entrepreneurs who have positive factors that pull them into entrepreneurship, who have a need for achievement and who aim to seize market opportunities. It is likely that this latter group of entrepreneurs will greatly benefit from support from impact investors as it provides them the possibility of scaling up successful business ideas.<sup>3</sup>

More help provided at the initial stages of developing and growing a business (akin to angel investing) can be essential for impact investing. The gendered data in our study from the three countries show that there are several important differences for men-led and women-led businesses for microenterprises. These mirror the gendered differences for SMEs that is more well studied in the literature.

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<sup>3</sup> For an example of the distinction between necessity-driven entrepreneurs and opportunity-driven entrepreneurs in the academic literature, see van der Zwan et al. (2016).

# APPENDIX A: LITERATURE REVIEW

## Introduction

This Appendix provides a literature review and broad overview of SME policy responses to COVID-19 in various countries around the world. This information is drawn from the academic literature and from reports written by international organisations such as the United Nations and the World Bank. This review shows that globally, there have been some similarities in the general class of policy measures aimed at supporting firms during the crisis. The extent of global policy measures that target women SMEs (or lack thereof) and have been designed with a gender lens in mind will help provide useful context when we discuss in more detail the policy responses in each of the three Target Countries.

## 1 Academic Literature – A General Overview

Although various efforts have been made to continuously take stock of current and evolving government policies on COVID-19 (e.g. the IMF Policy Tracker; the Oxford COVID-19 Government Response Tracker), less is known about firm-level access to government support programs in various countries around the world, especially support for SMEs.<sup>4</sup>

During large-scale public crises that affect the economy, good and bad firms may be weeded out alike (Hallward-Driemeier and Rijkers, 2013; Foster et al., 2016). In an effort to shed more light on the effect of the pandemic on firms globally, the World Bank (2020) documented that more than 140 countries had announced some sort of policy to support SMEs by end of April 2020. Similarly, the OECD noted that many governments have launched COVID-19 stimulus packages that include specific relief for SMEs.<sup>5</sup>

Using high-frequency phone surveys conducted by the World Bank from 39 developing countries, Khamis et al. (2021) provide insights into the magnitude of the initial labor market consequences of the crisis. Their analysis suggests that in all countries, work was severely reduced. Work stoppage, reduced working hours, and the overall economic impacts of the pandemic led to substantial income loss. Further disruption was apparent through partial or no payment of wage workers and job changes.

Following the outbreak of the pandemic, the World Bank developed a brief firm survey instrument (Business Pulse Surveys) to collect data measuring the impact of the COVID-19 pandemic on the private sector. This survey focused on certain business dimensions: operations of the business, sales, liquidity and insolvency, labor adjustments, firm responses, expectations and uncertainty about the future, and preferred mechanisms of public support.<sup>6</sup> Using harmonized data based on the implementation of the first wave of the business pulse survey in 50 countries over 6 regions, Apedo-Amah et al. (2020) show that firm sales declined by more than 70 percent around the peak of the crisis (as measured by the steepest drop in Google Mobility) and have remained more than 40 percent below last year's levels even several months later. Their analysis also reveals that smaller firms have been the most affected by the pandemic, but they have also been less likely to receive any support. Apedo-Amah et al. (2020) report that in response to the shock countries have introduced a wide variety of support programs for firms and workers, varying from covering wage payments for workers (e.g., Brazil's MP936 scheme or South Africa's Temporary Employer-Employee Relief Scheme), offering

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<sup>4</sup> For the IMF Policy Tracker, see: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>. For the Oxford COVID-19 Government Response Tracker, see: <https://www.bsg.ox.ac.uk/research/research-projects/covid-19-government-response-tracker>. The Oxford COVID-19 Government Response Tracker includes measures of government responses to the pandemic, including the economic support index, the stringency index, and the workplace closing index.

<sup>5</sup> See: <http://www.oecd.org/cfe/COVID-19-SME-Policy-Responses.pdf>

<sup>6</sup> <https://www.worldbank.org/en/data/interactive/2021/01/19/covid-19-business-pulse-survey-dashboard>

subsidized loans (e.g., Ghana's Adom and Anidaso loans scheme) to allowing deferrals of tax payments (e.g., deferral of corporate taxation in Brazil and Mexico). Many of these early stage policies were aimed at helping firms to survive by improving cash flow, and there was limited targeting of the support programs that were offered.

Relying on data from the first wave of the Business Pulse Surveys from the World Bank Group, as well as the COVID-19 follow-up rounds of the World Bank Enterprise Surveys, Cirera et al. (2020) contribute to the debate about policies to support businesses through the COVID-19 pandemic. Their paper helps to characterize the beneficiaries of implemented policies, contrasts the policies implemented with ones that firms state are most important to them, and identifies reasons for not accessing policy support. They find that debt finance support was the most common, accounting for 37 percent of all policy measures adopted. Employment support (including wage support) constituted 22 percent of all measures that were announced. The third most common group of policy response measures was tax relief, representing one-fifth of all measures. In addition, they report that low-income countries tended to use a less-diversified set of interventions, with debt finance and tax interventions accounting for more than 58 percent of all measures. Overall, there was less provision of employment support.

Despite the plethora of measures launched around the globe, only one out of four firms had received any type of public support at the time the surveys were conducted (April–September 2020). Cirera et al. (2020) stress that it is important to understand why a large number of firms have been unable to access policy support measures announced and implemented in response to the crisis. The majority of firms refer to lack of awareness as the main reason for not receiving government support. Furthermore, an area of concern highlighted by Cirera et al. (2020) is that there was some mistargeting of the initial policy responses, with firms that did not experience a shock or sales drop benefiting from support and firms experiencing large negative shocks not having access to public support. This has resulted in a large number of firms benefiting from public assistance without having experienced any adverse COVID-19 shock.

Highly relevant to our focus on women SMEs in this project is their conclusion that it will be desirable to understand better how firms manage to receive public support and the extent to which connections may explain access to public resources. They suggest that going forward, it will be important to address the issue of policy misallocation and the risk that policies being enacted may inhibit prospects for recovery and future growth because of insufficient or *incorrect targeting*.

Belghitar et al. (2021) examine the impact of COVID-19 on 42,401 UK small businesses and how government intervention affected their capability to survive the pandemic. Their study highlights that those industries that were worst hit by COVID-19 are not those that benefited the most from the government support scheme. The possible reason is that the government scheme does not differentiate between firms that do or do not deserve support.

In analysing how the COVID-19 pandemic has challenged European SMEs, Juergensen et al. (2020) also argue that SME policy interventions will also need to be sensitive to the different types of SMEs, rather than adopting a one-size-fits-all approach. Their analysis also draws attention to the importance of investing in digital technologies. They argue that these have become essential for SMEs, not only to support crucial downstream activities such as sales and marketing, but also to increase their internal efficiency and productivity.

Akpan et al. (2020) also emphasize that the absence and non-adoption of digital technologies in emerging markets and developing economies explain why business activities in many firms remain shut during the outbreak of COVID-19 and the associated imposed community lockdowns. They find that technology adoption by SMEs in developing economies is years behind the counterparts in the advanced economies. They suggest that strategies to survive the 'new normal' should include a successful adoption of advanced technologies, which provide new and affordable ways for SMEs in these economies to market products and promote brands. They argue that another potential benefit of adopting state-of-the-art technologies for SMEs is to enhance the

digitization of internal operations and processes, improving performance effectiveness and efficiencies, re-engineering business models, and ensuring business survival. In addition, using primary surveys of small business owners in China, Cong et al. (2022) show that firms with online sales had more robust market demand than those without online sales. In particular, they emphasize how digitization such as e-commerce adoption creates business resilience. They document significant economic benefits of digitization in increasing SMEs' resilience against the large shock induced by the pandemic, as seen through mitigated demand decline, sustainable cash flow, ability to quickly reopen, and positive outlook for growth.

Belitski et al. (2021) conduct a systematic literature review on the effect of COVID-19 pandemic on small business and entrepreneurship, focusing on the period December 2019 to June 2021. Based on their systematic literature review, they describe how four literatures can be used by scholars to better understand and explain the economic effects of the COVID-19 pandemic on small business across different countries. First, there is disaster theory literature, which focuses on the financial and physical resources enabling small firms to be more resilient during crises. A body of literature stresses the importance of community-based networks and the role of social capital in helping small businesses to respond to disasters (Torres et al., 2019).

Second, there is resilience theory which focuses on responses to crises and exogenous shocks. In an environment characterized by high volatility and uncertainty, the importance of the firms' dynamic capabilities to integrate resources in recognizing new opportunities will be important. This will help differentiate between not just the survival and failure of small businesses and entrepreneurs but also the speed with which new ventures are able to learn, both determining their growth and survival in the long term (Zahra, 2020).

Third, there is a literature on the role of knowledge creation and absorptive capacity in addressing the negative effects of disasters and crises. Managing uncertainty tends to be the new normal for many companies around the world during the pandemic. Creating competitive advantage and improving dynamic capabilities are therefore highly important for small business and often it might be the only viable path in response to uncertainty during the COVID-19 pandemic (Flammer and Ioannou, 2020).

The fourth strand of literature is related to digitization and the role of digital capabilities in adopting new business models. Digital capabilities will be able to change business models and introduce business model innovation. Studies commissioned by Google in the United States in 2020 and in Europe in 2021 demonstrate that the so-called "Digital Safety Net" has empowered millions of small businesses to shift resources, modify business plans, and continually evolve throughout the pandemic (Digitally Driven, 2020; 2021). Priyono et al. (2020) discuss how small businesses cope with environmental changes due to the COVID-19 pandemic by pursuing a business model transformation with the change in dynamic capabilities related to adaptation of digital technologies and digital skills.

Apart from policy interventions, there is also a role for the coping strategies adopted by managers and owners of SMEs when confronted by the unprecedented challenge posed by the pandemic. In this regard, studies providing practical insights on how businesses adapt and thrive within the unpredictability of the COVID-19 threat can be invaluable. The study by Alonso et al. (2020) helps to uncover the emergence and activities of the entrepreneurial mindset amidst the particular pressing, difficult and unprecedented times during COVID-19, where SMEs are stress-tested to extremes. Business managers and owners must possess a suite of characteristics, traits and have the predispositions to exploit existing resources swiftly and systematically, where entrepreneurial self-efficacy and improvisation provide the tools to withstand the overwhelming impacts of the crisis. Thorgen and Williams (2020) also focus on what SMEs can do themselves to address the challenges associated with the pandemic. Using data from 456 SMEs in Sweden, they find that it is evident that SMEs' survival strategies are focused on costs, not on increasing revenues or being innovative. While understandable, they find this to be deeply concerning as research on crisis response suggests that when "victims" of a crisis take action to invest rather than conserve resources they are more likely to have positive psychological and organizational outcomes in the long-term.



The collection of essays in recently published volumes such as Baldwin and di Mauro (2020) review the range of emerging policy responses to COVID-19 and provide advice on how policy frameworks should evolve. However, most of the focus has been on high-income economies. For evidence of SME policy responses in the United Kingdom, United States and Germany, see Bartik et al. (2020); Humphries et al. (2020a); Adams-Prassl et al. (2020); Fairlie (2020a,b); Granja et al. (2020). There have been fewer other studies focusing on lower to middle income countries. For China, see Chen et al. (2021), Cui et al. (2020) and Dai et al. (2020a,b). For Pakistan, see Shafi et al. (2020). For the Philippines, see Shinozaki and Rao (2021). For Uganda, see Alfonsi et al. (2021) and Gulesci et al. (2020).

## Summary

In general, the academic literature focusing on SMEs during COVID-19 has not applied a gender lens. From our scanning of the academic literature, we only found two reports written by academics that made some brief mentions on the impacts of the pandemic on women-owned businesses.<sup>7</sup> Based on 1,747 SMEs from Uganda and a phone survey that was undertaken in August 2020, Alfonsi et al. (2021) report that gender plays a significant role in the impact of COVID-19 on businesses with female-owned business households suffering more. Gulesci et al. (2020) report that female business owners were more likely than male business owners to “rely on extended family members” as a coping strategy. They speculate that as a result, female business owners becoming more reliant on family networks could face heavier kinship taxes in the future, which could then affect their business investments and profits.

## 2 Policy Literature – A General Overview

As we previously noted, many governments have launched COVID-19 stimulus packages that include specific relief for SMEs. However, it does not appear that there were specific measures that were targeted towards women-owned businesses or which were gender responsive.

According to the UNDP-UN Women COVID-19 Global Gender Response Tracker, gender-responsive policies include measures aimed at addressing threats to gender equality across three dimensions: women’s economic and social security, including unpaid care work, the labour market and violence against women (UNDP 2020). Globally, 39% of COVID-19 policy response has been gender-responsive, with 71% of these policies focused on violence against women, 18% on women’s economic protections, and 11% on unpaid care (UNDP 2020). This tracker shows that only social protection policies in Indonesia are considered to be gender sensitive. In the Philippines, a violence against women policy was classified as being gender sensitive. In Vietnam no policies were characterised as gender sensitive policies.

A report by UN Women (2020) highlights that some of that relief must be aimed specifically at women-run SMEs, as these are at greater risk of bankruptcy. For example, women SMEs could be less resilient during times of crisis due to their lower access to financial services and assets, information and communication technology (ICT), and business networks, which are more readily available to men. The networks of women entrepreneurs are generally smaller and less diverse than those of their male counterparts.<sup>8</sup> There are fewer mentoring opportunities for women, fewer female role models or success stories, and women business owners seem less inclined to interact with business associations and networks.<sup>9</sup> Furthermore, women entrepreneurs are often discriminated against when attempting to access credit. The gender gap is glaring: according to the Global Findex Database, women in developing countries are 17 percent less likely than men to have borrowed

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<sup>7</sup> The likely reason for this is that the analyses being conducted was more policy oriented as it was funded by UK Aid and the International Growth Centre (based at the London School of Economics).

<sup>8</sup> <https://www.oecd.org/cfe/smes/Policy-Brief-on-Women-s-Entrepreneurship.pdf>

<sup>9</sup> <https://asiafoundation.org/2013/02/27/networking-essential-to-women-entrepreneurs-in-asia/>

formally.<sup>10</sup> As access to credit is of paramount importance in the survival of firms, without open and favourable lines of credit, many female entrepreneurs will be forced to close their businesses.<sup>11</sup>

Discussing the issue of economic empowerment of women more generally, Women's World Banking firmly believes that digital innovation and Fintechs are the future of financial services, offering tremendous opportunity to drive access and overcome many of the most persistent obstacles that lead to women's financial exclusion.<sup>12</sup> For women-owned businesses, it is argued that Fintechs have the opportunity to leverage technology and data to develop alternative credit scoring models for modelling creditworthiness outside of traditional collateral to provide women with access to financing.

The UN Women (2020) report argues that a multi-stakeholder approach is needed, where governments work with large businesses, intergovernmental and international organizations and civil society organizations to: (1) reach out to women entrepreneurs to identify gender-specific needs; (2) strengthen women entrepreneurs' access to financial services and credit; and (3) promote digital transformation and flexible business models for women-owned SMEs. They call for policies to help provide gender-specific financial support services for women entrepreneurs, including debt relief, cash inflow, and support related to care and domestic work. This could include boosting the access of women entrepreneurs to ICT and financial services, including through gender-specific low-interest loans, deferred payments and tax exemptions. In addition, it will be important to reach out to women entrepreneurs in remote and rural areas to make sure they are informed about any responses to COVID-19 as well as opportunities related to stimulus packages and other recovery measures.

In a separate news release, UN Women also suggest that where possible, governments should source food, personal protection equipment, and other essential supplies from women-led businesses. Economic relief should similarly target sectors and industries where women are a large proportion of workers.<sup>13</sup>

A related suggestion is offered in a UN Compact policy brief which suggests supporting women across the value chain and in the communities where their businesses operate. This may mean ensuring that suppliers that rely heavily on female labour receive payment for existing orders and additional support to keep afloat and paying workers, where possible. It might also include providing leniency to women entrepreneurs, offering financial products and services to save them from bankruptcy, and deliberately looking to build relationships with women-owned businesses as part of recovery efforts.<sup>14</sup>

In a policy brief, the Asia-Pacific Gender in Humanitarian Action Working Group (2020) asserts that efforts should be made to ensure the equal representation, leadership and meaningful participation of diverse women and girls in COVID-19 response planning and decision making. There should be efforts to engage and include women and girls in the design of the Covid interventions otherwise it poses serious risks as their needs and views are not taken into account.

A recent policy working paper from the Center for Global Development by O'Donnell et al. (2021) highlights the COVID-19 crisis' disproportionate negative impact on women's employment, income, and the survival of women-owned businesses, along with an increase in unpaid care work responsibilities. They stress the need for better data on women's enterprises. They argue that the crisis has further emphasized the need to be able to identify and target women-owned SMEs quickly in order to provide support. An important issue is that even when businesses are formally registered, financial institutions do not systematically track those that are women-owned, making it difficult to target relief efforts. They suggest providing tailored support to women-owned businesses; helping these businesses adapt to the pandemic shock, including by improving digital

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<sup>10</sup> <https://asiafoundation.org/2017/11/01/financial-inclusion-women-entrepreneurs/>

<sup>11</sup> <https://unctad.org/news/covid-19-requires-gender-equal-responses-save-economies>

<sup>12</sup> <https://www.womensworldbanking.org/insights-and-impact/womens-economic-empowerment-doorway-to-economic-recovery/>

<sup>13</sup> <https://www.unwomen.org/en/news/stories/2020/9/feature-covid-19-economic-impacts-on-women>

<sup>14</sup> <https://unglobalcompact.org/academy/how-business-can-support-women-in-times-of-crisis>

access, literacy, and skills, should be a priority both for short-term business survival and long-term business growth.

The recently published ‘COVID-19 Gender-Responsive Local Economic Recovery Handbook’ (UNDP, 2021) helps to assess the impact of COVID-19 on women’s economic security and recovery, and offers tools to develop feasible solutions at the local level for economic recovery using a gender perspective.<sup>15</sup> In developing a gender-responsive economic recovery plan, the report underscores the importance of having representative groups from the most vulnerable sectors of the population, ensuring inclusion and equity and promoting gender equality and women’s empowerment through meaningful participation of women, men, and their organizations. The report argues that this is key in order to address COVID-19 impacts which attend to the specific needs of women and men and which contribute to the reduction of unfair gender gaps and inequalities.

In a 2020 WE Talks webinar organized by We-Fi, participants explored insights into the effects of COVID-19 on women-led SMEs in developing economies and how gender-related risks can be better assessed and addressed in support programs and policies.<sup>16</sup> One of the webinar speakers (Stephanie Oula) noted that one barrier to data on women-owned enterprises in many countries and with financial service providers is the difficulty of defining and tagging women-owned enterprises. Without an ability to identify or track women-owned enterprises, this can negatively impact how governments design support programs for the most affected women entrepreneurs. The speaker stressed that there is an opportunity right now to expand gender data collection on women entrepreneurs, such as by mandating gender data collection in response funding and policy monitoring. The practical difficulty in identifying women-owned enterprises is not assisted from the fact that various international organizations provide different definitions. For example, according to IFC’s (2014) definition, a women-owned enterprise has at least 51% of the total capital owned by a woman or women. In cases where data on female ownership or management are not available, an “expanded” definition is used: (i) an enterprise with at least 51% of the total capital owned by a woman, or (ii) an enterprise with at least 26% of the total capital owned by women, and at least one woman on the company’s Board Directors as the Director or Deputy Director. The World Bank (2015), however, uses two ways to identify a woman-owned enterprise: (i) an enterprise owned only by women, or (ii) an enterprise managed by women. Clearly, there will be a benefit from having a more uniform approach to defining women-owned businesses, or at least better understanding how the various measures are correlated with each other.

A lack of gender data available for research on firms is apparent from recent major data collection efforts by the World Bank. For example, neither the World Bank Business Pulse Surveys nor the Firm Surveys implemented during the pandemic for the three Target Countries collect data that allow for an identification of gender ownership or leadership of businesses. Nonetheless, the findings from the World Bank’s survey of firms in the three Target Countries are consistent with the findings from the academic literature. In Indonesia, many businesses reported a lack of awareness of government assistance programs for SMEs. However, conditional on being aware of policy support programs, a significant proportion (34%) reported that they were not eligible for getting assistance. In the Philippines, in July 2020, about one in five firms reported receiving some support from the government. It was also found that 58% of SMEs turned to digital solutions to adapt to the pandemic shock. In Vietnam, in October 2020, it was found that non-eligibility was the main reason the majority of firms did not benefit from SME support policies.

As a whole, the results from these World Bank surveys for the Target Countries indicate that many SMEs have recovered a few months following the start of the pandemic in March 2020, but that the recovery is not

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<sup>15</sup> Available at: <https://www.undp.org/publications/covid-19-gender-responsive-local-economic-recovery-handbook>.

<sup>16</sup> We-Fi is a collaborative partnership that includes 14 governments and eight multilateral development banks (MDBs), and other public and private sector stakeholders. See the following link to access the webinar: <https://we-fi.org/research-and-data-on-the-impact-of-the-coronavirus-on-women-led-smes/>

complete. The surveys also revealed that SMEs in the three Target Countries did not get much support during the pandemic, and suggest that embracing digitization is one possible way forward.<sup>17</sup>

An exception to the issue regarding the availability of gender data for firms during COVID-19 appears to be data collected from the Facebook Data for Good Future of Business survey.<sup>18</sup> The Future of Business survey was first launched as a monthly survey in 17 countries in February 2016 and expanded to 42 countries in 2018. In 2019, the Future of Business survey increased coverage to 97 countries and moved to a bi-annual cadence.<sup>19</sup> One wave of this survey was conducted from May 28th to 31st 2020 to focus on COVID-19, collecting observations from approximately 26,000 business owners and managers in over 50 countries with an active Facebook Business Page. Early analysis showed that women-owned businesses globally were 5.9% more likely to close than male-owned businesses, due to women's over-representation in consumer-facing and service industries.<sup>20</sup> This survey data also indicated that male- and female-owned businesses are impacted differently by lockdown policies and measures of support being put in place to help businesses weather this crisis. Therefore, it concludes that careful consideration of differential impacts by gender of the COVID-19 pandemic and the different constraints that men and women face will be important to build effective policy interventions. Data from the Future of Business survey also appear to reinforce the point made earlier regarding the importance of investing in digital technologies. Women-led businesses appear to have relied more on shifting to online tools than men-led businesses.<sup>21</sup> A more detailed analysis of gender data from more recent waves of the Future of Business survey could yield more interesting and relevant insights. In a similar vein, the September 2021 Facebook Data for Good Global State of Small Business report is useful in sharing more insights with regards to how women SMEs around the world were faring during the pandemic.<sup>22</sup>

Another recent report that provides gender data on firms is a report by the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP, 2020). Their report "Supporting Women-led Businesses in Low and Middle-Income Countries Through the COVID-19 Crisis and Beyond" is based on an empirical survey that was conducted in Vietnam in June 2020, focusing on: i) the depth of impact of COVID-19 on MSMEs in Vietnam; ii) MSMEs' awareness of and access to the Government's policies aimed at assisting enterprises facing difficulties caused by COVID-19; and iii) the business sector's perceptions of the Government's policies for assisting enterprises facing COVID-19. There were 220 businesses that participated in their online survey, of which 57.3% were microenterprises, 35.0% were small firms and 7.7% were medium firms. Women-led enterprises were over-sampled and constituted 61% of the survey sample.<sup>23</sup> In general, the survey revealed that the impact of COVID-19 on women-led MSMEs in Vietnam was not significantly different than for the sample as a whole. In terms of coping strategies, the survey found that women-led businesses tended to opt for more traditional coping mechanisms, such as reducing or suspending business activities, cutting costs, and re-negotiating payment terms. In comparison, men-led enterprises tended to

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<sup>17</sup> For World Bank survey questionnaires and reports on the outcomes of firms during COVID-19 in the three Target Countries, see the following links.

Indonesia: <https://www.worldbank.org/en/country/indonesia/brief/indonesia-covid-19-observatory>

Philippines: <https://www.worldbank.org/en/country/philippines/brief/monitoring-covid-19-impacts-on-firms-and-families-in-the-philippines>

Vietnam: <https://www.worldbank.org/en/country/vietnam/brief/monitoring-households-and-firms-in-vietnam-during-covid-19>

<sup>18</sup> See the World Bank blog: Goldstein, Markus, Paula Martinez Gonzalez, Sreelakshmi Papineni, and Joshua Wimpey. 2020. "The Global State of Small Business During COVID-19: Gender Inequalities." September 8, 2020:

<https://blogs.worldbank.org/developmenttalk/global-state-small-business-during-covid-19-gender-inequalities>.

<sup>19</sup> See more about the Data for Good project on the project's homepage: <https://dataforgood.fb.com/>.

<sup>20</sup> It is not clearly stated how women-owned businesses are defined. The codebook for this May 2020 survey suggests a definition based in response to the question: "How many of the owners of this business are female?" where the possible answers are less than half, exactly half, none, more than half, or all owners are female.

<sup>21</sup> See Figure 4 in the article 'Facebook's New Insights Shed Light on Impact of COVID-19 on Small Businesses':

<https://www.digitalinformationworld.com/2021/02/facebooks-new-insights-shed-light-on.html>.

<sup>22</sup> To access the 2021 Global State of Small Business report, see: <https://dataforgood.facebook.com/dfg/docs/2021-global-state-of-small-business>.

<sup>23</sup> The report does not state how women-led enterprises are defined in Vietnam.

choose measures that focus more on labour, such as reducing salaries and/or working hours. There may also be gender differences in approaches to dealing with staff and layoffs as significantly fewer women cut the salaries and working hours of staff – a difference of approximately 10 per cent.

Overall, the report finds that most MSMEs in Vietnam are generally aware of the Government’s COVID-19 support policies, but they are less clear on the specifics, including the application process and information requirements. The report also suggests that as it is necessary that support measures be implemented quickly, a set of clear criteria is needed for enterprises to be able to “self-evaluate”, and thereby determine which eligibility group they belong to and which policies they are entitled to access. In addition to government support in the form of fiscal measures, social assistance measures to mitigate unemployment, and monetary support, the report also suggests considering other policy measures, such as increasing government spending and directing public procurement to suitably qualified domestic firms, where feasible. This could be a vehicle to mitigate the stark drop in demand that many enterprises have been facing during the pandemic. Their report further emphasizes the point made earlier regarding the importance of digital technologies. For example, in the field of e-commerce and e-payments, for MSMEs to remain competitive, there is now a need to understand and embrace these trends, where this is feasible. Women entrepreneurs may perceive this to be challenging and to be outside their areas of core competence.

## **Summary**

Overall, in contrast to the academic literature, the policy literature has placed considerably more emphasis on the issue of women SMEs during COVID-19. While policy advocates have made various useful suggestions, a current gap in policy research is that gender data on businesses is generally lacking.

The report by Innovations for Poverty Action (2021) compiled evidence-based insights for the short- and long-term recovery of women-led businesses in low- and middle-income countries from the COVID-19 crisis. It provides a useful synthesis of key policy-relevant findings that may help inform the design of programs and policies to support women-led businesses in the context of the current pandemic and beyond.

In this project, we aim to contribute to policy circles by collecting gender ownership and leadership data from SMEs in three developing countries – Indonesia, the Philippines and Vietnam – that will shed light on what policies were the most useful for women SMEs that survived COVID-19, or possibly even thrived during the crisis. From our survey of the academic and policy literature, it is apparent that little has been said about which firms survived, how they survived, and what strategies they employed. There is not much known about how women-owned businesses fared during the pandemic.

The following table from Shinozaki and Rao (2021) lists the SME policy responses following the pandemic in each of the Target Countries. In the remainder of this report, we discuss in more detail the policy context of each of the Target Countries and COVID-19 policy responses from a gender perspective (or lack thereof).

**Table A1: Initial MSME Support Measures Responding to COVID-19 in the Target Countries**

Policy	Indonesia	Philippines	Vietnam
<b>Debt Finance</b>			
Liquidity support for financial institutions/Capital injection	X	X	X
Debt restructuring/Deferral of debt payments	X	X	X
Relaxed lending conditions/Interest rate reduction	X	X	X
New lending to MSMEs/Emergency refinancing facility	X	X	X
Special credit guarantees	X	X	
Regulatory forbearance	X	X	X
<b>Tax relief</b>			
Corporate tax reduction	X		X
Expedited tax refunds			
Incentives for investors			X
Payroll, social security, VAT and land taxes	X		X
<b>Employment support</b>			
Wage subsidies		X	X
Support for informal/self-employed workers		X	
Unemployment benefits		X	X
New working arrangements			
Labour training subsidies			
<b>Business support</b>			
Reduced utility payments			X
Reduced rent/leasing			
Reduction/waiver of government fees			
Reduced import restrictions	X		X
Focus group expenditure programs	X	X	
Vouchers for remote business services			

Source: Shinozaki, S and L. Rao. (2021). COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises Under the Lockdown: Evidence from a Rapid Survey in the Philippines, Asian Development Bank Working Paper No. 1216.

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