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Application of E-Commerce in Women-Owned Micro and Small Enterprises in Vietnam to Access International Markets

¹ **Luu Thi Thanh Mai**, ² **Nguyen Thi Hong Dung**, ³ **Nguyen Thi To Ly**
^{1, 2, 3} Saigon International University, Ho Chi Minh, Vietnam

Corresponding Author: **Luu Thi Thanh Mai**

Abstract

E-commerce is an opportunity to bring favourable direct access to foreign markets, but many businesses still face barriers in taking advantage of the benefits of e-commerce, especially businesses in women-owned micro and small enterprises (MSEs). This study surveyed 151 MSEs from January to April 2020 in Hanoi, Ho Chi Minh city, Thai Nguyen and Lam Dong provinces in order to i) Review

policies to encourage e-commerce application of production - business focusing on women-owned MSEs to analyse whether they have equal access to these businesses; (ii) Analyse the limitations of women-owned MSEs when applying e-commerce with comparative analysis of the MSEs owned by men; (iii) Suggest some policy recommendations in the coming time.

Keywords: E-Commerce, Policy, Women-Owned MSEs

1. Introduction

Women-owned businesses are often limited when it comes to exploiting the advantages of technology in the digital age. The World Bank's Enterprise Survey's dataset shows that female-owned businesses use email 12% less than male-owned businesses. Around the world, there have been initiatives/programs that seek to connect female-owned SMEs with the market, exchange of experiences through the use of technology, raise awareness of female entrepreneurs about digital and suggest actions to overcome gender barriers (Li and Xie, 2012)^[12]. This study focuses on surveying the application of e-commerce in female-owned SMEs in Vietnam, thereby making some relevant recommendations.

2. Research on business activities and e-commerce applications of female-owned SMEs in Vietnam

Research by AlphaBeta (2018) on application of e-commerce shows that business sales on e-commerce platforms of Vietnamese enterprises are estimated at 97 trillion VND (4.3 billion USD), accounted for 2% of the total export value of 2017. Without barriers to trade on digital platforms, it is estimated that Vietnam's digital exports could grow by 570%, reaching VND652 trillion (US\$28.7 billion) by 2030. Currently, domestic e-commerce platforms such as Lazada, Tiki, Sendo, Shopee ... have helped businesses easily and conveniently access the domestic market. Foreign e-commerce platforms such as Amazon, eBay, and Alibaba have helped many small and medium enterprises to directly access foreign markets. With these platforms, e-commerce is expected to help rapidly change the business performance of enterprises in general (Lam *et al.*, 2019)^[10].

It can be seen that the potential for production and business development based on e-commerce applications is positive, but according to the 2019 E-commerce Index report, there are currently difficulties that are believed to stem from the capacity side of businesses in general. Affecting e-commerce activities of enterprises, which are: (i) Lack of human resources, especially in the field of website administration and e-commerce trading floors; (ii) Not focusing on investing in software; (iii) Many businesses do not have a website; (iv) Few businesses participate in the e-commerce floor. Since 2011, the E-commerce Index report has been made annually, but only mentions the general difficulties of enterprises without specific analysis of the difficulties in e-commerce application of female-owned enterprises in general and female-owned SMEs in particular (Le Quang Canh *et al.*, 2016)^[11].

According to the 2016 enterprise survey data of the General Statistics Office, Vietnam has 482,350 SMEs (accounting for 93% of the total number of enterprises), of which 27% are women-owned SMEs. Like women in other fields, women as business owners have to try harder than their male colleagues because they have many "roles" in life. Several studies on female-owned businesses have tried to identify the characteristics and challenges of Vietnamese female entrepreneurs. (Le Quang Canh, *et al.*, 2016; VCCI, 2019)^[11, 13].

Le Quang Canh *et al* (2016) [11] outlined the main characteristics of women-owned enterprises in Vietnam as follows: (i) Mainly micro-enterprises (72%) and small (27%), mainly operating in the service sector; (ii) Having a higher percentage of female employees than male-owned enterprises; (iii) Female-owned enterprises have more integrity than male colleagues. The main challenges of female-owned enterprises were found to be: (i) Lack of knowledge and skills in corporate governance, human resources, finance and marketing; (ii) Limited access to capital and markets; (iii) Difficulties in building customer networks and business relationships; (iv) Difficulty balancing between business management and family management; (v) Less time than male entrepreneurs in doing business.

According to the research team's review, there are currently no studies related to the application of e-commerce by female-owned SMEs in Vietnam. While a number of studies in the world have mentioned, many of the challenges encountered by female-owned SMEs are found when applying online business..., (Li and Xie, 2012; Kumar *et al.*, 2016; Hu, 2022) [12, 7, 9]. Therefore, many initiatives/ programs have been implemented to connect women-owned SMEs with the e-commerce application-based market at global, regional and national levels.

3. Analysis of results from survey data on business activities and e-commerce applications of female-owned SMEs in Vietnam

The research team conducted a survey of 151 SMEs, of

which 73 are male-owned and 78 are female-owned to learn about the needs, difficulties and challenges when applying e-commerce to develop production and production - business. Among the surveyed enterprises, there are: (i) 38.4% of enterprises are exporting and mainly exporting directly. Main export markets: USA, Western Europe, Japan, Korea, ASEAN, China, Taiwan; (ii) 63.2% of enterprises operate in manufacturing industries including garment, food processing, pottery, bamboo and rattan, handicrafts, the rest operate in construction, trade and carriage. According to the survey results, most businesses (98.7%) use the Internet for work, on average 32.1% of employees regularly use the Internet for work. However, this figure is different across industries, in the manufacturing sector it is 24.3%; while in the field of trade, services, construction, and transportation this figure is 44.6%. Businesses mostly use the Internet to send/receive emails to transact with customers (98.0%) and search for information (97.7%). The proportion of businesses updating information on the website (31.1%) and doing business on the e-commerce floor (31.8%) is low. This shows that the application of e-commerce in production and business is still modest. The main activities of e-commerce such as transaction, order, payment, and delivery are limited. In which, female-owned enterprises have a significantly higher percentage of using the Internet to: (i) run the business; (ii) Doing business on the e-commerce floor and (iii) Updating information on the company's website compared to male colleagues (Table 1).

Table 1: Percentage of Enterprises Using the Internet for Activities

Activities	All businesses surveyed	Male-owned businesses	Women-owned businesses
Send/receive transactional emails with customers	98.0	100.0	96.2
Look for information	94.7	95.9	93.6
Advertising on social networks	57.6	49.3	65.4
Running a business	49.7	41.1	57.7
Doing business on the e-commerce floor	31.8	20.5	42.3
Update information on the company's website	31.1	23.3	38.5

Source: Survey on e-commerce application in April 2022, unit: %

Table 2: Scoring on the ease of applying e-commerce by female-owned and male-owned SMEs

Activities	Medium score	
	Women-owned businesses	Male-owned businesses
Internet connection infrastructure and information technology	2.67	2.63
Online payment infrastructure	2.49	2.40
Looking for workers with skills/expertise in e-commerce	2.51	2.21
Regulations on electronic transactions, encouraging electronic transactions	2.40	2.25
Regulations on electronic signatures and electronic contracts	2.27	2.16
Regulations to encourage non-cash payment	2.23	2.16
Regulations to encourage online business establishment and business	2.21	2.16
Regulations on access to data and digital services	2.17	2.10
Regulations on customs clearance for small parcels / parcels of low value	2.15	2.06
Regulations on consumer protection for online shopping according to international standards	2.07	2.06
Regulations on dispute settlement between businesses and online customers	2.03	2.07
Regulations on intellectual property	2.00	2.00

Source: Survey on e-commerce application in April 2020, unit: %

Table 2 shows the ease of application of e-commerce by female-owned and male-owned enterprises. The degree of convenience for applying e-commerce of female-owned and male-owned SMEs is not significantly different. Specifically, except for the provisions on intellectual property, which are the same, in the remaining

regulations, female-owned enterprises have less than 0.1-point higher convenience than male-owned enterprises. In building and managing website content, 37% of female-owned enterprises believe that there are no difficulties and the corresponding number of male-owned enterprises is 58%.

On the other hand, in e-commerce, logistics, delivery and shipping are an extremely important step, but about two-thirds of businesses do not face any difficulties (74%). However, when gender discrimination shows a large difference, almost all male-owned enterprises do not face difficulties (93%), while only 56% of female colleagues respond that there is no difficulty, which means that up to 44% have difficulty with this problem

Regarding participating in the e-commerce floor, the majority of businesses said that they did not face difficulties (82.2%). For enterprises that responded with difficulties, the proportion of female-owned enterprises that responded to difficulties was higher than that of male-owned enterprises. For enterprises that responded with difficulties, there are

two main difficulties: the lack of human resources with foreign language skills to access foreign markets and the lack of human resources with specialized skills in e-commerce.

Sales methods applying e-commerce of enterprises are described in Table 3. Accordingly, there is a difference between female-owned enterprises and male-owned enterprises, the proportion of female-owned enterprises is used. Domestic e-commerce floors for selling goods are nearly 3 times higher than male-owned enterprises, while the percentage of male-owned enterprises using foreign e-commerce floors is 1.8 times higher than that of female colleagues.

Table 3: Types of sales

		B2B	B2C	Domestic e-commerce floor	Foreign e-commerce floors	Business website
All businesses surveyed	Participated/done	46.3	43.3	22.1	7.5	32.6
	Already know/have learned	51.7	55.3	70.5	78.2	58.3
	Don't know information	2.0	1.3	7.4	14.3	9.0
	Total	100.0	100.0	100.0	100.0	91.0
Women-owned businesses	Participated/done	64.5	61.0	32.5	5.3	43.8
	Already know/have learned	32.9	37.7	57.1	78.9	45.2
	Don't know information	2.6	1.3	10.4	15.8	11.0
	Total	100.0	100.0	100.0	100.0	100.0
Male-owned businesses	Participated/done	27.4	24.7	11.1	9.9	21.1
	Already know/have learned	71.2	74.0	84.7	77.5	71.8
	Don't know information	1.4	1.4	4.2	12.7	7.0
	Total	100	100	100	100	100

Source: Survey on e-commerce applications in April 2020, unit: %. *: Tiki, Sendo, Shopee, Lazada... **: Amazon, Alibaba, Ebay

To evaluate the effectiveness of participating in e-commerce, the research team asked businesses to evaluate how their production - business results and interactions with

online customers have changed after participating in e-commerce, and gives the results in Table 4.

Table 4: E-commerce participation efficiency

	All businesses surveyed		Women-owned businesses		Male-owned businesses	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Total revenue	93.2	2.3	96.6	0.0	86.7	6.7
Export revenue	84.1	2.3	86.2	0.0	80.0	6.7
The number of visitors to the website of the business	84.1	0.0	82.8	0.0	86.7	0.0
Appear on google search	77.3	0.0	86.2	0.0	60.0	0.0
Online export cost compared to traditional export	22.7	40.9	27.6	34.5	13.3	53.3

Source: Survey on e-commerce application in April 2020, unit: %

In general, the understanding of e-commerce, digital business, and digital export of female-owned enterprises is not significantly different from that of male colleagues, female-owned and male-owned businesses. There is not much difference when it comes to the challenge of applying e-commerce in general and applying e-commerce in export in particular. However, the difference between female-owned and male-owned enterprises when applying e-commerce in production and business in Vietnam is: Firstly, female-owned enterprises have a significantly higher proportion in using e-commerce. Internet for: (i) Operating a business; (ii) Doing business on the e-commerce floor; (iii) Update information on the enterprise's website; (iv) Advertising on social networks. Second, female-owned businesses face more difficulties than male colleagues in building and managing website content. Third, in logistics, delivery, and freight services, there is a big difference between the sexes, the proportion of female-owned enterprises is much more difficult than that of male colleagues. Fourth, the proportion of female-owned

enterprises using domestic e-commerce floors to sell goods is nearly three times higher than that of male-owned enterprises, while the proportion of male-owned enterprises using foreign e-commerce platforms is higher. 1.8 times that of female colleagues. This is similar to the announcements of the Ministry of Industry and Trade (2021)^[3], IFC (2017)^[8], VCCI (2019)^[13], Le Quang Canh *et al* (2016)^[11].

4. Conclusion and recommendations

From the above results, the research team draws some conclusions and recommends some solutions to remove difficulties for enterprises in general and women-owned SMEs in particular as follows:

Women-owned SMEs have little voice in society. The occasional appearance of these enterprises in the mass media presents two problems. First of all, women-owned businesses need to actively have a voice and conduct formal activities to call attention and thereby gain their rights in support programs of the State and society. In addition, state management agencies also need to properly recognize the

importance of e-commerce development for women-owned SMEs.

The lack of cohesion appears from both sides (the State and enterprises) making information about support and training programs and policies not reach women-owned SMEs. Increase resources for activities to support women-owned SMEs participating in e-commerce at both central and local levels. Activities to support SMEs to participate in e-commerce, focusing on this audience, are aimed at disadvantaged businesses in society. Investment in resources (human and financial) is required to implement the provisions of the law and promote the legitimate rights and interests of women-owned SMEs as well as ensuring a healthy business environment, not falling into the "trap" of discrimination against other business sectors.

In the context of limited resources, organizations such as the Vietnam Women's Union and professional associations need to pay attention to coordinate with state agencies in projects/programs to include content to support female-owned SMEs to increase the application of e-commerce in production, business and export activities in the near future. In the near future, in order to support female-owned SMEs in Vietnam to strengthen the capacity of e-commerce application in production, business and export activities in domestic and foreign markets, the research team has a number of proposals: i) Research to approach a number of global initiatives/programs to support female businesses, in which the initiatives/programs to support the application of e-commerce in production, business and export are noted; ii) Develop a support program for female exporters; iii) Implement training and support programs for women-owned SMEs to apply e-commerce directly in production, business and export; iv) Building corporate websites, accessing foreign e-commerce floors.

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