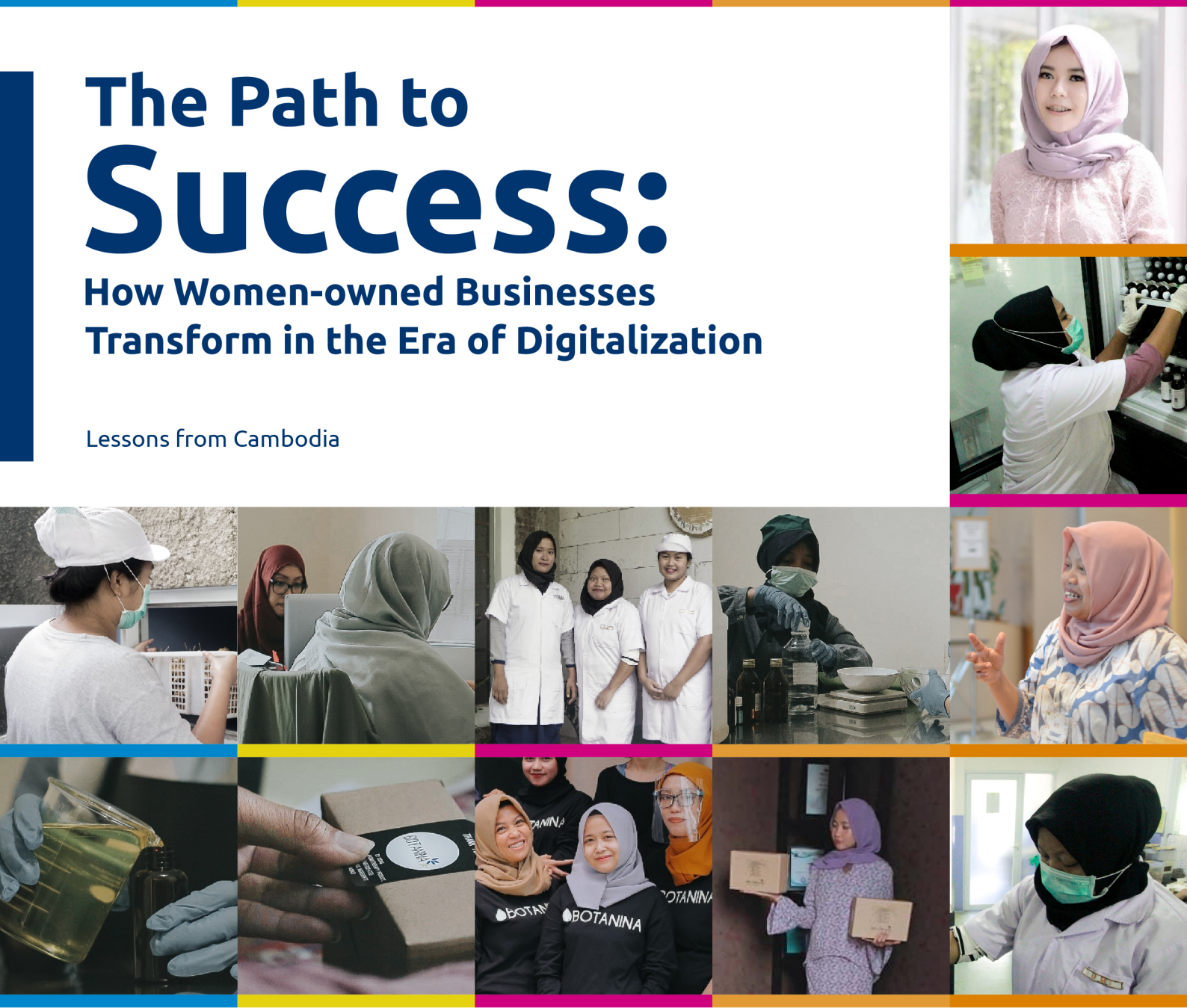




# The Path to Success:

## How Women-owned Businesses Transform in the Era of Digitalization

Lessons from Cambodia





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# Foreword from Woomentum



**Mouna Aouri**

Digital technologies are fundamentally changing the way we live, work, and innovate. Touching every sector, digitalization is not only opening new doors for business growth but transforming the foundations of the way business is run in the twenty-first century. The Covid-19 pandemic has both accelerated adoption of these digital changes and brought their potential into sharp focus.

But the endless possibilities created by digital technologies can present their own challenges for small businesses uncertain about where to begin this transformational journey. What strategy should I adopt? How do I learn about it, and who will help me implement it? Is the technology I want available to me? And if not, are there equivalent technologies in my local context and within my budget? Adopting new technology can be overwhelming as it requires knowledge, an open mindset, and suitable infrastructure. These issues are the focus of this research, which attempts to answer these questions and develop recommendations for key stakeholders to help businesses achieve success.

Why is digitalization so important? Is it a necessity or an optional extra? These are questions we often hear from our respondents and community members. The Southeast Asian digital economy is estimated to hit \$300 billion by 2025.\* We believe that women entrepreneurs should be equipped to be part of it, keeping their businesses relevant, prepared to scale, and enabled to flourish. Not only that: we firmly believe, in the long run, that this digital revolution can help women entrepreneurs overcome the gender-specific challenges they face, in turn empowering their families, communities, and society as a whole.

How will they do this? Today, in our target countries (and beyond), women entrepreneurs must juggle their business responsibilities alongside traditional family roles, often with no support from their spouses. Women entrepreneurs still cannot network the way their male counterparts can due to social and cultural stigmas. Yet today, there are tools that can help address those issues, providing women with the flexibility they need. From remote team collaboration platforms to e-commerce, digital tools can help women increase the efficiency of their business processes, increase productivity, save costs, and grow their revenues.

I am grateful for the eighty-six women entrepreneurs from Indonesia, Myanmar, Malaysia, and Cambodia, who came forward to share in-depth the successes and struggles they have experienced in running their businesses. We've been blown away by the stories of courage and determination in the face of the Covid-19 pandemic. I am also grateful for the forty-seven industry experts, policymakers, private sector, and professional association leaders who came together both online and offline to contribute to the findings.

I believe that by understanding the challenges facing women entrepreneurs, both as business owners and as women, we can recognize the inhibiting factors to their success. Only once these obstacles are identified can we create solutions. I hope this publication will provide recommendations that will help advance the ecosystems that support women-owned SMEs.

Finally, I hope this publication can reach readers around the world who are interested in the topic and keen to understand it in the context of Southeast Asia. I am also excited to share with our readers that this publication will be translated into Khmer, Burmese, and Bahasa Indonesia so that everyone can benefit from the findings in their native language.

I would like to thank my team at Woomentum and all the country researchers, report writers, editors, and designers, for their tireless work to make this publication come to life.

We are proud to partner with Konrad-Adenauer-Stiftung (KAS), who are big advocates for gender equity in the region and beyond. It has been an incredible journey producing concurrent research in four countries managed from KAS Tokyo office amid the COVID-19 crisis. We couldn't have done it without digital technologies!

Sincerely,

Mouna Aouri  
Founder & CEO of Woomentum

\*Source: Google/Temasek Holdings/Bain & Company Annual report 2020

# Foreword from Konrad-Adenauer-Stiftung



**Rabea Brauer**



**Cristita Marie Perez**

The main obstacles hindering women from being successful entrepreneurs goes beyond equal opportunities and quotas. Oftentimes, it is as simple as not being granted a bank loan because of unmet requirements. Sometimes, the inability to escape the dependencies of family obligations scales back your business. It is the lack of technical means leading to the disadvantage of digital solutions.

These are some of the main findings of our research project “The Path to Success: How Women-owned Businesses Transform in the Era of Digitalization. Case Studies from Indonesia, Cambodia, Malaysia, and Myanmar”.

The entire project is a collaboration between the Konrad-Adenauer-Stiftung (KAS) regional program, Social and Economic Governance in Asia (SOPAS), and Woomentum, a membership-based collaboration platform that connects entrepreneurs, industry experts, corporate leaders, and investors to share knowledge, solve challenges, and access opportunities to grow their businesses. This project is an important component to the SOPAS pillar, advancing women in leadership positions and an additional contribution to the (admittedly scarce) literature on the current state and experiences of digitalization among women-owned small and medium enterprises (WSMEs) in Asia.

One-on-one interviews, expert interviews, and advisory panels with WSMEs, government institutions, and business associations in four Southeast Asian countries were conducted to measure the impact of digitalization, assess its challenges, and demonstrate the new opportunities that are available to women entrepreneurs. The research looks at the effects of digitalization on WSMEs’ (1) access to financing, (2) access to mentoring, networking, and skills, (3) business process and management, as well as (4) COVID-19 crisis management.

The common WSME challenges across four countries are highlighted in the introductory chapter. The chapter also discusses a general framework, comprising both policy and practical recommendations that governments and private organizations can take on to encourage women entrepreneurs to take advantage of the opportunities that digitalization offers. The succeeding chapters include country studies on Cambodia, Indonesia, Malaysia, and Myanmar. The country case studies provide a more in-depth analysis of the general findings introduced in the first chapter.

We would like this research to contribute to the much-needed improvement of the policy framework (and, to some extent, to the cultural and social context) that governs women-owned SMEs as they play an increasingly significant role in Southeast Asian economies.

**Rabea Brauer**

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**Cristita Marie Perez**

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KAS Japan

# Acknowledgments

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This report was prepared as a joint effort between the Konrad-Adenauer-Stiftung (KAS) and Woomentum to shed light on the challenges faced and opportunities provided by digitalization to women-owned small and medium enterprises in Southeast Asia, particularly in the backdrop of the COVID-19 global pandemic. This research idea was initiated by Mouna Aouri and Socheata Touch and fully funded by KAS. Mouna Aouri designed and directed the project with the assistance of Juliana Tyan.

Talitha Amalia managed and co-authored this multi-country report production with Anuradha Rao and Suhaila Binte Zainal Shah. The case studies are from 1) Indonesia, whose research was conducted and written by Talitha Amalia, assisted by Farah Aulia and Nenden Sekar Arum, 2) Myanmar, whose research was conducted and written by Su Mon, assisted by Su Lynn Myat, 3) Malaysia, whose research was conducted and written by Tina Leong, assisted by Lim Zhen Hui, Nadhilah Zainal Abidin, and Amani Mohamad Husaini and 4) Cambodia, whose research was conducted by Sophorn Tous, assisted by Sar Senkethya. The Cambodia case study was authored by Anuradha Rao, assisted by Talitha Amalia and Suhaila Binte Zainal Shah.

During the book's preparation, many colleagues at the KAS, Woomentum, and elsewhere made important contributions in the form of invaluable technical advice and comments. The project team would also like to recognize the valued contributions from all the experts and advisory panelists participating in the research through interviews and sharing of experiences, including government officials, investors, entrepreneurs, business associations representatives, academia, and other key stakeholders. Lastly, the team would like to apologize to anyone who may have been overlooked inadvertently in these acknowledgments.



# Table of Contents

<b>Foreword from Woomentum</b>	<b>ii</b>
<b>Foreword from Konrad-Adenauer-Stiftung</b>	<b>iv</b>
<b>Acknowledgments</b>	<b>vi</b>
<b>Table of Contents</b>	<b>vii</b>
<b>List of Figures</b>	<b>ix</b>
<b>List of Tables</b>	<b>x</b>
<b>Acronyms and Abbreviations</b>	<b>xi</b>
<b>Executive Summary</b>	<b>1</b>
<b>1 Country Background</b>	<b>7</b>
Digitalization and Economic Growth	8
Digitalization and SMEs	9
<b>2 Methodology</b>	<b>11</b>
Impact of COVID-19 on Data Collection	11
Data Analysis	12
About the Participants	12
<b>3 Interview Findings</b>	<b>14</b>
Pillar 1: Access to Financing	14
Pillar 2: Access to Mentoring, Networking, and Skills	15
Pillar 3: Business Processes and Management	18
Pillar 4: Crisis Management (COVID-19)	22
Challenges	23
Opportunities	26
WSME Highlight 1: LM Lima Angkor Food Co., Ltd	27
WSME Highlight 2: Keiy Tambanh Khmer Enterprise	28

<b>4 The Future of Digital Transformation for WSMEs</b>	<b>29</b>
Expert Interviews	29
Advisory Panel	31
Practical and Policy Recommendations	31
<b>5 Conclusion</b>	<b>33</b>
<b>Endnotes</b>	<b>34</b>
<b>Appendices</b>	<b>37</b>
Appendix A: Cambodia’s Expert Interviewees	37
Appendix B: Cambodia’s Advisory Panelist	38

# List of Figures

---

1: Participant Company Age Distribution	12
2: Participant Age Distribution	13
3: Participants' Enterprise Subsectors	13
4: Utilized Sources of Funding	15
5: Access to Mentoring	16
6: Access to Skill-Building	17
7: Obstacles Towards Access to Mentoring, Networking, and Skill-Building	18
8: Benefits of Technology Adoption for Participants' Businesses	19
9: Forms of Digital Technology Adoption used by WSME Participants	20
10: Impact of COVID-19 to WSME Participants	21
11: Challenges Faced by WSME Participants	23
12: Gender-based Barriers to Digital Technology Adoption	25

# List of Tables

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1: SME Definitions (Source: Ministry of Industry and Handicraft)	9
2: Digital Tools Used by the Participants	21
3: Emerging Opportunities for WSMEs Impacted by Covid-19	26

# Acronyms and Abbreviations

ASEAN	Association of Southeast Asian Nation
BNI	Business Networking International
CEO	Chief Executive Officer
CIES	Cambodia Inter-censal Economic Survey
COVID-19	Coronavirus Disease 2019
CRM	Customer Relationship Management
CWEA	Cambodian Women Entrepreneur Association
F&B	Food and Beverage
Fintech	Financial technology
FMCG	Fast-moving consumer goods
GDP	Gross Domestic Product
GPS	Global Positioning System
ICT	Information Communication and Technology
IFC	International Finance Corporation
IT	Information Technology
JICA	Japan International Cooperation Agency
ME	Medium Enterprise
MSMEs	Micro, Small, Medium Enterprises
POS	Point Of Sales
SE	Small Enterprise
SME	Small and Medium Enterprise
WSME	Women-owned Small and Medium Enterprise
YEAC	Young Entrepreneurs Association of Cambodia



# Executive Summary

## Key Issues

Digital technologies, often referred to as computer-based products and solutions, are transforming industries everywhere, and the Southeast Asia region is no exception. In particular, Southeast Asian countries stand to benefit from digitalization embraced by its small and medium enterprises (SMEs), which includes women-owned SMEs (WSMEs).

Catalyzing women's entrepreneurial talent can bring many benefits, such as the advancement of women's economic empowerment and female labor participation, which in turn will fuel the region's socio-economic growth. However, although the rate of self-employment of women in the Southeast Asian region is high, women-owned businesses often lose out in competition, profitability, and size to male-owned enterprises, with little potential for further growth. Moreover, women entrepreneurs face many formidable challenges, especially as gender inequality and underutilization of female talent are deeply ingrained in Asian countries.

Economies and societies around the world, however, have been hit hard by the Novel Coronavirus or COVID-19 outbreak that engulfed the world from early 2020 onwards. COVID-19 has not only caused disruptions in global supply chains and border management but also severely impacted normal day-to-day social interactions, behaviors, and practices. However, the onset of COVID-19 also brought about a new appreciation for digitalization, as companies all over the world were forced to adapt and embrace new digital technologies during lockdowns. This study argues that digitalization can offer new potential for WSMEs to grow and innovate, as well as offset some of the gender-related barriers towards further leveling the playing field. By undertaking a comparative study in real-time and by considering the impacts of COVID-19 on the relationship between digitalization and WSMEs, it is hoped that this report makes a significant contribution to the emerging literature on digitalization and WSMEs in Southeast Asia.

A qualitative approach was adopted for this research, with data collection conducted in four Southeast Asian countries and each consisting of three main components: a series of in-depth interviews with female entrepreneurs, expert interviews with different stakeholders, and an Advisory Panel, involving women in entrepreneurship and experts brought together to formulate practical and workable recommendations and solutions. The interviews with WSMEs, experts, and the advisory panel discussion were structured to gather insights surrounding four pillars as representative of key areas in which digitalization can bring opportunities and challenges: 1) Access to Financing, 2) Access to Mentoring, Networking, and Skills, 3) Business Processes and Management, and 4) Crisis Management (COVID-19).

### Key Findings

#### Pillar 1: Access to Financing

The issues that WSMEs faced concerning access to financing in each of the four countries varied slightly. In Indonesia, the key obstacle in the utilization of digital technology to gain external financing was fear and lack of motivation, as participants mentioned that there was no urgency to do so. For WSMEs in Myanmar, access to financing was the most challenging issue. Aside from the rarity of grants targeted explicitly at WSMEs in Myanmar, there was also a lack of alternative financing options. Meanwhile, in Malaysia, the key issue to emerge was WSMEs doubts over stakeholder protection in the alternative financing sector, especially when compared to established financial institutions. This is likely due to a notable lack of awareness, as expressed through inaccurate perceptions of the mechanisms of alternative financing, as well as specific financing options from the government. In Cambodia, limited financial literacy and tax compliance were cited as key factors that hindered participants' adoption of digital technologies to finance their businesses.

Across all four countries, we found that most WSMEs interviewed utilized internal financing to run their business. Of the fewer number of participants that had gained external sources of funding, the most common type of funding was bank loans in Cambodia and private equity acquired from personal connections in Indonesia. In Malaysia, however, a strong preference for internal financing was found amongst participants, with bank loans rarely used. Utilization of alternative financing through digital financial services (DFS) was found among very few participants, possibly due to lack of awareness and understanding of external funding sources.

#### Pillar 2: Access to Mentoring, Networking, and Skills

A common theme discovered among the research participants was their limited professional networks, which further limited their access to mentoring and skills development. In Indonesia, many participants believed that as family responsibilities fell on their shoulders, family should come first. Therefore, they often missed opportunities to attend mentoring, networking, or skill-building programs run by the government or private sector, even if they were held online. The limiting factor for WSMEs in Myanmar was found to be more external, in that there were less informal networking opportunities available for women than for men. In Malaysia, there was an existing reluctance to seriously explore global business opportunities—partly owing to the fear of being on the losing end of business deals, particularly in foreign countries. As in the case of Indonesia, WSMEs in Cambodia also found it quite challenging to participate in mentoring events or find time for e-learning opportunities, as they were already struggling to juggle their business and family obligations. They also had limited access to information on mentoring programs both inside and outside Cambodia.

WSMEs across all four countries also generally displayed eagerness in learning, with the increased utilization of digital technology as a means to obtain new knowledge in the face of COVID-19. Digital tools were leveraged to listen to talks and webinars, attend e-learning programs or courses, watch videos on relevant topics, and to connect with mentors and peers within their industries.

#### Pillar 3: Business Processes and Management

While participants in Indonesia and Cambodia were observed to experience issues with regard to gender-related business processes, this was not the case in Myanmar and Malaysia. The participants in Indonesia and Cambodia mentioned they were struggling to juggle between business and family obligations. As they undertook cultural roles as mothers and daughters while also operating their enterprises, they faced time constraints that restricted them from participating in skills development, as well as social networks and association activities and events. In Myanmar, the main barriers to digital adoption into WSMEs' business processes were language, awareness, skills, and resources.



Here, language was the biggest barrier for many of them to find appropriate digital solutions and acquire new digital skills. Malaysia's main obstacle to wider digitalization of business processes was a mismatch of features in relation to WSME critical business needs, as well as the cost of existing digital tools. Tools and software that may seem affordable to large corporations were seen as a major burden by many WSMEs.

The most popular digital technology used by a large majority of the participants was to increase sales/marketing, such as social media and official websites. Several participants had also adopted digital tools for improving internal business processes, such as procurement systems, supply chain management systems, customer relationship management (CRM) systems, and data analytics. In Indonesia, Myanmar, and Malaysia, the decision to digitalize seemed to be market-driven.

#### **Pillar 4: Crisis Management (COVID-19)**

In the face of COVID-19, a majority of WSME participants said they had been negatively affected, especially those in the business of tourism and food and beverage (F&B). Most participants were able to adapt with the aid of digital technology— however, this was mostly a reactive response and not the result of anticipatory crisis management. The COVID-19 pandemic forced WSMEs in all four countries to increase digitalization of their business, or begin to adopt digitalization if they hadn't before, to maintain productivity and collaborate while working remotely.

### **Key Recommendations Specific to Government Institutions**

#### **Initiate gender-focused financing schemes, such as investing in and with women entrepreneurs, which can be accessed digitally.**

The government can regulate and increase the amount of financing flowing to WSMEs, such as loans or equity financing, through funds that invest with a gender lens. Such intervention will ideally be combined with other capacity-building programs for the WSMEs and financial intermediaries.

#### **Develop business training programs for owners and employees that specifically address the gender-equality agenda.**

This can include incentive schemes for women entrepreneurs who innovate with digital technology applications. Education and training targeted at WSMEs should take into account societal and cultural contexts, such as using local language(s), and incorporate practical tips for women to thrive in both business and personal life.

#### **Ensure the accessibility, safety, and transparency of all regulatory compliance that can support the growth of WSMEs.**

Make gender-equality policies mainstream across all major SME policy-making agencies, and ensure all regulatory compliance processes are more centralized, transparent, and efficient to reduce gender-based discrimination. E-government initiatives are necessary, but they need to be supported with regulations to protect data privacy and security of WSMEs and all ecosystem stakeholders.

### **Provide pandemic stabilization and recovery funds, employment wage subsidy schemes, loan relaxations, and tax waivers to WSMEs.**

The pandemic aid provided for WSMEs should also be time-limited, targeted, transparent, and non-discriminatory, equally accessible for both small and medium enterprises. In addition, governments can work with the private sector to proactively provide clear requests and guidelines for WSMEs to put measures in place that will prevent the spread of COVID-19 in the workplace while ensuring productivity.

### **Key Recommendations Specific to Institutions Providing Assistance to WSMEs**

#### **Increase public awareness and make the funding gap for WSMEs more visible.**

The private sector, including think-tank organizations and nonprofits, can highlight stories about how scarce woman CEOs and woman founders are. Furthermore, they can investigate if funding for WSMEs is widely accessible, e.g. how many venture capital-backed WSMEs, woman investors, and women acting as grant committees exist.

#### **Encourage non-conventional skills development and address gender stereotypes through training and talks in local languages.**

A gender stereotype is harmful when it limits women entrepreneurs' capacity to develop their personal and professional abilities. . Moreover, as technologies constantly transform economies, soft-skills education, such as a growth mindset and change management, is needed for WSMEs to thrive.

#### **Popularize success stories of digitally- enabled WSMEs.**

Institutions providing assistance to WSMEs can help increase the awareness of data privacy and security in publicly- or privately-organized events. Success stories provide tangible examples to inspire other WSMEs to adopt digitalization.

#### **Promote the benefits of joining business communities and associations so that WSMEs can learn from other experienced entrepreneurs and mentors to prepare for crises strategically.**

Business communities and associations can provide more digital networking, skills building, and mentoring opportunities. This will be an important area for the private and public sectors to innovate, given that digitalization will only increase in the post-pandemic environment. Furthermore, consultation and learning opportunities provided by qualified professionals with a proven track record in relevant fields are needed to develop business continuity plans and prepare for unprecedented changes.





# Cambodia Case Study



# 1

## Country Background

### Digitalization and Economic Growth

In the last two decades, Cambodia has become one of the fastest-growing economies in the world, with an average annual GDP growth rate of 7.1 percent in 2019.<sup>1</sup> This also made it the fastest-growing economy in Southeast Asia in 2019, followed by Vietnam (7 percent) and Myanmar (6.8 percent).<sup>2</sup> While growth has been underpinned by exports of goods and services (mainly garments), construction and tourism have also made important contributions.<sup>1</sup>

Over the last 20 years, Cambodia's population increased by 50 percent, reaching just short of 16 million in 2020<sup>3</sup>, and is expected to continue growing over the next 35 years, with a projected population of 22.5 million by 2050.<sup>1</sup> This young and growing population is increasingly embracing the internet and suggests a huge potential market for the private sector and the growing digital economy in Cambodia.

The country has made rapid strides in its internet penetration rate. There were 9.7 million internet users in Cambodia in January 2020—an increase of 1.3 million between 2019 and 2020.<sup>4</sup> The same report notes that internet penetration in Cambodia stood at 58 percent in January 2020. Basic digital infrastructure has been growing in Cambodia: mobile broadband as a measure of mobile cellular subscription grew from less than 10 per 100 inhabitants in 2005 to 125 in 2016.<sup>5</sup> The digital uptake has been spurred by low internet subscription price, lack of physical landline infrastructure in the rural areas, and a large increase in smartphone penetration.<sup>1</sup>

Cambodia has placed great emphasis on the development of its digital economy. Digital technology is seen as the additional driver for economic growth that can help overcome the weaknesses of Cambodia's traditional "export-led" growth model. However, Cambodia lags behind its ASEAN neighbors on several fronts and faces several constraints in its transition to the digital economy, notably the low digital literacy rate, technology infrastructure, and regulatory framework.<sup>6</sup> Accordingly, the Royal Government of Cambodia's strategic framework aims to support the digital economy ecosystem through an emphasis on digital inclusion, digital skills development, and institutional regulation, among other things.<sup>7</sup>

Economic growth (accompanied by respectable successes in poverty reduction) has been largely unaffected by the country's regression towards autocracy and crackdown of political dissent, although it is unclear whether the type of growth is sustainable.<sup>8</sup> Two factors, however, that could potentially cause long-term and large-scale damage to Cambodia's rapid economic development are: (1) the withdrawal of the Everything But Arms (EBA) trade preferences from August 2020. It is estimated that the partial withdrawal of EBA, Cambodia's special admission to the European Union (EU) market, over human rights concerns could affect approximately 20 percent of Cambodia's exports to the EU<sup>9</sup>, and (2) the unexpected advent of the global COVID-19 pandemic in March 2020.

Although Cambodia didn't experience any surge in infections, the country was initially hard hit by the global economic crisis triggered by COVID-19. At the onset of the pandemic, the World Bank noted that by hitting Cambodia's main drivers of economic growth—tourism, manufacturing exports, and construction—the epidemic posed the greatest threat to Cambodia's development in 30 years.<sup>10</sup> While the nation's economy grew by 7 percent in 2019, the economy was expected to shrink by as much as 5.5 percent in 2020.<sup>11</sup>

This was, however, later revised to a 4 percent contraction, as Cambodia's economic forecast was revised upwards in September 2020, boosted by the government's swift actions and supportive immediate and short-term measures.<sup>12</sup> While this doesn't mean that Cambodia is out of the woods yet,

some observers have pointed out that the country is well prepared to deal with the social and economic impacts of COVID-19 and the EBA withdrawal.<sup>13</sup>

Further, COVID-19 also impacted the economy in unexpected but positive ways, including the digitalization of the Cambodian workforce, and the role of digital start-ups in blunting the economic impact of COVID-19. These and other issues related to digitalization and economic activity are investigated further in this report.

### Digitalization and SMEs

Cambodian enterprises can be categorized into large, medium, small, and micro-enterprises based on the amount of capital and number of employees (see Table 5.1).<sup>14</sup>

Type of Enterprise	Capital Investment	Number of Employees
Micro	Less than USD 50,000	< 10 employees
Small	USD 50,000-250,000	10-50 employees
Medium	USD 250,000-500,000	51-100 employees
Large or Macro	Over USD 500,000	Over 100 employees

Table 1: SME Definitions (Source: Ministry of Industry and Handicraft)

According to the 2018 annual report of the Ministry of Industry and Handicrafts, Small and Medium Enterprises (SMEs) contributed to Cambodia's economy significantly, accounting for 70 percent of employment, 99.8 percent of companies, and 58 percent of GDP.<sup>8</sup> SMEs employed 13 percent of the labor force, micro enterprises accounted for 58 percent, and large enterprises accounted for 28 percent. The report also noted that the rise in the number of SMEs has contributed to poverty alleviation efforts, as they create job opportunities nationwide, generate income for low-income

earners and vulnerable communities, and support economic sustainability.

The 2019 IFC report noted that women-owned businesses in Cambodia (much like male-owned enterprises) are largely micro and informal.<sup>15</sup> Given the paucity of data, the most accurate statistics are from the 2014 Cambodia Inter-censal Economic Survey (CIES), according to which, women entrepreneurs owned 62 percent of micro-enterprises and an impressive 26 percent of SMEs in Cambodia.<sup>15</sup>

A majority of WSMEs are not incorporated, and the IFC report<sup>15</sup> points to several factors behind the preference for this 'informality'. Some entrepreneurs did not see the need to be registered; some did not want to pay taxes, while others struggled with the complexity of procedures and high cost. The lack of incentives for formalization is also one of the reasons that WSMEs prefer to stay informal.

This preference for informality does not take away from the notable contribution of WSMEs to private sector development and rapid economic growth in Cambodia.<sup>16</sup> The 2019 IFC report<sup>15</sup> found that 90 percent of WSMEs were profitable in 2018 and that they also represented greater participation by women entrepreneurs in the private sector than in other countries in the region.

Digitalization is rapidly changing the context within which WSMEs in Cambodia operate. Digitalization has the potential to usher in new opportunities for female empowerment and for a more equal female participation in labor markets, financial markets, and entrepreneurship.<sup>17</sup> New information and communication technologies (ICTs) have provided a range of opportunities for women in different types of businesses in Cambodia as well. The 2019 IFC study<sup>15</sup> highlighted the significant role of financial technology (fintech) and ICT solutions in overcoming typical barriers faced by WSMEs.

These include access to basic education, limited employment prospects, access to markets and finance, gender stereotypes, and other limiting social and cultural norms. These norms affect and constrain female entrepreneurs in various ways, such as restricting their business time in dealing with male business workers or customers, including government officials.<sup>18</sup> These norms also influence gender roles, which traditionally push women to focus on household responsibilities.

Juggling between the roles and responsibilities of a businesswoman and homemaker limits much of their time, energy and flexibility, which affects their opportunities to network, up skill, and undergo training. In this report, the authors delve further into these aspects and examine the opportunities and challenges presented by digitalization to women entrepreneurs against the backdrop of the COVID-19 global crisis.



# 2

## Methodology

This research employed a qualitative approach through desk-review, in-depth interviews with WSME and expert participants, and an advisory panel discussion. The process of data collection was conducted in four phases:

Phase 1: Desk Review	Desk Review was conducted prior to data collection to understand the status of economic growth, policies and practices of digitalization and SMEs in Cambodia, including the support ecosystems of WSMEs in technology. The review also helped to design the research questions and to set the criteria for selecting participants, key experts, and the advisory group.
Phase 2: WSME Interviews	Semi-structured interviews were conducted with 20 WSME participants via offline and online modes in order to examine challenges and new opportunities experienced and overcome in terms of (1) access to financing, (2) mentoring networking and skills, (3) business management, and (4) crisis management.
Phase 3: Key Expert Interviews	4 Experts were selected for in-depth interviews to understand digital transformation and recommend solutions for SMEs to the relevant stakeholders who are working to support the SMEs ecosystem in Cambodia. These experts have specialization in supporting WSMEs, digital transformation, and with a women-in-business association in Cambodia.
Phase 4: Advisory Panel	7 Advisory Panel members were chosen to provide feedback on the WSME and expert interview findings and to identify gaps and make recommendations to strengthen the support ecosystem for WSMEs in Cambodia.

### Impact of COVID-19 on Data Collection

COVID-19 created some challenges for the research team while conducting field data collection, as participants' fears in meeting the authors delayed the interview processes. This also affected the data collection process, as it did not allow for in-depth interviews to be conducted. Once the Ministry of

Health's safety and prevention policies were in place, the requisite safe distancing measures were applied for offline interviews. Interviews were conducted via offline channels, such as phone and online meeting applications such as Google Meet, Telegram, and Zoom.

**Data Analysis**

Data analysis consisted of the process of ordering, categorizing, manipulating, and summarizing data to answer the research questions. Stages included:

1. Transcribing: using the transcript forms to record the answers of WSME participants during the interview;
2. Google Online Survey: to supplement the interview process, with questions developed by using numeric coding under each pillar;
3. Input Data Management: The raw data file was extracted after the responses were filed via a Google Survey form. Thereafter, all responses were put into an excel spreadsheet and double-checked;
4. Charting & Figures: The charts and figures related to data analysis were used to present and describe the summary of responses under the relevant pillars' discussions in the research findings;
5. Data Interpretation: Data analysis and the relevant charts and figures were used to explain the results of the study by generating relevant information in response to research findings and drawing conclusions.

**About the Participants**

For this research, small enterprises (SEs) and medium enterprises (MEs) were distinguished based on capital investment and the number of employees, as explained in Section 1.

A total of 20 female entrepreneurs were interviewed, of which 12 owned SEs and 8 owned MEs. These enterprises had been in business between 3-15 years, and were located in three provinces: Phnom Penh, Battambang, and Siem Reap. Of the 12 SEs, 8 were located in Phnom Penh, and 2 each in Battambang and Siem Reap provinces.

Of the 8 MEs, 7 were located in Phnom Penh, and 1 was located in Siem Reap.

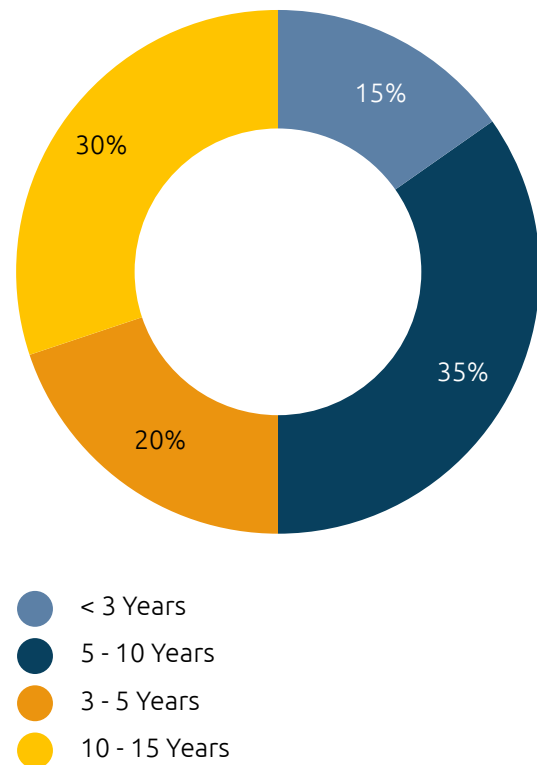


Figure 1: Participant Company Age Distribution

12 participants were members of professional associations, of which 3 were solely members of SME associations, and 9 were members of both SME associations as well as the Cambodian Women Entrepreneur Association (CWEA).

The respondents ranged in age from their 20s to their 50s, with the majority being in the 31-40 years old range. Except for 2 respondents, the remainder were married, of which all but 2 had children.

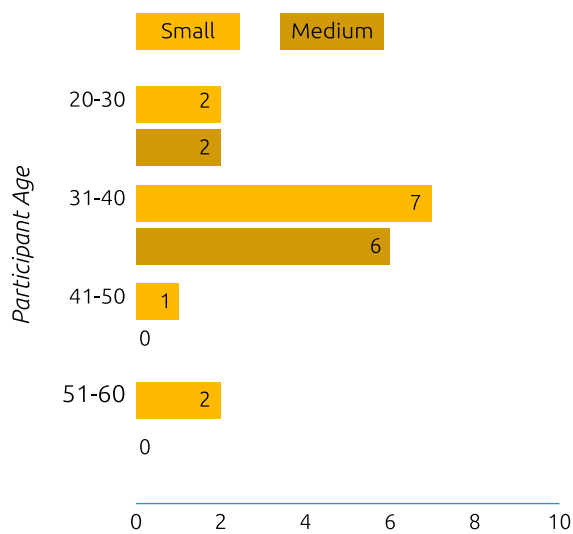


Figure 2: Participant Age Distribution

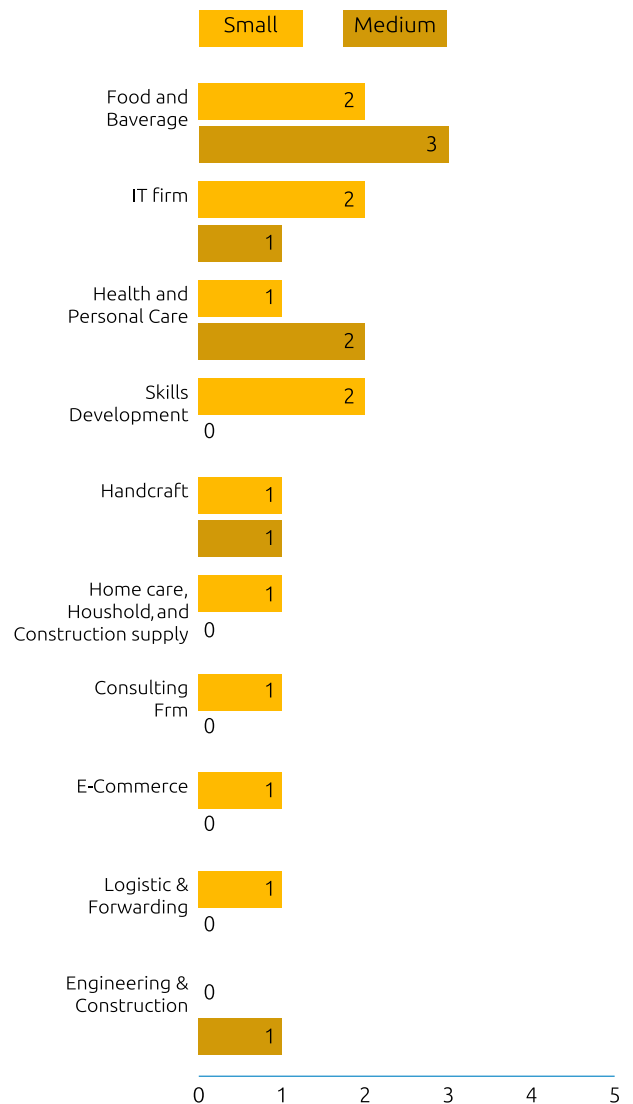


Figure 3: Participants' Enterprise Subsectors

The WSMEs participants were representative of a range of manufacturing and services sectors, and were further divided into 9 sectors, viz, Food & Beverage (F&B), Information Technology (IT), construction, health and personal care, skills development, textiles, consulting, e-commerce, and logistics.

# 3

## Interview Findings

Most WSME participants used personal funding to run their enterprise and for business expansion. Few participants were aware of crowdfunding opportunities, and those who were aware never applied due to the time constraints involved in learning about these alternatives. While some WSMEs applied for external funding, collateral requirements, complex procedures, limited financial literacy, and tax compliance were cited as key factors that hindered their adoption of digital technologies to finance their businesses.

### **Pillar 1: Access to Financing**

Interviews pointed to three main ways that WSMEs accessed financing for their operations: (1) personal funds, (2) external funds, and (3) combinations of both.

The interviews revealed that many WSME participants applied to multiple financing sources for their new businesses or to capitalize on market expansion, and to adopt new technologies. Majority of the participants preferred to use personal resources to develop their services and reach through software applications and e-commerce. They also sought loans from different funding sources, such as peer-to-peer lending, bank loans, Tongtin, and grants. Tongtin is a sophisticated form of informal rotating savings and credit association (Rosca) that is prevalent in Cambodia, and is a popular alternative to loans.<sup>19</sup>



Using personal resources to start a business is the best option, rather than borrowing from external funds. We don't know if our revenue for the first two or three- years will be able to keep the enterprise surviving or growing. We should avoid the burden of loan interest payments during this time (sic).

(ME Owner, Phnom Penh)

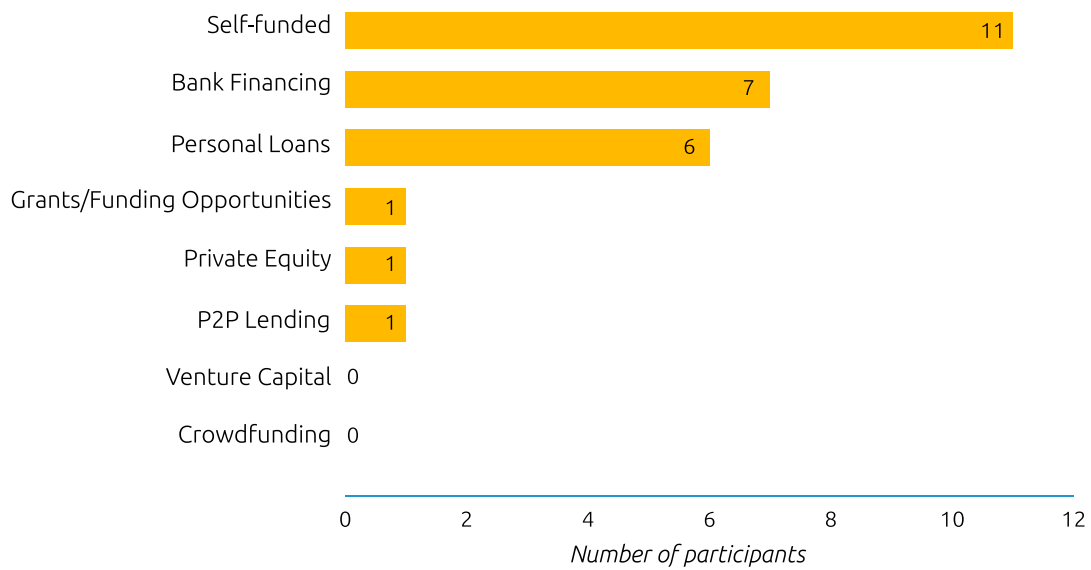


Figure 4: Utilized Sources of Funding

11 out of 20 participants used personal funds to fund their business, tapping into available savings, family property, Tongtin, and other sources of income. Majority of the participants used Tongtin as a method of financial support from their relatives and friends. Interviewees noted that while this loan method is culturally well accepted, it requires trust-building of both parties (borrower and lender). This funding method does not require any formal collateral requirements typically found in banks, although it sometimes requires a witness by peer lenders. It is also possible that borrowers will be asked to deposit a valuable item for loan safety.

Bank loans were the second most common source of funding. 7 WSMEs, including both SE and ME participants, accessed bank loans, as it was seen as possibly providing a larger source of capital investment for a business to scale. However, participants also noted many bank loans were associated with mortgages, which resulted in anxiety about losing their assets in case of a business failure.

Participants acknowledged the importance of adopting new technologies for funding but pointed out that it needed some financial investment. While this was a cost, it could help to speed up business operations and save time and costs in the long run.

14 out of 20 participants employed digital technologies for various purposes, including to avail of the opportunity of financing for business expansion. However, many of the respondents were unable to employ new digital technologies due to lack of accessibility to information about these technologies, as well as the burden of collateral requirements.

## Pillar 2: Access to Mentoring, Networking, and Skills

The research finding reveals that WSME participants have accumulated experiences in overcoming many barriers in their business journey. The majority recognized that having a mentor could contribute to business development and sustainability.

The majority (just over half) of the WSME participants noted that siblings, spouses, and relatives provided both emotional and mentoring support on business-related matters. This was closely followed by those seeking support from family/friends and a business coach or specialist. 13 out of 20 participants recognized that mentoring was very useful, and they would prefer to have a case- or issue-based mentoring individually or in small groups. They noted that such initiatives would help them to develop self-confidence and competencies in business operations, management, and leadership. Associations such as CWEA, Young Entrepreneurs Association of Cambodia (YEAC)<sup>20</sup>, and other business networks like CEO Master Club<sup>21</sup> and BNI<sup>22</sup> were seen as spaces for female entrepreneurs to seek mentoring support.



Being an entrepreneur needs diverse skills to do the job from 'A to Z'. Every entrepreneur needs good competencies and skills. To be a good role model and leader is the reason they need to upgrade skills and have a faithful partner or mentor who could share the experiences and knowledge in running a business (sic).

(Ms. Viriya Lim, Managing Director of LM Lima Angkor Food, Co. Ltd.)

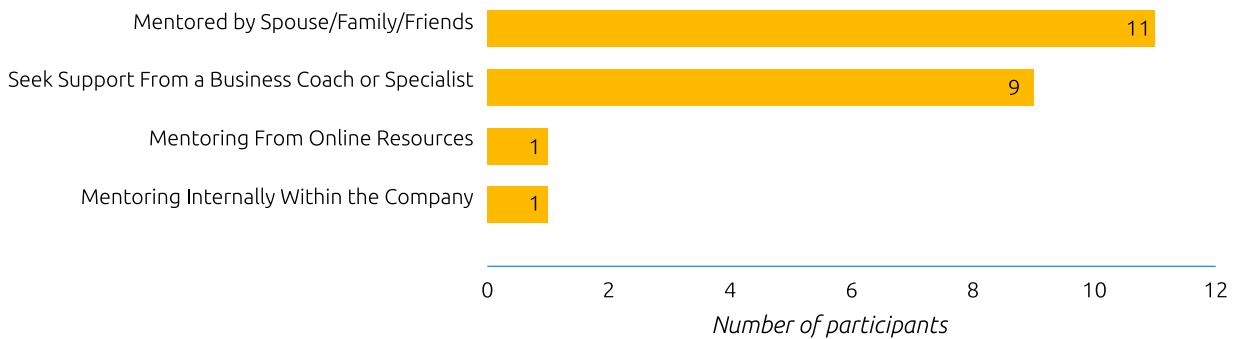


Figure 5: Access to Mentoring

Digital platforms played a significant role in facilitating learning and skills development, which participants noted as essential to weather the COVID-19 crisis. Interviews revealed that participants accessed both free, sponsored, and paid e-learning

programs or courses, on a wide variety of topics, including business fundamentals, accounting, finance, entrepreneurship, leadership and advocacy, negotiation skills, and coaching.

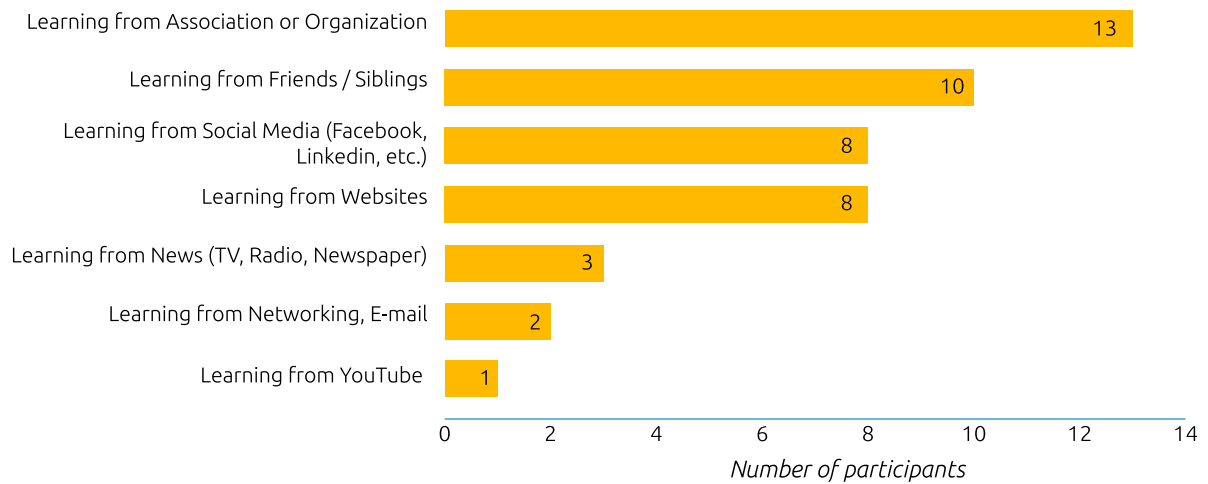


Figure 6: Access to skill-building

Several participants indicated that a comprehensive business mentoring program (within or outside the country) would be useful, but that it should be tailored to mentees' individual needs. They also noted that opportunities for networking and traveling locally and internationally would also help WSMEs learn from people from various backgrounds and contexts, particularly with respect to technological innovations that could be applied to their businesses.

However, some participants were unable to access and explore e-learning opportunities due to certain barriers. This included: limited access to information on mentoring programs both inside and outside Cambodia, as well as their limited connections

with business networks and associations. 4 out of 20 participants cited the lack of access to quality/reliable opportunities or programs as a key challenge.

For SE participants, in particular, the relatively high cost of e-learning was a formidable barrier. Many also found it quite challenging to participate in mentoring events or find time for e-learning opportunities, as they were already struggling to juggle their business and family obligations. Moreover, limited English proficiency and limited or lack of digital skills were also shared concerns for many SE founders.



Figure 7: Obstacles towards Access to Mentoring, Networking, and Skill-Building

The interviews revealed that staff mentoring and capacity building was not a priority for many participants. Instead, they generally focused on personal development over institutional capacity development. As owners or founders, they felt that they should upgrade their skills and knowledge at regular intervals. Further, they were hesitant to invest in employee training due to high staff turnover, which was one of the main factors contributing to the lack of institutional needs assessment of capacity building, and why employee mentoring was not considered by some founders.

### Pillar 3: Business Processes and Management

Participants noted that digitalization could help SME owners improve their business operations and overall performance. In response to how digital

technologies have changed their business, 10 out of 20 participants noted that it helped in better overall performance, while 7 participants each pointed to the impact of digital technologies in building and expanding their customer base; improving company reputation; and for faster and more efficient management and operation processes.

Participants also highlighted that digitalization of work processes helped to reduce costs, increase revenue, and help staff be more responsive in completing their tasks. However, participants differed in their decisions about how much and whether to adopt ICTs, as this would be a high cost, especially for SEs.



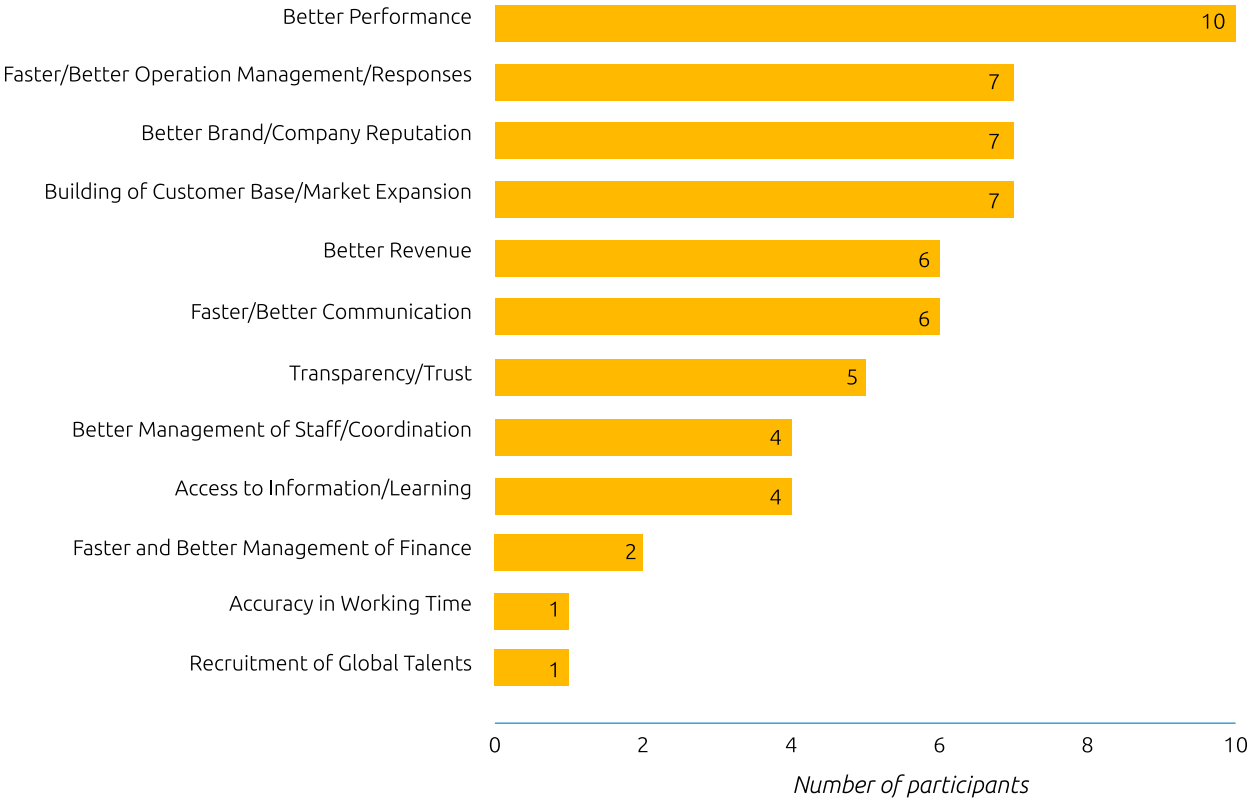


Figure 8: Benefits of Technology Adoption for Participants' Businesses

The research revealed that the participating SMEs used a variety of digital tools for business management/ processes, which included tools for: (1) communication (personal, work and networking) (2) sales and marketing (3) finance and accounting (4) payments and financial transactions (5) data management/storage, and (6) business operations and management (below).

Digital Technology Adoption

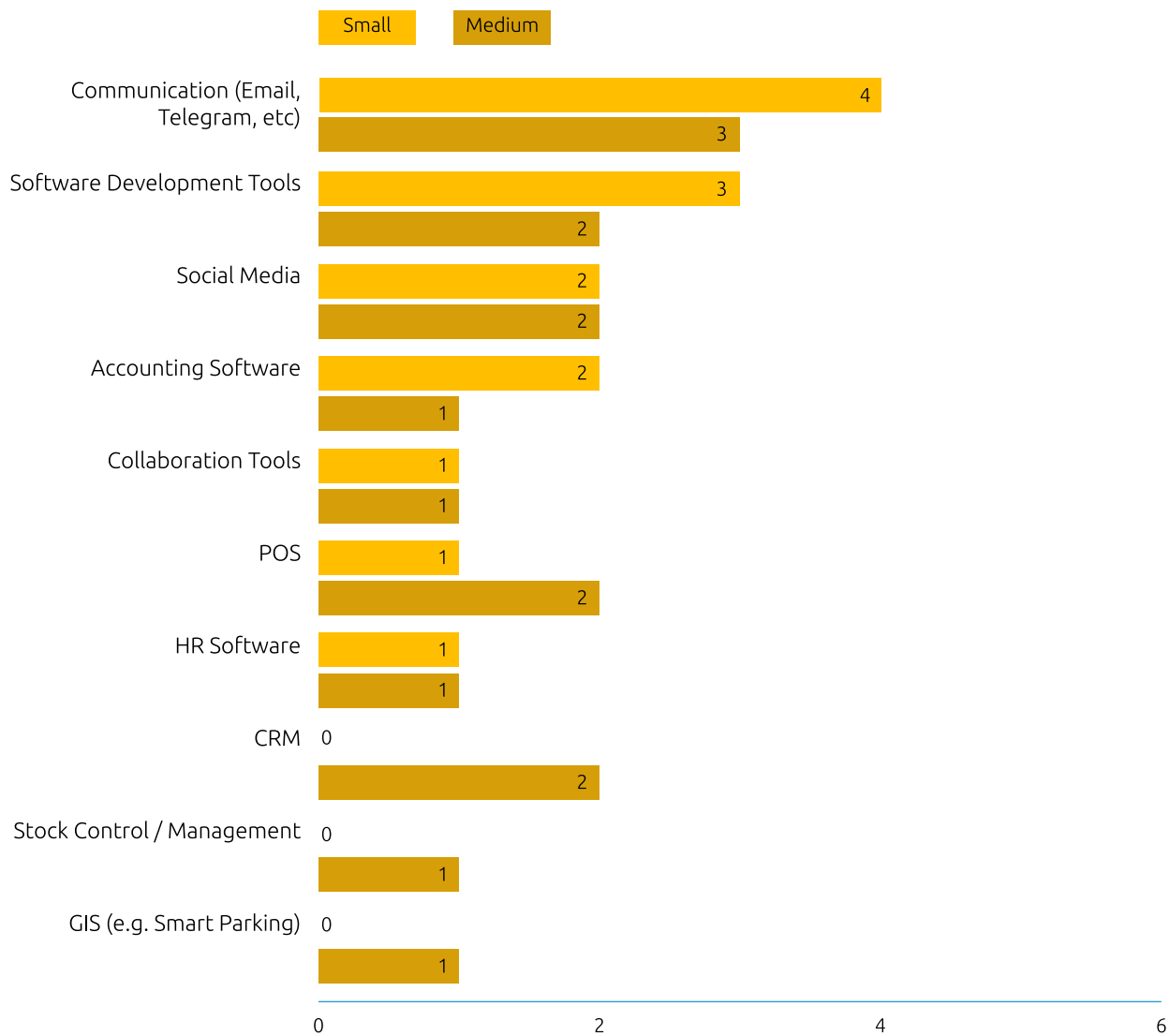


Figure 9: Forms of Digital Technology Adoption used by WSME Participants

1 General Communication	<ul style="list-style-type: none"> <li>● Social Media apps: Facebook, Telegram, Instagram, LINE, WhatsApp</li> <li>● Digital Devices: Cellular Phone, Laptop, iPad</li> </ul>
2 Sales and Marketing	<ul style="list-style-type: none"> <li>● Social Media Apps: Facebook, Line, Instagram</li> <li>● E-commerce: Khmum, WeMall, Personal Apps,</li> <li>● Company websites</li> <li>● Video, Pinterest</li> </ul>
3 Finance & Accounting	<ul style="list-style-type: none"> <li>● Fintech: BanhJi, POS, Bongloy</li> <li>● Accounting Software: Peachtree, QuickBooks</li> <li>● Excel, CRM system</li> </ul>
4 Payments & Transfers	<ul style="list-style-type: none"> <li>● Wing, True Money, ABA</li> <li>● Money Union Transfer, e-bank transfers</li> </ul>
5 Data Management/ Storage	<ul style="list-style-type: none"> <li>● iCloud</li> <li>● Google drive</li> </ul>
6 Operation and Management	<ul style="list-style-type: none"> <li>● Microsoft office: Word, Excel, PowerPoint</li> <li>● Meeting: Google Meet, Zoom, Skype, Telegram, Facebook, Cellular Phone</li> <li>● GitScrum, GitHub, Carrier Mapping</li> <li>● Google Earth, Google Map, Google Search, GPS</li> <li>● Company Apps: MyApp</li> </ul>

Table 2: Digital Tools Used by the Participants

Most MEs utilized digital technologies for the management of business and products, particularly well-known professional software such as Microsoft Office, as well as designing, location identification systems, virtual communication and meetings, and data management software.

In general, social media applications such as Facebook, Telegram, Instagram, LINE, and WhatsApp were used via digital devices—cellular phone, laptop and iPad—by both SEs and MEs. Social media was used most widely for customer outreach and for online sales.

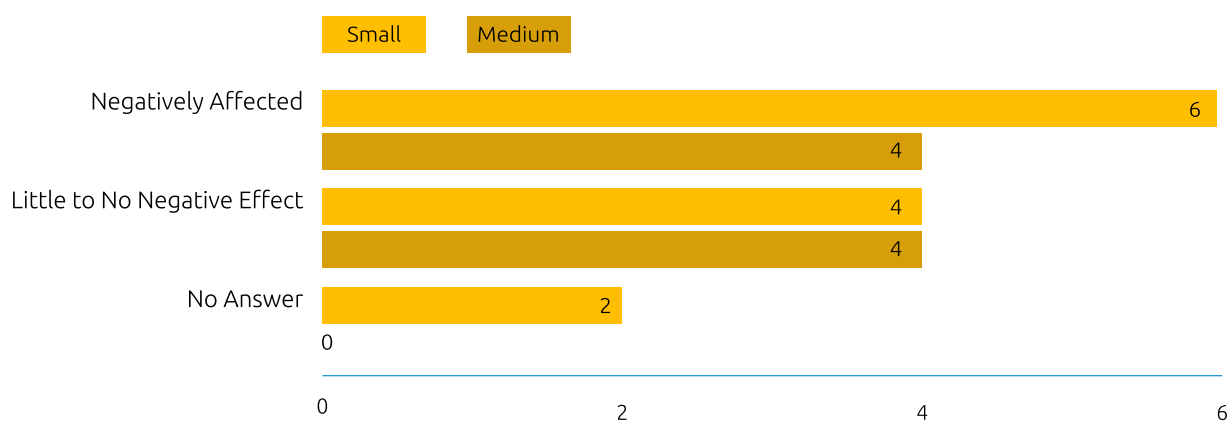


Figure 10: Impact of COVID-19 on WSME Participants

#### **Pillar 4: Crisis Management (COVID-19)**

COVID-19 initially posed one of the greatest threats to Cambodia's development in 30 years. However, at the time of writing this report, the government's swift action, and emergency and social support measures have left Cambodia well-poised to cope with the impacts of COVID-19.

With the rise of confirmed cases, the government took immediate measures, such as awareness-raising and social distancing, and imposed a lockdown during Khmer New Year in April 2020. As the whole country experienced an economic slowdown, fears of an emerging financial crisis increased social anxiety. The onset of the pandemic affected three sectors the most: (i) tourism, (ii) manufacturing exports, and (iii) construction.<sup>23</sup>

While risks remain, such as a continued slowdown in these key industries, supportive government policies and the lack of a public health crisis has seen an upward revision in its economic growth forecast in late 2020.

This may explain the research findings of the impact of COVID-19 on WSME participants. While the authors found that both SE and ME respondents were negatively impacted by COVID-19, the numbers were lower than expected. Only half of the

participants (10 out of 20) said they were negatively impacted, while 8 out of 20 (4 SEs and 4 MEs) said they felt little to no negative impact.

2 ME participants that were not affected by COVID-19 instead saw the pandemic as a solid opportunity to grow their market, and develop new products and services in response to the crisis. They also utilized digital marketing platforms to reach out to consumers directly online. These SEs offered Fast-Moving Consumer Goods (FMCGs), as well as IT and ICT solutions, which were in great demand during the height of the crisis. Some of these SE participants were able to increase their sales by three times during this period but noted that their sales performance dipped after the pandemic situation improved.

The pandemic largely affected sales performance due to social distancing restrictions that cause businesses to reconfigure their business processes and production. In particular, SMEs in the Food and Beverage services (F&B) sector were most significantly affected. Participants noted that 70-90 percent of their income earned from daily sales were lost, either due to their dependence on other retailers to supply their products, as well as the expiry of their products due to reduced consumption.



My business is badly affected, around 90 percent of revenue and production, including the supply chain....Usually, I could deliver around 300-400kg of meatballs per day to regular customers, but during the COVID-19 time, I could only sell out around 20kg. My market depends on local markets, marts, retail shops, and especially schools. Since all schools are closed, I lost the revenue, yet I still need to pay the workers and send them to work at the factory house as it is difficult to recruit new workers if we terminate their employment (sic).

(Meatball Enterprise Owner, Siem Reap)

### Challenges

This study has shown that WSMEs experienced similar challenges in technology adoption. The top five challenges for technology adoption identified by participants were: finding the right technologies, staff skills adoption and training, digital literacy/knowledge, founder/employer’s skills adoption and training, and lastly, high costs and resource constraints.

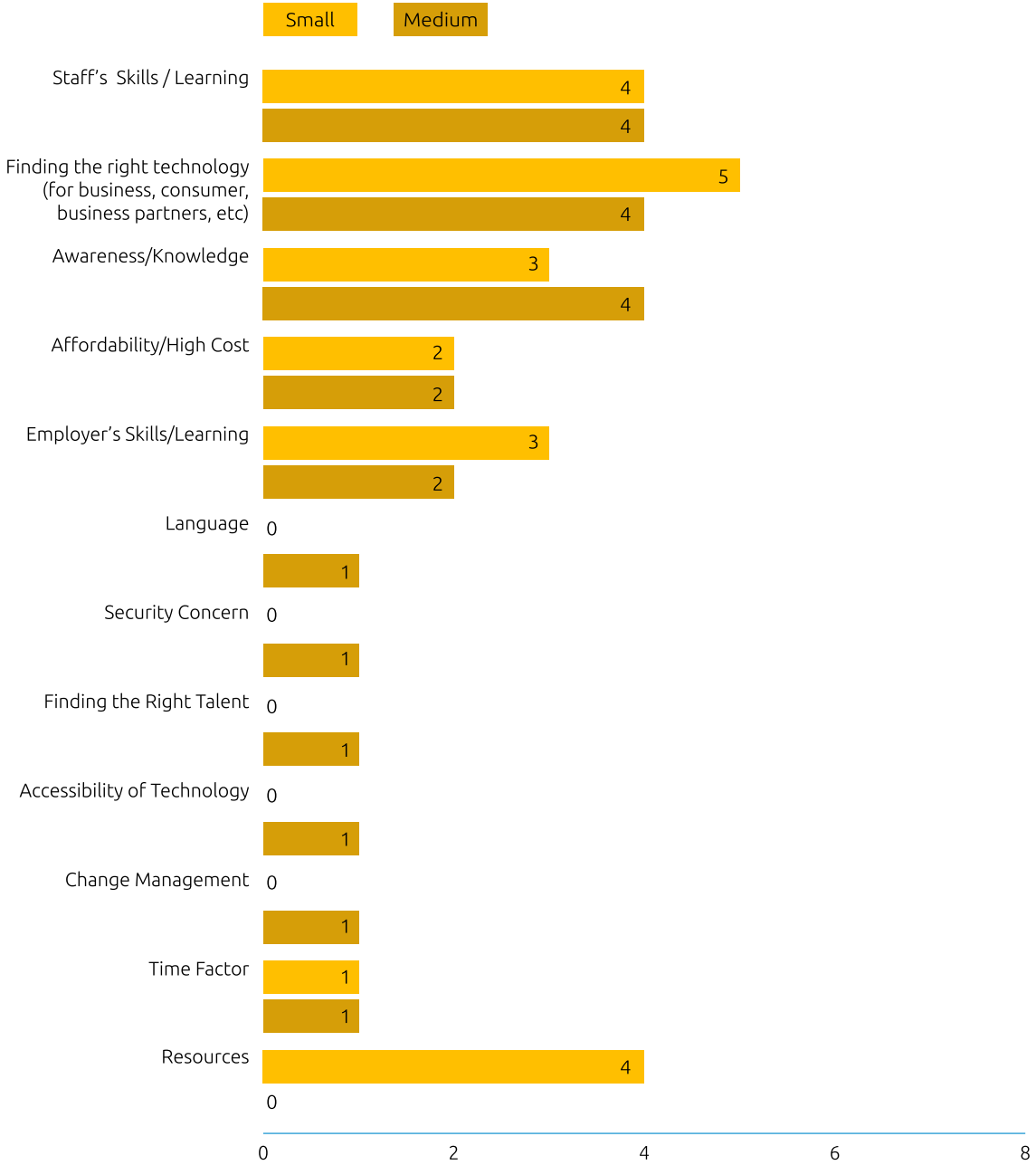


Figure 11: Challenges Faced by WSME Participants

Some WSME participants also noted customers' lack of intention to use e-commerce platforms due to reasons such as lower trust in quality of products, issues of payment security, and promised time of delivery. With little customer support, trust and demand, the participants were thus reluctant to invest in and adopt such technologies.

Some founders emphasized that e-markets could not fully satisfy consumers, as they wanted to experience the touch, look, and feel of the product physically before making a purchase. This is related to the first issue above about customer skepticism towards product quality. The owner of a company that produced silk garments noted that customers were not satisfied with seeing the products online and preferred to come down to the store to view the items before purchasing them. Naturally, this affected sales during the period when movement restrictions were in place and impacted the company's motivation to adopt digital processes.

In addition, digital platforms sometimes did not provide enough information to consumers, such as the availability of products displayed, which made online purchases cumbersome.

Digital literacy emerged as a major challenge to technology adoption. The complexity of applications and lack of English language proficiency (the English language is frequently used in the business sector) was a prominent constraint expressed by many participants, as it limited consumers' access to the digital marketplace. SE founders noted that their limited digital literacy made it difficult for them to access digital platforms and devices and understand digital functions. For example, small scale production enterprises based in Siem Reap and Battambang provinces, which are likely to adopt the family business model and have limited knowledge of business strategy models, cited constraints of digital literacy and limited knowledge of English.

Apart from businesses that were involved in technology development, lack of technical skills and expertise and lack of capital resources were considered by many WSMEs as a major challenge to

technology adoption. Some ME founders indicated that they needed ongoing and regular maintenance and technical support from technology suppliers, as their staff did not have the requisite technical knowledge and skills, such as software for financial management.

Some MEs employed external technical experts to set up technical systems and improve employee knowledge and skills. Some MEs were pushed to adopt new technologies to meet standards of product quality and safety guidelines requirements. Many small-scale enterprises, however, could not afford to purchase technologies due to their limited resources.

Participants shared the need for more advanced information and skills development related to innovativeness and based on successful case studies. Although some participants accessed information, sources of learning, and fellowship opportunities online, they still faced challenges in skills building and developing their online networks strategically.



**Most information and learning sources were developed in foreign languages, which has limited access to digital resources and e-learning. Another challenge is time constraints, as women owners play a triple role as a caretaker in the household, entrepreneur, and social worker (sic).**

(ME owner, Phnom Penh)

Participants were divided in their experiences of gender-related challenges. Several mentioned that their husbands and families supported them fully in their business, as well as encouraged them to learn new skills and build their networks. In this way, family support emerged as an important factor in keeping women entrepreneurs motivated and able to overcome challenges. Some mentioned that family was more important than the business and prioritized accordingly. For those with little or no family support, the daily stresses and strains of running a business were significantly higher, which often took a physical or emotional toll.

Others pointed out that gender stereotypes were a major challenge. Participants noted that as they undertook cultural roles as mothers and daughters while also operating their enterprise, they faced time constraints that restricted them from participating in skills development, as well as social networks and association activities and events. Some noted that sometimes their families and male colleagues did not trust their business capabilities, so they had to push themselves to work harder to prove their abilities.

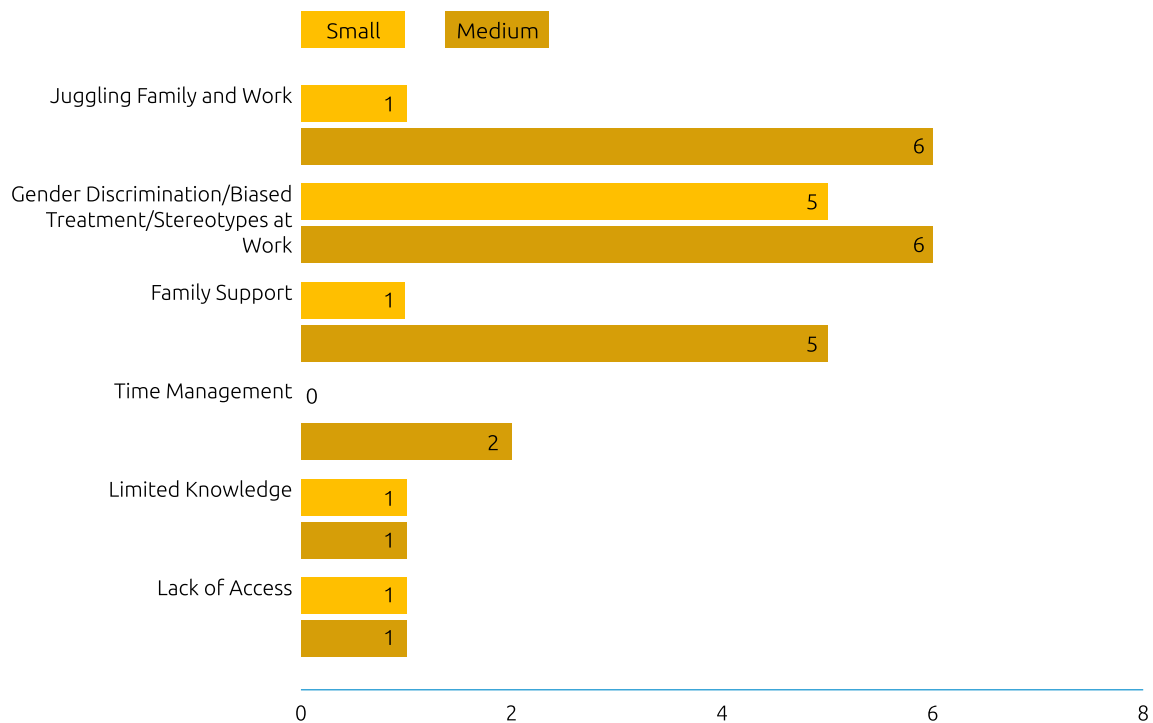


Figure 12: Gender-based Barriers to Digital Technology Adoption

## Opportunities

In response to crisis management, the adaptive capacity of WSMEs in technology and innovations were significantly enhanced. All SEs and MEs adopted digital technology based on available knowledge and their individual business needs, which included product diversification and access to the digital market. However, time constraints, limited budgets and skills, and socio-cultural barriers prevented a comprehensive adoption of new technologies.

This is reflected in the relatively low level of technology adoption among the interviewees.

10 out 20 WSME participants adopted new technologies, while 10 did not adopt any new technologies (of these 2 had already adopted digital technologies because they were ICT/tech solution providers). New technologies adopted during the pandemic included new software and programs and digital platforms, such as accounting systems, online meeting applications, and accounting and financial software. For the other half of the participants that continued with existing technologies, doing so minimized costs, allowing for uninterrupted business operations. A few SE and ME participants adopted new technologies, such as new software and programs and digital platforms.

Emerging Opportunities	<ul style="list-style-type: none"> <li>● Access to digital devices and better knowledge of digital processes</li> <li>● Access to e-commerce, collaborators and consumers</li> <li>● Increase accessibility and ability of fintech and professional software programs</li> <li>● New products and services development to fit consumer needs</li> <li>● Access to a social fund that employed an Inclusive Business Model or worked to support community groups</li> </ul>
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Table 3: Emerging Opportunities for WSMEs Impacted by Covid-19

WSME participants that adopted communication tools did so quite enthusiastically, as they observed that it helped them communicate faster, explore newer avenues and knowledge repositories, meet the growing needs of customers, as well as introduce new products and services. Some tools were used as communication platforms for sending product photos prior to business meetings and for signing cooperation or service agreements.

Some participants expressed their concerns about the security issues related to social media, including various types of cybercrime. They also displayed a critical and practical understanding of technology adoption, noting that they would need to study the advantages and limitations of new technologies further before adopting them. If they didn't have the time or wherewithal to do so, then they preferred to choose existing technology and digital programs, which were both reputable and familiar and easy to use.



**WSME Highlight 1: LM Lima Angkor Food Co., Ltd**

Viriya Lim is a Co-Founder and CEO of LM Lima Angkor Co., Ltd., a company that produces a variety of traditional snack foods for the international tourism market, providing travelers to Cambodia with traditional food souvenirs to bring home.<sup>24</sup> Her products include cookies and chocolates, and focused on high-quality macarons.<sup>25</sup> She shared her views that the best investment for every woman was education. Women entrepreneurs needed to employ new technologies and learn how to access digital devices to help SME entrepreneurs develop better capacity and better decision-making. She stressed that education and skills would enable women by increasing their knowledge and ability to address a variety of business-, social networks- and gender-related challenges. Ms. Lim noted that her products were recognized as premier quality products, and here, technology innovation played a key role in influencing business growth and good business performance.

Her company applied new technologies that facilitated product innovation and cost estimation before decisions were made for business expansion. For instance, Macaron cake is a result of successful product innovation. LM Macaron is known as one of the finest products of LM LIMA Angkor enterprise and aiming for children, adolescents, youth, and coffee drinkers. It is available in e-markets, coffee shops and marts in Phnom Penh, Siem Reap and airport stores.

## WSME Highlight 2: Keiy Tambanh Khmer Enterprise



Kei Tombanh Khmer Enterprise produces fabric and silk products, and supports more than 300 community women in its activities. From March 2020, the enterprise was severely affected by COVID-19, as its sales dipped because its products were no longer a priority for consumers.

Sopheap Chen, a Founder and CEO, noted that the enterprise embraced digital technologies and devices during the crisis, especially for communication with and access to customers via online marketing. Further, the staff was trained on how to use Facebook marketing as well as the risks of social media. Ms. Chen noted that with increased access to digital devices people needed correspondingly more awareness about both benefits and risks of using digital technologies. Facebook also proved useful to understand consumer attitudes, sentiments, behaviors, and intentions to purchase the company's products. The information collected from the Facebook page visits were collated and used to inform their revised sales strategies during the crisis.

# 4

## The Future of Digital Transformation for WSMEs

### Expert Interviews

Expert interviews are popular in social science and qualitative research. There are several benefits to expert interviews, including gaining inside practical knowledge, expanding the authors' access to the field, and/or quickly obtaining good results.<sup>26</sup> In this study, experts were presented with key WSME interview findings and asked for their insights in order to achieve a better understanding of the SME and digitalization ecosystem, as well as to identify steps needed to overcome challenges mentioned by the WSMEs.

5 experts, well versed in the areas of SME affairs, IT, women's entrepreneurship and policy issues, and digital payments, were interviewed to explore additional aspects related to WSMEs and digital transformation (see profile details in Appendix F).

The expert interviews helped to provide greater contextual and up-to-date knowledge about the WSME ecosystem in Cambodia. For example, the authors were given detailed information about two programs aimed at boosting female entrepreneurship in the country. The first was a five-year project called 'Catalyzing Women's Entrepreneurship: Creating a Gender-Responsive Entrepreneurial Ecosystem'. Launched in April 2019 jointly by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Global Affairs Canada, and the Government of Cambodia, the project aims to enhance women entrepreneurs'

access to capital through innovative financing mechanisms and increase their use of ICT and digital solutions.<sup>27</sup>

The other initiative the authors were alerted to was 'Promoting Financial Inclusion for Women and Women Entrepreneurs', a year-long program aimed at improving the financial literacy of Cambodian women. Launched by The National Bank of Cambodia (NBC) and Visa, the project will have a particular focus on empowerment via digital platforms.<sup>28</sup>

Taken together, both programs are an important step in the right direction towards making women entrepreneurs in Cambodia both financially and digitally literate, which would help them realize their full potential, and provide a powerful boost to the country's ongoing economic development.

According to the experts, adoption of accounting software, fintech applications, and the POS app in particular would be helpful for WSMEs to maintain good financial records and have a better chance to access loans. However, the rate and level of adoption would depend on WSMEs' attitudes towards new technologies and their intention to use them. The experts noted that WSMEs' reluctance

to adopt new technologies was strongly linked to their mindset. By this, the experts meant a mindset that viewed new technologies as a cost, rather than an investment, which in turn prevented WSMEs from preparing for adopting new technologies and processes.

The experts also noted that most WSMEs still applied to the family business model. Although they have employed accountants, the founders do not really like to work under that model. Due to limited resources, SEs do not want to pay extra for accounting and business enterprise software and often use pirated software for these purposes.



**Digital adoption is limited due to owners' perceptions and available resources. The age of WSME owners is not the issue with fintech adoption, but there is a general lack of related skills, especially when it comes to the financial matters of the company. Thus, the adoption of technology fails due to the resistance of employees and owners (sic).**

(ME Owner, Phnom Penh)

The experts agreed that WSMEs found coaching and mentoring very useful in helping them overcome business obstacles and to improve business operations. Yet, there were difficulties in accessing mentoring and skills building opportunities due to lack of digital literacy and language issues, as well as lack of awareness about avenues for learning.

The experts suggested the introduction of more skills development and mentoring programs for women entrepreneurs, which would address current challenges in their business and socio-cultural environments, and how to overcome them. This should include topics such as business fundamentals, capital, and legal requirements, and skills upgrading, among other things.

The experts noted that digital technology helped WSMEs to overcome communication challenges during the outbreak period of COVID-19. Digital technologies also created opportunities for business growth and revenue by improving financial management and cash flow management.

Despite the benefits of digitalization being clear, they also acknowledged that introducing digital transformation would require preparation and resources and would be a challenge for micro, small and medium enterprises located in the provinces.

These WSMEs challenges, along with gender barriers— social and cultural norms, and gender stereotypes— should be addressed in enabling WSMEs to access substantive opportunities equitably. This requires a proper gender-focused strategy that includes resource allocations to support WSMEs.

## Advisory Panel

The Advisory Group Meeting aimed to consult with and obtain suggestions from the Advisory panel based on the initial WSME and expert interview results. The objective was to provide inputs that would help policy makers, development partners, and private investors achieve maximum potential of digitalisation for SMEs.

The Advisory Group meeting was conducted with the experts in the areas of SMEs, digitalization, female entrepreneurship, and finance and policymaking in Cambodia (see detailed profiles in Appendix G):

The Advisory Panel raised several important points, which are summarized below:

- The factors that contribute to technology adoption were seen as a key point to be explored further, as it would help policymakers explore how to make digital technologies more accessible.
- Security fears were seen as a real deterrent to WSMEs' technology adoption, as customers could shy away from paying via digital means if they felt their personal and financial information was going to be compromised.
- One solution proposed to encourage customers to use digital payment gateways was to create customer protection and return payment system if a customer was dissatisfied with products and services purchased online.
- Further, digital literacy as well as cybersecurity and cybersafety awareness efforts, would be crucial in enlightening and encouraging customers about the benefits and risks of digital marketplaces and payments. This would help overcome the fears and fixed mindset issues

of both employees and customers in adopting new technologies. Digital literacy efforts would also go a long way in helping SMEs overcome the challenges of tech adoption, such as the conversion of physical data into electronic records, which are necessary for digital transactions, such as on e-commerce platforms.

- A fundamental issue to be tackled was WSME access to finance, and key ecosystem stakeholders needed to work together to make financing easier, less complicated, and with WSME constraints in mind.

### Practical and Policy Recommendations

Based on key findings of the WSME and expert interviews, and the advisory panel suggestions, the recommendations for both WSMEs as well as policy-makers are presented below and centered around two key areas of intervention:

#### Creating an Enabling WSME Ecosystem:

Given the specific gender-related constraints faced by women entrepreneurs, it is imperative to create an enabling ecosystem for WSMEs through relevant policies and mechanisms to support growth and development of the sector. This will enable and empower women entrepreneurs and potential entrepreneurs in the digital economy.

One way to do this is to include building and improving a gender-friendly work climate and policies through collaboration or partnership between the Royal Government of Cambodia sectoral programs or projects and the private sector, development partners, and relevant stakeholders.

It is proposed that a single SME development platform be developed and managed by these various stakeholders, which would be a one-stop-portal for WSMEs to access information and resources, training and mentoring opportunities, business development and process improvements, and for understanding how to access and leverage new technologies. Here, governments can play a major role in helping WSMEs adopt new digital technologies and receive technological support.

A good example of a digital platform is Singapore's Business sans Borders (BSB) initiative that acts as a "meta-hub" or connector of several SME-centric platforms.<sup>29</sup> By allowing SMEs access to a much larger ecosystem of buyers, sellers, logistics services providers, financing, and digital solution providers, BSB connects problem owners and solvers. Such a platform would be a significant addition to the WSME ecosystem in Cambodia, which could also allow for matching buyers and sellers, giving them greater exposure to existing and new digital markets, digital platforms, and customers.

### **Enhancing Digital Literacy:**

Digital literacy (along with financial literacy) is a key area of intervention to emerge from the interviews as well as the advisory panel. The projects to boost women entrepreneurship highlighted in the expert interviews section are steps in the right direction. Digital literacy and skills programs need greater emphasis, and some steps are being made in this area. SHE Investments, Cambodia's first and only business incubator and accelerator for women, has stepped up to fill in this gap by providing digital literacy skills training programs for women in MSMEs affected by COVID-19.<sup>30</sup> In partnership with the Google-funded Youth Business International's Rapid Response Recovery program, the social enterprise will develop and impart a range of digital skills in the Khmer language.

Similarly, there should be more multi-stakeholder and integrated efforts to impart digital literacy skills to WSMEs across the country. By joining hands with existing digital literacy initiatives in the private and social sector, the relevant government departments in charge of women's entrepreneurship can extend the reach of these programs to more underserved communities and provinces.

Similar to the SHE Investments program, new interventions should be in Khmer, but also English for participants that are proficient in the language. In order for digital literacy to be effective in the long run, English skills need to be mastered as well. Further, the programs should be designed, keeping in mind the needs of WSMEs, by using existing ICT and digital platforms. Programs should also be tailor-made, keeping in mind the specific barriers mentioned in the report. For instance, events (including online events) could also be run during the day, rather than in the evenings, when women are back home and busy tending to their families.

As digital literacy is one of the most valuable types of knowledge in the current information age and particularly in the post-COVID 'new normal', basic technology knowledge and skills should be made available across society to all individuals and groups that are affected by digitalization.

# 5

## Conclusion

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Increasing economic growth and rising prosperity in Cambodia have allowed digitalization to flourish in the business sector in general, although adoption rates are slower among WSMEs due to their specific constraints. This study showed that digital technologies had helped WSMEs to improve some aspects of their operations. This includes an improvement in business performance and management, communications, greater transparency in operations, speed of work processes, and data management. This in turn lowered expenses, and saved time and labor costs, which was critical during the onset of COVID-19. While the pandemic impacted many WSMEs' sales, operations, and revenues, the crisis also facilitated the adoption of new technologies, which helped SMEs alleviate some of the impacts and create new opportunities for business and sales strategy while increasing digital knowledge and skills.

Digital technology was not considered a top priority until the COVID-19 outbreak. Despite the obvious advantages of digital technologies, there were several barriers to easy adoption, especially for smaller enterprises that faced resource limitations. This included awareness and digital literacy skills, or avenues for enhancing these skills. Another barrier was mindset whereby a high value was not ascribed to technology and innovativeness.

There is thus a growing need to support WSMEs in enhancing diverse enterprise skills and exposure to innovative technologies. As women entrepreneurs have specific, gender-based challenges, such as the expectations of running the household as well as the business, or the need to work harder to prove themselves, an increased adoption of digital technologies could provide a way to achieve more gender equality in the SME ecosystem.

With the right digital literacy training and up-skilling, women entrepreneurs could be relieved of their reliance on male counterparts and be better connected to professional and mentoring networks. A majority of the women surveyed placed time and effort to maintain their businesses, indicating a willingness to up-skill. The findings and recommendations offered by this report highlight the gaps, opportunities, and challenges in embracing digital technologies, with an emphasis on multi-stakeholder participation and concerted public-private initiatives geared towards overcoming the specific constraints faced by women operating small and medium businesses in Cambodia.

# 6

## Endnotes

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# Appendices

## Appendix A: Cambodia's Expert Interviewees

No	Name	Title	Institutions/Ministry	Sectors
01	Mr. Chhea Layhy	Not to be disclosed	SME Department of MISTI	SME
02	Mr. Sim Chankiroth	CEO Founder	Banhji/ Fintech, YEA	Digital Technology
03	Mr. The Chhun Hak	Director General	Entrepreneurship Development, Women Policy	WSME & Policy
04	H.E Kuong Sorita	Vice President of CWEA, SME Advisor	CWEA & MoWA	WSME, Women Technology
05	Mr. Manu Rajan	CEO & Managing Director	Wing	Payment service

**Appendix B: Cambodia's Advisory Panelists**



**H.E Chhun Hak**  
**THE Director General, Of Gender Equality and Economic Development General Department, Ministry of Women's Affairs**

H.E Chhun Hak is a lead technical advisory and coordination of MoWA within the ministry, focused on gender mainstreaming and promotion of women in good governance and economic development. He is also in charge of the Women's Development Center of MOWA. He holds a Masters Degree in Public Administration and a Bachelor Degree in Law.



**Ms. Sodany TAN**  
**Director of ICT Policy Department, Ministry of Posts and Telecommunications (MPTC)**

Ms. Sodany Tan, Director of ICT Policy Department, Ministry of Posts and Telecommunications, is an advocate for women and girls empowerment through technology and education. Tan initiated the Cambodia Women in Tech Program for the ministry, which aims to provide recognition to outstanding women and to create role models in tech.



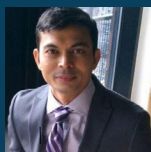
**Ms. Reaksmey MAK**  
**Head of Training Division, Legal Department of National Bank of Cambodia**

Ms. Reaksmey Mak is Head of the Training Division of the Legal Department of the National Bank of Cambodia . Since 2015, Ms. Reaksmey has been involved in many areas of financial inclusion, including women's financial inclusion. Reaksmey holds a Master of Finance degree.



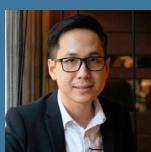
**Dr. Lykuong ENG**  
**President of Cambodia Women Entrepreneur Association (CWEA) And President of CamWen**

Dr. Lykuong Eng is the elected president of the Cambodia Women Entrepreneur Associations (CWEA), which consists of more than 500 women members. She is a dentist by profession and is actively involved in social work focused on improving health care and dental hygiene.



**Mr. Chanda PEN**  
**Co-Founder and CEO of Bongloy Payments PLC and Chairperson of Cambodia Fintech Association**

Mr. Chanda Pen is a technologist and entrepreneur. He is the Co-Founder/CEO of Bongloy, a Southeast Asia based Fintech company. He is a Council Member of the Association of Banks of Cambodia (ABC), National QR Code Task Force Committee, and Cambodia Association of Finance and Technology (CAFT).



**Mr. Kamthong LEY**  
**A Founder & CEO of PAPA Deliver**

Mr. Kamthong Ley is a founder of PAPA Deliver, and responsible for the company's business development. He is a young entrepreneur who has received several awards from international events such as Cambodia, Malaysia and the United Kingdom. He has a Bachelor's Degree in Computer Science and a Postgraduate Diploma in Mobile Computing.



**Mr. Virak NOUN**  
**Youth Employment Project Coordinator**  
**UNDP Cambodia**

Mr. Virak Noun is a Project Manager at UNDP Cambodia, leading the implementation of a project to address youth skills, entrepreneurship and employment in the context of Industry 4.0 and the Digital Economy. He has a Bachelor's degree in Economics, a Master's degree in Development Studies, a Graduate Diploma in Public Administration, and a Master's degree in Public Policy.

