



THE IMPACT OF COVID-19 ON WOMEN AND MARGINALIZED GROUPS IN ASIAN CITIES

Focus on Female Micro-Business Owners in Khulna, Bangladesh

SEPTEMBER 2021



The Asia Foundation



Australian Government
Department of Foreign Affairs and Trade

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PRODUCED BY: The Asia Foundation Regional Governance Team

These reports were produced as part of a regional research project on inequalities in Asian cities. In each case, the researcher or research team was paired with a mentor who supported the research process. We are grateful to Rebecca Calder and Sally Neville from Kore Global and Mandakini D. Surie for their contributions to that process.

This research was funded under a partnership between The Asia Foundation and the Australian Department of Foreign Affairs and Trade (DFAT). The views expressed are solely those of the authors and do not necessarily represent the views of The Asia Foundation, DFAT, or the Government of Australia.



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SUMMARY

Throughout 2020, the COVID-19 pandemic and restrictions were especially impactful in major urban areas across Asia for a number of reasons: urban population density and size, large numbers of impoverished people, and significant informal workforces. This is true in Khulna, Bangladesh's third-largest metropolitan area and a hub for many of Bangladesh's micro, small and medium-sized enterprises (MSMEs). MSMEs engage an estimated 7.8 million Bangladeshi people and provide livelihoods for 31.2 million,¹ many of whom are women.

This research seeks to explore the experiences of Bangladeshi female micro-business owners in an urban setting, to understand how COVID-19 specifically affected these women. We chose Khulna – a rapidly growing urban center with a population of 2,984,000 – because it is a second-tier, less-studied metropolis. The literature on women entrepreneurs in Bangladesh is limited, so we designed the research to

- investigate this poorly understood population, encourage support for female micro-business owners in urban settings,
- inform governmental and nongovernmental organizations' (NGOs) assistance efforts,
- and provide policymakers and other key actors with information and insight into the kinds of support and incentives female business owners need in order to continue running their businesses.

The female micro and small businesses owners we interviewed, all retailers, were more adversely affected by the pandemic than some other groups for several reasons. These include Bangladeshi women's generally limited access to financing from banks, and the fact that the pandemic created an extra set of challenges for retail business owners in particular. These included the lack of delivery and logistical support, non-availability of raw materials causing disruptions in value chains, higher prices for raw materials, the build-up of unsold products, reductions in existing financial capital, and difficulties paying employees.

Due to stringent virus containment measures, the pandemic's death toll in Bangladesh has been lower than in many other countries, but the country has not escaped severe socioeconomic impacts. Government restrictions caused about half of female MSME owners to close their business premises to customers. Micro-business owners described such lockdowns as setting off a chain reaction that utterly blew up their financial capital. As shops, businesses, and markets closed, many interviewees reported an immediate drop in sales and orders. Many had to lay off employees or significantly reduce staff salaries. As sales declined, female micro-business owners experienced a severe decrease in personal income, which, given their roles as the main or joint breadwinner in their families, significantly affected family finances. The reduction in their financial capital often led to a reduction in their hard-won personal autonomy and familial authority.

Lockdowns and other restrictions also led to greater stress as women entrepreneurs struggled at the household level to provide for their families and meet daily expenses.

Concerns over their children's education, and their family's health and welfare were paramount: Many women confronted the dual challenge of running their homes without assistance while managing their businesses, compounding their emotional distress.

In addition, pandemic response measures meant greater social isolation for working women, reducing their social capital through a lack of contact with others, which further affected their physical and mental health. For some, lockdowns increased their exposure to domestic violence. These mental and physical harms will have broader implications for women's sense of security and confidence, affecting their ability to use their voice and agency in the longer term.

Despite the Government of Bangladesh announcing several stimulus packages in response to the economic losses incurred in the early months of the pandemic, including some that targeted women entrepreneurs in the SME sector, difficulty accessing these measures means that female business owners will require significant interventions to ensure the recovery of both their businesses and their entrepreneurial spirit. Stronger support systems should include counselling services and mental health support, networking opportunities and capacity building, more diversified and gender-neutral business opportunities, a dedicated marketplace for women entrepreneurs to sell their products, and easier access to government financial support schemes.



*Dak Bangla Market,
Khulna, Bangladesh,
2019
Photo: SHOHANA ONE*

INTRODUCTION

This research explores the experiences of Bangladeshi female micro-business owners in an urban setting, including before the pandemic, and hopes to understand how COVID-19 has specifically affected these business owners. We chose Khulna – a rapidly growing urban center with a population of 2,984,000 – because it is a second-tier, less-studied metropolis. As an urban area, it has experienced significant health and economic fallout from the COVID-19 pandemic, especially among its vulnerable populations. The literature on women entrepreneurs in Bangladesh is limited, so we designed the research to investigate this poorly understood population, encourage support for female micro-business owners in urban settings, inform government and nongovernmental organizations' (NGOs) assistance efforts, and provide policymakers and other key actors with information and insight into the kinds of support and incentives women need to recover from pandemic-related harms, revive their confidence, and continue running or starting up businesses.

We articulated the following six research questions:

1. *What impact have restrictions to control COVID-19 had on women-led micro-enterprises in Khulna?*
2. *How might these impacts continue to play out over the longer term?*
3. *To what extent are impacts on women-led micro-enterprises affecting the wellbeing of the women who run them and their families?*
4. *How might these impacts on women and their families continue to play out over the longer term?*
5. *What strategies are women using to cope with the impact of the pandemic on their businesses, themselves, and their families?*
6. *To what extent are vulnerabilities that pre-date the pandemic influencing the effectiveness of women's coping strategies?*

From January 31 to March 25, 2021, we carried out in-depth interviews with 16 women: the major criterion was that all the women were the proprietors and founders of their small-scale businesses in Khulna. Fourteen of the 16 were dressmakers or otherwise involved with the retail apparel business through sales boutiques, tailoring shops, and custom-made-dress parlors. The other two women produced handicraft products. Fourteen interviewees lived inside the city limits, and two lived on

its outskirts. For more details on the research methodology, see the Annex.

The 5 Cs: Context, Capital and Capabilities in Cities during COVID-19

The conceptual framework underpinning this research was developed by The Asia Foundation and Kore Global.² This 5Cs conceptual framework enables analysis of the impact of COVID-19 on Contexts, Capital and Capabilities in Cities and focused on three areas: First, we analyzed the **context** of COVID-19 impacts in terms of the health implications of the pandemic and the repercussions of government-implemented containment measures. Second, we examined how people's **capital** (their tangible and intangible resources), particularly their financial, social, and educational (human) capitals, had been impacted by the pandemic and containment measures. Third, the depletion of people's resources influenced their short- and long-term coping abilities, which may further impact people's future **capabilities**, particularly their ability to secure employment, pursue careers, and have independence outside the home.

The causal relationship between these three levels of analysis – context, capital, and



capabilities – is neither simple nor linear: the context tends to impact capital and capabilities, but those, in turn, contribute to further changes in the context.

The structure of this report first covers background about female-led small businesses and social norms in Bangladesh. The second section focuses on the **context**: the non-health related impacts of the pandemic, including restrictions aimed at controlling the spread of the virus, the resulting shocks to markets and retailers, and the state-led support schemes that aimed to mitigate impacts on female

micro-business owners. Section three highlights the impact pandemic containment measures had on the financial **capital** of our research subjects and their families. Section four highlights the harms to the human and social capital of our research subjects caused by lockdowns. Section five traces these immediate effects to illustrate the long-term impacts on people’s **capabilities** that will affect their future opportunities and recovery. The final section presents a set of recommendations for policymakers in light of the research findings.

1. BACKGROUND ON BANGLADESHI WOMEN-OWNED BUSINESSES

Bangladesh's micro, small and medium enterprises (MSMEs) are a critical aspect of the country's economy, serving as a major source of employment, providing revenue for the government, and contributing over 31 percent of gross domestic product (GDP).³ MSMEs engage an estimated 7.8 million people directly while providing livelihoods for 31.2 million.⁴ The Government of Bangladesh classifies MSMEs into five tiers according to fixed asset values, number of employees, and eligibility for loans.⁵ In the services industry and business sector, the first-tier micro-enterprises employ 10 or less people and have assets worth up to BDT 500,000 or less; small enterprises employ 10-49 workers, and medium-sized enterprises employ 50 to 99 workers.⁶ MSMEs lie at the heart of the Bangladesh economy and were hit hard by COVID-19 pandemic-related restrictions. These had particularly pernicious effects on women-led micro-businesses that are often structurally fragile because they serve narrow markets and lack capital reserves and other resources.

BANGLADESHI WOMEN ENTREPRENEURS HOBBLLED BY SOCIAL NORMS

Cities in Bangladesh provide women with opportunities to overcome traditional social and cultural prejudices and expand their horizons into work outside the home and even business ownership and entrepreneurship; the dynamism and relative anonymity of cities allows entrepreneurial women to push back on customary regressive social norms that limit women's mobility and see entrepreneurship as an inappropriate aspiration for women. While Bangladesh has made significant progress in improving women's roles in the country's political and economic landscapes in the past 30 years, and outperforms its developing South Asian neighbors in closing the gender parity gap, the World Economic Forum's Global Gender Gap Index 2021 shows Bangladesh dropping 15 places in just one year, ranking 65th of 156 economies.⁷ The Index measures economic participation and opportunity, educational attainment, health and survival, and political empowerment over time.

Such formidable obstacles to women's autonomy can be breached by only the most self-motivated and confident women, who by 2016 managed to constitute 7.2 percent of the eight million businesses in Bangladesh, including about 95,000 retail micro-merchants.⁸ Female-led micro-enterprises have made tremendous strides in recent years and have contributed significantly to the growth and dynamism of the sector.

Still, women in entrepreneurship roles face tremendous risks and boundaries. On the supply side, women's labor market participation depends on a host of socioeconomic factors, including household income, age, marital status, education, household dependency ratio, and others. On the demand side, women's employment depends on factors such as firm-level characteristics, technology, and location of activities, among others. Some sector-specific issues also affect the expansion of women's employment in certain economic activities. For example, in the agriculture sector, women face barriers in owning their hereditary land despite playing a significant role in making farms prosper.

Many of the barriers women entrepreneurs face are financial. Barring a few urban areas, most families take a skeptical view of women entrepreneurs; therefore, many women do not receive start-up capital or other financial support from their families. Most women are thus wary of investing in business due to their lack of access to capital; most have few personal assets that can serve as collateral for bank loans and other financial support.

Even though women entrepreneurs are supposed to receive at least 15 per cent of all credit within the SME sector according to Bangladesh's Central Bank directives, most women face difficulties accessing loans from banks and other non-banking financial institutions. It is even more difficult for single or divorced women to get a loan than for married women, as banks tend to perceive single women as lacking a "necessary male" familial support to enable reliable repayments. The key barriers that women who need bank financing or credit to start up or operate a business must overcome include rigid loan procedures; requirements for collateral, credit guarantees, and trade licenses; as well as bankers' cultural biases against women owning and running their own businesses.

Additionally, within the context of prevailing patriarchal norms, women are usually relegated to familial and reproductive roles, often overburdened with multiple domestic responsibilities, and generally not compensated for their household labor. Their lack of authority in the household and society combined with prevailing gender biases frequently keep women trapped in socioeconomically disadvantaged situations. As a result, women's levels of employment and business ownership are much lower than men's.⁹

For ten of the 16 women we interviewed, making clothes started out as a hobby. Over time and with the investment of their labor and small amounts of capital, some were able to open their own shops and boutiques, hire staff, and expand the scale of their businesses. For women in Bangladesh in general, running a boutique is a socially accepted form of employment as it doesn't fully "distract" women from what is perceived as their primary responsibility: their home, childcare, and family.

2. CONTEXT: EFFORTS TO CURB COVID-19 CURBED BUSINESS OPERATIONS

In order to control the spread of the SARS-CoV2 virus, the Government of Bangladesh in March 2020 announced a slew of COVID-19 containment measures, including movement restrictions, business and school closures, social distancing rules, and mask mandates. Bangladesh recorded its first three COVID-19 cases on March 8th, with its first coronavirus death ten days later, in Dhaka, its capital. By May 2020, COVID-19 cases had spread throughout the country. Containment measures helped reduce the number of cases, but by November 2020, the number of cases began to rise again, indicating a second wave¹⁰ that reached its peak in the first week of April 2021. Due to several mandatory lockdowns from April through August 2021, the disease curve began to change for better. By September 2021, the infection rate fell below 10 percent.

Due to these stringent containment measures, the pandemic's death toll in Bangladesh is lower than in many other countries, but the economy experienced severe socioeconomic impacts.¹¹ These impacts affected small, women-led businesses especially harshly. Business closures and order cancellations resulted in a sharp drop in revenue and income for many, making it challenging for almost all female micro-business owners to pay employees and business operation costs and meet their own family and household expenses.

Female-led micro and small businesses were more adversely affected than some other groups, for several reasons. First and foremost, access to finance has always been a serious challenge for women entrepreneurs who have only limited access to bank loans, as described above.

Alongside banking barriers, the pandemic created an extra set of challenges for retail business owners, including the lack of supplies delivery and logistical support, non-availability of raw materials causing disruptions in value chains, higher price for raw materials, the build-up of unsold products, reductions in existing credit lines and reserves, and difficulties paying employees.¹² Government restrictions on economic activities caused about half of female MSME owners to close their business premises to customers. While a few business owners were able to continue some operations by working out of their homes or online, 17 percent completely stopped operating during the pandemic.¹³

Furthermore, as schools and public care services closed, women business owners often picked up additional labour burdens around caring for children and the elderly.

3. COVID-19 RESTRICTIONS CRIPPLED WOMEN'S FINANCIAL CAPITAL

As a result of the lockdowns, shop closures, drop in orders and demand, and supply chain disruptions, most women we interviewed experienced an immediate loss of income that lasted for six or seven months, depleting their financial capital. Fourteen of the women interviewed recounted experiencing a severe financial crisis as a result of the closure of their businesses. Fourteen interviewees talked about closing their businesses and shops on short notice.

*“At that time, I could not go out because of government restrictions. My business was completely shut down and nothing was bought or sold.”
(28 years old dressmaker)*

Obviously, the business closures resulted in an immediate drop in sales. As sales declined, 14 interviewees reported that they had to either ask their employees – many of whom were also women – to not come to work or to accept reduced salaries.

Seven interviewees spoke about how painful it was for them to fire employees – many of whom they had been working with for years. Two interviewees ran medium enterprises with up to 80 employees prior to the pandemic, of which only 10-15 remained by the time of our interviews. A few women recounted that many of their employees returned to their villages or homes in the countryside during the lockdown because of the financial difficulties they were facing in the city. In addition to talking about the drop in sales and demand for their products, the women entrepreneurs said the lockdown and related restrictions, including travel restrictions, disrupted local supply chains and increased the price of raw materials.

THE FINANCIAL IMPACT OF THE LOCKDOWN ON WOMEN-OWNED BUSINESSES WAS DEVASTATING AND WIDESPREAD

According to several women, the lockdown set off a chain of events that compounded their financial difficulties. As the lockdown went into force and business revenues plummeted, the women found it difficult to repay loans, meet staff salaries, and pay rents for homes and shops and other basic expenses. Pre-existing financial obligations played a large part in women's inability to keep their businesses running during the pandemic. Two older women noted that they had taken out loans prior to the pandemic and were finding it increasingly difficult to pay monthly instalments. One had started a restaurant business in 2019, which was thriving before the pandemic hit. She had to close her business in February 2020, but had already paid advance rent and wasn't able to retrieve that money from the landlord. For some women as their businesses closed, their savings started to deplete. Some women micro-business owners and their families had to give everything up and return to their villages.

STATE SUPPORT SCHEMES STOPPED SHORT OF HELPING FEMALE-LED STARTUPS AND MICROBUSINESSES

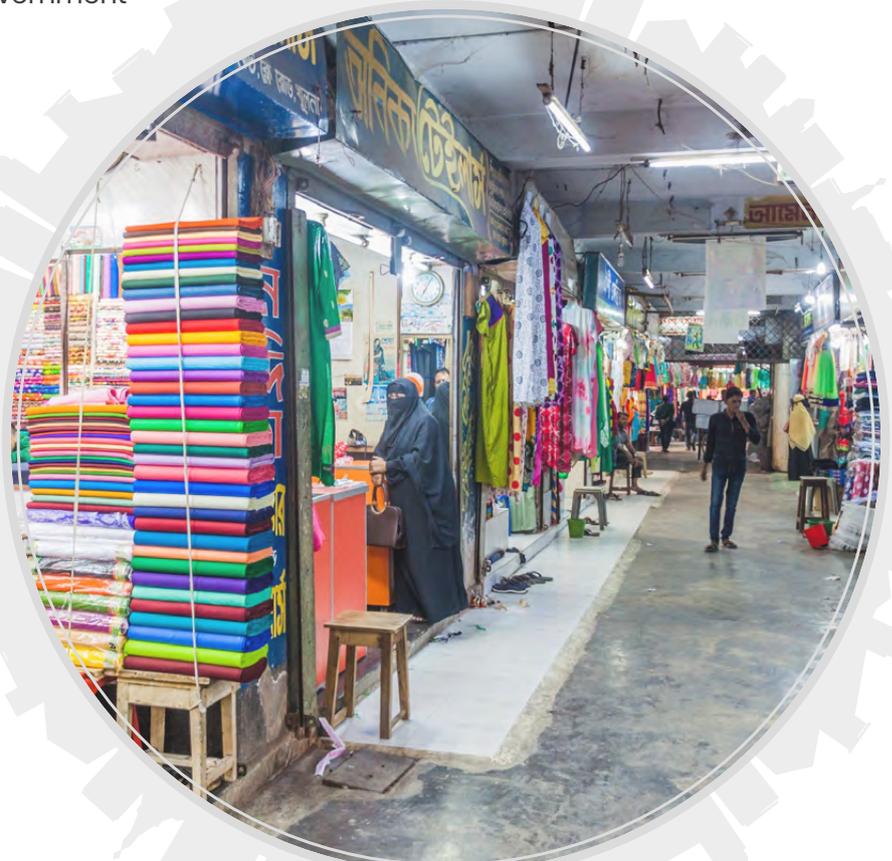
To mitigate the loss of personal and business income caused by the pandemic and lockdowns, the Government of Bangladesh announced in April 2020 four stimulus packages worth BDT 72,750 crore (USD 8,573 million).¹⁴ One stimulus package was aimed specifically at female MSME business owners during the first pandemic wave, worth BDT 20,000 crore (USD 2.35 billion). It was followed by another package of BDT 1,500 crore (USD 176 million) in January 2021.¹⁵ Unfortunately, most women entrepreneurs we interviewed were unable to access these benefits because of long-standing issues with lenders.

At a time of considerable economic and financial distress, interviewees received limited to no formal financial assistance or support for themselves or their businesses. Although the government had created a business stimulus package, MSMEs in particular had difficulty accessing funds.¹⁶ Thirteen of the women interviewed cited the factors that prevented them from accessing government

loans, including prohibitively high interest rates, onerous loan repayment terms, and the large number of documents required from banks and financial institutions.

According to ten interviewees, banks did not show interest in providing loans to small businesses, especially women-owned business, because of bankers' concerns about repayment and the women's lack of capital or collateral. Also, as micro-business owners, the interviewees noted that their funding requirements were often far below what banks were offering as minimum loan amounts, and the women did not want to take on the extra burden of higher-than-needed loan amounts. Most interviewees felt that better-tailored loans, with longer repayment terms, are needed to support women entrepreneurs and MSMEs, particularly micro-businesses.

View of a market in Khulna, Bangladesh, 2016
Photo: Matyas Rehak



4. RESTRICTIONS UNDERMINED WOMEN'S WELLBEING AND SOCIAL CAPITAL

During the pandemic and lockdowns, all respondents experience higher levels of stress and declining wellbeing for understandable reasons. These included financial hardship and high levels of uncertainty, reduced access to or unavailability of formal and informal support mechanisms, increased responsibilities within the household, deep uncertainty, guilt about not being able to meet familial expectations and needs, worry about family members' health and wellbeing, and concerns over being increasingly unable to support others in need.

The abrupt nature of the lockdown caught many off-guard, giving them little time to prepare or make arrangements to store their products and goods, meet pending orders or inform their employees. Almost all interviewees noted the far-reaching adverse impacts of the pandemic on their and their families mental wellbeing and physical health.

*“It was a period characterized by hardship, stress, and sadness.”
(44 years old dressmaker)*

THE LOCKDOWN REDUCED THE ABILITY TO NETWORK AND CONNECT

Several women reported that not being able to meet each other at social events during the pandemic had affected their businesses, hampering their ability to exchange contacts, share information or seek business advice. In some cases, they were able to overcome this challenge. One explained that another woman had helped her by selling her products in a marketplace while another expressed her gratitude that someone had agreed to display her products on their stall. While there might have been a sense of unity and community among the entrepreneurs before the pandemic,

some suggested that the pressure of selling their products in an adverse situation had created competition between them, damaging their relationships and future support capabilities.

ISOLATION WORSENE MENTAL HEALTH ISSUES

In many cases, the pandemic made the female micro-business owners considerably more vulnerable to mental health challenges and physical dangers, especially with the above-mentioned depletion of their social capital. Because of lockdowns and social distancing, they could no longer visit friends or call on their peer networks for assistance. A lack of support from other family members, particularly male spouses, added to the women's woes and made the situation more difficult for them to cope.

*“I feel like I'm falling from the sky”
[facing grave danger].
(47 years old dressmaker)*

Social isolation and separation from loved ones heightened the lockdowns' negative impacts on women's mental health. One woman described being “emotionally broken” as she was unable

to travel out of the city to help her sister care for their COVID-19-stricken mother. Another interviewee lost her father during the pandemic and said his death had a “devastating impact” on her; it took her and her siblings more than a month to recover. Another interviewee, who previously supported her family and employees with her business, was unable to help her father who fell ill during the lockdown. One woman observed that she was no longer able to access support from her social group and no one in her immediate circle was in a position to help since they, too, were dealing with the impact of the pandemic. An older interviewee talked about feeling particularly lonely because she lived alone and her children lived abroad, unable to visit.

Women also voiced concerns about their loved ones. Young mothers worried about the negative impacts on their children’s mental health of school closures and long periods of social isolation. A few women were unable to continue paying school tuition, which only increased their feelings of guilt and anxiety while affecting their children as well. Interviewees also talked about how they were worried about the health of other family members, especially their elders.

In addition to this emotional distress – the combination of depression, anxiety, stress, and loneliness – in some cases interviewees also described feeling physical stress from navigating pandemic requirements alongside increased pressures at work and home. Some older women shared that they were dealing with chronic ailments, such as high blood pressure, diabetes, or heart disease, that worsened under such stress.

“The mental pressure that I cannot go out as per my wish or need puts a lot of stress on me. I always had to look after the family [but] with Corona, I am more burdened with household responsibilities, when the family

members are confined at home. I am not that old, but physically I feel old.”
(33 year-old dressmaker)

HEMOCARE BURDENS INCREASED DISPROPORTIONATELY

Female micro-business owners reported feeling burdened with rising levels of household responsibilities, including acting as the main breadwinner and contributing to the survival of large families. Women entrepreneurs also highlighted challenges with having to balance home, work, and childcare responsibilities at considerable cost to their mental and physical health. Women who experienced childcare disruptions reported high levels of emotional distress. Additional constraints due to restrictions on movements or market closures only made it harder to cope with the situation, particularly the demands of combined business and household responsibilities, including childcare.

“I couldn’t find time to work during the day-time. Mostly I had to work at night, after finishing all the household work. My husband and his family are not cooperative at all.” (33 years old dressmaker)

GREATER EXPOSURE TO DOMESTIC ABUSE

Sexual and gender-based violence increased¹⁷ in Bangladesh during the pandemic, and in some cases young and single women – desperate to support their families – fell victim to exploitation and sexual harassment. Despite laws against domestic abuse, reported figures suggest 38,485 women faced some sort of domestic violence during the pandemic, of which approximately 30 percent were exposed to physical, mental, economic, and sexual abuse for the first time.¹⁸ Social isolation heightened

the risk of domestic abuse because women who could previously go to their boutique or workplace were forced to stay at home with their abusers without access to safe places or their social groups.

“It is crucial for women like us, living in a hostile and abusive environment, [to have such a space to share our stories] if not openly at least secretly, to reduce our pain.” (33 years old dressmaker)

BOX 1. Intergenerational differences

Age and years of experience seem to play a role in coping abilities of women entrepreneurs.

- Older entrepreneurs seemed to have better networking connections with local NGOs and women’s centers or associations after years of working experience and regular communication with them. For example, some older interviewees noted that they had attended workshops organized by NGOs in the past.
- A few older women with more established businesses also explained how global travel restrictions and lockdowns abroad resulted in the cancellation of international orders. Most of the businesses run by the younger generation were confined to local or, at most, regional levels.
- Younger women, on the other hand, are better informed and have good Internet, technological and social communication skills due to their updated knowledge and adaptability to new technological changes.
- It was primarily the older women business owners who reported having to sell their products locally at a lower price. Interviews with younger women suggested that they had more avenues for sales, including online marketplaces where they could try and sell their products.
- Younger entrepreneurs have comparatively more family obligations, such as household chores, children’s education, and taking care of the elderly or sick. All the young women entrepreneurs talked about the negative impact of school closures on their children, a subject not raised by the older interviewees.
- Young business entrepreneurs also lacked financial support during the crisis, whereas older entrepreneurs often had support from their children or husbands. For example, one older woman had adult children working and living abroad who could support her by sending her customers.

5. CAPABILITIES: POTENTIAL FUTURE PROBLEMS AND OPPORTUNITIES

In the wake of the pandemic's primarily negative impacts on female micro-business owners' economic, human and social capital, the prevailing question is whether and how those profoundly affected can recover in the medium- to long-term. One way to assess their prospective recovery is to examine the sustainability of women's current coping strategies, and the areas that further threaten autonomy, opportunities, and future wellbeing.

In many ways, the pandemic has greatly damaged their future capabilities. Many women found it very difficult to envisage a future beyond the immediacy of the crisis. Some expect that it would take several years to revive their businesses, while others wondered if their businesses would recover at all. Government assistance was highlighted as key to survival. Without external support, small business owners expect it will be a long road to recovery.

RISING ANXIETY ABOUT THE FUTURE

Understandably, even when businesses started to reopen after lockdowns, the interviewees future surges in COVID-19 cases and the impacts of another pandemic wave. The pandemic shock shook even the most optimistic entrepreneurs' confidence. After the first pandemic wave, several said their businesses would not be able to survive if there was another wave. Unfortunately, a second wave arrived in April 2021 and lasted until August; at the time of writing (late 2021), a third wave is widely expected.

The women interviewed described the pandemic as "nojirhin shonkot" - an "unprecedented crisis". Their anxiety has been further magnified by the uncertainty over opening and closing of markets in the face of successive virus waves.

DOUBT ABOUT REGAINING FINANCIAL SECURITY

Twelve of the interviewees were struggling to cover basic family expenses, with nothing left over to re-invest in their businesses once the pandemic ends. Our research found that these impacts are felt not only by the poor, but also by many who would have been considered middle class before the pandemic and who, as a result of the lockdowns, have become the "new poor".

Many female MSME owners have had to borrow money from friends and relatives.¹⁹ Others were compelled to sell their assets and possessions to support their families. Some female micro-business owners turned toward working for other employers. Five interviewees reported having to sell many family and personal assets. One woman said she "sold whatever" items she had at hand for much reduced prices just to earn any income. A few interviewees talked about borrowing small amounts of money from relatives in order to cope with their financial situation. However, such loans only helped them manage for a short period. Six of the women recounted how the lack of demand and order cancellations led to stocks piling up. To prevent products from getting ruined during the lockdown, the interviewees sold everything at greatly discounted prices. In desperation and despite the lockdown and fears of contracting

COVID-19, a few interviewees had gone door-to-door to sell their products.

“Reduction in orders led to reduced income for us. Many of us do not have many connections to find alternatives for selling our products.” (50 years old dressmaker)

SOME PERMANENT FAILURES TO REALIZE AUTONOMY AND AMBITIONS

Those whose businesses failed during the pandemic may never recover the autonomy and freedom they had tried to establish by moving to the city and setting up shop. The impact of failed business during the pandemic and the forced return to rural areas will likely mean that many women may find themselves in an even more patriarchal and conservative situation, with more limited opportunities for the future than they had when they were in the city.

“Many have closed their businesses and moved to the villages. We need financial and mental health support at this time.” (30 years old dressmaker)

ADAPTIVE STRATEGIES THAT STRENGTHENED SOME WOMEN ENTREPRENEURS

“We have to be mentally strong, be a support to the family and work hard to overcome the situation.” (27 years old, dressmaker)

Still-operating female micro-business owners adopted multiple strategies to cope with the immediate impacts of the pandemic. Those that could, switched to online platforms to promote and sell their products, using neighborhood networks and courier services to sell and deliver products.

Even though most women entrepreneurs were simply trying to minimize the damage to their businesses and weather the shock as best they could, some interviewees were able to take advantage of the situation by diversifying their product offerings and business ventures. While all interviewees exhibited determination, our research suggests however that there were few income-generating alternatives available to them.

Some women showed remarkable resilience in shifting their business from clothing to cooking and catering, or changed their products from sarees or bags to masks, as consumer demand changed. One interviewee described how she started to teaching children in the neighborhood as a way to earn income to purchase food for her large extended family of eight. Another interviewee started to practice homeopathy from her home as an alternative income source.

Compared with older women, it appears from the interviews that younger women were more able to adapt their business model altogether because they had been in business a shorter time with less investment than their older peers. Some female entrepreneurs believed they could get back to their previous state of operations eventually.²⁰ Amid the countrywide shutdown, a few were able to promote their products for sale via online platforms and deliver their products through courier services.²¹ By shifting online, they found an alternative way of reaching out to old and new customers. With mobility restrictions, the women who shifted discovered that online platforms allowed them to both run their business from home and look after their family.

One interviewee talked about opportunities for collaboration online, as in sharing web pages to promote each other's products. In this way, online platforms opened up new economic opportunities for some interviewees. Several micro-business owners, however, pointed out

that online was not a simple, cure-all solution: Although most interviewees tried to shift to online sales, some women did not know how to use the Internet at all, others could not afford the data charges, and others did not have the required skills and knowledge to successfully use the technology.

*"I think if we could get training on online business, many entrepreneurs will benefit."
(43 years old ladies dressmaker)*

WOMEN ENTREPRENEURS BENEFITED FROM OPPORTUNITIES PROVIDED BY NGOS

Six women spoke positively of training they had recently received through local NGOs, on topics such as doing business online and health

and safety during the pandemic. One had also benefitted from NGO networks to engage with larger businesses. Organizations such as the SME Foundation, Bangladesh Small and Cottage Industries Corporation (BSCIC), Bangladesh Women Chamber of Commerce and Industry (BWCCI), IDLC bank and the online platform Daraz have provided opportunities such as these. One interviewee credited a local NGO with the survival of her business. She belongs to a minority community and the crisis had made her more vulnerable; fortunately, a local NGO working for the underprivileged and minority people provided her free office space and some logistical support so that she could continue her work.

*The bird's-eye view of Khulna city, Bangladesh, 2021
Photo: Shutterstock*



6. IMPLICATIONS

Our research with women entrepreneurs reveal the depth and multifaceted nature of the pandemic's impact on women-led micro and small businesses. In general, female business owners in Bangladesh have trouble accessing public resources and bank funds, which makes keeping their businesses afloat all the more difficult. The closures of all businesses and markets resulted in a huge drop in revenue and sales, which in turn caused significant financial losses to all business owners, particularly the more structurally fragile women-owned SMSEs.

Despite multiple economic and social hardships, our research highlights these women's resilience and determination, and despite their reduced capabilities, to keep their businesses and families going. Many overcame, or simply bore, mental and physical health challenges. Some turned to new forms of economic activity or used hard-won funding and time to support their peers. While many interviewees were optimistic about reviving their businesses after the pandemic, they acknowledged that they will need to regain confidence in the future and receive external support from government and financial institutions, such as grants, affordable loans and other financial assistance, to help them get back on their feet. Our findings also illustrate the particular challenges that women entrepreneurs face in accessing existing government support and financial assistance, and their need for access to business-skills training and business-networking and other types of support.

The impact of the pandemic on the economy and people of Bangladesh has been profound. To recover growth and benefit from a stronger, less-gendered unequal and more inclusive economy and society, policymakers, governments, international and local civil society partners should draw inspiration for comprehensive policies and actions from the following recommendations:

1. Provide counselling and mental-health support to bolster personal strength and business confidence

Half of the women interviewed talked about psychosocial support services as a necessity, speaking from their own experience and drawing on feelings that many women like them were suffering from mental health issues, excessive worries, and pandemic-related anxiety. Furthermore, while the research interviews did not directly explore this issue, several newspaper reports and articles found that women experienced increased incidents of domestic violence and sexual abuse during the pandemic lockdowns. All of these issues require new or reinforced psychosocial support services and interventions to rebuild shattered lives, strengthen resilience, and reinstate the confidence needed for successful business undertakings.

2. Create networking opportunities and build capacity through trainings to sharpen skills and social capital

Most of the women interviewed talked about the necessity of better business networking means and opportunities, which could be facilitated, for example, by developing a country-wide database of women-owned SMSEs and related online forums and virtual marketplaces. Similarly, a common outdoor (physical) marketplace for women entrepreneurs could provide a place to build social capital, as discussed below. In tandem with the idea of online databases and marketplaces, the women identified a need for capacity building through trainings on Internet use, digital marketing and other business-related skills. Mentoring programs could also prove helpful

in expanding the social and human capital of women entrepreneurs.

3. Provide more diversified and gender-neutral business opportunities to expand economic activity

Many women entrepreneurs engage in gender-specific activities, such as conventional women's clothing boutiques and custom-made dress parlors. This concentration does not bring any diversification to the retail or apparel sectors, nor does it expand the skills and markets of women entrepreneurs. Diversification in retail and/or apparel offerings is crucial for sectoral expansion and growth. Additionally, technical, accounting, and business skills development training for women would help women engage in other, more gender-neutral businesses, expanding their markets and revenues via different products and industries.

4. Install dedicated marketplaces for women entrepreneurs to connect with peers and sell their products more easily

Many interviewees talked about the customary barriers in Bangladesh, especially in conservative families, that create problems when women want to sell products from home. They thought it would be tremendously beneficial for them to have a common outdoor marketplace where only female micro-business owners could sell their products. Such a marketplace would also serve as a gathering place for local peer and customer networking and connection to rebuild social capital and offset the narrow to nonexistent peer and business networking opportunities provided by working out of the home or online from home.

5. Facilitate access to gender-specific government support schemes

Governments and financial organizations should create tailored supportive financial tools for women entrepreneurs – especially the smallest – who generate low business revenues

and/or don't have collateral or much capital. For example, during the pandemic and even when it's over, there should be different kinds of schemes, such as grants and/or lower-minimum and lower-interest loans, for MSMEs. Financial support for women is mostly required at the start of a business, but the banks are reluctant to provide new businesses with start-up funding because they are keen to provide loans only for established businesses that are doing well. In addition, MSME or start-up loan amounts and terms for women business owners need to be smaller and more micro-business-friendly, and repayments should incorporate grace periods and/or be based on longer terms. All of these would be useful short-to medium-term measures to support female entrepreneurs as they emerge from the pandemic. In the longer term, these will only be truly effective, however, when they are accompanied with dedicated efforts to change cultural perceptions and educate men and women to reduce the impact of patriarchal social norms and values that underpin the deeper impact of the pandemic in Bangladesh on women than men.

ANNEX

METHODOLOGY

The research began with a literature review, from November through December 7, 2020, that included newspaper articles, reports, journal articles and other publications, as per the bibliography and cited references.

Drawing on the conceptual framework, overarching research questions and the literature review, a semi-structured interview guide was developed to address each of the key questions of the research.

Semi-structured qualitative interviews were conducted with 16 women entrepreneurs from January 31 to March 25, 2021. Interview respondents were selected based on a set of key criteria: age, marital status and education level. These criteria were selected in order to discern and draw out comparisons between the experiences of younger and older women entrepreneurs and to determine the extent to which marital status and levels of education had a bearing on the experiences of women entrepreneurs and their ability to cope. Women respondents for the interview were identified with help from an existing partner of The Asia Foundation Bangladesh and other local partners using a snowballing technique. The women respondents identified all worked for or owned micro²² women-led enterprises in Khulna city. Out of a total of 16 interview respondents, eight were in the 20 to 40-year-old age group and eight in the 41 to 60-year-old age group.

Due to health and safety measures, all semi-structured interviews were conducted over the phone or via Zoom. The semi-structured interview guide was translated into Bangla and all interviews were conducted in Bangla. Each interview lasted 60 to 90 minutes. Interviews were only conducted following verbal consent from the interviewees. Once consent was given, interviews were recorded and handwritten notes were taken by a dedicated notetaker. The recorded interviews were subsequently transcribed in Bangla and then translated into English. Utmost efforts were made to ensure accuracy in the translation and interpretation of interview transcripts to ensure the integrity of the original text. Each of the transcripts was then coded for further interpretation and thematic analysis.

RESEARCH ETHICS

The research adhered to a set of four ethical principles: (i) respect for human beings, (ii) beneficence and non-maleficence to do no harm, (iii) research merit and integrity, and (iv) justice. To ensure that the interviews and research processes adhered to each of these core principles, the researcher developed practical strategies and approaches to respect each principle.

Respondents were assured of their anonymity and the confidentiality of their information. Prior consent for the interview was obtained from each respondent and consent was also sought for The Asia Foundation to store and use respondents' anonymized data for analysis purposes. Respondents were provided with a detailed debriefing on the objective, aims and purpose of the research. Participants were assured that interviews were voluntary and that they had the right to withdraw from the interview or the research either before, during or after the interview. Due to

COVID-19-related restrictions and safety protocols, all interviews were conducted remotely via Zoom or telephone. Interviews were conducted and scheduled for the convenience of participants.

RESEARCH LIMITATIONS

The research was conducted at the height of the COVID-19 pandemic in Bangladesh. This presented unique challenges for the researcher and for the respondents. To ensure their safety and well-being, all interviews were conducted remotely, by phone or Zoom, an online platform. Remote data collection posed a number of challenges, including difficulties in scheduling interviews with respondents; unreliable and unstable internet connections; and disruptions in the Interview due to working-from-home conditions of the interviewees. Distance also created practical logistical challenges in communicating with respondents and subsequently transcribing and translating Interviews.

ENDNOTES

- 1 Lightcastle Partners (2020) [Covid-19 Impact on Bangladesh's SME Landscape](#).
- 2 This framework draws on the work of academic and practitioners, in particular, Amartya Sen's [Capability Approach](#), and [The Multi-dimensional Inequality Framework](#), and Kabeer, N. (2016) [Leaving no one behind: the challenge of intersecting inequalities](#), and Leach, M., Gaventa, J., Justino, P., Caillods, F., and Denis, M. (2016), '[Challenging inequalities: pathways to a just world; key messages and main contributions](#)' in International Social Science Council, University of Sussex (UK). Institute of Development Studies, and UNESCO. Director-General, 2009-2017 (Bokova, I.G.) (2016) [World Social Science Report 2016: Challenging Inequalities: Pathways to a Just World](#).
- 3 BIDA (2020) [Supporting SMEs hardest hit by COVID-19](#).
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- 13 Draft report on South Asia Economic Policy Research on COVID-19 & The New Normal for Women in the Economy in South Asia by Dr. M. Abu Eusuf, September 7, 2020
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- 17 Ridwan Islam Sifat (2020) [Sexual violence against women in Bangladesh during the COVID-19 pandemic](#).
- 18 In 2010, Bangladesh enacted the Domestic Violence Prevention and Protection Act. The country also has a national helpline center for violence against women and children. See also Dhaka Tribune (2021, 31 March), [Domestic violence: 30% became victims during pandemic](#).
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The Asia Foundation

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