Barely staying afloat: COVID-19 and women entrepreneurs in Bangladesh

By Sadia Afroze Sultana

In the beginning of 2020, a young woman named Sabina Akhter took a step towards her dream of owning a small clothing boutique in the bustling city of Khulna in Bangladesh. At 28, like many young entrepreneurs in Bangladesh, Sabina hoped to turn her passion into a lucrative business, and she took out a

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loan to start her boutique. Months later, as the COVID-19 pandemic gripped Bangladesh and the country went into lockdown, Sabina was forced to close her fledgling business.

Like Sabina, 47-year-old Jahanara Begum, an established entrepreneur, was also forced to close her business in 2020, leaving her with few options to support her children and extended family.

The stories of Sabina and Jahanara are emblematic of the many setbacks that women entrepreneurs have experienced — in Bangladesh and beyond — during COVID-19.

In the last decade, women have made tremendous strides in Bangladesh, stepping out of the home to participate in the economy. In the small and medium enterprise (SME) sector, which accounts for an estimated 25 percent of Bangladesh’s GDP, women have made substantial contributions. SMEs create employment for an estimated 7.8 million people directly and provide livelihoods for 31.2 million people. Women entrepreneurs face formidable obstacles, however, like a lack of access to loans and start-up capital, difficulties in accessing formal support, and restrictions on their mobility and ability to network and grow their businesses. Prevailing social norms and practices within the home and society also continue to erect barriers to their socio-economic empowerment.

The pandemic has exacerbated these challenges and revealed just how few fallback options women entrepreneurs have in times of crisis. In September 2020, The Asia Foundation commissioned a study to examine the realities confronting women entrepreneurs in South Asia. The study shows that a high percentage of women SME owners have experienced falling sales, extensive employee layoffs, and major obstacles to operating their businesses due to insufficient cash flow and government restrictions. More than 75 percent of respondents cited a lack of financing as a challenge to adapting their businesses to COVID-19 restrictions.
Beyond the economic impact, women’s personal and family lives have also felt the impact of the pandemic. The Asia Foundation is working on a qualitative study of the economic and social impacts of COVID-19 in seven cities in South and Southeast Asia [forthcoming]. In Bangladesh, the research focused on the social and economic impacts of COVID-19 on women-led SMEs in the city of Khulna, where I spoke to a number of women working in the clothing industry. Their stories revealed to me the many difficulties they faced both professionally and personally.

Women spoke about the business impact of the lockdown and early containment measures, which caused them significant economic losses. The suspension of important social and religious events during the lockdown set off a ripple effect of negative consequences. Orders were cancelled and stock piled up. Supply chains were disrupted, and a shortage of raw materials in the local market after the lockdown forced many to travel to other cities for supplies. Travel costs such as food and accommodations caused business expenses to grow. The need for inexpensive accommodations during these trips raised worries about personal safety.

My interviewees spoke of making difficult decisions like laying off skilled workers. They spoke of the years it takes to build skills and trusted relationships with their employees and the emotional stress this caused, further reducing productivity. All these factors took their toll, and while some women are still fighting to keep their businesses alive, others have been forced to close.

In April 2020, the government of Bangladesh introduced a stimulus package equivalent to roughly A$3.1 million to boost the SME and cottage-industry sector, but the scheme has attracted few takers. The women we spoke to were hesitant about the repayment terms and the many documents required. Tailored, longer repayment terms are needed. Many women could also benefit from training in business management, digital literacy, and other new skills to help them rebuild
their businesses as the pandemic subsides.

Women have also faced personal challenges during this time. In the absence of domestic help, women have shouldered additional family and household responsibilities, taking time away from their businesses. With schools closed and children at home, many reported spending far more time on childcare, forcing them to work late at night on their businesses after finishing the household chores. To cope, some women have moved their businesses into their homes, and other, typically younger entrepreneurs are shifting to digital platforms. Both are desperately looking for new ways to stay engaged in the economy.

All these factors have increased women’s stress and anxiety. At the same time, the loss of social connections has left them with fewer coping mechanisms. Many would benefit from psychosocial support to help them keep pursuing their dreams.

Despite these many hurdles, women entrepreneurs are trying to claim a space for themselves within the business sector and more broadly as contributors to Bangladesh’s economy. But that space is still woefully small. According to a 2016 study by the International Finance Corporation, women-owned businesses constitute just 7.2 percent of the eight million businesses in Bangladesh.

To raise this figure and enable more women to pursue successful business activities, policies and programs must address the barriers keeping women like Sabina and Jahanara from building their enterprises, barriers that have grown more daunting during COVID-19.

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