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WOMEN-OWNED MICRO AND SMALL ENTERPRISES IN BHUTAN: WHAT MAJOR OBSTACLES IMPEDE THEIR GROWTH AND INNOVATION?

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Abstract

The research identified and examined the major obstacles impeding the growth and innovation of Women Micro and Small Enterprises (WMSEs) in Bhutan. The research was carried out using World Bank's Bhutan Enterprise Survey data (2015) and in-depth interviews of eighty-one micro and small businesswomen. It was noted that increasing number of Bhutanese women has started to participate in economic activities in the recent years. However, the growth in WMSEs has ensued largely in the form of gain in number but not in terms of business innovation and upward progression in the entrepreneurial ladder. These imply that numerous obstacles continue to impede the growth and innovation of WMSEs in Bhutan. What are these obstacles? How could they overcome these obstacles? Using mixed-method, the research has attempted to answer these critical questions. Through triangulation of the results from the quantitative and qualitative analysis, the study concluded that the obstacles needing immediate attention are poor access to finance; labour shortage; inadequate business skills (managerial, financial and technical); competitions among similar enterprises, lack of proper business premises (location, rent and space), lack of formal education, lack of training opportunities, and seasonality of businesses.

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Table of Content

Acknowledgement.....	i
List of Tables:.....	i
List of Figures:.....	i
Summary.....	ii
CHAPTER I: Introduction: Background, definitions, literature review, and methods.....	1
Introduction.....	1
Background.....	2
Literature Review.....	5
<i>Conceptual framework</i>	5
<i>Characteristics of women-owned micro and small enterprises</i>	6
<i>Motivations for women to undertake entrepreneurship</i>	6
<i>Start-up obstacles</i>	7
<i>Business obstacles: operation, growth, and innovation</i>	7
<i>Business aspirations and plans</i>	10
<i>Policies and strategies</i>	10
Problem statement.....	13
Study objectives.....	14
Research Design.....	14
Scope and limitations of the study.....	15
Research ethics.....	15
CHAPTER II: Descriptive analysis of quantitative data.....	16
Introduction.....	16
Survey structure.....	16
World Bank's key findings from the ESB-2015.....	17
Unemployment scenario in Bhutan.....	17
Distribution of women-owned micro and small enterprises across 20 districts.....	18
Characteristics of women-owned enterprises and entrepreneurs.....	19
<i>Types of enterprises</i>	19
<i>Number of years in operation</i>	19
<i>Enterprise performance</i>	20
<i>Innovation</i>	21
<i>Age dynamics of women owners</i>	21
<i>Education levels</i>	22
Biggest obstacles of women-owned MSEs.....	22
Comparison of obstacles between high growth and low growth women-owned MSEs.....	23
Reasons for not availing loans.....	25
Key findings and conclusion.....	26
<i>Overall scenario of women's participation in the formal economy</i>	26
<i>Characteristics of women-owned enterprises</i>	26
<i>Characteristics of women business owners</i>	27
<i>Biggest obstacles of women-owned micro and small enterprises</i>	27
Conclusion.....	28
CHAPTER III: QUALITATIVE ANALYSIS AND FINDINGS.....	29
Introduction.....	29
Description of the qualitative analysis.....	29
Sampling and selection of respondents.....	29
Analysis of the qualitative data.....	29
<i>Interpretive analysis</i>	30
<i>Phenomenological analysis</i>	30
<i>First step: Transcription</i>	31
<i>Second step: Coding and theme identification</i>	31
<i>Third step: Theme identification and reduction</i>	32
<i>Fourth step: Creating codebook</i>	32
<i>Fifth step: Themes linkages and theoretical models</i>	32
Data quality and reliability.....	32
Analysis and results.....	33
<i>Demographic profile of respondents</i>	33
<i>Type and nature of the business or enterprises</i>	33
Nature of business.....	34
Business motivations (reasons for undertaking business).....	34
Business start-up problems.....	38

Overcoming start-up obstacles	40
Current obstacles: business operation, growth, innovation, and transformation	41
<i>First major obstacle—access to finance</i>	42
<i>Difficulty getting good business premises</i>	45
<i>Lack of business skills</i>	47
<i>Lack of, or lower education level</i>	48
<i>Lack of training opportunities</i>	49
<i>Work-family conflict</i>	49
<i>Labour shortage</i>	50
<i>Lack of access to information</i>	50
<i>Government regulations</i>	51
<i>Business competitions</i>	51
<i>Low access to technology and raw materials</i>	52
<i>Lack of support from spouses & others</i>	52
<i>Storage</i>	52
<i>Transportation issues</i>	52
<i>Taxes</i>	53
<i>Toilet and water</i>	53
Business aspirations and plans	53
Support expectations from the government, NGOs, and other stakeholders	55
Main findings and conclusion	59
CHAPTER IV: Triangulation of findings and discussions	61
Introduction	61
Triangulation framework	61
Key findings	61
Discussions	64
Recommendations	70
Conclusion	73
Bibliography	74
Annexure: 1 Codebook	81

List of Tables:

Table 2.1: Employment scenario by gender in Bhutan.....	18
Table 2.2: Distribution of micro and small enterprises across districts (percentages).....	18
Table 2-3: Number of years in operation of women-owned micro, small, medium and large enterprises (percentage and std. error, bracketed).....	20
Table 2-4: Performance measure comparison between women-owned MSEs and MLEs (percentage and std. error, bracketed).....	20
Table 2.5: Difference in innovation between women-owned MSEs & MLEs	21
Table 2.6: Age dynamics of women enterprise owners (percentage and std. error bracketed).....	21
Table 2-7: Education levels of women owners of MSEs and MLEs.....	22
Table 2.8: Obstacles faced by women-owned MSEs and MLEs (percentages and standard errors (bracketed).....	23
Table 2.9: Comparison of biggest obstacles between women-owned and men-owned (all enterprises) in percentage and standard errors (bracketed).....	24
Table 2.10: Reasons for not availing loan by women-owned and men-owned enterprises (in percentages and standard errors (bracketed).....	25
Table 3-1: Demographic characteristics of women participants.....	33
Table 3-2: Types of business undertaken by women participants.....	34
Table 3.3: Nature of women-owned business.....	34
Table 3.4: Motivations for taking up micro and small enterprises	35
Table 3.5: Determinants of the 'Factor Necessity'.....	36
Table 3.6: Start-up obstacles, categories and percentage of coded segments.....	38
Table 3.7: Obstacles in two categories.....	42
Table 4.1: Matrix table for triangulation of the key results from the quantitative and qualitative analyses	62

List of Figures:

Figure 2-1: Number of years in operation of women-owned micro, small, medium and large enterprises (percentages).....	19
Figure 2.2: Comparison of obstacles between High Growth and Low Growth women-owned MSEs (percentage)	24
Figure 3.1: Summary of strategies used to overcome major business startup obstacles.....	40
Figure 3.2: Qualitative study model for investigation major business operational obstacles.....	41
Figure 3.4: Obstacles of accessing good business space.....	46
Figure 3.5: Business aspirations and future business plans.....	53
Figure 3.6: Expectations from the Government, NGOs and others.....	56
Figure 4.1: Simple framework of the results triangulation.....	61

Summary

This report presents the analysis of multidimensional obstacles impeding the growth and innovation of women-owned Micro and Small Enterprises (MSEs) in Bhutan. Entrepreneurship in Bhutan was traditionally a men's dominion. Bhutanese men travelled to Tibet and India for barter trade. The time has now changed; many women are joining the world of entrepreneurship and business. The Royal Government of Bhutan (RGoB) has long recognised the importance of women entrepreneurship, especially at micro and small levels for the nation's socio-economic development. In fact, women's economic participation holds a huge potential to address a horde of national development issues such as poverty, unemployment, inequitable distribution of wealth, imbalanced regional development, and challenges of gender mainstreaming. Nevertheless, women taking up economic activities are not easy ventures; they face a host of obstacles during business start-up, operation, and in trying to grow and innovate.

The study draws attention to the country's private sector, which is supposed to spearhead the nation's growth and development but continue to remain at the nascent stage. As the MSEs constitute more than 96% of all the industries within the private sector, rather a modest performance of the private sector could be largely attributed to underdeveloped MSEs sector. Despite its huge social and economic potentials, the contribution of women-owned MSEs sector to the growth of the private sector remains marginal. Its contribution to GDP is quite nominal (just about 4%). The growth in women's micro and small enterprises sector has ensued largely in the form of gain in number but not in terms of business innovation and upward progression in the entrepreneurial ladder. This implies that numerous obstacles continue to plague women micro and small entrepreneurs and the enterprises they own and operate. What are these obstacles? How could they overcome these obstacles? This study has attempted to answer these critical questions. The study was premised on the perspective that unless these obstacles are recognised, critically examined, and corresponding policy measures are taken, the country's efforts to promote the growth and development of women-owned MSEs would always yield mixed results.

Methods consisted the quantitative analysis of secondary data (survey and administrative data) and qualitative data (in-depth interviews of 81 women entrepreneurs) and triangulation of the results from each analysis to obtain more valid findings. The recommendations were based on the triangulation results. The quantitative module included a descriptive analysis of data from World Bank's Enterprise Survey of Bhutan-2015. The focus of the quantitative analysis was on identifying various structural obstacles originating from the environment within which women-owned micro and small enterprises are operating. Thematic content analysis of the qualitative data (using MAXQDA software) was framed within interpretive-phenomenological framework. It emphasised on determining individual/agency level obstacles. Qualitative data was collected through in-depth interviews with eighty-one women micro and small entrepreneurs. Interviews focused on six major themes: motivations to start businesses, startup challenges, overcoming startup obstacles, operational obstacles in the growth trajectory, aspirations and future business plans, and the support expectations.

The quantitative analysis has listed sixteen environment-level obstacles, among which 'severe obstacles' were access to finance and labour regulations. 'Major obstacles' were competitions from the informal sector, electricity, tax rates, and crime, theft and disorder. 'Moderate obstacles' were business licensing and permits, tax administration, courts, and customs and trade regulations. 'Minor obstacles' were transportation, access to land, poorly educated workforce and political instability. The qualitative analysis has identified thirty obstacles among which the severe ones were non-availability of finance, lack of proper business premises, inadequate business skills, and growing competitions among similar businesses. Major obstacles were lack of formal education, lack of training opportunities, and seasonality of the business. Moderate obstacles were: work-family conflict, shortage of raw materials and equipment, government's regulations, low customer base, transportation issues, and rising price of input materials and services. Among thirty obstacles, the three most important individual-level obstacles were lack of business skills, lack of formal education and work-family conflict. Through triangulation of the results from the quantitative and qualitative analysis, the study concluded that the obstacles needing immediate attention are poor access to finance; labour shortage; inadequate business skills (managerial, financial and technical); competitions among similar enterprises, lack of proper business premises (location, rent and space), lack of formal education, lack of training opportunities, and seasonality of businesses.

In addition, the study has found that main motivations for women to participate in economic activities are not only to earn a livelihood, but also to enhance their social and economic status. Most sampled women entrepreneurs have reported that they were motivated to start a business to meet basic economic necessity: employment, family sustenance, and supporting children's education. Being single mothers have also motivated many of them to undertake economic activities as means of livelihood. Women entrepreneurs were mostly 'security seekers'; some were 'freedom seekers' and a few 'satisfaction seekers'.

Lack of access to finance emerged as the most significant obstacle, but at the same time, the demand for bank credit was much lower among women-owned MSEs. The situation of micro-finance mechanism in the country coupled with individual barriers seems to make the access to finance difficult. Loan conditions offered by banks are not favourable for women micro and small entrepreneurs while women's low risk-aversion deter them from obtaining bank loans.

There is a growing competition among women-owned MSEs as they compete to deliver similar products and services rather than developing new ones through innovation. The number of similar businesses has grown to such a level that it even threatens the business survival of the least fit ones.

A substantial number of women entrepreneurs did not have formal education. Being uneducated or lowly educated, most women micro and small entrepreneurs showed an obvious lack of business ideas for innovation, which is critical to the success of the business. Women entrepreneurs' lack of formal education (or low education) and ensuing lack of business skills have left them with no other options but to keep their businesses at a subsistence level. Most of them want to remain as 'subsistence entrepreneurs' and a very few want to be 'transformational entrepreneurs'. The analysis also showed that most women lack strategic and long-term business vision. Furthermore, going by the views of women entrepreneurs (sampled), most of them were provided with little or no policy and programme support in terms training, upscaling their business skills, and marketing their products and services. They desire to attend business training, but are unaware of those training and even if they know, they are not able grasp the opportunity. This implies that the business training organised by various government agencies and NGOs have not benefited most women in the MSEs sector, particularly those in the informal sector (without trade registration).

The majority of women entrepreneurs expect the government, NGOs and other players to support them overcome their obstacles like lack of access to finance, unavailability of good business premises, lack of business skill, challenges imposed by certain regulations, and in terms of marketing their products. Based on the findings obtained by triangulating the results of two approaches (quantitative and qualitative) and support expectations of women participants, the study has made the following recommendations:

- i. Strengthen and expand micro-financing schemes that best suit the need of women entrepreneurs;
- ii. Organise regular financial literacy and business programmes aiming at women entrepreneurs with no formal education or low level of education. It is critical that such programmes aim not only to make women entrepreneurs aware of different micro-schemes but also to develop their risk-taking ability. The training should be tailor-made to benefit women entrepreneurs with different socio-economic characteristics;
- iii. The education system should produce a curriculum suited to prepare young graduates with entrepreneurial skills. The inclusion of supplementary subjects that would adequately prepare students for self-employment in micro, small and medium enterprise sector is one option. The Non-Formal Education's (NFE) curriculum could underscore business and life skill modules;
- iv. Set up more marketplaces in the suitable locations in the context of growing number of women micro and small entrepreneurs in the country. This will resolve most of the minor obstacles like water scarcity, lack of toilet facilities, storage problems, failure to comply with municipality's regulations, and so on;

- v. Marketing support for women-owned MSEs in the manufacturing sector (like innovative food processing and textile units) needs to be given a priority;
- vi. There is the need for bottom-up planning and designing various business support schemes. It is important that the government agencies, NGOs, banks, and others need to involve women entrepreneurs at each stage of designing, implementation, monitoring and evaluation of the various support schemes;
- vii. Promote women's access to business associations, networks, and vital business information through support to formation of women's business associations/groups and advocacy programmes including the use of media;
- viii. Review and amend certain regulations that are out-dated and hinder the growth and innovation of the MSEs;
- ix. Put in place the system that can maintain women's business statistics vital not only for research purpose but for policy and programme implementation, monitoring and evaluation;
- x. There is no dearth of policies, strategies and regulations pertaining to women's entrepreneurship, what is lacking is proper implementation. There is the need for a collaborative approach between public, NGOs and private agencies to address the obstacles confronting women-owned MSEs sector.

The report acknowledges that while this study represents a modest step towards making those obstacles visible to policy makers, development workers, and other stakeholders, it has some limitations. Firstly, the quantitative analysis used firm-level data from the World Bank's Enterprise data (2015), which is little out-dated; and secondly, the qualitative data has smaller representations from the eastern and central regions, and moreover, there were no women representations from IT sector, tourism, consultancy, film industry, etc., which are emerging as the female business domains.

CHAPTER I

INTRODUCTION: BACKGROUND, DEFINITIONS, LITERATURE REVIEW, AND METHODS

Introduction

The present study identified and critically examined multidimensional obstacles facing women-owned micro and small enterprises in Bhutan. The government has long recognised the critical role of Cottage (micro) and Small Enterprises (MSEs) for sustainable economic growth, balanced regional development, employment generation, and pro-poor growth that integrate development with equity and inclusion, ecological sensitivity, and cultural richness with development. However, despite being considered one of the five jewels (priority growth area) of the economy and accounting for more than 96 % of all enterprises in the country, the role of the MSEs have been marginal, contributing relatively a small share to GDP (EDP, 2016). The total contribution of micro, small and medium enterprises to GDP in 2014 was 4.4 % (Business Bhutan, 2014). The sector accounted for 11.57% of the total employment in 2016 (66,000 out of 570,231 working age population). Low shares of the MSE sector to GDP and employment are manifestations of the sector's underdevelopment. Numerous obstacles (structural, social/personal and technical factors) could be impeding the MSE sector (ADB, 2011) in terms of business start-up, expansion, adaptation, innovation, and achieving higher entrepreneurial outcomes.

Druk Phuentshom Tshogpa (Opposition Party) has off late made it explicit that the present government is not doing much to support business community notwithstanding its campaign promise of a major reform in the private sector. The Opposition Party has claimed that small business houses are struggling to survive while nothing substantial is being done to promote their best interests. A very high prevalence of obstacles among women-owned enterprises has impeded their growth and innovation (MB, Subbha, Kuensel, 13 January 2018: 5). There is an immense need for a serious effort to investigate the major business obstacles that negatively affect women-owned and operated micro and small enterprises. These obstacles must be brought to the notice of the concerned authorities and stakeholders and persuade them to take appropriate measures.

Using mixed method, this study aimed to provide both qualitative and quantitative evidence of the obstacles that hamper the start-up, innovativeness, and growth of women-owned micro and small enterprises. It sought to address four important questions: (1) what are the key motivations for Bhutanese women to take up entrepreneurial activities? (2) What are the key challenges women-owned micro and small enterprises face in terms of business start-up, operation, growth, and innovation? (3) How do women entrepreneurs overcome business startup problems? (3) Why do these multiple obstacles prevail and perpetuate? (4) What could be done to reduce the negative effects of these obstacles both in terms of policy and practice? These are the critical questions, both from the policy and programme implementation perspectives.

The report is divided into four chapters. Chapter I begin with the study's background: a review of the current research area, information surrounding the issues, and the previous studies. The definitions of micro and small enterprises are presented. The chapter further discusses legal, policy and institutional arrangements for the development of micro, small and medium enterprises in the country. It then covers the study's objectives, research design, scope and limitations, and research ethics.

Chapter II explores the obstacles facing women-owned micro and small enterprises using the quantitative method. The chapter covers the descriptive analysis of the World Bank's Enterprise Survey of Bhutan (2ESB-015). This firm-level analysis focuses on identifying and examining the environment-level obstacles that restrain the growth and innovativeness of women-owned micro and small enterprises. These obstacles correspond to business infrastructure, finance and market, and legal and regulatory environment.

Chapter III is the qualitative module of the study. The qualitative analysis investigated the individual-level as well as the environment-level business obstacles from the perspective of women micro and small entrepreneurs. The analysis is based on data collected through in-depth interviews of eighty-one women entrepreneurs mainly from Thimphu City and some from other parts of the country. The thematic content analysis was done using MAXQDA (programme for qualitative data analysis) and presented in the

interpretive-phenomenological framework. The significance of this approach lies in the fact that it was based on the true voices of women entrepreneurs whose narratives contained rich information on their socio-economic characteristics, business startup obstacles, current operational obstacles, future business aspirations and plans, and their expectations of support from the government, NGOs and others.

Chapter IV draws the insights from both quantitative and qualitative analyses. The key results from both the approaches were triangulated to complement, supplement and even contradict each other. The main findings are presented based on which the recommendations are made. The triangulation was done at the results-level rather than at data or methodological levels.

Background

In traditional Bhutanese society, operating a business has been the domain of men. In the past, aspiring women entrepreneurs faced such social limitation in the past, but now the society has begun to accept women's participation in the economic activities. The general mindset has changed so much so that women who were once considered only suited for family responsibility and home-making are now looked upon as capable of venturing on independent businesses.

From the macroeconomic perspective, the MSE sector has a huge potential for the nation's economic and social growth and development. The collective impact of the MSEs may become more significant in comparison to large corporations, especially in the area of employment creation, poverty alleviation, and gender mainstreaming. The micro-enterprises, largely belonging to the unorganised sector, are the source of employment in Bhutan only next to the agriculture sector (ROoB, CMIS Policy, 2010). In view of the MSE sector's huge benefit to the country, it is very important to first identify and recognise the key obstacles facing this sector and second, to work towards promoting the sector. The salient attribute of Gross National Happiness (GNH) development paradigm is to pursue holistic development approach that encompasses growth with equity and inclusion. To that extent, the development of the MSE sector and promoting women's economic participation through this sector could provide a huge leeway for the pro-poor growth, poverty reduction, and fulfillment of GNH goals (RGOB, CMIS Action Plan, 2012: 12).

In 2017, about 90% of all Bhutanese businesses were registered micro and small-scale enterprises (SYB 2017, DSCI). The number of micro and small entrepreneurs rose at a prodigious rate from 14,722 in 2012 to 20,093 in 2017. Micro enterprises alone made up 69.69% of the total registered enterprises, 20.05% were small enterprises, 7.84% medium enterprises, and 2.41% large enterprises (SYB, 2017, DSCI). At present, micro enterprises far outnumber small and medium enterprises in the formal economy. The actual number of informal micro-enterprises can't be accounted for at this stage, but the number can be a whopping great, as micro-enterprises are spread across the country. This huge variation in terms of the numbers of micro, small and medium enterprises is a clear indication that transitions from micro to small and then to medium-size enterprises have remained nominal. Besides poor transformation, micro and small enterprises, though greater in number, dominates the service sector. Combined, they make up about 66% of the service sector. Just 12% [of them] are represented in the production and manufacturing categories showing evidence of lack of innovation and diversity. Regardless of the numeral strength, the MSE sector remains weak and has yet to generate more economic and employment opportunities (Dorji, Tshering, Kuensel, July 14, 2017).

Ever since the government began to focus micro and small entrepreneurship in 1991 with the formation of the Entrepreneurship Promotion Centre (EPC), an increasing number of Bhutanese women have started to undertake micro and small entrepreneurship. This has assuaged the negative attitude and belief about restricting women to their traditional reproductive and family roles and enabled them to break out from their confinement within the limit of their homes. Many women have started their own enterprises—some in response to perceived opportunity, others out of necessity. However, despite a significant rise in the number of Bhutanese women taking entrepreneurship, they still tend to lag behind men. In 2016, the Department of Cottage and Small Industries (DCSI) has reported that 63% of the registered micro, small and medium enterprises were owned and managed by men, 35.53% by women and 1.50% by others (non-nationals). Having achieved 35.53% of women's participation in the formal business sector was a considerable accomplishment, but the fact that a huge number of women operate their enterprises at the micro level and in the informal economy remains a major concern. A large representation of women in the

micro-level and informal entrepreneurial activities implies that due to complex and multiple obstacles, they are not able to innovate, grow, and transform to the formal economic sector and higher-level enterprises.

The agriculture and home-based income-generation continue to dominate the economic activities of Bhutanese women (ADB, 2011:2). Women usually undertake gendered enterprises like farm-products shops, small groceries, restaurants, bars, vegetable and food vending, tailoring, home-based food processing, beauty salons, floriculture, local brewing, catering, ticketing, small-scale tourism services, furniture-making, decorations, bakery, hand woven textile, handicraft, petty contracts, small consultancy firms, and so on. Most of these enterprises have low investment capacity and returns, and the entry is relatively easy albeit growing competitions. Bhutanese women entrepreneurs have not been able to venture into traditionally male-dominated areas. The fact that about 96% of all enterprises in the country are micro and small enterprises (DCSI, 2016) suggest their slow transformation and progression towards value-added medium and large enterprise. Bhutanese women entrepreneurs typically tend to operate 'subsistence enterprises' rather than trying to innovate and make their enterprises grow and transform. Their desire to innovate, transform, and expand their enterprises, seems to be hindered by a multi-dimensional obstacle like lack of finance, business skills, space, and other structural and individual factors (Kuensel, November 17, 2017).

The World Bank's agribusiness study (2016) has concluded that agribusiness firms in Bhutan (largely owned by women) have progressed relatively little in terms of logistical innovation, Research, and Development (R&D), management and marketing compared to other business categories. Furthermore, the agribusinesses are not well networked, especially with external markets. Most Bhutanese farmers and traders (both men and women) trade with Indian and Bangladeshi traders operating inside Bhutan. This has limited their exposure to the valuable networking crucial for innovation in product types, quality, marketing, and distribution (The World Bank Group, 2016, pp.IX).

Bhutan Association of Women Entrepreneurs (BAOWE) recognised that women are key to the economic well-being and development of the country. But, in reality, 70% of the unemployed population are women (BAOWE website) showing much lesser role of women in the socio-economic development. The view that the MSE sector offers a good prospect, especially for women who are left without wage employment in the formal sector holds a great deal of truth. Micro, small and medium enterprises have as of 2016 employed around 96,000 people most of whom were women (EDP-2016). The main and perpetual problem is that women dominate in the economic sectors that do not offer much scope for innovation (Dorji, Rabsel and Lyon, Fergus, 2016). In fact, there are not many women entrepreneurs who are innovative and niche players. That means a large number of women operates similar enterprises thereby up-scaling unhealthy competition that restrains entrepreneurial growth and innovation.

The Enterprise Survey of Bhutan (World Bank, 2015) reported that among 15 areas of business environment, poor access to finance (24%) remains a severe constraint; other major challenges are labour regulations/labour shortage (23%), tax rates (13%), informal competitors (9.5%), and poor transportation (8.6%). The current credit arrangement favours loans for capital investments and leasing of agribusiness machinery and equipment to large business sector and cooperatives while micro and small entrepreneurs are neglected (The World Bank Group, 2017, pp: IX). The financial capital is a critical factor for business start-up, expansion, adaptation, and achieving higher business outcomes. Most MSEs are home-based, low-volume and low-returns businesses, and have lesser access to credit from banks. On one hand, the country's financial institutions are reluctant to provide loans to this sector without sufficient collaterals due to a higher perception of risks. In effect, the commercial banks have sanctioned less than one % of the total loan to agro-based and other micro and small enterprises (Dorji, Tshering, Kuensel, May 25, 2017). On the other hand, due to women's low averse to risks, there is a low demand for credits. Both the issues explain why women-owned micro and small enterprises failed to grow, innovate, transform, and expand.

There is now heightened global awareness about the role women can play in economic development. There is a business revolution across the nations. In Bhutan as well, entrepreneurial interest among women is growing fast though relatively a fewer Bhutanese women own and operate medium and large enterprises. This suggests that there is so much to do to (1) broaden the income generation opportunities for women; (2) close the gap between men and women in terms of their economic participation and achievement; (3) promote formal economic entrepreneurship among women; and (4) facilitate their advancement from

micro-enterprises to small and then towards medium and large enterprises at par with men. The Global Gender Gap Report (2017) has ranked Bhutan at the 103rd position out of 144 countries in terms of Economic Participation and Opportunity (score 0.622). This means there is a gender disparity in terms of women's opportunities and participation in the economic activities.

The International Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) requires the governments to promote the role of women in development programmes and mandates the national governments to develop strategies for eliminating all forms of discriminatory practices against women. Women's participation in the MSE sector can serve as one avenue for women to serve as the social and economic agents in the societies.

The World Bank's enterprise survey report (2015) and its agribusiness study (2016) have identified various challenges that Bhutanese entrepreneurs in general encounter, but these studies are not specific to women. Moreover, they do not delve into a wide range of factors that encompass social, political, cultural, economic, structural and individual domains. Other than a few studies conducted by the international development partners, research specific to women entrepreneurship is almost non-existent in the country. This is an indication that less emphasis is given to women-specific research and scholarship. It is only out of necessity as well as the need for sense of achievement, self-fulfillment, and financial autonomy among Bhutanese women that a growing number of them undertake micro and small enterprises and continue to operate and survive their businesses otherwise the country's efforts promote the growth and innovation among them have always brought about mixed results (Opposition Party). Achieving sustainable, equitable and inclusive economy would require proper understanding of the multiple challenges that impede the growth and innovativeness of women-owned micro and small enterprises. There is a huge knowledge gap in this area.

Against these backdrops, the present study aimed at investigating the business obstacles among women-owned micro and small enterprises hoping that this might be useful for the government, NGOs, and other stakeholders to take the most appropriate counterbalancing measures. The study was considered significant because, firstly, it marked one of the pioneering steps towards understanding the challenges and other aspects of women entrepreneurship. Secondly, it is expected to provide evidence that is useful for the policy-makers, NGOs, International Development Partners and other players for addressing women-specific entrepreneurial challenges. Thirdly, the Sustainable Development Goals (SDGs) have potential to make a real difference of gender equality and women's economic empowerment. Bhutan is in the early stage of gearing its progress towards women-related SDS goals for which studies such as the present one is necessary to understand the real-life situation and problems of women-owned micro and small enterprises. Importantly, the qualitative part of this study was based on the actual voices of women entrepreneurs who best know what challenges they face during business start-up, in trying to grow and innovate, and in moving up the entrepreneurial scale. The study can in its own way serve as the initial requirement of both theory and practice and serve as the groundwork for future research.

Official definitions of Micro and Small Enterprises (MSEs)

According to Shane and Venkataraman (2000), "entrepreneurship is an activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods and services, ways of organising, markets, processes, and raw materials through organising efforts that previously had not existed."

Definitions of micro, small, medium and large enterprises vary across countries. In Bhutan, there were several definitions and interpretation of the MSEs. Before 2012, the Ministry of Economic Affairs used two definitions based on investment and turnover (MoEA 2011:83). This was leading to confusion, inconsistencies, and hampering policy making, implementation, and evaluation of policy and programmes. The Ministry of Economic Affairs (MoEA) has come up with new definitions based on an enterprise's size of employment and investment. In case of conflict, investment is given precedence over employment. Micro or cottage enterprise is defined as an enterprise that employs 1-4 person or has an investment of less than Nu. one million. Small enterprise is the one that employs 5-19 persons or with the investment of Nu. 1-10 million, the medium enterprise is defined as an enterprise that employs 20-99 people or with an investment of Nu. 10-100 million and a large enterprise is the one that employs more than 100 employees or with the investment of more than 100 million (MoEA 2012: 5).

Business growth and innovation are used quite often in the study. The enterprise growth is defined as an increase in the enterprise's employment or sales. The enterprise innovation means the transformative business processes and practices that enable a business of any size to produce goods and services that are traded in the market more effectively, profitably and competitively. By innovation, it is not a Grand Schumpeterian (1934) Innovation. It means a much milder form of innovation in the entrepreneurial process such as producing unique products, starting a restaurant at a crowded location or doing business little differently.

Literature Review

Conceptual framework

Owing to a limited literature on this theme in Bhutan, much of the reviews were done on regional and international literature. The focus of the literature review was more on reviewing what the international literature has identified as the most common business obstacles for women-owned micro and small enterprises, especially in developing countries.

On the conceptual framework, Shane (2003:2) contends that researchers and academia lack central, ubiquitous, and coherent conceptual framework for investigating entrepreneurship. There lack systematic efforts to muster the fragmentary pieces of knowledge about entrepreneurship in one area. Researchers have resorted to examining just one aspect of the entrepreneurial process that is either the characteristics and actions of individual entrepreneurs or the external forces that affects the entrepreneurship. An exclusive focus either on entrepreneurial individuals or external factors has proven largely unsuccessful (Gartner, 1990; Shane, 2003) because entrepreneurial activities take place not by itself but within a specific situation. Identifying and examining entrepreneurship obstacles purely on the basis of external factors (situation within which individual enterprise operate) has failed to provide a complete explanation of entrepreneurship. It is almost impossible to account for entrepreneurship by just examining either the individual entrepreneurs' characteristics and actions (Carroll and Mosakowski, 1987) or external factors. Therefore, adopting either the environment-centric or the individual-centric approach toward entrepreneurship has remained entrepreneurship research's Achilles heel. Two approaches can be merged to ameliorate this shortcoming and provide a more comprehensive framework for examining the entrepreneurship (Shane, 2003:p p 3).

Besides Shane's proposition, Antony Giddens's (1984) Structuration Theory was deemed relevant for the present study. This theory, just like that of Shane's, take into account two aspects of the business obstacles: structure and agency and the duality between them. The 'structure' here may be referred to the environment within which women live and conduct their businesses which includes socio-cultural and religious environment, business infrastructure, the policies and regulation, and any other environment-level variables. Among the potential external obstacles, the most common ones found in the literature are the structural obstacles like access to: finance, business premise, transportation, electricity, telecommunication, raw materials and production technology, market and the legislative factors (regulations pertaining to the customs and trade, finance, and housing, and labour market). The agency-level obstacles according the structuration theory refers to those obstacles that originate from the individual characteristics of women (family, education, skills, personal goals and interests, and other individual characteristics) and their actions (decision-making, hard work, business skills, and motivations) which can influence in a varying degree their business decisions, style of operation, and the business outcomes (Antony Giddens, 1984).

Given the individual-environment nexus, the best approach to researching 'entrepreneurship' is to examine both the 'structure' and 'agency' or 'environment-individual obstacles'. Keeping in view both Shane's conceptual framework and Giddens's structuration theory, this study has adopted the mix of quantitative and qualitative approaches. The quantitative approach focused primarily on the environment-level obstacles and the qualitative approach emphasised on the individual women entrepreneurs and the associated business obstacles.

Characteristics of women-owned micro and small enterprises

Robb and Coleman (2009), using data from the Kauffman Firm Survey explored by gender, the relationship of startup capital for new enterprise performance in terms of assets, revenues, income, employment, and business survival. They have concluded that women-owned enterprises have a lower level of financial capital and returns compared to that of men. Women, in general, tend to take up micro-businesses because they can be home-based, smaller in size, and low-risked, and require low investment. In a reality, a very few women gamble into bigger businesses in low and middle-income countries.

Most entrepreneurs ascribe smallness and modesty of women-owned enterprises to the shortage of financial capital augmented by a lack of access to credit. It is estimated that women-owned businesses have an annual financing gap of \$290 billion to \$360 billion in unmet financing needs (Group of Twenty Report, GPMI & IFC, 2013). Women have a lower formal bank account penetration than men in every region, predominantly in developing countries (Global Financial Inclusion Index WB, 2017). Women entrepreneurs start with less capital than men and are less likely to take on (additional) credit to expand their business (Niethammer, 2013).

Motivations for women to undertake entrepreneurship

Hisrich and Brush (1987) have revealed that women's entrepreneurial motivations or reasons for starting a business are determined by 'push' and 'pull' factors. The push factors include those factors leading to frustration of not being productive at home or are being dissatisfied with their jobs. The pull factors are women's desire for autonomy, financial independence, and the most important one the 'necessity'. Women take up entrepreneurial activities to be their own boss, overcome personal and family challenges, and to earn extra income (Scott, 1986). Schwartz (1979) has studied twenty women entrepreneurs and concluded that women start business mainly to become independent, derive satisfaction, and meet the basic socio-economic necessities.

Stevenson & Jarillo (1990) have concluded that the entrepreneurial motivations are rooted in the individual's desire to create and exploit opportunity without much regard for the resources he or she need to facilitate the opportunity exploitation. Three important motivation factors that have received the most attention are the presence of opportunity, prior knowledge of business and market, and compelling situation to exploit the opportunities (Baron, 2006). Some researchers have categorised entrepreneurs as 'opportunity-based' and 'necessity-based', which corresponds to Hessels, Van Gelderen & Thurik's (2008) and Hisrich & Brush's (1985) 'push and pull motivations'. The opportunity-driven entrepreneurs often use their prior business experience and skills to exploit the opportunity, which is brought about by the change in the socio-economic situation in a country (Todd & Javalgi, 2007). These individuals usually leave their jobs or other activities to pursue business (Tominc & Rebernik, 2004) to achieve a higher income, financial autonomy, and social and economic freedom and independence. They are better motivated and skilled in running their businesses (Acs, 2006). Kirkwood (2009) has concluded that the most important motivator for entrepreneurs is the desire to attain independence, which Shane *et al.* (2003) has defined as "being responsible for one's own life and decisions instead of being a follower or working for others." Hisrich (1986) tried to compare the women entrepreneurs in developed and developing countries and found that the women's quest for economic independence is a significant drive for both, irrespective of the economic situation and poverty rates.

The necessity-driven entrepreneurs, in contrast, take up low-scale enterprises in absence of a job, having to maintain family income, or educate their children. They are prevalent among poor women (Banerjee & Duflo, 2008) who use small businesses as their economic survival strategy. The necessity-driven entrepreneurs usually have no or low formal education, less managerial, financial and other business skills, and their business tends to remain rather small. Other researchers have found that women are more pushed than men to undertake businesses due to family and work-related factors, as women are usually more responsible for the household management (Buttner 1993). They need flexibility in their working time which self-employment provides (Kuppusamy *et al.* 2010) and becomes an encouraging choice (Levent *et al.* 2003; Klaper and Parker 2011).

Start-up obstacles

Numerous barriers choke business startup. The biggest obstacles are lack of initial funding/finance and family support (Winn, 2005), and poor access to other capitals like business space, infrastructure, equipment, and raw materials (Gundry *et al.*, (2002). The major business startup obstacles according to Van Der Merwe (2003) are lack of financial resources, negative prevailing socio-cultural beliefs and attitudes, gender discrimination, lack of family support, personal difficulties, lack of basic life skills (confidence and communication skills), and lack of business skills. Chandralekha *et al.*, (1995) has identified limited education and vocational training as major startup barriers for women entrepreneurs in developing countries. Most entrepreneurship studies have identified lack of collateral and good credit history (Brown, 1997) and family burden and commitment (Hamilton, 1993) as some major business startup obstacles. Lack of guidance and inadequate business skills are other major stumbling blocks for early entrepreneurs (Mambula & Sawyer 2004).

Business obstacles: operation, growth, and innovation

Multiple obstacles: Studies in other developing countries have found that many specific constraints such as limited access to key resources, legal and regulatory frameworks, social-cultural environment, and limited mobility hinder women's entrepreneurial development (environment or situational factors). Many women than men lack the required level of resources, education, and training, including business and technical skills, and entrepreneurship training (individual factors) (Stevenson & St-Onge 2005b).

Shane (2004) has identified several factors that constrain entrepreneurial activities; especially those related to women such as personal income, educational attainment, age, temperament, household burden, capital access, risk aversion, social connections, competitions, and access to a market. Kobeissi (2010) has used five gender-specific variables to determine the extent of female entrepreneurial activities in 44 developed and developing countries. Among its five variables, Kobeissi has found female education, the extent of female economic activities, female earnings ratio, and fertility rate (number of children) as major hindrances for women entrepreneurial activities.

The International Finance Corporation (IFC) (2011) has identified various obstacles facing women entrepreneurs. These obstacles are lack of innovative capacity, lack of managerial training and experience, inadequate education and skills, technological change, poor infrastructure, scanty market information, and lack of access to credit. Shapero & Sokol (1982) has identified low social mobility and social integration of women. Several other studies have shown that women are generally low risk-takers and they do not usually risk high-investment ventures (Goffee & Scase, 1985) as men.

Kumbhar Vijay (2013) in his research article titled "Some critical issues of women entrepreneurship in rural India" has inferred that absence of definite agenda of life, absence of family-business balance, poor degree of financial freedom for women, absence of direct ownership of the property, the paradox of entrepreneurial skill and finance, lack of awareness about capacities, low ability to bear risk, problems of work with male workers, negligence by financial institutions, lack of self-confidence, lack of professional education, mobility constraints, and lack of interaction with successful entrepreneurs are major problems of women entrepreneurs in India. Rai U. K. and Srivastava M. (2011) in their study titled "Aspirations and motives of women entrepreneurs: An empirical study of Varanasi District" have ascertained getting raw material, financial problems, family support and social factors negatively constrain women's business in Varanasi. Bushell's (2008) study in Nepal demonstrates that entrepreneurial success among women is dependent on the combination of many factors under social, cultural, structural, and individual domains.

Levels of obstacles: Kiraka (2009) has categorised entrepreneurial obstacles into three levels– macro, meso, and micro. At the macro-level, the obstacles include: (i) a bureaucratic legal and regulatory framework; (ii) poor physical infrastructures including power and water supply, telecommunication, sanitation facilities, and road and rail network; (iii) multiplicity of taxes (Aikaeli 2007) and (iv) corruption by government officials (Amakom 2006). At the meso level, the business obstacles include: (i) the inability to transform resources into goods and services; (ii) inadequate support in terms of business training and skill acquisition or up-gradation; (iii) unavailability of information on markets, suppliers and partners; (iv) limited

access to finance owing to lack of collateral, high costs of administering loans, and absence of specially dynamic micro-credit schemes; (v) weak, fragmented, and uncoordinated institutions that support micro and small enterprises; (vi) poor access to markets; and (vii) limited access to support services. At the micro level, the business obstacles include: (i) unwillingness or inability on the part of women entrepreneurs to adopt new technology, partly owing to lack of relevant information and partly due to being erudite about new technology; (ii) low literacy levels among women entrepreneurs that not only affect how they manage their businesses but also limit their ability to access information and training opportunities; (iii) lack of motivated attitudes among women entrepreneurs to invest in the development of their own enterprises (Olomi 2006); (iv) weak business organisation due to a multiplicity of gender-based roles (vi) lack of managerial capacity in business; and (vii) lack of, or informal business plans and the inability to think strategically about the business (Mambula & Sawyer 2004; World Bank 2008) .

Limited access to finance as the major obstacle: The literature review shows the limited access to business finance as the most severe business obstacle for women-owned micro and small enterprises. They are usually starved for finance irrespective of whether they have sound business and expansion plans or not. Wanjohi & Mugure (2008) have concluded that a lack of access to finance is almost universally identified as the key challenge for women-owned micro and small enterprises. Muhammad Yunus's (1999) view was that there is no need to teach the poor new skills, but to give them access to credit, which would allow them to immediately put into practice the skills they own (Banker to the Poor, 1999). Bank lending schemes for micro and small entrepreneurs are smaller and often operate as social programmes rather than financial projects. Women entrepreneurs will remain marginalised as long as they hinge on informal financial markets (Berger, 1989).

McKee (1989:997) postulates that reluctance on the part of banks to lend money to women micro-entrepreneurs stems from the fact that they are considered high-risk borrowers. Lack of collateral in property combined with family obligations (women in business often find it difficult to disentangle the business from household roles) makes the banks perceive women as risky borrowers. Hemantkumar P. Bulsara *et al.* (2014) using the secondary data analysis has found that accessing credit is one of the major constraints faced by women entrepreneurs in Gujarat, India for reasons like lack of collateral, unwillingness to accept household assets as collateral, and negative stereotyping of female entrepreneurs by banks. The pervasive market failures restricting access to credit in developing countries limit the growth prospects of very small enterprises, especially those owned and managed by women (Banerjee and Duo, 2008; Banerjee and Newman, 1994).

In contrast, S. Karlan and Martin Valdivia (2008) showed that the primary barrier to female entrepreneurial success in India is not the limited credit supply, but limited demand from the women entrepreneurs. Kepler and Shane (2007: 9) used data from the Panel Study of Entrepreneurial Dynamics (PSED) and concluded that women are less risk-averse, especially when taking financial risk (Croson and Gneezy, 2009). Women entrepreneurs in developing countries usually have lower growth and expansion possibilities due to lack of financial capital (Fairlie and Robb, 2008). Treichel and Scott (2009) have concluded that women were less likely to apply for bank loans even when the chance of getting their loan rejected is less. Coleman (2002) has concluded that women are less likely to seek capital from outside or scale down their expectations for business, owing to barriers in getting external credit or loans.

Daynard, A (2015) shows that access to the formal credit has no positive effect on female entrepreneurship (with workers) across Indian states. Nonetheless, the researcher contends that this result can be attributed largely due to the existence of informal credit arrangements that are not reflected in the banks' data. The study concludes that the largest source of credit for successful women entrepreneurs are informal arrangements such as family and friends (20%) compared to 8% provided by banks. McKee (1989) notes that women's participation as micro-entrepreneurs may fail to grow and expand since much of their enterprises are home-based and fragile with low-investment and low-returns capacity. Unless there is a massive overhauling of policy and programmes to improve the financial resources for women, most of them would remain stuck in the same business level (*ibid.*).

Business-work conflict: While financing choice and the availability of financial capital are the key factors for the growth of a business, Kepler and Shane (2007) have explained that women have lower business

performance expectations due to business-family conflict. Gurley-Calvex *et al.* (2000) attribute women's low business performance to their having to devote a substantial amount of time in childcare, household management, and in fulfilling social norms and responsibilities. Wheeler and Hunger (2013) note that women entrepreneurship doesn't come easily even with the availability of financial resources; other requirements need to be fulfilled such as women's ability to identify potential business opportunities, being action-oriented, having management and finance skills, and business knowledge, and women's ability to conduct businesses.

Studies in developing countries identify several gender-specific challenges. Parasuraman and Simmers (2001) have concluded that traditional stereotyping of sex roles relegates women to be no better than being 'home-disposed'. They further note that the first factor has to do with the level of education. On average, women entrepreneurs are less educated than their male counterparts and twice as likely as men to be illiterate. The major reasons for this difference are institutional in nature. Marriage institutions discourage investment in women's education and the division of labour assigns a greater share of household responsibility to girls. The second factor has to do with the opportunity to accumulate savings. Because women have lower levels of education and are segregated into lower paying jobs, they have lower savings to start a business. Third, women spend less time in their businesses than men because they are expected to carry out their domestic responsibilities, including housework, food preparation, and childcare. This also explains why women are more likely to operate their business from their homes or at much smaller scale.

Lack of formal education and business skills: Budhwar and Bhatnagar (2005) identify education as the most important determinant of women's entrepreneurial success. Highly educated women are more likely to take risks and succeed in business ventures than women with low level of education. They have concluded that in the Indian context, education can reduce the pressure against women to be confined to homes and increase their chances of overcoming social stereotypes and boost confidence in taking business risks. Some studies show that a woman's fewer years of work experience and less formal education affects her entrepreneurial successes (Chaganti and Parasuraman, 1996; Robb, 2002). Espinal and Grasmuck (1997) maintain that women with higher education tend to perform well in entrepreneurship as equal as men with the same level of education. Van der Sluis *et al.* (2004) and Kolstad and Wiig (2013) have concluded that education and training improve management and business skills among women entrepreneurs. Education and training further give women entrepreneurs additional score to access credit from the banks (Parker and Van Praag, 2006).

Field *et al.* (2010a) randomly selected a sample of poor, self-employed Indian women and trained them in basic financial literacy and business skills. After training, they were encouraged to identify their concrete financial goals. The probability of woman taking credit increased after this training. However, the effect of training was found to vary among women belonging to different castes, with women in upper caste showing more positive responses to credit access compared to those belonging to lower caste. This suggests that to no one-size-fits-all policy and programme would work for promoting women's entrepreneurship.

Business competitions, market, and innovation: Women-owned micro and small enterprises tend to be large in number. With it comes an increased competition and rapidly changing customer demand. These require the entrepreneurs to have strong market orientation, as the market tends to become saturated due to lack of access to higher value markets and innovation (Shiu & Walker 2007). Kantor (2001) concludes that many women entrepreneurs are located in the low-value markets with a few entry barriers leading to market saturation and competition. Lack of innovation through new product development and poor access to higher value markets could undermine the success of women-owned enterprises. Research conducted by Hogarth-Scott *et al.*, (1996) concluded that micro and small business owners do not deal with long-term marketing issues, but are inclined to market their products and services on ad hoc basis as a result of which the business tends to remain low-profiled.

Labour shortage (skilled and unskilled): Moktan (2007) found that the Bhutanese micro and small enterprises are usually labour intensive because employing more workers is a huge challenge. Bhutanese women entrepreneurs often avoid employing skilled labour on account of their enterprises being small and higher cost of skilled labour. Hwang and Lockwood (2006) conclude that micro and small business owners face the challenge of hiring and retaining skilled employees owing to a lack of funds and difficulty in

accessing credit. Cromie (1991) points out that finding appropriate competent employees is difficult due to poor working conditions, seasonality of micro and small businesses, and low wages.

Access to information: Rufaro *et al.* (2008) conclude that unlike larger business entities, micro and small enterprises have limited access to information due to their weak formal networks. The growth of small size businesses usually is obstructed by their limited access to crucial information on the market, finance, training and technology and other social and technical support (Mutinelli and Piscitello, 1998; Amha and Ageba, 2006).

Government's regulations and systemic weaknesses: There is a broad consensus among the policy makers and economists on the importance of entrepreneurship (Rufaro *et al.*, 2008), but entrepreneurial activities are often affected by the government regulations and systemic weaknesses (GEM, 2010). These regulations include complex taxation systems, licensing procedure, and labour policies.

Business aspirations and plans

Sugaraj and Prasad (2014) have conducted a study of 250 women-run small enterprises in Pune using questionnaire survey and in-depth interviews. They have concluded that women entrepreneurs have a low level of aspirations and higher business expectations due to lack of security and complicated procedures to obtain bank loans. Gray (2006), Lin & Chen (2007) and Aikaeli (2007) have highlighted that innovation is the key to business success for micro and small enterprises particularly in the context of a huge number of new entrants and ensuing business competitions. Ardagna and Lusardi (2010) studied entrepreneurship using a novel data set: the Global Entrepreneurship Monitor (GEM, sample size, 150,000 individuals from 37 developed and developing nations). They have concluded that low-income business people are less likely to expand and innovate in their businesses due to difficulty in accessing finance, as not many banks provide them with loans. Furthermore, low-income women are more likely to conduct small businesses to earn livelihood than being innovative and trying to expand their businesses.

Policies and strategies

Policies designed to improve the business environment, that is, the ones that make entry to market easy, and then, to innovate, transform and expand are the important factors (Schramm, 2005). Legal formalities required for running an enterprise often becomes a barrier for women entrepreneurs due to the presence of corrupt practices in government offices and red tape in acquiring licenses, electricity, water and shed allotments (Daynard, A, 2015). Djankov *et al.* (2002) concludes that reducing a bureaucratic burden of small businesses is associated with their increased participation in the formal economy.

Stevenson and St-Onge (2005) recommend that finding a new way to release more capital for financing of women's enterprises should be a priority. There is the need to address the collateral issue and other impediments to growth, such as the need for a broader variety of loan products (e.g. operating lines, quasi-equity) and access to training, counseling, and technical assistance through an integrated financing approach involving local financial institutions, women entrepreneurs' associations, development organisations and donors. They propose programmes with the four-fold objective: (i) to provide technical and financial support to women-owned enterprises that have growth potential. This ought to include supporting innovative business ideas that have the potential to make business grow; (ii) to develop synergies among stakeholders; (iii) to build the capacity of women entrepreneurs' associations (WEAs) and their members; and (iv) to raise awareness among potential partners (WEAs, business associations, financiers, policy-makers, etc.) on the economic impact of supporting the development of women-owned enterprises.

Kantor (2001) suggested that in order for women to achieve their potential within the micro and small business sector, policies and programmes must target women who face various constraints different from those constraints men entrepreneurs face. These differences must be recognised in both programme design and implementation. Yuvarani (2009) and Davis (2012) have noted that it is important for the government and relevant agencies to encourage women's entrepreneurial activities by improving their rules and infrastructure as well as providing training and management courses for potential entrepreneurs. Gender Entrepreneurship Market (GEM) and IFC (2007) propose that a policy and its implementation should

emphasise on securing financial resources, facilitating the business creation, and protecting the rights of women entrepreneurs.

Legal, policies and Institutional arrangement for SMEs in Bhutan

Article 7: 1 (Fundamental Rights) of the Constitution of the Kingdom of Bhutan ensures every Bhutanese citizen a right to life, liberty, and security. Every Bhutanese citizen has the right to conduct economic activity everywhere within Bhutan irrespective of his or her birthplace. Article 7:10 states: "A Bhutanese citizen shall have the right to practice any lawful trade, profession or vocation." Article 9: 7 (Principles of State Policy) mandates the state to develop and execute policies to minimise inequalities of income, the concentration of wealth, and promote equitable distribution of public facilities among individuals and people living in different parts of the Kingdom. This provision ensures that women micro and small entrepreneurs, who usually come from lower income group are eligible for the state's policy support in their endeavour to earn income through a legitimate process. Article 9: 11 states: "The State shall endeavour to promote those circumstances that would enable the citizens to secure an adequate livelihood." This is relevant for women micro and small entrepreneurs, as most of them run enterprises to sustain and secure their livelihood. Article 9: 17 mandates the State to take measures to eliminate all forms of discrimination against women.

Bhutan's Vision 2020 document identifies the development and promotion of cottage and small industries as a priority area and emphasis on the need to put various programmes in place aiming at enhancing access of small-scale producers and entrepreneurs to technology, credit, and markets to enable them to profitably produce goods and services for the domestic market (RGoB, Vision 2020, 1999: pp.26). It further states the government shall create opportunities for small businesses to sustain, flourish, and promote their linkages with larger enterprises to make the private sector a more active partner in the nation's future development. It recognises that even with the liberalisation, the private sector is dominated by several large enterprises.

The government's high priority accorded to promoting micro, small and medium enterprises have resulted in a drastic increase in the number of micro and small enterprises. The government has integrated development of micro, small and medium-sized enterprises into the Economic Development Policy, 2010, which has led to formulation and adoption of the Cottage (Micro), Small and Medium Industries (CSMI) Policy in 2012. This policy was implemented through CSMI Development Strategy (2012-2020) and Action Plan (2012-2014). The secondary and tertiary sectors' contribution to GDP is now surpassing that of the primary sector, which is agriculture sector indicating a shift from agriculture to economic sectors. Micro, small, medium enterprises recorded a major growth of 15% in 2017 compared with the past year (2016) (Dorji, Tshering, Kuensel, February 25, 2017). The Department of Cottage and Small Industries was established as a result of the implementation of Economic Development Policy (EDP) in 2010. It is responsible for promoting the growth and innovation of the country's micro and small enterprises. The Cottage, Small and Medium Industry Strategy 2012-2020 states that more emphasis would be given to women-owned MSEs (MoEA, 2012). The RGoB spent Nu. 5 billion in 2014 for implementing Bhutan's economic stimulus strategies and programmes mainly for supporting cottage and small enterprises.

The Royal Monetary Authority (Central Bank) has formulated a monetary policy for Priority Sector Lending (PSL) to enhance micro and small enterprises' access to credit. The policy mandates the commercial banks to start Priority Sector Lending (PSL) worth Nu. 1.5 billion in 2018 targeted at agribusinesses and micro and small enterprises. This is keeping in view the constraints the MSE sector face such as underdeveloped infrastructure, poor business development services, limited access to finance, and ineffective and poorly coordinated institutional support framework (Dorji, Tshering, Kuensel, October 13, 2017). The RMA mandates the commercial banks to provide collateral free and low-interest loans to micro and small entrepreneurs through a special window service at the banks but the realisation of PSL and other reforms are yet to be seen. RMA assures its support to any entrepreneur seeking its financial assistance (ibid.).

RMA has developed a comprehensive financial inclusion and financial literacy policy. The financial inclusion initiatives are directed towards poverty alleviation like the promotion of micro-finance institution, fixing minimum lending rates to small borrowers, agent banking, regulation of informal moneylenders and promotion of digital payment. The financial literacy roadshows are aimed at promoting entrepreneurship

among women, youth, and other rural community members and to encourage Dzongkhag Tshogdu (District Councils) to deliberate on entrepreneurial ideas. Furthermore, RMA is looking forward to providing licenses to new banks that lend money to micro and small entrepreneurs (Pokhrel, Nirmala, Kuensel, November 8). The government is supporting the endeavour to promote cottage and small industries (CSI) through new fiscal incentive policy grants of ten years tax holiday to the banks (in addition to tax waiver) for the income earned from lending to micro and small enterprises (Dorji, Tshering Dorji, Kuensel, May 25, 2017).

Among many reforms in the monetary policy, the minimum lending rate has replaced the base rate policy resulting in a reduction of interest rates across the financial institutions. Domestic credit has grown by 21% (more than Nu 86 billion compared 71 billion 2016). However, a large chunk of bank lending went to the non-performing sectors rather than to the MSE sector. SME banking, agent banking, Remit Bhutan and various mobile applications were introduced recently all geared towards achieving the financial inclusion policy.

A newly established Rural Enterprise Development Corporation (REDCL, erstwhile BOIC) provides low-interest credit without collateral requirements as a part of non-formal rural activities. REDCL has approved more than 8464 loans (amounting to Nu. 813 million to micro, small and medium entrepreneurial projects all over Bhutan). Through REDCL's lending schemes, 2,632 projects related to livestock, agriculture, and in the MSE sector were started (Dorji, Tshering, Kuensel, October 26, 2017). The growth of the MSE sector 15% (unfortunately growth measured in terms of number) in 2017 can be largely credited to REDCL's rural credit schemes (DCSI, 2017). The present government wants to make REDCL the first SME bank in the country. This reflects the government recognition of the importance of the MSE sector (BBS, December 2017).

Bhutan Development Bank Limited (BDBL) is the primary financier of agribusinesses. It provides credit mainly to women-owned enterprises located in rural areas. It allocates a minimum of 10% of all credit to rural women entrepreneurs; about 36% of BDBL's loan borrowers constitute rural women micro-entrepreneurs. BDBL currently holds the highest loan portfolio in the agriculture sector. Other commercial banks' loan to the agriculture sector is less than one per cent. BDBL has an extensive rural outreach through mobile banking and organises frequent campaigns to raise awareness of its products and services.

Two NGOs and one corporate body: Respect, Educate, Nurture and Empower Women (RENEW), Loden Foundation, Bhutan Association of Women Entrepreneurs (BAOWE), and Rural Enterprise Development Corporation Limited (REDCL) work as micro-financing institutions. These micro institutions have sanctioned loans to 3151 clients (amounting to Nu.227.40 million) as of June 2017 (Financial Performance Review Report, RMA, 2017).

BAOWE engages 40-50 single women entrepreneurs and marginalised youth through Women-Owned Open Market (WOOM) programme. WOOM provides spaces for women micro-entrepreneurs to sell their homegrown and homemade products. It presently benefits 110 members. Most of these women were once street hawkers selling snacks, foods, and vegetables to sustain their families. The City's inspectors often used to confiscate their goods and penalise them for conducting their businesses in restricted zones. BAOWE supports such economically disadvantaged women micro-entrepreneurs build business capability, product diversification, and business networking. BAOWE has initiated four programmes: development of women-owned cluster cooperatives; micro-financing; research, branding, packaging and marketing; and promotion of women's niche enterprises. The NGO supports agribusiness among women by providing business expertise, financial incentives, and technical know-how (BAOWE website, 2017).

Loden Foundation initiated a regular Loden Entrepreneurship Programme (LEP). LEP is one of the most successful educational and entrepreneurship programmes for the development of the MSE sector in the country. This programme has trained 2236 young adults in basic entrepreneurship. It has provided start-up funds to 97 enterprises as interest and collateral free capital. Out of these, 58 projects are rural-based and 26 owned by women. These enterprises cover a wide range of entrepreneurial activities such as culture, farming, IT, education, food, environmental waste management, medicines and production, and services. In addition, Loden has initiated student's entrepreneurship programme to support student-led ventures within

an institute's campus. Its primary aim is to inculcate a sense of entrepreneurship and entrepreneurial skills among students and technical graduates. This program covers 15 educational institutions (The Loden Report, 2015).

National Commission for Women and Children (NCWC) implement projects related to improving the economic status of vulnerable women and girls in some selected rural communities by enhancing their capacity to access livelihood (including micro-enterprise) and employment opportunities.

Bhutan Chamber of Commerce and Industry (BCCI), a non-profit organisation and apex body of the private sector in Bhutan is responsible for the promotion of trade, investment, and business productiveness. BCCI carries out several activities to promote entrepreneurship especially among small and medium entrepreneurs. One of its projects in 2016 that was relevant to the development and promotion of the MSE sector was the Green Public Procurement in Bhutan (GPPB). GPPB project was aimed at boosting demand for environmentally friendly and socially preferable goods and services produced by the MSE sector. Besides, BCCI organises training on business management, business awareness campaigns, and trade fairs. One of its significant activities is the collaboration with BDBL on loan schemes for the MSE sector. Between 2010 and 2016, the number of beneficiaries [of this collaboration] has reached 4091. Under this scheme, the clients form groups to avail loans instead of having to put their assets as loan collaterals (BCCI, 2017).

The Ministry of Economic Affairs (MOEA) has introduced annual Bhutan Enterprise Awards to promote innovation and creativity in the entrepreneurial sector in the country. The ministry's Department of Intellectual Property is working closely with the Royal University of Bhutan to initiate projects that could lead to innovation and new ideas, mainly in the business sector (Palden, Tshering, April 27, 2017). The Ministry of Labour and Human Resources (MoLHR) conducts entrepreneurship programmes mainly to tackle rising youth unemployment and reduce poverty. It has formulated its National Entrepreneurship Strategy (NES).

Department of Agriculture Marketing and Cooperatives (DAMC) under the Ministry of Agriculture and Forestry (MoAF) facilitates the transition from subsistence agriculture sector to a market economy. Its core activities are related to establishing efficient and effective domestic marketing systems and structures, institutional framework, value addition to the Renewable Natural Resources (RNR) products, dissemination of market information, risk management, promotion of export-oriented RNR products, and awareness, registration and capacity building of farmers' groups and cooperatives. These activities are said to benefit the MSE sector, especially in rural areas. In the recent years, for example, DAMC has set up a roadside market facility for farm-based entrepreneurs to sell their products. Fifty farmers' groups and cooperatives are registered with DAMC. It also provides toll-free mobile market information service. By and large, the beneficiaries of DAMC's activities are the small producers and entrepreneurs (DAMC, 2017).

Problem statement

So much is said about the importance of micro and small entrepreneurship among Bhutanese women for poverty reduction, women empowerment, employment, and balanced regional development, but in reality, the success of women-owned MSE sector has come about more in terms of the gain in number of identical subsistence-base women-owned micro and small enterprises rather than the rise in the number of growth-oriented and innovative MSEs. The transformation from micro to small and then to larger scale enterprises has remained minimal suggesting multiple obstacles are impeding their growth, innovation, and transformation. In addition, there is a limited research to profile, identify, and examine obstacles facing women-owned micro and small enterprises which otherwise could be useful for designing and implementing effective policy measures.

Research questions

Through pre-research consultations and review of several in-country reports, the main decision problem identified was: "How can Bhutan promote micro and small entrepreneurship among Bhutanese women"? This decision problem led to the following research questions:

1. What are the demographic and socio-economic characteristics of Bhutanese women involved in micro and small enterprises and the firms they own and operate?
2. What are the key motivations for Bhutanese women to undertake entrepreneurial activities?
3. What are the key obstacles/challenges women-owned micro and small enterprises face in terms of business start-up, operation, growth, and innovation?
4. How do women entrepreneurs overcome business startup problems?
5. Why do these multidimensional obstacles exist?
6. What needs to be done to address multidimensional obstacles both in terms of policy and practice?

Study objectives

The primary objective of the study was to generate evidence for the government, donors, NGOs and private sector for formulating and effectively implementing policies and programmes related to women's entrepreneurship in Bhutan. The primary aim led to the following objectives:

1. To determine the motivations of Bhutanese women for engaging in economic activities in the MSE sector;
2. To identify and examine the major obstacles facing women-owned micro and small enterprises;
3. To determine the potential causes of these obstacles; and
4. To draw policy implications from the findings and suggest appropriate policy measures.

Research Design

The research design was explorative, descriptive and sequential mixed method approach of enquiry with the combination of analysis of the survey, administrative, and qualitative data. The analysis of multi-sourced data and adoption of the mixed method (quantitative and qualitative modules) significantly enhanced the results and policy conclusions.

The quantitative module used descriptive analysis of the World Bank's Enterprise Survey of Bhutan (ESB, 2015) and other administrative data to provide demographic profiles of women micro and small entrepreneurs, enterprise's characteristics and indicators of their growth and innovation, and importantly multiple obstacles. The quantitative approach was selected to allow for the generalisation of the findings. The quantitative analysis focused more on identifying and examining the environment-level operational obstacles. A detailed description of the methodology is given in the quantitative analysis (chapter II). The ESB-2015 data was subjected to the descriptive analysis: total, average and percentage/frequency, two-way contingency table analysis, and chi-square test and Fisher's exact test.

For the qualitative approach, data was gathered through in-depth interviews with eighty-one Bhutanese women. In-depth interviews were conducted mainly in Thimphu Thromde (city) and a few others in central and eastern Bhutan. Three research assistants carried out in-depth interviews in Thimphu City, Paro Dzongkhag (district), Zhemgang Dzongkhag (a district in Central Bhutan) and Samdrupjongkhar Dzongkhag (in eastern Bhutan) from August 2017 to December 2017. The qualitative module though primarily emphasised the individual-level obstacles covered the environment-level obstacles. A comprehensive description of the qualitative method is given in chapter III: Analysis of qualitative data.

Scope and limitations of the study

The quantitative module (descriptive analysis) used the World Bank's Enterprise Survey (2015). The survey covered five main commercial centres in the country. The survey sample was representative. The descriptive analysis was focused on those firms owned by women entrepreneurs, both micro and small enterprises. One of the limitations of the quantitative module (though not considered that serious) was that the ESB-2015 provided only the firm-level data. The women's data were extracted from the survey data and categorised into two groups—micro and small based on the size of employment they generate. In doing so, the sample was reduced. Another practical difficulty in the empirical analysis was the relative rarity of national-level women specific datasets. Both Bhutan Living Standard Survey (BLSS, 2017) and Labour Force Survey (2016) have limited information relevant to the present study.

The scope of the qualitative analysis was confined to women micro and small entrepreneurs in Thimphu, Paro, Zhemgang, and Samdrupjongkhar (rural). Maximum respondents for in-depth interviews were from Thimphu Thromde (City). There could be the limitation imposed by sampling bias, as the convenience sampling method was used. Though the issue of sample size in the qualitative data is not much of a concern, the researcher feels some limitation in terms of the sample representatives. The sample was more representative of women entrepreneurs in western Bhutan (capital). It is possible that there was some regionalisation of entrepreneurship, and more so, after Her Majesty the Queen's One-Gewog (sub-district), One-Product (OGOP) initiatives. Certain businesses may have been left out of the sample, so generalisation of the results to the entire women entrepreneur community should be done with extreme caution. There is not much issue about the validity of the data, but the generalisability of the findings might be skewed towards women entrepreneurs who were doing identical business activities. Tourism, consultancy, film industry, and IT sectors, which are new and growing business activities, especially among women, did not have women representations in the sample.

Research ethics

Conducting research with women entrepreneurs does not involve much sensitivity. Therefore, only verbal informed consent was applied and their participation was voluntary. This study was designed to encourage women to speak more without hesitation. This was done firstly, by convincing them of the importance of their views to understand not only their own problems but that of other micro and small women entrepreneurs: and secondly by guaranteeing them no harm for participating in interviews. They were informed about their rights to withdraw in the course of interviews if they found questions too personal and taxing. After data collection, a strict code of ethics was applied to ensure anonymity and confidentiality of the interviewees. That is the reason why citations or quotations did not include women participants' names even if it may not lead to any harm to the participants.

CHAPTER II

DESCRIPTIVE ANALYSIS OF QUANTITATIVE DATA

Introduction

This chapter presents the descriptive analysis of the World Bank's Enterprise/Establishment Survey of Bhutan (abbreviated ESB-2015) data and DSCI's trade records. In absence of women-specific data, this firm-level data had to be used to the extent possible to examine the characteristics of women-owned micro and small enterprises/firms, and importantly, to identify their major operational obstacles. This was done by way of adhering to Shane (2003) and Structuration Theory's (Giddens, 1984) assertion for the need to examine both environment-level and individual-level obstacles to get the complete picture of entrepreneurship challenges. The present analysis emphasised the environment-level obstacles. Some individual entrepreneurs' characteristics were also examined whenever data did permit.

Survey structure

The ESB-2015 has collected data on firm performance measures in the formal service and manufacturing sectors of the Bhutanese economy. The survey was representative of the manufacturing and services sectors of the economy. It covered formal enterprises in the following sectors: manufacturing, construction, retail, wholesale, hospitality, and other services (classified according to ISIC Rev 3.1 and covered ISIC codes 15-37, 45, 50-52, 55, 60-64, and 72). The population definition excluded the financial intermediation (group J), real estate and renting activities (group K, except sub-sector 72 which is IT firms), and all public and utilities-sectors. The survey covered a representative sample of 253 establishments in five major commercial centres of Bhutan: Thimphu, Paro, Phuentsholing, Gelephu/Sarpang and Samdrupjongkhar. The ESB-2015 was conducted between May and July 2015.

The ESB-2015 composed of two versions of survey instruments—Questionnaires on Manufacturing Service sectors organised in 14 sections: control information, general information, infrastructure and services, sales and supplies, degree of competitions, capacity, land ownership and access issues, innovation, crime, finance, business-government relations, labour, business environment (16 environment-level obstacles) and performance measures. Over 90% of the questions in the survey were used to reflect the business environment. The dataset contained answers to the survey questions: (1) which of the sixteen obstacles are the biggest obstacle for a firm, and (2) how much is each one of them an obstacle (sixteen) to the operation of a firm? The survey was representative at the firm size, sector, and location levels.

Since it was a stratified sample design, the survey team had used the sampling frames provided by the Ministry of Economic Affairs (MoEA), which included a complete and updated list of establishments and stratification variables (firm size, industry, and region). The lists contained a firm's name and contact information, ISIC code, and a proxy variable for firm size.

The ESB-2015 was implemented in two stages. In the first stage, the 'screener questionnaire' was applied using telephone call to determine the eligibility of a firm. Some additional control information and contact information were collected in the first stage. In the second stage, one of the two versions of the core questionnaire (*Manufacturing* and *Services*) was applied to the eligible firms (screened and selected in the first stage). The primary sampling unit of the ESB-2015 was the establishment/enterprise. The other criterion for sampling stratification was a physical location of the establishment (in five major commercial towns of Bhutan).

Sixteen obstacles included in the dataset were: (1) access to finance, (2) land, (3) telecommunications, (4) electricity, (5) transport (6) business licensing and permits, (7) labour regulations, (8) customs and trade regulations, (9) tax rates, (10) tax administration, (11) corruption, (12) crime, theft and disorder, (13) political instability, (14) courts, (15) competition from the informal sector, and (16) inadequacy of workers' education.

Data was reduced from the original representative sample size of 253 to 109 in order to include only the women-owned enterprises and make the data women-specific. As two-stage stratified sampling method was used, the survey design characteristics had to be taken into account to get the correct estimates (especially standard errors). *Sysset* command in stata allowed the consideration of survey design characteristics like sampling weights and stratification. Identification of women-owned enterprises was done using the survey question: ‘amongst the owners of the firm, are there any females?’ The other variables were a firm size (measured in terms of a number of full-time employees in the last fiscal years and at the start of the operation), duration of operation, firms’ age, women’s education level, and annual sale values. All women-owned enterprises were formally registered and belonged to the formal private sector.

World Bank’s key findings from the ESB-2015

The Enterprise Analysis Unit (EAU) run by a joint World Bank and IFC team of economists and survey experts specialised in private sector development has done a preliminary analysis of the ESB-2015 and reported the following findings:

1. Business firms in Bhutan were growing at higher rates compared with similar firms in other lower and middle-income countries. The growth was measured in terms of annual sales and increase in number of employees.
2. Compared to similar firms in other lower and middle-income countries, women ownership of firms was much higher in Bhutan. Women owned about 43% of firms in Bhutan while women-ownership was 28% in other lower and middle-income countries.
3. The overall business environment in Bhutan has improved both in terms of export and female participation in the private sector, but the burden of the government regulations remain. Senior management spent 30% of their times to fulfil the government regulations.
4. Among fifteen business environment-level obstacles (WB’s team has considered 15 obstacles), Bhutanese firms have rated ‘access to finance, labour regulations, and tax rates’ as the leading operational obstacles.
5. There was a reduction in the amount of collateral required for a loan from 283% of the loan amount to 180% between 2009 and 2015. However, it was found that about 47% of the firms had no line of credit in 2015. This implies the demand for a business loan in 2015 was not so high even though the access to finance was considered as the major obstacle. This could mean the loan schemes were not favourable for business firms.

Unemployment scenario in Bhutan

The Labour Force Survey (2016) has revealed that women’s economic participation in Bhutan was lower than that of men’s in 2016. This was apparent from much lower rate of female labour force participation (53.6%) compared to 71.7% that of males. In addition, the unemployment rate among women (2.3%) in 2016 was higher than that of men (2.0%). International studies and experiences have shown that women have much higher potential (than assumed) to be a significant entrepreneurial force and contribute to a reduction of unemployment and increased economic growth and development (World Bank, 2012). The difference in the nature of employment between women and men in Bhutan shows that in 2016 women were mostly family workers (non-agriculture 1.6%, agriculture 20.1%) far higher than men (non-agriculture 0.9% and agriculture 10.3%). On the contrary, fewer women were own-account workers--those who are engaged in economic activities. Men constituted about 26% of the own-account workers while about 12% of women were own-account workers. Given the current labour and employment scenario of women vis-à-vis men, promotion and development of micro and small entrepreneurship among women may be one option to bring about better employment and economic opportunities for women. Table 2.1 present the unemployment scenario and nature of employment by gender in Bhutan (2016).

Table 2.1: Employment scenario by gender in Bhutan

Employment scenario	Female	Male	Bhutan
Unemployment			
Number (n)	3674	3848	7521
Rate (%)	2.3	2	2.1
Youth unemployment (15-24 years) (%)	10.6	16.4	13.2
Labour Force Participation (%)	53.6	71.7	62.2
Nature of employment (%)			
Regular paid employee	6.6	17.4	24
Casual paid employee	0.3	1.4	1.6
Contract paid worker	0.2	1.5	1.7
Own-account workers (non-agriculture)	6	7.2	13.2
Own-account workers (agriculture)	10.2	16.3	26.5
Family workers (non-agriculture)	1.6	0.9	2.5
Family workers (agriculture)	20.1	10.3	30.4
Total	45	55	100

Source: Labour Force Survey, MoLHR, Thimphu.

Distribution of women-owned micro and small enterprises across 20 districts

Table 2.2 shows the distribution of micro and small enterprises across the country in 2017 computed using the records maintained by the Department of Cottage and Small Industry (DSCI). Spatial distribution of the MSEs in the country shows their higher concentration in the capital district, which accounts for 33.53% of all micro and small enterprises in the country. This imbalanced spatial distribution of the MSEs in the formal economy could imply a failure to initiate a systematic and clustered distribution strategy for organising the MSEs. Amini, Tullavi, and Farmjam (2011) have found that in many developing countries, micro and small enterprises have played a major role in bringing balanced regional development, but it doesn't seem to be the case in Bhutan. This means not much has been achieved in other districts, especially in remote and poorer ones to set up the favourable business environment for the MSEs. This raises a critical question whether the national recognition of the MSEs sector's potential to bring about balanced regional development has received any serious practical policy consideration.

Table 2.2: Distribution of micro and small enterprises across districts

Dzongkhag	Production & Manufacturing		Services		Contract	Bar	Total	Per cent
	Cottage	Small	Cottage	Small				
Thimphu	304	120	4219	645	585	631	6504	33.53
Chukha	71	57	1260	141	175	515	2219	11.44
Paro	178	60	672	89	232	262	1493	7.70
Sarpang	84	35	467	64	102	330	1082	5.58
Samtse	64	31	464	23	92	228	902	4.65
Mongar	74	15	303	39	89	279	799	4.12
Wandguephrodrang	36	23	317	57	111	237	781	4.03
Samdrupjongkhar	60	26	277	72	92	204	731	3.77
Bumthang	93	24	242	46	74	189	668	3.44
Trashigang	80	19	229	28	105	196	657	3.39
Pemagatshel	42	23	214	47	77	184	587	3.03
Punakha	27	8	241	30	76	125	507	2.61
Trongsa	22	7	159	15	64	150	417	2.15
Trashiyangtse	131	10	94	11	85	72	403	2.08
Dagana	27	12	128	14	57	153	391	2.02
Zhemgang	44	8	150	6	53	115	376	1.94
Tsirang	21	14	131	33	28	57	284	1.46
Haa	39	19	83	13	66	43	263	1.36
Lhuentse	30	4	49	10	46	100	239	1.23
Gasa	1	3	26	0	14	48	92	0.47
Total	1428	518	9725	1383	2223	4118	19395	

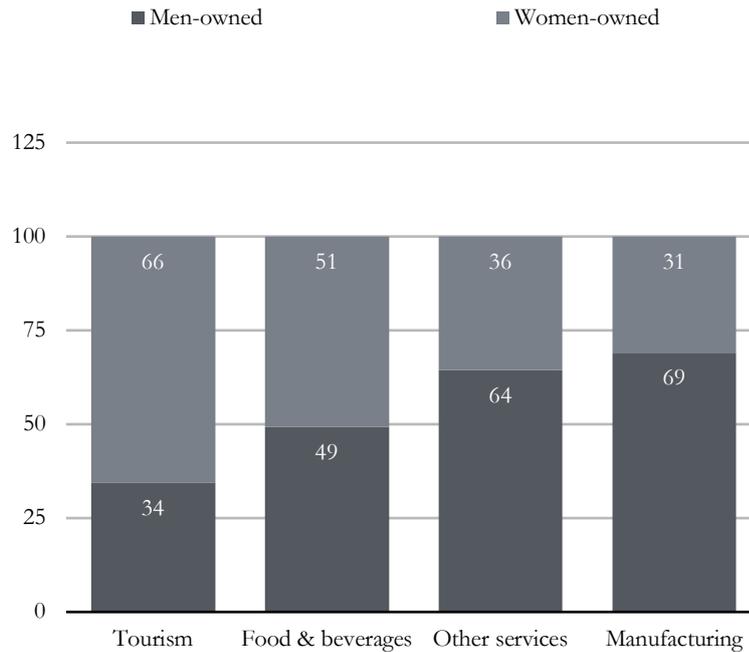
Source: Department of Cottage and Small Industries (DSCI), Ministry of Economic Affairs.

Characteristics of women-owned enterprises and entrepreneurs

Types of enterprises

As shown in figure 2.1, women-owned enterprises dominated tourism and food & beverages sectors while men's enterprises have ascendancy in the manufacturing sector. Research shows that differences in economic sectors of operation contribute significantly to average productivity differences between businesses owned and operated by men and women (World Bank, 2012). The manufacturing sector is looked upon as the one that requires more investments, skills, risk-capacity, and innovation more suited for men.

Figure 2.1: Sector representations of women-owned and men-owned micro, small, medium and large enterprises (percentages)



Number of years in operation

The sample was divided into four groups based on the firms' number of years in operation. The results are presented in table 2.3. The majority of women-owned MSEs were represented in the first group (operating for 1 to 5 years). More than 65% women-owned MSEs had been in operation for 1-10 years. In contrast, about 32% of women-owned MLEs were in operation for the same duration. Pearson's design-based *p-value* of 0.0021 shows a significant difference between women-owned MSEs and MLEs in terms of their operational age. In 2014, women-owned MSEs were younger compared to women-owned MLEs. Overall, for all categories of women-owned enterprises, the mean number of operational years was 16.17 years (std. dev. 11.46).

Table 2-3: Number of years in operation of women-owned micro, small, medium and large enterprises (percentage and std. error (bracketed))

Years in operation	Medium & Large Enterprise		Micro & Small Enterprise		All categories	
		Cum. %		Cum. %	Total	Cum.
1-5	17.84 (7.41)	17.84	49.86 (9.62)	49.86	41.47 (7.90)	41.47
6-10	14.34 (2.78)	32.18	15.56 (8.18)	65.42	15.24 (5.92)	56.71
11-19	16.18 (3.37)	48.36	27.14 (7.45)	92.56	24.27 (5.76)	80.98
Above 20 years	51.63 (5.91)	100	7.44 (2.73)	100	19.02 (4.23)	100
Pearson: Uncorrected chi2 (3) = 27.9052 Design-based F (1.70, 15.30) = 10.3203 P = 0.0021						

Enterprise performance

Ayyagari *et al.* (2014), Wang (2014) and Lee (2014) have estimated the growth of the enterprise by the increase in the number of employees after a certain number of years in operation. OCED has defined the enterprise that has achieved 20% employment growth in 3 years as the high performing enterprise. In the present case, the performance of women-owned MSE was measured by comparing the number of full-time employees when an enterprise started its operation and the number of full-time employees in the last fiscal year (2014 in the data). When a firm was expanding and reached a 20% employment growth rate, it was treated as the High Performing Enterprise (HPE) and if otherwise, the Low Performing Enterprise (LPE).

Table 2.4 presents the percentage of HPE and LPE enterprises in the women-owned MSE and MLE sectors. The table was produced using a two-way contingency table of cell proportions. A highly significant difference between the performance of women-owned MSEs and MLEs ($p < 0.05$) was observed. It can be noted that overall 25% (standard error 6%) of all women-owned enterprises had achieved high performance. Comparatively a large proportion of women-owned MSEs (87%, std. error 6%) were performing low than women-owned MLEs (63%, std. error 5%).¹

Table 2-4: Performance measure comparison between women-owned MSEs and MLEs (percentage and std. error (bracketed))

Women-owned enterprises	Performance		
	Measures	LPE	HPE
Medium & Large Enterprise (MLEs)	Percentage	63.00	37.00
	SE	5.00	5.00
	CI	(50-74)	(26-50)
Micro & Small Enterprises (MSEs)	Percentage	87.00	13.00
	SE	6.00	6.00
	CI	(66-96)	(4-34)
All (MLEs+MSEs)	Percentage	75.00	25.00

¹ The test of independence for a two-way contingency table is equivalent to the test of homogeneity of row or column proportions (in the present case converted into percentages). This test statistics that is displayed by default is based on the usual Pearson χ^2 statistic for two-way tables. The statistic is turned into F statistic with non-integer degree of freedom by using a second-order Rao and Scott (1981, 1984) correction to account for the survey design. The p-value for the corrected F statistic, which was 0.018 was interpreted in the same way as a p-value for the Pearson χ^2 statistic for ordinary data. Since p-value of F-statistics was < 0.05 , it was concluded that there is a highly significant difference in the performance of women-owned MSEs and MLEs. The latter was performing much higher.

Table 2-4: Performance measure comparison between women-owned MSEs and MLEs (percentage and std. error (bracketed))

	SE	5.00	5.00
	CI	(61-84)	(16-39)
Key: row proportions			
Linearised standard errors of row proportions, lower 95% confidence bounds for row proportions & upper 95% confidence bounds for row proportions			
Pearson: Uncorrected chi2 (1) =19.54 Design-based F (1, 10)= 8.07 P = 0.018			

Innovation

In a transition economy like that of Bhutan, innovation in the business sector could mean milder than a grand Schumpeterian (1934) innovation. In the present context, an innovation is understood as the introduction of a product that is new to the market or the modification of the existing product. The variable for this was derived from responses to the question: “was there any new or significantly improved product introduced in last three years? The results in table 2.5 shows low innovativeness among women-owned MSEs. About 61% of the MSEs had reported an absence of innovation while about 39% reported they had either introduced or modified their products. On the contrary, a higher percentage of women-owned MLEs have made innovation (67.59%). However, the p-value for the corrected F statistic, of 0.07 (>0.05) shows that the difference in the innovation level between women-owned MSEs and MLEs was not significant.

Table 2.5: Difference in innovation between women-owned MSEs & MLEs

Innovation	Woman Enterprises		
	MLEs	MSEs	All
No innovation	32.41 (4.61)	61.15 (18.35)	53.62
Innovation	67.59 (4.61)	38.85 (18.35)	46.38
Key: column percentages			
(Linearised standard errors of column percentages)			
Pearson: Uncorrected chi2 (1)=6.9977 Design-based F (1, 9)=4.0218, P = 0.0759			

Age dynamics of women owners

Table 2.6 displays the age range of women enterprise owners whose age ranged between 23 and 83 years. The majority of women-owners of the MSEs (43.37%) were aged between 41-50 years while only about 17% were aged 51 and above. A higher number of mid-age women were involved in the MSEs. In the case of women-owned MLEs, the majority of women owners were aged 51 and above. More senior women were likely to be in the MLEs sector while there were more young women in the MSE sector.

Table 2.6: Age dynamics of women enterprise owners (percentage and std. error (bracketed))

Age of owner	Micro & small enterprises	Medium & large enterprises	All
23-30	14.86 (9.004)	7.762 (4.138)	13.01 (6.5)
31-40	24.16 (7.412)	13.84 (5.763)	21.48 (6.443)
41-50	43.37 (9.905)	24.18 (7.047)	38.38 (6.616)

Table 2.6: Age dynamics of women enterprise owners (percentage and std. error (bracketed))

51-60	13.29 (10.00)	37.81 (15.95)	19.67 (5.483)
Above 61	4.316 (2.456)	16.4 (4.972)	7.46 (2.246)
Pearson: Uncorrected $\chi^2(4)=14.2501$ Design-based F (1.42, 12.78) = 1.2937 P = 0.2943			

Education levels

Education levels of women entrepreneurs are presented in table 2.7. It was observed that the education level of women owners in the MSEs sector was relatively low. About 26% of them in the MSEs sector had no formal education, 15.23% had primary education, 57.32% had secondary education (combined lower, middle and higher secondary) and less than 2% had tertiary education. The majority of women-owners (MSE sector) had a lower secondary education (between standard 7 and 8). In contrast, women owners in the MLE sector had a fairly good level of education indicating that that women with higher education are more likely to undertake higher businesses.

Table 2-7: Education levels of women owners of MSEs and MLEs

Education level of women owners	Women-owned enterprises in percentages, closed in brackets are standard errors	
	Micro & small enterprises	Medium & large enterprises
No formal education	25.91 (8.96)	8.16 (6.44)
Primary level	15.23 (6.55)	12.74 (4.52)
Lower secondary level	31.86 (10.94)	22.94 (5.59)
Middle secondary level	24.70 (5.11)	37.42 (6.82)
Higher secondary level	0.76 (0.54)	17.85 (5.95)
Diploma & degree	1.52 (0.93)	0.90 (0.96)
Key: row percentages		
Linearized standard errors of row percentages		
Pearson: Uncorrected $\chi^2(5) = 16.1354$ Design-based F (1.83, 16.48) = 3.2265 P = 0.0692		

Biggest obstacles of women-owned MSEs

Table 2.8 presents the biggest obstacles of both women-owned MSEs and MLEs. For women-owned MSEs, the most severe obstacles were (1) lack of access to finance (32.02%, std. error 11%) and (2) labour regulations (17.9%, std. error 9.14%). Major obstacles were (1) competitions from the informal sector (14.18%, std. error 7.72%), (2) electricity (13.05% std. error 9.42%), (3) tax rates (5.72%, std. error 2.18%), and (4) crime, theft and disorder (5.17%, std. error 5.15%). Moderate obstacles were: business licensing and permits, tax administration, courts, and customs and trade regulations. Minor obstacles were: transportation, access to land, poorly educated workforce and political instability. For women-owned MLEs the most severe obstacles were: (1) labour regulation (27.1%, std. error 10.16%) and access to finance (21.36%, std. error 5.64%). The moderate obstacles were tax rates, electricity, and informal competitions. A Chi-Square analysis showed that there is some significant difference (in terms of obstacles) between women-owned MSEs and MLEs (Pearson, design-based F (2.64, 23.72) = 2.9116, P = 0.0613).

The fact that minor obstacles faced by women-owned MSEs were transportation, access to land, and poorly educated workforce could be due to a low level of business organisation, investment, and returns. MSEs are typically characterised by low operational level with little or no division between labour and capital (factors of production). The production of, and distribution of goods and services by MSEs are usually carried out

in very small scale (ILO, 1993), and therefore, for the MSEs, the need for access to land, skilled workforce and transportation is likely to be relatively low.

Table 2.8: Obstacles faced by women-owned MSEs and MLEs (percentages and standard errors (bracketed))

Obstacles	MSEs	MLEs	ALL	Level of obstacles
Access to finance	32.02 (11.00)	21.36 (5.64)	29.23 (9.27)	Severe
Labour regulations	17.99 (9.14)	27.1 (10.16)	20.37 (9.15)	
Informal competitions	14.18 (7.72)	2.25 (1.30)	11.05 (6.12)	Major
Electricity	13.05 (9.42)	3.05 (3.07)	10.43 (8.14)	
Tax rates	5.72 (2.18)	5.21 (3.84)	5.59 (1.61)	
Crime, theft and disorder	5.17 (5.15)	0.81 (0.79)	4.03 (3.51)	Moderate
Business licensing and permits	2.10 (2.10)	3.84 (2.22)	2.55 (1.61)	
Tax administration	2.08 (2.08)	2.33 (1.78)	2.15 (1.52)	
Courts	1.14 (1.13)	0.00 0.00	0.84 (0.78)	
Customs and trade regulations	0.73 (0.30)	4.44 (4.47)	1.70 (0.99)	
Transportation	0.29 (0.34)	6.02 (6.06)	1.79 (1.26)	Minor
Access to land	0.29 (0.31)	10.60 (5.91)	2.99 (1.65)	
Poorly educated workforce	0.00 0.00	4.14 (3.36)	1.08 (0.72)	
Political instability	0.00 0	3.04 (2.24)	0.80 (0.74)	
Don't know (Spontaneous)	1.46 (1.14)	1.04 (1.11)	1.35 (0.93)	
Does not apply (Spontaneous)	3.79 (1.86)	4.77 (1.32)	4.05 (1.44)	
Key: column percentages (linearised standard errors of column percentages) Pearson: Uncorrected $\chi^2(15)=26.912$ Design-based $F(2.64, 23.72) = 2.9116$ $P = 0.0613$				

Comparison of obstacles between high growth and low growth women-owned MSEs

Women-owned MSEs were grouped into two categories: High Growth (HG) and Low Growth (LG) and correlated with the biggest obstacles (derived from the responses to a question: “what are the biggest obstacles affecting the operation of your firm?”) Women-owned MSEs with low growth (in terms of employment growth) have identified labour regulations, informal competitions, electricity, access to finance, and tax rates as the biggest obstacles. For high growth MSEs, finance was the major obstacle followed by

other obstacles like labour regulations, business licensing and permits, and access to land. Figure 2.2 presents the comparison of growth within women-owned MSEs.

Figure 2.2: Comparison of obstacles between High Growth and Low Growth women-owned MSEs (percentage)

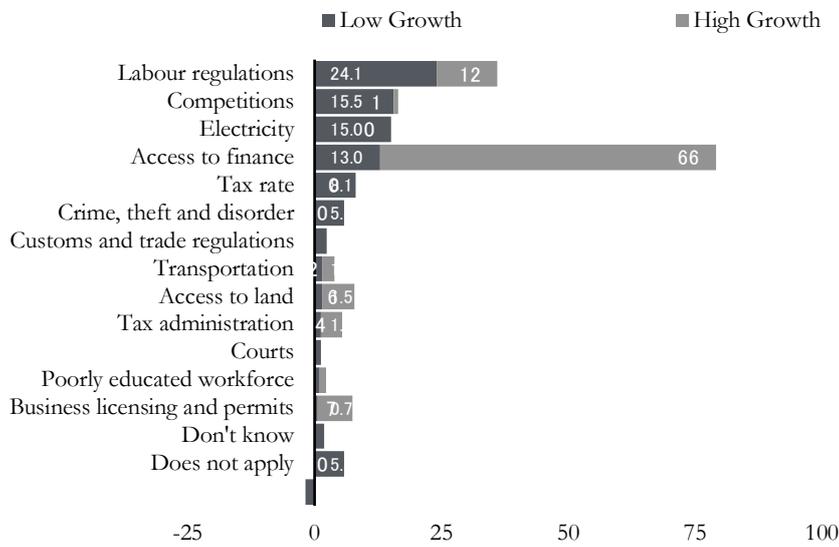


Table 2.9 presents the comparison of obstacles faced by all women and men-owned enterprises. There was no significant difference between the obstacles faced by women and men-owned enterprises (F-statistic p-value >0.05), but more women-owned enterprises faced access to finance as the biggest obstacle (29.3%) compared to 15.71% of men-owned enterprises facing the same obstacle. The biggest obstacles following access to finance for women-owned enterprises were labour regulations, informal competitions, electricity, tax rates, crime, theft and disorder, and so on. For men-owned enterprises, the biggest obstacles were labour regulations, tax rates and then access to finance.

One conclusion drawn was that women-owned enterprises are more likely to cite access to finance as the major obstacle than men-owned enterprise (table 2.9). This could be due to significant gender differences in the access to, and use of business loans and other informal credit. Niethammer, Carmen (2013) has deduced that women-owned businesses have lesser odds of getting loans than men-owned enterprises. Studies have also shown that women do not gamble their businesses and assets with credit. The G-20.8's report has estimated a financing gap of \$ 290 billion to \$ 360 billion per year for women-owned enterprises. More men-owned enterprises listing labour regulations and tax rates as their biggest concerns show that men are more likely to own bigger enterprises. This is because the issues related to labour regulations and tax rates are typical constraints of larger enterprises, as bigger firms are generally not only more productive, but also pay higher taxes and need more labour (The Economist, 2012).

Table 2.9: Comparison of biggest obstacles between women-owned and men-owned (all enterprises) in percentage and standard errors (bracketed).

Obstacles	Women-owned	Men-owned	All
Access to finance	29.23 (9.281)	15.71 (3.094)	21.56 (3.698)
Labour regulations	20.37 (9.155)	20.5 (3.222)	20.45 (3.366)
Informal competitions	11.05 (6.117)	6.85 (1.45)	8.67 (2.818)
Electricity	10.43 (8.146)	3.06 (1.037)	6.25 (3.96)
Tax rates	5.59 (1.603)	15.90 (6.682)	10.98 (4.536)

Table 2.9: Comparison of biggest obstacles between women-owned and men-owned (all enterprises) in percentage and standard errors (bracketed).

Crime, theft and disorder	4.03 (3.509)	0.17 (0.184)	1.84 (1.226)
Access to land	2.99 (1.647)	2.64 (1.377)	2.79 (0.764)
Business licensing & permit	2.55 (1.606)	0.42 (0.428)	1.35 (0.655)
Tax administration	2.15 (1.521)	0.16 (0.158)	1.02 (0.681)
Corruption	0 (0)	1.48 (1.104)	0.84 (0.617)
Court	0.84 (0.778)	0 (0)	0.36 (0.285)
Customs & trade regulations	1.7 (0.990)	2.24 (1.641)	2.01 (1.118)
Poorly educated workforce	1.09 (0.722)	5.21 (3.012)	3.43 (1.722)
Political instability	0.79 (0.737)	2.25 (1.594)	1.70 (0.757)
Transport	1.79 (1.263)	11.51 (1.613)	7.30 (0.998)
Don't know	1.35 (0.934)	4.72 (1.541)	3.26 (0.893)
Does not apply	4.05 (1.431)	7.99 (5.752)	6.28 (3.746)
<i>Pearson:</i> Uncorrected $\chi^2(16) = 45.1440$ Design-based $F(2.94, 29.39) = 2.0283$ $P = 0.1326$			

Reasons for not availing loans

The irony of the business financing is that despite women-owned enterprises having had listed access to finance as the biggest obstacle, their demand for business loans was much lower. As shown in table 2.10, about 79% women-owned firms have reported 'they do not need a loan' while 69.45% of men-owned reported the same. The qualitative analysis substantiates the reason for this low demand: one prominent reason being 'women are not able to take the risk'. The other reasons were a high collateral requirement (13.45%) and complex loan application procedures (1.05%). When women-owned enterprises do not even wish to avail business loans to avoid debt risk or crisis, the other reasons related to credit access are logically insignificant.

Table 2.10: Reasons for not availing loan by women-owned and men-owned enterprises (in percentages and standard errors (bracketed))

Reasons (stated)	Women-owned enterprise	Men-owned enterprise	Both
No need for a loan	78.94 (8.505)	69.45 (7.452)	73.69 (6.038)
High collateral requirement	13.45 (6.266)	16.82 (2.544)	15.32 (3.910)
Complex application procedures	1.05 (1.03)	0.84 (0.621)	0.94 (0.785)
High interest rates	0.81 (0.451)	2.04 (1.326)	1.49 (0.800)

Table 2.10: Reasons for not availing loan by women-owned and men-owned enterprises (in percentages and standard errors (bracketed))

Reasons (stated)	Women-owned enterprise	Men-owned enterprise	Both
Don't think it would be approved	0.60 (0.348)	7.93 (7.275)	4.66 (4.106)
Others	5.16 (2.6)	2.25 (1.673)	3.55 (1.257)
Size of loan and maturity time insufficient	0.00 0.00	0.30 (0.302)	0.16 (0.16)
Don't know	0.00 0.00	0.37 (0.399)	0.20 (0.194)

Key findings and conclusion

Overall scenario of women's participation in the formal economy

Unequal distribution of micro and small enterprises: The registered micro and small enterprises in the formal economy is concentrated in the capital district, questioning if this sector is contributing to the regionally balanced economic development.

Women's economic participation: Using data provided by the Labour Force Survey (2016), it was concluded that women's participation in the economy is lower than men's. The unemployment rate among women remains higher than that of men. Most women were engaged in the informal family activities (mainly the agriculture and micro enterprises). Given this situation, one conclusion is that there's immense need to promote and develop women-owned MSEs sector as a viable option for sustainable employment of women and their increased participation in the formal economy.

Characteristics of women-owned enterprises

Sector concentration: Women-owned enterprises in Bhutan are predominant in tourism and food & beverages sector while men dominate the manufacturing sector. There seems to be some masculine stereotyping that makes it difficult for women to enter the manufacturing sector. This sector requires higher investment, value addition, and use of more technologically sophisticated production that men generally are believed to handle better than women. Most women-owned enterprises are in the wholesale and retail trade, hotel and restaurants, and services, and those that are engaged in manufacturing activities are mainly in food processing and textile businesses. The dominance of men in the manufacturing sector is a clear indication that trade liberalisation in the country has not mitigated the barriers to women's entry into the manufacturing sector, which seems to be perceived as men's line of business. Business segregation along gender lines in effect pushes women into a low-returns business venture (Bradhey, 1999).

Years of operation: The majority of women-owned MSEs were in operation for 1 to 5 years. This was in contrast to the maximum number of women-owned MLEs being in operation for over 20 years. Women-owned MSEs were fairly young compared to women-owned MLEs.

Enterprise performance: Measured in terms of the employment growth between the year of establishment and the last fiscal year (2014 in the present case), the performance of women-owned MSEs were comparatively lower than that of women-owned MLEs.

Innovation: A business innovation, understood as the introduction of a product that is new to the market or the modification of the existing product was low among women-owned MSEs compared to women-owned MLEs. The performance of a business is often measured in terms of its innovation capacity. Low innovation among women-owned MSEs was conclusive: they were not performing as much as MLEs in terms of business innovation--the area that requires a major boosting.

Characteristics of women business owners

Age dynamism: The age of the sample businesswomen ranged between 23 and 83. A higher number of mid-age women were involved in the MSEs while most businesswomen owning MLEs were senior women (aged above 51 years).

Education level: Women owning MSEs had a lower level of education with over 26% of them without any formal education. In contrast, women owners of MLEs had a fairly good level of education. Low education or lack of formal education seems to be intrinsic to MSEs sector, causing poor business skills: managerial, financial and technical.

Biggest obstacles of women-owned micro and small enterprises

Top obstacles: This represents the key findings. Among sixteen business obstacles listed, the most severe obstacles for women-owned MSEs were access to finance and labour regulations. The other obstacles were competitions from the informal sector, electricity, and tax rates. The least significant obstacles were access to land, transportation, and lack of educated workforce, which for the enterprises that operate at low level are not big issues. The women-owned MSEs were generally small in terms of investment, returns and employment generation (though often are labour intensive), require little capital and business skills, and operate without proper business spaces (ILO, 1993). Many of the women-owned MSEs tend to operate with one or two family workers (for example small restaurant) and produce or distribute goods and services at low scale for which the transportation, land, and workforce are not a big business hitch (ILO, Geneva, 2002).

Significant differences in obstacles: There was a significant difference in the obstacles faced by women-owned MSEs and MLEs. For MSEs the major obstacle was access to finance while for MLEs it was labour regulations. The obstacles like access to land, customs and trade regulations, transportation and poorly educated workforce, which were minor obstacles for women-owned MSEs were of concerns for women-owned MLEs. This was substantiated by a chi-square analysis that showed a significant difference in the obstacles between women-owned MSEs and MLEs. This suggests the effort to develop and promote women entrepreneurship at MSE level may require the strategies different from the ones targeted at women-owned MLEs. One-size-fits-all policies and strategies are less likely to work for all levels of women-owned enterprises.

Different obstacles for low and high growth enterprises: Women-owned MSEs with low growth rate have listed labour regulations, informal competitions, electricity, access to finance and tax rates as the biggest obstacles. The women-owned MSEs with high growth rate had finance as the major obstacle. The other obstacles were labour regulations, business licensing and permits, and access to land.

Differences in obstacles faced by women and men-owned firms: Although the difference in terms of obstacles facing men-owned and women-owned enterprises was not so significant, it was still valid to conclude that the biggest obstacles for women-owned enterprises were access to finance, labour regulations, informal competitions, electricity, tax rates, and crime, theft and disorder. For men-owned enterprises, the major obstacles were labour regulations, tax rates, and access to finance. This suggests that the access to finance remains the most significant obstacle for women-owned enterprises. This could be due to the significant gender difference in access to and use of credit by women-owned enterprises.

Reasons for not availing loans: Contrary to access to finance being the most significant obstacle, more than three fourth of women-owned MSEs have not obtained any commercial loan or informal credit simply because they did not feel the need. The World Bank's Enterprise Analysis Unit (2015) reported the same finding for the enterprises in general. It was thus concluded that women entrepreneurs in the sample did not want to avail credit by reason of their low risk-aversion. The other reasons for women-owned enterprises not availing loans were a high collateral requirement and complex application procedures.

Conclusion

The quantitative analysis was based on the firm-level data collected by the World Bank (second Enterprise Survey-2015) in the country. This analysis allowed profiling women-owned MSEs and identifying and examining the major obstacles distinctive to them. The analysis emphasised the environment-level obstacles (factors external to them). Some comparative analyses were done between women-owned MSEs and MLEs as well as between women and men-owned enterprises. Some significant differences were noted in terms of the obstacles they faced. Further discussions are presented in chapter IV that triangulates the key findings of both quantitative and qualitative analysis.

CHAPTER III

QUALITATIVE ANALYSIS AND FINDINGS

Introduction

Shane (2003) and Giddins (2003) posited the necessity to examine both the environment (external factors) and agency (individual factors) to get the complete picture of entrepreneurship. The quantitative module determined the environment-level obstacles; the qualitative module was aimed at identifying and examining the major obstacles of women entrepreneurs at an individual level. The in-depth interviews investigated the characteristics of women entrepreneurs, their experiences in doing businesses, and their views on promoting women's entrepreneurship in the country.

Description of the qualitative analysis

The qualitative method was briefly discussed in the methodology section (chapter I); this chapter begins by providing further descriptions of the qualitative method.

Sampling and selection of respondents

There is no appropriate sample size for qualitative research design, though most researchers and experts agree that any qualitative method should have a minimum of 12 research participants. The qualitative method concerns about focusing on a particular issue where generalisability and comparability are traded for internal validity and contextual understanding. The purposive or convenience sampling method was used, as it allowed the selection of a group of women who could provide the best information and deeper insight into women's entrepreneurial experiences of obstacles. It did not opt for an empirical generalisation from a sample to a population. The sample size was determined by the time constraint rather than by a theoretical saturation sample size approach (stopping data collection at a point when it is unlikely that any new information would be produced).

To a certain extent, a grounded theory approach was used to design open-ended questions and guidelines for the in-depth interviews of eighty-one women micro and small entrepreneurs. The interviews incorporated both open-ended and semi-structured characteristics. They were open-ended, for the interviewers allowed women participants to 'narrate their stories', occasionally using probes and seeking clarifications only when required. At the same time, the interviews were semi-structured because the interviewers used the guidelines to frame their questions and guide the interviews. The need to conduct semi-structured and guided interviews rather than unstructured ones was to maintain a certain level of consistency between three interviewers. The interviewers were also allowed to adjust some questions according to what was learned in the course of interviews. The criteria for respondent selection were: those women operating businesses in open space without licenses as well those who have formally established business houses.

The interviews covered the following dimensions: demographic profile of women respondents (age, education, marital status, number of dependent children, present and permanent addresses, etc.); details of their enterprises; motivations for undertaking entrepreneurship; problems they faced at the start-up; how they overcame the startup obstacles; present operational obstacles; their future entrepreneurial goals and business plans; and their expectations of the external policy and programme support. Women's narratives provided in-depth information useful to understand the unique aspects of women's lives and meanings of their lived experiences and business obstacles.

Analysis of the qualitative data

The qualitative paradigm as a constructive approach provides "context-bound" information related to "what happens on the ground" (Creswell 1994). It has an ability to provide complex textual descriptions of how people experience a given research issue (Mack, *et al.* 2005). The interpretive-phenomenological approach was used to carry out the thematic content analysis of qualitative data using MAXQDA software.

This is a programme designed for computer-assisted qualitative, quantitative and mixed methods data, text and multimedia analysis in academic, scientific, and business institutions. It is developed and distributed by VERBI Software based in Berlin, Germany. Data were objectively coded into themes. The analysis largely drew from the orientation that allows the researcher to treat social action and human activity as *texts*. The transcripts that represented the views of the women participants were converted into *texts*.

Interpretive analysis

This interpretive analysis was based on the frequency and percentage evaluation of the text data, which the MAXQDA software allows. This is also known as the counting Key Words in Context (KWIC) and Words Co-Occurrence (Ryan and Weisner, 1996). Tesch (1990:139) called the word-counting or data condensation technique. This approach was premised on the belief that the interpretive nature of text analysis need not be exclusively subjective, but can be objective too.

The frequency or its derivative percentage evaluation used manifest content and latent content coding approach. The manifest content coding approach included identifying those elements, say the words 'difficult to get loan' or 'credit' that were countable in the entire text and adding them up, while in the latent content coding approach, phrase or group of phrases indicating 'difficulty in getting loan or credit' were counted and added up, say for example "I want to do a bigger business but I do not have any good source of money, and banks' schemes are not easy to avail". The frequency evaluation was not based on the conventional frequency evaluation method, where a number of persons saying the same thing were counted instead numbers of words, phrases, sentences and sometimes the paragraphs conveying one single message were counted. This was considered valid when the unit of analysis was text rather than an individual respondent. The graphs generated from the frequency and percentage evaluation could depict the severity of the issue or phenomenon (how many times it was emphasised in the text data). In some cases, both coded and document-based (number of individuals) were used to compare the results.

The qualitative module was partly interpretive because the qualitative data (set of interviews converted to texts as unit of analysis) were coded, analysed, and interpreted to determine the sources of women's motivations to undertake entrepreneurship, obstacles they encountered during the start-up and in doing the businesses at present—their contextual experiences that impact on business growth, transformation, and innovation; and their future expectations, ambitions, and goals. To substantiate the frequency or percentage evaluation, the researcher's a priori knowledge and experience of that particular phenomenon or issue was used within the interpretive analysis framework. That is, it also constituted the researcher's own interpretation of the phenomenon or issue. The transcribed texts were coded to form categories of constructs according to the coding approach of Miles and Huberman (1994). The emerging categories, themes, and general patterns allowed for categorisation into meaningful constructs (Miles & Huberman, 1994).

Phenomenological analysis

The qualitative module was partly phenomenological because the interviews provided uniqueness of each individual's lived situations and experiences in their respective entrepreneurial context. Each women participant had her own life's reality and experiences, though may be subjective. The interpretive content analysis often may result in the texts losing their meanings when reduced to numeric forms. Hence it was important to use the phenomenological approach in which data were presented without being condensed by various sorting or coding operations. For the phenomenological analysis, memos were created along with the coding process, and these memos not only contained the researcher's interpretation but relevant quotations or the respondents' actual statements. The results of the phenomenological analysis were presented as illustrative quotes. This was done to complement the interpretive analysis. The selection of the quotations was done on the basis of their relevance to the topics or themes.

The analysis involved several steps: (1) transcribing the audio-records of the in-depth interviews, (2) discovering themes and sub-themes, (3) reducing themes to a manageable few, (4) creating codebook, and (5) linking themes into theoretical models.

First step: Transcription

Three experienced interviewers mostly conducted the in-depth interviews (using multi-languages: Dzongkha, Khengkha, Sharchopkha, Nepali, and a few in English). The key investigator did all the multi-lingual transcription. This has allowed the key researcher to get familiarised with data and even to identify themes at the stage of transcribing the audio files. There was no need for the investigator to read and re-read the transcripts that may have been necessary if the interviews and transcribing were done by individuals other than the principal investigator. Each transcript was then imported into MAXQDA in text rich (rtf) format (document segment).

Second step: Coding and theme identification

After transcribing the audio records, the texts were coded and analysed using a plethora of techniques. The key question that arose, in the beginning was, whether to consider the codes repeating several times in the form of words of a particular respondent or to consider only once and avoid the rest if the respondent has expressed the same issue or phenomenon many times in the course of an interview. Also, there was a dilemma of whether to identify the themes based on the prevalence of same topics or use the researcher's assessment of what to consider as themes. In the end, it was decided to consider both, that is, to associate both the inductive and the researcher's own interpretation based on his own experience and theoretical orientation gained through the review of the literature.

The themes were constructed using an inductive approach (from data) as well as the deductive or a priori approach. First, discovering the themes involved an open coding of the text data (grounded theory), which the classic content analysts refer to it as content analysis (Shapiro and Markoff, 1997) or qualitative analysis (Berelson, 1951). Second, through a priori approach that constituted a theoretical understanding of the phenomenon under investigation, the themes, particularly, sub-themes were derived from the literature review, common understanding of the issue, the investigator's theoretical orientation, his personal experience, and the interview questions. In other words, while the semi-structured interviews and literature review provided the basis for thematic coding and theme identification, grounded theory approach was also used to a certain extent. The grounded theory approach typically involved coding and theme identification based on what emerged from the corpus of text data. This was done to keep the analysis focused on the data and balance out theoretical flights or captivation.

Repetitions of words or group of words (phrase) were coded under each relevant theme (topics that repeated). The themes were understood as naturally connoting the fundamental concepts the analysis was trying to describe. Several considerations were made in the process of thematic coding and theme identification. Some participants had related a particular topic for several times, which Guba (1978: 53) has termed as 'recurring regularities'. For example, in some cases, a particular respondent has repeated the topic several times in her interview because it is an important issue for her; in other cases, several respondents have repeated the same topics. Both repetitions of the topics within an interview of the same individual as well as the topics repeating across the entire participants were taken into account for thematic coding. In other words, the more the same concept or topic occurred in a text, the more likely it was to be considered as a theme. In the frequency evaluation, the frequency of particular codes was not based on how many individuals emphasised the same topics or issues, but how many times the topic or issue occurred in the entire corpus of text data. That is, the unit of analysis used was 'texts' not the 'individual participants'.

In the semi-structured interviews, interviewers had steered the conversation from one topic to another, creating transitions and shift of topics. This transition was visible in the transcripts. Each interview has begun with the introduction of the respondent (name, age, district of origin, marital status, number of children, education level, business location and business type). The interviews have then transitioned from one question to another as follows: questions related to motivations or reasons for undertaking a particular business; challenges associated with the business start-up; current operational challenges (in terms of the business sustainability, growth and innovation); future business aspirations and plans; future challenges; and expectations of support from the government, NGOs, International Development Partners and other stakeholders.

Third step: Theme identification and reduction

Using the mix of several techniques (described earlier), the following six themes were identified:

Theme 1: Business motivations (reasons for undertaking business).

Theme 2: Business start-up obstacles.

Theme 3: Overcoming start-up obstacles.

Theme 4: Current operational obstacles for growth, transformation, and innovation.

Theme 5: Future business aspirations and plans.

Theme 6: External support expectations (from the government, NGOs and others).

Fourth step: Creating codebook

The “Export Codebook” function in MAXQDA allowed automatic generation of a Codebook or a category manual. The codebook contains lists of selected codes in the order of the Code System and the associated code memo. The completed Codebook contains the category definition of each individual code recorded in the code memo. The codebook is annexed.

Fifth step: Themes linkages and theoretical models

The identified themes were limited to six, though in theme discovery, more is better. Not all six themes were considered equally important. The interviews focused more on Theme 2 and Theme 4, as this research was all about identifying the key obstacles faced by micro and small women entrepreneurs; the other themes contributed towards answering the research questions and its primary goal.

Data quality and reliability

Quality and reliability of data and findings can depend so much on the internal, external, and operational validity. Internal validity means avoiding any external factors that may influence data reliability, external validity is related to generalisability of data, and operational validity is measuring what is needed to measure.

To ensure internal validity, all interviews were conducted in separate rooms or isolated places to prevent interference from other people (who might have influenced the way women would have responded). For external validity, though women were selected from three major regions, the western region was overly represented. The extent to which the findings could be generalised is left to the readers’ discretion. Since women interviewed shared almost similar demographic and economic characteristics and faced similar obstacles, the level of generalisability could be extended to those women with the similar characteristics. Moreover, the purpose of the qualitative approach was to go into depth of the issues rather than wide coverage for generalisability. To maintain the operational validity, it was ensured that semi-structured interview questions were interpreted similarly between the interviewers and interviewees as well as among three interviewers. Interviews were taped and then transcribed meticulously by the key investigator who had gained sufficient experience in this area.

The key question related to reliability was: “How did the investigator know if the identified themes were valid?” There is no definitive demonstration of validity, but one can maximise clarity and agreement and increase the validity (Campbell, 1957). As the theme identification involved partly the investigator’s judgment, the details of the approach used starting from the conduct of interviews, transcribing interviews to theme identification, and coding were made explicit. However, prevailing context at the time of theme identification and coding did not allow doing inter-coder reliability test (that is, if coding were done by others, the degree to which they would have agreed to the key investigator’s coding) and conclusion. If the inter-coding analysis were done, it would have added to the analytical validity.

Analysis and results

Demographic profile of respondents

Table 3.1 shows the demographic characteristics of businesswomen who were recruited for the in-depth interviews. More than half of them were in the age group 21-40 and the maximum of them was in the age group 31-40. This conformed to the age range considered for similar studies undertaken by Alam, S. Syed *et al.* (2012) in Malaysia and Hisrich and Peters' (1996) research titled 'Entrepreneurship: starting, developing and managing a new enterprise'. The majority of women participants were married (64.2%), and a significant number of them were divorced (29.63%).

In total, 38.8% of them were single mothers, indicating that one of the important reasons for them to undertake micro and small businesses was to cope with the obstacles that single mothers usually face: economic hardship, dependency, and low social status. On average, these women entrepreneurs have 3.25 children, while the maximum of them reported two children (35.8%) and 12.35 % did not have children. In all, about 88% of the women participants have reported at least one child. Having children to feed and educate accounted for their engagement in business activities.

Demographic characteristics		Freq. (N=81)	Per cent	Cum.
Age	21-30	20	24.69	24.69
	31-40	31	38.27	62.96
	41-50	20	24.69	87.65
	51-60	6	7.41	95.06
	61-70	4	4.94	100
Mean age= 38.2716, Std. Dev.=10.58, minimum=21 & maximum=65				
Marital status	Divorce	24	29.63	29.63
	Married	52	64.2	93.83
	Single	3	3.7	97.53
	Widow	2	2.47	100
Number of children	0	10	12.35	12.35
	1	12	14.81	27.16
	2	29	35.8	62.96
	3	14	17.28	80.25
	4	12	14.81	95.06
	5	2	2.47	97.53
	6	2	2.47	100
Mean number of children= 3.25, Std. Dev.=1.41				
Education level	None	36	44.44	44.45
	Primary	13	16.05	60.49
	Middle secondary	12	14.81	75.30
	Lower secondary	11	13.58	89
	Higher secondary	7	8.64	89
	Degree	2	2.47	100

As expected, the majority of women participants (44.45%) reported they did not have formal education. More than 60% of them either had primary level education or none. Just 2.47% of them had undergraduate.

Type and nature of the business or enterprises

Table 3.2 presents the type of business/enterprises undertaken by women participants. These businesses are gendered (typical to women) and conform to the types of businesses women in other developing countries venture on. The sample constituted the majority of women in vegetable and fruits vending (19.75%), restaurant, bar, and hoteling business (14.81%), 12.35 % were street vendors, 11.1% operated general shops, and 7.41% sold homemade food products. There were other business types, but the representation from the IT-related business; tourism, consultancy services, and film industry were unavailable.

Table 3-2: Types of business undertaken by women participants

Types of business	Freq. (N=81)	Per cent
Vegetables, fruits & others	16	19.75
Restaurant, bar & hotel	12	14.81
Fast food & street vendor	10	12.35
General shop	9	11.11
Home-made food products	6	7.41
Grocery	4	4.94
Diary shop	3	3.70
Garment business	3	3.70
Handicraft shop	3	3.70
Tailoring shop	3	3.70
Pan shop	3	3.70
Furniture shop	2	2.47
Beauty saloon	2	2.47
Bakery	1	1.23
Contractor	1	1.23
Dyeing & cloth design	1	1.23
Floral shop	1	1.23
Taxi operation	1	1.23

Nature of business

The nature of the business was determined based on three characteristics: number of years in operation, business legality (licensed or not) and the location of the business. The duration of business operation ranged from one month to 34 years. As shown in Table 3.3 more than half of the businesses were in operation for 1-5 years and 9.88% were relatively new business while 3.70% of the total women enterprise had been in operation for more than 20 years. More than 61% of the business operations were formally registered (either had trade license or micro-trade registration certificates) while 38.27% did not have any business trade licenses except BAFRA registration certificates or BAOWE registration certificates (informal business). More than 38% of the businesses were located in the outskirts of cities/towns while 18.52% were rural-based.

Table 3.3: Nature of women-owned business

Nature of business		Freq. (N=81)	Per cent	Cum.
Years in operations	Less than one year	8	9.88	9.88
	1-5 years	43	53.09	62.97
	6-10 years	14	17.28	80.25
	11-15 years	9	11.11	91.36
	16-20 years	4	4.94	96.30
	Above 20 years	3	3.70	100.00
Legality	Business license	50	61.73	
	No business license	31	38.27	
Business location	City outskirts	31	38.27	
	FCM	9	11.11	
	Main City	26	32.10	
	Rural areas	15	18.52	

Business motivations (reasons for undertaking business)

Entrepreneurship among women concerns creating opportunities, generating employment, earning livelihood, poverty reduction, and fostering balanced economic growth. It is also essentially about one’s motivation to achieve personal goals and aspirations, which Lee and Venkataraman (2006:108) have defined

as a composite of social, psychological, and economic factors. Motivational factors tend to be influenced by their personal abilities, traits, skills as well as the external social, cultural and economic environments (Liao & Welsch, 2003). To understand the obstacles women entrepreneurs encounter in doing their businesses, it is crucial to examine what factors have motivated them to enter the world of business or entrepreneurship in the very first place.

Sixteen motivational factors were listed for starting their businesses. Both the coded and document segments (individual interview taken as one document) were taken to calculate frequency and percentage, and in both the cases, six leading motivations were ‘necessity’, ‘marital problem (divorce)’, ‘pursuit of personal independence and financial security’, ‘influence from other people (spouse, parents, relatives and friends)’, ‘personal interest and satisfaction’, and ‘influence of the previous work experiences’. These motivational factors are listed in order of their significance in table 3.4.

There were all three types of business seekers (as categorised by Helms, 1997): ‘freedom seekers’, ‘security seekers’, and ‘satisfaction seekers’. ‘Freedom seekers’ are those people who are not satisfied with their employment and desire for freedom to choose the works of their own choice; ‘security seekers’ undertake entrepreneurial activities due to their family circumstances (low income), retirement or death of their spouses and instances of divorce; and ‘satisfaction seekers’ are usually housewives and singles who want to become more productive and attain social and economic status and satisfaction (Helms, 1997 & Alam, S. Shah *et al*, 2012: 285).

Table 3.4: Motivations for taking up micro and small enterprises

Sl. No.	Coded segments			Document segments		
	Reasons for starting a business	Freq.	Per cent	Reasons for starting a business	Freq.	Per cent
1	Necessity	243	57.04	Necessity	74	91.36
2	Getting divorce	31	7.28	Economic independence	25	30.86
3	Economic independence	27	6.34	Getting divorce	22	27.16
4	Others’ influence	21	4.93	Others’ influence	19	23.46
5	Personal interest & satisfaction	20	4.69	Personal interest & satisfaction	17	20.99
6	Previous work experience	17	3.99	Wanted to take opportunity	17	20.99
7	Wanted to take opportunity	17	3.99	Previous work experience	13	16.05
8	Inheritance and tradition	11	2.58	Inheritance and tradition	10	12.35
9	Support ageing parents	10	2.35	Support ageing parents	9	11.11
10	Did not wish to work for others	6	1.41	Escape boredom at home	6	7.41
11	Children’s employment: self-business	6	1.41	Children’s employment: self-business	5	6.17
12	Escape boredom at home	6	1.41	Wanted freedom	5	6.17
13	Wanted freedom	5	1.17	Did not wish to work for others	4	4.94
14	Promote local production	2	0.47	Promote local production	2	2.47
15	Wanted to lead and motivate others	2	0.47	Wanted to lead and motivate others	2	2.47
16	Widowhood	2	0.47	Widowhood	2	2.47
	Total (Valid)	426	100.00	Total (Valid)	80	98.77
	Missing	0	-	Missing	1	1.23
	Total	426	-	Total	81	100.00

As shown in table 3.4 (above), among many entrepreneurial motivations, more than half of the women participants have mentioned the ‘necessity’ as the main motivating factor. On disaggregating the ‘necessity’ into several other determinants, the majority of them had undertaken entrepreneurial activities to earn extra income so that they can earn livelihood, sustain family income, and meet the educational expenses of their children. Table 3.5 presents the determinants of the ‘necessity-motivating factor’. Two key reasons why women have started business activities were the need meet growing educational expenses of their children and earn additional income for family sustenance. The majority of them (38.27% coded segments) and 72.97% (document segment: 74 women who have talked about their motivations to start a business) have accounted their business as one means to create a better life for their children by providing a good education. Most women were aware and concerned that the cost of education (in terms of personal expenses) may rise in case their children fail to secure admissions in the government schools and have to be sent to private schools.

Table 3.5: Determinants of the 'Factor Necessity'

Coded segments			Document segments		
Necessity: Reasons	Freq.	Per cent	Necessity: Reasons	Freq.	Per cent (valid)
Children's education	93	38.27	Supplement family income	54	72.97
Supplement family income	80	32.92	Children's education	52	70.27
Unemployment	28	11.52	Unemployment	25	33.78
Cover house rent	20	8.23	Cover house rent	18	24.32
No other source of income	15	6.17	No other source of income	12	16.22
Support siblings & relatives	7	2.88	Support siblings & relatives	6	8.11
Total (Valid)	243	100.00	Total (Valid)	74	100.00
Missing	0	0.00	Missing	7	8.64
Total	243	100.00	Total	81	-

To reemphasise, the motive behind taking micro and small entrepreneurship was that they wanted to integrate with the market economy to improve their own situation (Sethuraman A.V 1997:24) and that of their children and other family members. It was obvious from their narratives that most of them emphasised on their children's education for the reason that they themselves did not have formal schooling or had low-level education that have made their own lives challenging. The responsibility over and their propensity to contribute towards the welfare of family (to meet basic needs or supplement family income) and children's education have prompted most of them to start businesses. These were manifested in their their statements, which though reflects a combination of several determinants:

"I was running a restaurant before starting this shop [diary products and religious items]. I abandoned restaurant business on the religious ground, as serving meats to customers did not conform to the Buddhist ethics. I did a garment business, but it did not go well. So I started the present business. The main motives behind undertaking this business were to make extra income, as my husband's salary is not sufficient to manage the family in the capital, to provide a better education for my children, and of course, to achieve personal freedom. If we have enough money, we can do what we wish to do in life. It opens up many better choices. I can travel to places I wish to visit and get my wishful things done" (TL, 43, Thimphu).

"I sell fast foods, and it has been almost six years that I have been operating this small business. I started this business to supplement my family income. My husband's salary was low and not sufficient to even cover house rent and other household expenditure. Children's educational expenses were increasing year by year. Being less educated, I did not get any job, and running such small business has become the only option to earn a decent livelihood and bring up children" (KZ, 45, Paro).

"I was doing several types of small business long time back before I started this shop (vegetables, fruits, and other local products). I thought I'd run this shop, as there are many people living around. I bought this shop from another woman. The motive for starting this business was to become economically independent, sustain livelihood, and meet children's education expense. As a single mother with many children, it was difficult for me to make both ends meet. I had to send my eldest son to study in one of the Indian Universities for which I needed extra money. This business helped me get that money" (NW, 37, Trongsa).

"I am doing this business to earn income and make myself more independent. I cannot go on depending on others, and in particular, my husband. Of course, my husband has a business of his own and is running well, but we never know what would happen in future. By chance, if we get divorced, it is always women who will have to look after children and suffer. For that reason, I thought I cannot remain at home without doing anything economically productive work. I thought I'd start my own business to be more independent and earn extra income when he [husband] was willing to support me" (SZ, 31, Pemagatshel).

The other determinants of the necessity-motivation to start a business were the lack of job, the need to meet the rising house rent, financial problem, and the need to support parents, sibling, and other relatives.

The second most important motivation was the unfortunate incidence of divorce, which has left many of them as the main breadwinners with many children. These single mothers did not have any other means to earn their livelihood other than self-employment through micro and small entrepreneurship. Some women

have disclosed how their divorce has left them with many problems, which had motivated them to take up the business:

“I run a small general shop. I have a business license. I started this business in 2007 (ten years ago) after I got divorced. It was difficult for me to bring up my children. Faced with the family problems, I thought I should do something to manage the family. Being uneducated, I did not have much scope for getting a salaried job. So I started this business to earn living and bring up children and educate them” (DW, 35, Wangduephodrang).

“After divorce, I had to return to the village with two kids. For some time, I lived with my sister, but then I was feeling uncomfortable to depend on her for a long time. I worked with a private company for a few months, which did not fetch me enough income to support two children. As I had some experience doing a bakery business, I decided to start the same business in this locality, though the market is still very small. This is how I am making out the living and educating my children” (PM, 31, Zhemgang).

“It has been more than thirty years since I got divorced. I was left alone to nurture and educate three children, and I did not have sufficient income. I had to go through all kinds of struggle, and that was the time when I decided to open a small textile business” (KY, 62, Punakha).

“I got divorced four years ago. I became the breadwinner and had to take the responsibility to bring up and educate three children. Although I have studied up to class X (Middle Secondary), I could neither get a job nor do something economically productive at home. So I started this small business (fast food) on the street (Thimphu City). Doing this business was a big struggle, as the City Inspectors often prevented me from selling fast foods. I approached BAOWE for help. This organisation sympathised my situation and provided me this market shed” (NZ, 33, Punakha).

The third most common motivating factor was women’s desire to achieve financial autonomy and economic independence. This is one of the most cited reasons in the literature. The studies have shown that women often want to exert or overcome their husband’s control and dependence on others by starting a business (Carter *et al.*, 2003). A woman, whose husband is running a hardware shop has described how important it is to be independent:

“Once married, most Bhutanese women tend to stay back at home simply doing household works. I was doing nothing productive at home other than just managing the family affairs. At a certain point, I realised it is not good to be economically unproductive and rely on husband’s income alone. I felt the uncertainty of marriage life given an increasing number of divorces taking place. So to gain economic independence, I started this gift shop” (DY, 30, Bumthang).

Some women have started businesses out of their own interest and for personal satisfaction; and in some other cases, their spouses, parents, and relatives have encouraged them. A few women who were working for others had to opt for self-business to gain personal freedom and work flexibility as anecdotal evidence below suggest:

“I am running a tailoring business. It has been five years since I started this business. I was working in a private company, but after a birth of a child, it became inconvenient for me to balance work and family. The remuneration was not so good despite the heavy workload. So I decided to start my own tailoring business. As a single mother (divorcee), and now with this self-business, I am not only economically independent but I can attend to my child’s welfare. I am now able to achieve a work-family balance which I was wanting when working for others” (KB, 43, Punakha).

“I was working in a hotel for almost ten years. It was not good for me to continue working for others. There was not much freedom. I did not have much flexi-timing. It was difficult to attend the work and look after the household works. My employer would make me work extra hours at a meager salary. I wanted to run my own business so that I could work when I have time, and then attend to family-related activities” (LM, 31, Wangduephodrang).

Other motivations accounted by the women participants were unfortunate events in the family and retirement of the main breadwinners as the statements below suggest:

“I started this grocery business in 2016 following the deaths of my father and brother in an accident. My mother and I could not work in the village farm after we lost the male members. I came here to set up this

business [near the school]. I started this business hoping to earn a livelihood, meet educational expenses of my children, and support my ageing mother. My husband does not earn much” (PC, 23, Samdrupjongkhar).

“It has been four years now running this business (grocery and bar). I had to start this business after my husband completed his term as a school caretaker. We had to feed four children and make additional expenses for their schooling. We had no reliable source of income, and out of necessity, I had to start doing this business” (PW, 48, Samdrupjongkhar).

For some women, the influence and encouragement coupled with their own personal financial situation were what had motivated them to start their own businesses. One woman has described why she had to start the business:

“It all started 17 years ago when I was an employee in a tourism company. Those days, I used to make home-pickle and take to the office. I would share my homemade pickle with my colleagues (while eating lunch together). My colleagues who liked my pickle suggested if I could start a homemade pickle business (this happened in 1998). In 2000, my family was going through a difficult time trying to sustain, as we had to support many nieces and nephews. I started this business to earn extra income. Through trial and error, my business reached this stage today” (ID, 48, Zhemgang).

Business start-up problems

There were numerous obstacles the women entrepreneurs had to overcome when starting their new businesses. They have identified sixteen startup obstacles among which the major ones were ‘inability to get good business premise’, ‘difficulty in obtaining financial capital’, and ‘lack of business knowledge and life skills’. The moderate obstacles were ‘government regulations’, ‘labour shortage’, ‘problems purchasing equipment and raw materials’, and ‘low customers base’. The minor obstacles were ‘uncertainty of business’ (unsure whether the business would do well or not), ‘lack of family support’, ‘licensing issues’, ‘inability to introduce diverse products and services’, ‘lack of technical and manufacturing know-how’, ‘low access to information’, ‘transportation issues’, and ‘problems dealing with new customers’. The startup obstacles are listed according to their prevalence and severity in table 3.6.

Table 3.6: Start-up obstacles, categories and percentage of coded segments

Coded segments				
Sl. No.	Start-up obstacles	Freq.	Per cent	Obstacles category
1	Inability to acquire business space	34	18.48	Major
2	Inability to obtain financial capital	32	17.39	
3	Lack of business knowledge & basic life skill	25	13.59	
4	Government's regulations	17	9.24	Moderate
5	Shortage of labour	16	8.70	
6	Problems purchasing equipment & raw materials	15	8.15	
7	Difficulty attracting customers	13	7.07	
8	Business uncertainty	8	4.35	Minor
9	Lack of support from family, relatives & friends	8	4.35	
10	Getting business license	5	2.72	
11	Family-work conflict/imbalance	5	2.72	
12	Lack of variety of goods/services	2	1.09	
13	Lack of technical know-how	1	0.54	
14	Inability to access information resources	1	0.54	
15	Transportation issues	1	0.54	
16	Problems dealing with new customers	1	0.54	
	Total (Valid)	184	100.00	

Most women participants had to face a combination of obstacles at the business start-up, but the major hurdles were access to financial capital and [good] business premise. Women participants have described their start-up problems as follows:

“I had to face many obstacles during the business startup. First, it was very difficult to get a business space. After so much of struggle, I managed to get a small space in the central cinema hall, but not long after, I had to vacate the premise when the major renovation was started. Second, I did not have enough money to start the business. I started selling doma & pan (betel nut and leave) and other fast foods to make some investment money. Third, I did not know how to operate a bar, and my limited language proficiency added to the problem. I had a very low customer base in the beginning” (DM, 51, Trashiyangtse).

“I had difficulty in getting the initial finance. I borrowed money from informal moneylenders at 10% interest per annum. I borrowed about Nu. 400,000. I tried to seek bank loan but the procedure seemed to me too complicated so I did not go for a bank loan. I borrowed money from a moneylender at the same interest rate as charged by the banks, but with fewer formalities to complete. I repaid Nu. 200,000, and I have requested him to let me pay interest at the end. He is flexible, and I am sure the bank would not have been that flexible” (DT, 28, Pemagatshel).

“When starting this business, I did not have enough money. I discussed with my brother who agreed to lend me some money to buy an empty shop. But, when I was about to purchase the shop, my brother refused to lend me money. He even rejected my phone calls. I could not operate the business for two months [after I have bought this shop], as I did not have money to refurbish the shop and buy some new furniture. Later my husband’s relative helped me to get started. Getting a bank loan was difficult, as I could not use the common assets as collateral. By this, I mean we have the asset in the name of the family (as a whole) and other family members did not want to risk the common property against my bank loan” (LM, 31, Wangduephodrang).

“At the start-up, I had difficulty getting the space. It took me more than a month. I was looking for a good business site. I did not find one for several months. Then products were not readily available, and even after establishing the diary shop, people were not aware of this shop. I had the problem of not having enough customers too” (SP, 34, Thimphu).

Beside these two major start-up obstacles (business premise and finance), some women talked about lack of business skills, limited technical and manufacturing know-how, low customer base, shortage of labour (skilled and unskilled), transportation issues and others:

“At the start, I did not have much idea about the business. I was not even sure if my new business would go well. Starting a diary business was not an easy task: the need to make the financial decision, attract customers, ensure the products were diverse and of good quality were some of the difficult things I had to face. And my lack of prior business experience added to the start-up challenge. There were fewer customers in the beginning, but now with time, the sale has increased. I had to seek other people’s help in terms of selling the products. I did not earn much in the beginning and often suffered loss. I was confused and worried, but now I am beginning to learn and get some confidence. I do not know other languages. This is the problem with me. I tried to learn from my children a basic calculation (financial skill) when they returned home from their schools. This helped me a lot” (TW, 41, Haa).

“Starting a manufacturing business was not easy. I had a huge problem with getting skilled staff. A few I have recruited did not stay permanently. They started to leave after they got some skills and work experience. Getting labour in the initial stage was one major obstacle. Then I had the problem of not knowing what technology to use, especially in making the chili pickles that could be preserved for a longer time. I did not have enough money to buy new equipment—my two other workers and I had been making the products with our bare hands. I did not have any idea of what type of equipment was needed. I was uncertain whether that equipment would even work. I imported three machines, which proved useless” (TD, 48, Zhemgang).

“In the initial stage, I had difficulty getting customers. I bought the shop and there was not much variety of products. It took me one year to complete the setup. The sale was not good. It was only after I started to import some foreign products (other than Indian goods) that the sale picked up. Honestly, it was through hard experience that I manage to establish this business” (SZ, 31, Pemagatshel).

“During the start-up, I faced the problem of not getting helpers who could operate the sewing machine. I hired a few young people, but they worked for a month or two and then looked for better opportunities elsewhere. Some decided to leave, as I was not able to pay their salaries on time. It was my fault, but I could not help it. Being new to the business, the income was not so good and thus I had to make them work with irregular payment” (KB, 43, Punakha).

“I had to face many problems while starting this business. Initially, people did not know much about this shop; I had a very limited number of customers. I did not do any formal advertisement because it was expensive. Then, I did not have a vehicle to bring and deliver furniture to the customers’ homes. Usually, they expect us to provide them home delivery facility. I had to do loading and unloading of furniture myself. I did not have any helper beside carpenters. At that time, my child was too young. It was difficult for me to balance childcare and the business” (SW, 26, Trashigang).

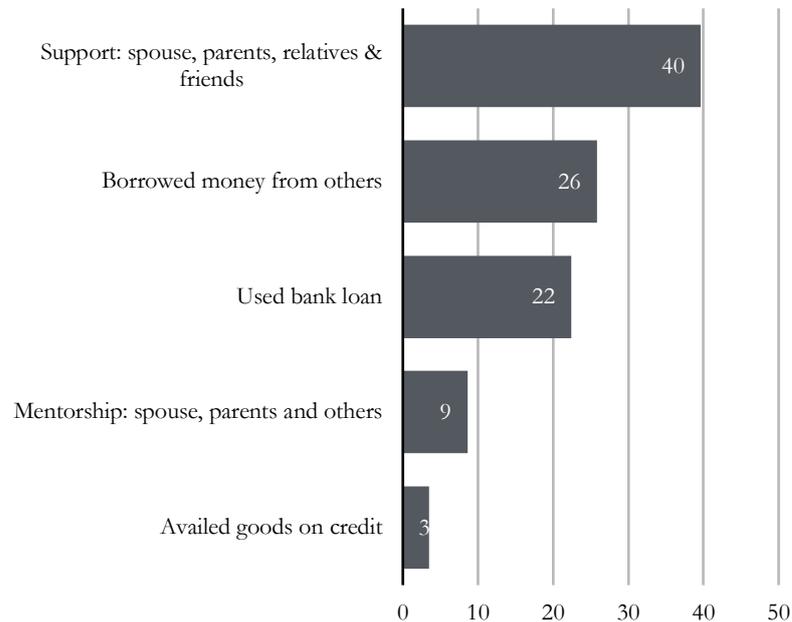
“When starting the business, I had to buy goods (vegetables and fruits) from other suppliers. Buying local products for sale was difficult, as I was required to pay the suppliers at the time of purchase. Those vegetables we import from India, we could make payment to the suppliers the following week. The money was a major problem at the initial stage. Rolling the business rolling was very difficult” (CZ, 25, Thimphu).

“When I started this business, I did not have enough time even to sleep. I started selling betel nuts and snacks along the road and street. I started to undertake such business after my husband went with another woman. Life was difficult for me. I had to remain engaged in the business activity even to the extent that I skipped meals. I started with Ngultrum 20,000, which I got as alimony from my ex-husband. I used that money to start the business. I did not get support from anyone. I struggled alone to get my business running” (YZ, 46, Thimphu).

Overcoming start-up obstacles

Women entrepreneurs have managed to overcome various business startup obstacles using a range of strategies. Figure 3.1 shows the summary of how these women have managed to overcome their major business startup problems.

Figure 3.1: Summary of strategies used to overcome major business startup obstacles

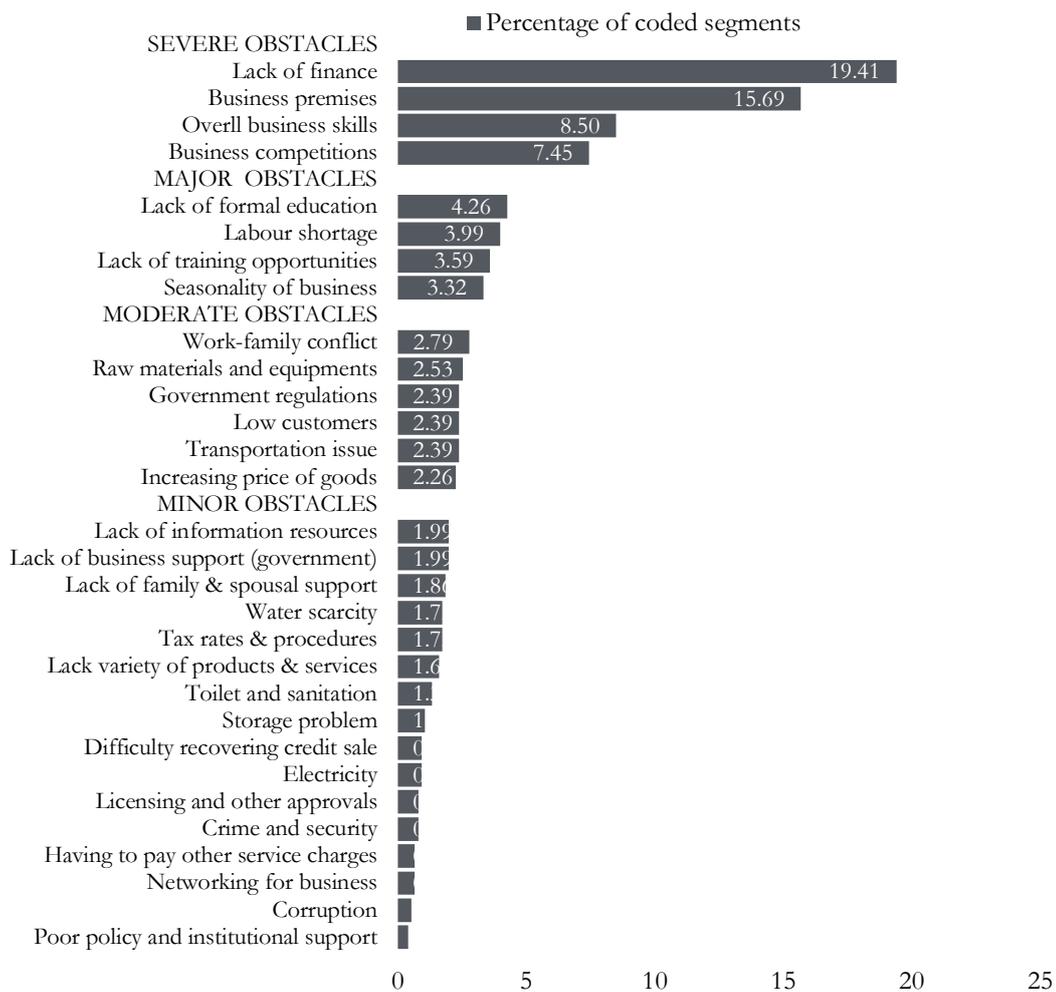


In general, most of them have reported that at the business start-up they had received support from their families: spouse, parent and in-laws, siblings and others within the circle of their close-knit. The support were both in economic and social forms—some getting financial support and others just encouragement and labour support. As the financial capital was one major start-up obstacle, some women had taken bank loans and some had to borrow money from informal moneylenders. Some of them got mentorship from their spouses, parents, in-laws, and friends. Those women who lacked financial capital and means to acquire it even had resorted to buying goods from the suppliers on credit.

Current obstacles: business operation, growth, innovation, and transformation

The business situation for women in Bhutan mirrors the intricate interplay of many factors, which can be broadly categorised into structural and social/personal. Thirty obstacles under two domains (structural/environment and individual/agent) that women participants have identified were categorised into four groups: severe, major, moderate, and minor. These obstacles are shown in figure 3.2. Ranking of obstacles was based on the percentage of coded segments (815 codes) in 81 activated documents. Percentage calculation that was based on 81 women participants also yielded almost similar results. The severe obstacles as reported by the participants were ‘non-availability of finance’, ‘problem of getting good business space’, ‘lack of overall business skills’, and ‘growing business competitions from the businesses in similar lines’.

Figure 3.2: Business obstacles



Furthermore, table 3.7 presents environment and agency/individual level obstacles. Two biggest obstacles were associated with the environment while lack of business skills and formal education that came next in rank were individual level obstacles. Although the qualitative analysis focussed on determining individual level obstacles, the women participants have related more of the obstacles external to themselves, which in a way was conclusive. More than individual level obstacles, environment-level obstacles seem to impede their business operation, innovation, growth, and transformation. This conclusion, however, is not to disregard the individual level obstacles all of which came among top ten obstacles.

Table 3.7: Obstacles in two categories

Structural/environment	%	Rank	Agency/individual	%	Rank
Lack of finance	19.41	1	Lack of overall business skills	8.50	3
Business premises	15.69	2	Lack of formal education	4.26	5
Business competitions	7.45	4	Lack of training opportunities	3.59	7
Labour shortage	3.99	6	Work-family conflict	2.79	9
Seasonality of business	3.32	8	Lack of family & spousal support	1.86	13
Inadequate equipment & raw materials	2.53	10			
Government regulations	2.39	11			
Low customers	2.39				
Transportation issue	2.39				
Increasing price of goods	2.26	12			

First major obstacle—access to finance

The ‘access to finance’ was the most severe obstacle facing women micro and small entrepreneurs. The results show that most micro and small women entrepreneurs were starved for financing to support their business even when they had sound business and expansion plans worthy of investment. Bhutanese women entrepreneurs typically focus on sustaining businesses to supplement family income rather than trying to innovate and make their enterprises grow. They are mostly ‘subsistence entrepreneurs’ rather than ‘transformational entrepreneurs’. Their desires to innovate, expand and transform their enterprises are always hindered by lack of finance. Women entrepreneurs have succinctly expressed about the lack of finance as a severe business obstacle:

“I want to run a bigger tailoring unit, but I do not have an adequate financial capital to buy more sewing machines and recruit more tailors. The income I earn from this business is barely enough to meet the space rent and family expenses” (KB, 43, Thimphu).

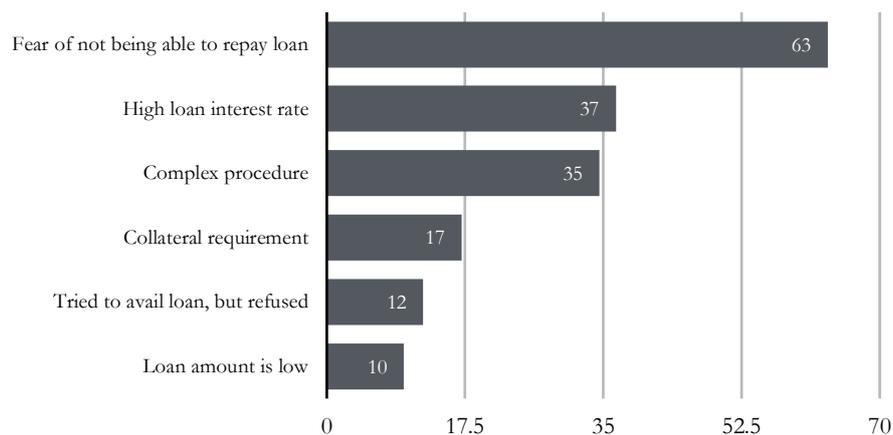
"I feel I should expand the current business (bar and restaurant), but money remains a major obstacle. Little business income I make I have to roll out to sustain the business and support the family. The space rent in itself is very high (Nu. 20,000 per month). It is difficult to do business without adequate financial resource. I earn a little and then spend it on the family and the business remains the same. It looks like I don't have much scope in the business line. I simply wish quit it" (PC, 60, Trashigang).

“I have no dream to expand my business: small person, small business, and small business dream. I have no bigger business plans. I don't think I can fulfill my business dreams. As a small businesswoman, I am not aware of what supports are there from the government and others. Lack of finance remains my main problem. This is same for other smaller businesswomen. We normally do not get a loan, and even if we get a loan, repaying a loan can become another major issue [for us]. Honestly, I am not so aware of the government support schemes” (NN, 35, Tsirang).

Further investigation of why women entrepreneurs lack finance revealed that they either lack sources of finance or they do not wish to take advantage of the existing financing opportunity. This suggests that the relevance of financial inclusion to promote women entrepreneurship, which received a lot of attention in the recent years, have not been able to really benefit micro and small women entrepreneurs. As shown in figure 3.3, women entrepreneurs have reported several obstacles related to obtaining credit from the financial institutions.

One common reason cited by women participants was ‘not taking a business loan out of apprehension of being defaulted’. The majority of them critically need and desire for bank loans, but they tend to lack ‘risk-bearing’ attribute. This attribute is a necessary component of the entrepreneurial process to exploit the opportunities, which often tend to be unpredictable. Women participants were not able to determine whether by taking bank loans they could profitably organise the resource. They have a strong unease that their businesses might get compromised in the event they default on loans. In this regard, the issue is not only about the underdeveloped micro-finance system [in the country], it is also the lack of demand for credit from women entrepreneurs. High loan interest rates seem to further deter women entrepreneurs from availing commercial loans. Therefore, women participants, who are mostly from low-income households, perceive borrowing and the responsibility of repayment a huge risk and burden.

Figure 3.3: Reasons for not availing commercial loans from the banks



Women entrepreneurs have expressed why they have not and not ever going to avail business loans from the financial institutions as given below:

“I want this business to grow, but I do not have sufficient money to invest. I am afraid to take extra loans. My business is small and its sustenance is uncertain. In case I run at loss, I won’t be able to repay the loan. I think business is an opportunity only for those who have sufficient financial resource” (TW, 41, Haa).

“I want to promote my business by bringing a variety of products that are not available here in Samdrupcholing [rural]. I want to run a bigger business. The problem is, on one hand, the supplier keep on increasing the price of goods. On the other hand, we do not have enough money. I want to avail loan, but I am not so confident of timely repayment. I am told that loan interest get accumulated over the years leading to financial crisis and business bankruptcy. I wish if the government could reduce tax and loan interest rate. Banks could simplify the loan procedure and make collateral requirement little relaxed. If we have collateral (assets), we won’t be seeking loans even” (DD, 25, Samdrupjongkhar).

“I wish to expand this shop a little bit. Space is a problem. I spend my profit on my children’s education. I want this business to grow, but then I do not have money. The main thing is money. I dream of doing a bigger business; I even plan to directly import vegetables without involving the middlemen. This is not possible being a woman. The price of vegetables is rising and a number of women doing a similar business is growing. Many unemployed women (and even employed) seem to think doing business is better than taking up small paid jobs. I feel I won’t be able to sustain my business for long” (DT, 28, Pemagatshel).

Micro and small women entrepreneurs are in a vicious cycle of doing the same business, business income barely sufficient for their livelihood, and their enterprises not able to grow and innovate due to lack of funding. Some women participants who want to avail loans had differing views on the credit available through commercial banks and new micro-finance institutions. They were of the view that loan procedures are cumbersome, and collateral pre-requisite a huge liability. A few of them said they are not able to understand and complete the loan procedure; some have tried to get loans but had been refused, and some feel the loan amount is low to meet their investment requirement. Women entrepreneurs who have talked about loans have described the situation as:

“Although the interest is 8% for a business loan, it is still high for small business entrepreneurs like me. I wish if the banks could charge low interest to those people who operate small businesses. I have not taken any loan so far dreading the loan repayment and penalty in case of loan default. I want to sell a variety of products, and in fact, some new products not sold by others [innovation]. However, financing issue always remains there” (DY, 30, Bumthang).

“Sometimes, I think of taking loans to expand my business, but I am old now and do not have enough confidence to take loans. I cannot bear the risk. Honestly, I am not a risk-taker. It is better to be in peace than be bothered by debt. I know it is lack of financial resources that is hampering my business growth; otherwise, with so many years of experience doing the same business, I could do a bigger one. What to do— everything boils down to money?” (DD, 51, Trashiyangtse)

“I wanted to avail bank loan and went to BDFC (Bhutan Development Bank), but the staff there told me I have to complete many procedures, which I failed to understand. Then I did not know how to proceed. They were talking about collateral. I wanted to keep my village land as surety, but I was told to get approval from the local government first—so I thought it was going to be a lot of procedure, so I gave it up. Actually, I wanted to avail a bank loan to set up a restaurant in the main town. I did not know how to process the loan. My two sons were also helpless in this matter” (TC, 38, Trashigang).

“The bank loans are not given based on whether we have a valid trade license or not. I heard that we have to mortgage our property. My small land (inheritance) has been mortgaged to set up business before I got divorced. My ex-husband is repaying the loan. I have no other asset to mortgage. I have to generate my own investment. I have neither heard about the NGOs’ support to women entrepreneurs nor attended a single business training programme” (PC, 46, Paro).

“It is difficult to get a business loan without adequate bond. What we get as a loan, we could use it to conduct only a small business. The problem with the existing loan product is that the amount is far less than what we actually need” (LD, 36, Trongsa).

Women’s access to finance is in some cases restricted by biased lending practices that prove to be the case when some financial institutions consider their business smaller, less profitable, and when they are not able to meet certain criteria. The presence of biased lending practices is evident in the words of women participants:

“Though I wish to take a business loan, I have not applied for it yet. Firstly, I have no asset to mortgage. Secondly, being a small business owner, I may not be able to repay the loan on time; and thirdly, it is difficult to get a business loan. Lastly, even if we manage to get a loan, we could do only a small business as usual, as the loan they provide is small in amount. Women like me, who do such a small business along the street, have many problems: lack of good space, lack of money to invest on the business and then having to shoulder the family responsibility. With no other option, I have to do this business to earn living and support my children’s education”(PP, 42, Haa).

“I have applied for a credit to a micro-finance institution managed by an NGO, but it refused me a loan. I applied to the BOIC [erstwhile Business Opportunity and Information Centre], but it also refused me an interest-free loan. The reason they gave was that their focus is on young entrepreneurs, not old entrepreneurs [like me]. Of course, we have been able to overcome the startup challenges, but we need to grow and innovate for which we need new investment and support. If we can successfully expand our business with their support, we can as well employ younger people. In this way, we can support entrepreneurship among young people. Ultimately it is one and the same. The age bar for availing credit and business support needs to be reviewed to ensure equity in the business world” (KY, 62, Punakha).

“It is difficult to get a loan. The micro-finance institutions say they support young people seeking business loans. Then, they tell us we need to choose the right business in order to qualify for their loan schemes. I have been doing the business for one year, and I have seen all these problems” (PZ, 23, Punakha).

“In doing business, we do not only need startup fund, but also the working capital to make our business grow. This is a serious problem for me. I tried to seek a business loan from BOIC, but they refused, as their policy is to support business startup. Businesses, in order to sustain, grow and innovate needs investment and other support at the growing stage. But the government and NGOs are fixated on the idea of supporting business startup only. The other issue is the rural business development schemes are meant for rural entrepreneurs. My business establishment is located in urban area. I am not able to obtain much of the support

services that are targeted at the rural populace. I can't locate my business to a rural area because I need a lot of ingredients that are mostly available only in the capital" (TD, 48, Zhemgang).

Some women tend to have less access to information about various financial schemes [available for them], especially about the procedures and conditions they need to fulfill in order to participate in formal financial markets. Poor understanding of credit processes places some women entrepreneurs at a disadvantage position. In addition, most women participants stated that they are not aware of market information other than that of a local market where their businesses are located. It is, therefore, necessary to introduce information hubs and campaigns to ensure that women entrepreneurs have access to right and timely information.

Only a few women admitted that they knew about the resources available from the financial institutions and how to access them. This is apparent from the statements made by a few women entrepreneurs:

"I am illiterate businesswoman; I find it difficult to understand the complex loan procedures. I have no asset to mortgage (I think they ask for that). I wish if the government could not only reduce business tax, especially for those women who manage and run small businesses in rural areas but also make loans available at low interest rates and with less complex procedure. We do not have access to information about bank loans and procedure. We ask other people in the locality (rural), but none of them seem to have much knowledge about the loan schemes" (PW, 48, Samdrupjongkhar).

"We need support from the banks, but they do not give us loans easily. As I am illiterate I faced many problems with banking procedure. Even some people in the bank are rude to me may be because I am illiterate. I do not even have the confidence to walk into the banks" (PC, 23, Samdrupjongkhar).

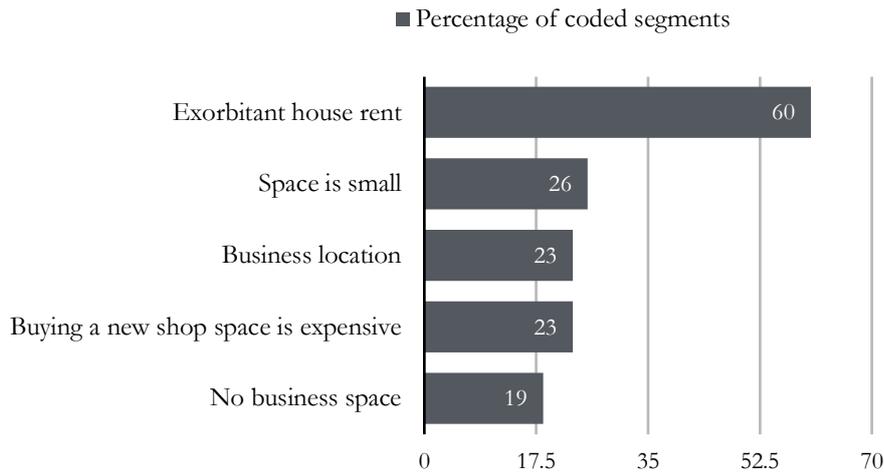
The majority of women participants said they do not prefer to take on debt obligations because of higher interest rates. One participant commented: "I heard that one can never repay a bank loan, as the interest keeps on accumulating. If we are unable to pay loans, they will seize our homes and lands that they require us to put up as collaterals" (CW, 36, Paro). This speaks of not only the high interest rates and price of taking loans but poor outreach of information.

Difficulty getting good business premises

The other major obstacle that the women participants have identified was an access to land and appropriate business premise for production and sale of their products and services. Most women participants expressed that they operate their businesses in Farmers' Centenary Market (FCM), along the roads and streets, and in rented houses. From their perspectives, the difficulty associated with accessing good business space include not getting the space in a strategic location (with a large workspace), high initial take-over cost, and rented space having no proper toilet, sufficient water supply, and access to electricity. They have reported that their incomes from the businesses are spent on rental spaces. Many of them were operating their businesses from homes, open spaces and other places where the rent is low but business is not booming.

Figure 3.4 presents the summary of what makes it difficult to access good business space. The majority of women participants have mentioned about the exorbitant rent levied on the business spaces, which in most cases are too small and located in non-prime areas. Setting up well-established businesses entails buying empty shops or semi-furnished shops at a very high price, which many micro and small women entrepreneurs said they can't afford.

Figure 3.4: Obstacles of accessing good business space



How difficult it is to get good business space is obvious from the statements made by some women participants:

"Getting a suitable business space is a major problem. I have submitted several applications to the city office to allocate me a business space, but it never got approved. Across the river, those women doing business in the public market shed are the wives of armed force. They have husbands to support the families. Poor and single women like me cannot avail such public services. No one bothers to help us. My children are working in hotels. I do not know how they live. My daughter got divorced. She is now helping me run this business" (PD, 61, Punakha).

"The main problem is that the space is very small. I have to keep my vegetables outside—when it rains, vegetables get drenched and during sunny days vegetables get spoiled. I have to pay high house rent. It has increased from Nu. 6,600 to Nu. 8,000 within two years. Vegetable and fruits business is profitable, but then there are many informal sellers who do not have to be based in one particular place and pay rent. They can sell at lower rates and give us stiff competition. We do not have a proper toilet. The house owner just converted the toilet into a shop. He could have kept toilet as toilet rather than being so insatiable. The government should regulate such practice. The toilet is a basic necessity. I have to go far places to use the toilet during which I have to close the shop" (DT, 28, Pemagatshel).

Competitions for space have hit hard those women who are in the agribusiness. There is no question concerning the government's effort to promote the agribusiness, but the chronic space constraint prevails. The statements made by the agribusiness women entrepreneurs and small informal business owners reflect the severity of the situation:

"Being in the agribusiness, my main problem (and that of others like me) is the lack of good business space. We are allowed to sell our farm-based products in the Farmers' Centenary Market (FCM), but there are many permanent businesswomen already occupying space at good locations. I do not get a space there. Within three days of the weekend that we are allowed to sell our products at the FCM, I cannot sell all my farm-based products as a result of which some of the vegetables perishes before the next weekend. Some of us try to sell the remaining vegetables in the main street, but the city inspectors are always there to prohibit us. I wish if the government could explore [for us] the possibility of setting up more market spaces in the core of the city with proper toilet facilities" (TG, 50, Punakha).

"I sell my vegetables in the Farmers' Centenary Market. I am not an established retailer. This affects my business. I always fail to get good space for my business—the spaces at the strategic locations are reserved for regular vendors. They have that advantage and they take most of the customers. What worries me is that I have to buy the vegetables in bulk from the wholesalers, which gets spoiled if I fail to vend all within a short duration. Moreover, I have to manage the household that makes my business irregular that further makes getting a permanent space difficult" (SB, 49, Paro).

"There is a lot of competition in getting a space at the Farmers' centenary Market. People running a permanent retails tend to take over good locations. We, who come to the FCM to sell our farm-based products

once a week, have to always operate our retails from less advantaged locations. The government does not seem to be doing much to address the situation. I have to operate my business from an open space under the sun and in rain and with constant interference from BAFRA and city inspectors. It would help us—small agribusiness owners if the government build more market sheds” (NP, 51, Punakha).

“I want to expand my business if I get a good space at the lower market. I have applied for space there but it looks like it will never get approved. I know the space rental at the FCM is much lower, but everyone is competing for a good space there” (SP, 34, Thimphu).

The qualitative evidence suggests that women in the informal sector have to struggle to get space in the market and commercial centres. When they do not get a space, they end up doing their business in restricted areas. Shortage of business space is not typical to urban areas; the problem exists in rural places as well. One of the women entrepreneurs operating a bakery in a rural place has described the situation:

“The main problem is the electricity bill which is very high. This is too much. I used to pay Nu. 800 to 900. Now it exceeds more than Nu. 2000 per month. The site is not good (it is at the backside of the main road). I pay Nu. 6000 for the business space per month. This rent is too high in rural place. I am told that the house owner is planning to increase the rent soon. If the government ever wants to support businesswomen like me, I’d expect the government to lease land for our business in the main town where I would like to set up a bakery along with the poultry farm by obtaining a business loan. That would to a certain extent solve my problems (PM, 31, Zhemgang).

Some women participants have pointed out the government’s failure to implement the Tenancy Act, which otherwise could have prevented the house owners from frequently raising the tariff.

Lack of business skills

The third major business obstacle as reported by women participants is their lack of business skills. The business skills they talked about include managerial and financial skills (accounting and bookkeeping), business competency, communication proficiency and technical skills. Most women entrepreneurs seem to conduct their business on trial and learning basis, as most of them did not have any formal education (or have a low formal education). Most of them stated that they did not get any business training opportunities. Some of them were not even aware of the training opportunities, while others felt there’s a biased allocation of training opportunities.

From among eighty-one micro and small women entrepreneurs, 24.69% of them reported they have inadequate managerial and financial skills, 17.28% faced a shortage of technical skills, and 25.93% reported lack of training opportunities [for them]. They want to maintain the desired level of quality of their goods and services, and steer the growth of their enterprises, but only to the extent that their business skills and other resources can accommodate. Lack of business skills seems to restrain many women entrepreneurs from doing bigger businesses. How the lack of business skills hinders their business operation and outcomes are echoed in the statement given by some women participants:

“My business is poor that I hardly make enough money to save. Over the years in this business, I have learned to prepare a variety of foods and to do some basic financial assessment. I am ill-equipped when it comes to higher business skills. I cannot even keep the records of the sales and profits. I just run the business on trial and error basis. The income that I earn I have to spend on house rent, restocking the restaurant, and on the family needs. I cannot say how much is my daily profit. I wish to make pizza and add more items on the menu, but I do not know. Some women are skilled in making a variety of food items, and thus they take the most share of the market” (TD, 34, Thimphu).

“I do not have any business management and financial skills. I am simply trying to learn through experience. I am an amateur vegetable retailer. I just know to sell. This is my only skill. Of course, I can deal with customers very well, but I find it hard to keep the sales and profit accounts” (SM, 40, Samtse).

“I wish if I could design and make other outfits and home decor rather than simply make Bhutanese *gho* and *kira*. The problem is that I am not a good designer. I simply do this tailoring business just to make some money to pay a rent, sustain the family, and spend on children. I cannot save any money for investment into the business. Perhaps, , I am not able to even determine how much profit my business is making in a month.

Forget about upgrading my business, it becomes difficult to even repair a sewing machine when its break down. My staff and I lack the technical capacity for that. I have to often hire technicians from India whose fees are abnormally high” (DY, 34, Trashigang).

“I don’t wish to expand the business. If I can earn income enough to sustain my family and fund children’s education; that is absolutely fine for me. The success or failure of my business, let *karma* decides it. I don’t think I can do a bigger business than the present one because I lack business skills. I have no choice but do what I can, as it is hard to get any business related training. Even if I get an opportunity to attend such training, I may not benefit much due to lack of formal education” (TL, 43, Thimphu).

“I don’t think I can run a bigger business than the present one [fast food hawking]. I lack financial literacy. The language barrier is another obstacle. I have a lot of interest in the present business, but it looks like I can be in this business only for next four to five years. I may be forced to quit after my children are grown up and complete their education. In this competitive business world, business survival is difficult for businesswomen like me with limited knowledge and business skills” (PM, 46, Lhuentshu).

Lack of, or lower education level

Formal education and skills are two personal level factors that influence business performance. The qualitative data reveals that women entrepreneurs’ business competitiveness is impeded by their lack of, or relatively low education and skill levels, which also further limits their access to various business support services. Out of eighty-one women participants, 28.40% reported that their lack of formal education is affecting their business outcomes. Among them, 44.44% did not receive any formal education, 16% of them had a primary level education; 12.58% lower secondary level education; 14.81% middle secondary education, 8.64% higher secondary level education, and 2.47% bachelor’s degree.

It is a common knowledge that despite the emphasis given on technical and vocational education in the country, the private sector is plagued with the shortage of skilled manpower. The general graduates have been found to be ill-equipped for employment in micro and small enterprises. There’s a huge education-work mismatch. Though the gender gaps at the primary and lower secondary education were closing in the recent years, the gap remains high at the higher education levels. Moreover, lower education does not emphasise entrepreneurship.

Even when micro and small women entrepreneurs have access to information related to financial services and market opportunities, being illiterate they are less equipped to use the opportunities. This situation is worsened by almost non-existence of training opportunity for women doing marginal businesses. The issue is reflected in the voices of some women participants:

“At least I have some education, which proves useful while doing business. I can’t imagine those illiterate women [here], who can’t speak English or Hindi. Most Indian tourists come without personal guides, and that’s when we face a lot of problems communicating with them. So having or not having formal education makes a lot of difference in business” (KZ, 26, Wangduephodrang).

“I don’t have any plan to diversify and expand the business. I am satisfied with the present business. That’s because I know I can’t fulfill even if I dream big because I am alone and I lack formal education. I do not have enough capability. It is important to do business according to one’s own capacity. I won’t be able to handle the business other than this for the reason that I am illiterate” (DY, 34, Trashigang).

“As a woman engaged in the agribusiness, I thought I would not consider myself illiterate and remain fixated on home-keeping and farm works. I wanted to do something different to make myself independent. But then, after migrating to town to set up a small business, I realised it is not an easy venture. Lack of formal education is one thing, but then not having an adequate finance to invest in business is another. Without formal education, it often becomes difficult to first know about various business and financial services meant for small businesses, and then secondly, accessing business and financial services itself is a challenge for the uneducated women entrepreneurs” (KP, 36, Punakha).

Lack of training opportunities

Training is necessary to impart and raise entrepreneurial knowledge, skill, and business productivity. Women participants have talked about the poor access to training opportunities irrespective of the existence of several NGOs and government agencies that provide numerous trainings as their organisational mandates:

“I am thinking of doing a saloon business; I have never tried it. I wish to get trained as a beautician in India, but I cannot afford the training fees. I want to request the government to support our training. It is my dream to attend the beautician course and start a saloon” (LD, 36, Trongsa).

“I do not get any support from the government except that I got a bank loan (I guess banks are not even part of the government). I did not participate in any of the NGOs training programmes and activities. I wish if they could help us like they are helping others, but we do not know how to seek their support. I did not go to other places and I do not even know where these NGOs are located. I did not attend any kind of training so far. I wish to but I do not know where to apply. Some of my friends told me such business training and services are available only for entrepreneurs who come from Thimphu, not from other districts” (NW, 37, Trongsa).

“When I focus more on the production I fail to know much about the market opportunities. It is important for us to know how such businesses are being done in other countries. I had been requesting the BCCI to support me with an exposure trip, at least related to agriculture and packaging, but so far I did not even get even once” (TD, 48, Punakha).

“I do not have a problem dealing with the customers. The problem is I cannot prepare variety of foods. This is because I did not attend any training on cuisine. It is good that my son and brother are helping me in the kitchen when more customers come. What’s unique about my business is that I serve customers in a buffet style. This is one idea to draw customers. The sale is just ok though it fluctuates. I earn just enough to manage living and pay house rent (rolling budget). I wish to avail training (cooking and hospitality) but, firstly there is no such opportunity, and secondly, my concern is who will take my place when I attend a training” (TC, 38, Trashigang).

Work-family conflict

More than 18% of the coded segments of the text data pertained to the difficulty associated with balancing businesses and family obligations. As mentioned earlier, most women-owned micro and small entrepreneurs do not seem to isolate their personal and family expenses from that of their businesses. The responsibility of women entrepreneurs for their children often limits their opportunities to make savings needed for business expansion and diversification. Another setback of business-family conflict is that businesswomen do not get time to join business associations and participate in training. Some women participants have spoken about their business-family conflict:

“I want to introduce new services in my saloon business by availing training opportunity from the government or NGOs. Sometimes I feel I should go to India to upgrade my beautician skill. The main problem is that my child is still young, and I cannot leave him behind” (AM, 33, Sarpang).

“Doing an agribusiness and having to shoulder the family responsibility is a complicated and onerous task. Little income I make through business has to be spent on managing the family and children’s education. My kids are small and as they attend higher classes, their schooling expenses might increase. I have to participate in local development activities (woola), organise annual family rituals, and look after the household management. Due to all these extra obligations, I am not able to run this business properly. I could make it to the market only during weekends, and sometimes, I do not even come here to sell my agro-products. In this way, I am not satisfied with the business. If only there is someone at home to take over the household responsibility, then I can set up a permanent business and run it well. Whatever it is, one thing that keeps me going in this business is my personal interest” (SN, 40, Chukha).

The majority of women in micro and small sector undertake business to meet social or family demands for finance. This seems to divert finance away from the business, and thus, their businesses fail to grow and innovate.

Labour shortage

Women participants who are running manufacturing businesses have identified a shortage of skilled labour as their main obstacle. The situation is such that young TVET graduates are not able to match their skills with the requirement of women entrepreneurs whose businesses tend to be unique such as manufacturing of food products, textile products, floriculture, etc. Such enterprises require different skills that the Vocational and Technical Training institutes in Bhutan do not normally provide. Even if women entrepreneurs recruit TVET graduates, their business being small can't afford to pay them attractive remuneration. Young recruits most often leave their job for the opportunities elsewhere when they gain sufficient experience and skills. This creates a huge skilled labour gap for the business firms.

In certain cases, women run their businesses alone, and as their businesses entail huge manual works, they find it difficult to cope with the absence of co-workers. The most affected ones are women running restaurant, hotel, and vegetable business. Several women have accounted their problems:

“At present, while running the business, I face acute shortage of labour. I am alone to cook foods (for sale) and serve customers. At times, I have to carry water from far places, and this is difficult considering I am alone in running this business. I can't afford to hire an extra labour” (ID, 34, Thimphu).

“Skilled labour shortage is the main challenge. The government does not allow us to employ Indian artisans or carpenter beyond stipulated number (at the most two). I found Indian carpenters are more skilled than the Bhutanese carpenters. They are willing to work at lower wages. The labour regulation is strict and it affects our business. The in-country VTI graduates are not good at finishing. Moreover, they do not stay long with us and demand high wages. I think the government's labour regulation is obstructing the creation of enabling business environment” (SW, 26, Trashigang).

"I have to carry loads of vegetable to the marketplace. This requires a lot of energy—my husband hardly gets time to help me. On top of that, I have to look after the household works. Most of the time, I am alone doing this business. My children refuse to carry vegetable loads saying they are ashamed of doing it. In summer, due to lack of storage facility, heat damages vegetables. For local products, I have to travel to villages, which incurs me huge transportation cost. If I don't bring them here on time or delay on the way, vegetables get easily spoiled. Villagers have started charging high for their products because there are many buyers like me. I face a shortage of money to even buy basic retail goods. I don't want to take a business loan. I know I won't be able to repay the loan with such a small business income” (UL, 33, Chukha).

"My business is cloth dyeing and textile designing. I am more into producing new and variety of textile products. I produce *gho* and *kira* for local customers. I got Bhutan seal award for a textile design. I produce tablemat, shawl, cushion cover, purse, and handbag. The main problem is that I don't get a professional tailor. I am looking for two tailors. So far, I did not get even one” (KY, 62, Punakha).

Lack of access to information

It is an established fact that the access to information is important for availing various business and financial services. The government has launched Government-to-Citizen (G2C) initiative to simplify and enhance the delivery of services. The online services are available, but going by the interviews these services do not seem to benefit women entrepreneurs who do not know how to access the portal. Lack of awareness and inability of some women entrepreneurs to access and use information seems to be constraining the growth and innovation of their businesses. Women entrepreneurs have described how they are constrained by lack of access to business and market information:

“I am not sure what support to seek and from where to seek those support. I am not aware of the services that are provided by different agencies. I am interested to attend business training, but I do not know anything about the training. I lack information” (TW, 41, Haa).

"I don't even know to properly use a mobile phone. I heard that through a mobile phone, we could get a lot of information about market, loan and other business support services. My friends are using their phones to chat with their friends and share information with each other. For me, I can benefit only if service providers come around for awareness campaigns otherwise I am deprived of vital business information.

These days, in order to run a business well, we need to know what is happening around us. Of course, some of my friends share information with me” (NP, 54, Punakha).

Government regulations

Some women entrepreneurs talked about how unsympathetic the municipal government’s strict regulation of street hawkers in Thimphu City is to their business struggles. As there is a lot of competition for business space, some women tend to eke out their business survival by marketing their products in the restricted zones– the zones where they find good market opportunity. These women are forced to operate their businesses in restricted areas under constant fear of being detected by the city inspectors.

“At times when I get time, I try to sell vegetables along the road and street, but the city officials disallow me. Sometimes, they even impose fines on me. What to do? I have to make living doing this business. Running a business without a proper space is challenging, but I have to do it to earn the livelihood and support my children” (SB, 49, Paro).

“I started my business by selling fast foods along Norzin Lam (main street in Thimphu). It used to be a challenging undertaking. It would involve hide-and-seek tactics to keep my business unnoticed by the city inspectors. They would discourage street hawking to keep the city clean. BAFRA would insist on maintaining food hygiene. On our part, we always strived to maintain hygiene. With no proper space, we often failed to maintain the hygiene standards. When we were caught, the city officials would seize our goods and hard-earned money. In trying to run away from them, we would leave back our goods on the street. This is how small businesswomen struggle to keep business running” (KG, 34, Wangduephodrang).

“The city officials come to inspect the place frequently. They told me that I cannot operate a business from this place without a license or other permits which I don’t have. I do not know what to do. Sometimes I wish if I could approach a minister and request for a business space at the bus station. I am hoping to get the business permit; otherwise, the city officials come and issue a warning. I get irked by their scolding” (TY, 37, Mongar).

Business licensing is another obstacle for many women micro and small entrepreneurs, who perceive the process as tedious and lengthy. The cost of business registration is nominal, but some women find it difficult to navigate the licensing process:

“My fast food shop is located in the middle of handicraft market. It has been two months since I was able to run the business using my own license. I had to run the business on other person’s license for ten months until I got my own business license. I had to pay the business license rent for ten months. That was affecting my profitability” (TD, 34, Thimphu).

“Bar runs well at night, but we have to close it by 11 pm. I close the bar on time while I have to stay late cooking dinner. I live in a house, located some distance away from here. It has no kitchen. That’s why I have to stay late night at the bar. The officials just think because my family is inside, we are not following the rule. Right in the beginning, I had to pay the fine. That night, I closed the bar on time, but then I had to cook and eat, during which some officials came and took my business license, and later fined me Nu. 5000. I was not selling any alcohol, but cooking dinner for my family. If I have to pay the fines like this, I’d better give up my business” (SR, 31, Sarpang).

Business competitions

Some women participants have identified business competition as the main obstacle. Competition is seen not in terms of innovation (introduction of new products or services). It is more in terms of increase in the number of entrepreneurs doing the similar business. The catchphrase they used was ‘there are more sellers than buyers’. Some women participants have described the competitive business situation as:

“Business now is not good as it used to be in the past. This is because many women are taking up micro-enterprises. Getting into micro business is not difficult; it just requires a small investment (low entry barrier). I have seen a drastic increase in the number of women undertaking vegetable, fast food, and retailing businesses. This has affected my business. Now customer from Olakha and Changzamtok do not come here; many women have started vegetable retails in those areas” (CZ, 25, Thimphu).

“I am thinking of doing other business, but every business no matter how small always have some obstacles. Many Bhutanese women have set up a similar business. There is a lot of competition. The competition negatively affects the business. I don’t know what to do. Sometimes, I think of going back to my own village, but then I have been used to a city life. It would be difficult for me to adapt to hard rural life. I am thinking of giving up bar and restaurant. I am sure there will be a lot of competition again even if I change the business” (LD, 36, Trongsa).

Low access to technology and raw materials

Some women entrepreneurs have noted that they have problems purchasing or upgrading their equipment, technology, and accessing raw materials:

“I foresee some problem in future because our main suppliers who are basically farmers now know well that clients have increased by many folds [high demand] while what they can supply is limited. They tend to increase the price of their farm produce. It is now difficult and exorbitant [for us] to get supplies from them. I am worried about the increasing price of the vegetable and other products” (NW, 37, Trongsa).

“My business is furniture production and sale. I have a problem with the machine. It breaks down frequently and the repair cost is very high. The raw materials (wood) are not readily available. The GST (tax reform in India) has affected the supply of raw materials, especially the imported rubber wood. I think in future more furniture units will be established. The business is becoming competitive. Only if we are allowed to import woods and other raw materials with low taxes, we will be able to run our businesses smoothly. I plan to set up a separate business unit” (MR, 30, Samdrupjongkhar).

There are the host of other obstacles, though minor ones. These obstacles are ‘lack of support from spouses and relatives’, ‘storage and transportation issues’, ‘taxes’, ‘the problem of product diversification’, ‘access to electricity, water and toilet’, and so on. These obstacles are described in the words of the participants as follows:

Lack of support from spouses & others

“When I started this business, my husband felt like I had started a big business. He refused to go to work. After some time, misunderstanding cropped up between us. It has been five months since we lived separately. I have five children [to support], and the main income comes from this business. No other person is there to support me. My husband is good for nothing person. I am ready to legally divorce him and focus on my business” (TP, 43, Thimphu).

Storage

“We are provided with this market shed by an NGO for which we are very thankful to it. One main problem is since we deal with perishable products, we need to take extra care of our products, and for this, the cold storage facility is necessary. The problem is that we do not have the electricity plug point to even charge our mobile phones forget about the access point for refrigerators. The provider does not want us to use cold storage and heating facilities to avoid fire accidents” (DD, 45, Punakha).

Transportation issues

“I wish to bring more local products to the market, but being located far away from the main market, transportation is a major issue. It takes days to reach the marketplace, and often, the perishable products get damaged on the way. I cannot bring in bulk as well. In monsoon season, I cannot even travel for business, as floods wash away roads and bridges. I do *yarsa geonbup* (Chinese Caterpillar) business, which is profitable, but transportation problem is always there” (DD, 27, Lingshi).

“Transportation is a major problem. I have to move from one place to another to sell my goods (clothes). Even for a small bag, the bus operator charges me Nu. 100, which is very high” (TZ, 62, Haa).

Taxes

“Paying taxes is another major obstacle for me. I have to pay higher taxes. Last year alone, I had to pay Nu. 40,000. When we cater to the government offices, TPN facilitates tax deduction, but this incurs us a huge loss. In the past, I never had to pay so much tax. Sometimes, our business runs well and other times not, and then I have to spend on children. That’s where tax becomes a huge burden. I have to pay restaurant’s license fee and a separate bar license annual fee of Nu. 15,000. Then I have to pay Nu. 1500 to the BCCI, though I do not get any benefit from this organisation. Lot of taxes, fees and contributions, and high rent—all my profits are gone in this way” (YL, 41, Mongar).

“We pay a huge bar license tax. It is affecting my business. In one year I have to pay Nu. 15,000 bar license fee and then pay BCCI contribution of Nu. 1500. I do not know why BCCI is collecting Nu. 1500. I do not get any benefit from this agency. It is difficult to meet all these taxes and contributions. The house owner keeps on increasing the rent. Then, we have to renovate the house. I have to pay the house rent of Nu. 14,000. I think my main problems are high taxes and house rent. Within one year of doing this business, I have realised that there is a lot of competition and doing business is not an easy thing” (PZ, 23, Punakha).

“The BCCI is collecting from us an annual contribution of Nu. 1500 without any direct benefit. The government should review our capacity to pay business taxes and then only decide on whether to make a frequent tax revision. The higher tax is affecting our business. If our business grows, we could also provide the jobs for the unemployed. Sometimes, I get worried when the tax increases on a regular basis” (PZ, 23, Punakha).

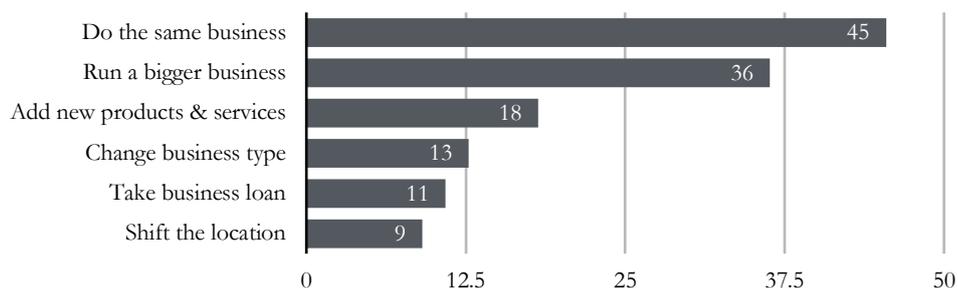
Toilet and water

"The main problem running this restaurant is water scarcity and lack of a separate toilet. I pay a huge rent. The house owner is not even bothered about whether we have a proper toilet or not. Lack of a proper toilet affects the business, as customers come to place where there are good toilet and water facilities. Water is the essential thing for operating a restaurant. I wish the government could address this issue by making it compulsory for the house owner to arrange proper toilet to every tenant, and build more public toilets. If we complain to the owner that there’s no water or proper toilet, he would ask us to vacate. This is harassment. The government must do something about it” (PP, 46, Lhuentse).

Business aspirations and plans

Entrepreneurship is a dynamic process of creating wealth in sustainable and incremental manner. Cason (1982) have highlighted the typical traits of successful entrepreneurs, which includes the ability to take risk, being innovative, have knowledge about the future market functions, and being able to sustain and grow the business amid numerous obstacles. Against this backdrop, women participants were asked about their business aspirations and future business plans. About 55 out of 81 have talked about it. Figure 3.5 summarises future business aspirations and plans of women entrepreneurs (document segment). The majority of the women entrepreneurs have indicated that being subsistence entrepreneurs and given a lot of business challenges like lack of finance, business premises, and business skills, they would prefer to continue doing the same businesses rather than going for business expansion, innovation, and growth. They seem to lack confidence in doing bigger business. Nevertheless, many women (36.36% of the document segment) wants to increase the size of their existing business while 18.18% of them wants to introduce new products and services (innovation).

Figure 3.5: Business aspirations and future business plans



Some women entrepreneurs have reasoned why they want to continue doing the same business:

"I have no other business plans. I cannot save money either. The income from this business is just sufficient to meet our basic survival needs and fund children's education. You know that living standard in Thimphu is high. What I earn, I have to reinvest a part of it to keep the business rolling, and the rest I have to use to support the family. In addition, there are many vegetable vendors and a lot of competitions among us. Of course, I dream of doing bigger business, but I know it will just remain a dream. I see all the businesses are same—there are now more sellers than buyers. If the government make it compulsory for everyone to sell FCM market, it will be good. There are always some women who violate the rule and sell their vegetables along the road in different locations giving us competition" (SG, 28, Trashiyangtse).

"I don't even think of expanding the business because I know I cannot do it, as I do not have formal education and adequate business skills. Rather I am planning to hand over the business to my daughter when she completes higher secondary education. I hope she can promote it" (SP, 38, Samdrupjongkhar).

"I have business dreams but not a concrete plan. For some years I will continue running the same business, for I do not have enough money. As I earn and save more money, I will decide to either expand the present business or take up another business. One thing is very clear—we will face more competitions in future and I may have to either quit or do another business. I am just waiting to see what may come" (CZ, 25, Thimphu).

"I want to take a business loan and run a bigger business (hotel) for the welfare of my children. I have undergone enough suffering in life working in other's hotel. Now, I have prepared the documents for a loan. After getting the loan, I want to shift the restaurant to the main town and do bigger hoteling business. I do not know if there is any support from the government, and I don't even know where to go and seek support. I hope to succeed; it is all about hard work and efficient management" (LM, 31, Wangduephodrang).

"I don't think I can run a bigger business than this. I lack financial literacy. Though I am interested to do this business, I think I can run it only for next 4-5 years" (PM, 46, Lhuentse).

"I plan to set up a small factory. I started the business with the aim to help the farmers by buying their farm-produced as raw materials. I have eight women working with me. This way I can help them to support their families. To expand this enterprise, first I need to seek a loan. There were a few people interested to invest in my business. Unfortunately, this never materialised. I am not able to decide whether to keep it as a one-woman show or expand it" (TD, 48, Zhemgang).

"I don't have any business aim. I just want to run the business just to meet my children's school expenses and support my family. I don't want to promote it; just supplying milk as per my own business ability is enough. Sometimes I feel like buying more cows, but it is risky venture because cows may die anytime. Of course, sometimes I think of taking bank loans to buy some more jersey cows should they [banks] charge less interest rate" (JD, 36, Samdrupjongkhar).

"I want to do a hotel business but I do not have enough financial capital. I do not want to avail loan either because I don't know if I can repay the loan. That is why I do not want to bear the risk. I do not want to conduct bigger business, as firstly, I do not have the manpower and secondly, I cannot do it well myself. After five years, we have to leave this shed, and I am worried that I might not be able to continue the business. I do not have any plan to do other business. I am simply thinking whether I should start a small restaurant or small grocery shop" (DD, 45, Puakha).

"I have a dream to expand my business. I am not doing much of the preparation. I am saving a little during the tourist seasons. And moreover, this is the last year we will operate from this market. The government is constructing a building at the truck parking, and when completed, we might be asked to relocate to this new market place" (SW, 32, Thimphu).

"My main aim of doing this business is to give education to my children. If I stay in the village I don't get even Nu. 1. The school fee in the private schools is high and my husband's salary is not sufficient for that. I don't want to promote this business. Moreover, I don't have any saving to reinvest in the business. I am satisfied if I am self-sufficient. That is enough, what more? For the transportation obstacle that I have mentioned in the beginning, I think there is no solution unless I manage to buy a vehicle" (TZ, 62, Haa).

Some women entrepreneurs want to introduce new products and services to make their businesses more innovative:

“Hereafter, if there is training opportunity, I want to make different potato products. I had some formal education, but I did not gain much business knowledge and skill from my formal education. I am now more interested to attend the training for skill acquisition. Since there is no one to help us, I think I will have to do the same business for next few years. I do not have a plan but I have a dream to transform this home-based potato chips making business into a cottage industry. The main problem is the financial capital. I am not able to upgrade the tools, transportation remains a major issue, and then labour and raw materials are some other constraints. As long as these problems remain, I don’t think I can make this business can grow” (SP, 21, Trongsa).

There were a few women entrepreneurs who wished to dedicate the benefit of their business to a greater cause rather than for personal income gain. One woman who is running a textile business related how she wishes to promote the production and sale of local textiles:

“I want to set up public-partnership (this is just my dream). I am not considering my own profit; I am thinking about the promotion of textile products in the country. I have received many certificates (and I am not praising myself). I want to now devote my time and business effort to innovate and make this venture more successful. If I achieve this, more women could get employment here, and learn new skills of textile dyeing and design” (KY, 62, Punakha).

A few others want to change their business or shift to a new location, as they are not performing well with the present ones. Not many have mentioned about applying for loans to expand and innovate their business. Text data revealed that intrinsically they dream of better and bigger businesses—though verbally they have subscribed to the idea of continuing the same business. This shows women micro and small entrepreneurs have less confidence in their entrepreneurial abilities. Most of them were not so confident to take business loans. The greater risk involved in bigger businesses seem to make them less willing to trade potential business gain for risk. That is why they want to continue with the same business that they think have lower failure probabilities. Some women entrepreneurs also tend to undertake businesses that have lower income and growth potentials. As a result, their expectations for the future business outcome tend to remain small, and on top of that, they do not want to go beyond their business abilities.

“I have many things to request the government. But even if we get an external support, ultimately we have to shoulder the responsibility ourselves. I don’t have a dream to run a bigger business than this. Bigger we think, the more risky situation we put ourselves into. I don’t want to bear any risk” (TL, 43, Haa).

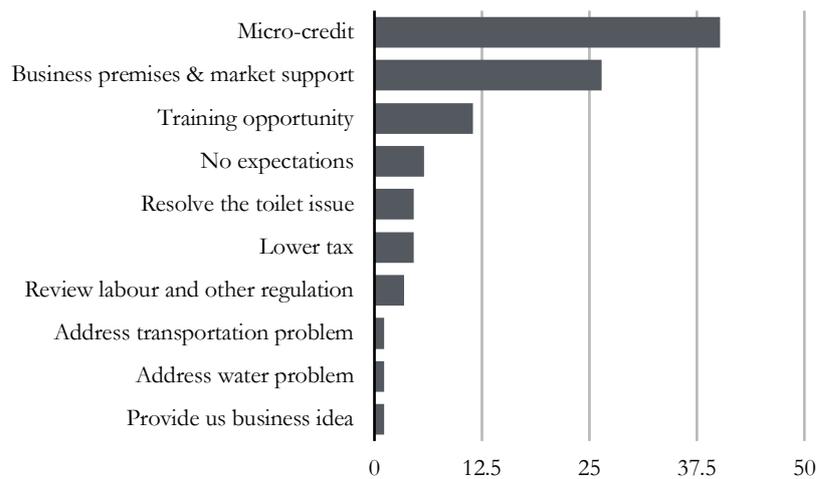
“After 2018 quotation, I do not wish to continue the restaurant. I have to handle meat items and as I grow old, doing a business that involves using meats do not befit in my Buddhist principle. If I get the investment, I want to start the grocery or I will start a vegetarian restaurant. About future problem, difficulty getting experienced cooks will remain” (PC, 46, Paro).

Support expectations from the government, NGOs, and other stakeholders

During the interviews, women entrepreneurs were asked to mention the kind of support they expect from the government, NGOs and others, which they felt were going to be important for the optimal performance of their enterprises. This question was asked to determine kind of assistance needed by women entrepreneurs.

While the majority of women entrepreneurs were not aware of the business support provided by the government, NGOs and other stakeholders, some of them felt that the government has done enough that they did not expect more support. Nevertheless, among those women who have responded to the question, the majority of them wants the micro-credit facility from which they could take business loans at lower lending rates and the right amount needed without hassles and collateral requirements. The other major expectations were the provision of the business premise and training opportunity as shown in figure 3.6.

Figure 3.6: Expectations from the Government, NGOs and others



Many women participants have expressed their expectations from the government, NGOs, financial institutions and others with the emphasis on the need to introduce suitable micro-finance schemes as follows (selected few):

“As you know very well that major obstacles facing most women entrepreneurs like me are lack of finance and appropriate business premises, I wish if the government could help us get a business loan with low interest rate and provide us with appropriate business premises. These two major obstacles, I strongly feel, the government should try to address if it wants to promote micro and small entrepreneurship and reduce poverty in the country” (CL, 33, Chukha).

“Business Opportunity and Information Centre (BOIC), initiated by the present government could not continue due to some legality issues, otherwise I thought it would help small women entrepreneurs like me. We get business loans from Bhutan Development Bank and other commercial banks, but only upon the submission of collaterals, which most small and micro women entrepreneurs can’t. I have the family assets, but I do not want to risk my family inheritance by putting it as loan collateral. What is important now is the government should give top priority to setting up micro-finance institutions that cater to clients across the country rather than limiting their services only to Thimphu and a few other urban centres” (TD, 48, Zhemgang).

“I would request the government and other agencies to look into the major obstacles that micro and small women entrepreneurs are grappling with. Besides financial and business space problem, we face the problem of not having adequate business skills. Most of us have to either learn the business skill afresh or need to upgrade them. For these, I wish if the government or for that matter any relevant agencies could look into the prospect of providing us business related training on a regular basis” (TD, 48, Zhemgang).

“I wish if the government and the banks could come out with new loan schemes that suit the need and capacity of micro and small women entrepreneurs. Women, as you know well are generally not so risk-averse and do not want to enter into debt obligation. I wish if the issue of financing the business is resolved by introducing several types of micro-financing schemes in many parts of our country” (TD, 34, Thimphu).

“The problem with the existing business credit system is that the commercial banks do not give much loans for the business startups while the new micro-finance institutions (I guess there are three now) focus on the business startups. There should be a separate micro-credit scheme that focuses on supporting enterprises that have overcome startup challenges and are at the stage of growth and innovation. The business growth and innovation too need the financial resource, which I think are not in a priority list (TD, 48, Zhemgang).

“Our business is small and so is our opportunity to access the financial resource. The banks need collaterals, charge higher interest rates, and give a low amount of loan. If we have assets to be mortgaged, we won’t be even seeking business loans. It is our economic situation that compels us to seek business loans. Most of small and micro women entrepreneurs do not have assets in urban areas; their rural asset like inherited land and house are not worthy of being put as collateral. I think banks assess the value of assets. The government should

look into all these aspects and introduce new credit schemes that suit the financial need of micro and small entrepreneurs, be it for the startup or to expand their businesses” (KZ, 26, Wangduephodrang).

“There are many micro and small women entrepreneurs who do not get financial support from the NGO-led micro-finance institutions. Their focus is on promoting business startup and entrepreneurship among young and new entrants. This should not be the case. They must try to make arrangement to provide loans to both new entrants as well as for those who have already reached the growing stage, as the latter need investment fund to grow even bigger” (TD, 48, Zhemgang).

The second most important expectation is related to the support provisions for business premise and marketing of their products and services. This matches with their identification of difficulty associated with getting appropriate business premise as a major obstacle to the start-up, operation and growth of a business only next to the financial obstacle. Marketing issue was raised in terms of increasing business competitions, not having enough customers, and sells going down. Narratives of some women further validate the intensity and severity of the lack of business premise and market access:

“We cannot wait for days to sell our vegetables at the CFM, which opens only during weekends. Our fruits get ripen and vegetables spoiled when we have to wait for the subsequent weekend. The government should look into the problems faced by the farm-based entrepreneurs. We need separate spaces to sell our farm products, from where we can sell any time without having to wait for the weekend markets. The existing market facility is not able to provide space for the growing number of entrepreneurs” (TG, 50, Punakha).

“I did not hear about the support schemes. I do not know what to say, but if they could help me get a better space to run my business, that would benefit me. I am looking for space where my business will run well. Tarayana Foundation did not support me saying that I am in a better position than many others who were doing similar businesses” (DM, 51, Trashiyangtse).

“If ever the government and NGOs want to support women who are working on the textile business, the main support consideration should be given to helping us get access to much-needed finance and market. We need money to buy wool and to pay advance money to the weavers. Women in local textile business often find it difficult to export their products. The government must help them market their products, which will not only promote their businesses but boost the country’s export business. Then the other thing is, there often comes order for natural dyes from business individuals outside the country, but sending them our products by post or DHL is expensive. The government could consider supporting such businesswomen to export their products” (KY, 62 Punakha).

Some women knew about the dormant tenancy act. They wanted the government to implement this act so that micro and small business owners like them do not have to bear the brunt of ever-increasing rent of business space. A few of them gave their opinion on this issue:

“Some house owners increase the rent within a few months, and then this becomes taxing for the tenants. Moreover, they charge higher rent for the space rented for the business purpose. I propose the government to effectively regulate the house rent (tenancy act remains dormant)” (SP, 34, Thimphu).

“The government needs to consider implementing the tenancy act, because the house owners charge us exorbitant rent, and then increases the rent frequently. Getting a strategic location and good business space is the most challenging thing for micro and small women entrepreneurs” (LD, 36, Trongsa).

The need for business training for skill acquisition and up-gradation as well as business exposure trips featured high on the list of the women’s expectations:

“As a beautician and running a saloon, I have to constantly update my skill, but it is difficult to do so. There is no training opportunity. The government or any agency responsible for promoting micro and small businesses could provide us the training opportunities. The rent for the business space is high. Most of my profit goes to paying house rent. I wonder if the government has any policy to control the rent, otherwise, rent is one major obstacle, I would say, to most women running micro and small enterprises” (AM, 33, Sarpang).

“My expectations from the government—this one, I really don’t know what to say. I request BAFRA to give us more training. I wish if the banks could give me a loan so that I could expand my business. If banks could

reduce the interest rates then I can take loans, promote my business and upgrade my business skills through personal funding of business training in India or other countries” (CD, 34, Thimphu).

I expect the government and banks to provide us a business loan at the low interest rate. The current interest rate for the business loan is high (13%). The government may consider providing free and regular training. Many of us who are doing tailoring business need to constantly upgrade our skills, especially in designing and tailoring new clothes. I heard about BAOWE and RENEW giving support to micro and small women entrepreneurs. However, I did not go to these offices to find out what help and support are available. I simply feel I have no education to do a bigger business (DY, 34, Trashigang).

“The most important support I feel the relevant agencies could provide especially to those women who are doing manufacturing business is to help them improve packaging of their products. Usually, customers, both local and international, judge the products through the quality of the packaging” (KY, 62, Punakha).

“I do not know about the future problem but the main challenge for me is a transportation. If the road is built, I could expand my business. The main support I would like to seek is to improve the business routes for the Highlanders, especially footpath and bridges. I wish if we could travel both in winter and summer. If there is no transportation problem, we could expand and promote our businesses” (DD, 27, Lingshi).

“So far I did not seek any external support to run the business. There was no need of support from the government and NGOs. I want to get the loan from the banks when I am in problem. I want to attend training in fashion or textile designing. I may not get any chance to go abroad for training but I wish to go. The government must provide training opportunity, especially for women entrepreneurs like me, not for the ones who have money, power and influence, which I heard are the main beneficiaries of the government training and exposure trips outside the country” (SY, 27, Samdrupjongkhar).

Shortage of labour, both skilled and unskilled, was identified as a major problem, and to resolve this issue, a woman suggested:

“Labour is a major issue. I wish if the government (Ministry of Labour & Human Resource) could send some young people on apprenticeship—by funding half of their salaries. I was looking for an additional staff, but I could not find people who have some knowledge and skills in doing other type of businesses, not the ones with floriculture knowledge. I suggest the government to support apprenticeship within the micro and small manufacturing units rather than deploying the apprentice to larger private companies or public agencies” (DD, 31, Thimphu).

There were women entrepreneurs who wanted the government to review certain rules and regulations. Their concerns are reflected in the following statements:

“I don’t think the government supports us. In the past, I had two Indian skilled workers. I could not renew the permit of one of them who had to leave my unit and return home. It is difficult to get Bhutanese carpenters who are adept enough at making modern furniture. The VIT graduates can do but they do not have good finishing skill. I just have one Indian carpenter, and I have to renew his license every after six months. I wish the government could allow me to employ three more Indians. I would be happy if the Bhutanese artisans could do, but they are not so good. I have a few VIT trainees, but I have just one Indian who can train others” (SW, 26, Trashigang).

“I wish if the government could review the procurement rule. In most cases, the award of catering business is based on low quotation rates. To win the quotation, many of the hoteliers quote low. I do not know how they manage to quote low when the cost of doing business is going up. When we can’t quote low, we lose the business. I wish if the government could base the award not only on the basis of low quotation rates but also on the quality of catering services. This will encourage people like us to innovate and improve our products and services” (YL, 41, Mongar).

Some women suggested the need for the government and municipalities to set up more public toilets and to ensure that every rented business space has access to a toilet, water, and electricity.

“We need support in many aspects. For eight of us operating our businesses [here], we feel the need for toilet and water facilities. It is just my opinion. They are going to shift our market sheds. I am hoping the City

Corporation & BAOWE might provide us toilet and water facilities as well as the locking system so that we can leave our goods in the shops without having to worry about theft or damage” (KW, 58, Punakha)

Main findings and conclusion

The main objective of the qualitative study was to examine the major obstacles that impede the growth, innovation, expansion, and transformation of women-owned micro and small enterprise. The specific objectives were to answer the following questions: (1) what were the motivations for women to start micro and small businesses? (2) What were their business startup obstacles? (3) How did they overcome the startup obstacles? (4) What are the main obstacles to operating, sustaining, and promoting the growth and innovation of their existing businesses? (5) What are their business aspirations and future business plans? (6) What support do they expect from the government, NGOs, financial institutions and other stakeholders? The main findings in relation to these six crucial questions are summarised as follows:

Characteristic of micro and small women entrepreneurs and their businesses: With respect to the educational background of the sampled micro and small women entrepreneurs, the majority of them was uneducated or had obtained a primary level education. A relatively substantial number of them were single mothers (divorcee, widowed, and single) with about 30% of them being the divorcee. On average, they have reported 3.25 children who were small and school going (dependency). The enterprises most of them owned and operated were vegetables and fruits vending, restaurant, bar and hotel, fast food and street vending, general shop and processing of homemade food products. They are characterised as low-investment and low-returns type of businesses. More than half of the women-owned enterprises were in operation for 1-5 years and the majority of them were located in the outskirts of the city. Among these businesses, about 38% did not have valid trade license, suggesting they were operating at a small scale and in the informal sector.

Motivations for undertaking business: Among sixteen business motivational factors (both positive and negative), top five factors women participants had identified were necessity, divorce, predisposition to secure social and economic independence, the influence of spouses, parents, relatives and friends, personal interest, and personal satisfaction. The majority of women have undertaken entrepreneurship out of economic necessity: to earn the livelihood, sustain the families, and educate their children. This suggests that most women micro and small entrepreneurs were ‘security seekers’ or ‘subsistence entrepreneurs’ rather than ‘transformational entrepreneurs’. A few of them were ‘freedom seekers’ (wanting to choose the works of their choice) and ‘satisfaction seekers’ (become more productive to maximise their social and economic status and satisfaction).

Business startup obstacles: Out of sixteen business startup problems identified by women participants, the major obstacles were the inability to obtain good business premise, shortage of startup financial capital, lack of business knowledge and skills, the effects of the government’s regulations and labour shortage. The majority of them had overcome the startup obstacles with the support from their spouses, parents and other family members, and some by taking bank loans and borrowing money from informal moneylenders.

Current obstacles for business operation, growth and innovation: The entrepreneurial situation for micro and small women entrepreneurs in Bhutan manifests the interaction of structural/environmental factors (finance, business space, market, human resource, government regulations, infrastructure, technology, raw materials, etc.) and individual/agency factors (family, business-family conflict, status of education, business skills, etc.). Women participants have ascertained sixteen obstacles impeding the operation, growth, and innovation of their businesses. These obstacles were non-availability of finance, business premise (location, size, suitability and cost), inadequate business skills (managerial, financial and technical skills), business competitions (more sellers than buyers and similar business syndrome), lack of formal education, labour shortage (both skilled and unskilled), work-family conflict, lack of training opportunity, limited support from the family, paucity of business information (finance, market, training, etc.), business seasonality, difficulty in product and service diversification, storage problem, government’s regulations and difficulty in obtaining raw material and equipment.

Business aspirations and plans: The majority of women have indicated that they want to simply continue running the same businesses for the reasons that they lack finance, good business premises, and business skills. In other words, they want to remain as subsistence entrepreneurs rather than transforming their businesses. This scenario emerges owing to the fact that most women consider family first and business their next priority. However, some women wish to take up bigger enterprises, add new products and services, change their businesses, and shift their enterprises' locations.

Expectations from the government, NGOs and other stakeholders: First, the majority of women participants expect the external support in accessing micro-finance schemes—credit with low interest rates, right amount, less bureaucratic procedure, and non-requirement of collateral. They want the relevant agencies to introduce various credit schemes that suits their needs and abilities. Second, lack of good business premises has necessitated many of them to operate from their houses, on the streets with poor sanitary conditions or in rented spaces paying the exorbitant charge. They expect the government, NGOs and others to support them get access to good business premises (appropriate location and size, low rental fee, and the business space provided with basic sanitary facilities). Third, they expect the government to provide them with business training, marketing support, and business exposure trips. Fourth, they expect government's support to mobilise skilled labour, review implementation of certain regulations (labour laws, tenancy act, customs' rules, city regulations, and others). Fifth, some women, especially the ones who run business in rural areas look forward to tax reduction and electricity concession.

CHAPTER IV

TRIANGULATION OF FINDINGS AND DISCUSSIONS

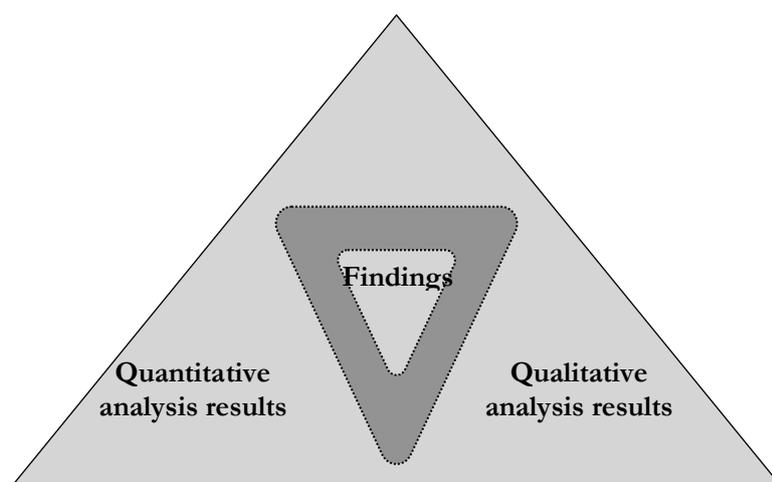
Introduction

This chapter presents the triangulation of the key results from both the quantitative and qualitative modules, discussion on the key findings, key recommendations, and conclusion.

Triangulation framework

Figure 4.1 presents a simple framework used for the triangulation approach. Triangulation at the results level approach tried to converge and complement the key findings obtained from the quantitative and qualitative analyses. Among many types of triangulation methods (methodological, data, investigator, and theoretical triangulations), results-triangulation was adopted to enhance the quality, credibility, and validity of the findings from each analytical approach. Some researchers use the term 'integration' to mean interaction and convergence between the findings from the quantitative and qualitative analysis of a research project (O'Cathain, Murphy & Nicholl (2010). Campbell and Fiske (1959) developed the idea of 'multiple operationism' that explains the importance of using more than one method to ensure the higher validity of the research findings.

Figure 4.1: Simple framework of the results triangulation



The triangulation at data and methodological levels could have yielded much better results, but this could have been possible only if both the quantitative and qualitative data were collected in parallel from the same sample. The ideal mixed-method approach would have been to administer the questionnaire survey to the representative sample of women micro and small entrepreneurs and then apply the qualitative techniques (in-depth interviews or focus group discussions) on the sub-sample of women. As this approach was beyond the scope of the present study, it was only possible to analyse data from different sources and then triangulate the key findings.

Key findings

The triangulation of the results involved first identifying the key findings from each method, sorting them into similar categories, and then using a matrix table analysis to draw conclusions based on which the policy recommendations were made. In table 4.1 the key results from both quantitative and qualitative modules are presented with the conclusions.

Table 4.1: Matrix table for triangulation of the key results from the quantitative and qualitative analyses

Themes	Key findings		Conclusion
	Quantitative module	Qualitative module	
Business characteristics	Sector concentration: Most women-owned MSEs are in service sector: hotel and retail trade, restaurants, food processing and textiles.	Most women micro and small entrepreneurs operate general retail shops, vegetable & fruit vending, home-based food processing, dairy shops, hotels, textile and handicraft, and other services.	Women in micro and small businesses/enterprises dominate in the service sector with a few of them in production sector of low scale.
	Years of operation: The majority of MSEs were in operation for 1 to 5 years (49.86%).	More than half of the MSEs were in operation for 1-5 years.	The majority of women-owned micro and small enterprises are usually young and ranged between 1 to 5 years of operation.
	Business performance: Measured in terms of the employment growth between the year of establishment and the last fiscal year, the performance of the women-owned MSEs were comparatively lower than that of women-owned MLEs.	Most women-owned MSEs were operated by one person or with the supported from the family members.	Performance of women-owned micro and small enterprises in terms of employment growth tends to remain low.
	Innovation: A business innovation in terms of the introduction of a product that is new to the market or the modification of the existing product was low among women-owned MSEs.	Except for a few cases, the majority of women micro and small entrepreneurs did not report any innovation in terms of the introduction/modification of new products and services.	Innovation among the women-owned MSEs tends to remain relatively low.
	Legality: All women-owned MSEs had valid trade license.	More than 61% of women-owned MSEs had trade license while 39% of them operated their businesses without license (informal sector).	Women entrepreneurs operate their enterprises in both formal and informal sectors.
Individual characteristics	Age of women entrepreneurs: The majority of women who owned MSEs were in the age range of 41-50 years (43.37%). More than 82% of them were between the age of 23 and 50 years.	The majority of women entrepreneurs were in the age range 31-40 (38.27%) while more than 87% were in the age range 21-50 years. The mean age was 38 years with standard dev. of 10.58.	The mid-year and young women are found to dominate the MSEs sector.
	Education level: About 26% of women business owners had no formal education; 15.33% had primary education. On the whole, 41% of them had no formal and primary education. About 1.52% had diploma or undergraduate.	More than 44% of women entrepreneurs did not have formal education; about 16% of them had primary education. Overall, 60.49% of them had no formal and primary level education. Just 2.47% had diploma or undergraduate.	Women entrepreneurs with no formal and primary level education tend to dominate micro and small business sector.
	X	Marital status: While 64.2% of women entrepreneurs were married, more than 29% of them were divorced. In total, 35.8% of them were single mothers (divorced, single and widowed).	Micro and small enterprises have become one of the important means to earn extra income for single mothers, especially for those who are divorced and have many children.
X	Number of children: The average size of children was 3.25 (std. dev. 1.41). The majority of them have 2 children (35.8%).	Child dependency seems to be one factor that motivates Bhutanese women to take up micro and small entrepreneurship.	

Table 4.1: Matrix table for triangulation of the key results from the quantitative and qualitative analyses

Themes	Key findings		Conclusion
	Quantitative module	Qualitative module	
Business motivations	X	Business motivations: About 57% of women entrepreneurs started their businesses out of necessity (family sustenance, the need to support children's education, unemployment, and lack of other source of income). The other motivations for starting business were [in order]: getting divorced, other people's influence, personal interest and satisfaction, and for seeking opportunity.	Women are more likely to undertake entrepreneurial activities out of sheer necessity to earn livelihood, manage family, and support children's education. The majority of them were 'security seekers'; some were 'satisfaction seekers'; and the least were 'freedom seekers'. Most women in the MSEs sector were 'subsistence entrepreneurs' not 'transformational entrepreneurs'.
Start-up problems	X	Startup problems: Top three major obstacles during the business startups were lack of proper access to good premises, financial capital, and lack of business skills. Moderate obstacles were government's regulation, labour shortage, raw materials and equipment, and low customer base. Minor obstacles were business uncertainty, lack of support from family, work-family conflict, lack of diversity of goods and products, licensing issues, low access to information, lack of technical know-how and transportation problem.	The major start-up problems for women entrepreneurs are usually lack of initial finance, difficulty in getting good business premise, and lack of business skills. These are the combination of structural and individual factors.
Overcoming start-up problems	X	Overcoming startup obstacles: The majority of women have overcome their business startup obstacles with support from families and relatives (mainly the financial support), some have taken bank loans, and others have borrowed money from the informal sources.	The major business start-up obstacle for women is finance, which they usually overcome by seeking support from the families, relatives and friends. The borrowing of money from the informal sources is the second option while bank loans tend to be the third option.
Overall obstacles	<p>Severe obstacle: Access to finance and labour regulations.</p> <p>Major obstacles: Business competitions, electricity, and tax rates.</p> <p>Moderate obstacles: Business licensing and permits, crime, theft and disorder, tax administration, courts, and customs & trade regulations.</p> <p>Minor obstacles: Transportation, access to land, poorly educated workforce, and political instability.</p>	<p>Severe obstacles: Lack of finance, improper business premises, lack of overall business skills, and business competitions.</p> <p>Major obstacles: Lack of formal education, labour shortage, lack of training opportunities and seasonality of business.</p> <p>Moderate obstacles: Work-family conflict, raw materials and equipment, government regulations, low number of customer, transportation issues, and high price of goods and services.</p> <p>Minor obstacles: Poor access to information, inadequate business support, lack of family support, water scarcity, higher tax rates & procedures, lack of product & service diversity, toilet and sanitation, storage, electricity, licensing and other approvals, crime, theft and disorder, and corruption.</p>	<p>The most severe obstacle for women-owned micro and small enterprises is an access to finance. Major obstacles are business competitions (which means the need to promote innovation so that everyone do not operate similar businesses) and labour issues.</p> <p>The obstacles that need attention are access to finance, lack of proper business premises (location, price and space), inadequate overall business skills (managerial, financial and technical), lack of formal education, lack of training opportunities, and the seasonality of business.</p>

Table 4.1: Matrix table for triangulation of the key results from the quantitative and qualitative analyses

Themes	Key findings		Conclusion
	Quantitative module	Qualitative module	
Reasons for not availing commercial loans	Reasons: The top reason was 'there is no need for business loan'. The other reasons were high collateral requirement, complex loan procedures, and high interest rates.	The topmost reason for not availing business loan was 'fear of not being able to repay the loans'. The other reasons were high interest rate, complex procedures, and collateral requirement. A few women cited low loan amount and refusal of loan.	Although women micro and small entrepreneurs are in need for finance to operate, innovate and expand their businesses, they don't prefer bank loans mainly because they are less risk-averse. High interest rate, complex loan procedures, and collateral requirements also seem to contribute towards women's refusal to obtain commercial loans.
Business aspirations & plans	X	Business aspirations and plans: The majority of women micro and small entrepreneurs wanted to simply continue doing the same business rather than trying to innovate and grow. The reasons for this lack of business aspirations and plans they gave were lack of finance, difficulty getting good business premises, and low business skills. However, some of them wanted to take up bigger business, add new products and services, change their business, and shift the location of their business.	Business aspiration and goals among women micro and small entrepreneurs are not high owing to lack of finance, difficulty getting good business premises, and lack of business skills. Although there are some women entrepreneurs who want their business to grow, the majority wants to remain as 'subsistence entrepreneurs' out of no choice.
Support expectations	X	Expectations: The majority of women entrepreneurs said they expect the external support in accessing micro-finance schemes—credit with low interest rates, right amount, less bureaucratic procedure, and non-requirement of collaterals. They also expect the government, NGOs and others to support them get access to good business premises (appropriate location and size, low rental cost, and the business space provided with basic sanitary facilities). They solicit from the government and other agents business trainings, marketing support, business exposure trips, mobilisation of skilled labour, review of certain regulations (labour laws, tenancy act, customs' rules, city regulations, and others), and reduction of tax and electricity tariff.	Women entrepreneurs' greatest expectation is the strengthening and expansion of micro-credit schemes that suits the need of micro and small businesses. The support in the form of market creation: access to proper business premises, marketing support, and business trainings are high on their expectations list.

Discussions

The main motivations for women to participate in economic activities are not only to earn the livelihood, but also to enhance their social and economic status, which in turn reinforces their capacity to invest in education for their children. Their investment on children could lead to chain effects on the quality of human resources and further, on the scope, inclusiveness, equity and quality of social development, and economic growth. The benefit of promoting women micro and small enterprises accrues not only to individual women entrepreneurs, but also for their families, communities, and ultimately the nation. The fact that most women undertake micro and small businesses to meet their basic necessity is the testimony to a huge potential the MSEs sector can have on reducing both unemployment and poverty. In all, the nation can reap an enormous benefit from women's economic participation. It is, therefore, very crucial to identify and examine the obstacles facing women micro and small entrepreneurs/enterprises so as to aid in formulating and implementing sound policies, programmes, and strategies for the growth, innovation and development of the MSEs sector in the country. This research is one modest step towards making those

obstacles visible to policy makers, development workers, and other stakeholders and in providing the groundwork for more specific and advanced research and analysis.

Against this backdrop, the study aimed to identify and examine major obstacles facing women micro and small entrepreneurs vis-a-vis enterprises both at the environment and individual levels. The mixed-approach of quantitative and qualitative analysis and triangulation of the key results from each approach led to the following findings and recommendations:

Cottage (Micro), Small and Medium (CSMI Policy) and Action Plans: Over the years, with the government's commitment and various initiatives to promote micro and small enterprises, the overall environment for women entrepreneurship has improved compared to the past. To encourage new entrants and help the existing ones to innovate, grow and expand, the government has launched Cottage (Micro) and Small Industry Policy, 2012 (CSMI Policy), developed CSMI Development Strategy (2012-2020), and implemented CSMI Action Plan (2012-2014). Department of Cottage and Small Industry (DCSI) was established in 2012 to implement the CSMI policy, strategies and action plans and to spearhead the development of cottage and small industry in the country. The CSMI Policy constitutes six strategic objectives: (1) strengthening the policy environment and institutional framework; (2) strengthening the legislative framework and enterprise environment; (3) facilitating access to finance and incentives; (4) Enhancing competitiveness and innovation; (5) improving market access; and (6) enhancing employment and development of an entrepreneurship culture.

Bhutan now has well-formulated CSMI policy and strategies for promoting the MSEs sector. However, the presence of numerous obstacles confronting the innovation, growth, and expansion of the women-owned MSEs stand as a clear evidence that much needs to be done in terms of policy implementation and achieving the intended outcomes. DCSI has reported that the first CSMI Action Plan (2012-2014) was only partially fulfilled with many of the activities remaining either uninitiated or incomplete. The CSMI Action Plan (2012-2014) has just taken the CSMI policy at the brink of performance stage (DCSI, 2015). This failure was largely attributed to poor coordination and communication gap between the coordinating agency and implementation agencies. There are many stakeholders and implementing agencies including the NGOs, which conduct their micro and small enterprise development and promotion agenda in a separate and distinct manner rather than through a coordinated effort.

Unavailability of business finance is a severe obstacle: Among many obstacles, unavailability of financial capital, be it for the business startups or innovation, expansion and growth was identified as the most severe obstacle in both quantitative and qualitative approaches. This situation is the upshot of the poor state of the micro-finance situation in the country. This obstacle is supposed to be addressed under the CSMI strategic objective of facilitating business finance and incentives. However, as the access to finance remains the most severe obstacle, the results achieved toward fulfilling this particular strategic objective seems to have remained mixed. The evaluation of CSMI policy implementation has revealed that except for the Credit Guaranteed Scheme (CGS), the implementation of policy framework for Micro Finance Institutions (MFIs) and Credit Information Bureau (CIB) and other forms of business financing and incentives, including Public Private Partnership (PPP) and business networks were severely hampered by absence of policy and legal framework and lack of budget (CSMI Action Plan 2015-2018, DCSI, MoEA).

Bhutan Development Bank (BDBL) is one viable source of credit for women-owned micro and small enterprises. About 36% of the BDBL's loan borrowers so far were rural women micro and small entrepreneurs. BDBL currently holds the highest loan portfolio in the agriculture sector and has an extensive rural outreach through mobile banking services. BDBL also organises frequent campaigns to raise awareness of its products and services. Nevertheless, the base interest rate remains more than 10%, loan term is short (1 to 5 years), and the collateral requirement is high. Most of the women-owned enterprises are not able to meet these criteria.

Three Micro-Finance Institutions (MFIs) have been established, one as a corporation and two others operated by NGOs. Three MFIs have sanctioned a total of Nu. 227.40 million (Financial Performance Review Report, RMA, 2017), which is meagre amount given the huge number of micro and small enterprises in the country requiring the benefit of micro-financing system. The Rural Enterprise

Development Corporation (REDCL) was to emerge as the first Small and Medium (SME) bank but it has got to do more. It provides collateral-free loans at 4% interest rate. However, REDCL remains an agency with some political controversy. There emerged an issue of the legality of its very establishment, which even to date is not resolved. It is being criticised for its lack of proper monitoring system and efficient coordination with other stakeholders. The members of parliament raised the issue of complexity of its loan procedure (BBS, December 9, 2017). As of May 2016, REDCL had non-performing loans of about Nu. 168 million. Though REDCL has increased its loan ceiling from Nu. 100, 000 to Nu. 500, 000 to help farmers take up rural farm-based entrepreneurship, it has not helped much to commercialising the agriculture and rural sectors in a bigger way (Dorji, Tshering, Kuensel, October 26, 2017). Two other NGO-operated micro-finance institutions have limited fund and coverage. The apparent paradox of micro-finance scheme as revealed by some women participants (of the qualitative study) is that their focus is more on providing credit to young and new business entrants, and the ones that are at the stage of growing are given less preference.

In addition to the institutional and structural weakness in the micro-financing mechanism, there are several other barriers to access the financial resources. In theory, women have access to a credit equal to men, but in practice several social and individual barriers severely limit their credit access. More than a credit supply, the issue is a low demand for credit. In both quantitative and qualitative analyses, the key finding was that women entrepreneurs do not want to avail commercial loans though financial capital is regarded as their most critical obstacle. The risk perception associated with taking commercial loans is high among women entrepreneurs while their propensities to take risks are low, and so remains the demand for credit low. The collaterals that commercial banks accept are always land or house, which in many cases are hard to mortgage due to the institution of extended family and co-sharing of the family property among family members. The collateral value is also high. Some 60 women entrepreneurs who have taken bank loans on average have put their assets worth Nu. 51 million as collaterals for an average loan of Nu. 14.6 million. The value of the collateral was higher by about 28 % than the actual loan amount. This is too high for many women entrepreneurs. Some women may have the inherited assets in their names, but they are not willing to risk their assets for loans due to the huge uncertainty involved and low-return nature of their businesses. The uncertainty is about whether taking loans could lead to a gainful investment. Some women want to obtain bank loans (risk-takers), but they are daunted by high interest rates, low volume of a loan, and complicated loan formalities.

Irrespective of whether or not the credit facilities are available, ESB-2015 data shows that 62.39% of women-owned MSEs had a line of credit or loan from a financial institution and 5 % of them did not even have a checking or saving account. The qualitative analysis further substantiates this fact. Only about 22 % of women micro and small entrepreneurs have taken bank loans for their business startups and more than 63% of them were against the idea of obtaining bank loans for the fear of defaulting. If the micro-financing schemes were to work in favour of the women entrepreneurs, the banks or any other lending institutions must consider designing new loan products that suit the need and capacity of women in the MSEs sector. The financial institutions must organise mass sensitisation programmes, otherwise, despite the financial capital being critical for the growth, innovation and expansion of micro and small enterprises, the majority of women in this sector are likely to remain held back from the credit schemes.

Growing competitions: The next severe obstacle (common in both quantitative and qualitative analysis) is a growing competition among women entrepreneurs/businesses. They compete to deliver similar products and services rather than developing new products and services through innovation. The catchphrase used by some women entrepreneurs ‘business was good in the past, now it is not. There are more sellers than buyers in the market’ indicate that everyone is going for a similar business with little or no innovation. The competitions are not through innovation but everyone doing the same thing, which is not a healthy trend. Competition to provide similar products and services can benefit the consumers at large through price competition but can reduce the profitability and sustainability of the MSEs even to the extent that some may run into bankruptcy.

To promote niche products, there is the provision of grants, vouchers, Facility Cost Sharing (ECF), B2B trade fairs and exhibitions, and standardisation of the products. These products are labeled under Brand Bhutan and Seal of Origin (showing the organic content of the products). But, the problem is that there are

not many women niche players. A few women entrepreneurs have started innovative enterprises such as natural soap making, making of educational wooden toys, producing Bhutanese noodles and so on, but the scale at which such innovative enterprises operate is small. Furthermore, to fulfill the CSMI strategic objective of enhancing competitiveness and innovation among micro, small and medium enterprises (services and products), various initiatives had been undertaken such as establishment of Business Development Service (BDS) infrastructure—industrial estates, parks, economic zones, business incubation centres, cooperatives and farmers' groups, e-business and e-commerce, intellectual property rights, and streamlining of licensing process. Despite these various initiatives, there was no significant development in products and services of micro and small enterprises in terms of innovation and competitiveness. The growth was more in terms of their numbers (DSCI Action Plan evaluation, 2017). Moreover, the many initiatives that are in place cater to only a few women entrepreneurs. The fact that most women micro and small entrepreneurs either lack a formal education or have low education level seems to incapacitate them from taking advantage of these services. The study's finding and results of the evaluation conducted by an independent team for DSCI show that more needs to be done to promote the competitiveness of women-owned MSEs by promoting innovation [among them] than being content by the sheer increase in the number of similar micro and small enterprises.

Labour shortage: In the descriptive quantitative analysis of the World Bank's Enterprise data, labour regulation came out as one of the severe obstacles while a shortage of labour emerged as one of the major obstacles in the qualitative analysis. On interpreting these two concepts, the conclusion was made that both mean the same thing. Labour regulation as an obstacle could mean the firms faced a shortage of labour due to extensive labour regulations by the government. It is a common knowledge that the shortage of skilled labour and unwillingness of young people to take up menial jobs have many business firms in the country recruit expatriate skilled workers from India. The recruitment process as well as the number of expatriates permitted, is not in conformity with the expectations of the business firms. This problem of labour shortage seems to affect severely women-owned MSEs due to the smallness of their enterprises, stringent labour regulations, and their inability to recruit extra workers due to non-availability of skilled workers and higher associated cost. As a result, most women entrepreneurs are found to be operating their businesses single-handedly. Some businesses like hotels, restaurants, bars, and food processing units not only require manual effort but certain level of skills. For example, a hotel may need a skilled cook or a furniture shop a craftsman while the vegetable vending involves a lot of manual works. In this way, shortage of both skilled and unskilled workers becomes an obstacle.

Lack of, or low level of formal education and business skills: Though not spelled out as an obstacle in the quantitative module, combined 41% of women did not have formal education and had a primary education (total), and 15% had primary education. As seen in the qualitative module, lack of literacy restricts women's access to opportunities and the overall conduct of their businesses. A substantial number of women participants did not have formal education (44%) and 16 % of them had just a primary education. Being uneducated or lowly educated, most women participants showed an obvious lack of awareness about business opportunities, policies and activities initiated by the government and NGOs. They showed the lack of business ideas for innovation. Most women participants have identified lack of formal education and ensuing lack of business skills as impediments to their business success, and thus, they have no other options than to keep their businesses at a subsistence level. Except for a few women, most of them have not received kind of business training. Those women entrepreneurs who market their products outside the countries have expressed about their poor capacity for strategic marketing and lack of training to improve their marketing skills.

It must be noted that micro and small enterprises are the predominant means of livelihood for the majority of impoverished women. Going by the views of women participants, most of them were provided with little or no policy and programme support in terms training, up-gradation of their business skills, and marketing their products and services. Unless the government and NGOs undertake massive nation-wide business training, women in the MSEs sector, especially those women with no formal education are likely to remain marginalised being able to conduct their business only for subsistence as usual.

Most women participants have expressed the importance of education and business training for anyone wanting to start a business and succeed in it. This is one reason for their primary business motive being to

educate their children so that the latter do not have to go through the same hardship (in case children have to earn their living doing similar businesses). The majority of women desired to attend business training, but they are either unaware of those training or not able to take the opportunity. This implies that the business training organised by various government agencies and NGOs have not benefited the majority of women in the MSEs sector, particularly those in the informal sector (without trade registration). The CSMI strategic goal of enhancing employment and developing a culture of entrepreneurship both in academia and among the unemployed youths seem to have remained much on the paper. This is obvious from the recent evaluation of the CSMI action plans. The evaluation has found that despite various activities undertaken by many implementing agencies towards fulfilling this strategic goal, the success has been limited by lack of fund, poor coordination between the implementing agencies, and the shortage of competent professionals.

Lack of good business premises: Though the problem of getting good business premise has not featured in the quantitative part, the findings of the qualitative analysis has unfolded the lack of good business premise as a big business obstacle. As most women entrepreneurs (sampled) are concentrated in the capital city and other major districts' commercial centres, the problem of getting proper business space is reported to remain a perennial issue. The government has opened a few business spaces and market places for micro and small enterprises, but with the increase in the number of the enterprise of a similar kind, the available spaces are usually overcrowded.

Women who run their businesses from private rented houses have to bear the brunt of exorbitant rents (some women reported that more than half of their business income goes to paying house rent) and reconcile to poor water and toilet facilities. The enterprises dealing with food processing, hotels and restaurants, saloons, and certain small manufacturing units are severely affected by poor water and toilet facilities. Without having a proper business space, some women end up doing their business along the streets, highways and in other restricted zones often coming in direct conflict with the regulatory bodies (city officials); others end up running their businesses from remote locations with low access to customers. In fact, more than 38% of women participants had their business located at the city skirts, where naturally customer base is expected to be low and consequently the low sale.

Tax rates and electricity: The quantitative analysis has identified tax rates and electricity as major obstacles while these came as minor obstacles in the qualitative analysis. This difference should not be allowed to undervalue the significance of these obstacles. The firm-level women enterprises would have seen tax rates and electricity as more severe obstacles whereas many women entrepreneurs in the qualitative study did not have properly established firms, and so are taxes and electricity tariff not much an issue for them. Nevertheless, there were a few women entrepreneurs (the qualitative module) in food processing businesses treating electricity tariff as high. This accounts for the fact that unlike the enterprises located in rural places, the ones located in urban places do not get electricity concession of first 100 KV. One of the women entrepreneurs stated that it is inevitable that her manufacturing unit has to be based in urban locality even when it entails foregoing certain subsidies that the counterparts in rural areas enjoy. She has to locate her firm in the urban area for an easy access to raw materials and market. For those women operating in makeshift or improvised market space, storage is an issue, as they cannot use cold facilities that require electricity. BAOWE (NGO) has set up market sheds for women micro-entrepreneurs doing vegetable, fruit and fast food business, but they are restricted from using electricity to operate cold storage facilities and other electrical appliances. This, as the women entrepreneurs have reported, is negatively impacting the business, because, without electricity, they are not able to use cold storage facilities (freezers) to preserve perishable products.

Women who operate bars and restaurants had critical views on tax rates. Bar operators have to pay exceedingly high bar license fee besides having to make an annual contribution to the Bhutan Chamber of Commerce and Industry (BCCI) that has, according to them, no direct benefit for them so far. Most women entrepreneurs in rural areas have identified business income tax as significantly high and affecting their profitability.

Legislative framework, enterprise environment, and government regulations: The government's objective is to create an enabling environment for business in the country by adopting various rules and regulations. This is reflected in the CSMI strategic goal of strengthening the legislative framework and

enterprise environment to foster the growth and development of CSMI. Bhutan Micro Trade Regulation 2006 has de-licensed micro enterprises to offer unrestricted opportunities for micro-entrepreneurs to engage in trading activities. In its place, a simple registration system was instituted with which the micro enterprises are issued registration certificates for three years after which they could renew or opt for the licensed regime. Through G2C services, it is possible to apply for micro trade registration certificate and small enterprise license. Even with these measures in place, most women-owned micro enterprises operate without registration certificates. These enterprises cannot be considered as the legal business entities due to which they are deprived of several benefits from the implementation of CSMI Policy. In the qualitative module, more than 38% of women enterprises did not have a valid trade license without which they are considered as operating informally. Some women operating their businesses along the streets have reported being interrogated by the city inspectors and trade officials and barring them from operating businesses without trade license in certain zones. The Enterprise Registration Bill (ERB), which was aimed at legalising 98% of business entities in the country, did not get enacted. The National Assembly (Lower House) passed the bill, but the National Council (Upper House) refused to pass the ERB, and thus it remains inoperative.

Harmonising the CSMI definition across the ministries and agencies to enable the uniformity in both the information generation and policy implementation has not been achieved. There is no uniformity in the usage of terminology ‘micro and cottage’ as different agencies use these two terms synonymously. In addition, there is confusion on whether to use initial investment amount or the number of employees of the enterprise to distinguish between micro and small enterprises. DCSI trade records contain this confusion, which might affect the actual implementation of CSMI Policy. In the World Bank’s Ease of Doing Business ranking, Bhutan is not rated for resolving insolvency or bankruptcy and thus ended up at 168th position on this parameter. Bhutan ranked 71 out of 189 countries in 2017. The Bankruptcy Act (1999) has been amended and the draft was submitted to the Cabinet for deliberations in the National Assembly. The Insolvency Act remains dormant.

Some women entrepreneurs were of the view that in certain cases the government is over-regulating like in the case of labour regulations, the timing of business operation (mainly bars), business restriction zoning, and customs regulation while the implementation of the tenancy act is not even a prime concern for the government. This act if implemented effectively is likely to regulate the exorbitant rent and its frequent increase and ensure the provision of proper facilities by the house owners like a toilet and water supply that certain business enterprises consider important but are lacking. There is certainly the need to assess how each of the government’s regulation related to the private sector is impacting micro and small businesses.

The trade rules and regulations are multiple and outdated (some framed more than a decade ago) due to which there is some complexity in the implementation. These trade rules and regulations are the Micro, Retail, and Wholesale Trade Regulations (2006), rules and regulations for establishment and operations of commercial ventures (1995), and rules and procedures for imports from third countries (2002). These rules and regulations are sometimes interpreted and implemented differently in the fields.

Seasonality of business: Most women entrepreneurs (qualitative module) stated about their businesses being affected by their seasonality nature. Multiple enterprises, that is, women undertaking a variety of businesses to cope up with competition and business seasonality is rather a rare phenomenon. One of the strategic objectives of CSMI policy is to improve market access, but this remains far from being achieved due to the small size of the economy and widely dispersed domestic market, lack of business diversity, higher cost of local production, high transportation cost, and inadequate access to market information. Lack of their ability to introduce alternative products during the lean seasons in place of their core products seems to affect micro and small women entrepreneurs whose livelihood depends so much on the business income. One key issue that has been emerging frequently in different parts of the country for those women involved in vegetable and fruits vending is the competition from the vegetables and fruits from India, made available in the domestic markets at cheaper prices.

Business aspirations and plans: Women in the qualitative sample showed modest business ambitions; most of them lack strategic and long-term business vision. This can be largely attributed to their relatively low level of education and business skills compounded by lack of financial capital and good business premise. Women entrepreneurs have reported the relatively high level of worries and stress over the

business uncertainty rather than planning to innovate and expand their enterprises. Without a groundbreaking change in the way these women entrepreneurs are supported in their entrepreneurship, it is more likely that most women entrepreneurs would continue to remain survival-oriented than being growth-oriented.

Recommendations

Based on the findings obtained by triangulating the results of two approaches (quantitative and qualitative modules) and support expectations of women entrepreneurs (women in the qualitative study were encouraged to talk about their expectations of business support from the government, NGOs and other players), the following recommendations are made for possible remedial actions:

The micro-finance mechanism for micro and small entrepreneurs: The micro-finance arrangements are in place albeit rather at early stages. Given that the shortage of financial capital came out as the most severe obstacle for women entrepreneurs, the first and foremost policy step has to be the promotion of growth and development of micro-financing mechanism. Access to loans by women micro and small entrepreneurs should be facilitated through innovative programmes, tailor-made loan products, and financing arrangement that go beyond the conventional approaches that entail collateral and other conditions. The credit schemes that would best suit women micro and small business entrepreneurs are the collateral-free loans with the low interest rate, right-amount and long-term loan, and the loans that involve less complexity in the application procedures.

Regardless of a reduction in interest rate brought about by a new base rate policy, non-performing loans rather than the commercial loans dominate the loan portfolio of the country's financial institutions. For the banks and other micro-finance institutions to be able to come out with innovative lending schemes, the government has to rationalise its current policy on financial institutions and upscale fiscal incentives (ex: tax-holiday and tax waiver) given to the banks. It is high time that the government not only develops a comprehensive financial inclusion and financial literacy policies and leave it on the paper but to put them into a serious practice. The key thing is that access to finance is made affordable and significantly easier for women micro and small entrepreneurs. This would address the crux of the business problems faced by women entrepreneurs.

Women in the MSEs sector tend to have low demand for credit due to their low propensity to take risk and lack of confidence. No matter how attractive are the loan schemes, as long as women remain highly risk-averse, the demand for loans would remain all the time low. The government and responsible institutions and NGOs must use mass awareness campaigns and financial literacy education to make them not only aware of, but develop their risk-taking ability to obtain credit and explore more business opportunity. The awareness and financial literacy programmes should be made a continuous process. There are enough evidence that one-time ad hoc programmes won't prove that useful.

Business education and training: The study has identified lack of formal education and entrepreneurship skills as another major obstacle. From the long-term perspective, the Ministry of Education and Ministry of Labour & Human Resources should produce a curriculum suited to prepare young graduates with entrepreneurial skills. The education system must consider inclusion of supplementary subjects that would adequately prepare students for self-employment in micro, small and medium enterprise sector. The Non-Formal Education (NFE) is popular among women who never had an opportunity to attend formal schooling. The NFE curriculum could be strengthened and underscore business and life skill modules. From the short-term perspective and for the benefit of women who are already in the world of business, frequent training opportunities are critically necessary. Women in micro and small enterprise sector with a complete lack of, and low formal education must be given higher priority for business skills training and awareness programmes. The programmes for women must train them on business skills as well as inculcate in them the sense and awareness that business always involves a certain degree of calculated risks and make them able to develop the risk-taking ability. The training should be tailor-made to benefit women entrepreneurs with different socio-economic characteristics.

Open up more market spaces: Typical to size and business sector women are in, women entrepreneurs are found to operate in restricted small business spaces. The formal market spaces are overcrowded leaving out many women micro and small entrepreneurs from the main markets. There are only limited agencies and initiatives to assist these women to deal with the shortage of marketplace. Many end up doing their businesses in the local markets due to physical mobility issues, as they have to balance their dual responsibility for household and business. Traditionally, it is not acceptable for women to travel outside their locality to conduct business. The issue arises when their local markets are overcrowded with similar businesses and getting a good business premise becomes difficult. Therefore, as a part of the government's effort to foster enabling business environment for women enterprises, there is the need to promote women entrepreneurs' access to suitable premises for production and marketing of their products and services. More marketplaces in the suitable locations need to be set up especially in the context of growing number of women micro and small entrepreneurs. This will resolve most of the minor obstacles like water scarcity, lack of toilet facilities, storage problems, failure to comply with city's regulations, and so on.

No one-size-fits-all policy and programmes: There is often a tendency among policy-makers and implementers that the policies and programmes would work equally well for everyone. Among women entrepreneurs, there is the difference in their socio-economic characteristics according to which their capability to respond to various business support programmes may vary. This study has found the difference in the education level of women in the MSEs sector and MLEs sector. Women with no formal and low education are dominating micro and small businesses. The support programmes that appeal to and benefit women entrepreneurs doing larger businesses may not equally benefit those women doing micro and small businesses. A one-size-fits-all approach is unlikely to work, and therefore, business support agencies must try to customise their schemes that best suit women entrepreneurs from the different socio-economic background. For example, it has been found that most women who end up as single mothers after a dissolution of marriage take up micro and small business as means of livelihood and supporting children's education. The situations for single mothers are likely to be different from that of other women with stable families. Special business programmes must target single mothers, as the entrepreneurship among single mothers come about largely due to a distinct necessity. Furthermore, on-the-job training opportunities are critical to upgrade the business knowledge and skills of women who have made a fairly good progress in their businesses.

Coordinated business support: There are a plethora of business support activities initiated by different agencies, often leading to confusion that could hinder awareness of and trust in those activities. In the recent years, the array of organisations and initiatives has emerged in the country to foster entrepreneurial growth and innovativeness. However, this does not necessarily imply that these organisations and their support initiatives were comprehensive and well coordinated. The partial achievement of CSMI action plans (2012-2014) was largely attributed to lack of collaborative approach among different implement agencies. There is the need to improve collaborative working approach between public, NGOs, and private agencies.

Bottom-up planning for support schemes: The fact that most women entrepreneurs in the qualitative module were not aware of external support schemes shows that the government agencies, NGOs, banks and others need to first consult women entrepreneurs at each stage of designing, implementation, monitoring, and evaluation of the effectiveness of the various support schemes.

Promote women's access to associations and vital business information: The qualitative module has revealed that most women in the MSEs sector are not aware of the existence of numerous business support schemes provided by formal support agencies. The sampled women never mentioned about being a member of any association. Their non-membership to any business association could be affecting their access to business information. The government's initiative of One-Stop Window Shop and Government-to-Citizen (G2C) do not seem to have benefitted much those women in marginal business sectors. The situation calls for the need to advocate and promote women entrepreneurs' associations in order to promote advocacy and voice of business issue and serve as a reliable source of business information. Media houses have a critical role to play in providing business information for women entrepreneurs.

Implementing business-enabling policies: There's no doubt that the government has been able to formulate enough policies, strategies, and regulations for creating an enabling business environment.

However, the results of their implementations have been mixed either due to lack of coordination between the implementing agents or shortage of fund and manpower. It must be acknowledged that putting policies into practice to encourage women entrepreneurship has huge potential to help address the key national policy issues like unemployment, regionally imbalanced development, poverty, and gender-related problems. Given such national benefits, the cost factor should not deter the implementation of the policies, strategies, and regulations that are aimed at fostering entrepreneurship among micro and small entrepreneurs.

Review of certain legislations: There is a vast array of legislations that directly or indirectly concerns women micro and small entrepreneurs—some beneficial and some burdensome. From the implementation point of view, some of the legislations like that of Ministry of Economic Affairs are too many in numbers and outdated that the field implementers and regulators tend to often misinterpret and enforce in a discreet fashion. A legislation affecting women micro and small enterprises is that of Bhutan Food and Regulatory Authority's (BAFRA). Most women entrepreneurs are not able to comply with BAFRA's food standards and quality control regulations mainly because most of them are not able to get affordable premises, which meet the food regulations. Labour regulations (recruitment of expatriate workers and child labour legislation) affects women's access to skilled manpower while municipality's restriction of their business in certain areas negatively impacts them. There is no denying the fact that legislations and regulations are intended for good outcomes, but it is equally important to make sure that these regulations are effectively implemented and are within the compliance capacity of women in marginal business sectors. There is the need to review many business-related legislations to provide 'level playing field' and make the business environment more conducive for women entrepreneurs.

Promote innovative businesses: Both the approaches used for the study have rated business innovativeness as poor among women-owned micro and small enterprises. Over the years, so many initiatives have been made to promote business innovation like an innovative business award, Bhutan Origin Seal, and the establishment of business incubation centres. Nevertheless, the majority of women entrepreneurs (qualitative module) have not participated in such initiatives. It is crucial that such initiatives are reached out to marginal women entrepreneurs.

Promote marketing support: Market is a major issue among women-owned MSEs due to growing competitions from the similar businesses and availability of cheap imported products. Despite the government's effort to capture niche markets in the region, not many women entrepreneurs were found to be niche-players. This is because firstly, they lack business ideas and skills, secondly, they are constrained by their business resources, and thirdly, the majority of them are not able to avail business support services. A few women entrepreneurs who are targeting their products to be sold in the international markets pointed out lack of marketing support from the government. As the government and NGOs are far more equipped to explore external markets, there is perhaps the need for a renewed effort on the part of the government and NGOs to support businesswomen in exploring external markets.

Other supports that could have positive impacts on women-owned enterprises are the support to women who operate the business at the marginal level to participate in trade fairs, international business expos, business awareness incursions, and market exploration. The study has noted that women who could avail such opportunities so far had been the ones who are educated, have well-established businesses, and those who belonged to formal business associations and groups. The marginal women entrepreneurs such as described in the qualitative sample are usually left out. This was evident when most of them said they are not even aware of the importance of trade fairs and business exposure trips. There is the need for the government and NGOs to extend their support to marginal women entrepreneurs to encourage their participation in trade fairs and business exposure and market exploration programmes.

Women Business statistics and research: Having discussed many obstacles, what was not said is about scanty statistics and research on women's entrepreneurship. This should be considered as one major obstacle. The study experienced a huge difficulty in getting data. This was a clear signal of lack of basic statistics for women's entrepreneurship in the country, though they are vital not only for the research purpose but for policy and programme implementation, monitoring and evaluation. A simple thing such as maintaining basic trade records has not been done properly, as lots of inconsistencies were observed in the business registration records. For example, the trade records (records of business license holders) by

different regional trade offices differ in their formats: some have maintained age records, some have not, and the classification of business types has been done with a lot of irregularity. The women-specific survey of entrepreneurship is absent.

The study can be regarded as a modest contribution towards creating the body of knowledge on women entrepreneurship. Given data limitation, this study could assess only some aspects of women entrepreneurship with the relatively small sample. It can be rather treated as an exploratory study. More specific studies need to be carried out in areas like business regulations, women's training needs, micro-finance, informal economy, business innovation, and social attitudes towards women's entrepreneurship to name a few.

Conclusion

The study was premised on the perspective that economic empowerment of women is the key to promoting their social and economic status. The primary aim was to identify ways in which the government, donors, NGOs, and private sector can improve the prospects for women's entrepreneurship in Bhutan. So crucial as it is to determine the obstacles that hinder the growth and innovation of women-owned MSEs for most appropriate policy responses, this study aimed at identifying and examining the key women entrepreneurial obstacles.

Using the mix of quantitative and qualitative methods, the study has concluded that the major obstacles facing women-owned micro and small enterprises are access to finance, lack of appropriate business premises, government's regulation, lack of business skills, and tax rates.

It is noted that Bhutanese women in the MSEs sector have huge potential to contribute to their individual well being and that of their families and communities. At the national level, these women can contribute towards alleviating the national problems like poverty, unemployment, imbalance regional development, gender-related issues, and inclusive socio-economic development. However, women entrepreneurs' lack of productive resources for business startup, operation, growth, and innovation impedes the overall growth and success of their businesses. The policy and programmes that support micro and small entrepreneurship among women should consider various gender-related challenges. The most important thing is that while there is no dearth of policy pertaining to promotion of women's entrepreneurship, there is certainly a shortfall in their implementation. This needs to be given a serious consideration.

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Annexure: 1 Codebook**Code System**

1 Motivations/reasons for undertaking entrepreneurial activity	0
1.1 Promote local production	2
1.2 Support ageing parents	10
1.3 Widowhood	2
1.4 Wanted to lead and motivate others	2
1.5 Escape boredom at home	6
1.6 Business idea originated from the work experience	17
1.7 Inheritance and tradition	11
1.8 Influence by others (husband, relatives, friends, etc.)	21
1.9 Self-independence & security	27
1.10 Personal interest & satisfaction	20
1.11 Getting divorce	31
1.12 Necessity	2
1.12.1 Support siblings & relatives	7
1.12.2 No other source of income	15
1.13 Wanted to take opportunity	17
2 Start-up problems	0
2.1 Family-work conflict/imbalance	5
2.2 Getting business license	5
2.3 Lack of variety of goods/services	2
2.4 Problems dealing with new customers	1
2.5 Government's regulations	17
2.6 Business uncertainty	8
2.7 Difficulty attracting customers	13
2.8 Problems purchasing equipment & raw materials	15
2.9 Lack of support from family, relatives & friends	8
2.10 Inability to acquire business space and location	34
2.11 Transportation issues	1
3 Overcoming startup challenges	0
3.1 Availed bank loans	15
4 Current challenges hindering operation, growth & innovation	0
4.1 Availability of finance	62
4.2 Difficulty getting good space/house for the business	30
4.3 Business competitions	56
4.4 Labour shortage	30
4.5 Business is seasonal	25
4.6 Work-family conflict	21
4.7 Inadequate equipment & raw materials	19
4.8 Transportation issue	18
4.9 Government regulations	18
4.10 Increasing price of goods	17
4.11 Lack of information resources	15
4.12 Water scarcity	13
4.13 Toilet and sanitation	10
4.14 Electricity	7
4.15 Crime and security	6
4.16 Having to pay other service charges	5
4.17 Networking for business	5
4.18 Corruption	4
5 Expectations from the Government, NGOs and others	0