



SOCIAL MEDIA BASED ONLINE BUSINESSES

Exploring Challenges to Start and Scale for
Women Entrepreneurs in Bangladesh



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How to cite this report:

United Nations, Economic and Social Commission for Asia and the Pacific, social media-based Online Businesses: Exploring Challenges to Start and Scale for Women Entrepreneurs in Bangladesh, (Bangkok, United Nations 2021).

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ACRONYMS

AM	Ante Meridiem
BCS	Bangladesh Civil Service
BDS	Business Development Services
BDT	Bangladeshi Taka (Currency of Bangladesh)
BIN	Business Identification Number
BSCIC	Bangladesh Small and Cottage Industries Corporation
BTEA	Bangladesh Tourism Explorers Association
BWCCI	Bangladesh Women Chamber of Commerce and Industry
BYEAH	Bangladesh Youth Enterprise Advice and Help Centre
CEF	Chattogram E-commerce Family
CSR	Corporate Social Responsibility
FGD	Focus Group Discussion
F-commerce	Facebook commerce
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
ID	Identification Number
KII	Key Informant Interview
MFS	Mobile Financial Service
NID	National Identification number
ODK	Online Data Kit
PM	Post Meridiem
SM	Social Media
SMBWE	Social Media-Based Women Entrepreneurs
TIN	Tax Identification Number
VAT	Value-Added Tax

Currency exchange rate applied in this report: US \$1= 84.5 BDT

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ABOUT THIS REPORT

This research was commissioned by the United Nations Economic and Social Commission for Asia and the Pacific's (ESCAP) Catalyzing Women's Entrepreneurship (CWE) programme under its Research Challenge. The CWE Programme is funded by the Government of Canada, through Global Affairs Canada, and is a five-year initiative aimed at addressing three key overarching barriers faced by women entrepreneurs: (1) enabling policy environment and regulatory challenges, (2) access to finance, and (3) the use of information and communication technologies (ICT) by women entrepreneurs. The CWE research agenda is centered around exploring the nuanced challenges faced by women entrepreneurs in accessing and using financing at different stages of their enterprise journey. The research findings are designed to be applied towards identifying innovative financial solutions that can be developed or tailored to best address the needs and demands of different groups of women entrepreneurs.

This research conducted by Dnet explores the situation, challenges and support requirements for social media-based women entrepreneurs (SMBWE) in Bangladesh. The findings are intended to aid relevant stakeholders in formulating strategic decisions to support potential and existing SMBWE to achieve the sustainable growth of their online businesses.

ACKNOWLEDGMENTS

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) would like to thank the authors of this report, Md. Forhad Uddin and Alokanda Datta (Program Department, Dnet).

This research was overseen by United Nations ESCAP staff Deanna Morris and Elizabeth Larson, Programme Management Officers, Technology and Innovation Section, Trade, Investment and Innovation Division.

Ms. Katherine S. Miles, Gender Finance Consultant, ESCAP, provided technical guidance, substantive inputs and drafting to this report.

The authors of this report would like to express gratitude to the colleagues of Dnet (Ms. Kazi Lamiyah Daraksha, Ms. Sadia Islam Monisha, Ms. Maisha Farzana, Ms. Elma Hoque Sharna, Ms. Rownak Jahan Kumkum, Mr. Md. Tanjim Hasan, Mr. Md. Ariful Islam, and Mr. Debashish Bhowmick) for the execution of this research and preparation of this report.

Moreover, the authors would like to thank data enumerators (Ms. Saimoon Sultana, Ms. Shikha Das, Ms. Aysha Akter, Ms. Farhana Sheela and Ms. Mahira Khatun Popy), influencers (Ms. Ayesha Ferdous Antara and Ms. Shurovy), brand promoters, social media-based women entrepreneurs, representatives of women entrepreneurs' network, representatives of business service sectors and experts who voluntarily participated and responded to the research questions. Special thanks to the Women and e-Commerce Forum (WE) for their support to find social media-based women entrepreneurs for this research.

This report was edited by Ms. Dana MacLean, and Ms. Su-Arjar Lewchalermvongs provided effective research assistance. Mr. Giovanni Congi provided design and communications support.

EXECUTIVE SUMMARY

Women entrepreneurs in Bangladesh are increasingly turning to social media platforms as a vehicle for their entrepreneurship. Indeed, these platforms represent an avenue that holds significant potential to accelerate women's economic participation in the country. For instance, it is estimated there are more than 300,000 entrepreneurs who operate online stores on Facebook in Bangladesh, half of whom are women.¹ Yet after a certain threshold, these social media-based women entrepreneurs fail to scale and many shut down their business due to a complex range of factors.

To understand this phenomenon, this research aims to explore the situation, challenges, and support requirements of social media-based women entrepreneurs (SMBWE) for their business success and growth. The three main research questions explored were:

- i. What is the profile of social media-based women entrepreneurs in Bangladesh, and emerging business situation among this economic segment?
- ii. What are the barriers and challenges faced by social-media based women entrepreneurs in Bangladesh to start and scale up their businesses?
- iii. What are the knowledge and skills support needs for women entrepreneurs in Bangladesh to establish and expand social media-based businesses?

This study applied a random sampling methodology to survey 150 social media-based women entrepreneurs (SMBWE) during January-February 2021 (the COVID-19 pandemic period). In total, 47 active and inactive SMBWE, women-run offline businesses, and relevant stakeholders were consulted.

The profile of these emerging SMBWE in Bangladesh were found to be young (66 per cent), married (62 per cent), and higher educated (69 per cent) women. The majority noted that the easiest way for them to start their own business was by investing personal savings (median capital BDT 5,000 BDT, or US \$60). Social media-based businesses grow annually, with 2020 witnessing a massive increase (41 per cent) as a result of the pandemic and shift to online commerce for what were previously brick-and-mortar businesses. Most of them belong under the informal micro-business category (81 per cent had no trade license), and only 8 per cent received a loan from institutions. The research estimated that women in this sector generated US \$970 million in revenue in 2020 alone, whereas the estimated total current capital size in of businesses is US \$232 million, with only US \$ 18 million – 7.76 per cent – borrowed from financial institutions. Individually, more than

¹ IDLC, 2019.

half of SMBWE experienced sales growth over time. They increased their business capital by investing from their profits. Even after this increment, the current capital size remained below BDT 40,000 (US \$ 473) for half of them, which is insufficient for further growth in monthly revenue (currently BDT 15,000 or US \$178 per month). In contrast, 40 per cent experienced a decline or no improvement in monthly sales, or capital loss that led to the involuntarily closing of their businesses.

This study highlights that SMBWE are confronted with five main challenges at both the start up and scaling stages of the development of their business: customer relations, supply chain management, technology usage, online abuse, and family support. These challenges lessen over time as the women gain business experience. However, many women entrepreneurs become over-consumed with managing relations with their customers and supply chain actors and handling online abuse, and ultimately decide to shutter the business instead of investing efforts to maintain or expand their ventures.

This study finds the success of SMBWE does not strongly depend on the women entrepreneur's socio-demographics, business profile, or business situation. Instead, five main key factors directly influence the growth and sustainability of SMBWE. These are capital size, quality of the products, actionable business plan, appropriate market drive, and business integrity. Finally, this research unpacks gaps among SMBWE in the 'depth' of relevant knowledge and skills to operate and scale up businesses. The gaps are emphasized mainly in business communication, business compliance, and digital marketing.

The findings on business hurdles, challenges, and gaps in knowledge and skills have led to clear recommendations regarding the support needs for SMBWE to enable successful business establishment and growth.

This research recommends:

- A performance-based business graduation system from informal micro-businesses to formal micro, small, and medium-sized enterprises (MSME) to support the sustainability and gradual growth of SMBWE in Bangladesh. Business capital and need-based skills

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