

Challenges Create Opportunities

JAPANESE WOMEN BUSINESS OWNERS

increase gender equality and bring economic opportunities and beyond.

Enabling Women Business Owners
Using an Ecosystem Approach

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Executive Summary

Closing the gender gap will increase GDP by 15% (Goldman Sachs, Womenomics 5.0)¹

The OECD countries with the worst environment for working women tend to be in Asia, with Japan ranking second-to-last in the glass-ceiling index developed by The Economist, an international magazine. According to The Economist, the average pay gap between men and women in Japan is a high 25%. The female labour-force participation rate was 72.6% in 2019, an increase from 66.7% in 2015. However, most women continue to be in part-time employment and are poorly paid. This is a poor use of resources considering that Japan has millions of university-educated women that either do not work or are engaged in jobs not commensurate with their qualifications.

WEConnect International embarked on an effort to gather necessary and critical disaggregated data collection to inform stakeholders who are leading an effort to accelerate impact on gender equality policies and activities. This report is based on a survey of 191 women business owners in Japan across various locations, industries, company sizes and business maturity. The survey was conducted between August and September 2020 and outreach was conducted through partner networks of women business owners and business associations such as Doyukai.

The potential for Japanese women active in both the corporate world and as entrepreneurs is immense. The share of women business owners has been increasing but at a very slow pace and the share remains low. This applies more for small to medium sized businesses, with a high proportion of women inheriting businesses from their families and entrepreneurs who are the first-time founders.

The sentiment for Japanese female business owners is somewhat better than for salaried workers. Supporting Japanese female entrepreneurs might appear more efficient than expecting the long-awaited changes from Japanese corporations, as women-owned businesses can be strong drivers to improve gender equality.

Women business owners face similar business challenges as their male counterparts. However, balancing work and family responsibilities, facing cases of gender discrimination and a lack of female role models, are additional challenges that are on the agenda for Japanese women.

Cultural and societal norms in Japan appear to be a decisive factor on gender equality at work. In Japan, it remains the case that women are expected to choose between having a family and a career. Moreover, the division of labour at home is often unbalanced. In Japan, women engage significantly more often in housework, food shopping and other unpaid activities than men do. Women who are ambitious often struggle to secure spots at top firms, as men in Japan continue to be favoured for promotions.

As a family member

My husband's family often says that I should know my place as an obedient wife, therefore I have to use a false name in work so that they won't find out that I am working. (Nagoya, Director)

¹ <https://www.goldmansachs.com/insights/pages/womenomics-5.0/multimedia/womenomics-5.0-report.pdf>

Although paternity leave in Japan is generous by international standards, long working hours that are common in corporate Japan make it difficult for male workers to bear a greater share in childcaring. To address this will require a shift in general corporate practices and will need societal acceptance. COVID-19 exacerbated the already existing challenges that female business owners are facing, adding anxiety, mental health and additional childcare burden to a list of known issues.

By understanding the needs and the critical obstacles that Japanese women business owners are facing, this report suggests that only a holistic ecosystem solution to enable Japanese female entrepreneurs will have the desired impact. Activating the efforts of the Japanese government, local corporations, NGOs and financial institutions, will generate higher engagement of Japanese women business owners in the Japanese economy. This will address one of Japan's greatest challenges caused by its poor demographics and activate the country's perhaps most under-utilized resource.

Low participation rate of women in leading business positions a centuries old issue

Despite an increase in global awareness regarding the benefits of higher female participation as business leaders, Japan has made little progress. Although Japan has made some improvement in raising the female labour-force participation rate, female business owners and female leaders remain rare. Japan is behind other advanced economies in terms of gender equality (Exhibit 1). In fact, the country had to postpone its "womenomics" goal up to a decade.

"Womenomics" refers to the concept that women's economic advancement will improve the economy. The former Prime Minister Abe announced it as one of the top priorities of his administration, recognizing that female participation in the economy is relatively low in Japan compared to other developed countries.

The government's original target established in 2003² was to raise the representation of women in leadership positions above 30% for all sectors by 2020, which was also a part of Abe administration's campaign to empower women. However, the target date to achieve the goal was revised to the earliest possible by 2030 according to the outline of fifth basic policy plan for gender equality announced in July 2020.

² Source: Gender Equality Bureau Cabinet Office



Japan
Economic gender gap
ranking

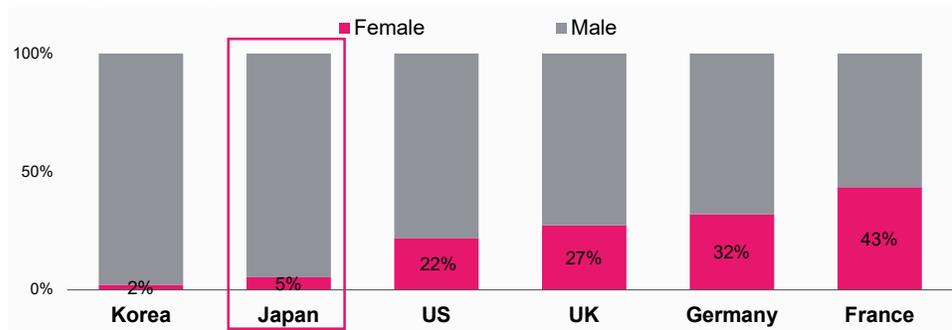
115th
among **153**
countries

Furthermore, Japan was ranked at 115th out of 153 countries in the World Economic Forum’s economic gender gap rankings³ in 2020, down from 101st · ten years ago⁴, highlighting the struggle of Japanese government’s “womenomics”. The share of women in managerial positions was at about 14.9% in 2019, which is lower than in most advanced economies.

This is also highlighted by the low proportion of women on the board of directors of Japanese listed companies (Exhibit 1). In particular, only 41 Japanese listed companies appointed a woman as their CEO, which is less than 1% of all listed companies in Japan⁵.

Exhibit 1: Lower-than-global-peers presence of women in listed companies’ board of directors

Boards of listed companies, % board members



Source: The World Economic Forum for 2020

The share of women business owners has been increasing but at a very slow pace (Exhibit 2). This applies more for small to medium sized businesses, driven mainly by women inheriting a business from their family (51% of female CEOs) and entrepreneurs who are the founders of the companies (35%). Japan’s demographic trend for both male and female also poses challenges for business owners considering the age distribution is skewed towards older age groups (Exhibit 3).

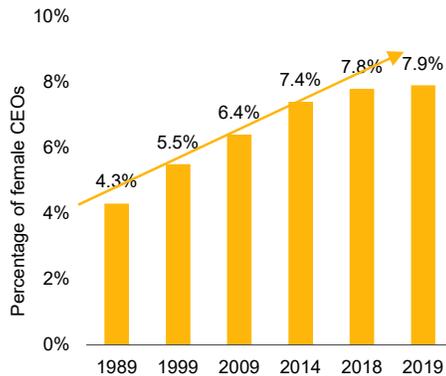
Exhibit 2: Share of Japanese women CEOs is gradually rising

Exhibit 3: Aging demographic trend poses challenges

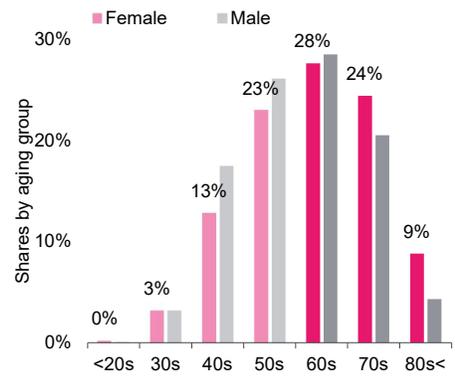
3 Economic gender gap ranking is based on economic participation and opportunity by countries, which is the sub-component to measure global gender gap index. The global gender gap index has been measuring the extent of gender-based gaps among four key dimensions 1) economic participation and opportunity, 2) educational attainment, 3) health and survival, and 4) political empowerment).

4 Source: The Global Gender Gap Report 2010

5 Source from Tokyo Shoko Research, Ltd.



Source: Teikoku Databank



Source: Teikoku Databank



Japan

presence of women in the board of directors of listed companies

15%

Female labor participation rose to more than 70% partly due to “womenomics” efforts and also in response to policies aimed at offsetting the shrinking working age population. However, many women lack job security compared to male workers, with more than half of female workers being in part-time employment, contractors or in temporary jobs – making them particularly vulnerable to economic downturns.

Women-owned businesses contribute to economic growth and beyond

Against the backdrop of challenges posed by an aging population, increasing the number of women-owned businesses will bring economic benefits. For example, Goldman Sachs, a bank, estimates that closing the gender employment gap in Japan will increase GDP by up to 15%.

While local databases such as the Teikoku Databank seem to highlight that women owned businesses are predominantly in social sectors such as childcare, elderly services, beauty, teaching etc., the results of this survey show that many of the women are in production/manufacturing IT, communications, energy, infrastructure and transportation. On the other hand, the percentage of businesses in social welfare was low at 6% (largely healthcare). Research shows that presidents of Japanese corporations who are female are sometimes afraid to stand out in the industrial world due to the perception that gender bias will affect their growth as an organization.

Source: Teikoku Databank⁶

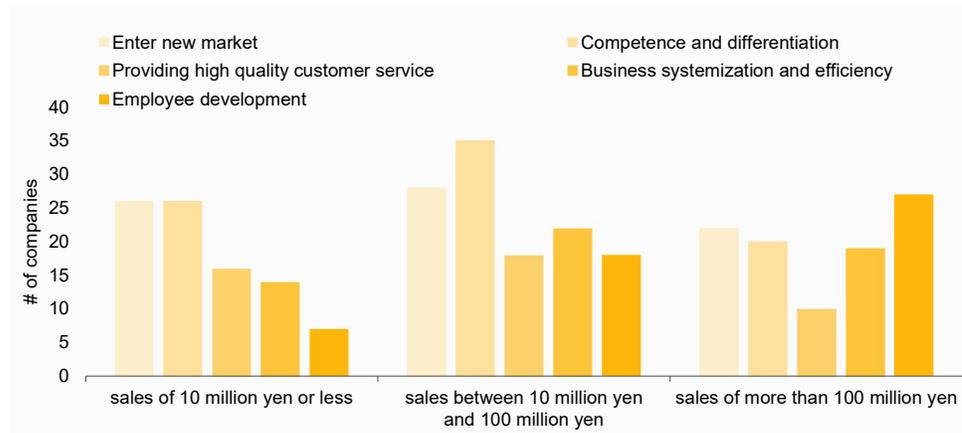
⁶ Teikoku Databank, Ltd., established in 1900, is a one of the largest research company in Japan. The company offers corporate credit researches, market researches, and database services.

Key challenges faced by women-owned businesses.

Business challenges

Women business owners in Japan face a variety of challenges. We group the respondents by their businesses' 2019 annual sales. Those with sales of JPY10 million or less we define as small, medium as JPY10 million to JPY100 million, and large as are more than JPY100 million in annual sales. Analysis on the dynamics of the challenges for businesses of different scale and maturity helps shed light on how to best support women business owners in Japan.

Exhibit 5: Women business owners in Japan face a variety of challenges.



Source: Survey conducted in cooperation with WEConnect International

The top challenges for different business scales as measure by size are different – for small businesses, entry to new markets, and competence and differentiation are the top challenges. For companies in the middle range, these issues are still relevant, but other areas of concern also start to appear, as they start to look at the quality of customer service, business systemization and efficiency, and employee development. Companies at the larger end of the spectrum pay more attention to employee development, while new market entry and competency are still relevant.

There are areas that the chart does not include but are still relevant – For small companies, access to business information is important, despite it not being an issue to respondents from the other two categories. Operational analysis and sales management are quite relevant to large companies, while less so for small and medium-sized ones. Recruitment and securing talent are also a concern for the middle range as they try to expand their business, but it is not the case for the other two.

There are specific challenges women-owned businesses face when selling to large and multinational organizations – Language barriers and the opportunity to set up initial meetings are the top-ranked challenges across different business sizes.

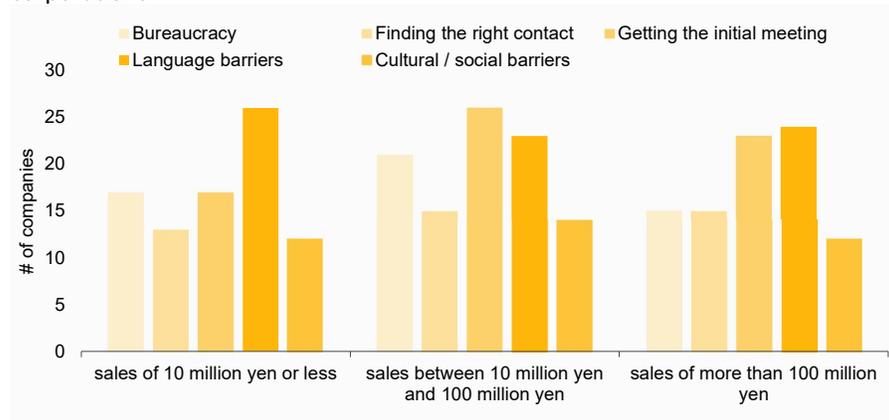
Domestic business challenge...

When the contact person is changed, all the businesses are terminated (Aichi, Founder)

All the respondents who chose language barrier as their top challenge are Japanese speakers, and the majority of them operate either within local prefecture or domestically across Japan. When doing business with multinational organizations, the conversation will most likely be in English. For small businesses with only local or limited international presence, the owners may not have too much exposure to English language in their daily work.

Bureaucracy is relevant for small to medium companies, followed by ways to find the right contact person and cultural/social barriers. Bureaucracy and language barriers could potentially result in cultural/social barriers for the business owners as well. For smaller businesses, getting the initial contact is not as relevant compared to medium and large scales business. This is potentially because there is a large proportion of one-person businesses that fall under this category: lawyers, accountants, etc. that have established clients and do not plan to approach large organizations or enterprises to sell products in order to scale their business. They may have experience that they could share with small businesses to help them grow. On the other hand, small scale businesses might be satisfied with their operation scale and do not believe they can scale in size.

Exhibit 6: Language barriers and the difficulty to set up an initial meeting are the top-ranked challenges for women-owned businesses while selling to large multinational corporations



Source: Survey conducted in cooperation with WEConnect International

Gender-specific challenges

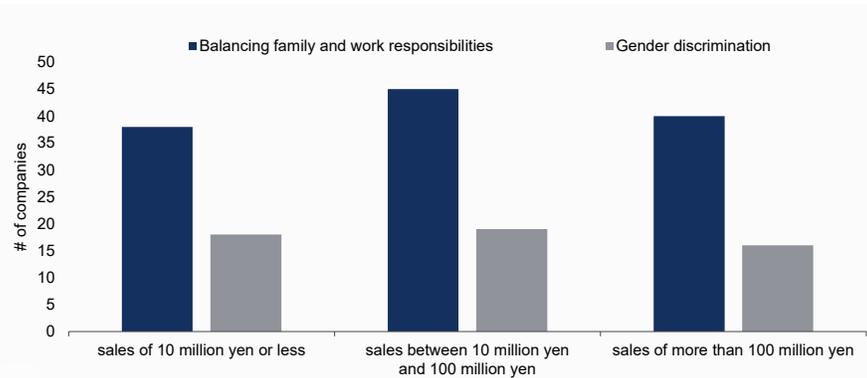
All the previously highlighted choices are valid, in addition to several female-specific challenges. The outcome shows a drastically different picture as additional choices dwarf all the previous challenges – more than half of the respondents chose family/work balance as their top challenge, and this is consistent across all three business sizes. Gender discrimination and harassment is the second highest challenge for all three categories. The respondents claimed they do not have women-specific challenges as the third highest choice.

As a mother
 Child-related issues, such as Infertility treatment, childbirth, childcare, make it hard for women to make plans. (Osaka, Director)

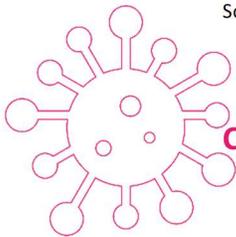
In countries where the gender gap is exceptionally severe, women are not always aware of being discriminated against because they see it as the norm. In many cases, they also view it as a way of life for women to endure and accept it and live with it. The problem remains unresolved.

A lot of respondents chose Others and shared their experience. One respondent mentioned that she could not use her real name in work because her in-laws do not think it appropriate for a wife to start up a business. This is probably an epitome of traditional patriarchal values often prevalent among the older generations.

Exhibit 7: Work-life balance remains the top female-specific challenge.



Source: Survey conducted in cooperation with WEConnect International



COVID-19 specific challenges

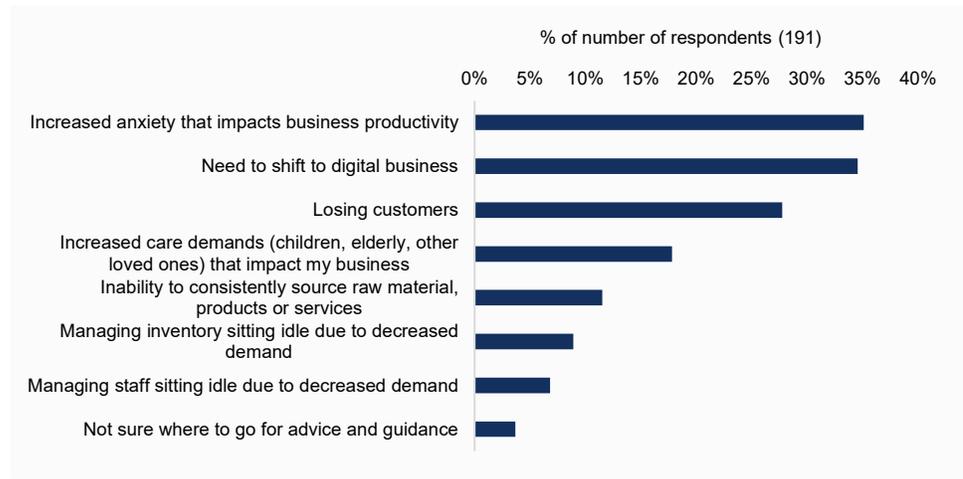
S

ince the COVID-19 pandemic hit the economy in 2020, WEConnect International has conducted quarterly surveys with respondents from six continents worldwide to understand the unprecedented impact of COVID-19 on women business owners and their companies. The COVID-19 related findings from the Japan survey are broadly consistent with the global results.

The COVID-19 outbreak in 2020 led the Japanese government to impose restrictions on physical activities and border controls, which have certainly created multiple challenges to women-owned businesses in Japan. Thirty-five percent of the respondents experienced increased anxiety that impacts business productivity, and 28% of the businesses lost customers due to the pandemic. Many of the surveyed businesses are in the services industry where customer acquisition and engagement are normally carried out in person. The physical activities had to be cancelled and it became more difficult to reach out to new customers. Thirty-five percent of the surveyed business owners also realized the need to shift to digital business model.

Moreover, those selling products struggle with disruptions in supply chain and logistics, including an inability to consistently source raw materials, products and services, and having to manage idle inventories due to decreased demand.

Exhibit 8: Coronavirus outbreak has made the operating environment for women business owners more challenging.



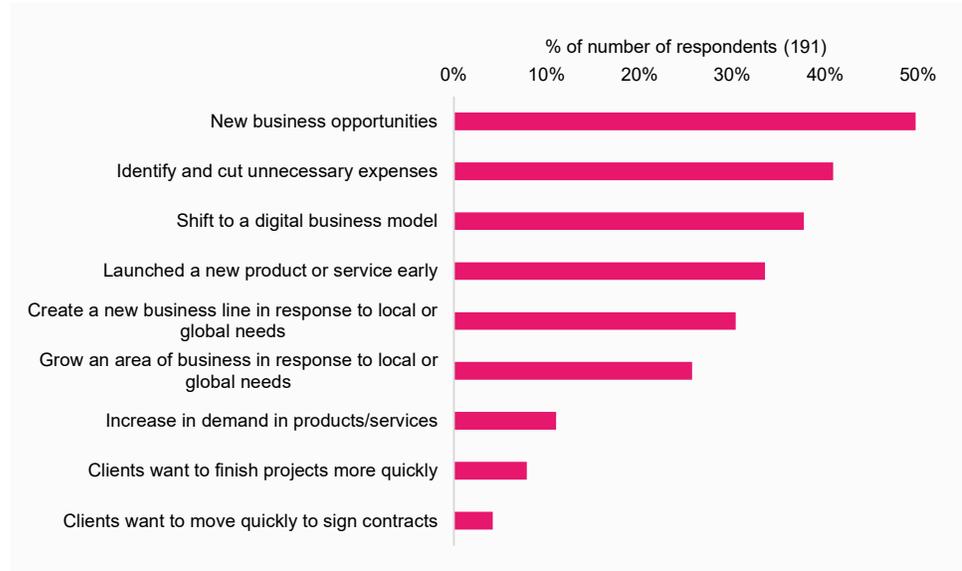
Source: Survey conducted in cooperation with WEConnect International

Managing the balance between family responsibilities and business has also become more challenging during the pandemic. Eighteen percent of the respondents cited that increased demands to care for children, elderly or other loved ones impacts their businesses. It can be inferred that closing of schools and public care facilities leaves more family responsibilities to women in the family, even though male workers are also spending more time at home due to remote work arrangements. This is especially prevalent among the small business owners, where most of the businesses are run by the owner herself and there is no employee to delegate the work to. Twenty-four percent of the surveyed businesses with annual sales less than JPY100 million cited this as one of the top challenges during the pandemic, while the percentage was only 8% for the remaining respondents running businesses of larger scale.

Nevertheless, there is also a bright side of the coronavirus outbreak for these women-owned businesses. Half of the respondents responded that the pandemic has both positive and negative effects on their businesses, and although small in percentage, another 3% experienced a positive impact only. The sudden change to a new normal is driving the women business owners to transform their business models to be more flexible and resilient.

50% of the surveyed business owners found new business opportunities, and many were able to create new business lines in response to changing local and global needs. Thirty-four percent of them launched new products or services early despite the various challenges. Facing a declining sales situation, 41% of the respondents took the opportunity to identify and cut unnecessary business expenses, although many also highlighted the additional costs incurred to prepare disinfectants and personal protective equipment.

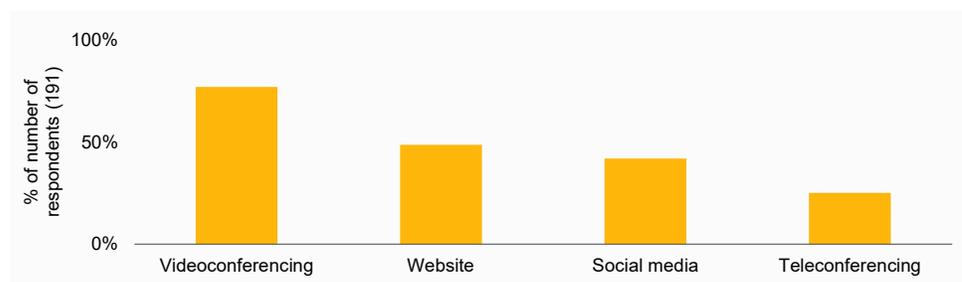
Exhibit 9: New business opportunities emerged during the pandemic.



Source: Survey conducted in cooperation with WEConnect International

Finally, the pandemic accelerated digitalization of the businesses to accommodate government mandated social distancing and lockdown measures, which 38% of the respondents identified as one of the opportunities. Many of them started to adopt videoconferencing, teleconferencing tools and other team collaboration applications to maintain business as usual with their employees and customers. Digital marketing channels are also popular tools used by the businesses to counter the impact of the pandemic. Websites are used by 49% of the surveyed businesses, followed by social media which is used by 42% of the respondents. Continued support for digitization is an opportunity for corporations to contribute to enabling women-owned businesses to compete for larger spend.

Exhibit 10: Main technology tools used by the businesses during COVID-19.



Source: Survey conducted in cooperation with WEConnect International

The coronavirus outbreak proved to be a double-edged sword for the women-owned businesses. Although faced with disruptions in the businesses, uncertainty and anxiety about outlook and increased conflicts between family and business responsibilities, many



“COVID 19’S subsidies were all based on the previous year’s level, so it was a system that could not be used by those who had just started a business.”

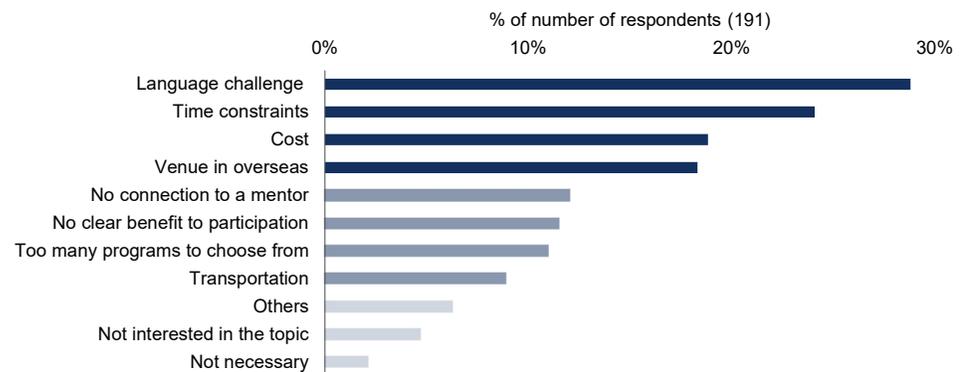
of them strived to rebound and seize the opportunities emerging from the crisis. The survival of their businesses plays a part in the economy recovery and reducing unemployment.

However, it is worth noting that some of the respondents highlight the lack of guidance and support in this trying time. More targeted support should be provided to this group given their vulnerability and unique challenges.

Mentoring

Research ⁷ has shown that Japanese women entrepreneurs often lack knowledge and skills about business management, because they tend to leave their jobs before getting to the management level to start businesses. We can expect the appetite for professional training is high among the women business owners. In the survey, more than 80% of the respondents are interested or very interested in participating in a mentoring or training program. The top areas that they expect the training programs could cover are sales and marketing and access to new markets and strategy, which correspond with the general business challenges that they face.

Exhibit 11: Accessibility, affordability and availability of valuable information are the keys to encourage women business owners to join training/mentoring program.



Source: Survey conducted in cooperation with WEConnect International

However, accessibility to the programs can be difficult and discourage the women business owners from participating. Time constraints and high costs are also barriers stopping them from joining a program. Twenty-nine percent of the respondents highlighted that the trainings are only available in English and 18% noted the venues are overseas. This indicates that there are limited training programs available in Japan and conducted in Japanese.

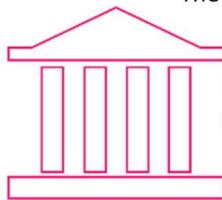
⁷ Welsh et al. (2014) *Japanese Women Entrepreneurs: Implications for Family Firms*

In addition to the accessibility issues, many respondents raise that there is “no connection to a mentor”, “no clear benefit to participation” or “too many programs to choose from”. It can be inferred that information on training programs, especially for women business owners, is not clear to them or the content of the trainings are not well-designed to fit their needs.

Removing the barriers and improving quality of the trainings are crucial for encouraging women business owners to come together and learn essential skills and knowledge. In fact, the wide adoption of virtual events during the pandemic creates an opportunity for training programs to be made more accessible and at a lower cost.

Enabling Women-owned Businesses Using an Ecosystem Approach

Government



The Japanese government can put greater efforts into providing support to alleviate women business owners’ challenges in balancing their roles in the business and their family responsibilities which are normally quite heavy in Japan. These could include (a) education, campaigns and policies to promote the sharing of housework and nurturing of children between females and males; (b) sufficient, good quality and affordable childcare facilities; (c) availability of female business owners’ related data.

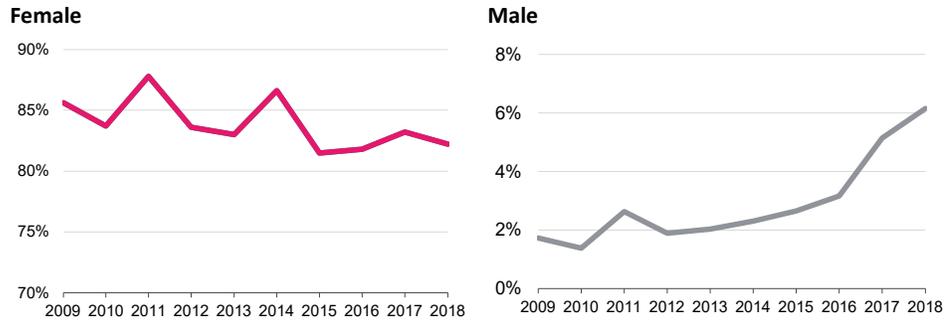
To drive a culture for men to share more family responsibilities.

Japan’s Child Care and Family Care Leave Law allows workers parental leave and provides parents with childcare leave benefits in the first year of a new-born. However, the utilization of these benefits skews towards female. Despite increasing over time, just 6.2% of eligible male took paternity leave in fiscal year 2018, compared to 80% of eligible women. (refer to Exhibit 12) Even for males who took parental leave, the length of such leave is much shorter than those taken by females. In 2018, about 70% of males took parental leave of less than two weeks, with most of them taking off less than five days. By contrast, about 60% of females took parental leave of around one year. (refer to Exhibit 13)

Family responsibilities remain mostly on female shoulders, hindering them from devoting themselves to their own businesses, if they already had one; or from starting one if they do not have one yet. Equally important to the frequency and length of males taking parental leave is whether and to what extent males taking such leave have assumed family responsibilities. This may be the result of culture and mentality, to which the government can organize education and campaigns to drive change.

Exhibit 12: Despite increasing trend, males took far less parental leave than female.

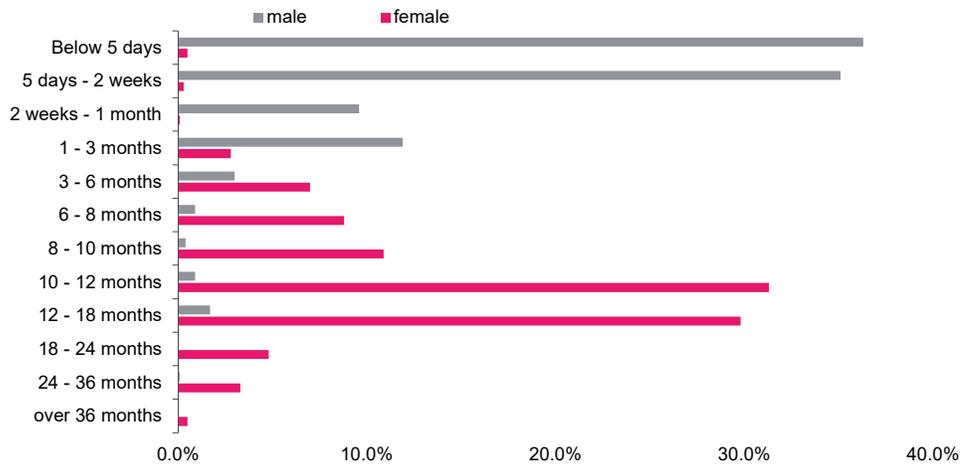
% of eligible female and male taking parental leave



Source: Ministry of Health, Labour and Welfare

Exhibit 13: Males tend to take much shorter parental leave than female.

Length of parental leave in 2018



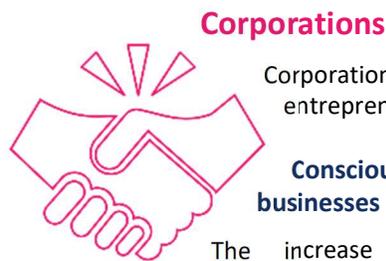
Source: Ministry of Health, Labour and Welfare

To increase the supply of childcare services

Despite the government’s pledge to increase the supply of childcare services, over 40,000 children below 3 years old were on waiting lists for publicly subsidized day care in Japan as of October 2019, according to the Ministry of Health, Labour and Welfare. With COVID-19, the situation has worsened. Only c.30% of 72 major municipalities in Japan have countermeasures in place to cater to a scenario where authorized day care centers are shut down due to COVID disruption, according to a survey by Mainichi Shimbun. The government’s greater efforts to increase the supply of childcare services would relieve females of their childcare responsibilities in general and provide female business owners more room for their career.

To enhance data availability facilitating a better and deeper understanding

Stakeholders and society can benefit from greater clarity of the reality around women business owners if the government enhances the availability of data regarding female entrepreneurs. This can be achieved by segregating data by gender during the collection process, as well as more granular disclosure of such data. The government can also allocate more funding to support research about women entrepreneurs.⁸ With greater clarity supported by publicly available data, relevant stakeholders would be more aware of the challenges female business owners face and opportunities they can bring, and it can provide evidence to justify new policies to create a support system.



Corporations can contribute to enable women business owners in their entrepreneurship in many fronts.

Consciously opening supply chain network to female-owned businesses

The increase in awareness of women-owned businesses and services/products they provide among Japanese corporations, especially larger corporations, could provide these women business owners with vast opportunities and ease the process of engaging with large corporations individually. Currently, some multinational corporations (e.g., P&G) have joined the WEConnect International network committing to include women-owned businesses in their supply chain considerations. If more Japanese corporations, especially large ones, join this, or similar platforms, women-owned businesses will be included in the supply chain network for potential business opportunities. This will also increase the diversity of supply chain sources of corporations that join such platforms. A diversified supply chain becomes increasingly important for corporations as a concentrated supply chain network has been tested and demonstrated by the unprecedented COVID-driven disruptions as being fragile and insufficient to sustain operations under those conditions.

Targeted mentoring by female executives

Women business owners require mentoring in many areas, ideally from successful women leaders or entrepreneurs. Large corporations can nominate female executives to provide mentoring services to women business owners. Corporations could organize mentoring services or join platforms that NGOs such as WEConnect International have already established to offer mentoring services to female business owners.

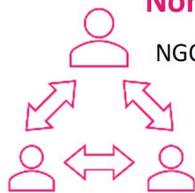
More diversified and inclusive corporate working environment

Working experience and managerial skills obtained from employment with corporations will build confidence for females to start their own business and support the success of businesses they establish. Japanese corporations could adopt more inclusive culture and practices within their organizations to enable female employees moving up the career

⁸ Welsh et al. (2014) *Japanese Women Entrepreneurs: Implications for Family Firms*

ladder, as well as to enable more female business owners to engage with their organizations. For instance, Japanese business tradition and etiquette - such as long working hours, drinking parties, locally known as *nomikai* in the evening, male dominating atmosphere at meetings - may hamper female's opportunities to participate in the same way as their male counterparts. In addition, the usual practice of job rotation, which typically involves relocation from one place to another, makes it difficult for Japanese women to compete in a level playing field with their male counterparts. This is because Japanese families are usually male-centric that is a family is more likely to relocate to a new place to accommodate the career needs of the husband than that of the wife. Refusing job rotation could lead to barriers to future career advancement. COVID-19 may have triggered changes to some of these Japanese business etiquettes, e.g., reduced evening activities. Japanese corporations could take this opportunity to embrace more inclusive business culture.

Non-Governmental Organizations and Business Associations



NGOs' (e.g., WEConnect International) and women's business associations' objectives are primarily to build knowledge and awareness around challenges that women-owned businesses are facing and to bring buyers and suppliers together to facilitate business transactions. They should act as advocates for changes in policies which pose barriers to the growth of women-owned businesses. Women business associations should also establish campaigns to promote women's financial inclusion in Japanese society, promoting targets for women's participation in politics, being corporate board members and in the C-Suite of Japanese corporations.

Financial support as an intermediary

In cooperation with financial institutions and other non-bank financial intermediaries NGOs can work as incubators and accelerators for young companies, matching competitive business ideas with financial investments or bank funding. NGOs can also work closely with financial institutions to inform women-owned businesses about any specific funding options directed specifically towards the needs of women-owned businesses.

Another idea is to host business growth competitions targeted at women-owned businesses in cooperation with financial institutions and the Japanese government, offering low-interest loans and grants to the winners.

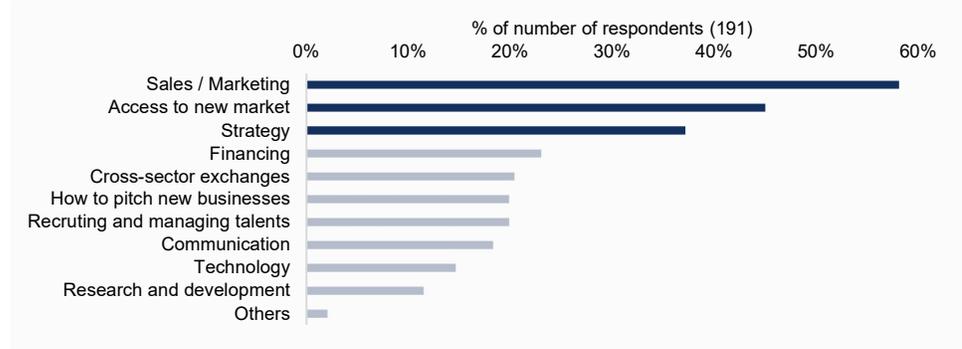
Networking and mentoring, mutual financial and mental support

NGOs can facilitate networking opportunities and connect female business owners with others at varying levels of capacity in business. This can also encourage successful women business owners with higher risk tolerance to invest in startups and growing companies with female ownership.

Another major function of NGOs is to create training and mentoring opportunities for its members. NGOs can collaborate with financial institutions, universities and corporations to establish customized and practical trainings. As research shows, Japanese female

entrepreneurs are mainly risk-averse in financial matters, which demonstrates that there is a need for more information about adequate risk taking and financial literacy.

Exhibit 14: Women-owned businesses’ training needs.



Source: Survey conducted in cooperation with WEConnect International

NGOs can act as intermediaries while establishing mentoring relationships between female business owners and banks, large corporations and successful female business owners. Exchanging experiences and lessons learned is an important support factor in case the female business owner is going through difficult times. Sheryl Sandberg’s “Lean In” movement is one example of helping raise awareness of the need for women to support each other.

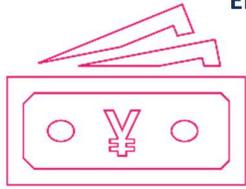
There are several successful and impactful global organizations that empower women, however most of them are US-centric. Due to language barriers and unique Japanese market specifics, Japanese women-owned businesses will benefit from local NGOs focusing on their needs while also utilizing the resources and expertise of those NGOs with global focus. Facilitating connections with buyers and helping to build confidence and capability for growth can provide a real impact for women-owned businesses in Japan.

Access to markets

Working in the business environment in Japan requires exceptional skills due to the high competitiveness that is contributing to high diversified and knowledge-based growth. Women business owners face an increasingly favorable yet challenging environment. What may still be in short supply for many of these high potential business owners is relevant skills and confidence to knock on the door of a large buyer to pitch for new business by offering a competitive solution. Through providing comprehensive training offerings to women-owned businesses, NGOs can strengthen the capacity, expertise, and networks of women-owned businesses poised for growth to develop effective business strategies to better engage and win contracts from corporations and other potential large buyers. Certification is a designation that helps identify businesses that may be more ready to work towards opportunities with larger buyers. NGOs such as WEConnect International can provide that certification to help qualify suppliers.

Financial institutions

Ensuring access to financial resources and knowledge



There is no concrete evidence indicating that access to financial resources is a major challenge for Japanese women business owners. This could be partly because of the presence of many small-sized businesses that do not require significant capital and partly because of the more conservative nature of female business owners, being risk-averse towards debt-funded expansion. The survey results suggest that this point requires more research. This could also be because of the lack of sufficient data to reveal the financing situation of women entrepreneurs.

Considering the above, easy access to financial capital will always provide female business owners with an option to fund necessary investment and expansion of their businesses, if required. For instance, the more flexible funding options available for SMEs within or outside of Japan could be potential funding options for Japanese women-owned businesses. Such funding options could be made available, if they have not been available, or more visible to, if they are available but are not well-aware of, Japanese female entrepreneurs by collaborations between financial institutions and NGOs.

Collaboration with NGOs

Financial institutions can collaborate with NGOs servicing women entrepreneurs to improve their access to financial resources. This includes female-specific products and services including programs to enhance female business owners' knowledge about financial options, associated risk and mitigants, and financial management.

Access to independent funding

Some female business owners may seek financial support from their family, which may turn into pressure or undesired intervention into their businesses, losing independency.

This is particularly common when applying for loans that require collateral. Female entrepreneurs will have to rely on their family's assets to serve as collateral, as it will give them more credibility to obtain financing.

Products like "collateral-free loans" offered by Japan Finance Corporation (JFC) and "collateral-free guarantees" by Credit Guarantee Corporations can help women business owners to access financing more easily. Such products should be supported with more funding, and criteria should be eased based on relevant risk levels of women-owned businesses to cater the specific needs of women business owners. However, JFC loans require the businesses to create jobs, which blocks the access to financing by early-stage businesses when the owner just started the business on her own, while initial seed funding is crucial and most difficult to obtain.

The government or financial institutions can also support establishing cooperatives among women business owners, so they could seek help from their female peers.

Financial products catered to women-owned businesses.

Banks should investigate possible innovation around credit products with focus on female business owners in different stages of maturity. In case of startups, banks can create a scoring system for entrepreneurs that does not only rely on traditional credit history but also considers such factors as personality, intelligence, character and education.

Financial institutions can act as agents for government grants and loan programs developed for women-owned businesses. They can also be supportive in creating new funding platforms, like crowdfunding, for female-owned ventures. Banks also play an important role in financial education and investing in financial literacy efforts.

March 29, 2021

Survey

Country: **Japan**

Number of respondents: **191**

Background: **Japanese female entrepreneurs**

Date of survey: **August to September 2020**

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