

STRATEGIES TO INCREASE ACCESS TO MARKETS FOR WOMEN ENTREPRENEURS IN INDIA

KEY FACTS

Over 3 million women-owned enterprises make up 10% of all micro, small and medium enterprises (MSMEs) in India.ⁱ

Over 8 million people employed by women-owned SMEs contribute over 3% of industrial output.ⁱⁱ

26% of WEConnect International Member Buyers are committed to sourcing from women-owned SMEs in India.ⁱⁱⁱ

\$20 Billion unmet financing demand for women entrepreneurs.^{iv}

International Finance Corporation (IFC) and WEConnect International have partnered to boost market access for women entrepreneurs by i) raising awareness on the business case for gender-inclusive sourcing, and ii) encouraging firms to adopt best practices to increase sourcing from women-owned SMEs.

A roundtable was held in December 2019 in Mumbai, India, convening corporate buyers and financial institutions seeking to start or expand their gender-inclusive sourcing efforts and address the access to finance challenges faced by women-owned SMEs. This brief highlights learnings from the roundtable.

GENDER-INCLUSIVE SOURCING: A WINNING PROPOSITION

Achieving gender equality in India would **increase the country's GDP by \$700 billion USD by 2025^v**. Gender-inclusive sourcing is a proactive supplier diversity strategy that addresses gender gaps in corporate value chains to increase access to markets for women-owned SMEs. It also **impacts business performance** in the following ways:

- **Increases access** to a wider variety of high-quality suppliers that contribute to higher input quality and more competitive prices over time.^{vi}
- **Increases opportunity** to hear new ideas, apply different approaches, and gain access to additional solutions that respond to customers' needs.^{vii}
- **Enhances a company's reputation** among internal and external stakeholders, including employees, business clients, shareholders and the community.^{viii}

KEY CHALLENGES FACED BY SUPPLIERS AND BUYERS

WOMEN-OWNED SUPPLIERS

CORPORATE BUYERS



Limited information on...

what and how corporate buyers purchase

eligible women-owned suppliers (limited access to database of women-owned SMEs that meet procurement requirements)



Limited understanding of...

corporate procurement requirements

how to make supplier onboarding processes more friendly toward women-owned SMEs



Limited access to...

financing to bid on larger procurement contracts

best practices to make financial requirements (i.e. insurance, collateral) more accessible to women-owned SMEs

PROMISING ACTIONS

ACCESS TO MARKETS



Actions for corporate buyers to engage women-owned SMEs as suppliers:

- Establish gender-inclusive sourcing champions across the corporation.
- Make procurement processes and requirements more transparent.
- Partner with industry groups (e.g. WEConnect International, All India Association of Industries) to find women-owned SMEs that meet requirements and advance targets.
- Conduct and participate in targeted outreach to women-owned SMEs (e.g. [meet the buyer events](#)).
- Review government regulations for strategic advantages (e.g. [Mandated childcare for Indian companies](#) is an opportunity to procure from women-owned childcare providers).
- Share supplier data and encourage other corporate buyers to purchase from vetted women-owned suppliers.

ACCESS TO FINANCE



Actions for corporate buyers and financial institutions to bridge the financial gap for women-owned SMEs:

- Expand sex-disaggregated data and increase data sources:
 - Banks could gather alternate data from corporate buyers to inform and improve women-owned SME risk assessments.
 - Banks could use alternate payment data from phone bills, utility bills, and other sources to assess the creditworthiness of prospective women-owned suppliers and design appropriate financing programs.
- Increase collaboration between corporate buyers and financial institutions:
 - Banks can identify vendors, design a supply chain finance program using data from corporate buyers and support the supplier onboarding process.
 - Collaborate on data sharing as feasible. With the right level of data granularity (e.g. cash flows of women-owned suppliers), more refined credit models can be created that support increased financing for women.

PRACTICES IN ACTION: MEASUREMENT AT A LEADING HOSPITALITY COMPANY

A multinational hospitality company with 7,000 properties in 130 countries currently spends 3.7 million USD with 300 women-owned suppliers in India. Even if this only represents 2% of the total procurement spend, it is above the global benchmark of 1%.^{xi} The company is following global best practices to further increase the representation of women-owned SMEs in their value chain in India, such as:

- 1 Requesting all hotels in India to **identify women-owned SMEs already in their value chain** by using certifications as a flag in the supplier system and partnering with [WEConnect International](#) to conduct the certifications.
- 2 Rolling out a **key performance indicator** (e.g. spend on women-owned SMEs) to incentivize procurement and purchasing managers to increase spend with women-owned SMEs.
- 3 **Appointing champions**, department heads in each division, to talk about supplier diversity, what's working and what's not.
- 4 Conducting **market outreach activities** to identify additional women-owned suppliers through WEConnect International and women's business associations, such as the Federation of Indian Women Entrepreneurs and the Confederation of Women Entrepreneurs.
- 5 Hosting and facilitating **annual procurement match-making** between hotel buyers and prospective suppliers.

SOURCES:

ⁱ [IFC, 2014](#)

ⁱⁱ [IFC, 2014](#)

ⁱⁱⁱ WEConnect International research, 2019

^{iv} [SME Finance Forum, 2018 and IFC analytics](#)

^v [McKinsey, 2018](#)

^{vi} [IFC, 2015](#)

^{vii} [UN Women, 2017](#)

^{viii} [UN Women, 2017](#)

^{ix} [WEConnect International, 2017](#)