

## Event Report

### The Path to Digitalization for WSMEs: Policy Breakthroughs from Vietnam, Singapore, and South Korea

#### Date and Times

- 15:00 – 16:30 (VNT)
  - 16:00 – 16:30 (SGT)
  - 17:00 – 17:30 (JST/KST)
- 

#### Digital Transformation Policies: One-Size Does Not Fit All

On 14 December 2021, Woomentum and Konrad-Adenauer-Stiftung (KAS) Japan celebrated the publication of volume two of the *Path to Success: How Women-Owned Businesses Transform in the Era of Digitalization* study with case studies from Vietnam, South Korea, and Singapore. The publication was launched during a webinar moderated by **Ms Rabea Brauer** of KAS Japan, joined by panellists **Mr Kwang Kim** of The Asia Foundation, **Ms Nguyen Thi Le Quyen** from the Vietnam Ministry of Planning & Investment, and **Dr Reuben Ng** of The Lee Kuan Yew School of Public Policy (NUS).

During the webinar, the panellists referenced findings from the report to share learnings from their experience with planning and implementing digital transformation policies in Asia. The event kicked off by addressing the question to all three panellists: what is the role of policymakers in creating a conducive environment for Women-owned small and medium-sized enterprises (WSMEs) to digitalize and what are the foundational needs for digital transformation?

**Ms Quyen** shared that to this day, although digitalisation is very popular and is recognised for driving growth, small and medium-sized enterprises (SMEs) still lack resources, especially financial resources. Since early 2021, the Vietnam government has started a digital transformation programme targeting at least 100,000 enterprises. The programme will raise awareness and capacity for digitalization, as well as provide financial and technical support. **Dr Reuben** noted that COVID-19 has demonstrated that digitalization is a ‘must-have’ and thus, we must all ride this wave as a catalyst. He added, “Sometimes when we think of some of these solutions, we are quite siloed...So instead of just thinking about digitalisation, maybe also put in the message of sustainability. So it’s not just digitisation, but also digitisation and having a sustainable business”.

#### Nationwide Digitalisation Roadmap

"Policy is a blunt tool but implementation cannot be blunt. It has to be as precise as possible", **Dr Reuben** opened the panel discussion. In Singapore's story of digital transformation, one of the key learnings was that there was a lot of diversity amongst SMEs. To avoid a one-size-fits-all approach, **Dr Reuben** recommends screening tools to identify the maturity point in the digitalisation stage of SMEs. The screening will help all parties figure out where SMEs stand and the appropriate recommendations may then be given for more precise implementation. The next frontier Singapore is tackling is banking. Traditional banks are now rethinking how they can differentiate themselves from digital banking. Banks may collaborate with SME associations and co-create solutions that have a targeted approach for SMEs.

**Dr Reuben** further stressed that digitalisation policies must consider additional nuances; technical needs are only the tip of the iceberg. There may be more deep-rooted barriers to digital transformation under the iceberg, such as cultural reasons. **Ms Quyen** continued this point by stressing that many underlying factors are often present. Many SMEs in Vietnam still do not have standardised procedures and thus there must be an increase in awareness and knowledge. In their new digital transformation programme, the government will be providing training activities and solution matching for different SMEs based on their needs through a digital package. They would review service providers so the SMEs could then make choices for themselves.

According to the study, crowdfunding is gaining momentum amongst WSMEs in South Korea. **Mr Kwang** expressed that while the environment for digital financing space in South Korea is very exciting nothing concrete has stuck so far except P2P (peer-to-peer) financing. In 2019, the Korean government enacted the world's first law on P2P financing, providing more clear rules and standardisation of procedures. According to **Mr Kwang**, "This played an important role in improving access to finance for women entrepreneurs in South Korea in a way that is democratising how fundraising is done as well as shared with women entrepreneurs." These innovative digital financing solutions can be leveraged to override issues of discrimination or structural problems that work against women or other more disadvantaged groups. However, even in a country where crowdfunding is so popular, there is still a lack of awareness. In a research conducted by The Asia Foundation, they found only 2 out of 7 SMEs claimed to have considered crowdfunding as a source of funding.

### Improving the Digital Literacy of Workforces

**Mr Kwang** noted that, while this applies to the whole world, the SME environment in South Korea is comparatively tough. It has one of the highest wage differentials between small and big companies in the Organisation for Economic Co-operation and Development (OECD) which signals that smaller businesses have a hard time attracting young talent. The Digital New Deal by the South Korean government tries to address these issues and was put in place to promote digital innovation and

increase investments in human resources for SMEs in South Korea. It will facilitate job matching between SMEs and young talent, provide digital training to new talents, and restructure job training systems to adapt to the digital era. They are targeting up to 180,000 individuals with a focus on older employees and SMEs.

**Ms Quyen** also expressed that training is a key pillar of the Vietnamese government's digital transformation programme. The government partnered with many organizations, including universities, international experts, and technology companies to design a training programme for managers and IT departments. The training is two-tiered: first a mass training at the basic level, then a more long term in-depth programme in line with the company's business processes.

Since the economy changes and new skills are needed, Singapore has been increasingly experimental in its approach. For example, the Skills Future programme by the government financially supported individual Singaporean citizens and permanent residents to upskill professionally. Nowadays, it is moving its approach more to the company level. **Dr Reuben** pointed out that one of the key issues is the gap between training and application. He encourages pairing training with 'data innovation labs' where participants come up with ideas on how the skills they learned can be implemented into a project. The training ends with a project proposal in which some trainees will be selected as trainers for the programme. This prevents these training programmes from being one-off and also increases the return on investment (ROI) of the training.

### Increased Collaboration between Ecosystem Stakeholders

Every year, Vietnam organises a Vietnam development partnership forum for all the organisations to get together and meet for potential collaborations. The government initiates discussions with international organisations on how to reach Vietnam's digital transformation goals. The organisations give not only financial support but also knowledge and experience and continue to play a very important role in Vietnam.

**Dr Reuben** describes a three-pronged approach to partnering with business networks, associations, and informal communities to raise awareness of new and existing support programmes that target WSMEs. He expressed that Singapore can do a lot better in terms of certain areas of implementation and communication. While the policies are good and well, the utilisation and awareness are still not that high. The first approach is to take a sectoral approach to successfully reach out to people with different interests and specialities to reach women through different channels. "How do we reach different people of different age groups? ... In addition, some of the women entrepreneurs are active in their own cultural groups. For example, the Chinese Women's Association, etc. We can't just look at chambers of commerce", he said.

**Mr Kwang** also stressed the importance of knowledge sharing between stakeholders. "A good start is to have a better understanding of regulations that affect the WSMEs and share that knowledge." He used Woomentum's new report as an example of a productive move in that direction. However, there is much more to be done. While South Korea can share a lot that can be useful to others, such as the new P2P act, most of what worked for them probably might not be appropriate for other countries. Infrastructure for digital financing, for example, is one area where South Korea can share valuable knowledge since it is a field where they are very advanced.

With so much knowledge to share by our panellists, the webinar had to close with only ten minutes left for the Q&A session. Attendees asked productive questions that added to the discussion. All in all, the learnings from Vietnam, South Korea, and Singapore indicated an exciting new future to come for the digitalisation of WSMEs across Asia. For more details on these topics, you may find the link to the full recording of the webinar and our new publication below.

Link to the recording of the webinar:

[https://www.youtube.com/watch?v=mJrz7vI\\_RS0](https://www.youtube.com/watch?v=mJrz7vI_RS0)

Link to the publication:

<https://www.kas.de/en/web/japan/single-title/-/content/the-path-to-success-how-women-owned-businesses-transform-in-the-era-of-digitalization-3>

The original text can be found on Woomentum's blog:

<https://blog.woomentum.com/digital-transformation-policies-one-size-does-not-fit-all/>