



## THE SYSTEM OF FACTORS INFLUENCING THE DEVELOPMENT OF WOMEN'S ENTREPRENEURSHIP: A THEORETICAL FRAMEWORK

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**Abstract:** This paper systematizes, from a theoretical standpoint, the multiple factors that jointly determine the development of women's entrepreneurship. The topic is highly relevant today because policy discussions frequently address individual constraints — access to finance, business skills, care burdens — in isolation, whereas international evidence (UNDP, 2025; World Bank; Women's World Banking) indicates that these factors form an interdependent system whose weakest link limits the effect of interventions targeting the others. Building a coherent theoretical framework of these mechanisms is therefore a necessary precondition for designing effective, non-fragmented policy for women's economic empowerment and household poverty reduction.

**Keywords:** women's entrepreneurship; institutional environment; financial inclusion; human capital; social infrastructure; digital access; unpaid care economy.

### **Introduction:**

The development of women's entrepreneurship is not the outcome of a single determinant but of a multi-factor process shaped simultaneously by economic, institutional, social, and human-capital mechanisms. Although women's entrepreneurship in Uzbekistan has grown considerably in recent years, its further



sustainable development requires a systematic, mechanism-by-mechanism analysis of the constraints that remain. According to the 2025 UNDP assessment, the growth already observed is explained largely by state reforms and support programmes, yet the need for financial access, sector-specific training, and social-care services persists. Much of the existing literature, however, treats these constraints separately — as a financing problem, a skills problem, or a care-burden problem — rather than as parts of one interdependent system. This paper aims to construct a theoretical framework that integrates these mechanisms and clarifies their relative weight and interaction.

### **Main Part:**

Six interdependent mechanisms can be distinguished in the theoretical literature on the determinants of women's entrepreneurship. The first is financial access — the availability of credit, grants, working capital, collateral, and investment resources. The World Bank identifies limited financial access as the single most binding constraint on women's businesses, driven by informality, risk aversion, insufficient collateral assets, social norms, and outright discrimination in lending. The second mechanism is knowledge and skills — financial literacy, accounting, marketing, planning, budgeting, and leadership competencies. World Bank analysis shows that capital support combined with training and technical skills produces substantially stronger outcomes than credit alone, supporting a “credit plus training plus mentoring” model over a “credit only” approach.

The third mechanism is the institutional-legal environment: the simplicity and transparency of business registration, taxation, licensing, legal protection, and contract enforcement directly shape the probability that women's businesses formalize and grow within the formal sector; Women's World Banking documents that simplifying formalization pathways expands access to financial services, since unregistered or under-documented businesses are frequently excluded from credit



and digital financial products. The fourth mechanism concerns social infrastructure and the unpaid care burden: childcare, household, and other unpaid caregiving responsibilities reduce the time, energy, and expansion capacity women can devote to business activity — identified by UNDP's Uzbekistan assessment as one of the principal constraints, with childcare facilities, care services, parental leave, and family-friendly infrastructure recommended as remedies.

The fifth mechanism is digital and network opportunity: bank accounts, online payments, e-commerce, and social-media-based marketing accelerate women's market entry, though women often require additional support to adopt digital financial services, making digital financial capability a distinct policy priority, particularly for rural women for whom digital channels compress market distance. The sixth mechanism, networking and mentorship, captures the business contacts, advisory relationships, and market linkages that strengthen growth and resilience but remain comparatively underdeveloped among women entrepreneurs.

An analytical weighting of these six mechanisms (on a 0-100 relative-importance scale, based on the synthesis above) is presented in Table 1. Financial access emerges as the decisive factor (90 points): without capital, neither knowledge nor motivation allows a woman to take the first entrepreneurial step. Knowledge and skills (82) form its logical complement — a resource without the capacity to manage it does not sustain a business. Social infrastructure (78) and the institutional environment (75) constitute the enabling conditions surrounding these two core factors, while digital opportunity (70) and networking (68), though currently ranked lowest, represent the foundation of future competitiveness.



| Mechanism                       | Content                                                 | Main constraint                           | Score* |
|---------------------------------|---------------------------------------------------------|-------------------------------------------|--------|
| Financial access                | Credit, grants, working capital, collateral, investment | Lack of collateral, limited credit access | 90     |
| Knowledge and skills            | Financial literacy, marketing, planning, management     | Shortage of practical training            | 82     |
| Social infrastructure           | Childcare, care services, transport                     | High unpaid care burden                   | 78     |
| Institutional-legal environment | Registration, taxation, legal protection                | Bureaucratic barriers                     | 75     |
| Digital opportunities           | Online payments, e-commerce, digital banking            | Low digital literacy                      | 70     |
| Networking and mentorship       | Business contacts, advisory, market linkage             | Weak women's business networks            | 68     |

*\*Illustrative relative-importance scores derived from the theoretical and empirical synthesis discussed above.*

### Conclusion:

The theoretical analysis demonstrates that women's entrepreneurship develops through an interdependent system of six mechanisms rather than through any single determinant. Financial access is foundational, but its effect is conditioned by the knowledge, institutional, social-infrastructure, digital, and network mechanisms



surrounding it: strengthening one factor while neglecting the others yields limited returns. Effective policy design must therefore treat these six mechanisms as one coordinated system — combining credit, training, simplified registration, expanded care services, digital-capability building, and mentorship networks — rather than as isolated instruments, if women's entrepreneurship is to serve as a sustainable driver of household poverty reduction.

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