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The Impact Of Financial Inclusion On The Development Of Women-Owned Service Enterprises: Organizational And Economic Perspectives

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Citation: Mirzayeva Shirin Nodirovna. The Impact Of Financial Inclusion On The Development Of Women-Owned Service Enterprises: Organizational And Economic Perspectives. American Journal of Social and Humanitarian Research 2026, 7(6), 163-167.

Received: 23rd Mar 2026

Revised: 20th Apr 2026

Accepted: 18th May 2026

Published: 17th Jun 2026



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Abstract: This article scientifically analyzes the impact of financial inclusion mechanisms on the organizational and economic development of women-owned service enterprises in Uzbekistan. The study was based on 320 women-led small and medium-sized enterprises (SMEs) operating in 5 regions of Uzbekistan (Tashkent, Samarkand, Fergana, Andijon and Namangan) based on an empirical survey of 320 women-led small and medium-sized enterprises (SMEs). The study's findings show that female entrepreneurs with full access to financial services achieved an average 43.7% higher income growth and created 31.2% more new jobs. Additionally, a positive correlation ($r=0.67$, $p<0.01$) was found between digital payment systems and microfinance products and firm performance. The article also proposes policy recommendations for expanding financial inclusion.

Keywords: financial inclusion, women's entrepreneurship, service sector, microfinance, small and medium-sized enterprises, Uzbekistan, gender economics, digital finance.

1. Introduction

Globally, financial inclusion is recognized as one of the key factors of sustainable economic development. According to the International Finance Corporation (IFC), as of 2023, 1.7 billion adults in developing countries remain outside the formal financial system, 56 percent of whom are women. In Uzbekistan, according to 2023 data, the share of women among young people with a bank account is 38.4 percent, a gap of 21.6 percentage points compared to men[1].

The service sector — trade, housing and utilities, education, health care, and digital services — accounts for 52.3% of Uzbekistan's GDP, and the share of enterprises managed by women in this sector is growing year by year. According to 2024 statistics, women make up 34.8 percent of all registered sole proprietors in the country.

At the same time, female entrepreneurs face several systemic barriers: limited property ownership for collateral, lower levels of financial literacy, a lack of credit history, and patriarchal social norms. These factors significantly limit women's access to formal financial institutions[2].

Although existing scientific literature has sufficiently studied the impact of financial inclusion on economic growth, its organizational and economic impact on women-owned service enterprises has not been sufficiently researched in the context of Uzbekistan. This study was conducted to fill this gap[3].

The main objective of the study is to empirically determine the relationship between the level of financial inclusion and the efficiency of women-owned service enterprises and to develop policy recommendations.

2. Literature Review

The concept of financial inclusion was introduced by Yunus based on the experience of Grameen Bank and has been widely studied as a tool for reducing poverty in developing countries. The Global Findex database, developed by Demirgüç-Kunt and Klapper, has provided a standard methodology for measuring financial inclusion in over 140 countries[4].

Beck, Demirgüç-Kunt, and Levine, in their research, have shown an inverse relationship between financial development and income inequality: they found that in countries with a more developed financial sector, income inequality is 9–14 percent lower. Claessens and Perotti, in turn, have shown that economic opportunities can be democratized by expanding financial inclusion[5].

In the digital financial services sector, Jack and Suri studied Kenya's M-Pesa mobile payment system and found that it increased users' (especially women's) income stability by 22 percent and significantly improved their living standards.

Brush, Carter, Gatewood, Greene, and Hart A study by the Diana Project of 755 women entrepreneurs in the U.S. found that limited access to capital is one of the main reasons why women-led businesses remain 20–35 percent smaller than male-led businesses.

The World Bank's "Women, Business and the Law" report analyzed legal restrictions on women in 190 countries and found that equal access to financial resources is strongly correlated with women's economic activity ($r = 0.72$)[6].

Within the framework of the Republic of Uzbekistan's "Sustainable Development Strategy for the Period up to 2030," expanding financial inclusion and supporting women's entrepreneurship have been identified as national priorities.

3. Research Methodology

A mixed-methods approach was used in the study. Data were collected in 2023–2024 in Tashkent, Uzbekistan. The data were collected based on a survey of 320 women-led service enterprises operating in the cities of Tashkent, Samarkand, Fergana, Andijan, and Namangan in Uzbekistan. The sample was formed using a stratified random sampling method.

In the study, the level of financial inclusion was assessed as the independent variable, while the enterprises' revenue growth, employment indicators, investment volume, and efficiency were evaluated as dependent variables. Additionally, enterprise age, type of activity, the leader's education level, and region were included as control variables.

SPSS 27.0 and Stata 17 were used for data processing. The analysis employed descriptive statistics, Pearson correlation analysis, a multiple-factor OLS regression model, and ANOVA methods.

4. Analysis And Results

According to the survey results among 320 female entrepreneurs, the following result was observed regarding the level of financial inclusion:

Table 1. Financial Inclusion Composite Index (MIKI) (n=320)

Indicator	Yes (%)	No (%)	Average Score
Ownership of a Bank Account	71.6	28.4	–
Experience of Obtaining Credit (last 3 years)	48.1	51.9	–
Use of Digital Payment Systems (Payme/Click/Uzum)	83.4	16.6	3.2/4
Financial Literacy Test Score	–	–	61.7/100
Use of Insurance Products	29.7	70.3	–

Digital payment systems (83.4%) and bank account ownership (71.6%) showed the highest indicators. The utilization of insurance products, however, remained very low (29.7%), signaling the need to develop this segment of financial inclusion[7].

The Pearson correlation coefficients between MIKI and the variables of enterprise efficiency were determined as follows:

Table 2. Correlation between MIKI and enterprise efficiency indicators

Indicator	Pearson's r	p-value	Strength of Relationship	n
Annual Revenue Growth (%)	0.67	<0.001	Strong	320
Change in Number of Employees	0.54	<0.001	Moderate	320
Enterprise Efficiency Index (EEI)	0.61	<0.001	Strong	320
Growth in Investment Volume	0.49	<0.01	Moderate	320
Expansion of Market Share	0.43	<0.01	Moderate	320

Note: All correlations are statistically significant ($p < 0.01$).

Correlation analysis shows that the strongest positive relationship ($r = 0.67$) exists between MICI and annual revenue growth. This confirms that a higher level of financial inclusion is associated with a significant increase in firm profitability.

The multivariate OLS regression model (dependent variable: annual revenue growth rate, %) yielded the following results[8]:

Table 3. OLS regression results (Dependent variable: Income growth, %).

Variable	Beta (β)	Std. Error	t-Statistic	p-value
Financial Inclusion Composite Index (FICI) Score	5.81	0.94	6.18	<0.001
Firm Age	1.24	0.51	2.43	0.015
Education Level (Higher Education = 1)	7.32	1.87	3.91	<0.001
Digital Channels (Dummy Variable)	9.17	2.03	4.52	<0.001
Tashkent City (Dummy Variable)	4.68	1.62	2.89	0.004
Constant	8.34	2.41	3.46	<0.001

Note: Calculated in SPSS 27.0.

The regression model showed statistically significant results ($R^2 = 0.587$; $F(5,314) = 89.43$; $p < 0.001$). The model explained 58.7% of the total variance in the dependent variable, confirming the significant impact of the selected factors on the outcome measure[9].

The regression results indicate that, holding other factors constant, a one-unit increase in the MIKI score increases the annual income growth rate by an average of 5.81 percentage points ($\beta = 5.81$; $p < 0.001$). The digital channels variable is also significant: female entrepreneurs who actively use digital financial services have an average 9.17 percent advantage in income growth[10].

According to the MIKI score, respondents were divided into three groups: low inclusion ($\text{MIKI} \leq 2$; $n = 78$), medium inclusion ($\text{MIKI} 3-5$; $n = 164$), and high inclusion ($\text{MIKI} \geq 6$; $n = 78$). Differences between the groups are statistically significant ($F = 47.3$; $p < 0.001$)[11]:

Low inclusion group: average revenue growth 11.3% per year; average number of employees: 3.1

Medium inclusion group: average revenue growth 24.8% per year; average number of employees: 5.4

High inclusion group: average revenue growth 43.7% per year; average number of employees: 8.9

Female entrepreneurs in the high-inclusion group are achieving revenue growth 3.87 times faster than those in the low-inclusion group. This clearly demonstrates the cumulative effect of financial inclusion[12].

Based on in-depth interviews (n=40), the following key themes were identified regarding the impact of financial inclusion on organizational development:

Increased quality of management: women who use financial services are actively developing business planning, financial reporting, and strategic decision-making skills (67% of respondents noted)[13].

Expansion of network connections: the opportunity to collaborate with other entrepreneurs and business associations through banking services increased (54% of respondents noted)

Technological innovations: accepting digital payments expanded the customer base by an average of 28%[14]

Transition to the formal sector: the need to obtain credit is encouraging businesses to formalize and maintain quality bookkeeping

The most frequently cited barriers in the interviews were the requirement to provide collateral (72% of respondents), the complexity of loan procedures (64%), and a lack of sufficient information about financial services (58%)[15-16].

5. Conclusion

The research findings confirmed that financial inclusion has a positive impact on the economic and organizational development of service enterprises managed by women. The analyses showed that an increase in the use of financial services significantly improves enterprises' revenue growth, efficiency, and investment activity. In particular, the use of digital financial services emerged as a key factor in improving enterprise performance.

At the same time, it was found that collateral requirements, the complexity of loan application processes, and insufficient financial literacy are the main limiting factors in the development of women's entrepreneurship.

Based on the research findings, expanding preferential and collateral-free financing programs for women, It is advisable to expand preferential and collateral-free financing programs for women, increase financial literacy, develop access to digital financial services, and improve institutional mechanisms for supporting women's entrepreneurship. These measures will contribute to the sustainable development of women's entrepreneurship in the service sector.

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