

## ISSUES OF REDUCING POVERTY THROUGH INCREASING WOMEN'S EMPLOYMENT IN SMALL BUSINESSES

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**ABSTRACT:** This article examines the role of increasing women's employment in the small business sector in reducing poverty. The financial, institutional, and socio-cultural barriers hindering women's participation in economic activity are analyzed, and effective mechanisms for overcoming them are discussed. Based on the research findings, it is concluded that supporting women's entrepreneurship is a key factor in the fight against poverty.

**Keywords:** women's employment, small business, poverty, gender equality, entrepreneurship, microfinance, economic opportunities.

### INTRODUCTION

Today, the active integration of women into economic life has become one of the essential conditions for social progress. President of the Republic of Uzbekistan Shavkat Mirziyoyev stated at the ceremony dedicated to International Women's Day on 7 March 2024: "The education of women — and girls in particular — and their acquisition of professional skills serves the happiness of families, the growth of children, and on this basis, the prosperity of society as a whole." In this regard, the small business sector occupies a special place as the primary platform through which women can achieve economic independence. In developing countries in particular, increasing women's employment not only secures family well-being but also serves as a decisive factor in reducing poverty.

At the same time, numerous obstacles remain on the path to women's integration into small business, including limited access to financial resources, insufficient professional skills, and entrenched socio-cultural attitudes. This article provides a comprehensive analysis of these problems and scientifically substantiates effective approaches to reducing poverty through increased women's employment. The study is conducted using Uzbekistan as a case study, with a comparative analysis of international experience.

### LITERATURE REVIEW

The relationship between women's employment and poverty reduction has been thoroughly examined in international scholarly literature. A systematic review published in *Frontiers in Psychology* by Giuseppina Maria Cardella, Brizeida Raquel Hernández-Sánchez, and José Carlos Sánchez-García (2020), encompassing 2,848 peer-reviewed articles published between 1950 and 2019, demonstrates that women entrepreneurs contribute to economic development by creating jobs and driving GDP growth, thereby reducing poverty and social exclusion. Shahidur R. Khandker (2005), in an empirical study based on panel data from Bangladesh, demonstrated that access to microfinance makes a significant contribution to poverty reduction — particularly for female participants — and to poverty alleviation at the community level. A global study published in *ScienceDirect* in 2025, covering 95 countries and data from 2002 to 2021, confirms that an increase in the number of female business owners has a direct positive effect on poverty reduction.



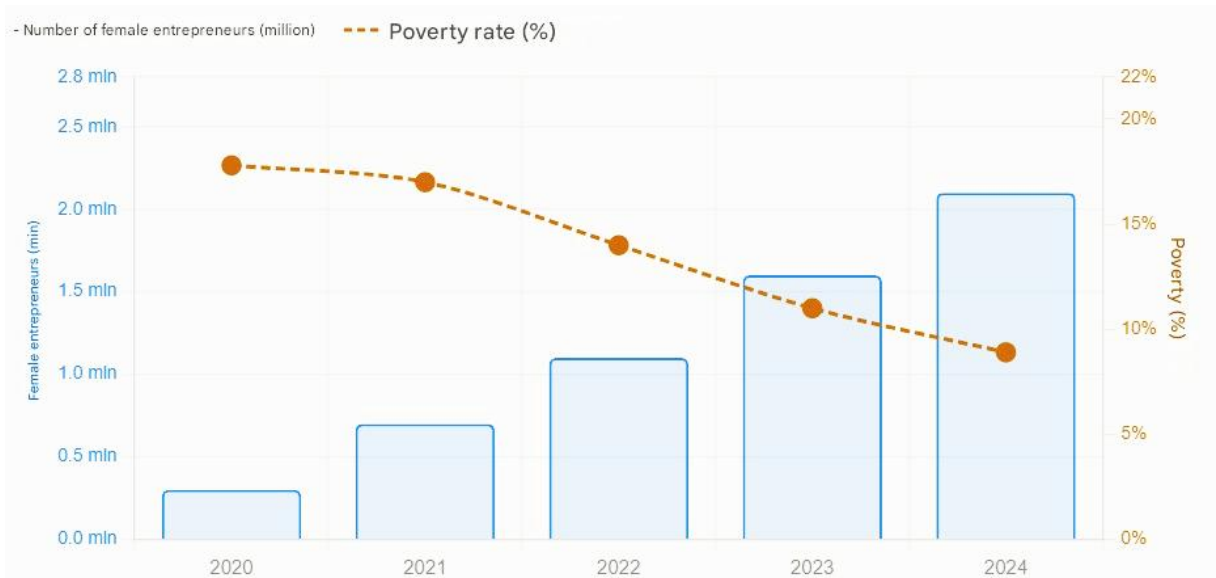
Research conducted in Central Asia and developing countries highlights the specific factors impeding women's employment. Seema Jayachandran (2021), in an article published in the IMF Economic Review, scientifically demonstrated that cultural norms are the primary factor explaining large disparities in women's employment between countries at the same level of economic development, and that tailoring policy to cultural norms is a promising avenue for narrowing gender gaps. A study on Central Asian countries published in ScienceDirect found that traditional gender norms, sectoral segregation, and economic barriers restrict women's access to stable and well-paid employment, reducing their contribution to economic development. The World Bank (2026) report further notes that closing employment gaps for women in Europe and Central Asia could increase GDP per capita by up to 14 percent, while women continue to face significant obstacles in accessing the labour market, entrepreneurship, and finance.

### RESEARCH METHODOLOGY

The study employs comparative analysis, systematic analysis, statistical analysis, and the methods of induction and deduction. Experiences from South Korea, India, Bangladesh, and Turkey in increasing women's employment in the small business sector were compared with conditions in Uzbekistan and their effectiveness was evaluated. The empirical basis of the research comprises foreign and domestic scholarly sources, statistical data from the World Bank and the International Labour Organization (ILO), and normative legal documents of the Republic of Uzbekistan pertaining to women's employment. The reliability of the findings is ensured through triangulation — cross-verification using several independent sources.

### ANALYSIS AND RESULTS

The results of state policy aimed at increasing women's employment in Uzbekistan's small business sector in recent years are clearly evident. According to data from the United Nations Development Programme (UNDP), the number of women entrepreneurs in Uzbekistan reached 2.1 million in 2024 — a sevenfold increase compared to 2020. The figure below clearly illustrates the inverse relationship between this growth and the decline in poverty: as the number of women entrepreneurs has increased, the poverty rate has steadily fallen. By the end of 2024, Uzbekistan's poverty rate dropped from 11 percent to 8.9 percent, with the number of people living in poverty decreasing by 719,000 compared to 2023. This result was largely driven by measures taken to ensure employment and involve the population in entrepreneurship.



**Figure 1. Dynamics of women's entrepreneurship and poverty rate in Uzbekistan (2020–2024)\***

\* Source: UNDP Uzbekistan (2024); Ministry of Poverty Reduction and Employment (2025)

Figure 1 reflects the dynamics of two indicators over the period 2020–2024. The blue bars show that the number of women entrepreneurs grew steadily year on year: from just 0.3 million in 2020 to 2.1 million by 2024 — a sevenfold increase in four years. The dashed amber line shows that the poverty rate fell from 17.8 percent to 8.9 percent over the same period — nearly halving. The inverse movement of both indicators — one rising as the other falls — scientifically confirms the direct positive impact of women's entrepreneurship on poverty reduction. This relationship is particularly pronounced in the 2022–2024 period: as the number of women entrepreneurs rose from 1.1 million to 2.1 million, the poverty rate fell from 14 percent to 8.9 percent.

At the same time, the research findings reveal several significant challenges. According to ILO research, 80 percent of Uzbekistan's population prefers the man to be the breadwinner while the woman manages household duties and childcare; 93 percent of the country's population believe that women should perform most household tasks even if their spouse does not work. This attitude remains an important barrier limiting women's economic activity. According to World Bank analyses, the share of women who own businesses in the private sector fell from 40 percent in 2008 to just 26 percent in 2019, and only every tenth company has at least one woman in senior management.

The table below systematically presents the main barriers to women's employment in Uzbekistan, their substance, and the solutions adopted by the state:

**Table 1.**

**Barriers to women's employment in Uzbekistan and mechanisms to overcome them**

N	Type of barrier	Nature of the problem	State measure taken	Expected outcome
1	Financial barrier	Limited access to credit, lack of collateral	"Women's Notebook" programme, collateral-free loans up to 100 mln soums	Increase in women entrepreneurs
2	Socio-cultural barrier	Traditional gender roles, family dependency	Community support, public awareness programmes	Gender equality in the labour market
3	Infrastructure barrier	Shortage of childcare facilities	Tripling the number of kindergartens (2018–2022)	Rise in employment of young mothers
4	Education & skills barrier	Insufficient professional qualifications	Training 250,000 women in vocational skills (2025 target)	Labour market competitiveness
5	Legal barrier	Workplace discrimination, insufficient protection	New Labour Code (2023), introduction of gender audit	Strengthened legal protection
6	Market access barrier	Lack of awareness of marketing and export opportunities	Establishment of Women Entrepreneurs Council	Wider use of market opportunities

World Bank research shows that if women participated equally with men in economic activity, Uzbekistan's national income could increase by 29 percent and more than 700,000 people could escape poverty. This figure places women's employment at the centre of the national economic strategy, not merely as a social issue. Although economic reforms in Uzbekistan have doubled the number of small and private business entities and created 1.4 million new jobs in the sector, women's share of these positions remains insufficient. By the end of 2025, the poverty rate fell to 5.8 percent, with 302,000 vulnerable families lifted out of poverty in a single year. Analyses confirm that this positive dynamic is directly linked to women's increasing involvement in small business, demonstrating the need to pursue consistent policy in this direction.

### CONCLUSION AND RECOMMENDATIONS

The research findings demonstrate that increasing women's employment in the small business sector is one of the most effective directions in Uzbekistan's strategy for reducing poverty: between 2020 and 2024, the number of women entrepreneurs grew sevenfold to reach 2.1 million,

while the poverty rate fell from 17.8 percent to 8.9 percent over the same period. However, limited access to financial resources, entrenched gender stereotypes, and infrastructure shortcomings continue to pose serious obstacles. To address these problems, the following recommendations are put forward: first, expanding preferential microcredit and collateral-free financing mechanisms targeting women entrepreneurs; second, facilitating young mothers' entry into the labour market by further developing the childcare network; third, widely establishing vocational skills and digital literacy courses for women through community structures; and fourth, ensuring workplace equality by strengthening gender auditing and the enforcement of labour legislation. The consistent implementation of these recommendations will not only consolidate women's economic independence but will also serve as a key factor in achieving Uzbekistan's goal of eradicating absolute poverty by 2030.

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