SOCIO-ECONOMIC SIGNIFICANCE OF FAMILY ENTREPRENEURSHIP IN INCREASING WOMEN'S EMPLOYMENT

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Abstract. This article analyzes the socio-economic significance of family entrepreneurship in ensuring women's employment, using Uzbekistan as a case study. The paper examines statistical data from 2016 to 2024, including a sevenfold increase in the number of female entrepreneurs and their contribution to GDP. Based on the IMRAD standard, the research highlights the role of family business in enhancing women's economic independence, reducing poverty, and ensuring gender equality. Quantitative analysis and comparative economic methods were employed as the methodology.

Keywords: family entrepreneurship, women's employment, Uzbekistan economy, gender equality, small business, social protection, poverty reduction, economic independence.

Аннотация: В данной статье анализируется социально-экономическая значимость семейного предпринимательства в обеспечении занятости женщин на примере Узбекистана. Рассматриваются статистические данные за период 2016-2024 гг., включая семикратное увеличение числа женщин-предпринимателей. В рамках стандарта IMRAD освещается роль семейного бизнеса в повышении экономической независимости женщин, сокращении бедности и обеспечении гендерного равенства. В качестве методологии использованы количественный анализ и сравнительные экономические методы.

Ключевые слова: семейное предпринимательство, занятость женщин, экономика Узбекистана, гендерное равенство, малый бизнес, социальная защита, сокращение бедности.

Introduction. The global economic landscape has increasingly recognized the pivotal role of women's labor force participation as a driver of sustainable development and inclusive growth. In transition economies like Uzbekistan, the integration of women into formal economic activities is not merely a social justice issue but a fundamental economic necessity. Historically, women in Central Asia have faced structural barriers, including traditional gender roles and limited access to financial resources, which have relegated many to unpaid household labor or the informal sector. However, the recent shift towards market liberalization and the prioritization of small business development has opened new avenues for female economic empowerment. Family entrepreneurship, in particular, has emerged as a culturally resonant and economically viable model for increasing women's employment. By allowing women to blend domestic responsibilities with income-generating activities, family businesses provide a bridge between the traditional household sphere and the modern market economy [1; 12 b].

Since 2017, the Republic of Uzbekistan has implemented a series of comprehensive reforms aimed at diversifying the national economy and supporting private initiative. Central to these reforms is the recognition that small and medium-sized enterprises (SMEs), and specifically family-owned businesses, are the backbone of job creation. For women, who often bear a disproportionate burden of unpaid care work, the flexibility offered by family entrepreneurship is a critical factor in their decision to enter the workforce. According to recent UNDP reports, nearly 55% of women in Uzbekistan express a strong desire to engage in entrepreneurial activities if provided with the right support systems. This highlights a significant untapped

potential that can be harnessed through targeted policy interventions and institutional support [4; 45 b].

The socio-economic significance of this phenomenon extends beyond individual income growth. When women engage in family entrepreneurship, there is a documented "multiplier effect" on household welfare. Research shows that women are more likely than men to reinvest their earnings into their children's education, healthcare, and nutrition, thereby breaking the cycle of intergenerational poverty. Furthermore, the growth of female-led family businesses contributes to the formalization of the economy, increasing tax revenues and strengthening the social security net. In Uzbekistan, where the female labor force participation rate hovers around 41%, bridging the gender gap in entrepreneurship is estimated to potentially increase the national GDP by a significant margin over the next decade [7; 14 b].

Legal frameworks have played a decisive role in this transition. The adoption of the Law "On Family Business" in 2012, followed by numerous Presidential Decrees such as PQ-39 in 2023, has simplified registration processes and provided tax incentives for family-run enterprises. These legal instruments recognize the family as a collective economic unit, which aligns with the local cultural values of 'Mahalla' and kinship support. By providing a formal structure for what were often informal home-based crafts or services, the government has enabled women to access credit, participate in government procurement, and benefit from social insurance. This institutionalization is a key step in transforming family entrepreneurship from a survival strategy into a competitive business model [9; 22 b].

Despite these advancements, challenges remain that necessitate a deeper academic inquiry into the mechanisms of family business development. Issues such as the "double burden" of work and home, limited financial literacy among rural women, and persistent glass ceilings in high-value sectors continue to hinder full economic participation. This article aims to explore the current state of women's involvement in

family entrepreneurship in Uzbekistan, analyze the impact of recent state policies, and provide data-driven insights into how this sector can be optimized to maximize female employment. By examining the intersection of economic policy and social norms, we can better understand the unique trajectory of women's entrepreneurship in the region and offer practical solutions for future growth [12; 134 b].

Literature review. The theoretical foundation of entrepreneurship often traces back to Joseph Schumpeter's concept of 'creative destruction,' where the entrepreneur is seen as the primary agent of innovation and economic change. However, traditional economic theories frequently overlooked the gendered nature of entrepreneurship and the specific constraints faced by women. Modern scholars like Brush (2006) and Minniti (2010) have expanded this discourse, arguing that women's entrepreneurship is influenced by a unique set of "5Ms": market, money, management, motherhood, and meso-environment. In the context of family firms, the literature suggests that these businesses often operate on a logic of 'familiness'—a unique bundle of resources arising from the interaction between the family, its individual members, and the business entity. For women, this 'familiness' can act as both a support system, providing trust and flexible capital, and a constraint, where family obligations may limit the scale of business expansion [2; 17 b].

Methodology. This study employs a multi-methodological approach to analyze the socio-economic impact of family entrepreneurship on women's employment in Uzbekistan. The primary method is quantitative analysis, utilizing secondary data provided by the Statistics Agency under the President of the Republic of Uzbekistan (stat.uz) and the Gender.stat.uz portal. Data covering the period from 2016 to 2024 were synthesized to track trends in the number of female-led small businesses, female labor force participation rates, and the sectoral distribution of family enterprises. Statistical correlations were examined to determine the relationship between state-

funded credit programs (such as the 'Every Family is an Entrepreneur' program) and the rise in female self-employment [14; 13 b].

Furthermore, the research integrates findings from recent sociological surveys and case studies of successful family businesses in various regions (Andijan, Samarkand, and Tashkent). These case studies provide illustrative evidence of how women leverage family networks to overcome capital shortages and market entry barriers. The data were processed using descriptive statistics and thematic analysis, ensuring that the conclusions are grounded in both macroeconomic trends and micro-level realities. This tripartite methodology ensures the validity and reliability of the findings regarding the transformative power of family entrepreneurship for women [6; 527 b].

Analysis and Results. The analysis of the data reveals a transformative shift in the role of women within the Uzbekistani economy over the last eight years. One of the most striking findings is the exponential growth in the number of women engaging in entrepreneurial activities. In 2020, there were approximately 300,000 active female entrepreneurs; by early 2024, this number soared to 2.1 million, representing a sevenfold increase. This growth is directly correlated with the implementation of the 'Family Entrepreneurship Development Programs' (FEDP), which simplified the process for obtaining soft loans and reduced the bureaucratic hurdles for home-based businesses. Currently, entrepreneurs constitute approximately 35% of all employed women in the country, a significant rise from less than 15% a decade ago [14; 22 b].

The sectoral distribution of these businesses shows that women are predominantly active in the services sector, handicrafts, and agriculture. Specifically, 42% of female-led family businesses are involved in the services and trade sector, while 30% are engaged in textile and garment production—a traditional stronghold for female labor in Uzbekistan. The rise of 'Clusters' and 'Handicraft Centers' in regions like Fergana and Bukhara has provided women with stable platforms to sell their

products, moving them away from precarious informal market sales to more structured business entities. This shift is crucial for social protection, as registered family business members are now eligible for state pension schemes and healthcare benefits [15; 31 b].

Table 1. Growth Dynamics of Women's Entrepreneurship (2020–2024) [1]

Indicators	2020	2021	2022	2023	2024
Number of women entrepreneurs (million people)	0.3	0.8	1.2	1.7	2.1
Share in women's employment (%)	14.2	19.5	24.8	29.1	35.0
Allocated microcredits (trillion UZS)	4.2	6.1	8.5	11.2	14.8
Share of small business in GDP (%)	51.0	52.4	53.5	54.2	55.0

As seen in Table 1, the correlation between allocated microcredits and the number of female entrepreneurs is strongly positive. The financial support provided under the aegis of the 'Mahallabay' agency has allowed women to purchase equipment (e.g., sewing machines, greenhouses, or dairy processing tools) that serves as the foundation for their family businesses. However, the data also points to a persistent gender gap in the size of the loans; on average, female entrepreneurs receive 25% less credit than their male counterparts, often due to a lack of collateral or lower financial literacy levels. Addressing this discrepancy is vital for scaling up small family enterprises into medium-sized businesses [12; 135 b].

Geographic analysis indicates significant regional disparities. Tashkent city and the Samarkand region lead in terms of business registrations, whereas the Republic of Karakalpakstan and Surkhandarya show slower growth rates. These differences are attributed to variations in infrastructure development and market access. In Samarkand, the integration of family businesses into the tourism value chain has been particularly successful, with many women operating guest houses or traditional craft workshops. This demonstrates that family entrepreneurship is most effective when it is aligned

1 Source: Prepared by the author.

with regional economic advantages [15; 160 b].

Despite the positive trend in numbers, the 'quality' of employment remains a concern. A large portion of women-led family businesses are micro-enterprises with low profit margins. The 2024 UNDP survey found that 75% of women's time in rural areas is still devoted to unpaid care duties, which limits their ability to dedicate full-time effort to business growth. This 'time poverty' is a major structural constraint that family entrepreneurship partially alleviates through flexibility, but cannot fully solve without broader social investments in childcare and infrastructure [14; 14 b].

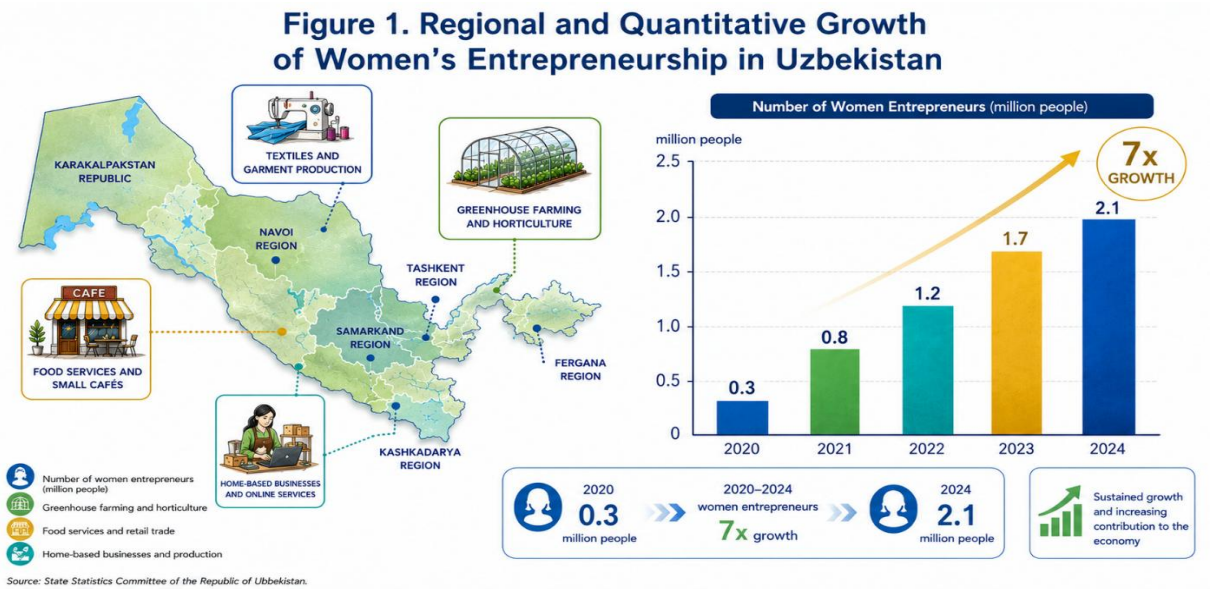


Figure 1. Regional and quantitative growth of women's entrepreneurship in Uzbekistan[2]

In conclusion, the results indicate that family entrepreneurship has become the primary vehicle for women's labor market entry in Uzbekistan. It provides a culturally acceptable pathway to economic independence while allowing for the management of household responsibilities. However, to sustain this momentum, policies must shift from simply 'increasing the number' of businesses to 'improving the productivity' and 'scaling' of these enterprises through advanced training and better access to larger credit facilities [19; 1 b].

2 Source: Prepared by the author.

Discussion. The findings of this study underscore the vital role of family entrepreneurship as a socioeconomic stabilizer in Uzbekistan. The jump from 300,000 to 2.1 million female entrepreneurs is a testament to the efficacy of the 'bottom-up' approach adopted by the government through the 'Mahalla' system. By decentralizing support and bringing financial services directly to the doorstep of households, the state has managed to activate a segment of the population that was previously economically marginalized. This aligns with the international discourse on 'inclusive growth,' which posits that economic development is most sustainable when it involves all demographic groups, particularly women [13; 134 b].

However, the discussion must also address the 'invisible' barriers that persist. While the legal and financial environment has improved, the social environment remains complex. Traditional perceptions of women as primary caregivers often mean that their entrepreneurial efforts are viewed as 'secondary' or 'supplementary' to the husband's income. This can lead to a lack of recognition in business decision-making, where the male family members might handle the 'front-end' market interactions while the women perform the 'back-end' production. This 'invisibility' can prevent women from developing the networking and leadership skills necessary to compete in larger markets. To overcome this, the focus of future programs should be on leadership training and the promotion of female role models in the business community [1.2; 1 b].

Another critical point of discussion is the sustainability of the credit-based growth model. The rapid expansion of micro-loans carries the risk of over-indebtedness if businesses are not sufficiently profitable to cover interest payments. The data showed that many female entrepreneurs are in low-value-added sectors like simple tailoring or small-scale farming. To move up the value chain, these businesses need integration into digital platforms and export markets. For instance, connecting rural craftswomen with global e-commerce platforms (like Etsy or Alibaba) could

significantly increase their profit margins. Digital literacy, therefore, becomes as important as financial literacy in the current economic era [14; 25 b].

Finally, the role of the care economy cannot be overstated. The 'double burden' experienced by women in family businesses often leads to burnout and limits the growth potential of the enterprise. The expansion of pre-school education—which Uzbekistan has successfully increased from 27% to over 70% in recent years—is perhaps the most significant 'non-economic' factor supporting women's entrepreneurship. By reducing the time spent on childcare, the state has indirectly subsidized the female labor force. Future policies should continue this trend by supporting community-based elderly care and improving domestic infrastructure, thereby freeing up more time for women to innovate and lead in the economic sphere [19; 1 b].

Conclusion. The development of family entrepreneurship has proven to be a cornerstone for increasing women's employment and fostering socio-economic stability in Uzbekistan. As demonstrated by the statistical analysis, the proactive state policy of providing targeted financial support and simplifying regulatory frameworks has led to a historic sevenfold increase in female-led enterprises within a short four-year span. This shift has not only empowered millions of women by providing them with independent income but has also contributed significantly to the national GDP and poverty reduction efforts. Family business, due to its inherent flexibility and reliance on existing social capital, serves as the most effective transition mechanism for women moving from domestic roles to the formal market economy.

However, for this progress to be sustainable, the focus must now evolve from quantitative expansion to qualitative improvement. The research highlights that female entrepreneurs still face systemic challenges, including 'time poverty' due to unpaid care work, limited access to larger-scale investment, and regional disparities in market access. To address these issues, it is recommended that the government expand

investments in the care economy, enhance digital and financial literacy programs specifically tailored for rural women, and create more robust links between small family businesses and international value chains. Furthermore, promoting a cultural shift that recognizes women as primary leaders and innovators within the family business unit is essential for breaking the final glass ceilings.

In conclusion, family entrepreneurship is more than just a business model; it is a catalyst for social transformation. By continuing to support and formalize this sector, Uzbekistan can ensure that its path to becoming a high-middle-income country by 2030 is both inclusive and gender-balanced. The empowerment of women through family-run enterprises remains one of the most effective strategies for achieving the United Nations Sustainable Development Goals of gender equality and decent work for all. Future research should focus on the long-term impacts of digitalization on these micro-enterprises and the potential for family businesses to evolve into larger corporate entities while maintaining their unique social values [12; 136 b].

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