

The Macroeconomic Contribution of Women's Entrepreneurship Within Inclusive Economic Growth Models

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Abstract: The purpose of this paper is to determine the significance of women's contribution to economic empowerment within the framework of an open macroeconomic model. It analyzes the principal channels through which women's entrepreneurial activity impacts key macroeconomic indicators—such as employment generation, GDP growth, enhancement of export capacity, reduction of regional disparities, and improvements in population welfare. Drawing on cross-country comparative data, the study identifies institutional and structural patterns of female entrepreneurial participation across countries with varying income levels. Particular attention is devoted to the sectoral and market focus of women-led startups, highlighting their role in advancing sustainable development, accelerating digital transformation, and promoting national economic self-sufficiency. The results demonstrate that women's entrepreneurship functions not only as a mechanism for expanding economic rights, but also as a strategic driver of structural transformation and long-term national competitiveness. The article concludes by arguing for the integration of women's entrepreneurship promotion into the core strategic priorities of national economic policy frameworks.

Keywords: Women's entrepreneurship, sustainable development, macroeconomic indicators, employment, GDP, export, microbusiness, small enterprises, economic inclusiveness.

Introduction: In recent decades, women's entrepreneurship has gained considerable attention in both academic research and policy discourse, particularly in the context of promoting inclusive and sustainable economic growth. While gender equality is universally recognized as a fundamental human right, the economic dimension of women's empowerment—especially through entrepreneurial activity—remains insufficiently explored within macroeconomic analysis. Bridging this gap is essential for understanding the broader implications of gender inclusion on long-term development outcomes.

In the context of the transformation of the global economic system, women's entrepreneurship is emerging as a critical force—not only in advancing women's economic empowerment, but also as a fundamental driver of inclusive and sustainable economic development. The growing involvement of women in entrepreneurial activities, especially in countries with robust institutional support for small and medium-sized enterprises, signals a shift toward a new dimension of economic engagement. Women's entrepreneurship has a profound and multidimensional impact on key macroeconomic

indicators, contributing not only to the overall growth of economic activity but also to the deepening of structural transformation within national economies. Within the framework of an open macroeconomic model, women entrepreneurs—acting as leaders and initiators of economic transformation—play a pivotal role in fostering growth through the implementation of innovative ideas and the adoption of strategically important decisions aimed at expanding economic opportunities [1]. Their contribution facilitates the initiation and sustainability of new economic processes that promote the diversification of national economic structures.

Women serve as a significant but underleveraged force in driving economic growth, with their entrepreneurial initiatives contributing fundamentally to sustainable development. Female-led businesses generate employment, reducing poverty and unemployment, foster market diversification and enhance competition through creativity and innovation. By expanding women's participation in entrepreneurship, economies can unlock untapped potential, driving resilience and long-term structural transformation [3].

This paper investigates the multidimensional impact of women's entrepreneurial activity on critical macroeconomic indicators within an open and inclusive economic growth model. Drawing on cross-country empirical data, the study evaluates how female entrepreneurship influences employment generation, GDP growth, export capacity, and the improvement of population welfare, particularly in economies with diverse income levels and institutional structures. Despite the growing recognition of its importance, women's entrepreneurship continues to be hindered by structural, institutional, and socio-cultural barriers. These constraints limit the scalability and competitiveness of female-led enterprises, thereby curbing their potential contribution to national economic development. Overcoming these challenges requires comprehensive policy reforms aimed at fostering an enabling environment for women

entrepreneurs. The objective of this article is to assess the macroeconomic relevance of women's entrepreneurship and to identify the pathways through which it contributes to inclusive and sustainable economic growth. The analysis also emphasizes sectoral trends, geographic disparities, and policy mechanisms that can effectively support the integration of women's entrepreneurial activity into national development strategies.

DISCUSSION AND ANALYSIS

Employment generation through women's entrepreneurship. Women entrepreneurs around the globe have significant impact on the economic development, as the entrepreneurial ventures are creating new employment opportunities [2]. Within the macroeconomic model, their participation facilitates capital accumulation by mobilizing untapped household savings and effectively attracting both own and borrowed financial resources. Women's investments in business development not only generate added value but also contribute to the growth of national wealth — a key condition for industrial and economic progress.

By developing small and medium-sized enterprises (SMEs), women address the systemic challenge of unemployment, particularly in developing economies. As the number of women-led enterprises — both small and large — increases, so does the number of jobs created, directly within the businesses and indirectly across related sectors. In the long term, these enterprises tend to expand, ensuring sustainable employment and generating a multiplier effect across the economy. Thus, women's engagement in entrepreneurial activity represents a critical factor in reducing unemployment and serves as one of the core drivers of sustainable economic growth.

The analysis of the diagram presented in Figure 1 clearly illustrates the pivotal role women play in shaping employment through entrepreneurial initiatives.

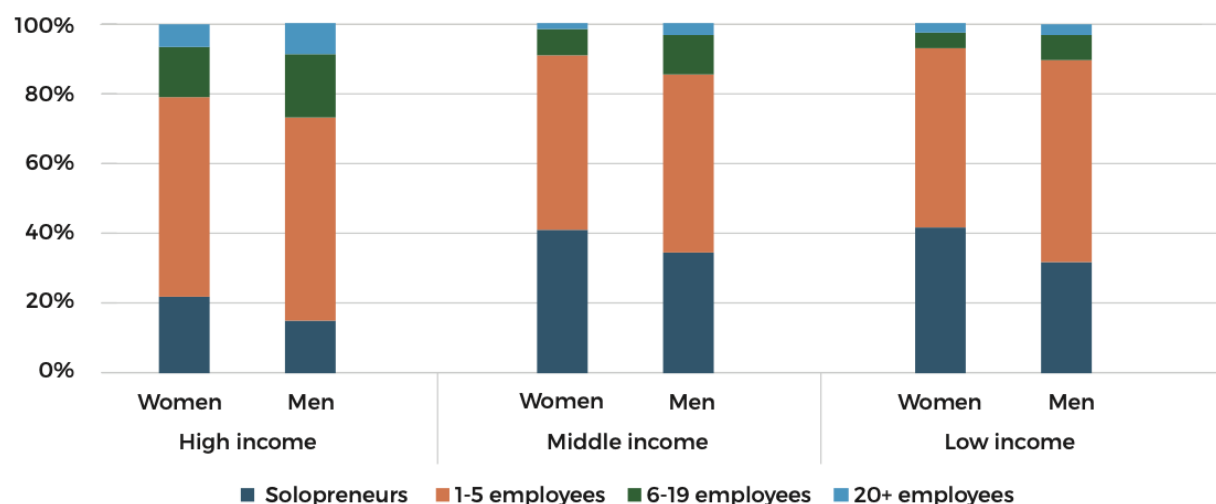


Figure 1. Startup business size by gender and national income [5]

In low- and middle-income countries, approximately 40% of women entrepreneurs operate as self-employed individuals without hired personnel, while more than 55% manage businesses employing between one and five people. This structure reflects the dominance of micro- and small-sized enterprises, which constitute a fundamental component of employment in such economies. In contrast, high-income countries demonstrate a more balanced distribution: a significantly greater share of women-led startups employ between 6 and 19 workers (12%) or 20 or more employees (5%). Of particular note is the case of the United States, where women have achieved gender parity in the number of startups employing 20 or more individuals (16.4% among women compared to 16.3% among men), and Canada, where this figure is even higher among women than men (19.2%). These findings underscore a strong correlation between the quality of institutional and socio-economic conditions for women's entrepreneurship and the scale of job creation. The more conducive the policy environment, infrastructure, and social norms, the greater the likelihood that women will expand their businesses, hire employees, and contribute to sustainable economic development. Conversely, in economies primarily driven by subsistence entrepreneurship, where women often encounter barriers such as restricted mobility, cultural norms, and limited access to finance and entrepreneurial infrastructure, self-employment tends to prevail as the dominant model.

On the one hand, elevated self-employment rates may

be observed in contexts characterized by constrained choices and insufficient support mechanisms, especially among women whose entrepreneurial activities are shaped by household responsibilities and institutional limitations. On the other hand, in countries with well-developed support systems for small and medium-sized enterprises, gender-responsive policies, and inclusive economic opportunities, women are more likely to expand operations and engage in employment generation—an assertion supported by the comparative data outlined above.

Contribution of female-led enterprises to GDP growth. Reducing the gender gap in entrepreneurial activity represents one of the key drivers of enhanced macroeconomic efficiency. The active participation of women in entrepreneurship contributes to the intensification of economic processes by expanding the productive base, improving the allocation of labor resources, and mobilizing human capital more effectively. According to international estimates from the Boston Consulting Group, the potential increase in global gross domestic product (GDP) resulting from the elimination of institutional and socio-cultural barriers to women's economic engagement may range from 3% to 6%, contributing an additional USD 2.5 to 5 trillion to the world economy [4]. Empirical comparisons between female participation in economic activity and GDP per capita indicate a stable and positive correlation between these variables (Figure 2).

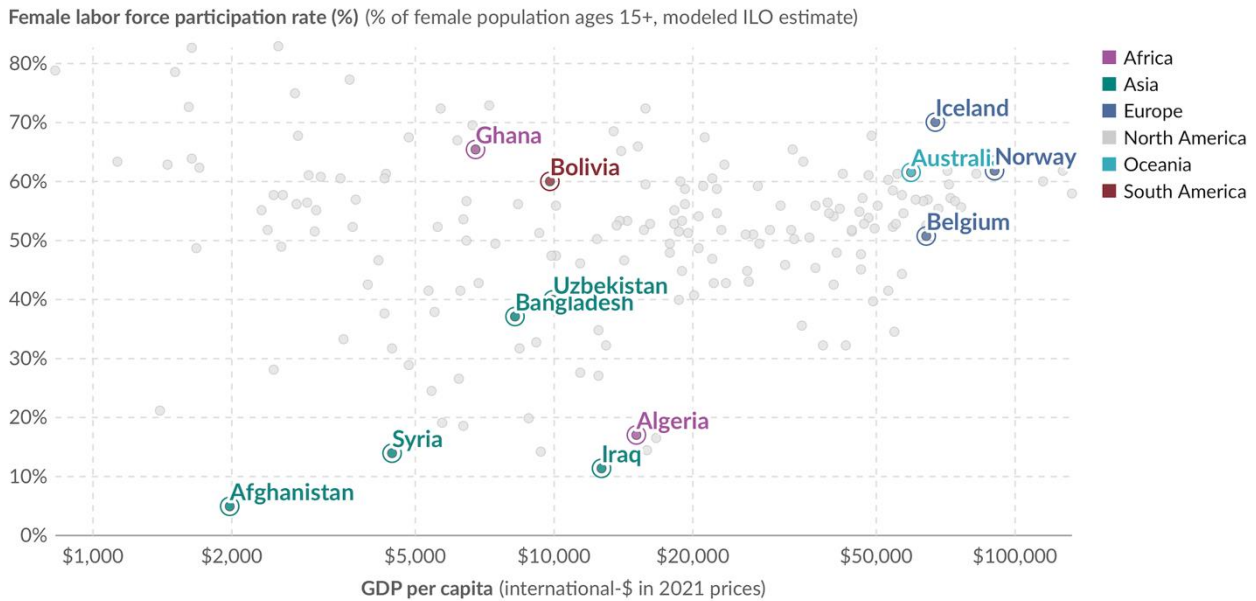


Figure 2. Female labor force participation and GDP per capita, 2023 [7]

Countries with a high level of gross domestic product (GDP) per capita—such as Norway, Iceland, Australia, and Belgium—also demonstrate elevated rates of women’s participation in the labor force, exceeding 60–75%. In contrast, countries with minimal female involvement in economic activity—such as Afghanistan, Syria, Iraq, and Algeria—consistently exhibit low GDP per capita, despite the presence of other natural or geopolitical resources. In middle-income economies (e.g., Ghana, Bangladesh, Bolivia), the data reveal a clear potential for GDP growth, contingent upon enhanced economic inclusion of women. Based on the data presented, it can be argued that the level of women’s economic participation

serves as an important indicator not only of social inclusivity but also of a country’s actual economic potential.

Fostering sustainable and socially-oriented business models. Contemporary trends in entrepreneurial development increasingly reflect a shift toward socially responsible and environmentally sustainable business practices—an orientation that is particularly evident among women entrepreneurs. As reported by the Global Entrepreneurship Monitor, over 78% of women engaged in early-stage entrepreneurial activity (TEA) prioritize social and/or environmental impact in strategic decision-making, whereas the corresponding figure among men remains below 65% (Figure 3).

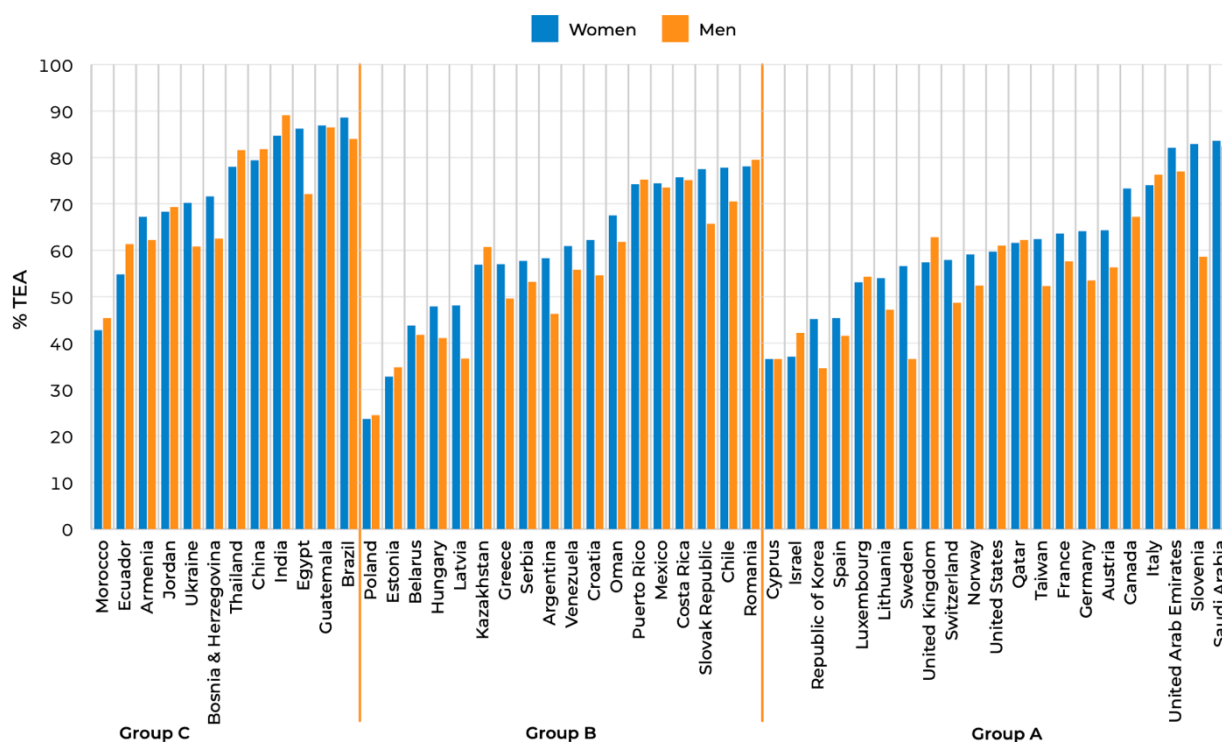


Figure 3. The share of early-stage entrepreneurs who somewhat or strongly prioritise social and/or environmental impact above profitability or growth (% female TEA; % male TEA) [6]

This divergence in entrepreneurial priorities underscores a marked gender-based distinction in business strategies. Women entrepreneurs are more inclined to adopt sustainable business models that integrate long-term social and environmental objectives into their core strategic vision. This orientation underscores the distinctive contribution of women's entrepreneurship to the advancement of the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities).

Promoting balanced regional economic development. Women's entrepreneurship significantly contributes to mitigating regional socio-economic disparities by fostering business creation and growth in less-developed areas. The expansion of industrial and entrepreneurial activities in such regions facilitates the establishment of essential social infrastructure, including transportation, education, healthcare, and cultural services. Strengthening the economic potential of remote areas, in turn, reduces interregional development gaps and establishes the foundations for sustainable and balanced territorial growth. Notably, in conditions of accelerating industrialization, economic resources and power often tend to concentrate among

a limited number of market participants, increasing the risks of monopolization. In this context, enhancing women's entrepreneurship, particularly within socially significant and locally oriented sectors, promotes diversification of economic activities and plays a crucial role in decentralizing economic power. Consequently, this contributes to a more equitable distribution of resources and economic activities across regions.

The diagram presented in Figure 4 clearly illustrates the economic sectors predominantly selected by women entrepreneurs, thus elucidating their prospective role in regional development, particularly in economically lagging and rural regions. Approximately half of the female entrepreneurs in the analyzed countries engage in wholesale and retail trade, exhibiting a higher sectoral concentration relative to their male counterparts (W/M ratio = 1.09). Moreover, women demonstrate a significantly higher propensity compared to men to initiate enterprises in the field of government and social services (GSS), with nearly one in five female-led businesses operating within this domain (W/M ratio = 1.76). These sectors constitute essential components of regional development, directly addressing local needs in education, healthcare, social support, and employment generation.

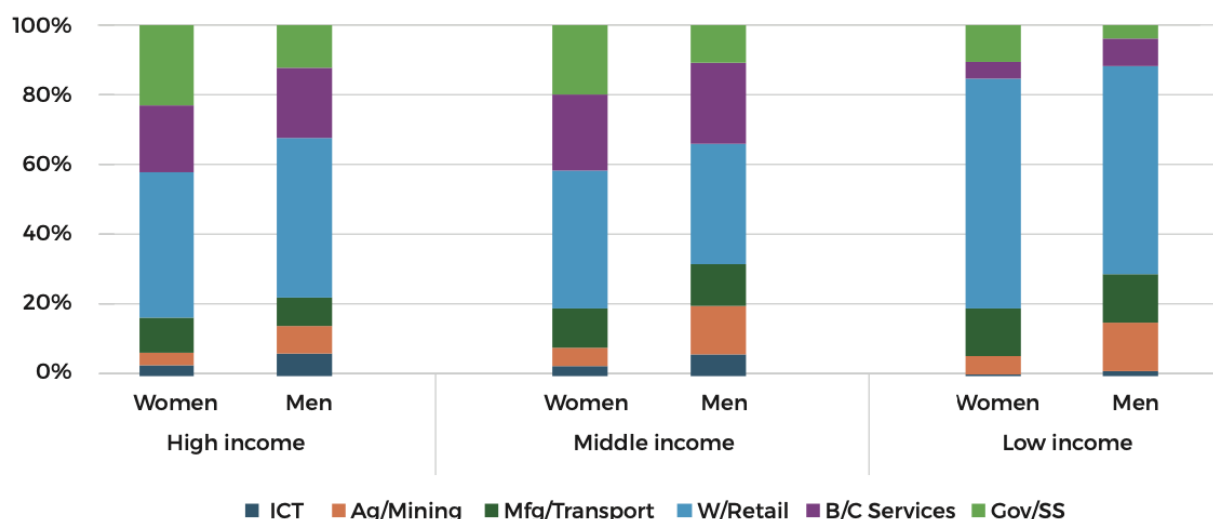


Figure 4. Industry segmentation of startups by gender and national income [5]

The contribution of women to entrepreneurial activity is particularly pronounced in low-income economies, where more than 60% of female-founded startups are concentrated in the retail trade sector. This sectoral concentration has a tangible impact on the development of local markets, the expansion of self-employment opportunities, and the consolidation of resilient intra-regional economic networks. At the same time, a notable gender gap persists in the information and communication technology (ICT) sector, where women remain significantly underrepresented. Female entrepreneurs are approximately twice as unlikely as their male counterparts to establish enterprises in this domain. This disparity is especially evident in low-income countries, where the proportion of women-led startups in ICT amounts to merely 0.5%, compared to 1.5% among men. These findings highlight the critical need for strategic policy interventions aimed at diversifying the sectoral composition of women's entrepreneurship and facilitating their integration into technologically intensive and high-growth industries.

The sectors predominantly selected by women entrepreneurs—such as retail, education, healthcare, and social services—are inherently integrated within local economic systems and oriented toward the provision of essential services. These areas are instrumental in extending access to fundamental infrastructure and addressing the primary needs of the population. Moreover, such sectors often serve as entry points for entrepreneurial activity in small towns, rural communities, and peripheral regions, rendering

them vital for reducing territorial disparities and reinforcing the foundations of regional economic development.

Improving living standards and expanding export potential. The improvement of living standards represents a fundamental benchmark of economic progress and social sustainability. Within this framework, women's entrepreneurship emerges as a critical driver, facilitating both the diversification and increased availability of goods and services, while simultaneously reinforcing macroeconomic resilience. The active participation of women in entrepreneurial activities ensures the scalable provision of goods and services, frequently oriented toward local markets and aligned with the essential needs of the population. This dynamic contributes to the optimization of production costs, intensifies price-based competition, and broadens access to high-quality products, thereby exerting a direct and measurable influence on the enhancement of overall living conditions.

In addition, women-owned enterprises contribute substantively to the development of export capacity within the national economy. Their engagement in export-oriented production and integration into global markets fosters foreign currency inflows and mitigates reliance on imported goods, thereby laying the groundwork for enhanced economic autonomy.

Figure 5 presents data reflecting the gender distribution of startups characterized by high potential in terms of employment generation, innovation, and export advancement.

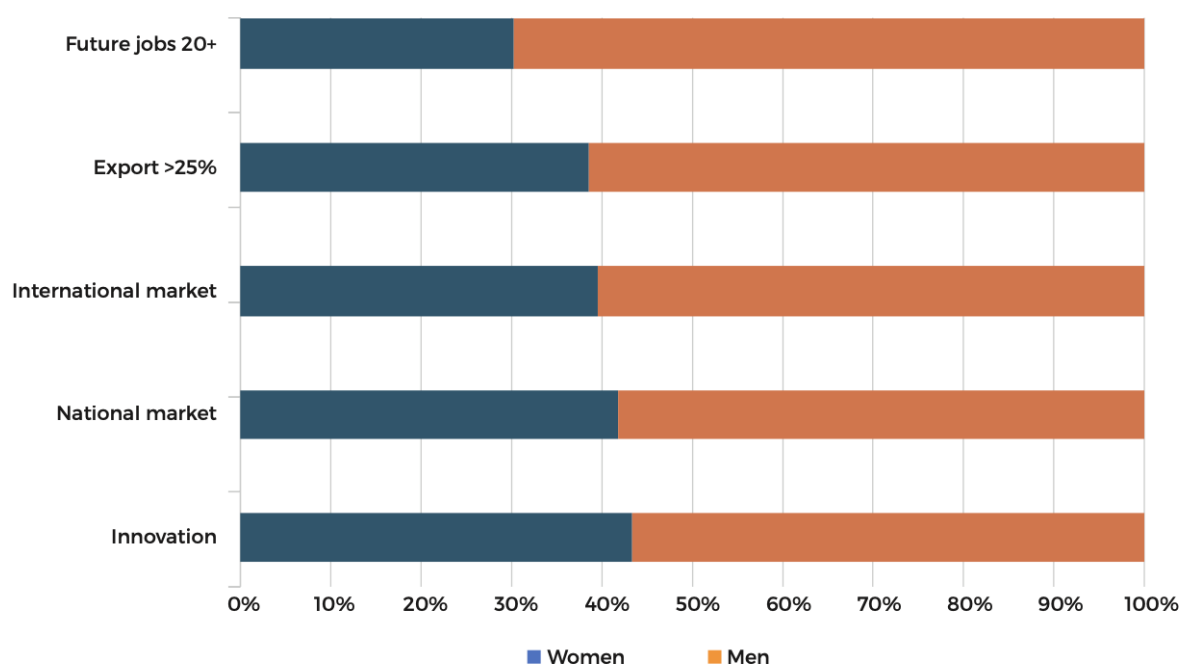


Figure 5. Gender composition of high job expectations, innovation, and export-focused startups [5]

The diagram illustrates that approximately 40% of innovation-oriented startups, as well as those targeting national and international markets, are founded by women. This reflects the growing capacity of female entrepreneurs to develop competitive and scalable business models. Within the framework of an open macroeconomic model, women entrepreneurs are increasingly capable of offering a diverse range of goods and services tailored to individual consumer preferences, thereby reinforcing their contribution to improving quality of life and diversifying market supply. Of particular significance is the fact that nearly 40% of startups projected to create 20 or more jobs are also led by women, indicating a strong orientation toward business expansion and employment generation. In the segment of export-oriented startups—defined as those generating over 25% of their revenue from exports—a substantial proportion, exceeding one-third, is likewise owned by women. This evidences the emergence of a significant potential for women's entrepreneurship in foreign trade and its meaningful contribution to the development of the export sector.

Strengthening national economic self-sufficiency. The achievement of national self-sufficiency is fundamentally contingent upon the development of

endogenous productive capacity and the stimulation of export-oriented activities, including those driven by women entrepreneurs. Within the framework of an open macroeconomic model, women's participation in the production and service sectors facilitates the generation of domestically produced goods, thereby advancing import substitution, diminishing reliance on external supply chains, and reinforcing the resilience of the internal market. Moreover, the engagement of women-led enterprises in export activities contributes to the accumulation of foreign exchange earnings, thus supporting macroeconomic stability and enhancing the country's economic sovereignty.

Figure 6 illustrates the market orientation profiles of male- and female-founded startups across countries with different income levels. The data reveal a pronounced focus of women entrepreneurs on domestic markets—both at the local and national levels—which plays a critical role in safeguarding internal economic stability. This orientation highlights the strategic contribution of women's entrepreneurship to sustaining local and regional economies, particularly in the context of global disruptions and systemic vulnerabilities in international supply networks.

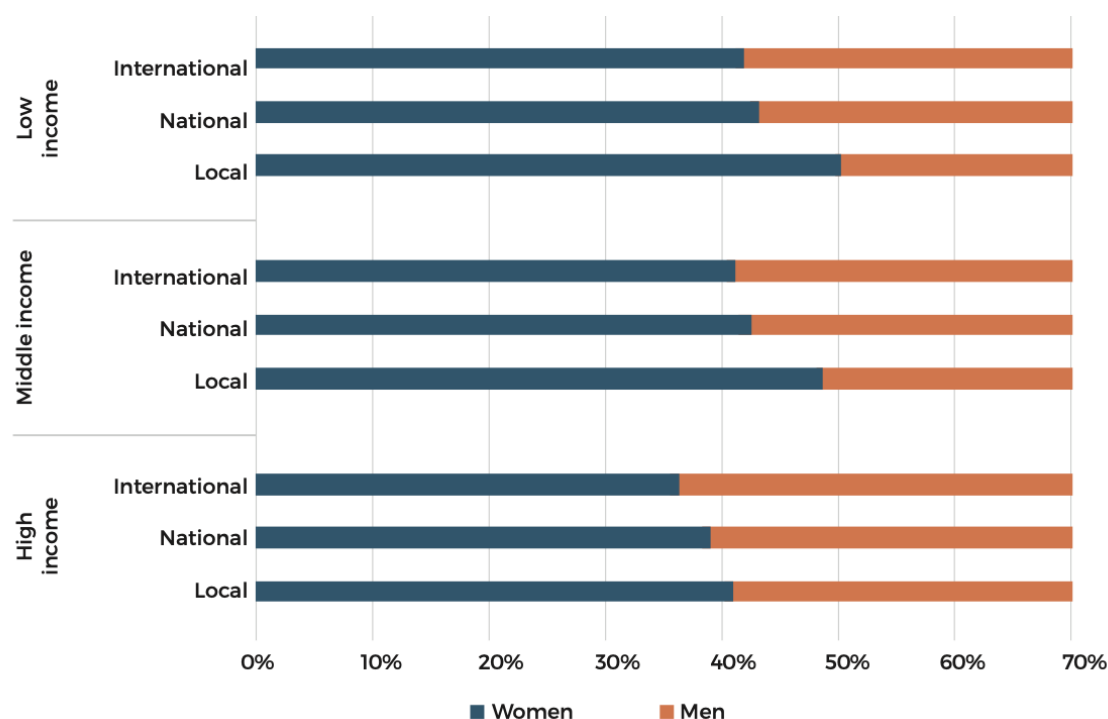


Figure 6. Gender composition of market focus by national income [5]

At the same time, women demonstrate a notable degree of engagement in international trade: the share of female-led startups oriented toward global markets ranges from 30% to 40%, depending on a country's income level. This evidences that women entrepreneurs are not only instrumental in satisfying domestic demand but are also actively integrating into global economic systems, thereby contributing to the export potential of national economies. The data presented underscore the multifaceted role of women's entrepreneurship in advancing national self-sufficiency—simultaneously reinforcing domestic production capacities and local market resilience, while also fostering outward-oriented economic activity. This model of women's economic participation lays a robust foundation for the attainment of long-term economic autonomy and the sustained development of the national economy.

CONCLUSION

Contemporary models of economic growth, centered on the development of human capital and the stimulation of entrepreneurial activity, regard gender inclusiveness as a fundamental prerequisite for sustainability and balanced development. The integration of women into the economy through entrepreneurial engagement contributes to the attainment of a broad range of interrelated objectives, including:

- the expansion and diversification of economic activity;
- the enhancement of the economy's innovative and

digital capacities;

- the reduction of poverty and social inequality;
- the strengthening of local labor markets and the improvement of regional resilience;
- the institutionalization of sustainable development principles.

Women's entrepreneurship should be recognized not only as a mechanism for advancing gender equality, but as a strategic driver of sustainable economic growth, inclusive development, and the structural transformation of national economies. The intensification of female entrepreneurial activity exerts a comprehensive and multidimensional influence on major macroeconomic indicators, including employment creation, innovation performance, GDP growth, and digital transformation. In order to effectively unlock women's entrepreneurial potential, it is recommended for governments to adopt the following strategic measures:

- develop inclusive educational and vocational programs aimed at strengthening women's entrepreneurial competencies, financial literacy, and leadership capacity;
- ensure non-discriminatory access to financial resources—such as government subsidies, grants, and credit schemes—by addressing institutional and regulatory barriers;
- establish integrated public-private mentorship systems to facilitate knowledge transfer, access to expert guidance, and long-term professional support

for emerging women entrepreneurs;

- promote infrastructure tailored to the needs of women-led enterprises, including incubators, accelerators, and co-working spaces, particularly within male-dominated sectors of the economy;

- support the formation and expansion of dedicated business networks and sectoral platforms that enable effective professional collaboration and increase access to investment opportunities.

Integrating these approaches for fostering women's entrepreneurship into the national economic development strategy will contribute to sustainable employment, increased productivity, and the creation of a more equitable and competitive economy.

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