

SUPPORTING WOMEN ENTREPRENEURS IN UZBEK ECONOMY

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Abstract. Like all Soviet Central Asian republics, Uzbekistan underwent great political, economic, and social transformations following its independence in 1991. Economic crises touched most of the local economies. As a result, millions of Uzbeks, Kyrgyz, and Tajiks went to Russia to find jobs and even the current economic crisis in Russia did not stop migrants from leaving the region to work in Russia, accelerating the globalization of Central Asian societies. Globalization has been changing and influencing cultures, traditional structures, social norms, and beliefs all over the world. The accelerated speed of shared information, objects, ideas, and humans has led to increased mobility and significant change in each corner of the world today. Uzbekistan was also affected by these processes of globalization, mobility, and change, opening up new opportunities for the population (Turaeva, 2017). Successful entrepreneurs are supposed to create jobs, pay taxes, offer new ideas, and contribute to long-term economic progress. Increased competition from entrepreneurs' forces established businesses to become more competitive. Entrepreneurs provide new job possibilities and speed structural change by displacing old, sluggish businesses. However, women continue to be underrepresented in the ranks of entrepreneurs, particularly in transitional countries. Women own and manage significantly fewer enterprises than males around the world, and they earn less on average and are more likely to work in unprotected jobs, such as domestic work. Despite a rising literature, more research on female entrepreneurship is needed, hence we focus on Uzbekistan, a middle-income transition country with an increasing number of initiatives targeted at supporting and empowering female entrepreneurs (Mirkasimov, 2017).

Keywords: *Uzbekistan's economy, women entrepreneurs.*

Introduction

Uzbekistan's economy was previously linked with a Soviet-style command economy, which has gradually transitioned to a market economy. However, in recent years, particularly after President Shavkat Mirziyoyev's election, Uzbekistan has undergone fast economic and social transformation, with the goal of improving development and converting the country into a real, contemporary market economy with huge ascent on women entrepreneurs.

International financial institutions, such as the EBRD, the Asian Development Bank, and the World Bank, are actively supporting Uzbekistan's successful reform effort and have swiftly expanded their presence there.

Top 25% authors in Uzbekistan

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Rank	W.Rank	Author	Score
1	[1]	Raufhon Salahodjaev Iqtisodiyot Fakulteti, Toshkent Xalqaro Vestminster Universiteti, Tashkent	1.64
2	[2]	Marat Ibragimov Iqtisodiyot va Statistika Fakulteti, Toshkent Davlat Iqtisodiyot Universiteti, Tashkent	2.21
3	[3]	Nurmukhammad Yusupov Iqtisodiyot Fakulteti, Toshkent Xalqaro Vestminster Universiteti, Tashkent	3.31
4	[4]	Sardor Azam Institute for Forecasting and Macroeconomic Research, Tashkent Iqtisodiyot Fakulteti, Toshkent Xalqaro Vestminster Universiteti, Tashkent	4.05
5	[7]	Bakhrom Mirkasimov Iqtisodiyot Fakulteti, Toshkent Xalqaro Vestminster Universiteti, Tashkent	4.64
6	[6]	Ziyodullo Parpiev Iqtisodiyot Fakulteti, Toshkent Xalqaro Vestminster Universiteti, Tashkent	6.01

Above provided the most famous economists in Uzbekistan for 2017 year.

It's obvious that economic stability partially depends on businesses in the country. The most popular companies in Uzbekistan which produce the most income is:

Notable companies
 Active State-owned Defunct

Name	Industry	Sector	Headquarters	Founded	Notes
Artel Electronics	Consumer Goods	Home Appliances	Tashkent	2011	Home Appliance Manufacturer
Avialeasing	Industrials	Delivery services	Tashkent	1992	Cargo airline
Central Bank of Uzbekistan	Financials	Banks	Tashkent ^[1]	1991	National bank
GM Uzbekistan	Consumer goods	Automobiles	Asaka	2008	Automobiles, joint with General Motors (US)
MAN Auto-Uzbekistan	Consumer goods	Automobiles	Tashkent	2009	Automobiles, joint with MAN Truck & Bus (Germany)
Navoi Mining and Metallurgy Combinat (NIMMC)	Basic materials	General mining	Navoiy	1958	Uranium, gold and silver
O'zbekiston Pochtasi	Industrials	Delivery services	Tashkent	1991	Postal services
SamKochAvto	Industrials	Commercial vehicles & trucks	Samarkand	1999	Buses, joint with Koç Holding (Turkey)
Tashkent Aviation Production Association	Industrials	Aerospace	Tashkent	1932	Aircraft production
Uzbekistan Railways	Industrials	Railroads	Tashkent	1994	National railways
Uzbekistan Airways	Consumer services	Airlines	Tashkent	1992	Airline
Uzbekneftegaz	Oil & gas	Exploration & production	Tashkent	1992	State oil and gas
UzAuto	Consumer goods	Automobiles	Tashkent	1992	Automobiles, joint with GM
Uz-DaewooAuto	Consumer goods	Automobiles	Asaka	1992	Joint with Daewoo Motors , defunct 2008

Uzbekistan's economic panorama is experiencing a significant metamorphosis as numerous international enterprises strategically set foot in the Central Asian market. The report done by Spot unveils the intricate tapestry of global companies making a mark in Uzbekistan and delves into the upcoming ventures poised to shape the nation's evolving business landscape.

However, as Uzbekistan is proudly becoming more and more innovative, we can see that it is still a big challenge for women to enter the market with their ideas. It is mainly due to the cultural background of the Uzbek history. Many college-educated Uzbek women in the labor market are predominantly teachers, nurses, agricultural workers or they stay home to provide care for parents and children. Today more females are shifting out of traditional jobs into other professions and seizing new market opportunities such as entrepreneurship. Nowadays in Uzbekistan, female entrepreneurial activities are dynamic and growing. A larger share of women is working as entrepreneurs full time compared to previous generations. It seems that women find entrepreneurial work opportunities increasingly meaningful and this reflects the importance of entrepreneurial career to women's identity. Entrepreneurial activity choices may provide security and flexibility for family responsibilities if a woman needs. However, there are clearly some Uzbek women being driven to work as entrepreneurs by necessity when there is a large income shock to their household portfolio (e.g., job loss). A UNDP study revealed that many Uzbek women become entrepreneurs due to a lack of job opportunities, not necessarily because they see it as a significant opportunity and the same research mentions that most female entrepreneurs operate in low-return service sectors, often working from home as one-person businesses (<https://www.undp.org/uzbekistan/publications/women-entrepreneurs-uzbekistan-challenges->

[and-opportunities](#)). Not every Uzbek woman has the drive to become an entrepreneur, because entrepreneurs face a substantial risk of failure. This can be evidenced by the Life in Transition household survey II and III, conducted jointly by the European Bank for Reconstruction and Development and the World Bank in late 2010 and 2015. Both surveys covered close to 1500 households in Uzbekistan and has a specific module on entrepreneurial activities, in which, the following question was asked: “which job would you choose if choice is given?”. More than half of the female respondents (52%) selected public sector employment (state-owned enterprises and government) as their main choice, not self-employment. By 2015, the share of women involved in self-employment declined by half, a decrease from 28% in 2010 to 14%.

Based on the administrative data provided by the Chamber of Commerce, we can see that over 6,000 women entrepreneurs registered their new business in only four regions of Uzbekistan between April and September of 2017. During the same period, there were nearly twice as many male entrepreneurs who registered their business – more than 10,500.

Extensive research from UNDP indicates

Age and Experience: According to the UNDP survey, the typical Uzbek female entrepreneur has an average age of approximately 40 years. This phenomenon could be attributed to the fact that numerous women opt to initiate entrepreneurial ventures subsequent to raising their children, or it could be indicative of comparatively less cumulative professional experience in comparison to men. Additionally, it is plausible that women in this age group possess a greater amount of leisure time, acquired financial resources, and a more robust domestic support system.

Education and Business Structure: Approximately 50% of the women entrepreneurs polled hold a university degree. It is crucial to acknowledge that this data may be distorted because there is a larger proportion of responders from Google, who are probably located in Tashkent, the capital city with a greater percentage of education.

More than 40% of women function as sole proprietors. This implies that a significant number of enterprises run by women are of smaller scale and have restricted possibilities for expansion.

Family and Support Systems: Out of the women surveyed, 66% are in a marital relationship. This is important since they frequently seek advice from their spouses or family members regarding business affairs. Strong familial support, especially from husbands and parents, might motivate women to pursue careers in industries that have traditionally been dominated by males.

The study emphasizes the pivotal significance of extended families, particularly in rural regions. These networks offer crucial social resources and assistance for female entrepreneurs.

Workforce and Finances: Typically, these female entrepreneurs allocate an average of 50 hours a week to their firms and have an approximate workforce of 8 employees. Nevertheless, the number of employees decreases to 1-2 for firms that are not related to agriculture.

An important discovery is that a majority of the women (77%) indicated a requirement for additional financial resources and capital. This underscores a key obstacle for women entrepreneurs.

Market orientation and competition analysis reveals that a mere 15% of the examined enterprises have a focus on exporting, whereas 22% engage in the importation of goods and services. This suggests a narrow emphasis on global markets.

In terms of competition, 33% of the women describe it as low, another 33% consider it medium, and the remaining 33% find it high. These findings indicate that women entrepreneurs may initially have lower expectations for development, as they prioritize survival over aggressive expansion.

Challenges encountered by women entrepreneurs can be categorized into three broad groups, as described by the UNDP study.

Institutional restrictions refer to several factors that can hinder progress or limit opportunities within an organization. These factors may include intricate rules, restricted availability of business development services, and a dearth of women holding leadership roles.

Sectoral/occupational challenges: Women may encounter bias or restricted prospects in industries that have traditionally been controlled by men.

Personal barriers: These may include obligations relating to childcare, low self-assurance, or restricted opportunities to connect with professional contacts.

Further support for women entrepreneurs is crucial for Uzbekistan, which is aiming to increase the percentage of small and medium-sized businesses owned and run by women, from the current 25 per cent to 40 per cent, in line with the country's 2030 strategy for gender equality. According to the Decree of the President of the Republic of Uzbekistan dated April 28, 2021 "On the State Program for Creating New Jobs and Employment in 2021" No. PP-5094, the consolidated forecast indicators for creating new permanent jobs in 2021 were formed. According to these indicators, 209,507 (almost 46%) of the total number of 457,127 new jobs created will be created through the development of small businesses and private entrepreneurship.

Part 2

Although more women are beginning businesses, they continue to confront hurdles in running them. The number of female entrepreneurs is on the rise. Regardless of the favorable outcomes, women are battling to survive in the economic world due to the obstacles they confront (Cheng, n.d.).

1. Limited funding.

Not every business owner is lucky enough to have an investor or finance for their company. Some entrepreneurs must bootstrap their enterprises, use credit cards, or obtain financing on their own. Women's companies are among the most prominent ventures that lack financial backing. Women are often rejected loans due to gender and cultural biases—many institutions prefer to fund male-owned firms.

2. Gender inequality

What should we know about gender inequality? Laws, customs, religion, and politics are founded on patriarchal principles. Women must work their way up in a male culture while confronting stigma and prejudice. Although laws and policies have attempted to create a more advantageous business environment for everyone, the improvements have yet to be implemented. Gender lens investing, which refers to techniques that address and/or evaluate gender disparities to inform investment decisions, is gaining popularity.

3. Unfavorable Business Environment

Women face a variety of hurdles, including fewer developed business networks as well as societal and conventional barriers that limit their participation in business. Religion prevents women from establishing businesses. In some countries, women may be obliged to have a male partner who will conduct business, negotiate, and be the face of the company. Despite these hurdles, the business world is rapidly recognizing women's strengths and contributions.

In Uzbek society, women are far more likely to end up running a seamstress shop, a beauty parlor, or some other business engaged in what has traditionally been regarded as "women's work." Few are involved in heavy manufacturing or other large businesses.

Alimbekova R., (2008) says that she launched her women's advocacy group, the Businesswomen's Association, to promote women's efforts to break into less traditional fields. It has brought her recognition throughout the country, and the association is flourishing.

"I believe my straightforwardness [and] my ability to speak harshly but with humor at the same time have helped me to overcome many obstacles."

Madina Mukhammedova - grew up in a small family in Bukhara, Uzbekistan, is one of the women who answered the Secretary-General's call. She became one of the 40 winners of a nationwide competition called "Startup Initiatives" that UNDP organized in 2021 in cooperation with the Foundation "Yoshlar kelajagimiz." Her entry was so successful, in fact, that she filed for and received a patent on her invention from the Intellectual Property Agency and is now on her way to running a successful business while solving a critical health challenge that many people face – both in Uzbekistan and around the world.

There are a lot of ways government can help empower women to realize their entrepreneurial potential and contribute the economic growth of the country. Some ways that can be implemented are

Education and Training Programs for young girls and women; Training programs should include financial literacy, communication skills, networking, leadership skills and business management for young companies who are on the verge of their entrepreneurship start up.

Mentorship and role models; Mentorship programs should be opened up where already successful female entrepreneurs can guide and mentor young girls who apprise to be entrepreneurs in some fields. This is probably the best way to inspire young female because exposure to already successful female entrepreneurs can motivate them to pursue their dreams and goals.

Access to funding and resources: the government may create initiatives that provide grants, loans or even fund some portion of business plan created by women entrepreneurs. Government may ensure equal access to technology infrastructure and working spaces.

Networking opportunities: Government may organize networking events, conferences or even workshops for the females' entrepreneurs. This will provide opportunities for women entrepreneurs to connect with other entrepreneurs, investors and potential partners/collaborates.

Policy Support; government may give a big boost for women by implementing policies such as gender equality in entrepreneurship, fair access to contracts and procurement opportunities

Community Engagement; government may encourage the community to support female entrepreneurs with initiatives and partnership with community organizations.

Awareness and Advocacy: raise awareness about the importance of female entrepreneurship and challenges faced by them in the field through media, campaigns and advocacy efforts. The may shift the stereotypes about the gender roles in the business.

Nowadays we can confidently state that women's contributions to the Uzbek economy are increasingly recognized and supported, even more importance is placed on ways to promote greater gender equality and economic participation and entrepreneurship.

If we can get past the cultural and societal barriers, and limited access to financial resources and business networks, we can reach even bigger economic growth in the forthcoming years.

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