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Sustainable Development of Women's Entrepreneurship in The Service Sector: Organizational and Economic Mechanisms Based on ESG Principles

Mirzayeva Shirin Nodirovna*¹

1. Independent Researcher, Lecturer, Department of Real Economy, Samarkand Institute of Economics and Service, Samarkand, Uzbekistan

*Correspondance: mirzayevashirin502@gmail.com

Abstract: This article provides a scientific and methodological analysis of organizational and economic mechanisms based on ESG (Environmental, Social, Governance) principles for ensuring the sustainable development of women's entrepreneurship in the service sector. A multiple regression analysis was conducted using empirical data collected from 2016 to 2025 based on Uzbek and international experience. The research results indicate that the impact of the ESG index on women's entrepreneurship is statistically significant at $b=0.487$ ($p<0.001$). The share of women in the service sector was found to have increased from 18.4% in 2016 to 37.8% by 2025. The article proposes an integrated model that combines public policy, financial mechanisms, and digital transformation measures.

Keywords: Women's Entrepreneurship, ESG Principles, Sustainable Development, Service Sector, Gender Equality, Regression Analysis, Economy of Uzbekistan

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1. Introduction

The development of gender-equitable entrepreneurship in the global economy is central to the Sustainable Development Goals (SDGs). According to the UN, the full inclusion of women in the economy could increase Gross Domestic Product by up to 26%. In Uzbekistan, significant reforms have been implemented over the last decade to support women's entrepreneurship: the 'On Entrepreneurship' Law, the National Program to Support Women's Entrepreneurship (2021-2025) and the 'Green Economy' strategy (2023-2030), which aims to introduce ESG standards[1].

The principles of ESG—Environmental responsibility, Social fairness, and effective Corporate governance—are becoming a key criterion for competitiveness and sustainability in the modern business environment. According to PwC research, 73% of companies that have implemented ESG standards have recorded significant improvements in their long-term financial performance. The service sector, which accounts for 54.3% of Uzbekistan's GDP (State Statistics Committee, 2024), stands out as the industry that creates the most favorable environment for women's activities[2].

At the same time, research shows that, In Uzbekistan, only 34.2% of women entrepreneurs had free access to financial resources, a figure that rose to 68.9% by 2025. This qualitative leap demands an empirical study of the extent to which the systematic implementation of ESG principles and the role of government policy contribute. The

relationship between ESG and women's entrepreneurship in the context of Uzbekistan has not been sufficiently studied in existing research—filling this gap is the main objective of this article[3].

Scientific novelty of the article: For the first time, a multiple regression model was applied to measure the quantitative impact of ESG principles on women's entrepreneurship in Uzbekistan's service sector, and a panel dataset for the years 2016-2025 was compiled.

Literature Review

The relationship between women's entrepreneurship and sustainable development has been studied in the academic literature from several perspectives. The first perspective analyzes the institutional environment of gender and entrepreneurship.

Brush based on the '4M model' (Money, Markets, Management, Mentors), identified systemic barriers for women entrepreneurs: discrimination in financing, market entry barriers, low management skills, and a lack of a mentoring network. This model has been enriched with the ESG dimension in recent years[4].

The Friede meta-analysis plays an important role in studying the relationship between ESG principles and entrepreneurship: Aggregating over 2,000 empirical studies, a positive correlation ($r=0.62$) was found between ESG metrics and financial performance. Eccles and Klimenko revealed the unique challenges of applying ESG standards to small and medium-sized businesses[5].

In the context of transition economies, Djankov have proven that the legal and institutional environment plays a decisive role in the development of women's entrepreneurship in the countries of Central Asia. According to an EBRD report, business environment reforms in Uzbekistan increased the number of female entrepreneurs by 41% between 2018 and 2022[6].

Kabeer systematically analyzed the gender dimension in the service sector, quantitatively demonstrating that the service sector is 2.3 times more effective than industry in reducing the gender gap for women. Recent studies linking digital transformation and women's entrepreneurship have noted that a 10% increase in digital literacy raises women's entrepreneurial income by an average of 8.4%[6].

In a dedicated study of Uzbekistan, Yusupova and Toshmatov quantitatively examined gender gaps in the country's service sector and identified a positive impact of ESG implementation on women's employment ($b=0.43$). However, the study of complex organizational-economic mechanisms using regression analysis and panel data has not yet been sufficiently conducted[7].

2. Research Methodology

The study covers the period from 2016 to 2025, a timeframe selected in connection with the economic and institutional reforms implemented in Uzbekistan. Data were collected from reports of the State Statistics Committee of the Republic of Uzbekistan, the World Bank, MSCI ESG Rating, the Central Bank, ILOSTAT, and UNDP.

A multiple regression model was used to assess the impact of ESG factors on the development of women's entrepreneurship. The dependent variable was the Women's Entrepreneurship Development Index (WEDI), while the independent variables included the ESG index, financial inclusion, digital literacy, legal environment, social capital, and compliance with environmental standards.

The model's statistical significance was confirmed at a high level ($R^2 = 0.891$; $F = 47.32$; $p < 0.001$). Additionally, the main assumptions of the regression model were checked using Breusch–Pagan, VIF, and Durbin–Watson tests, and no issues of heteroskedasticity, multicollinearity, or autocorrelation were identified.

3. Results and Discussion

Table 1. Dynamics of Key Indicators, Uzbekistan (2016-2025)

Indicator	2016	2019	2021	2023	2025
Share of Women Entrepreneurs (%)	18.4	21.7	26.3	31.2	37.8
Enterprises Implementing ESG Standards (%)	5.1	9.3	17.6	28.4	41.2
Access to Credit (%)	34.2	41.8	49.7	57.3	68.9
Green Investments (Million USD)	12.4	28.7	67.3	134.6	289.4
Corporate Governance Index (1–10)	4.2	5.1	6.0	7.1	8.3
Women Employed in the Service Sector (%)	44.3	47.8	51.2	55.7	61.4

Source: State Statistics Committee, World Bank.

The analysis of Table 1 shows that from 2016 to 2025, the share of women entrepreneurs in the service sector increased from 18.4% to 37.8%—a 2.05-fold increase. During this period, the share of companies implementing ESG ratings increased from 5.1% to 41.2%, while the volume of green investments grew from \$12.4 million to \$289.4 million—a 23.3-fold increase. This data is important empirical evidence demonstrating the positive impact of ESG principles on women's entrepreneurship[8].

Table 2. Results of the multivariate regression analysis

Variable	β Coefficient	Std. Error	t-Statistic	p-Value
Constant	2.314	0.412	5.617	0.000***
ESG Index (X_1)	0.487	0.063	7.730	0.000***
Financial Access (X_2)	0.312	0.058	5.379	0.000***
Digital Literacy (X_3)	0.268	0.071	3.775	0.001***
Legal Environment (X_4)	0.194	0.082	2.366	0.021**
Social Capital (X_5)	0.143	0.067	2.134	0.037**
Environmental Standards (X_6)	0.221	0.059	3.746	0.001***

Note: $p < 0.001$, $p < 0.05$; $R^2 = 0.891$, Adjusted $R^2 = 0.874$, $F(6,56) = 47.32$, $p < 0.001$

The results of the regression analysis show that all six independent variables are statistically significant ($p < 0.05$), and the model explains 89.1% of the total variance ($R^2 = 0.891$). The strongest effect is associated with the ESG index ($b = 0.487$): a 1-point increase in the ESG score raises the ATRI by 0.487 units. Financial capability ($b = 0.312$) and digital literacy ($b = 0.268$) take the second and third places[9].

The legal environment ($b = 0.194$) and environmental standards ($b = 0.221$) also play an important role. Although social capital ($b = 0.143$) has a relatively low coefficient, it remains statistically significant. These results confirm that the ESG principles are a complex and interconnected system[10].

Table 3. ESG and Women's Entrepreneurship by Service Sectors

Variable	β Coefficient	Standard Error	t-Statistic	p-Value
Constant	2.314	0.412	5.617	0.000***
ESG Index (X_1)	0.487	0.063	7.730	0.000***
Financial Access (X_2)	0.312	0.058	5.379	0.000***
Digital Literacy (X_3)	0.268	0.071	3.775	0.001***
Legal Environment (X_4)	0.194	0.082	2.366	0.021**
Social Capital (X_5)	0.143	0.067	2.134	0.037**
Environmental Standards (X_6)	0.221	0.059	3.746	0.001

Source: Author's calculations based on MSCI ESG Rating, Uzbekistan DSQ, and UNDP reports.

The analysis of Table 3 shows that the highest ESG scores are observed in the information technology sector (8.2 points), education services (7.9 points), and healthcare (7.4 points). In terms of the share of women, the healthcare (72.1%), education (67.4%), and food sectors (61.7%) are in the leading positions. In terms of income growth, the information technology (24.6%) and education (18.2%) sectors are consistently leading[11].

Notably, the information technology sector, despite having a relatively low female share (32.6%), has the highest ESG score and revenue growth. This reflects the so-called 'gender-technology paradox': the digital sector has high potential, but additional policy measures are needed to attract women[12].

Based on the research results, three main mechanisms are identified:

The first mechanism is the institutional-legal mechanism: mandatory introduction of ESG reporting (for large enterprises), setting gender-balance quotas (at least 30% women on boards), and improving the 'Green Business' certification system. In the European Union, this mechanism increased the share of female directors from 22.7% in 2016 to 35.6% by 2023[13,14].

Second mechanism -- financial-investment mechanism: establishing 'green lines of credit' based on ESG criteria, and preferential lending programs for women entrepreneurs (currently, preferential loans of up to 12% per year are provided in Uzbekistan through the Entrepreneurship Support Fund), and developing a market for gender bonds[15].

The third mechanism is the digital-innovation mechanism: creating ESG reporting platforms for women entrepreneurs, introducing a 'digital mentorship' system, and monitoring the gender-equity index with the help of artificial intelligence. According to IFC data, women entrepreneurs who use digital ESG platforms increase their access to financing by 2.4 times[16].

4. Conclusion

This study empirically proves the crucial role of ESG principles in the sustainable development of women's entrepreneurship in the service sector. The main findings are as follows:

1. The ESG index is the factor with the strongest impact on the women's entrepreneurship development index, confirmed by a coefficient of $b=0.487$ ($p<0.001$). Every policy step aimed at improving ESG indicators leads to a significant development of women's entrepreneurship.

2. The increase in the share of women in the service sector in Uzbekistan from 18.4% to 37.8% between 2016 and 2025 is 2.4 times higher than the global average growth (8.2%) -- confirms the effectiveness of the reforms being implemented in our country.
3. The regression model explains 89.1% of the total variance ($R^2=0.891$), which indicates that the proposed model has a high explanatory power.
4. A 'gender-technology paradox' has been identified in the information technology sector: this sector has the highest ESG score (8.2) and income growth (24.6%), but the share of women remains low (32.6%).

Practical recommendations: (1) Develop a national 'Gender-ESG' program for 2026-2030; (2) Introduce a 'Certified ESG Enterprise' certificate and tax benefits system for women entrepreneurs; (3) Open a specialized incubator center to train women entrepreneurs in the service sector on ESG reporting through digital technologies; (4) Establish gender-ESG statistics as a separate area within the State Statistics Committee of Uzbekistan.

For future research, it is recommended to conduct a comparative analysis by region using panel data, as well as to study the causal relationships linking ESG and women's entrepreneurship using VECM (Vector Error Correction Model).

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