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Financial Inclusion and Entrepreneurial Agency among Women-Owned Enterprises

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Abstract:

Financial inclusion can strengthen women-owned enterprises by improving access to payments, savings, credit, and financial protection. However, obtaining a financial product does not necessarily increase an entrepreneur's control over resources or capacity to make strategic decisions. This article examines the relationship between financial inclusion and entrepreneurial agency through a narrative review of twelve scholarly and institutional sources published before 2023. It distinguishes financial access from effective use and considers how institutional requirements, household relationships, business conditions, and financial capabilities influence outcomes. Five sections examine conceptual foundations, barriers to inclusion, enterprise investment, digital finance, and institutional support. A graph illustrates the gender gap in account ownership in developing economies, while an analytical table connects financial constraints with possible responses and evaluation indicators. The article argues that financial inclusion supports agency when services are accessible, appropriate, affordable, and subject to meaningful customer control. Effective interventions should combine financial services with relevant capabilities, market opportunities, and institutional accountability. Evaluation must examine decision-making power, business performance, and resilience alongside account ownership and loan disbursement.

Keywords: *Financial inclusion, Women-owned enterprises, Entrepreneurial agency, Gender inequality, Access to credit, Digital finance, Financial capabilities, Enterprise development*

Introduction

Women-owned enterprises contribute to employment, household livelihoods, innovation, and local economic activity. Their development depends on resources and opportunities that extend beyond the motivation of individual entrepreneurs. Financial services are important because enterprises require mechanisms for receiving payments, managing liquidity, accumulating savings, financing investment, and responding to unexpected costs. Nevertheless, the availability of finance does not establish that women can obtain suitable products, use them independently, or retain authority over the resources involved. An account may be registered in a woman's name while another person controls transactions; a business loan may increase working capital while imposing repayment demands inconsistent with the enterprise's cash flow. These distinctions make entrepreneurial agency central to the analysis of financial inclusion. Agency concerns the capacity to formulate

goals, make consequential choices, and act on them within particular constraints. Kabeer's (1999) framework connects resources, agency, and achievements, providing a basis for distinguishing financial provision from substantive empowerment. Ahl (2006) similarly challenges approaches that explain women's entrepreneurship primarily through presumed personal deficiencies or comparisons with an unexamined male norm. Building on these perspectives, this article examines finance within the social and institutional conditions of enterprise activity. It draws on twelve sources published before 2023 and presents a narrative synthesis rather than original field research or a systematic review. The term women-owned enterprises includes diverse businesses, although the empirical literature reviewed here places substantial emphasis on microenterprises in developing economies. Findings from these studies should therefore not be generalized automatically to every firm size or sector. The central argument is that financial inclusion can strengthen entrepreneurial agency when women have meaningful control over appropriate services and complementary opportunities. The analysis consequently considers access, use, autonomy, performance, and resilience as related but distinct dimensions.

Financial Inclusion and Entrepreneurial Agency as Distinct Concepts

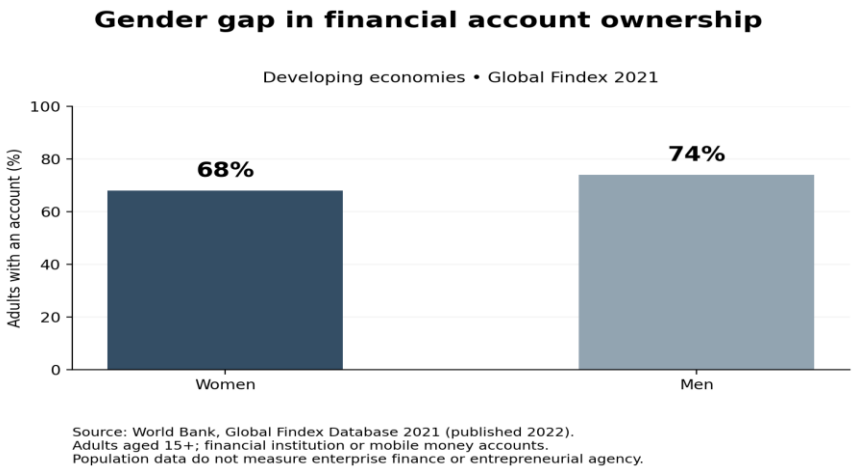
Financial inclusion concerns access to and use of useful financial services under conditions that make participation practical and sustainable. For entrepreneurs, these services may include transaction accounts, savings facilities, credit, and mechanisms for managing financial risk. Inclusion should be assessed through suitability and effective use rather than the mere existence of a product. A service can be formally available while remaining inaccessible because of cost, distance, documentation, or unsuitable operating procedures. Beck et al. (2007) distinguish dimensions of access and use in their examination of banking services across countries. Their work supports attention to the different ways financial participation can be measured. Applied to women-owned enterprises, this distinction encourages separate assessment of service availability, eligibility, adoption, and continuing use. These stages can reveal where exclusion occurs and whether a policy addresses the relevant problem. Entrepreneurial agency adds a further dimension. It concerns who decides how funds are obtained, allocated, and retained; whether the entrepreneur can pursue chosen business goals; and whether she can negotiate with customers, suppliers, lenders, and household members. Ownership on paper is therefore insufficient to establish practical authority. Research should specify whether a business is woman-owned, woman-managed, or both, because these classifications may describe different arrangements. Kabeer's (1999) framework helps separate resources from their conversion into agency and achievements. A loan is a resource, control over its allocation concerns agency, and changes in enterprise outcomes may constitute achievements. The relationship among these dimensions depends on context. Improved revenue may coexist with increased workload, reduced control over earnings, or heightened exposure to debt. Conversely, an entrepreneur may value greater stability and independence even when business size remains unchanged. Ahl (2006) draws attention to how research can reproduce assumptions about women's businesses. An important implication is that growth should not be treated as the only legitimate entrepreneurial objective. Some owners prioritize reliable income, flexibility, continuity, or independence. Evaluation should examine goals identified by entrepreneurs while also investigating whether limited ambitions reflect restricted opportunities. Financial inclusion becomes substantively valuable when it broadens practical choices rather than prescribing one model of entrepreneurial success.

Gendered Barriers to Financial Access and Effective Use

Barriers to financial inclusion can arise through documentation requirements, collateral arrangements, service costs, limited financial histories, and institutional practices. These barriers

affect many small enterprises, but their consequences may differ according to gendered access to assets, time, mobility, and professional networks. Analysis should investigate specific mechanisms rather than assume that every observed disparity results from direct discrimination.

Financial account ownership in developing economies, 2021



Global Findex reported that 68% of women and 74% of men in developing economies had an account in 2021, a difference of six percentage points. This indicates unequal participation in a basic financial service, but it does not identify the reason for the difference or establish that account owners can obtain enterprise credit. Women who possess an account may still encounter constraints affecting business use. Financial services can involve travel, waiting, verification, and the maintenance of records. These requirements become more difficult where entrepreneurs have limited time or operate businesses without formal documentation. Dependence on intermediaries may also reduce privacy and independent control. Programme design should therefore assess the complete process of using a service, including what happens when a transaction fails. Credit demand requires careful interpretation. An entrepreneur who does not apply for a loan may lack investment opportunities, prefer other financing, anticipate rejection, or fear repayment difficulties. These situations are analytically different. Malapit (2012), examining low-income urban households in the Philippines, demonstrates the importance of investigating credit constraints and the reasons behind financial behaviour within a defined setting. Providers can improve understanding through transparent eligibility criteria, clear explanations of decisions, and examination of customer experiences. Comparisons should consider business characteristics and the circumstances of applicants while investigating whether procedures create avoidable disadvantages. Increased lending is not automatically evidence of improved inclusion: appropriate services may sometimes help an entrepreneur avoid unsuitable borrowing. The aim is access to meaningful options supported by informed choice.

Financial Services, Investment Decisions, and Enterprise Performance

Financial services can influence enterprise development through several mechanisms. Savings can help entrepreneurs accumulate resources for planned purchases and protect working capital. Credit can bring investment forward when expected returns justify its cost and repayment conditions. Payment services can support transactions and record keeping. The usefulness of each mechanism depends on business circumstances, so financial inclusion should not be reduced to credit expansion. Dupas and Robinson (2013) examine savings constraints through a field experiment involving microentrepreneurs in Kenya. Their study illustrates the value of investigating savings services alongside lending. Its implications should remain tied to the intervention and population

studied. A savings product that supports one group may require different features elsewhere because income timing, transaction costs, and service reliability vary. Research on enterprise capital also shows why resources should be considered together with control and opportunities. De Mel et al. (2009) investigate gender and microenterprise returns through experimental evidence, while Fafchamps et al. (2014) examine enterprise growth and the allocation of capital in Ghana. These studies encourage analysis of heterogeneous responses rather than an assumption that identical financial inputs produce identical outcomes

Table 1 Financial constraints, enterprise implications, and proposed responses

Financial constraint	Possible implication for entrepreneurial agency	Proposed response	Evaluation indicator
Limited control over funds	Restricts investment decisions	Examine independent access and transaction authority	Who decides how business funds are used
Unsuitable repayment schedules	Creates pressure during low-income periods	Assess alignment with business cash flow	Repayment difficulties and working-capital stability
Limited savings options	Weakens accumulation and shock management	Provide accessible, clearly priced savings services	Continued use and ability to meet unexpected costs
High payment costs	Reduces net earnings	Improve transparency and compare service arrangements	Total transaction costs
Poor financial information	Limits informed product choice	Provide practical explanations and assistance	Understanding of fees, obligations, and options
Weak market opportunities	Limits productive use of additional capital	Connect finance with relevant business support	Profitability and sustainable customer demand
Inaccessible complaint procedures	Reduces control when problems occur	Establish usable resolution channels	Resolution time and customer experience

Banerjee et al. (2015) examine microfinance through a randomized evaluation, providing evidence against treating credit as a universally transformative intervention The broader analytical lesson is to assess what changes, for whom, and under which conditions. Loans, grants, and savings services differ in obligations and should not be treated as interchangeable. Performance assessment should distinguish sales, profit, assets, survival, and resilience. Increased sales may coexist with rising expenses, while temporary growth may not persist. Agency should also be measured directly

instead of inferred from business performance alone. Financial interventions are most informative when evaluation connects product use with investment decisions, economic outcomes, and control over the resulting resources.

Digital Finance, Financial Capabilities, and Resource Control

Digital finance can change how entrepreneurs receive payments, transfer funds, maintain records, and access financial information. Remote transactions may reduce some travel requirements and facilitate communication with customers or suppliers. However, digital delivery introduces its own conditions, including device access, connectivity, usable interfaces, reliable agents, and procedures for resolving errors. Suri and Jack (2016) examine the long-run poverty and gender implications of mobile money in Kenya. Their findings demonstrate that digital financial infrastructure can have important economic consequences in a particular setting. They should not be interpreted as a universal estimate of its effects on women-owned firms or as proof that every digital product increases agency. Digital participation should be assessed through independent use and resource control. A woman may own an account but rely on another person's phone, share credentials, or require assistance to complete transactions. Assistance can be useful, yet dependence may restrict privacy and choice. Programme evaluation should ask whether entrepreneurs can access funds when needed, understand transactions, and seek help through channels they can use. Financial capabilities involve practical knowledge and the opportunity to apply it. Entrepreneurs may need to understand fees, repayment obligations, savings conditions, transaction records, and the difference between revenue and profit. Training should connect with actual decisions rather than assume that broad financial knowledge automatically changes behaviour. Clear product information and fair provider practices remain necessary. Klapper and Lusardi (2020) examine financial literacy and resilience across countries. Their work supports attention to financial understanding while requiring caution about interpreting associations as causal effects. Knowledge alone cannot overcome insufficient income, inappropriate products, or lack of control over resources. Financial capability therefore involves both skills and the environment in which choices are made. Providers should explain security procedures and transaction costs in accessible language. Account recovery and complaint resolution are part of service quality, particularly for entrepreneurs whose business operations depend on reliable payments. The objective is useful digital participation under the owner's control. Success should be evaluated through reduced practical barriers and improved decision-making capacity, alongside adoption.

Institutional Support, Complementary Opportunities, and Evaluation

Financial inclusion operates within a wider entrepreneurial environment. Women-owned enterprises require customers, reliable suppliers, suitable premises, skills, infrastructure, and workable administrative arrangements. Finance may relax one constraint while leaving others intact. Institutional programmes should therefore identify the binding difficulties faced by different enterprises before selecting interventions. Business support can include practical record keeping, market analysis, product development, and assistance with relevant procedures. McKenzie and Woodruff (2014) review evidence from business training and entrepreneurship evaluations, highlighting the need for careful assessment of programme design and outcomes. Training should not become an automatic requirement imposed on women regardless of their experience. It is more useful when it addresses identified needs and can be applied within available opportunities. Coordination among providers and support institutions can reduce fragmentation. An entrepreneur should not have to navigate unrelated programmes that use incompatible eligibility rules or repeatedly request the same information. At the same time, coordination should respect confidentiality and avoid unnecessary data collection. Financial histories and household

circumstances can be sensitive, and their use should be clearly explained. Evaluation should distinguish service provision from substantive change. Accounts opened, loans disbursed, and participants trained document activity. Independent use, improved liquidity, profitable investment, resilience, and decision-making authority concern outcomes. Neither category should substitute for the other. Programmes need evidence that explains whether services are being used and whether they support the owner's goals. Research should also examine variation. Firm size, sector, location, age, disability, household arrangements, and prior experience can shape outcomes. Comparing women and men without considering enterprise circumstances may obscure mechanisms, while statistical adjustment should not automatically remove characteristics that themselves reflect unequal opportunities. Mixed methods can help connect measured differences with lived experiences. Sustained follow-up is necessary because short-term adoption may not persist. Evaluation should investigate discontinued use, repayment pressure, complaints, and unexpected burdens as well as achievements. Where causal attribution is unsupported, reports should describe associations and implementation findings accurately. Institutional success ultimately concerns a broader range of practical choices. A financially included entrepreneur should be able to understand available options, select services appropriate to her business, retain meaningful control, and obtain assistance when difficulties occur. Supporting these conditions provides a stronger foundation for entrepreneurial agency than pursuing numerical targets alone.

Summary

Financial inclusion can support women-owned enterprises through improved payments, savings, investment resources, and financial resilience. However, access to a product does not necessarily establish independent use, control over funds, or entrepreneurial empowerment. The article has distinguished financial resources, decision-making agency, and business achievements while examining the circumstances that connect them. The graph illustrates a gender gap in adult account ownership in developing economies, but it does not directly measure enterprise finance or explain the causes of exclusion. Women's financial participation may be influenced by documentation, assets, service costs, household relationships, time constraints, and business opportunities. Research on microcredit, savings, and enterprise capital demonstrates the importance of examining different products and heterogeneous outcomes within their specific settings. Digital services may reduce some barriers while introducing dependence on devices, connectivity, and provider support. Financial capabilities are therefore relevant, but they need to be accompanied by accessible information, suitable products, and fair institutional practices. Business support and market opportunities can complement finance when they address identified constraints. Evaluation should examine continuing use, profitability, resilience, and control over resources rather than relying exclusively on accounts opened or funds distributed. As a narrative review, this article identifies relationships and design principles without claiming a universal causal effect. Future research should compare diverse enterprise settings, assess outcomes over time, and investigate both intended benefits and unexpected burdens. Financial inclusion contributes most meaningfully to entrepreneurial agency when women can choose among useful services, direct resources toward their own goals, and retain authority over the opportunities and achievements that follow.

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