

## Women's Economic Transformation: A Literature Review on Empowerment through Entrepreneurship and Financial Inclusion in Pekalongan, Indonesia

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### Abstract

*This systematic literature review (SLR) explores factors influencing women's empowerment through entrepreneurship and financial inclusion in Pekalongan. Key elements supporting or hindering women entrepreneurs include access to capital, entrepreneurship education, training, and robust support networks. Financial inclusion, encompassing banking services, microcredit, and financial education, is crucial for enhancing women's economic capacity and independence. The research employs a structured SLR methodology, using databases like Scopus to identify relevant studies from the past decade. The data collection involves keyword identification, literature search, screening, full-text review, and data extraction, followed by thematic analysis and coding. The findings reveal that well-designed government and NGO programs significantly impact women's economic and social well-being, with success dependent on local context and sustained support. Policy recommendations for Pekalongan include increasing access to financial services through microcredit and entrepreneurship training, expanding financial education programs, strengthening support networks via women's business groups and mentoring, and addressing socio-cultural barriers. Tailored policies and programs that consider the local context are essential for effective implementation. This study's comprehensive approach, combining women's entrepreneurship and financial inclusion within Pekalongan's context, provides practical recommendations for policymakers and enriches existing literature, offering a framework for future research and policy development in similar socio-economic settings.*

**Keywords:** *Women's Empowerment, Women's Entrepreneurship, Financial Inclusion, Economic Transformation.*

## INTRODUCTION

Women's economic empowerment has become an essential global issue in recent decades. This empowerment is not only crucial for reducing gender gaps but also for improving the welfare of families and communities (Padhan & Husain, 2020). Economically empowered women are more likely to invest in their children's health and education, which in turn drives sustainable economic growth (Sharma & Tarp, 2018). In addition, women's economic empowerment also contributes to social stability by reducing poverty and improving the quality of life (Sinha et al., 2007). Entrepreneurship and financial inclusion are essential to women's economic empowerment (Goel & Madan, 2019). Entrepreneurship allows women to develop their own businesses, create jobs, and access more excellent economic resources (Bello, 2022). Meanwhile, financial inclusion ensures that women can access the required financial services to support their businesses, including credit, savings and insurance (Rani & Sundaram, 2023). The combination of entrepreneurship and financial inclusion provides a strong foundation for women to achieve economic independence.

In Pekalongan, a city famous for its batik industry, women play a central role in the local economy. Many women in Pekalongan are involved in batik production and sales and various other small businesses. However, despite their significant role, many women entrepreneurs still need help with various obstacles, including limited

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access to capital and financial services (Rani & Sundaram, 2023). In addition, there are also social and cultural challenges that can hinder women's full participation in entrepreneurship (Oyebamiji, 2020). Empowering women through entrepreneurship and financial inclusion in Pekalongan has great potential to change the dynamics of the local economy. By providing better access to resources and opportunities, women in Pekalongan can be more empowered to grow their businesses, increase family incomes, and contribute to more inclusive economic growth. These efforts can also help overcome some of the social challenges faced by women, such as gender inequality and economic injustice (Chaudhry & Crick, 2004; Galperin et al., 2020).

However, to achieve this goal, a deep understanding of the factors that influence women's entrepreneurial success and the role of financial inclusion in this empowerment process is needed (Ali & Salisu, 2019; Rani & Sundaram, 2023). This research aims to explore these aspects with a particular focus on the local context in Pekalongan so as to provide more specific and relevant insights for policymakers and practitioners. In order to fill existing knowledge gaps and provide new contributions to the literature on women's economic empowerment, this research will analyze various factors that influence women's entrepreneurship and evaluate the impact of financial inclusion on their empowerment. Thus, it is hoped that this research can become the basis for developing more effective policies and programs to support women's empowerment in Pekalongan and other areas. This research aims to provide a deeper and more comprehensive understanding of how entrepreneurship and financial inclusion can be used to empower women in Pekalongan. Thus, this research will provide theoretical insights and practical applications that can help develop more effective policies and programs.

This topic was chosen because of its relevance in efforts to achieve gender equality and economic empowerment. Women's entrepreneurship not only provides economic benefits but also improves women's social position and contribution to society. On the other hand, financial inclusion is critical to opening up access to capital, financial services and broader opportunities for women entrepreneurs. Although there has been much research on women's economic empowerment, there still needs to be a knowledge gap regarding how entrepreneurship and financial inclusion can effectively empower women in local contexts such as Pekalongan. Previous research tends to focus on general aspects rather than elaborating on the specific interactions between these two elements at the regional level (Huang et al., 2012; Rani & Sundaram, 2023).

This study is based on the idea that women's economic empowerment through entrepreneurship and financial inclusion is a path to sustainable economic transformation. By identifying key factors influencing the success of this initiative, this research aims to make a new contribution to the approach to women's empowerment. The initial hypothesis of this research is that financial inclusion has a significant positive impact on the success of women's entrepreneurship in Pekalongan. In addition, policies and programs designed to support financial access and entrepreneurship training will be more effective in empowering women if they are adapted to local needs and conditions. By answering these research questions, this research can fill existing knowledge gaps and provide new insights that policymakers and practitioners can use to increase women's economic empowerment in Pekalongan and other regions.

## **METHODOLOGY**

### **Research Design**

This research uses the systematic literature review (SLR) method, a structured and systematic approach designed to identify, evaluate, and synthesize relevant research related to a particular topic (Gentles et al., 2016). The primary goal of SLR is to gather evidence from existing literature to answer research questions in a transparent and repeatable manner (Siddaway et al., 2019). This research uses SLR to explore and analyze women's empowerment through entrepreneurship and financial inclusion in Pekalongan.

### **Inclusion and Exclusion Criteria**

To ensure the relevance and quality of the selected studies, strict inclusion and exclusion criteria were applied (Kraus et al., 2020). Inclusion criteria include studies published in the last ten years, empirical research, case studies, and literature reviews related to women's empowerment, entrepreneurship, and financial inclusion. In addition, studies conducted in Indonesia or countries with similar economic and social contexts and published

in English and Indonesian are also included. On the other hand, the exclusion criteria included studies published before 2014 except for highly relevant ones, opinion articles, editorials, non-scientific publications, and studies from countries with very different contexts.

### **Data Source**

The database will be used to collect relevant literature, namely Scopus, which provides an extensive academic search platform and access to academic journals in various fields. Scopus includes abstracts and citations for high-quality research literature, including literature in the field of economics that is relevant to financial inclusion and empowerment Woman.

### **Data Collection Procedures**

The data collection process is carried out through several steps. First, identify relevant keywords such as "women's empowerment", "women's entrepreneurship", "financial inclusion", and "Pekalongan". Second, a systematic literature search was carried out in the database that had been determined using these keywords. Third, initial selection was carried out by reading the title and abstract to filter the most relevant studies. Fourth, further selection was carried out by reading the full text of the selected studies to ensure relevance and quality. Finally, data collection was collected by collecting relevant information from the selected studies, including methodology, main findings, and recommendations (Caldwell & Bennett, 2020).

### **Research Question**

Q 1: What factors influence the success of women's entrepreneurship in Pekalongan, and how does financial inclusion contribute to women's empowerment?

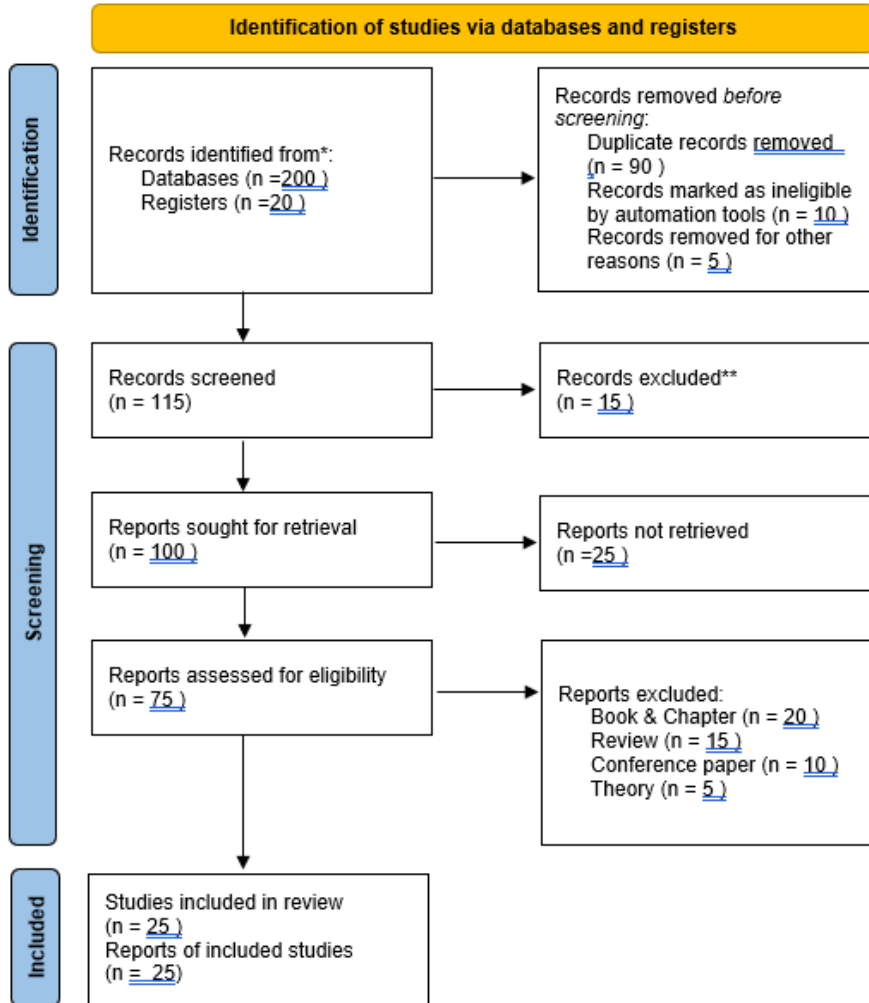
Q 2: To what extent are existing programs and policies successful in empowering women's economy in Pekalongan, and what policy recommendations can be developed based on the findings of this research?

Q 3 How does the local context in Pekalongan influence women's economic empowerment through entrepreneurship and financial inclusion, and how can the experiences of women entrepreneurs in Pekalongan provide insight for better policy development?

### **Results and Discussion**

#### **RESULTS**

Quality assessment will be done using a PRISMA checklist (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) to assess transparency and fairness in reporting research results.



From: Page MJ, McKenzie JE, Bossuyt PM, Boutron I, Hoffmann TC, Mulrow CD, et al. The PRISMA 2020 statement: an updated guideline for reporting systematic reviews. *BMJ* 2021;372:n71. doi: 10.1136/bmj.n71

**Figure 1** SLR with PRISMA

Source: Data processed, 2024

(Haddaway et al., 2022)

Figure 1 provided is a PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) flow diagram illustrating the process of identification, screening, and inclusion of studies in a systematic review. In the identification stage, 220 studies were identified from databases and registers, with 105 studies removed due to duplication, ineligibility marked by automation tools, or other reasons. Out of the 115 studies screened, 15 were excluded, and of the 100 reports sought for retrieval, 25 were not retrieved. Subsequently, 75 reports were assessed for eligibility, with 50 reports excluded for various reasons such as type of publication or theory. Finally, 25 studies were included in the review, ensuring that only relevant and high-quality studies were analyzed. This diagram underscores the importance of a rigorous screening process in systematic reviews to ensure reliable results.

**Table 1 Selected Articles**

No	Author	Title	Year	Source
1	P.K. Ozili	Impact of digital finance on financial inclusion and stability	2018	Borsa Istanbul Review
2	D.W. Kim	Financial inclusion and economic growth in OIC countries	2018	Research in International Business and Finance
3	A. Zins	The determinants of financial inclusion in Africa	2016	Review of Development Finance
4	S. Soederberg	DEBTFARE STATES AND THE POVERTY INDUSTRY: Money, discipline and the surplus population	2014	Debtfare States and the Poverty Industry: Money, discipline and the surplus population
5	A. Grohmann	Does financial literacy improve financial inclusion? Cross country evidence	2018	World Development
6	D.W. Arner	Sustainability, FinTech and Financial Inclusion	2020	European Business Organization Law Review
7	S. Neaime	Financial inclusion and stability in MENA: Evidence from poverty and inequality	2018	Finance Research Letters
8	I. Ozturk	Does digital financial inclusion matter for economic growth and environmental sustainability in OBRI economies? An empirical analysis	2022	Resources, Conservation and Recycling
9	V. Swamy	Financial Inclusion, Gender Dimension, and Economic Impact on Poor Households	2014	World Development
10	I. Koomson	Financial inclusion and energy poverty: Empirical evidence from Ghana	2021	Energy Economics
11	Y. Liu	Can digital financial inclusion promote China's economic growth?	2021	International Review of Financial Analysis
12	R. Mushtaq	Microfinance, financial inclusion and ICT: Implications for poverty and inequality	2019	Technology in Society
13	T.H. Le	Financial inclusion and its impact on financial efficiency and sustainability: Empirical evidence from Asia	2019	Borsa Istanbul Review
14	S. Ghosh	What Constrains Financial Inclusion for Women? Evidence from Indian Micro data	2017	World Development
15	F. Allen	The African financial development and financial inclusion gaps	2014	Journal of African Economies
16	J. Kim	A study on the effect of financial inclusion on the relationship between income inequality and economic growth	2016	Emerging Markets Finance and Trade
17	J. Adam Cobb	Funding financial inclusion: Institutional logics and the contextual contingency of funding for microfinance organizations	2016	Academy of Management Journal
18	H. Liu	Impact of Green financing, FinTech, and financial inclusion on energy efficiency	2022	Environmental Science and Pollution Research
19	D. Mhlanga	Artificial intelligence in the industry 4.0, and its impact on poverty, innovation, infrastructure development, and the sustainable development goals: Lessons from emerging economies?	2021	Sustainability (Switzerland)

20	H. Chen	Investment in renewable energy resources, sustainable financial inclusion and energy efficiency: A case of US economy	2022	Resources Policy
21	E. Dogan	Which households are more energy vulnerable? Energy poverty and financial inclusion in Turkey	2021	Energy Economics
22	A. Erlando	Financial inclusion, economic growth, and poverty alleviation: evidence from eastern Indonesia	2020	Heliyon
23	S.A. Churchill	Financial inclusion and poverty: a tale of forty-five thousand households	2020	Applied Economics
24	T. Arun	Financial inclusion: Policies and practices	2015	IIMB Management Review
25	L. Cabeza-García	Female financial inclusion and its impacts on inclusive economic development	2019	Women's Studies International Forum

### **Description of Selected Studies**

This research collected and analyzed 25 relevant studies based on predetermined inclusion criteria. These studies were published within the last 10 years and include empirical research, case studies, and literature reviews related to women's empowerment through entrepreneurship and financial inclusion. These studies were conducted in Indonesia as well as several countries with similar economic and social contexts, providing a comprehensive perspective on relevant issues.

The selected studies demonstrate a variety of approaches and methodologies, ranging from surveys and interviews to secondary data analysis and longitudinal studies. Some studies focus on analyzing the impact of programs and policies, while others explore factors influencing women's entrepreneurial success and the role of financial inclusion. Although the context and focus of the research vary, all studies provide valuable insights into the dynamics of women's empowerment in the areas of entrepreneurship and financial inclusion.

### **Main Theme and Subthemes**

From the literature analysis, several main themes and subthemes were identified. The first theme is the factors that influence the success of women's entrepreneurship. Subthemes in this category include access to capital, education and training, network support, and sociocultural barriers. The second theme is the role of financial inclusion in women's empowerment, which includes access to banking services, microcredit and financial education. The third theme is the impact of government and NGO programs, which evaluate the effectiveness of these programs in supporting entrepreneurship and financial inclusion for women.

### **Factors that Influence Women's Entrepreneurial Success**

Studies show that access to capital is a critical factor in women's entrepreneurial success (Cabrera & Mauricio, 2017). Many women entrepreneurs need help obtaining the initial capital and credit needed to start and develop their businesses (Khatri, 2022). Studies also highlight the importance of education and training in improving entrepreneurial skills and knowledge (Dzapasi, 2020; Sayeed, 2023). Good entrepreneurship education can help women develop effective business strategies and better manage their businesses. Network support is also an essential factor influencing the success of women's entrepreneurship (Konrad, 2013). Strong networks can provide access to resources, information, and business opportunities that are not widely available (Ahmad et al., 2018). In addition, these networks can provide necessary moral support and motivation for women entrepreneurs. However, sociocultural barriers often hinder women from engaging in entrepreneurship (Kalafatoglu & Mendoza, 2017). Traditional gender norms and roles can limit women's access to opportunities and resources (Ahmad & Naimat, 2011).

### **The Role of Financial Inclusion in Women's Empowerment**

Financial inclusion (Ozili, 2021; Tay et al., 2022) plays a vital role in women's economic empowerment (Ayisha & Latip, 2023). Access to financial services such as banking, microcredit, and insurance can help women better

manage their finances and access the capital needed for their businesses (Roy & Patro, 2022). Studies show that women who have access to financial services are more likely to start and develop their businesses, increase their income, and improve the welfare of their families (Atta, 2023). Financial education is also essential to financial inclusion (Anshika & Singla, 2022; Kim et al., 2018). By understanding how to manage personal finances (Yuwono et al., 2023) and business, women can make better decisions regarding investments (Maurya et al., 2023) and risk management (Wesslund et al., 2023). Studies show that effective financial education programs can improve women's financial literacy and their ability to manage their businesses better.

### **Impact of Government and NGO Programs**

Government programs and non-governmental organizations (NGOs) have played an essential role in supporting women's entrepreneurship and financial inclusion (Tsuma, 2023). Studies show that these programs, such as microcredit, entrepreneurship training, and technical support, have helped many women start and grow their businesses (Brody et al., 2017; Wasnik & Jain, 2023). However, the effectiveness of these programs varies depending on their design and implementation. Several studies show that well-designed and effectively implemented programs can have a significant positive impact. For example, microcredit programs accompanied by entrepreneurship training have been shown to increase women's income and well-being (Kivalya & Caballero-Montes, 2023; Tria et al., 2022; Vaessen et al., 2014). However, there are also less successful programs due to a lack of adaptation to local needs or inadequate implementation.

### **Thematic Analysis**

#### **Factors that Influence Women's Entrepreneurial Success**

Access to capital is often cited as a significant obstacle for women who want to start a business. Lack of access to credit and venture capital means that many women must rely on personal savings or informal loans (Aiko & Ndemo, 2014). Studies show that microcredit programs have helped address this problem, although challenges remain in accessibility and loan costs (Giglio, 2020; Kato, 2023; Ranabahu & Tanima, 2021). Entrepreneurship education and training are essential in equipping women with the skills and knowledge necessary to run a business (Anwar et al., 2022). Effective training programs include the development of basic business skills, financial management, and marketing (Ceresia, 2018). Studies show that women who take entrepreneurship training tend to have higher levels of success (van der Sluis et al., 2008).

Network support was also identified as a critical factor. This network includes business groups (Azmi et al., 2022), entrepreneurial associations, or individual mentors (Boinin, 2023). Strong networks provide access to information and resources and create a supportive environment that motivates and inspires women to continue developing (Cardella et al., 2020).

#### **The Role of Financial Inclusion in Women's Empowerment**

Access to formal banking services provides opportunities for women to save, access credit, and use other financial services (Ji et al., 2021) necessary to develop businesses (Roy & Patro, 2022). Studies show that women who have bank accounts are more likely to engage in productive economic activities and have greater control over their finances (Kara et al., 2021; Serwaah & Shneor, 2021). Microcredit has become an effective tool in women's economic empowerment (Vaessen et al., 2014). Microcredit provides the necessary capital (Tria et al., 2022) and is often accompanied by training and other support that helps women better manage their businesses (Cobb et al., 2016). Studies show that women who get microcredit experience increased family income and welfare (Leite et al., 2019).

Financial education increases women's financial literacy, which in turn helps them make better financial decisions (Roy & Patro, 2022). Effective financial education programs include teaching about budget management, investment, and debt management (Yuwono et al., 2023). Studies show that women with sound financial literacy can better manage their businesses successfully.

## **Impact of Government and NGO Programs**

Government programs designed to support women's entrepreneurship often include the provision of microcredit, entrepreneurship training, and technical support. Studies show that these programs can have a significant positive impact if designed and implemented well (. & Shunmugasundaram, 2022; Foss et al., 2019). For example, programs that provide easy access to credit and are accompanied by entrepreneurship training have been proven to increase women's income and well-being. NGO programs also play an essential role in supporting women's economic empowerment (Hakim et al., 2022). Many NGOs focus on empowering women through various initiatives, such as entrepreneurship training, providing microcredit, and technical support. Studies show that successful NGO programs usually have a comprehensive approach tailored to local needs (Kivalya & Caballero-Montes, 2023).

However, there are also less successful programs for various reasons, including lack of adaptation to the local context, ineffective implementation, or lack of ongoing support (Tsuma, 2023). Studies show that to achieve success, these programs must be designed considering the specific needs and conditions of women entrepreneurs in the area (Kivalya & Caballero-Montes, 2023).

The results and findings from the analyzed literature show that empowering women through entrepreneurship and financial inclusion has excellent potential to improve the economic and social welfare of women in Pekalongan. However, the success of this initiative is highly dependent on appropriate program design and implementation, as well as continued support from various parties. These findings can be used to design more effective policies and programs to support women's economic empowerment in Pekalongan and other areas.

## **DISCUSSION**

### **Interpretation of Findings**

Findings from the literature show that women's economic empowerment through entrepreneurship and financial inclusion significantly improves women's economic and social welfare (Raman et al., 2022). Access to capital and financial services enables women to start and develop their businesses, which in turn increases family income and economic stability (Atta, 2023). Entrepreneurship education and training also play an essential role in equipping women with the skills necessary to succeed in business.

In addition, strong network support through business groups and individual mentors has been proven to help women overcome the obstacles they face in entrepreneurship. These networks provide access to resources, information, and moral support that are critical to business success. Sociocultural barriers, such as traditional gender norms and roles, remain a significant challenge but can be overcome through programs that focus on capacity building and women's empowerment.

The role of financial inclusion in women's empowerment must be addressed. Studies show that access to formal banking services and microcredit helps women manage their finances better, reduce risks, and increase their capacity to invest in their businesses. Financial education also increases women's financial literacy, which in turn helps them make better financial decisions and manage their businesses more effectively.

Government and NGO programs have demonstrated a positive impact in supporting women's entrepreneurship and financial inclusion. Well-designed programs, including credit access, entrepreneurship training, and technical support, have helped many women improve their economic well-being. However, the effectiveness of this program is highly dependent on its design and implementation, as well as ongoing support from various parties.

### **Local Context in Pekalongan**

In the local context in Pekalongan, these findings are very relevant. Pekalongan is known for its batik industry, where many women are involved in producing and selling batik. Access to capital and financial services is very important for women who want to start or expand their batik business. Microcredit programs and entrepreneurship training can help them overcome financial obstacles and improve their business skills.



Network support is also critical in Pekalongan, where a strong business community can provide access to necessary resources and information. Programs that empower women in these communities can create an environment that supports and motivates women to participate more actively in the local economy.

Social and cultural norms in Pekalongan may still be a challenge. Still, programs designed to change perceptions and raise awareness about the importance of women's empowerment can help overcome these obstacles. With the proper support, women in Pekalongan can grow their businesses and contribute more to the local economy.

### **Policy Implications**

Based on research findings, several policy recommendations can be proposed to support women's economic empowerment through entrepreneurship and financial inclusion in Pekalongan. First, the government must increase women's access to capital and financial services through microcredit programs accompanied by entrepreneurship training. These programs should be designed to meet the specific needs of women entrepreneurs and ensure easy access and affordable costs. Second, financial education programs must be expanded to increase women's financial literacy. Good financial education will help women better manage their personal and business finances, make wiser decisions, and reduce monetary risks. The program should include budget management, investing, and debt management training.

Third, network support must be strengthened through the formation of women's business groups and mentoring programs. A strong network can provide access to the information, resources, and moral support necessary for business success. Mentoring programs can help women overcome the challenges they face and provide valuable guidance. Fourth, policies must be designed to overcome sociocultural barriers hindering women's full participation in entrepreneurship. Awareness and education programs about the importance of women's empowerment can help change perceptions and social norms that limit women. Support from the community and local leaders is also essential to create a supportive environment.

### **Study Limitations**

Although the findings of this study provide valuable insight, there are several limitations worth noting. First, this research is limited to the literature available in the last ten years, which may cover only some of the latest developments in women's empowerment, entrepreneurship, and financial inclusion. In addition, this research only includes studies published in English and Indonesian, which may exclude relevant research in other languages. Second, the studies analyzed varied in methodology and quality, which may influence the reliability and validity of the findings. Some studies may have more robust designs and more comprehensive data than others. Differences in research context and focus may also influence the generalizability of findings.

Third, this research focuses on the local context in Pekalongan, which may have unique characteristics that cannot be generalized to other regions. Although some findings may be relevant to a broader context, implementing policies and programs must be adapted to the local conditions of each area. Fourth, this study relies on existing literature and does not include new empirical data. Therefore, these findings must be complemented by more in-depth field research to confirm and expand the insights gained from the literature. Further research is needed to test the effectiveness of proposed policies and programs in authentic contexts.

Overall, the findings of this research provide important insights into women's economic empowerment through entrepreneurship and financial inclusion in Pekalongan. However, the success of this initiative is highly dependent on appropriate program design and implementation, as well as continued support from various parties. By paying attention to existing limitations and continuing more in-depth research, more effective policies and programs can be developed to support women's empowerment in Pekalongan and other areas.

### **CONCLUSION**

This research highlights the importance of women's economic empowerment through entrepreneurship and financial inclusion, especially in Pekalongan. Key findings show that access to capital, entrepreneurial education and training, and network support play crucial roles in women's entrepreneurial success. Financial inclusion,

which includes access to banking services and microcredit, has increased women's capacity to start and grow their businesses. Well-designed government and NGO programs also have significant positive impacts, although their effectiveness depends mainly on proper design and implementation.

The novelty of this research lies in the use of a structured and systematic literature review (SLR) method to explore women's economic empowerment through entrepreneurship and financial inclusion with a particular focus on the local context in Pekalongan. This approach provides in-depth insight into the unique role of women in the local batik industry and how sociocultural norms influence their entrepreneurship. In addition, this research combines synergistic analysis of entrepreneurship and financial inclusion, offers contextual policy recommendations adapted to local conditions, and proposes using digital technology to support women's economic empowerment initiatives.

## **Recommendations**

Based on research findings, several policy recommendations are proposed to support women's economic empowerment in Pekalongan. First, the government must increase women's access to capital and financial services through microcredit programs accompanied by entrepreneurship training. Second, financial education programs need to be expanded to improve women's financial literacy, helping them better manage their personal and business finances. Third, network support must be strengthened through the formation of women's business groups and mentoring programs. Fourth, policies must be designed to overcome sociocultural barriers hindering women's full participation in entrepreneurship.

## **Recommendations for Future Research**

Future research should focus on collecting new empirical data to confirm and expand the findings of the existing literature. In-depth field research is needed to evaluate the effectiveness of proposed policies and programs in authentic contexts. In addition, further studies should consider differences in local contexts and how specific factors influence women's entrepreneurial success. Research should also explore innovative approaches to women's empowerment, including using technology and digital strategies in entrepreneurship and financial inclusion.

## **Acknowledgments**

We would like to extend our heartfelt gratitude to everyone who has contributed to the completion of this journal. Firstly, we thank the authors and researchers who have worked diligently in collecting, analyzing, and compiling the data that forms the basis of this research. Without their dedication and commitment, this journal would not have been possible. We also express our gratitude to the institutions and organizations that provided financial and logistical support throughout the research process. Their assistance was crucial in enabling us to conduct this research effectively.

Special thanks to the reviewers who provided valuable feedback and suggestions to refine this journal. Their constructive criticism and recommendations greatly helped in enhancing the quality of our research. Finally, we hope that this journal can make a positive contribution to the advancement of knowledge and be beneficial to readers and researchers in the future. Thank you.

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