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THE IMPACT OF DIGITAL ENTREPRENEURIAL CAPABILITY ON YOUTH EMPLOYMENT: THE ROLE OF DIGITAL SKILLS AND THE ENTREPRENEURIAL ECOSYSTEM IN UZBEKISTAN

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Abstract: This study examines the relationship between digital entrepreneurial capability and youth employment in Uzbekistan, focusing on the roles of digital skills, digital entrepreneurial activity, and entrepreneurial ecosystem support. The proposed framework assumes that digital infrastructure enhances digital skills, which strengthen digital entrepreneurial capability and facilitate digital entrepreneurial activity. This activity is expected to contribute to improved youth employment outcomes, while entrepreneurial ecosystem support may strengthen the transition from capability to actual activity. The study provides a conceptual basis for empirically examining these relationships in the context of Uzbekistan.
Keywords: digital entrepreneurship, youth employment, digital skills, entrepreneurial capability, entrepreneurial ecosystem, IT Park, digital economy, PLS-SEM, Uzbekistan.

Аннотация: В данном исследовании рассматривается взаимосвязь между потенциалом цифрового предпринимательства и занятостью молодежи в Узбекистане с особым вниманием к роли цифровых навыков, цифровой предпринимательской активности и поддержки предпринимательской экосистемы. Предлагаемая концептуальная модель предполагает, что цифровая инфраструктура способствует развитию цифровых навыков, которые, в свою очередь, укрепляют потенциал цифрового предпринимательства и способствуют осуществлению цифровой предпринимательской деятельности. Ожидается, что такая деятельность будет способствовать улучшению показателей занятости молодежи, тогда как поддержка предпринимательской экосистемы может усиливать переход от предпринимательского потенциала к реальной предпринимательской активности. Исследование формирует концептуальную основу для последующей эмпирической проверки указанных взаимосвязей в условиях Узбекистана.
Ключевые слова: цифровое предпринимательство, занятость молодежи, цифровые навыки, предпринимательский потенциал, предпринимательская экосистема, IT Park, цифровая экономика, PLS-SEM, Узбекистан.

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Ensuring the successful integration of young people into the labor market is one of the key socioeconomic challenges facing modern economies. As they enter the labor market, young people encounter problems such as limited work experience, gaps between professional qualifications and employers' requirements, restricted regional opportunities, and varying levels of competence in using modern technologies.

The development of the digital economy is creating new opportunities to alleviate some of these challenges. Digital platforms reduce the importance of geographical distance in the labor market, enabling young professionals to serve clients in other regions or countries without leaving their own communities. Software development, design, digital marketing, BPO, distance learning, e-commerce, content creation, and other services are opening up new income streams for young people. However, it is methodologically incorrect to regard digitalization as a factor that automatically increases employment. Digital technologies may increase demand for certain occupations while automating some repetitive tasks. Moreover, groups lacking the skills needed to use digital opportunities may be unable to benefit fully from the new opportunities offered by the digital economy.

This issue is particularly relevant in Uzbekistan. According to official data published in 2026, employment in information and communications increased from 64.3 thousand people in 2017 to 108.8 thousand, while the number of self-employed people rose from 10 thousand to 181 thousand. More than 11,900 information and communications enterprises are reported to be operating in the country. Therefore, the central research question should go beyond the simple question, "Does digitalization increase employment?" It should ask: Through what mechanisms do digital infrastructure and digital skills shape young people's digital entrepreneurial capability, and under what conditions does this capability translate into actual economic activity and employment outcomes?

Digital entrepreneurship is not merely a digitized form of traditional entrepreneurship. It is characterized by the deep integration of digital technologies, platforms, data, and software tools into the process of identifying, creating, developing, and commercializing business opportunities. Digital technologies change the nature of entrepreneurship, the range of opportunities, and the degree of uncertainty [6]. Kraus and co-authors approach digital entrepreneurship from the perspective of the integration of digital technologies and new business models [5].

This article interprets digital entrepreneurship at three levels: technology entrepreneurship; the digitalization of existing businesses; and platform-based and independent digital economic activity. The third level is particularly important for youth employment because not all young people establish startups, while many may be able to earn income through digital services. In the digital economy, access to technology and the ability to use it effectively are not the same [6; 11]. A young person may have internet access but lack the skills to search for and evaluate information, use digital platforms, create digital content, maintain cybersecurity, and independently learn new software.

Accordingly, the research model distinguishes Digital Infrastructure (DI) and Digital Skills (DS) as separate constructs. Digital infrastructure is treated as a necessary initial condition, while digital skills are viewed as a human-capital mechanism that converts this opportunity into economic activity. Digital Entrepreneurial Capability (DEC) refers to the ability to identify new business opportunities using digital technologies, generate business ideas, develop products or services, identify customers, and establish a digital business. Importantly, capability is not activity itself. A young person may possess strong capabilities but may not launch an actual venture due to a lack of financial resources,

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mentoring, or market access. Digital Entrepreneurial Activity refers to actual economic activity undertaken by young people using digital technologies. This includes selling products or services online, freelancing, BPO, e-commerce, digital marketing, programming, design, content production, and remote consulting.

A review of the existing literature reveals several important research gaps. First, much of the research on digital entrepreneurship focuses on entrepreneurial intention or startup creation. How young people achieve actual employment and income outcomes through the digital economy has been examined less comprehensively.

Second, digital infrastructure is often directly linked to economic outcomes. However, the sequence connecting infrastructure, skills, entrepreneurial capability, activity, and employment has not been sufficiently differentiated.

Third, the role of the entrepreneurial ecosystem is often treated as part of the general institutional environment [1; 7; 8]. This study, in contrast, considers the ecosystem specifically as a moderator that strengthens the conversion of capability into actual activity.

Fourth, there is a need to examine the relationship between digital entrepreneurship and youth employment using individual-level data in developing economies such as Uzbekistan.

The theoretical model of this study assumes that the impact of digital infrastructure on youth employment is not direct but emerges through several interconnected mechanisms. Digital technologies can change entrepreneurial opportunities, uncertainties, and the geographical boundaries of economic activity [6]. Thus, the availability of digital infrastructure does not in itself guarantee employment outcomes. Infrastructure first helps develop the digital skills required to use it and subsequently supports the conversion of these skills into the ability to identify and pursue entrepreneurial opportunities. In this study, Digital Infrastructure (DI) is treated as an initial condition; Digital Skills (DS) as a human-capital mechanism; Digital Entrepreneurial Capability (DEC) as individual capability; Digital Entrepreneurial Activity (DEA) as actual economic activity; and Youth Employment Outcomes (YEO) as the final outcome. This distinction makes it possible to define digital entrepreneurship more broadly than startup creation, encompassing digital platforms, e-commerce, freelancing, BPO, digital marketing, programming, design, and other income-generating activities [5; 9]. Digital infrastructure creates digital opportunities; digital skills build the ability to use them; entrepreneurial capability turns these opportunities into business or income-generating prospects; and actual activity may produce employment, income, and economic participation outcomes. Entrepreneurial Ecosystem Support (EES) is included as a moderator that strengthens the transition from capability to actual activity [1].

In recent years, the digital economy has become an important area of economic policy in Uzbekistan. According to official data published in 2026, gross value added in information and communications grew by an average of 24.8% over the past five years. During the same period, employment in the sector increased from 64.3 thousand to 108.8 thousand people. IT Park is also an important institutional mechanism in this process. Official statistics show that exports of services by IT Park residents amounted to USD 276.3 million in 2022, USD 333.4 million in 2023, USD 454.9 million in 2024, and USD 728.4 million in 2025. The figure for January–June 2026 was USD 392.5 million. These figures indicate the growing participation of the digital services sector in international markets. However, the statistics do not separately identify the share of young people in all jobs at IT

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Park. Aggregate statistics should therefore not be interpreted as evidence of a direct causal impact on youth employment.

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Year / period	Export volume, USD million
2022	276,3
2023	333,4
2024	454,9
2025	728,4
2026, (yanvar-iyun)	392,5

Regional disparities remain a distinct challenge in the development of the digital economy. The regional distribution of IT Park service exports indicates that digital activity is not geographically uniform. By the end of the second quarter of 2026, Tashkent city accounted for the largest share of exports by IT Park residents, pointing to the risk of regional concentration in the digital ecosystem. Therefore, policies to develop youth digital entrepreneurship should not be limited to expanding the technology ecosystem in Tashkent. It is important to extend regional digital hubs, BPO centers, coworking infrastructure, mentoring, and export-oriented training programs to other areas. Studying startups alone is insufficient when linking youth employment with digital entrepreneurship. BPO and freelancing models may be important for developing countries because they do not always require substantial start-up capital. Young people can offer international clients services such as translation, graphic design, programming, video editing, SMM, customer support, data annotation, virtual assistance, accounting support, and market research. However, the gig economy also entails risks, including volatile income, platform commissions, algorithmic ratings, client dependence, and limited social protection. Policy should therefore be guided not by "more freelancing," but by the principle of "stable and protected digital employment."

International experience in developing digital entrepreneurship and youth employment shows that outcomes are not determined solely by investment in technological infrastructure. Coordination among digital infrastructure, human capital, the entrepreneurial ecosystem, financing, public services, and mechanisms for accessing international markets is essential. Digital ecosystems can accelerate the identification and pursuit of entrepreneurial opportunities [1].

A key aspect of Estonia's experience is the digitalization of public services and business processes. E-government services, digital identification, and online administrative procedures can be viewed as institutional infrastructure that reduces transaction costs when starting and operating a business. The main lesson for Uzbekistan is that digital entrepreneurship should be supported not only through IT courses, but also by digitalizing business registration, electronic payments, taxation, and other services.

South Korea's model is based on coordination among technological infrastructure, highly skilled human capital, education, and innovation-oriented industrial policy. This experience shows that fast internet and technological devices alone are insufficient. Creating economic value from digital technologies requires skilled personnel, innovation, and links between education and the business sector.

In Singapore, cooperation among government, business, education, and innovation institutions is an important element of the digital entrepreneurship ecosystem. This approach highlights the need to connect universities, technology parks, private companies, financial institutions, and government programs into an integrated youth digital entrepreneurship system in Uzbekistan [1].

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In the United States, networks connecting universities, technology companies, venture capital, accelerators, and startups play an important role. Such an environment accelerates the flow of capital and knowledge to projects with high growth potential. Rather than transferring this model wholesale to Uzbekistan, it would be advisable to adapt mechanisms such as university–business partnerships, mentoring, seed funding, and market access to local conditions.

In the United Kingdom, the development of digital skills, support for innovation, and the digital transformation of small businesses are linked to labor market policy. This suggests that Uzbekistan should assess digital skills not merely as an educational indicator, but also in relation to employment, self-employment, and digital service exports.

Five priority areas emerge from the synthesis of international experience: (1) expanding digital infrastructure regionally; (2) combining digital skills with practical entrepreneurial skills; (3) strengthening university–business–government cooperation; (4) expanding seed funding, mentoring, and acceleration services; and (5) supporting young people's access to international digital service markets. These conclusions reinforce the need to view the entrepreneurial ecosystem as a mechanism connecting individual capability with actual economic activity [1; 5; 7; 8].

The empirical phase of the study will quantitatively examine relationships among digital skills, digital entrepreneurial capability, actual digital activity, ecosystem utilization, and employment outcomes among young people aged 18–30 in Uzbekistan. The research design is based on a cross-sectional survey. PLS-SEM is selected as a method capable of jointly assessing multiple latent constructs, mediation, and moderation relationships [16].

The target population consists of young people aged 18–30 in Uzbekistan. The sample should, as far as possible, ensure diversity in terms of region, gender, education level, employment status, and experience with digital activity.

The pilot phase may involve 30–50 respondents. Its purpose is not to provide final confirmation of the hypotheses, but to identify whether questions are understandable, how indicators perform, the time required to respond, and any technical shortcomings of the questionnaire.

The planned sample for the main phase is 500–800 respondents. The final sample size will be confirmed through power analysis based on the model's most complex regression equation, expected effect size, statistical power, and significance level [16].

Data will be collected through a standardized electronic questionnaire. In addition to demographic information, respondents will answer questions measuring six main latent constructs. The questionnaire will use a five-point Likert scale:

1 – Strongly disagree;
2 – Disagree;
3 – Neither agree nor disagree;
4 – Agree;
5 – Strongly agree.

The questionnaire will be pilot-tested before the main study. Unclear, ambiguous, or repetitive questions will be revised. Where necessary, Uzbek-language questions will be adapted from existing scientific measures while preserving semantic equivalence.

The central theoretical proposition of the study is that the effect of the digital economy on youth employment does not occur directly, but through a sequential mechanism.

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At the first stage, infrastructure creates opportunities. At the second stage, young people develop the skills to use these opportunities. At the third stage, skills are translated into entrepreneurial capability. At the fourth stage, capability needs to become actual digital activity. At the fifth stage, this activity may generate employment or income outcomes.

The ecosystem factor is also important. Two young people with similar skills may achieve different outcomes: one may have access to mentoring, finance, an incubator, and market opportunities, while the other may lack such access.

– The relationship between digital infrastructure and youth employment is explained through digital skills and digital entrepreneurial capability.

– Digital entrepreneurial capability and actual digital entrepreneurial activity are distinguished as separate constructs.

– The entrepreneurial ecosystem is included in the model as a moderator of the relationship between DEC and DEA.

– Youth employment encompasses not only traditional wage employment, but also income, economic participation, and opportunities to find work through digital platforms.

– Startups with high growth potential and flexible forms of digital employment are brought together within the YDEE ecosystem.

The main limitation is that empirical survey results have not yet been generated. Although the hypotheses are theoretically grounded, they have not yet been statistically validated. The cross-sectional survey design may make it difficult to establish causal relationships conclusively. Self-reported indicators may also create a risk of common method bias.

Future use of longitudinal data, regional comparisons, and objective income and employment indicators would increase the reliability of the study.

The rapid development of the digital economy in Uzbekistan is creating new economic opportunities for young people. Growth in IT service exports, expansion of the IT Park ecosystem, rising employment in information and communications, and the development of self-employment indicate the growing economic significance of the digital sector.

However, it would be incorrect to interpret digitalization as a factor that automatically increases youth employment. The conversion of digital opportunities into actual economic outcomes depends on human capital, digital skills, entrepreneurial capability, financial resources, market access, and institutional support.

Uzbekistan’s main strategic task is not simply to expand digital infrastructure, but to build an ecosystem that converts digital infrastructure into real economic opportunities for young people.

In the planned empirical study, applying PLS-SEM to a questionnaire comprising 32 indicators will make it possible to statistically examine direct, mediating, and moderating relationships among digital skills, entrepreneurial capability, the ecosystem, and employment.

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