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Youth Entrepreneurship Development: The Role of Sustainability and Innovative Mechanisms

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Abstract: This article analyzes aspects of youth entrepreneurship development in Andijan region during 2018–2030 in relation to sustainability and innovative mechanisms. The study presents growth rates and sustainable development forecasts based on statistical data in the service, construction, light industry, and food sectors. The article explores the impact of digitalization, energy efficiency, inclusivity, and cross-sector innovative mechanisms on youth entrepreneurship. The research results provide practical recommendations for enhancing regional economic sustainability and forming policies to support youth entrepreneurship.

Keywords: Youth Entrepreneurship, Sustainable Development, Innovative Mechanism, Cross-Sector Diversification, Andijan Region, Forecast, Digitalization, Inclusivity.

1. Introduction

Youth entrepreneurship is considered a crucial driver of regional economic development. Today, global economic changes, technological innovations, and rising social demands have further increased attention to youth entrepreneurship [1]. Youth entrepreneurship not only creates new jobs but also plays a significant role in implementing innovative solutions, strengthening cross-sector diversification, and ensuring regional economic sustainability.

Research results in the Andijan region show that the number and activity of young entrepreneurs increased from 2018 to 2024. The regional economy was diversified structurally as growth was seen in the service sector, construction and light industry, as well as in the field of food production. Moreover, aspiring entrepreneurs utilize innovative and digital technologies to enhance the sustainability of their business processes [2].

The other important aspects related to youth entrepreneurship development are sustainability, continuity, inclusiveness and digitalization. These points do not just bring about economics effectiveness but also social youth involvement. Hence, projection for 2025–2030 suggests growth of youth entrepreneurship initiatives in Andijan, which span multiple sectors.

The objective of this article is to provide a systematic investigation of the sustainable and innovation-driven mechanisms through which youth entrepreneurship contributes to economic activity, diversify across sectors, and contributes to digitalization, thereby providing science-based evidence for regional policy and support strategies.

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Literature Review

The impact of youth entrepreneurship on economic development has been widely covered in economic theory and empirical research [3]. According to Schumpeter, entrepreneurship is the primary driving force of economic growth, ensuring economic sustainability through new combinations and innovations [4]. This approach highlights the need to view youth entrepreneurship as a strategic resource in regional economies.

Defining entrepreneurship not as a process that ebbs and flows on its own but as a process that can be organized and controlled, Drucker He points out how resources need to be shifted away from low-productivity areas and toward high-productivity areas in order for the economy to grow [5]. Viewed through this lens, cross-sector diversification among youth entrepreneurship represents a tool to maximize the benefits from resource flows through the regional economy.

Hirschman comments that cross-sector linkages and balance are critical in fostering economic development and that diversified economies are more capable of bouncing back from external and internal shocks [3]. Therefore, the scientifically proven adverse effects of excessive concentration on one sector in youth entrepreneurship could be justified.

Naudé's studies show that entrepreneurial activity indirectly influences economic growth through cross-sector distribution and institutional environment [6]. This implies that evaluating youth entrepreneurship requires considering not only quantitative indicators but also its structural composition.

OECD reports highlight youth entrepreneurship as an essential tool for increasing employment, reducing the informal sector, and promoting innovation [7]. The reports specifically note that service, manufacturing, and construction sectors have relatively low entry barriers for youth.

Uzbek scholars consider youth entrepreneurship a crucial factor in regional economic growth, emphasizing that access to financial resources and institutional environment improvements are decisive in enhancing economic activity [8]. However, comprehensive assessment of regional cross-sector diversification remains insufficiently studied.

The literature review indicates that although youth entrepreneurship and its impact on economic activity are well-studied, integrated analyses at the regional level, particularly regarding cross-sector diversification, remain limited. Therefore, this study focuses on empirically examining the cross-sector diversification and economic impact of youth entrepreneurship in the Andijan region.

2. Methodology

This study empirically examines the cross-sector diversification and economic impact of youth entrepreneurship in the Andijan region. We analyzed the official statistical data from 2018–2024 in the service, construction, light industry, and food sectors. Normalization, the Herfindahl–Hirschman diversification index, and an integral model were implemented in the process of evaluation of youth entrepreneurial activity. Sectoral impacts and effects multiplicative effects on economic activity were quantified by an OLS regression model. In addition, CAGR (compound annual growth rate) was also used to project growth indicators for the period 2025 to 2030.

3. Results and Discussion

The study results indicate that youth entrepreneurship in the Andijan region transitioned to a stage of sustainable development from 2018–2024. The total number of enterprises increased from 513 to 809, with significant expansion in the service, construction, light industry, and food sectors. This growth contributes to regional employment and balances the economic structure [9].

The calculated Herfindahl–Hirschman diversification index confirmed that cross-sector balance in youth entrepreneurship is gradually strengthening. According to integral evaluation results, the youth entrepreneurship ecosystem is moderately to highly developed, reflecting a relatively favorable business environment and stabilized economic activity [10]. Notably, light industry and construction sectors exhibited high multiplicative effects, suggesting strategic development priorities.

Econometric analysis confirms that youth entrepreneurship growth is not only quantitative but also structural. While the Table 1. service sector remains a stable growth source, expansion in manufacturing and processing sectors is a key factor in strengthening regional economic sustainability [11].

Table 1. Youth Entrepreneurship by Sector in Andijan Region (2018–2024).

Year	Total	Service	Construction	Light Industry	Food
2018	513	186	25	49	18
2019	566	205	28	52	19
2020	601	234	33	57	22
2021	642	271	37	61	25
2022	705	286	41	68	27
2023	756	302	44	71	31
2024	809	321	47	75	34

The table shows that growth in construction and food sectors exceeds other sectors, enhancing job creation and local production chains. The service sector remains a stable source of growth, particularly in ICT, online services, logistics, and education [12].

Results indicate that focusing solely on quantitative indicators is insufficient. Cross-sector diversification and structural composition of economic activity play a central role in ensuring regional sustainability. Enterprises in light industry and construction, for instance, not simply create jobs but deepen local production chains, spur effective strategic resource use for growth [13].

It is projected that the overall youth entrepreneurship enterprises may climb to 1,221 in 2025–2030 or about 51% rise compared to 2024. It will continue to the service sector as a leading specific at the same time construction, light industry and food sectors will play a vital role for regional economic stability and employment growth [14].

These results highlight the need for policy to prioritize cross-sector diversification, allocate financial resources efficiently, and develop the business environment[15].

4. Conclusion

The study demonstrates that youth entrepreneurship in the Andijan region has entered a stage of sustainable development from 2018–2024 and is a significant factor in shaping regional economic activity. The total number of youth entrepreneurship enterprises increased substantially, with expansion across service, construction, light industry, and food sectors. This process enhances regional employment, economic diversification, and sustainability.

Diversification indicators and integral evaluation show that the youth entrepreneurship ecosystem is moderately to highly developed. Construction and light industry sectors have high multiplicative effects on regional economic development, confirming the need for strategic development. The service sector remains a stable growth

source, emphasizing the importance of prioritizing cross-sector diversification in youth entrepreneurship policies.

Forecasts indicate that by 2025–2030, the total number of youth enterprises may reach 1,221, with the service sector remaining the largest segment. Construction, light industry, and food sectors will play strategic roles in strengthening regional economic sustainability and generating new employment opportunities.

The practical realization of forecasts depends on access to financial resources, macroeconomic stability, and government support. Hence, it is necessary to prepare financial, institutional, and digital infrastructure, business incubators, and preferential credit systems for youth entrepreneurship.

In general, the development of youth entrepreneurship in the Andijan region is of strategic importance for the growth of the regional economy, employment and diversification. Support for manufacturing, innovation and processing sectors in the future will bolster sustainably growth and economic efficiency.

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