

American Journal of Economics and Business Management

Vol. 9 Issue 5 **|pp.** 976-985 **|ISSN:** 2576-5973
Available online @https://www.globalresearchnetwork.us/index.php/ajebm

Article

Improvement of an Integrated Entrepreneurial Ecosystem Model for Promoting Youth Entrepreneurship

Mirzatov Baxtiyor Toxirovich*[1]

1. Independent Researcher at Namangan State Technical University
*Correspondance: Mirzatov1991@gmail.com

Abstract: In recent years, the development of youth entrepreneurship has become one of the priority directions of state economic policy. Despite the positive progress achieved in this area, young entrepreneurs continue to face numerous challenges in establishing and sustainably developing their businesses. These challenges include limited access to financial resources, insufficient professional advisory services, inadequate integration into innovation infrastructure, weak market connectivity, and difficulties in attracting investment. This situation highlights the need to improve the existing support mechanisms for youth entrepreneurship by transforming them from isolated initiatives into a unified and interconnected entrepreneurial ecosystem. In international practice, the entrepreneurial ecosystem is recognized as a comprehensive model based on the interaction of government institutions, higher education institutions, financial organizations, business incubators, accelerators, investors, mentoring networks, digital platforms, and the private sector. Such an integrated approach facilitates young people's entry into entrepreneurial activities, accelerates the commercialization of innovative ideas, promotes job creation, and enhances the long-term sustainability and competitiveness of business enterprises.

Keywords: Youth Entrepreneurship, Entrepreneurial Ecosystem, Integrated Ecosystem, Institutional Support, Cluster Cooperation, Public-Private Partnership, Venture Financing, Uzbekistan

Citation: Toxirovich, M. B. Improvement of an Integrated Entrepreneurial Ecosystem Model for Promoting Youth Entrepreneurship. American Journal of Economics and Business Management 2026, 9(5), 976-985.

Received: 25th Mar 2026
Revised: 15th Apr 2026
Accepted: 05th May 2026
Published: 20th May 2026

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1. Introduction

From this perspective, improving the integrated entrepreneurial ecosystem model for youth entrepreneurship development requires not only strengthening individual support measures but also organizing the cooperation among all institutions involved in this process through a unified and coordinated mechanism.

An entrepreneurial ecosystem is defined as a network of interconnected actors and factors that facilitate the creation and sustainable development of entrepreneurship. Within this system, collaboration among government institutions, educational organizations, financial institutions, investors, business support infrastructure, and entrepreneurs creates favorable conditions for the establishment of new businesses and their long-term sustainable growth [1].

The integrated entrepreneurial ecosystem for youth entrepreneurship should not be viewed merely as a collection of separate support measures. Rather, it should be regarded as an interconnected system that encompasses every stage of a young entrepreneur's journey, from the generation of a business idea to the establishment of a sustainable and competitive enterprise. The effectiveness of this ecosystem depends not

on the number of its components but on the level of cooperation among government agencies, higher education institutions, financial institutions, investors, business incubators, mentoring networks, digital platforms, and market infrastructure [2], [3].

Among the scholars who have studied entrepreneurial ecosystems, Van der Westhuizen examined youth entrepreneurship from the perspective of the entrepreneurial ecosystem concept and demonstrated that the success of young entrepreneurs depends not only on their personal initiative or financial support but also on the effective functioning of the surrounding external environment. The author developed the SHAPE Youth Entrepreneur Ecosystem model, which places the young entrepreneur at the center of the ecosystem and emphasizes the importance of establishing strong collaboration among higher education institutions, government agencies, mentors, the business community, investors, local communities, and other relevant stakeholders [4].

Based on this approach, the effectiveness of youth entrepreneurship development is determined not by the performance of individual institutions but by the degree of their integration, resource sharing, and collaboration. Therefore, in the context of Uzbekistan, it is advisable to establish an integrated entrepreneurial ecosystem by coordinating the activities of government institutions, higher education institutions, financial organizations, investors, and business support infrastructure through a unified platform [5].

2. Materials and Method

In recent years, Uzbekistan has established a comprehensive institutional framework for promoting youth entrepreneurship. Government agencies, commercial banks, higher education institutions, business incubators, IT Park, startup programs, and other supporting organizations currently provide financial, organizational, and advisory services to young entrepreneurs. As a result of these reforms, opportunities for young people to engage in entrepreneurial activities have expanded significantly.

Nevertheless, the existing institutions primarily operate within their own mandates and functional responsibilities, resulting in insufficient integration and continuous cooperation among them. Consequently, the stages of developing a business idea, obtaining financing, receiving mentoring support, entering the market, and ensuring subsequent business growth are not managed through a unified governance framework but are instead supported separately by different institutions. This fragmented approach may reduce the efficiency of resource utilization, complicate information exchange, and lead to duplication or discontinuity in support measures.

From this perspective, the next stage of youth entrepreneurship development should focus not on establishing new institutions but on harmonizing the activities of existing institutions based on the principles of an integrated entrepreneurial ecosystem. Such an approach makes it possible to connect all stages of the entrepreneurial process—from idea generation to the development of a sustainable business—within a single system, strengthen institutional cooperation, and ensure the continuity and effectiveness of support services provided to young entrepreneurs.

3. Results and Discussion

The reforms implemented in Uzbekistan to promote youth entrepreneurship are increasingly being reinforced through a comprehensive legal and regulatory framework. Laws adopted in recent years, together with Presidential Decrees, Presidential Resolutions, and Cabinet of Ministers' resolutions, have established organizational and legal mechanisms for supporting entrepreneurial activities among young people, providing financial and institutional incentives, developing regional infrastructure, and encouraging innovative initiatives [6]. An analysis of these legal and regulatory documents demonstrates that they are primarily aimed at strengthening cooperation

among government institutions, higher education institutions, financial organizations, business support infrastructure, and young entrepreneurs. Consequently, they provide the necessary legal foundation for establishing an integrated entrepreneurial ecosystem for youth entrepreneurship development [7]. The principal legal and regulatory documents related to youth entrepreneurship development and their roles in establishing an integrated entrepreneurial ecosystem are presented in the following table.

Table 1. Overview of the Legal and Regulatory Framework for Establishing an Integrated Entrepreneurial Ecosystem for Youth Entrepreneurship Development in Uzbekistan

No.	Legal and Regulatory Document	Content of the Document	Significance for the Integrated Entrepreneurial Ecosystem
1	Law of the Republic of Uzbekistan "On State Youth Policy" (Law No. ORQ-406, September 14, 2016)	Establishes the legal framework for protecting the rights and interests of young people and supporting their employment, entrepreneurship, education, and social participation.	Facilitates the integration of government agencies, higher education institutions, financial institutions, business support infrastructure, and civil society organizations within a unified entrepreneurial ecosystem.
2	Presidential Decree "On Measures to Fundamentally Reform and Advance the State Youth Policy of the Republic of Uzbekistan to a New Stage" (Decree No. PF-6017, June 30, 2020)	Defines measures to improve state youth policy, establish the Youth Affairs Agency, and develop a comprehensive system for supporting youth employment and entrepreneurship.	Contributes to the establishment of the institutional entrepreneurial ecosystem for youth entrepreneurship by strengthening the integration of government, education, and business institutions.
3	Presidential Decree "On Additional Measures to Support Youth Entrepreneurship, Promote Employment, Strengthen Social Protection, and Organize Meaningful Leisure Activities" (Decree No. PF-6208, April 20, 2021)	Introduces comprehensive measures to encourage youth entrepreneurial initiatives, promote employment, provide financial support, subsidies and incentives, and facilitate business development.	Supports the development of the financial and institutional ecosystem for youth entrepreneurship by enhancing cooperation among government agencies, financial institutions, employment services, and business support organizations.
4	Presidential Resolution "On Measures to Improve the System for Supporting Business Projects Aimed at Promoting Youth Entrepreneurship and Employment" (Resolution No. PQ-60, February 14, 2025)	Provides for the improvement of the youth entrepreneurship support system by encouraging entrepreneurial activities, financing startup and business projects, and establishing the State Target Fund and Venture Fund for Youth Entrepreneurship Development.	Promotes the formation of a financial, investment, and institutional entrepreneurial ecosystem by strengthening collaboration among government agencies, financial institutions, investors, business incubators, and business entities.

5	Resolution of the Cabinet of Ministers "On Approval of the Regulations on Youth Industrial and Entrepreneurship Zones and the Youth Entrepreneurship Support Fund" (Resolution No. 294, May 10, 2021)	Regulates the establishment of youth industrial and entrepreneurship zones, implementation of investment projects by young entrepreneurs, provision of financial support, and the operation of the Youth Entrepreneurship Support Fund.	Contributes to the development of a regional investment and infrastructure ecosystem for youth entrepreneurship by promoting integration among government agencies, commercial banks, investment institutions, export promotion organizations, and young entrepreneurs.

The analysis of the data presented in Table 1 indicates that Uzbekistan has established a consistent legal and regulatory framework for the development of youth entrepreneurship. These legal instruments define key priorities, including encouraging young people's participation in entrepreneurial activities, providing financial and institutional support for business initiatives, developing innovation infrastructure, and establishing regional industrial zones. Furthermore, these documents create the necessary legal foundation for effective cooperation among government agencies, higher education institutions, financial organizations, business support infrastructure, and local authorities, thereby facilitating the establishment of an integrated entrepreneurial ecosystem [8].

The analysis further reveals that although the labor force in the Namangan region increased by 73.2 thousand people between 2020 and 2025, the economic activity rate declined from 73.2% to 70.5% during the same period. This indicates a mismatch between the growth of labor resources and their integration into productive economic activities. Consequently, there is an increasing need to enhance the integrated entrepreneurial ecosystem to encourage broader youth participation in entrepreneurship, support the establishment of new business entities, and facilitate their successful integration into the labor market.

As a result of the reforms implemented in Uzbekistan to promote youth entrepreneurship, a multi-level institutional support system has been established. This system comprises interconnected components, including state policy, legal and regulatory frameworks, financial support mechanisms, business infrastructure, information and analytical support, and the legal environment [9]. Each component performs a specific function in fostering youth entrepreneurship while directly contributing to the establishment, development, and market integration of entrepreneurial ventures (Figure1).

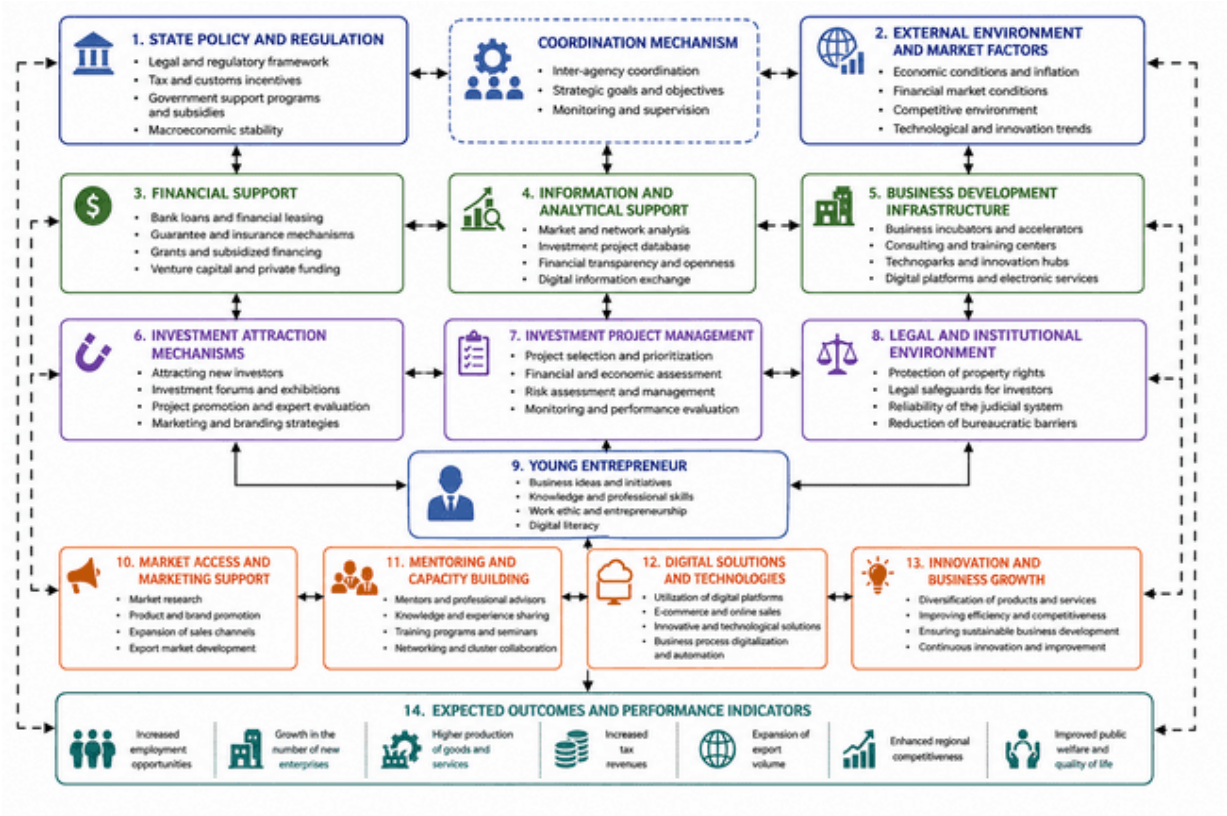


Figure 1. Traditional ecosystem for the development of youth entrepreneurship

The existing ecosystem for developing youth entrepreneurship in Uzbekistan comprises key structural elements such as state policy, financial support, business development infrastructure, information and analytical support, the legal environment, and market factors. Each of these elements performs a specific function in supporting youth entrepreneurial activities and operates based on current regulatory and legal frameworks [10], [11].

A primary shortcoming of the existing ecosystem lies in the insufficient integration of the interconnections between its structural elements. This reduces the speed and efficiency of services provided, leading in some instances to the duplication of functions and diminished efficiency in resource utilization. Therefore, integrating existing institutions into a unified organizational-economic mechanism during the next stage of youth entrepreneurship development is of significant scientific and practical importance.

Analysis of the current ecosystem indicates that the established institutional system for youth entrepreneurship development forms a crucial foundation for supporting this sector. However, modern economic development trends require that support for youth entrepreneurship not be limited to mere financial or organizational mechanisms, but rather entail the integration of production, investment, and market infrastructures into a unified economic system.From this perspective, it is advisable to integrate cluster cooperation, localization programs, public-private partnerships (PPPs), export cooperation, industrial zones and technoparks, and venture financing mechanisms into the existing framework of the improved ecosystem model [12]. The synergy among these elements ensures that young entrepreneurs make efficient use of production resources, expands cooperative ties, improves access to investment resources, and guarantees the continuity of the process of bringing products to both domestic and foreign markets.

Consequently, the improved ecosystem for youth entrepreneurship emerges as an integrated organizational-economic mechanism that fosters efficient resource utilization, strengthens the value-added chain, creates new jobs, and enhances the economic competitiveness of the regions.

In the traditional mechanism, support for youth entrepreneurship is primarily implemented through isolated financial, organizational, and infrastructural measures. However, the scarcity of resources within the economic system necessitates mobilizing them in an interconnected manner rather than allocating them across separate, isolated areas. Therefore, integrating existing opportunities with mechanisms such as cluster cooperation, localization, public-private partnerships, industrial zones, export cooperation, and venture financing enhances the economic efficiency of developing youth entrepreneurship [13].

Cluster cooperation strengthens specialization by linking young entrepreneurs to processes involving raw material supply, production, processing, logistics, and sales. This creates opportunities for the shared use of resources, a reduction in fixed costs per unit of output, and the expansion of production scale. Localization programs enable young entrepreneurs to become suppliers for large enterprises and regional production chains. This expands the scope for substituting imported components, semi-finished products, and services with domestically produced alternatives. Consequently, local value added, the multiplier effect on domestic demand, and the volume of income retained within the region increase. At the same time, a stable order portfolio is established for young entrepreneurs, thereby reducing market uncertainty [14].Integrating the public-private partnership mechanism into the ecosystem allows for the sharing of substantial initial infrastructure development costs between the public and private sectors. While the state provides land, utilities, organizational support, and regulatory frameworks, the private sector contributes capital, management expertise, and technology. Such integration mobilizes additional private investment for every unit of public funding and reduces costs for young entrepreneurs regarding access to production facilities, logistics, and service infrastructure.

Integration with industrial zones and technology parks facilitates the geographic clustering of production factors. Shared access to ready-made facilities, electricity, transport, and engineering networks lowers market entry costs for young entrepreneurs and shortens the time required to launch a business. Export cooperation reduces the costs associated with certification, logistics, marketing, and contract negotiation that young entrepreneurs would otherwise face when entering foreign markets independently. Furthermore, collaborating with established exporting enterprises grants young entrepreneurs access to existing sales channels, international standards, and market intelligence.Venture financing serves as a crucial source of capital for high-risk innovative projects—particularly those where traditional lending options are limited or collateral is insufficient. Thus, the economic essence of integrating these capabilities lies not in simply increasing individual resources, but in consolidating existing financial, production, infrastructural, and market resources into a unified economic cycle. Such a system reduces transaction and startup costs, expands the scale of production, distributes risks, increases domestic value added, and enhances opportunities for young entrepreneurs to generate stable income. On this basis, enriching the traditional mechanism with these elements represents an economically sound approach to establishing an improved, integrated ecosystem for the development of youth entrepreneurship [15]. The analysis above demonstrates that enriching the current mechanism for developing youth entrepreneurship with modern economic elements not only expands specific support tools but also strengthens the economic interconnections between them. In this context, the integration of cluster cooperation, public-private partnerships, industrial zones, localization programs, export cooperation, and venture financing mechanisms within a unified system ensures the continuous development of youth entrepreneurial activities. Consequently, all economic processes—ranging from the formulation of a business idea to production, value creation, exporting, and reinvestment—are carried out within a single organizational-economic chain.

From this perspective, an improved integrated ecosystem model has been developed that links existing institutional opportunities for youth entrepreneurship with the proposed new integration elements into a unified economic system.

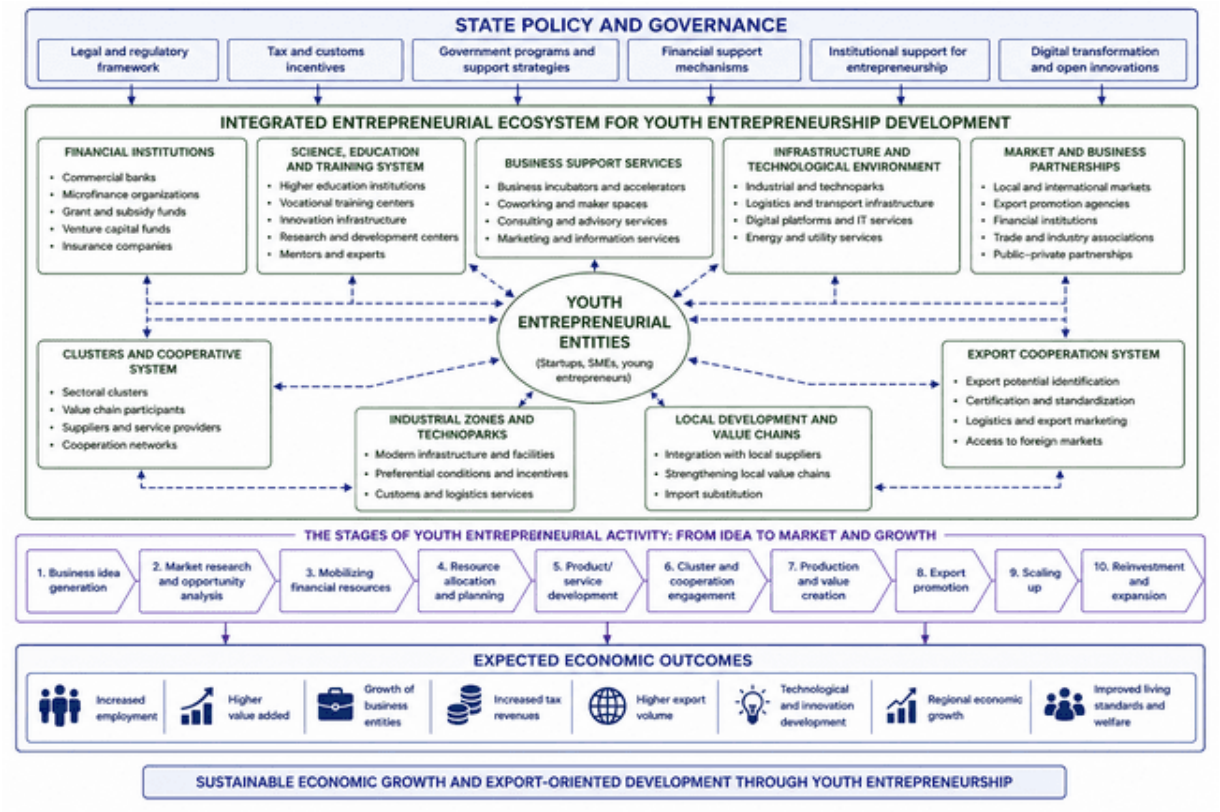


Figure 2. An improved and integrated ecosystem model for the development of youth entrepreneurship
Source: Developed by the author

The improved integrated ecosystem model envisions linking the activities of state bodies, financial institutions, the education system, business support infrastructure, and market institutions—all involved in fostering youth entrepreneurship—through a unified organizational-economic mechanism. The model's key distinguishing feature lies in integrating otherwise independent institutions into a single system, thereby ensuring the comprehensive use of resources and the continuity of economic linkages.

Within this model, the synergy of mechanisms—such as cluster cooperation, public-private partnerships, industrial zones and technoparks, localization, and export cooperation—accelerates the process of transforming young entrepreneurs' business ideas into tangible economic outcomes. As financial, production, infrastructural, and market resources operate within a unified economic space, production costs decrease, value-added output rises, the competitiveness of products and services improves, and access to both domestic and foreign markets expands.

The aforementioned improved integrated ecosystem model reflects the functional interdependence and economic cooperation among the institutions that support youth entrepreneurship. However, the effective implementation of this model requires a methodological approach that ensures the systematic organization of integration processes, establishes a decision-making sequence, and guarantees the mutual compatibility of ecosystem elements. The proposed algorithm outlines a step-by-step process for identifying the needs of young entrepreneurs, evaluating existing ecosystem capabilities based on optimality criteria, integrating additional economic elements where necessary, and ultimately forming an enhanced, integrated ecosystem. This algorithm ensures logical consistency in ecosystem management decision-making and fosters

economic efficiency through the comprehensive use of resources. The structural layout of the proposed algorithm is illustrated in the figure below.

The proposed algorithm differs from existing approaches by offering a decision-making mechanism based on optimizing the functional interdependencies of youth entrepreneurship support institutions, rather than merely focusing on their individual activities. This facilitates the comprehensive integration of financial, scientific, production, infrastructural, and market resources, thereby enhancing resource utilization efficiency, reducing transaction costs, strengthening the continuity of the value-added chain, and creating the necessary organizational-economic conditions to boost the export potential of youth-led entrepreneurial ventures.

This methodological algorithm holds both scientific and practical significance, as it defines a logical sequence of decision-making for implementing the improved integrated ecosystem model, enables the selection of economic elements for integration based on optimality criteria, and contributes to refining the organizational-economic mechanisms for developing youth entrepreneurship.

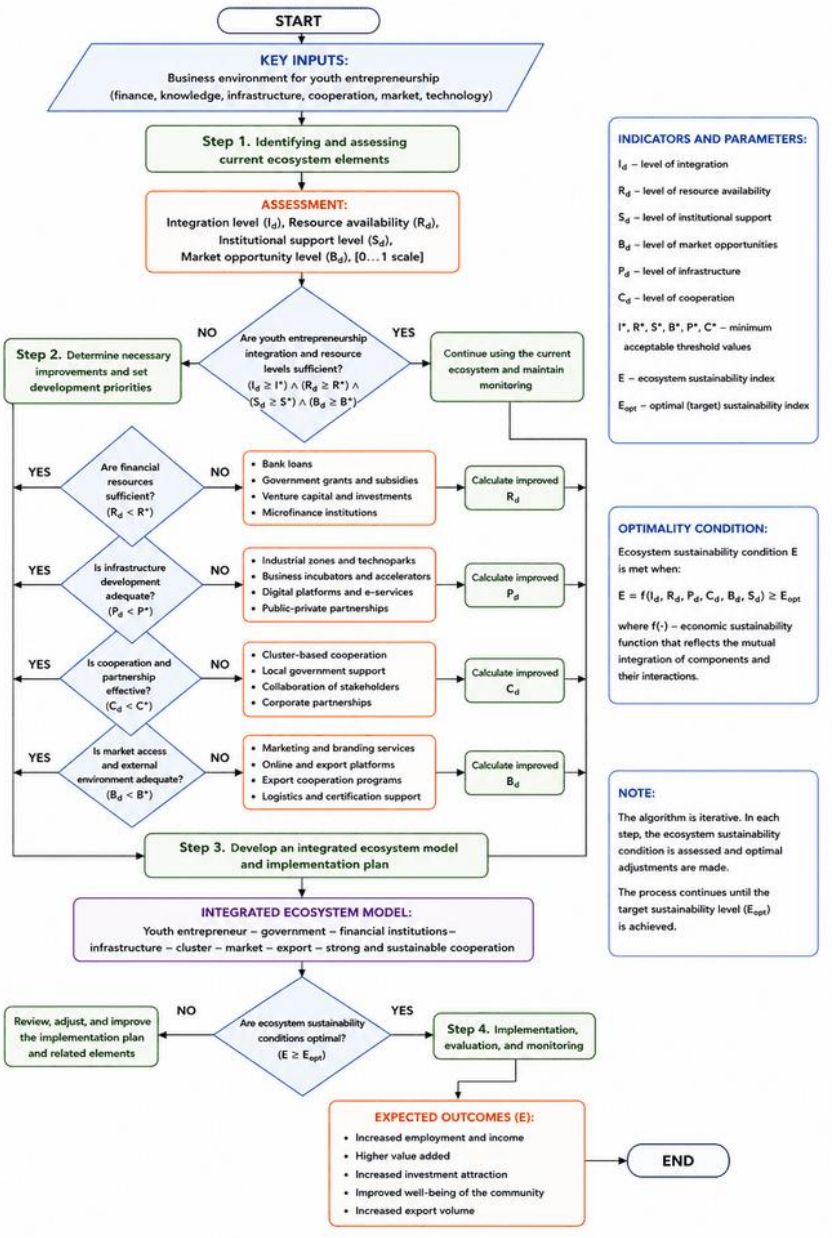


Figure 3. Methodological algorithm for forming an improved integrated ecosystem for the development of youth entrepreneurship

4. Conclusion

This study examined the institutional foundations of youth entrepreneurship development and proposed an integrated entrepreneurial ecosystem model tailored to the socio-economic conditions of Uzbekistan. The findings demonstrate that sustainable youth entrepreneurship cannot be achieved solely through isolated financial assistance or individual policy measures. Instead, it requires a coordinated ecosystem in which government institutions, higher education institutions, financial organizations, business support infrastructure, investors, digital platforms, and market participants collaborate within a unified framework. The analysis of the legal and regulatory framework, institutional support mechanisms, and regional labor market indicators indicates that Uzbekistan has established a favorable policy environment for promoting youth entrepreneurship. However, the existing support mechanisms remain fragmented, limiting effective coordination among key stakeholders. The proposed integrated ecosystem model addresses this challenge by strengthening institutional cooperation, improving resource allocation, facilitating information exchange, and ensuring continuous support throughout the entrepreneurial life cycle—from business idea generation to business expansion and export orientation. The proposed algorithm provides a systematic mechanism for assessing ecosystem components, identifying institutional gaps, implementing targeted support measures, and continuously monitoring ecosystem performance. By integrating financial support, innovation infrastructure, mentoring, investment mechanisms, market access, and digital technologies into a single governance framework, the model enhances the efficiency and sustainability of youth entrepreneurship development. The practical implementation of the proposed model is expected to increase youth employment, stimulate business creation, improve the competitiveness of young entrepreneurs, expand export-oriented enterprises, attract greater investment, and contribute to regional socio-economic development. Furthermore, the model offers policymakers, educational institutions, financial organizations, and business support agencies a practical framework for designing coordinated policies that foster an inclusive and sustainable entrepreneurial ecosystem. Although this study primarily develops a conceptual and institutional model, future research should empirically validate the proposed framework using quantitative methods, such as structural equation modeling (SEM), panel data analysis, or regional case studies. Such empirical validation would further strengthen the model's applicability and provide evidence-based recommendations for improving youth entrepreneurship policy in Uzbekistan and other emerging economies.

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