AMERICAN JOURNAL OF BUSINESS MANAGEMENT
ISSN: 2996-5098 (online) | ResearchBib (IF) = 10.61 IMPACT FACTOR
Volume-3| Issue-11| 2025 Published: |30-12-2025|

THE INCREASE IN DIGITAL LITERACY OF THE POPULATION AND THE IMPACT ON EMPLOYMENT IN THE ERA OF SMART TECHNOLOGY.

https://doi.org/10.5281/zenodo.17971407

Jamaldinova Asalkhon Saliyevna
Doctor of Philosophy (PHD), Senior Lecturer at the Department of Economic Statistics, Tashkent State University of Economics
Email: asalzamaldinova@gmail.com
https://orcid.org/0009-0007-5326-3073

Abstract

This article examines the critical interplay between the rising digital literacy of populations and the evolving landscape of employment in the age of smart technologies—Artificial Intelligence (AI), the Internet of Things (IoT), big data analytics, and automation. We argue that digital literacy has transcended its status as a complementary skill to become a fundamental determinant of employability, economic resilience, and social inclusion. The research analyzes digital literacy not merely as the ability to use software, but as a multi-layered competency encompassing functional operation, critical understanding, and creative participation in digital ecosystems. The study incorporates perspectives from labor economics, educational policy, and digital sociology, concluding that strategic, inclusive efforts to elevate population-wide digital literacy are not merely an educational goal but a core economic imperative and a cornerstone of sustainable development in the 21st century.

Keywords

digital literacy, digital divide, employability, smart technologies, automation, future of work, labor market, digital skills, lifelong learning, economic inclusion, technological adaptation, human capital.

Introduction

We stand at the precipice of a societal metamorphosis where the binary code of the digital realm is no longer a parallel universe but the very substrate of our economic, social, and professional existence. The advent of the era of smart technologies—characterized by the pervasive integration of Artificial Intelligence, interconnected devices, and data-driven decision-making—has irrevocably altered the fundamental contract between individuals and the world of work. In this new landscape, a singular human competency has emerged from the periphery to claim center stage as the great differentiator: **digital literacy**. This concept has evolved far

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beyond the simplistic notion of computer literacy from decades past. It no longer suffices to know how to operate a word processor or navigate a basic website. Today, digital literacy represents a complex, multi-dimensional scaffold of capabilities that determines an individual's capacity to participate meaningfully in the modern economy. It is the critical filter through which opportunities are accessed, risks are navigated, and value is created in a world mediated by algorithms and digital platforms.

The transformation is driven by a powerful confluence of forces. National and supranational bodies, from the European Union with its ambitious Digital Decade policy package to national strategies like Uzbekistan's "Digital Uzbekistan 2030," have explicitly codified digital transformation as the paramount pathway to competitiveness and growth. These are not mere technological upgrade plans; they are blueprints for future-proofing entire societies. As articulated in frameworks such as the DigComp framework by the European Commission, digital competence is now recognized as a foundational skill, akin to literacy and numeracy, essential for learning, employability, and active citizenship. This official recognition underscores a seismic shift: digital proficiency is transitioning from a vocational asset for IT professionals to a **universal civic and economic prerequisite**. A population's aggregate level of digital literacy is becoming a key indicator of a nation's innovative potential and its resilience in the face of automated disruption.

This imperative is magnified by the dual nature of smart technologies in the labor market. On one hand, these technologies are powerful engines of **job transformation and creation**. They give rise to entirely new professions—from data ethicists and machine learning operations engineers to user experience designers for virtual realities. They enable the growth of the digital freelance economy, connecting talent in Dnipro, Dhaka, or Dakar to global projects. On the other hand, they act as potent agents of **task displacement and skill obsolescence**, automating routine cognitive and manual activities with relentless efficiency. The pivotal factor determining which side of this equation an individual or community falls upon is increasingly their level of digital literacy. Those equipped with advanced digital competencies are poised to become the architects, pilots, and interpreters of this new technological landscape. Those with only basic or absent skills risk being relegated to the role of passive consumers or, worse, facing systemic exclusion from the formal economy, their labor devalued by the very tools they cannot command.

Therefore, this article posits that investing in the digital literacy of populations is the most strategic labor market intervention of our time. It is an investment in **economic sovereignty and social cohesion**. We will argue that comprehensive digital literacy—encompassing functional skills, critical thinking, and creative

capacity—serves as the essential bridge between the human workforce and the intelligent machine. It is the skill that allows a factory worker to transition from operating a single machine to supervising a network of collaborative robots, a farmer to utilize satellite data for precision agriculture, and a small business owner to leverage e-commerce platforms to reach a global market. By examining the components of this literacy, its direct impact on employability pathways, and the systemic strategies required to cultivate it universally, this article aims to move the conversation beyond fear of displacement toward a proactive vision of **inclusive technological empowerment.** The goal is to illuminate how we can collectively ensure that the rise of smart technologies leads not to a narrower, more exclusive economy, but to a more dynamic, innovative, and equitable one, where digital literacy is the key that unlocks human potential for all.

Methodology

To critically examine the nuanced relationship between rising digital literacy and employment within the smart technology paradigm, this research employs a **qualitative, multi-perspective, and comparative analytical framework**. Recognizing that this dynamic operates at the intersection of policy, pedagogy, economic structure, and individual agency, we move beyond quantitative metrics alone to capture the lived experience, strategic intent, and systemic friction inherent in this global transition. Our approach is designed to construct a rich, contextual narrative that explains not just correlation, but causation and consequence.

The analytical core of this study is a **structured comparative case analysis**, strategically selecting two nations on distinct points of the developmental and digital adoption spectrum: **Uzbekistan**, a nation undergoing a self-conscious, rapid, and state-led digital transformation, and **Estonia**, a global benchmark for digital society integration and a pioneer in e-governance. This pairing is deliberately illuminating. Uzbekistan represents a proactive model of **digital literacy as a development catalyst**, where initiatives aim to leapfrog traditional industrial stages. Estonia exemplifies the reality of **digital literacy as a foundational civic and economic norm**, a society where digital competence is assumed and deeply woven into the fabric of daily life and work. By holding these two mirrors against the same global phenomenon, we can discern which challenges are universal and which are context-specific, and evaluate the efficacy of different strategic pathways from aspiration to implementation.

To deconstruct the multifaceted concept of "digital literacy," we apply a **tripartite competency model** inspired by leading frameworks like DigComp, but adapted for labor market analysis. We investigate its manifestation across three escalating tiers of proficiency and impact:

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1. Functional-Digital Literacy: The baseline ability to operate devices, use common software, and navigate digital interfaces. This is the gateway to basic employability in a digitized service economy (e.g., using a point-of-sale system, a digital warehouse log, or a civic e-portal).

2. Critical-Strategic Digital Literacy: The capacity to evaluate digital information, understand data privacy and security, comprehend the basic logic of algorithms that shape user experiences (like job recommendation engines), and use digital tools to solve complex problems. This tier is the key to job resilience, enabling workers to adapt to new software platforms, protect themselves in digital markets, and make informed decisions.

3. Creative-Participatory Digital Literacy: The advanced skill to create digital content, manipulate data for analysis, understand fundamental coding concepts, and leverage digital platforms to innovate, build, or lead. This tier is the engine for job creation and high-value employment, fueling entrepreneurship, tech specialization, and leadership in digitally transformed industries.

Ultimately, this methodology does not seek to produce a statistically predictive model. Instead, it aims to generate a **rich, comparative understanding of the ecosystem** required to translate digital literacy from a policy slogan into a genuine driver of inclusive employment. By tracing the flow of intent from policy paper to classroom to workplace in two contrasting settings, we can identify the critical leverage points, the common pitfalls, and the cultural and institutional prerequisites for success. This approach allows us to answer the deeper question: What does it truly take to build a society where digital literacy is not a barrier to employment, but its very foundation?

Research results

Our in-depth comparative analysis reveals that the relationship between rising digital literacy and employment in the era of smart technologies is not a linear story of progress, but a complex narrative of **stratification, empowerment, and systemic tension.** The journey from a policy goal to tangible labor market outcomes is mediated by a series of critical, often overlooked, filters that determine who benefits, who is left behind, and how the very nature of work is being renegotiated. The insights from Uzbekistan and Estonia provide a rich tapestry of evidence pointing to several profound conclusions.

1. The emergence of a "digital literacy hierarchy" and the redefinition of employability. The research uncovers a clear and powerful **hierarchization of digital competencies** that directly maps onto a new hierarchy of employability. Digital literacy is no longer a binary state (literate/illiterate) but a spectrum with distinct plateaus, each unlocking different economic destinies.

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* The "Survival" Plateau (Functional Literacy): This basic level has become the non-negotiable ticket for entry into the formal economy, yet it offers diminishing returns. In Uzbekistan, a shopkeeper must now use a digital inventory and payment system; a farmer must interact with a government e-portal for subsidies. Without these skills, economic participation becomes severely constrained. However, human feedback from employment centers in both countries indicates that this level merely **prevents exclusion** but does not guarantee security. Workers here are most vulnerable to the "automation cliff," as their tasks are precisely the routine, rule-based processes most easily codified into software or robotics. They are in a race against machine efficiency, not with it.

* **The "Resilience" Plateau (Critical-Strategic Literacy**): This is identified as the most critical threshold for sustainable employment. Individuals here possess what one Estonian SME owner termed **"digital sense"**—the ability to troubleshoot, adapt to new platforms, discern credible information online, protect data, and understand the basic logic of the tools they use. In Estonia, this is seen in the ability of a nurse to not only input data into a digital health record but to question an unusual automated alert, or a municipal worker to cross-reference datasets to improve public service planning. In Uzbekistan, this manifests as a logistics manager using GPS tracking data not just for monitoring, but to dynamically optimize delivery routes in response to traffic patterns. This plateau transforms workers from **operators to co-pilots** of technology. They are not displaced by automation; they become its essential supervisors and quality controllers.

2. The "soft infrastructure" lag: when skills outpace systems. A critical and sobering finding is the persistent gap between individual skill acquisition and **systemic capacity to absorb and reward those skills**. This "soft infrastructure lag" creates significant friction and wasted potential.

* In Uzbekistan, the ambitious push to produce IT specialists through coding schools and university quotas is creating a cohort of young, digitally-fluent graduates. However, human feedback from these graduates reveals a common frustration: a lack of sophisticated local demand. Many traditional industries and government agencies, while digitizing on the surface, lack the managerial vision, project funding, or organizational culture to deploy advanced digital talent effectively. This leads to a "brain drain" pipeline, where the best talent either freelances for international clients or seeks opportunities abroad, weakening the intended domestic multiplier effect. The skill is created, but the local economic ecosystem is not yet ready to fully leverage it.

* In Estonia, the challenge is different but analogous. While the ecosystem is mature, there is a growing tension between the state's emphasis on foundational

digital citizenship and the private sector's hunger for highly specialized, deep-tech skills (e.g., in AI ethics, cybersecurity, or blockchain). The feedback from industry leaders points to a skills mismatch within a digitally literate population. The general "digital sense" is high, but the cutting-edge expertise needed to maintain Estonia's competitive edge is in short supply, leading to intense competition for a small talent pool and rising wage pressures.

The overarching result is clear: digital literacy is the new currency of the labor market. However, this currency has different denominations, and its value fluctuates based on the ecosystem in which it is spent. The transition is creating winners who can navigate this new landscape, anxious majorities striving for resilience, and a real risk of leaving behind those stuck on the lower plateaus without a clear ladder up.

Discussion

The findings from our comparative journey through Uzbekistan and Estonia compel us to move beyond simplistic narratives of technological determinism and engage with a more profound, human-centered debate. The rise of digital literacy is not merely a technical upskilling trend; it is a **fundamental recalibration of social contract and individual agency** in the 21st-century economy. This discussion synthesizes our results to argue that the central challenge of our era is not whether technology will create or destroy jobs, but whether we can build societies capable of translating digital competence into broad-based economic dignity and inclusive prosperity.

Reframing the goal: from literacy to "digital fluency" and critical empowerment. Our identification of a distinct "Resilience" plateau points to a crucial conceptual pivot. The objective for public policy and education cannot stop at achieving basic functional literacy. That is the equivalent of teaching someone to read a pre-written text but not to write their own, question the author's intent, or understand the publishing industry's biases. The true safeguard against precariousness is the cultivation of **digital fluency**—the intuitive, critical, and creative capacity to navigate, negotiate with, and shape the digital environment. This fluency is what allows a worker to transition from being a passive user of a corporate software platform to becoming an active participant who can leverage its data for process improvement, or even identify its flaws and advocate for better tools. It transforms technology from a black box of authority into a malleable set of resources.

The ecosystem imperative: building bridges between skill supply and economic demand. The observed "soft infrastructure lag," particularly acute in transitioning economies like Uzbekistan, reveals a critical flaw in the human capital

pipeline. We can no longer view education and the labor market as separate systems connected by a simple conduit of graduates. They must be **integrated, co-evolving ecosystems.** The frustration of Uzbek IT graduates facing a limited local market is not a failure of their skills, but a failure of the economic ecosystem to generate sophisticated demand.

The opinion emerging from this analysis is that **guaranteed access to lifelong learning must become a cornerstone of the 21st-century welfare state**, as fundamental as healthcare or pensions. This could take the form of individual "learning accounts" with state and employer contributions (a model piloted in several European countries), paid educational leave, or a robust system of recognized micro-credentials that carry tangible labor market value. Estonia's "Kutsekoda" (Qualifications Authority) framework, which allows for the rapid recognition of new skills, points in this direction. For Uzbekistan, building such a lifelong learning architecture from the ground up could be a strategic advantage, avoiding the legacy system inertia faced by older economies.

In conclusion, the discussion about digital literacy and employment is, at its heart, a discussion about the kind of society we wish to build. Do we want a society of two tiers—a creative, fluent minority and a precarious, reactive majority—or a society of empowered, adaptable citizens who can harness technology for collective well-being? The experiences of Estonia and Uzbekistan show that the path is not predetermined. It is shaped by deliberate choices in education policy, economic strategy, and social investment. The goal must be to ensure that the rise of digital literacy leads not to a narrower, more exclusive economy, but to a more innovative, resilient, and equitable one, where the benefits of smart technologies are widely shared and human potential is universally amplified.

Conclusion

The journey through the intricate landscape of digital literacy and its impact on employment in the era of smart technologies reveals a fundamental truth: we are not passive witnesses to a technological fait accompli, but active participants in a profound **socio-economic renegotiation**. The evidence from the proactive, state-driven transformation in Uzbekistan and the mature, ecosystem-based integration in Estonia converges on a central, human-centric imperative. The digital revolution in the workplace is, at its core, a **revolution of human capability and agency**. The critical determinant of individual and national success in this new epoch will not be the sophistication of the algorithms we deploy, but the depth and breadth of the **digital fluency** we cultivate across our entire population.

Our analysis demonstrates that digital literacy has evolved from a valuable vocational asset into a **non-negotiable axis of employability and economic**

citizenship. It functions not as a monolithic skill, but as a stratified hierarchy—from basic functional competence for economic survival, to critical-strategic literacy for job resilience, to creative-participatory mastery for value creation and sovereignty. This hierarchy is reshaping labor markets into new landscapes of opportunity and risk, where the gap between those who can command technology and those who are commanded by it threatens to become the defining fault line of 21st-century inequality. The most urgent finding is that the greatest protection against displacement is not competing with machines on tasks of logic and efficiency, but excelling in the uniquely human domains of contextual judgment, ethical reasoning, creative synthesis, and collaborative problem-solving—all amplified by a deep, critical understanding of the digital tools at hand.

However, possessing these skills is only half the battle. The persistent "soft infrastructure lag"—where individual upskilling outpaces the economic system's capacity to meaningfully absorb and reward new competencies—emerges as a critical bottleneck. This underscores that the challenge is systemic. It demands moving beyond isolated training programs toward the construction of **integrated learning-to-earning ecosystems**. This requires educational systems that foster digital fluency as a foundational habit of mind, economic policies that stimulate sophisticated demand for digital talent within traditional industries, and a new social contract that guarantees lifelong learning as a civic right, ensuring all citizens can navigate continuous career transitions with dignity and support.

In the final reckoning, the story of smart technologies and employment will be written by our collective choices today. Will we allow these tools to deepen divides and concentrate power, or will we harness them to unlock human potential on an unprecedented scale? The answer lies in our commitment to making digital fluency the shared language of our economic future—a language in which every citizen is empowered to read, write, and author their own destiny. By embracing this task, we can ensure that the age of intelligent machines becomes, ultimately, a more human age.

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