



AI-Driven Economic Capacity Building and Digital Skills Development for Community Groups in Azerbaijan

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ARTICLE INFO

Received Dec 05, 2025
Accepted Dec 23, 2025
Published Dec 25, 2025

Keywords:

Artificial Intelligence; Digital Skills; Community Empowerment; Economic Capacity Building; Azerbaijan.

ABSTRACT

This community engagement program aims to strengthen the economic capacity of community groups in Azerbaijan through an integrated model combining artificial intelligence (AI)-supported learning, digital skills enhancement, and practical economic training. Although Azerbaijan has demonstrated rapid digital progress, micro-entrepreneurs still face challenges related to limited digital literacy, insufficient financial planning capabilities, and the absence of structured mentorship that integrates emerging technologies. This program utilizes a participatory development approach involving baseline assessment, AI-driven training modules, intensive workshops, and mentoring over two months. A total of 45 participants from three community clusters were included. Quantitative findings reveal a 63% increase in digital literacy scores and a 67% adoption rate of AI-supported tools for marketing and financial planning. Qualitative insights show improved confidence in business decision-making, better understanding of market dynamics, and enhanced practical skills in budgeting and content creation. Participants also reported early indicators of improved sales performance and customer engagement. The integration of AI tools into community-based capacity-building initiatives demonstrates high effectiveness in accelerating digital readiness and entrepreneurial resilience. The program concludes that structured AI-based interventions can significantly empower grassroots communities in emerging economies. Limitations include the small sample size and short mentoring duration. Future research should explore larger populations and long-term economic outcomes.

How to cite: Ibrahimova, K., Aliyeva, L. R., & Garayeva, V. . T. (2025). AI-Driven Economic Capacity Building and Digital Skills Development for Community Groups in Azerbaijan. *Societal Serve: Journal of Community Engagement and Services*, 2(2), 53–58. <https://doi.org/10.70063/societalserve.v2i2.131>



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INTRODUCTION

Community economic empowerment has become a central theme in global development discussions, particularly in regions undergoing rapid digital transformation such as Azerbaijan. As digital ecosystems expand, new opportunities emerge for communities to participate in competitive markets and technology-enabled economic activities. Scholars emphasize that digital readiness is a key determinant of economic resilience, especially for marginalized groups (OECD, 2022). However, the acceleration of digital change also creates a widening skills gap, with many community members lacking access to structured technology training. This disparity limits their ability to engage with digital financial tools, e-commerce platforms, and AI-assisted business applications. As a result, targeted interventions are required to close the knowledge divide and support inclusive growth. This study responds to that need by implementing a structured AI-driven empowerment program in Azerbaijan.

The increasing relevance of artificial intelligence in economic decision-making has reshaped expectations for community-level competencies. AI is no longer restricted to high-tech industries but is increasingly present in everyday financial services, digital marketplaces, and learning environments (Brynjolfsson & McAfee, 2017). In Azerbaijan, young entrepreneurs and community groups face challenges in adapting to these technological shifts due to limited access to training and capacity-building initiatives. Literature suggests that AI-supported learning environments improve comprehension, decision-making accuracy, and productivity outcomes (Zawacki-Richter et al., 2019). Therefore, integrating AI tools into community training offers potential for scaling knowledge and building sustainable competencies. This program was developed to explore how such integration can be effectively implemented in Azerbaijan. The introduction of AI tools into grassroots projects also supports national digital transformation agendas.

Digital skills development remains a crucial pillar for enabling competitive participation in modern economies. Research indicates that communities with high digital literacy demonstrate improved entrepreneurial initiative, financial behavior, and social mobility (UNESCO, 2021). Despite significant investments in digital infrastructure, Azerbaijan continues to experience uneven digital literacy levels between urban and rural populations. These disparities hinder the adoption of technology-based business models and reduce the overall economic potential of communities. Addressing these inequalities requires structured, context-sensitive training designed around community needs. The present program was framed to deliver accessible digital literacy and financial training to fill this gap. Its design aligns closely with global digital inclusion strategies.

In addition to digital literacy, economic capacity-building is essential to stimulate sustainable community development. Studies emphasize that financial decision-making skills directly influence household stability and microenterprise success (Lusardi & Mitchell, 2014). Many community members, however, have limited exposure to structured financial education, making it difficult to navigate modern digital financial systems. By integrating economic education with technology training, communities can develop a holistic understanding of financial planning, budgeting, and market analysis. AI-supported tools allow participants to simulate financial scenarios, enhancing comprehension and confidence. This integrated training approach forms the core of the present initiative. The model contributes to the literature on blended digital-economic empowerment frameworks.

Azerbaijan presents a strategic context for such a program due to its active push toward innovation-driven economic development. Government programs emphasize the importance

of ICT, entrepreneurship, and digital literacy in achieving sustainable national growth (Azerbaijan Digital Strategy, 2021). Despite these efforts, not all community groups have benefited equally from available digitalization initiatives. The divide is particularly evident in underserved communities with limited access to digital infrastructure and training programs. Consequently, civil society organizations and educational institutions play a critical role in bridging these gaps. The present project contributes by offering a localized and scalable empowerment model. It also complements national objectives on digital inclusion and workforce development.

Theoretical frameworks supporting this initiative include human capital theory and technology acceptance models. Human capital theory asserts that investment in skills development increases individual productivity and economic outcomes (Becker, 1993). Similarly, the technology acceptance model highlights the importance of perceived usefulness and ease of use in encouraging adoption of new technologies (Davis, 1989). By designing training around these principles, the project aimed to ensure that participants not only gained new skills but also developed positive attitudes toward adopting AI-driven tools. The integration of these frameworks strengthened the pedagogical foundations of the program. This combination supports long-term behavioral and economic transformation.

Community-based participatory approaches were also central to the project's design. Literature shows that participatory models increase ownership, relevance, and sustainability of development programs (Chambers, 2017). By involving community members from the needs assessment phase through implementation and evaluation, the project ensured responsiveness to local realities. This allowed the training modules to reflect real business challenges faced by participants. Additionally, collaborative problem-solving exercises enhanced engagement and learning effectiveness. The participatory approach contributed significantly to the program's overall impact. Its inclusion aligns with global best practices in community empowerment.

Given the strong rationale and contextual relevance, this study presents the design, implementation, and evaluation of an AI-driven economic empowerment program for community groups in Azerbaijan. The initiative integrates digital literacy, financial education, AI-supported business analysis, and digital entrepreneurship practices. The findings contribute to existing scholarship by demonstrating how AI tools can enhance community-level economic competencies. Furthermore, the study provides evidence on participant outcomes, qualitative feedback, and measurable improvements in digital and financial skills. The results highlight the potential for scaling the model to similar contexts across the region. Ultimately, this research expands understanding of how digital and economic empowerment intersect within developing economies.

METHOD

1. Baseline Assessment

The program began with a baseline evaluation to understand participants' digital skills, financial literacy, and familiarity with AI-supported tools. A 30-item digital literacy test was administered to establish initial competency levels. Semi-structured interviews provided qualitative insights into business challenges and technology usage. Participants also completed a financial self-assessment covering budgeting, pricing, and record-keeping practices.

2. Development of AI-Based Modules

Training modules were created to ensure accessibility for community users with limited technological experience. The modules included:

- a. AI-supported market analysis using conversational AI platforms;
- b. Basic analytics using automated dashboards;
- c. AI-assisted content creation for marketing;
- d. Digital financial templates for budgeting and forecasting.

3. Intensive Three-Day Training

- a. **Day 1:** Digital literacy enhancement and introduction to AI concepts.
- b. **Day 2:** Financial planning supported by AI forecasting tools
- c. **Day 3:** Digital marketing using AI-assisted design and analytics tools.

4. Two-Month Mentoring

Participants received bi-weekly mentoring focusing on business performance, digital tool usage, and financial planning. Mentors tracked progress through structured logs and provided individualized feedback.

5. Evaluation and Monitoring

Assessment included pre-post tests, interviews, focus groups, and digital tool usage monitoring. Quantitative indicators measured skill improvement, while qualitative indicators captured behavioral change.

RESULT AND DISCUSSION

Implementation Details and Results

The implementation of the program yielded significant improvements in participants' digital skills, financial planning abilities, and comfort with AI-supported tools. Pre-post evaluations demonstrated consistent upward trends across all clusters. Many participants reported that the hands-on approach allowed them to understand technology that previously felt inaccessible. This confirms findings by [Brynjolfsson and McAfee \(2017\)](#), who argue that practical digital training enhances adoption. Participants also expressed increased enthusiasm for incorporating digital tools into daily operations. These responses highlight the program's initial success.

The baseline assessment revealed that most participants had minimal exposure to AI tools and limited digital literacy. Many struggled with basic functions such as document formatting, online search, and data entry. After training, participants demonstrated stronger proficiency in conducting online research, using mobile applications, and navigating digital platforms. These skills form the foundation of more advanced digital competencies. As noted by [Lee \(2017\)](#), improving basic digital skills is essential for achieving higher-level digital participation. The program effectively addressed this foundational gap.

AI adoption showed substantial progress throughout the mentoring period. Before the program, none of the participants used AI tools for business operations. However, post-program results show that 67% used AI-assisted marketing design, automated content creation, or customer analysis. Participants reported that AI tools reduced the time required to create promotional materials by up to 50%. This aligns with findings by [Chen \(2021\)](#), who observed that AI increases efficiency in microenterprise operations. The increased adoption demonstrates strong behavioral change.

Financial management also improved significantly. Only 18% of participants initially practiced structured budgeting or cash-flow planning. After training, 72% applied digital templates for budgeting, pricing, or forecasting. Participants reported improved confidence in setting prices and estimating revenue. These skills helped them manage cash flow more effectively during the two-month mentoring period. Rahman (2019) highlights that financial literacy is a strong predictor of microenterprise stability. The results confirm the importance of integrating financial training with AI-supported tools.

Digital marketing outcomes also showed positive development. Participants learned to create engaging promotional content using AI-assisted design tools. Many used automated templates to schedule posts and analyze engagement. During mentoring, 32% of participants reported a 10–25% increase in sales. These early indicators demonstrate the practical value of digital marketing competencies. This finding aligns with Soto (2022), who argues that digital visibility increases business resilience. Digital marketing skills therefore became a key outcome of the program.

Qualitative data reveal strong improvements in participants’ confidence and adaptability. Several participants stated that the training changed their perception of technology from intimidating to empowering. The participatory learning approach contributed to these positive attitudes. Amin (2019) notes that empowerment is closely tied to learners’ sense of agency. By allowing participants to experiment with tools at their own pace, the program enhanced motivation and sustained engagement. This reinforces the importance of community-centered pedagogy.

The combination of training and mentoring proved essential for sustaining learning outcomes. Participants applied new skills directly to their real businesses, allowing immediate reinforcement. Mentors observed increased independence in using AI tools over time. This suggests that short-term interventions can be effective when supported by structured follow-up. Dodgson (2018) also emphasizes that technology adoption requires continuous guidance. The mentoring component was therefore a central strength of the program.

Learning Impact and Results

The success of the training program was measured using both qualitative and quantitative indicators:

Indicator	Pre-Program Value	Post-Program Value	Improvement
Average Digital Literacy Score	52	85	+63%
AI Tool Adoption	0%	67%	+67%
Use of Financial Planning Tools	18%	72%	+54%
Participants Reporting Sales Increase	–	32%	10–25%

CONCLUSION

This program successfully enhanced the economic capacity of community groups in Azerbaijan by integrating AI-driven learning with digital and financial training. Participants demonstrated significant gains in digital literacy, AI adoption, financial planning practices, and marketing capabilities. The combination of structured training, hands-on activities, and

mentorship facilitated both skill development and behavioral change. The program offers a scalable model for digital empowerment in emerging economies.

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