Gen Z Entrepreneurs and the Future of Digital Entrepreneurship

K. Nivetha[1]*, P. Sahana[1] and P. Maniya[1]

[1]*III BCom General Department of Commerce Arul Anandar College Karumathur, Madurai, Tamil Nadu, India*

**Corresponding Author Email: 24bco106@aactni.edu.in*

Abstract

Generation Z is entering the labour market and entrepreneurial ecosystem at a time when digital technologies are reshaping how opportunities are identified, ventures are created and customers are reached. This paper examines the relationship between digital literacy, social media use, innovation orientation and entrepreneurial intention among Gen Z, with particular attention to the future of digital entrepreneurship. Digital platforms, e-commerce, digital payments, creator economies, cloud services and emerging artificial-intelligence tools have reduced some traditional barriers to business entry, while creating new requirements related to skills, cybersecurity, data protection, trust and continuous innovation. The paper develops an integrated conceptual framework linking digital literacy and social media engagement with innovation, opportunity recognition and entrepreneurial intention. A quantitative, cross-sectional research design is proposed for empirical testing among Gen Z students and young entrepreneurs. The study recommends the use of descriptive statistics, reliability analysis, correlation and regression, with mediation or structural equation modelling where sample size permits. The literature indicates that digital literacy and purposeful social-media use can strengthen digital entrepreneurial readiness, while practice-oriented entrepreneurship education and creativity can further support digital entrepreneurial intention. The paper argues that future entrepreneurship ecosystems should combine digital skills with entrepreneurial education, mentoring, access to finance, digital infrastructure and responsible technology practices. The proposed framework provides a basis for empirical research and for universities, policymakers and incubators seeking to support the next generation of digital entrepreneurs.

Keywords: Generation Z; Digital Entrepreneurship; Digital Literacy; Social Media; Innovation; Entrepreneurial Intention; Entrepreneurship Education

1. Introduction

1.1 Rise of Generation Z

Generation Z is commonly described as the cohort that has grown up with widespread access to smartphones, social networks, online information and digital services. Their familiarity with digital environments does not automatically mean that every member possesses advanced digital, entrepreneurial or business skills. The distinction between everyday technology use and productive digital capability is therefore important. For entrepreneurship, Gen Z's exposure to digital tools may lower the psychological and practical distance between identifying an idea and testing it in a market.

1.2 Growth of Digital Entrepreneurship

Digital entrepreneurship refers to entrepreneurial activity in which digital technologies, data, platforms or digitally enabled business models are central to creating, delivering or scaling value. Nambisan (2017) argues that digital technologies change the nature of entrepreneurial processes and outcomes, including the boundaries of entrepreneurial action. Digital entrepreneurship can include software ventures, platform businesses, online retail, digital services, creator businesses and traditional businesses that use digital technologies extensively.

The World Bank identifies digital skills, connectivity, platforms, finance and entrepreneurial ecosystems as important foundations for participation in the digital economy. Digital tools can help entrepreneurs reach customers, access markets and improve productivity, but unequal connectivity and skills can limit these benefits.

1.3 Changing Entrepreneurial Ecosystem

The entrepreneurial ecosystem is increasingly shaped by universities, incubators, accelerators, digital marketplaces, fintech providers, social-media communities, online learning and technology providers. Entry costs for some businesses have declined because entrepreneurs can use cloud services, social commerce, digital payments and third-party platforms instead of building every business function themselves. At the same time, dependence on platforms introduces new issues such as algorithmic visibility, platform fees, data privacy and cybersecurity.

1.4 Importance of Social Media and Digital Platforms

Social media serves not only as a communication channel but also as a mechanism for market research, branding, customer relationship management, community building and product testing. Purposeful social-media use may help young entrepreneurs identify customer needs and validate ideas. A 2025 study of 1,188 graduating university students found that practice-oriented entrepreneurship education enhanced digital entrepreneurial intention through creativity, while growth-oriented social-media use strengthened the relationship between education and digital entrepreneurial intention.

1.5 Research Problem

Although Gen Z is frequently portrayed as digitally native, there remains a need to understand how digital literacy and social-media engagement translate into entrepreneurial intention and innovation. Access to technology alone may not produce entrepreneurial outcomes. The central research problem is therefore to identify whether and how digital capabilities, social-media use and innovation orientation are associated with the intention of Gen Z to pursue digital entrepreneurship.

2. Background of the Study

2.1 Concept of Gen Z Entrepreneurship

Gen Z entrepreneurship can be understood as entrepreneurial activity and entrepreneurial intention among young people belonging to the Gen Z cohort. It may include conventional business creation as well as digitally enabled forms such as online stores, freelance services, app-based ventures, content businesses, digital consulting and platform-mediated services. Gen Z entrepreneurs can potentially use global digital channels from the earliest stages of venture development, although their outcomes depend on skills, resources, networks and market conditions.

2.2 Concept of Digital Entrepreneurship

Digital entrepreneurship extends traditional entrepreneurship through the intensive use of digital technologies. Nambisan (2017) emphasizes that digital technologies can make entrepreneurial processes less bounded and alter the locus of entrepreneurial agency. World Bank materials similarly describe digital entrepreneurship as involving businesses that rely on digital business models, data or digital technologies to create or deliver products and services.

2.3 Digital Business Models

- E-commerce and social commerce models
- Platform and marketplace models
- Subscription and software-as-a-service models
- Creator and content-based businesses
- Freelance and digital professional-service models
- Digital education and knowledge-service models
- Data-driven and AI-enabled business models

2.4 Opportunities for Young Entrepreneurs

Digital entrepreneurship can provide access to wider markets, low-cost experimentation, flexible work arrangements and new forms of customer engagement. Digital infrastructure also allows entrepreneurs to combine tools for payments, marketing, analytics and customer support. However, opportunity is not distributed equally. The World Bank notes continuing gaps in connectivity and digital skills, with rural and lower-income settings often facing greater barriers.

3. Review of Literature

3.1 Gen Z and Entrepreneurial Intention

Entrepreneurial intention represents an individual's conscious plan or willingness to start a business. For Gen Z, intention can be shaped by perceived opportunity, social influence, confidence in entrepreneurial ability, education, access to technology and expected benefits. Recent research has increasingly examined digital entrepreneurial intention among university students, reflecting the growing importance of digital venture creation.

3.2 Digital Literacy

Digital literacy involves the ability to access, evaluate, create and communicate information through digital technologies. In entrepreneurship, it can include skills in digital marketing, online research, e-commerce tools, analytics, digital finance, cybersecurity and responsible data use. A 2025 study in the Journal of Innovation & Knowledge found digital literacy to be relevant to the relationship between entrepreneurship education and digital entrepreneurial intention, particularly through purposeful social-media use.

3.3 Social Media

Social media can facilitate opportunity recognition by exposing entrepreneurs to customer conversations, market trends, communities and competitors. It can also support rapid experimentation through content, surveys, advertisements and direct customer feedback. Nevertheless, social-media dependence may create risks involving misinformation, reputation, privacy and changing platform algorithms.

3.4 Entrepreneurial Self-Efficacy

Entrepreneurial self-efficacy refers to confidence in one's ability to perform entrepreneurial tasks. It can influence whether an individual converts a business idea into an intention to act. In a digital environment, self-efficacy may include confidence in online selling, digital marketing, technology adoption, customer acquisition and problem solving.

3.5 Innovation and Opportunity Recognition

Innovation orientation encourages entrepreneurs to develop new products, processes, services or business models. Opportunity recognition is the process through which individuals identify potential unmet needs or ways of creating value. Digital platforms can increase exposure to information, which may support opportunity recognition, but entrepreneurs still need analytical and creative skills to distinguish viable opportunities from temporary trends.

3.6 Digital Infrastructure

Reliable connectivity, affordable devices, digital payment systems and access to digital platforms form part of the infrastructure supporting digital entrepreneurship. The World Bank emphasizes that connectivity enables entrepreneurs to reach markets, access training and participate in digital platforms, while persistent connectivity gaps can constrain participation.

4. Research Gap

Existing literature provides evidence that digital literacy, entrepreneurship education, creativity and social-media use are relevant to digital entrepreneurial intention. However, several gaps remain. First, studies often focus on university students in particular countries, limiting generalization. Second, digital literacy and social-media use are sometimes studied

separately rather than as interconnected resources. Third, innovation and entrepreneurial intention can be examined without adequately considering the mechanisms through which digital capabilities support opportunity recognition. Fourth, the rapid emergence of generative AI and new platform business models creates a need for updated empirical research. This study therefore proposes an integrated framework linking digital literacy, social-media use, innovation and entrepreneurial intention among Gen Z.

5. Objectives of the Study

- To examine the level of digital literacy among Gen Z students and young entrepreneurs.
- To assess the relationship between social-media use and digital entrepreneurial intention.
- To examine the influence of innovation orientation on entrepreneurial intention.
- To determine whether digital literacy is associated with opportunity recognition.
- To examine the combined influence of digital literacy, social media and innovation on digital entrepreneurial intention.
- To develop implications for entrepreneurship education, incubators and digital entrepreneurship policy.

6. Research Questions / Hypotheses

- What is the level of digital literacy among Gen Z respondents?
- How does social-media use relate to digital entrepreneurial intention?
- Does innovation orientation influence digital entrepreneurial intention?
- Does digital literacy contribute to opportunity recognition?
- Do digital literacy, social media and innovation jointly explain variation in digital entrepreneurial intention?
- Digital literacy has a significant positive relationship with digital entrepreneurial intention.
- Purposeful social-media use has a significant positive relationship with digital entrepreneurial intention.
- Innovation orientation has a significant positive relationship with digital entrepreneurial intention.
- Digital literacy has a significant positive relationship with opportunity recognition.

- Opportunity recognition has a significant positive relationship with digital entrepreneurial intention.
- Digital literacy, social-media use and innovation orientation jointly predict digital entrepreneurial intention.

7. Research Methodology

7.1 Research Design

A quantitative, descriptive and explanatory cross-sectional design is recommended. The study can use a structured questionnaire to measure digital literacy, social-media use, innovation orientation, opportunity recognition and digital entrepreneurial intention.

7.2 Population

The target population may comprise Gen Z college/university students and young individuals who are considering or currently participating in digital entrepreneurial activities. For an India-focused study, the population can be restricted to selected higher-education institutions in Tamil Nadu or another clearly defined geographical area.

7.3 Sample

A sample of approximately 250–400 respondents would provide a practical basis for reliability, correlation and regression analysis. If structural equation modelling is planned, the final sample should be determined using the complexity of the model and an appropriate power analysis rather than an arbitrary number.

7.4 Sampling Technique

Purposive or stratified sampling can be used depending on access to respondents. Eligibility criteria should specify the relevant age/cohort definition, student or young-entrepreneur status, and willingness to participate.

7.5 Questionnaire

The questionnaire can contain five sections: demographic profile; digital literacy; social-media use; innovation orientation/opportunity recognition; and digital entrepreneurial intention. Items should preferably be adapted from validated scales and pilot-tested. Responses can be collected using a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

7.6 Variables

- Independent variables: Digital literacy, purposeful social-media use, innovation orientation.
- Mediating/related variable: Opportunity recognition.
- Dependent variable: Digital entrepreneurial intention.
- Control variables: Age, gender, education level, prior business experience, family business exposure and access to digital resources.

7.7 Statistical Techniques

- Frequency and percentage analysis for respondent profile.
- Mean and standard deviation for construct levels.
- Cronbach's alpha for internal consistency.
- Pearson correlation for bivariate relationships.
- Multiple regression for predictive relationships.
- Mediation analysis or SEM if sample size and measurement quality permit.
- VIF/tolerance checks for multicollinearity and appropriate assumption diagnostics.

8. Data Analysis and Results

8.1 Research Design and Data Preparation

For demonstration, a cross-sectional survey of 200 Gen Z respondents is assumed. The questionnaire uses five-point Likert-scale items (1 = Strongly Disagree to 5 = Strongly Agree). The constructs are Digital Literacy (DL), Social Media Use (SM), Innovation Orientation (IN), Entrepreneurial Intention (EI), and Digital Entrepreneurship Readiness (DER).

The analysis includes respondent profile, descriptive statistics, internal consistency reliability, Pearson correlation, multiple regression and one-way ANOVA.

1. Profile of Respondents

Category	Group	Frequency	Percentage
Gender	Female	109	54.5%
	Male	89	44.5%
	Other/Prefer not to say	2	1.0%

Education	Undergraduate	131	65.5%
	Postgraduate	55	27.5%
	Other	14	7.0%
Experience	No entrepreneurial experience	101	50.5%
	Less than 1 year	49	24.5%
	1–3 years	41	20.5%
	More than 3 years	9	4.5%

2. Descriptive Statistics and Reliability

Construct	Mean	SD	Min	Max	Cronbach's α
Digital Literacy	3.02	0.78	1.00	5.00	0.880
Social Media Use	2.99	0.77	1.20	5.00	0.868
Innovation Orientation	2.97	0.80	1.00	5.00	0.863
Entrepreneurial Intention	2.99	0.79	1.00	5.00	0.896
Digital Entrepreneurship Readiness	2.96	0.83	1.00	5.00	0.856

The illustrative Cronbach's alpha values range from 0.856 to 0.896, indicating acceptable internal consistency for demonstration purposes.

3. Pearson Correlation Analysis

Variable	Digital Literacy	Social Media Use	Innovation Orientation	Entrepreneurial Intention	Digital Entrepreneurship Readiness
Digital Literacy	1.000	0.401	0.263	0.264	0.211
Social Media Use	0.401	1.000	0.321	0.370	0.269
Innovation Orientation	0.263	0.321	1.000	0.444	0.357
Entrepreneurial Intention	0.264	0.370	0.444	1.000	0.551

Digital Entrepreneurship Readiness	0.211	0.269	0.357	0.551	1.000

The simulated correlations are positive across the major constructs. Digital Literacy, Social Media Use and Innovation Orientation are positively associated with Entrepreneurial Intention. Entrepreneurial Intention is also positively associated with Digital Entrepreneurship Readiness. Correlation indicates association, not causation.

4. Multiple Regression: Predicting Entrepreneurial Intention

Predictor	B	SE	t	p-value
const	1.027	0.253	4.055	0.0001
Digital Literacy	0.082	0.068	1.202	0.2306
Social Media Use	0.230	0.071	3.242	0.0014
Innovation Orientation	0.344	0.064	5.341	0.0000

Model summary: $R^2 = 0.260$; Adjusted $R^2 = 0.249$; $F(3, 196) = 22.98$, $p = 0.0000$.

The model estimates the unique association of digital literacy, social media use and innovation orientation with entrepreneurial intention while holding the other predictors constant.

5. Multiple Regression: Predicting Digital Entrepreneurship Readiness

Predictor	B	SE	t	p-value
const	0.828	0.269	3.081	0.0024
Digital Literacy	0.041	0.070	0.588	0.5569
Social Media Use	0.042	0.074	0.571	0.5687
Innovation Orientation	0.130	0.070	1.850	0.0658
Entrepreneurial Intention	0.501	0.073	6.882	0.0000

Model summary: $R^2 = 0.323$; Adjusted $R^2 = 0.309$; $F(4, 195) = 23.26$, $p = 0.0000$.

6. Entrepreneurial Experience and Entrepreneurial Intention

Experience Group	N	Mean EI	SD
1–3 years	41	2.77	0.87
Less than 1 year	49	2.98	0.83
More than 3 years	9	2.87	0.82
No entrepreneurial experience	101	3.09	0.71

Illustrative one-way ANOVA: F = 1.765, p = 0.1552. A significant omnibus result would indicate that at least one group mean differs; post-hoc tests would then be needed to locate the differences.

7. Hypothesis / Research Proposition Summary

Code	Statement	Illustrative result
H1	Digital literacy is positively associated with entrepreneurial intention.	B = 0.082, p = 0.2306.
H2	Social media use is positively associated with entrepreneurial intention.	B = 0.230, p = 0.0014.
H3	Innovation orientation is positively associated with entrepreneurial intention.	B = 0.344, p = 0.0000.
H4	Entrepreneurial intention is positively associated with digital entrepreneurship readiness.	r = 0.551.

8. Findings

Digital literacy, social media use, innovation orientation and entrepreneurial intention show moderate-to-high mean scores in the simulated sample. The five scales demonstrate acceptable internal consistency in this illustrative dataset. Digital literacy, social media use and innovation orientation are positively related to entrepreneurial intention. Entrepreneurial intention is positively related to digital entrepreneurship readiness. Entrepreneurial intention can be compared across levels of prior entrepreneurial experience using ANOVA.

9. Suggestions

For a final dissertation or journal paper, report the actual sample size, sampling procedure, questionnaire source or adaptation, data-cleaning procedure, missing-data treatment, assumption checks, reliability statistics, descriptive statistics, correlation matrix, regression coefficients with confidence intervals, effect sizes where appropriate, and exact p-values. Clearly distinguish statistical significance from practical or substantive importance.

10. Conclusion

Gen Z is entering entrepreneurship in an environment where digital technologies are not merely supporting tools but increasingly part of the entrepreneurial process itself. Digital literacy, purposeful social-media use and innovation orientation can provide important capabilities for identifying opportunities and developing digital ventures. Nevertheless, technology access alone is insufficient. Entrepreneurial education, self-efficacy, networks, finance, infrastructure, responsible technology use and market knowledge remain important. The proposed framework provides a structured basis for empirically examining how these factors relate to digital entrepreneurial intention among Gen Z. Future research using primary data can test the proposed relationships and identify differences across educational, regional and socioeconomic contexts.

References

Autio, E., Nambisan, S., Thomas, L. D. W., & Wright, M. (2018). Digital affordances, spatial affordances, and the genesis of entrepreneurial ecosystems. Strategic Entrepreneurship Journal, 12(1), 72–95.

Giones, F., & Brem, A. (2017). Digital technology entrepreneurship: A definition and research agenda. Technology Innovation Management Review, 7(5), 44–51.

Nambisan, S. (2017). Digital entrepreneurship: Toward a digital technology perspective of entrepreneurship. Entrepreneurship Theory and Practice, 41(6), 1029–1055.

World Bank. (2023). Digital Progress and Trends Report 2023. World Bank.

World Bank. (2025). Digital Jobs and Skills. World Bank.

World Bank. (2025). Digital Society. World Bank.

World Bank. (2025). Digital Economy. World Bank.

World Bank. (2025). Skills and Workforce Development. World Bank.

Shaping digital entrepreneurial intention in higher education: The role of entrepreneurship education, creativity, and digital literacy among Chinese university students. (2025). Journal of Innovation & Knowledge, 10(5), 100788.



Open Access & Licensing

Dr. BGR Publications supports Open Access scholarly communication, enabling published works to be freely accessible online.

License: Creative Commons Attribution 4.0 International License CC BY 4.0

Copyright: © Author(s)

Published by Dr. BGR Publications | India