

Research on the Impact of Digital Technology on the Entrepreneurial Field

Jinhui Peng^{1*}

¹ School of Business Administration, Anhui University of Finance and Economics, Bengbu, China

Email Address

pjh0409@163.com (Jinhui Peng)

*Correspondence: pjh0409@163.com

Received: 2 August 2024; **Accepted:** 15 August 2024; **Published:** 28 August 2024

Abstract:

With the rapid development of digital technology, the entrepreneurial field is undergoing a revolutionary change, which reshapes every corner of the entrepreneurial ecosystem with unprecedented depth and breadth. Digital technology is like a strong east wind, not only paving a smoother path for entrepreneurs, but also invisibly expanding the boundaries of entrepreneurship, inspiring countless unprecedented entrepreneurial inspirations. Specifically, the rapid development of digital technology has greatly weakened the dependence on funds and resources in traditional entrepreneurial models. In the past, entrepreneurs were often constrained by high startup costs and resource thresholds. Now, the rise of Internet platforms and social media, like bridges, connects entrepreneurs closely with potential customers and investors, greatly reducing the barriers to entry for entrepreneurship. This change has given rise to the emerging concept of “micro entrepreneurship”, which, with its characteristics of small scale, low cost, and high flexibility, provides a stage for entrepreneurs with limited resources but dreams to showcase their talents. They can leverage the power of digital technology to quickly trial and error, iterate products, and respond to market changes at an astonishing speed, creating remarkable business miracles. Based on this, this article attempts to study the impact of digital technology on entrepreneurship from three aspects: the importance of digital technology in entrepreneurship, the challenges and risks that digital technology brings to the entrepreneurial field, and the specific paths for digital technology to promote the development of the entrepreneurial field. The aim is to provide suggestions and recommendations for related research.

Keywords:

Digital Technology, Entrepreneurship, Domain Impact

1. The Importance of Digital Technology in Entrepreneurship

The impact of digital technology on entrepreneurship is profound and extensive, not only changing the traditional mode and path of entrepreneurship, but also giving birth to new types and opportunities of entrepreneurship. The following is a specific study on the impact of digital technology on entrepreneurship.

1.1. Lowering the threshold for entrepreneurship

The development of digital technology has greatly lowered the threshold for entrepreneurship. Through the Internet, social media, cloud computing and other platforms, entrepreneurs can more easily access market information, resources and technical support. For example, digital content entrepreneurship (such as self media operation, online literature creation, short video production, etc.) has a low threshold and only requires a certain level of creative talent and marketing ability. E-commerce entrepreneurship breaks through geographical limitations, allowing entrepreneurs to conduct business globally.

1.2. Expanding the scope of entrepreneurship

Digital technology provides entrepreneurs with a broader range of entrepreneurial fields. In addition to traditional manufacturing and service industries, digital technology has also given rise to digital technology service entrepreneurship (such as software development, big data analysis, cloud computing, artificial intelligence, etc.), digital marketing entrepreneurship (such as SEO, social media marketing, content marketing, etc.), and digital finance innovation and entrepreneurship (such as blockchain technology, digital currency, mobile payments, etc.). These new fields provide entrepreneurs with more business opportunities and growth points.

1.3. Improve entrepreneurial efficiency

The application of digital technology has significantly improved entrepreneurial efficiency. Technologies such as cloud computing, big data, and artificial intelligence enable entrepreneurs to quickly access and analyze market information, and develop more accurate business strategies. Meanwhile, digital means have also optimized the entrepreneurial process and reduced the cost of entrepreneurship. For example, online sales and marketing have reduced the rental and personnel costs of traditional physical stores, while digital supply chain management has lowered inventory and transportation costs.

1.4. Promoting Business Model Innovation

Digital technology has driven innovation in business models. Emerging business models such as sharing economy and platform economy have emerged, providing entrepreneurs with more market opportunities and profit models. For example, sharing economy models such as shared bicycles and shared cars have achieved optimized resource allocation and efficient utilization through digital technology; E-commerce platforms provide accurate marketing and recommendation services to merchants through big data analysis.

1.5. Enhance market competitiveness

The application of digital technology enhances the market competitiveness of entrepreneurs. Through digital means, entrepreneurs can more accurately target their market and provide more personalized and customized products and services. At the same time, digital technology also helps entrepreneurs better understand consumer needs and market trends, thereby formulating more effective market strategies. In addition, digital technology enables entrepreneurs to more conveniently connect with the international market and participate in global competition.

2. Digital Technology Brings Challenges and Risks to the Field of Entrepreneurship

The risks brought by digital technology to the field of entrepreneurship are multifaceted, which not only affect the success rate of entrepreneurial projects, but may also have a negative impact on the funding, reputation, and long-term development of entrepreneurs. The following are the main risks that digital technology brings to the field of entrepreneurship.

2.1. Technical Risks

Technical implementation difficulty. Some advanced technologies or concepts may face technical bottlenecks in practical applications, resulting in slow project progress or inability to achieve expected results.

The speed of technological updates. Digital technology updates rapidly, and if entrepreneurs cannot keep up with the latest technology in a timely manner, it may lead to products or services falling behind in competition.

Technical compatibility. Compatibility issues between different technology platforms or systems may lead to data loss, limited functionality, and other issues, affecting user experience.

2.2. Security Risks

Data security. As business grows and data volume continues to increase, ensuring data security has become a major challenge. Security risks such as data breaches and hacker attacks may result in significant losses for enterprises.

Privacy protection. When collecting and using user data, it is necessary to strictly comply with relevant laws and regulations to protect user privacy. Violating privacy policies may lead to legal disputes and damage to brand image.

2.3. Market Risk

Changes in demand. Market demand is uncertain, and digital technology may exacerbate this uncertainty. If entrepreneurs cannot accurately predict changes in market demand, it may result in products or services that do not meet market demand.

Competitive pressure. Digital technology has lowered the threshold for entrepreneurship and attracted a large number of competitors to enter the market. Intense market competition may lead to price wars, damage to brand reputation, and other issues.

2.4. Financial Risk

Investment demand. Digital technology entrepreneurship typically requires significant capital investment, including research and development, marketing, talent recruitment, and more. If the fundraising is insufficient or used improperly, it may lead to the breakage of the project's funding chain.

Return uncertainty. The investment return of digital technology projects is uncertain and influenced by various factors such as market, technology, and policies. If the project fails to achieve profitability, it may result in financial losses for investors.

2.5. Legal and Compliance Risks

The legal environment is complex. Digital technology involves multiple legal fields, such as intellectual property, privacy protection, e-commerce, etc. If entrepreneurs are not familiar with or fail to comply with relevant laws and regulations, it may lead to legal disputes and fines.

Cross border compliance. For cross-border entrepreneurial projects, they also need to face differences in laws and regulations in different countries and regions, which increases compliance difficulties and costs.

2.6. Operational Risk

Supply chain management. Digital technology entrepreneurship may involve complex supply chain management, including supplier selection, inventory management, logistics and distribution, etc. If the supply chain management is poor, it may lead to insufficient product supply or quality issues.

Customer Relationship Management. Digital technology makes customer relationship management more complex. If customer relationships cannot be effectively maintained, it may lead to customer churn and a decrease in market share.

3. Specific Paths for Digital Technology to Promote the Development of Entrepreneurship

In today's rapidly changing era, digital technology is infiltrating every corner of the entrepreneurial field at an astonishing speed, paving a smooth path to success for entrepreneurs. Below, we will provide a more detailed explanation on how digital technology specifically promotes the development of the entrepreneurial field.

3.1. Deep popularization of Internet platform

The popularity of the Internet has moistened the hearts of entrepreneurs like a spring breeze turning into rain. From large-scale e-commerce platforms to niche social media, to innovative crowdfunding platforms, these Internet giants not only set up a stage for entrepreneurs to show themselves and connect resources, but also accurately delineate the market profile for entrepreneurs through their huge user base and powerful data analysis capabilities, reducing the cost of market trial and error, and greatly improving the probability of success of entrepreneurship.

3.2. Precise Navigation of Big Data and Artificial Intelligence

In the ocean of big data, artificial intelligence is like a beacon, pointing out the direction for entrepreneurs to move forward. Through deep mining and analysis of massive data, artificial intelligence can reveal the underlying laws of the market, helping entrepreneurs to more accurately grasp market dynamics, predict market trends, and formulate more scientific and reasonable business strategies. This data-driven decision-making approach enables entrepreneurs to take each step with greater stability and confidence.

3.3. Flexible and efficient cloud computing and remote work

The emergence of cloud computing technology allows entrepreneurs to easily obtain computing power and storage space comparable to large enterprises without having to bear high hardware investment costs. At the same time, the widespread application of remote work tools has broken the limitations of geography and time,

allowing team members to communicate and collaborate anytime and anywhere, greatly improving work efficiency and team cohesion. This flexible and efficient work style creates a more relaxed and comfortable working environment for entrepreneurs.

3.4. Transparency and Trust in Blockchain Technology

Blockchain technology, with its decentralized and tamper proof characteristics, has brought unprecedented transparency and trust to the entrepreneurial field. In the financial field, blockchain technology can help entrepreneurs reduce transaction costs and improve the efficiency of capital flow; In the field of supply chain, blockchain technology can ensure the authenticity and traceability of product information; In terms of copyright protection, blockchain technology provides creators with powerful tools for safeguarding their rights. These advantages make the application prospects of blockchain technology in the field of entrepreneurship very broad.

3.5. The Intelligent Future of IoT Technology

The rapid development of IoT technology has opened the door to the future of intelligent connectivity for entrepreneurs. Through IoT technology, entrepreneurs can connect various smart devices to achieve real-time data collection, analysis, and processing. This capability not only provides strong technical support for fields such as smart homes, smart transportation, and smart cities, but also creates unlimited innovation space and market opportunities for entrepreneurs.

3.6. Immersive Experience of Virtual Reality and Augmented Reality

The rise of virtual reality (VR) and augmented reality (AR) technologies has provided entrepreneurs with new user experiences and interactive methods. Through VR and AR technology, entrepreneurs can create an immersive experience for users, allowing them to more intuitively feel the charm of their products or services. This unique experience not only attracts users' attention and interest, but also brings more business opportunities and value to entrepreneurs.

In summary, digital technology is driving the development of entrepreneurship with an unstoppable momentum. As entrepreneurs, we should actively embrace the changes and opportunities brought by digital technology, constantly explore new business models and application scenarios, and embrace future challenges and opportunities with a more open mindset and innovative thinking.

4. Conclusions

In summary, digital technology has had a profound and widespread impact on entrepreneurial types. It not only lowers the threshold for entrepreneurship, expands the field of entrepreneurship, improves entrepreneurial efficiency, promotes business model innovation, and enhances market competitiveness, but also brings some challenges and risks. In the future, with the continuous development and widespread application of digital technology, entrepreneurial activities will face more opportunities and challenges. Entrepreneurs should actively seize opportunities, respond to challenges, constantly innovate and break through themselves to achieve business success and sustainable development.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

Funding

This work was supported by Anhui University of Finance and Economics Graduate Research Innovation Fund Project Name: The Impact of Digital Technology, COVID-19 on Entrepreneurship Types - Based on the External Enabler (EE) Framework Perspective. (Project Numb: ACYC2022051).

References

- [1] Li, W.X.; Li, H.X. Exploration of Digital Technology Empowering the Innovation and Entrepreneurship Education System in Universities. *Communication and Copyright*, 2024, 13, 94-96.
- [2] Wu, X.C.; Chen, J.P.; Zhang, Z.J. Research on the Impact of Digital Technology on the Identification of Entrepreneurial Opportunities. *Innovation and Entrepreneurship Education*, 2024, 15(02), 9-19.
- [3] Mao, Z.Y.; Zhang, P. Research on the Mechanism of Digital Technology Empowering Entrepreneurship Process - A Case Study Based on Jinyou.com. *Sales and Marketing (Marketing Edition)*, 2024, 01, 45-51.
- [4] Chen, X. Practice Path of Digital Technology Innovation Driven Entrepreneurship under the Background of Digital Economy. *Journal of Suihua University*, 2023, 43(12), 21-23.
- [5] Zhao, W.W. Research on the Mechanism and Effectiveness of Digital Technology Empowering Rural Tourism Entrepreneurs. Mentor: Deng Min; Luo Shengfeng. Guilin University of Technology, 2023.
- [6] Wang, C.Y.; Ma, S.J. The Mechanism of the Role of Digital Technology in Identifying Entrepreneurial Opportunities: Based on a New Perspective Survey Perspective. *Journal of Jilin University of Commerce*, 2023, 39(02), 35-41.
- [7] Wang, C.Y.; Zhang, Y.X. Research on Identification of Entrepreneurial Opportunities Based on Digital Technology and Construction of Future Research Framework. *Journal of University of Electronic Science and Technology of China (Social Sciences Edition)*, 2022, 24(04), 18-27.
- [8] Zhou, Y.; Lu R.Y.; Zhang, L.K. Network Connection, TMT Team Characteristics, and Enterprise Growth of Digital Technology Entrepreneurial Enterprises: Based on fsQCA Analysis. *Technology Economics*, 2022, 41(03), 61-70.
- [9] Wang, J.; Cai, Z.J. Risk Avoidance, Digital Technology Use, and Rural Family Entrepreneurial Behavior. *Journal of South China Agricultural University (Social Sciences Edition)*, 2022, 21(02), 28-40.
- [10] Liu, L.; Su, X.H.; Liu, W.H. Research on Digital Entrepreneurship Business Models of Large Enterprises Driven by Digital Technology: A Case Study of SF Express [A]. Proceedings of the 16th (2021) China Management Annual Conference. China Management Modernization Research Association, Fudan Management Award Foundation: 2021, 17-29.

- [11]Guo, H.; Yang, Z.E. From Digital Technology to Digital Entrepreneurship: Connotation, Characteristics, and Intrinsic Connections. *Foreign Economics and Management*, 2021, 43(09), 3-23.
- [12]Liu, Z.Y.; Lin, S.; Xing, X.Q. Digital Innovation and Entrepreneurship: Research on New Paradigms and Advances. *Research and Development Management*, 2021, 33 (01), 1-11.



© 2024 by the author(s); licensee International Technology and Science Publications (ITS), this work for open access publication is under the Creative Commons Attribution International License (CC BY 4.0). (<http://creativecommons.org/licenses/by/4.0/>)