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THE IMPACT OF DIGITALIZATION ON ENTREPRENEURSHIP

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ABSTRACT

This article intends to analyse and critically discuss the state of the art of scientific literature concerning digitalisation and its impact on entrepreneurship. The study adopts a systematic literature review, relating the concepts, studying their impact on economic development, and enumerating the variables that may serve as indicators. Data was collected using the Prism method, which allowed a total of 561 articles (from 2006 to 2022) which 13 were used for analysis. The article guides researchers towards a better understanding of the concepts through the systematisation of several investigations carried out so far, also allowing the delineation of the relations between both and their impact on economic development. The articles are clustered into the following themes: i) the relationship between entrepreneurship and digitalisation; ii) the impact of digitalisation and entrepreneurship on economic development; iii) variables that may serve as gauges of the impact on economic development.

Keywords: *Digitalisation; Entrepreneurship; Digital Transformation*

INTRODUCTION

In recent years, we have witnessed the affirmation of entrepreneurship as one of the critical ingredients of economic growth and development in both developed and developing countries. It thus becomes decisive to define the determinants of entrepreneurship to assess its impact on economic activity and growth. (Tunali & Sener, 2019). Therefore, the central question of this paper is to verify if digitalisation could have a significant effect on the process of entrepreneurship, be used as a measure of entrepreneurial activity, and by which variables it could be studied.

One of the many definitions for digitalisation is presented to us in the Gartner Glossary "Digitalization is the use of digital technologies to change a business model and deliver new revenue and value-producing opportunities; it is the process of moving to a digital business" (Gartner, 2022). To profit from digitalisation, companies must innovate business models (Parida et al., 2019). However, it is essential to distinguish and separate two very close concepts with slightly different meanings, digitisation and digitalisation. These concepts present several definitions; however, a literature review conducted by Adeline Frenzel, Jan C. Muench, Moritz Tobias Bruckner, and Daniel Veit suggests a tendency for the definition of "digitisation" to explain a technical process of converting, generating, storing, or processing data. In contrast, "digitalisation" was mainly referred to as a sociotechnical phenomenon, the use of digital technologies and their influence on societies, businesses, and personal lives (Frenzel et al., 2021).

Digitalisation and its inherent digital technologies can significantly impact major economic sectors, notably through their effects on productivity, competition, employment, and interaction with institutions and governance. They change companies' vision of doing business and interacting with customers and suppliers. Thus, it is increasingly relevant to understand digital transformation/ digitalisation and the channels through which it influences the economy (European Central Bank, 2018).

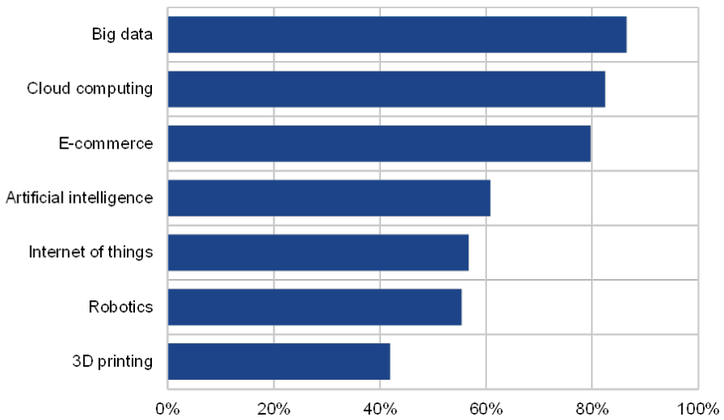


Fig. 1: Adoption of digital technologies. Retrieved from (European Central Bank, 2018).

According to a survey of large companies conducted by the European Central Bank, it is possible to verify that the acceleration of digitalisation has created digital tools that boost the companies' income and, consequently, the inherent economic growth (European Central Bank, 2018). Through figure 1, it is possible to verify that adopting new technologies already presents significant value. (figure 1).

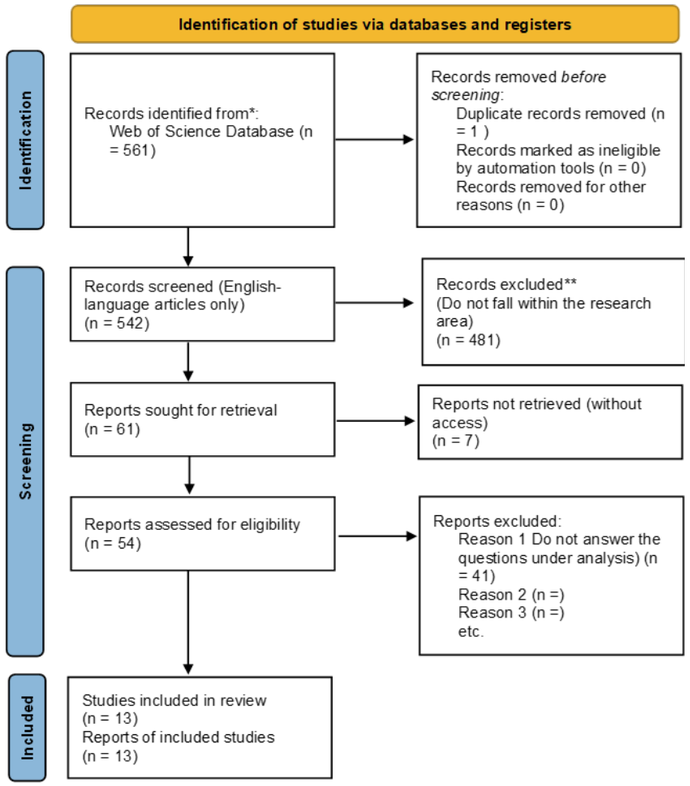
For this article, a methodological approach was used based on the systematic literature review and the aid of the PRISMA diagram (Page et al., 2021). To carry out the search, to obtain reliable articles and documents for the investigation, the "Web of Science" database was used. The methodology is presented throughout the article, including the database choice, inclusion, and exclusion criteria, followed by a presentation and discussion of results, and, finally, the research problems and the conclusion, with a systematisation of the main conclusions concerning the study.

2. METHODOLOGY

The first phase developed the study by completing a systematic literature review on the impact of digitalisation on entrepreneurship. A literature review is an important tool for collecting information for an investigation. The main objective of a systematic review is to present a collective view through the theoretical synthesis of the contents divided into fields and subfields (Tranfield et al., 2003). This work should be practical, synthesising the reading found and disseminating knowledge on critical concepts defined based on the research topic and the relationships between them (Watson, 2015).

At the first moment, the research question was defined, which in this case will be "The impact of Digitalization on Entrepreneurial Activity in EU countries", and the keywords of the research, "Entrepreneurship; Digitalization; EU. The research was conducted with the aid of a database, namely the "Web of Science", using the following string "((Entrepreneurship) AND (Digitalization) AND (Europe OR EU)) OR ((Entrepreneurship) AND (Digitalization))". To collect a comprehensive set of articles, and without the need to specify a search start date, the records identified the first article published in 2006, and the collection took place until 2022.

The review process led to collecting 561 articles from different areas, followed by a filter to eliminate repeated articles. Subsequently, only those written in English remained, reducing the number of articles to 542. In the second phase, by reading the abstract and title, it was possible to exclude articles that somehow did not contribute in any way to the development of the study because they did not fit the area of investigation, leaving 61 articles. Of these 61 articles, some (7) could not be consulted, so they were also excluded. Finally, after a deeper reading, it was also possible to remove those that did not fit the research questions, since they did not belong to the topics under study, or the countries where the observation is made do not fit the parameters of the countries that will be studied, leaving in the end 13 articles.



3. RESULTS

What is the relationship between entrepreneurship and digitalisation?

Digitalisation (sociotechnical phenomenon, the use of digital technologies and their influence on societies, companies, and personal lives (Frenzel et al., 2021)) and the gradual transition of economies to the digital level have recently become one of the priorities of economic development (Ivanová et al., 2021). In this sense, new technologies (Internet of Things, artificial intelligence, cloud computing, among others) affect all areas of activity, conceiving new opportunities for businesses (Kolasinska-Morawska et al., 2017), and may even change the overall structure of society (Ivanová et al., 2021). Technologies can be expected to contribute to the modernisation of economies, the development of competitiveness, and increased living standards, providing businesses, for example, that personal contact between customer and employee is not necessary in many cases, the whole process can be done electronically through ICT (Ivanová et al., 2021). According to the study by Andreea Bogoslov and Elena Lungu, the "global Human Development Index is highly influenced by fluctuations in the digitalisation of the economy and society in general. Digitalisation represents the main determinant for about 59% of the fluctuations recorded at the HDI level" (Bogoslov & Lungu, 2020).

In European Union (EU) countries, according to Herman, it is possible to verify the existence of a positive correlation between productive and innovative entrepreneurship and macroeconomic performance, and between productive and innovative entrepreneurship and the degree of

digitalisation of the economy and society (Herman, 2022), in the same line Ghazy, Ghoneim, and Lang suggests that entrepreneurship may be endogenous to digitalisation (Ghazy et al., 2022). Thus, EU countries (especially the most developed countries), which recorded higher productivity and innovative entrepreneurship, consequently marked higher economic development and national competitiveness, and these countries were also those with higher digitalisation rates. The opposite is also true, with the lowest levels of digital and productive entrepreneurship being predominantly present in the least digitalised countries (Herman, 2022). The same study also indicates that countries with better economic, competitive, and digital backgrounds are more likely to be innovative, productive, and digitally entrepreneurial. Furthermore, it was also possible to conclude that the level of economic development and national competitiveness are positively interconnected with the level of digitalisation of the economy, which, as far as it is concerned, is also related to entrepreneurship (Herman, 2022).

Therefore, innovative entrepreneurship can contribute significantly to economic growth in EU countries by analysing the various forms of innovative entrepreneurship, all of which show a positive and statistically significant impact. As mentioned earlier, also this analysis shows that innovative entrepreneurship is based on the application of new technologies, which in turn have a positive impact on economic growth in regions characterised by a higher degree of digitalisation (Ivanović-Đukić et al., 2019). However, according to the study conducted by Vyshnevskyi, Stashkevych, Shubna, and Barkova:

"Countries that show relatively significant progress in ranking digitalisation have, on average, higher economic growth rates, however, this relationship, expressed in Spearman's rank correlation coefficient, is weak, which does not prove that the diffusion of digitalisation substantially accelerates economic growth. In this study, there is no statistically significant evidence of the positive impact of digitalisation on economic growth" (Vyshnevskyi et al., 2021).

What is the impact of Digitalisation and Entrepreneurship on economic development?

Nowadays, the rapid digitalisation process is irrefutable, and the adoption and implementation of specific tools and processes coming from the Information and Communication Technologies (ICT) have become mandatory, and their effects are beneficial and directly proportional. These play an essential role in the results triggered, recognised as competitive advantages both in terms of economic progress and at the level of the overall evolution of society (Bogoslov & Lungu, 2020). The impact of ICT on economic development has been recognised, and according to Sadigov the development of the business sector largely depends on the expansion of digital technologies (Sadigov, 2022). Due to its highly rapid and continuous evolution, there must be a good understanding of the consequences of digitalisation on economic and human development as a whole (Bogoslov & Lungu, 2020) to ensure competitiveness and business performance to build a management system in an innovative approach (Sadigov, 2022).

One of the areas where there is a significant influence of digitalisation and consequent high use of ICT is Industry 4.0, characterised by the presence of technologies such as cyber-physical systems, Internet of Things, Internet of Service, and Smart Factory, among many more technologies (Simic & Nedelko,2019). Industry 4.0 enables faster response to customer needs, improves the production process's flexibility, speed, and productivity, and lays the foundation for adopting new business models, production processes, and other innovations (Simic & Nedelko,2019). In the age of digitalisation, the success or failure of most organisations depends mainly on how their human capital is managed (Simic & Nedelko,2019), with instant sharing of knowledge, files, and customer-related data across the enterprise being a crucial factor in gaining competitive advantage (Kolasinska-Morawska et al., 2017).

The same happens in the case of Small and Medium Enterprises (SMEs), where digital entrepreneurship can have a positive influence on their management, and bring advantages associated with customer relationships and employee behaviour, however, regarding the advantages related to efficiency, these are less important for the managers of the SMEs that were studied (Franco et al., 2021). Customer Relationship Management (CRM) can serve as a strategy not only in forming loyal relationships with consumers, increasing the value of customers or relationships with them but also in increasing productivity and consequently reducing costs if possible (Kolasinska-Morawska et al., 2017). The level of customer satisfaction depends mainly on the effective management of data collected by companies. In this way, the Internet and information systems give unlimited possibilities to meet customer expectations, which, interconnected with CRM, will be able to play a particular role in this process that, on the one hand, will give the companies' employees the knowledge of the customer and, on the other hand, will open direct communication channels using collaboration tools, which will allow the creation and maintenance of business relationships (Kolasinska-Morawska et al., 2017).

Likewise, Artificial Intelligence (AI) may have its contribute to this area because it "generates new opportunities for companies to create additional value for their customers by applying a proactive approach, managing uncertainty, and thus improving cost efficiency and increasing revenues" (Åström et al., 2022).

What variables can be used to measure the impact of Digitalisation and Entrepreneurship on economic development?

Over the last few years, several studies have already been carried out on digitalisation and entrepreneurship to assess their impact on various economic and social areas. The importance of defining study variables is especially relevant in the context of facilitating the orientation for future research. Thus, considering the study conducted by Sadigov, one may consider as measures of digitalisation, the independent variables such as:

> " ICT goods exports (% of total goods exports); ICT goods imports (% of total goods imports); Computing, communications and other services (% of business services imports); Computing, communications and other services (% of business services exports); Communications, computing, etc. (% of exports of services, BoP); Communications, informatics, etc. (% of imports of services, BoP); High technology exports (% of exports of manufactured goods); Medium and high technology exports (% of exports of manufactured goods); Medium and high technology manufacturing value added (% of manufacturing value added)" (Sadigov, 2022).

As dependent variables, the author presents five indicators that characterise various parameters of business sector development, including:

> "Cost of business start-up procedures (% of GNI per capita); New business density (new registrations per 1,000 persons aged 15-64); New registered companies (number); Start-up procedures to register a company (number); Time needed to start a company (days)" (Sadigov, 2022).

In the same study, it is further stated that the cost of business start-up procedures as a percentage of Gross National Income (GNI) per capita is the most sensitive measure of business development to digital change, while the number of start-up procedures to register a company is the least dependent on digital expansion. Among the digital development parameters considered in the study, the most critical driver of digital business performance is the growth of the share of computers, communications, and other services in exporting business services. At the same time,

the most significant inhibitor is the increase in the share of communications, computers, etc., services exports. Furthermore, finally, the export activity of enterprises in ICT (both in terms of software and computer equipment) is more important for business development than their import activity (Sadigov, 2022).

In the same vein, the study conducted by Ivanović-Đukić, Stevanović, and Rađenović, presents similar variables to analyse the impact of entrepreneurship, namely, GDP growth rate, GDP per capita, foreign direct investment per capita, new product entrepreneurship, new technology development entrepreneurship, entrepreneurship with high growth expectations and entrepreneurship with medium growth expectations (Ivanović-Đukić et al., 2019).

In the case study of the digital economy, and e-commerce, there are studies from which it is possible to draw variables to be used, namely:

> "Proportion of companies using Customer Relationship Management software to analyse customer information for marketing purposes; Companies that take orders online (at least 1%) and make e-commerce sales at least 1% of their turnover; Proportion of individuals who ordered/purchased goods or services over the internet for private use in the last three months. The percentage of individuals who ordered/bought goods or services over the internet for private use in the last three months. The proportion of individuals using the internet to order goods or services, last online purchase within 12 months" (Aleksejeva et al., 2021).

The integration of digital technology in businesses can also be an indicator for study and can be measured using ICT in businesses, namely the percentage of the use and processing of "Big Data", SMEs selling online, the use of social media to communicate, exports through online among others (Ghazy et al., 2022).

4. DISCUSSION

The literature systematised in this article brings perspectives and contributions to guide future studies in digitalisation. In addition to what has already been mentioned in the results, future research should consider some essential aspects to obtain more credible results. This discussion leads to the following propositions:

- **Proposition 1. Digitalisation and entrepreneurship as a competitive advantage for companies.**

The phenomenon under analysis in the present research represents a highly debated topic in the current context of digitalisation and globalisation, with growing importance for companies in various areas of activity since the correlation between entrepreneurship and digitalisation may serve as a competitive advantage. Most studies developed over time indicate the existence of a close interdependence between the two mentioned spheres (Bogoslov & Lungu, 2020).

The correlation between technology and economy exists, and the effects that it produces in the sphere of business activity are visible with the increase in productivity, and for countries with a higher rate of digitalisation, their productivity and economic development will be higher (Herman, 2022), this factor can be transposed to the business reality, companies that use digitalisation will have an improvement in their productivity and consequently will have better competitiveness in the market. This aspect leads us to the following proposition.

- **Proposition 2. The variables used to study the impact of digitalisation on entrepreneurship should be adjusted to the environment.**

There are several types of variables that can be used to study the impact of digitalisation on entrepreneurship, however, different types of entrepreneurship can be affected by different aspects

of digitalisation (Ghazy et al., 2022). This factor will bring with it the need for direct observation of the business reality to be studied and subsequent empirical analysis of the situation (Herman, 2022) to obtain the most reliable results possible.

- **Proposition 3. To what extent the COVID-19 pandemic has affected the level and dynamics of digitalisation in entrepreneurship**

Notably, COVID-19 provoked several effects, which include the acceleration of digital transformation processes not only in companies but also in individuals and public entities, increasing the importance given to digital channels of marketing and sales of companies and fostering teleworking and the consumption of technological products (Almeida et al., 2020). These and other factors related to the COVID-19 theme may be considered, in the creation and emergence of new study variables, so the inclusion of this topic in a future study may be as beneficial.

4.1 RESEARCH PROBLEMS

A research problem encountered in the present study is linked to the definition of the concept of digitalisation, this is because this paper is based on a definition given by Adeline Frenzel, Jan C. Muench, Moritz Tobias Bruckner and Daniel Veit, which in future research might not be the same. Thus, further research, based on a different definition of digitalisation, might lead to a different approach and results. Another research problem relates to the use of only one database for content collection, which ends up being a limiting factor for the development of the same, in this way, future work in the area may extend the scope of data collection, and by doing so, new indicators may be found, which would lead to even more accurate results.

5. CONCLUSION

This article systematises existing research in digitalisation and entrepreneurship, presenting a synthesised analysis of the concepts, their relationship, their impact on economic development, variables used to study this impact, and possible priority research paths. It is hoped that the research streams identified will help clarify the concepts and, in some way, serves as a basis for exploring their broad benefits for organisations.

In the sphere of business activity, the digitalisation process has always been a difficult task to be evaluated and may vary from company to company, however, the effects on their development are visible and must be considered for them to gain positioning and competitiveness in the market. The global advancement of society and the economy is linked to entrepreneurship, and digitalisation becomes the means for its development.

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FACEBOOK'S FEATURES AND THE IMPACT ON THE PURCHASE BEHAVIOR OF CONSUMERS OF ORGANIC PRODUCTS - GENERATION Y AND Z

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ABSTRACT

In the era of digital globalization, there are many behavioral changes in consumption. Most social media users use them to search for information about a product to determine whether they want to proceed with the purchase. Therefore, companies must develop digital marketing strategies for their profiles on social networks, especially in competitive markets, such as organic products.
The objective of this study is to understand whether Facebook's features have an influence on the purchasing behavior of consumers of organic products and which of the features has the most impact on these individuals.
A questionnaire was created to carry out this study, which received 205 responses. The results of the study showed a positive influence of the following Facebook features on the purchase behavior of consumers of organic products: the "like" button, the "share" button, and the "advertising" button. Furthermore, these features proved to be more influential on Generation Z.

Keywords: Facebook; Purchase behavior; Generation Y and Z; organic products.

1. INTRODUCTION

The use of the internet is increasingly present in our daily lives. According to the Datareportal 2019 report, in Portugal there were 8.02 million internet users and there were 6.70 million active social media users in Portugal. According to Digital 2019 - We Are Social report, about 7.676 billion people worldwide enjoy the internet. This number represents about 56% of the world's population, showing a 3% increase over 2018. Social Media is used by about 3.484 billion people, which is 45% of the world's population. This emergence of Social Media has contributed to paradigm shifts in brands' relationships with consumers, changing the mode of interaction. Nowadays, consumers research online platforms before purchasing a product, first seeking information and approvals from their friends. Facebook is in continuous growth and continues to be the most used Social Network in Portugal. According to a study by Marktest, "The Portuguese and Social Networks," 2019, this platform has more than 2375 million monthly active users worldwide. Companies, in turn, to ally their business with new trends, have bet on Facebook. This study addresses two current topics: the influence social networks (Facebook) have on the consumer; and the organic products sector that has been growing in recent years in Portugal. These are very current topics, which increases the relevance of this research.