

## **THE ROLE OF DIGITAL-BASED ENTREPRENEURSHIP IN REDUCING THE UNEMPLOYMENT RATE: A LITERATURE REVIEW**

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### **Abstract**

In the era of growing digitalization, digital-based entrepreneurship has become one of the important solutions in addressing the rising unemployment rate. Technopreneurship creates opportunities for individuals to start new businesses in technology, such as startups and e-commerce, which can create new jobs. In addition, technopreneurship also encourages technological innovation, both in product and service development, which can open up new opportunities to create jobs in technologically emerging sectors. The research method used involves analyzing the literature to highlight the contribution of digital entrepreneurship in creating new job opportunities and expanding market access for workers. The results show that digital entrepreneurship has great potential to reduce unemployment rates by facilitating creativity, innovation and economic engagement at both local and global levels. Policy implications and suggestions for further development are also discussed in this abstract.

Keywords: Role of Entrepreneurship, Technopreneurship and Unemployment Rate

### **INTRODUCTION**

Entrepreneurship has been a major driving force in accelerating Indonesia's economic growth. The role played by entrepreneurs in the economic ecosystem has become the backbone for progress and improved public welfare. However, behind the wide-open opportunities to improve economic conditions, there are also a series of challenges that require serious attention. Starting a business aims to increase competitiveness with the aim of increasing competitiveness, creating jobs, reducing unemployment and poverty. Entrepreneur is redefined as "the spirit to develop new ventures". The business developed can be an independent business owned by one or more entrepreneurs, or it can be developed within the company where he or she works (Sujarwadi et al., 2024).

In general, unemployment is caused because the number of labor force or job seekers is not proportional to the number of existing jobs that can absorb them. Unemployment is often a problem in the economy because with unemployment, the productivity and income of the community will be reduced so that it can cause poverty and other social problems. So that every year there must be a remainder of

job seekers who do not get a job and cause the number of unemployed to increase and this unemployment rate is influenced by the level of economic growth (Muliansyah et al., 2021).

Developing countries do not yet have prosperous economic and social conditions, the majority of the population is poor, thoughts have not infiltrated the villages, and technological advances are still not very often stopping by the villages, and there is a lot of unemployment. Looking at the situation until Indonesia is one of the countries included in it. Community welfare is the main goal of economic development. Community welfare can be measured by various indicators, such as income per capita, poverty levels, unemployment rates, and health levels. Entrepreneurship is one of the important factors in improving community welfare (Fitri et al., 2021).

Entrepreneurship can play a role in improving the welfare of society in various ways, namely entrepreneurship can create new jobs for the community, so as to reduce the unemployment rate and increase community income. Entrepreneurship can also increase community income through increased business productivity, innovation and creativity. And can increase the competitiveness of the community through improving the quality of products and services, as well as the ability to take advantage of market opportunities (Komariah, 2022).

The role of entrepreneurs will certainly influence the progress of the economy and improve the economic situation in Indonesia. Being an entrepreneur means having the ability to find and evaluate opportunities, gather the necessary resources and act to benefit from each of these opportunities. Thus, as entrepreneurship increases, it is expected that the economy in Indonesia will also increase. Employment can be provided with the help of entrepreneurs who are individuals or groups. Employment and entrepreneurship have a relationship that is always in line with the development of entrepreneurs, with the growth of entrepreneurs in a predetermined location that can create new employment opportunities and can provide opportunities for the unemployed to work (Suwandi et al., 2024).

To increase the interest in entrepreneurship, one of the ways is to increase people's understanding and interest in entrepreneurship. Entrepreneurial activities must be driven by courage and tenacity as well as strong determination, because entrepreneurship basically coincides with uncertainty, in terms of success and failure. Because only by doing business courageously and at high risk will the business grow. For that Technopreneur is one part of the development of entrepreneurship (entrepreneur) provides an overview of entrepreneurship using technology-based innovation. The concept of technopreneur is based on the basis of technology that is used as a tool of entrepreneurship, for example the emergence of online application businesses, security system businesses, etc. (Munthe et al., 2024).

In this article, the role of digital-based entrepreneurship, or technopreneurship, in reducing the unemployment rate will be explained. The focus

is on exploring how technopreneurship can be an effective solution in addressing the unemployment problem. Technopreneurship creates opportunities for individuals to start new businesses in technology, such as startups and e-commerce, which can create new jobs. In addition, technopreneurship also encourages technological innovation, both in product and service development, which can open up new opportunities to create jobs in technologically emerging sectors.

The use of technology in business can increase productivity and efficiency, which in turn can result in business growth and increased labor demand. Digital-based businesses also have the potential to reach global markets, opening up opportunities for business expansion and increased labor demand at the local level. Technopreneurship also encourages the development of digital skills among the workforce, which is an important asset in facing the demands of the digital economy. Through this discussion, this article aims to provide a better understanding of how technopreneurship can play a role in reducing unemployment rates and providing solutions to current economic challenges.

## RESEARCH OBJECTIVES

The objectives of this study are:

1. Analyze the contribution of digital-based entrepreneurship in creating new jobs.
2. Understand how digital entrepreneurship expands market access for workers.
3. Explore the factors that influence the effectiveness of digital entrepreneurship in reducing unemployment.
4. Provide policy recommendations to support the development of digital-based entrepreneurship as a solution to overcome the unemployment rate.

## LITERATURE REVIEW

The definition of digitization itself, namely the increased availability of digital data made possible by advances in creating, transferring, storing, and analyzing digital data, which has the potential to "structure, shape, and influence the contemporary world" (Brennen & Kreiss, 2015). Meanwhile, according to Parida et al. (2019) define digitalization as "the use of digital technologies to innovate business models and deliver new revenue streams and value-generating opportunities in industrial ecosystems". Thus, the focus lies on understanding the application and utilization of digitalization rather than the introduction of new technologies (Mostaghel et al., 2022).

Digital entrepreneurship is the practice of pursuing "new business opportunities" presented by new media and internet technologies. It resembles traditional entrepreneurship in the sense that "digital ventures aim to generate profits and directly feed into the economy, such as the creation of a new company or the commercialization of an innovation" (Davidson & Vaast, 2010). In digital

entrepreneurship "some or all entrepreneurial ventures occur digitally, rather than in more traditional formats". Digital firms differ from traditional entrepreneurial ventures in that they have different business models and can pursue their product, marketing and distribution activities using digital platforms (Hair et al., 2012).

### **RESEARCH METHODS**

The method in this research uses qualitative-descriptive analysis. Qualitative research is carried out to build knowledge through understanding and discovery, so it is expected to reveal a variety of information that is thorough and full of meaning, but also does not reject quantitative information in the form of numbers. Information is obtained by the author using the literature review method or library research method from various studies and writings that have been done before.

### **RESEARCH RESULTS**

The results of the discussion in several journals that the author found that this digital entrepreneurship has a positive impact on reducing the number of unemployment that increases

every year. Through imagination and progress, entrepreneurs create jobs, improve markets with new products and services, and engage neighborhood networks. Extra help for young entrepreneurs, easier access to support, and better business education efforts can build on the positive impact of business ventures. The challenges faced by entrepreneurs are limited access to capital, limited access to credit or speculation which often disrupts business development, convoluted licensing processes and confusing administration create great difficulties for entrepreneurs, conflicting administrative changes can also disrupt business tasks, lack of business skills and access. . admission to appropriate schools is also a barrier. Enterprise schools are adequate and are expected to set up programs that help development. Extra support from the government as a motivator and support for young entrepreneurs will also help build a more stable climate for enterprise development (Sujarwadi et al., 2024).

According to Muliansyah et al., (2021) With entrepreneurship, a person is able to recruit at least one person or himself to become a worker (not unemployed). With an entrepreneurial attitude, the unemployed will dare to do their own business so that they can create jobs for themselves and others. So, these jobs will increase along with the increasing number of entrepreneurs in Indonesia. The reality in Indonesia is that many people do not have this entrepreneurial attitude. Most of the people are always oriented to become workers (employees / employees) rather than oriented to become entrepreneurs.

The existence of entrepreneurship can reduce unemployment and create good social relations, with the existence of employment or job placement can create good social relations because of the existence of employment in accordance with their abilities, it will lead to good social relations between people. The existence of entrepreneurship can create employment opportunities for the community to

prosper, there is no longer any such thing as feeling something troubling and worrying about unemployment and criminality that occurs in the community and the existence of entrepreneurship can foster a high sense of responsibility showing discipline (Muliansyah et al., 2021).

Based on research conducted by Munthe et al., (2024) to reduce the unemployment rate, it is necessary to instill an entrepreneurial mental attitude so that they will have entrepreneurial characteristics and dispositions that will underlie every behavior of their lives. Through entrepreneurship development, it is hoped that the unemployed will dare to do their own business so that they can create jobs for themselves and others. Because with entrepreneurship, people are

able to open jobs for people who do not have jobs or are unemployed. Opening a personal business, no matter how small the business you have, you are the leader of the business. When your business is running well, then you can improve the country's economy, at least the people around the neighborhood have income with the business you create. Being an entrepreneur is a noble business activity, indeed to start a business alone is not easy, but someone who has an entrepreneurial spirit must be able to conquer the fears that exist in him, and he is able to face the challenges that occur in the future.

In Komariah (2022) New job opportunities will definitely open up for the surrounding community. Unlike large companies, MSMEs usually have light job requirements and can be applied for by people with low education levels or without certain qualifications. Entrepreneurship can have a positive impact on life in the future. Especially in the economic field which certainly requires people with a high entrepreneurial spirit in order to create a better life.

The results of research conducted by Suwandi et al., (2024) show that entrepreneurship plays an important role in supporting the nation's economy because entrepreneurship will open vacancies or new jobs. Because every business that is pursued will of course find it difficult if it is carried out alone, therefore every company or person who does business will open job vacancies in order to help their business. Now with the increase in job vacancies in this country, it will reduce the unemployment rate in Indonesia and of course will help the nation's economy rise.

The growth of entrepreneurs in certain places will also create new jobs. Entrepreneurs can drive innovation or increase competition in an industry, which can lead to increased productivity, which in turn can positively affect employment growth. The formation of new firms that can stimulate employment growth: (1) securing efficiencies by contesting established market positions as (possible) new entrants force efficiencies on existing businesses, (2) accelerating structural change related to the concept of creative destruction where industry change occurs when new firms replace older firms, (3) amplified innovation, for example, the creation of new markets that may not have existed before, and (4) greater variety of goods and services as the products offered by new entrants may differ from those of older firms (Fajri. 2021).

Suwandi et al. (2024) explain that Entrepreneurship significantly contributes to sustainable economic development, through job creation, increased GDP, poverty alleviation, and the welfare of the entire community in the long term. Employment opportunities can be provided with the help of entrepreneurs who are individuals or groups.

## CONCLUSIONS

Digital-based entrepreneurship, or technopreneurship, has proven itself as an effective solution in reducing unemployment. By utilizing the potential of

technology and creativity in business, technopreneurship is able to create significant new job opportunities. One of the main aspects of technopreneurship's role in reducing unemployment is through the creation of new jobs. By running digital-based businesses such as startups, e-commerce, and other technology services, individuals can hire new labor as well as provide a platform for workers who want to develop their technology skills.

Overall, technopreneurship offers a range of effective solutions in reducing unemployment. Through the creation of new jobs, technological innovation, increased productivity, global access for businesses, and the development of digital skills, technopreneurship is able to make a positive contribution to economic development and increase employment opportunities for the community. Therefore, building and supporting a technopreneurship ecosystem can be an effective strategy to reduce unemployment in Indonesia and around the world.

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