

8-10-2022

## Digital Entrepreneurial Mindset: How to Nurture the Next Generation of Digital Entrepreneurs

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### Recommended Citation

Seitola,, Timothy A. and Abhari, Kaveh, "Digital Entrepreneurial Mindset: How to Nurture the Next Generation of Digital Entrepreneurs" (2022). *AMCIS 2022 TREOs*. 95.  
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# Digital Entrepreneurial Mindset: How to Nurture the Next Generation of Digital Entrepreneurs

TREO Talk Paper

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## Abstract

The study aims to theorize the notion of a *digital entrepreneurial mindset* as the core quality of digital entrepreneurship and identify its antecedents to inform digital entrepreneurship education. We examined the recent developments in entrepreneurship psychology and conducted a series of interviews with 20 young entrepreneurs affiliated with a leading incubator in Southern California. The interviews helped us to identify what underlying individual traits differentiate digital entrepreneurs and contribute to their success. We identified digital entrepreneurial mindset as the core quality of these individuals. We define digital entrepreneurial mindset as a cognitive ability that directs personal attention, experience, and behavior towards exploring, evaluating, and exploiting opportunities that can be either enabled or facilitated by digital assets, digital tools, or digital infrastructures (digital technology, in short). Throughout our interviews, we observed that digital entrepreneurial mindset, from this perspective, determines how young entrepreneurs perceive, interpret, and respond to opportunities (i.e., innovative use of digital technology or innovating with digital technology), and therefore, it can predict digital entrepreneurship behavior. Furthermore, we identified that individual knowledge-based competencies contribute to the formation of mindset in three phases: they affect perception (sensing an opportunity), support conception (thinking about an opportunity), and reinforce a belief (to act upon an opportunity). We conceptualize observed knowledge-based competencies as *digital literacy*—simply defined as the competency required to identify, learn, use and/or create a variety of digital technology.

We identified three layers of digital literacy: declarative (knowing what), procedural (knowing how), and conditional knowledge (knowing when and why). While declarative knowledge allows young entrepreneurs to recognize what opportunities exist, procedural knowledge helps them to recognize how they can use that knowledge to create values. We refer to this quality as know-how that allows entrepreneurs to examine whether the opportunities—what they know—are contextually viable and beneficial. However, to realize the value of such knowledge (or its insufficiency), entrepreneurs should not only know how to use the knowledge but also why and when to use the knowledge—know-why. In tandem, know-what, know-how and know-why render declarative, procedural, and conditional digital literacy, respectively. We argue these dimensions of digital literacy support the development of the cognitive capacity to perceive, conceive and believe in digital opportunities.

This study provides a more practical definition of digital entrepreneurial mindset and contributes to the ongoing conversation about the importance of an entrepreneurial mindset in digital entrepreneurship education (Daspit et al. 2021). The findings also allow us to develop a literacy-based educational framework that helps students search and identify digital entrepreneurial opportunities (explorative), analyzes and examines those opportunities (elaborative), and finally, plans to act upon those opportunities (exploitative). In the absence of a practical educational model for digital entrepreneurship, our ongoing study can pave the way to design, implement and evaluate digital entrepreneurship courses for both formal and informal educational settings and complements traditional entrepreneurship education models that only emphasize entrepreneurial skills (e.g., product-market fit analysis) and related business functions (e.g., financing).

## Reference

Daspit, J. J., Fox, C. J., and Findley, S. K. 2021. "Entrepreneurial Mindset: An Integrated Definition, a Review of Current Insights, and Directions for Future Research," *Journal of Small Business Management*, doi: 10.1080/00472778.2021.1907583.