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Internet Use, Ict Adoption and the Sharing Economy: Drivers and Challenges for Entrepreneurship

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Abstract

This study explores the complex relationship between Internet use, ICT adoption, and entrepreneurial dynamics in Europe, focusing on Total Early-Stage Entrepreneurial (TEA) Activity across 21 countries from 2014 to 2023. Using a static panel data model with fixed effects, the analysis integrates key indicators of digitalisation such as daily Internet access, ICT-related education, and e-commerce activity, alongside fiscal and financial variables. While previous research emphasizes the positive role of Internet use in fostering entrepreneurship, this study provides a more nuanced view. Results show that ICT-related education and e-commerce adoption significantly boost TEA, whereas general Internet use exhibits a robust negative association when decoupled from entrepreneurial intent. This suggests that intensive digital engagement may displace formal entrepreneurial activity, diverting it to unregistered or informal domains within the sharing economy. Fiscal and financial conditions also prove critical, with targeted tax incentives outperforming credit expansion as drivers of entrepreneurship. The study makes three key contributions. First, it empirically incorporates the sharing economy as a disruptive force that reshapes formal entrepreneurship. Second, it bridges macro-institutional conditions with micro-level digital capabilities, offering an integrated analytical framework. Third, it proposes evidence-based policy recommendations: enhance ICT education, regulate and formalise sharing economic activity, and prioritise fiscal tools over monetary ones. By demonstrating that digitalisation can both enable and undermine formal entrepreneurship, this research challenges dominant assumptions and equips policymakers with strategic insights to translate Internet-enabled opportunities into sustainable, registered business creation across Europe.

Keywords: Digital Literacy; Econometric Modeling; E-Commerce; Fiscal Policy; Total Entrepreneurial Activity