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GENERATIVE AI IN ENTREPRENEURSHIP: HOW LITERACY, INFUSION, INCORPORATION, AND PERCEIVED VALUE INFLUENCE DIGITAL ENTREPRENEURIAL INTENTIONS

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ABSTRACT

This research investigates how AI Literacy and specific modes of generative artificial intelligence (GenAI) adoption influence digital entrepreneurial intentions among university students. The study distinguishes between incorporation (routine integration for operational efficiency) and infusion (innovative application for value creation). Quantitative data from 119 university students in Jakarta, Indonesia, was analysed using Partial Least Squares Structural Equation Modelling. Results show that perceived value fully mediates the relationship between technical competencies and the decision to venture. Innovative infusion significantly enhances perceived value by increasing business feasibility, while routine incorporation shows no significant effect. Operational efficiency alone does not drive entrepreneurial motivation; deep engagement with GenAI is required. Higher education curricula must prioritise creative problem-solving and deep technological engagement over functional tool training to stimulate entrepreneurial intent.

KEYWORDS: Generative AI; AI Literacy; Digital Entrepreneurial Intention; Perceived Value; Technology Adoption; Higher Education.

1. INTRODUCTION

Digital entrepreneurship, defined as the pursuit of new venture opportunities presented by new media and internet technologies, has become a critical engine for economic growth and job creation globally (Nguyen et al., 2025). Unlike traditional business models, digital entrepreneurship leverages digital artifacts and platforms to reduce entry barriers, enhance scalability, and reach broader markets. As these platforms lower traditional barriers to entry, they create new opportunities for young entrepreneurs, specifically in emerging markets, helping to address youth unemployment (Aloulou, 2024). Currently, this domain is witnessing a shift driven by Generative Artificial Intelligence (GenAI). Technologies such as ChatGPT are no longer mere support tools but act as "external enablers" that alter how entrepreneurial opportunities are discovered and exploited (Short and Short, 2023). GenAI capabilities empower individuals to overcome resource constraints and cognitive limitations (Duong et al., 2025). Consequently, the adoption of GenAI is increasingly viewed as a strategic imperative for modern entrepreneurs (Abaddi, 2023; Bui et al., 2025).

Despite the potential of GenAI, the existing literature predominantly focuses on the technological features of AI or its impact on established firms, leaving a gap in understanding how it influences the nascent entrepreneurial process. Specifically, there is limited empirical understanding of the psychological mechanisms connecting an individual's technical competencies to the formation of entrepreneurial intentions (Duong, 2025; Wang et al., 2023). Furthermore, previous research has often treated AI adoption as a single construct, failing to distinguish between GenAI Incorporation (routine use for efficiency) and GenAI Infusion (innovative use for creative problem solving) (Talaie-Khoei et al., 2024).

To bridge these gaps, this study proposes a comprehensive model that integrates AI Literacy, GenAI Incorporation, and GenAI Infusion as antecedents to Digital Entrepreneurial Intentions (DEI), mediated by the Perceived Value of GenAI. We posit that technical skills and usage patterns do not automatically translate into entrepreneurial intention; rather, they must first enhance the user's perception of the technology's value.

This research aims to answer three primary questions:

1. How do varying levels of AI Literacy and distinct modes of GenAI adoption (Incorporation vs. Infusion) influence the

Perceived Value of GenAI?

2. To what extent does Perceived Value mediate the relationship between these technological antecedents and Digital Entrepreneurial Intentions?
3. Does deep engagement with AI (Infusion) have a stronger impact on entrepreneurial intentions compared to routine use (Incorporation)?

The theoretical contribution of this study is threefold. First, it extends the Entrepreneurial Event Model into the GenAI context by identifying specific AI-related stimuli that drive entrepreneurial cognition (Duong, 2025). Second, it enriches the digital entrepreneurship literature by operationalising the distinction between Incorporation and Infusion, offering a nuanced view of human-AI interaction in venture creation (Talaie-Khoei et al., 2024). Third, it highlights the role of AI Literacy, defined as the ability to critically evaluate and effectively communicate with AI, as a prerequisite for perceiving value in AI tools (Long and Magerko, 2020; Wang et al., 2023).

The remainder of this paper is structured as follows: Section 2 reviews the relevant literature and develops the hypotheses. Section 3 details the research methodology. Section 4 presents the data analysis and results. Section 5 discusses the theoretical and practical implications. Finally, Section 6 presents the conclusions, limitations, and directions for future research.

2. LITERATURE REVIEW

2.1. Ai Literacy

In the digital economy, AI Literacy has emerged not merely as a technical skill but as a multidimensional competency essential for navigating human-computer interaction. AI Literacy is defined as a set of competencies enabling individuals to critically evaluate, communicate, and collaborate with AI tools in professional and online environments (Long and Magerko, 2020). This definition extends beyond coding to include the cognitive capacity to understand social-ethical implications, fostering the critical evaluation capability necessary for rational adoption (Ng et al., 2021). Within higher education, this is framed as a foundational skill that dictates how students perceive the utility of emerging tools (Laupichler et al., 2022).

Recent empirical studies link this literacy directly to behavioural outcomes. A scale for user competence was developed, finding that higher literacy correlates significantly with positive value

beliefs (Wang et al., 2023). When users understand the technology's mechanics, anxiety decreases while perceived benefits rise. This correlation suggests that literacy serves as the necessary antecedent to perceiving value (H1).

H1: AI Literacy has a positive influence on Perceived Value.

Beyond perception, literacy drives action. AI Literacy is identified as a primary driver of entrepreneurial behaviour that independently influences perceptions of feasibility and desirability (Ngo et al., 2025). This aligns with findings that literacy directly influences behavioural intentions regarding professional learning (Du et al., 2024). Furthermore, information literacy is a prerequisite for management students to form the intention to use GenAI tools effectively (Jose et al., 2024). These findings validate the prediction that AI Literacy exerts a direct influence on digital entrepreneurial intention (H5).

H5: AI Literacy has a positive direct influence on Digital Entrepreneurial Intention.

2.2. Incorporation Of Genai

Incorporation of GenAI refers to the routine, utilitarian integration of generative artificial intelligence into daily operational tasks. Incorporation is distinguished as a standardised mode of adoption where the technology streamlines existing workflows, reduces cognitive load, and enhances efficiency without necessarily altering the fundamental nature of the task (Talaie-Khoei et al., 2024). This functional usage is critical in the context of digital entrepreneurship. GenAI is conceptualised in this role as an external enabler, where automating routine coding or content generation tasks reduces technical barriers to entry and makes entrepreneurship appear more feasible (Short and Short, 2023). Empirical research supports the view that routine incorporation drives cognitive evaluations of the technology. Adopting tools like ChatGPT acts as a driver that positively impacts an individual's perceived feasibility of launching a social venture (Duong et al., 2025). This relationship underpins the hypothesis that incorporation enhances the perceived value of the technology by demonstrating its immediate utility (H2).

H2: Incorporation of GenAI has a positive influence on Perceived Value.

Integrating such tools into coursework directly drives the intention to use them in professional settings (Unal and Uzun, 2021). Consistent with these findings, usage frequency, serving as a proxy for incorporation, strongly predicts the perceived

usefulness of AI tools (Klarin et al., 2024). Similarly, usage frequency is a significant predictor of behavioural intention in mobile learning contexts (Chao, 2019). This suggests that habitual use builds the confidence required to commit to a venture (H6).

H6: Incorporation of GenAI has a positive direct influence on Digital Entrepreneurial Intention.

2.3. Infusion Of Genai

Infusion represents a contrast to incorporation, involving a deeper, more innovative level of engagement. Infusion is defined as using technology to its absolute limit to discover novel applications, often pushing the boundaries of the system's design (Talaie-Khoei et al., 2024). While incorporation focuses on efficiency, infusion centres on exploration and value creation. This form of deep engagement involves innovation, such as using GenAI to co-create business models or simulate market scenarios rather than simply drafting text (Kanbach et al., 2024). AI usefulness is further linked to innovation capabilities, arguing that this utility drives the creation of new marketing strategies (Sadriwala and Sadriwala, 2022). Literature indicates that infusion creates distinct psychological impacts compared to routine use. Deep engagement triggers "cognitive reappraisal," a process where users re-evaluate the tool's worth based on its ability to solve complex, non-routine problems (Ma et al., 2025). This suggests that the depth of usage is critical for heightening the perceived value of the technology (H3).

H3: Infusion of GenAI has a positive influence on Perceived Value.

Regarding the transition to action, "Digital Social Entrepreneurship" is discussed as a specific result of such deep tech integration (Yáñez-Valdés and Guerrero, 2023). Deep digital capabilities act as a dynamic force that directly impacts entrepreneurial performance and intention (Wang and Zhang, 2024). These capabilities are synonymous with infusion. Intensive AI use boosts self-efficacy and serves as a conduit to higher entrepreneurial intent (Staniewski et al., 2025). The depth of one's attitude toward the technology significantly predicts behavioural intention (Odai et al., 2024). Consequently, the consensus remains that innovative engagement is a robust driver of the decision to venture (H7).

H7: Infusion of GenAI has a positive direct influence on Digital Entrepreneurial Intention.

2.4. Perceived Value

This study employs the Stimulus-Organism-

Response (S-O-R) framework, where "Perceived Value" functions as the "Organism." This is the internal cognitive state mediating between external drivers and the final behavioural response. Value is not a single construct in this context; instead, the Entrepreneurial Event Model (EEM) defines it as the synergy between Perceived Desirability and Perceived Feasibility. Current literature argues that for GenAI to drive action, users must perceive it as both desirable and feasible. This state is defined as "motivational readiness," which peaks only when a venture is perceived as both personally desirable and technically feasible (Bui et al., 2025). An instrument for this measure's student perceptions of GenAI value through utility, intrinsic, and attainment values (Chan and Zhou, 2023). Recent studies in the AI context have validated this dual structure, demonstrating that GenAI drivers stimulate these specific cognitive mechanisms (Duong, 2025; Ngo et al., 2025). "Perceived AI Value" must align with a user's mindset to enhance desirability and feasibility (Duong, 2025). Nuance exists within these perceptions, distinguishing between utilitarian values and hedonic values, as both are necessary for robust adoption (Kim et al., 2024). Feasibility also involves "opportunity recognition," where users must see the tool as a means to identify business chances (Roundy, 2022). The concept of "Confidence Calibration" explains how users rely on AI to feel confident in feasibility (Ma, 2024). These perceptions activate "entrepreneurial self-confidence," which acts as the psychological bridge to intention (Otache et al., 2021). Perceived usefulness is directly linked to time efficiency, reinforcing the feasibility aspect (Ardiyanti and Susilowati, 2024), while usefulness is linked to continuance intention (Jo, 2022). Finally, perceived usefulness has a positive effect on behavioural intention (Jiao and Cao, 2024). This synthesis confirms that Perceived Value, constituted by the desirability and feasibility of the GenAI-enabled venture, is the proximal predictor of intention (H4).

H4: Perceived Value has a positive influence on Digital Entrepreneurial Intention.

2.5. Digital Entrepreneurial Intention (Dei)

Digital Entrepreneurship Intention (DEI) is the conscious conviction to initiate a new venture utilising digital technology. Behavioural intention is defined as the immediate antecedent to behaviour, representing a person's conscious plan to exert effort (Warshaw and Davis, 1985). In the current context, this is examined specifically for youth in the digital economy, noting that DEI is increasingly driven by

technological readiness (Aloulou, 2024). This is referred to as the "GPT revolution," where the perceived usefulness of tools like ChatGPT is now a strong predictor of digital startup intention among students (Abaddi, 2023). This is further defined as a "willingness to use" AI in educational settings (Grassini, 2023). The theoretical convergence of these variables leads to DEI as the final outcome. Empirical evidence indicates that external drivers like Literacy, Incorporation, and Infusion reshape internal cognitive evaluations (Ambad and Rafiki, 2025; Nguyen et al., 2025). This internal shift triggers the decision to engage in entrepreneurship. Digital literacy factors are what ultimately shape digital entrepreneurship intention (Ganefri et al., 2025). Opportunities must be viewed as attractive and attainable to drive action (Ghatak et al., 2020; Xu et al., 2023). Variables influencing behavioural intention in general tech contexts show similar patterns (Chaveesuk et al., 2022). When students perceive high value in digital tools, their intention to launch ventures increases significantly (Khoi et al., 2023). DEI is best understood not as an isolated trait, but as the result of a user's competent and active engagement with GenAI mediated by their cognitive evaluation of the technology's potential.

2.6. Conceptual Framework

Based on the theoretical relationships established in the preceding sections, this study proposes a conceptual framework (*Figure 1*) grounded in the Stimulus-Organism-Response (S-O-R) paradigm and the Entrepreneurial Event Model (EEM). The model posits that technological competencies and adoption modes do not directly trigger entrepreneurial action; rather, they operate through a critical cognitive intermediary.

Specifically, the framework identifies three distinct exogenous variables as technological antecedents (the "Stimuli"): an individual's foundational AI Literacy, their routine operational use of the technology (Incorporation), and their deep, innovative engagement with it (Infusion). We hypothesize that these three independent factors positively influence a user's Perceived Value of GenAI (the "Organism"), which represents the synergy between perceived business desirability and technical feasibility (H1, H2, H3).

Perceived Value acts as the central mediating mechanism predicting the ultimate behavioural outcome (the "Response"): Digital Entrepreneurial Intention (H4). While direct paths from AI Literacy, Incorporation, and Infusion to Intention are also tested (H5, H6, H7) to ascertain the boundaries of

these drivers, the core theoretical assumption of this model is that meaningful entrepreneurial intent in the digital economy is contingent upon the user first

perceiving tangible venture value in the generative technologies they adopt.

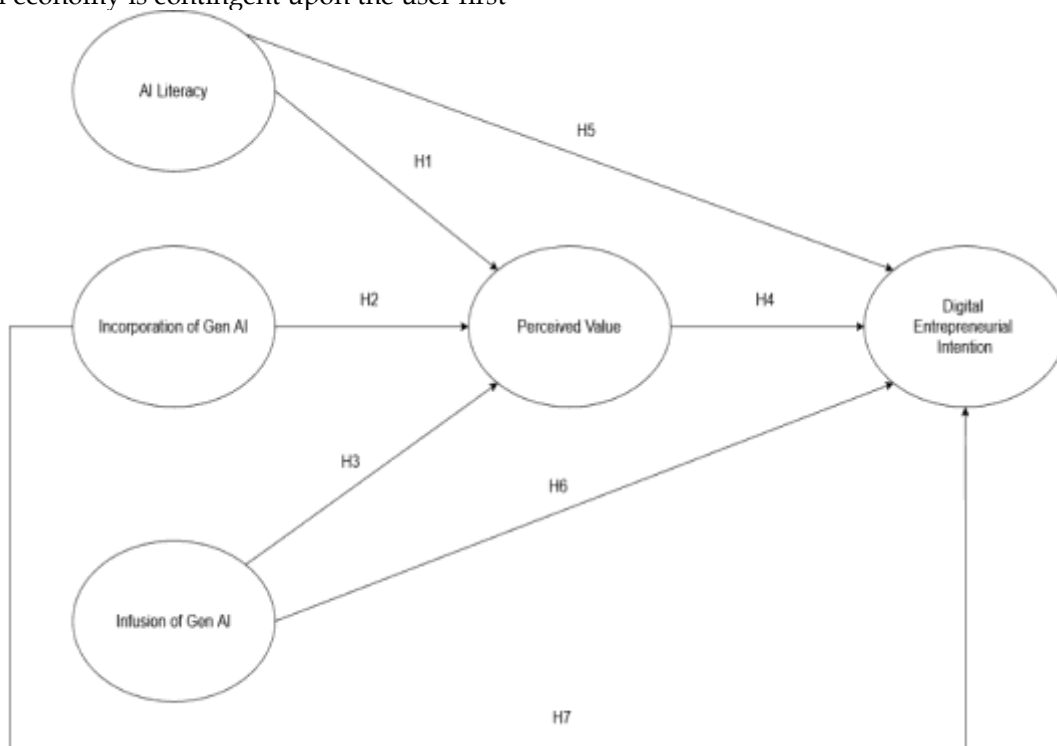


Figure 1: Conceptual Framework.

3. RESEARCH METHODOLOGY

3.1. Research Design

This study employs a quantitative research design with a correlational approach to empirically test the proposed hypotheses. The quantitative method is selected as it allows for the objective measurement of variables and the statistical analysis of the relationships between AI Literacy, usage patterns, and entrepreneurial intentions. By utilising a correlational design, the research aims to identify the strength and direction of the associations between the independent variables (AI Literacy, Incorporation, Infusion) and the dependent variable (Digital Entrepreneurial Intention), mediated by Perceived Value. This approach provides a robust framework for validating the theoretical model within the specific context of the digital economy.

3.2. Population And Sample

The target population for this research consists of university students located in Jakarta, Indonesia, who are currently engaged in or exploring digital entrepreneurship. Given the specific nature of the research topic, a non-probability purposive sampling technique was combined with a snowball sampling method to ensure efficient data collection. The survey

link was initially distributed via WhatsApp personal messages and group chats to colleagues, who were then encouraged to forward the invitation to their peers. To ensure the relevance of the data, a strict screening process was implemented. A filter question asked respondents, "Do you have any intentions or are currently seriously considering becoming a digital entrepreneur?" Only those who answered "Yes" were permitted to proceed to the full questionnaire. The initial data collection yielded 146 responses. After discarding 27 responses from participants who did not meet the screening criteria, the final valid sample size consisted of 119 respondents ($N = 119$). This sample size is considered sufficient for Partial Least Squares Structural Equation Modelling (PLS-SEM) analysis, offering adequate statistical power to detect significant relationships in the proposed model.

3.3. Measurement Scales and Instrumentation

The research instrument was a structured questionnaire utilising a 5-Point Likert Scale, where responses ranged from 1 (Very Much Disagree) to 5 (Very Much Agree). This scale was chosen to capture the intensity of respondents' attitudes and perceptions regarding the study variables. The measurement items were adapted from established

scales in recent literature to ensure content validity. For the variable of Perceived Value, a specific modification was applied for this study. While distinct constructs for "Perceived Desirability" and "Perceived Feasibility" are treated in other studies, this research conceptually merges them into a single variable named Perceived Value (Nguyen et al., 2025). This composite variable reflects the user's holistic cognitive evaluation of a venture's worth, integrating both the attractiveness of the outcome and the perceived capability to achieve it.

3.4. Data Collection Procedures

Data was collected using an online survey platform (Google Forms) to maximise reach and convenience for the digital-native demographic. The data collection period spanned from October to December 2025. Participation in the study was entirely voluntary. To address ethical considerations, the introduction of the survey explicitly stated that all responses would remain anonymous and that the data would be used solely for academic research purposes. No personally identifiable information was collected, ensuring the confidentiality of the participants.

3.5. Data Analysis Method

The collected data was analysed using SmartPLS

Table I. The square root of the AVE (shown in bold on the diagonal) exceeds the inter-construct

Table I: Descriptive Statistics and Correlation.

Construct	Mean	S.D.	1	2	3	4	5
1. AI Literacy	3.85	0.92	(0.815)				
2. Incorporation	3.96	0.92	0.449	(0.824)			
3. Infusion	3.98	0.89	0.486	0.832	(0.878)		
4. Perceived Value	3.92	0.89	0.555	0.615	0.735	(0.804)	
5. Intention (DEI)	3.98	0.77	0.482	0.556	0.677	0.799	(0.860)

To establish convergent validity, the study examined outer loadings, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE). All individual item loadings exceeded the recommended threshold of 0.708, as shown in Table II. The loadings ranged from a

Table II. AI Literacy reported a Cronbach's Alpha of 0.899 and a Composite Reliability of 0.922. Incorporation showed similar strength, while

Table II: Reliability and Convergent Validity.

Construct	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
AI Literacy	AIL1	0.731	0.899	0.922	0.664
	AIL2	0.812			
	AIL3	0.867			
	AIL4	0.799			
	AIL5	0.825			

4 software. The study employed Partial Least Squares Structural Equation Modelling (PLS-SEM), a variance-based approach preferred for its ability to handle complex models and non-normal data distributions often found in social science research. The analysis followed a two-step process. First, the Measurement Model (Outer Model) was assessed to evaluate the reliability and validity of the indicators. This included checking factor loadings, composite reliability, and average variance extracted (AVE) to ensure that the constructs were accurately measured. Second, the Structural Model (Inner Model) was examined to test the hypothesised relationships between the latent variables. Bootstrapping was utilised to determine the statistical significance of the path coefficients, allowing for the rigorous testing of the direct and mediated effects proposed in the research framework.

4. RESULTS

4.1. Measurement Model Assessment (Outer Model)

The measurement model was evaluated using SmartPLS 4 to assess the reliability and validity of the latent constructs (N = 119). The assessment focused on convergent validity and discriminant validity. The descriptive statistics and correlations for all study variables are presented in correlations, supporting discriminant validity.

minimum of 0.728 to a maximum of 0.919, confirming robust indicator reliability for all constructs. Construct reliability was assessed using Cronbach's Alpha and Composite Reliability. All constructs demonstrated high internal consistency, as indicated in

Infusion displayed the highest reliability metrics. Perceived Value and Intention also exceeded the strict threshold of 0.70.

	AIL6	0.850			
Incorporation	ICA1	0.805	0.906	0.927	0.679
	ICA2	0.819			
	ICA3	0.862			
	ICA4	0.798			
	ICA5	0.860			
	ICA6	0.799			
Infusion	IFA1	0.870	0.940	0.953	0.771
	IFA2	0.903			
	IFA3	0.866			
	IFA4	0.852			
	IFA5	0.855			
	IFA6	0.919			
Perceived Value	PV1	0.769	0.921	0.936	0.647
	PV2	0.733			
	PV3	0.728			
	PV4	0.803			
	PV5	0.877			
	PV6	0.811			
	PV7	0.843			
	PV8	0.856			
Intention (DEI)	DEI1	0.852	0.930	0.945	0.740
	DEI2	0.839			
	DEI3	0.893			
	DEI4	0.889			
	DEI5	0.826			
	DEI6	0.862			

Furthermore, the Average Variance Extracted (AVE) for all constructs exceeded the 0.50 threshold, establishing that each construct explains more than half of the variance of its indicators. Infusion recorded the highest AVE (0.771), followed by Intention, Incorporation, AI Literacy, and Perceived

Table III. In every case, the diagonal value was higher than the off-diagonal values in its corresponding row and column. For instance, the square root of AVE for Infusion (0.878) was greater than its correlation with Incorporation (0.832) and

Value. Thus, convergent validity is fully established. Discriminant validity was assessed using the Fornell-Larcker criterion. The square root of the AVE for each construct was compared to the inter-construct correlations, showcased in

Perceived Value (0.735). Similarly, Perceived Value (0.804) exceeded its correlation with Intention (0.799). This confirms that the constructs are statistically distinct.

Table III: Discriminant Validity (Fornell-Larcker Criterion).

Construct	1. AI Literacy	2. Incorporation	3. Infusion	4. Perceived Value	5. Intention (DEI)
1. AI Literacy	0.815				
2. Incorporation	0.449	0.824			
3. Infusion	0.486	0.832	0.878		
4. Perceived Value	0.555	0.615	0.735	0.804	
5. Intention (DEI)	0.482	0.556	0.677	0.799	0.860

4.2. Structural Model Assessment (Inner Model)

Having established the quality of the measurement model, the structural model was

Table IV. The highest observed VIF was for the path from Infusion to Intention (4.410), followed by Infusion to Perceived Value (3.428). This indicates

evaluated to test the hypothesised relationships. Lateral collinearity was assessed using Inner Variance Inflation Factor (VIF) values. All VIF values were below the threshold of 5.0, as shown in that multicollinearity is not an issue in the structural model.

Table IV: Collinearity Statistics (Inner Vif).

Path	VIF
AI Literacy -> Perceived Value	1.321
AI Literacy -> Intention (DEI)	1.486

Incorporation -> Perceived Value	3.277
Incorporation -> Intention (DEI)	3.279
Infusion -> Perceived Value	3.428
Infusion -> Intention (DEI)	4.410
Perceived Value -> Intention (DEI)	2.451

The model demonstrates substantial predictive capacity. The exogenous variables explain 65.8% of *Table V*. Additionally, the model accounts for 59.2% of the variance in Perceived Value (R-squared

the variance in Digital Entrepreneurial Intention (R-squared = 0.658), as shown in = 0.592). These results characterise the model's predictive power as moderate to substantial.

Table V: R-Square (R²).

Construct	R-Square	R-Square Adjusted	Result
Intention (DEI)	0.658	0.645	Substantial
Perceived Value	0.592	0.581	Moderate

4.3. Hypothesis Testing

The hypotheses were tested to determine the significance of the path coefficients. The results of the structural model path analysis are summarised in *Table VI*. The analysis revealed that the direct paths from AI Literacy ($p = 0.340$), Incorporation ($p = 0.387$), and Infusion ($p = 0.077$) to Digital Entrepreneurial Intention were not statistically

significant. Therefore, Hypotheses H5, H6, and H7 are rejected. In contrast, the paths to Perceived Value showed mixed results. AI Literacy ($p < 0.001$) and Infusion ($p < 0.001$) were significant predictors, supporting H1 and H3. However, Incorporation ($p = 0.414$) was not significant, rejecting H2. Finally, Perceived Value significantly predicted Intention ($p < 0.001$), supporting H4.

Table VI: Structural Model Assessment (Hypothesis Testing).

Hypothesis	Relationship	Beta (β)	T-Statistics	P-Values	Decision
H1	AI Literacy → Perceived Value	0.260	3.405	0.000	Supported
H2	Incorporation → Perceived Value	-0.028	0.218	0.414	Rejected
H3	Infusion → Perceived Value	0.633	4.559	0.000	Supported
H4	Perceived Value → Intention (DEI)	0.640	6.820	0.000	Supported
H5	AI Literacy → Intention (DEI)	0.036	0.413	0.340	Rejected
H6	Incorporation → Intention (DEI)	-0.036	0.288	0.387	Rejected
H7	Infusion → Intention (DEI)	0.219	1.429	0.077	Rejected

5. DISCUSSION

5.1. Summary Of Findings

This research empirically validated the impact of Generative AI (GenAI) adoption on the digital entrepreneurial intentions of university students in Jakarta. The study utilised the Entrepreneurial Event Model to explain how technological competencies translate into the decision to venture. The findings confirm that the proposed conceptual framework (Figure 1) effectively explains the formation of digital entrepreneurial intention in the AI era.

The analysis revealed that Perceived Value, defined as the combination of desirability and feasibility, acts as the primary determinant and full mediator of Digital Entrepreneurial Intention. Assessing the antecedent constructs, the study established that AI Literacy (H1) and Infusion, representing innovative usage (H3), are significant drivers of this Perceived Value.

A distinct finding emerged regarding Incorporation (H2). The data indicated that the routine, standardised application of GenAI tools does not significantly influence Perceived Value. This suggests that efficiency alone is insufficient to trigger entrepreneurial motivation. Furthermore, the rejection of all direct paths from the exogenous variables (AI Literacy, Incorporation, and Infusion) to Digital Entrepreneurial Intention (H5, H6, H7) confirms the critical mediating role of Perceived Value. GenAI capabilities do not automatically generate entrepreneurial intent. They only do so when they successfully enhance the user's cognitive evaluation of the venture's potential.

5.2. Theoretical Implications

The study offers two significant contributions to the theoretical understanding of digital entrepreneurship.

5.2.1. The "Full Mediation" Mechanism

First, the research clarifies the mechanism of action between technology and behaviour. The discovery that Perceived Value acts as a full mediator challenges the assumption that technical skills directly cause entrepreneurial intent. The rejection of Hypotheses 5, 6, and 7 demonstrates that GenAI is not a sufficient catalyst on its own. Instead, technical competencies (AI Literacy) and usage patterns (Infusion) serve as antecedents. These factors function effectively only if they succeed in altering the student's perception of the venture's desirability and feasibility. If a student possesses high AI Literacy but fails to perceive the resulting venture as valuable, no intention is formed.

5.2.2. *Infusion Vs. Incorporation*

Second, the study provides a critical distinction between Incorporation and Infusion. The lack of significance for Incorporation suggests that routine AI usage has become a baseline commodity in the digital economy. Using tools like ChatGPT or Gemini to draft emails or summarise text helps with efficiency, but it does not inspire the confidence required to launch a business. In contrast, Infusion was found to be a strong driver of Perceived Value. Theoretically, this implies that in the context of advanced technologies, only deep usage possesses the capacity to unlock new perceptions of business feasibility. Routine usage is merely operational, while innovative usage is transformational.

5.2.3. *Practical Implications*

The findings provide actionable strategic insights for higher education institutions and educators in Jakarta. Universities should revise their digital entrepreneurship curricula to reflect these findings. The non-significant impact of Incorporation indicates that teaching students the basic mechanics of AI tools yields minimal return in terms of entrepreneurial stimulation. Curriculum designers should reduce the focus on functional training or simple usage. Instead, programmes must prioritise Infusion. Courses should be designed to encourage students to use GenAI for complex value creation, such as simulating market scenarios, co-creating business models, or identifying gaps in the market. This level of engagement drives the cognitive shift necessary for entrepreneurship. Educators must recognise the implications of the full mediation finding. Since AI Literacy does not directly drive intention, the goal of the classroom cannot be limited to technical proficiency. The educator's role is to leverage GenAI to explicitly target the student's Perceived Value. This involves demonstrating how these tools make

specific business ideas more desirable by showing profit potential and more feasible by reducing barriers to entry. If the instruction does not connect the tool to the concept of business value, it is unlikely to inspire the decision to venture.

6. DISCUSSION

6.1. *Conclusion*

The primary objective of this study was to empirically validate the influence of Generative AI adoption on the Digital Entrepreneurial Intention (DEI) of university students in Jakarta (N = 119). The research sought to clarify whether technical competence directly translates into the decision to venture or if it requires a cognitive intermediary.

The study concludes that Perceived Value acts as a full mediator in the relationship between GenAI usage and entrepreneurial intention. The findings demonstrate that technical skills (AI Literacy) and deep, innovative usage (Infusion) do not, in isolation, drive a student to become an entrepreneur. Instead, these capabilities function as antecedents that reshape the user's mindset. They are effective only when they successfully enhance the Desirability and Feasibility of the venture. If the technology fails to improve this cognitive evaluation, no intention is formed, regardless of the user's skill level.

Furthermore, the results challenge the assumption that increased usage frequency automatically leads to better outcomes. The finding that Incorporation (routine usage) failed to predict intention highlights a critical nuance. Standardised efficiency is now a baseline expectation rather than a differentiator. In the context of the digital economy, only Infusion, defined as the application of AI for creative and complex problem-solving, is sufficient to trigger the entrepreneurial drive.

6.2. *Limitations And Future Research*

While this study provides significant theoretical insights, the results must be interpreted within the context of specific limitations. The sample size was restricted to 119 respondents recruited from university populations in Jakarta. While sufficient for the statistical analysis employed, this specific demographic profile suggests caution when generalising the findings to all Indonesian entrepreneurs or to non-academic populations.

The study employed a cross-sectional design, capturing a snapshot of student perceptions at a single point in time. Consequently, while the model accurately predicts Intention, it cannot confirm whether this intention will ultimately translate into actual Business Creation.

To address these gaps, future research should adopt a longitudinal approach. Tracking respondents over a period of 1 to 2 years would allow researchers to observe if the reported intentions result in new venture launches. Additionally, researchers are encouraged to test this theoretical

model on different demographics, such as SME owners or corporate professionals. It is hypothesised that for these groups, where operational efficiency is tied to survival, Incorporation may play a significant role that was not observed in the student sample.

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