

The Role of Generation Z as Economic Actors in the Digital Age: Analysis of the Phenomenon of Youth Entrepreneurship on E-Commerce Platforms

Deva Arta Nola¹, Erla Deliyana², Hasrin Putri Arti³, Salwaa Mumtazah⁴, Gama Pratama⁵

Sharia Economics Study Program, Faculty of Economics and Islamic Business, UI Bunga Bangsa Cirebon, Indonesia

Email : erladeliyan19@gmail.com, hasrinputry05@gmail.com, salwaa.mum@gmail.com, devaartanola08@gmail.com, gamapratama0@gmail.com

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Abstract

This research aims to analyze the role of Generation Z in developing the digital economy in Indonesia, with a focus on the phenomenon of successful young entrepreneurs at a young age through the utilization of technology and digital marketing strategies. One of the real examples is a 16-year-old teenager who managed to achieve a turnover of five billion rupiah in 1.5 years through a hard selling strategy of imported hair accessories products on the e-commerce platform. This phenomenon illustrates that Generation Z has high adaptability to technological developments and the courage to innovate in the digital era. The research method used is qualitative descriptive with a case study approach. The research results show that the success of the young entrepreneur is supported by the utilization of digital marketing strategies, creativity in product branding, and the ability to read market trends quickly. This finding reinforces the view that Generation Z has great potential as a driver of the national digital economy in the future.

Keywords: *Generation Z, Digital Economy, Young Entrepreneur, Hard Selling, E-Commerce*

INTRODUCTION

The development of digital technology over the past two decades has changed various aspects of life, including global and national economic systems. This transformation has not only affected production, distribution, and consumption processes, but has also created new economic activities that are more flexible and innovation-oriented. These conditions have shaped the economic behavior patterns of the younger generation who have grown up in a digital environment. To adapt to these changes, digital literacy is required, namely the ability to understand, use, and utilize technology, information, and communication effectively. Digital literacy is not only the ability to read and write, but also the creative ability to operate digital devices to access, process, and produce information through various platforms. This ability is a combination of information, technology, computer, visual, media, and communication literacy that enables a person to participate productively and responsibly in the digital space.

Digital literacy encourages the use of e-commerce, which is buying and selling transactions via the internet using websites or digital platforms as the main medium without the need for face-to-face meetings. Mastering e-commerce can foster an interest in entrepreneurship, which is the drive to create and manage a business and dare to take risks. In its development, this interest becomes digital entrepreneurship, which is the activity of running a business through digital platforms and the internet to capture opportunities, expand markets, and generate profits through innovation. (Nasri, 2024)

Generation Z, which demographically includes individuals born between 1997 and 2012, is the social group with the highest level of adaptation to digital technology developments. Widespread access to the internet, social media, and e-commerce platforms has made this generation not only digital consumers but also new economic actors who actively participate in the digital entrepreneurship ecosystem.

This change in economic behavior is evident in the increase in entrepreneurial activity among Generation Z. Through platforms such as Shopee, TikTok Shop, Tokopedia, and Instagram Shopping, many teenagers and college students are starting their own online businesses by utilizing digital technology. The products offered are also very diverse, ranging from imported fashion accessories and jewelry to digital products such as graphic design, video content, and creative services. They use social media as their main means of promotion, relying on creativity, an understanding of market trends, and mastery of digital marketing strategies to attract consumers. These strategies enable them to achieve significant turnover even at a young age, while also demonstrating this generation's great potential in supporting national digital economic growth.

Table 1
Types of Businesses Operated on E-Commerce Platforms

No	Type of Business	Example Products/Services	Number Of Operators	Percentage (%)
1	Fashion and Accessories	Clothing, hijabs, shoes, bags	35	35%
2	Online Food	Snacks, drinks	25	25%
3	Beauty Products	Skincare, local makeup	20	20%
4	Digital Services	Graphic design, digital content	10	10%
5	Other	Unique/custom items	10	10%

Sumber : (Nugroho, A. P., & Yuliana, 2022)

However, behind the enormous opportunities available, there are various issues that need academic attention. First, there is a (digital literacy gap) among young entrepreneurs. Although they are skilled in using technology, many of them lack managerial skills, business planning skills, and a deep understanding of digital transaction security. Second, there are challenges related to business sustainability and ethics in the digital ecosystem, such as content plagiarism, misleading promotional practices, and dependence on platform algorithms that can change at any time. Third, academically, there are still limited studies that specifically discuss how Generation Z utilizes digital economic opportunities and the extent to which these activities contribute to digital economic development in Indonesia. Thus, there is an important (research gap) that needs to be bridged through a multidisciplinary approach involving social, economic, and technological aspects.

Based on these issues, this study seeks to provide a comprehensive understanding of Generation Z's patterns of digital technology utilization in the context of entrepreneurship. The research focuses on how creativity, innovation, digital literacy, and social media-based marketing strategies influence the success of young entrepreneurs in the digital space. In addition, this study also aims to identify internal and external factors that support or hinder the growth of digital entrepreneurship among Generation Z, as well as assess its contribution to the development of the national digital economy. In practical terms, the results of this study are expected to provide strategic recommendations for the development of policies and programs to empower young entrepreneurs in Indonesia. Theoretically, this study is based on several relevant conceptual frameworks. First, Schumpeter's (1934) theory of entrepreneurship emphasizes the role of innovation as a driving force for economic growth. In the digital context, Generation Z can be positioned as agents of change who utilize technology to create economic added value through creative products and services. Second, Tapscott's (1996) digital economy theory explains that digital transformation creates a new economic system based on information, connectivity, and collaboration. This is in line with the characteristics of Generation Z's economic activities, which are highly dependent on online networks and digital social interactions. Third, the concept of digital entrepreneurship as proposed by Nambisan (2017) explains that digital entrepreneurs rely on information technology as the main instrument in creating, managing, and expanding markets. In this framework, Generation Z's ability to master digital platforms becomes a competitive factor that determines business success.

In addition, studies of digital consumer behavior and social media marketing theory (Kotler & Keller, 2016) emphasize the importance of two-way interaction between producers and consumers in building trust and brand loyalty. Generation Z, known for its communicative and participatory characteristics, utilizes social media not only as a promotional tool but also as a means to build emotional connections with consumers through engagement and content personalization. The combination of creativity, communication strategies, and digital literacy are fundamental elements supporting the entrepreneurial success of this generation in the digital era.

RESEARCH METHODOLOGY

This study uses a descriptive qualitative approach to examine in depth the phenomenon of digital entrepreneurship among Generation Z. This approach was chosen because it allows researchers to understand the social behavior and economic strategies of Generation Z in a contextual manner without manipulating variables. The researcher acts as the main instrument

conducting direct observation, interviews, and analysis of the research subjects. The researcher's presence is moderately participatory, where the researcher interacts with informants to obtain authentic data without altering the natural situation. The research subjects were young entrepreneurs aged 18–25 who were actively engaged in entrepreneurship through digital platforms such as Shopee and TikTok Shop. Informants were selected using purposive sampling based on the following criteria: (1) belonging to Generation Z, (2) running a digital business for at least six months, (3) utilizing social media or e-commerce as the main marketing tool, and (4) willing to be a source. The number of informants was not determined at the outset and was determined based on the principle of data saturation. The research population included all Generation Z entrepreneurs in Indonesia, while the sample focused on variations in business types and experiences to provide a representative picture of the phenomenon.

Data was collected through observation, in-depth interviews, and documentation. Observations were made of Generation Z's digital business activities, while semi-structured interviews were used to explore business motivations, strategies, and challenges. Documentation in the form of screenshots, promotional posts, and sales data was used as supporting evidence. Data analysis followed the Miles and Huberman (1994) model, which included data reduction, data presentation, and conclusion drawing and verification. Reduction was carried out to filter relevant data, presentation was in the form of thematic narratives, while conclusions were drawn through interpretation of emerging patterns and themes. Data validity is maintained through source and technique triangulation, member checks, and audit trails to ensure consistency and validity of findings. The entire research process is carried out in accordance with the principles of qualitative research ethics, including maintaining informant confidentiality, obtaining informed consent, and avoiding data manipulation.

RESULTS AND DISCUSSION

Generation Z is a group of individuals born between the mid-1990s and early 2010s. They grew up in the digital age, with widespread access to the internet, social media, and advanced technology from an early age. Generation Z intensively utilizes the development of internet technology to expand their social relationships and interactions through various social media platforms. (Chasanah, 2024) This has shaped unique characteristics, such as speed in adopting technology, multitasking, and dependence on digital platforms to obtain information and interact socially (Dr. Ir. Lukman S., S.Si., S.Psi., SE., MM., IPU . & Dr. Moh. Akhtar SRED., S.Ked., 2025). In addition to excelling in digital aspects, Generation Z is also known for having a generally optimistic outlook on life. Based on research by McKinsey & Company (2018), there are four main characteristics that define this generation. In general, Generation Z is known as the generation of truth seekers. (1) Generation Z has a high regard for self-expression and tends not to be bound by social labels. They understand that each individual has unique characteristics, so differences are not considered obstacles to cooperation or collaboration. (2) Generation Z shows strong intrinsic motivation in achieving various life goals. This generation is inclusive and open to diversity. They are more focused on building communities that utilize technology as a means to achieve common goals that benefit both individuals and groups. (3) Generation Z has a high awareness of the importance of communication and dialogue in social life. They view dialogue as a means to resolve conflicts and bridge differences in opinion. Thanks to extensive interaction with various individuals and

groups, this generation is known as a communicative generation that is open to new perspectives.

Generation Z runs business activities based on sharia economic values. The value of divinity is the main orientation, where business is intended as worship to obtain blessings from Allah SWT. This makes entrepreneurs more calm in making decisions and able to manage risks wisely. In terms of ownership, Generation Z realizes that all wealth is a trust from Allah SWT, so capital and resources are used efficiently and waste is avoided. The value of balance is realized through business practices that have a positive impact on the environment, such as the use of environmentally friendly packaging and the use of digital technology for production efficiency. The value of justice is applied by providing fair rights to suppliers, consumers, and business partners, as well as allocating a portion of profits to social activities such as charity and donations. The application of the values of divinity, ownership, balance, and justice forms an ethical, professional, and sustainable business model that not only generates profits but also benefits society and the environment. (Drs. H. Agus Salim Lubis, M.Ag Ricka Handayani, 2022)

Generation Z is a group of individuals born between the mid-1990s and early 2010s. This generation has a number of distinctive characteristics that set it apart from previous generations. One of the most prominent characteristics of Generation Z is their high interest in technology. As a generation that grew up in an era with widespread access to the internet and digital devices, they are known as "digital natives," a generation that has been familiar with the digital world since childhood. (Prof. Dr. Ir. H. Anoesyirwan, M.Si. et al., 2023) Overall, Generation Z has a realistic and analytical character. With access to abundant information, they tend to critically examine and evaluate information before making decisions. Their independence in seeking and managing information makes Generation Z more confident in making choices and taking responsibility for the decisions they make. (Rifana & Amira, 2024)

Generation Z is known to be adaptable to technology and creative in utilizing digital opportunities. Generation Z's motivation and reasons for running a digital business are driven by several main factors. One of their biggest motivations is the desire to achieve financial independence at a young age, where they strive to earn their own income without depending on others. Additionally, technological advancements and easy access to the internet provide Generation Z with extensive opportunities to develop businesses in the digital realm. The vast potential of the online market is a significant draw for them to innovate and compete. Moreover, the flexibility offered by digital businesses allows them to run their businesses without interfering with their studies or other work, making digital entrepreneurship a realistic and profitable option for Generation Z. (Di et al., 2025) Many young entrepreneurs start small businesses such as selling hair clips or fashion products on e-commerce platforms. The strategies they use include promotion through social media, the use of short videos, product storytelling, and flexible time management. This phenomenon shows that Generation Z has changed its role from consumer to producer in the digital economy ecosystem. The digital entrepreneurship activities of Generation Z also have a positive impact on the economy by increasing the number of young MSMEs and encouraging social innovation.

The era of digital transformation requires every country, including Indonesia, to make various preparations, particularly in the development of the digital economy sector. In order to realize effective digital transformation, it is necessary to strengthen a number of supporting factors, such as agility in leadership, flexibility in strategy, and entrepreneurial spirit. One of

the main focuses of this development is improving the digital skills of Generation Z. The government has sought to improve digital competence through various initiatives and programs, including the National Digital Literacy Movement, Digital Talent Scholarship, and Digital Leadership Academy. However, in the face of a potential global recession, solid coordination and collaboration between various parties is needed for digital transformation to run optimally. (Thoriq et al., 2023)

Digitalization plays an important role in promoting sustainability and national economic growth. In addition, the ability and intensity of digital technology use by the younger generation makes them increasingly proficient in utilizing various digital products. These skills include understanding digital marketing strategies, effective use of social media, and developing technology-based product innovations. (Vebyana Desembrianti, 2025)

The phenomenon that has emerged in the field shows how these characteristics are realized through the practical application of digital entrepreneurship. One relevant example is the story of a 16-year-old teenager who successfully built an online hair clip business through the Shopee e-commerce platform. The products sold are relatively simple with small capital, but through the right digital strategies such as live streaming sales, product storytelling, and direct interaction with customers, the teenager managed to achieve a turnover of up to IDR 1 billion in about a year and a half. This success clearly illustrates Generation Z's ability to read market opportunities, manage creative promotional strategies, and optimize the use of technology for economic gain.

The use of platforms such as Shopee, TikTok, and Instagram is a tangible form of digital adaptation by Generation Z in developing entrepreneurship. The live commerce strategy implemented by Generation Z illustrates the tangible form of digital marketing innovation as the key to increasing the competitiveness of young entrepreneurs in the digital era.

Generation Z is concrete proof of how this generation is able to optimize social media and e-commerce to expand markets and increase exposure for local products. The success story of the teenage hair clip seller is a real representation of the same spirit that Generation Z has the capacity to be the driving force of the digital economy through innovation, courage, and intelligence in utilizing technology.

Furthermore, this case shows how Generation Z's distinctive values, such as the desire to express themselves, the courage to try new things, and the ability to adapt to changing trends, encourage them to create independent economic opportunities from a young age. Through a digital approach, they not only generate personal financial gains but also open up new job opportunities, expand local economic networks, and enrich the digital ecosystem in Indonesia. The intensive live selling strategy, even from private spaces, shows how the boundaries between public and private spaces are becoming increasingly blurred in the digital economy; this reinforces the concept of digital native entrepreneurship that is deeply ingrained in Generation Z.

Overall, the success story of the 16-year-old hairpin seller illustrates Generation Z's immense potential in accelerating Indonesia's digital economy. This success is the result of a combination of Generation Z's distinctive characteristics adaptive, analytical, communicative, and confident with the opportunities offered by the development of digital technology. If supported by inclusive public policies and a conducive entrepreneurial ecosystem, Generation Z has the potential to become the main pillar of national economic transformation toward a competitive, sustainable, and innovation-based digital era.

CONCLUSION

Based on the results of the discussion, it can be concluded that Generation Z has a very important role in accelerating the digital economic transformation in Indonesia. Growing up in an era of rapid information technology development has given this generation high digital capabilities, critical thinking, and creativity in creating opportunities. Generation Z not only plays a role as consumers, but also as producers and key drivers in the digital economy ecosystem. Their adaptive, communicative, and analytical characteristics enable Generation Z to innovate and adapt quickly to market changes and technological developments.

The phenomenon of a 16-year-old entrepreneur who successfully achieved a turnover of up to IDR 1 billion from selling hair clips through the Shopee platform is a concrete example of how Generation Z utilizes technology to create new economic opportunities. Through strategies such as live streaming, product storytelling, and creative promotions on social media, this generation is able to build brands, attract consumer interest, and create economic value from simple products. This case demonstrates that the younger generation possesses a high level of digital entrepreneurial spirit and is willing to take risks in developing technology-based businesses.

This finding aligns with the research results of Desembrianti and Kurniawati (2025), which state that Generation Z has a significant contribution to the digitalization of SMEs through innovation and creativity in social media-based marketing. Meanwhile, research by Ramdhani and Madani (2023) shows that Generation Z also acts as agents of change who encourage the development of local MSMEs through efficient online promotion strategies. Both research results reinforce the fact that Generation Z is an important element in building an inclusive, adaptive, and sustainable digital economic ecosystem in Indonesia.

The government also plays a role in strengthening the potential of this generation through programs such as the National Digital Literacy Movement, Digital Talent Scholarship, and Digital Leadership Academy. However, for digital transformation to run optimally, strong synergy () between the government, the education sector, and the industrial sector is needed to create an environment that supports the sustainable development of digital entrepreneurship. Thus, Generation Z can serve as the main driving force of the national digital economy, which not only increases financial independence but also encourages the emergence of a creative, innovative, and globally competitive economy.

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