

Study of the Impact of Entrepreneurial Risk Taking on Digital Transformation of Enterprises

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Abstract: Entrepreneurial adventurous spirit, as one of the core driving forces of enterprise economic development, has an important impact on enterprise innovation decisions as well as transformation and upgrading. On the one hand, entrepreneurs' personal traits have an important impact on the strategic choices and economic performance of enterprises; on the other hand, the digital transformation of enterprises requires executives' innovative will and adventurous spirit. Through preliminary analysis as well as empirical tests, this study concludes that there is a positive influence relationship between entrepreneurial risk-taking spirit and enterprise digital transformation. Therefore, this study investigates the positive influence relationship between entrepreneurial risk-taking spirit and enterprise digital transformation through the method of normative research, in order to provide a basis for internal and external economic decision-making of enterprises.

Keywords: Digital Transformation, Entrepreneurs, Risk-taking Behavior.

1. Background and Significance of the Project Study

1.1. Background of the project

The 20th Party Congress proposed that we should build a high-level socialist market economic system, adhere to and improve the basic socialist economic system, and accelerate the construction of "Digital China". As early as the "14th Five-Year Plan" period, it has been proposed to accelerate the construction of digital economy, create new advantages in digital economy, and strengthen the new engine of economic development. Under the rapid development of the new round of technological revolution, the digital economy has become a "14th Five-Year Plan" period to dominate China's economic and social transformation of the value of the weapon. At present, there is still a wide range of controversy in the academic community over the measurement method and main components of the digital economy, but it has become an indisputable fact that the digital economy promotes the in-depth empowerment of traditional economic forms and innovative development.

Entrepreneurship is one of the core driving forces of enterprise economic development. The entrepreneurial spirit of risk-taking helps to promote enterprise innovation and product quality upgrading, which in turn promotes the realization of high-quality development of enterprises. The Fifth Plenary Session of the Nineteenth Central Committee proposed that China should "unswervingly implement the new development concept of innovation, and take reform and innovation as the fundamental driving force, so as to significantly enhance the innovation capacity during the Fourteenth Five-Year Plan period. The Outline of the National Innovation-Driven Development Strategy proposes to give full play to the important role of entrepreneurs in economic development, vigorously advocate entrepreneurship, cultivate a large number of entrepreneurs with the courage to innovate and take risks, and build a professional team of professional managers. According to the theory of high-ranking echelon and leadership theory, the personal traits of entrepreneurs

have an important impact on the strategic choices and economic performance of enterprises[1].

1.2. Significance of the project research

1.2.1. Theoretical significance

Help enrich the literature on the economic consequences of entrepreneurial risk-taking spirit.

At present, there is less literature on whether the implicit characteristic of entrepreneurial risk-taking spirit can promote enterprise innovation and through what channels and mechanisms the risk-taking spirit acts on enterprise digital transformation. Based on the perspective of entrepreneurs' implicit characteristics, this project investigates whether entrepreneurs with risk-taking spirit can promote enterprise digital transformation, so as to promote enterprise innovation and the development of the digital economy, and enriches the relevant literature in the field of entrepreneurial risk-taking spirit's role and influence.

Helping to expand the literature on the influencing factors of enterprise digital transformation

Enterprise digital transformation is the key to enterprise transformation and upgrading, and existing research on enterprise digital transformation mainly focuses on the external environment and internal governance of enterprises. Little attention has been paid in the literature to the impact of management characteristics such as entrepreneurial risk-taking spirit on enterprise digital transformation. This project investigates the relationship between entrepreneurial risk-taking spirit and enterprise digital transformation.

1.2.2. Relevance

Enterprise level:For enterprises, transformation and upgrading are of great significance to their sustainable development. From the perspective of entrepreneurial adventurous spirit, this study explores its impact on enterprises' realization of digital transformation, which is of great significance for enterprises to improve themselves in order to achieve high-quality development[2-3].

Government Level:Accelerate the construction of "Digital China". In the context of the digital economy, the Party and the government attach great importance to the digital

transformation of enterprises, which is related to the vitality of the economy. This project provides a basis for the government to formulate policies.

2. Literature Review

2.1. Research on the influencing factors of enterprise digital transformation

Digital transformation is the introduction of emerging digital technologies into the internal management, production and other processes of enterprises to achieve changes in the traditional production and operation methods. As an important factor in the high-quality development of the economy, digital transformation is a hot topic of research in the social and economic fields. Some scholars have studied the factors affecting the digital transformation of enterprises, and the existing research mainly explores the external environment of enterprises and their own factors. From the viewpoint of the external environment of enterprises, the government has continuously introduced relevant policies and regulations to support the development of digital technology, and has made efforts to promote the digital transformation of enterprises in order to promote the high-quality development of the economy. The increase in government R&D expenditures helps promote enterprise digital transformation (Wu Fei et al., 2021). From the viewpoint of enterprises' own factors, digital transformation is driven by digital technology, which requires the overlay of different technologies, and the ability to reserve new technologies, open organizational culture, and strategic consistency are all crucial (Sreiber et al., 2020). The business strategy of an enterprise is decided by the top management of the organization, and the supportive attitude of the top management of the organization is a prerequisite for the enterprise to carry out digital transformation (Sun et al., 2020)[4-5].

2.2. Study of economic consequences of entrepreneurial risk-taking

Entrepreneurs are important participants in economic activities, and entrepreneurial traits are divided into explicit and implicit traits. Different risk-taking tendencies of entrepreneurs will have different impacts on the processes of production, investment, and transformation of enterprises, which in turn will affect the sustainable development of enterprises and the economic growth of the country. Since the rise of the concept of entrepreneurship, scholars at home and abroad are no longer limited to the study of the impact of entrepreneurs' educational background and other explicit traits on the enterprise, but take the spirit of risk-taking and the spirit of innovation as a new direction of research. However, domestic and foreign scholars have been divided on whether the entrepreneurial spirit of adventure will have a positive or negative impact on enterprises. Some scholars believe that the existence of entrepreneurial adventurous spirit will have a negative impact on enterprise development, they believe that if the entrepreneur has the trait of adventurous spirit, it may lead to the low integration of the executive team, and it is easy to produce differences in decision-making among executives, which in turn affects the cooperation of the executive team (Hambrick, 1995). Moreover, having a propensity for risk-taking does not mean that one will engage in risk-taking behavior, because the consequences of risk-taking may cause irreversible losses to

the firm, then people with a high propensity for risk-taking may be reluctant to take risks after considering the results of risk-taking (sitkin and Wingart, 1995). In addition, investment is risky, if entrepreneurial risk-taking tendency is too high may lead to the enterprise to participate in too risky investment, which is rather unfavorable to the enterprise's economic development (Drucker, 2001). However, more scholars believe that the existence of entrepreneurial risk-taking will be beneficial to the production and operation of enterprises (Miller, 1983). Entrepreneurial risk-taking is a "double-edged sword" for enterprises. It is undeniable that the risk of entrepreneurial risk-taking does exist, but most scholars still hold a favorable view[6].

3. Research Content

Since the 1960s, the "branding theory" has been greatly expanded and applied in management science. Entrepreneurs' perception of enterprise digital transformation is brandable, and entrepreneurs with a preference for risk are brave to explore and innovate, and are more motivated to carry out the application of enterprise digital technology and integrate digital technology into the operation and management of the enterprise. Entrepreneurs with a spirit of risk-taking mean that they will continue to take the initiative to explore and discover new problems, and are able to quickly accept and absorb new operational models and be willing to accept possible market risks. Secondly, entrepreneurs with the spirit of adventure promote the ability of enterprise digital transformation with brandability, the process of enterprise innovation and development requires the synthesis of a variety of capabilities, such as the ability to maintain sensitivity to external information, the ability to deploy resources, the ability to make bold decisions under the premise of rationality, for entrepreneurs, the digital transformation of the enterprise means that they have to face the risk of the unknown to continue to learn, absorb and innovate, and this process helps entrepreneurs to learn more about the knowledge and knowledge, which is a good way of learning, innovation, and this process helps entrepreneurs to introduce knowledge[7-8].

4. Influence of Entrepreneurial Risk-taking Spirit on Enterprise Digital Transformation

Many scholars believe that the existence of entrepreneurial risk-taking spirit will be beneficial to the production and operation of enterprises, and have a significant positive effect on the effectiveness of strategy implementation. It makes enterprises stronger to adapt to the ever-changing social environment and the complex and changing business environment, and make decisions rationally. Research shows that different risk-taking tendencies will make different decisions about investment, which in turn will produce different investment effects. Entrepreneurs with a sense of adventure pay more attention to R&D investments and challenges in order to bring higher returns to the business. Moreover, capable managers have strong guidance on the choice of investment projects, and can lead the enterprise to break the stereotypes, go out of the comfort zone, and create a more challenging environment. According to the existing literature, risk-taking entrepreneurs have a higher success rate in innovation and achieve better results. Not only because they have the sense of daring to break through, but also because such entrepreneurs are able to overcome path

dependence and organizational inertia to ensure the survival and development of their firms. They expect to prove their superior ability through the success of their innovation projects, and thus may be able to use their ability to identify worthwhile risky projects and take a series of decisions to advance the firm's progress. Thus, entrepreneurial risk-taking is a "double-edged sword" for enterprises. It is undeniable that risk-taking brings risks to the enterprise, but the investment in innovation can promote the performance of innovation, which in turn promotes the development of the enterprise[9].

5. Conclusion

Entrepreneurial risk-taking spirit is a key part of promoting enterprise digital transformation, enterprises should pay attention to the influence of entrepreneurial risk-taking spirit while promoting digital transformation, and it is important to choose a suitable path of digital transformation for enterprises based on their own conditions.

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