

Generative AI and the Future of Entrepreneurship: Opportunities, Disruptions & Ethical Dilemmas

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ABSTRACT

Purpose: *This paper aims to examine the multifaceted impact of Generative Artificial Intelligence (GenAI) on entrepreneurship by exploring the opportunities it presents, the disruptions it causes, and the ethical dilemmas it raises. The study proposes a conceptual framework — the GenAI-Entrepreneurship Integration Model (GEIM) — to guide entrepreneurs and policymakers toward responsible and strategic adoption of GenAI.*

Methodology: *This study adopts a conceptual and analytical research design based entirely on secondary data. It draws upon recent peer-reviewed journal articles, Harvard Business School working papers, IZA discussion papers, industry reports, and preprint studies from 2023–2025. Thematic synthesis and conceptual framework development are used as the primary analytical approaches.*

Results & Analysis: *The study finds that GenAI democratizes ideation, lowers entry barriers, and enables new business models — with global GenAI investment rising from \$2.8 million median seed rounds in 2020 to \$7 million in 2024. However, its benefits are unevenly distributed: high-performing entrepreneurs gain over 15% in revenues from AI assistance, while low performers experience an 8% decline. Ethical challenges, including bias, intellectual property uncertainty, and data privacy risks, further moderate GenAI's impact on organisational performance.*

Originality: *This paper makes an original contribution by proposing the GenAI-Entrepreneurship Integration Model (GEIM) — a novel four-pillar framework comprising Strategic Opportunity Identification, Human-AI Collaboration Design, Ethical Governance and Compliance, and Adaptive Learning and Upskilling. The GEIM synthesises insights from multiple disciplinary streams to provide a structured yet adaptive lens for entrepreneurial GenAI adoption.*

Value: *This paper offers practical value to entrepreneurs, business educators, and policymakers navigating the rapidly evolving GenAI landscape. It highlights that AI-driven growth must be balanced with ethical governance, equitable access, and continuous skill development to achieve sustainable entrepreneurial outcomes.*

Type of Paper: *Conceptual Paper based on Secondary Data Analysis.*

Keywords: Generative AI, Entrepreneurship, Innovation, Business Disruption, AI Ethics, GEIM Framework, Secondary Data Analysis,

1. INTRODUCTION :

The emergence of Generative Artificial Intelligence (GenAI) marks a pivotal inflection point in the history of technology and business. Unlike traditional AI systems that analyse and classify existing data, GenAI creates new content — text, images, code, video, and audio — that closely resembles human-produced output (Hermann et al. (2025). [1]). Tools such as ChatGPT, DALL-E, Gemini, and Claude have moved from research labs into mainstream business use with remarkable speed, reaching 100 million users in record time — far faster than prior platform-era giants like Instagram (Singh et al. (2024). [2]).

For entrepreneurs, GenAI represents both an unprecedented opportunity and a profound disruption. It lowers barriers to entry, accelerates innovation cycles, enables hyper-personalisation, and democratises access to capabilities once available only to large corporations (Dwivedi (2025). [3]). At the same time, it disrupts existing industries, displaces traditional skill sets, raises intellectual property concerns, and introduces risks of bias and misuse (Singh et al. (2024). [4]).

This paper is structured as follows: Section 2 reviews relevant literature on GenAI and entrepreneurship. Section 3 presents opportunities GenAI offers entrepreneurs. Section 4 analyses disruptive dimensions. Section 5 explores ethical dilemmas. Section 6 proposes the GenAI-Entrepreneurship Integration Model (GEIM). Section 7 concludes with implications for practice and policy.

2. LITERATURE REVIEW :

Research on the intersection of AI and entrepreneurship has gained significant momentum in recent years. Fossen, McLemore, and Sorgner (2024) [5] provide a comprehensive review of how AI influences entrepreneurial opportunity recognition, venture creation, and growth, noting that generative AI introduces creativity — a capability previously considered exclusively human. Their work highlights that while AI shows measurable performance gains in narrowly defined tasks, its impact on the broad and unstructured decision-making typical of entrepreneurship remains uneven (Fossen et al. (2024). [5]).

Otis et al. (2024) [6] conducted a landmark randomised field experiment with 640 Kenyan entrepreneurs using a GPT-4-powered AI business assistant, finding that high-performing entrepreneurs benefited by over 15% in revenues, while low-performing entrepreneurs saw an 8% decline. This seminal Harvard Business School working paper underscores the heterogeneous nature of GenAI's impact — its benefits are not uniformly distributed across all entrepreneurial contexts (Otis et al. (2024). [6]).

Dwivedi (2025) [3] introduced the GAIN Framework, which identifies four pillars of GenAI's role in entrepreneurial practice: Generation, Augmentation, Integration, and Navigation. The framework calls for a balanced integration of human ingenuity and AI capabilities while addressing ethical inclusivity. Similarly, Chowdhury et al. (2024) [8], writing in the British Journal of Management, proposed a strategic HRM framework for GenAI integration, noting that GenAI is employed by 70% of marketing firms for personalisation and content generation, fundamentally reshaping entrepreneurial marketing practice.

Research published in Technovation by Shore et al. (2024) [9] demonstrated that GenAI enhances entrepreneurial resilience during crises by enabling SMEs to rapidly adapt strategies, generate contingency plans, and restructure operations. Cai et al. (2025) [10] used a dataset of over 12 million newly established Chinese firms (2021–2024) and found that post-ChatGPT, small firm registrations rose sharply, driven by entrepreneurs leveraging GenAI as a co-founder to accelerate venture creation.

3. OBJECTIVES OF THE PAPER :

The primary goal of this research is to analyze the transformative role of Generative AI (GenAI) within the entrepreneurial ecosystem. Specifically, the paper seeks to:

- (1) **Examine the Opportunities for Innovation:** To investigate how GenAI empowers entrepreneurs by accelerating ideation, democratizing access to high-level capabilities, and enabling the creation of new business models.
- (2) **Analyze Disruptive Dimensions and Performance Disparity:** To explore the disruptive impact of GenAI on traditional industries and the workforce, while assessing why the technology yields heterogeneous performance results among different types of entrepreneurs.
- (3) **Identify Critical Ethical Dilemmas:** To categorize and evaluate the most pressing ethical challenges—including algorithmic bias, intellectual property uncertainty, and data privacy risks—that moderate the relationship between AI adoption and organizational performance.
- (4) **Develop a Strategic Integration Framework:** To propose the **GenAI-Entrepreneurship Integration Model (GEIM)** as a structured four-pillar approach to guide the responsible and effective adoption of AI in entrepreneurial ventures.
- (5) **Inform Policy and Practical Governance:** To provide actionable insights for entrepreneurs and policymakers on balancing AI-driven growth with ethical governance, equitable access, and continuous adaptive learning.

4. METHODOLOGY:

This exploratory study utilizes a conceptual and analytical research design based on a comprehensive synthesis of secondary data. Information was systematically gathered from reputable academic databases, including Google Scholar and peer-reviewed journal articles, and supplemented by insights from generative AI platforms. The collected data is evaluated through established analytical frameworks—specifically the **GEIM** and **GAIN** models—to ensure alignment with the study's core objectives.

5. OPPORTUNITIES: HOW GENAI EMPOWERS ENTREPRENEURS :

5.1 Accelerated Ideation and Innovation:

One of the most significant opportunities GenAI offers entrepreneurs is the democratisation of high-quality ideation. Research by Girotra et al. (2023) [11] published on SSRN demonstrated that large language models generate ideas that are judged as more novel and higher in customer benefit compared with ideas generated by humans. GenAI tools can rapidly produce hundreds of business ideas, product concepts, marketing strategies, and go-to-market plans in minutes — tasks that previously required large, expensive teams (Girotra et al. (2023). [11]).

A study on GenAI's impact on scientific innovation by Ding et al. (2025) [12] found that AI-assisted teams generated higher-quality ideas in shorter time, with greater novelty, feasibility, and diversity compared to control groups. These findings suggest that GenAI can significantly accelerate the innovation cycle, giving resource-constrained startups a competitive edge previously reserved for well-funded incumbents (Ding et al. (2025). [12]).

5.2 Business Model Innovation and Revenue Generation:

GenAI is not merely a productivity tool — it is a driver of entirely new business models. Research published by Singh et al. (2024) [2] found that GenAI enhances operational efficiency, facilitates product and service innovation, and creates new revenue streams, positioning it as a powerful catalyst for substantial shifts in business structures. This is evident in the rise of prompt engineering as a new profession, AI-native startups built entirely on GenAI APIs, and content businesses transformed by generative capabilities.

From a Neo-Schumpeterian perspective, GenAI can be seen as a force of creative destruction — disrupting legacy business models while enabling entrepreneurs to build leaner, faster, and more innovative ventures. Global investment in GenAI rose from \$2.8 million median seed round in 2020 to \$7 million in 2024, reflecting surging investor confidence in GenAI-powered entrepreneurship (Singh et al. (2024). [2]).

5.3 Lowering Entry Barriers for Global Entrepreneurship:

GenAI dramatically lowers the cost and expertise required to launch a venture globally. A solo entrepreneur today can use GenAI to write code, design products, generate marketing content, draft legal documents, and analyse financial data — tasks that previously required separate specialists. Cai et al. (2025) [10] found that regions with higher pre-existing AI human capital had significantly more new firm formation post-ChatGPT, suggesting GenAI amplifies local entrepreneurial ecosystems.

For emerging market entrepreneurs in particular, GenAI offers the promise of access to world-class business advice at negligible cost. As Otis et al. (2024) [6] noted, a carefully implemented AI intervention is a very low-cost solution with the potential to reach millions of companies in emerging economies through personalised guidance.

6. DISRUPTIONS: THE DOUBLE-EDGED SWORD OF GENAI :

6.1 Workforce Displacement and Skill Obsolescence:

While GenAI creates new categories of work, it simultaneously displaces existing jobs and renders certain skills obsolete. A systematic review published in *Artificial Intelligence Review* by Patel et al. (2025) [13] noted that intense competition is pushing companies to help employees learn new AI technologies, as some existing skills are rapidly becoming outdated and replaced. Startups, with their limited training resources, are particularly vulnerable to these disruptions.

Chowdhury et al. (2024) [8] in the *British Journal of Management* warned that GenAI's integration shifts human resource dynamics, requiring organisations to rethink workforce planning, talent acquisition, and employee development strategies. For entrepreneurs, this means building GenAI-

adaptive teams and cultures from the outset — a significant organisational challenge (Chowdhury et al. (2024). [8]).

6.2 Uneven Performance Impact and the Digital Divide:

The benefits of GenAI are not evenly distributed. The landmark Harvard Business School field experiment by Otis et al. (2024) [6] demonstrated that high-performing entrepreneurs gained over 15% in revenues from AI assistance, while low performers did about 8% worse. This performance divergence suggests that GenAI could widen the gap between strong and weak entrepreneurs rather than serving as a universal equaliser (Otis et al. (2024). [6]).

This finding aligns with the broader concern of the digital divide — where access to and proficiency in AI tools is unevenly distributed across geographies, income levels, and education. Without deliberate policy interventions to ensure equitable access, GenAI risks deepening existing socioeconomic inequalities in global entrepreneurship (Patel et al. (2025). [13]).

6.3 Disruption of Creative and Knowledge Industries:

Amankwah-Amoah et al. (2024) [14] documented the profound disruption GenAI is causing in creative industries, noting that firms must embrace new technologies to renew business models and maintain competitiveness. Industries such as advertising, design, journalism, education, and entertainment face existential disruption as GenAI automates core creative functions at a fraction of the human cost (Amankwah-Amoah et al. (2024). [14]).

For entrepreneurs operating in these sectors, the disruption is particularly acute. At the same time, it opens new opportunities for those who can leverage GenAI creatively — building tools, platforms, and services that harness generative capabilities to serve customers in novel ways (Singh et al. (2024). [2]). In the field of education specifically, Law (2024) [7] conducted a scoping literature review on the application of GenAI in language teaching and learning, revealing that GenAI tools are rapidly transforming traditional pedagogical approaches — from automated feedback generation to personalised learning pathways. This disruption extends directly to entrepreneurial education, where GenAI is reshaping how future business leaders acquire skills, develop critical thinking, and build practical competencies (Law (2024). [7]). For entrepreneurs in the education sector, this signals both a competitive threat to traditional learning models and a significant opportunity to build GenAI-powered EdTech ventures that meet the evolving demands of modern learners.

7. ETHICAL DILEMMAS IN GENAI-DRIVEN ENTREPRENEURSHIP :

7.1 Bias, Fairness, and Accountability:

GenAI systems trained on biased data can perpetuate and amplify discriminatory outcomes. A systematic review of ethical challenges in GenAI by Al-Kfairy et al. (2024) [15] identified bias, privacy violations, and accountability gaps as the most pressing ethical concerns. For entrepreneurs relying on GenAI for hiring, customer targeting, or pricing decisions, biased AI outputs can lead to legal liability, reputational damage, and harm to marginalised communities (Al-Kfairy et al. (2024). [15]).

Research published in ScienceDirect by Singh et al. (2024) [4] found that while GenAI adoption improves exploratory and exploitative innovation, ethical dilemmas act as a significant moderating factor on its relationship with organisational performance. Firms that fail to address ethical dilemmas in their AI deployment risk undermining both their innovation outcomes and their social licence to operate (Singh et al. (2024). [4]).

7.2 Intellectual Property and Copyright:

The legal landscape around GenAI-generated content remains deeply uncertain. Existing intellectual property rights (IPR) frameworks are proving inadequate for AI-generated works, raising unresolved questions about authorship, ownership, and originality (Al-Kfairy et al. (2024). [15]). For entrepreneurs building businesses on GenAI-generated content, this creates significant legal risk — particularly as courts and regulators worldwide begin to grapple with these novel questions.

The entertainment industry's experience is instructive: the 2023 Hollywood writers' and actors' strike, triggered in part by studios' use of AI, illustrates the profound tensions GenAI creates around creative ownership and human labour (Amankwah-Amoah et al. (2024). [14]). Entrepreneurs must navigate

these tensions carefully, ensuring their GenAI use respects creators' rights and complies with emerging regulatory frameworks.

7.3 Data Privacy and Governance:

GenAI systems require vast amounts of data to function, raising significant privacy and governance concerns. Research on GenAI and digital resilience by Große and Sundberg (2025) [16] found that the growing monopolisation of AI by a few large companies concentrates power and creates societal risks that transcend traditional administrative boundaries. For entrepreneurs, this means data shared with GenAI providers may be retained, used for training, or exposed through security breaches (Große & Sundberg (2025). [16]).

The European Union's AI Act (2024) categorises AI systems by risk level and mandates transparency, accountability, and human oversight for high-risk applications (Große & Sundberg (2025). [16]). Entrepreneurs must stay abreast of evolving regulatory requirements, particularly as they scale globally into jurisdictions with different AI governance frameworks.

8. PROPOSED FRAMEWORK: THE GENAI-ENTREPRENEURSHIP INTEGRATION MODEL (GEIM) :

Drawing on the reviewed literature, this paper proposes the GenAI-Entrepreneurship Integration Model (GEIM) — a conceptual framework for responsible and strategic adoption of GenAI in entrepreneurial ventures (Dwivedi (2025). [3]; Chowdhury et al. (2024). [8]; Singh et al. (2024). [4]). The GEIM consists of four interconnected pillars:

Pillar 1 — Strategic Opportunity Identification: Entrepreneurs should conduct a structured GenAI opportunity audit — identifying which business functions (ideation, marketing, customer service, operations) can be most effectively enhanced by GenAI tools. This requires alignment with overall business strategy and a clear understanding of GenAI's capabilities and limitations in their specific industry context (Fossen et al. (2024)) [5].

Pillar 2 — Human-AI Collaboration Design: Consistent with Chowdhury et al. (2024) [8] and Dwivedi (2025) [3], GenAI should augment rather than replace human capabilities. Entrepreneurs must design workflows where GenAI handles routine, high-volume tasks while human judgement governs complex, high-stakes decisions — particularly those involving ethics, relationships, and strategy.

Pillar 3 — Ethical Governance and Compliance: Entrepreneurs must embed ethical AI principles from the inception of their ventures. This includes bias audits, data privacy policies, transparent AI use disclosures, and proactive compliance with applicable regulations such as the EU AI Act. Singh et al. (2024) [4] demonstrated that ethical governance moderates the relationship between GenAI adoption and organisational performance, making it not merely a moral imperative but a strategic one.

Pillar 4 — Adaptive Learning and Upskilling: Given the rapid evolution of GenAI technology, entrepreneurs must cultivate a culture of continuous learning. This involves regular upskilling of team members in GenAI tools, monitoring emerging AI capabilities, and maintaining agility to pivot strategies as the technology landscape shifts. As Patel et al. (2025) [13] noted, AI ethics departments and continuous employee development are becoming hallmarks of AI-resilient organisations.

The GEIM is not prescriptive but adaptive — it provides a structured yet flexible lens through which entrepreneurs can assess their readiness to integrate GenAI, identify risks, and chart a responsible path toward AI-powered growth (Dwivedi (2025). [3]).

9. CONCLUSION :

Generative AI stands at the frontier of a new entrepreneurial era. Its capacity to democratise innovation, lower entry barriers, accelerate ideation, and transform business models makes it one of the most powerful tools available to entrepreneurs today (Girotra et al. (2023). [11]; Cai et al. (2025). [10]). Yet, as this paper has demonstrated, its impact is neither uniform nor without risk (Otis et al. (2024). [6]).

The Harvard Business School field experiment by Otis et al. (2024) [6] serves as a sobering reminder that GenAI is not a one-size-fits-all solution. Its benefits accrue most strongly to those already well-positioned — raising the urgent imperative for policy interventions, complementary skill development, and equitable access initiatives. Ethical dilemmas around bias, intellectual property, and data privacy further complicate GenAI adoption, necessitating robust governance frameworks (Al-Kfairy et al. (2024). [15]; Große & Sundberg (2025). [16]).

The GEIM framework proposed in this paper offers entrepreneurs a structured pathway to harness GenAI strategically, collaboratively, ethically, and adaptively (Dwivedi (2025). [3]; Singh et al. (2024). [4]). As the global entrepreneurial ecosystem continues to be reshaped by GenAI, those who integrate it responsibly and thoughtfully will be best positioned to drive sustainable business growth in the years ahead.

Future research should explore sector-specific applications of the GEIM framework, longitudinal studies on GenAI's impact on startup survival rates, and cross-cultural analyses of GenAI adoption patterns in emerging versus developed entrepreneurial ecosystems (Fossen et al. (2024). [5]; Shore et al. (2024). [9]).

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