Sustainable Growth through Digitalization in Social Entrepreneurship

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ABSTRACT

Digitalization continues to redefine how social enterprises create, deliver, and sustain value in a rapidly evolving global economy. Despite this transformative potential, social enterprises in emerging economies often face barriers that limit their ability to embed digital tools effectively. This study examines how digitalization drives sustainable growth among social entrepreneurs, focusing on the practical integration of digital tools, technology-driven value creation, and strategies for overcoming implementation challenges. Using a qualitative descriptive approach supported by literature, case evidence, and documented examples from Nigeria and East Africa, the study highlights how digital platforms-such as mobile payments, social media, e-commerce, crowdfunding, cloud computing, artificial intelligence, and virtual reality-enable social enterprises to expand markets, reduce operational costs, increase resilience, and improve financial sustainability.

Despite these advantages, critical challenges persist, including digital skill gaps, infrastructure limitations, cybersecurity threats, resistance to technological change, and systemic inequalities in digital access. Findings reveal that digitalization is not optional but foundational for social entrepreneurs seeking long-term sustainability. This paper contributes a structured, policy-relevant framework that integrates digital literacy, enabling infrastructure, and ethical digital governance as pillars for sustainable social enterprise development.

Keywords: Social Entrepreneurship, Digitalization, ICT, SMEs, Innovation, Artificial Intelligence (AI), Fintech, Sustainable Development

1. INTRODUCTION

Social entrepreneurship has emerged as a transformative force in addressing complex global challenges-ranging from poverty and exclusion to environmental degradation and access to essential services. The field has grown rapidly since the early 2000s, fuelled by innovations such as microfinance, fair trade, and impact-driven business models (Boschee, 2006; Armendáriz & Morduch, 2005). Scholars now widely acknowledge that social entrepreneurship is context-dependent, mission-driven, and inherently innovative (Dacin et al., 2010). In the last decade, however, the conceptualisation of social entrepreneurship has increasingly been influenced by the digital transformation sweeping across global economic systems.

Digitalization now shapes nearly every dimension of social entrepreneurship-from ideation to execution, scaling, and long-term sustainability. The growth of digital platforms, the rise of data-driven value creation, and the ubiquity of mobile connectivity have collectively expanded the capacity of social entrepreneurs to serve communities more effectively. Recent scholarship highlights digital technologies as enablers of new hybrid organisational models that blend social purpose with technologically enhanced value delivery (Littlewood & Holt, 2021). Digital transformation frameworks increasingly suggest that social enterprises must view technology not as an operational add-on, but as a foundational component of strategy.

Moreover, international development literature now positions digital inclusion as a precondition for socioeconomic participation. According to UNCTAD's (2023) Digital Economy Report, countries with higher levels of digital readiness experience stronger SME performance, enhanced social innovation, and more inclusive labour markets. Emerging technologies such as artificial intelligence, blockchain, virtual reality, and advanced analytics are also reshaping how social enterprises conceptualise impact, manage data, deliver services, and interact with beneficiaries.

Despite this evolution, digital inequalities persist-particularly across Sub-Saharan Africa, South Asia, and rural communities globally. Challenges such as unreliable broadband connectivity, the high cost of digital tools, limited digital literacy, and uneven policy support continue to restrict the adoption of digital strategies by social entrepreneurs. Scholars argue that these disparities risk widening existing socioeconomic divides (Afolayan et al., 2021; Hinson et al., 2023).

Against this backdrop, the justification for this study becomes clear. Social enterprises in emerging economies increasingly recognise the potential of digitalization, yet many lack the capabilities, resources, and enabling environments needed to harness it effectively. Understanding how digitalization enhances sustainable growth is therefore essential not only for academic discourse but also for practical, policy-driven interventions designed to empower social entrepreneurs.
This paper expands the existing understanding of digitalization in social entrepreneurship by reorganising your original content into a formal academic structure while preserving your voice, insights, and examples. It further integrates recent literature to demonstrate how digital transformation has become a strategic imperative for social enterprises navigating complex and rapidly shifting global landscapes. the existing understanding of digitalization in social entrepreneurship by reorganising your original content into a formal academic structure while preserving your voice, insights, and examples.

1.1 STATEMENT OF THE PROBLEM

Although digitalization offers significant opportunities to enhance efficiency, scale social impact, and improve financial sustainability, many social enterprises-especially in developing contexts-struggle to adopt and fully benefit from digital tools. Limited access to digital infrastructure, insufficient technological skills, cybersecurity threats, and resistance to new systems hinder digital transformation. These barriers reduce the ability of social enterprises to compete, innovate, attract funding, and operate sustainably in a digital-first global economy.

1.2 AIM AND OBJECTIVES OF THE STUDY

Aim:
To investigate how digitalization supports sustainable growth in social entrepreneurship within emerging economies.

Objectives:
1. To identify the digital tools commonly used by social entrepreneurs in developing contexts.
2. To examine the impact of digitalization on scalability, operational efficiency, and financial sustainability.
3. To analyse the challenges hindering digital adoption in social enterprises.
4. To propose strategic, actionable solutions for improving digital readiness and long-term sustainability.
5. To review case examples demonstrating the role of digital tools in social enterprise performance.

2. LITERATURE REVIEW

Recent scholarship increasingly emphasises the role of digital transformation as both an enabler and a barrier for social entrepreneurship. The literature review below expands your original text with further depth, contemporary perspectives, and theoretical grounding.

2.1 Conceptualising Social Entrepreneurship

Traditional entrepreneurs pursue profit maximisation, while social entrepreneurs focus on creating social value-though both require sustainable business models (Bejinaru & Hapenciuc, 2016). Social entrepreneurship has evolved beyond microfinance and NGO-driven models to encompass hybrid structures that balance financial and social objectives. Scholars such as Rawhouser et al. (2019) argue that social enterprises increasingly adopt market-driven strategies to maximise social outcomes.
More recent studies highlight the rise of "digital social entrepreneurs"-individuals who use technological tools as the backbone of their social mission. Their success often depends on agility, creativity, and the ability to leverage technology to amplify social impact (Nambisan et al., 2020).

2.2 Digitalization and the Entrepreneurial Landscape

Digitalization enhances efficiency, scalability, and innovation. The World Bank (2022) emphasises that digital readiness is now a determinant of SME competitiveness and national economic resilience. Technologies such as Artificial Intelligence (AI), cloud computing, and mobile platforms enable entrepreneurs to serve broader markets with fewer financial and physical constraints.
In the context of social entrepreneurship, digitalization not only drives operational efficiency but also democratizes access to knowledge and tools. Digital platforms allow entrepreneurs to form cross-border networks, access training, gather beneficiary data, and implement digitally enabled service models.

2.3 Digital Tools for Social Entrepreneurs

Your original list is expanded here with recent scholarship:

- **Cloud computing** enables scalable business processes and remote collaboration (OECD, 2022).
- **CRM systems** provide structured beneficiary engagement and impact tracking.
- **E-commerce platforms** expand visibility and reduce overhead.
- **Mobile money** drives financial inclusion and flexible payment models.
- **Artificial Intelligence (AI)** supports predictive analysis for community needs, resource allocation, and program monitoring.
- **Virtual Reality (VR)** enhances experiential learning and empathy-driven communication.
- **Blockchain** strengthens transparency in donations, supply chains, and impact reporting (Donovan et al., 2023).

2.4 Financial Opportunities in Digitalization

Crowdfunding continues to expand social enterprise financing. A 2023 report by the Global Entrepreneurship Monitor observed that digital fundraising platforms significantly increase the likelihood of startup survival in developing countries.

Fintech solutions like Opay, Moniepoint, and M-PESA remain instrumental in creating inclusive payment ecosystems.

2.5 Digitalisation as Market Equaliser

Digital technologies continue to lower entry barriers, allowing small enterprises to connect with global markets. UNCTAD (2023) notes that countries with high levels of digital trade integration have significantly higher SME productivity.

3. METHODOLOGY

3.1 Research Design

A **qualitative descriptive design** was adopted to explore digitalization trends, tools, challenges, and their implications for social entrepreneurship. Recent methodological literature supports the use of descriptive qualitative designs for topics involving emerging social and technological phenomena, as they allow flexible interpretation of diverse data sources (Creswell & Poth, 2022; Nowell et al., 2024).

3.2 Sampling Method

Purposive sampling was used to select literature and case studies relevant to digitalization, sustainable development, and entrepreneurship in emerging economies. Emphasis was placed on sourcing materials that reflect regional contexts similar to Nigeria and Sub-Saharan Africa.

3.3 Sources of Data

Data were drawn from:

- Academic journals, books, and empirical studies (2005–2024)
- Reports on digital transformation in SMEs and social enterprises

- Documented case studies (Arid Lasting Impression, Zuridan Shoes, M-KOPA, Nigerian fintechs)
- Global digital economy statistics from UNCTAD, OECD, World Bank, and African Development Bank
- Practitioner insights from industry publications and entrepreneurship toolkits

3.4 Data Collection

Data were collected primarily through document analysis and online content review. This approach allowed examination of a wide range of secondary sources and ensured that emerging research trends (e.g., Artificial Intelligence (AI) in social innovation, digital inclusion policies) were represented.

3.5 Data Analysis

A thematic analysis procedure was used to organise the findings into major themes aligned with the study objectives. The process included familiarisation with collected materials, coding for repeated ideas, grouping codes into broader themes, and synthesising insights across literature and case evidence. This approach aligns with best practices of Braun & Clarke (2021) for qualitative thematic research.

RESULTS

Table 1. Digital Tools Used by Social Enterprises

Tool	Function	Benefit	Example
Cloud Computing	Remote collaboration	Cuts cost, boosts efficiency	Google Workspace
CRM Systems	Customer management	Tracks beneficiaries	Zuridan Shoes
E-commerce	Online sales	Expands global reach	Shopify, Etsy
Mobile Money	Flexible payments	Enables PAYG	M-KOPA, Opay
Social Media	Awareness, branding	Low-cost marketing	Arid Lasting Impression
Artificial Intelligence (AI)/ Virtual Reality (VR)	Prediction, learning	Enhances service design	Kudi, Virtual Reality (VR) training

Interpretation

These tools directly support earlier arguments: digitalization reduces entry barriers, empowers scaling, increases operational resilience, and supports long-term sustainability. Furthermore, research from 2022–2024 highlights that SMEs using digital payment and communication tools

demonstrate up to a 35% increase in operational efficiency and a 40% improvement in customer engagement (World Bank, 2023).
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Table 2. Challenges Hindering Digitalization

Challenge	Description	Impact	Evidence
Infrastructure Gap	Poor internet access	Limits adoption	Nigeria rural areas
Skills Deficit	Low digital literacy	Inefficient use	Need for training
Cybersecurity Risks	Fraud, scams	Loss of trust	Mentioned in manuscript
Resistance to Change	Fear of disruption	Slow transformation	Rogers' Diffusion theory
Cost Barriers	Expensive tools	Hinders scaling	Reliance on consultants

Table 3. Case Evidence Supporting Digital Transformation

Enterprise	Sector	Digital Tools	Impact
Arid Lasting Impression	Social welfare	Facebook, WhatsApp, Crowdfunding	Awareness + donations
Zuridan Shoes	Fashion	Shopify, Facebook Marketplace	Market expansion
M-KOPA	Energy	Solar + mobile pay	Electrification of low-income homes
Nigerian SMEs	Various	WhatsApp Business, Instagram	Resilience during COVID

Interpretation
Digital tools enhance speed, accuracy, and reach while creating sustainable organisational structures. Recent evidence shows that Artificial Intelligence (AI)-enabled decision-making systems and mobile-based service delivery models have helped social enterprises cut administrative costs by up to 30% and improve outreach to underserved communities (Hinson et al., 2023). However, without targeted investments in digital infrastructure, capability development, and cybersecurity frameworks, social entrepreneurs risk being excluded from the rapidly digitising global economy. speed, accuracy, and reach, while creating sustainable operational structures. However, without investments in infrastructure, digital skills, and cybersecurity, social entrepreneurs risk exclusion from the digital economy.

CONCLUSION

Digitalization is essential-not optional-for modern social entrepreneurship. It opens new markets, enhances sustainability, supports innovation, and strengthens resilience. Social enterprises that adopt digital tools position themselves for long-term relevance and impact.

RECOMMENDATIONS

1. Governments should expand broadband and digital infrastructure.
2. Social enterprises must invest in staff digital literacy.
3. Donors should fund digital transformation initiatives.
4. Cybersecurity frameworks must be strengthened.
5. Artificial Intelligence (AI) and data analytics should be integrated into service delivery.
6. Educational institutions should embed digital entrepreneurship training.

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