

Community-Based Digital Entrepreneurship and Youth Economic Empowerment in South African Townships

An Integrative Literature Review

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ABSTRACT

South Africa's exceptionally high youth unemployment and persistent spatial inequality have made entrepreneurship a prominent policy response. Yet the expansion of digital training has not consistently translated into sustainable township enterprises or economic empowerment. This integrative literature review examines how community-based digital entrepreneurship may convert digital access and skills into livelihoods, agency, business resilience, and employment among township youth. A structured narrative search combined peer-reviewed studies and institutional reports addressing youth employment, township economies, digital inclusion, entrepreneurial ecosystems, and empowerment. The synthesis shows that digital literacy is necessary but insufficient. Its value depends on affordable connectivity, finance, trusted mentoring, market linkages, logistics, safe operating environments, and locally embedded institutions. Community organisations can function as intermediaries that reduce information asymmetry, build entrepreneurial self-efficacy, facilitate collective purchasing and market access, and adapt support to local conditions. However, the evidence remains dominated by cross-sectional, qualitative, and programme-descriptive studies, with limited longitudinal evidence on income, enterprise survival, job creation, and agency. The review proposes an ecosystem-capability framework in which structural conditions and community infrastructure jointly enable young entrepreneurs to convert skills into business practices and multidimensional empowerment. Future research should use comparative, longitudinal, and mixed-method designs and should distinguish digital participation from economically meaningful digital use. Policy should move from stand-alone training toward place-based support packages governed with township organisations and evaluated against livelihood outcomes.

Keywords
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Introduction

South Africa presents a compelling setting for examining the relationship between entrepreneurship and community empowerment. In the second quarter of 2026, the unemployment rate among people aged 15–34 reached 47.4%, while the number of unemployed youth rose to approximately five million [1]. The burden is more severe for the youngest labour-market entrants and for young women, and it intersects with enduring racial and spatial inequalities. Townships remain physically close to major urban markets but are often disconnected from productive networks, reliable infrastructure, affordable finance, and high-value employment. This spatial paradox means that proximity to Johannesburg, Cape Town, or Durban does not automatically create economic inclusion.

Digital entrepreneurship is increasingly presented as a pathway around these constraints. Mobile communication, social media, digital payments, e-commerce, and cloud-based business tools can reduce entry costs and extend market reach. Digital technologies also make entrepreneurial processes more fluid by changing how opportunities are recognised, resources are assembled, and ventures scale [2]. Nevertheless, digital entrepreneurship is not simply conventional entrepreneurship conducted online. It operates within a digital entrepreneurial ecosystem in which platforms, users, institutions, infrastructure, and complementary services are interdependent [3]. Consequently, individual training may produce certificates or confidence without producing viable firms when surrounding systems remain weak.

An empowerment perspective sharpens this distinction. Empowerment concerns the expansion of people's capacity to make meaningful choices and transform those choices into desired outcomes [4], [5]. For township youth, therefore, success cannot be reduced to business registration or participation in a boot camp. Relevant outcomes include control over income, entrepreneurial agency, resilience to shocks, participation in local decision making, and the ability to create decent work. This review asks: (1) what barriers and enabling conditions shape community-based digital entrepreneurship among township youth; (2) through which

mechanisms can community infrastructure convert digital capability into economic empowerment; and (3) what research and policy agenda follows from the existing evidence?

Methods

The study used an integrative literature-review design suitable for combining conceptual, empirical, and policy evidence. Searches undertaken in August 2026 used combinations of the terms "South Africa," "township," "youth entrepreneurship," "digital entrepreneurship," "digital literacy," "community empowerment," "entrepreneurial ecosystem," and "SMME." Priority was given to peer-reviewed journal articles and primary institutional publications from Statistics South Africa, the Government of South Africa, the World Bank, the International Labour Organization, and entrepreneurship-support organisations. Foundational work on empowerment, self-efficacy, the digital divide, and entrepreneurial ecosystems was included to establish the analytical framework.

Sources were eligible when they addressed at least one of four domains: youth labour-market exclusion; township or informal-enterprise conditions; digital access, adoption, or skills; and community or ecosystem mechanisms supporting enterprise development. Recent South African evidence was prioritised, while older landmark sources were retained where they supplied concepts not replaced by newer research. News commentary and purely promotional material were excluded from the analytical core. The final synthesis used 30 sources and applied thematic coding to identify barriers, mechanisms, outcomes, and evidence gaps. Because the review did not search subscription databases exhaustively or conduct formal risk-of-bias scoring, it should be interpreted as a structured integrative review rather than a systematic review or meta-analysis.

Table 1. Review Scope and Analytical Contribution

Evidence domain	Sources	Contribution to synthesis
Labour-market exclusion	Stats SA; ILO [1], [6], [7]	Establishes urgency, gendered exclusion, NEET status, and limits of job absorption.
Digital entrepreneurship	Nambisan; Sussan and Acs; World Bank [2], [3], [8]	Explains platform dependence, digital affordances, infrastructure, and ecosystem complementarities.
Township enterprise	World Bank; ANDE; local studies [9]–[14]	Identifies place-specific constraints, informal practices, finance gaps, and market isolation.
Empowerment and capability	Sen; Alsop et al.; Bandura [4], [5], [15]	Connects resources and skills to agency, self-efficacy, choice, and achieved livelihood outcomes.
Policy and programmes	DCDT; DSBD; DHET [16]–[19]	Assesses the fit between digital-skills, entrepreneurship, finance, and township-development policies.

Results

A. Digital Opportunity within a Spatially Unequal Economy

The literature consistently identifies a substantial opportunity but rejects technologically deterministic assumptions. The World Bank's digital-economy assessment describes strengths in South Africa's financial and technological institutions alongside gaps in affordability, inclusion, skills, and coordination [8]. Township entrepreneurs increasingly use smartphones and social media for customer communication and marketing, yet use is often shallow: basic messaging is more common than inventory systems, analytics, integrated payments, or scalable e-commerce [10], [11]. Digital literacy research among township SMMEs similarly finds differences between awareness, willingness, confidence, and effective application [10]. Thus, connectivity and device ownership should not be treated as equivalent to productive digital participation.

The digital divide has successive layers: access, skills and patterns of use, and the benefits ultimately obtained [20]. This framework is especially relevant in townships, where data costs, electricity interruptions, device sharing, cyber-risk concerns, and limited logistics can interrupt the conversion of access into business value. Rural and township research identifies unreliable connectivity, inadequate infrastructure, financial constraints, limited skills, trust and security concerns, delivery barriers, and cultural or language mismatches [12]. These conditions create a cumulative disadvantage: entrepreneurs with the lowest reserves face the highest relative costs of experimentation and failure.

B. Interlocking Barriers to Youth Enterprise Development

Youth entrepreneurship studies repeatedly report limited capital, collateral and credit histories; weak business and financial skills; low awareness of support programmes; administrative burdens; and restricted market opportunities [13], [21], [22]. These barriers are mutually reinforcing. A young entrepreneur unable to produce reliable digital records may struggle to demonstrate cash flow to a lender; lack of finance then prevents investment in a suitable device, stock, connectivity, or delivery capacity. Inadequate infrastructure reduces productivity and narrows the potential return to training. Crime and insecurity further discourage investment in equipment and premises.

The evidence also cautions against assuming that entrepreneurship automatically produces employment. Studies of township businesses show that growth in sales or assets does not necessarily translate into employment growth [14]. Incubator research identifies shortages of suitable training, facilities and funding, as well as coordination problems among municipal and national actors [23]. Entrepreneurship promoted primarily as a response to unemployment can therefore shift labour-market risk onto young people without supplying the institutional

conditions required for sustainable enterprise. Opportunity-driven and survivalist ventures should be distinguished, as should self-employment, viable microenterprise, and growth-oriented firms.

Table 2. Synthesis of Barriers, Consequences, And Community Responses

Barrier	Likely consequence	Community-based response
Costly or unreliable connectivity and electricity	Interrupted operations; limited use of cloud, payment, and sales tools	Shared Wi-Fi, devices, power backup, and staffed digital hubs
Weak digital, financial, and managerial capability	Basic social-media use without records, analytics, or scalable processes	Practice-based training tied to an operating venture; peer troubleshooting
Limited collateral, credit history, and information	Underinvestment in stock, equipment, and market expansion	Savings groups, cooperative purchasing, transaction records, referral to blended finance
Thin networks and weak market linkages	Dependence on low-income local demand and intermediaries	Local procurement, platform onboarding, supplier links, and shared logistics
Fragmented programmes and low trust	Low uptake, duplicated services, and support poorly matched to need	Trusted local navigators, integrated case management, and participatory governance
Crime, cyber-risk, and unsafe premises	Asset loss, reluctance to digitise, and constrained operating hours	Secure hubs, cyber-hygiene support, community safety partnerships, insurance access

C. How Community Infrastructure Converts Skills into Empowerment

Community-based provision matters because it supplies relational and institutional resources that markets and centralised programmes often do not. Entrepreneurial ecosystems are not inventories of isolated support organisations; their value lies in interaction among finance, knowledge, networks, leadership, markets, and institutions [24], [25]. Township-based hubs, cooperatives, savings groups, faith organisations, youth associations, and experienced local entrepreneurs can become trusted intermediaries. They can identify participants, translate programme requirements, provide repeated assistance after formal training ends, and connect entrepreneurs to customers and suppliers.

Three mechanisms recur across the literature. First, mentoring and peer learning build entrepreneurial self-efficacy—the belief that one can organise and execute actions required to achieve a goal [15]. Self-efficacy supports persistence and experimentation but is strengthened most effectively through mastery experiences, not motivational instruction alone. Second, collective organisation reduces transaction costs. Shared equipment, purchasing, delivery, premises, and marketing allow very small firms to access resources that would be unaffordable individually. Third, embedded intermediaries reduce information asymmetry between entrepreneurs and formal institutions by helping ventures keep records, comply proportionately, and demonstrate performance to funders.

These mechanisms explain why training should be designed around live ventures and local value chains. Digital skills become economically meaningful when a food enterprise uses payments and records to manage working capital, a mechanic cooperative purchases parts collectively, or a personal-care business links social-media marketing to booking, inventory, and customer retention. Community support should not romanticise locality, however. Township markets are often saturated and income-constrained. Effective programmes must connect local embeddedness with markets beyond the township rather than merely circulating scarce purchasing power internally.

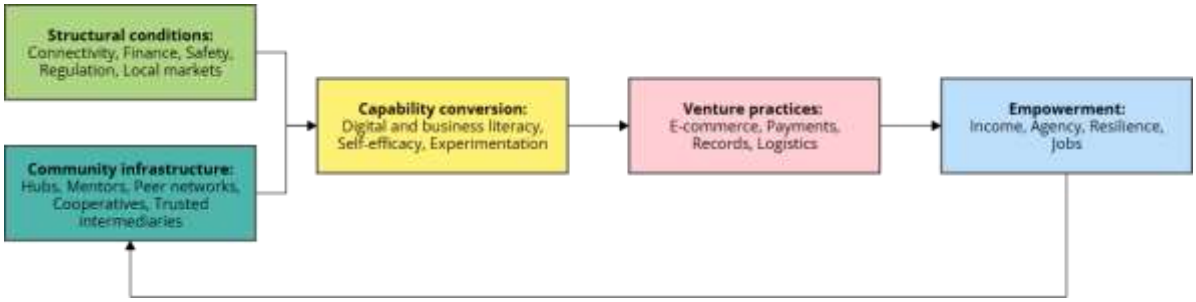


Fig. 1. Ecosystem-Capability Framework For Community-Based Digital Entrepreneurship

Discussion

The central finding is that digital entrepreneurship contributes to empowerment only through a capability-conversion process. Structural resources—connectivity, finance, safety, regulation and markets—combine with community infrastructure to shape whether young people can apply digital and business knowledge. The resulting venture practices may then generate income, agency, resilience and employment. Figure 1 also includes a feedback loop: successful ventures can strengthen local demand, networks, role models and institutional trust. Conversely, repeated programme failure can weaken trust and reproduce exclusion.

This interpretation challenges two common policy shortcuts. The first is the training fallacy: treating skill acquisition as the principal constraint while finance, infrastructure and demand remain unchanged. South Africa's National Digital and Future Skills Strategy appropriately calls for a coordinated, society-wide skills ecosystem [16], and its implementation programme links skills to decent work [17]. Yet implementation must be judged by economically meaningful use and livelihood outcomes rather than enrolment or completion. The second shortcut is the start-up fallacy: equating business formation with empowerment. Enterprise survival, earnings stability, control over working conditions, household resilience and employment quality are more consequential indicators.

Current small-business policy offers a basis for a more integrated model. The Township and Rural Entrepreneurship Programme combines financial and non-financial support, and its

2026/27 expansion increased the funding ceiling while allocating additional resources to productive assets and business infrastructure [18]. The economic-recovery skills strategy also recognises the need to connect training, workplace experience and labour-market demand [19]. The remaining challenge is coordination at the point of delivery. Community organisations should participate in needs assessment, participant selection, service design, monitoring and grievance processes. Their role should be funded and accountable rather than treated as voluntary mobilisation.

The literature has important limitations. Many studies are cross-sectional, use small purposive samples, or examine entrepreneurial intention rather than observed livelihood change. Programme reports commonly document inputs and beneficiaries but provide limited counterfactual evidence. Township contexts are also heterogeneous: Soweto's market access and infrastructure differ from those of Alexandra, Khayelitsha, or peri-urban settlements in the Eastern Cape. Gender, disability, migration status, education and household care responsibilities may change both access to programmes and the benefits obtained. Intersectional and place-comparative designs are therefore needed.

Future evaluations should combine administrative programme data with baseline and follow-up surveys, enterprise transaction records, and qualitative accounts of agency and constraint. Where feasible, phased implementation, matched comparison groups, or encouragement designs could strengthen causal inference without withholding services indefinitely. Outcomes should be measured at six, twelve and twenty-four months. Researchers should also track adverse outcomes, including indebtedness, business closure, cyber-fraud, unpaid family labour and displacement of existing local firms.

Table 3. Proposed Intervention and Research Agenda

Component	Implementation principle	Suggested indicators
Capability development	Train through live business tasks; integrate digital, financial, and managerial practice	Task proficiency; productive tool use; self-efficacy; quality of records
Community infrastructure	Fund accessible hubs and trusted navigators with clear accountability	Repeat use; referral completion; participant trust; service reach by gender and location
Finance and productive assets	Use staged or blended finance linked to records and mentoring, not collateral alone	Capital obtained; investment use; repayment stress; asset productivity
Markets and logistics	Connect local firms to procurement, platforms, suppliers, and shared delivery	Customers beyond township; sales diversity; fulfilment time; repeat purchases
Empowerment outcomes	Measure capabilities and livelihood change rather than training completion	Net income; income stability; decision agency; resilience; decent jobs created
Evaluation design	Use baseline, comparison, and 6/12/24-month follow-up with qualitative process study	Survival; additionality; distributional effects; costs; unintended harms

Conclusion

Community-based digital entrepreneurship is a promising but conditional pathway to youth economic empowerment in South African townships. Digital tools can extend markets, improve records, enable payments and support new business models, but access and training alone rarely overcome the compound effects of weak infrastructure, scarce finance, insecurity, fragmented support and constrained demand. Community institutions add value when they operate as trusted intermediaries, create repeated opportunities for practical learning, organise shared resources, and connect local ventures to external markets and formal institutions.

The appropriate policy unit is therefore not the isolated trainee or start-up, but the place-based entrepreneurial ecosystem. Programmes should integrate capability development, mentoring, productive assets, finance, market access, logistics and safety, with township organisations sharing governance and monitoring responsibilities. Research must move beyond intention and programme participation toward longitudinal evidence on income, agency, enterprise survival, resilience and decent employment. Such an approach does not treat entrepreneurship as a substitute for broader job creation. Rather, it positions locally embedded enterprise development as one component of a wider strategy for spatial and economic inclusion.

Conflict of Interest

The authors declare no conflict of interest.

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