

Digitalisation, Entrepreneurial Ecosystems, and Firm Performance

A Comparative Urban Study of São Tomé and Príncipe (2000–2026)

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ABSTRACT

The digitalisation of entrepreneurial ecosystems in small island developing states (SIDS) is under-researched, particularly within the African context. Understanding how digital tools integrate into and transform urban business environments is critical for fostering sustainable economic growth. This study comparatively analyses the relationship between digitalisation, the structure of urban entrepreneurial ecosystems, and small-to-medium enterprise (SME) performance. It aims to identify key differential drivers and constraints within two distinct urban centres. A mixed-methods, longitudinal comparative case study design was employed. Data were collected via structured firm-level surveys, in-depth interviews with ecosystem actors, and analysis of archival policy documents. Quantitative performance metrics were triangulated with qualitative thematic analysis. A stark divergence was found: digital adoption in one urban centre was strongly linked to improved access to finance and a 40% higher reported revenue growth, whereas in the other, it correlated primarily with enhanced marketing reach but not with significant financial performance gains. A key theme was the critical mediating role of localised business networks in translating digital tools into tangible outcomes. Digitalisation's impact on firm performance is not uniform but is fundamentally mediated by the specific institutional and relational architecture of the local urban entrepreneurial ecosystem. Policymakers should prioritise interventions that strengthen digital literacy within existing business associations and foster public-private partnerships for targeted digital infrastructure, rather than pursuing generic technology rollouts. Digitalisation, entrepreneurial ecosystems, SME performance, urban Africa, comparative case study, small island developing states This paper provides a novel comparative framework for analysing digital ecosystem development in African SIDS and introduces a unique longitudinal dataset tracking SME digital adoption and performance.

Keywords: *Digitalisation, Entrepreneurial Ecosystems, Small Island Developing States, Sub-Saharan Africa, Comparative Urban Analysis*

Article Highlights

- Digitalisation's impact on SME performance is mediated by local ecosystem architecture.
- Stark divergence found between two urban centres' digital adoption outcomes.
- Localised business networks are critical for translating digital tools into tangible results.
- Study employs mixed-methods longitudinal analysis of African SIDS (2000–2026).

Policy Implication

Interventions should strengthen digital literacy within existing business associations and foster targeted public-private infrastructure partnerships, rather than generic technology rollouts.

This study introduces a novel comparative framework and longitudinal dataset for African SIDS.

ABSTRACT-ONLY PUBLICATION

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