

Social Purpose Organizations and Digitalization: Towards an Inclusive and Sustainable Transformation

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Organisationen, die soziale und/oder ökologische Ziele verfolgen, sind anders als Unternehmen. Anstatt auf Gewinnmaximierung zu setzen, verfolgen sie mehrere soziale, ökologische und wirtschaftliche Ziele gleichzeitig. Sie bündeln lokale, unzureichend genutzte Ressourcen und schaffen öffentliche Güter für die Gesellschaft, anstatt sich auf private Gewinne zu konzentrieren. Aus diesem Grund, so schlagen wir vor, stehen sie bei der digitalen Transformation vor besonderen Herausforderungen und Chancen.

The digital transformation influences the role of organizations pursuing social goals in society and fundamentally changes how they organize and reach their objectives. Miriam Wolf and Alexandra Ioan suggest that organizations pursuing social goals can, and already do take, a key role in shaping an inclusive and sustainable digital transformation.

Digital transformation has long been identified as critical for the development and success of organizations. [While much research is concerned with the role of profit-oriented organizations in this process](#), less is known about how the digital transformation affects organizations primarily pursuing social and/or environmental goals. This type of social purpose organizations (SPOs) includes for instance civil society organizations, social enterprises and nonprofit organizations. Most perspectives aiming to understand how this type of organizations are affected by the digital transformation take an instrumental approach, [proposing that digitalisation refers to the use of technical tools, in particular for communication and administration](#). Digital transformation, in this context, is portrayed as a process that lies outside the influence

of SPOs and that they struggle to adapt to. But while SPOs [can certainly benefit from using digital tools](#), the digital transformation may alter their role in society and fundamentally change how they organize and reach their goals. In this article we share some thoughts on digital transformation and SPOs: their role in society, the way they mobilize resources and the way they innovate. We propose that rather than being passive technology adopters, SPOs can (and already do) take a leading role in actively shaping an inclusive and sustainable digital transformation.

The role of organizations pursuing social goals in society

SPOs have long addressed the deficiencies market and policy create or leave untackled. Profit-oriented organizations are unlikely to ensure the provision of public goods if they are not marketable and policy tends to cater to interests and needs of voter majorities. Conversely, SPO target societal groups that remain outside the reach of both commercial markets and mainstream politics or groups impacted by unintended consequences of the activities of these two sectors. In the context of digital transformation, a variety of such gaps arise across various social groups: the [digital divide](#), [carbon emissions](#), [electronic waste](#), [issues of privacy](#), and [security](#) are only some of them.

[Tackling persistent, complex and dynamic social problems is at the heart of the work SPOs do](#). They have a deep understanding of their target groups and the socio-cultural, economic and political settings that underpin the problems they face. The digital transformation adds yet another level of complexity to social problems altering the face of existing problems and creating new ones. [Digital inequality](#), for instance, adds to traditional axes of inequality such as race, class, and gender – further cementing the problem in a new domain. For instance in Germany, digital transformation is at the forefront of public discussion: four out of five people use the internet regularly, but at the same time, there are also 12 million so-called “[offliners](#)”- mostly elderly people and people with lower levels of education who are unable or unwilling to make use of digital opportunities. As social participation and digital participation increasingly

merge, this creates new risks of societal exclusion and inequality. Welfare organizations like [Caritas](#) create new programs, services and products to support those groups in gaining access to digital opportunities and control over digital risks. And while internet penetration across the world increases, [hopes that access to technology would lead to a more equal distribution of wealth have turned out to be wrong.](#)

Digital transformation thus makes SPOs become key actors in carving out spaces where digital transformation can contribute to the creation of social value and in understanding the unintended consequences of this process. Being close to those who are likely to not benefit from mainstream markets and politics, they open up spaces for conversation and innovation about what could be a sustainable and inclusive digital transformation.

Mobilization of Resources

Digital transformation is also a potential game changer when it comes to the way SPOs mobilize resources. They [usually marshal underused existing resources and make do with limited, locally available resources.](#) While states are cutting public funding and SPOs are increasingly competing for donations and support, new forms of organizing like online platforms provide new opportunities for participation, collaboration and communication. They allow SPOs to access and reassemble diverse sets of resources from geographically distant places and diverse stakeholder groups. For instance, organizations can more easily collect feedback from beneficiaries, advocate for social problems, gain support from volunteers, and mobilize financial resources and donations at low transaction costs. Platforms allow SPOs to mobilize a variety of resources – not only financial ones: for instance, [betterplace.org](#) provides opportunities for SPOs to mobilize donors and volunteers, [youvo.org](#) brings together creatives and SPOs to bundle resources for communication and marketing, and [wefugeesbundles](#) questions and answers for refugee topics. [Change.org](#) provides space to start online campaigns, mobilize supporters, and works with decision makers to drive solutions.

With this, the digital transformation bears much potential to strengthen and empower

the third sector, giving a stronger voice in pointing out local problems and mobilizing solutions and resources that are not necessarily bound to a particular place.

Social Innovation

When it comes to digitalization and SPOs, many studies look into [IT strategies](#) and how administrative processes are influenced by this phenomenon. However, much more significant on a societal level is the potential digital transformation holds when it comes to [social innovation](#) – the development of new or significantly improved goods, services, processes to tackle societal challenges. We thus see SPOs innovating by employing digital tools to change social processes and dynamics, but also by developing their own technology to tackle the issues they work on.

Technology may support SPOs in scaling the programs they already offer, providing easier or broader access to them. SPOs may use technologies to improve their advocacy efforts, to empower their beneficiaries and give them a stronger voice. For instance, the [Amazon Conservation Team](#) is partnering with local governments to train indigenous groups in GPS and Internet use, enabling them to map and catalogue forests and prevent illegal incursions on their land. SPOs have long engaged in co-production processes with their target groups, providing intangible products and services that emerge through interaction between service provider and service recipient, that empower target groups and provide systemic solutions.

Engaging with the digital transformation beyond the adoption of software and tools is likely to bring innovative ideas and solutions beyond those developed in the for-profit sector. Thus, rather than adapting off the shelf solutions, the social sector may increasingly develop its own, creative and proactive approach to digital transformation. For example, [GNUnet](#) is developing more secure and decentralized internet protocols with the purpose of maintaining privacy online. By engaging with a multitude of stakeholders, they also work on free code libraries and programming tools that can reshape the way we behave online.

So what?

As societies transition to an increasingly digitalized world, we need to closely consider all the facets of this significant global change. In the social sector the conversation needs to advance from evaluating and mitigating the effects that the digital transformation has on work and administrative practices. We can look deeper into how social purpose organizations leverage this transformation and actively influence it through their focus on social innovation, serving marginalized social groups, and reorganizing and redistributing resources in the process.