

DIGITAL ENTREPRENEURIAL SKILLS AND PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES (SMES) IN ANAMBRA STATE, NIGERIA

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ABSTRACT

This study examined the effect of digital entrepreneurial skills on the performance of small and medium-scale enterprises (SMEs) in Anambra State, Nigeria, with particular focus on knowledge management and technological innovation as key dimensions. A descriptive survey design was adopted, and data were collected from 298 SME owners and managers using a structured questionnaire. The data were analyzed using simple linear regression at a 5% level of significance with SPSS version 20. The findings revealed that knowledge management has a positive and significant effect on SMEs' competitive advantage ($B = 0.752$, $t = 3.255$, $p = 0.002$), while technological innovation also exerts a positive and significant influence on SME performance ($B = 0.763$, $t = 3.686$, $p < 0.001$). The results suggest that effective knowledge management practices and the adoption of innovative technologies enhance operational efficiency, adaptability, and long-term sustainability of SMEs. The study concludes that strengthening digital entrepreneurial skills is essential for improving SME performance and competitiveness in a dynamic business environment. It recommends that SME operators invest in structured knowledge management systems and integrate emerging technologies into their operations to sustain growth and competitive advantage.

Key words: Digital entrepreneurial skills, Knowledge management, Technological innovation, SME performance, Competitive advantage, Nigeria.

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INTRODUCTION

Rapid technological advancement has made digital entrepreneurial skills essential for business success (Mukulu & Marima, 2017). Digital entrepreneurship involves the strategic use of emerging technologies to enhance organizational processes, develop innovative business models, and improve stakeholder engagement (Ngoka, 2017). Entrepreneurs with strong digital competencies can leverage technology to create new products and services, evaluate performance, and expand market reach (Oluwayemi & Olaniyan, 2021). Such skills also promote innovation, efficiency, and productivity (Chimezie, 2023). Entrepreneurial performance depends largely on continuous innovation, technological adoption, and effective operations (Fashgba & Adeiza, 2020). Digital technologies enhance performance management through improved goal setting, measurement, and decision-making (Ugwu et al., 2019; Okafor et al., 2017). Firms that integrate technological innovations are better positioned for sustained growth and competitiveness (Edward & Maria, 2020). In Anambra State, SMEs

contribute significantly to economic development but face constraints such as limited access to technology, inadequate funding, and weak competitive intelligence (Oluwayemi & Olaniyan, 2021).

Statement of the problem

Nigeria's dynamic business environment, driven by rapid technological change, presents both opportunities and challenges for SMEs. Despite the recognized importance of digital entrepreneurial skills, many SMEs in Anambra State struggle to effectively integrate these competencies into their operations. Specifically, SMEs face challenges in knowledge management, including difficulties in acquiring, sharing, and applying business information for strategic decision-making. This limits their responsiveness to market changes and weakens their competitive advantage. Additionally, low adoption of technological innovation constrains improvements in product development, service delivery, and operational efficiency, resulting in reduced competitiveness and unstable performance. Although digital entrepreneurship is widely acknowledged as a driver of SME performance, empirical evidence on how digital entrepreneurial skills particularly knowledge management and technological innovation affect the competitive advantage of SMEs in Anambra State is scarce. This study addresses this gap by examining the effect of digital entrepreneurial skills on SME performance in the state.

Objectives

The main objective of this study is to examine the effect of Digital Entrepreneurial Skills on Performance of Small and Medium Scale Enterprises (SMEs) in Anambra State, Nigeria.

The specific objectives include;

1. To determine the effect of knowledge management on the competitive advantage of Small and Medium Scale Enterprises (SMEs) in Anambra State, Nigeria.
2. To ascertain the effect of technological innovation on the competitive advantage of Small and Medium Scale Enterprises (SMEs) in Anambra State, Nigeria

Research Questions

The following research questions were raised in line with the objectives:

1. To what extent does knowledge management affect the competitive advantage of small and medium scale enterprises (SMEs) in Anambra State, Nigeria?

2. What is the effect of technological innovation on the competitive advantage of small and medium scale enterprises (SMEs) in Anambra State, Nigeria?

LITERATURE REVIEW

Entrepreneurship

Jacob and Neuhäuser (2018) view entrepreneurship as the act of being an entrepreneur which involve the process of generating ideas and venturing into business risks created by dynamic environment and making the best of opportunities for profit purposes. Entrepreneurship enables one to be innovative, creative and take business risks to become a successful entrepreneur (Fashgba & Adeiza 2020). An entrepreneur is one who is creative, resourceful, innovative, skillful, and ventures into business risks to become successful. The entrepreneur is an initiator and wealth creator. Oba (2018) advocates that there was growing scientific evidence that entrepreneurship development is capable of stimulating employment, productivity and economic growth in terms of establishment of small and medium enterprises. Entrepreneurship plays a significant role in the growth and development of any contemporary economy. Jacob and Neuhäuser (2018) asserts that entrepreneurship is seen as the engine of economic growth and a driving force of decentralization, economic restructuring and movement in the direction of market economy.

Digital Entrepreneurship

Digital entrepreneurship involves creating, developing, and managing business ventures that leverage digital technologies to deliver products or services, reach customers, and enhance operations (Ngoka, 2017). It integrates entrepreneurial skills with digital capabilities such as e-commerce, digital marketing, data analytics, and cloud-based operations, enabling SMEs to overcome resource constraints, access new markets, and build sustainable competitive advantage (Oba, 2018). Digital entrepreneurial skills also allow entrepreneurs to find, evaluate, utilize, share, and create content using ICT and the internet anytime and anywhere to promote their products and services (Campino et al, 2021). Consequently, digital entrepreneurship requires a combination of technical and business knowledge; a dual mastery that is complex and not easily acquired.

Knowledge Management

Knowledge management involves the creation, storage, sharing, and utilization of knowledge within an organization or community of practice, managing the flow of knowledge to enhance performance (Quintex & Emem, 2018). Effective knowledge management treats knowledge as a key organizational asset, integrates it into human capital, and establishes rules and values to support knowledge production and sharing (Mensah & Jacobs, 2021). By employing and developing knowledge assets, organizations can achieve strategic goals and influence employee attitudes. Additionally, digital tools and methods have emerged from best practices in knowledge management, improving the efficiency and effectiveness of acquiring, storing, using, and disseminating knowledge (Ozor & Ndianaekwu, 2019).

Technological innovation

Technological innovation is a unified process involving technology, organizational practices, business strategies, and finance, through which new products, production methods, markets, and business models are developed (Edward & Maria, 2020). It encompasses activities such as applying new technologies, improving production quality, adopting innovative management strategies, and exploring new markets (Sounders & Moares, 2020). For SMEs, technological innovation enables more efficient operations, responsiveness to market changes, and the delivery of unique products or services that differentiate them from competitors. It includes automation, digital tools, information systems, and process improvements to create value and solve business challenges. Embracing technological innovation enhances competitiveness, productivity, customer engagement, and market share, ultimately strengthening SMEs' competitive advantage and supporting sustainable growth (Okorie et al., 2022).

Small and Medium Scale Enterprises (SMEs)

Small and medium-scale enterprises (SMEs) are independently owned and managed businesses with relatively limited workforce and capital compared to large firms, and they are widely regarded as the backbone of the economy due to their role in employment generation, wealth creation, and innovation, particularly in developing countries. The classification of SMEs varies across countries and is often based on employment size, capital investment, or turnover; in Nigeria, small enterprises employ 10–49 persons while medium enterprises employ 50–199 persons, as defined by the National Policy on Micro, Small, and Medium Enterprises (2021–2025) (Lawal & Ijaiya, 2020). SMEs operate across key sectors such as

commerce, manufacturing, services, agriculture, and construction, contributing significantly to entrepreneurship and economic diversification (Aigboduwa & Oisamoje, 2021). However, persistent challenges such as limited access to finance, weak managerial capacity, and difficulty in adopting new technologies underscore the need for digital entrepreneurial skills—particularly knowledge management and technological innovation—to enhance SMEs' competitiveness and sustainability.

Competitive Advantage

Salman and Pansari (2016) define competitive advantage as the capabilities and expertise that make an organization distinct from others in the same sector, depending on its ability to use resources efficiently, deliver high-quality products, and implement innovative methods effectively. Similarly, Avnade (2018) emphasizes that competitive advantage arises from the value an organization creates for its customers, which may take the form of lower prices relative to competitors without compromising benefits, or through offering unique products that justify a higher price. Several scholars highlight the strategic importance of competitive advantage. Yale et al (2018) note that it has an internal dimension, rooted in an organization's knowledge of its capabilities and the effective investment in them. Festus (2016) adds that competitive advantage is a critical strategic element, providing organizations with opportunities to achieve sustained profitability relative to competitors. Okafor et al (2017) further argue that competitive advantage drives organizations to develop and strengthen their resources, fostering continuous innovation and development to maintain and enhance this advantage.

Theoretical Framework

This study is anchored on the Resource-Based View (RBV) proposed by Barney (1991), which posits that sustained competitive advantage arises from resources that are valuable, rare, inimitable, and non-substitutable. The theory emphasizes that firms differ in performance because they possess unique combinations of internal resources, such as assets, capabilities, and competencies, which can be strategically exploited for superior performance. In entrepreneurship, RBV highlights the importance of effectively acquiring, managing, and deploying key resources including financial, human, and informational resources to transform ideas into successful ventures. For SMEs, the theory implies that sustainable growth and competitive advantage depend on the strategic utilization of internal resources to enhance performance and capabilities.

Empirical Review

Harrick and Peterson (2023) examined the effect of digital Entrepreneurship skills on organizational efficiency in selected food and beverage firms in Glasgow Scotland. Sample size of 415 respondents were drawn from a population of 844. Data analysis was conducted using Spearman's Rank Order Correlation. Findings showed that digital Entrepreneurship skills have a positive influence on organizational efficiency in selected food and beverage firms in Glasgow, Scotland.

Chimezie and Solomon (2023) examined the impact of Entrepreneurship on sustainability of FMCGs in Lagos state, Nigeria. The study made use of a sample size of 250 drawn from a population of 825. Data was analysed using multiple regression analysis. Findings revealed that Entrepreneurship has positive impact of the on sustainability of FMCGs in Lagos state, Nigeria.

Sounders and Moares (2023) investigated the relationship between innovation through technology and business survival of small and medium enterprises in Katowice, Poland. Sample size of 331 was established from a population of 945 SMEs. Pearson's product moment correlation coefficient was used to analyze data. Findings revealed that there existed positive significant relationship between innovation through technology and business survival of SMEs in Katowice, Poland.

Ushie, Agba and Okorie (2022) examined the effect of technological innovation on firm's performance in agro-based industries in Cross River State, Nigeria. The study made use of a sample size of 430 drawn from a population of 1194. The hypotheses of the study was tested using Pearson Product moment correlation analysis. Findings show that the pattern of relationship between the variables investigated shows that the contributions of each factor of technological innovation significantly correlate with firm's competitive advantage.

Olagbenga (2022) examined the dynamics of digital Entrepreneurship and productivity in African Textile Manufacturers Limited, Kano State, Nigeria. The study made use of a sample size of 244 derived from a population of 510. The research hypotheses was tested using Pearson Product Moment Correlation. The result show that there is significant positive relationship between digital Entrepreneurship and productivity in African Textile Manufacturers Limited, Kano State, Nigeria.

METHODOLOGY

This study adopted the descriptive survey research design. The choice of this design is considered appropriate because it allows for the systematic collection of quantitative data from a large population in order to describe existing conditions and examine relationships among variables without manipulating them. Specifically, the descriptive survey design enabled the researcher to obtain firsthand information from owners and managers of small and medium scale enterprises (SMEs) through the use of a structured questionnaire. This approach is suitable for assessing the extent to which digital entrepreneurial skills influence the performance of SMEs in Anambra State, Nigeria. The use of this design ensured that data collected were reliable, generalizable, and relevant for drawing meaningful conclusions.

This study is conducted in Anambra State, located in the South-East geopolitical zone of Nigeria. Anambra State is widely recognized as one of the most commercially active states in the region, with a strong presence of small and medium scale enterprises (SMEs) engaged in trade, manufacturing, and services. The state's vibrant entrepreneurial environment makes it a suitable setting for examining digital entrepreneurial skills and SME performance. The study specifically focuses on three major commercial and industrial zones within the state: Awka, Onitsha, and Nnewi. Awka, the state capital, hosts a growing number of service-oriented and administrative-based SMEs. Onitsha is known for its large-scale commercial activities and is home to one of the biggest markets in West Africa, making it a major center for trading enterprises. Nnewi, on the other hand, is renowned for its industrial base and manufacturing clusters, particularly in automobile parts and related industries. The data were sourced from primary and secondary sources. The primary source of data was first-hand responses obtained directly from the target respondents through questionnaire. The secondary data was obtained from existing literature in the field of study such as: journals, articles, text books and online academic materials, which were used to build up the empirical review of the study.

The population of the study comprised owners, managers, and operators of small and medium enterprises (SMEs) located within Awka, Onitsha, and Nnewi industrial and commercial zones of Anambra State. According to the National Bureau of Statistics (NBS) and SMEDAN Collaborative Survey (2022), the total number of SMEs in these zones is 1,737, distributed as follows: Awka Zone (548), Onitsha Zone (650), and Nnewi Zone (539). For the purpose of data collection, SMEs were drawn from major markets within these zones, including Eke Awka Main Market (Awka Zone), Onitsha Main Market (Onitsha Zone), and Nkwo Nnewi Market (Nnewi Zone). These markets were selected because they serve as key commercial

hubs within their respective zones, accommodating a high concentration and wide variety of SME activities. Their selection enhances the representativeness of the sample while also ensuring ease of access for effective data collection. The sample size was obtained through Taro Yamane's formula which is given as;

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- n = Sample size to be determined
- N = The entire population of interest
- e = Error margin (0.05)
- 1 = Constant (unity)

Substituting the values in the above formula, we have:

$$n = \frac{1737}{1 + 1737(0.05)^2}$$

$$= 325.1$$

$n = 325$ (Nearest whole number)

Thus, 325 is the sample size for the study.

The study made use of Bowley's Proportion method to calculate the distribution of the questionnaire using the formula below:

$$nh = \frac{n \times Nh}{N}$$

N= Sample Size

nh= Number of questionnaire to be administered.

N= Total Population of Study

Nh= Total Population in each category

Thus:

Distribution for Awka Zone

$$n = \frac{548 \times 325}{1737} = 103$$

Distribution for Onitsha Zone

$$n = \frac{650 \times 325}{1737} = 121$$

Distribution for Nnewi Zone

$$n = \frac{539 \times 325}{1737} = 101$$

Data for this study were collected using a structured questionnaire designed on a modified five-point Likert scale, comprising Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). The questionnaire was administered to managers of small and medium scale enterprises (SMEs). The instrument was developed in line with the study variables; digital entrepreneurial skills and performance of SMEs in Anambra State, as reflected in the research objectives. The researcher, with the assistance of trained research assistants, administered the questionnaire directly to the selected respondents to ensure a high response rate and proper understanding of the items. To certify the requirements of content and face validity and guarantee the legitimacy of the survey, the questionnaire along with the objectives and research questions was given to two specialists and experts in the field of research at Faculty of Management Sciences, Nnamdi Azikiwe University, Awka. The experts validated the instrument, ensuring that the item statement addressed the research purpose, objectives, research question and hypotheses. They also validated the language adequacy to ensure that the items were free from ambiguity and that the instrument is valid for the study. The reliability of the research instrument was established using the Cronbach's Alpha coefficient to determine the internal consistency of the questionnaire items. A pilot test was conducted using 30 SME operators drawn from Ekwulobia, a notable commercial hub in Anambra State, which was not included in the main study area. The data obtained from the pilot test were analyzed using Cronbach's Alpha, which yielded a reliability coefficient of 0.82. This value indicates a high level of internal consistency, as it exceeds the acceptable threshold of 0.70 recommended for social science research. Therefore, the instrument was considered reliable and suitable for the study.

The data collected for this study were presented using tables to enhance clarity, accuracy, and ease of interpretation. Descriptive statistics were employed to summarize respondents' demographic characteristics, while inferential statistics were used to test the study hypotheses. Specifically, model summary tables, ANOVA tables, and regression coefficient tables were used to assess the strength of relationships, evaluate model fitness, and determine the effect of the independent variable, digital entrepreneurial skills on the dependent variable, SME performance. The tabular presentation of results facilitated clear comparisons and supported objective interpretation in line with the study objectives. This approach ensured that findings were both systematic and easy to comprehend.

DATA PRESENTATION AND ANALYSIS

Table 1: Questionnaire Distribution Schedule

SME Zone	Questionnaire Distributed	Questionnaire Obtained	Questionnaire Analyzed
Awka	103	100	98
Onitsha	121	115	110
Nnewi	101	93	90
Total	325 (100%)	308 (95%)	298 (92%)

Source: Field Survey, 2026

Table 1 shows the questionnaire distribution schedule. A total number of 325 copies of the questionnaire were distributed. However, 308 copies were retrieved while 10 copies of the questionnaire were invalid and could not be used for analysis, bringing the total number of questionnaires analyzed to 298 making it 92% of the distributed copies.

Table 2: Distribution of responses for knowledge management and competitive advantage

S/N	Knowledge Management	SA (5)	A (4)	UN (3)	D (2)	SD (1)	Mean
1	Pressure for results in a short period of time hinders proper knowledge implementation in someone's startup.	45	40	-	83	130	2.28
2	Lack of resources for startups to embark on the knowledge acquired hinders performance.	69	87	-	70	72	3.03
3	Businesses carry out knowledge sharing among recruits to foster growth of enterprise.	93	72	5	78	50	3.26
	Competitive Advantage						
4.	My organization provides better products and services than its competitors.	35	49	52	93	69	2.62
5.	My organization is strategically proactive and seeks new opportunities in the environment.	40	81	15	97	65	2.77
6.	My organization has competent workforce that are committed to achieving its goals	93	82	15	58	50	3.36

Source: Field Survey, 2026

Table 2 indicates the distribution of responses for knowledge management and competitive advantage of SMEs in Anambra State, Nigeria. The analysis of the questionnaire items were based on the mean scores of the responses, the mean scores that are 3.0 and above were

considered agreed and accepted whereas the means scores below 3.0 were considered disagreed and rejected. Questionnaire items 2, 3 and 6, showed positive mean values of 3.03, 3.26, and 3.36, respectively which were accepted while questionnaire items 1, 4 and 5 had values of 2.28, 2.62 and 2.77 respectively, which were below the accepted mean value of 3.0 and were thus rejected.

Hypothesis One

H₀: knowledge management has no effect on the competitive advantage of Small and Medium Enterprises in Anambra State.

Table 3: Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.971 ^a	.935	.920	1.894

a. Predictors: (Constant), SI

Source: Field Survey, 2026

Where: KM: Knowledge Management.

Model Summary

Table 3 presents the model summary of the regression analysis conducted to examine the effect of knowledge management on competitive advantage. The R value of 0.971 indicates a strong positive relationship between knowledge management and competitive advantage. The R-square value of 0.935 shows that 93.5% of the variation in competitive advantage is explained by knowledge management, while the adjusted R-square value of 0.920 indicates that approximately 92% of the change in competitive advantage is accounted for by knowledge management after adjusting for degrees of freedom. This suggests that the model has a strong explanatory power.

Table 4: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14565.085	1	12565.025	3682.279	.000 ^b
	Residual	1244.556	296	3.582		
	Total	15809.641	297			

a. Dependent Variable: CA

b. Predictors: (Constant), KM

Source: Field Survey, 2026

Where: CA: Competitive Advantage; KM: Knowledge Management

Table 4 presents the ANOVA result for hypothesis two. The F-statistic value of 3682.279 with a corresponding p-value of 0.000 ($p \leq 0.05$) indicates that the regression model is statistically significant. This result implies that knowledge management significantly explains variations in the competitive advantage of SMEs in Anambra State. Consequently, the null hypothesis is rejected, while the alternative hypothesis is accepted.

Table 5: Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.829	.521		1.591	.020
	Knowledge Management	.752	.231	.415	3.255	.002
a. Dependent Variable: Competitive Advantage						

Source: Field Survey, 2026

Table 5 shows the regression coefficient results for hypothesis one. The unstandardized coefficient for knowledge management is 0.752, with a constant value of 0.829. The t-value for knowledge management is 3.255, and the associated p-value is 0.002, which is less than the 5% level of significance ($p \leq 0.05$). This result indicates that knowledge management has a statistically significant and positive effect on the competitive advantage of SMEs in Anambra State

Model Regression equation

The regression model is specified as:

$$CA = a_0 + a_1KM + \varepsilon$$

Where:

CA = Competitive Advantage

KM = Knowledge Management

a_0 = Constant term

a_1 = Regression coefficient

ε = Error term

Substituting the estimated coefficients from Table 4.6, the regression equation becomes:

$$CA = 0.829 + 0.752KM$$

This implies that a one-unit increase in knowledge management results in a 0.752-unit increase in the competitive advantage of SMEs in Anambra State, holding other factors constant. The finding confirms that knowledge management positively influences the competitive advantage of SMEs in Anambra State.

Decision Rule: Since the p-values obtained from both the ANOVA test ($p = 0.000$) and the regression coefficient ($p = 0.002$) are less than the 5% level of significance ($p \leq 0.05$), the null hypothesis is rejected. Therefore, it is concluded that knowledge management has a significant positive effect on the competitive advantage of Small and Medium Enterprises in Anambra State.

Table 6: Responses for Technological innovation and competitive Advantage

S/ N	Technological Innovation	SA 5	A 4	U 3	D 2	SD 1	Mean
1.	My organization seeks out and support new ideas and skills.	92	56	7	56	87	2.65
2.	My organization employs Information, Telecommunication and Communication services in its operations.	57	65	4	93	79	2.71
3.	The employees are encouraged to create new ideas and methods.	76	92	-	67	63	3.17
	Competitive Advantage						
4.	My organization need to listen to customers to know how to meet their demands.	10 9	74	4	62	49	3.44
5.	Steady interaction by my organization and customers on products and services can enhance the performance of the organization.	62	61	7	103	65	2.5
6.	The management of my organization need to carry out proper feedback activities to know the areas their customers want improvement on.	75	12 2	-	63	38	3.44

Source: Field Survey, 2026

Table 6 highlights the distribution of responses for technological innovation and competitive Advantage of SMEs in Anambra State, Nigeria. The analysis of the questionnaire items were based on the mean scores of the responses, the mean scores that are 3.0 and above were accepted whereas the mean scores below 3.0 were considered disagreed and rejected. Questionnaire items 3,4,6, showed positive mean values of 3.17, 3.46, 3.44, 3.44 and 3.83

respectively which were accepted while questionnaire items 1,2 and 5 had values of 2.65, 2.71 and 2.5 respectively, which were below the accepted mean value of 3.0 and were thus rejected.

Hypothesis Two

H₀: Technological innovation has no significant effect on competitive Advantage of Small and Medium Enterprises in Anambra State.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981 ^a	.956	.931	1.548

a. Predictors: (Constant), Technological Innovation

b. Dependent Variable: Competitive Advantage

Source: Field Survey, 2026

Table 7 presents the regression model summary for hypothesis two. The R value of 0.981 indicates a strong positive relationship between technological innovation and competitive advantage. The R-square value of 0.956 shows that 95.6% of the variation in competitive advantage is explained by technological innovation, while the adjusted R-square value of 0.931 indicates that approximately 93.1% of the changes in competitive advantage are accounted for by technological innovation after adjusting for degrees of freedom. This suggests that the model has a very high explanatory power.

Table 8: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11181.521	1	10781.511	4734.571	.000 ^b
	Residual	689.179	296	2.382		
	Total	11870.7	297			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Technological Innovation

Source: Field Survey, 2026.

Table 8 presents the ANOVA result for hypothesis two. The F-statistic value of 4734.571 with a corresponding p-value of 0.000 ($p \leq 0.05$) indicates that the regression model is statistically significant. This result confirms that technological innovation significantly explains variations in the competitive advantage of SMEs in Anambra State. Consequently, the null hypothesis is rejected, while the alternative hypothesis is accepted.

Table 9: Regression Analysis Coefficients

Table 9: Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.829	.521		1.591	.020
	Technological Innovation	.763	.207	.547	3.686	.000
a. Dependent Variable: Competitive Advantage						

Source: Field Survey, 2026

Table 9 shows the regression coefficient results for hypothesis two. The unstandardized coefficient for technological innovation is 0.763 with a constant value of 0.829. The t-value of 3.686 and the associated p-value of 0.000 indicate that technological innovation has a statistically significant and positive effect on the competitive advantage of SMEs in Anambra State at the 5% level of significance ($p \leq 0.05$).

Model Regression equation

The regression model is expressed as:

$$CA = a_0 + a_1TI + \varepsilon$$

Where:

CA	=	Competitive	Advantage
TI	=	Technological	Innovation
a_0	=	Constant	term
a_1	=	Regression	coefficient

ε = Error term

Substituting the estimated coefficients from Table 4.6, the regression equation becomes:

$$CA = 0.829 + 0.763TI$$

This implies that a one-unit increase in technological innovation leads to a 0.763-unit increase in the competitive advantage of SMEs in Anambra State, holding other factors constant. The result confirms that technological innovation positively and significantly enhances the competitive advantage of SMEs in Anambra State.

Decision Rule: Since the p-values obtained from both the ANOVA test ($p = 0.000$) and the regression coefficient ($p = 0.000$) are less than the 5% level of significance ($p \leq 0.05$), the null hypothesis is rejected. Therefore, it is concluded that technological innovation has a significant positive effect on the competitive advantage of Small and Medium Enterprises in Anambra State.

Discussion of Findings

This study examined the effect of digital entrepreneurial skills on the performance of small and medium-scale enterprises (SMEs) in Anambra State, Nigeria, using simple linear regression at a 5% level of significance. The findings revealed that knowledge management has a significant positive effect on the competitive advantage of SMEs, indicating that firms that effectively manage and apply knowledge are better positioned to gain and sustain competitive advantage in a dynamic business environment. This result is consistent with earlier studies (Harrick and Peterson, 2023; Olagbenga, 2022), which established that effective knowledge management enhances organizational performance, productivity, and learning.

Similarly, the study found that technological innovation has a significant positive effect on the competitive advantage of SMEs in Anambra State. This suggests that increased adoption of technological innovations enhances operational efficiency, adaptability, and customer responsiveness, thereby strengthening SMEs' sustainability and competitiveness. This finding aligns with prior empirical evidence by Ushie, Agba, & Okorie (2022), which emphasized technological innovation as a critical driver of competitive advantage and long-term business success.

CONCLUSION AND RECOMMENDATIONS

This study concludes that digital entrepreneurial skills specifically knowledge management and technological innovation have a significant positive effect on the competitive advantage of Small and Medium Enterprises (SMEs) in Anambra State, Nigeria. Effective knowledge management enables SMEs to leverage organizational knowledge for improved decision-

making, efficiency, and competitiveness, while technological innovation allows firms to adapt, enhance operations, and meet market demands more effectively. Overall, strengthening digital entrepreneurial skills is essential for SMEs to sustain growth, improve performance, and maintain a competitive edge in a dynamic business environment.

Based on the findings of the study, the following recommendations are made:

1. SMEs should implement structured knowledge management systems that facilitate the acquisition, sharing, and application of organizational knowledge. This includes training employees in best practices, creating knowledge repositories, and encouraging collaboration across departments to improve decision-making, efficiency, and innovation.
2. SMEs should actively adopt and integrate technological innovations into their operations, products, and services. This can involve investing in modern technologies, embracing digital tools for production and marketing, and continuously monitoring industry trends to adapt processes to evolving market demands. Encouraging a culture of innovation will help SMEs stay competitive and sustain long-term growth.

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