



THE RELATIONSHIP BETWEEN INNOVATIVE SKILLS AND MARKET DYNAMICS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) IN ANAMBRA STATE

Egbetade Ihedinma Sarah* and Onyeizugbe Chinedu Uzochukwu (Prof.)

Nnamdi Azikiwe University Business School, Awka.

*Corresponding Author's Email: is.egbetade@pg.unizik.edu.ng

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ABSTRACT: *Many Micro, Small, and Medium Enterprises (MSMEs) in Anambra State face challenges in responding effectively to changing market conditions, largely due to inadequate innovative skills among their owners and managers, which hampers growth and competitiveness. The study investigates the relationship that exists between innovative skill and market dynamics of MSMEs in Anambra State. A quantitative research design was utilised, with primary data collected through structured questionnaires and interviews administered to 331 purposively selected MSME owners and managers. Descriptive statistics were employed to analyse respondents' demographic data, and hypotheses were evaluated using simple regression analysis in SPSS version 27. The findings revealed that innovative skills have a significant positive relation on market dynamics of micro, small and medium enterprises in Anambra State. It is recommended that government agencies, business development service providers, and stakeholders in the MSME sector organize regular innovation training programs and workshops to enhance the innovative capabilities of MSME owners and managers, thereby improving their adaptability to market changes and increasing overall business performance.*

KEYWORDS: Innovative Skills; Market Dynamics; MSMEs; Anambra State.



INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are being exposed to an environment that continues to evolve with different dynamics in the marketplace, such as changing tastes among consumers, fluctuation of demand and supply, innovations, shifts in policies, and rivalry (Kotler & Keller, 2016). These dynamics are essential to the growth and survival of MSMEs because they influence how companies act upon marketplace opportunities and threats. If MSMEs are able to successfully evolve under such transforming conditions, they are likely to record enhanced competitiveness, customer satisfaction, and efficiency of operations. Market dynamics similarly prompt innovation, diversification of products, and strategic adjustment, thus allowing MSMEs to stay competitive in domestic and international markets. As a result, MSMEs that are responsive to market changes tend to record higher levels of productivity, increased market share, and stronger resilience during economic disruptions (Organisation for Economic Co-operation and Development, OECD, 2017).

Across the world, market dynamics have determined the positioning of MSMEs in competitive markets. For instance, in Germany and South Korea, MSMEs utilize innovation-led strategies to compete with evolving market trends so that they can expand and compete globally (OECD, 2017). In Africa, especially in the economies of Rwanda and Kenya, innovation by MSMEs has enabled access to larger markets using digital platforms, enhanced supply chain efficiency, promoted diversification of products, and contributed significantly to gross domestic product (GDP) growth and job creation (African Development Bank, AfDB, 2022). The dynamics of the market and innovative skills have taken center stage, bearing in mind that the latter allows MSMEs to innovate, create innovative products or services, and exploit emerging technologies in a bid to increase flexibility. Innovative skills are, as argued by Dyer et al. (2009), a capability to be innovative, experiment with, and execute new solutions. The skills allow MSMEs to adapt to a shift in the market, remain competitive, and modify their operations on the basis of new requirements from industries and customers.

In Nigeria, and particularly in Anambra State, MSMEs constitute a significant portion of the economy and are at the core of employment generation and economic stability. The National Bureau of Statistics (2021) indicates that MSMEs provide more than 84% of the jobs in Nigeria, with Anambra ranking among the most business-prominent states in the southeast. In the last few years, Anambra MSMEs have also utilized innovative abilities in product design, digital marketing, and mobile money to reach more and respond to market needs. This has manifested in the growth of technology-enabled start-ups in Awka, Onitsha, and Nnewi cities, as they have also adopted digital technology to enhance market reach and innovation (Small and Medium Enterprises Development Agency of Nigeria, SMEDAN, 2020). However, in spite of all these positive developments, Anambra's MSMEs continue to experience numerous challenges constraining their capacities to maximize the use of innovation in meeting market pressures. Among these are reduced access to capital, inadequate infrastructure, limited technical capacity building, and the absence of supporting policy frameworks (Eze & Okpala, 2022). Moreover, some managers in MSMEs lack formal training or access to best practices in innovation and therefore compromise their efficiencies in the usage of innovative tools in resolving business problems.

The Anambra State government has attempted to provide a response to these challenges in forms such as the creation of the Anambra Small Business Agency (ASBA), which provides business development services and financing to MSMEs. In addition, the government has



collaborated with institutions such as the Bank of Industry (BOI) to conduct entrepreneurship training and digital innovation workshops. Even with these interventions, most MSMEs continue to find it difficult to convert these supports into concrete business performance improvements, primarily because of bureaucratic constraints, uneven policy implementation, and low awareness of available resources (Okoye & Uduji, 2023). The continued challenges emphasize the need for a more robust and inclusive strategy to enhance innovation capacity, incorporating not just access to finance but also continuous skill development, digital literacy, and market exposure (Eze & Okpala, 2022). Gaining insights into how market dynamics align with innovative skills is vital for designing sustainable solutions that can help micro, small, and medium-sized enterprises in Anambra remain competitive in an increasingly dynamic business environment (Okoye & Uduji, 2023).

LITERATURE REVIEW

Conceptual Issues

Market Dynamics

Market dynamics refer to the set of determinants that make markets change and engage in business, like the shift of supply and demand, entry and exit of competition, regulation, and technological innovation (Kotler & Keller, 2016). The dynamics play immense impacts on companies, influencing their ability to keep on doing business and competing favorably. According to Lamb et al. (2012), market dynamics describe the forces that impact the supply and demand of products in a market, which include consumer preferences, competitive actions, technological changes, and regulatory shifts.

Innovative Skills

Innovative skills are defined as the knowledge, competencies, and attitudes required to generate new ideas and turn them into valuable products, services, or processes that contribute to economic and social development (OECD, 2015). Anderson et al. (2014) stressed that innovative skills are the individual competencies that enable the generation and application of new ideas, products, or processes aimed at improving outcomes within an organizational context.

Theoretical Framework

The Diffusion of Innovations Theory

The Diffusion of Innovations (DOI) Theory, which was formulated by Everett Rogers in 1995, describes how new practices, products, or ideas are disseminated within a social system over time. According to the theory, diffusion refers to the communication process through which an innovation is introduced to potential adopters and adoption refers to the decision to use the innovation. The theory outlines five stages in the innovation-decision process: knowledge, persuasion, decision, implementation, and confirmation. In addition, the theory also lists five major features that determine the rate of adoption of an innovation: relative advantage, compatibility, complexity, trialability, and observability. The theory has been criticized as not being effective in explaining fully the intricate social, economic, and cultural forces driving innovation adoption. However, it is still applicable in discussing how innovative skills mix



with market forces. To this end, the theory sheds light on the fact that organizations with innovative capabilities—problem-solving, flexibility, and decision-making based on data—are more likely to know market trends and react suitably. This synergy of innovative capabilities and changing market forces is an important driver of the success and competitiveness of organizations in dynamic economic environments (Rogers, 1995).

Review of Empirical Literature

Okoli, Nuel-Okoli, and Ibekwere (2024) examined how innovation practices influence the performance of SMEs in Anambra State. Using a cross-sectional research design, the study drew a sample of 300 respondents from a population of 1,860 SME management and workers across 15 sectors. Data were collected via structured questionnaires, validated and tested for reliability, and analyzed using both descriptive and inferential statistics. The study found that product innovation significantly enhanced customer satisfaction, process innovation improved customer retention, technological innovation contributed to competitive advantage, and marketing innovation boosted brand awareness. The study concluded that innovation practices play a critical role in enhancing SME performance in Anambra State.

Chinyere and Ifeoma (2024) investigated the connection between entrepreneurial readiness and the sustainability of SMEs in Anambra State, Nigeria, with a particular focus on risk tolerance and technological adaptability. Using a descriptive survey design, the study sampled 388 respondents from a population of 12,843, applying Taro Yamane's formula for the sample size. Data were collected via structured questionnaires and analyzed using both descriptive statistics (frequencies, percentages) and inferential statistics (Pearson Product Moment Correlation). The findings revealed a significant positive relationship between risk tolerance and SME survival, as well as between technological readiness and competitiveness.

Onwuka et al. (2024) conducted a study of the business environment in Anambra State, Nigeria, listing key opportunities, prevailing limitations, and future potential for sustainable development. Extrapolating themes from thematic discussion among actors, research identified five major themes: potential business opportunities, prevailing issues, infrastructural requirements, access to funding, and skill acquisition. Growth-driving sectors established in the study are digital innovation, agriculture, renewable energy, tourism, and entrepreneurship. But nonetheless, business growth continues to be hindered by poor infrastructure, poor credit access, policy inconsistency, skill shortages, and shallow market coverage.

Anoke et al. (2023) examined the impact of management innovation on the growth of Small and Medium Enterprises (SMEs) in Awka, Anambra State, Nigeria. The study highlighted the importance of adopting product, process, market, and technological innovations for business survival in the competitive environment. However, it also noted that many SMEs in Awka struggled due to inadequate creative and innovative skills, hindering their ability to align their offerings with market demands. The study focused on a sample of 119 respondents from 11 SMEs, using Yamane's formula (1967) for sample size determination and the T-Test statistic for hypothesis testing at a 0.05 significance level. The findings revealed a strong and positive relationship between product, process, and market innovations and the growth of SMEs in the region. The study concluded that management innovation is crucial for driving the growth of SMEs in Awka, Anambra State.

Ukabi (2023) underscored the impact of information and communication technology (ICT) skills in making small enterprises sustainable and have long-term survival. The research



employed a quantitative methodology, gathering data through structured questionnaires from small business owners and managers from various industries. The sample was specifically selected to cover firms that were already utilizing ICT tools. Statistical analysis was used in data processing, descriptive statistics being used to record the characteristics of the respondents and inferential statistics used in testing for the relationship between ICT usage and business continuity. The study revealed that ICT competency employed optimally improves the efficiency of operations, supports intelligent decision-making, and facilitates responsiveness in a competitive business. The study concluded by stating that the acquisition and utilization of ICT skills are essential for small firms to survive in the age of unceasing technological advancements.

Mbonu and Okonkwo (2023) investigated the manner in which students' innovation and global competitiveness within colleges of education in Anambra State could be improved. Descriptive survey research design was used in the study where 150 students studying Economics education were drawn from federal and state colleges employing the census sampling method. The data were gathered using a validated questionnaire whose reliability coefficient was 0.88 as obtained using Cronbach's alpha. Descriptive statistics and t-tests were used in the analysis. Findings indicated that underfinancing of education is still a significant barrier to the promotion of innovation and competitiveness in the international stage. Moreover, there was no statistically significant variation in innovative learning activities between federal and state institutions. The study conclusively proved the need for enhanced funding and infrastructural facilities towards promotion of innovation at the higher education level.

Dada (2022) examined how the acquisition of 21st-century critical skills shaped the technopreneurial and innovative behaviour of fresh graduates in Lagos State, Nigeria. The study targeted 250 graduates from engineering, science, and management disciplines through structured questionnaires. The key skills identified included critical thinking and problem-solving (89.23%), creativity and innovation (87.34%), collaboration (70.40%), and perseverance (73.95%). These competencies were acquired via personal efforts, entrepreneurship programs, education, family businesses, and workshops. A significant portion of the graduates (87.65%) were engaged in technological enterprises such as software development and digital media services. Regression analysis showed that these skills accounted for 67.8% (Adjusted $R^2 = 0.678$) of the technopreneurial and innovative behaviour observed. The study concluded that critical skill acquisition significantly enhanced youth entrepreneurship and recommended targeted support from government and private institutions.

Chima et al. (2022) examined the entrepreneurial dynamics of palm oil production in Anambra State, Nigeria with emphasis on determinants of entry into the business and business expansion. The research collected data from the questionnaires completed by 258 palm tree growers in the state, and applied the logistic regression model in the analysis of data. The research indicated that entrepreneurial dynamics, such as market expansion and entry, are key drivers in the palm oil production industry in Anambra State. The research underscored the impact of such dynamics in positioning the palm oil sector to be more competitive and sustainable in the market.

Amaonwu and Chineze (2022) critically analyzed the correlation between entrepreneurial competence and the performance of paint-manufacturing firms in Anambra State, Nigeria. Throughout the research, a survey approach was used with information gathered from primary and secondary sources. Questionnaires were the major collection instrument, randomly



distributed to working personnel of target firms. The population under sample was 2,827, from which a sample of 369 employees was drawn; 347 questionnaires were validly collected. The data were analyzed utilizing ANOVA and regression analysis. Findings revealed that innovativeness, risk-taking ability, and strategic mind all had a significant positive effect on profitability in paint companies in the state. The research proved that entrepreneurial competencies notably improve the operation of paint companies.

Adeosun et al. (2021) investigated the innovation practices among women entrepreneurs operating in informal settings, with a focus on the fishing sub-sector in Anam community, Anambra East LGA, Anambra State. Using face-to-face structured interviews and applying multiple logistic regression and descriptive statistics, the study quantitatively analyzed innovation behaviours among 100 women entrepreneurs. Anchored in the Local Innovation Systems framework and diffusion of innovation theory, the findings revealed that:

Jeng and Pak (2016) investigated how firm size influences the effectiveness of dynamic capabilities—specifically innovation and marketing capabilities—within competitive industries. Drawing on data from 692 enterprises of varying sizes, the study employed a conceptual model to assess performance outcomes. The findings revealed that while large firms benefited significantly from building dynamic capabilities in competitive environments, small firms experienced reduced performance when relying on innovation or marketing capabilities independently. For small enterprises, the integration of both capabilities was necessary to maintain competitiveness. Medium-sized firms required strong marketing capabilities to convert innovation into profitability. Conversely, for large enterprises, industry competitiveness acted less as a threat and more as a stimulant for strategic capability development. The study underscored the need for firm size-sensitive strategic focus in managing innovation and marketing capabilities.

Eng and Okten (2011) developed a theoretical framework to examine how innovative capability is dynamically shaped by the interaction between technological and marketing capabilities. The study emphasized that innovation is not solely a result of advanced technology or strong marketing, but rather the strategic integration of both. Using conceptual analysis supported by industry examples, the paper demonstrated how firms could leverage this integration to improve competitive advantage and market responsiveness. The study stressed that firms with balanced development in both technological and marketing capabilities are more adaptive and perform better in rapidly changing business environments.



METHODOLOGY

Research Design

The study employed a quantitative research design to gain a deeper and more holistic insight into the research problem. This approach enabled the incorporation of varied perspectives from key stakeholders—such as MSME owners, employees, customers, and policymakers—thereby offering a balanced and comprehensive understanding of the entrepreneurial ecosystem.

Area of the Study

The study was carried out in Anambra State, located in southeastern Nigeria. Bordered by Kogi, Enugu, Abia, Imo, and Delta States, Anambra lies at coordinates 6.2209° N and 6.9370° E, comprising 21 local government areas such as Awka North and South, Onitsha South, Nnewi North, and others. Awka, the state capital, serves as the administrative center, while other key towns include Onitsha and Nnewi. Anambra hosts several tertiary institutions and a range of public and private organizations. The state's economy is largely driven by commercial activities, with a vibrant presence of MSMEs engaged in trade, transport, education, healthcare, media, and light industry. Aptly known as the “Light of the Nation,” Anambra remains a major hub for entrepreneurial and economic activity in the region.

Population of the Study

The study population consisted of owners and management staff of registered MSMEs across the three geopolitical zones of Anambra State. Based on the 2022 report by the Anambra State Chamber of Commerce, a total of 1,919 registered MSMEs were identified in Onitsha South (Anambra North), Nnewi South (Anambra South), and Awka South (Anambra Central). The selection of MSMEs was guided by sectoral relevance and included enterprises in hospitality (hotels and fast-food businesses), hypermarkets, bakeries, beauty and hair salons, as well as various service-oriented firms such as consultancies and research organizations. These sectors were chosen due to their significant economic contributions within the state.

Sample Size Determination and Sampling Technique

To determine the appropriate sample size for the study, the Taro Yamane formula (1967) was employed. This formula is particularly suitable for studies involving a finite population and provides a simplified method for sample size determination. The formula is stated as:

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

Sample size would be determined using the Taro Yamane's formula:

$$n = N/(1+N(e)^2)$$

N = Population of Registered MSME

e = Error Ratio



$$n = 1919 / (1 + 1919(0.05)^2)$$

$$n = 331$$

Therefore, we adopt the sample size of this study as 331.

- The study utilized a Non-Probability Purposive Sampling Technique to select 331 registered MSMEs across the three geopolitical zones of Anambra State. This method was chosen due to the impracticality of reaching all MSMEs in the regions under review. Two non-probability sampling techniques were combined for this purpose:
- Convenience Sampling: Participants were selected based on their availability and willingness to participate. This approach is easy to implement, though it may not perfectly represent the entire population.
- Theoretical Purposive Sampling: Participants were chosen for their ability to provide valuable insights into the specific research questions or theoretical concepts being explored. This method focused on individuals whose experiences or characteristics were particularly relevant to the study.

Sources of Data

The survey questionnaire was the core tool for primary data collection in this study, carefully designed to be the key instrument for obtaining detailed information on innovation skills. It played a crucial role in gathering comprehensive data that would support the study's objectives.

Method of Data Collection

This study employs a structured data collection approach using a five-point Likert scale questionnaire. The questionnaire is specifically designed to assess the perceptions, attitudes, and behaviors of MSME owners regarding innovation skills. The scale ranges from 1 ("strongly disagree") to 5 ("strongly agree"), enabling respondents to indicate varying levels of agreement or disagreement with each statement, thereby allowing for the capture of detailed and accurate opinions.

Table 1: Questionnaire Distribution, Collection and Analysis

S/N	Towns	Distributed	Retrieved	Analyzed
1	Awka	90	85	80
2	Onitsha	131	118	112
3	Nnewi	110	97	90
Total (Percentage)		331 (100%)	300 (90.6%)	282 (85.2%)

Source: Field Survey (2024)



Table 1 shows the distribution, retrieval, and analysis of questionnaires. Of the 331 questionnaires distributed based on the sample size determined, 300 were retrieved, giving a response rate of 90.6%. However, only 282 questionnaires, equivalent to 85.2% of those distributed, were found to be valid for analysis. The rest of 18 were rejected because they had incomplete responses that were not enough to represent the respondents' views accurately.

Validity of the Instrument

The research used content validity by showing the prepared questionnaire to the supervisor for his review and improvement. Items were altered and rearranged based on the supervisor's input to fit the study purpose. The content of the questionnaire was therefore found to be appropriate and relevant to the purpose of the study.

Reliability of the Instrument

The study utilized the test-retest method to assess the reliability of the questionnaire. A total of 15 copies of the questionnaire were distributed to respondents at pharmaceutical companies (Emzor and Joz Pharmaceuticals Nigeria Ltd), which were not part of the main study sample. After a period of fifteen days, the questionnaire was revised and redistributed to the same set of respondents. The reliability of the responses was tested using Rank correlation analysis, yielding a reliability coefficient of 0.98, indicating that the instrument is highly reliable. Below is the table presenting the reliability figures.

Table 2: Reliability of the Instrument Test Table

Options	No of distributed questionnaire	Pre-test	Re-test	Differences (D)	D ²
Strongly agree	15	5	7	-2	4
Agree	15	7	4	3	6
Disagree	15	2	2	0	0
Strongly Disagree	15	1	1	0	0
Undecided	15	0	1	-1	1
					$\sum d^2 = 11$

Source: Field Survey (2024)

$$\text{Formula : } 1 - \frac{6\sum di^2}{n(n^2-1)}$$

d = deviation / differences

n = number of paired items

1= unity

Substituting,

$$r = 1 - \frac{6 \times 11^2}{15(15^2 - 1)}$$



$$r = 1 - \frac{66}{15(255 - 1)}$$

$$r = 1 - \frac{66}{3360}$$

$$r = 1 - 0.0196$$

$$r = 0.98$$

Method of Data Analysis

The study employed descriptive statistical tools including frequency distributions, percentages, means, and standard deviations. These methods were instrumental in analyzing the central tendencies and dispersion of the responses, thereby enabling a comprehensive evaluation of the research objectives.

DATA PRESENTATION AND INTERPRETATION OF RESULTS

Data Analysis

Demographic Distribution

Table 3: Respondent Demographics

Demographic Variables	Categories	Frequency	Percentage
Gender	Male	110	39
	Female	172	61
Age Group	18-29 years	164	58
	30-39 years	68	24
	40-49 years	34	12
	50-59 years	16	6
Highest Educational Qualification	Diploma	80	28.3
	Bsc	116	41.4
	Msc	60	21.2
	PhD	26	9.1
Business Scale	Micro	85	29.9
	Small	119	42.3
	Medium	78	27.8
Combined Experience	Less than one year	29	10.6
	1-2 years	30	10.8
	2-5 years	43	15.1
	5-10 years	136	48.3
	10-15 years	26	9.1
	More than 15 years	18	6.1

Source: Field Survey (2024)



Table 3 presents a summary of data obtained from a five-month survey (January to May 2024).

The initial section focused on the demographic profile of 282 respondents employed in MSMEs across Anambra State's three geopolitical zones. Questionnaires were disseminated via email with follow-up reminders sent every two weeks. The gender distribution showed that 39% of the respondents were males, while 61% were females. A significant portion (58%) fell within the 18-29 age range. Regarding educational attainment, 41.4% held bachelor's degrees, and 21.2% had master's degrees. Work experience data revealed that 48.3% had between 5 and 10 years of experience. With respect to enterprise size, 27.8% were employed in medium-sized firms, 42.3% in small businesses, and 29.9% in micro enterprises. All percentages were computed using the formula: $\text{Percentage} = (\text{Frequency of Occurrence} \div \text{Total Number of Respondents}) \times 100$.

Relationship between Innovative skill and Market Dynamics

Table 4: Distribution of Responses for Innovative Skill and Market Dynamics

Questionnaire Item	SA	A	UD	D	SD	Mean	Decision
Innovative Skill							
How frequently do you implement innovative ideas in your business?	23	184	24	51	-	3.63	Accepted
How important is innovation to staying competitive in the market?	53	160	25	44	-	3.78	Accepted
My business culture promotes innovative thinking among employees.	47	120	34	78	3	3.45	Accepted
To what extent do innovative skills influence the market dynamics of your business?	50	135	41	56	-	3.62	Accepted
Market Dynamics							
I stay informed about changes in consumer behavior and preferences.	77	130	25	30	20	3.97	Accepted
I adapt my business strategies based on market trends.	53	160	25	44	-	3.78	Accepted
I believe that being responsive to market dynamics is essential for success.	80	179	10	5	8	4.02	Accepted
I regularly conduct market research to understand my target audience.	39	138	33	69	3	3.50	Accepted

Source: Field Survey (2024)

Table 5 illustrates the distribution of responses concerning innovative skills and market dynamics. The analysis was based on the mean scores of the respective questionnaire items, with a threshold of 3 or higher considered acceptable, while items with a mean score below 3 were rejected. Thus, it is concluded that all items related to innovative skills and market dynamics are positively related.



Hypothesis Testing:

H₀: There is no significant relationship between innovative skills and market dynamics of MSMEs in Anambra State.

H₁: A significant relationship exists between innovative skills and market dynamics of MSMEs in Anambra State.

Table 5: Correlation between Digital Analytics and Business Survival

Correlations			
		Innovative Skill	Market Dynamics
Innovative Skill	Pearson Correlation	1	.743
	Sig. (2-tailed)		.000
	N	282	282
Market Dynamics	Pearson Correlation	.743	1
	Sig. (2-tailed)	.000	
	N	282	282

Source: SPSS Version 23 Outputs

Result Summary

Table 5 indicates that innovative skill is positively related to market dynamics, with a correlation coefficient of $r = 0.743$, a sample size of $n = 282$, and a p-value of 0.000 ($p < 0.05$). Given the significant p-value, we accept the alternate hypothesis and conclude that there is a significant positive relationship between innovative skills and market dynamics of MSMEs in Anambra State.

DISCUSSION OF FINDINGS

This study examined the impact of innovative skills on market dynamics, revealing a significant effect ($r = 0.743$, $n = 282$, $p\text{-value} = 0.000$, $p < 0.05$). Therefore, the hypothesis is supported by the findings. These results align with previous studies, such as Ukabi (2023), which highlighted the importance of ICT skills for the sustainability of small business enterprises.

The research sub-question, "What is the nature of the relationship between innovative skills and market dynamics of MSMEs in Anambra State?," aims to assess how innovative skills influence the market dynamics of MSMEs in the region. The research objective is to determine the nature of this relationship.

Innovative skills allow entrepreneurs to create new products, services, and processes that respond to changing market demands. By staying ahead of market trends and fostering continuous innovation, MSMEs can adapt to market shifts, attract and retain customers, and drive sustainable growth. The positive relationship found suggests that higher levels of innovative skills are linked to better management and utilization of market dynamics, ultimately supporting long-term business success.



CONCLUSION AND RECOMMENDATIONS

The research indicates that innovative capabilities are essential to MSMEs in order for them to react and adjust to changes in the market. The companies that make investments in innovation are in good stead to propel the market, create products or services that cater to customers' demands, and remain competitive. The high positive correlation indicates that as MSMEs build their innovative capabilities, they are in a better position to deal with the intricacies of the market, enhance competitiveness, and attain long-term sustainability. This is important because it highlights the significance of innovation development in MSMEs. Innovation enables companies to stay responsive, adapt to external pressure, and take advantage of new opportunities. MSME entrepreneurs, as such, must invest in building innovative capabilities that will enable them to remain resilient and competitive in an ever-changing market climate. Supporting MSMEs through innovation training and exposure to technology facilities can also enable them to raise their market position and maintain their long-term success.

In consideration of these facts, MSME owners are advised to pay attention to developing and improving their innovative capabilities with technical training programs. Offering exposure to sophisticated technology, workshops, and innovation-oriented resources can make entrepreneurs skilled to compete. In addition, assistance from government and the private sector through funding, mentorship, and policy frameworks to stimulate innovation would contribute to making the business environment more sustainable and viable for development. Lastly, a culture of continuous learning and flexibility in the workplace can make MSMEs responsive to market forces and sustainable in the long run.

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