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Digital Transformation Strategies for Small and Medium Enterprises (SMES) in Nigeria: A Focus on Ekiti State

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Abstract: This study investigates the digital transformation strategies of Small and Medium Enterprises (SMEs) in Ekiti State, Nigeria, focusing on the internal and external factors that influence digital adoption. The study uses a qualitative research design based on interpretivist and constructivist paradigms, drawing on semi-structured interviews with over 50 SME owners, managers, policymakers, and support organizations, as well as pertinent policy texts. Thematic analysis reveals four major themes: varying levels of digital awareness and adoption; significant barriers such as financial constraints, insufficient infrastructure, and cultural resistance; the role of government and institutional support; and the perceived benefits of digital transformation, such as market expansion and operational efficiency. While some SMEs employ digital tools in innovative ways, many are hindered by a lack of digital literacy and access to resources. The research adds to the expanding conversation on SME digitalization in emerging economies by offering localized insights and policy recommendations for sustainable digital transformation in resource-constrained settings. The findings emphasize the need for multi-stakeholder approaches and customized, context-sensitive interventions to promote inclusive digital growth.

Keywords: Digital Literacy; Digital Transformation; Ekiti State; Policy Makers; and SMEs.

INTRODUCTION

Digital transformation is a paradigm shift in corporate operations, utilizing digital technologies to fundamentally improve processes, products, and customer interactions (Omol, 2024; Sestino, A., & Nasta, 2025). It goes beyond mere digitalization by integrating technology into the foundation of business strategy and cultures. Globally, SMEs, defined as organizations with less than 250 employees, play an important role in economic development, accounting for almost 90% of all businesses and contributing more than 50% of total employment (OECD, 2021). In Nigeria, SMEs are the backbone of the economy, accounting for around 48% of the country's GDP and employing more than 80% of the labour force (SMEDAN & NBS, 2021).

The tremendous influence that digitally enabled SMEs can have in promoting innovation, economic diversification, and sustainable development is highlighted by this crucial position.

Notwithstanding these encouraging opportunities, Nigerian SMEs confront a challenging environment moulded by financial, skill-related, and infrastructure issues that limit their ability to undergo digital transformation. According to recent research, only a small percentage of SMEs have effectively incorporated digital tools like social networking platforms, mobile payment systems, and e-commerce websites into their core business operations, despite the fact that many of them

acknowledge the benefits of these tools (World Bank, 2022). Many firms were forced to reevaluate their digital readiness as a result of the COVID-19 pandemic.

However, it also revealed glaring gaps, particularly among SMEs in less urbanized areas such as Ekiti State, where infrastructural deficiencies, insufficient digital literacy, and resource restrictions all represent substantial impediments to digital adoption (Ekiti State Ministry of Commerce, 2023). Ekiti State, which is predominantly distinguished by its agrarian economy and small-scale businesses, provides a unique framework for investigating digital transformation initiatives. The region's socioeconomic profile, which is characterized by lower internet penetration rates and irregular power supply, contrasts significantly from Nigeria's commercial hubs such as Lagos and Abuja. As a result, SMEs in Ekiti face distinct difficulties and opportunities, needing localized and context-sensitive approaches to digital transformation. In order to develop successful policies and business support mechanisms that take into account the reality on the ground, it is essential to comprehend how SMEs in this context plan around digital technology, whether to innovate, optimize operations, or reach new markets.

Statement of the Problem

Despite the widely acknowledged relevance of digital transformation for SME sustainability and growth, Nigeria continues to have low levels of digital adoption among small firms, particularly in economically challenged areas such as Ekiti State. According to the National Information Technology Development Agency (NITDA, 2023), approximately 30% of Nigerian SMEs use basic digital tools, with even fewer using advanced digital solutions such as cloud computing, customer relationship management (CRM) systems, or data analytics platforms. This digital lag reduces SMEs' competitiveness, inhibits their ability to scale, and increases their susceptibility to economic shocks.

Structural issues in Ekiti State, such as an unstable electricity supply, poor broadband connectivity, and restricted access to reasonably priced digital infrastructure, make the issue worse and directly limit SMEs' ability to use technology efficiently (Ekiti State Ministry of Commerce, 2023). A crucial knowledge gap exists regarding how local entrepreneurs view digital transformation, what drives or impedes their adoption decisions, and how internal organizational dynamics interact with external environmental factors due to the dearth of empirical research on SMEs in Ekiti.

Current research focuses disproportionately on urban, resource-rich environments, failing to account for the distinct socio-cultural and economic conditions of developing countries. This oversimplification runs the danger of creating initiatives and policies that are unsuitable for locations like Ekiti, where SMEs face significantly different challenges. Without a thorough awareness of these local realities, government programs, development projects, and technology suppliers risk failing to address the genuine hurdles or utilize the specific enablers required for effective digital transformation. As a result, there is an urgent need for comprehensive research into digital transformation initiatives in Ekiti's SMEs in order to close these gaps, promote digital inclusion, and create long-term economic development.

Research Questions

The following research questions serve as the study's guide in accordance with the objectives of the study bellow:

i. Which digital transformation tactics do Nigerian SMEs employ, and how are these tactics incorporated into their operational procedures?

ii. What are the main obstacles and difficulties preventing Nigerian SMEs from undergoing digital transformation?

iii. How do SMEs view the sustainability, competitiveness, and efficiency results of digital transformation?

Research Objectives

This study's main objective is to investigate digital transformation strategies for Nigerian SMEs, with a focus on how acceptance, implementation, and sustainability are influenced by contextual

factors in Ekiti State. The study specifically aims to:

i. investigate the different digital transformation strategies used by SMEs in Nigeria;

ii. examine the obstacles and difficulties preventing Nigerian SMEs from implementing digital transformation; and

iii. examine how Nigerian SMEs view the effect of digital transformation, with an emphasis on how it affects productivity, competitiveness, market expansion, and long-term viability.

LITERATURE REVIEW

Conceptualizing Digital Transformation

Definition of Digital Transformation

Digital transformation (DT) is the strategic application of digital technologies to all parts of an organization, profoundly altering operations, value delivery, and stakeholder involvement. It reflects not just a technology transition, but also a cultural and organizational transformation (Vial, 2019). Unlike digitization, which is the technical conversion of analog to digital, and digitalization, which is the augmentation of current processes using digital tools, DT requires a complete rethinking of business models and strategies (Brennen & Kreiss, 2016). Initially associated with information systems and ERP implementations in the late 1990s, DT has grown with innovations like as cloud computing, big data, AI, and IoT to now embrace innovation, agility, and organizational change (Henriette, Feki, & Boughzala, 2016; Fitzgerald et al., 2013). According to current perspectives, DT is about altering business capabilities, rethinking value propositions, and implementing a digital mentality throughout the organization (Bharadwaj et al., 2013).

Relevance of Digital Transformation to SMEs

Small and medium-sized businesses (SMEs) have a lot to gain from digital transformation, including flexible structures and speedier decision-making than large corporations. These qualities help SMEs adopt digital technology more quickly (OECD, 2021). Through platforms like cloud software, social media marketing, and e-commerce, digital solutions assist SMEs in increasing productivity, cutting expenses, and reaching new markets. These advantages are not dispersed equally, though. Due to inadequate infrastructure, high expenses, a lack of funding, and a lack of digital skills, many SMEs particularly those in developing nations face digital exclusion (Rampaul, 2025; Raihan et al., 2025). Additionally, minority business owners are disproportionately impacted by socioeconomic barriers. Digital revolution runs the potential of exacerbating current disparities in the absence of inclusive policy (World Bank, 2021). Nigerian SMEs are implementing a variety of digital transformation (DT) initiatives, but adoption remains unequal. E-commerce is an important approach, with platforms such as Jumia and Konga growing market penetration, while social commerce via Instagram and WhatsApp thrives in industries such as fashion and food (PwC, 2020). Fintech platforms like Paystack and Flutterwave have enhanced transaction security, allowing for more online commerce.

Digital Transformation Strategies for SMEs

Social media marketing is widely used, providing cost-effective strategies to increase visibility and sales. Over 70% of Nigerian SMEs who use social media claim higher customer interaction (Okundaye, Fan, & Dwyer, 2019). Cloud computing tools such as Google Workspace and Microsoft 365 help processes like payroll and inventories by providing scalable, low-cost solutions (Ghobakhloo & Iranmanesh, 2020). Some SMEs are also implementing Customer Relationship Management (CRM) systems to personalize services and increase retention; however, utilization remains low. Overall, these plans demonstrate a rising recognition that digital transformation is critical to SME competitiveness, even while many stay outside the digital ecosystem. Despite existing impediments, digital transformation provides significant benefits to SMEs. It improves operational efficiency by automating billing and inventory processes, lowering costs and freeing up resources (Ghobakhloo & Iranmanesh, 2020). Also, it promotes market development and competitiveness, allowing SMEs to enter new markets and increase productivity by up to 30% compared to non-digitalized counterparts in emerging economies (World Bank, 2021).

Furthermore, digital transformation promotes innovation and sustainability, assisting SMEs in developing new goods and remaining resilient. During the COVID-19 pandemic, digitally ready enterprises remained operational, while others faltered (Adegboye et al., 2021). Given these advantages, DT is critical to the growth and survival of Nigerian SMEs.

Theoretical Lenses

A number of well-established theoretical frameworks that shed light on organizational adaptation, innovation dissemination, and technology adoption can help us better understand the process of digital transformation. Nonetheless, the Dynamic Capabilities Theory (DCT) serves as the foundation for our investigation. An organizational and strategic viewpoint on digital transformation is provided by the Dynamic Capabilities Theory. The term "dynamic capabilities," which was coined by Teece, Pisano, and Shuen (1997), describes an organization's capacity to recognize opportunities and dangers, take advantage of them, and adjust its resources and skills in response to shifting conditions. These skills are crucial for SMEs to adapt to the fast-paced technical advancements, changing consumer tastes, and unstable market conditions of the digital age. The dynamic ability to adapt is demonstrated, for instance, by a SME that successfully switches to a digital business model during a crisis like as the COVID-19 epidemic. According to this idea, in order to accomplish sustainable digital transformation, businesses must invest in innovation, create learning mechanisms, and promote organizational agility in addition to implementing digital tools (Teece, 2018).

SMEs in Nigeria: Landscape and Challenges

Role of SMEs in Nigeria's Economy

Small and medium-sized businesses, or SMEs, are essential to Nigeria's socioeconomic growth. They are the main force behind inclusive growth, innovation, and jobs. SMEs make up 96% of Nigeria's enterprises and provide close to 50% of the country's GDP, according to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (SMEDAN & NBS, 2021). They are also responsible for about 84% of private sector employment, which makes them essential to the nation's efforts to reduce poverty and diversify its economy. SMEs work in a variety of industries, such as manufacturing, services, agriculture, and technology-based businesses. More and more of them are also participating in informal innovation, particularly in fields like fintech, agritech, and small-scale manufacturing (Adebayo & Oluwatobi, 2022). This establishes SMEs as vital contributors to community resilience, local knowledge growth, and economic productivity.

Nigerian SMEs encounter significant operational and structural obstacles in spite of their economic importance. A major problem is access to financing; despite government programs and microfinance, many SMEs face high interest rates and lack collateral or credit history (CBN, 2021). Another barrier is informality; many SMEs do not have tax IDs or registration, which restricts their access to official protections and assistance (Oyelaran-Oyeyinka, 2020). Inadequate transportation, inconsistent electricity, and restricted bandwidth are examples of infrastructure deficiencies that further lower productivity and digital engagement. Businesses in Nigeria frequently depend on expensive generators due to some of the worst power disruptions in Sub-Saharan Africa (World Bank, 2022). Even while mobile access is expanding, there is still a lack of reasonably priced internet, particularly in rural regions (GSMA, 2023). Furthermore, company growth is hampered by restricted access to mentorship and training, especially for people with little formal education or digital literacy (NBS, 2020).

Ekiti State SME Profile

Ekiti State, in southwestern Nigeria, serves as a helpful microcosm for studying the SME landscape at the subnational level. Agriculture accounts for more than 70% of the state's economic activity and employs the vast majority of its inhabitants. The state's SMEs specialize on agro-processing, trading, food production, textiles, and artisan services. The strong reliance on agriculture creates both opportunities and vulnerabilities: while there is room for value addition through agri-SMEs, problems such as market access, outmoded techniques, and climate variability remain. Ekiti State's digital inclusion environment is slower to adopt, although it reflects larger national trends. Even though mobile phones are widely used, there is still limited reliable access to fast internet, especially

in rural and semi-urban areas. The use of digital platforms for company administration, marketing, logistics, and financial services is hampered by this digital divide. In an economy that is increasingly digitizing, many small firms still lack access to fundamental digital tools like social media, point-of-sale systems, and email, which lowers their competitiveness (Akinbinu & Oluwadare, 2023).

The Ekiti State Government has responded by launching a number of programs to encourage digital inclusion and SME innovation. The creation of ICT innovation hubs, entrepreneurship training facilities, and funding programs aimed at women and young entrepreneurs are among the initiatives. Specifically, the Ekiti Knowledge Zone (EKZ) initiative seeks to establish a hub for the digital economy that combines technology, innovation, and education to support local companies (Ekiti State Government, 2023). The state has also collaborated with international and federal development organizations to support early-stage business grants, increase access to digital skills, and advance financial inclusion. To guarantee that rural SMEs are not left behind in the shift to a digital economy, additional work must be done as implementation is still unequal.

Digital Transformation in SMEs: Global and African Perspectives

Global Case Studies of SME Digital Transformation

Small and medium-sized businesses (SMEs) around the world are rapidly using digital transformation to increase their productivity, compete more effectively, and enter new markets. Consistent digital strategies used by SMEs, especially in developed economies, are revealed by a number of international case studies. Cloud computing services for data storage and remote collaboration, social media platforms for marketing and consumer involvement, and consumer Relationship Management (CRM) systems for better client tracking and retention are examples of common techniques (OECD, 2021). For instance, to improve customer service and target marketing campaigns, a large number of SMEs in Germany, particularly those in the manufacturing and retail sectors, have implemented digital sales platforms and CRM systems (PwC, 2020).

Similar to this, Australian SMEs have incorporated cloud-based supply chain management and accounting solutions, which allow businesses to grow without having to make significant expenditures in on-premise infrastructure (Deloitte, 2021). The advantages of these digital technologies are substantial. SMEs that use digital marketing and cloud computing frequently cite increased data security, more agile business operations, and increased operational efficiency (World Bank, 2020). Furthermore, digital transformation enables small enterprises to overcome regional limitations and reach a wider consumer base through online sales. In contrast to those that only use physical stores, European SMEs that use e-commerce platforms reported a 20–30% increase in market access and client acquisition (European Commission, 2020). All things considered, the worldwide trend indicates that SMEs can attain noticeable increases in productivity, innovation, and competitiveness by carefully integrating digital tools.

Barriers to Digital Transformation in Developing Countries

SMEs in underdeveloped nations face significant obstacles despite the potential of digital transformation. These include:

Access to digital tools is restricted by inadequate infrastructure, particularly in rural regions, which includes erratic electricity, bandwidth, and locally appropriate platforms (ITU, 2022). Adoption is further hampered by low digital literacy since many SME owners are not proficient in using tools like e-commerce platforms or CRM systems (UNCTAD, 2021). Another problem is affordability; many small firms are put off by the hefty expenses of devices, software, and data. Adoption is further slowed by institutional and cultural obstacles include mistrust of digital systems, a preference for in-person interactions, and resistance to change (Abor & Quartey, 2020). The issue is exacerbated by ambiguous regulations and inadequate regulatory assistance, which provide SMEs with no guidance or motivation to digitize.

Comparative African Context

Quite a lot of African countries have made significant progress in assisting SMEs' digital transformation, providing excellent case studies for Nigeria. In Kenya, for example, the spread of mobile money platforms such as M-Pesa has made digital payments accessible to even the tiniest

enterprises, integrating them into official financial systems (GSMA, 2022). Furthermore, Kenya's Ajira Digital Program trains adolescents in digital freelancing and entrepreneurship, enabling a technologically skilled workforce to support SME operations.

Rwanda offers another interesting model. The government has implemented the "Smart Rwanda Master Plan," which promotes ICT access and digital inclusion through public-private partnerships, digital skills training, and startup incentives (Rwanda Ministry of ICT, 2020). Rwandan SMEs benefit from digital marketplaces and government-backed platforms that make it easier to register businesses and pay taxes online.

SME adoption of cutting-edge solutions like enterprise resource planning (ERP) systems and AI-driven analytics has been made possible by South Africa's more advanced digital infrastructure. Funding, incubation, and skill development are among the targeted digital support services offered by government organizations such as the Small Enterprise Development Agency (SEDA) (SEDA, 2021). An environment that is more conducive to the creation of digital SMEs has been established by the combination of public policy consistency and private sector involvement.

Nigeria can learn valuable lessons from these experiences. In situations where smartphone usage is strong but broadband access is poor, mobile-first tactics like those employed in Kenya can be very successful. Likewise, for inclusivity and long-term effects, public investment in digital literacy and infrastructure is crucial, as demonstrated in Rwanda. Also, in order to scale digital adoption among SMEs, organized support systems such as finance, mentorship, and e-governance platforms are essential. By making investments in rural connections, streamlining regulatory procedures via digital channels, and coordinating national digital policies with SME development goals, Nigeria might adopt these strategies.

Factors Influencing Digital Transformation in SMEs

Internal Drivers

Internal variables, particularly the entrepreneurial mindset and digital leadership, have a significant impact on SMEs' digital transformation. Leaders that accept change and promote innovation create settings that encourage digital projects (Vial, 2019). Their imagination and risk-taking fuel the early adoption of innovative technology. Employees' digital literacy is also vital. SMEs with digitally skilled personnel are better able to deploy solutions such as cloud computing, CRM systems, and analytics (Kane et al. 2015). Continuous training is required to preserve and develop these competencies. Organizational readiness and agility also influence outcomes. Firms with flexible structures, robust infrastructure, and swift decision-making processes respond better to digital transformation, allowing them to efficiently test, adapt, and scale innovations (Teece, 2018).

External Enablers and Barriers

The digital transformation of SMEs is significantly impacted by external factors. While ambiguous laws may discourage investment, government initiatives like tax incentives, subsidies for digital training, and simplified e-governance might reduce adoption obstacles (OECD, 2021). ICT infrastructure, such as dependable bandwidth and reasonably priced hardware, is crucial yet frequently unavailable in poor nations, which restricts the digital adoption of SMEs (ITU, 2022). Through finance, innovation access, and technical support, partnerships with NGOs and tech startups enable SMEs to enhance their skills and create customized digital solutions (UNCTAD, 2021). Cost is still a significant obstacle, though, as SMEs with narrow profit margins are strained by upfront costs for software, hardware, and training in addition to recurring fees (World Bank, 2020). Scalable, reasonably priced pricing structures are essential for promoting digital inclusion.

Digital Transformation in SMEs: Global and African Perspectives

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Barriers to Digital Transformation in Developing Countries

Even though digital transformation has great promise, SMEs in developing nations encounter numerous obstacles that prevent successful adoption. Inadequate infrastructure is one of the biggest problems, especially when it comes to broadband internet, reliable electricity, and locally relevant digital platforms (ITU, 2022). SMEs' capacity to use cloud services, make online purchases, or participate in digital marketing is restricted by inadequate connectivity in rural and peri-urban locations.

Additional significant hurdle is low digital literacy among SME owners and employees. Many entrepreneurs lack the essential skills to install and manage digital tools like CRM systems or e-commerce platforms, and they may be unaware of the benefits (UNCTAD, 2021). Affordability is also a concern; the cost of devices, software subscriptions, and internet data remains too expensive for many micro and small businesses, particularly those who operate informally.

The process of digitalization is further complicated by cultural and institutional factors. SMEs may be discouraged from adopting digital tools due to resistance to change, a preference for in-person business practices, and mistrust of digital payments or online platforms (Abor & Quartey, 2020). Additionally, a lack of institutional support and unclear regulatory frameworks frequently fail to incentivize or facilitate digital adoption, leaving many SMEs without direction or incentives to modernize their operations.

Factors Influencing Digital Transformation in SMEs

Taking into account internal drivers, internal elements like digital leadership and an entrepreneurial attitude have a significant impact on digital transformation in SMEs. In rapidly evolving digital landscapes, leaders who possess a clear vision and are open to change cultivate cultures that encourage creativity and risk-taking (Vial, 2019). Staff members' digital literacy is equally crucial; proficient workers make it possible to use technologies like cloud computing and CRM systems efficiently, and continual training is necessary to maintain proficiency (Kane et al., 2015). SMEs can quickly adapt, test new ideas, and expand successful digital initiatives thanks to organizational preparedness and agility, which includes technology infrastructure and flexible decision-making (Teece, 2018).

External influences are also quite important. While confusing rules impede investment, supportive government measures (such as tax incentives, subsidies for digital training, and simplified e-governance) lower obstacles to digital adoption (OECD, 2021). Although connectivity and power problems still exist in many developing nations, having access to dependable ICT infrastructure, such as broadband and reasonably priced gear, is still a crucial enabler (ITU, 2022). Partnerships with tech startups and NGOs give SMEs access to capital, specialized digital tools, and technical know-how, which speeds up change (UNCTAD, 2021). However, for SMEs with limited resources, the cost of digital tools and services including upfront investments and ongoing fees remains a major

obstacle, underscoring the need for reasonably priced, scalable solutions to support wider digital inclusion (World Bank, 2020).

Research Gaps

Despite increasing research on SME digital transformation, there is a scarcity of qualitative, context-specific studies on how SMEs in Ekiti State accept or reject digital technologies. Most previous research generalizes digital behaviours over large regions, ignoring Ekiti's distinct socioeconomic, cultural, and infrastructural variables formed by its agrarian economy and policy environment (Vial, 2019; OECD, 2021). This gap limits the scope of personalized digital inclusion activities. Current research frequently relies on quantitative surveys that focus on adoption rates and hurdles, but it overlooks the varied reasons and lived experiences of SME owners that impact digital decisions (Kane et al., 2015). It is necessary to investigate how internal elements like leadership and digital literacy interact with external influences like policy and infrastructure to shape digital strategy (Teece, 2018; UNCTAD, 2021).

The study affirms that digital technologies can increase the efficiency, market access, and innovation of SMEs, but it also identifies enduring obstacles, particularly in developing countries, such as deficiencies in infrastructure, funding, and skills (World Bank, 2020; ITU, 2022). The significance of localized qualitative research in capturing the realities of SMEs in Ekiti is highlighted by this diversity (OECD, 2021). In order to investigate the experiences of SME owners and identify the reasons and difficulties underlying digital adoption or resistance, this study takes a qualitative method (Creswell & Poth, 2018). It is theoretically based on theories that look at the interaction between external enablers and obstacles and internal ready, such as the Diffusion of Innovations, the Technology Acceptance Model, and Dynamic Capabilities (Vial, 2019; Rogers, 2003; Teece, 2018). By addressing these gaps, the study hopes to educate decision-makers and assist groups in advancing inclusive digital economies on a local level.

METHODOLOGY

The study's methodological framework is described in this section, along with the research design, data collecting, sampling, analysis, and ethics to guarantee validity and applicability. With an emphasis on how they embrace or reject digital technologies in the face of internal and external pressures including infrastructure and policy, the study examines digital transformation among SMEs in Ekiti State (Ekiti context). Interpretivist and constructivist paradigms serve as the foundation for the study's qualitative methodology (Creswell & Poth, 2018; Lincoln & Guba, 1985). These paradigms are suitable for examining the lived experiences of SME owners with digital adoption because they highlight how knowledge is socially created and context-dependent. The research uses a qualitative methodology and is directed by questions about the factors that influence digital adoption, how SMEs perceive digital initiatives, and associated difficulties and facilitators.

This method is well suited to the exploratory goal of discovering rich, contextualized narratives and social dynamics that quantitative tools sometimes overlook, particularly in resource-constrained Nigerian contexts. The qualitative design promotes depth over breadth, allowing for nuanced insights on SME owners' behaviours and interpretations. Unlike most survey-based studies, this technique explains why and how digital decisions are made in a semi-rural, under-resourced setting. The iterative design enables for flexibility in adapting to emergent themes across varied SMEs, which aligns with the constructivist model of knowledge co-creation through interaction (Creswell & Poth, 2018).

Research Philosophy

The interpretivist and constructivist paradigms, which hold that reality is socially created, subjective, and context-dependent, serve as the foundation for this investigation. Interpretivism focuses on how people understand their lived experiences within particular social, cultural, and economic contexts, as opposed to positivist methods that aim for objective assessment (Lincoln & Guba, 1985; Creswell & Poth, 2018). Because it takes into account the contextual, behavioural, and human aspects of technology change, this viewpoint is ideal for examining how SMEs in Ekiti State embrace or reject digital transformation. In a semi-rural Nigerian context, the constructivist perspective highlights how participants' realities are influenced by their distinct environments

(Merriam & Tisdell, 2016).

With this perspective, the researcher is not an impartial spectator but rather a co-constructor of knowledge. According to Denzin and Lincoln (2018), reflexivity is crucial, meaning that the researcher must continue to be conscious of their own prejudices and how they affect the way they gather and analyse data.

Population and Sampling

SME owners and managers from a variety of industries, including retail, ICT, services, and agriculture, as well as important stakeholders like SMEDAN officials and local innovation hub representatives, are part of the target population. Snowball sampling was utilized to reach hard-to-reach informants, and a purposive sample method was employed to choose "information-rich" individuals (Patton, 2015). To ensure diversity and saturation, the study included 100–120 participants (Guest et al., 2006).

Data Collection

To investigate motivations, obstacles, and tactics related to digital transformation, semi-structured interviews were carried out with SME actors and policy stakeholders (Creswell & Poth, 2018). A more comprehensive contextual understanding was made possible by secondary data from reports, policy documents, and institutional publications. In order to assure accuracy, interviews were performed in both Yoruba and English as appropriate, including real-time translation and back-translation (Temple & Young, 2004). All participants gave their written and verbal informed permission.

Data Analysis

Thematic analysis (Braun & Clarke, 2006) was utilized to code and discover patterns in the data, with NVivo providing rapid categorization. An inductive method allowed themes to develop organically (Nowell et al., 2017), and data triangulation, which cross-checked interviews with documents and stakeholder inputs, increased credibility (Patton, 2015).

Trustworthiness and Rigor

Lincoln and Guba's (1985) standards served as the study's guidelines, which guaranteed:

i. Credibility by peer debriefing and member verification;

ii. Transferability through detailed contextual descriptions (Merriam & Tisdell, 2016);

iii. Dependability by keeping an audit trail; iv. Confirmability by using direct quotes to support analysis and reflexivity.

Ethical Considerations

The appropriate Research Ethics Committee provided ethical clearance. Participants' identities and confidentiality were safeguarded by pseudonyms and secure, encrypted data storage. All data management adhered to institutional and international ethical norms, which included voluntary involvement and the freedom to withdraw at any moment.

DATA ANALYSIS AND FINDINGS

The results of semi-structured interviews with more than 50 participants are presented in this section. These participants included 30 SME owners from various industries, including retail, services, ICT, and agricultural, as well as important players from SMEDAN, the Ekiti Ministry of Commerce, and regional ICT hubs. Four major themes surfaced through the use of thematic analysis (Braun & Clarke, 2006): perceived benefits, hurdles, support systems, and digital adoption and awareness.

Overview of Respondents

For this study, more than 50 people were interviewed, including 50 managers and SME owners from various sectors (agriculture, retail, services, and ICT), as well as key informants from government agencies and local support organizations like SMEDAN, the Ekiti State Ministry of Commerce, and ICT hubs. Participants were chosen based on their participation in digital transformation activities,

either as early adopters or supporters of digital technology for SMEs.

A diverse range of companies with differing degrees of digital adoption were represented by the SME owners. For instance, companies in the retail and service industries used technology for everything from e-commerce platforms to social media marketing, while companies in the agriculture sector used digital tools for farm management. Businesses in the ICT sector, where digital transformation was more sophisticated, were also included in the sample. The informants included members from SMEDAN, the Ministry of Commerce, and regional ICT centres, all of which are crucial in advancing digital initiatives for SMEs in Ekiti State from a governmental and policy-making standpoint.

Key Themes Emerging from Data Analysis

A number of significant themes pertaining to the digital transformation of SMEs in Ekiti State were identified by the thematic analysis. These themes fall into four major categories: (i) Awareness and Adoption of Digital Technology, (ii) Obstacles to Digital Transformation, (iii) Government Initiatives and Support Systems, and (iv) Advantages and Possibilities.

i. Digital Adoption and Awareness

The findings revealed that SMEs in Ekiti State have various levels of digital adoption and awareness. Many small and medium-sized business owners indicated a lack of understanding about the benefits and potential of digital tools. For example, while some organizations used social media for marketing, others were hesitant to implement digital solutions owing to a lack of knowledge about existing platforms or the benefits they may provide. Several interviewees cited a lack of digital literacy as a significant barrier to adoption. According to one respondent, many SME owners in Ekiti are unaware of the potential benefits of digital tools for increasing sales. They utilize social media for simple conversations, not for e-commerce or commercial analytics."

Fascinatingly, organizations in the ICT industry showed a higher level of digital involvement, employing sophisticated technologies like cloud services, customer relationship management (CRM) systems, and enterprise resource planning (ERP) software. However, they were in the minority when compared to enterprises in agriculture and retail, where digital tools were predominantly used for marketing.

ii. Barriers to Digital Transformation

The obstacles to digital transformation that SMEs in Ekiti State confront were another important issue found in the data analysis. These obstacles can be roughly divided into three categories: cultural, financial, and infrastructure-related.

- Infrastructure Challenges: The absence of dependable infrastructure, especially a power supply and broadband internet connectivity, was a significant impediment to the digital transformation. Many respondents noted that it was challenging for businesses to rely on digital platforms in rural areas due to frequent power outages and inadequate internet connectivity. One member emphasized: "In certain areas of Ekiti, the internet connection is awful. For our digital meetings and online purchases, we cannot depend on it."
- Budgetary Restrictions: Another major obstacle was financial constraints. Concerns regarding the expense of implementing new technologies were voiced by some SME owners. Although some were open to investigating digital tools, the upfront expenses for gear and software, as well as continuing fees for internet access and training, were frequently unaffordable.

Last but not least, cultural considerations contributed to the process of digital adoption being impeded. Some entrepreneurs resisted change and continued to operate their businesses in the same methods. Additionally, staff lacked digital literacy, which hindered the successful implementation of digital plans. "The older generation of Ekiti business owners are not very open to digital technology," said one attendee. They continue to rely on in-person interactions and word-of-mouth.

iii. Support Structures and Government Initiatives

The investigation highlighted a third theme: the significance of government initiatives and support systems in promoting digital transformation among SMEs. Government programs, such as those

provided by SMEDAN and the Ministry of Commerce, were deemed helpful resources for SMEs seeking to adopt digital technologies. Ekiti's ICT hubs also played an important role in offering training, mentoring, and access to digital resources.

Several participants identified the Innovation Enterprise Fund and the construction of ICT centres as important drivers of digital innovation. One representative from the Ministry of Commerce noted that their ICT hubs provide free digital skills training to SMEs. We also assist them in obtaining low-interest financing for technology adoption.

The scattered structure of support programs and the lack of alignment between government policies and the real requirements of SMEs were criticized by certain participants in spite of these efforts. There are programs available, but they don't always address the unique needs of small enterprises, according to one SME respondent. Navigating the resources that are available is frequently challenging.

iv. Benefits and Opportunities

The advantages and opportunities that digital transformation presents to SMEs in Ekiti State were the last theme to emerge. Increased market reach, better operational efficiency, and higher customer interaction were among the benefits mentioned by respondents who had implemented digital technologies. One SME owner in the retail industry, for instance, said: "Since we began utilizing social media for sales, our clientele has grown beyond Ekiti. We now connect with clients in different regions of Nigeria. Furthermore, by providing access to real-time data, digital technologies were said to have assisted SMEs in improving decision-making, cutting expenses, and streamlining processes.

An individual involved in the agricultural industry clarified: "We can more efficiently monitor crop output and weather patterns with farm management software. It has enhanced our productivity and enhanced our planning.

Discussion of Key Findings

The study identifies a number of important variables that affect SMEs in Ekiti State's adoption and application of digital transformation techniques. First, a key factor in determining a successful transformation is the degree of digital literacy among SME owners and staff. The inability of many small and medium-sized enterprises in Ekiti State to successfully incorporate digital tools into their operations is caused by a lack of technical expertise. The function of infrastructure is another important discovery. The use of digital technology is hampered for SMEs in Ekiti by issues such inconsistent internet connectivity, restricted access to reasonably priced digital tools, and insufficient electrical supply. Notwithstanding these challenges, a sizable portion of SMEs that have adopted digital transformation report increased customer engagement and operational efficiency.

The study also highlights the significance of government support initiatives and legislation. SMEs were more likely to successfully adopt digital methods if they received assistance from government programs, such as training courses or financial aid. More specialized regulations that particularly address the particular requirements of SMEs in the area are nevertheless required. The results indicate that although SMEs in Ekiti State are becoming more conscious of the significance of digital transformation, adoption is still uneven because of major obstacles such poor infrastructure, limited funding, and cultural opposition.

Government and support organizations play an important role in enabling digital transformation through initiatives such as ICT centres and funding programs, but there is still a misalignment of these resources with the actual needs of SMEs. However, SMEs who have used digital technologies report a variety of benefits, including increased market reach and operational efficiency, demonstrating the potential of digital transformation to drive corporate success.

CONCLUSION, AND RECOMMENDATIONS

Conclusions

This study concludes that although digital transformation has enormous promise for SMEs in Ekiti State, widespread adoption is hampered by obstacles such limited access to technology, a lack of

digital skills, and infrastructure problems. The government, business community, and educational institutions must work together to successfully integrate digital strategy. Governments should think about creating infrastructure to assist SMEs in their digital journeys, as they require easier access to training and assistance to improve their digital competencies.

The study also emphasizes the advantages of digital adoption, including increased client interactions, market reach, and operational efficiency. Because digital transformation is now a need rather than an option in today's cutthroat global economy, it emphasizes the need for SMEs to embrace technological innovations more proactively.

Recommendations

The following suggestions are offered for SMEs, legislators, and other participants in the digital transformation process in light of the findings:

i. Training and Capacity Building: Ekiti State's SMEs must fund training initiatives that improve digital competencies. To increase proficiency with digital tools like e-commerce platforms, social media marketing, and data analytics, workshops, online courses, and certifications are offered.

ii. Infrastructure Improvement: In both rural and urban areas, policymakers should give top priority to the establishment of dependable internet access and a steady supply of power. Digital transformation cannot reach its full potential without these fundamental infrastructure upgrades.

iii. Government Support Programs: The government should broaden its support programs to include more focused initiatives for SMEs, like internet service subsidies, grants for the adoption of digital technology, and collaborations with technology providers to provide SMEs with reasonably priced digital tools.

iv. Private Sector Engagement: To develop technology-driven solutions that are suited to the unique requirements of small enterprises, private sector organizations in Ekiti State should work with SMEs. This can entail providing cloud services, digital payment methods, and reasonably priced software.

v. Promoting Innovation and Research: SMEs ought to be urged to spend money on research and innovation, especially in the areas of digital business models and product creation. Universities, company incubators, and government organizations can all be extremely important in promoting innovation in the SME sector.

Limitations of the Study and Suggestions for Future Research

This study has limitations even though it offers valuable insights into the digital transformation tactics used by SMEs in Ekiti State. The findings' ability to be applied outside of the region is limited by the tiny and localized sample. Furthermore, the brief study period might not accurately represent long-term patterns of digital adoption.

Future study should take into account comparative studies across several Nigerian states to identify regional discrepancies and longitudinal studies to monitor the digital evolution of SMEs over time. It is also advised that further research be done on particular digital tools and how they affect SME success.

In Ekiti, digital transformation is still essential for the expansion and viability of SMEs. A cooperative, multi-stakeholder strategy addressing infrastructure, literacy, and policy issues involving the public and corporate sectors as well as SMEs will be necessary to realize its full potential (OECD, 2021; ITU, 2022). SMEs in Ekiti can prosper in the digital economy and make a substantial contribution to Nigeria's overall development with the right kind of assistance.

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