**THE RELATIONSHIP BETWEEN PROBLEM SOLVING SKILL AND BUSINESS COMPETITIVENESS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN ANAMBRA STATE**

**Abstract**

This study examined the degree of relationship between problem-solving skills and business competitiveness among Micro, Small, and Medium Enterprises (MSMEs) in Anambra State, Nigeria. Recognizing the growing challenges MSMEs face in sustaining competitive advantage, the study addressed the problem of limited adaptive and strategic capabilities among entrepreneurs, particularly in identifying and solving operational challenges. A quantitative research design was employed, using primary data collected via structured questionnaires and interviews administered to 331 purposively selected MSME owners and managers. Descriptive statistics were used to analyze respondents’ demographic data, while hypotheses were tested using simple regression analysis through SPSS version 27. The findings revealed a significant and positive relationship between problem-solving skills and business competitiveness. The study concluded that the ability to identify and address business problems enhances productivity, drives innovation, and positions MSMEs for competitive advantage. It recommended that continuous training on innovative problem-solving be prioritized among MSME stakeholders to strengthen their strategic responses to market demands.

**Keywords: Entrepreneurial skill, Competition, MSMEs, Anambra State**

**1. INTRODUCTION**

Business competitiveness among Micro, Small, and Medium Enterprises refers to the ability of enterprises to survive, grow, and outperform rivals in dynamic market environments through innovation, productivity, adaptability, and customer responsiveness. This competitiveness determines how well a business can create and sustain value over time, and it is often influenced by factors such as entrepreneurial skillsets, strategic planning, access to finance, and technological capability (World Bank, 2022). In highly competitive environments, businesses are compelled to differentiate themselves through improved products, efficient processes, and customer-focused strategies. For small enterprises, in particular, the ability to respond swiftly to market demands and operational challenges has become an increasingly important driver of success (Organisation for Economic Co-operation and Development, 2021). As global markets become more interconnected and consumer preferences more sophisticated, the need for Micro, Small, and Medium Enterprises to remain competitive has intensified.

Globally, MSMEs have served as pivotal agents of innovation and technological diffusion. In countries like Germany, India, and South Korea, targeted skill development programs and entrepreneurial education have empowered MSMEs to scale up production and integrate into global value chains, contributing over 60% of industrial output in these economies (World Bank, 2022). In Africa, countries such as Rwanda and Mauritius have experienced improved MSME competitiveness through investment in human capital and adaptive business management training (African Development Bank, AfDB, 2020). In country like Nigeria, MSMEs play a significant role in driving industrial development, generating employment, and promoting equitable economic growth. According to the National Bureau of Statistics (NBS) and Small and Medium Enterprises Development Agency of Nigeria, SMEDAN, (2018), MSMEs account for approximately 96% of all businesses in Nigeria and contribute nearly 49% to the national GDP. However, the level of competitiveness among these enterprises remains uneven due to infrastructural gaps, skill limitations, and financial constraints.

Consequently, a key determinant of MSME competitiveness is the entrepreneur’s capacity for problem-solving, a skill that enables effective identification, analysis, and resolution of business challenges. This competency influences the ability of business owners to respond to external shocks, allocate resources optimally, manage risk, and innovate under pressure. Studies by Ofomata and Daniel (2021) show that MSMEs that score highly on problem-solving indices tend to outperform their peers in customer retention, productivity, and operational sustainability. Problem-solving skills are particularly critical in uncertain environments, where entrepreneurs must continuously make strategic decisions with limited information and constrained capital. In the Nigerian context, these skills become even more valuable considering the volatility of the economic environment and the infrastructural deficits MSMEs often face. Entrepreneurs who can effectively navigate pricing pressures, supply chain disruptions, and customer expectations are better positioned to build competitive businesses (Usman & Umogbai, 2023).

In Anambra State, the entrepreneurial ecosystem is particularly vibrant, with over 1.5 million MSMEs operating across urban hubs such as Onitsha, Nnewi, and Awka. These enterprises span sectors including commerce, light manufacturing, fashion, agro-processing, and logistics. The success of many of these businesses has been closely linked to the owners’ problem-solving competencies. It was also affirmed strategic entrepreneurship had a positive significant effect on competitive advantage of SMEs’ in Anambra state, Nigeria (Nnabugwu, 2021). Similarly, several fashion businesses in Onitsha developed contingency strategies during the COVID-19 lockdowns by shifting to e-commerce and digital platforms—an initiative that allowed some to maintain over 60% of their pre-pandemic customer base. These examples underscore the role of cognitive agility and strategic thinking in maintaining business relevance, especially in a competitive environment. As of 2023, Anambra State experienced a decline in the growth rate of its Micro, Small, and Medium Enterprises (MSMEs). According to the report by PricewaterhouseCoopers (2024), 64% of businesses reported growth in 2023, down from 72% in 2022 and 75% in 2021. These challenges reflect underlying issues such as inadequate access to finance, power supply instability, and infrastructural gaps, which continue to hinder the sector’s full potential (PwC, 2024; National Bureau of Statistics, 2023). Small and Medium Scale Enterprises (SMEs) in Anambra State are facing challenges that impact their growth and sustainability, and among the root causes is the lack of effective problem-solving skills among managers and entrepreneurs. Most entrepreneurs fail to take business decisions with the necessary training in decision-making and critical thinking, and hence their ability to resolve operational, financial, and strategic problems becomes less effective. This loophole always leads to inefficiency in managing change in the market, poor management of available resources, and poor strategic planning. SMEs thus cannot maintain competitive advantage, innovate, or recover from business disruption. Furthermore, the absence of professional training and institutional capacity to build such analytical and intellectual capacities only exacerbates the problem (Obidile et al., 2022). Despite the evident benefits, a large proportion of business owners lack access to structured training and practical mentorship, which impedes the development of these essential skills. Similarly, over 65% of MSME operators in the state have not undergone formal business management training. The state government, through agencies such as the Anambra Small Business Agency (ASBA), has launched capacity-building initiatives, including vocational training programs and subsidized business advisory services (Obidile et al., 2022). While commendable, these efforts have often been sporadic, poorly funded, and sometimes politicized, leading to limited impact and sustainability (Nosike & Akwuobi, 2022). Furthermore, systemic issues such as epileptic power supply, limited access to finance, and security concerns continue to erode the gains made from problem-solving interventions. The persistence of these challenges can be traced to weak policy implementation frameworks, insufficient private sector collaboration, and a lack of data-driven planning to align training programs with the real-time needs of MSMEs (Nigerian Economic Summit, 2019). These problems need to be addressed to promote the performance and viability of SMEs in the region in the long term. Therefore, the main objective of the study is to examine the relationship between problem-solving skills and business competitiveness among MSMEs in Anambra State.

**2. LITEREATURE REVIEW**

**2.1. Conceptual Issues**

**Problem-Solving Skill**

Problem-solving skills involve the capacity to recognize, assess, and address challenges effectively. For entrepreneurs, this capability is crucial, as they operate in environments often marked by unpredictability and complexity (Gibb, 2011). Contemporary research highlights the essential contribution of problem-solving to entrepreneurial achievement. These skills empower business owners to pinpoint, evaluate, and solve problems swiftly, thus promoting operational robustness and fostering innovation (DeepaBabu & Manalel, 2016).

**Business Competitiveness**

Business competitiveness refers to the ability of an organization’s products or services to perform well in the marketplace, even when facing competition from similar offerings. Staying competitive is crucial for a business to continue operating and thriving in the market (Farida & Setiawan, 2022). It is the capability of anticipating market trends more effectively than competitors and adjusting the business’s offerings in response. In the end, a business’s ability to meet market demands and consistently generate profits hinges on its competitiveness, which helps it navigate market uncertainties successfully.

**2.2. Theoretical Framework**

**Opportunity-Based Theory (OBT)**

The Opportunity-Based Theory, formulated also by Peter Drucker (1985), states that entrepreneurship involves the discovery, analysis, and exploitation of opportunities in generating value. The theory is interested in the role of the entrepreneur as being actively searching for opportunities and not waiting for market forces. One of the theory's assumptions is that entrepreneurs are capable of realizing potential opportunities in the marketplace and exploiting them through innovation and resource mobilization. Entrepreneurs are expected to identify challenges and obstacles in the process of exploiting opportunities and develop innovative solutions. Problem-solving, as hinted by Drucker (1985), is one of the crucial skills that enable entrepreneurs to adjust approaches and enhance business results. One of its limitations is that it places too much focus on opportunity recognition irrespective of external conditions, including market constraints or regulatory difficulties, that might restrict an entrepreneur from taking advantage of realized opportunities (Shane & Venkataraman, 2000). MSME competitiveness in Anambra State and problem-solving abilities are products of entrepreneurs' ability to react to market challenges and adjust to new situations. Problem-solving entrepreneurs are more capable of maximizing operations, enhancing efficiency, and neutralizing competitive pressures. As business complexity builds, MSMEs that effectively utilize problem-solving skills stand to have greater chances of maintaining competitive advantage and thus long-term viability. This further substantiates the legitimacy of the theory, in which problem-solving plays a pivotal role in translating market opportunities into business success.

**2.3. Review of Empirical Literature**

Chikere (2025) determined the relationship between problem solving ability and innovative behaviour of small and medium scale enterprises in Port Harcourt. The study adopted cross-sectional research design, while 287 copies of questionnaires distributed and 244 copies were found fit for analysis. Multiple regression tool was adopted to analyse the hypotheses, and it was found that problem solving ability significantly relates with innovative behaviour. Based on the findings, the study concludes that problem solving ability positively correlates with the measures of innovative behaviour.

Kasim et al. (2024) investigated the perspectives of small to medium enterprise (SME) employers on the problem-solving and critical thinking skills of Technical and Vocational Education and Training (TVET) students during their internships in Malaysia. Using a qualitative case study approach, semi-structured interviews were conducted with three SME employers in the multimedia sector, each with experience supervising TVET students during internships. The thematic analysis of the interview data showed that TVET students problem-solving and critical thinking skills can be developed during the internship programs. Students were able to adapt to the working environment and learn the skills through experience and hands-on practical.

Lawal and Abudullahi (2024) examined how entrepreneurial skills influence the financial performance of Small and Medium Enterprises in Kaduna State. Using data obtained from 250 SMEs through a structured questionnaire, the researchers tested three hypotheses using Partial Least Square Structural Equation Modelling (PLS-SEM). The analysis revealed that skills in accounting, finance, and marketing had a significant and positive impact on the financial outcomes of SMEs. The study concluded that these competencies play a vital role in strengthening the financial performance of enterprises within the state.

Agbionu et al. (2024) examined the relationship between entrepreneurship behavior and the performance of SMEs in Anambra State, Nigeria. The study was grounded in the Resource-Based View Theory, which emphasizes the strategic resources that contribute to business success. A sample of 189 skilled workers from selected SMEs in Anambra State was surveyed, using a valid and reliable questionnaire for primary data collection. The results revealed that key entrepreneurship behaviors, such as innovativeness, competitiveness, and initiative, significantly influenced various aspects of SME performance. Specifically, innovativeness was found to significantly impact employee satisfaction, competitiveness positively influenced customer satisfaction, and initiative contributed to job satisfaction.

Okih and Ogidi (2022) investigated the relationship between entrepreneurial passion and the sustainability of Micro, Small, and Medium Enterprises in Plateau State. Emphasizing the critical role of entrepreneurship in sustaining businesses, they observed that many MSMEs struggle to survive beyond the first generation. Employing a quantitative methodology, the researchers administered 382 questionnaires and analyzed the responses using regression techniques. The study revealed that while harmonious passion showed no significant influence on business sustainability, obsessive passion was found to negatively affect the long-term viability of MSMEs.

Amaonwu and Ifechukwu-Jacobs (2022) investigated the influence of entrepreneurial competencies on the performance of paint manufacturing companies in Anambra State, Nigeria. Utilizing a survey research design, the researchers gathered data from both primary and secondary sources. Questionnaires served as the primary instrument for data collection and were distributed randomly among employees of the selected firms. Out of a total population of 2,827 staff members, a sample of 369 employees was drawn, with 347 completed questionnaires successfully retrieved. The study employed Analysis of Variance (ANOVA) and regression analysis to test its hypotheses at a 5% level of significance. The results indicated that key entrepreneurial skills—namely innovativeness, risk-taking, and strategic thinking—had a statistically significant and positive impact on the profitability of the firms. The study concluded that entrepreneurial competencies substantially enhance the performance of paint companies in the state.

Inegbedion et al. (2022) carried out an empirical study to evaluate the impact of entrepreneurial behavior on the performance of Micro, Small, and Medium Enterprises (MSMEs) in Nigeria. Focusing on how entrepreneurs utilize organizational resources and capabilities to drive innovation, create new market opportunities, and engage in proactive, risk-taking ventures, the study surveyed 160 MSME operators in Lagos State through researcher-designed questionnaires. Using multiple regression analysis to test the hypotheses, the results revealed that key entrepreneurial behaviors—such as innovation, proactiveness, risk-taking, and cognitive engagement—significantly and positively influence MSME performance in Nigeria.

Scholastica et al. (2022) explored how entrepreneurial competencies influence the operational outcomes of small and medium enterprises owned by Igbo traders in Anambra State. The study targeted all such businesses as its population and applied a multi-stage sampling method to derive a representative sample. A total of 482 participants were selected, and data analysis was conducted using both descriptive and inferential statistical techniques. Specifically, the researchers utilized simple percentages alongside Ordinary Least Squares (OLS) regression analysis to interpret the data. The study’s findings revealed that the capacity to take business risks significantly contributed to the performance of these enterprises. Moreover, core entrepreneurial skills were found to have a statistically meaningful impact on improving business outcomes among the targeted group of traders.

Nnabugwu (2021) examined how entrepreneurial education, orientation, and knowledge contribute to the competitive advantage of small and medium enterprises in Anambra State. Using survey data from 339 business owners across Onitsha, Nnewi, and Awka, the study found that all three entrepreneurial skillsets had a significant positive impact on business competitiveness. The study concluded that strategic entrepreneurship is essential for maintaining a competitive edge.

Ndubuisi-Okolo, Attah, and Lokoja (2020) investigated how entrepreneurial skills influence managerial competence and business performance among small and medium enterprise (SME) traders in Anambra State. The study, which used survey data from 180 respondents across two major cities, assessed the impact of entrepreneurship education, business workshops, and technical know-how. Results revealed strong positive correlations between entrepreneurship education and SME performance, and between technical know-how and business turnover. The study concluded that entrepreneurship education is a key driver for enhancing SME efficiency, innovation, and profitability.

John and Muogbo (2019) explored the influence of entrepreneurial skills on the productivity of small and medium enterprises (SMEs) in Nnewi North Local Government Area, Anambra State. Data were collected using a structured questionnaire and analyzed using statistical mean and standard deviation. With a study population of 100, findings indicated that core competencies such as management, marketing, accounting, and risk management skills are essential for enhancing the productivity of SMEs in the region.

Al Mamun et al. (2019) examined the relationship between entrepreneurial abilities and business outcomes among micro-enterprises in Kelantan, Malaysia. The research specifically assessed how entrepreneurial skills, market orientation, sales orientation, and networking influence both entrepreneurial competency and business performance. Utilizing a structured interview method within a cross-sectional framework, data were gathered from 403 micro-business operators affiliated with the Kelantan Islamic Religious and Custom Council and the Kelantan branch of the Majlis Amanah Rakyat. The analysis revealed that entrepreneurial skills, networking, and entrepreneurial competency positively impacted business performance. The study also established that entrepreneurial competency played a significant mediating role in the link between entrepreneurial attributes and business success.

Mbasua et al. (2015) explored the major operational obstacles limiting the effectiveness of small enterprises in Gombe State, Nigeria. The study drew on both primary data—gathered through questionnaires—and secondary data from relevant documents. Using a cluster sampling method, one local government area was selected from each of the three senatorial districts, followed by random sampling to select 50 participants. Analysis was carried out using simple percentage techniques. The findings revealed that small business operators struggled with a range of structural and financial challenges, including poor management skills, insufficient capital, limited access to funding, and ineffective record-keeping practices. These constraints significantly impeded the growth and sustainability of small-scale enterprises in the region.

**3. METHODOLOGY**

**3.1 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.

3.2 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.

3.3 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.

3.4 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:



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.

3.5 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 problem-solving skill. It played a crucial role in gathering comprehensive data that would support the study's objectives.

3.6 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 problem-solving. 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 illustrates the distribution, collection, and analysis of the questionnaires. As detailed in the table, 331 questionnaires were distributed according to the study's sample size. A total of 300 questionnaires were returned, representing 90.6% of those distributed. However, only 282 questionnaires, or 85.2% of the total distributed, were analyzed, as 18 questionnaires were excluded due to incomplete responses that could not effectively reflect the respondents' views.

3.7 Validity of the Instrument

The study employed content validity by submitting a copy of the developed questionnaire to my supervisor for assessment and revision. The questions were modified and restructured to align with the objectives of the study. As a result, the content of the questionnaire was deemed appropriate and relevant for the research.

3.8 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 Joez 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) | D2 |
| 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 |
|  |  |  |  |  | ∑d2= 11 |

**Source:** Field survey, 2024.

Formula : 1- $\frac{6∑di2}{n (n2-1)}$

d = deviation / differences

n = number of paired items

1= unity

Substituting,

r = 1 – 6 x 112

 15 (152 – 1)

r = 1 - 66

 15(255 – 1)

r = 1 - 66

 3360

r = 1 – 0.0196

r = 0.98

3.9 **Method of Data Analysis**

The study used descriptive tools such as frequency distributions, percentages, means, and standard deviations. These techniques were essential in examining the central tendencies and variability of the responses, facilitating a thorough analysis of the research objectives.

**4. DATA PRESENTATION AND INTERPRETATION OF RSULTS**

**4.1. Data Analysis**

**4.1.1 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

Data gathered from a survey administered to respondents over a five-month period (January to May 2024) is presented in Table 3. The survey's first section collected demographic information from 282 personnel across MSMEs in Anambra State’s three geopolitical zones. Questionnaires were distributed via email, with reminders sent every two weeks. Among the respondents, 39% were male, and 61% were female. A majority (58%) were aged between 18 and 29 years. Regarding educational background, 41.4% held a bachelor's degree, and 21.2% held a master's degree. Most respondents (48.3%) had between five and ten years of experience. In terms of company size, 27.8% represented medium-sized SMEs, 42.3% were small firms, and 29.9% were micro-sized businesses. The frequency percentage was computed using the formula: Percentage = (Frequency of occurrence/Total number of respondents) × 100.

Relationship between Problem Solving skill and Business Competitiveness

**Table 4: Distribution of Responses for Problem Solving and Business Competitiveness**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Questionnaire Item** | **SA** | **A** | **UD** | **D** | **SD** | **Mean** | **Decision** |
| **Problem Solving** |
| How often do you encounter problems in your business? | 51 | 134 | 41 | 56 | - | 3.62 | Accepted |
| How often do you solve business-related problems? | 59 | 124 | 37 | 62 | 4 | 3.63 | Accepted |
| How much do problem-solving skills contribute to your business's competitiveness? | 29 | 167 | 29 | 57 | - | 3.59 | Accepted |
| Effectively identifying problems that arise in business help stay competitive? | 42 | 183 | 29 | 15 | 13 | 3.99 | Accepted |
| **Business Competitiveness** |
| Consistently meeting or exceeding industry standards make the business stay competitive? | 57 | 159 | 24 | 39 | 3 | 3.88 | Accepted |
| Actively monitoring my competitors’ strategies has made my business more competitive? | 73 | 160 | 15 | 14 | 20 | 3.46 | Accepted |
| Offering a unique value proposition in the market makes me competitive? | 33 | 174 | 24 | 41 | 10 | 3.43 | Accepted |
| Continually seek ways to improve my competitive edge has sustained my business? | 79 | 138 | 33 | 29 | 3 | 3.90 | Accepted |

**Source: Field Survey 2024**

Table 4 presents the distribution of responses regarding problem-solving skills and business competitiveness. The analysis is based on the mean scores of the respective questionnaire items, with a threshold of 3 or higher indicating acceptance, and items with mean scores below 3 being rejected. All items related to problem-solving skills and business competitiveness received positive affirmations.

**Hypothesis Testing**

H03: There is no significant relationship between problem-solving skills and business competitiveness of Micro, Small, and Medium Enterprises (MSMEs) in Anambra State.

HA3: There is a significant relationship between problem-solving skills and business competitiveness of MSMEs in Anambra State.

**Table 5: Correlation between Problem Solving and Business Competitiveness**

|  |
| --- |
| **Correlations** |
|  | Problem Solving | Business Competitiveness |
| Problem Solving | Pearson Correlation | 1 | .466 |
| Sig. (2-tailed) |  | .016 |
| N | 282 | 282 |
| Business Competiveness | Pearson Correlation | .466 | 1 |
| Sig. (2-tailed) | .016 |  |
| N | 282 | 282 |

**Source: SPSS ver.23 Outputs.**

**Result Summary**

Table 5 indicates a positive relationship between risk-taking and business resilience, with a correlation coefficient of r = 0.466, n = 282, and a p-value of 0.016 (p < 0.05). Based on this, the alternate hypothesis is accepted, and it is concluded that there is a significant positive relationship between problem-solving skills and business competitiveness of MSMEs in Anambra State.

4.2 Discussion of Findings

This study explored the impact of problem-solving skills on business competitiveness, revealing a significant relationship (r = 0.466, n = 282, p = 0.016, p < 0.05). As a result, the hypothesis (H3) is supported. These findings align with previous research, such as those by Agbionu et al. (2023); Daniel and Olalekan (2023), which highlighted the positive role of problem-solving in enhancing the competitiveness of MSMEs.

The research question addressed was, "What is the nature of the relationship between problem-solving skills and business competitiveness of MSMEs in Anambra State?" The objective was to determine this relationship.

The results suggested that problem-solving skills allowed entrepreneurs to overcome obstacles, improved operational efficiency and competitive advantage. By promptly identifying and resolving issues, businesses can ensure smooth operations, reduce costs, and enhance customer satisfaction. The study’s findings indicated that better problem-solving skills directly contributed to greater business competitiveness, helping MSMEs maintain a strong market presence and grow.

Opportunity-Based Theory (OBT), which focused on recognizing, evaluating, and exploiting opportunities, is key to understanding the findings. Entrepreneurs skilled in problem-solving are adept at identifying market opportunities others might overlook. For instance, an entrepreneur who notices operational inefficiencies can innovate by streamlining processes, like automating production to improve efficiency and cut costs. This approach enables businesses to capitalize on opportunities for improvement, which in turn boosts competitiveness.

Moreover, problem-solving skills play a crucial role in customer satisfaction. Entrepreneurs can use these skills to address complaints and refine their offerings. Resolving issues quickly builds customer loyalty, strengthens the brand, and attracts new customers. For example, an entrepreneur who tackles recurring quality problems can transform dissatisfied customers into loyal ones, reinforcing their competitive edge.

Consider an MSME in Anambra State with persistent customer complaints about delayed deliveries. An entrepreneur with strong problem-solving abilities could view this as an opportunity to improve the delivery process. By examining the supply chain, they could identify inefficiencies and introduce a more effective logistics system, resolving delays and reducing costs. This improvement boosts customer satisfaction, fosters loyalty, and enhances competitiveness, driving the business’s growth.

In line with Opportunity-Based Theory, problem-solving skills enable businesses to continuously innovate and capitalize on market opportunities. This innovation and competitiveness fuel long-term growth. An MSME that consistently addresses industry challenges can become a market leader, attracting more customers, investors, and business partners. The study reinforces the importance of problem-solving skills in supporting entrepreneurial success and sustaining business growth in dynamic markets.

**5. CONCLUSION AND RECOMMENDATIONS**

The implication of the findings of the study is that problem-solving capability contributes meaningfully and positively to making MSMEs in Anambra State more competitive. That means individuals with problem identification, analysis, and problem-solving capability up to a level of preference are most likely to enhance operations, eliminate waste, and take advantage of new opportunities in meeting customer demand quickly. Furthermore, problem-solving is not only a responding capability but a strategic asset empowering MSMEs with the capability to innovate, to change, and to maintain growth in a competitive marketplace. It enables entrepreneurs to convert problems into opportunities—either by streamlining internal processes, managing customer complaints, or creating new products and services. Problem-solving capacity allows a company to become more resilient, raise customer satisfaction, and reinforce its market position. Thus, the research emphasizes the growth and sustenance of entrepreneurial problem-solving skills. In the midst of a thriving business climate, this skill set is an optimal discriminator that decides not only survival but also healthy growth and competitive edge for MSMEs. Based on these findings, it is suggested that MSME owners and managers invest in ongoing training and capacity building in critical thinking and problem-solving capabilities. This will enable them to manage complex business environments, solve operational limitations efficiently, and remain competitive in the market.

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