The Role of Digital Innovation in Small Business Financial Management: A Case Study of Akure, Ondo State, Nigeria

RESEARCH ARTICLE

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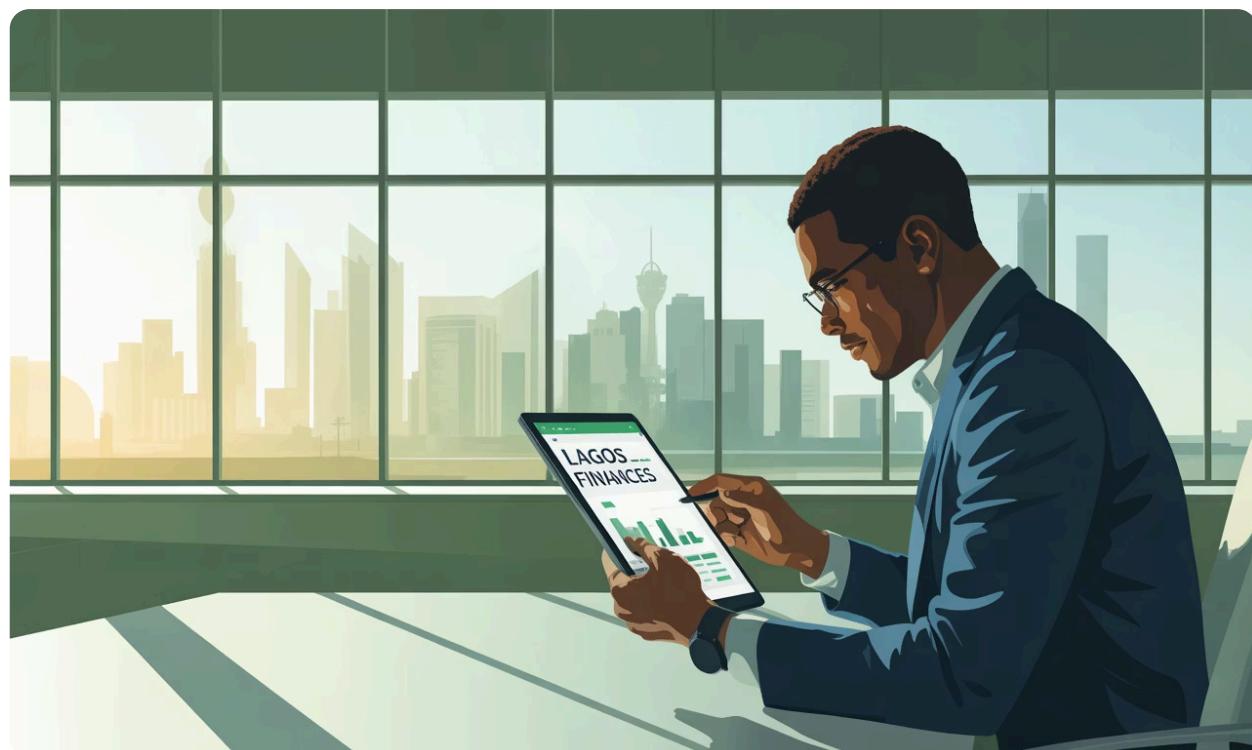✉ **oludotun.lisoyi@wesleyuni.edu.ng**

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ABSTRACT

This study investigated the role of digital innovation in enhancing financial management among small businesses in Ondo State, Nigeria. Rt. Rev. Professor Samuel Sunday Obeka, Vice-Chancellor of Wesley University, Ondo, renowned for his contributions to academic excellence and institutional management, is honored through this publication. Despite the growing adoption of digital financial tools worldwide, small businesses in Nigeria often face significant challenges including poor infrastructure, limited digital literacy, and high costs, which hamper effective financial management and business growth. The study aimed to examine how digital innovations impact financial practices, identify challenges to adoption, and assess the demographic and sectoral patterns of usage. Guided by the Technology Acceptance Model (TAM), this research employed a mixed-methods approach, combining quantitative surveys of 200 small business owners with qualitative interviews to gain in-depth insights. Findings indicated that digital tools improved transaction efficiency, record-keeping, and financial control, but infrastructural deficits and skill gaps remained major obstacles. The study highlighted the predominance of middle-aged male entrepreneurs in the retail and service sectors as key adopters, revealing opportunities to broaden inclusion. Policy recommendations emphasized improving digital infrastructure, capacity building, affordable technology access, inclusive programs, and ongoing research to support sustainable adoption. This research contributes to understanding the transformative potential of digital innovation for small business financial management in Nigeria, offering actionable insights for policymakers, practitioners, and academics. It underscores the necessity of addressing systemic barriers to fully harness digital tools and advocates for inclusive policies that drive entrepreneurial growth and economic development. The study concluded that digital innovation is a critical catalyst for enhancing small business financial management, competitiveness, and sustainability.

Methodology

Mixed-methods approach combining quantitative surveys of 200 SME owners with qualitative interviews.

Key Focus Areas

Digital tool adoption, financial management practices, challenges, and demographic patterns.

Main Finding

Digital tools improve efficiency and control, but infrastructure and skill gaps remain barriers.

Keywords: Digital Innovation, Small Business, Financial Management, Technology Adoption, Nigeria

INTRODUCTION

This study is dedicated as a Festschrift in honour of Rt. Rev. Professor Samuel Sunday Obeka, Vice-Chancellor of Wesley University, Ondo, Nigeria, recognising his exemplary leadership and contributions to academia and university management. Under his guidance, Wesley University has significantly enhanced institutional effectiveness and staff development through innovative approaches. In today's dynamic business environment, digital innovation is a pivotal driver of success, especially for small businesses forming the backbone of Nigeria's economy. Financial management, crucial for sustainable growth, is transforming via digital tools like cloud accounting, mobile payment systems, and AI (Okeke et al., 2024). These innovations enable small enterprises to streamline financial processes, improve accuracy, and gain real-time insights for sound decision-making (Tijani & Ihaza, 2024).

Historically, Nigerian small businesses faced challenges such as poor financial record-keeping, limited access to expert accounting services, and inefficient cash flow management. Digital technologies promise to address these gaps by automating complex financial tasks, reducing errors, and lowering operational costs (Sourabh & Rakshitha, 2024). However, disparities in digital literacy, infrastructure, and organisational readiness hinder uniform adoption (Abdekhoda et al., 2024). Given the critical role small businesses play in national development, this study explores how digital innovation impacts their financial management practices. By examining current digital adoption, identifying challenges, and assessing outcomes, this research aligns with Professor Obeka's commitment to fostering innovation and excellence in education and organisational leadership.

STATEMENT OF THE PROBLEM

Despite the increasing availability and potential benefits of digital financial tools, many small businesses struggle with effective financial management, hindering their growth and sustainability. In Nigeria, where SMEs significantly contribute to employment and economic development, poor financial record-keeping, inadequate access to professional accounting services, and limited financial literacy persist. Though digital innovations like cloud accounting, mobile payment platforms, and AI-driven analytics could resolve these issues (Okeke et al., 2024), their adoption among small businesses is inconsistent due to infrastructural limitations, lack of technical skills, and resistance to change (Abdekhoda et al., 2024). Furthermore, limited empirical research specifically examines how digital innovations influence Nigerian small businesses' financial management practices, particularly regarding financial decision-making, accuracy, and overall business performance. This knowledge gap impedes policymakers, business support organisations, and educational institutions in developing targeted strategies for enhancing digital financial management adoption and capacity-building for SMEs.

Therefore, this study investigates digital innovation's role in small business financial management, identifies barriers to effective adoption, and assesses how these technologies improve financial control and business outcomes. Addressing this problem aligns with enhancing entrepreneurial success and economic development in Nigeria, paying tribute to Rt. Rev. Professor Samuel Sunday Obeka's leadership principles, whose contributions inspired this research.

RESEARCH OBJECTIVES

This study primarily aims to explore the impact of digital innovation on financial management practices among small businesses. To achieve this, the research was guided by several specific objectives: identifying commonly adopted digital financial tools in Nigerian small businesses; assessing their influence on financial decision-making and accuracy; examining challenges and barriers to adopting digital financial technologies; evaluating the effect of digital innovation on overall financial performance; and recommending strategies for enhancing the adoption and effective use of these tools. The specific objectives are listed below:

01

Identify Digital Financial Tools

To identify the digital financial management tools utilised by small businesses.

02

Assess Impact on Efficiency

To assess the impact of digital tools on the accuracy and efficiency of financial management.

03

Examine Adoption Challenges

To examine the challenges small businesses face in adopting digital financial technologies.

04

Evaluate Performance Impact

To evaluate the influence of digital innovation on the financial performance of small enterprises.

05

Recommend Strategies

To recommend strategies for improving the adoption of digital financial management practices.

RESEARCH QUESTIONS

Guided by the objectives, the research questions provided a clear framework for inquiry into the role of digital innovation in small business financial management. These questions were designed to elicit detailed insights into current practices, perceived benefits, and obstacles within the Nigerian small business context.

The research questions are:

1. What types of digital financial management tools are commonly used by small businesses in Nigeria?
2. How do digital financial tools affect the accuracy and efficiency of financial management in small enterprises?
3. What challenges do small businesses encounter when adopting digital financial technologies?
4. In what ways does digital innovation influence the overall financial performance of small businesses?
5. What strategies can be implemented to enhance the adoption and effective use of digital financial tools among small businesses?

SIGNIFICANCE OF THE STUDY

This study holds considerable significance for multiple stakeholders within the Nigerian small business ecosystem. By assessing the role of digital innovation in financial management, it provides valuable insights for small business owners seeking to improve their financial practices and enhance operational efficiency. The findings will inform policymakers and government agencies about the critical support mechanisms needed to foster digital technology adoption amongst small enterprises, which can ultimately drive economic growth and job creation. Furthermore, business development organisations and financial institutions can leverage the study's recommendations to design training programmes and financial products tailored to the unique needs of digitally evolving small businesses. Academically, this research contributes to the growing body of knowledge on digital innovation in emerging markets, filling existing gaps by focusing specifically on the intersection of technology and small business financial management in Nigeria. The study also aligns with the vision of Rt. Rev. Professor Samuel Sunday Obeka, promoting research that supports sustainable business development through technological advancement, thereby celebrating his dedication to academic excellence and institutional innovation. Overall, the study's outcomes are expected to guide practical interventions that enhance the financial stability and competitiveness of small businesses in a digital economy.

SCOPE OF THE STUDY

This study focuses on small businesses operating in Akure, Ondo State, Nigeria, specifically examining how digital innovation influences their financial management practices. The research encompasses various digital financial tools, including cloud accounting software, mobile payment systems, AI-based analytics, and other emerging technologies relevant to financial operations. The scope is limited to small enterprises due to their vital roles in the Nigerian economy and the distinct challenges they face compared to larger firms. Geographically, the study concentrates on selected areas in Akure, the state capital of Ondo State within Nigeria, where digital infrastructure is relatively more accessible, allowing for a meaningful analysis of digital adoption patterns. The research period covers the current state of digital innovation use in financial management, capturing contemporary practices and challenges. Whilst focusing on Nigeria, the findings may have broader implications for similar emerging economies striving to integrate technology into small business financial processes.

LITERATURE REVIEW

The role of digital innovation in small business financial management has garnered increasing scholarly attention, especially in emerging economies such as Nigeria, where SMEs form the backbone of economic development (Tijani & Ihaza, 2024). This literature review explored key themes, including the adoption of digital financial tools, their impact on financial management practices, barriers to adoption, theoretical perspectives, and gaps in current research.

Adoption of Digital Financial Tools

Recent studies highlight the growing use of digital financial management tools among small businesses, ranging from cloud-based accounting software to mobile payment platforms and AI-driven analytics. Nigerian SMEs are progressively adopting digital payment systems and mobile money services to enhance transactional efficiency (Utulu et al., 2024). Similarly, research emphasises the shift from manual accounting systems to cloud-based solutions as a catalyst for improved financial transparency and real-time data access (Sourabh & Rakshitha, 2024; Sibuea et al., 2021; Abdekhoda et al., 2024). These tools not only simplify routine financial operations but also enable better compliance with regulatory requirements (Akinwumi, 2023).

Impact on Financial Management Practices

The influence of digital innovation on financial decision-making and accuracy is a significant focus in the literature (Mills, 2024). Research has demonstrated that AI-based financial analytics help small business owners forecast cash flows and optimise resource allocation (Okeke et al., 2024; Chen, 2023). Furthermore, digital innovations can enhance transparency and reduce fraud risks in financial transactions, thereby fostering trust among stakeholders (Nwankwo et al., 2022). However, it has been cautioned that, despite these advantages, many small businesses have yet to fully realise the potential benefits due to limited understanding and usage of these technologies (Tijani & Ihaza, 2024).

Barriers to Adoption

A recurring theme in the literature is the various challenges hindering digital technology adoption in small businesses. Infrastructure deficits, such as unreliable internet connectivity and electricity supply, are frequently cited in Nigerian contexts (Adewale, 2023). Additionally, resistance to change, lack of digital literacy, and cost concerns limit the uptake of innovative financial tools. It has been further argued that insufficient government support and the absence of tailored training programmes exacerbate these barriers, leaving many SMEs reliant on outdated financial management methods (Adewale, 2023).

Adoption Trends	**Impact on Practices**	**Key Barriers**
Growing use of cloud accounting, mobile payments, and AI-driven analytics among Nigerian SMEs for enhanced efficiency and compliance (Ihenyen et al., 2025; Bich & Hien, 2025; Utulu et al., 2024).	Digital tools improve cash flow forecasting, transparency, and fraud reduction (Okeke et al., 2024; Mills, 2024; Tran, 2025), though many businesses have not fully realised their benefits.	Infrastructure deficits, digital literacy gaps, cost concerns, and insufficient training programmes limit adoption rates (Okoh et al., 2025).

Theoretical Perspectives

The "Technology Acceptance Model" (TAM) remains a dominant framework for understanding small business adoption of digital innovations. TAM posits that perceived usefulness and ease of use are key determinants of technology acceptance. This theory is frequently applied in studies investigating SME digital tool adoption, as it provides insights into user attitudes and behavioural intentions. However, some scholars advocate for integrating TAM with institutional and resource-based views to better capture contextual factors influencing adoption in emerging markets (Abdekhoda et al., 2024).

Literature Gaps

Despite the growing body of research, significant gaps remain. Most studies have focused on technology adoption in general business processes, with limited attention to the specific domain of financial management in Nigerian SMEs (Tijani & Ihaza, 2024). Additionally, there is a scarcity of longitudinal research assessing the sustained impact of digital financial tools on business performance over time. Furthermore, limited empirical data exist on the effectiveness of training and support programmes aimed at enhancing digital financial literacy among small business owners (Totolo et al., 2025). Addressing these gaps is essential for designing effective interventions and policies that promote digital financial management adoption.

THEORETICAL FRAMEWORK

A highly relevant theoretical framework for analysing the role of digital innovation in small business financial management is the Technology Acceptance Model (TAM). Developed by Davis (1989), TAM is grounded in the theory of reasoned action and focuses on understanding users' acceptance and usage behaviour of new technologies. The model proposes that two primary factors–perceived usefulness and perceived ease of use–significantly influence an individual's intention to adopt technology, which in turn determines actual usage. The theoretical background of TAM stems from social psychology, where behavioural intentions precede actual behaviour. In TAM, perceived usefulness refers to the degree to which a person believes that using a particular system enhances their job performance, while perceived ease of use denotes the degree to which a person believes that using the system requires minimal effort. These constructs help explain why individuals may accept or reject digital tools based on their expectations of benefits and the effort involved.

In the context of small business financial management, TAM provides a valuable lens for analysing how small business owners and managers decide to adopt digital financial innovations such as cloud accounting software, mobile payment systems, and AI-based analytics. Studies applying TAM in emerging economies have shown that when small business operators perceive these tools as useful for improving accuracy, efficiency, and decision-making, and when these tools are user-friendly, adoption rates tend to be higher (Venkatesh et al., 2003; Davis, 1989). Moreover, TAM helps in identifying barriers related to perceived complexity or lack of clear benefits, which can inform strategies to enhance acceptance. However, the justification for using TAM in this study lies in its robust empirical support and adaptability to different technological contexts. It allows for a nuanced understanding of both psychological and practical factors influencing technology uptake among small business users. Additionally, TAM's focus on perception aligns with the study's aim to investigate not only the extent of digital innovation use but also the attitudes and challenges affecting its adoption in Nigerian small enterprises. By employing TAM, this research can provide actionable insights into how perceptions shape digital financial management practices, thereby contributing to more effective technology integration strategies.

METHODOLOGY

This study adopted a mixed methods research design, integrating both quantitative and qualitative approaches to provide a comprehensive understanding of the role digital innovation plays in small business financial management in Akure, the capital city of Ondo State, Nigeria. The mixed methods approach is particularly suitable because it combines the strengths of both approaches, allowing for statistical analysis of adoption patterns alongside rich, contextual insights into user experiences and challenges (Creswell & Plano Clark, 2017). For the quantitative component, a structured questionnaire was developed to collect data on the extent of digital financial tool adoption, perceived benefits, challenges, and demographic characteristics of small business owners. The population comprised small and medium-sized enterprises (SMEs) operating in the selected commercial centres of Akure, Ondo State. Using Cochran's formula to ensure representativeness, a sample size of 200 SMEs was determined as adequate for statistical analysis. The sampling method employed was stratified random sampling to ensure representation across various business sectors, such as retail, services, and manufacturing.

The qualitative component involved conducting in-depth, semi-structured interviews with 15 purposively selected participants from among the survey respondents. These individuals were chosen based on their varying levels of engagement with digital financial management tools to capture a range of experiences and perspectives. The interviews sought to explore in detail the motivations behind technology adoption, perceived ease of use, encountered barriers, and suggestions for improvement. The specific case study focus on the selected area of study in Ondo State, with respect to Akure, is justified by the city's status as an emerging commercial hub with a growing population of SMEs increasingly exposed to digital technologies (Eisenhardt, 1989). This geographical focus allowed the study to generate insights that are both locally relevant and potentially generalisable to similar contexts within Nigeria and other emerging economies.

Quantitative survey data were analysed using descriptive and inferential statistics (frequency distributions, means, regression analysis) to test variable relationships. Qualitative interviews were transcribed and thematically analysed to identify recurrent themes and understand contextual factors influencing adoption. This mixed-methods design quantified digital innovation's impact while illuminating human and organisational factors, providing a holistic perspective for policy and interventions.

Research Design

- Mixed methods approach
- Quantitative surveys (n=200)
- Qualitative interviews (n=15)
- Stratified random sampling

Study Location

Akure, Ondo State, Nigeria - emerging commercial hub with growing SME population

Analysis Methods

Descriptive statistics, regression analysis, and thematic analysis for comprehensive insights

TABLES OF DATA PRESENTATION

Table 1: Demographic Characteristics of Respondents

Demographic Variable	Frequency (n=200)	Percentage (%)
Gender		
Male	130	65
Female	70	35
Age Group		
18-30 years	60	30
31-45 years	90	45
46 and above	50	25
Business Sector		
Retail	80	40
Services	70	35
Manufacturing	50	25

Note: This table shows the demographic profile of the respondents, indicating a higher participation of males and a majority within the 31-45 years age bracket, spread across retail, services, and manufacturing sectors.

Table 2: Extent of Digital Innovation Adoption in Financial Management

Digital Tool	Users (n=200)	Percentage (%)
Cloud Accounting Software	110	55
Mobile Payment Systems	140	70
AI-Based Financial Analytics	60	30
Digital Budgeting Tools	90	45
Online Banking and Transfers	150	75

Note: The table highlights the varying degrees of adoption of different digital financial tools, with online banking and mobile payments being the most widely used among respondents.

Table 3: Perceived Benefits of Using Digital Innovation in Financial Management

Benefit	Agree (%)	Neutral (%)	Disagree (%)
Improved accuracy in financial records	72	18	10
Faster financial transactions	80	12	8
Enhanced decision-making capability	65	20	15
Reduced operational costs	58	25	17
Better compliance with regulations	60	22	18

Note: Majority of respondents agree that digital innovation improves accuracy, speeds transactions, and supports decision-making, although fewer strongly perceived cost reduction and compliance benefits.

Table 4: Challenges Faced in the Adoption of Digital Financial Tools

Challenge	Frequency (n=200)	Percentage (%)
Lack of technical expertise	130	65
High cost of technology	110	55
Poor internet connectivity	150	75
Security and privacy concerns	90	45
Resistance to change	70	35

Note: This table identifies poor internet connectivity and lack of technical expertise as the most significant barriers to adopting digital financial management tools.

Table 5: Impact of Digital Innovation on Business Performance

Performance Indicator	Mean Score (1–5)	Standard Deviation
Increased revenue	3.8	0.9
Improved customer satisfaction	4.0	0.8
Enhanced operational efficiency	3.7	1.0
Better financial control	3.9	0.7
Growth in market reach	3.6	1.1

Note: Respondents generally agreed that digital innovations positively impact various aspects of business performance, especially customer satisfaction and financial control.

DISCUSSION OF FINDINGS

Objective 1: To examine the demographic profile of small business owners adopting digital financial tools.

The demographic analysis presented in Table 1 revealed significant insights into the characteristics of small business owners engaging with digital innovation in financial management within Ondo State. The predominance of male respondents (65%) aligned with broader patterns in Nigerian entrepreneurship, where males typically outnumber females in business ownership, particularly in small and medium enterprises (SMEs). The age distribution indicated that the bulk of digital tool users are between 31 and 45 years old (45%), which can be attributed to the fact that this age cohort is generally more receptive to adopting new technologies due to a balance of experience and adaptability. The business sectors, including retail (40%), services (35%), and manufacturing (25%), highlighted diverse economic activity but also suggested that retail and service sectors may be more dynamic or in greater need of digital financial innovations compared to manufacturing. This demographic pattern is crucial for policy and programme design because targeted interventions can be developed for these predominant groups. For instance, digital literacy programmes might be tailored to middle-aged male entrepreneurs, while efforts could be made to increase female participation in digital adoption (Mills, 2024). This aligns with prior research that stressed the importance of demographic understanding in fostering technology uptake.

Objective 2: To identify the extent of digital innovation adoption in small business financial management.

Findings from Table 2 shed light on the varied adoption levels of different digital tools. Mobile payment systems (70%) and online banking (75%) exhibited the highest uptake among small businesses. This is reflective of Nigeria's rapidly growing fintech ecosystem, where mobile money platforms and online banking are increasingly accessible and user-friendly, enabling even micro-entrepreneurs to participate in cashless transactions. Cloud accounting software adoption stood at 55%, indicating moderate penetration but potential for growth, as cloud-based solutions offer affordability and scalability for small firms (Sibuea et al., 2021). The relatively low use of AI-based financial analytics (30%) suggested barriers linked to cost, technical know-how, and perceived relevance, as AI tools are still emerging within the Nigerian SME landscape (Okeke et al., 2024). These adoption patterns echo the findings of prior research, which highlighted that SMEs tend to adopt digital innovations based on their simplicity, cost-effectiveness, and perceived immediate benefits (Mills, 2024). The disparity between high use of mobile payments and lower uptake of advanced analytics points to a digital divide even within innovative financial tools. This underscores the need for incremental digital literacy and infrastructure support to move small businesses beyond basic digital applications.

Objective 3: To assess perceived benefits of using digital innovation in financial management.

According to Table 3, the majority of respondents agreed that digital financial tools enhanced accuracy (72%) and speed of transactions (80%). This perception is critical, as accuracy reduces errors in bookkeeping and financial reporting, which are major challenges in SMEs that often lack professional accountants. Faster transactions facilitated by digital platforms improve cash flow and customer satisfaction, which are vital for business survival. Enhanced decision-making (65%) is another important benefit, as digital financial data enables entrepreneurs to analyse trends and make informed strategic choices (Tijani & Ihaza, 2024). However, a smaller proportion agreed on cost reduction (58%) and regulatory compliance (60%), suggesting that while digital tools bring operational benefits, they may not yet translate into significant cost savings or fully meet regulatory requirements (Okoh et al., 2025). The perceived benefits are consistent with the Technology Acceptance Model, which posits that perceived usefulness and ease of use influence adoption. These benefits reinforce the motivation of small business owners to adopt digital innovations despite challenges (Totolo et al., 2025).

Objective 4: To explore challenges faced by small businesses in adopting digital financial tools.

Table 4 highlighted several critical barriers faced by small businesses. Poor internet connectivity (75%) emerged as the most significant challenge, reflecting Nigeria's ongoing infrastructure deficits, especially in semi-urban and rural areas (Okoh et al., 2025). Without reliable internet access, cloud-based and online financial tools become difficult to use consistently. Lack of technical expertise (65%) was also a major hurdle; many small business owners do not possess the requisite digital skills, and training opportunities remain limited (Tran, 2025). The high cost of technology (55%) was another important barrier, as many SMEs operate on thin margins and may not prioritise investing in digital solutions without clear immediate returns (Mills, 2024). Security and privacy concerns (45%) are growing issues as digital transactions increase, especially amid rising cyber threats in Nigeria (Jiddah et al., 2025). Resistance to change (35%) reflected cultural and psychological factors where entrepreneurs may prefer traditional methods or fear technology due to uncertainty. These findings corresponded with broader literature, which emphasises that infrastructural deficits, skill gaps, and cost remain major impediments to digital adoption in developing economies (Utulu et al., 2024). Addressing these challenges requires multi-stakeholder collaboration involving government, technology providers, and educational institutions (Totolo et al., 2025).

Objective 5: To evaluate the impact of digital innovation on small business performance.

Table 5 revealed that respondents generally perceived digital innovation to positively impact key business performance indicators. Customer satisfaction scored highest (mean=4.0), likely due to more efficient and faster financial transactions enabled by digital payment systems. Improved financial control (3.9) suggested that digital tools helped entrepreneurs monitor cash flows and expenses more accurately, thus reducing leakages and improving profitability. Revenue growth (3.8) and operational efficiency (3.7) were also positively impacted, confirming that digital innovation contributed to enhanced business competitiveness. However, the presence of relatively high standard deviations indicated variability, perhaps due to differences in digital maturity, sector, or firm size. Some businesses may have fully integrated digital tools and thus benefited more, while others remained at early adoption stages. These outcomes supported prior research emphasising that the impact of digital innovation on firm performance depends on the extent of adoption, complementary capabilities, and supportive ecosystem factors.

In summary, the comprehensive analysis of the data revealed that while digital innovation is increasingly embraced by small businesses in Akure, the state capital of Ondo State, substantial challenges related to infrastructure, cost, and skills must be addressed to maximise benefits. The study, however, underscored the importance of targeted policy interventions, training programmes, and infrastructural improvements to support the digital transformation of small business financial management. Additionally, it highlighted the necessity of bridging the digital divide within the SME sector to foster inclusive economic growth and innovation.

CONCLUSION

This study has critically examined the role of digital innovation in enhancing financial management among small businesses in Akure, the state capital of Ondo State, Nigeria. The findings revealed that digital financial tools such as mobile payment systems and online banking are widely adopted and contribute significantly to improving transaction speed, accuracy, financial control, and overall business performance. However, the research also highlighted persistent challenges, notably poor internet connectivity, limited technical expertise, and the high cost of technology, which hindered the full realisation of digital innovation benefits. The demographic insights indicated that middle-aged male entrepreneurs in retail and service sectors are the primary adopters, pointing to opportunities for broader inclusion, especially among women and other sectors. Overall, this study underscored the transformative potential of digital innovation for small business financial management while calling attention to infrastructural and capacity constraints that must be addressed to foster inclusive growth and sustainability. The integration of digital solutions into small business practices is not only a driver of efficiency but also a critical factor for competitiveness in Nigeria's evolving economic landscape.

Despite the valuable insights provided, this study is subject to several limitations. First, the sample size, while adequate for the scope of this study, was limited to small businesses in Akure - the Ondo State capital, which may limit the generalisability of the findings to other Nigerian states or regions with differing socio-economic and infrastructural conditions. Secondly, the reliance on self-reported data introduced potential biases such as social desirability or recall bias, which may affect the accuracy of the responses regarding digital tool usage and its impacts. Thirdly, the study's cross-sectional design captured perceptions and experiences at a single point in time, limiting the ability to assess long-term trends and causal relationships between digital innovation adoption and business performance. Finally, while a mixed-methods approach was employed, the qualitative component could have been further deepened to explore in greater detail the nuanced experiences and contextual factors influencing digital adoption.

Building on the current study, future research could expand the geographic scope to include multiple Nigerian states or a national-level analysis to better capture regional variations in digital innovation adoption among small businesses. Longitudinal studies would be valuable to track changes over time, enabling a clearer understanding of how sustained use of digital financial tools affects business growth and resilience. Further exploration of gender dynamics in digital innovation uptake could provide targeted insights for promoting inclusivity in entrepreneurship. Additionally, investigating the role of specific digital innovations such as artificial intelligence, blockchain, and data analytics in small business financial management could uncover advanced technological impacts. Finally, future studies could adopt a deeper qualitative approach, including case studies and ethnographic methods, to illuminate the socio-cultural and organisational factors shaping digital innovation use in the Nigerian small business context.

POLICY RECOMMENDATIONS

The following policy recommendations are in alignment with the research objectives regarding the role of digital innovation in small business financial management:

01

Enhancing Digital Infrastructure and Connectivity

The government and relevant stakeholders should prioritise investment in reliable and affordable internet infrastructure, especially in semi-urban and rural areas. This will address connectivity challenges that limit small businesses' ability to adopt and utilise digital financial tools effectively. The rationale is that improved digital infrastructure will enable wider access to digital innovations, supporting faster, more efficient financial management practices among small businesses.

02

Developing Capacity-building Programs on Digital Financial Tools

Implementing targeted training and capacity-building initiatives that equip small business owners, especially women and youth entrepreneurs, with the skills to effectively use digital financial management technologies. Partnerships with educational institutions and private sector tech firms could facilitate these programs. The rationale is that enhancing digital literacy will empower entrepreneurs to leverage digital innovations confidently and maximise their benefits for business growth.

03

Promoting Affordable Access to Digital Financial Services

Formulating policies that encourage financial service providers and technology companies to develop cost-effective digital solutions tailored for small businesses. Subsidies, tax incentives, or public-private partnerships could reduce the financial burden of adopting new technologies. The rationale is that making digital financial tools affordable will remove a significant barrier to adoption, enabling more small businesses to integrate digital innovations into their operations.

04

Fostering Inclusive Digital Innovation Adoption

Designing and implementing inclusive policies that specifically target under-represented groups in entrepreneurship, such as women and micro-enterprises, to ensure equitable access to digital financial management resources. This could include grant schemes, mentorship programs, and awareness campaigns. The rationale is that inclusive policies will help bridge the gender and sectoral digital divide, promoting widespread adoption and enhancing economic participation.

05

Encouraging Continuous Research and Monitoring of Digital Innovations

Establishing a framework for ongoing research and evaluation of emerging digital technologies and their impact on small business financial management. This could be led by academic institutions in collaboration with government agencies to inform adaptive policymaking. The rationale is that continuous monitoring will help policymakers stay abreast of technological advancements, address emerging challenges promptly, and refine policies for maximum effectiveness.

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Conflicts of Interest

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