The Role of Digital Transformation in Achieving Competitive Advantage in Small and Medium-Sized Enterprises: An Empirical Study of Small and Medium-Sized Enterprises in Jordan

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Abstract

This study investigates the role of digital transformation in enhancing competitive advantage among small and medium-sized enterprises (SMEs) in Jordan. Using a cross-sectional quantitative design, the study analyzed 125 complete survey responses. Digital transformation was measured through three dimensions: digital technology infrastructure, digital skills and competencies, and digital organizational culture. Competitive advantage was assessed through cost leadership, differentiation, and market responsiveness. The analysis employed descriptive statistics, Cronbach's alpha, Pearson correlation, multicollinearity diagnostics, multiple and simple linear regression, independent-samples t-tests, one-way ANOVA, and Scheffe post-hoc comparisons. The results revealed high levels of both digital transformation ($M = 4.12$) and competitive advantage ($M = 4.06$). The overall regression model was statistically significant ($R = .841$, $R^2 = .707$, $F = 97.462$, $p < .001$), indicating that the three dimensions of digital transformation significantly and positively influenced competitive advantage. Digital organizational culture showed the strongest standardized effect ($\beta = .409$). The findings indicate that Jordanian SMEs can strengthen their competitive advantage by treating digital transformation as an integrated organizational capability that combines technological infrastructure, employee digital competencies, data-driven decision-making, and an adaptive digital culture. Such integration can improve cost efficiency, differentiation, and responsiveness to market changes.

Keywords

Digital Transformation, Competitive Advantage, SMEs, Digital Organizational Culture, Jordan.