

Understanding the Impact of Financial, Business, and Online Business Acumen on Driving New Venture Innovation and SMME Success from a Knowledge Management Perspective

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Abstract

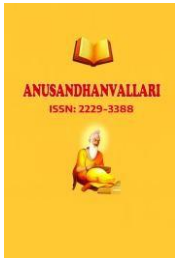
This study investigates how financial acumen, business acumen, and online business acumen influence innovation and success among Small, Micro, and Medium Enterprises (SMMEs), with entrepreneurial creativity acting as a mediating factor. Grounded in the Knowledge-Based View (KBV) and the Organizational Knowledge Creation Theory (SECI model), the research conceptualizes these acumen types as critical dimensions of intellectual capital and knowledge assets. The study develops and tests a conceptual framework that integrates these forms of acumen with entrepreneurial creativity to explain their collective impact on SMME innovation and performance. Drawing on current literature and knowledge management theory, the paper emphasizes how these capabilities foster strategic decision-making, innovation, and adaptability in increasingly digital business environments. Findings reveal that each form of acumen significantly contributes to entrepreneurial creativity, which in turn enhances venture innovation and success. The study offers practical implications for entrepreneurs, educators, and policymakers aiming to enhance the competitiveness and sustainability of SMMEs through targeted capacity building in financial literacy, business strategy, and digital transformation.

Keywords: Entrepreneurial creativity, Small, Micro, and Medium Enterprises, Business strategy, Financial literacy, Knowledge-Based View, Organizational Knowledge Creation Theory

1. Introduction

Small, Micro, and Medium Enterprises (SMMEs) are widely recognized as key drivers of economic growth, employment, poverty reduction, and inclusive development. According to the World Bank (2020), they account for about 90% of businesses and over 50% of employment globally. In developing countries such as India, SMMEs are especially vital where large-scale industrialization is limited. Rajamani (2022) notes that they help reduce unemployment and promote social equity by creating opportunities for women and rural populations.

However, SMMEs face persistent challenges, including limited access to finance, weak infrastructure, skills shortages, low technological adoption, and regulatory constraints (OECD, 2023). These barriers hinder their full contribution to national economies. In India, although the sector contributes around 30% of GDP and 49% of exports, many enterprises remain informal, with low productivity and limited innovation (Ministry of MSME, 2023).



The emergence of a knowledge-driven economy further compounds these challenges, demanding greater agility, creativity, and digital integration. The Knowledge-Based View (KBV) of the firm, as introduced by Grant (1996), emphasizes that knowledge is the most strategically significant resource for gaining and sustaining competitive advantage. For SMMEs with limited physical assets, the effective use of financial, business, and digital acumen as components of intellectual capital becomes critical for survival and growth.

The KBV provides a useful lens to understand how SMMEs can leverage internal knowledge resources to enhance innovation and performance. Particularly, entrepreneurial acumen in three domains, financial, business, and digital economic literacy, emerges as a key enabler of knowledge mobilization. However, mere possession of knowledge is insufficient. Entrepreneurial creativity, the ability to transform knowledge into novel and actionable strategies, plays a crucial mediating role in driving performance outcomes (Fleck & Asmuth, 2021; Childs et al., 2022).

Financial acumen, which includes the ability to manage cash flow, understand investment dynamics, and interpret financial data, is especially vital in resource-constrained environments. Studies show that financial literacy among Indian entrepreneurs is low, with the National Centre for Financial Education (NCFE, 2019) reporting only 27% of the population as financially literate. This gap particularly affects rural and marginalized communities, limiting their entrepreneurial participation (Sinha & Bansal, 2020).

Business acumen, the capacity to understand market behavior, customer needs, and strategic decision-making, enables entrepreneurs to better navigate competition and adapt to changing consumer preferences (Ireland et al., 2003; Man et al., 2002). With increased market volatility, especially post-COVID-19, strategic adaptability has become an even more pressing need for small business sustainability (Kuckertz et al., 2020).

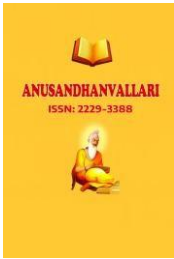
In parallel, digital economic acumen, the knowledge and skills required to adopt and utilize digital tools such as mobile payments, e-commerce platforms, and data analytics, is now essential for scalability. Yet, India continues to face a significant digital divide, with only 38% of households considered digitally literate and rural penetration standing at 25% (Ministry of Electronics & IT, 2024). Many small businesses lack the digital capabilities to expand market reach or streamline operations, placing them at a competitive disadvantage.

From a KBV perspective, financial, business, and digital acumen are intangible assets that contribute to the intellectual capital of the firm (Bontis, 1998; Andreeva & Kianto, 2016). Entrepreneurial creativity acts as the dynamic capability that translates this capital into innovation and value creation. This study applies the KBV framework to examine how these acumen domains, together with creativity, contribute to the success and sustainability of SMMEs.

To further contextualize this analysis, a SWOT framework is presented below:

Table 1: SWOT Analysis of SMMEs in the Indian Context

<u>Strengths</u>	<u>Weaknesses</u>
High adaptability and resilience	Low levels of financial/digital literacy
Entrepreneurial flexibility	Inadequate access to credit and markets
Potential to scale using local resources	Lack of formal training in strategic/business planning
Government policy support (e.g., Startup India)	Informal operations and poor record-keeping
<u>Opportunities</u>	<u>Threats</u>
Rising digital economy	Intense market competition



Access to global and local value chains	Technological disruption and obsolescence
Growing demand for sustainable/local products	Regulatory complexities and tax burdens
Financial inclusion and fintech penetration	Infrastructure gaps and inconsistent internet access

This SWOT analysis underscores that the strategic enhancement of financial, business, and digital acumen, especially when guided by a KBV framework, can help SMMEs overcome their inherent weaknesses and leverage emerging opportunities while mitigating external threats.

Scope of the Study

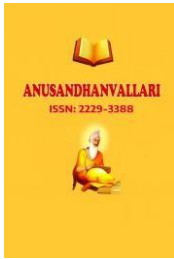
This study is situated in the context of Kerala, India a state known for its high literacy rates and a growing startup ecosystem. It specifically investigates small, micro, and medium enterprises engaged in service, manufacturing, and digital business sectors. The study examines the role of financial, business, and digital economic acumen in improving entrepreneurial creativity and firm-level performance. A KBV lens is adopted to interpret the strategic relevance of knowledge assets within these enterprises. Although geographically focused, the implications extend to SMMEs in other emerging markets facing similar capacity and resource constraints.

Objectives of the Study

The primary aim is to analyze how financial, business, and digital acumen influence innovation and performance in SMMEs through the mediating role of entrepreneurial creativity under the KBV framework. The specific objectives are:

1. To investigate the impact of financial acumen on the performance and innovation of SMMEs.
2. To evaluate the role of business acumen in enabling strategic innovation and sustainable growth in SMMEs.
3. To assess the influence of digital economic acumen on entrepreneurial creativity and business success.
4. To examine the mediating role of entrepreneurial creativity in translating acumen into business outcomes.
5. To analyze how the Knowledge-Based View (KBV) framework supports the integration of these acumen areas to drive innovation in SMMEs.
6. To offer practical recommendations for policymakers and development stakeholders in enhancing entrepreneurial literacy and innovation capacity among SMME owners.

By addressing these objectives, this study not only contributes to theoretical discourse on KBV and intellectual capital in SMMEs but also delivers evidence-based insights for policymakers and entrepreneurship development programs.



2. Literature Review and Hypotheses Development

2.1 The Role of Financial, Business, and Online Business Acumen in SMME Success

Financial, business, and online business acumen are foundational pillars that drive innovation and sustainable performance in Small, Medium, and Micro Enterprises (SMMEs). Financial acumen equips entrepreneurs with the ability to manage resources effectively, assess risks, and ensure long-term business viability. This skill is particularly critical for cash flow management, access to finance, and informed investment decisions all of which are essential for innovation and strategic resilience (Lusardi & Mitchell, 2017; Fatoki, 2014). Financially literate entrepreneurs are more likely to recognize opportunities, allocate resources efficiently, and drive competitiveness in uncertain environments (Wise, 2013).

Hypothesis H1: *Financial acumen has a positive impact on entrepreneurial creativity and innovation in SMMEs.*

Business acumen, encompassing strategic thinking, market orientation, and opportunity recognition, enables entrepreneurs to align business strategies with customer needs and changing market dynamics. A strong understanding of industry trends, competition, and consumer behaviour allows entrepreneurs to design adaptive business models that foster continuous innovation (Zhou & Fink, 2021). This form of acumen is essential for making strategic decisions, entering new markets, and achieving sustainable growth (Urban & Kujinga, 2017).

Hypothesis H2: *Business acumen positively influences innovation and strategic agility in SMMEs.*

Online business acumen has become indispensable in the digital economy. It involves leveraging digital tools, e-commerce platforms, and data analytics to improve customer engagement and scale operations. Entrepreneurs who utilize digital technologies can reach broader markets, personalize services, and streamline internal processes (Giones & Brem, 2017; OECD, 2022). The integration of digital tools enables agile response to customer needs and fosters scalable, tech-driven business models.

Hypothesis H3: *Online business acumen significantly enhances digital innovation and operational efficiency in SMMEs.*

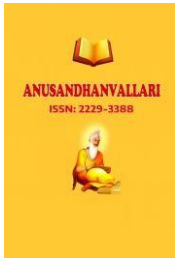
These capabilities are further strengthened by effective knowledge management (KM) practices. KM enhances organizational learning, facilitates knowledge sharing, and supports evidence-based decision-making. It also helps in codifying tacit knowledge, encouraging collaborative innovation, and improving responsiveness to market and technological changes (Durst & Edvardsson, 2020). The strategic application of KM ensures that financial, business, and online acumen are fully utilized for sustained innovation.

Hypothesis H4: *Knowledge management positively moderates the relationship between entrepreneurial acumen (financial, business, online) and innovation outcomes in SMMEs.*

2.2- Financial Acumen and Business Outcomes

Financial acumen, defined as the ability to make informed, strategic decisions about budgeting, capital structuring, and long-term financial planning, is a critical competency for entrepreneurs, especially in the context of Small, Medium, and Micro Enterprises (SMMEs). In environments where institutional financing is limited or inaccessible, financial decision-making becomes a strategic necessity rather than a routine administrative task (OECD, 2022; Bruhn & Zia, 2023). Financially literate entrepreneurs are better positioned to evaluate trade-offs, manage risk, and optimize resource allocation under uncertainty, leading to stronger organizational performance and adaptive capacity (Xu et al., 2022; Wise, 2020).

Beyond operational efficiency, financial acumen also contributes to entrepreneurial innovation. Entrepreneurs who possess robust financial knowledge are more likely to invest in high-impact growth activities such as new



product development, digital transformation, market diversification, and talent acquisition (Lusardi & Mitchell, 2017; Eniola & Entebang, 2020). In resource constrained settings, this ability to strategically deploy financial capital enables firms to innovate incrementally while maintaining financial stability.

Furthermore, financial acumen enhances entrepreneurial creativity by supporting experimentation, scenario planning, and value-driven decision-making qualities essential for innovation in uncertain markets (Du Rietz et al., 2021). It serves as both a foundation for sustainable business success and a catalyst for creative and competitive innovation in SMMEs.

Hypothesis H1: *Financial acumen has a positive effect on the business success of SMMEs.* **Hypothesis H2:** *Financial acumen positively influences entrepreneurial creativity in SMMEs.* **2.3- Business Acumen and Business Outcomes**

Business acumen refers to an entrepreneur's ability to understand and respond to critical market dynamics, including customer needs, competitive positioning, value propositions, and strategic alignment of resources (Ireland et al., 2003; Yusof et al., 2021). In complex and volatile environments, this competency allows entrepreneurs to proactively interpret market signals, anticipate shifts, and formulate adaptive strategies that drive growth and resilience (Memon et al., 2022).

Recent studies highlight that SMMEs with strong business acumen exhibit higher levels of innovation and adaptability. These firms are better equipped to redesign processes, differentiate offerings, and navigate uncertainty through data-driven insights and strategic foresight (Childs & Lawry, 2022; Tang, 2021). Moreover, business acumen contributes to entrepreneurial creativity by shaping how entrepreneurs frame challenges, conceptualize new solutions, and leverage intangible assets such as knowledge networks, intellectual capital, and brand equity (Haynie et al., 2010; Olaniran et al., 2023).

This competency not only improves long-term strategic planning and opportunity recognition but also cultivates the cognitive flexibility needed for innovative thinking. It is thus a key enabler of both entrepreneurial creativity and sustainable competitive advantage in SMMEs.

Hypothesis H3: *Business acumen positively influences entrepreneurial creativity in SMMEs.*

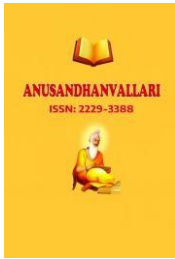
Hypothesis H4: *Business acumen has a significant positive effect on the business success of SMMEs.*

2.4- The Mediating Role of Entrepreneurial Creativity

Entrepreneurial creativity refers to the capacity of entrepreneurs to generate novel, valuable, and actionable ideas that address market needs, solve problems innovatively, and enable strategic differentiation (Fleck & Asmuth, 2021; Zampetakis et al., 2022). It is increasingly recognized as a dynamic capability that transforms acumen, whether financial, business, or digital, into innovative outcomes and improved firm performance.

In the context of Small, Medium, and Micro Enterprises (SMMEs), where formal R&D structures are often absent, creativity serves as a core mechanism for innovation. It enables the recombination of existing resources, facilitates agile decision-making, and supports the development of new products, services, or business models (González-López et al., 2023). Creative entrepreneurs are more likely to adapt quickly to change, seize niche opportunities, and develop resilient strategies under uncertainty.

Recent literature highlights entrepreneurial creativity as a **mediating variable** linking core entrepreneurial competencies such as strategic thinking, financial literacy, and digital fluency to performance outcomes (Khedhaouria et al., 2020; Vesey, 2021). This mediation is particularly important in resource-constrained environments, where creative thinking substitutes for capital-intensive innovation.



As both an outcome of entrepreneurial acumen and a driver of competitive advantage, entrepreneurial creativity plays a central role in translating entrepreneurial knowledge into tangible business success.

Hypothesis H7: *Entrepreneurial creativity has a positive effect on the business success of SMMEs.*

Hypothesis H8: *Entrepreneurial creativity mediates the relationship between financial acumen and SMME business success.*

Hypothesis H9: *Entrepreneurial creativity mediates the relationship between business acumen and SMME business success.*

Hypothesis H10: *Entrepreneurial creativity mediates the relationship between online business acumen and SMME business success.*

2.5- Knowledge Management as a Theoretical Lens

The Knowledge-Based View (KBV) of the firm positions knowledge as a core strategic resource that underpins innovation, value creation, and sustained competitive advantage (Grant, 1996; Pérez-Luño et al., 2019). In the context of SMMEs, knowledge is frequently tacit, residing in the experiences, routines, and interactions of individuals rather than in formal systems. This makes knowledge management (KM) both critical and challenging.

Effective KM practices, including knowledge acquisition, dissemination, storage, and application, serve to amplify the impact of entrepreneurial acumen and creativity by enabling learning, reducing redundancy, and accelerating innovation cycles (Andreeva & Kianto, 2021; Durst et al., 2020). When SMMEs effectively manage internal and external knowledge flows, they become more agile, responsive, and capable of translating insights into strategic action.

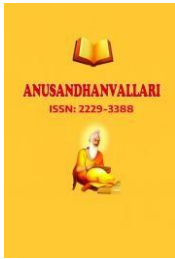
Building on the foundational work of Bontis (1998) on intellectual capital, recent research emphasizes that KM practices enhance not only human capital (skills, experience, leadership) but also structural capital (processes, technologies, routines) and relational capital (networks, customer knowledge, partnerships), which are vital for scaling innovations and sustaining growth (García-Álvarez, 2023; Kianto et al., 2022).

Thus, KM acts as the contextual integrator that binds entrepreneurial competencies (financial, business, and online acumen) with creative outputs, enabling these inputs to translate into measurable business outcomes. As such, knowledge management is a theoretical and operational bridge between entrepreneurial inputs and performance outcomes.

Hypothesis H11: *Knowledge management positively moderates the relationship between entrepreneurial creativity and business success in SMMEs.*

2.7 Summary of Hypotheses

Hypotheses	Construct Relationship
H1	Financial acumen has a positive effect on the business success of SMMEs
H2	Financial acumen positively influences entrepreneurial creativity in SMMEs
H3	Business acumen positively influences entrepreneurial creativity in SMMEs.
H4	Business acumen has a significant positive effect on the business success of SMMEs.
H5	Online business acumen positively influences entrepreneurial creativity in SMMEs.



H6	Online business acumen positively affects the business success of SMMEs.
H7	Entrepreneurial creativity has a positive effect on the business success of SMMEs.
H8	Entrepreneurial creativity mediates the relationship between financial acumen and business success.
H9	Entrepreneurial creativity mediates the relationship between business acumen and business success.
H10	Entrepreneurial creativity mediates the relationship between online business acumen and business success.
H11	Knowledge management positively moderates the relationship between entrepreneurial creativity and business success.

3. Research Methodology

This quantitative study was conducted in five structured stages to ensure methodological rigor and alignment with the research objectives.

Stage 1: Conceptual Development

The initial stage involved developing a comprehensive conceptual framework. The researchers formulated four key research questions and reviewed a broad range of literature to identify theoretical gaps and define relevant constructs. This process guided the development of a theoretical framework and conceptual definitions. Subsequently, testable hypotheses were formulated based on the reviewed literature, with a focus on constructs such as financial acumen, business acumen, online (digital) business acumen, entrepreneurial creativity, and SMME (Small, Medium, and Micro Enterprises) success.

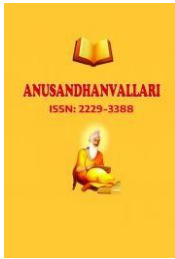
Stage 2: Research Planning

During the second stage, a detailed research plan was formulated. This included the selection of appropriate research methods, the identification of the target population and sampling strategy, and the development of valid and reliable measurement instruments. The population comprised SMME entrepreneurs operating under the Kerala Government's startup mission in Kalamassery, Ernakulam. The inclusion criteria were: (1) the enterprise must have been in operation for at least one year; (2) the entrepreneur should actively utilize information and communication technology (ICT) in business operations; and (3) the entrepreneur must obtain business-related information from digital sources.

Stage 3: Data Collection

In the third stage, primary data was collected using a structured questionnaire comprising 27 statement items. These items were grouped into the following categories: 4 items related to demographic information, 4 items each measuring financial acumen, business acumen, online business acumen, knowledge management, and business innovation and success, and 3 items focusing on business challenges and future outlooks. Each construct was measured using a five-point Likert-type scale, ranging from "Very Uncomfortable" (1) to "Very Comfortable" (5), or from "Very Low" (1) to "Very High" (5), depending on the nature of the question.

A purposive sampling technique was employed to select respondents who met the predefined inclusion criteria. This method ensured that the data collected was both relevant and representative of the targeted entrepreneurial segment. Out of 500 questionnaires distributed over a three-month period (January to March 2025), a total of 467



valid responses were received and used for analysis.

Stage 4: Data Analysis

The fourth stage focused on data analysis, which was carried out using Covariance-Based Structural Equation Modeling (CB-SEM) through the SmartPLS4 software platform. This approach was deemed appropriate given the complexity of the model, the presence of multiple dependent and independent variables, and the exploratory nature of the research. CB-SEM allowed for a robust examination of both the measurement model (validity and reliability of constructs) and the structural model (hypothesized relationships among constructs).

The sample size adhered to the "10-times rule of thumb" commonly applied in SEM:

1. Ten times the highest number of formative indicators measuring a single construct, and
2. Ten times the largest number of structural paths directed toward a single construct.

These thresholds ensured that the sample size was sufficient to produce reliable estimates and valid results.

Stage 5: Dissemination

The final stage involved interpreting the results and disseminating the findings. This included drawing theoretical implications, offering managerial and policy recommendations, and identifying avenues for future research.

Measurement Model Evaluation

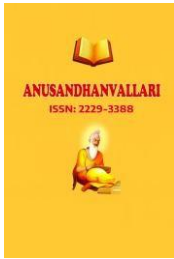
The evaluation of the measurement model involved both validity and reliability testing. Convergent validity was assessed through factor loadings and Average Variance Extracted (AVE). Items with factor loadings greater than 0.70 and AVE values exceeding 0.50 were considered acceptable. Discriminant validity was assessed using cross-loadings and the Fornell-Larcker criterion. An indicator was deemed valid if it loaded more strongly on its associated construct than on other constructs. The Fornell-Larcker criterion required that the square root of the AVE for each construct exceed the correlation values with other constructs, thereby confirming discriminant validity.

To ensure reliability, Cronbach's alpha and composite reliability (CR) values were computed. Reliability was established when these values were above the threshold of 0.70, indicating that the items consistently reflected the latent constructs they were intended to measure.

4. Results

The study collected responses from 467 SMME entrepreneurs in Kalamassery, Kerala, comprising 292 female entrepreneurs (62.25%) and 175 male entrepreneurs (37.75%). In terms of age distribution, 38 entrepreneurs (8.1%) were between 10–20 years, 146 (31.2%) were between 21–30 years, 183 (39.1%) were aged 31–40 years, 69 (14.7%) were within the 41–50 years range, and 8 (1.9%) were aged above 50.

With regard to education, 90 respondents (12.8%) had completed only elementary school, 72 (15.5%) had completed junior high school or equivalent, 120 (17.1%) had completed high school, and 54 (7.7%) held diploma-level qualifications. Notably, 205 entrepreneurs (29.2%) possessed bachelor's degrees, while 69 (10.2%) held master's degrees, and 53 (7.5%) obtained postgraduate degrees. Concerning business experience, 137 entrepreneurs (19.5%) had been operating for 1–5 years, 307 (43.8%) for 6–10 years, 163 (23.2%) for 11–15 years, and 93 (13.5%) for more than 15 years.



Data Validity and Reliability Analysis

The initial phase of analysis involved conducting validity and reliability tests to evaluate the robustness of the measurement model. Results revealed that factor loadings were all ≥ 0.7 and Average Variance Extracted (AVE) scores exceeded 0.5, satisfying the criteria for convergent validity. Further assessment using cross-loadings and Fornell-Larcker criteria demonstrated acceptable discriminant validity, where each latent variable was more strongly associated with its indicators than with others.

Reliability was also confirmed, as all constructions displayed Cronbach's alpha ≥ 0.7 , composite reliability (ρ_c) ≥ 0.7 , and rho_A ≥ 0.7 , suggesting high internal consistency and measurement stability.

Structural Equation Modeling via AMOS

The structural model was tested using AMOS (Analysis of Moment Structures), which employed the Maximum Likelihood Estimation (MLE) method. Independent variables included Financial Acumen, Business Acumen, and Digital Economic Acumen, while Entrepreneurial Creativity served as both a mediator and a dependent variable, alongside Culinary Business Success.

Model fit indices were within acceptable ranges: Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI) exceeded 0.90, and Root Mean Square Error of Approximation (RMSEA) was below 0.08, indicating a good model fit. The Chi-square (χ^2) value was non-significant, affirming that the covariance structure of the model did not differ significantly from the data.

Explained Variance and Path Significance

The model explained 80.2% of the variance ($R^2 = 0.802$) in Entrepreneurial Creativity, and 63.0% ($R^2 = 0.630$) in Business Success.

Path coefficients (β), along with t-values and p-values, were used to test each hypothesis:

H1 (Financial Acumen \rightarrow Creativity): $\beta = 0.063$, $t = 6.645$, $p \leq 0.000$

H2 (Financial Acumen \rightarrow Business Success): $\beta = 0.100$, $t = 4.138$, $p \leq 0.000$ H3 (Business Acumen \rightarrow Creativity): $\beta = 0.118$, $t = 5.438$, $p \leq 0.000$

H4 (Digital Economic Acumen \rightarrow Creativity): $\beta = 0.069$, $t = 4.343$, $p \leq 0.000$

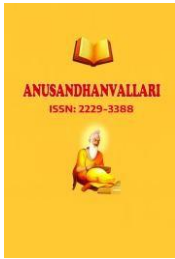
H5 (Digital Economic Acumen \rightarrow Business Success): $\beta = 0.097$, $t = 2.456$, $p \leq 0.014$ H6 (Business Acumen \rightarrow Business Success): $\beta = 0.143$, $t = 3.514$, $p \leq 0.000$

All paths were statistically significant at $p \leq 0.05$, indicating strong support for the hypotheses. While the effects of Business Acumen and Online Business Acumen on Creativity were moderate, the influence of Entrepreneurial Creativity on Business Success was limited.

Discussion of Findings

The findings indicated that Entrepreneurial Creativity among SMME actors was significantly influenced by their level of Financial Literacy. Entrepreneurs believed that having a solid understanding of financial principles enhanced their creative problem-solving abilities, especially when navigating uncertain market conditions. This understanding enabled more effective resource management, financial planning, and innovation generation, critical elements for achieving long-term business success.

Thus, financial acumen served as both a direct and indirect driver of SMME success, operating through the mediating mechanism of entrepreneurial creativity. These results underscore the importance of equipping



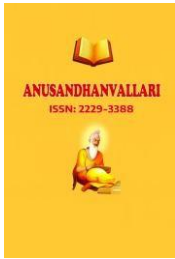
entrepreneurs with financial knowledge, strategic insight, and digital skills to foster creativity and drive sustainable growth in the SMME sector.

Table 2: Hypothesis Testing Summary

Hypothesis	Path	β (Path Coefficient)	t-value	p-value	Result
H1	Financial Acumen \rightarrow Business Creativity	0.063	6.645	≤ 0.000	Accepted
H2	Financial Acumen \rightarrow Business Success	0.100	4.138	≤ 0.000	Accepted
H3	Entrepreneurial Acumen \rightarrow Business Acumen	0.118	5.438	≤ 0.000	Accepted
H4	Digital Economic Acumen \rightarrow Business Creativity	0.069	4.343	≤ 0.000	Accepted
H5	Digital Economic Acumen \rightarrow Business Success	0.097	2.456	≤ 0.014	Accepted
H6	Business Acumen \rightarrow Business Success	0.143	3.514	≤ 0.000	Accepted

Table 3: Demographic Profile of Respondent

Construct	Item Code	Loading Factor	AVE	Cronbach's Alpha
Financial Acumen (FA)	FA1	0.862	0.680	0.764
H2: FA \rightarrow Business Success				
FA2	0.778			
FA3	0.832			
Entrepreneurial Acumen (EA)	EA1	0.831	0.644	0.724
EA2	0.800			
EA3	0.777			



Digital Economic Acumen (DEA)	DEA1	0.785	0.709	0.793
H5: DEA → Business Success				
DEA2	0.888			
DEA3	0.849			
Business Creativity (BC)	BC1	0.865	0.703	0.788
BC2	0.797			
BC3	0.852			
Business Acumen (BA)	BA1	0.870	0.712	0.797
Dependent variable in H3				
BA2	0.817			
BA3	0.843			

Table 4: Convergent Validity, Reliability, and Hypotheses Mapping

Construct	Item Code	Loading Factor	AVE	Cronbach's Alpha	Rho_C	Rho_A	Related Hypotheses
Financial Acumen (FA)	FA1	0.862	0.680	0.764	0.864	0.768	H1: FA → Business Creativity H2: FA → Business Success
	FA2	0.778					
	FA3	0.832					
Entrepreneurial Acumen (EA)	EA1	0.831	0.644	0.724	0.845	0.724	H3: EA → Business Acumen
	EA2	0.800					
	EA3	0.777					
Digital Economic Acumen (DEA)	DEA1	0.785	0.709	0.793	0.879	0.794	H4: DEA → Business Creativity H5: DEA → Business Success
	DEA2	0.888					

	DEA3	0.849					
Business Creativity (BC)	BC1	0.865	0.703	0.788	0.976	0.790	Dependent variable in H1 and H4
	BC2	0.797					
	BC3	0.852					
Business Acumen (BA)	BA1	0.870	0.712	0.797	0.881	0.802	H6: BA → Business Success Dependent variable in H3
	BA2	0.817					
	BA3	0.843					

Notes:

- AVE (Average Variance Extracted) > 0.5 indicates good convergent validity.
- Cronbach's Alpha > 0.7 reflects good internal consistency.
- Rho_C and Rho_A are reliability coefficients, further validating the constructs.
- Hypotheses are mapped clearly to relevant constructs for clarity and alignment with your structural model.

Figure 1: AMOS (Analysis of Moment Structures) representation in a graph.

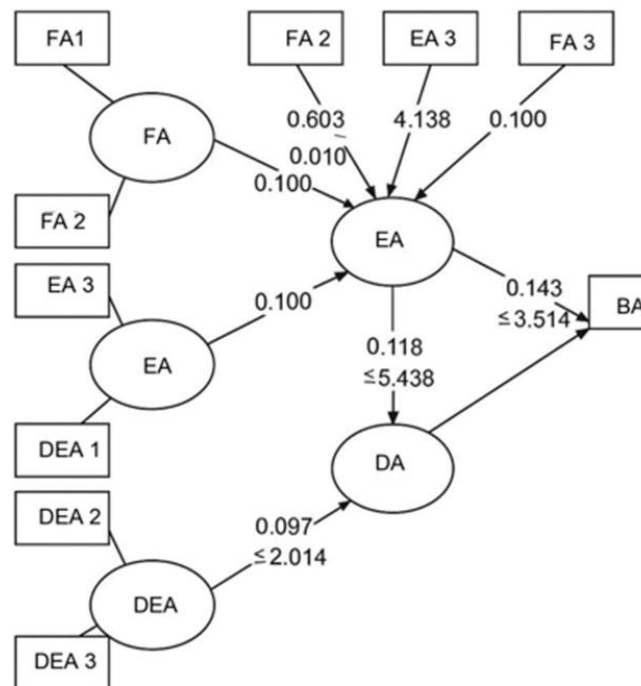


Table 5: Fit Indices to Report (from AMOS output)

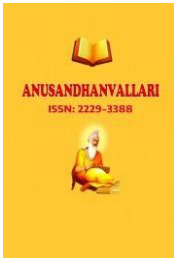
Fit Index	Recommended Threshold	Interpretation
Chi-square/df	< 3.0	Good model fit
CFI (Comparative Fit Index)	≥ 0.90	Good fit
RMSEA (Root Mean Square Error of Approximation)	≤ 0.08	Acceptable fit
TLI (Tucker-Lewis Index)	≥ 0.90	Good fit
SRMR (Standardized RMR)	≤ 0.08	Good fit

Recent research demonstrated that the entrepreneurial creativity of SMME actors was significantly shaped by their business acumen. Entrepreneurs within this sector consistently believed that possessing a strong grasp of core business principles enhanced their capacity for creative thinking and innovative problem-solving, ultimately influencing the success of their ventures. Business acumen served as a critical foundation for developing positive, innovative, and opportunity-oriented mindsets, allowing entrepreneurs to convert abstract potential into viable business opportunities. These findings aligned closely with those of Kirby and Caffas (2022), who emphasized that business acumen played a pivotal role in fostering entrepreneurial creativity. With well-developed business insight, SMMEs were able to introduce novel products, processes, and services into the market, driving both innovation and sustained growth.

In addition, the study found that the digital economic acumen of SMME actors had a significant effect on their business creativity. Entrepreneurs acknowledged that a robust understanding of the digital economy empowered them to think creatively and adapt to rapidly evolving market conditions. Digital acumen enables entrepreneurs to effectively interpret, synthesize, and apply economic information derived from digital platforms, skills increasingly vital in a technology-driven business environment. These findings corroborated the work of Rai et al. (2019), who identified digital economic competence as essential for cultivating creative economic behaviour. Through the strategic use of digital tools and technologies, SMME entrepreneurs were able to access innovative resources, broaden market reach, and enhance the creative aspects of their business operations.

Moreover, the results highlighted that financial acumen was a strong predictor of SMME success. Entrepreneurs who possessed a sound understanding of financial concepts were markedly better positioned to make strategic decisions that led to positive business outcomes. These individuals were more adept at budgeting, forecasting, risk management, and capital allocation, thereby strengthening the sustainability of their enterprises. These findings resonated with those of Ketalil Frango (2019), who asserted that financial acumen is central to effective strategic decision-making. Entrepreneurs with superior financial skills demonstrated a greater capacity to manage financial resources efficiently, a factor that directly influenced their overall business performance and resilience.

The research further revealed that digital economic acumen significantly influenced business performance. Entrepreneurs regarded a comprehensive understanding of digital economic principles as a critical enabler of operational efficiency and innovation. Digital competence allowed SMME actors to leverage technology to access real-time market data, streamline operations, and personalize customer experiences. The ability to harness these



capabilities empowered entrepreneurs to make data-driven decisions about revenue models, consumer behavior, and competitive positioning. The findings affirmed that digital economic acumen played a transformative role in enhancing productivity, fostering innovation, and driving socially impactful outcomes.

Importantly, the study found that entrepreneurial creativity itself substantially contributed to the success of SMMEs. Respondents believed that creativity, characterized by focused thinking, resilience, and originality, was instrumental in business development. Supporting this, Gaj Dzik and Wolniak (2022) emphasized creativity as a decisive factor in entrepreneurial growth. Similarly, Anjum et al. (2021) identified entrepreneurial creativity as a cornerstone of business success, while Childs et al. (2022) highlighted the importance of consistent innovation in achieving long-term sustainability. Reinforced this view by establishing entrepreneurial spirit and creativity as robust predictors of economic achievement.

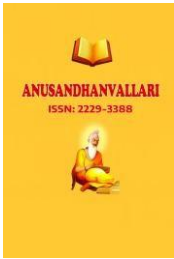
The analysis also established that entrepreneurial creativity mediated the relationship between financial acumen and SMME success. Entrepreneurs with strong financial capabilities were more likely to channel their creative thinking into strategic financial decisions, thereby enhancing overall business performance. This supports the findings of those who argued that financial acumen shapes entrepreneurial mindsets and decision-making frameworks. Chaplinsky and Ochotona (2019) also contended that a lack of financial understanding often hinders effective resource management. Pandey et al. (2022) further validated that financial literacy fosters creative thinking, which in turn drives competitive advantage and success.

Similarly, the study identified that business acumen influenced SMME success through entrepreneurial creativity. According to Fleck and Asmuth (2021), entrepreneurs' creativity, decision-making, and strategic outlook are embedded in strong business acumen. Jardim (2021) and Chesbrough & Tucci (2020) underscored the idea that creative entrepreneurship, marked by distinctive, high-value offerings, was fundamental to market achievement and resilience.

Entrepreneurial creativity also mediated the impact of digital economic acumen on business success. Digitally literate entrepreneurs were better equipped to apply their creativity in utilizing digital tools for business innovation. Koskelainen et al. (2023) found that such entrepreneurs could more effectively generate value by integrating digital capabilities with creative strategies. Shepherd and Williams (2023) reinforced this view, asserting that digital acumen provided access to essential knowledge and resources in the digital economy. The work of No and Bist (2023) and Song and Wu (2021) further confirmed that digital creativity is essential for business innovation, particularly for those leveraging online platforms and digital media.

This study was theoretically grounded in the Knowledge-Based View (Grant, 1991) and the Organizational Knowledge Creation Theory (Nonaka et al., 2006). The findings suggested that financial, business, and digital acumen constitute integral forms of intellectual capital, intangible, unique, and inimitable resources that offer sustained competitive advantage. When systematically managed and mobilized, these acumen types enabled entrepreneurial creativity and underpinned the innovation required for long-term SMME success (Burcher et al., 2021). Scholars such as Hariton and Narsa (2024), Syler et al. (2014), and Utama et al. (2024) have also recognized these capabilities as strategic enablers of innovation and differentiation in small firms.

Further support was found in the research by Octa Sylva et al. (2022) and Upadhyay & Kundu (2019), who emphasized the transformative power of these acumen areas in enhancing entrepreneurial creativity and improving competitive outcomes. Their application empowered SMMEs to unlock new markets, develop novel products, and generate greater value for both businesses and the communities they serve (Seren et al., 2024; Hariharan et al., 2023). Finally, Marinelli et al. (2024) affirmed that strong competencies in finance, business strategy, and digital innovation allowed SMMEs to continuously adapt, explore emerging opportunities, and thrive in dynamic environments.



6. Conclusion

This study offered a comprehensive and insightful understanding of how financial acumen, business acumen, and digital economic acumen, when channelled through entrepreneurial creativity, collectively contribute to the success of Small, Micro, and Medium Enterprises (SMMEs). Grounded in the Knowledge-Based View (KBV) and the Organizational Knowledge Creation Theory, the findings highlight the strategic value of these acumen types as vital components of intellectual capital and intangible assets.

The results confirmed that each type of acumen had a direct and positive impact on both entrepreneurial creativity and overall business performance. Importantly, entrepreneurial creativity emerged as a powerful mediating factor, enabling SMMEs to transform knowledge into innovation, generate novel products and services, and make informed strategic decisions. This creative mediation proved instrumental in unlocking the full potential of financial literacy, business insight, and digital capability.

Moreover, the study found that SMMEs with well-developed acumen and creative capabilities were significantly more likely to:

- Identify and capitalize on emerging market opportunities,
- Adapt effectively to technological and economic changes,
- Foster innovation and maintain a strong competitive edge.

These findings make a meaningful contribution to both academic theory and practical application. Theoretically, the research enriches existing frameworks by integrating various forms of acumen into a cohesive model for entrepreneurial success. Practically, it provides valuable guidance for policymakers, educators, and support organizations aiming to develop training programs that strengthen acumen and creativity within the SMME sector.

In conclusion, cultivating financial, business, and digital economic acumen together with fostering entrepreneurial creativity is essential for building resilient, innovative, and high-performing SMMEs. These capabilities not only drive business success but also contribute to broader economic growth by empowering entrepreneurs to thrive, innovate, and make lasting contributions to their communities.

We sincerely hope that the insights from this research will inspire and support ongoing efforts to uplift and empower the SMME ecosystem for a brighter and more sustainable future.

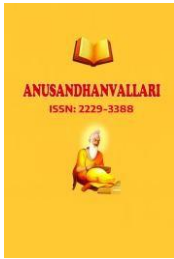
7. Implications, limitations, and suggestions for future research

7.1. Theoretical Implications

Theoretically, this study offers several significant contributions from the perspective of intellectual capital in the context of Small, Micro, and Medium Enterprises (SMMEs). It effectively demonstrates that SMMEs must continuously acquire and apply knowledge to ensure the sustainability and growth of their businesses in a competitive landscape. Within the framework of the Knowledge-Based View (KBV) theory, this research identifies intellectual capital in SMMEs as comprising three essential dimensions of acumen: financial acumen, entrepreneurial acumen, and digital economic acumen.

This study provides a comprehensive exploration of these forms of acumen as intangible assets that play a pivotal role in achieving business success. This conceptualization presents a novel contribution to KBV theory by emphasizing the value of acumen-based knowledge assets in the underexamined context of SMMEs.

Furthermore, the study expands the intellectual capital literature, which has traditionally centred on large



corporations. By applying KBV theory to SMMEs, the findings reframe various types of business acumen as core components of intellectual capital. Specifically, financial, entrepreneurial, and digital economic acumen foster ongoing learning, adaptability, and innovation. These competencies enable SMMEs to leverage technology and apply strategic knowledge, thereby enhancing their capacity for long-term success.

7.2. Practical Implications

Based on the findings of this study, several practical implications are highlighted particularly concerning the development of new forms of acumen such as financial acumen, entrepreneurial acumen, and digital economic acumen, which are crucial in fostering entrepreneurial creativity and enhancing the success of SMME businesses. These acumen areas represent valuable components of intellectual capital that significantly influence the growth and sustainability of SMMEs.

Accordingly, governments and educational institutions play a pivotal role in designing empowerment strategies for SMMEs that are rooted in knowledge, innovation, and creativity. Education and training programs aimed at supporting SMMEs should be structured to cultivate intellectual capital through the development of these three types of acumen. Such programs must enhance the knowledge, practical skills, and strategic thinking of SMME actors, enabling them to make informed and innovative decisions in their business activities.

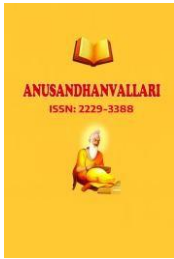
Ultimately, the core objective of these education and capacity-building initiatives should be to encourage SMME players to effectively leverage their knowledge assets, financial, entrepreneurial, and digital economic acumen to build a competitive advantage. In doing so, SMMEs can significantly contribute to broader economic development and strengthen the national economy in the long term.

Acknowledgment

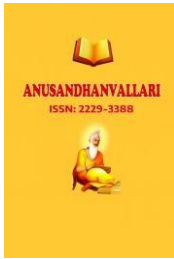
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