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BARRIERS TO CREATIVITY, MARKET KNOWLEDGE ACQUISITION AND MARKET PERFORMANCE: THE MODERATING ROLE OF NETWORK-BUILDING CAPABILITY IN SME SECTOR

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Abstract:

Background: Small and medium enterprises (SMEs) play a crucial role in economic development, but various barriers often hinder their ability to drive innovation through creativity. This study aims to investigate these barriers and their impact on market performance, with a focus on the moderating role of network-building capability and the mediating role of market knowledge acquisition.
Purpose: The primary objectives of this study are to (1) identify environmental and management barriers that hinder creativity in SMEs, (2) explore how market knowledge acquisition mediates the relationship between creativity and market performance, and (3) evaluate the role of network-building in moderating the impact of these barriers.
Design/methodology/approach: The study used a survey-based approach, collecting data from 195 SME owners or managers across nine manufacturing sub-sectors in Bandung, Tasikmalaya, and Majalengka. Data analysis was performed using partial least squares structural equation modeling (PLS-SEM) with SmartPLS 3.0.
Findings/Result: The results show that environmental barriers are not significant on creativity, but management barriers significantly inhibit creativity. Then, creativity positively affects market knowledge acquisition and market performance. In addition, market knowledge acquisition is a mediator between creativity and market performance, and network-building capability effectively moderates the negative impact of management barriers on creativity.
Conclusion: SMEs should focus on enhancing their network-building capabilities to mitigate management barriers that hinder creativity. Moreover, continuous market knowledge acquisition is critical for turning creative ideas into practical innovations that can improve market performance.
Originality/value (State of the art): This study provides insights into the managerial and environmental barriers faced by SMEs in fostering creativity and highlights the importance of network-building and market knowledge acquisition. It contributes to the literature by offering an understanding of how SMEs can overcome barriers to improve market performance.

Keywords: barriers, creativity, market knowledge acquisition, market performance, SME

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INTRODUCTION

Small and Medium Enterprises (SMEs) play a crucial role in employment generation and economic growth in various countries (Gherghina et al. 2020). SMEs also contribute significantly to economic development, but various barriers often hinder their ability to drive innovation through creativity (Naidoo, 2020). This study aims to investigate these barriers and their impact on market performance, with a focus on the moderating role of network-building capability and the mediating role of market knowledge acquisition. Despite their significance, the potential of SMEs to drive economic progress through creativity has not been fully realized. Developing creative capacities within SMEs is essential, as creativity stimulates innovation, providing a competitive edge and supporting the long-term survival of these enterprises. In the case of Indonesia, where SMEs contribute significantly to Gross Domestic Product (GDP) and labor absorption, fostering creativity is critical. The Micro, Small, and Medium Enterprises (MSME) sector accounts for approximately 61% of Indonesia's GDP, or IDR9,580 trillion, and provides employment for 97% of the workforce (Sitorus et al. 2023). Additionally, approximately 65.5 million SMEs operate in Indonesia, representing 99% of the total business entities (Limanseto, 2023). SMEs face several challenges, including the quality of human resources, technical and non-technical skills, limited product development, and low creativity. The inadequate use of technology and creativity in new product development exacerbates these issues, leading to poor market performance. Additionally, SMEs struggle with persistent obstacles, particularly when competing against larger companies that possess significant resources and creative capabilities (Munawar & Tarmidi, 2020).

Previous studies have identified various external, internal, organizational, and individual barriers that affect creativity in SMEs (Campos et al. 2023; Halim et al. 2023; Moraes Silva et al. 2020; Wu et al. 2022). However, these studies have been analyzed in isolation, and there is a need to explore the interplay between these barriers and their impact on market performance. There is a significant gap in current research concerning how these interconnected barriers influence SMEs' creative capacity. This study aims to bridge this gap by developing a comprehensive framework that examines the drivers of creativity in SMEs, while also investigating strategic interventions like network-building and market knowledge acquisition to overcome these barriers. Additionally, the role of creativity in SMEs remains limited (Souto, 2022). In addition, recent studies on creativity, such as Naushad (2022), have examined the direct impact of employee creativity on organizational innovation within SMEs in Saudi Arabia. Additionally, Sujatha et al. (2023) investigated the effect of organization-based self-esteem on creative behavior in SMEs in India, Nguyen, Mai and Le (2023) examined the impact of organizational creativity on financial performance. However, these studies have not fully elaborated on the model framework that outlines the drivers of creativity in SMEs and its impact on market performance.

To approach problem solving based on this research, it is essential to first identify the core barriers that hinder creativity in SMEs. These barriers can be categorized into environmental barriers (e.g., market uncertainty and competition) and management barriers (e.g., limited resources and lack of skilled personnel). Understanding the nature of these barriers is the first step toward addressing the issues effectively. Next, leverage network-building capabilities to mitigate these barriers. Networking facilitates knowledge exchange, cooperation, and resource sharing, which are critical for overcoming internal limitations and fostering creativity (Shenglei Pi, Qiu, & Cao, 2016). Problem solving in SMEs can thus be enhanced by developing external relationships that provide access to new resources and ideas, ultimately leading to better market performance (Dhameria, et al. 2021). Additionally, market knowledge acquisition plays a key role in problem solving, particularly in linking creativity to market performance. According to Zheng Zhou and Blingxing Li (2012), acquiring market knowledge helps businesses to identify opportunities, analyze trends, and understand competitor behavior. This strategic process enables SMEs to innovate and improve competitiveness (Gligah, Zaidin, & Okyere-Kwakye, 2021), providing a structured approach to tackling market challenges and driving business success.

Consequently, this research aims to contribute to the existing body of knowledge in several ways: (1) by developing a framework for barriers to creativity that affect SMEs' market performance; (2) by evaluating two determinants of creativity, namely environmental barriers and management barriers; (3) by exploring the relationship between creativity, market knowledge

acquisition, and market performance in the SME manufacturing sector; and (5) by investigating the moderating effect of network-building capability on the relationship between management barriers and creativity.

METHODS

This research employs primary data obtained from respondents through a series of questions administered via a research instrument. The in-person interview method was identified as the most suitable approach for distributing questionnaires to owners or managers of small and medium-sized enterprises (SMEs), as it facilitated direct interaction with respondents, thereby ensuring their comprehension of the questions and promoting the provision of accurate responses. In this study, nine manufacturing sub-sectors were identified for analysis, encompassing clothing production, food categories, household appliances, furniture, footwear, automotive spare parts, metal structures, beverage production, and additional sectors. These sub-sectors were selected due to their significance within the small and medium-sized enterprise (SME) landscape of Bandung, Tasikmalaya, and Majalengka, which serve as pivotal hubs for manufacturing SMEs in West Java. The selection of these sub-sectors was conducted utilizing purposive random sampling methods, focusing on SMEs that have been operational for a minimum of one year. This approach facilitated accessibility to SME owners and managers within these sub-sectors, thereby enabling the research team to engage directly with key decision-makers who were both available and willing to participate in the study.

To enhance data quality, several methodological steps were undertaken. First, the questionnaire was pilot tested on a small group of respondents to identify and correct any ambiguities or clarity issues. Second, interviewers received comprehensive training to ensure a thorough understanding of the questionnaire and to effectively communicate key points to respondents, thereby minimizing interviewer bias and ensuring uniformity in the level of explanation provided to all respondents. Third, the data collection process was rigorously monitored, with supervisors conducting random checks to confirm the accurate and consistent administration of the questionnaire. Finally, responses were subjected to a double-checking process for accuracy and consistency, with any discrepancies identified and resolved, thereby further enhancing the reliability of the collected data. The sample size was determined based on the number of parameters (25) multiplied by 5 to 10, as suggested by Ghozali (2011), resulting in a minimum sample size of 175. To increase confidence, 195 respondents were selected.

Data analysis for this research was performed using a partial least squares structural equation model (PLS-SEM) with SmartPLS 3.0. The research instruments were designed to capture the nuances of environmental barriers, management barriers, network-building capability, creativity, market knowledge acquisition, and market performance. A five-point Likert scale, ranging from strongly disagree to strongly agree, was used to measure the research constructs. The validity and reliability of the instruments were rigorously tested using loading factors, average variance extracted (AVE), convergent validity, discriminant validity, Cronbach's alpha, and composite reliability. This thorough and rigorous approach ensures that each question item is accurately classified within each variable, enhancing the credibility and trustworthiness of our outcomes.

Previous studies have established that environmental barriers, such as market uncertainty, competition, and regulatory restrictions, limit small and medium-sized enterprises (SMEs) in their ability to innovate and maintain competitiveness within their respective markets (Davis, 2011; Halim et al. 2023). These barriers, which include restrictive policies and inadequate infrastructure, hinder creativity by diminishing the adaptability of SMEs and constraining their capacity to explore new opportunities (Aggarwal & Joshi, 2024). Similarly, internal management challenges, such as a lack of skilled personnel, limited access to information, and financial constraints, have been identified as significant impediments to creativity (Moraes Silva et al. 2020; Wu et al. 2022). Moreover, resistance to change and insufficient knowledge acquisition further obstruct creative processes within SMEs (Lee et al. 2019; Torugsa & O'Donohue, 2019). Creativity plays a critical role in enabling SMEs to generate and acquire market knowledge, as creative organizations are better equipped to adopt innovative methods for gathering, interpreting, and utilizing market data (Castillo-Vergara & García-Pérez-de-Lema, 2021; Sun et al. 2020). Additionally, creativity has been shown to significantly enhance market performance, particularly through its capacity to drive innovation and agility within organizations (Gunawan et al.

2022; Manalu, 2022). Furthermore, the acquisition of market knowledge is essential for enhancing SME performance, as it facilitates informed decision-making and fosters innovation (Al Koliby et al. 2022; Ha et al. 2021). Previous research has demonstrated that market knowledge acquisition mediates the relationship between creativity and performance, enhancing the implementation of creative ideas and their impact on organizational outcomes (Jaberi, 2021; Tan et al. 2018). In addition, network-building capabilities, such as collaboration with external institutions and stakeholders, are crucial for overcoming resource constraints and promoting creativity (Castillo-Vergara et al. 2021; Durst et al. 2018). SMEs that possess strong network-building capabilities can leverage external partnerships to mitigate the negative effects of management barriers on creativity. Therefore, we hypothesize that environmental barriers (H1) and management barriers (H2) negatively affect creativity. Additionally, we propose that creativity positively influences market knowledge acquisition (H3) and market performance (H4). Furthermore, we assert that market knowledge acquisition has a positive effect on market performance (H5) and mediates the relationship between creativity and market performance (H6). Finally, we contend that network-building capability moderates the relationship between management barriers and creativity (H7).

The conceptual framework (Figure 1) illustrates the proposed relationships between the variables. It depicts the direct effects of barriers to creativity on market performance, as well as the mediating effect of market knowledge acquitisition and the moderating effect of network-building capability on these relationships.

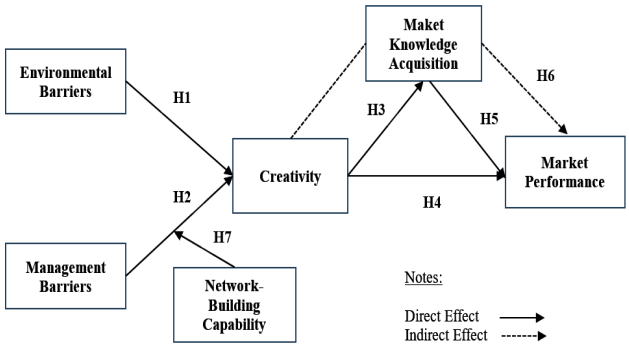

Figure 1. Conceptual Framework

RESULTS

Respondent Profile

Table 1 displays the demographic data of the respondents, illustrating various characteristics. Regarding gender distribution, there is a higher proportion of male respondents (60%) compared to females (40%). The majority of respondents are business owners (66.15%), while the remaining individuals hold managerial positions (33.85%). In terms of age distribution, the data indicates that the majority of respondents fall within 31 to 50 years of age, accounting for nearly 58.46% of the total respondents. This suggests that most respondents are in their prime working years. Work experience among respondents varies, with the largest cohort having 11-20 years of experience (26.15%), indicating substantial industry expertise. In the SME category, the majority of respondents are engaged in clothing production (24.62%) and food manufacturing (21.54%), signifying that these two sectors are predominant among the respondents in the SME sector. Regarding the duration of business operations, the largest segment has been active for 11-20 years (27.69%), indicating a trend of long-standing businesses within the sample. Additionally, most respondents employ 6-10 employees (36.92%) and 11-20 employees (43.08%), highlighting that the majority of SMEs maintain a relatively sizable workforce. This demographic analysis offers valuable insights into the respondent population's structure and characteristics, underscoring their extensive experience and diverse business operations.

Test of Validity and Reliability

To determine the validity of the measurement and assess whether the research instrument is valid, a test was conducted using the SmartPLS 3.0 application program, demonstrating convergent validity (refer to Table 2). The table evaluates the measurement model across various constructs, including environmental barriers, management barriers, networking ability, creativity, market knowledge acquisition, and market performance. The validity of each construct was measured using average variance extracted (AVE) > 0.7, Cronbach's alpha (CA), and composite reliability (CR), all of which indicated satisfactory if the composite reliability value is between 0.7 to 0.9 (Hair et al. 2017) by Hair, Hult, Ringle, and Sarstedt, provides a concise yet very practical guide to understanding and using PLS

structural equation modeling (PLS-SEM. The loadings for individual items within each construct were high, indicating strong item-construct relationships, with t-statistics confirming their significance. The results of each indicator show values above 0.7 can be accepted. For instance, network-building capability exhibited high score loadings, such as NBC1 (0.912), with a t-statistic of 77.685, reflecting the construct's robustness. Similarly, the market performance indicator like profitability (MP1) showed a high loading (0.942) and a significant t-statistic (71.391), underscoring its reliability. Consequently, the construct demonstrated good internal consistency and validity, supporting its use in measurement models.

Table 3 presents the discriminant validity based on the Fornell-Larcker Criteria. The diagonal values represent the square root of the AVE for each construct, all exceeding 0.76, which indicates significant internal consistency. The off-diagonal values represent the correlations between constructs and are lower than the diagonal values, thereby confirming discriminant validity. For instance, creativity has the highest AVE (0.786), demonstrating high discriminant validity, and the correlation between creativity and market performance is 0.368, which is lower than their respective AVEs, confirming that each construct is distinct. Negative correlations, such as the one between environmental barriers and market knowledge acquisition (-0.341), suggest an inverse relationship, potentially indicating that higher environmental barriers are associated with lower market knowledge acquisition. The constructs exhibited high discriminant validity, confirming that they measure distinct concepts within the model.

Table 1. Demographic characteristics of the respondents

Characteristic	Description	Amount	Percentage
Gender	Man	117	60.00
	Woman	78	40.00
Positions	Owner	129	66.15
	Manager	66	33.85
Age	20-30 year	12	6.15
	31-40 year	42	21.54
	41-50 year	72	36.92
	51-60 year	45	23.08
	> 60 year	24	12.31
Working Experiences	2-5 year	36	18.46
	6-10 year	45	23.08
	11-20 year	51	26.15
	21-30 year	39	20.00
	> 30 year	24	12.31
SMEs Categories	Clothing Production	48	24.62
	Manufacture of Food Categories	42	21.54
	Manufacture of Household Appliance	27	13.85
	Furniture Manufacturing	21	10.77
	Footwear Manufacturing	15	7.69
	Manufacture of Automotive Spare Part	9	4.62
	Manufacture of Metal Structure	9	4.62
	Beverage Production	6	3.08
	Other Categories	18	9.23
Business Operations	1-5 year	27	13.85
	6-10 year	30	15.38
	11-20 year	54	27.69
	21-30 year	45	23.08
	> 30 year	39	20.00
Number of Employees	3-5 person	24	12.31
	6-10 person	72	36.92
	11-20 person	84	43.08
	> 20 person	15	7.69

Table 2. Evaluation of the measurement model

Construct	Loading Factor	Standard Deviation	t-Statistics (t-table=1.652)
Environmental Barrier (AVE= 0.577, CA=0.761, CR=0.845)			
Uncertainty in market demand (EB1)	0.827	0.093	8.924
Strict regulations and government policies (EB2)	0.707	0.106	6.652
Intense competition with large companies (EB3)	0.724	0.098	7.413
Limited infrastructure (EB4)	0.775	0.109	7.101
Management Barrier (AVE= 0.626, CA=0.711, CR=0.834)			
Lack of access to appropriate resources, including fund, facilities and information (MB1)	0.827	0.096	8.615
Inability to learn and acquire new knowledge (MB2)	0.753	0.102	7.803
Difficulties attracting skilled personnel (MB3)	0.752	0.134	5.615
Network-Building Capability (AVE= 0.727, CA=0.875, CR=0.914)			
Activities to build relationships with business associations (NBC1)	0.912	0.012	77.685
Activities to build relationships with suppliers (NBC2)	0.797	0.032	24.810
Activities to build relationships with distributors (NBC3)	0.848	0.021	41.366
Activities to build relationships with government institutions (NBC4)	0.849	0.032	26.659
Creativity (AVE= 0.617, CA=0.848, CR=0.890)			
Often has new and innovative ideas (C1)	0.768	0.038	20.249
Comes up with creativity solutions to problem (C2)	0.781	0.044	17.575
Overcoming problem by implementing fresh approach for business (C3)	0.758	0.051	14.961
Comes up with new and practical ideas to performance (C4)	0.805	0.032	24.778
Suggest new ways to improve quality (C5)	0.814	0.031	25.863
Market Knowledge Acquisition (AVE= 0.631, CA=0.884, CR=0.911)			
Openness to ideas and input from suppliers (MKA1)	0.753	0.053	14.238
Openness to ideas and input from agents/distributors (MKA2)	0.752	0.037	21.393
Openness to ideas and input from customers (MKA3)	0.851	0.022	38.738
Involvement of suppliers in business decision-making processes (MKA4)	0.797	0.034	23.116
Involvement of agents/distributors in business decision-making processes (MKA5)	0.738	0.049	14.963
Involvement of customers in business decision-making processes (MKA6)	0.824	0.039	21.292
Market Performance (AVE= 0.778, CA=0.856, CR=0.912)			
Profitability (MP1)	0.942	0.013	71.391
Growth in Sales (MP2)	0.927	0.018	51.019
Market Development (MP3)	0.766	0.049	15.513

Table 3. Discriminant validity of Fornell-Larcker criteria

	1	2	3	4	5	6
1. Creativity	0.786					
2. Environmental Barriers	-0.229	0.760				
3. Management Barriers	-0.286	0.520	0.791			
4. Market Knowledge Acqusition	0.362	-0.341	-0.226	0.794		
5. Market Performance	0.368	-0.287	-0.147	0.332	0.882	
6. Network-Building Capability	0.426	-0.137	-0.165	-0.072	0.012	0.853

Test of The Structural Model

The structural model testing displays the correlation values between variables, their significance, and the R-square values of the relationships among constructs. The PLS research model starts by determining the R-square values for all dependent variables. These values help assess the influence of exogenous latent variables on latent variables, with higher values indicating a more significant impact on endogenous variables. According to Table 4, the estimated R-square value using PLS for creativity is 0.250. This indicates that market knowledge acquisition accounts for 25.0% of the variance in creativity, while the remaining 75.0% is explained by other variables outside this research model. Additionally, the estimated R-square value for market knowledge acquisition is 0.131, implying that 86.9% of its variance is due to factors not included in this model. The estimated R-square value for market performance is 0.181, indicating that creativity and market knowledge acquisition together explain 18.1% of the variance in market performance. The remaining 81.9% is accounted for by variables outside this research model.

The data analysis in Table 5 reveals that the impact of environmental barriers on creativity has an estimated value of -0.095, with a significance level greater than 0.05 (t-statistic 1.281). This indicates that environmental barriers do not have a significant effect on creativity, thus this research does not support Hypothesis 1. The estimated impact of management barriers on creativity is -0.199, with a significance level of less than 0.01 (t-statistic 2.788). This indicates that management barriers have a negative and significant effect on creativity, thereby supporting Hypothesis 2. The path analysis estimate yields an output value of 0.362 with a positive coefficient. Hypothesis 3 was tested and found to be significant, with a t-statistic of 5.529. Consequently, managerial support significantly and positively impacts the rate of innovation. The impact of creativity on marketing performance is demonstrated by an estimated path analysis value of 0.285, with a significance level below 0.01 (t-statistic 3.209). This indicates a positive and significant relationship between creativity and marketing performance, thereby supporting Hypothesis 4. The impact of acquiring market knowledge on marketing performance has an estimated value of 0.229 and is significant at the $p < 0.01$ level (t-statistic 2.874). This indicates that obtaining market knowledge has a positive and significant effect on marketing performance, thereby supporting Hypothesis 5. The impact of creativity on marketing performance via the acquisition of market knowledge demonstrates an estimated value of 0.083, significant at the $p < 0.01$ level (t-statistic 2.350). This indicates a positive and significant indirect effect of creativity on marketing performance through market knowledge acquisition, thus corroborating Hypothesis 6. The moderating impact of network-building capabilities concerning management barriers to creativity reveals an estimated value of 0.124, significant at the $p < 0.05$ level (t-statistic 1.768). This indicates that network-building capabilities positively and significantly contribute to overcoming management barriers and fostering creativity, thereby corroborating Hypothesis 7.

The findings of this study address the research questions by examining the impact of environmental and management barriers on creativity, and the subsequent effects of creativity on market knowledge acquisition and performance. Specifically, the first research question sought to determine whether environmental and management barriers negatively affect creativity. The results show that environmental barriers do not significantly impact creativity, contrary to the initial hypothesis (H1). This finding aligns with previous research by Davis (2011), who suggested that external barriers, such as regulations and competition, may not always inhibit creativity in SMEs. The research suggests that environmental barriers may be less influential on creativity compared to management barriers. In Brazilian Creative Economy companies, internal limitations like functional and price-related constraints are essential for innovation, whereas environmental factors such as economic and government barriers are deemed insignificant (Soares et al. 2022). Despite previous research identifying several barriers to creativity, SMEs often find motivation through their initiative and internal strength, allowing them to maintain creativity despite environmental barriers. Even when faced with obstacles like limited resources or markets, these factors do not necessarily dictate an SME's creativity level. Creative SMEs frequently perceive external challenges as opportunities for creative problem-solving rather than obstacles. Past cases have shown how entrepreneurs leverage their creativity to overcome environmental barriers (Heinonen et al. 2011).

Table 4. R-Square

Variables	R-Square	Adjusted R-Square
Creativity	0.250	0.234
Market Knowledge Acquisition	0.131	0.127
Market Performance	0.181	0.172

Table 5. Hypothesis testing results

Hypothesis	Original Sample	Standard Deviation	t-statistik (t-tabel=1.652)	Conclusion
H1: Environmental Barrier → Creativity	-0.095	0.074	1.281	Rejected[n]
H2: Management Barrier → Creativity	-0.199	0.071	2.788	Accepted**
H3: Creativity → Market Knowledge Acquisition	0.362	0.066	5.529	Accepted**
H4: Creativity → Market Performance	0.285	0.089	3.209	Accepted**
H5: Market Knowledge Acquisition → Market Performance	0.229	0.080	2.874	Accepted**
H6: Creavitiy → Market Knowledge Acquisition → Market Performance	0.083	0.035	2.350	Accepted**
H7: Management Barriers x Network-Building Capability → Creativity	0.124	0.070	1.768	Accepted*

Note: Bootstrapping 95% (based on n = 5000 subsamples). **sig. < 0.01, *sig. < 0.05, one tailed test; t-table (0.05) = 1.652

In contrast to environmental barriers, management barriers were found to have a significant effect on creativity (H2), supporting the argument by Castillo-Vergara et al. (2021) that management barriers, such as resource constraints and lack of managerial support, critically hinder the creative processes within SMEs. Additionally, Ongori and Migiro (2010) explain that owners with access to resources, who prioritize profits, and maintain stable financial growth can help overcome management obstacles. Internal barriers also impede the development of dynamic strategies necessary to address both short-term and long-term challenges (Sheng-lei Pi, Guo, & Li, 2017). Specifically, limited resources, lack of supervisory focus, and financial instability are some of the obstacles that hinder SMEs from developing creative ideas. A major management barrier for SMEs is the lack of financial resources, which can impede their ability to invest in innovative projects and new technologies. This financial constraint is commonly observed in SMEs (Suhendi, Achsani, Najib, & Novianti, 2023); without adequate funding, SMEs may struggle to support creative initiatives, leading to stagnation in creativity (Moraes Silva et al. 2020). Additionally, Strobel and Kratzer (2017) identify a lack of knowledge and expertise among managers or employees as a barrier that negatively impacts SME creativity. Creating a creative environment becomes challenging when employees are overburdened and their roles are unclear. For instance, in Serbia, SMEs face obstacles such as individuals' unreadiness to innovate, which significantly reduces their creativity (Nikolic et al, 2015). A comparable scenario is observed in Ghana, where obstacles like inflexible internal procedures, rigid organizational structures, and resistance to change significantly hinder creativity (Oduro, 2020). These internal organizational challenges can stifle creativity by fostering an environment that resists change and innovation.

The third research question focused on the relationship between creativity and market knowledge acquisition. The results of this study confirm that creativity positively influences market knowledge acquisition, a finding that is consistent with the theoretical framework and prior research. Tan et al. (2018) and Sun et al. (2020) emphasized that creative organizations are better able to gather, interpret, and utilize market information effectively. This study supports that claim by demonstrating that SMEs with higher levels of creativity are more likely to engage in proactive market knowledge acquisition. Creativity boosts market knowledge acquisition by improving creative opportunity search strategies and those based on knowledge acquisition. It is closely linked to analytical behavior that influences knowledge acquisition, which involves collecting industry and market information and formulating comprehensive business ideas (Heinonen et al. 2011). Thus, Tan et al. (2018) strengthened the argument that creativity boosts market knowledge acquisition. Creativity enhances this process by allowing organizations to adopt innovative methods for gathering, interpreting, and utilizing

market information. When combined with traditional market research techniques, creative thinking enables businesses to discover previously unrecognized insights and opportunities. Employees can leverage their creativity to develop new methods for data collection, such as engaging with customers through interactive platforms, utilizing advanced analytics to predict trends, and incorporating innovative data sources like user-generated content and social media. Moreover, creativity fosters a culture of curiosity and continuous learning in organizations that seek new markets and explore various knowledge-gathering techniques. This broadens the scope of market knowledge, enhancing its relevance and applicability to evolving market conditions. Consequently, organizations can significantly improve their ability to acquire comprehensive market knowledge, enabling them to make more informed decisions and gain a competitive edge (Dabrowski, 2019).

The fourth research question asked whether creativity positively affects market performance. The results show a positive and significant relationship between creativity and market performance. The result supported by Baccarella et al. (2022) indicate that creativity positively impacts market performance, especially in dynamic markets. Creativity enables companies to stand out in the marketplace by offering unique value propositions, experiences, and solutions. This distinctiveness draws in a desired consumer base, enhances a company's market presence, and positively influences market performance indicators like profitability (Boso, Donbesuur, Bendega, Annan, & Adeola, 2017). Creativity in SMEs is crucial for transforming new and valuable ideas into product innovations. Risk-taking behavior often supports this transformation, enabling SMEs to harness creativity effectively, leading to improved product innovation and, ultimately, enhanced performance (Castillo-Vergara & García-Pérez-de-Lema, 2021). SMEs that foster creativity and encourage entrepreneurial behavior are better prepared to achieve market performance results (Natia Afriany, Prabowo, Yulianto, & Setyo Budiarto, 2020). In the fast-moving consumer goods (FMCG) sector, creativity-related processes and skills are essential for fostering both improvisational and compositional creativity. These drive innovation and enhance competitive performance (Valaei, Rezaei, Bressolles, & Dent, 2022).

The study also found that market knowledge acquisition positively influences market performance, answering the fifth research question. The result supported by Gatuyu and Kinyua (2020) found that acquiring market knowledge significantly enhances the market performance of SMEs in Meru County, Kenya. Petrovici et al. (2020) emphasized that while acquiring market knowledge improves market performance, the nature of the knowledge and the environmental context are crucial for the company. Specifically, tacit knowledge, which is harder to document and transfer, becomes especially valuable in uncertain and dynamic markets, providing companies with a competitive edge through unique and inimitable insights. Furthermore, allocating resources to acquire market knowledge proves advantageous for businesses, as it assists in gathering information and enriching their comprehension of the market landscape. Consequently, this results in various advantages, including heightened profitability, reduced expenses, enhanced operational efficacy, deeper market insights, and elevated levels of customer satisfaction (Kumar & Singh, 2023).

The sixth research question explored whether market knowledge acquisition mediates the relationship between creativity and market performance. The results confirmed that market knowledge acquisition acts as a mediator, enhancing the positive impact of creativity on market performance. This result is supported by Tan et al. (2018), who identify market knowledge acquisition as a mediator between creativity and market performance. In addition, Liao and Barnes (2015) state that the acquisition of market knowledge plays a vital role in nurturing creativity within SMEs, as it equips employees with the requisite information and insights to generate innovative ideas and solutions. This underscores the importance of obtaining pertinent knowledge for fostering creative outcomes in SMEs. Moreover, creative SMEs can leverage the pursuit of market knowledge to enhance their market performance outcomes (Torres de Oliveira et al. 2022). Through acquiring such knowledge, enterprises can translate imaginative concepts into innovative solutions, thereby catalyzing enhanced performance. Additionally, outcomes from Imran et al. (2018) indicate that knowledge acquisition positively influences firm performance, with employee creativity playing a partially mediating role in this association.

Finally, the study examined the moderating role of network-building capability, addressing the seventh research question. The results show that network-building capability moderates the negative impact of management barriers on creativity, reducing the constraints imposed by internal barriers. This result, supported by Zacca, Dayan and Ahrens (2015), underscores that network-building capability exhibits a positive correlation with knowledge generation, a key factor in fostering creativity. SMEs can utilize their networks to acquire fresh ideas, cutting-edge technologies, and valuable market insights, empowering them to surmount management barriers. Access to information and external resources can serve as a catalyst for innovation, enabling SMEs to enhance their creative processes and results. In addition, Yoon, Kim and Dedahanov (2018) underscores the significance of networks in enhancing market performance by expanding access to technologies and fostering collaboration with various stakeholders, such as universities, companies, and technoparks. This research illustrates that robust network connections facilitate the cultivation of an entrepreneurial mindset and foster SMEs with essential resources and expertise to navigate internal barriers to innovation.

Managerial Implications

The findings of this study have significant implications for small and medium enterprises (SMEs) seeking to enhance creativity, market knowledge acquisition, and market performance. Most importantly, the study indicates that management barriers, rather than environmental barriers, are key factors hindering creativity within SMEs. This suggests that managers should prioritize addressing internal organizational challenges, such as insufficient resources, limited employee skills, and rigid management practices, to promote creativity. To achieve this, managers can invest in employee training programs and foster a more flexible organizational structure that encourages experimentation and creative problem-solving. By overcoming these internal obstacles, SMEs can enhance their creativity and innovation (Moraes Silva et al. 2020; Wu et al. 2022).

Additionally, the study emphasizes the vital role of creativity in facilitating market knowledge acquisition and improving performance. Creative firms are better positioned to explore unconventional approaches to gathering and interpreting market information, enabling them to stay ahead of trends and respond quickly to customer needs. Therefore, fostering a culture of creativity should be a primary focus for SMEs, as it allows them to gain valuable market insights and make informed strategic decisions. Managers can promote this culture by creating environments that empower employees to think creatively and experiment with innovative methods in market research and customer engagement. This not only enhances market knowledge acquisition but also strengthens market performance, allowing SMEs to remain competitive in rapidly changing environments (Sun et al. 2020; Tan et al. 2018).

The study also highlights the importance of network-building capabilities as a strategy to mitigate the negative effects of management barriers on creativity. SMEs that actively cultivate external networks with suppliers, customers, industry associations, and government institutions can access external resources, knowledge, and support that offset internal limitations. Managers should prioritize the establishment and maintenance of these external networks, as they create valuable opportunities for collaboration, knowledge exchange, and resource sharing, which can stimulate creativity and innovation. By leveraging these external networks, SMEs can overcome internal challenges and foster a more creative and adaptive organizational culture (Castillo-Vergara et al. 2021; Durst et al. 2018).

Then, market knowledge acquisition serves as a mediating factor between creativity and market performance, underscoring the necessity for SMEs to continuously invest in learning and market intelligence. Managers should implement systems that facilitate a constant flow of market information throughout the organization, ensuring that creative ideas are effectively applied to improve business outcomes. By integrating creativity with market knowledge acquisition, SMEs can develop innovative products and services that better meet customer needs and market demands, thus enhancing profitability and competitive advantage (Jaberi, 2021; Tan et al. 2018).

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study investigates the barriers to creativity in small and medium enterprises (SMEs) and their impact on market performance, focusing on the roles of network-building capability and market knowledge acquisition. The findings indicate that environmental barriers do not significantly affect creativity, while management barriers negatively impact creativity within SMEs. Creativity, in turn, positively influences both market knowledge acquisition and market performance. Furthermore, market knowledge acquisition mediates the relationship between creativity and market performance, emphasizing the importance of continuous learning and knowledge sharing for SMEs. Network-building capability is also found to moderate the negative effect of management barriers, demonstrating its vital role in fostering creativity despite internal challenges.

Recommendations

SMEs should prioritize enhancing their network-building capabilities by strengthen networks with business associations, suppliers, distributors, and government institutions. These networks offer essential resources and knowledge that can help overcome internal management challenges and stimulate creativity. Additionally, continuous acquisition of market knowledge is crucial for SMEs to maintain competitiveness, as it keeps them informed about market trends and customer needs, which in turn enables them to translate creativity into improved market performance. This study theoretically underscores the significance of network-building as a moderating factor and market knowledge acquisition as a mediating factor between creativity and market performance, providing a comprehensive framework for understanding how SMEs can leverage these elements to overcome barriers and improve their market outcomes. Future research could investigate additional factors, such as corporate culture or leadership style, to further enhance the understanding of creativity's role in SMEs.

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