

A Business Intelligence Framework for Sustainable Growth and Innovation in SMEs

Rashmi Umarji^{1*}, Santosh Ramdas Shivane², Srinanda S B³, Archana BM⁴, Thejesh KM⁵, Chinmaye P⁶

¹Assistant Professor, Department of BCOM BBA, Dayananda Sagar College of Arts Science and Commerce, Bangaluru, Karnataka

Email ID: Rashmimadhva@gmail.com

²Santosh Ramdas Shivane Research Scholar, HR Digital Transformation, AI & Workforce Analytics Specialist, School of Management Studies, Commerce and Management,

Kavayitri Bahinabai Chaudhari North Maharashtra University, Umavinagar, Jalgaon – 425001, Maharashtra, India

Email ID: srshivane@gmail.com

ORCID: 0009-0004-2622-3154

³Assistant professor, Department of Commerce and Management, K S Degree College, Bangaluru, Karnataka

Email ID: srinanda.sb@gmail.com

⁴Assistant Professor, Department of Commerce and Management, MES College for Arts, Commerce and Science, Bangaluru, Karnataka

Email ID: archu9215@yahoo.com

⁵Assistant professor, M.Com (Accounting and Taxation) MBA (HR), MKPM RV Institute of Legal Studies, Jayanagar, Bangaluru, Karnataka

Email ID: kmthejesh14@gmail.com

⁶Assistant Professor, Department of Commerce and Management, Global Institute of Management Sciences, Bangaluru, Karnataka

Email ID: chinmayep2002@gmail.com

*Corresponding Author

Rashmi Umarji

Assistant Professor, Department of BCOM BBA, Dayananda Sagar College of Arts Science and Commerce, Bangaluru, Karnataka

Email ID: Rashmimadhva@gmail.com

ABSTRACT

Small and medium-sized enterprises (SMEs) face limited resources and growing competitive pressure, making data-driven decision-making essential for sustainable growth and innovation. This study proposes business intelligence (BI) framework comprising five layers: strategic alignment, data foundation, analytics and insight, decision and action integration, and a learning, innovation and sustainability loop. It also examines six factors influencing BI adoption: data quality, technology integration, financial resources, employee skills, ease of use, and data governance. Primary data were collected from 100 SME respondents through a structured questionnaire using convenience sampling. Mean, standard deviation and the Friedman test were applied. SMEs should therefore begin with affordable, scalable tools, invest in data quality and governance, and build staff capability gradually. Leadership commitment and a culture that values evidence are equally important. The study used convenience sampling and a modest sample, so its findings are indicative rather than conclusive. Future research could use larger, probability-based samples, compare sectors, and test the framework through case studies. The study recommends affordable, scalable BI solutions supported by reliable data and sound governance.

Keywords: Business intelligence, SMEs, sustainable growth, innovation, data-driven decision-making, Data Quality and Availability, Data Integration and Technology Infrastructure

INTRODUCTION

Small and medium-sized enterprises (SMEs) are the backbone of most economies. They generate a large share of employment, contribute significantly to GDP, and often serve as the testing ground for new products and business models. Yet they operate under tight constraints: limited capital, thin management bandwidth, volatile demand, and intense competition from larger firms with deeper resources.

In this environment, intuition alone is no longer a reliable guide. Customer expectations shift quickly, supply chains

are fragile, and digital channels generate more data than most owners know what to do with. Business intelligence (BI), the practice of collecting, integrating, analysing, and presenting data to support decisions, offers SMEs a way to turn that data into a durable advantage. But BI succeeds only when it is built as a coherent framework tied to business goals, rather than as a collection of dashboards. This article presents a practical framework for SMEs to use BI to drive sustainable growth and innovation. Research Background Historically, BI was the preserve of large corporations with data warehouses,

specialist teams, and six-figure licences. Three shifts have changed this.

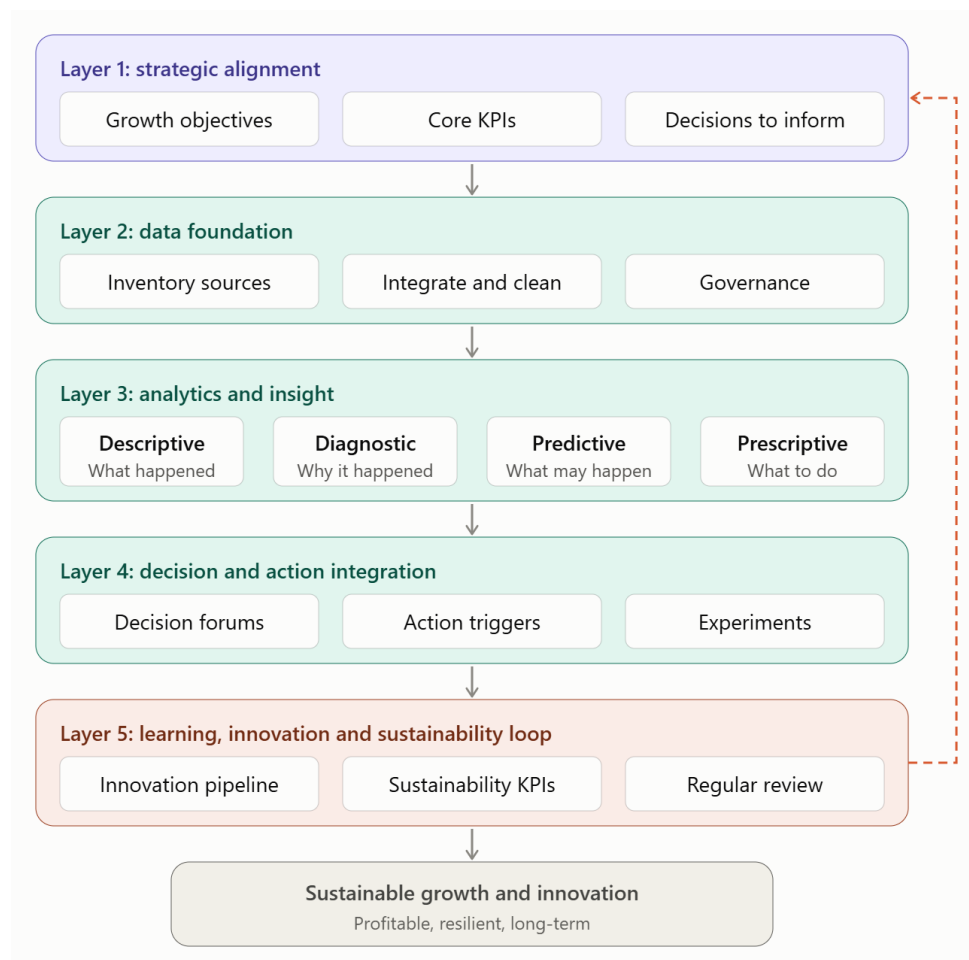
First, cloud-based tools have collapsed costs. Platforms such as Power BI, Looker Studio, Metabase, and Zoho Analytics let a ten-person company build dashboards for a fraction of what enterprise systems once cost.

Second, SMEs now generate data naturally. Point-of-sale systems, accounting software, e-commerce platforms, CRM tools, social media, and payment gateways all record customer and operational behaviour by default.

Third, competitive pressure demands speed. An SME that spots a declining product line, a margin leak, or emerging customer segment weeks before its rivals can reallocate resources faster and with less risk.

Sustainable growth, meaning growth that is profitable, resilient, and not achieved at the expense of long-term health, depends on making many small decisions well. BI improves the quality of those decisions in pricing, inventory, hiring, marketing spend, and product development.

Figure: 1 Conceptual framework



THE FRAMEWORK: FIVE INTERLOCKING LAYERS

An effective SME BI framework is best understood as five layers, each building on the one before it. Skipping a layer is the most common reason BI projects stall.

Layer 1: Strategic Alignment BI should begin with questions, not tools. Before any data is collected, the leadership team should define what "sustainable growth" and "innovation" mean for the business. Typical objectives include:

- Increasing revenue from repeat customers
- Improving gross margin by a defined

- percentage Reducing stock-outs and excess inventory
 - Shortening the time from idea to launched product
 - Entering one new market or segment each year
- Each objective is then translated into a small set of key performance indicators (KPIs) and the decisions those KPIs should inform. A useful test: if a metric would not change anyone's decision, it does not belong on a dashboard. SMEs should resist the temptation to track

everything and instead select roughly eight to twelve KPIs balanced across financial, customer, operational, and innovation perspectives, in the spirit of the balanced scorecard.

Layer 2: Data Foundation

Most SME data lives in silos: sales in one system, expenses in a spreadsheet, customer messages in WhatsApp or email. The data foundation layer addresses three tasks.

Inventory sources: Inventory sources are the first task in building a reliable data foundation. SMEs hold business data in many scattered places, such as point-of-sale systems, accounting software, spreadsheets, e-commerce

platforms, customer relationship management tools, social media accounts, payment gateways, and messaging applications. The enterprise should prepare a register listing every system that holds business-relevant data, the type of data stored, the person responsible for it, and how often it is updated. This exercise reveals duplicated records and gaps where important information is not captured at all. A clear inventory also shows owners which sources matter most and should be integrated first.

Integrate and clean: Integrate and clean converts scattered records into one dependable repository. SMEs can consolidate data in a cloud spreadsheet, a lightweight database, or a managed data warehouse, depending on their size and budget. Customer identifiers, product codes, and date formats should be standardised so that records from different systems match correctly. Duplicates must be removed, missing values addressed, and obvious errors corrected. Where possible, problems should be fixed at the source by improving how data is entered, rather than repeatedly cleaning it later. The guiding principle is good enough, consistently: perfect data is unattainable, but accurate, regularly refreshed data is sufficient.

Establish governance: Establish governance defines the rules for how data is accessed, used, stored, and protected. SMEs should decide who can view or edit each data set, how long records are retained, and how customer privacy is safeguarded through measures such as access controls, encryption, and staff training. Compliance with regulations such as India's Digital Personal Data Protection Act or the GDPR is not optional. Good governance also builds customer trust, which is itself a source of sustainable advantage. Assigning clear ownership for each data set and reviewing policies periodically ensures that governance remains practical and keeps pace with the growing business.

Layer 3: Analytics and Insight

SMEs should resist jumping to artificial intelligence and machine learning before descriptive and diagnostic basics are solid. A well-designed sales dashboard reviewed weekly often delivers more value than an underused predictive model.

Descriptive analytics: Descriptive analytics answers the question "what happened?" and is the natural starting point for most SMEs. It summarises historical data through sales by product, region, or channel, monthly cash flow trends, customer acquisition counts, and inventory levels. Results are usually presented in simple dashboards, tables, and charts that owners and managers can read quickly. Because it relies on data the business already records, descriptive analytics needs little technical skill and low investment. It builds a clear picture of current performance and provides the baseline against which later improvements can be measured. A weekly review of a

well-designed sales dashboard often delivers more value than advanced models.

Diagnostic analytics: Diagnostic analytics answers the question "why did it happen?" It moves beyond reporting results to identifying their causes. For example, an SME may investigate why repeat purchases fell last quarter, which cost lines reduced profit margins, or why one sales channel underperformed. Common techniques include drill-down analysis, cohort analysis, customer segmentation, and comparison across time periods or product groups. Diagnostic analytics helps managers separate real problems from random fluctuations and focus corrective action where it matters. It requires reliable, integrated data and some analytical judgement, but it remains accessible through the standard features of most business intelligence tools.

Predictive analytics: Predictive analytics answers the question "what is likely to happen?" It uses historical patterns, statistical methods, and machine learning to forecast future outcomes. Typical SME applications include demand forecasting, sales projection, customer churn prediction, and cash flow planning. Accurate forecasts help owners plan inventory, staffing, and finance, reducing both stock-outs and excess stock. Many affordable BI platforms now include built-in forecasting that does not require a data scientist. Predictive results are probabilities rather than certainties, so they should support managerial judgement, not replace it. Their quality depends heavily on the accuracy and completeness of the earlier descriptive and diagnostic stages.

Prescriptive analytics: Prescriptive analytics answers the question "what should we do?" It is the most advanced level and recommends specific actions based on predicted outcomes. Examples include suggested reorder quantities, optimal price points, the best marketing budget allocation, and next-best offers for individual customers. It combines forecasts with business rules, constraints, and optimisation or simulation techniques. For SMEs, prescriptive analytics can turn insight directly into decisions, improving speed and consistency. However, it rests on the quality of the earlier three levels, so it should be adopted gradually as data reliability and analytical skills mature.

Layer 4: Decision and Action Integration

Decision forums: Decision forums embed business intelligence into the regular routine of the enterprise. Insight has little value unless managers act on it, so SMEs should build data review into existing meetings rather than creating separate processes. A short weekly session, ideally about 30 minutes, can review the core dashboard, discuss exceptions, and agree on actions. Each key performance indicator should have a named owner who explains the result and is accountable for follow-up. This practice turns data into shared accountability, reduces decisions based on opinion alone, and encourages teams to speak a common language of facts. Over time, regular forums make data-driven discussion a normal habit.

Playbooks and triggers: Playbooks and triggers define in advance what action follows when a metric crosses a set threshold. Instead of debating each problem as it arises, the SME agrees on a standard response. For example, if stock cover falls below two weeks, a reorder is triggered.

If customer acquisition cost exceeds an agreed level, the campaign is paused and reviewed. If cash balance drops below a safe limit, spending approvals are tightened. Clear triggers speed up decisions, reduce dependence on the owner's constant attention, and ensure consistent responses across the team. Playbooks should be reviewed periodically so that thresholds remain realistic as the business grows.

Data storytelling: Data storytelling presents analytical results in a form that non-specialists can understand and act on. Most SME managers and owners are not data experts, so dashboards should be simple, visual, and focused on what matters. Clear charts, plain-language annotations, and a focus on exceptions and trends help users see the message quickly without technical interpretation. Good storytelling links each figure to a business question and a possible action, such as "repeat purchases fell because delivery times increased." Avoiding clutter and excessive metrics prevents confusion. Effective data storytelling builds trust in the numbers and encourages employees at every level to use data in their daily work.

Experimentation: Experimentation treats business decisions as hypotheses to be tested rather than assumptions to be accepted. An SME can run small, low-cost trials, such as testing a price change, a promotional offer, a new product bundle, or a website layout. Results are measured against a comparison group or baseline, and the change is adopted, modified, or abandoned based on evidence. This approach limits risk because failures are small and learning is quick. Experimentation is where business intelligence becomes a direct engine of innovation, helping the enterprise discover what customers actually value. Recording the outcome of each experiment also builds a useful body of organisational knowledge.

Layer 5: Learning, Innovation, and Sustainability Loop
The final layer closes the loop and is what separates a reporting system from a growth framework.

Innovation pipeline: The innovation pipeline is a disciplined route from idea to launch, supported by data. SMEs can use customer feedback, complaint themes, search trends, and sales patterns to identify unmet needs. For example, analysing which products are frequently bought together can suggest new bundles or offerings. Each idea is tested as a small pilot with clear success measures, such as sales, customer response, and cost. Pilots that perform well are scaled up, while weak ones are stopped early, saving scarce resources. Tracking every idea through stages of testing, evaluation, and decision creates a transparent funnel, so innovation becomes a repeatable process rather than a matter of chance.

Sustainability metrics: Sustainability metrics extend business intelligence beyond financial results to the long-term health of the enterprise. Sustainable growth has environmental, social, and economic dimensions, so SMEs should track indicators such as energy consumption, waste generated, product return rates, supplier concentration, employee turnover, and customer retention. These measures reveal hidden risks, such as dependence on a single supplier, and opportunities for savings, such as lower energy use. They also matter increasingly to lenders, corporate buyers, and customers

who prefer responsible businesses. A small set of well-chosen indicators, reviewed regularly alongside financial KPIs, keeps growth balanced and resilient without adding excessive reporting burden.

Continuous improvement: Continuous improvement ensures that the business intelligence framework itself keeps pace with the changing needs of the enterprise. The SME should review the framework every six to twelve months, asking whether each KPI still informs real decisions, whether data sources are accurate, and whether users find the dashboards helpful. Indicators that no longer add value are retired, new data sources are added, and analytical capability is raised gradually, for instance from reporting to forecasting. Feedback from employees and managers guides these changes. This learning cycle prevents the system from becoming outdated, strengthens data culture, and supports lasting competitive advantage.

RESEARCH GAP

Business intelligence (BI) has been widely studied, but most research focuses on large corporations, where capital, technical expertise and data infrastructure are abundant. Studies on SMEs are fewer and often examine BI adoption in isolation, concentrating on technology acceptance or technical implementation without linking it to long-term business outcomes. Few studies combine BI with sustainable growth and innovation in a single practical framework, and even fewer join strategic alignment, data management, analytics, decision integration and sustainability metrics in a structured sequence. Empirical evidence on the relative importance of financial resources, data quality, governance, employee skills, infrastructure and ease of use in SMEs also remains scarce, especially in developing economies. This study addresses these gaps by proposing a five-layer BI framework and empirically ranking the factors that influence BI adoption among SMEs.

IMPORTANCE OF THE STUDY

This study is important because SMEs contribute significantly to employment, output and innovation, yet they struggle to use data effectively for decision-making. By presenting a practical, layered BI framework, the study offers owners and managers a clear path from setting objectives to building data foundations, analysing information, acting on insights and learning continuously. The empirical ranking of influencing factors shows where limited resources should be directed first. The findings are useful to SME owners planning BI investments, to technology vendors designing affordable solutions for small firms, and to policymakers and support agencies designing training and financing programmes. The study also adds to academic literature by linking BI with sustainability and innovation, and it provides a base for future research on data-driven SME growth.

STATEMENT OF THE PROBLEM

SMEs operate under tight constraints, including limited capital, scarce skilled staff, fragmented data and intense competition from larger firms. Although they generate large volumes of data through sales, accounting, customer

and digital channels, many rely on intuition rather than evidence. As a result, they face avoidable problems such as stock-outs, margin leakage, poor marketing returns, missed customer needs and slow response to market change. Where BI tools are adopted, they are often implemented as isolated dashboards without strategic direction, reliable data or integration into routine decisions, so benefits remain limited. SME owners also lack clarity about which factors should be addressed first when adopting BI. This study therefore asks how a structured BI framework can support sustainable growth and innovation in SMEs, and which factors most strongly influence its adoption.

RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive and analytical research design to examine the factors influencing the adoption and success of a business intelligence (BI) framework for sustainable growth and innovation in small and medium-sized enterprises (SMEs). A quantitative, survey-based approach was used because it allows the opinions of many

SME owners and managers to be measured systematically and compared statistically.

Sample Size

A total of **100 respondents** were included in the study. This sample size is adequate for descriptive statistics and non-parametric tests such as the Friedman test, which do not require large samples or normally distributed data.

ANALYSIS AND FINDINGS

Descriptive analysis summarises how respondents rated each factor influencing business intelligence (BI) adoption and success in SMEs. For every factor, the table reports three measures. The mean shows the average level of agreement, the standard deviation shows how much responses vary around that average, and the mean rank (from a ranking test such as Friedman's) shows the relative importance of each factor when respondents' ratings are compared across factors. Together, these measures show which factors SME respondents consider most influential and how consistent their opinions are.

Descriptive Analysis

Factors	Mean	Std. Deviation	Mean Rank
Data Quality and Availability	3.63	1.121	4.80
Data Integration and Technology Infrastructure	3.21	1.089	4.20
Financial Resources and Cost of Implementation	4.52	1.157	4.96
Employee Skills and Data Literacy	3.11	1.340	4.10
Ease of Use and Perceived Usefulness of BI Tools	3.03	1.122	4.17
Data Governance, Security, and Privacy	3.49	1.135	4.78

The descriptive results show how respondents rated the six factors influencing business intelligence (BI) adoption and success in SMEs. They also show how the factors rank relative to one another.

Financial Resources and Cost of Implementation is the most influential factor. It has the highest mean score (4.52) and the highest mean rank (4.96). The mean is well above the other factors, which suggests that respondents strongly agree that affordability, budget availability, and implementation cost determine whether an SME can adopt and sustain BI. This is consistent with the capital constraints that characterise SMEs. Its standard deviation (1.157) shows moderate variation, but the high mean indicates broad agreement.

Data Quality and Availability is the second most influential factor (mean = 3.63, mean rank = 4.80). Respondents moderately agree that accurate, reliable, and accessible data is a prerequisite for effective BI. **Data Governance, Security, and Privacy** follows closely (mean = 3.49, mean rank = 4.78), showing that data protection and compliance are recognised as important, though secondary to cost and data quality.

Data Integration and Technology Infrastructure has a moderate mean of 3.21 and a mean rank of 4.20. It has the lowest standard deviation (1.089), which indicates that respondents were the most consistent in their views on this

factor. Technical infrastructure appears to be a moderate influence rather than a major barrier.

Ease of Use and Perceived Usefulness of BI Tools has the lowest mean (3.03) and a mean rank of 4.17. This suggests that respondents are relatively unconcerned about usability, possibly because modern BI platforms are increasingly intuitive and affordable.

Employee Skills and Data Literacy has a mean of 3.11, close to the neutral midpoint, and the lowest mean rank (4.10). It also has the highest standard deviation (1.340), which indicates the widest disagreement among respondents. The effect of skills probably depends on firm size, sector, or digital maturity. Some SMEs have staff with adequate analytical ability, while others clearly lack it.

Overall, the findings suggest that **financial and data-related factors** are seen as more influential than technical and human factors. Four of the six means fall in a narrow moderate range (3.0 to 3.6), and only financial resources stands out as a strong influence. SMEs should therefore prioritise affordable, scalable BI solutions and sound data quality and governance practices before investing in technical sophistication or extensive training programmes

Table 2: Friedman Test

N	100
Chi-Square	18.321
df	5
p	0.003

The Friedman test was applied to the responses of 100 SME respondents to find out whether the six factors influencing business intelligence (BI) adoption are rated equally or differ in importance. The test gave a chi-square value of 18.321 with 5 degrees of freedom and a significance value of $p = 0.003$.

Since the p-value is less than 0.01, the null hypothesis that all six factors have the same mean rank is rejected at the 1 percent level of significance. There is a statistically significant difference in how respondents rank the factors, so the differences in mean rank are not due to chance. SME respondents do not regard all six factors as equally influential in the adoption and success of BI.

IMPLEMENTATION ROADMAP

A realistic SME implementation can proceed in three phases.

Phase 1: Foundation (months 1-3). Define objectives and KPIs, audit data sources, choose a low-cost BI tool, and build a first dashboard covering sales, margin, and cash. Aim for one visible, quick win, such as identifying the top ten percent of products that drive most profit.

Phase 2: Expansion (months 4-9). Integrate additional sources such as CRM, marketing, and inventory. Introduce diagnostic analysis, customer segmentation, and a regular decision cadence. Train staff in basic data literacy.

Phase 3: Advancement (months 10-18). Add forecasting and experimentation. Link BI to the innovation pipeline and sustainability reporting. Consider specialised help, such as a part-time analyst or an external partner, where the return justifies it.

Common Challenges and How to Address Them

Limited budget

Limited budget is the most common barrier for SMEs, which rarely have funds for expensive software, consultants, or infrastructure. The practical response is to start small with free or low-cost cloud tools such as Power BI, Looker Studio, or Metabase, and to focus first on one or two high-value problems, like margin leakage or stock-outs. Investment should be increased only after the first dashboard has shown measurable benefit. Owners should judge the cost of business intelligence against the value of the decisions it improves, not against the software price alone. Phased implementation spreads expenses over time and reduces financial risk.

Skills gap

The skills gap arises because few SMEs can afford a dedicated team of data analysts or scientists. Employees may feel uncomfortable interpreting charts, statistics, or system outputs. SMEs can address this by building basic

data literacy among existing staff through short, practical training sessions. Choosing tools with intuitive, drag-and-drop interfaces reduces the technical learning curve. Appointing a data champion in each function, such as sales, finance, or operations, creates internal support and encourages peer learning. Where the return justifies it, a part-time analyst or an external partner can supply specialised expertise without the cost of a full-time hire.

Poor data quality

Poor data quality, including duplicate records, missing values, inconsistent formats, and manual entry errors, weakens every analysis built upon it. Inaccurate data leads to misleading insights and erodes managers' trust in business intelligence. The most effective remedy is to fix problems at the source by standardising how data is entered, using dropdown lists, mandatory fields, and uniform naming conventions. Regular data audits should identify and correct errors before they spread. Assigning clear ownership for each data set ensures accountability. SMEs should aim for data that is good enough and consistently refreshed, rather than waiting for perfection before starting.

Resistance to change

Resistance to change occurs when owners and employees distrust numbers that contradict their experience or fear that data will expose weaknesses or replace their judgement. To reduce this, SMEs should involve staff early in selecting indicators and designing dashboards, so that they feel ownership of the system. Leaders should show that data often confirms good instincts as well as challenging poor ones. Early quick wins, such as a visible cost saving or sales improvement, build credibility. Celebrating decisions improved by evidence, and treating poor results as problems to solve rather than failures to punish, gradually creates a supportive, data-driven culture.

Tool sprawl

Tool sprawl occurs when an SME adopts many separate platforms for sales, marketing, finance, and operations without connecting them. This recreates the data silos that business intelligence is meant to remove, increases subscription costs, and confuses employees about which source is correct. SMEs should choose tools that integrate easily with existing systems through standard connectors or application programming interfaces. Before buying new software, the business should check whether current tools already provide the needed function. An annual review of the technology stack allows redundant tools to be removed. A smaller, well-integrated set of tools is easier to manage, cheaper, and more reliable.

Security and privacy risks

Security and privacy risks increase as SMEs collect and consolidate customer and financial data. A single breach can cause financial loss, legal penalties, and lasting damage to customer trust. SMEs should apply role-based access controls, strong passwords, multi-factor authentication, and encryption for sensitive data. Regular backups and software updates protect against loss and cyber attacks. Staff training is essential, since human error is a leading cause of breaches. Compliance with laws such

as India's Digital Personal Data Protection Act or the GDPR should be built into data collection and storage practices. Treating data protection as a business priority also strengthens customer confidence.

THE ROLE OF LEADERSHIP AND CULTURE

Technology is the easier half of BI. The harder half is culture. Sustainable data-driven growth requires leaders who ask for evidence, accept that data may contradict assumptions, and model the behaviour they want to see. In SMEs, where the owner's influence is large, this tone-setting is decisive. Equally important is psychological safety: if employees fear blame when numbers look bad, they will hide or distort data. A culture that treats poor metrics as problems to solve, not failures to punish, produces more honest data and better decisions.

Looking Ahead Emerging technologies are making BI more accessible. Natural-language interfaces allow managers to ask questions of their data in plain words. Generative AI can summarise dashboards, draft insights, and suggest next steps. Embedded analytics within accounting, e-commerce, and CRM platforms reduce the need for separate tools. These advances lower the barrier to entry, but they do not remove the need for a framework. Without clear objectives, clean data, and disciplined action, even the most advanced tools produce noise rather than insight.

Implications of the Study

The findings have practical, managerial and policy implications. For SME owners, the results show that cost is the leading concern, so BI should begin with affordable cloud tools, a small set of key indicators and one or two high-value problems before wider investment. Attention to data quality and governance should come early, since unreliable or poorly protected data weakens every later analysis. For technology vendors, the study points to demand for low-cost, easy-to-use and secure BI solutions with flexible pricing. For policymakers and industry bodies, it supports subsidies, shared analytics services and data literacy programmes for small firms. For researchers, the framework and factor ranking offer a base for testing in other sectors, regions and larger samples.

CONCLUSION

This study examined how business intelligence (BI) can support sustainable growth and innovation in small and medium-sized enterprises. It proposed a five-layer framework covering strategic alignment, data foundation, analytics and insight, decision and action integration, and a learning, innovation and sustainability loop. The framework shows that BI succeeds when it starts with clear business questions, builds reliable data step by step, embeds insight in routine decisions, and keeps improving over time. For SMEs, business intelligence is no longer a luxury but a practical necessity for sustainable growth and innovation. The five-layer framework, covering strategic alignment, data foundation, analytics and insight, decision and action integration, and a learning, innovation, and sustainability loop, offers a structured path that fits limited resources. The essential discipline is to start with business questions, build data reliability step by step, embed

insights in routine decisions, and keep learning. SMEs that adopt this approach gain more than better reports. They gain the ability to anticipate change, allocate scarce resources wisely, experiment safely, and build resilience. In a market where agility often matters more than scale, that capability can be the difference between merely surviving and growing sustainably. The empirical results, based on 100 SME respondents, show that financial resources and cost of implementation is the most influential factor in BI adoption, followed by data quality and data governance. Technical infrastructure, ease of use, and employee skills were rated as moderate influences. The Friedman test ($\chi^2 = 18.321$, $p = 0.003$) confirmed that these factors differ significantly in importance. SMEs should therefore begin with affordable, scalable tools, invest in data quality and governance, and build staff capability gradually. Leadership commitment and a culture that values evidence are equally important. The study used convenience sampling and a modest sample, so its findings are indicative rather than conclusive. Future research could use larger, probability-based samples, compare sectors, and test the framework through case studies.

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