ABSTRACT

The knowledge economy, in the current scenario is relying on organizations ability to manage available knowledge. Knowledge creation and dissemination has become one of the important factors in achieving competitiveness, foster innovation, and maintaining a competitive edge. Knowledge is considered as an intellectual asset of an individual, which is tacit by nature, and grows only by sharing unselfishly.

Organizations come under tremendous stress due to loss of tacit knowledge owing to turnover of the employees. However, increased knowledge can be made available by capturing, structuring, managing and sharing knowledge through a process, which is popularly known as Knowledge Management.

Small and Medium Enterprises (SMEs) constitute an important segment of Indian economy by being major contributors to Indian GDP and employee generation. SMEs have opened up numerous opportunities for individuals to experiment their entrepreneurial spirits and become successful in their field of interest. The two problems facing SMEs are sustainability and volatile working conditions, and it is expected that Knowledge management will answer these challenges by transforming them as learning organizations and creating knowledge workers.

The current study focuses on identifying the knowledge enablers, knowledge creation process and analyzing the impact of knowledge management on organizational performance. Even though there are a plethora of studies pertaining to knowledge management in SMEs; there are only a handful of empirical studies with respect to Indian context. Literature shows that knowledge creation and sharing is influenced by regional characteristics such as location, people, culture, etc. Therefore, the necessity to study the knowledge management keeping SMEs operational context in mind was felt.

For, this study a sample of 100 select SMEs were chosen from the FKCCI (Federation of Karnataka chambers of Commerce & Industry) database. The sample was drawn from both manufacturing and service sector. The responses based on 497 samples were used to test the hypotheses using a host of quantitative techniques, which includes comparing means, T-test, F-test correlation, confirmative Factor Analysis (CFA), and structural Equation Modeling (SEM).
The results of the study show that there is an awareness of the concept of knowledge management among both the sectors, even though it is in its nascent stage with respect to practice. There exists a positive relation between knowledge enablers, process and organizational performance, which indicates that this very concept is going to gain importance. The result also found that the majority of respondents were apprehensive about information overload and loss of information when key employees are leaving the organization, which demands urgent attention from organizations. The SECI model for knowledge management process found to be a good fit for the data. The study also finds that interpersonal trust among employee could be a hindrance to knowledge sharing.

The study was concluded with some useful suggestions to sensitize the employees on the benefits of the knowledge sharing and knowledge management, and also provided the scope for future research. The results of the study have implications for both academic and business.