

Knowledge Management Implementation Challenges and Opportunities in Indian Micro, Small and Medium Enterprises (MSME's)

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Abstract: *The Knowledge Management is a critical and vital organizational resource that aids to achieve efficiency, effectiveness, sustenance, innovation, and competitive advantage in the global competitive and dynamic business environment.*

This study focuses Knowledge Management status in the Micro, Small and Medium organizations, Knowledge management implementation issues, challenges, and opportunities in Micro, Small and Medium Enterprises. As Knowledge Management is primarily implemented in Large Organizations, the impression is that Knowledge Management is not critical for Micro, Small and Medium organizations and it is a challenge to implement. Some of the issues hindering successful Knowledge management implementation are transparency amongst the teams, mutual respect and trust, collaboration, innovative culture, and team approach. Key Knowledge management implementation challenges for Micro, Small and Medium Enterprises are due to insufficient Financials, Resources, Leadership commitment, poor planning while implementing strategic changes, and poor understanding of global market trends.

This study explores the pros and cons of implementing Knowledge Management and its impact to the Enterprises. Despite many issues, challenges, and limitations experienced by Micro, Small and Medium Enterprises, successful implementation of Knowledge Management System helps to achieve long term sustainability and competitiveness.

Keywords: *Knowledge Management, Micro, Small and Medium Enterprises, Organizations, Knowledge Issues, Challenges, Opportunities, Benefits*

1. Introduction

Micro, Small and Medium Enterprises (MSME's) sector plays a critical role in the socio-economic development of the nation. Micro, Small and Medium Enterprises (MSME's) contributes around 8% of the Gross Domestic Product (GDP), which is a substantial contribution to national economy. This sector contributes about 45% of the industrial production, 40% of exports and it forms part of about 95% of the total Industrial units in the Country.

Government of India encourages Entrepreneurship by announcing many attractive schemes and policies to start the Enterprises in Product and Service areas. Schemes like "Startup India" and "Make in India" encourages aspiring professionals to start the Enterprises and to become Entrepreneurs. These schemes are expected to further contribute to the development of the Country by creating additional employment opportunities.

Due to technological advancements, social developments and global reach, the business environment is becoming complex, very competitive, and challenging day by day. In today's complex and competitive business environment, Knowledge is believed to be the primary means and all other conventional factors are secondary resources, to sustain and have an edge over competition. When knowledge is available, other resources could be obtained quickly and easily.

Literature surveys clearly reveals that there are gaps in the way Knowledge Management is perceived, implemented, and practiced in Micro, Small and Medium Enterprises across the developing Countries including India. Micro, Small and Medium Enterprises continue to contribute to the society by bringing in innovative ideas, products, and services. Micro, Small and Medium Enterprises need to understand the importance of Knowledge Management and develop their skills on Knowledge Management methodologies and frameworks as part

of their Strategy to increase their competitiveness in the market place and sustain in the Business.

Knowledge Management is a critical tool for effectively and efficiently managing the issues and challenges occurred due to attrition of seasoned knowledgeable employees and experts. Most of the Micro, Small and Medium Enterprises in India lacks innovative and technological approaches towards Knowledge Management compared to International Micro, Small and Medium Enterprises. Micro, Small and Medium Enterprises should develop Knowledge Management Information Systems, establish Knowledge Management process and Enterprise culture to increase the use of Knowledge Management on regular basis for the entire business activities.

Knowledge Management helps and enable Micro, Small and Medium Enterprises in increasing productivity, effectiveness, and efficiency in operations. Overlooking Knowledge Management will impact innovation, sustenance, competitiveness, and profitability of the Enterprises.

2. Knowledge Management

Knowledge is a wealth that is created and accumulated through set of practices that maximizes the business value of facts, data, information, knowledge, lessons, and history by gathering, structuring, and delivering it, at critical points. Knowledge comprised of truths, beliefs, perspectives, experiences, values, facts, insights, judgements, expectations, and methodologies. Knowledge Management is a formal process which involves management of explicit and tacit knowledge.

Knowledge Management involves data identification, classification, study from existing system and analysis of the same in relation with the knowledge created and enhanced over a period, to improve quality of service with the meaningful data analysis. Knowledge Management is a systematic and organized approach to improve the organization's ability to mobilize knowledge to enhance performance by utilizing People, Process, Content, and Technology.

3. Knowledge Management in Organizations

Knowledge Management is a critical and vital organizational resource that aids to achieve efficiency, effectiveness, sustenance, innovation, and competitive advantage in the global competitive and dynamic business environment.

Knowledge is available in various forms across all the organizations. Those organizations, which recognizes the knowledge, manages, and maintains it throughout the life cycle, gains edge over other

organizations. Organizations irrespective of size (Small, Medium, or Large) globally realized that long term stability, growth, profitability, and success depends on the effective and efficient use of Knowledge Management.

As Knowledge Management is primarily implemented in Large Organizations, the impression is that Knowledge Management is not critical for Micro, Small and Medium organizations and it is difficult to implement. The reality is that Knowledge Management in Micro, Small and Medium Organizations have same relevance and significance as that of Large Organization to lead a successful Business. The stakeholder's knowledge is vital for the organization, and most of the time historical knowledge aids in making critical decisions quickly to improve the performance of the organization.

4. Knowledge Management in Micro, Small and Medium Enterprises

Micro, Small and Medium Enterprises are the backbone of the industrialization process of many developing countries including India and play a vital role in expanding a country's economy. Enough importance is not given to Knowledge Management in Micro, Small and Medium Enterprises due to poor interest, culture, not understanding the benefits, perception about Knowledge Management System implementation cost or various other parameters. Systematic Knowledge Management implementation helps to continual creation, capturing, refining, storing, managing, and disseminating of knowledge amongst the stakeholders.

Knowledge Management implementation is Micro, Small and Medium Enterprises helps to capture and retain historical knowledge for sustained success of the business. Micro, Small and Medium Enterprises are owned by families and aspiring Entrepreneurs, who are not willing to openly share the knowledge as the knowledge and business knowhow might go to the hands of their competitors, which they see as a threat to their business.

Formal Knowledge Management system implementation in Micro, Small and Medium Enterprises are very low compared to Large Enterprises. Knowledge Management System implemented and practicing Micro, Small and Medium Enterprises are performing largely well compared to those not practicing Knowledge Management. Knowledge management helps to improve efficiency, effectiveness, sustainability, innovation, automation, profitability, and gain competitive advantage in the market.

5. Knowledge Management Implementation Issues

Every human being have plenty of knowledge in their respective Domain based on their culture, society, attitude, interest, experience, etc. Similar way there are lot of explicit Knowledge available globally both in public and private repositories, in addition to books, magazines, periodicals, papers etc.

Harnessing the Knowledge and utilizing it effectively and efficiently at the right time improves management decision making and collaboration amongst the teams involved. Transparency amongst the teams, mutual respect and trust, collaboration, helping tendency, attitudes of the individuals, learning spirit, innovative culture and team approach enables and eases Knowledge management implementation. Lack of any of these parameters, hinders effective Knowledge Management implementation and further practicing it on day to day basis.

People, process, technology, and methodology together enables to bring in the change in the Enterprise. Management and Leadership awareness on latest technology trends, process automation and optimization benefits, LEAN and Six-Sigma methodologies, usage of Information Technology Systems and Applications in the business etc. enables Micro, Small and Medium Enterprises to apply the knowledge to complete in the globally challenging market place, continue to sustain in the business and gain competitive advantage.

Training Stakeholders and Employees on essence of Knowledge Management to create awareness and the associated benefits it will provide each one of them, will help to get their support and active involvement. Organization change management and investment in implementing Knowledge Management Information system are key criteria's, which needs management / leadership commitment and support.

Common Knowledge Management implementation issues are Poor Knowledge Management awareness, Less financial and non-financial resources, Poor understanding of Knowledge Management benefits, Insufficient time & human resources, and Inadequate knowledge oriented people.

6. Knowledge Management Implementation Challenges

Enterprises have ample knowledge which are available in varied forms with people, process, and technology systems. The challenge for the Enterprise is to identify the knowledge, capture and refine it to leverage the knowledge utilization throughout the Enterprise. Large number of Micro, Small and Medium Enterprises owners / entrepreneurs are unaware of Knowledge Management concepts and

the benefits it could bring in to the success of the Enterprise.

Enterprise culture, leadership style, employees background, collaboration and openness influences the knowledge sharing and knowledge flow in the Enterprise. Positive aspects of these parameters help to transform the Enterprise to Knowledge based organization and bring in necessary changes by executing Organization change management without much challenges.

Some of the critical challenges experienced by the Micro, Small and Medium Enterprises are poor Financials to implement new technology / system, unavailability of skilled employees, high cost of operation leading to higher product price, global competition, poor planning while implementing strategic changes, and poor understanding of global market trends.

The growth of the employees in the Micro, Small and Medium Enterprises are limited due to the scale of operation and limited scope of global expansion. Highly experienced and knowledgeable employees in Micro, Small and Medium enterprises look for opportunities in Larger Enterprises to expand their knowledge and improve their financials. This situation leads to loss of knowledge, if proper knowledge management system is not implemented and practiced in Micro, Small and Medium Enterprises. Succession planning is a challenge without proper knowledge management information system and proper handover / takeover of the knowledge and associated responsibilities.

Typical Knowledge Management implementation challenges in Micro, Small and Medium Enterprises are Poor organization strategy for Knowledge Management, Inadequate management / leadership commitment, unfriendly knowledge culture, Unavailability of Management Information System (MIS) and nonexistent Systematic Knowledge Management processes.

7. Knowledge Management Implementation Opportunities

Micro, Small and Medium Enterprises have enormous opportunities to implement Knowledge Management practices, which ultimately help them to sustain and compete in the market place. The opportunity avenues are: Creating awareness amongst Owners / Key Stakeholders on importance of Knowledge Management and the value proposition it provides to Micro, Small and Medium Enterprises is comparatively easy. Knowledge Management implementation decision making is easy as most of the Micro, Small and Medium Enterprises are owned by owners and the decision is centralized. Open and flexible Culture in Micro, Small and Medium Enterprises provide good foundation for a change implementation. Micro,

Small and Medium Enterprises flat and non-hierarchical organization structure helps to have open communication and fastest information flow. Micro, Small and Medium Enterprises have focused staff with common values and beliefs, which helps to quickly adopt to new initiatives. Micro, Small and Medium Enterprises have similarity in many aspects including knowledge management. Knowledge Management implementation is easy in this kind of environment.

Effective implementation of knowledge management process & system and utilization of knowledge enables Micro, Small and Medium enterprises to achieve quick and informed decision making, better management of processes and activities, greater learning opportunities, continual product and service improvement, sustainability and competitiveness in the market place and improved financial results.

8. Knowledge Management Implementation Limitations

In general, Micro, Small and Medium Enterprises focus on specific Product or Service, which are usually confined to a Geography / Region. Most of the Micro, Small and Medium Enterprise stakeholders are unaware of Global market trends and associated technological advancements in the Industry.

Micro, Small and Medium Enterprises experience inadequate Capital, Resources, and support from the Internal & External stakeholders to implement Knowledge Management system.

9. Conclusion

Micro, Small and Medium Enterprises are running successfully and continues to contribute to the Global economy. Knowledge Management implementation and practice would help them to grow further. Implementation of Knowledge Management in Micro, Small and Medium Enterprises have better outcome, but it has considerable issues, challenges, and limitations. These all exist due to poor awareness and understanding of Knowledge Management implementation. It has associated opportunities, and benefits to the stakeholders. Knowledge Management awareness campaigns and guidance to Micro, Small and Medium Enterprises stakeholders may help them to overcome these challenges and enjoy the benefits. Appropriate planning and structural execution will help to achieve successful implementation of Knowledge Management System for long term sustainability and competitiveness.

10. References

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