CRITICAL ISSUES FOR INDIAN SMALL AND MEDIUM ENTERPRISES FOR ADOPTING KNOWLEDGE MANAGEMENT

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Abstract
The aim of this paper is to understand critical issues regarding Knowledge management (KM) in context of Indian small and medium enterprises (SMEs) sector as it is one of the fastest growing sectors of Indian economy. So it is very important for SMEs to know what their knowledge assets are, and how to manage and make best use of these assets to get maximum return. It has been observed that all over the world, SMEs are considered as a major source for economic growth. The management of knowledge is considered as an important and necessary factor for the competitive growth of an organization. The worldwide economy has been shifted from production-based economy to a knowledge-based economy. The traditional sources of competitive advantages in any organization are no longer seemed to be sufficient in the era of global-business competition. At present business environment organizations have to look at their strategies to remain competitive for their survival and growth. Knowledge drives strategy and strategy drive KM in an organization.

Key word: Knowledge management, km strategy, competitive organizations, Small to medium-sized enterprises.

1. Introduction
The management of knowledge is considered as an important and necessary factor for the competitive growth. In the present complex and global business environment, KM is a tool which can provide a solution for every problem faced by the SMEs. There are various concepts, conflicting definitions and overlapping views among the researchers and practitioners on KM, but the central theme is still the same for all of them i.e. managing the knowledge and encouraging people to share the same to create the value adding products and services [1-6]. The international scenario is changing rapidly towards quality, responsiveness, diversity and customization of products and services [7]. KM is encouraging individuals to communicate their knowledge by creating environments and systems for capturing, organizing, and sharing knowledge throughout the organizations [8]. It comprises the practices and technologies which facilitate the efficient creation and exchange of knowledge on an organization-wide level in order to enhance the quality of decision making [9]. KM can be helpful in almost all the areas of the SMEs starting from the effort of R&D, products and process development, purchase and store, manufacturing and quality control. Various activities like sound planning, attention to the customers, savvy marketing, quality checks etc., can be supported by KM to enhance the competitiveness. KM can provide a competitive edge for the Indian SMEs to sustain the pressure of globalization. SMEs has simple systems and procedures, which allows flexibility, immediate feedback, short decision-cycle, better understanding and quicker response to customer needs than larger organizations. In spite of these supporting characteristics of SMEs, they are on tremendous pressure to sustain their competitiveness in domestic as well as global markets. For continuous improvement and change; SMEs have to define their strategy themselves with the best in the industry to adopt KM.

2. Choosing the right Strategy
Strategy specifies the potential products and markets, long-term objectives, and policies for achieving the objectives. Organizations must continuously review their manufacturing strategies to identify the aspects of market priority, product structure, manufacturing configuration, and investment [10-11]. Improvement programs should match operational goals and objectives [12-14]. Strategic issue helps us in defining the organization goals and objectives which will in result help in successful implementation of KM. It involves the deployment of an organization’s capability and resources to achieve KM goals. In the present scenario, due to the rapid changes in technology and also due to changes in the behaviors of competitors, consumers, suppliers etc, the KM implementation is the only way to manage changes in organization. It provides structure and context for developing knowledge, a sustainable
and renewable source of competitive advantage [15]. Liebowitz, have suggested that there are so many strategies for successful implementation of KM but a suitable strategy will be selected as per the situation and context of the organization [16]. The role of strategic planning is very important to achieve the goals of KM for the survival of the organization in the global market. Here are some strategic issues which are put together to be thought over before deciding the path for the successful adoption of KM (See Figure 1).

2.1 Competitive priorities
Competitive priorities represent a holistic set of tasks, which should be performed by the manufacturing function in order to support the business strategy [17]. Competitiveness of a company is mostly dependent on its ability to perform well in dimensions such as cost, quality, delivery, dependability and speed, innovation and flexibility to adapt itself to variations in demand [18]. While alignment of the SMEs with strategic priorities is core to competitiveness. Therefore, competitive priorities will have to be chosen very carefully because it will set the path for the implementation of KM practices of the organization. Competitive priorities are to be decided by the top management depending on the need and objective. Some of the widely accepted priorities are shown in figure 2. When the competitive priorities are once set then choosing a KM strategy will be truthful to meet the organizational need of the SMEs.

2.2 Basis of planning the KM strategies
Some foundation is required before planning for KM strategies in SMEs. Nunes have observed that by adequately capturing, storing, sharing and disseminating knowledge, SMEs could achieve greater innovation and productivity [19]. The foundation is to be chosen by SMEs in such a way that it should keep in pace with competition and challenge. Planning of KM strategy may be based on priorities as shown in figure 3.
2.3 Priority of strategies for implementing KM

When competitive priorities and basis of KM planning strategies are once set then the need for right priority of the strategy for implementing KM will allow SMEs to create value by effectively utilizing those who create new knowledge and share knowledge within the organization. The key challenge is to identify how the priorities will help the SMEs in knowledge creation. Some priorities of strategies which can be best for SMEs are shown in figure 4.

2.4 Knowledge critical to the success of the organization

Knowledge is extensively accepted as a base for creating core competencies and competitive advantages of the organizations. It is defined as the whole set of insights, experiences, and procedures which are considered correct and true, and which therefore guide the thoughts, behaviours, and communication of people [20]. KM is the systematic, explicit, and deliberate building, renewal, and application of knowledge to maximize an organization’s knowledge related effectiveness and returns of its knowledge assets [21]. Identification of critical knowledge in different areas of the organization is very essential criteria for organizations to compete in the market [22]. Some of the critical knowledge which may be best for SMEs are shown in figure 5.

2.5 Organization need of KM

For continuous improvement and changes SMEs have to identify their organizational need of KM. Based on the priorities, organizations can adopt KM. Effective implementation of KM will definitely lead to performance improvement. Some of the organization need of KM of SMEs is (See figure 6).
2.6 Using KM in different areas of your organization

Innovation, firm’s knowledge accumulation and the development of internal technical capabilities help SMEs in achieving a better competitive position in the international and national market [23]. There should be a link between above explained strategic issues and priority of using KM in different area of the organization to get its fullest potential. Some of the critical areas where KM may be best to apply in SMEs are shown in figure 7.

![Figure 7. Using KM in different areas of your organization](image)

2.7 Justification of investments for KM

It must be realized that KM can only directly impact knowledge processing, which in turn can only impact business processes, which ultimately impacts business outcomes [24]. It is now a well known fact that there are extensive documented proofs that the promotion of KM does indeed enhance a company’s financial performance in terms of any one or more measures shown below (see figure 8).

![Figure 8. Justification of investments for KM](image)

3. Conclusion

KM is a philosophy that affects the entire organization, processes, culture, people technology, systems, structure, roles, size, and external forces. All the points which are discussed above are to be taken into account in adopting KM successfully. KM will force the Indian SMEs to rethink how they can restructure themselves and can achieve the benefits of KM which include improved competency, efficiency, decision making, learning, innovation, and increase in revenues. The SMEs who want to grow fast must adopt KM related activities in a comprehensive and balanced way covering all aspects of their intangible assets, rather than as eclectic discrete activities. Right now Indian SMEs is not following any comprehensive framework on KM. The present paper has tried to identify strategic issues for successful KM adoption in Indian SMEs. On the basis of the identified priorities, further study need to be carried out to develop a comprehensive framework on KM for Indian SMEs considering all aspects of organizational performance and approach.

4. References