

Issues And Challenges In Implementing Knowledge management Practices In Indian Small And Medium Enterprises

Anbalagan Heroji ¹, Ramani Gopal ²

¹ Research Scholar, Vinayaka Mission University

² Vinayaka Mission University

Abstract- *The concept of Knowledge management has been in practice for a long time, and mostly in an informal manner. The lack of consensus in defining what is meant by the term has led to major confusion reflected in various studies in the field. Knowledge Management is one of the key differentiator for an organization in a highly competitive environment. It is vital to be aware of “What I know” an insight on its internal strength and “How I action it” to create a differentiator in the market place. Economy is driven by both large and small and medium enterprises, of which SME is the backbone of any countries economy, where India is not an exception. Irrespective of the size of the organization, KM initiatives can be implemented in an organization. Hence, it becomes necessary to explore the implementation of KM initiatives in SMEs through research.*

Many articles have deliberated the significance, its benefits and challenges of implementing KM practices in large organization, both worldwide and in India. There are studies on adopting KM practices in Small and Medium Enterprises in developed countries. However, little has been explored on KM practices and its challenges in implementing it in Indian SMEs. It is known that SMEs are the back bone of Indian economy both in terms of GDP involvement and employment generation. In contrast, SMEs are more prone and fragile to various factors including financial support, technology adoption, skilled labour, limited capital and knowledge. It is explicit that KM concept is equally relevant, if not more, in SMEs context and this study is to understand the issues and challenges in adopting KM practices.

Keywords- SMEs, financial support, technology, knowledge management etc

I. INTRODUCTION

Knowledge Management is the accessibility of knowledge at the right time for the right people. It is about how organizations learn, regain and use its facts assets in business situations, when it is required. In the words of Peter Drucker, it is "the harmonization and utilization of organizational

knowledge resources, in order to create benefit and competitive advantage" (Drucker 1999).

According to Bukowitz and Williams (1999) the focus of knowledge management is how to use and create value out of knowledge assets for both tactical and strategic planning. Davenport & Prusak (2000), which states that KM "is managing the corporation's knowledge through a systematically and managerially specified process for acquiring, organizing, sustaining, applying, sharing and renewing both the tacit and explicit knowledge of employees to enhance organizational performance and create worth."

Knowledge Management in an organization is about what I know, where I locate this knowledge, in what form it is stored, how to retrieve when needed, transfer to others when needed for applying it in business situation to create value to the organization, leading to spirited advantage. In other words, KM is about how to make the right knowledge available to the right people at the right time; how to best generate or acquire new relevant knowledge; how to manage all of these factors so as to enhance performance in light of the organization's strategic goals and short term opportunities and threats.

II. GENERAL ISSUES ON KNOWLEDGE MANAGEMENT

Managing Knowledge is a complex interlinked process. In today's world organizations are using knowledge assets in decision making to create strategic value. As it said by Miles Kington, "Knowledge knows that tomato is a fruit, wisdom is not putting it in a fruit salad". Many organizations realized the importance of KM and converting KM strategies in to actionable items. However, the common issues in implementing Knowledge Management

Will and skill of the individual.

Individual is not willing to contribute due to the attitude, behaviour or due to fear that sharing the knowledge may lead to loss of importance or job. At times the individual may not have skill to contribute to the KM practices.

Conversion of Tacit Knowledge to Explicit one

The biggest challenge is to capture and codify the tacit knowledge to explicit one leading to knowledge assets.

Knowledge Currency

The Knowledge is very dynamic and what is relevant today may not be so in the future. Also the accuracy and integrity of knowledge is the key to get the most value out of KM practices.

Keeping up with the technology

Finding how knowledge to be distributed and quickly transferred in an effective way is a challenge. These dynamics means learning how to be smart, quick, agile and respond – requires to adopt new KM tools and updating it on a continuous basis

1. Top level management needs to support the KM initiatives for it success and at times the lack of understanding by the top management leads to failure of KM.
2. Organizational culture
3. Inappropriate or no incentives and rewards systems

III. SMEs IN INDIA

Small and Medium Enterprises (SME) play an important role in the Indian economy. SMEs are major source of entrepreneurial skills, innovation and employment. It is one of the biggest contributors to Indian economy. In addition, it provides employment opportunities and assist in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. SMEs are defined based on revenues or number of employees and Indian an enterprise having less than Rs.10 million in fixed assets or employs less than 50 termed as small enterprises while with less than 250 employees are referred as medium sized enterprise.

The SMEs are present across the sector viz. financial services, telecom, education, automobiles, media, food, real estate and so on. SMEs also play a significant role in Nation's development through its high contribution in domestic production, significant export earnings, low investment needs, operational flexibility, location wise mobility, low intensive imports, capacities to develop appropriate indigenous technology, import substitution, contribution towards defence production, technology-oriented industries, competitiveness in domestic and export markets thereby generating new entrepreneurs by providing knowledge, training and skill development .

IV. PROMINENCE OF KNOWLEDGE MANAGEMENT IN INDIA

Indian economy is driven by service sector which is a knowledge intensive one. Within the service industry, ICT companies contribute majorly in driving the economy. KM has been extensively experienced in these companies and India has a National Knowledge Commission with an objective becoming a knowledge-based economy or nation. In addition, many large organizations benefitted in implementing KM practices. Tata Steel Ltd measures its KM practices such as people obligation, idea sharing, and implementation efficiency through Knowledge Manthan Index. Wipro has developed KM Engagement and Effectiveness Index (KMEE) which assists the top management strategically viewing the adoption of KM strategies both at over all organizational level and at the SBU level. Infosys has created Knowledge Maturity Model (KMM) to measure the effectiveness of KM initiatives.

The KM is a series of steps and aspirations that Infosys would like to accomplish. According to Mehta et al.(2007) and Garud and Kumaraswamy (2003) KMM incorporates various levels to determine the state of KM implementation. The starting point is where the organization does not have a KM system in place, followed by firm's ability to be reactive, aware (data driven decision making), convinced (ability to sense and respond proactively to changes in technology and business environment) and ready to share (shape technology and business environment). This KM framework encompasses business strategy, people, processes and technology and follows a principle of incremental change and not forcing employees to use the system (Suresh and Mahesh, 2008). Tata Consultancy Services Limited has developed a Knowledge Management Maturity Model known as 5iKM3 to access and harness the organizations ability to manage knowledge. According to Mohanty and Chand (2005) the states of knowledge maturity can be achieved by systematically addressing the three pillars of KM, i.e. people (people mind-set and culture); process (process, policy and strategy) and technology (technology and infrastructure).

Other Indian organizations like Patni Computer Systems Limited (Kapada, 2006) and Bharti Cellular Limited (Hariharan, 2005) have made significant investment towards knowledge driven exploration, exploitation and competency development. Today, India is among the few Asian countries that have adopted a national KM roadmap or policy towards acknowledge based economy. As a result, a number of knowledge intensive service organizations in India have won the prestigious Most Admired Knowledge Enterprise (MAKE) award (Talisayon, 2008).Indian manufacturing industries

extensively use KM to create new knowledge, manage resources effectively and to gain competitive advantage. To be competitive, the companies strategically focuses on quality, cost reduction, improved efficiency, improved delivery, flexibility and innovation.

Although companies acknowledge the benefits of KM, very few actually implement it consistently due to existing barriers. A study by Chadha and Kapoor (2010) on KM practices of small and medium auto component manufacturing companies in Ludhiana city of India, found that the existing culture in organizations did not encourage participation of employees with 53 percent of the executives saying that knowledge sharing is not part of daily routine work.

V. OUTCOME OF KNOWLEDGE MANAGEMENT IN SMES FROM DEVELOPED COUNTRIES

Large enterprises are fast in applying KM practices both globally and in India. In developing countries SMEs have embraced the KM and has benefitted in varied degrees. Extensive research articles have dwelled the importance of managing knowledge in SMEs. The studies also lead to positive correlation between the adoption of KM strategies and improved performance in SMEs. Many researchers have indicated that KM initiatives contributed to create core competencies in SMEs. The benefits of implementing the KM in SMEs may largely categorise in five groups.

1. Organizational success comprises sustainable growth, improved sales & profitability, improved efficiency, increased productivity, better decision making, faster response to customer needs, etc.
2. Employee Development leading to better retention of employees, development of employees, improved skills and healthy team working culture.
3. Customer satisfaction through better understanding of customers, creating customer loyalty, brand image, quality and reputation.
4. Systematic knowledge activities leading to new ways of working, innovation, fostering creativity and new product development
5. Good external relationship – ability to communicate to the external stakeholders by exhibiting its understanding of knowledge assets and its core strengths.

ACHIEVEMENT OF KM IN SMES

1. Perception of SME owners that KM involves high investment in technology and capital is a key constraint for Indian SMEs.

2. It is perceived that Return on Investment may not be commensurate with the capital deployed and the effort put in by the management.
3. The following characteristics of SMEs leads to challenges in implementing the KM
 - High attrition of employees – SME employees always look for green pasture i.e. to work for larger companies
 - Knowledge resides with few people in SMEs
 - Lack of trust between the owners and employees since sharing of knowledge may lead to competition
 - Change in ad hoc way of working to an organized process lead to resistance by employees

VI. CONCLUSION

In the epoch of digital world, Knowledge will be the key success factors for an enterprise. The ability of the enterprise to identify the knowledge assets, learn from them, capture it and use it in business contexts leads to construction of value, an essential for the sustainable growth of the enterprise. It has been proven that KM initiatives lead to value creation in large organization. There has been ample confirmation on success of implementing KM in large knowledge intensive enterprises viz. IT, Pharmaceuticals, manufacturing sector, etc. However, the awareness and its benefits of KM have not percolated to SMEs due to various limiting factors. The adoptions of KM practices in Indian SMEs are still in infancy stage. The need of the hour is to create awareness among the Indian SMEs on the benefit of KM and how they can implement it with little or no costs by adopting process change or available technology.

In the world of inter dependence, the future will be to collaborate than to work in silo, for moving up in the value chain and in revenue growth. This was evident in the initial stage where various global companies partnering with Indian IT firms by outsourcing their technological capabilities. Going forward, the trend will be large companies partnering with SMEs or start-ups to take advantage of size, speed, creativity, nimbleness in the area of product innovation, technology adoption, etc. This requires as a first step by the SMEs to understand their core competency to create value proposition in their business. This requires KM strategies and embedding the KM practices in SMEs business.

REFERENCES

- [1] Alan H. Goldman, Empirical Knowledge (Berkeley, CA: University of California, 1991)
- [2] Ikujiro Nonaka and Hirotaka Takeuchi. The Knowledge Creating Company (New York, NY: Oxford University Press, 1995).

- [3] Arthur Murray, "Knowledge Systems Research". Knowledge and Innovation: Journal of the KMCI, 1, no. 1, (2000), 68-84.
- [4] Ramon Barquin, "From Bits and Bytes to Knowledge Management, January - February, 2000, www.e-gov.com.
- [5] Joseph M. Firestone, "Enterprise knowledge Portals: What They Are and What They Do", Journal of Knowledge and Innovation, Vol. 1, No. 1 (October 2000), 85-108.
- [6] Steven Cavaleri and Fred Reed, "Organizational Inquiry: The Search for Effective Knowledge," Knowledge and Innovation: Journal of the KMCI, 1, no. 3 (April 2001).
- [7] Jay J. Karlin and Robin Holland, "Knowledge Management and Organizational Belief Systems: Are They Compatible Knowledge and Innovation: Journal of the KMCI, 1, no. 3 (April 2001).