



## International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 24 • 2017

## Knowledge Management Adoption Factors by Medium Enterprises in The Auto Ancillary Industry

Suresh Kasanagottu<sup>1</sup> and Sudipto Bhattacharya<sup>2</sup>

<sup>1</sup> Research Associate, VIT Business School, VIT University

<sup>2</sup> Associate Professor, VIT Business School, VIT University

**Abstract:** The current review paper provides an overview of the important factors affecting the level of Knowledge Management adoption in the medium enterprises of the auto ancillary industry. The current research study includes an in-depth review of the articles of empirical and conceptual nature besides case studies on Knowledge Management adoption in the auto ancillary medium enterprises sector. The key dimensions of Knowledge Management adoption such as storage and retention of knowledge, identification of knowledge, the utilization of knowledge, and technological, organizational, and environmental (TOE) factors have not been fully captured through research. With the importance of the medium enterprises role in the over-all development of the country, more research should be performed in this field. The medium enterprises should give due importance to the allocation of adequate financial resources and TOE factors, and the implementation of training programs, team building activities, reward systems, and knowledge sharing platforms for the effective adoption of Knowledge Management.

**Keywords:** knowledge management, medium enterprises, auto ancillaries

### 1. INTRODUCTION

The growth of auto ancillary industry in India is going through a rapid transformation in terms of manufacturing and exporting of respective components. A turnover of \$39 Billion was registered by the auto component industry in the fiscal year 2015-16. Over the past six years, a compounded annual growth rate (CAGR) of 6% was attained by the auto ancillary industry (*Automotive Component Manufacturers Association of India*, 2016). In the light of the above growth statistics, the Indian auto ancillary industry has to focus not only on the manufacturing and exporting segments, it should also emphasize on the adoption of Knowledge Management, a critical success factor, which will act as a catalyst for their over-all growth.

## 2. OBJECTIVE OF THE STUDY

The main objective of the review paper is to do a detailed research and comprehend the significant factors that influence the medium enterprises of the auto ancillary industry with regard to the level of Knowledge Management adoption. In addition, the current research study will possess key findings that will add to the existing body of knowledge in terms of the practical implications on the medium enterprises in the field of Knowledge Management.

## 3. DEFINITIONS

### 3.1. Medium Enterprises

The definition of medium enterprises involved in the manufacture or production, processing or preservation of goods as provided by the Government of India's Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is as under:

Medium Enterprise is where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees. (*Development Commissioner (MSME) Ministry of Micro, Small & Medium Enterprises*).

### 3.2. Knowledge Management

Knowledge Management is the explicit and systematic management of vital knowledge - and its associated processes of creation, organization, diffusion, use and exploitation - in pursuit of business objectives (Skyrme, 2011).

## 4. LITERATURE REVIEW

Culkin and Smith (2000) in their research study on business decision making found that business planning and decision making is primarily limited to only one person. These results signify that one of the top management personnel is responsible for understanding and adopting Knowledge Management in their organization.

The development process of Knowledge Management was taken up by large scale companies to be employed in the small and medium enterprises (SMEs) at a later time (McAdam and Reid, 2001). The important factors such as transfer of knowledge from tacit to explicit, the culture of the organization, and technological elements related to sharing and storage of Knowledge Management were studied by (O'Dell *et al.*, 2003). Wong and Aspinwall (2004) through their research on the Knowledge Management Characteristics in small business enterprises revealed about how the various dimensions of Knowledge Management evolved is available in the extant literature.

Yew Wong (2005) through their research identified the critical success factors of Knowledge Management such as strategy and purpose, culture, activities and processes, aids of motivational nature, education and training, and information technology has positive impact on Knowledge Management adoption. The difference between the approach towards to Knowledge Management by large companies and small enterprises is enormous. The creative aspect of Knowledge Management has to be considered

by the small enterprises to overcome constraints of financial resources (Desouza & Awazu, 2006). Akhavan *et al.*, (2006) through their multi case study research identified that critical success factors will form as a set of standard list of items to be considered before adopting Knowledge Management.

The small and medium enterprises in Turkey are skeptical in terms of the sharing of knowledge. The Turkish companies consider knowledge sharing as a threat to their business growth as it could be transferred to external sources (Bozbura, 2007). The dearth in the definition of building blocks related to Knowledge Management was identified by the research study of (Beesley and Cooper, 2008). Migdadi (2009) revealed that the key outcomes and the critical success factors will allow the small and medium enterprises to emphasize on a set of standardized factors before the adoption and implementation of Knowledge Management.

Valmohammadi (2010) identified that the cultural factors prevailed in the organizations and the support of top management as the critical success factors for Knowledge Management adoption. Anantatmula & Kanungo (2010) revealed through their research study that the conceptual knowledge of leaders of the companies, top management involvement, and organization culture act as the key parameters for the implementation of Knowledge Management. The adoption of Knowledge Management is too low in the service industry in relation to the integrated circuit and banking industries (Hung *et al.*, 2011).

Soon & Zainol (2011) in their research on the small and medium enterprises in Malaysia identified that the creativity of organizations, and the facilitators of Knowledge Management will enhance the effectiveness of the firms' performance. Durst & Runar (2012) through their review paper identified storage and retention of knowledge, identification of knowledge, and the utilization of knowledge are the factors which are not effectively researched. The employees through their mutual interaction and collaboration in the field of e-learning can transform the tacit knowledge to explicit form.

There is a wide range of variance among the small and medium enterprises related to the concept of Knowledge Management adoption and innovative performance (Alegre *et al.*, 2013). The top management of the small and medium enterprises has to invest in the domain of Knowledge Management for eliciting, retaining and sustaining tacit knowledge (Floyde *et al.*, 2013). There is abundant alignment existing between Knowledge Management factors and implementation strategies of various organizations culminating in effective performance of companies (Bagnoli & Vedovato, 2014). The environmental, organizational and technological factors show varied effects on the diffusion stages of Knowledge Management such as the adoption of Knowledge Management and the implementation of Knowledge Management (Hsiu-Fen Li, 2014).

Garcia-Holgado (2015) in their conceptual research study found that the Business Process Model and Notation Diagrams provide a wide range of solutions for the development and evolution of processes related to business strategies and for the improvement of Knowledge Management processes. It also identified that the printed and electronic documents alone do not constitute Knowledge Management but it also includes various technologies which are supportive to people in the management of knowledge adoption. Brunswicker & Vanhaverbeke (2015) identified various types of Knowledge Management strategies, which include technological, application, minimal, supply chain and full scope. It also revealed that the external knowledge sourcing strategies are relative to the management practices of innovation existing in the organizations.

Ha *et al.* (2016) in their research study identified that the Knowledge Management process has positive impact on the performance of the organizations. It also reveals that entrepreneurs should emphasize and give more importance in framing business strategies for management of knowledge and thus enhancing the performance of the companies. Soto-Acosta *et al.*, (2017) conducted a thorough research study on sharing, management and adoption of knowledge related to social web for the development of innovation and related practices in SMEs. Centobelli *et al.* (2017) through their research study provides an over view of the significant systems related to the adoption of Knowledge Management in the domain of small and medium enterprises.

## **5. METHODOLOGY**

The current research study includes an in-depth review of the articles of empirical and conceptual nature besides case studies on Knowledge Management adoption in the auto ancillary medium enterprises sector. The data were collected from online databases such as Elsevier (Scopus), ProQuest, Emerald Management, EBSCOHost – Business Source Complete, SAGE and Google Scholar. The keywords used for the review of the literature were knowledge management, medium enterprises, and auto ancillaries. The reference list from the articles is also used for literature review and around twenty-five significant research articles were read for the overall literature concept along with the knowledge management definition in this study.

## **6. RESEARCH GAP**

The composite potential of Knowledge Management adoption is not fully captured and implemented by the medium enterprises of the auto ancillary industry. The research should emphasize on the key variables which affect Knowledge Management adoption such as the scope and purpose, storage and retention and utilization of knowledge along with relevant technological, organizational, and environmental (TOE) factors.

## **7. DISCUSSION**

After a detailed review of the literature, it is found that the key parameters of Knowledge Management adoption such as perception of Knowledge Management and transfer of knowledge are well researched and discussed. The medium enterprises which are positively oriented towards information technology applications are more likely to embrace Knowledge Management adoption at a rapid rate. The behavior, attitude, skills and responsibilities of top management also heavily impact the adoption of Knowledge Management. The knowledge sharing activities of formal nature has to be implemented in medium enterprises. The principles and objectives internal to companies have more influence than competitive pressures on the adoption of Knowledge Management. The reward system program leads to the effective adoption of Knowledge Management. Both the non-monetary and monetary motivators should be introduced in the organizations to encourage the employees to embrace the adoption of Knowledge Management with due importance and preference.

## **8. CONCLUSION**

The adoption of Knowledge Management provides a robust growth across divisions of medium enterprises in the auto ancillary industry. The medium enterprises should give due importance to the allocation of adequate financial resources and TOE factors for the implementation of training programs, team building

activities, reward systems, and creating knowledge sharing platforms for the effective adoption of Knowledge Management. With the importance of the medium enterprises role in the over-all socio-economic development of the nations across the globe, more research should be performed in this field.

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