

Chapter 26

Assessment of Knowledge Management in Small Businesses: The Examination of Support, Rewards, and Empowerment in Organisations



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26.1 Introduction

Knowledge management has been with people since the evolution of the human being and the methods used to handle it have existed (Jashapara 2011). Managing knowledge correctly is increasingly important in today's knowledge-based economy (Dalkir 2005). Many government agencies are currently striving to transform into knowledge-based ones (Willem and Buelens 2007). Any business, private or public (Arora 2011), can benefit from adopting and implementing knowledge management approaches in this endeavour (Špaček 2016) and play a significant role in enhancing their operations (Arora 2011). In order to integrate knowledge management into the business, every organisation has to follow four basic phases. Firstly, these organisations must focus on developing knowledge within the organisation, and they must produce information within the organisation. Then they must preserve the knowledge so it can be retrieved easily when the requirement arises. The third phase involved the transfer of knowledge, otherwise known as dispersion among the workforce and execution of knowledge in the organisation (Alavi and Leidner 2001). Knowledge management supports social work companies in more ways than just raising profits and competitive advantages; it also adds value to services and improves well-being, societal effectiveness, and overall welfare (Myers 2014; Ortenblad and Koris 2014). Past researchers have studied organisational elements that promote successful knowledge implementation, and they are implemented and recognised as the support of management (Yew Wong 2005), incentives (Ajmal et al. 2010), and employee empowerment (Akbari and Ghaffari 2017). Knowledge management conceptualisation is quite easy but when it comes to the implementation within the organisation,

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it becomes more critical to create value within the organisation and the research on the implementation part has received little attention (Hamann and Basten 2019).

This is why we believe knowledge management and knowledge application in the public sector, as well as in private organisations, are of critical importance. Knowledge management helps organisations impact public policy through the more systematic and effective capture, diffusion, transfer, and implementation of knowledge (Riege and Lindsay 2006), which has the potential to improve social work services and programs. Organisations, particularly small and medium-sized enterprises (SMEs), have several problems implementing or maintaining KM projects. There are several explanations for this failure. First, these businesses lack strategic alignment; they are not in the process of ensuring that their structure and resources are appropriately employed in order to achieve their goals. Second, most SMEs do not comprehend the idea of KM. They are mostly concerned with technology rather than the fundamental structure of KM. This unreasonable expectation resulted in an overemphasis on technology. As a result, they must overcome the issues associated with the KM program. They needed to manage their knowledge workers efficiently and align themselves with their long-term goals. This allows organisations and practitioners to use critical success factor approaches for identification, comprehension, and overcoming the challenges of implementing KM in these organisations. The critical success factors are the few areas where change should be concentrated rather than the entire company. Excellent success in these areas will result in significant development for the organisation. As a result, SMEs should concentrate on this area in order to adopt KM successfully in their organisations.

According to the Government of India, any companies that have an annual turnover of not more than 50 crores and an investment of not more than Rs.10 crore in plants and machinery or equipment are considered to be small-scale enterprises. The medium-scale enterprises are companies that have an annual turnover of not more than 250 crores and an investment of not more than Rs. 50 crore in plants and machinery or equipment (MSME 2020). Moreover, in the case of micro and small-scale industries, knowledge management is rarely mentioned in discussions. In these firms, most decisions are mostly made by business owners. Hence, we can say that they have mostly quanto-centric culture and approaches while running the business. A quanto-centric mindset dominates the firms. Qualitative research and other approaches to knowledge-building are marginalised by the very mechanisms (e.g. policies and institutional infrastructure) that encourage quantitative research and the culture that supports it. Furthermore, these organisations prefer to rely on their existing knowledge and practices rather than embracing new ways of maintaining and collecting data. This further complicates the implementation of knowledge management (Barrett 1999). Therefore, establishing an undiscovered research topic is necessary for the successful implementation of knowledge management in micro and small-scale firm. Many questions remain unanswered regarding top management or owners' ability to effectively manage their own and other people's knowledge (Austin et al. 2008; Leung 2014). There is also a paucity of serious debate on knowledge management in the literature on SMEs (Edge 2005).

The SMEs have a different organisational structure than large corporations. Personal or family ownership, a small market to serve, informal business practices, the occurrence of personal relationships, and a scarcity of capital and resources are all important characteristics of SMEs. Almost all SMEs have a flattened organisational hierarchy, and communication between management and employees is direct. The organisation benefits from a limited responsibilities division, allowing for greater work flexibility. This flattened organisational structure allows for greater employee flexibility, coordination, and cooperation. Hence, the owner of the majority of SMEs is the strategic initiator. Management support is critical for the organisation's adoption of KM. In SMEs, the owner formulates the organisation's mission and vision, establishes work procedures, and allocates resources to complete the process. As a result, if the owner sets the tone for KM, it will be easier for SMEs to adopt KM. Because small and medium-sized enterprises (SMEs) have limited capital and resources, they focus on niche market strategies. Instead of focusing on a broad geographical segment, they concentrate on local, regional, and a few global markets. Due to a lack of resources, SMEs cater to specific product lines for their customers. Because their numbers are easily countable, they can maintain healthy customer relationships. As a result, SMEs rely heavily on word-of-mouth advertising for growth. When compared to large corporations, SMEs have a less standardised work process. Their processes are more adaptable, and they typically use general-purpose machinery rather than sophisticated machinery. They are primarily concerned with operational processes and have little regard for strategic processes.

According to previous studies, management support (Yeh et al. 2006) and incentives (Yew Wong 2005) have been found to have a significant impact on knowledge implementation. Further empirical research into integrating these two conceptions is needed to understand better knowledge management techniques in micro and small-scale enterprises. Knowledge management techniques are also improved when employees are empowered (Hasan 2012). Therefore, our research focuses on determining whether there is a direct link between management support and incentives and knowledge implementation. In addition, we investigate the moderating influence of employee empowerment on the link between managerial support and incentives and knowledge application. We tested our theories in micro and small-scale firms, where we analysed data from 284 managers and staff quantitatively. We know that the common method bias may influence several associations in our model and hence constitute a methodological challenge because all of our data for these variables originated from single respondents in a one-time survey.

As a result of our research, we are hoping to add to the already sparse body of information concerning knowledge management in small and micro enterprises by conducting theoretical and empirical research. Our study hopes to fill this gap in our understanding of how managerial support, incentives, and employee empowerment all affect the ability of employees to integrate new knowledge. For example, in this approach, we are responding to a lack of research and making a theoretical contribution to the field (Al Ahbabi et al. 2019). Knowledge is the primary source underlying the operation of all organisations (Hislop et al. 2018; Kogut and Zander 2003). Another purpose of our research is to continue the work of Kahn (1993), who began

to investigate how professional caregivers may organise more effectively, in particular, how they can exchange (or transfer) and utilise information to provide better service. In small businesses, knowledge management is a promising new subject of study, thanks to this increased emphasis. In addition, by focusing on these companies, our research extends beyond past studies on knowledge management in the public sector and large-scale industries, which are primarily undertaken in the education and research sectors (Massaro et al. 2015). The third purpose of our research is to develop a new methodological framework by employing a quantitative approach. The majority of past study on management themes in this industry has used only qualitative methodologies, namely case studies (Downes 2014).

Knowledge management is a strategy that identifies valuable and usable information and uses it to extract key knowledge that can be utilised to make strategic decisions for the firm. KM is the process of integrating management choices with technology systems, which increases the efficacy of judgments while also shortening the time it takes to make such decisions (Jashapara 2011). It is a managerial activity to create, transfer, store, and practice knowledge known as “knowledge management”. The idea is to provide employees with real-time data so they can react correctly and make informed decisions to help the company achieve its objectives (Hicks et al. 2006). Recently, organisations have seen an increase in the importance of knowledge and knowledge management (Willem and Buelens 2007). Organisational culture, leadership, management support, information-communication technologies, incentives, and performance measurement are key aspects that enable the application of knowledge management (Lee et al. 2012). Because it is the primary driver of the successful implementation of knowledge management in general, changing organisational culture is regarded especially vital in micro and small organisations (Riege and Lindsay 2006). However, in the public and private sectors, distinct obstacles stand in the way of successful implementation. A lack of operational maturity, frequent political changes, and a perpetual conflict between altruistic and organisational objectives have been recognised as impediments peculiar to the public and social work organisations (Ragsdell 2013).

The prime objective of this study is to assess knowledge management in small businesses and examine the role of support, rewards, and empowerment in organisations.

26.2 Review of Literature

In the dynamic business environment, human capital management is critical to organisational and economic sustainability. Humans are no longer viewed as cost centres but as the organisation’s most valuable asset. A high rate of attrition is inversely related to organisational performance. If an organisation’s labour turnover is high, it will incur high costs. Fewer employees with less standardised jobs result in greater worker versatility in SMEs. Human capital development is done on a need-to-know basis. The majority of SMEs’ employees are multiskilled. They are masters of none

and jack of all trades. SMEs are more concerned with the owners' ability and employees' knowledge to gain economic sustainability and competitive advantage. Large firms rely heavily on physical and financial assets for economic sustainability, whereas SMEs rely heavily on the ability of the owner and employees (Cardoni et al. 2018). In the case of SMEs engaged in manufacturing, for example, knowledge can be obtained from the employer's previous experience, production managers, quality managers, supervisors, competitors, suppliers, consultants, and customers (Vasudevan and Chawan 2014). Other sources of knowledge for these SMEs include trade shows, social media, knowledge forums and portals, books, research papers, and so on. The ultimate stage of a knowledge seeker's effort to address an issue is called knowledge implementation (Bock et al. 2006). Knowledge implementation is the phase in which knowledge is turned into something useful for the company (Downes 2014). Another way of saying this is that actual solutions to problems can only be found when knowledge is put into action. Knowledge implementation also provides businesses with valuable feedback information that can be used as a source of ongoing learning (Grah et al. 2016). An organisation's activities will be unaffected by the sheer existence of knowledge. Furthermore, newly acquired information must be used in daily activities and routines (Alavi and Leidner 2001). Knowledge implementation is hindered by a lack of managerial support and incentives (Ranjbarfard et al. 2014). As a result, we employ these two critical organisational variables (management support and incentives) as indicators of successful knowledge implementation in our research.

26.2.1 Role of Top Management in the Implementation of Knowledge Management Practices

Management is the first organisational aspect of support openly supporting and encouraging knowledge management (Downes 2014). The degree to which management recognises the significance of knowledge management and actively engages in its implementation and activities might be considered top management support for implementing KM in the organisation (Lin 2011). Top management involvement plays a crucial role in the implementation of KM. They act as facilitators (Lee et al. 2012) and play a crucial role in implementing KM in the organisation (Yew Wong 2005). Managers can substantially impact the beneficial outcomes of knowledge management in firms if they support and actively participate (Azmeem et al. 2017). Top management must provide continuing and practical support for the company's employees (Storey and Barnett 2000). Akbari and Ghaffari (2017) say that management support for knowledge management, in general, could hurt the success of specific knowledge management efforts as a whole.

Hence, top management plays a crucial role in implementing KM in the organisation. Their supports are a critical organisational component and prerequisite for all knowledge management activities' (Kulkarni et al. 2007). The implementation of KM

requires capital expenditure for developing knowledge management infrastructure, which gives a synergy for the dissipation of knowledge within the organisation and it requires management support. According to Lee et al. (2012), management support favours knowledge processing capacity. As part of their examination of knowledge process capacities, the researchers look at how knowledge can be implemented so that it may be put into practice. The positive association between management and knowledge management activities give an impetus to the implementation of Km within the organisation. Furthermore, KM improves the worker's participation within the organisation which increases the productivity of the employees. Hence, the cost incurred by the top management in implementing the KM within the organisation can be compensated by the increase in revenue due to the high productivity of the employees. In the light of the preceding, our first hypothesis is as follows:

- *H1: Support of top management significantly impacts knowledge management implementation in small organisations.*

26.2.2 Impact of Reward and Recognition in the Implementation of Knowledge Management Practices

For the implementation of any change in the organisation, employees must be motivated both intrinsically and extrinsically. Top management must be aware of the need to recognise and reward their employees for their contribution to implementing KM in the organisation (Downes 2014). Recognition and reward increase the morale of the employees. Hence, employees are intrinsic to prove themselves. They eagerly participate in the KM implementation process. People often look to incentives to gauge how much their company values its knowledge workers (Cabrera and Bonache 1999). According to Ajmal et al. (2010), general rewards for knowledge efforts can favour the success of specialised knowledge management programs. Employees' attitudes towards knowledge implementation can be influenced positively. Hence in this study, we are interested in the role of rewards and recognition in influencing employees in volume for implementing the KM process in the organisation's operations. Employees must be encouraged and their participation rewarded in order to promote knowledge management-related behaviours (Cho and Korte 2014). Additional support for employees should be provided to help them improve their abilities and to help them respond to obstacles (Černe et al. 2013). Motivating employees to take part in these events and demonstrating their importance to them are best accomplished through the use of incentives. Employees that receive incentives know that their efforts are being noticed and appreciated by the company and its leaders (Razmerita et al. 2016). Hence, rewards and recognition encourage employees' participation in the organisation, which formulates a conducive environment for

implementing knowledge management. More participation results in more contributions from the individuals in developing the KM structure in the organisation. In the light of the preceding, our second hypothesis is as follows:

- **H2:** *Reward and recognition significantly impact knowledge management implementation in small organisations.*

26.2.3 Role of Employee Empowerment in the Implementation of Knowledge Management Practices

Employee empowerment is essential to the success of any enterprise (Hunjra et al. 2011). Individuals' behaviour and outcomes are expected to be influenced by their engagement and involvement in decision-making processes. Employees feel part of the organisation, which develops a sense of ownership among themselves; hence, it can be considered a motivational tool (Meyerson and Dewenttinck 2012). One of the most widely accepted theories of employee empowerment was put forth by Bowen and Lawler (1992). According to them, employee empowerment is a multifaceted approach while delivering service to any organisation. Managers play a vital role in executing empowerment among employees. Managers percolate the mission and vision of the organisation within the employees. They share the present information about the organisation's performance and elaborate on employees' rewards and recognitions associated with their performance. This information enabled employees to understand the firm's situation and improvise their contributions to increase organisational performance. The autonomy given to the employees to make decisions that influence the organisation's performance is known as employee empowerment. As a result of this reasoning, companies seeking to embrace knowledge-based management should invest in ways to empower employees (Akbari and Ghaffari 2017).

Leitch et al. (1995) say that top management can change the way employees are empowered in an organisation by changing the structure of the organisation and giving them ongoing support. By inducing and supporting employee empowerment within the organisation, the top management aligns the organisational objectives with personal needs, which enhances the morale of the employees. Hence, top managerial support and employee empowerment have a strong and beneficial relationship for any organisation, and hence, it cannot be ignored. Any significant increase in employee empowerment requires management support (Yukl and Becker 2006). Akbari and Ghaffari (2017) have conducted many studies on knowledge management and employee empowerment. They have conducted some practical studies that have attempted to close the gap between knowledge management and employee empowerment by establishing the connection between knowledge management initiatives and employee empowerment. According to studies done by Ahmed

et al. (2003), employee empowerment has a close link to management and management support is essential to its successful implementation. On the other hand, some studies also support the assertion that the absence of management support is often to blame for firms' failure to successfully execute successful empowerment practices (Cunningham and Hyman 1999).

Employee empowerment creates a viable framework and a pragmatic approach for putting knowledge into action (Blumberg and Pringle 1982). According to the empirical research by Ahmadi et al., knowledge management implementation in any organisation hugely depends upon the empowerment given to the employees. According to the research done by Hasani and Sheikhesmaeili (2016), there is a positive correlation between the knowledge management elements and the implementation of knowledge management in the organisation. Employee empowerment develops a sense of responsibility within the employees, and their ability to deal with a wide range of situations, events, and users is seen as a strength among employees who have been given a sense of agency (Conger and Kanungo 1988). As a result, empowered employees are more likely to put their skills to good use for the benefit of the company as a whole (Chong and Choi 2005).

- **H3:** *The empowerment of employees has a significant impact on knowledge management implementation in small organisations.*

Based on these hypotheses, researchers have designed the methodology and collected the data for analysis and results.

26.2.4 Research Gaps in the Domain

Previous research suggests that top management should encourage employees to use KM in the workplace. They must develop or modify the human resource policies that have rewards and recognition for those employees who take some initiative in implementing KM. For employee empowerment in a company to be implemented, management must give proper incentives linked to employee behaviour. To put it another way, management must relate employees' performance to some financial rewards like increments in their salary, monetary incentives, and promotion, especially for the blue collars and line managers. Middle managers can start some recognition programs that can motivate them intrinsically to participate in the implementation of KM. Empowerment also needs incentives because it increases the risk and responsibility of individual employees, as well as the demands for them to execute (Goldsmith et al. 1997). As research has shown (Gkorezis and Petridou 2008), employee empowerment is favourably connected with both recognition and financial incentives. According to Spreitzer (1995), motivational incentives are critical to employees' sense of empowerment in the workplace. Furthermore, empirical studies show that incentives favour employee empowerment in the workplace (Baird and Wang 2010).

Earlier research mostly focuses on knowledge management and its impact on an organisation's performance. The interaction impact between employee empowerment and manager assistance has been overlooked in previous knowledge management research. Till now, there is no conclusive evidence on the role that employee empowerment plays in influencing the relationship between managerial support and the application of knowledge management in small-scale organisations. Even though employee empowerment and management assistance have been studied a lot in the past, these ideas, their connections, and how they affect each other still need more conceptual work. Following this argument, we identify a new research avenue. Knowledge management and social work, as well as other approaches and tools, are lacking in the available literature regarding models incorporating moderator factors. To gain a deeper understanding of the relationships between employee empowerment, incentives, and knowledge application, it may be beneficial to combine these streams. Although each concept, including empowerment of employees, incentives, and knowledge implementation, has been extensively discussed, their interplay has yet to be completely explored. Further investigation is needed to fully grasp the interaction impact of empowerment and incentives, as well as the connections between these concepts. As a result of the preceding, we believe the following hypothesis to be viable.

26.3 Research Methodology

The prime focus of this research is to discover how micro and small businesses approach knowledge management. Furthermore, the research also accesses the elements of support of top management, reward-recognition systems, and empowerment of employees in the context of knowledge management. For this study, data from 189 owners and managers of micro and small businesses is collected.

26.3.1 Instrument Development for Study

In this study, to measure every construct used, we commonly used instruments used in the scientific community. The instruments have been developed or employed by researchers on the topics under study and are well-established. The instruments used are extensively referenced in scientific literature and have been employed in recent studies; they are up-to-date and appropriate. In order to verify the instruments, they were discussed with some experienced and successful industrialists, and modifications were made according to their instructions. The instrument questionnaire is developed for each variable of top management support, reward and recognition, empowerment of employees and knowledge management implementation. In order to validate the instrument factor analysis, the KMO value was performed, and the KMO value was 0.756, which is more than the threshold value of 0.5, which indicates

that the instruments can be used for further studies. On a 1–5 Likert scale, respondents were asked how much they agreed with statements about how much management support, incentives, employee empowerment, and knowledge implementation their firms had.

The contribution of Downes (2014) assessed managerial support and knowledge management implementation. Managerial support has a three-item scale ($\alpha = 0.75$) for measuring the construct as managerial support. The statements, such as “My firm has a specific person assigned to promote KM in the organisation”. While in the case of knowledge management implementation, a five-item scale ($\alpha = 0.87$) instrument was taken. The common questions asked under this construct are “our firms take initiatives for converting knowledge into action plans” and “our seniors help us to clarify our doubts while we face any difficulty in the job”. To measure rewards and recognition, the instrument developed by Marsick and Watkins (2003) was used. Their instrument is a five-item scale ($\alpha = 0.90$) to measure how much incentives were used in the respondents’ organisations. The questionnaire includes statements such as: “Our owners or top management reward employees for new ideas”. We utilised a six-item scale ($\alpha = 0.87$) created by Bowen and Lawler (1992) to measure employee empowerment in respondents’ organisations. In this study, we focused on how managers exchange information regarding the organisation’s functioning. As a result of this knowledge, employees are empowered to make decisions that affect the direction of the company and its performance, as well as to reward employees depending on the organisation’s performance. There are phrases like “My organisation has information that is easily accessible to employees” and “In my organisation, managers often involve staff in the decision-making process”.

26.3.2 Selection of Scale

As per the objectives and designed instrument, researchers have adopted the Likert scale of measurement of the data. A Likert scale is an ordered scale from which respondents choose one option that best aligns with their view. It is often used to measure respondents’ attitudes by asking the extent to which they consider a particular question or statement. This study has three dependent variables as support of top management, reward and recognition, and the empowerment of employees. Furthermore, the independent variables are knowledge management implementation. Hence, to appropriately realise and evaluate the degree of responses from the samples, the researcher has adopted the 5-point Likert scale to measure and validate the data.

26.3.3 Control Variables of Study

Four variables were taken into consideration as control variables; they are the tenure of the manager or owner, the age of the respondent, their gender, and the greatest

degree of education of the manager or owners. Due to their importance in determining the validity of research findings, we used these control variables (Berneth and Aguinis 2016). The firm's size significantly impacts the implementation of the KM in the organisation due to the large resources available. As a result of their potential impact on an organisation's overall level of knowledge implementation, the age, gender, and highest educational level of respondents (Radaelli et al. 2011; Feingold 1994; Srivastava et al. 2006) are all included as control variables in this study.

26.3.4 Sample Design

The study goal was achieved via the use of a self-administered questionnaire. Small and medium-sized enterprises (SMEs) in the Pune region that are registered with the Maharashtra Industrial Development Corporation provided the data utilised in this study. The majority of responders work for businesses that manufacture auto accessories. Since capital expenditures and the commitment of senior management to implement KM are necessary to be effective in any size company, this strategy is aimed towards small and medium-sized businesses. The first data was gathered using convenience sampling techniques. The snowball sampling technique was used later when needed a greater sample size. A Google form including a structured questionnaire was sent to the recipient's address after a short introduction to the issue was provided. The time frame for information collection was from May 2021 to August 2022. A total of 315 persons were contacted through email to complete the survey. Due to unforeseen circumstances, 56 of the surveys could not be sent to their intended receivers. Only 259 surveys were completed after four email reminders were sent. Those who have previously responded were not included in the tally. In addition, 72 participants completed the survey incompletely, while the remaining 189 participants replied to all questions through email. More than a year was spent on this procedure.

26.4 Analysis and Interpretations

The researchers have performed the analysis and developed the interpretations based on descriptive statistics analysis and hypotheses testing of the study as below.

26.4.1 Descriptive Statistics Analysis

Regarding overall satisfaction, respondents give employee empowerment the highest rating of 3.35, followed by knowledge implementation and rewards, 3.15 and 2.98,

respectively. Management support has the lowest mean value of 2.5. All of the examined variables had correlation coefficients that fall within the range of 0.45–0.85. A significant positive correlation (0.70; $p < 0.01$) exists between rewards and managerial support, as does a link (0.27; $p < 0.05$) exist between incentives and the highest degree of education. Management support (0.80; $p < 0.05$) and incentives (0.85; $p < 0.05$) had a substantial positive connection with knowledge implementation. Management support, incentives, knowledge implementation, and the highest level of education among respondents all had significant positive effects on the degree to which employees felt empowered, as did empowerment scores of both the highest and lowest at the individual and organisational levels. The average tenure is significantly and positively linked with age among the control variables (0.45; $p < 0.01$).

Hierarchical linear regression in SPSS 24.0 analyses the collected data and the interaction effects between the variables. Using the Amos software, we applied the confirmatory factor analysis (CFA). CFA was used to improve the model's ability to fit the data. We examined the factor loadings of each item in the survey to ensure that they were statistically significant and more than the 0.50 threshold to determine whether the questionnaire had convergent validity (Hair et al. 1998). The factor loadings of all four components were found to be statistically significant and over the 0.50 level in the CFA analysis results. This evidence bolstered convergent validity. Standard loading for the construct management support and incentives are in the range of 0.60–0.79 and 0.72–0.78, respectively. The standardised loadings for knowledge implementation were within the range of 0.75–0.94. Nineteen questions on the questionnaire were utilised to measure the four constructs in our model.

The composite reliability index (CRI) and average variance extracted (AVE) are calculated to examine the dependability of the composite reliability (Fornell and Larcker 1981). The CRI of all four constructs is within the acceptable range, according to the suggestion of Diamantopoulos and Siguaw (2000). According to them, the CRI value must be above 0.6. The CRI value for all four constructs is management support (0.79), incentives (0.83), knowledge implementation (0.90), and employee empowerment (0.85). The AVE of our variables is management support (0.54), incentives (0.64), knowledge implementation (0.72), and employee empowerment (0.63) which is more than the cut-off value of 0.4. Model fit can be assessed using a variety of fit indices. CFA (the expected four-factor solution) yielded the following outcomes: $\chi^2 = 298.012$; RMSEA = 0.11; $df = 175.8$; CFI = 0.94. In contrast to the RMSEA indicator, the CFI indicator fits perfectly with the data.

26.4.2 Hypotheses Testing of Study

In this study, the first two hypotheses examine the link between management support and incentives and knowledge implementation in micro and small-scale industry. Hypothesis 3 contains employee empowerment as a moderating factor. In the current investigation, hypotheses H1 and H2 were formulated to evaluate the direct relationship between the support provided by top management and the incentives for

the application of knowledge in micro and small-scale businesses. The concepts of empowerment, which serve as moderating factors, were presented in hypotheses H3 and H4. To put our theories to the test, we used the hierarchical regression approach with a centring variable. Hierarchical regression is utilised in model 1 to determine the nature of the connection that exists between the four control variables and the independent variable, which in this case is managerial support. In model 2, we have utilised the same four control variables with incentives as the independent variables. These variables have been given different values. Two-way interaction between management support and employee empowerment is used in model 3. Similarly, two-way interaction between incentives and employee empowerment is used in model 4 as below (Table 26.1).

The results of the study suggest that a strong association exists between management support and knowledge management implementation in the micro and small-scale industry ($\beta = 0.39$; $p = 0.000$), as seen in the case of model 1. Hence, the data supports the first hypothesis that top management supports have a significant impact on knowledge management implementation in the organisation. In model 2, we tested the impact of the second independent variable of reward and recognition on knowledge management implementation. Data sets also support the second hypothesis. Rewards and recognition positively impact the KM implementation ($\beta = 0.59$; exact $p = 0.000$) (Table 26.2).

The value of the adjusted R^2 decreased when we added another independent variable, employee empowerment, while testing hypothesis 3 and 4, which indicates that there is some moderation effect. According to the output given by the hierarchical regression analysis conducted for model 3, there is a weak association between the two-way interaction of management support and employee empowerment on knowledge implementation ($\beta = 0.07$; precise $p = 0.043$). The data sets support hypothesis 3 that some positive relationship exists between management support and employee empowerment. The output of model 4 suggests that the two-way

Table 26.1 Analysis of model 1 and 2 for the study

Model 1					Model 2				
Variables	<i>b</i>	SE	β	<i>t</i>	Variables	<i>b</i>	SE	β	<i>t</i>
Tenure	- 0.03	0.04	- 0.05	- 0.72	Tenure	- 0.02	0.06	- 0.03	- 0.3
Age	- 0.06	0.09	- 0.06	0.13	Age	- 0.02	0.09	- 0.01	- 0.21
Gender	0.02	0.15	0.01	0.16	Gender	- 0.01	0.13	- 0.01	- 0.15
Education	0.01	0.1	0.02	- 0.68	Education	- 0.06	0.09	- 0.06	- 0.71
Management support	0.41	0.07	0.39	6.91**	Management support				
Incentives					Incentives	0.57	0.13	0.59	5.15**
Employees' empowerment	0.49	0.08	0.37	6.75**	Employees' empowerment	0.35	0.12	0.31	2.78**
R^2	0.753				R^2	0.712			
R^2	0.753				R^2	0.712			

Table 26.2 Analysis of model 3 and 4 for the study

Model 3					Model 4				
Variables	<i>b</i>	SE	β	<i>t</i>	Variables	<i>b</i>	SE	β	<i>t</i>
Tenure	- 0.02	0.06	- 0.04	- 0.62	Tenure	- 0.02	0.05	- 0.03	- 0.35
Age	- 0.06	0.09	- 0.05	- 0.85	Age	- 0.02	0.09	- 0.02	- 0.29
Gender	0.01	0.13	0.01	0.1	Gender	- 0.04	0.16	- 0.02	- 0.03
Education	0.01	0.09	0.02	0.19	Education	- 0.08	0.09	- 0.06	- 0.89
Management support (MS)	0.45	0.07	0.49	6.38**	Management support (MS)				
Incentives (I)					Incentives (I)	0.59	0.15	0.58	5.51**
Employees empowerment (EE)	0.51	0.09	0.48	5.69**	Employees empowerment (EE)	0.35	0.12	0.31	2.78**
MS * EE	0.04	0.06	0.07	0.043*					
I * EE						- 0.11	0.06	- 0.17	- 2.31
R^2	0.772				R^2	0.748			
ΔR^2	0.05				R^2	0.072			

interaction of reward and recognition and employee empowerment with knowledge implementation has a significant negative connection ($\beta = - 0.17$; $p = 0.036$). The resulting negative interaction coefficient indicates that the effects of the combined action of the two independent variables are less than the sum of their individual effects.

26.5 Conclusion

This research aims to discover how micro and small businesses, particularly those in the automobile and fabrication industries, approach knowledge management. The study’s variables include management support, incentives, knowledge implementation, and employee empowerment. According to 189 owners and managers of micro and small businesses who took part in surveys, the level of management support and rewards directly influences the level of knowledge implementation. Our research also found that empowering employees acted as a moderator, but the effect was small. Understanding how knowledge management is utilised in micro and smaller enterprises that produce vehicle components or other fabricated parts based on this paper’s findings might help us better understand the process. When discussing our findings with national policymakers, we should stress that developing these businesses can help alleviate the country’s unemployment problem. Our goal is to promote awareness of how important knowledge management is in small and medium-sized businesses. It is also realised that employee empowerment and its moderating effect on the direct

association between management support and incentives with knowledge implementation are the focus of our research. The help of their managers greatly enhances employees' ability to implement new knowledge. The relationship between knowledge implementation and the associated incentives is also favourable and significant. The relationship between managerial support and knowledge implementation is moderated by employee empowerment. Employee empowerment moderates the association between incentives and knowledge implementation (Hypothesis H4), but the interaction term is unfavourable. Specifically, when employee empowerment is high, knowledge implementation is at its best.

26.6 Implications of Study

The implications are deliberated with organisational and practical implications of the study as below.

26.6.1 Organisational Implications

As the study's title suggests, it aims to shed light on the critical role played by knowledge management (KM) in micro and small businesses. This study methodology supports a shift to a knowledge-based view of employees in these firms. In addition to improving the quality of services they give, knowledge and knowledge management can also allow them to increase their expertise, which can aid in their career advancement. Prior researchers tended to focus on large commercial and public corporations with a huge number of resources and the ability to mobilise these resources to develop knowledge management (KM) in the organisation. Our goal is to go beyond the standard framework of knowledge management research by focusing on those organisations with limited resources and investigating if the basic theory of KM can be implemented in these companies. Moreover, none of the previously specified constructs we studied in our research was examined to see how they related. This study contributes to the literature because it shows how management support and incentives can influence knowledge implementation in micro or small enterprises and how this might affect the aforementioned organisational goals. It appears that when employees are more empowered, the importance of incentives decreases. As a result, the overall knowledge implementation in practice may be reduced by the relationship between employee empowerment and incentives. In order to avoid this, we urge the owners and managers of these firms to refrain from their policies focusing on employee empowerment and rewards.

The research findings provided some insight into knowledge management implementation in the organisation. Based on the findings, a list of recommendations was prepared for micro and small organisations. However, even though micro and small-scale organisations struggle to get funds from commercial banks and reputed

financial institutions at lower interest rates, they can benefit from our findings by learning how knowledge management strategies can help improve the quality of services they offer. These organisations must focus on the delivery of high-quality services to their clients, which in turn improves the well-being of society as a whole. Our research found that the mean values of the four characteristics were examined at various levels like best, moderate and, at other times, low. Micro and small firms are not reaping the various advantages of knowledge management approaches, as can be seen from the moderate to low mean values.

26.6.2 Practical Implications

We utilise our research findings to provide several significant practical suggestions for the managers and staff of small and medium-sized businesses (SMEs). Although SMEs have significant financial challenges when it comes to adopting KM in their organisations, if they can roll it out in a phased way, they will reap the benefits of increased quality and productivity in their products and services. As a consequence of this, they will need to make changes within the company to successfully maximise the use of the resources that are already available (Dimovski et al. 2017) and continue fulfilling their mission of providing the highest quality service to their customers (Miller and Whitford 2007). The owners and managers of SMEs need to determine whether or not their top management supports knowledge management and the execution of activities related to knowledge management. This is important since management support has been identified as a significant success element (Azmeel et al. 2017) for knowledge management (Lee et al. 2012). If companies ignore the need for management support, there will be a considerable drop in the likelihood that the organisation's knowledge management practices will be successfully implemented (Akbari and Ghaffari 2017). These companies emphasise employee empowerment since it may also be an important component in fostering the application of knowledge and deciding the long-term success of this endeavour (Hasan 2012). However, since the interaction term in our research is unfavourable, it is important to be mindful of the possibility that advocating employee empowerment and incentives at the same time might harm the overall levels of knowledge implementation. The mere presence of information in and of itself is not sufficient (Alavi and Leidner 2001). As a result, managers are required to think about how to increase knowledge implementation, which components of knowledge management are most successful in practice, and what function these practices could have in driving greater levels of knowledge implementation. In conclusion, we believe that it is critical to have an ongoing conversation with those responsible for making policies and decisions at the national level regarding the possibility of applying knowledge management principles within the SMEs to accomplish an overall improvement in service.

26.7 Limitations and Future Scope of Study

This research has one major drawback and that has to do with the sample size. The majority of SMEs have been severely impacted by the shutdown, which is why we had such a small response to our survey. Assuming the sample size was enough and met minimum requirements, results may not be representative of the population if they were drawn from a narrow geographic region without taking into account the diversity of India. Second, we adopt a cross-sectional research approach, which has the benefit of capturing information on leader behaviour within a certain time period but the disadvantage of not following them throughout an extended length of time. Because of this, the manager's actions no longer follow any discernible pattern, and we have no way of knowing in what order the variables were originally linked. Third, since we only included a subset of SMEs, we cannot draw broad conclusions regarding the potential correlations. Consequently, it is unclear whether or not our present results apply to all industries. Potential problems with this research include participant bias and the inherent subjectivity of self-evaluation. They may provide false information to cover up their mistakes when learning. Because of this, legitimacy may be compromised. Self-reported emotional intelligence may rely on the manager's impression of their emotional aptitude, even though students may be ready to describe themselves correctly at times.

The next step in research would be to broaden the scope of investigations to draw more robust conclusions. To investigate other facets of how this information is put into practice, researchers can also invite major IT corporations to participate. Given that knowledge management is still relatively novel and under-researched in the SME sector, this presents a significant opportunity for academics and industry professionals alike. We'd want to learn more about the workers' unique perspectives on knowledge management and how it affects their day-to-day activities. For this purpose, we need to combine quantitative and qualitative research methods. Particularly, follow-up open-ended face-to-face interviews would bolster our quantitative results. Such further study would help us to overcome the restrictions brought on by our dependence on surveys, employing just Likert scale ranges, and get deeper insights into certain themes connected to knowledge management strategies. Also, we hope that future scholars will reevaluate our findings about the impact of two-way interactions. A deeper understanding would be fascinating. We propose that managerial incentives and assistance be linked to the three stages of knowledge management: knowledge generation, knowledge storage, and knowledge transfer. Moreover, the management approach used by SME executives might serve as a compelling moderating factor.

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