

## **PROJECT MANAGEMENT AND CUSTOMER RELATIONSHIP MANAGEMENT ARE IMPACTED BY KNOWLEDGE MANAGEMENT PRACTICES IN SMEs**

Gangadhara P S, Research Scholar, Department of Management, Sunrise University, Alwar,  
Rajasthan, India

Email-id- [gangadharaps01@gmail.com](mailto:gangadharaps01@gmail.com)

Dr. Chanchal Kumar, Supervisor, Department of Management, Sunrise University, Alwar,  
Rajasthan, India

### **ABSTRACT**

Every organization is composed of people in the form of employees, suppliers and customers; processes; tools and applications, and products. The products may be goods or services. Manufacturing organizations utilize suitable production processes and needful material and machinery to produce the targeted quantity of products to meet the demand of market and customers. Organizations experience ever growing competition due to globalization of markets, continuing technological innovations and dynamic consumer demands. To meet demand in such competitive world, the organizations are being pushed into situations to continuously review their existing products and processes and check whether to redesign them or look for new product development. In- depth market research and knowledge of products, processes and people would help the organizations to review their capabilities and present stand in the market so that they could develop proper plans to sustain in the competition. In this process, new product development or customization of the products as indicated by the requirements of the customers is becoming a routine activity for several organizations.

**KEYWORD:** Management Practice in SMEs, Coustmer, Market, Process, Good, Tools, Supply

### **INTRODUCTION**

Such activities are treated as projects, because each of them will be a one-time development activity to suit the requirements of a particular customer. Maintenance of good relationships with the customers and getting their valuable feedback and information on a continuous basis will help the organizations to fine tune their business activities to meet or exceed the expectations of the customers. The success rate of projects decides the future of organizations. Knowledge in different dimensions helps the organizations for their growth. Organizations should properly manage the knowledge of employees on various issues like performance of products and processes, quality improvement, saving of time and cost. In the same way, the organizations should manage not only the relationships with the customers but also their knowledge for the growth of business and performance in all respects as well.

### **SMALL AND MEDIUM SIZED ENTERPRISE (SME)**

An SME is a company, organized by a limited number of personnel. They cultivate innovation in producing products/services and running business and such inclination enables them even compete with large organizations. Currently, in most of the countries, with the support of government, SMEs are highly contributing to large domestic production with low investment requirements. They are becoming technology-oriented industries, discouraging monopolistic practices of production and

marketing by competing in both domestic and international markets. By contributing to the stable monetary growth of the country, Indian SME"s are growing in number more than lakhs with investment of above one crore and recorded approximately 40 percent of industrial production and 6 percent to country"s GDP (Sharma, 2012). Often SME"s are more flexible and responsive to customer needs than large forms and of SME and pool resources and share costs on training, research and marketing. SME sector in India contributes around 15 to 16 per cent to country"s GDP and is expected to touch a figure of 22 percent in the next 3 years and nearly 60 per cent of the SMEs in India fall in the unorganized sector (Shanbaug, 2015). In addition, out of the total exports in India, 43 per cent are from the SME sector and the figure may go up to at least 47-48 per cent by 2018.

### **STATEMENT OF THE RESEARCH WORK**

As stated by Desouza and Awazu (2006) about right knowledge management in SMEs knowingly or unknowingly, most of the SMEs have awareness about different practices that lead to knowledge management and thereby their business success. Since there is neither considerable research support in the literature nor evidence of practical real-world cases about successful management of both customer and project knowledge to achieve project success, the present research work focused on this issue. By analysis of significance of various practices of knowledge management as perceived by the owners, managers and employees of different SMEs, the study attempts to derive relationships among various KM phases within the KM framework. In addition, the study intends to analyze the relationships among Knowledge Management (KM) , Customer Relationships Management (CRM), Project Management (PM), Customer Knowledge Management (CKM) and Project Knowledge Management (PKM) and ultimately the Project Success (PS).

### **RESEARCH OBJECTIVES**

The main objectives of the study are :

- a) To analyze the KM practices in select SMEs;
- b) To analyze the role of KM in SMEs;
- c) To analyze the KM activities (discovery, capturing, sharing and application) in select SMEs; and
- d) To analyze the relationships among KM, CRM, PM, CKM, PKM practices that lead to Project Success.

The study also aims to explore the following questions:

- a) How does KM enhance CRM and thereby CKM?
- b) How does KM enhance PM and thereby PKM?
- c) How does CKM and PKM lead to project success?
- d) How does CRM and CKM influence PM?

### **SCOPE AND LIMITATIONS OF THE RESEARCH WORK**

The research work is intended to examine the importance of knowledge management, its practices and activities and the relationships among in SMEs. In addition, it attempts to investigate into the relationships among KM, CRM, CKM, PM, PKM and success of project. To do so, the study undertakes survey of several different SMEs in India and collects useful data. The research work is aimed to come out with valid relationships among different factors mentioned above. Detailed factor analysis and structural equation modeling (SEM) are used to test the hypotheses representing the relationships.

In spite of the above objectives and scope, the research study has the following limitations:

The study surveyed the SMEs in Indian sub-continent only.

The study took the suggestions of experts of selected SMEs to consolidate the items under each of the constructs of KM, CRM, CKM, PM and PS for analysis.

The study collected the feedback data from only the senior level people of different SMEs.

## **LITERATURE REVIEW**

An SME is a company organized by a limited number of personnel. In 2006 report of the Micro, Small and Medium Enterprises Development Act, the Government of India defined SMEs as entities that have an investment of above INR 1 crore (about 15lakh US\$) and below INR 10crores (about 1.5crore US\$) in plant and machinery. According to SME chamber of India (2015) (<http://www.smechamberofindia.com/>), in the context of manufacturing sector, a small enterprise is defined as the entity where investment in plant and machinery ranges approximately between INR 40 lakhs and 8 crores (US\$ 62,500 and 12.5 lakh), whereas a medium enterprise is that entity with investment above INR 8 crores (12.5 lakh US\$) and up to INR 16 crores (25 lakh US\$).

Hence a manufacturing SME is an entity which can invest in plant and machinery in the range of above INR 40 lakhs up to 16 crores (US\$ 62,500 up to 25 lakh). SMEs cultivate innovation in producing products/services and running business and such inclination enables them even compete with large organizations. SMEs are more innovative because of their flexible nature and diverse character, but their innovative capacity is constrained by financial and human resources (Kaufmann and Todtling, 2002).Currently, in most of the countries, with the support of government, SMEs are highly contributing to large domestic production with low investment requirements. They are becoming technology-oriented industries, discouraging monopolistic practices of production and marketing by competing in both domestic and international markets. According to the report of Organisation for Economic Cooperation and Development(OECD, 2000), SMEs are non- subsidiary and independent firms which employ less number of employees and this number differs from one country to another and small firms are generally those with fewer than 50 employees.

## **Knowledge and Knowledge Management**

Knowledge is helpful to resolve issues and solve problems. Knowledge and creativity go together to produce innovation in the products and services and organizations will be benefited out of this. Sandhawalia and Dalcher (2011) viewed knowledge as a strategically significant resource of a firm and KM as the process of obtaining, sharing, storing and using knowledge for the growth of firm. Knowledge once created cannot be limited or substituted and this makes knowledge a key strategic asset to all businesses (Cabrera and Cabrera, 2002).

According to Jennex (2005), organizations would become more effective if they capture, share, retain and reuse organizational knowledge to create a successful business environment. Alavi and Leidner (2001) assert that knowledge process starts from identification of an issue or problem and this initiates identification of relevant knowledge sources. Knowledge discovery means generating or creating new knowledge through R & D, experimentation, lessons learned, creative thinking and innovation. This is a development process and a building block for knowledge acquisition (Probst et al, 2002). The required knowledge will be captured from the sources and preserved. Thus, knowledge capturing means accumulation of knowledge and retention of information, documents and experience. The knowledge can be shared among the stakeholders who need such knowledge to resolve any problems or issues. Hence, knowledge sharing means sharing and distributing the existing knowledge within the organization. Any firm can realize the full value of knowledge assets only when those assets are effectively transferred between the individuals (Gupta et al, 2000). Swan et al (1999) highlighted the involvement of individual employees in professional associations to facilitate the diffusion and adoption of new ideas and awareness of new technologies suitable to their organizational environment. Alavi and Leidner (2001) added that effective application of knowledge leads to creation of new knowledge that can be used by firms to achieve and maintain competitive advantage. According to Rastogi (2000), knowledge application is the process of retrieving and using knowledge in taking decisions and actions, solving problems, automating the routine works and providing training to the deserving people.

The following research gaps have been identified in the context of SMEs:

(1) Even though several researchers (uitBeijerse, 2000; Wong and Aspinwall, 2004; Lai et al, 2014; Lin, 2014; Oz et al, 2014; Villaret al, 2014) studied the KM and its practices in manufacturing SMEs in different countries, very few researchers like Pillania (2008),Chandha and Ritika (2012, 2014), Ritika (2013) and Mageswarriet al(2015, 2016) have studied KM in the Indian context. But all those works dealt with enablers of KM and support of IT and government to KM. Chadha and Ritika (2012) analyzed the KM practices and enablers as reported in literature in the context of Indian software SMEs. All these works analyzed the data collected from only a particular city or a part of state in India. Therefore, there is a need to understand the awareness of SMEs about the concept of KM, its practices and their significance.

(2) Desouza and Awazu (2006) pointed that SMEs, knowingly or unknowingly, manage knowledge. Wong and Aspinwall (2004) reported that the creation and use of knowledge is not looked into seriously by SMEs, whereas Aquil (2013) reported that most of the SMEs apply very limited or no project management due to several reasons. Even though projects occupy important place in the revenue of SMEs and different projects are developed for different customers as per their demands, there is hardly any work done in examining the relationships among the three important dimensions – knowledge, customers and projects for the success of SMEs. In view of this observation, there is a need to look at the success of projects of SMEs in an integrated way in terms of knowledge, customers and projects.

## **CONCLUSION**

Knowledge is a vital asset in any organization to be identified, captured, nurtured, shared and applied. When such knowledge is managed properly, innovations in the processes and products can be improved further leading to generation of new knowledge again which has to be managed properly again. Since small and medium sized enterprises (SMEs) aggressive look at innovation in their products and services to survive in the highly competitive market, there should be proper management of

knowledge. But most of the SMEs face financial constraints and because of that they hesitate to spend on procuring and installing useful information systems. These information systems relevant to the nature of business of most SMEs include software applications, database management systems (DBMS), KM systems, design software, e-Business, etc.

The present study is of two parts – one focussed on analyzing the awareness of SMEs on knowledge management practices; and second part focussed on the research model developed from the different proposed hypotheses representing the relationships among the KM, CRM, CKM, PM, PKM and the PS of SMEs. This study dealt with analysis of awareness of KM practices in SMEs and the contribution of knowledge, customer and project dimensions to the success of projects in SMEs. A detailed survey was taken up in different types of SMEs in various parts of India to understand their awareness about knowledge management and the contributing factors for project success. A questionnaire as a survey instrument was developed by taking the help of detailed literature review and also by taking the help of some identified experts from SMEs, who are at top positions and at organizational decision making level. Responses to the questionnaire were collected and 252 responses were found complete in shape and were analysed. The statistical technique of ANOVA was used for data analysis of this part of study, which acted as a pilot study to proceed further to examine the factors that contribute to the success of projects in SMEs. It was found that all the SMEs under study were fully aware of the concepts of KM and the related practices.

#### **REFERENCE**

Kasvi, J.J., Vartianen, M. and Hailikari, M., "Managing Knowledge and knowledge competencies in projects and project organisations", *International Journal of Project Management*, Vol. 21, No. 8, 2003, pp. 571-582.

Kaufmann, A., and Tödting, F., "How effective is innovation support for SMEs? An analysis of the region of Upper Austria", *Technovation*, Vol. 22, No. 3, 2002, pp. 147- 159.

Kikoski KC and Kikoski FJ (2004). *The Inquiring Organization: Tacit Knowledge, Conversation, and Knowledge Creation: Skill for 21st-century Organizations*. Praeger, Westport, CT.

Kleinbaum, A.M. and Tushman, M.L., "Building bridges: the social structure of interdependent innovation", *Strategic Entrepreneurship Journal*, Vol. 1, No. 1&2, 2007, pp.103-122.

Kline, R.B., "Principles and Practice of Structural Equation Modeling", The Guilford Press: New York, USA, 1998.

Kline, R.B., "Principles and practice of structural equation modeling", 3rd edition, New York: Guilford Press, 2011.

Fornell, C. and Larcker, D.F., "Evaluating structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, Vol. 18, 1981, pp. 39-50.

Frey, P., Lindner, F., Muller, A. and Wald, A., "Project Knowledge Management – Organisational Design and Success Factors", 42nd Hawaii International Conference on System Sciences, HICSS '09, 2009.

Fuchs, G., "Change management - An underestimated key to success?; When IT projects fail, it may be because the business community is reluctant to embrace change", *DM Review*, Vol. 14, No. 12, 2004, p. 26.

Garcia-Murillo, M. and Annabi, H., "Customer knowledge management", Journal of the Operational Research Society, Vol. 53, 2002, pp. 875-884.

Garg, A., Goyal, G.P. and Lather, A.S. (2010), The influence of the best practices of information systems development on software SMEs: a research scope, International Journal of Business Information Systems, Vol. 5, No. 3, pp. 268-90.