The Role of Environmental Analysis in Managing Knowledge in Small and Medium Sized Enterprises

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Abstract : Effectively managing knowledge has become a vital weapon for businesses to survive or to succeed in the increasingly competitive market. But do they perform environmental analysis when managing knowledge? If yes, how is the level and significance? This paper established a conceptual framework covering the basic knowledge management activities (KMA) to examine their contribution towards organizational performance (OP). Environmental analysis (EA) was then investigated from both internal and external aspects, to identify its effects on that contribution. Data was collected from 400 Chinese SMEs by questionnaires. Cronbach's α and factor analysis were conducted. Regression results show that the external analysis presents higher level than internal analysis. However, the internal analysis mediates the effects of external analysis on the KMA-OP relation and plays more significant role in the relation comparing with the external analysis. Thus, firms shall improve environmental analysis especially the internal analysis to enhance their KM practices.

Keywords : knowledge management, environmental analysis, performance, mediating, small sized enterprises, medium sized enterprises

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