

## **Socio-Cultural Factors to Support Knowledge Management and Organizational Innovation: A Study of Small and Medium-Sized Enterprises in Latvia**

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**Abstract :** Knowledge management and innovation is key to competitive advantage and sustainable business development in advanced economies. Small and medium-sized enterprises (SMEs) have lower capacity and more constrained resources for long-term and high-uncertainty research and development investments. At the same time, SMEs can implement organizational innovation to improve their performance and further foster other types of innovation. The purpose of this study is to analyze, how socio-cultural factors such as shared values, organizational behaviors, work organization and decision making processes can influence knowledge management and help to develop organizational innovation via an empirical study. Surveying 600 SMEs in Latvia, the author explores the contribution of different socio-cultural factors to organizational innovation and the role of knowledge management and organizational learning in this process. A conceptual model, explaining the impact of organizational team, development, result-orientation and structure is created. The study also proposes insights that contribute to theoretical and practical discussions on fostering innovation of small businesses in small economies.

**Keywords :** knowledge management, organizational innovation, small and medium-sized enterprises, socio-cultural factors

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