INTRODUCTION

Knowledge management (KM) is emerging as a key management responsibility and consequently organizations are investing significant resources in information technology (IT) to support acquisition, storage, sharing, and retrieval of knowledge. KM plays a critical role in information systems (IS) development and maintenance in organizations. KM is particularly important for software consulting companies that can apply knowledge acquired in prior projects in the execution of subsequent projects. Software development companies can organize and exploit prior experience to facilitate learning at individual and organizational level (Conradi, 2000). In this study, we focus on Gujarat based SMES software consulting companies. These companies are primarily engaged in the execution of global software projects and have built strong domain knowledge.

By doing this research on that field we are trying to find out what are the problems to adopt the knowledge management practices and why they are not using the knowledge management practices, what should to do to innovate this concept in small and mid size business, when small and mid sized firms are not adopting the knowledge management practice.

From the early 1980s knowledge management was typically associated with the use of information technology (IT), knowledge based systems (KBS), search engines, portals and data-repositories in companies. But starting around the year 2000, knowledge management has grown to become an integral part of basic management, especially in knowledge-intensive organizations and in non IT related organizational processes. In this incarnation, knowledge management integrates all organizational processes that are directed towards knowledge creation and use, and information distribution and storage. Despite the central role that knowledge creation plays in knowledge management in large scale firms in software field, few references to SMEs can be found. Therefore, exploring how knowledge management plays role in SMEs software companies is an interesting and useful endeavor. Further, as Wong and Aspinwall (2004) point out, the study of knowledge management has primarily been concerned with large corporations and little attention has been paid to SMEs. However, studies within the area of knowledge
management practices have found that small companies face more problems in adopting knowledge management than large firms. Thus it seems particularly interesting to explore the awareness, adoption level and different practices and the problems faced by them.

In this study it is hypothesized that the size of the firms matter towards the adopting and practicing knowledge management or not. This study proposes and defends the idea that different fields can be brought together within the framework of knowledge management. Assumption and findings from the fields of intellectual capital, the knowledge creating companies, organizational learning and software field are brought together to create a holistic framework to study the adoption and practices of knowledge management in small and midsized software consulting companies.

Knowledge Management (KM) is a critical area for small business managers in today’s competitive environment. However, there is a general consensus in relation to the fact that the benefits of KM have not been fully exploited by small firms. This study is to elucidate the adoption level and different practices of Knowledge Management in SMEs software consulting companies. In this research, we are concerned with adoption & practices of knowledge management in small & medium-sized organisations that develop software. Further, we have limited KM to the domain of software development and maintenance, and specifically in small & medium-sized companies, where most of the development is done “in-house”, and where most of the staff spends much of their working day in front of a computer. The study provides the reasons for not implementing KM practices and various hurdles to adopt KM practices in these firms. It also provides the information on various practices already implemented by the firms and benefits by implementing these practices in the firms. When we examined the practices, we have only looked at how they are practiced and provide benefits to firms. We have not looked at issues in developing such practices, and not on economical issues - whether they are cost-effective or not.

To introduce knowledge management as an “improvement” in a firm is of course not without problems. What some people in the firm see as “improvements” might be seen as
“deteriorating” efforts by other people. For example, some employees might think that their knowledge is ignored by a company, because it is not included in a computer tool. This and other political issues in deploying knowledge management are not issues that we have discussed here. The scope of this study is limited to small and mid sized software consulting companies as big firms are doing KM practices successfully.