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Knowledge Management and the Performance of Small and Medium Enterprises in Nigeria

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Abstract: Existing studies in the knowledge management domain has shown little empirical linkages with performance of small and medium enterprises (SMEs) sector of developing economies, especially from the competency and innovation perspectives. Yet, these aspects are critical to sustaining SMEs' competitiveness in these economies. This study, therefore, seeks to examine the link between knowledge management and performance of SMEs in Nigeria. A sample size of 286 respondents was determined for this research. The regression results revealed that knowledge management dimensions significantly influenced SMEs' performance. Consequently, the study recommends that Mangers should ensure that the firm has a knowledge management policy and or strategy for acquiring knowledge about customers, competitors, intermediaries via reading and searching for new information on the internet/in newspapers/books. In addition, training programs and conferences should be organized for employees where qualified members and external experts are invited to speak about their beliefs, values and culture at various organizational functions which will lead to improved processes in the organization.

Keywords: Knowledge management, Knowledge Management Practices, Small and Medium Enterprises, Performance, Innovativeness, Nigeria

Introduction

Knowledge management practices and functionality reflect dimensions like knowledge creation and aquicisition, knowledge sharing, storing of knowledge, application of knowledge acquired, knowledge allocation, and knowledge receptiveness (Tassabehji, Mishra & Dominguez-pery, 2019). According to Liu and Deng (2015), each aspect of the knowledge management functionality has a significant impact on business processes and performance. Kimaiyo, Kapkiyai and Sang (2015) also stated that all the processes of knowledge management are very essential for improving the performance of a firm. For example, studies show that knowledge management functionality is a potent instrument to boost performance as it strategically positions organizations with a competitive edge that their competitors find challenging to copy and reproduce (Ibidunni, 2019; Li, Ashraf, Shahzad, Bashir, Murad, Syed & Riaz, 2020).

In the context of Small and Medium Enterprises (SMEs), strategically implementing knowledge management must involve an empirical grasp of three matters; the key environmental challenges related with the operation; the interactions of knowledge management practices; and the influence of these practices towards reaching the objectives of commercial enterprises (Leal-Rodriguez et al, 2014). Amidst the turbulent global business environments, knowledge management reinforces entrepreneurs' abilities to manipulate competitions and become more innovative (Ibidunni, Kolawole, Olokundun & Ogbari, 2020).

Small and Medium Enterprises are regarded as crucial drivers of economic growth and development all over the world (Obi, Ibidunni, Atolagbe, Olokundun, Amaihian, Borishade & Peter, 2018). Hence, governments enact policies that could enhance thriving of SMEs. However, using Nigeria as an example of a developing nation, it is highly debatable if government policies have delivered the desired objective (Ibidunni *et al*., 2017; Wale-Oshinowo *et al*., 2018). The assertion arises from the noticeable levels of extinction associated with small businesses, and leading to unprecedented level of unemployment rate within the last decade (Adegbuyi, *et al*. 2018). However, within the same business environment, some organizations have not only survived, but have thrived. Therefore, investigations about what makes some firms perform better than others, such as the levels of awareness arising from knowledge management repositories, is an interesting research in strategic management.

Although there is a general consensus of opinion regarding the benefits of knowledge management, some researchers argue that spending on knowledge management systems and practices do not always yield a profitable outcome; others maintain that for investment in knowledge management to have the desired impact on business performance, the link between knowledge management practices and dynamic capabilities must be taken into consideration. (Alegre, Sengupta, and Lapiedra, 2011).

Also, there has been limited insight provided in existing literature on the link between knowledge management and performance on small and medium enterprises (SMEs), especially within the African context. Therefore, this research is focused on providing empirical evidence that investigate the link between

knowledge management and performance of Small and Medium Enterprises in Nigeria.

Literature Review and Hypotheses

Nonaka and Takeuchi (1995) proposed the SECI (socialization, externalization, combination, and internationalization) model of knowledge conversion to depict the process of interaction between tacit and explicit knowledge. This model developed in 1993, when Nonaka administered 105 questionnaires to middle managers in various Japanese manufacturing companies, for example, Honda, Canon, Mazda, and Matsushita so as to investigate how knowledge is created and can be converted (Nonaka, 1994). The factor analysis of the data recommended four methods of knowledge conversion dependent on the transformation of tacit and explicit knowledge. Nonaka labelled the method of converting tacit knowledge into tacit as the socialization process, the method of converting tacit knowledge into explicit as externalization process, the method of converting explicit knowledge into explicit as the combination process, and the method of converting explicit knowledge into tacit as the internationalization process (Nonaka, 1994).

The socialisation process transforms existing tacit knowledge into new tacit knowledge through shared experiences which occurs through everyday social interaction and cultural processes linked to on-going organisational activities (Martín-de-Castro et al., 2011). This connects it to theories of group processes and organisational culture (Nonaka and Takeuchi, 1995). Socialisation normally occurs in traditional apprenticeship type learning instead of through composed manuals or reading materials and frequently happens in casual social gatherings outside the working environment, where implicit knowledge, for example, world perspectives, mental models and common trust can be made and shared during interaction (Nonaka & Toyama, 2003). "Interactions with clients before product/service development and after-market introduction are, actually, an endless procedure of sharing tacit knowledge and sharing ideas for improvement" (Nonaka and Takeuchi, 1995).

The externalisation process articulates tacit knowledge into explicit knowledge, which happens when the firm expresses formally its internal rules of functioning or when it explicitly sets written organisational goals (Nonaka et al., 2000). Nonaka and Takeuchi (1995, p. 66) assumed that "among the four modes of knowledge conversion, externalisation holds the key to knowledge creation, because it creates new explicit concepts from tacit knowledge". When tacit knowledge is made explicit, knowledge is "crystallised" allowing it to be shared with others and to become the basis of new knowledge such as concepts, images and written documents (Nonaka and Toyama, 2003). Documenting the outcomes of dialogue is an effective method to articulate one's tacit knowledge and converting it into explicit knowledge. Reporting the outcomes of discussions during the training programmes/workshops between trainees each other and with their trainers, is an example of documenting dialogue. By documenting dialogue, contradictions between one's tacit knowledge and the structure, or contradictions of tacit knowledge between individuals are made explicit and

synthesised. Reporting employees discussions with internal and external bodies e.g. customers and experts is a clear example of documenting dialogue. The sequential use of metaphors is a basic method of externalising tacit knowledge. Metaphors assist individuals in explaining tacit concepts that are difficult to articulate by imaging this knowledge symbolically (Nonaka and Takeuchi, 1995). For example, during the development of Honda cars "the project leader Hiroo Watanabe and his team used a metaphor of Automobile Evolution". His team viewed the automobile as an organism and sought its ultimate form" (Nonaka and Takeuchi, 1995).

The combination process converts already explicit knowledge into more systematic sets of knowledge. Through combination, explicit knowledge is collected from inside or outside the organisation and then combined and edited. The new explicit knowledge is then disseminated among the members of the organisation. Creative use of computerised communication networks and databases can facilitate this mode of knowledge conversion. In addition, the synthesis of knowledge may itself form new knowledge when, for example, the auditor of a company collects information from various departments and puts it together in a financial report. That report is now new knowledge in the sense that it is synthesized knowledge from various sources (Nonaka et al., 2000). In brief, the "reconfiguration of existing information through sorting, adding, combining and categorising of explicit knowledge (as conducted in computer databases) can lead to new knowledge" (Nonaka and Takeuchi, 1995).

The internalisation process recycles explicit knowledge back into tacit knowledge, suggesting that we internalise explicit knowledge. Through internalisation, explicit knowledge is shared throughout the organisation and converted into tacit knowledge by individuals. Internalisation is closely related to "learning by doing" and/or organisational learning (Nonaka and Takeuchi, 1995). For example, training programmes can help trainees to learn new skills and understand more about their organisation and themselves. By reading documents or manuals about their jobs and the organisation, trainees can also internalise the explicit knowledge written in such documents to enrich their tacit knowledge base. In brief, "for explicit knowledge to become tacit, it helps if knowledge is verbalised or diagrammed into documents or manuals. Documentation helps individuals internalise what they experienced, thus enriching their tacit knowledge. In addition, documents or manuals facilitate the transfer of explicit knowledge to other people, thereby helping them experience the experiences of others indirectly (Nonaka and Takeuchi, 1995).

Nonaka and his associates further suggested that the movement through the four processes of SECI forms a "spiral" by expanding horizontally and vertically across organisations (Nonaka and Toyama, 2003). They assert that the spiral starts with a socialisation phase, in which tacit knowledge of individuals is exchanged. This is followed by an externalisation phase, in which new tacit knowledge is translated into explicit knowledge. This explicit knowledge is pooled with existing explicit knowledge in the combination phase. The turn of the spiral concludes with the internalisation phase, in which this new explicit knowledge is absorbed by individuals and enriches their tacit

knowledge base. Then the tacit knowledge is exchanged again, and the knowledge creation process continues along the spiral (Andreeva and Ikhilchik, 2011). Therefore, Nonaka et al. (2002) concluded that organisational knowledge creation is a never-ending process that upgrades itself continuously.

Knowledge Management and Performance

Several researches present a positive relationship between knowledge management and innovation. For instance, Zaied et al (2012) stated that knowledge management resources determine the firm's capacity to innovate. Also Wilson (2007) defined innovation as the application of knowledge in producing new products, practices, and processes and services. The study emphasized the influence of knowledge management through acquisition, sharing, and application on innovation. According to Lin and Lee, (2005) Knowledge acquisition is defined as the process of obtaining knowledge that is available somewhere or the application of existing knowledge or capturing new one.

Knowledge can be internally acquired by firms through explicit knowledge from existing documents or the tacit knowledge of its people (Byukusenge, Munene & Milena, 2017; Erigbe, 2021) stated that by employing individuals with required knowledge and by purchasing knowledge assets, a firm can externally acquire knowledge. It is believed that acquisition of new knowledge enhances the capacity of the employees to generate new ideas (Chen, Huang & Cheng, 2009).

Zubielqui, Jones, Seet and Lindsay (2015) confirmed a positive relationship between knowledge acquisition and innovation. According to Tan and Nasurdin (2011), there is a significant positive nexus between knowledge acquisition and technological innovation (i.e product and process innovation). Furthermore, Mafabi et al (2012) established significant and positive relationship between knowledge acquisition and organizational innovation.

Lin (2007) defined knowledge sharing as the exchange of knowledge, experience and skills within the whole organization. Knowledge sharing enhances the development of innovative ideas (Chen & Huang, 2009).

According to Alavi and Tiwana, (2002), Knowledge application is the utilization of acquired knowledge in making useful business decisions. It is believed that knowledge application promotes innovative activities (Byukusenge & Munene, 2017). Xu, Houssin, Caillaud and Gardoni (2010) stated that knowledge management determines success of innovation in firms. A study by Amalia and Nugroho (2011) corroborated the positive relationship the positive relationship between knowledge management practices and innovation. Previous studies by Tan and Nasurdin (2010), Guzmán, Serna and de Lema (2012) were also in perfect agreement with the above conclusion with regards to high tech SMEs industry, a study by Alegre, Sengupta, and Lapiedra (2011) also confirmed a positive and significant relationship between knowledge management and innovation.

In an ever changing business environment, managers who desire increase in business performance have been advised to pursue innovations in order to remain competitive (Darroch 2005). However, a gap was identified in the critical factors that have a direct effect on innovation with respect to improved business performance (Camisón,

& Villar-López, 2014). Nonaka (2007) stated that effective knowledge management is very crucial in supporting management decision-making efforts to enhance business performance.

Leal-Rodriguez et al (2014) maintain that effective knowledge management results in unique capabilities which result in better performance through innovation. The study by Nawaz et al (2014) confirmed that knowledge management practices lead to increased sales through innovation.

Another study by Nawab et al (2015) also showed knowledge management pratices have an indirect significant effect on business performance via innovation.

Management and Organizational Performance was revealed by the study by Mafabi et al (2012). Consequently, the following hypotheses were set for this study:

H_1: Knowledge acquisition has a strong effect on operational competency in SMEs

H_2: Knowledge creation has an impact on innovation performance in SMEs.

H_3: Knowledge sharing has an effect on organizational effectiveness in SMEs.

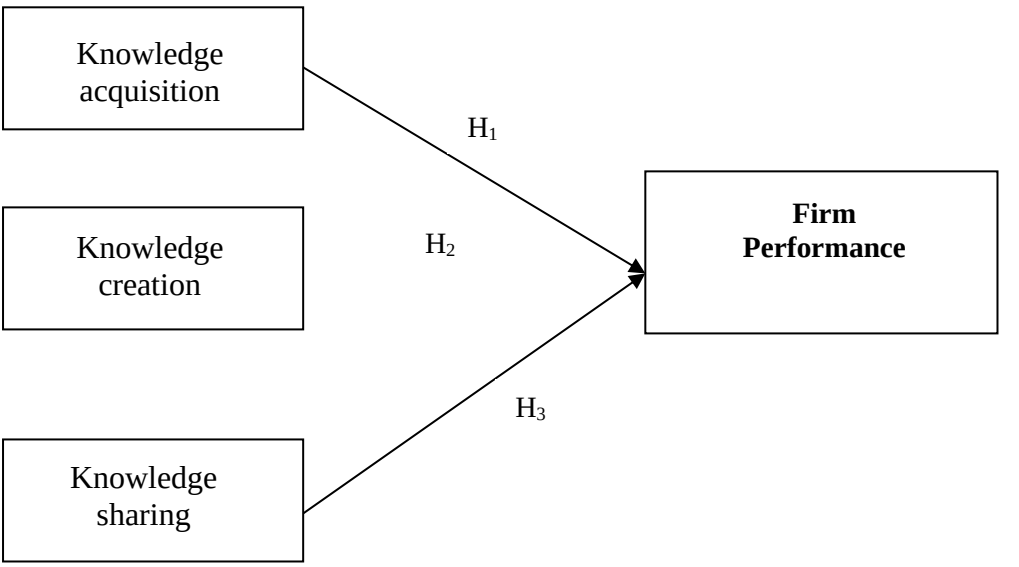

Figure 1: Conceptual Model

This finding was coordinated by Alrubaiee et al (2015) whose research focused on telecommunication and information technology industry. A full mediation of innovation between Knowledge

Methodology

For the purpose of this study, a survey research design was utilized which includes field study of important inquiries from knowledgeable people's ideas via the use of

a well-constructed questionnaire which provides respondents with responses options. The population of this study comprises of six small and medium enterprises in Lagos state. They are; Dimacon Industries Limited having 59(47) employees making up the middle and lower level management, IPNX Nigeria Limited with 102 employees making up the middle and lower level management, BETA computers having 78 employees making up the middle and lower level management, MIKBUFOS Nigeria Limited with 82 employees making up the middle and lower level management, Castlat group comprising of 110 employees making up the middle and lower level management, Portplus Nigeria Limited with 95 employees making up the middle and lower level management. Hence, with a total population of 526 the estimated population is 500.

Sampling

The sample size for this research was derived using the Barlett, Kortlik, and Higgins (2001) recommendation. From the estimation, a population of 500 at alpha value of 0.05 produced a sample size of 286 respondents. However, only 261 (representing 91.3%) completely filled questionnaire were returned and usable for this study. The remaining 25 copies (representing 8.7%) has too many sections of incomplete entry, and thus, were excluded from the data entry procedure.

The table 1 reveals that 46.7% (122) of the respondents are male and 53.3% (139) of the respondents are female. Therefore, it is safe to say that the dispensation of employment opportunities in Small and Medium Enterprises (SMEs) caters to both genders. The Table shows that 36.4% (95) of the respondents fall within the age bracket of 20-30 years, 41.4% (108) of the respondents fall within the age bracket of 31-40 years, 13.0% (34) of the respondents fall within the age of 41-50 years, 9.2% (24) of the respondents fall within the age bracket of 51 years and above. Also, 52.9% (138) of the respondents are single, 37.9% (99) of the respondents are married, 9.2% (24) of the respondents are either widows or widowers. This signifies that a high number of employees in Small and Medium Enterprises (SMEs) are single. In addition, 49.8% (130) of the respondents' firm was established between 16-20 years, 50.2% (131) of the respondents' firm was established 20 years and above. This signifies that a good number of Small and Medium Enterprises (SMEs) have been in existence for a long period of time as a majority of the firms were established 20 years ago and above.

Measures

Items that were included in the research instrument were adopted from existing research and adopted to the present research context. Section B contains sub variables of knowledge management processes; Knowledge acquisition questions were gotten from (Xiaolan, Zhongjuan, & Ghauri, 2018), knowledge sharing questions were gotten from (Wang & Hu 2017) and knowledge creation questions were gotten from (Al-Emran, Mezhuyeva, Kamaludina, & Shaalanb, 2018). Section C

contains questions which were based on the sub variables of performance of SMEs. The questions on operational competency was drawn from (Lee, Foo, Leong & Ooi, 2016), questions on innovation performance was drawn from (Amirhosen, Saghi, & Mahmoud, 2017) and questions on organizational effectiveness was drawn from (Ha, Lo & Wang, 2016). Also, a large number of the questions were drawn from internet inclusive questionnaires.

Validity and Reliability

The content validity was used in the form of questionnaires because it is often assessed by depending on the knowledge of people who are familiar with the construct being measured. The Cronbach alpha test was carried out to ensure internal reliability for the research constructs for this study. The overall reliability for the construct was 0.881, which is above the accepted 0.7 limit mark for reliability analysis.

Table 1: Demographic Characteristics of Respondents

Demographic Characteristics	**Frequency**	**%**
Gender		
Male	122	46.7
Female	139	53.3
Total	261	100.0
Age		
20-30years	95	36.4
31-40years	108	41.4
41-50years	34	13.0
51 years and above	24	9.2
Total	261	100.0
Marital Status		
Single	138	52.9
Married	99	37.9
Others	24	9.2
Total	261	100.0
Firm Age		
16-20 years	130	49.8
21 years and above	131	50.2
Total	261	100.0

Source: The Authors (2021)

Analysis and Results

Hypothesis One: Knowledge acquisition has no effect on operational competency in SMEs

Table 2: Effect of knowledge acquisition on operational competency in SMEs

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.066[a]	.004	.001	2.45944

a. Predictors: (Constant), Knowledge Acquisition

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.920	1	6.920	1.144	.286[b]
	Residual	1566.651	259	6.049		
	Total	1573.571	260			

a. Dependent Variable: Operational Competency
b. Predictors: (Constant), Knowledge Acquisition

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.266	1.957		18.019	.000
	Knowledge Acquisition	.090	.084	.066	1.070	.286

Table 2 reveals how much of the variance in the dependent variable (operational competency) as explained by the independent variable (Knowledge acquisition), the direction of linear relationships that exists among the variables and the fitness of the regression model towards measuring the relationships among the variables. It examined knowledge acquisition and operational competency. The F-value determines the statistical strength of the null hypothesis. From the table above the model is statistically insignificant (sig=.286, F=1.070). Therefore the null hypothesis is accepted based on the 0.05 significance level. More so, the nature of linear relationship between knowledge acquisition and operational competency suggest an insignificant and negative linear relationship. The relationship between knowledge acquisition and operational competency reflects that the independent variable explains 0.4% (R^2=.004) variance in operational competency.

Findings from the result showed that Knowledge acquisition has no effect on operational competency. We are accepting the null hypothesis and rejecting the alternate hypothesis (knowledge acquisition has a strong effect on operational competency).

Hypothesis Two: Knowledge creation has no significant impact on innovation performance in SMEs.

Table 3: Impact of knowledge creation on innovation performance in SMEs

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.487[a]	.237	.234	2.76857

a. Predictors: (Constant), Knowledge Creation

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	617.991	1	617.991	80.625	.000[b]
	Residual	1985.235	259	7.665		
	Total	2603.226	260			

a. Dependent Variable: Innovation Performance
b. Predictors: (Constant), Knowledge Creation

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.106	3.502		4.029	.000
	Knowledge creation	.362	.040	.487	8.979	.000

a. Dependent Variable: Innovation Performance

Table 3 reveals how much of the variance in the dependent variable (Innovation performance) as explained by the independent variable (Knowledge creation), the direction of linear relationships that exists among the variables and the fitness of the regression model towards measuring the relationships among the variables. It examined knowledge creation and innovation performance. The F-value determines the statistical strength of the null hypothesis. From the table above the model is statistically significant (sig=.000, F=8.979) Therefore the null hypothesis is rejected based on the 0.05 significance level.

More so, the nature of linear relationship between knowledge creation and innovation performance suggest a significant and positive linear relationship. The relationship between knowledge creation and innovation performance reflects that the independent variable explains 23.7% (R^2=.237) variance in innovation performance.

Findings from the result showed that knowledge creation has a significant impact on innovation performance. We are accepting the alternate hypothesis and rejecting the null hypothesis (knowledge creation has no significant impact on innovation performance).

Hypothesis Three: Knowledge sharing has no effect on organizational effectiveness in SMEs.

Table 4: Effect of knowledge sharing on organizational effectiveness in SMEs

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.506[a]	.256	.253	1.18273

a. Predictors: (Constant), Knowledge Creation

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.734	1	124.734	89.169	.000[b]
	Residual	362.301	259	1.399		
	Total	487.034	260			

a. Dependent Variable: Organisational effectiveness

b. Predictors: (Constant), Knowledge sharing

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.827	1.171		6.684	.000
	Knowledge sharing	.482	.051	.506	9.443	.000

a. Dependent Variable: Organisational effectiveness

Table 4 reveals how much of the variance in the dependent variable (Organizational effectiveness) as explained by the independent variable (Knowledge sharing), the direction of linear relationships that exists among the variables and the fitness of the regression model towards measuring the relationships among the variables. It examined knowledge sharing and organizational effectiveness. The F-value determines the statistical strength of the null hypothesis. From the table above the model is statistically significant (sig=.000, F=9.443) Therefore the null hypothesis is rejected based on the 0.05 significance level. More so, the nature of linear relationship between knowledge sharing and organizational effectiveness suggest a significant and positive linear relationship. The relationship between knowledge sharing and organizational reflects that the independent variable explains 25.6% (R^2=.256) variance in organizational effectiveness.

Findings from the result showed that knowledge sharing has an effect on organizational effectiveness. We are accepting the alternate hypothesis and rejecting the null hypothesis (knowledge sharing has no effect on organizational effectiveness).

Discussion and Implications of the Study

The study investigated the relationship between knowledge management processes and performance of Small and Medium Enterprises (SMEs).

Theoretical Implications

This research would have hypothetical and practical suggestions for the both researchers and experts, particularly in the fields of strategy and knowledge management. From the viewpoint of researchers, the conflicting results of past studies make further investigations necessary and thus, this present study is a concerted attempt to enhance the understanding on the relationship between knowledge management processes and performance of Small and Medium Enterprises through investigation in the setting of a developing economy. Moreover, this study is required to have intriguing discoveries to be added to existing body of knowledge.

Knowledge acquisition according to the analysis results in hypothesis one has no statistical impact on operational competency. This implies that the acquisition of knowledge does not have a direct relationship with the daily operations of the firm. The result is quiet unexpected, especially considering the value that is derivable from knowledge inclusion in firm operational activities (Alegre, Sengupta & Lapiedra, 2011). The result from this study is in contrast to existing studies. According to Bahsir and Fraooq (2019) knowledge management in terms of acquisition and firms competence can lead to sustainable competitiveness. Furthermore, Fu, Sun and Ghauri (2018) opined that reverse knowledge acquisition, knowledge sharing improves the operational capabilities of a firm through the process of learning from customers, collaborators and host economies. However, a possible explanation could result from the long-term gains that are derivable from knowledge acquisition by SMEs in the present developing economy being investigated.

The statistical results from hypothesis two revealed that knowledge creation has a significant and positive impact on SMEs innovation performance. This assertion

point to the fact that SMEs involvement in continuous knowledge reengineering and creation enhances their innovation dispositions. The assertion also points out the need for SMEs operators to continue to establish knowledge management systems that ensures that knowledge does not linger in a static condition, but rather, the firm's knowledge stock evolves consistently in response to the changing demands of the industry environment, regulatory demands and customer requirements. Grimsdottir and Edvardsson (2018) opined that Knowledge creation can be seen as the starting point of both KM and innovation. The findings of the present study also pointed out that SMEs can benefit from innovation to provide new products, prototypes, and processes, however innovation can enhance their competitive advantages.

The evidence from statistical analysis in hypothesis three reveals that knowledge sharing has a positive and significant impact on organisational effectiveness. The finding is consistent with Chen and Huang (2009) that established that knowledge sharing enhances the development of effective communication transmission. Abu-Shanab and Subaih (2019) opined that through knowledge sharing and organisational innovation, business intelligence has a positive and significant impact on competitive advantage.

Managerial Implications

Mangers should ensure that the firm has a knowledge management policy and or strategy for acquiring knowledge about customers, competitors, intermediaries via reading and searching for new information on the internet/in newspapers/books. Training programs and conferences should be organized for employees where qualified members and external experts are invited to speak about their beliefs, values and culture at various organizational functions which will lead to improved processes in the organization. Managers can use these findings to negotiate with stakeholders about implementing projects. This research contributes to the practice of strategy and knowledge management, since it provides organizations with new insights and findings that managers can translate into their own companies. Enterprises can learn about the positive impact of knowledge management and its dimension on innovation and performance. Specifically, companies know that with a clear knowledge management program they can be more innovative, achieve better financial results, improve processes and develop human resources' capabilities. And, in turn, those benefits foster the link of innovation performance. From the perspective of practitioners, the findings of this research may be useful to organizations by deciding the most effective knowledge management process that may enhance their performance.

Conclusion and Further Research

The present study represents conclusions relevant to academics and practitioners. It explains the dimension of Knowledge Management that improves performance of SMEs. Statistical evidences are provided about the consequences of the generation of knowledge, the Integration of knowledge and application of knowledge on SMEs performance. The study extends the understanding about knowledge management practices in the informal sector of a developing economy, Nigeria. For future research, it is recommended to examine knowledge management practices

on SMEs performance from a macroeconomic perspective, such as SMEs contribution at the national level. Also, knowledge management practices and the interactive effects of diverse leadership and cultural setting of SMEs form an interesting theme for future research endeavour.

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