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## Knowledge Management Practices and Generic Competitive Strategy in Knowledge-Based SMEs

### ABSTRACT

Knowledge is one of the most important resources for any companies to gain a competitive advantage through generic competitive strategy. This paper aims to investigate the knowledge management practices in knowledge-based SMEs in Malaysia and the impact on generic strategy of competitive advantage. Due to its smaller size, SMEs are said to be the best model to practice knowledge management that can help in innovation. A total of 140 questionnaires were collected from SMEs and structural equation modeling was used to analyze the data. Knowledge management practices showed a strong relationship to competitive advantage which inclined more towards differentiation. However, knowledge storage and knowledge creation didn't contribute to the competitive advantage. The findings provide an important contribution in the formulation of a model of knowledge management practices and competitive advantage among SMEs. Further discussion and implication were discussed.

**Keywords:** Knowledge management practices, generic strategy, competitive advantage, cost leadership, differentiation, SMEs, Malaysia.