

Knowledge Management Practices in Improving MSMEs Innovation: A Systematic Literature Review period 2016-2025

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Abstract

Purpose: This study aims to systematically review and synthesize existing literature on Knowledge Management (KM) practices and their role in enhancing innovation capabilities among Micro, Small, and Medium Enterprises (MSMEs). It identifies key KM mechanisms, explores their relationships with different forms of innovation, and highlights research gaps for future studies.

Methodology: A Systematic Literature Review (SLR) was conducted based on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. Relevant peer-reviewed articles published between 2016 and 2025 were retrieved from Scopus and Google Scholar. A total of 31 articles were selected using predefined inclusion and exclusion criteria and analyzed through qualitative content analysis to identify major themes, patterns, and relationships between KM practices and innovation outcomes.

Results: The findings reveal that knowledge sharing, leadership support, human resource management practices, and intellectual capital are key drivers connecting KM with innovation in MSMEs. These practices contribute to product, process, and green innovation, particularly when supported by collaborative cultures and continuous capability development.

Conclusion: KM serves as a strategic resource for strengthening MSME innovation and competitiveness.

Limitations: This study is limited by database coverage and publication periods.

Contribution: This review provides an integrated framework for understanding KM-driven innovation and offers insights for future research and MSME development strategies.

Keywords: *Innovation, Knowledge Management; Knowledge Sharing, MSMEs, Systematic Literature Review*

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1. Introduction

In the knowledge-based economy era, Knowledge Management (KM) is seen as a crucial strategy that enables organizations to effectively identify, disseminate, and utilize knowledge to create innovation,

thereby enhancing competitiveness in dynamic markets ([Yulianti, Fahmy, Rahman, & Rivai, 2023](#)). Recent empirical research shows that KM processes, such as knowledge creation, storage, and sharing, can directly influence innovation in contemporary organizations, especially in Micro, Small, and Medium Enterprises (MSMEs) facing resource constraints. This study illustrates how KM can become a key engine of innovation if it is systematically implemented within smaller business units ([Cristache, Croitoru, & Florea, 2025](#)).

Amidst the challenges of digitalization and globalization, MSMEs are increasingly required to implement KM practices effectively to maintain relevance and innovation, because innovation not only impacts products and services, but also organizational capabilities in responding to market changes ([Azhari, Tanjung, Sagala, Manurung, & Hayati, 2025](#)). [Cristache et al. \(2025\)](#) emphasize that KM process components significantly influence innovation, illustrating the strategic correlation between knowledge management practices and organizational innovative capabilities. Although MSMEs play a significant role in the national and global economy, many MSMEs still face obstacles in implementing structured and consistent KM systems, which ultimately hinders sustainable innovation ([Franky, Mega, & Rahayu, 2025](#)). The systematic literature available so far provides a heterogeneous picture of how KM practices are adopted in MSMEs, but still shows a lack of a comprehensive understanding of the relationship between KM practices and innovation in the small- and medium-sized context ([Durst, Foli, & Edvardsson, 2024](#)).

A recent systematic literature review revealed that research on knowledge management in MSMEs often focuses on informal knowledge or internal practices without building a strong theoretical understanding of KM processes that support innovation, thus raising the need for a more comprehensive synthesis of research. [Durst et al. \(2024\)](#) study emphasizes the importance of understanding the evolution of KM practices in SMEs so that researchers and business practitioners can identify current research gaps. Furthermore, some empirical literature indicates that implementing KM in MSMEs can enhance innovation capabilities by facilitating internal knowledge exchange ([Widjanarko, 2025](#)). However, its practical implementation still faces significant challenges, such as limited resources, a less supportive organizational culture, and low adoption of information technology that supports KM processes ([Amanah, Sena, Suhendra, Yatim, & Zaki, 2024](#); [Arsy, Supriyono, & Sentanu, 2025](#)). These empirical findings strengthen the argument that mapping KM practices and innovation must be carried out systematically ([Riadi, Hapsari, Anwar, & Yudaruddin, 2023](#)).

In the context of Indonesian MSMEs, several published local studies, such as those demonstrating the relationship between knowledge sharing and innovative work behavior, also indicate that KM practices not only help create new knowledge but can also encourage MSMEs to be more adaptive in implementing innovative ideas amid market changes ([Budianto, Praptapa, Herwiyanti, Puji, Suyono, & Rusmana, 2022](#); [Maulana, Hafifah, & Agustin, 2024](#); [Maulana, Novalia, Sari, Rosa, & Yuliansyah, 2024](#) ; [Putra, Karundeng, Gofur, Tresnadjaja, Suhara, Sukmayadi, & Sopyan, 2024](#)). These findings are relevant and important for complementing the global literature on KM practices and innovation ([Permata, Indrawijaya, & Solikhin, 2023](#)).

Furthermore, global scientific literature has supported that KM is not merely a technical activity but also a strategic capability that must be integrated into organizational culture to generate sustainable innovation processes. A study by [Hafeez, Shahzad, Helo, and Mubarak \(2025\)](#) on KM and digital transformation in MSMEs showed that a collaborative approach and the utilization of both explicit and tacit knowledge are important factors in building innovation capacity in small businesses. Other studies have also concluded that KM plays an important role as a driver of innovation that improves organizational performance. However, a clear causal relationship between KM practices and innovative outcomes at the MSME level has rarely been systematically discussed in previous studies, thus giving rise to an explicit need to conduct a Systematic Literature Review focused on this theme ([Riadi et al., 2023](#)). Conceptually, knowledge management research in MSMEs is also linked to the concept of knowledge strategy, which encompasses the development of dynamic capabilities, collaborative innovation, and cross-functional knowledge participation, which have been described in

the modern knowledge management literature as key determinants of organizational innovation development. These studies demonstrate the importance of knowledge systematization for MSMEs to adapt and grow innovatively in a competitive environment.

Therefore, this study conducts a systematic literature review of knowledge management practices in MSMEs and their role in enhancing innovation, going beyond prior reviews by integrating fragmented empirical and conceptual evidence into a unified framework. Unlike earlier studies that examine knowledge management practices or innovation outcomes in isolation, this review synthesizes how specific knowledge management mechanisms, such as knowledge sharing, leadership orientation toward knowledge, human resource practices, and intellectual capital, interact to drive different forms of innovation in MSMEs. The primary objective is to summarize findings from indexed international studies and identify structural relationships, boundary conditions, and underexplored mechanisms that shape knowledge-management-driven innovation. As a key contribution, this review proposes an integrated framework that links knowledge management practices, enabling organizational conditions, and innovation outcomes, providing a coherent explanation of how KM can be strategically optimized to strengthen MSMEs innovation and guide future empirical research

2. Literature Review and Hypothesis Development

2.1 Knowledge Management

Knowledge Management (KM) is a systematic process that includes the identification, creation, storage, utilization, and sharing of knowledge owned by an organization to achieve its strategic goals, including innovation and performance improvement ([Kiram et al., 2025](#)). Empirical literature shows that an effective KM process helps organizations optimize their intellectual resources to increase their ability to adapt to changes in the business environment and strengthen their competitiveness. [Cristache et al. \(2025\)](#) define KM as a series of activities that include the creation, capture, storage, integration, and application of knowledge to drive overall organizational performance, which is an important foundation for MSMEs to facilitate the development of innovation.

In addition, the latest narrative review highlights that knowledge management processes, such as knowledge acquisition, knowledge sharing, and knowledge application, are key elements in the connection between KM and innovation organizations. [Nasir and Sarikwal \(2022\)](#) in narrative review state that these processes not only support exchange information but also in a direct contribute to ability organization for create solution new through innovation, especially when accompanied by capabilities organization like absorptive capacity and culture learning. Modern research shows that implementing systematic KM practices can strengthen the innovative capability of a company through improved internal collaboration, decision-making based on knowledge, and using knowledge as a strategic asset. [Wu et al. \(2024\)](#) confirm that framework theoretical KM does not only arrange accumulation and organization knowledge, but also emphasize importance creation and distribution knowledge in the environment organization as mechanism main for increase ability innovative and powerful competition organization in term long.

2.2 Micro, Small, and Medium Enterprises Innovation

Innovation among MSMEs is very important for increasing power competitiveness and capability adaptation in a fast-paced business environment, especially in the digital era ([Hamzah et al., 2023](#)). Recent research shows that MSMEs that implement systematic innovation practices, including innovation products, processes, and marketing, show a higher ability to respond to market challenges, expand their market share, and increase overall business performance ([Putri et al., 2025](#)). Apart from that, innovation ability is often influenced by the absorptive capacity and entrepreneurial orientation of the organization, which plays a role as a driver of innovative activities in MSMEs ([Putra & Hartono, 2025](#)).

In the context of digital transformation and globalization, innovation not only involves the development of new products but also the adoption of digital technology to strengthen the operational functions and business models of MSMEs. A study literature latest show that digitalization helping MSMEs improve efficiency operational, expanding market access, as well as create opportunity new

for development more products and services responsive to need modern consumers. Digital transformation is closely related to innovation, enabling MSMEs to contribute more to the growth of the local and national economy ([Panduwinata et al., 2024](#)). In addition, innovation among MSMEs can be viewed as a strategy for increasing sustainable business in a competitive and volatile market. The literature review shows that the ability to innovate contributes to the creation of a mark plus through the approach of business model innovation, which involves changing how MSMEs create, deliver, and capture marks in their business processes ([Yerizal et al., 2025](#)). Strategy innovation based on digital business models helps MSMEs maintain relevance and flexibility in the face of dynamic business environments, while simultaneously strengthening long-term business resilience.

3. Research Methodology

The review was conducted in accordance with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. The PRISMA framework consists of four sequential stages: identification, screening, eligibility, and inclusion, which were applied to ensure objectivity, methodological rigor, and consistency in the article selection process while minimizing potential selection bias.

This study employs a Systematic Literature Review (SLR) approach to comprehensively examine Knowledge Management (KM) practices and their role in enhancing innovation in Micro, Small, and Medium Enterprises (MSMEs). The SLR method was selected because it enables a structured, transparent, and replicable synthesis of existing empirical and conceptual research, allowing for the identification of dominant themes, research trends, and gaps in KM–innovation literature.

3.1 Research Design

The review was conducted in accordance with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. The PRISMA framework consists of four sequential stages: identification, screening, eligibility, and inclusion, which were applied to ensure objectivity, methodological rigor, and consistency in the article selection process while minimizing potential selection bias.

3.2 Data Sources and Search Strategy

To ensure consistency and transparency, all literature was retrieved exclusively from the Scopus database, which was selected because of its broad coverage of high-quality, peer-reviewed international journals. The search was conducted using the following standardized search string applied to article titles, abstracts, and keywords: (“knowledge management” OR “knowledge sharing”) AND (“MSME” OR “SME*”) AND “innovation.” The search was limited to peer-reviewed journal articles published between 2016 and 2025 and written in English or Indonesian, ensuring topical relevance and accessibility to regional MSME research..

3.3 Inclusion and Exclusion Criteria

Articles were included in the review if they met the following criteria: (1) peer-reviewed journal articles published between 2016 and 2025; (2) explicitly examined knowledge management practices within MSME or SME contexts; (3) analyzed innovation as a primary or dependent variable; and (4) were written in English or Indonesian. Articles were excluded if they were conference proceedings, books, book chapters, theses, or non-academic reports, or if they did not directly address the relationship between KM practices and innovation outcomes..

3.4 Article Selection Process

The article selection process followed the PRISMA flow diagram. First, duplicate records were excluded. Second, titles and abstracts were screened to assess their relevance to the research objectives. Third, full-text articles were reviewed to confirm their alignment with the inclusion criteria and analytical focus. Only articles that satisfied all the criteria were included in the final sample for synthesis.

3.5 Data Analysis Techniques

The selected articles were analyzed using qualitative content analysis. Articles were categorized based on the research context, methodological approach, types of KM practices examined, and forms of innovation addressed. The findings were then synthesized narratively to develop an integrated understanding of how KM practices contribute to MSMEs innovation and to identify theoretical and empirical gaps for future research..

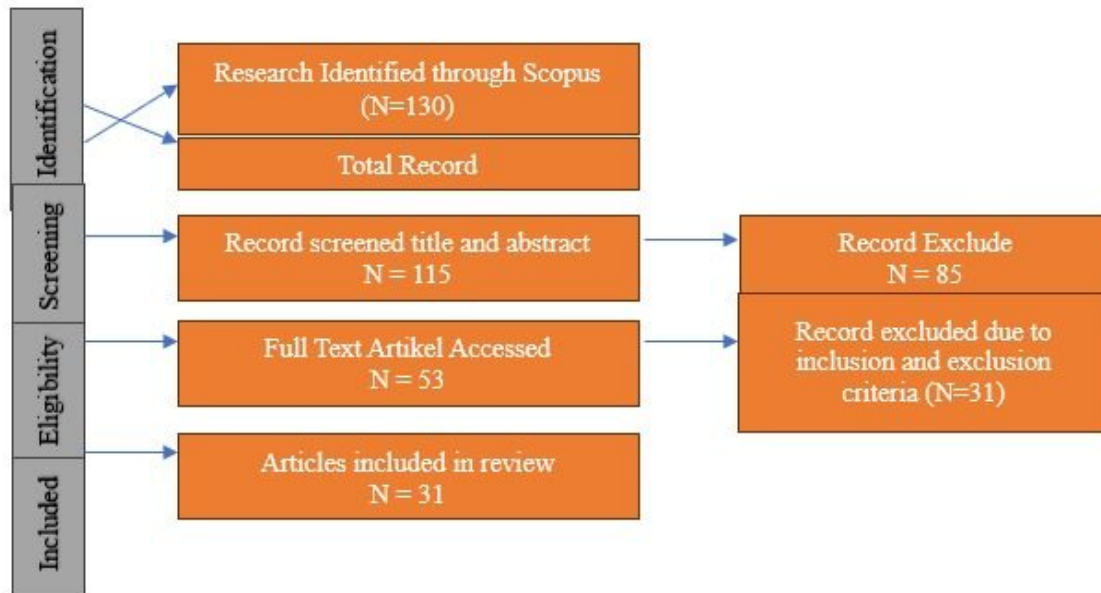


Figure 1. PRISMA model

As shown in Figure 1, the study adopts the PRISMA model as the conceptual framework.

4. Results and Discussions

Table 1. Sythesis table

Study (Author– Year)	Context	Dominant KM Practice	Innovation Type	Evidence-Based Key Findings
Anand et al. (2021)	SMEs, multi- country	Knowledge sharing	Product, process	Knowledge sharing improves innovation performance through informal learning
Yao et al. (2020)	Software SMEs, China	Tacit knowledge sharing	Technological	Tacit knowledge sharing has stronger innovation impact than explicit knowledge
Afryie et al. (2020)	SMEs, Ghana	Knowledge sharing	Product, process	Knowledge sharing accelerates innovation under resource constraints
Tassabehji et al. (2019)	Creative SMEs, UK	Knowledge- sharing culture	Product	Trust and openness enable effective knowledge flow
Kambey et al. (2018)	SMEs, Indonesia	Knowledge- oriented leadership	Product	Leadership encourages innovation via knowledge exchange
Alo et al. (2025)	SMEs, Africa	KM capability, leadership	Process	Knowledge-oriented leadership strengthens process innovation
Curado (2018)	SMEs, Portugal	HR-based KM	Product, process	HRM mediates KM– innovation relationship
Islami and Mulolli (2024)	SMEs, Europe	Training, job design	Product	Learning-oriented HR enhances innovative behavior

Study (Author–Year)	Context	Dominant KM Practice	Innovation Type	Evidence-Based Key Findings
(Ming, Hafit, & Mohamed, 2024)	Cultural SMEs, China	Knowledge sharing	Product	Absorptive capacity mediates KM and innovation
Molodchik et al. (2021)	Manufacturing SMEs, Russia	Human & relational capital	Product	External knowledge complements internal knowledge
Jordão et al. (2020)	SMEs, Brazil	Knowledge networks	Product	Networks enhance intellectual capital and innovation
Dezi et al. (2021)	SMEs, Italy	External embeddedness	Product, process	KM enables organizational ambidexterity
Zahrawi (2025)	Manufacturing SMEs	Intellectual capital	Product	IC directly improves innovation performance
Nasir et al. (2024)	SMEs, Malaysia	Green KM	Green innovation	Green KM mediates KM–sustainability relationship
Kusuma and Muafi (2023)	SMEs, Indonesia	Green knowledge sharing	Green	Green knowledge sharing drives green competitiveness
Makumbe (2024)	SMEs	Green HRM & KM	Green	Green KM strengthens sustainable innovation
Riana et al. (2023)	SMEs, Indonesia	Knowledge sharing	Product	Psychological safety moderates KM effectiveness
Scarso and Bolisani (2024)	Metal SMEs	KM processes	Product	Informal KM accelerates innovation phases
Durst et al. (2024)	SMEs (SLR)	KM processes	Multiple	KM positively affects innovation but lacks longitudinal evidence
Hafeez et al. (2025)	SMEs (SLR)	Digital KM	Digital innovation	Digital KM is emerging but empirically underexplored
Riadi et al. (2023)	SMEs, Indonesia	Digital KM	Process	Digital variables strengthen KM impact
Ojha et al. (2025)	SMEs, India	KM framework	Multiple	KM maturity influences innovation outcomes
Nasir and Sarikwal (2022)	SMEs (Review)	KM processes	Product	KM supports incremental innovation
Wu et al. (2024)	SMEs	KM–IT integration	Process	Organizational culture moderates KM effectiveness
Piyani et al. (2023)	SMEs, Indonesia	Absorptive capacity	Product	KM supports open innovation
Yulianti et al. (2023)	MSMEs, Indonesia	Big data KM	Digital	Digital KM enhances decision-making innovation
Yerizal et al. (2025)	SMEs (SLR)	Digital KM	Business model	Digital KM enables BMI
Panduwinata et al. (2024)	MSMEs (SLR)	Digital knowledge	Digital	Digitalization supports KM-driven innovation
Hamzah et al. (2023)	MSMEs (Review)	Digital KM	Sustainable	KM supports innovation resilience

Study (Author–Year)	Context	Dominant KM Practice	Innovation Type	Evidence-Based Key Findings
Widjanarko (2025)	MSMEs	Digital knowledge	Process	Digital payment knowledge supports innovation efficiency

Table 1 summarizes the synthesis of previous studies included in this research. The reviewed studies indicate that Knowledge Management (KM) practices play a significant role in supporting innovation among SMEs and MSMEs across various contexts. The dominant KM practices identified include knowledge sharing, tacit knowledge management, knowledge-oriented leadership, intellectual capital development, green KM, and digital KM. Overall, the findings show that KM enhances product, process, technological, green, and business model innovation by improving knowledge exchange, organizational learning, absorptive capacity, and decision-making capabilities. Recent studies also highlight the growing importance of digital KM and green knowledge practices in strengthening sustainable innovation, although further longitudinal research is still needed to understand long-term KM impacts.

4.1 Concept and Practice of Knowledge Management in MSMEs

Knowledge Management (KM) in Micro, Small, and Medium Enterprises (MSMEs) is an integrated process encompassing the creation, organization, storage, sharing, and utilization of knowledge to support decision-making and enhance innovation. Unlike large organizations that rely on formal systems and procedures, KM in MSMEs develops more naturally through work experience, direct learning, and social interactions. [Anand et al. \(2021\)](#), and [Ojha et al. \(2025\)](#) emphasize that MSME owners or managers act as knowledge hubs that determine the direction of knowledge management and dissemination within the organization. Therefore, the character of KM in MSMEs is strongly influenced by leadership and personal experiences.

In practice, resource constraints rarely lead MSMEs to adopt complex technology-based KM systems. [However, Curado \(2018\)](#) and [Scarso and Bolisani \(2024\)](#) show that simple KM practices, such as regular discussions, project-based learning, informal mentoring, and documentation of basic knowledge, are more effective in driving innovation. The flexibility of MSME organizational structures allows for rapid knowledge transfer without bureaucratic barriers, enabling new ideas to be quickly implemented into product, process, or service innovations. Consistency in implementing these simple KM practices is a key factor differentiating innovative MSMEs from non-innovative ones.

4.2 Knowledge Sharing as a Key Mechanism for MSME Innovation

Most studies confirm that knowledge sharing is the primary mechanism bridging knowledge management practices with increased MSME innovation capabilities. [Yao et al. \(2020\)](#) demonstrated that the exchange of tacit knowledge such as work experience, intuition, and personal expertise has a stronger influence on innovation than explicit knowledge, due to its contextual nature and difficulty for competitors to imitate. [Afriyie et al. \(2020\)](#) strengthen this argument by demonstrating that the knowledge-sharing process enables MSMEs to combine old ideas with new insights, thereby accelerating product development, process improvement, and the adoption of new technologies. In the context of limited resources, knowledge sharing is a crucial non-financial strategy for MSMEs to sustainably improve their innovation capabilities.

However, the effectiveness of knowledge sharing is highly dependent on an organization's internal conditions. [Tassabehji et al. \(2019\)](#) emphasized that an organizational culture that fosters trust, open communication, and cross-functional collaboration is a key prerequisite for effective knowledge flow. [Riana et al. \(2023\)](#) added that without a safe psychological climate, employees tend to withhold knowledge for fear of losing their position or receiving recognition. This condition causes knowledge management practices to be symbolic and fail to generate real innovation value. Therefore, creating a work environment that supports social interaction and collaborative learning is a determining factor in the success of knowledge sharing in driving MSME innovation.

4.3 The Role of Leadership and HR in MSME Knowledge Management

Digital-oriented leadership plays a central role in shaping the effectiveness of knowledge management practices in MSMEs, particularly by fostering a culture of knowledge sharing, supporting the adoption of digital tools, and enabling data-driven decision-making that enhances organizational learning and innovation. [Kambey et al. \(2018\)](#) asserted that leaders who actively encourage learning, the exchange of ideas, and the exploration of new knowledge are able to create a work environment conducive to knowledge sharing. In the context of MSMEs, which generally have simple organizational structures and close working relationships, this leadership style allows for a faster and more informal knowledge flow. [Alo et al. \(2025\)](#) strengthen this argument by showing that leaders who value knowledge as a strategic asset not only increase the intensity of knowledge, but also strengthen process innovation capabilities, especially in MSMEs facing resource constraints and uncertain business environments.

In addition to leadership, human resource management (HRM) practices significantly contribute to strengthening the knowledge management capacity of MSMEs. Ming [Di et al. \(2024\)](#) demonstrated that training and development oriented toward continuous learning enhances employees' absorptive capacity, namely the ability to recognize, absorb, and apply new knowledge. [Meanwhile, Islami and Mulolli \(2024\)](#) emphasized that flexible job design and open internal communication encourage cross-functional collaboration and tacit knowledge exchange between individuals. The combination of HRM practices that support learning and knowledge-oriented leadership has been shown to create a strong organizational foundation for MSMEs to generate sustainable innovation and adapt to market change.

4.4 Intellectual Capital and Innovation Capabilities of MSMEs

Intellectual capital is an intangible strategic asset that plays a crucial role in enhancing the innovation capabilities, particularly through three key dimensions: human, structural, and relational capital. Human capital reflects the knowledge, skills, and experience of individuals within an organization, which are the primary sources of innovative ideas and solutions. [Molodchik et al. \(2021\)](#) demonstrated that MSMEs that can combine internal employee knowledge with external knowledge sources, such as customers, suppliers, and research institutions, have higher levels of product innovation. This finding is supported by A. A. [Zahrawi \(2025\)](#), who asserted that effective knowledge management practices strengthen intellectual capital by improving the quality of organizational learning and knowledge creation processes, thus directly impacting MSME innovation performance and competitiveness.

In addition to internal assets, relational capital through knowledge-based networks plays a crucial role in overcoming the resource limitations commonly faced by MSMEs. [Jordão et al. \(2020\)](#) emphasize that collaboration between MSMEs, partnerships with educational institutions, and involvement in business networks enable cross-organizational knowledge transfer, accelerating the innovation process. [Dezi et al. \(2021\)](#) add that strong external embeddedness fosters organizational ambidexterity, the ability of MSMEs to exploit existing knowledge while simultaneously exploring new knowledge. Therefore, integrated intellectual capital management, both by strengthening internal capacity and external collaboration, is a crucial foundation for MSMEs to build sustainable innovation capabilities.

4.5 Knowledge Management, Green Innovation, and MSME Sustainability

The integration of Knowledge Management (KM) with green innovation has become increasingly prominent in the MSME literature in response to global sustainability demands. [Nasir et al. \(2024\)](#) demonstrated that effective KM practices, particularly in the creation and sharing of environmental knowledge, play a crucial role in improving the sustainable performance of MSMEs through green innovation mechanisms. This finding is reinforced by [Kusuma and Muafi \(2023\)](#), who revealed that green knowledge sharing serves as a key mediator between organizational commitment to the environment and the achievement of a green competitive advantage.

In the context of MSMEs with limited resources, green knowledge sharing enables process efficiency, waste reduction, and the development of environmentally friendly products without requiring

significant technological investment. Furthermore, [Makumbe \(2024\)](#) emphasized that the success of green innovation in MSMEs is highly dependent on the quality of the KM system and an organizational culture that supports continuous learning. Structured KM practices encourage the internalization of environmental values into employee work behavior so that green innovation is not incidental but becomes part of a long-term business strategy. This indicates that KM not only plays a role in enhancing conventional innovation based on efficiency and product differentiation but also serves as a crucial foundation for building MSME sustainability through environmentally friendly innovation that adapts to regulations, market pressure, and stakeholder expectations.

4.6 Research Gaps and Future Research Directions

Although previous research consistently demonstrates that Knowledge Management (KM) practices play a significant role in enhancing MSME innovation, the existing literature still has several methodological and contextual gaps. Most studies utilize cross-sectional designs, which only capture variable relationships at a single point in time and fail to explain how KM practices evolve and dynamically influence innovation processes over the long term. Furthermore, many studies rely on data from a single respondent's perceptions, potentially introducing subjective bias and limiting the generalizability of the results. In terms of context, the predominance of studies conducted in developed countries has left a relatively underrepresented understanding of KM practices in developing countries, which are characterized by limited resources, informal organizational structures, and collectivist work cultures.

Based on these gaps, future research should adopt a longitudinal approach to capture changes in KM practices and their impact on MSME innovation sustainably. Furthermore, a deeper exploration of digital knowledge management, such as the utilization of digital platforms, big data, and artificial intelligence, is a relevant research agenda as MSME digitalization increases in the future. Future research should also test the KM–innovation model in more specific sectoral contexts, such as manufacturing, the creative economy, and green-based MSMEs, to gain a more contextual and applicable understanding. Mixed-methods approaches and cross-country studies are also recommended to enrich theoretical perspectives while enhancing the practical relevance of research findings.

5. Conclusions

5.1 Conclusions

This study systematically examines the role of Knowledge Management (KM) in enhancing innovation in Micro, Small, And Medium Enterprises (MSMEs) through a Systematic Literature Review of 31 internationally indexed peer-reviewed articles. The synthesis of the reviewed literature provides strong and consistent evidence that KM practices play a critical role in strengthening MSME innovation capability, particularly in product and process innovation, which are the most frequently examined and empirically supported outcomes. Among the KM practices identified, knowledge sharing emerges as the most robust and consistently supported mechanism linking KM to innovation, especially in the resource-constrained environments typical of MSMEs.

In addition, knowledge-oriented leadership and learning-based human resource management practices are widely recognized as important enablers of organizational learning and absorptive capacity, thereby facilitating incremental and, in some cases, radical innovations. However, evidence related to business model innovation and green innovation remains comparatively limited and context-dependent. While several studies indicate that KM practices and intellectual capital contribute positively to these forms of innovation, the conclusions remain tentative due to limited empirical coverage, sector-specific samples, and the predominance of cross-sectional research designs. Overall, this review achieves its objective of synthesizing empirical and conceptual insights into the KM–innovation relationship in MSMEs. The findings suggest that KM-driven innovation is most effective when supported by strong knowledge-sharing routines, leadership commitment, and learning-oriented HR practices, while also highlighting the uneven development of evidence across different innovation types.

5.2 Research Limitations

Despite providing a comprehensive synthesis of the existing literature, this study has some limitations. First, the review was restricted to journal articles published between 2016 and 2025 and indexed in Scopus. Consequently, relevant studies published outside this time frame, indexed in other databases, or presented in non-journal formats may not have been captured. Second, most of the reviewed studies employed cross-sectional and quantitative research designs. This methodological dominance limits the ability to explain the long-term and dynamic relationships between KM practices and innovation outcomes in MSMEs. Third, the wide variation in country contexts and industry sectors across the reviewed studies constrains the generalizability of the findings to specific contexts. Differences in institutional environments, cultural factors, and levels of economic development may influence the contribution of KM practices to innovation in MSMEs.

5.3 Suggestions and Directions for Future Research

Based on the identified limitations, several directions for future research are recommended as follows. First, future studies should adopt longitudinal and mixed-methods approaches to comprehensively capture the evolution of KM practices and their long-term impact on MSME innovation. Second, further research is encouraged to explore the role of digital knowledge management and digital transformation in shaping innovation processes, particularly as digital technologies increasingly influence MSME operations. Third, future studies should examine the KM–innovation relationship within specific sectoral contexts and in developing countries, where institutional constraints and resource limitations may alter the effectiveness of KM practices. Finally, integrating sustainability and green innovation perspectives is strongly recommended, as these themes represent increasingly important agendas for MSME development in India. Expanding empirical evidence in these underexplored areas will contribute to a more balanced and forward-looking understanding of KM-driven innovation in MSMEs.

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Author Contributions

TT conceptualized the study, developed the research framework, and wrote the initial manuscript draft. DP contributed to data collection, data analysis, and interpretation of results. LAN assisted in literature review, methodology refinement, and manuscript editing. ARW contributed to validation of findings, critical revision of the manuscript, and final approval of the version to be published. All authors have read and agreed to the published version of the manuscript.

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