

1 INTRODUCTION

1.1 Background of Study

Many countries around the world are already preparing themselves for the emergence of a new economy as this global pressure is tremendous and it will definitely affect everybody. Malaysia is responding to this by currently taking bold steps to transform the economy from being production-based to knowledge-based. Major structural adjustments must be made in order to survive and prosper in the new environment. In addition, en route to achieve Vision 2020 and become a knowledge-based economy, the Government has accepted the paradigm shift through its creation of the National Information Technology Agenda (NITA) and the Multimedia Super Corridor (MSC). These initiatives are geared towards leveraging the information, communication and technology (ICT) to create a knowledge-based society and economy so that Malaysia will prosper in the twenty first century and beyond.

The formation of MSC companies in Malaysia is seen as a vehicle to achieve the above aspirations. These companies provide and use heavy multimedia products and services, and employ a substantial number of knowledge workers. They transfer technology and knowledge to Malaysia that contributes to the development of MSC and the Malaysian economy.

However, there are many issues and challenges that need to be addressed before an orderly and successful transformation can be implemented. Among others they include the preparedness of Malaysian companies to exploit their existing resources and capabilities of the region's emerging economies. This includes managing their assets in the form of intellectual capital and using Information Technology to leverage their knowledge resources. As such, a quick

glance of these companies will provide an overview of Knowledge Management implementation in Malaysia as a fundamental of becoming a K-Economy nation.

1.2 Research Questions

This study was conducted to answer the following questions with regard to Knowledge Management System (KMS) in MSC status companies:

- What are the types of Information Technology (IT) applications and infrastructures currently used by these organisations as KMS tools? How many of them intend to use these in the future?
- What are the characteristics of the organisations that are most likely to use KMS? Similarly, what of those, which do not?
- What are the perceived benefits, challenges and importance of KMS to these organisations?
- What types of knowledge are important to these organisations that should be incorporated into KMS?
- Which categories of employees require KMS? Who will benefit from KMS?
- What are the current KM strategies being adopted in these organisations and who should initiate them?

1.3 Objectives of the Study

The study aims to provide a descriptive research on KMS in Malaysian MSC companies. There are basically four main objectives of this study that can be clearly identified: -

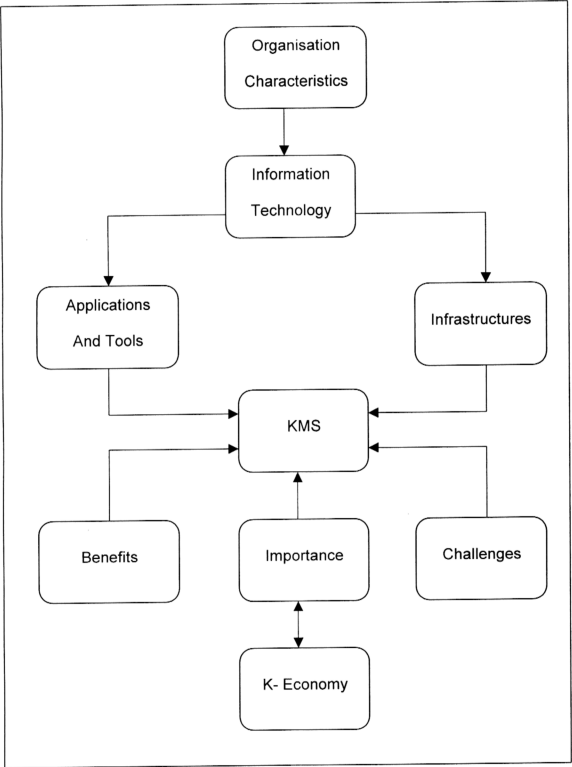
1. To identify the various types of IT applications and infrastructures that these companies have implemented and/or intend to implement in their organisations as enabling tools for effective KMS implementation

2. To carefully study the organisational characteristics that are most likely to influence these organisations to use the various types of IT in KMS
3. To look at the various perceptions of benefits and challenges of using KMS from their business point of view as well as the importance and current initiatives of KMS in these organisations
4. To investigate whether these companies, in general, are prepared for the upcoming knowledge-based economy

1.4 Framework

The following research framework is specifically designed to provide a reasonable scope for the purpose of the study. The details are further explained in the Literature Review.

Figure 1: KMS Research Framework



1.5 Significance of the Study

To the management level, the study will provide an overview of KM and KMS concepts, which are very important before a company tries to embark on any KMS project. It is specifically aimed at identifying the Information Technology (IT) tools and infrastructures that enable the knowledge management process in each of these organisations so that a strategy can be formulated to align KM and their business strategies. Consequently, it will be used as ingredients in formulating successful KMS strategies to become knowledge-based organisations.

This study provides an overview of KMS perception from the benefits, challenges and importance point of view. It also creates awareness of KMS to the employees. Similarly, in organisations, which are currently not using KMS, they would be able to have a generalised idea of the opportunities of implementing KMS and take the necessary counter measures to overcome the challenges.

It also looks at the various initiatives currently being undertaken by these companies in implementing KMS. The study is further extended to identify the characteristics of these organisations that are most likely to adopt KMS and the factors that influence them to use KMS. From the perspective of the policy makers and regulators, the study provides an important overview of readiness and preparedness of the Malaysian companies to use IT in order to face the challenges of K-Economy. This refers to those that have been granted MSC status.

1.6 Scope

The study has been conducted on the MSC status companies that are operating in Malaysia regardless of their ownership, size, number of employees and types of businesses. This will include Malaysian-owned and foreign companies and joint ventures between local and their foreign partners.

The study will focus on the business environment rather than emphasising on technical issues facing these companies in question. The study will not be looking at the various solutions to KMS. It examines the application of IT tools that are most likely to be used towards becoming knowledge-based organisations. The study will also look into how KMS can be used to stay ahead of competitors in a knowledge-based economy.

1.7 Limitations

The study has been conducted on a micro-scale basis and utilised limited number of samples. As such, it cannot be said to represent the total view of KMS implementation in Malaysian companies. Furthermore, the focus of the study is related to IT only. It cannot be said to provide a complete overview of the effective KMS development and implementation in Malaysia per se. Other factors like economic, environment, political stability, cultural setup, social understanding and Government incentives must be taken into account to determine whether Malaysian companies are ready for K-Economy. The study will focus on the issues that are related to private organisations only. There are also efforts and plans by Government organisations to promote extensive KMS implementation via information and communication technology (ICT) to create a knowledge-based economy and a developed nation by the year 2020.

1.8 Organisation of the Study

The study is divided into five chapters. The first chapter deals with the introduction of the study outlining the objectives, research framework, significance, research questions, scope, limitations and organisation of the study. The second chapter is devoted mainly to the literature review of previous KM and KMS works done by various authors and researchers. It focuses on the economic transformation, the many KM and KMS definitions, the characteristics of K-Economy, the importance of KM in K-Economy, the various IT application tools and infrastructures in KMS, some benefits and challenges and KMS in Malaysia. The third chapter focuses on the research methodology employed in the study. The fourth chapter will deal with research findings. The conclusion and recommendations will be in the fifth chapter.