4 RESEARCH RESULTS

Due to time constraint, only a total of 40 responses via mail were received from the respondents. This makes up to 10.8% of response rate, which would form the basis of the study. As far as personal interviews are concerned, most of the respondents declined to be interviewed citing year- end processing and not having enough time to entertain non-business clients as the major reason. Nevertheless, the number of mailed responses is sufficient for the purpose of the study.

4.1 Organisations' Profile

Core Business	Frequency	Percentage
Computer, System Security, Hardware, Electronics	7	17.5
Consultancy, Education, Training	2	5.0
Content Development, Production, Multimedia	6	15.0
Internet-based Businesses	7	17.5
System Development, System Integrators	8	20.0
Telecommunication, Networking, IT Policy, Digital Rights	5	12.5
Others	5	12.5
Total	40	100

Table 1: Core Business of MSC Companies

A frequency was run to examine the characteristics of these MSC companies. It was found that a majority of the respondents (20.0%) are involved in system

development or system integration while the computer, system security, hardware, electronics and Internet-based businesses ranked at second place with 12.5% respondents respectively. The least was found in the consultancy, education and training with only 5.0% respondents. This shows that majority of MSC companies are actively involved in developing business applications using the Internet as a platform.

No of Employees	Frequency	Percentage
1-50	26	65.0
51-250	7	17.5
251-500	2	5.0
501-1000	1	2.5
>1000	4	10.0

Table 2: No of Employees

More than half of these companies have 1-50 employees that are represented by 65.0% of the respondents. Companies that have 51-250 employees ranked second with 17.5% while on the extreme, companies that have more than 1000 employees was represented by 10.0% of the respondents.

From the results, it was shown that small companies having 1-50 employees represent the majority of MSC status companies and have KMS in their organisations. This is consistent with the findings of Narayanan et al., (2000) of KMS in engineering companies in Malaysia that majority of them are small companies with less than 50 employees in contrast to that done by Gartner Group in 1998 that most large companies deploy KMS.

No of IT Employees	Frequency	Percentage
1-50	31	77.5
51-250	3	7.5
251-500	2	5.0
501-1000	2	5.0
>1000	2	5.0

Table 3: No of IT Personnel

Similarly, as far as IT personnel are concerned, a very high percentage of 77.5% was found for companies having 1-50 IT personnel. Those which have 51-250 IT personnel was about 7.5% while equal percentages of 5.0% were dedicated to those with 251-500, 501-1000 and more than 1000 IT personnel respectively. Again, this result shows that a majority of MSC companies are small companies with 50 IT personnel and below.

% Of Managerial Employees	Frequency	Percentage
Nil	1	2.5
1-25%	27	67.5
26-50%	10	25.0
51-75%	2	5.0
76-100%	0	0.0

Table 4: Managerial Employees

In term employee categories, it was found out that 67.5% of these companies have 1-25% employees in the managerial positions.

% Of Executive Employees	Frequency	Percentage
Nil	1	2.5
1-25%	9	22.5
26-50%	10	25.0
51-75%	14	35.0
76-100%	6	15.0

Table 5: Executive Employees

The study also revealed that 35.0% of them have 51-75% of their people in the executive level.

% Of Non-Executive Employees	Frequency	Percentage
Nil	9	22.5
1-25%	19	47.5
26-50%	4	10.0
51-75%	5	12.5
76-100%	3	7.5

Table 6: Non-Executive Employees

Finally, companies that have 1-25% of non-executives are represented by a majority of 47.5% of the respondents.

The results show that for KMS organisations, the middle layer represents the majority of their employees. This is basically the executive level that comprises of knowledge workers directly involved in the capturing, creating, disseminating and sharing of knowledge.

No of Office/Branches/Subsidiaries Outside Malaysia	Frequency	Percentage
Nil	27	67.5
1-10	10	25.0
11-50	2	5.0
>50	1	2.5

Table 7: No of Office/Branches/Subsidiaries Outside Malaysia

It was found that 67.5% of the companies do not have overseas establishments. 25.0% have between 1 to 10, 5.0% said they have between 11-50 and only 2.5% have more than 50 numbers of overseas establishments.

Ownership	Frequency	Percentage
100% Local	23	57.5
50-99% Local	10	25.0
1-49% Local/Majority Foreign	1	2.5
100% Foreign	6	15.0

Table 8: Ownership

In terms of ownership, locals own most of these MSC companies. 57.5% of them are 100% local, 25.0% are majority local (50-99%) and only 2.5% is owned by majority foreigns. On the other hand, foreigners own 15.0% of these MSC companies 100%. Thus, both results show that more than two thirds of the respondents are Malaysian companies with local establishments.

Bumiputera Shareholding	Frequency	Percentage
Nil	25	62.5
1-50%	3	7.5
51-99%	5	12.5
100%	7	17.5

Table 9: Bumiputera Shareholding

A frequency analysis was done to find out the ownership structure of these companies. The result revealed a majority of these companies (62.5%), are not owned by Bumiputeras.

Annual Turnover/Revenue	Frequency	Percentage
Less Than RM500, 000	10	25.0
RM500, 000 – RM999, 999	3	7.5
RM1 Million – RM10 Million	16	40.0
More Than RM10 Million	11	27.5

Table 10: Annual Turnover/Revenue

The annual turnover/revenue figures were used to determine the frequency of the companies. 40.0% of the companies earning between RM 1million to RM 10 million occupying the first place. 27.0% of the companies earning more than RM 10 million are in the second spot. This is followed by 25.0% of the companies that earn less than RM250, 000. 7.5% of the companies earn between RM 500,000 to RM 999,999 and they are in the fourth place.

Average Annual IT Investment	Frequency	Percentage
Less Than RM200, 000	9	22.5
RM200, 000 – RM499, 999	7	17.5
RM500, 000 – RM1 Million	10	25.0
More Than RM1 Million	14	35.0

Table 11: Average Annual IT Investment

Similarly, a frequency analysis of IT investment was done to investigate their technology-spending pattern. It was found that 35.0% of them spend more than RM1 million a year on IT, 25.0% spend between RM500, 000 to RM1 million a year, 22.5% spend less than RM200, 000 and 17.5% spend between RM200, 000 to RM499, 999 in a year on their IT requirements.

The results indicated that MSC companies that have implemented KMS are those with very high annual turnover/revenue. At the same time they are also willing to spend a huge investment on IT. This is also consistent with the research done in US by Alavi and Leidner (1999) that companies are willing to invest as much as USD 50,000,000 (RM 190,000,000) to implement KMS.

4.2 IT Infrastructures

No of PCs	Frequency	Percentage
1-50	29	72.5
51-250	5	12.5
251-500	1	2.5
501-1000	2	5.0
>1000	3	7.5

Table 12: No of PCs

Most of these companies have between 1-50 PCs in their organisations. This group represents 72.5% of the respondents. The second highest group has 51-250 PCs, which is 12.5%, followed by 7.5% with more than 1000 PCS, 5.0% with 501-1000 and finally 2.5% with 251-500 PCs.

No of Servers	Frequency	Percentage
1-50	39	97.5
51-250	0	0.0
251-500	1	2.5
501-1000	0	0.0
>1000	0	0.0

Table 13: No of Servers

It was found that all except one company has in between 1-50 servers that makes up 97.5% of the respondents.

From both results, KMS organisations are likely to have a small number of hardware equipments, which are parallel to their organisational size.

Local Area Network	Frequency	Percentage
Have	38	95.0
Do Not Have	2	5.0

Table 14: Local Area Network

In term of connectivity, 95% of these companies are equipped with local area network while 5% are not.

Internet Connection	Frequency	Percentage
Have	40	100.0
Do Not Have	0	0.0

Table 15: Internet Connection

Further investigation reveals that all of them (100%) have Internet connections.

Home Page	Frequency	Percentage
Have	31	77.5
Do Not Have	9	22.5

Table 16: Home Page

However, only 77.5% of them have their own home pages although they have existing connections.

Users Accessibility to Internet	Frequency	Percentage
All Users	34	85.0
Not All Users	6	15.0

Table 17: Accessibility to Internet

As far as users accessibility is concerned, only 85.0% of these MSC companies allow all their employees to access the Internet as a means of sharing and getting knowledge.

Therefore, from the above mentioned results, KMS organisations are likely to have communication network, Internet platform and Home Pages to implement KMS. In addition, they are likely to give all employees to access the Internet as a tool of sharing knowledge.

4.3 IT Infrastructures and Organisational Characteristics

In order to investigate the characteristics of organisations that are likely to implement KMS, cross tabulations of the more important characteristics namely ownership, annual turnover, average IT investment and IT infrastructures were done. From the results, it was found that there is no significant difference in the characteristics among the MSC companies except in the cross tabulation between IT investment and user Internet accessibility. It shows that the types of IT infrastructures used are not related to the organisational characteristics. (Please refer to Appendix 3 for other details of the cross tabulation for the mentioned characteristics and IT infrastructures).

4.4 IT Applications and Tools

Applications	Using		Intend To		Do Not Intend	
	F	%	F	%	F	%
Financial System	30	75.0	7	17.5	3	7.5
Human Resource System	19	47.5	9	22.5	12	30.0
Marketing Information System	13	32.5	19	47.5	8	20.0
Relational Database Management System	32	80.0	5	12.5	3	7.5
E-Mail	39	97.5	1	2.5	0	0.0
Videoconferencing	15	37.5	16	40.0	9	22.5
Voice Mail	16	40.0	18	45.0	6	15.0
Electronic Fax	26	65.0	9	22.5	5	12.5
Decision Support System	11	27.5	21	52.5	8	20.0
Data Warehousing	8	20.0	22	55.0	10	25.0
Data Mining	8	20.0	21	52.5	11	27.5
Executive Information System	10	25.0	23	57.5	7	17.5
Document Management System	10	25.0	24	60.0	6	15.0
Knowledge Repositories	10	25.0	24	60.0	6	15.0
Groupware/Workflow	14	35.0	19	47.5	7	17.5

Table 18: IT Applications and Tools Use and Intention

A frequency of IT applications used in these companies shows that 97.5% are currently using e-mail, 80.0% have implemented Relational Database

Management System as their database, 75.0% are using financial system as their operational system and 65.0% are using electronic fax as a tool. However, these companies are also planning to use document managements system with 60.0%, knowledge repositories with 60.0% and groupware/workflow with 47.5%. In addition, most of them are also planning to use the other business intelligent systems like Decision Support System (52.5%0), Data Mining (52.5%), Data Warehousing (55.0%) and Executive Information System (57.5%). In contrast, 30.0% of them do not intend to use Human Resource System and 22.5% do not intend to use videoconferencing as a tool in managing their organisations' knowledge.

The findings revealed that e-mail is widely used in these organisations that is consistent with a previous research done by Narayanan et al., (2000). However, many of them are also planning to use other business intelligent systems, document management systems and knowledge repositories. It can be concluded that e-mail is chosen because of its faster access to broader coverage and cheap implementation cost as compared to the other systems.

4.5 IT Applications and Tools and Organisational Characteristics

Again, the same characteristics were cross-tabulated against all the IT applications. From the study, it was found that there are some significant differences among MSC companies as far as IT applications are concerned. Among them are ownership with Data Warehousing (p=0.002), Data Mining (p=0.002) and EIS (p=0.038). The use of Human Resource System is influenced by the annual turnover with p=0.021. In terms of average IT spending, there are significant differences as far as Data Warehousing, Data Mining and Group Ware are concerned with p=0.030, 0.013 and 0.040 respectively.

This shows the use of business intelligent systems like Data Mining, Data Warehousing and Executive Information System is related to the characteristics. (Please refer to Appendix 4 for details of the cross tabulation of the IT applications and organisational characteristics).

4.6 Perceived Benefits, Challenges and Importance

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Enhance communication within the organisation	0	0.0	1	2.5	7	17.5	20	50.0	12	30.0
Facilitate faster internal and external communication	0	0.0	0	0.0	6	15.0	19	47.5	15	37.5
Increase staff participation	1	2.5	0	0.0	11	27.5	25	62.5	3	7.5
Reduce problem-solving time	0	0.0	1	2.5	12	30.0	16	40.0	11	27.5
Facilitate faster access and retrieval to information	0	0.0	1	2.5	5	12.5	18	45.0	16	40.0
Better decision making results	0	0.0	0	0.0	7	17.5	20	50.0	13	32.5
Reduce operational errors and rework	0	0.0	2	5.0	15	37.5	18	45.0	5	12.5
Increase revenue	0	0.0	1	2.5	21	52.5	15	37.5	3	7.5
Decrease in overhead cost	0	0.0	3	7.5	20	50.0	15	37.5	2	5.0
Facilitate higher profitability	0	0.0	0	0.0	20	50.0	15	37.5	5	12.5
Better customer services	0	0.0	0	0.0	4	10.0	22	55.0	14	35.0

Table 19: Benefits of Using KMS

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Identifying the right knowledge	0	0.0	0	0.0	4	10.0	18	45.0	18	45.0
Mapping KMS solutions to organisation's requirements	0	0.0	1	2.5	6	15.0	22	55.0	11	27.5
New sets of skills and knowledge are required	0	0.0	2	5.0	10	25.0	22	55.0	6	15.0
Enhancing knowledge sharing culture among employees	0	0.0	1	2.5	7	17.5	23	57.5	9	22.5
Employees are reluctant to share knowledge with others	2	5.0	7	17.5	14	35.0	8	20.0	9	22.5
Rewarding employees to minimise knowledge "walkouts"	0	0.0	4	10.0	15	37.5	16	40.0	5	12.5
Collaborating intelligence from different functions and areas	0	0.0	2	5.0	5	12.5	25	62.5	8	20.0
Catching-up with information technologies advances	1	2.5	2	5.0	6	15.0	20	5o.o	11	27.5
Dealing with security issue	1	2.5	2	5.0	10	25.0	15	37.5	12	30.0
High infrastructures costs	0	0.0	2	5.0	10	25.0	14	35.0	14	35.0
Gathering external knowledge	0	0.0	1	2.5	5	12.5	21	52.5	13	32.5

Table 20: Challenges of Using KMS

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
Enabler of knowledge sharing among employees of all levels	0	0.0	2	5.0	7	17.5	20	50.0	11	27.5
Foundation of a knowledge-based organisations	0	0.0	1	2.5	6	15.0	23	57.5	10	25.0
Transformation tool towards a learning organisation	0	0.0	0	0.0	9	22.5	24	60.0	7	17.5
An instrument of managing knowledge and stimulating learning	0	0.0	1	2.5	6	15.0	25	62.5	8	20.0
A strategic management instrument	0	0.0	1	2.5	10	25.0	21	52.5	8	20.0
A source of competitive advantage	0	0.0	0	0.0	8	20.0	22	55.0	10	25.0

Table 21: Importance of KMS to the Organisations

From the survey, 40.0% of the respondents strongly agreed that KMS would facilitate faster access and retrieval to information. In addition, 37.5% strongly agreed that KMS would facilitate faster internal and external communication while 35.0% strongly agreed KMS would benefit in terms of better customer services to organisations. This indicates that companies with KMS are better off than those without it.

On the other hand, 45.0% of the respondents strongly agreed that KMS implementation would face challenges especially in identifying the right knowledge. 35.0% of the respondents strongly agreed to a high infrastructure costs challenge. In addition, gathering external knowledge was ranked third with 32.5% of them agreeing strongly to this statement. The findings here indicate that while KMS has potential benefits, it imposes challenges especially when it comes to identifying the type of knowledge that should be incorporated into the system.

Importance of KMS was also studied in the survey. From the study, enabler of knowledge sharing among employees at all levels was found to be the most important item with 27.5% of the respondents strongly agreeing to this statement. 25.0% felt that KMS is a foundation of knowledge-based organisations and they also strongly agreed that KMS is a source of competitive advantage. Hence, KMS is a system for sharing knowledge.

Reliability Test of Benefits, Challenges and Importance

In order to determine the degree of reliability in the benefits, challenges and importance scales, a reliability test of all the items of the respective scales was further conducted and the results are as follows:

Benefits

Items	Alpha if Item Deleted
Enhance communication within the organisation	0.7506
Facilitate faster internal and external communication	0.7410
Increase staff participation	0.7898
Reduce problem-solving time	0.7277
Facilitate faster access and retrieval to information	0.7636
Better decision making results	0.7374
Reduce operational errors and rework	0.7410
Increase revenue	0.7449
Decrease in overhead cost	0.7618
Facilitate higher profitability	0.7643
Better customer services	0.7565
Alpha = .7707	

Table 22: Reliability of Benefits Items

It was found from the study that the benefits variable is highly reliable with 77.07% reliability. The most important item in the variable is to reduce problem-solving time, which would bring the alpha value to 0.7277 if this item was dropped.

Challenges

Items	Alpha if Item Deleted
Identifying the right knowledge	0.8215
Mapping KMS solutions to organisation's requirements	0.8192
New sets of skills and knowledge are required	0.8050
Enhancing knowledge sharing culture among employees	0.8040
Employees are reluctant to share knowledge with others	0.8115
Rewarding employees to minimise knowledge "walkouts"	0.8308
Collaborating intelligence from different functions and areas	0.8059
Catching-up with information technologies advances	0.8112
Dealing with security issue	0.8089
High infrastructures costs	0.8093
Gathering external knowledge	0.8047
Alpha = 0.8263	

Table 23: Reliability of Challenges Items

The challenges variable also displays a very high reliability of 82.63%. The most important item in the variable is enhancing knowledge-sharing culture among employees that would result in alpha reduction to 0.8040 if the item was dropped.

Importance

Items	Alpha if Item Deleted
Enabler of knowledge sharing among employees of all levels	0.8147
Foundation of a knowledge-based organisation	0.7959
Transformation tool towards a learning organisation	0.7981
An instrument of managing knowledge and stimulating learning	0.8071
A strategic management instrument	0.8316
A source of competitive advantage	0.8123
Alpha = 0.8366	

Table 24: Reliability of Importance Items

Finally, the importance variable was tested to determine the reliability of the items. It is also found highly reliable (83.66%) with foundation of knowledge-based organisation is the most important item where alpha would be dropped to 0.7959 if this item was dropped.

A simple correlation was done to investigate the association of two variables. In particular, the KMS importance variable was independently measured against KMS benefits and KMS challenges. It was found that at $\alpha < 0.01$, the benefits of KMS and its importance are highly correlated with p=0.000 and they are positively correlated. (Please refer to Appendix 5).

However, no significance was found when examining the correlation between importance and challenges of implementing KMS. (Please refer to Appendix 6).

When investigating the perceptions of KMS in relation to its benefits, challenges and importance, all the items in the variables were collapsed and the total score for each variable was group into 2 categories, i.e. high acceptation and low acceptation. It was found that KMS was perceived to be beneficial with 55.0% of the respondents showing high acceptation while 45.0% felt it was not that beneficial. Similar results were obtained when perceived challenges were examined. 52.5% of the respondents highly accepted KMS to be challenging while 47.5% were of the opinion that it was not. Finally in terms of perceived importance, 65.0% of the respondents gave high acceptation that KMS is important while the rest did not.

	Frequency	Percentage
High Acceptation	22	55.0
Low Acceptation	18	45.0
Total	40	100.0

Table 25:Perception on KMS Benefits

	Frequency	Percentage
High Acceptation	21	52.5
Low Acceptation	19	47.5
Total	40	100.0

Table 26: Perception on KMS Challenges

	Frequency	Percentage
High Acceptation	26	65.0
Low Acceptation	14	35.0
Total	40	100.0

Table 27: Perception on KMS Importance

From Table 28, 67.5% of the respondents felt that knowledge about their customers is very important and has to be incorporated into KMS. The same goes to knowledge about their own products, markets and services. The next ranking in terms of importance is the knowledge about competitors where 45.0% of them ranked it as very important. This is followed by employee skills knowledge with 35.0% of them considered it as very important, methods and processes with 32.5% and lastly knowledge about regulatory environment with 17.5%. The findings show that the most important types of knowledge that should be incorporated into KMS are related to customers, the company's own products and services because these are crucial for business and marketing strategies of the new organisations.

4.7 Types of Knowledge That Should be Incorporated into KMS

	Very Not Important		Not Important		Neutral		Important		Very important	
	F	%	F	%	F	%	F	%	F	%
Customers	0	0.0	0	0.0	0	0.0	13	32.5	27	67.5
Company's Own Markets, Products and Services	0	0.0	0	0.0	0	0.0	13	32.5	27	67.5
Competitors	0	0.0	0	0.0	3	7.5	19	47.5	18	45.0
Employee Skills	0	0.0	0	0.0	7	17.5	19	47.5	14	35.0
Regulatory Environments	0	0.0	1	2.5	12	30.0	20	50.0	7	17.5
Methods and Processes	0	0.0	0	0.0	6	15.0	21	52.5	13	32.5

Table 28: Types of Knowledge Ranking

4.8 KMS Requirement and Employees Categories

	Require		Do Not Require	
	F	%	F	%
Managerial	39	97.5	1	2.5
Executive	38	95.0	2	5.0
Non-Executive	21	52.5	19	47.5

Table 29: Employees Levels vs KMS Requirement

When asked about whom in their companies require KMS, 97.5% said that the managerial level requires it, while 95.0% felt that the executive level requires it and only 52.5% of them agreed that the non-executive level required KMS.

4.9 KMS Benefits and Employees Categories

	Benefit		Do Not Benefit	
	F	%	F	%
Managerial	39	97.5	1	2.5
Executive	37	92.5	3	7.5
Non-Executive	20	50.0	20	50.0

Table 30: Employees Levels vs Benefits from KMS

It was further found that 97.5% of them felt that managerial employees would benefit from KMS, 92.5% agreed that it would be beneficial to the executive level and only 50.0% of them were of the opinion that KMS would be beneficial to the non-executive employees.

As such, from both findings, the top and executive levels require KMS and subsequently would be benefiting from its use, which is consistent with Alavi and Leidner (1999) proposition.

A cross tabulation was further done between these categories of employees and it was found that there is only one significant difference. This was found in the requirement and benefit of KMS to non-executive employees. 90.0% the respondents who felt that the non-executive level requires KMS were of the opinion that KMS would benefit this employee category. (Please refer to Appendix 7 for details).

If KMS is to benefit the non-executive level, then it is related to the question whether these people require KMS. Besides that it must also be determined whether they are involved in activities of creating, gathering, organising and disseminating knowledge.

4.10 KMS Strategies and Initiatives

	Doing		Not Doing	
	F	%	F	%
KM training/awareness	26	65.0	14	35.0
Create KM strategy	16	40.0	24	60.0
Benchmark/audit current situation	14	35.0	26	65.0
Developing/measuring Intellectual capital	15	37.5	25	62.5
Establishment of formal KM network	18	45.0	22	55.0
Incentives and rewards for knowledge sharing	11	27.5	29	72.5

Table 31: KMS Initiatives Currently Undertaken by MSC Companies

From the study, it was found that MSC companies are currently taking some initiatives towards implementing KMS in their organisations. 65.0% of them are doing KM training/awareness, 45.0% have established a formal KM network, 40.0% have created KM strategy, 37.5% are developing/measuring intellectual capital, 35.0% are benchmarking/auditing current situation and 27.5% of them are offering incentives to their employees for sharing their knowledge.

4.11 Level of Authorities in KMS Implementation

	Should		Should Not	
	F	%	F	%
Senior level general management (CEO, COO, CFO, Senior VP, etc.)	33	82.5	7	17.5
Senior functional managers (eg. Director of Marketing, Operations)	29	72.5	11	27.5
Director of IT/IS	20	50.0	20	50.0
Staff members	5	12.5	35	87.5

Table 32: Authorities of KMS Initiatives

In identifying the KMS initiatives in these companies, a frequency on who should initiate KMS implementation was done. The result revealed 82.5% of them felt that senior level general management should initiate the work. 72.5% felt that the senior functional managers are responsible for initiating KMS. 50.0% agreed that the Director of IT/IS should be responsible. Finally 12.5% agreed that staff members should initiate it. The findings are similar to that done by Alavi and Leidner (1999) that showed senior general managers should champion KMS.

4.12 The Importance of KMS to Malaysian MSC Companies

In investigating the degree of KMS importance to these companies, the importance variable was first formed by summing all the individual variables in Section E (15) of the questionnaire (Refer to Appendix 8). Subsequently, a frequency of all the items with two percentiles was done that regrouped the total into two levels of importance, which are high acceptation and low acceptation. The result is summarised as follows:

	Frequency	Percentage
High Acceptation	26	65.0
Low Acceptation	14	35.0

Table 33: Perception of KMS Importance

65.0% of the respondents were of the opinion that KMS is highly important to their organisations and the remaining 35.0% felt otherwise.

A simple correlation was also conducted to examine the measure of association between the importance and benefit variables. With p=0.000, it was found that perception of KMS importance is highly correlated with the perception of the benefits that KMS would bring to the organisations. (Please refer to Appendix 5 for details)

An analysis was further done to investigate the factors that would most likely influence the level of acceptance of KMS in term of its importance to these organisations. An equation was derived from the regression, which is as follows:

Importance = 0.400 + 0.636 Benefits – 0.002 Challenges – 0.008 Ownership + 0.006 Annual Turnover + 0.001 IT Investment

R	R Square	Adjusted R Square
.636	.405	.318

Table 34: Regression Model

From the results, the model explains only 31.8% of the total variation shows KMS importance. It can also be interpreted that benefits, annual turnover and IT investment are positively correlated with KMS importance while challenges and ownership are negatively correlated with KMS importance.

A test of significant at 5% level was done to find out if there is evidence of linear relationship between the variables and KMS importance.

	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.400	.337		1.185	.244
KMS Benefits	.636	.134	.663	4.753	.000
KMS Challenges	-0.001	.130	-.019	-.137	.892
Ownership	-0.008	.065	-.182	-1.250	.220
Annual Turnover	0.006	.064	.148	.981	.334
Average IT Investment	0.001	.063	.024	.159	.874

Table 35: Relationship between Importance with Benefits, Challenges, Ownership, Annual Turnover and Average IT Investment

As far as linear relationship is concerned, at p=0.000 there is only one variable that has linear relationship with KMS importance. From the above, it was found that the perception on KMS importance is influenced by its potential benefits to the organisations.

4.13MSC Companies K-Economy Readiness

	Frequency	Percentage
Ready	37	92.5
Not Ready	3	7.5

Figure 36: Readiness to Implement K-Economy

It was further found that 92.5% of these MSC companies are ready for the upcoming K-Economy while 7.5% are not. Among the reasons given were very high infrastructures costs and non-fully operational state of the companies.