



KNOWLEDGE

ACHIEVING COMPETITIVE ADVANTAGE THROUGH KNOWLEDGE MANAGEMENT: EVIDENCE FROM MALAYSIAN SMEs

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Companies, both big and small, are constantly striving to find ways to grow their businesses, gain efficiencies, differentiate themselves and at the same time, survive in the face of competition. In doing so, many turned to innovation to transform their business, using technology as an enabler. In today's knowledge-driven economy, technological innovation spurs growth, but to ensure sustainability, more focus is needed towards developing a robust knowledge management system that drives performance and builds competitive advantage.

Knowledge management is essentially identifying and analysing the required and available knowledge, as well as planning and controlling actions to further develop knowledge assets to fulfil company objectives. While larger corporations have rallied to put systems, structures and networks in place to harness, store, process and disseminate knowledge throughout the organisation, Small and Medium Enterprises (SMEs) in Malaysia find it harder to manage as they may not have the right resources in place to manage this effectively.

In a recent research titled *"Achieving competitive advantage through knowledge management: Evidence from Malaysian SMEs"*, the study showed that not only did knowledge management build competitive advantage, but technological innovation served as its catalyst. This survey was conducted amongst Malaysian SMEs having a sales turnover of not more than RM50 million or having full-time employees not more than 200 workers.

Strengthening the Foundations of Future Success

To remain competitive in the future, it is important that SMEs understand that knowledge is power, both tacit and explicit

knowledge. It fuels conversations that could spark technological innovations, which in turn enhances productivity and competitive advantage. To address this, appropriate systems and frameworks that allow for the creation of new knowledge and dissemination of information - everything from government regulations, new policies to current best practices – amongst employees and decision-makers, in a timely manner is needed. This then creates a platform where cross function collaborations and sharing takes place across business units and hierarchical boundaries, thus strengthening the foundations for future success.

Putting these systems ultimately goes back to ringgit and cents to be invested. Interestingly, the recent study amongst Malaysian SMEs showed that majority (73.8%) of the SMEs surveyed spent less than RM5,000 per annum in knowledge management activities, indicating that these firms in general are still sceptical of its advantages.

In managing the information explosion effectively and efficiently, employees need to leverage on the processes and systems that will serve as a strong platform to

develop technologically-innovative future-oriented mind-sets that is equipped with the ability to convert knowledge into insights and actions. While attending seminars and conferences will better equip them to deal with complexities, in-depth understanding will ensure that adequate risk management practices are also practised to avoid inefficiencies and unnecessary expenditure.

Nurturing those Light Bulb Moments

A well-developed knowledge management strategy can be one of the most powerful tools in transforming an organisation. Most times, knowledge is often found within various pockets throughout the organisation, buried deep within the minds of employees or manuals. To liberate the use of knowledge widely within an organisation, a learning culture must be cultivated and those light-bulb moments nurtured, with the leadership teams as the main driver.

Through technological innovation, tacit knowledge is converted into explicit knowledge, shared throughout the organisation via hubs and knowledge repositories. The ability to tap into wisdom and access knowledge repositories will demonstrate the company's agility in responding to market demands. Gaining a new level of understanding provides critical insights into innovating new customer value proposition and also becomes a window for what is possible, in the near future.

Interestingly, close to half or 47.2% of the 195 companies surveyed did not believe that knowledge management is a necessity to achieve competitive advantage.

It is never too late to change this mind set. With continuous education and exposure, organisations big and small, will further comprehend the power of harnessing knowledge and enabling alliances as well as partnerships at work within defined parameters and standards. Various platforms such as knowledge hubs, awareness campaigns, briefings, trainings or even employee networks could be used to build workforce engagement on this front.

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Real change will only happen once employees realise that information must flow freely, and not hoarded, for the greater good of the company. With people from different backgrounds working together, this form of sharing or collaboration will boost discussions, enhance creativity and unleash new ideas that could be the key to successful technological innovation. This in turn will broaden product and service range, improve internal work processes thus enabling the organisation to be in a stronger position and build competitive advantage.

Empowered to Innovate

Taking a leaf out of the top information technology-based companies in the world, employees are empowered and have the freedom to explore new opportunities and ideas. Knowledge repositories are built to capture information and enable employees to reengineer products and services or even create new ones to meet market needs.

Hence, SMEs or organisations in general should focus on fortifying technological innovation activities as it serves as an immediate catalyst in creating competitive edge. In revitalising the knowledge management strategy across organisations, employees must be empowered to expand their education, understand the direction of their company and harness the resources available, effectively. Empowered to innovate, employees will then have more confidence in experimenting with new concepts and processes, share these with not only their peers at the office but also at industry level via exhibitions and conferences. The tendency to question current practices or proactiveness in seeking further improvements with increased swiftness will also permeate throughout the organisation.

However, nurturing technological innovation could prove to be costly for organisations. There are, however various avenues for SMEs to obtain private and public sector funding to make this a reality.

Conclusion

Essentially, the new economy of today requires companies to continuously focus on building capabilities and capacities for the future. SMEs in particular, need to embrace this new knowledge-based system to succeed in the marketplace of the future. With more attention given to both technological innovation and knowledge management, effective application of these two powerful elements will bring about greater value and a new wave of productivity for companies.

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