A Survey of Critical Success Factors in Implementing KM in ASEAN Service-Based SMEs

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ABSTRACT

This paper explores the critical success factors (CSF) for implementing knowledge management (KM), in service-based Southeast Asian (ASEAN) small- to medium-sized enterprises (SMEs). An empirical approach is proposed to determine the importance level of seven identified KM critical success factors (CSF). The study is of 57 SMEs in Technology Parks and SME ‘Technopreneur’ Centres in Malaysia. It is concluded that the service-based SME sector, as a sizable business sector in the ASEAN region, needs to pay more attention to its intellectual assets and to KM, which is rapidly becoming integral to gaining competitive edge. The study of KM in such fast-developing countries brings useful insight into KM in other ASEAN countries. The results of this study reinforce previous findings on the importance of the various KM CSFs and can help service-based SMEs to understand more fully the discipline of KM, to facilitate its adoption and to prioritize its implementation.

Keywords: Association of Southeast Asian Nations (ASEAN), Knowledge Management (KM), Services, Small to Medium sized Enterprises (SME), Success Factors (CSF),

1. INTRODUCTION

SMEs form the backbone of the economy in ASEAN and service sector SMEs, as a large source of domestic employment contributes to the continuously expanding component of gross domestic product (GDP) in ASEAN. With the strong forces of globalization in operation, it is therefore essential to build the capacities of this sector in order to equip it to compete in the contemporary economy, which has shifted from being labour intensive to being knowledge intensive, and to ensure that the sector is competitive and innovative so as to utilize regional economic initiatives (ASEAN, 2003). Knowledge has been shown to be a sure and sustainable source of competitive advantage (Nonaka, 1991). In a service industry, knowledge provides a business with an edge over its competitors (Su & Lin, 2006).

To stay at the forefront and maintain a competitive edge, enterprises need to identify and leverage their collective knowledge; this

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requires systematic Knowledge Management (Chen et al., 2006; Alavi & Leidner, 2001; Wiig, 1997). While many organizations in developed countries have implemented KM, few organizations in developing countries were able to apply it effectively (Wong, 2005). The small number of KM studies and publications from these countries indicates the need for more research to investigate and understand this important issue. The issue of the importance of the critical success factors (CSF) of KM implementation has been addressed by researchers in different countries. However, few studies have been done to investigate specifically the current status and CSFs of KM implementation in ASEAN companies. This is in spite of the fact that, due to the critical nature of service sector SMEs to the ASEAN regional economy, the study KM adoption in the sector is of considerable importance. This factor prompted the research that is represented in this paper. Based on a survey which was conducted in five ASEAN countries, the research investigates the CSFs of KM for service sector SMEs in the ASEAN region. The service SMEs which contributed to the survey were all Malaysian, while the experts were chosen from five countries in the ASEAN region, including Malaysia. The purpose of the research is to gauge the practice of service-sector SMEs and the perspective of the experts of the region in order to identify and determine the criticality (i.e. importance) of CSFs for KM adoption.

2. LITERATURE REVIEW

Knowledge is information combined with experience, context, interpretation, and reflection which is ready to apply to decisions and actions (Davenport et al., 1999) and KM is often defined as ‘the management of organizational knowledge to create and retain greater value from the core business competencies and generate competitive advantage’ (Klasson, 1999; Chong & Choi, 2005). In addition, KM is affected by the management of cultural, behavioral, operational, technological and organizational factors (Wong, 2008). Therefore, in a holistic sense, KM can be defined as the optimal management of a complex mixture of ‘knowledge based system, artificial intelligence, software engineering, business process improvement, human resources management and organizational behavior concepts’ (Liebowitz, 2000).

Analyzing the core concept, process and resources of KM in an organization leads to the identification of the factors that are critical to the success of the KM process (i.e. the CSFs) in that particular organization (Sharp et al., 2010). The CSFs of a KM implementation are those things that must be done well if the task of developing effective KM is to be successful (Freund, 1988). Since the 1990s, researchers have conducted studies to investigate the CSFs of KM implementation, but these attempts have resulted in different sets of CSFs being identified. However, due to the multidisciplinary nature of the KM, the sets were fragmented and diversify or narrowly scoped due to the different backgrounds and interests of the KM researchers (e.g. Chong, 2006; Chong & Choi, 2005). Based on a wide review of the KM literature, Chong and Choi (2005) posit that the successful adoption of KM depends on eleven CSFs. These are: employee involvement, teamwork, employee empowerment, top management leadership and commitment, organizational constraints, information system infrastructure, performance measurement, egalitarian culture, benchmarking and knowledge structure.

The authors felt that it would be useful to test to see whether the same CSFs were present and considered to be important to the target population of ASEAN SMEs and academic experts. It is also important to add to the definition of CSF categories and to narrow down the definition of CSFs in the contact of this research. Based on a review of the literature, the authors hypothesize 40 elements that are analyzed, refined and categorized in order to identify and extract the CSFs of KM implementation. All the elements were adapted from the research by Chong and Choi (2005) and included factors taken from an empirical study by Wong and Aspinwall (2005) and these are used as references for the current research.
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