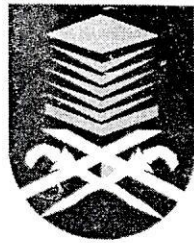


**A STUDY OF KNOWLEDGE WORKERS AND PRODUCTIVITY IN
THE COMMERCIAL BANKING INDUSTRY IN KUCHING**



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The Head
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Dear Professor

**FINAL RESEARCH REPORT “A STUDY OF KNOWLEDGE WORKERS AND
PRODUCTIVITY IN THE COMMERCIAL BANKING INDUSTRY IN
KUCHING”**

With reference to the above, enclosed are three copies of the Final Research Report entitled, “A STUDY OF KNOWLEDGE WORKERS AND PRODUCTIVITY IN THE COMMERCIAL BANKING INDUSTRY IN KUCHING” by four researchers from UiTMCSKS.

Thank you.

Yours faithfully



Associate Professor Rosita Suhaimi
Leader
Research Project

EXECUTIVE SUMMARY

This study seeks to understand the relationship between knowledge workers, the banking work environment and the impact of the work environment on the productivity of the commercial banks in Kuching. The definition of the work environment includes Peter Drucker's 6 factors, namely task identification, autonomy, continuous innovation, continuous learning, importance of quality and employees as assets. Productivity of banks is measured using productivity measures such as counter transactions per day, loan applications processed/approved, value of deposits, value of credit approved, gross profit before tax, and average cost per employee. Information for the study was gathered from 2 sets of questionnaires, one set completed by branch managers and the other by staff of commercial banks. A total of 15 branch managers and 279 bank employees responded to this study.

Among the findings of the study were that bank employees generally fitted the definitions of knowledge workers by James W. Cortada, J. Phang, Peter Drucker and others. Nevertheless, bank employees were not found to be avid readers of serious and intellectually stimulating reading materials. This is a cause for concern as reading represents a form of continuous learning which is a key characteristic of knowledge workers. The study also found that banks did not give sufficient priority towards treating their staff as assets as evidenced by the absence of a system/mechanism to reward staff and to reduce staff turnover. Furthermore, in spite of the fact that bank regularly rotated their staff to different job functions, they were not found to possess a formal system of staff rotation. This required the serious attention of the top management of commercial banks as the study found that there is a positive relationship between rotation of staff and contribution of ideas for improvement by the staff.

The study recommended among others that commercial banks should provide a conducive structure for knowledge management through the identification and implementation of codification and personalisation knowledge management strategies. Commercial banks should also establish flatter organisation structures to facilitate decision-making and to provide more autonomy to middle managers. Banks further need to develop and enhance the quality and competency of their staff through

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CHAPTER 1: INTRODUCTION

1.0 INTRODUCTION

For over two hundred years, labour and capital were recognized by neo-classical economists as the prime factors of production. Today, however, it is the level of knowledge intensity and its effective application to production that determine the wealth of a country or individual within and outside the country. The world's wealthiest man, Bill Gates, owns nothing tangible - no land, no factories, no industrial processes etc. to be successful. For the first time in human economic history, the world's wealthiest man owns only knowledge, and from this single resource, he attains his present economic status. The old foundation of success, i.e., the production – based economy has its limitations when it comes to sustaining productivity and consequently achieving economic growth in the long run. Therefore, it will eventually be phased out and replaced by a knowledge-based economy.

Drucker (1969) commented that 'knowledge' is the true 'factor of productivity' which enjoys almost unlimited mobility. This is because knowledge is a special economic resource, which moves from one country to another to add value to the recipient country's stock of capital, and at the same time the originating country will not suffer any loss from the 'outflow'. Knowledge is the only resource that can be conveyed from one man to another in such a way that the process of transfer enriches both and underlies the capital investment.