

**UNIVERSITI TEKNOLOGI MARA**

**KNOWLEDGE MANAGEMENT  
AND PUBLIC SECTOR ACCOUNTANTS:  
KNOWLEDGE SHARING PROCESS IN THE  
ACCOUNTANT GENERAL'S DEPARTMENT  
OF MALAYSIA**

**KALSOM SALLEH**

Thesis submitted in fulfilment of the requirements  
for the degree of  
**Doctor of Philosophy**

**Faculty of Accountancy**

**August 2008**

## ABSTRACT

Knowledge Management (KM) in an accounting organisation in developing countries has not yet received much attention in the research literature. Therefore, this study aims to investigate how accountants as professional intellects working in an accounting organisation perceived the importance of KM implementation factors in their organisation. The Accountant General's Department (AGD) of Malaysia is selected for an in-depth study of KM in a public sector accounting organisation. KM in this study is concerned with the flow of accounting information that takes place as part of the organisational process and generating value through knowledge flow for performance improvement.

Thus, this empirical research attempts to find the relationship among KM factors such as enablers, processes and organisational performance in an integrative perspective. Most current empirical research has explored the relationship between these KM factors in isolation. However, this study develops a comprehensive conceptual framework that interconnects KM enablers as antecedents to effective knowledge sharing process and improved organisational performance. The tested eleven KM enablers include 1) ICT know-how and skill, 2) job training, 3) job rotation, 4) feedback on performance and learning, 5) learning opportunities, 6) information sourcing opportunities, 7) leadership, 8) knowledge sharing culture, 9) individualism 10) ICT infrastructure and software, and 11) KM technologies. The flow of explicit and tacit knowledge in knowledge sharing process and the overall effect on the organisational performance with KM efforts are tested as the three dimensions of KM related performance outcomes.

A survey questionnaire was used as the main instrument to collect data from all accountants employed by the AGD. Empirical data collected via surveys and interviews were analysed to highlight KM implementation factors in the AGD.

Factor analysis was used to confirm the valid measures for the variables used in the current study. The original conceptual framework of this study is revised after factor analysis was used. Through several multiple regression models, the empirical results after controlling for demographic factors provide strong support for the positive effects of KM enablers on knowledge sharing process and organisational performance. Performance evaluation and incentives has a high significant impact on the speed transfer of explicit knowledge and the sharing performance of tacit knowledge. When both KM enablers and knowledge sharing process are regarded as antecedents of organisational performance, knowledge sharing process and technology resources such as ICT infrastructure and software, knowledge sharing technologies, and communication technologies are among four of highly significant variables. AGD has to give serious emphasis on those significant KM related variables in drawing up its future KM implementation strategy.

## ACKNOWLEDGEMENT

First and foremost, I have to thank Allah s.w.t for giving me the mental and physical strength, willpower, focus and discipline to complete this PhD thesis. I thank again Allah s.w.t. for the wonderful people he brought into my life to help me out to reach my destination.

Most importantly, I would like to thank my beloved husband, Mohd Din Abu Bakar and my three adorable children, Amir Izzat, Liyana Nabilah and Amir Naim for their undivided love and continuous patience throughout my studies. Their great love and continued affection inspired me to complete this thesis. I also wish to extend my thanks to my beloved parents, my wonderful brothers and sisters and other family relatives who have always given me their love and encouragement.

Mere words of thanks cannot fully express my gratefulness towards my two supervisors for accepting me as their doctoral student. Their intellectual guidance and sincere commitment as well as their belief in me were instrumental in my effort to complete this thesis. I thank Prof. Dr. Syed Noh Syed Ahmad (principal supervisor) and Dr. Syed Omar Sharifuddin Syed Ikhsan (second supervisor) for their rigorous comments which kept me thinking and re-thinking and their invaluable contribution of ideas, time and effort to this research project. Without their essential mentoring help and continuous involvement and guidance throughout my research studies, I could not have completed this journey. They taught me to value the journey of completing this research project and writing up this thesis more than the destination.

My sincere thanks to Y. Bhg. Dato' Mohd Salleh Mahmud (Accountant General) and Tuan Haji Ab. Gani Haron (Deputy Accountant General) because without their support and approval, this research project could not be materialised. I am also very much grateful to all accountants in Accountant General's Department (AGD) who kindly took their time to respond to the survey questionnaire. Many thanks to those key people in AGD who kindly offered their support to participate in my research interviews. Thank you again for your participation in this research project. My sincere appreciation and special thank also goes to Tuan Haji Mohamed Mohsin Hussein and Encik Nasran Omar in AGD for their full support and cooperation.

I would like to express my special thank to my employer Universiti Teknologi MARA (UiTM) for giving me the opportunity to pursue the PhD programme as a part-time scholar. I am also extremely grateful to Prof. Dr. Ibrahim Kamal Abdul Rahman (Dean of Faculty of Accountancy, UiTM), Prof. Dr. Normah Omar (Director of Research Institute, Faculty of Accountancy, UiTM) and Associate Professor Dr. Rozainun Abd Aziz (Coordinator of Post Graduate Department, Faculty of Accountancy, UiTM) for their continuous support and for giving me this opportunity to realise my personal dream.

Lastly, I dedicate this thesis to my beloved husband and my dearest mother, Sariah Abdullah for their constant prayers and their endless love and support. They have been the primary inspirational source of my academic success.

## Table of Contents

<b>Abstract</b>	i
<b>Acknowledgment</b>	ii
<b>Table of Content</b>	iii
<b>List of Tables</b>	x
<b>List of Figures</b>	xiv
<b>List of Abbreviations</b>	xv
<b>CHAPTER ONE: INTRODUCTION</b>	
1.1 Background of the Study	1
1.2 Problem Statement	10
1.3 Objectives of the Study	14
1.4 Research Scope and Methodology of the Study	15
1.5 Motivation for the Study	19
1.6 Expected Contribution of the Study	22
1.7 Organisation of the Thesis	24
1.8 Summary	26
<b>CHAPTER TWO: IMPORTANCE OF KNOWLEDGE MANAGEMENT TO PUBLIC SECTOR ACCOUNTANTS IN THE ACCOUNTANT GENERAL'S DEPARTMENT OF MALAYSIA</b>	
2.1 Importance of KM in Economic and Administrative Reforms in Malaysia	28
2.2 Knowledge Management and the Roles of Accountants	32
2.3 Accountants in Malaysia and Malaysian Institute of Accountants	35
2.4 Public Sector Accounting Agencies in Malaysia	37
2.5 Background Information of Accountant General's Department	
2.5.1 Accountant General's Department	37
2.5.1 [a] Vision, Mission, Work Ethics and Client Charter	38
2.5.1 [b] Accounting Departments	39
2.5.1 [c] Accounting Services Provided by the Accountant General's Department	42

2.5.1 [d] Federal Public Accounts	43
2.5.1 [e] Accounting System Applications at the Accountant General's Department	44
2.5.2 Future Accounting Model and Knowledge Management Practice of AGD	46
2.5.3 Learning Resources and Communication Networks	50
2.5.4 Leadership Focus in Technological Development and Human Resources Management	52
2.6 Why AGD is Selected for this Study?	55
2.7 Summary	56
<b>CHAPTER THREE: LITERATURE REVIEW</b>	
3.1 Importance of Knowledge Management	58
3.2 Importance of KM in Intellectual Capital Perspective	59
3.3 Definitions of Knowledge, Knowledge Management, KM Processes and KM Enablers	
3.3.1 Data, Information and Knowledge	65
3.3.1 [a] Tacit and Explicit Knowledge	67
3.3.1 [b] Locations of Knowledge	74
3.3.2 Knowledge Management and Knowledge Management Process	
3.3.2 [a] Knowledge Management	76
3.3.2 [b] Knowledge Management Process	81
3.3.3 Knowledge Transfer and Sharing Process	83
3.3.4 Knowledge Management Solutions	86
3.3.5 Knowledge Management Enablers or Critical Success Factors	88
3.4 Knowledge Management and Accounting Professionals	
3.4.1 Knowledge Management and Professional Intellectuals	93
3.4.2 KM and Its Impact on Accountants	97
3.4.3 Research on KM and Professional Intellectuals	99
3.5 Knowledge Management in Public Sector Organisations	100
3.6 Previous Studies of Knowledge Management in Public Organisations	103