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Procedia - Social and Behavioral Sciences 202 (2015) 159 – 168

Procedia

Social and Behavioral Sciences

ASEAN-Turkey ASLI (Annual Serial Landmark International) Conference on Quality of Life 2014, ABRA International Conference on Quality of Life, AQoL2014, 26-28 December 2014, Istanbul, Turkey

Knowledge Management Obstacles in Real Estate (Valuation) Organisations: Towards quality property services

Ahmad Shazrin Mohamed Azmi^{a*}, Abdul Hadi Nawawi^a, Siti Nur Farhana Ab Latif^a, Nur Lesya Firsya Johaimi Ling^b

^aCentre for Real Estate Research, Universiti Teknologi MARA, 40450 Shah Alam, Malaysia

^bDepartment of Estate Management, Universiti Teknologi MARA Perak, 32610 Seri Iskandar, Malaysia

Abstract

Real estate organisations offering valuation services are subject to the complexity of the property industry. The progress of the property market has made real estate organisations seek for their core competencies. Thus, would invite for proper knowledge management implementation. The motive of this study was to explore the implementation obstacles for knowledge management in the real estate organisation and to understand the situations. This study was using the interview as the main data collection instrument and had collected various responses from the respondents. It overviewed the current state of real estate practice and indicated any possible improvements.

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Peer-review under responsibility of AMER (Association of Malaysian Environment-Behaviour Researchers) and cE-Bs (Centre for Environment-Behaviour Studies, Faculty of Architecture, Planning & Surveying, Universiti Teknologi MARA, Malaysia).

Keywords: Knowledge Management; real estate organisations; obstacles; Malaysia

1. Introduction

Property industry is not and will never become static because it involves with high complexity and challenging environment. Real estate or property industry appears by the formation of multiple components such as socio-environment, economics, policies, land-use planning, politics, and others. The success of the property industry players depends on how they capture knowledge from every component in real estate industry and turn into

* Corresponding author. Tel.: +6-035-521-1832; fax: +6-035-544-4353..

E-mail address: ahmadshazrin@salam.uitm.edu.my

processed or analysed knowledge for the usage and benefit of the industry. The industry has offered vast knowledge that is ready to be captured and explored its benefits. Thus, require for proper management of knowledge that can be utilized accordingly. Managing the knowledge falls under the scope of Knowledge Management, which in a simple definition is referring to the processes of capture, maintain and utilize the information in an efficient manner (Samuells, 2001). Knowledge management is considered as a power in this information age and regarded as a determinant for maximizing the organisation performance and competitive edge.

The complexity of the property market requires for the property experts who can help people or corporations to involve in the property market. Activities as such developing, buying, letting and disposing of property assets are among of real estate core businesses that need for professional advice. Usually, property valuers are recognised as people who have the expertise in this area and able to give advice to clients in broad spectrum of property services such as property valuation, real estate brokerage, conducting market studies and feasibility studies. The nature of these services would depend heavily on the market knowledge to ensure that they can deliver the best services to the client.

Although many organisations successfully adopted knowledge management concept within and at every level of their organisation, somehow there are still many organisations unable to implement knowledge management comprehensively. The implementation process may not become as smooth as expected. There are many factors and challenges that require attention and consideration along the process of implementation. Various literature have addressed these issues, and many of them agreed that most of the problems were actually coming from the combination of internal and external processes, which specific to the nature of the organisation core business (Aggestam et al., 2010; Lam & Chua, 2005; Matzdorf et al., 2000; Zyngier, 2002). Property valuation organisations are not spared from having the problems in managing the knowledge due to its involvement in a dynamic nature of the property industry. A change in the property market is constant, thus makes property valuation firms have to face some difficulties to update themselves along with the changes in the market. Regardless of any difficulties, property valuation organisations need to cope with the process and improve the way the organisation is practicing the knowledge management concept.

This paper is focusing to understand the obstacles of implementing the knowledge management concept in the property valuation organisation as part of developing a better approach for implementing the knowledge management concept. The first objective is to investigate the type of obstacles faced by the property valuation organisation in implementing the knowledge management. Meanwhile, the second objective is to analyse the available obstacles hindering the successful implementation of knowledge management implementation in the property valuation organisation.

2. Real estate organisation in Malaysia

Property valuation organisation whether under the government department or private enterprise is a service oriented organisation. It involves a lot of consultation tasks and giving out expert opinion to clients on matters related to the property. List of services such as property valuation, preparing the market study, analysing project feasibility, real estate brokerage, property management, etc. are among the services that the real estate organisation has to offer to clients. The Valuation and Property Services Department of Malaysia is governed by the Ministry of Finance and currently has one headquarter, fourteen state offices and 38 district offices (JPPH, 2014). For private practice, there are about 1501 private companies registered with the Board of Valuers, Appraisers and Estate Agent Malaysia under seven categories of Register (BOVAEA, 2014). Out of 1501 companies, only 445 companies are registered for valuation and appraisal service. Meanwhile, the rest are registered for real estate brokerage and property management services. It is undeniable that real estate organisations have played an important role as one of real estate industry development enabler. It has to involve with various degree of complexity and challenges in parallel with the progress of the nation towards a developed country.

The real estate organization is regarded as a highly knowledge intensive organisation because property involves with various types of knowledge under the different scope of specialization. These real estate organizations have to cope with their specific nature of the job and must consistently enrich their knowledge (Azmi et al., 2014). All the challenges and opportunities in the industry have become the motivation for the organisation to acquire and manage the knowledge from their employees and associates (Adnan et al., 2007). Knowledge has been identified as one of

competitive power, but it is scattered and not easily to be captured. Thus, require the organisation to heighten the efforts to update and manage the available knowledge within the organisation because clients today are very knowledgeable and demanding (Matzdorf et al., 2000a).

3. Knowledge management

Knowledge is the subsequence of data and information after the combination of interpretation, reflection and context process (Filstad & Gottschalk, 2009). In general, it can be divided into tacit and explicit knowledge. However, according to Fong & Lee (2009), knowledge has three categories which including tacit, explicit and implicit. Tacit knowledge is embedded in someone through the internalization process and highly personal. It can only be expressed through actions and skills. Meanwhile, explicit knowledge is a formal and written knowledge that can be shared through expression or communication (Yusof & Bakar, 2012). Implicit knowledge, on the other hand, is own by the experts and almost like tacit knowledge, it somehow can be extracted through a certain process (Fong & Lee, 2009). The combination of the abovetypes of knowledge through implementation process will create an additional knowledge, which can be separated from functional knowledge and procedures knowledge (Chournazidis, 2013). Regardless the types of knowledge, it has become a critical survival factor for an organization and an important production component (Mårtensson, 2000). It is also described as a reducer of complexity and also the primary driver of an organisation's value towards higher competitive level (Filstad & Gottschalk, 2009).

Philosophically, knowledge is limitless and has no edge. The process to manage knowledge has to go through the process of creation, acquisition, organizing, storage, dissemination and utilization (Chournazidis, 2013; Kahreh et al., 2014; Yusof & Bakar, 2012). Managing knowledge is considered as a strategic action for the organisation because it relates to the organisation core competencies. Knowledge for the purpose of professional work cannot be narrowed into a specific and practical knowledge in solving the problems, but must be broaden into general knowledge that support the rationalization process and creating the basis for innovation and action in the domain of the specific profession (Rasmussen & Nielsen, 2011).

On another aspect, knowledge management is a framework to capture, acquire, organize and communicate all types of knowledge from employees for the benefits of other employees toward their work productivity and to the organisation at large (Kahreh et al., 2014). The process to share knowledge within the organisation would require for a platform of communication. Chournazidis (2013) has described communication as a core process in knowledge management because it can influence any decisions within the organisation. In relation to valuation practice, knowledge has to be regarded as a key element for any valuers to do their job. Having a good knowledge of local environment within the profession domain would increase the competitive advantages and could support the mechanism of strategies and practices toward organisation growth (Azmi et al., 2014; Yusof & Bakar, 2012).

4. Knowledge management implementation model

Knowledge management has holistically branched out into multiple sub-areas of the discipline. Du Plessis (2007) has described knowledge management as a multi-faceted approach that covers many essential elements in the organisation. Having a good knowledge management strategy would enhance the competitiveness of the organisation in the market especially in the progressive property industry that require for fast decision makings and actions. A paradox thinking or traditional approach of doing things must be replenished with something that close to the state of art approach that can fulfil the industry's needs. Dufour & Steane (2007) have agreed that the knowledge management can sustain in highly competitive economic, but it must be implemented at a higher strategic level and far-sighted manner.

According to Abou-Zeid (2002), the basic knowledge management model must comprises of at least three categories of components, which in the forms of three different layers namely as Cognitive Domain Layer (top), Functional Layer (middle) and Resources Layer (bottom). Each layer represents different function or position of the knowledge that become the enabler for the system to perform in the organisation. Each of the layers has its requirements and constraints, but the lower layer will become the support for a higher level component in the model. The original Three-layer Knowledge Management Reference Model by Abou-Zeid (2002) can be referred in Figure 1.

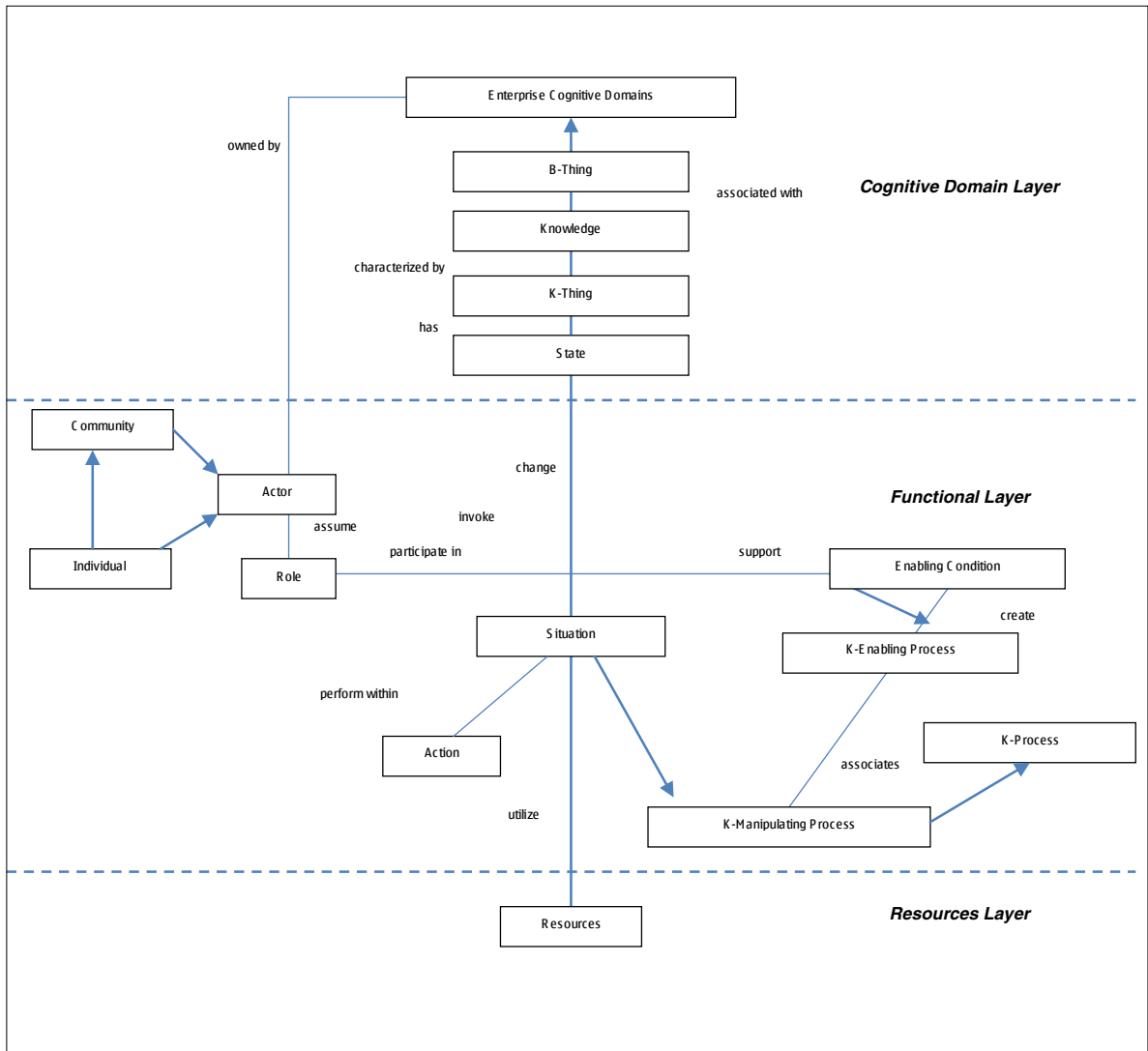


Fig. 1. The original Three-layer Knowledge Management Reference Model.

Source: Abou-Zeid, (2002)

Apart from having a good implementation model, literature also addressed certain crucial needs or commonly referred as critical success factors that can influence the overall knowledge management performance of the organisation. Determining and taking proper measures on these critical success factors will increase the level of success and reduce the number of unknown success enabler. Organisation can efficiently utilize the resources towards strengthening its fundamentals and reduce the wastage. Many researchers across disciplines have conducted various studies to identify the critical success factor for knowledge management implementation in the organisation. Table 1 is the compilation of a few studies that identify critical success factor for knowledge management.

Table 1. Critical success factors for the implementation of knowledge management.

Authors	Industry of studies	Critical Success Factor
Gharehbiglo et al. (2012)	Municipality of Rasht City in Iran	Information Technology
		Organisational culture
		Human Resources
		Organisational structure
		Training and retraining
Huang & Lai (2012)	Life insurance companies in Taiwan	Environment
		Individual characteristics
		KM characteristics
		Organisational characteristics
		IT infrastructure
		Cultural factor
		KM implementation
Mehregan et al. (2012)	IT based companies in Iran	Top management support
		Communication
		Document management
		KM user satisfaction
		Knowledge quality
		KMS quality
		KM-Business alignment
		Culture

5. Knowledge management obstacles in the organisation

Knowledge management can influence the sustainability of the organisation in the market. Through the proper approach, it can gain many positive impacts to the organisation such as business growth, innovation, efficiency in production, better decision-making, etc. However, the implementation process for knowledge management in the organisation is not an easy task. Although under proper settings and monitoring, it still has been regarded as complex and has to depend on various critical factors (du Plessis, 2007). According to Dufour & Steane (2007), the organisation has to deal with the nature of the organisation and the nature of human behaviour. Both can bring some complexity to the management effort and will challenge work procedures efficiency in the organisation. Some of the identified obstacles in the implementation of knowledge management from literature have been tabled in Table 2.

The below implementation obstacles seem quite general, but the list is not exhaustive and can be very subjective towards the nature of the organisation and its specific operating industry. Although not likely to happen in all operating industries, these obstacles and challenges still can cause many organisations especially small and medium-sized enterprise (SME) disregarded its implementation (Nunes et al. 2006). According to Nunes et al., (2006), the situation has occurred due to lack of a formal approach in managing organisational knowledge and utilisation deficiencies of available information technologies. Literature have shown various possible factors that the organisation should aware about in strategizing the action plan. Not all factors are suitable to be included in this study because most of the available property valuation organisations are operating in a small to medium sized and do not hire many staffs. The operation normally runs within their capacity under a controlled budget. The complexity of the organisation is not so much on the operation size but on achieving the certain professional standard and capturing the best possible market shares within the local territory. Although not involve with so much

operation complexity compared to large enterprise, property valuation organisations are very aware that they require for good knowledge resources as strategic measures to provide quality service to clients.

Table 2. Knowledge Management Obstacles in Organisation.

Author	Obstacles
Adnan et al. (2007)	Time consuming
	Lack of funding
	Dilution of responsibility
	Lack of IT skills
	Lack of senior management support
	KM and benefits unknown
	No incentives to share
	Possible downsizing
Moshari (2013)	Employee
	Management
	Organisational
	Technological
Zyngier (2002)	Financial
	Technology Orientation
	Strategy conflict
	Silos
	Foreign control
	Staffing constraint
	Query ROI
	Philosophy not understood
	Knowledge is power
	Finance
Conflict of priorities	
Management of culture	

6. Research methodology

A set of interview questions was developed to collect data on factors hindering the knowledge management implementation in real estate organisations. The focus was to explore on why the process become slow or has been ignored by some of the real estate organisations. This exploratory approach was investigating the level of understanding and obstacles for the implementation of knowledge management in the property valuation organisation.

The collection of feedbacks from property valuation organizations for this study was conducted mainly by phone interview. The samples of the respondents were selected from valuation employees who have been working in the industry for more than five years, and some have been in a certain senior position in the organisation. The respondents were selected using the convenient sampling from both private and government practice without any limitation on organization size.

This study was able to have 37 respondents from 37 different organisations. The interviews were conducted by telephone, which allowed direct communication between the interviewer and respondents. A telephone interview was regarded as convenient considering that the respondents were scattered all over Malaysia. The only problem

faced during the interview session was to find a suitable time to conduct an interview session because most of the respondents were tight with their schedule and had to call them back. Respondents were interviewed according to pre-set interview questions and conducted in almost the same manner and condition. Respondents were free to express their opinions and comments during the interview session. Interview session took the average of 30 minutes per respondents to complete because most of the respondents required for extensive explanations of the concept and took some time to extract all of their opinions.

All the answers and responses from the interview were being processed and analysed according to identified obstacles. The intention was to dig out any possible obstacles for knowledge management implementation and to understand the situation. This approach was able to fulfil the objectives and conclude the study.

7. Findings

The study was able to get a total of 37 respondents comprises of 23 male and 14 female respondents who were working with real estate organisations. 27 respondents were coming from private practices, and another ten respondents were representing the government sector. 68% of the respondents already have more than ten years of working experience and majority of them were at various senior positions in their organisation. Feedbacks from respondents were showing that the 'Knowledge Management' terminology was alien to them (Fig. 3). Most of them did not know about the concept of knowledge management but admitted that their organisation partially applied the elements in knowledge management concept. At the end of the interview session, all of the respondents agreed that knowledge plays an important role in their job and highly acknowledged the need for proper management of knowledge in their organisations.

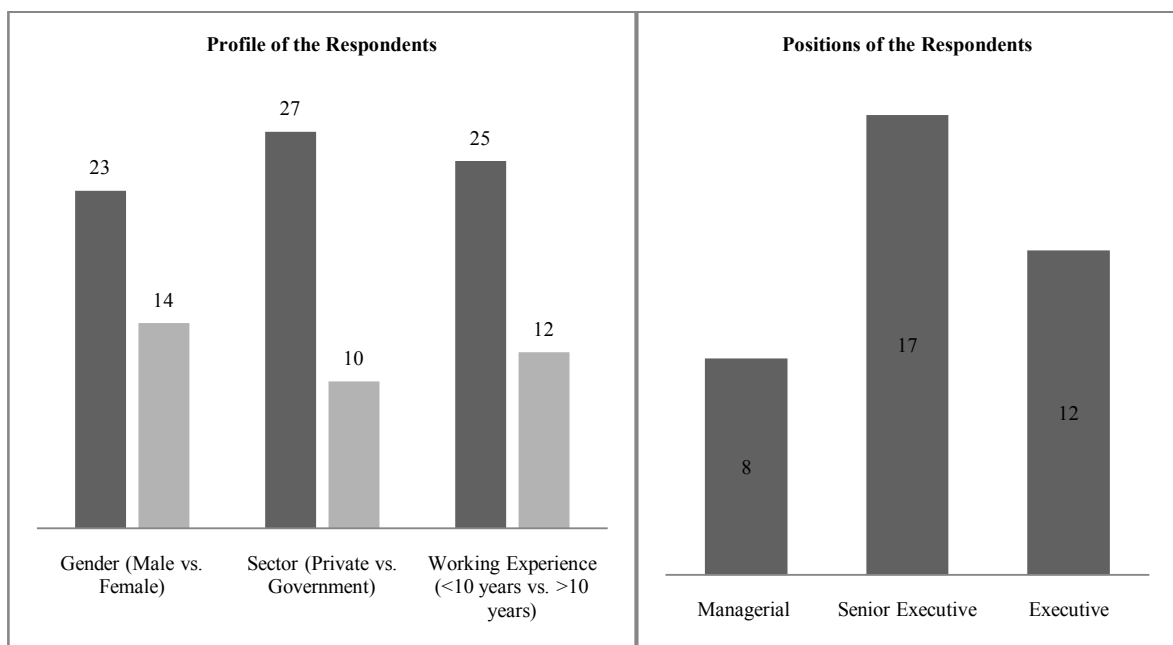


Fig. 2. (a) Profile of the Respondents; (b) Positions of the respondents in the organization.

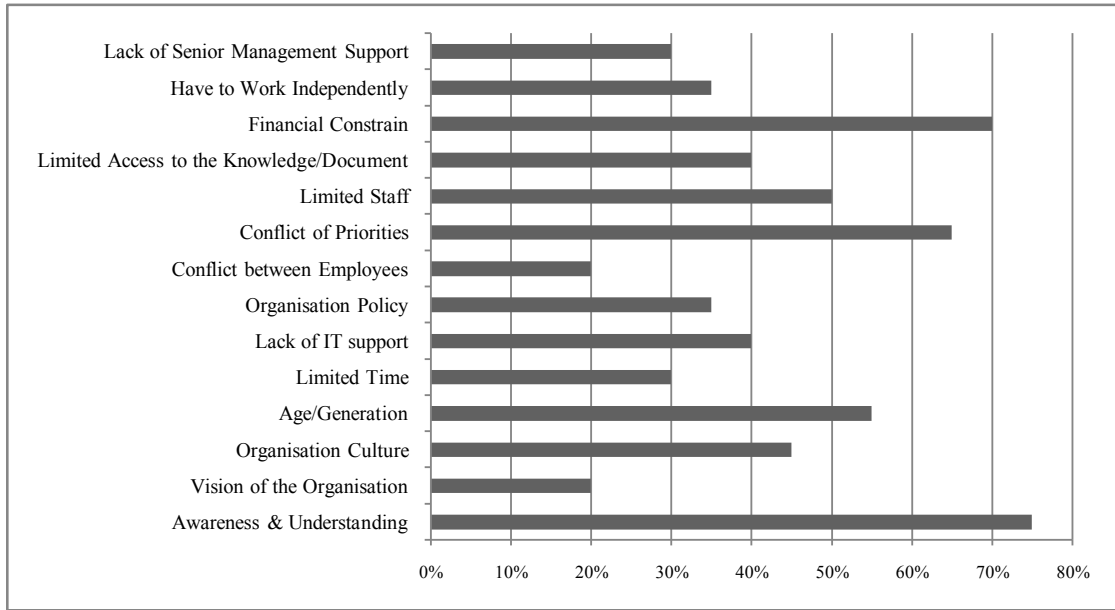


Fig. 3. The awareness of Knowledge Management concept among the respondents.

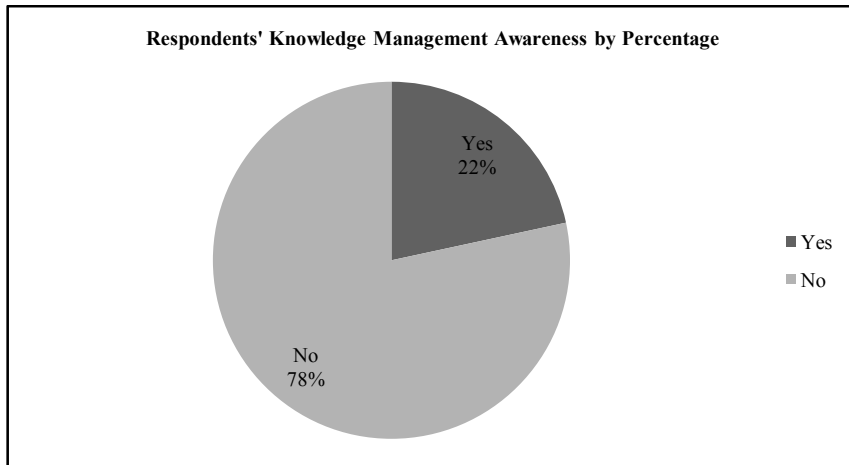


Fig. 4. Identified obstacles for the implementation of Knowledge Management in the organization.

Figure 4 has shown the obstacles faced by the real estate organisation to implement knowledge management. From the results, knowledge management concept was not well understood although some of the elements have already been implemented in the organisation. The reason for the implementation was mainly for achieving work efficiency. Most of the respondents believe that their organisations need some extra elements to compete in the market. Most of the identified obstacles above were related to the internal environment of the organisation. Among the top from the list were including the constraint in the financial and conflict of priorities. Private organisations were mostly controlled their capital expenditure and allocated only small budget for exploring new technology on IT. Meanwhile, the organisations from the government sector were subject to the financial instructions from the ministry. The situation was considered tragic and only brought disadvantages to the organisation to optimize their

productivity. Conflict of priorities among employees in the organisation was contributed by heavy workloads and shortage of staffs. Employees have to select their priorities and catch the deadlines, thus make them avoid any additional responsibility. They prefer not to involve in the management affairs and let the responsibility to the upper management to prepare and sustain the organisation policies. Other obstacles were including the organisation culture that reflects the preference of the organisation to stay in their comfort zone and resist the change. Some organisations had put a policy that restricts the access to certain documents. This access restriction policy normally happens in most of the government offices that involve with confidential materials. The restrictions somehow hinder the learning process in the organisation and discourage knowledge sharing. Other than organisation's policies, the introduction of Personal Data Protection Act 2010 by the Malaysian government to protect the public interest on personal information also has its impact on knowledge sharing process in the organisation. Some organisations started to enforce this act within their organisation and restrict their employees simply to share any information regarding the cases they handled among staffs or people outside the organisation. The rest of the obstacles were regarded as important and revealed the actual situation in the organisation. Efforts to overcome these obstacles must be carried out with proper strategy. The action can be easier if the whole organisation is ready to accept changes and support the effort towards improving the current state of performance.

8. Conclusion

Operating in a highly competitive environment such as in the property industry would require the property valuation organisation to have certain substantial values that can give advantages compared to other competitors. These substantial values do not only important to provide competitive advantages, but also to safeguard stakeholders' interests in representing the entrepreneurial spirit for business sustainability. Standing on the notion that 'knowledge is power', organisation has to hold on the basic process of knowledge management process i.e. knowledge acquisition, knowledge storage, knowledge sharing and knowledge application to continuously expand the capability and capturing bigger market shares. Knowledge has been identified as the push factor the organisation to achieve success and need to be used as a resource for the organisation to grow (Yusof & Bakar, 2012).

Knowledge about the operation aspects can be viewed on the duty and routine of the property valuers job. The profession is highly associated with the issue of heavy work burden, expectation on delivering high quality services, verification of information from various resources, high standard of reporting, deadlines, capability to show the professionalism in the practice as set by the regulating professional body and many other expectations or responsibility that coming from organisation or industry. With all the challenges that the profession has to deal with, efforts to promote knowledge management should be extensively conducted to ensure that every organisation can have better access to quality knowledge. All the related issues on quality service delivery can be solved mostly by having a proper knowledge that can initiate the solutions.

This study has identified fourteen obstacles that property valuation organisations have to deal in implementing knowledge management implementation. All of these obstacles were regarded as internal obstacles that the organisation has to overcome comprehensively and need to set a strategy on how to deal with human elements that exist in the obstacles. Human is regarded as a factor that requires toleration and psychology because every human action is unique. The process to initiate knowledge management in the organisation can be conducted in many ways, but it become easier if the process is initiated by the top management and go down to the staffs for the operation. However, top management people need to have proper understanding of knowledge management, have an open mindset for changes and have the motivation to see improvements within the organisation. The direction of changes must in line with the objectives that the organisation wants to achieve, besides having the clarity on what, where, why and how to do changes. There are many benefits that the organisation could get from knowledge management although not all benefits can come in instance after the implementation. It involves with processes that need to be constantly developed until everybody in the organisation able to understand and practice. The best if the practice of knowledge management has no longer regarded as part of instructions that need to be followed, but has become the internal culture of the organisation where the practice has become automated among the employees. It is good for the country and the public at large if every organisation able to implement the concept because it helps the development of human capital for the country towards becoming a developed nation. In the context of real estate, all property valuation organisations in Malaysia are urgently needed for proper knowledge management practice. The

implementation has become necessary for the organisation due to the current progress of Malaysian property industry that is now becoming sophisticated and thus require for advancement in the profession and practice.

Acknowledgement

The study is funded by Research Acculturation Grant Scheme (RAGS). The authors would like to acknowledge the assistance given by Universiti Teknologi MARA (UiTM) Malaysia, UiTM's Research Management Unit (RMI) and Faculty of Architecture, Planning & Surveying in the preparation and publication of this paper. Also, special thanks to the organizing committees and reviewers of AQoL2014 Istanbul.

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