The Typology of Intellectual Capital and Knowledge Management in Malaysian Hotel Industry

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ABSTRACT

This study explores the knowledge management practices used by Malaysian hotels in exploiting their intellectual capital. It employs a case study approach, where interviews were conducted with human resource managers of seven hotels from various star rating categories. To analyze the data, within and cross-case analyses were performed. The findings supported the proposition that the development of intellectual capital in Malaysian hotel industry must correspond to the rating achieved by the hotel. The evidences indicate that structural capital and human capital are significant in managing knowledge in Malaysian hotel industry. Based on the findings, a typology of knowledge management practices and intellectual capital in accordance to the star rating given by the Malaysia Ministry of Tourism and Heritage were proposed.

INTRODUCTION

Factors such as globalization that leads to new technology, free flow of capital, increased competition, demand for innovation, changes in customer demand, changes in economic, and political structures are constantly reshaping the way business is carried out (Buckley and Carter, 2000; Thorne and Smith, 2001). Previous research has acknowledged the fact that organizations have begun to realize that sustainable advantage relies on managing intangible resources such as the knowledge embedded assets. According to Stewart (2002), in the 21st century, knowledge embedded assets have become more important to the organizations than financial and physical assets. Therefore, in order to compete in this millennium, organizations must have the ability to create value, be agile and sensitive to the market.

Knowledge embedded assets such as ideas, practices, talents, skills, know-how, know-what, relationships and innovations, that arise from the creation of intellectual capital, have become a pre-eminent economic resource and the basis for competitive advantage (Stewart, 2002; Finney, Campbell and Powell, 2004; Demediuk, 2002; Graves, 2002). According to Sveiby (1997), these assets can be found in three areas: the competencies of the employees; organization’s internal structure such as patents, models, computer and administrative systems; and organization’s external structure such as brands, reputations, relationship with customers and suppliers. Stewart (2002), on the other hand, suggests that they comprise of talents, skills, know-how, know-what, relationships and also include machines and network. These knowledge embedded assets or intellectual capital (e.g., Demediuk, 2002; Sullivan, 1999; Stewart, 1997), are important in determining the success or failure of an organization.
There has been quite a number of research on intellectual capital in the recent years (e.g., Bart, 2001; Zsidisin et al., 2003; Abesekera and Guthrie, 2004), but most of them concentrates on intellectual capital measurement and reporting practices. Studies on intellectual capital management practices, in particular practices of hotels, are still lacking. It is essential to work on this area since the major inspiration behind the hotel industry is the substantial growth in the awareness of intellectual capital issues and the importance of exploiting them. Apart from organizations’ tangible assets, the main driving force of their values comes from intellectual capital which customers are now willing to pay (Rudez and Mihalic, 2007). Thus, to add to the existing literature, our study focuses on the knowledge management practices in managing intellectual capital in hotel industry particularly in Malaysia. Specifically, this paper aims to explore three main issues related to these questions: How do Malaysian hotels exploit their intellectual capital using different knowledge management practices? Which of the intellectual capital categories have impact on knowledge management practices? How do Malaysian hotels maximize their potential of intellectual capital using different management practices? The findings from this research is hoped to contribute to the body of knowledge of intellectual capital from the knowledge management perspectives.

**LITERATURE REVIEW**

There is a multi-faceted description of intellectual capital as proposed by intellectual capital theorists. A study by Sveiby (1987), for example, proposed that knowledge-based assets could be found in three places; the competencies of organization members, its internal structure such as patents, models, computer and administrative assets, and its external structure such as brands, reputation, relationships with customers (Sveiby, 1997). Meanwhile, Edvisson (1997) classifies intellectual capital into three dimensions: human capital (including employees’ collective competence, capabilities and brain power), organizational capital (such as a firm’s policy and procedures, customized software applications, research and development programs, training courses, patent and the like), and customer capital (comprising of relationship with customers, suppliers, industry associations and market channel).

In summary, most of the definitions and frameworks of intellectual capital includes human, customers, suppliers, and organizations as factors of intellectual capital (e.g. Roos and Roos, 1997; Saint-Onge, 1996). In order to remain forefront and maintain competitive edge, organizations must have the capability to retain, develop, organize and utilize their intellectual capital (Kalling, 2002; Wiig, 2000). They must also be able to consolidate their intellectual capital faster than their competitors. Literature has argued that the value of an organization is largely based on the management and utilization of intellectual capital (Ukkola et al., 1999; Chris and Emma, 1999; Beveran, 2002). Thus, intellectual capital must be explicitly managed so that the competitive advantage will emerge from the way a specific knowledge is applied to production factors (Aranda and Molina-Feraz, 2002). Therefore, to explicitly manage the intellectual capital, an understanding of how knowledge is formed and how people and organizations learn to use knowledge is essential.

There are two levels of knowledge within intellectual capital: explicit knowledge and tacit knowledge (Hall and Adriani, 2002; Kamiki and Mphahlele, 2002). Explicit knowledge is articulated knowledge and it can be embodied in the form of documents, standard operating procedures, and blueprints. Tacit knowledge includes the intuition, perspectives, beliefs, and values that people form as the result of their interactions and experiences (Hall and Adriani, 2002; Kamiki and Mphahlele, 2002). In an organization, tacit knowledge is made up of the collective mindsets of everyone in the organization.
This includes the way how a leader of an organization perceives his industry and his organization. Tacit knowledge also determines how an organization makes decisions and shapes the collective behavior of its members (Saint-Onge, 1996). Haldin-Herrgard (2000) suggests that tacit and explicit knowledge should be managed differently. Much of existing literature discusses more on philosophy and concepts of intellectual capital and less attention has been given on the value creation aspect of intellectual capital. Intellectual capital theorists argue that intellectual capital can only generate value when it is accessible and utilized. One way to achieve this is through the application of knowledge management.

INTELLECTUAL CAPITAL AND KNOWLEDGE MANAGEMENT

Researchers (e.g., Edvinsson and Sullivan, 1996; Graham and Pisso, 1998; Chen and Lin, 2004) have argued that managing intellectual capital is about managing, leveraging, and harnessing knowledge embedded in those assets. Intellectual capital can only create value to organizations when knowledge embedded in the intellectual capital is exploited. The three types of intellectual capital (human, organizational and relational capital) can be exploited through knowledge management. Volpel (2002) suggests that there are three critical elements in managing intellectual capital: the strategic imagination and the construction of the intellectual capital; the sharing of meaning emerging from intellectual capital; and the transforming of identifying through the assimilation of the intellectual capital. However, to effectively manage their pool of intellectual capital, different styles of knowledge management can be applied by organizations depending on their priorities and capabilities.

Liebowitz (2002), Davenport and Prusak (2000) and Sveiby (1997) argued that the application of knowledge management is crucial in making organizations more effective. To make knowledge-based assets more visible, organizations should encourage and aggregate behaviors and build knowledge management infrastructures (Davenport and Prusak, 2000). These knowledge management infrastructures both indirectly and explicitly show the role of knowledge-based assets in an organization. In addition, appropriate infrastructure will support employees’ ability to think critically and creatively, and this is turn will facilitate and foster employee effectiveness and behavior. As an illustration, organizations can provide safe environment for employees to do their work, permit them to innovate, impose and ‘stretch’ organization policies and practices, and motivate the employees to act intelligently in doing the right things (Wiig, 1999).

Generally there are five activities involved in knowledge management activities: knowledge acquisition, knowledge innovation, knowledge storage, knowledge dissemination, and knowledge application (Lee and Yang, 2000). Knowledge acquisition involves the acquisition activities: it can either be created by the organization itself or acquired from various internal and external sources. Knowledge innovation, on the other hand, is created through the interaction amongst individuals or between individuals and their environment. Consequently, there are four different modes of knowledge innovation: socialization, internalization, externalization, and combination (Nonaka and Takeuchi, 1995). Knowledge storage refers to the process of choosing a repository of knowledge once it is acquired and created. It can be in the form of knowledge embedded in hard copy and electronic media which are made available to everyone in the organization (Bennet and Gabriel, 1999). Knowledge dissemination is concerned with knowledge sharing where knowledge is shared formally through meetings, seminars and databases or through informal discussion. Finally, knowledge application is the process where knowledge is translated into actionable knowledge (Lee and Yang, 2002). This can be in the form of adjustments to organizational routines, the creation of new products or services or an improvement in the understanding of the environment.
Organizations must also be positioned to anticipate the needs of customers and respond to this need through additional innovative products and services. They must look inward and develop new products, processes and services constantly and also provide customers with high functionality and preference for products and services (Johannesson, Oldisen and Olsei, 1999). It is said that competition in today market focuses on competencies, relationships and new ideas. Therefore, organizations must undertake specific programs, activities, provide supporting infrastructure, capabilities and create incentives to motivate employees, department and business units. The transformation of intellectual capital requires transformation of common practices in the organization and this will lead to attribution and sharing of real expectation.

MALAYSIAN HOSPITALITY INDUSTRY

The Asian Region is considered to be one of the fastest growing regions in the world in terms of travel, hospitality and tourism. In Malaysia, the hospitality industry has grown tremendously in line with the rapid development of travel and tourism in this country. The tourism sector in Malaysia has risen to the challenges and has emerged as the second largest contributor in terms of foreign earnings towards national income. With a flurry of international events being hosted in Malaysia and the ASEAN region, it is imperative and crucial for investment in human resource as a key factor for growth, sustainability, productivity and profitability in the Malaysian hospitality industry. In line with that, the importance of intellectual capital in hotel industry cannot be disputed.

To maintain an image of Malaysia as a family-oriented holiday destination, it is pertinent to ensure good hotel service and facilities. Thus, the Government has imposed tighter criteria for hotel ratings in a move to ensure better quality hotel service and facilities. The star rating is based on the guidelines set by the United Nations World Tourism Organization, and adjusted to local cultures (Ministry of Tourism, Culture and Heritage, 2006). All hotels will be rated based on their qualitative and aesthetic requirements, common areas, bedroom requirements, services, safety and hygiene standards, and staff. As in December 2007, there were 624 star rated hotels in Malaysia (Malaysian Associations of Hotels, 2008).

DATA COLLECTION

The study uses case study approach, where semi structure in-depth interviews were conducted from July to December 2007. Data were collected from 7 hotels: 2 hotels each from 5 star, 4 star, and 3 star categories and only 1 hotel for 2 star category. Table 1 shows the profile of each hotel studied. Data was also obtained annual reports, newspaper outlines, press releases, and other related documents. Purposive sampling technique was employed based on the hotel ratings given by Ministry of Tourism.

All interviews were digitally recorded and transcribed. Within and cross-case analyses were performed to analyze the data. Based on the interviews, knowledge management practices of seven hotels in different rating categories were reviewed. Analysis was done using Nvivo and themes for knowledge management and intellectual capital were extracted and compared to the existing literature on knowledge management and intellectual capital. Based on the themes, the study came out with a typology of knowledge management practices in relation to its intellectual capital according to the star ratings.
Table 1: Profile of the Hotels

<table>
<thead>
<tr>
<th>Sample</th>
<th>Hotel</th>
<th>Description</th>
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<tbody>
<tr>
<td>5 star</td>
<td>Hotel A</td>
<td>This hotel is owned by a public listed conglomerate. The company manages a number of hotels and beach resort in Malaysia, Asia Pacific and Europe.</td>
</tr>
<tr>
<td></td>
<td>Hotel B</td>
<td>This 5-star international business class hotel is located in a town famous with its historical sites. This 22-storey hotel features 496 luxuriously furnished rooms.</td>
</tr>
<tr>
<td>4 star</td>
<td>Hotel C</td>
<td>This hotel is an award winning 4-star International Hotel comprising of one main hotel block and eight blocks of hotel apartments.</td>
</tr>
<tr>
<td></td>
<td>Hotel D</td>
<td>This hotel is newly operated in a franchise scheme. Although it is quite new, its reputation is building up in the vicinity because of its location and excellent value for money service. It offers 100 rooms with standard facilities.</td>
</tr>
<tr>
<td>3 star</td>
<td>Hotel E</td>
<td>This hotel focuses on corporate functions because of its location which is near to administrative circle and education centers. It provides 150 rooms with superior facilities for corporate activities.</td>
</tr>
<tr>
<td></td>
<td>Hotel F</td>
<td>This hotel is a franchise of the biggest mid-range hotel chain in the country. It is equipped with 50 rooms and also provides various other facilities for visitors such as multi-function room ideal for conferences, meetings and seminars.</td>
</tr>
<tr>
<td>2 star</td>
<td>Hotel G</td>
<td>This hotel is equipped with rooms and dorms, and also provides various other facilities such as multi-function rooms for conferences, meetings and seminars. It also provides ‘outdoor’ activities such as jungle tracking and climbing rock wall for their customers.</td>
</tr>
</tbody>
</table>

Human Capital

The differences in the training programs attended by the employees of the hotels in different hotel ratings categories are based on the provider and extensiveness of the training programs. Five star hotels are acknowledged for their customized in-house training programs that were developed based on recognized training modules. Employees were not only required to attend training but they (especially management level) were also groomed to be certified trainer to conduct in-house training for the hotel and its subsidiaries. These hotels also send their employees to attend conferences and programs not only at national level, but also at international level. Furthermore, cross exposure provides opportunities to the employees to gain valuable experiences in different environment settings. In fact, the network of hotels nurtures information sharing on the competitive landscape of the industry. The employees of these hotels were also given opportunity to enhance their skills through scholarship and professional courses.

For four-star and three star hotels, the evidence indicates that they also send their employees to attend conferences but mainly at national level. However, the acquisition activities are limited as compared to 5 star hotels. Training was mainly outsourced and therefore the information they received from the process is common to other hoteliers. Meanwhile, in two-star hotels, the extraction of knowledge is more from the internal sources and they rely more on training conducted by hotel association which limits the information acquisition process.

In terms of knowledge storage, the employee selection procedures adopted by the hotels signify the level and type of knowledge that are considered pertinent to the employees. Five star hotel values multi-experience in the hotel industry, but not ignoring the requirements of academic qualifications. However for four star and three star hotels, experience is highly sought for and they believe in promoting internal staff to higher position. Although this policy drives motivation to the existing employees, it inhibits the process of acquiring new ideas, and applying different experiences to the existing routines and processes. As a result of this, the level of tacit knowledge in five star hotels is significantly higher than other hotels.
As for knowledge dissemination, it is a ritual for all hotels to have daily briefing. However, higher ranking hotels rely more on informal face to face discussions not only within department but also inter-department and at management level. Five star hotels believe that knowledge gained from training should be shared with other organizational members. Hence, employees who were sent to professional training programs and conferences were required to come out with training modules, conduct in-house training, and update and inform the management of the outcome of the conferences and seminars. Unlike five star hotels, the level of knowledge dissemination is slightly limited in four star hotels because they rely more on formal discussion at management level. As for three and two star hotels, knowledge dissemination relies majorly on formal interactions.

In term of human capital, knowledge innovativeness is apparent in the form of training modules produced by the hotel staff. As mentioned earlier, five star hotels developed their own training modules that are based on certified programs. These modules are often updated and new modules customized to the needs of the hotels are added to the existing ones. Employees in five star hotels are also encouraged to be creative and innovative when performing their task and therefore they are allowed to decide based on their own discretion in certain situations.

Knowledge application is more obvious in five star and four star hotels where trained employees are required to conduct in-house training for the rank and file staff. However, the training ability of five star hotel trainers is expanded to other subsidiaries and other hotels. Furthermore, cross exposure that was received by the five star hotels’ employees is applied to improve current services. In four star hotels, observations of services in other hotels are used to enhance existing services. However, for three and two star hotels, employees rely substantially on SOP in performing their tasks.

**Structural Capital**

In terms of structural capital, it is the policy of all hotels operation to conduct departmental briefing before every shift. However in five star hotels, daily briefing is also a must at management level. Furthermore, informal and open discussions and brainstorming sessions are always conducted to encourage employees to give ideas and suggestions to enhance customers’ satisfaction. Besides internal sources, five star hotels also rely on external sources to gauge information on the industry and competitors. In terms of accessibility, documented information in two and three star hotels can only be accessed by management level as compared to four and five star hotels.

All hotels have established standard operating procedures (SOP) especially for the rank and file operations. In three and two star hotels, these SOP are closely adhered and regular inspections are conducted in order to maintain compliance to standards and procedures. Furthermore, this study found that matters which have been decided in management meetings are usually referred to if issues of similar nature arise. However, in the higher rating hotels, there are still rooms for discretion in applying the SOP. Knowledge is also stored in the form of training modules developed by internal trainer. Five star hotels use human resource system to store comprehensive employee data, however, four and three star hotels employed basic employee information system such as payroll system.

For knowledge dissemination activities, all hotels rely on face-to-face interactions, both formal and informal. However, the differences lie at the level where the interaction takes place. For five and four star hotels, informal face-to-face interactions occur at management level and non-management level. The daily briefing which is conducted for every session is not only limited at departmental level, but also conducted at management level. This provides extensive knowledge sharing not only between departmental staff, but also between functional managers and top management. Hence, vertical and horizontal knowledge disseminations are achieved throughout the organization. As for lower star rating
hotels, knowledge dissemination is very limited and in fact, discussion on operations is limited to the top management. Although employees are encouraged to speak up, the formal structure inhibits sharing of ideas which will further impede creativity and innovativeness among the employees.

For knowledge innovativeness, all hotels claimed to support creativity and innovativeness in performing their tasks, especially when handling matters which are related to the customers. However, there are apparent differences in the ways these hotels encourage their employees to be creative and innovative. Five star hotels provide the best environment to nurture creativity. They establish suitable infrastructure for the employees through open structure and reward system. The informal ambience in the five star operating environment encourage the employees to voice out their opinion and get recognition and reward for their ideas. On the other hand, the rigid and structured environment in the three star and two star hotels impedes creativity and innovative ideas. In fact, the employees are less motivated to be creative due to lack of effective reward plan offered by these hotels.

For knowledge application activity, this study found that for the five-star and four star hotels, they focus more on creating newness in the services provided. Meanwhile for the three-star and two-star hotels, new knowledge is used more towards increasing efficiency in the operations and management of the hotel.

Relational Capital

These hotels put great emphasis on customer feedback and therefore develop customer feedback database to capitalize on their comments and suggestions. Information from the customers is considered as valuable new knowledge and it is used to improve hotel services. In five star hotels, customer feedback in the form of written and oral are recorded in a comprehensive database and often referred to evaluate current services and to improve future needs of customers. Similarly, four star and three star hotels also rely on their customer database to improve and upgrade the quality of services provided.

For five star hotels, besides using customer feedback, they have the advantage of acquiring information from its subsidiaries or sister hotel in other regions. Contacts with international training companies provide these hotels with sources of current and renowned training programs. They also maintained good relationship with travel agents and tour operators since their customers are more from overseas. Malaysian Association of Hotels (MAH) is also a source of industry information and act as a repertoire for human resource needs. This is also similar to other hotels where MAH is considered as a provider for training.

For knowledge storage activities, hotels in three, four and five star categories develop customer database to pool information on the customers. However, the extensiveness and usage of the database are different according to the star rating. Five star hotels developed a more comprehensive database and it is used to track loyal customers in order to provide superior services. Information from customers in the form of comments, suggestions and appraisal is often reviewed to evaluate current performance and foresee future expectations. In addition to that, five-star and four-star hotels have also developed database on their employees and market. These databases are important in monitoring employee performance and competitive position of the hotel. The findings also reveal that for the five-star hotels, they rely more on informal internal knowledge that is knowledge embedded in their employees. No customer database is developed by two star hotel. Customer information is recorded on paper and seldom referred to. For three star and two star hotels, they also maintained good relationship with government agencies since they are their major patrons.

In terms of knowledge dissemination from relational perspective, customer database is accessible to all levels in five star hotels. Besides that, inter-department information sharing especially between
marketing and customer service is a norm in these hotels to capture the needs of the customers and develop attractive packages.

Knowledge innovation is more apparent in five and four star hotels. Customer database is a mean to identify loyal customers and this information helps the hotel to provide personalized service to these customers. Information gathered is used to anticipate needs of customers and this assists the hotels in developing superior services to the patrons. Five star hotels also maintained intimacy with individual and corporate customers by developing customer loyalty card and sending greetings, flyers and emails to update customers of new offers. Three and four star hotels also rely on customer feedback to improve their services. They also concentrate on increasing intimacy with corporate customers and business partners. However, two star hotels only used customer feedback and suggestions to rectify current situations.

Knowledge is applied by using customer feedback to improve services to ensure customer satisfaction. For five star hotels, customer feedback is used to create “memorable experience” for the customers. Besides that, information gathered on customers are continuously reviewed and monitored to evaluate performance. Since tour operators and travel agents play important role in sales, their suggestions and comments are also considered essential to upgrade existing services. For three star and two star hotels, feedback from government agencies and sports council is also referred to ensure customer satisfaction. However, these hotels are more concerned of increasing efficiency to minimize their operating costs.

DISCUSSION

The evidence indicates that for the knowledge acquisition activity, the five and four-star hotels use environmental scanning to extract new knowledge. According to Pitts and Lei (2000), environmental scanning refers to the obtaining and gathering of information about a company’s environment. These hotels sent their employees to conferences and workshops to gain new knowledge. They also use feedback received from customers and related agencies to enhance the quality of their services. Acquired knowledge does not have to be newly created but only new to the organization (Davenport and Prusak, 2000). Meanwhile, for the three and two star hotels, the acquisition activity is more internally focus. These hotels gain new knowledge from employees’ experiences, meeting reports, and internal documents. As argued by Jordan and Jones (1997), internal sources include co-workers, company’s database and internal documents. Reports from meetings are normally used as the main reference in problem-solving and decision making.

Although the management acknowledges the importance of knowledge in gaining competitive advantage, there was a lack of willingness seen in two and three star hotels to invest in intellectual capital development specifically human capital. Consistent to Abeysekera (2007), the findings of this study found that three and four star hotels consider employees as a cost that need to be controlled. Therefore, they rely more on contract workers especially during peak seasons. This study perceived hotels which hire contract workers put less emphasis on human capital. It can be posited that this practice is due to management beliefs that once the employees gain such exposure, it is likely for them to move to other hotels. In addition, similar to Abeysekera’s (2007) findings, this study also found that hotels use structural capital to complement the knowledge management practices such as acquisition and dissemination activities.

For knowledge storage activity, all hotels focus on development of customer database, but the knowledge storage activities for the five star hotels emphasize more on developing individual knowledge.
Employees are encouraged to apply their creativity in order to enhance the quality of the services provided and to satisfy customers’ needs. On the other hand, for the three and two star hotels the knowledge storage activities put more emphasis on documenting organizational knowledge. All procedures, policies and standards are well documented and are strictly followed. There is minimal room for flexibility.

For knowledge dissemination activity, the evidence obtained indicates that in five and four star hotels, they encourage interactive interactions for sharing tacit knowledge. In these hotels, employees are given the opportunity to give suggestions and voice out their opinions informally especially on matters that are related to their tasks. Nevertheless, for the three and two star hotels, the knowledge dissemination activity occurs formally and this knowledge is transformed into explicit knowledge in the form of documents. However, the documents can only be accessed by the management level. Furthermore, meetings conducted mainly focus on daily operations to monitor their task and performance.

For knowledge application activity, the evidence from this study indicates that for five and four star hotels, the focus is more to increase the quality of their services. New knowledge is applied to enhance their quality. However, for the three and two star hotels, this study found that the knowledge application activity is more towards increasing efficiency of their operations.

The main outcome of this study is a typology of knowledge management practices and intellectual capital of the hotels studied in relation to the star rating as presented in Table 2.

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>Human Capital</th>
<th>Structural Capital</th>
<th>Relational Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>5 star/4 star</td>
<td>3 star/2 star</td>
<td>5 star/4 star</td>
</tr>
</tbody>
</table>
| Int’l Training | Daily briefing for rank and file management. 5 star hotels encourage open discussion. Knowledge stored in database can be shared by everyone, but only for supervisory and management level in 4 star hotel. | Daily briefing is strictly adhered to SOP. Information stored in database and reports is only accessible to mng.

<table>
<thead>
<tr>
<th>Storage</th>
<th>Human Capital</th>
<th>Structural Capital</th>
<th>Relational Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage</td>
<td>Selection of employees is based on experience and academic. Tacit knowledge is high amongst employees</td>
<td>Selection of employees is mainly focused on experience. Tacit knowledge is low amongst employees</td>
<td>All meeting minutes are documented and stored digitally for easy access in 5 star hotels. 4 star hotels have basic information systems to store information.</td>
</tr>
</tbody>
</table>
## Dissemination

| Knowledge is shared extensively through informal and formal interaction. | Knowledge is shared formally amongst staff. | Database 5 stars: accessible to all employees in all departments 4 stars: shared only by managers and supervisor. | Face-to-face formal interaction. 2 star hotel-information only accessible to management only. | Database is accessible to all and information shared between departments. For 4 star, accessibility is confined to management and supervisory level. | Customer database is accessible to management only in 3 star hotels. |

## Innovation

| Both encourage creativity and innovation. Developed customized training manuals that are usually updated and improved. | Rely entirely on SOP. | Reward creativity and innovation. 5 star hotels use e-portal while 4 star use interactive website. | No tangible support for innovativeness. Website for 3 star developed by HQ. No website for 2 star. | Customer database is used to identify repeat and loyal customers | Used comments and suggestions from customers to improve service. |

## Application

| In house training by own employees. Also qualified to give training to outsiders. Use cross exposure experience and observation to improve service. | Rely entirely on SOP. | 5 star employees given discretion to act according to situation. For 4 star, need approval from superior. | Refer to existing SOP. Need authorization for any changes. | 5 star hotels use info from customers, tour operators and agents to anticipate customer needs. 4 star use info to merely improve services provided. | 3 star hotels utilize suggestions from employee to increase intimacy with customers. |

## CONCLUSION

The findings of this study largely support the theoretical arguments which suggest that organizations’ knowledge management practices reflect the resources; i.e intellectual capital that they have. Different organizations apply different types of knowledge management practices in order to exploit their intellectual capitals. This study is consistent with Hamzah and Ismail’s (2007) findings which indicates that the management of organizations intellectual capital is depends on the intellectual capital being developed by the organizations.

The study shows that the development of intellectual capital in Malaysian hotel industry must correspond to the rating achieved by the hotel. Since the rating of the hotels was based on the facilities and the services provided, intellectual capital would enhance their positions in that category. The requirement of the rating can be met by any hotel as long as they have the financial capabilities. However, what makes the hotel different from one another in the same rating depends on the intellectual capital that
is manifested into the services provided. The evidence from this study indicates that structural capital and human capital are significant in managing knowledge in Malaysian hotel industry. Furthermore, these findings also revealed that these two capitals are necessary to initiate relational capital in the organizations.

The study suggests two important issues in managing intellectual capital. First, it stresses that hotels need to continually upgrade their human capital by providing trainings consistently, encourage their employees to acquire new knowledge by related conferences and workshop, provide cross exposure by sending employees to other branches. Secondly, hotels need to improve their structural capital by having frequent formal and informal meetings, encourage and acknowledge their participations and contributions to enhance the quality of its services and products.

Although we believe this study has made a number of contributions to the body of knowledge, it is inevitably subjected to a number of limitations. Therefore, the findings of this study must be considered in light of: first, lack of generalization – as a case study research is typically based on a number of cases, it is not qualified for statistical analysis and interpretation. However, generalization in case study research is achieved through the analytical generalization (Yin, 1994). Secondly, due to the difficulty to gain access to these organizations, the interviews were conducted with the top management (human resource director/manager) only to get overall information of the organizations. However, this study also used other method such as observations, and documentations to aid triangulation for multiple interpretations.

Research on intellectual capital can be considered as being at a growing stage. Therefore, there are many opportunities for conducting research in this field. This research can be held out as an attempt to delve into this area by suggesting directions for future research. This research concentrates on the knowledge management practices in the hotel industry in exploiting their intellectual capital. The evidence gathered reveal that the intellectual capital management practiced vary in accordance with the resources that the organizations have. Future research could reconfirm these findings and generalize them over population by using larger sample. This could be achieved by conducting quantitative research and employing statistical techniques. Future research could also examine the knowledge management practices in developing intellectual capital on a longitudinal basis. Furthermore, future studies could be extended to various industries as well. This would give a wholesome discussion on intellectual capital and knowledge management practices and comparison between industries will give a better understanding on this issue.

REFERENCES


