A MODEL FOR KNOWLEDGE MANAGEMENT STRATEGY: AN APPLICATION IN REAL ESTATE.

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Abstract:-

Real estate business nowadays has become a very and tight competitive. Thus, each of players in this business needs to shift to new paradigm of business. The base of organizational competitiveness in the contemporary economy has shifted from physical and tangible resource to knowledge creation. In engineering, knowledge management has become crucial part requires a profound insight into the task of engineers and their need of support. It is believe in real estate, knowledge management is important to find ways to use reuse and store knowledge as efficiently as possible. Real estate players need a large amount of reliable knowledge and information to ensure a successful of business. In addition, it involves the combination of various inputs in order to achieve an output or product. These developments offer opportunities for changes to organisational structures and the improvement of business process. The traditional approach of managing real estate business has proved to be too monolithic and lacking information for dealing with highly complex, multidimensional, and distributed systems. In the traditional paradigm little attempt is made in understanding how the information in real estate relates to other components or the effect that the information will have on the enterprise itself. This paper will try to explore a conceptual model to design knowledge management strategy especially to play a role in the way that one can capture, reason, represent, use for agreement between many stakeholders, competitors, customers and discover new information in industry to make betterment for industries.

Keywords: *Knowledge management strategy, real estate*

1.0   INTRODUCTION

In management world, knowledge management (KM) has become a trademark as a tool for sustaining to changing environments in organization or companies. The ability of organizations to integrate intellectual assets to capitalize on their core competencies is the key to a sustained competitive advantage in the market (Sheri, 2006). With the power of the concept of knowledge management, this paper tries to attempt model for knowledge management strategy to apply in real estate business. This model will be expected as a preliminary stage to the next stage of knowledge management process which is knowledge management system whereas an expert system will be used. This will paper will focus on defining KM strategy in real estate that allow specialized knowledge within the organization through a set of processes for capturing. There are a lot of studies on knowledge management as a concept. To begin knowledge management concept, it must start with knowledge management strategy. The main element in KM strategy is human capital which involves human or workers. Thus, vision and strategy are essential for

intellectual capital because it can only exist and be developed in the context of an organization's strategy (Hussi, 2004). In real estate, human capital consist a players in industries. These players are the most valuable intangible asset to manage successful networking. This is because they have knowledge, experiences, capabilities, skills, creativity and innovativeness (Edvinsson and Malone, 1997). This will leads an exploratory on tacit and explicit knowledge. The implicit- explicit distinction is applied to a single simple criterion, personal or non- personal knowledge. Taylor et.al (2000), views KM from two dimensional perspectives. The first dimension consist of the activities that are critical to knowledge creation and innovation; knowledge exchange, knowledge capture, knowledge reuse and knowledge internalization. The second dimension consists of those elements that enable or influence knowledge creation activities.

These include:

i.   Strategy – the alignment of corporate and KM strategies

ii.   Measurement – the measures and metrics captured to determined if KM improvement is occurring or if a benefit is being derived.

iii.   Policy – the written of guidance that is provided by the organization

iv.   Process – the processes that knowledge workers use to achieve the organization's mission and goals

v.   Technology – the IT that facilitates the identification, creation and diffusion of knowledge among organizational elements within and across enterprise, for instance an enterprise portal.

vi.   Culture – the environment and context in which KM processes must occur.

2.0   The Real Estate Business Context

According to Meister (1993), every professional services firm in the world has the same basic mission statement, namely 'to deliver outstanding client service to provide fulfilling careers and professional satisfaction for our people and to achieve financial success so that we can reward ourselves and grow'. In real estate which is very broad and diverse are mainly involved appraisers, loan officers, escrow officers, title associates, real estate lawyers and accountants, agents, and brokers. Today we can see ICT introduced a new paradigm how society's relationship to real estate. This already affected real estate process, systems, procedures and relationship that characterized the real estate that supports society's space-using economic and social activity (Roulac, 1996). Real estate is property. The term property refers to anything that can be owned, or possessed. Property can be a tangible asset or an intangible asset. Tangible assets are physical things, such as automobiles, clothing, land or buildings. Intangible assets are non- physical and include contractual rights, financial claims, interest, patents or trademarks (Ling & Archer, 2005). We already seen some old real estate terminology such as store, storefront, superstore, trader, plaza, mall, shopping centre, seller (Anderson, 1995). It reflects the expression of real estate development driven primarily through motivation to create space. And now it's already changed to new real estate terminology: online, interactive, e-mail, virtual reality, I Shoppe, i-way, info kiosk, sms, cyber and many more. Hence, it recognizes that physical reality is part of a larger whole, comprising not just tangible but also intangibles, information and collective consciousness. In the UK, estate agency already used internet business strategy by loading a lot of knowledge in the website. Research done by Rowley (2005) shows that web site can show:

i.	offer content in the form of information and advice
ii.	provide links to the web sites of useful organizations
iii.	aggregate data from a number of other web sites, and offer facilities that make it easier to search across the web site of individual estate agents; and
iv.	Support customer registration, as a basis for personalised communication.

Roulac (1996) added that economic performance will be influenced by global markets and preferences while themes of interdependency and cross-cultural values will be dominant. Virtual space, specifically networks and communications arrangements, emerge to supplement and even supplant physical space as an important value in enterprises balance sheets. In this paper, the context of real estate business consist general real estate activities such as valuation, property management, property development and estate agency. Figure 1 show main aspects needs to be considered for information processed to knowledge management.
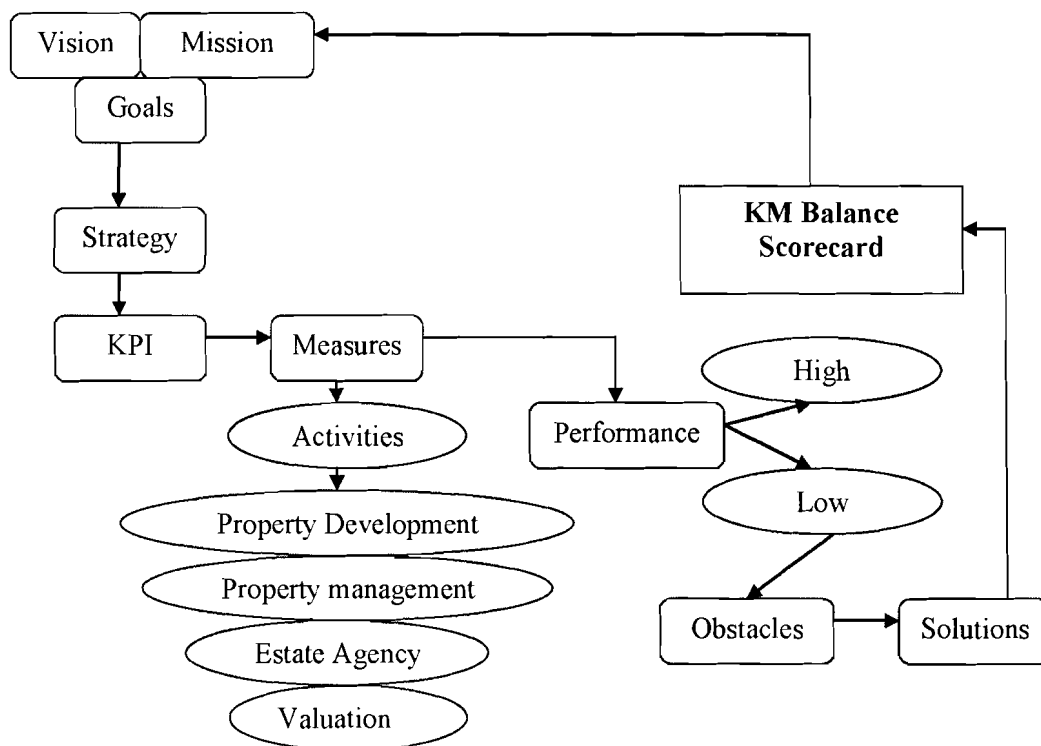

Figure 1 Process of Information within real estate business organization

(Source : Kaplan and Norton, 1992)

This concepts integrated by KM balance scorecard defines by Kaplan and Norton in 1992 and business strategy with key performance index.

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3.0 Knowledge Management Strategy – System Development

Knowledge systems have evolved from knowledge-based systems, which were developed using knowledge engineering techniques. For Schreiber et al (1999), knowledge systems are the tools for managing knowledge, helping organizations in decision problem- solving activities and facilitating the making decisions. Such systems have been used in the areas of medicine, engineering, product design, finance, construction and so on (Hendriks and Virens, 1999, Davenport and Prusak, 2000, Chau et al. 2002), Tiwana and Ramesh 2002). So, in real estate, it is not possible to implement this system. A further study must be done to make it successful and reality. This system encompasses methods and techniques for knowledge acquisition, modelling, representation and use of knowledge. Modelling techniques is recently used in developing a knowledge management system. Models are used to capture the essential features of real systems by breaking them down into more manageable parts that are easy to understand and to manipulate. A model is a simplification of reality. Real systems are large entities consisting of interrelated components working together in a complex manner and helps people to appreciate and understand such complexity by enabling them to look at each particular area of the system in turn. In Malaysia where real estate is a very competitive business, each company must prepare themselves towards learning organization. This will add value to their company. Organizational learning is proposed to be an integral part for innovation (Nonaka & Takeuchi., 1995). The key to competitive advantage and improving customer satisfaction lies in the ability of property management companies to innovate new products and services that can satisfy customer's needs. The benefits from innovation are that companies who innovate grow stock price; the customer enjoy the benefits of innovation; innovation energise employee motivation and performance as explained by Kuczmarski (2003). The Royal Institutions of Chartered Surveyors (RICS) have recommended by draft a memorandum of modernization in local authorities' property management which can be implemented in real estate business. Their recommended are as follows:

i.   Real estate players should adopt a more corporate approach to property management;

ii.   A central real estate database is recommended

iii.   A central database of property owned and leased by the authority is essential to allow performance indicators to be constructed and to permit more informed decision making; and

iv.   A central property database could be used for estate management, development, and maintenance and service department.

(Amended from RICS, 1987)

There are several techniques used to model knowledge. In Europe, the most common are CommonKADS and Protégé 2000, the Unified Modelling Language (UML) and Multi-perspective modelling. Mohd. Syazwan Abdullah, Ian Benest, Andy Evans and Chris Kimble (2002) have described the modelling techniques and their features as listed below.

Table 1: Modelling techniques and features

Technique	Common KADS	Protégé	Multi-perspective	UML
K.E methodology				
Object- oriented approach				
Hybrid approach				
Standard modelling language				
Documentation				
Evolving				
Domain	Medical, legal, engineering, business & up to social sciences	Medical, legal, engineering, business & up to social sciences	Medical, legal, engineering, business & up to social sciences	Medical, legal, engineering, business & up to social sciences

(Source : Syazwan Abdullah et.all, 2002)

Models are widely used in developing software systems including knowledge management systems. Each of above techniques is currently complementing each other in one way or another to develop better models of knowledge.

4.0 KM Strategy – Impacts

The KM strategy has significant implications for the real estate business and its associated functions due to the pervasive nature of knowledge within an organization. It is fundamental that real estate players demonstrate an awareness of the potential impact of the knowledge concept of KM in real estate business. This awareness of the scope of KM provides real estate business with opportunities to build linkages and relationship between overall organization strategies. Since human and intellectual capital are indeed the core focus of KM strategy, real estate players can play a key role in building and sustaining a dialogue based on understanding and awareness of the discourses underpinning various approaches to KM. This involves recognizing the important role of technology and the tools of IT, and also recognizing the fundamental role played by human and intellectual resources. Figure 2 shows the framework of impacts of KM strategy in urban management.
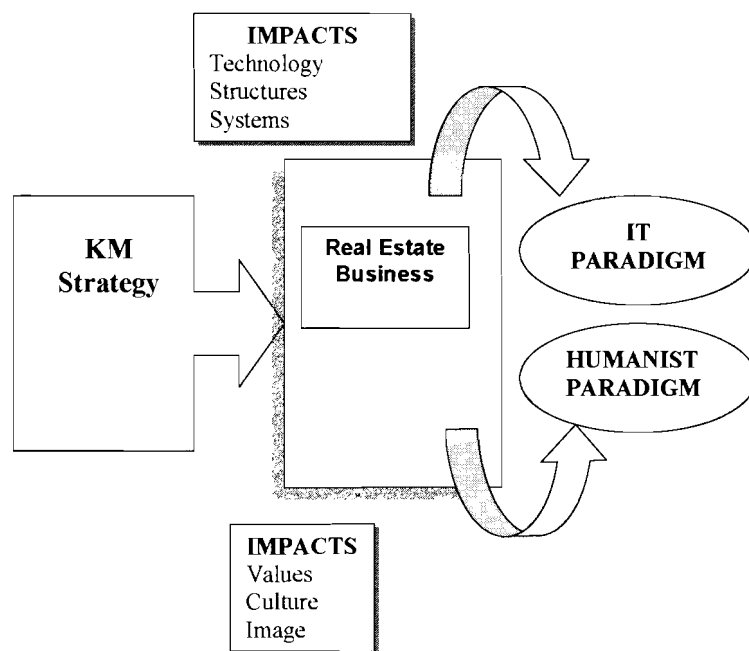

Figure 2: Implications of KM Strategy (Adapted from Gloet & Barrel, 2003)

5.0 Conceptual Model Framework

To ensure this implementation is successful, a framework will be designed as a guideline. Before KM strategy can take place in real estate, we must identify characteristics of real estate and the problems that need to be solved to achieve goals of each real estate business. The first step to be taken is to identify KM strategic management (figure 3) and after identifying all the main elements in real estate, KM cycle can be implemented (figure 4). These two steps are the preliminary stage for implementation of KM program. The next step is to develop KM modeling. There are several ways to design KM modeling as shown is table 1. In Europe, the most common model used are CommonKADS and Protégé 2000, the Unified Modelling Language (UML) and Multi-perspective modelling. Models are widely used in developing software systems including knowledge management systems. Each of the above techniques currently complements each other in one way or another to develop better models of knowledge. Despite the first step already identified as the strategic management in organization, Kaplan and Norton (1996) suggested to further identify balance scorecard in an organization. This is known as the KM performance scorecard. It measures real estate business performance in four key areas as stated in table 2. And finally, there are some steps that need to be taken to fully implement the KM strategy. This framework is based on current research and theory on KM, intellectual capital and human resource management. Figure 3 shows a framework of KM urban management and figure 4 shows the complete framework of KM strategy for urban management in local authorities.
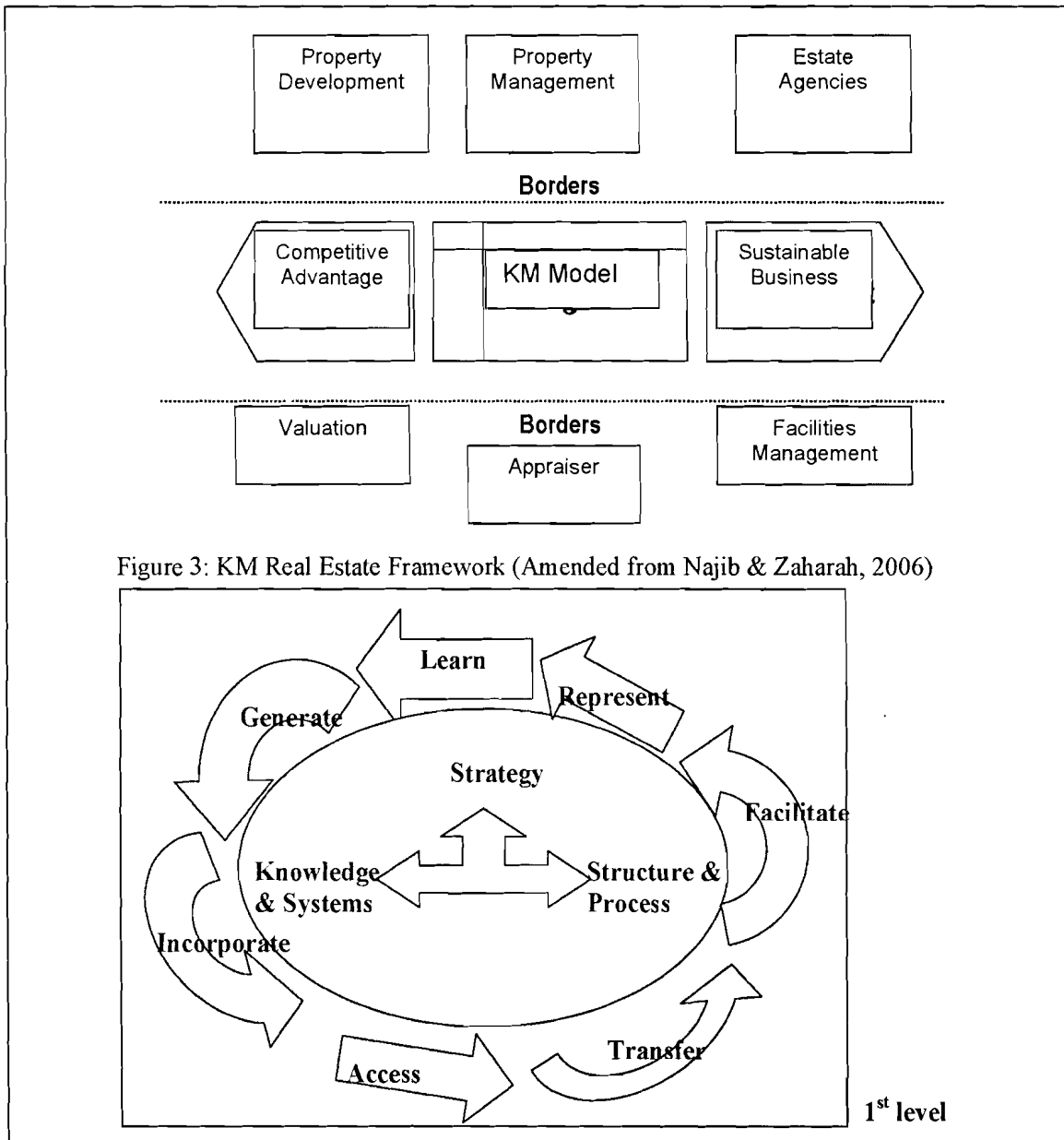

Figure 3: KM Real Estate Framework (Amended from Najib & Zaharah, 2006)

Table 2: Balanced scorecard for real estate business

Financial performance	Internal business processes	Stakeholders	People
What do we need to do to succeed financially?	What business processes do we need to excel at?	How should we appear to our stakeholders?	How will we sustain our ability to learn and develop?

(Source: Kaplan and Norton, 1996)

6.0 Conclusions

Whether knowledge management strategic model can be implemented into real estate business remains to be seen. However, many business organizations involved in the real estate industry have already applied some form of knowledge management strategy in their operations and management. What need to be done further is to look at how managing the business in an integrated manner can be done. A survey need to be done to investigate how far knowledge management concept had been implemented in real estate business. This will seek the main attributes in KM to be implemented in real estate business. As a preliminary study, this paper seeks to highlight the opportunities of implementing knowledge management strategy in order to see the full benefits to the organizations in the long run. Hence, we would like to suggest that, a further comprehensive research be carried out within the real estate business so that some guidelines or framework of the implementation of knowledge management strategic model can be formulated.

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