

# Tapping Tacit Knowledge for Developing Organizations' Competitive Advantages: Public Sector's View

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## **Abstract**

This paper review the activities of tapping tacit knowledge in public sector in order to help the organizations formulate their strategies towards its relevancy. The study reviews the relationship of tacit knowledge and innovation towards organization's competitive advantages based on the information about current situation, progress and process of activities in public sector. Also included a brief conclusion and variety sources of references cited for better understanding and clear thoughtful.

**Keywords:** *Tacit Knowledge, Competitive Advantage, Innovation, Public Sector*

## **Introduction**

Today, one of the most important commodities for businesses is knowledge. It is possible to consider knowledge as a force providing advantages in the business life due to its properties as being a source, low cost asset and means to create additional value. Knowledge, being a source of power, assumes a great importance for businesses. However, the unbounded management of knowledge would not bring success to the businesses and therefore, it is important to manage knowledge systematically.

Fareed *et.al* (2004), explains that knowledge management enables the communication of knowledge from one person to another and it enables the knowledge to be used by the other person. The initiatives that knowledge are leveraged in organization are:

- sharing knowledge and best practices
- instilling responsibility for sharing knowledge
- capturing and reusing best practices
- embedding knowledge in products, services and processes
- producing knowledge as a product
- driving knowledge generation for innovation
- mapping networks of experts
- building and mining customer knowledge bases
- understanding and measuring the value of knowledge
- Leveraging intellectual assets (Barth, 2000).

Thomas & Carl (1999), in their book “Smart Things to Know About Knowledge Management” shared that knowledge management allows companies to leverage their most precious assets, collective know-how, talent and experience and therefore the companies can handle new market challenges and opportunities. They are four steps in knowledge chain that determine the uniqueness and longevity of any organization as the factors that allow a smart organization to innovate or change successfully. They are internal awareness, internal responsiveness, external responsiveness and external awareness. It is practically a series of interactions that constitute an organization’s cycle of innovation and use as a guideline to accelerate the speed of innovation. From there, the organization able to create/ set up their niche as compared to their competitors through the production of innovative products or services.

In the context of public sector, it is classified as nonprofit organizations and therefore, they have to establish a well-defined niche because they are not selling anything per say, but they are trying to sell their mission, their programs, and their services to stakeholders. So the fact is that all organizations are competing for something whether they are profit or nonprofit organization. For nonprofit organizations, they have to differentiate their services with competitive advantages to perform better and remain relevance.

Competitive advantage is something that is derived from the organization’s strengths, making the organization different from the competition and more effective at achieving impact. Competitive advantage actually allows the organization to set the work of the organization apart. In the nonprofit organizations view, a competitive advantage is what the organization does better than similar organizations and also in term of its relevancy. Surprisingly, now many nonprofit organizations would think that they don’t have any competitors and same goes to public sector. Related to that, the organization didn’t see the potential of tacit knowledge in developing its competitive advantage and therefore, the knowledge remain as it is in staff members mind and it will leave together with the staff as they walk out from the organization.

The relationship of staff members’ knowledge in contributing to the competitive advantages through innovation is not realized by the management because with the assumption that it is just an organization’s obligations to equip their staff with knowledge and skills for them to perform task given to achieve organization goals. Sometimes, the organization also didn’t realize that the initiatives they implemented are based on the output derived from their staff member’s knowledge. During the research, the author found that the activities for knowledge creation and knowledge transfer occur in the organization but nobody notice that it will give more benefit to the organization to become beyond the ordinary. There is also no proper setup for knowledge management team in the organization in handling the related activities and the awareness of what actually become core competencies to support the organization to perform better. This matter should be further address that the important of knowledge bank derive from tacit knowledge crucially support the achievement of organization goals and objectives. This research is done to achieve these objectives:

- RO1: To identify the process of tapping tacit knowledge in organization.
- RO2: To understand the development of competitive advantage through tacit knowledge.
- RO3: To identify how tacit knowledge contributes to competitive advantage and innovation.

The findings, data and information obtained from this study will be valuable input to the management in determining the process of tapping tacit knowledge within staff members in the organization in helping the development of competitive advantage through tacit knowledge. The information obtained from this study will also be crucial for the long term strategic planning purposes on how to sustain knowledge of the employee in the organization. Findings from this study will produce valuable information that will help organization to plan for better knowledge management activities that encourage knowledge creation towards developing organization's niche.

The report has limitation where it covers few government agencies to provide the feedback on the related study to represent the outcomes of the study representing public sectors. Other than that, public sector is nonprofit organization and therefore the element of competitive advantage is more on how they improve service delivery to the public and also how they continuously formulate new ideas and strategies to become the best service provider to their target market. Other sectors will not cover in this report as the scope will become wide and there is a requirement of comprehensive study in every angle such as profit making in order to cover all possible issues related in developing organizations' competitive advantages.

### **Literature Review**

Tacit knowledge for quite some time is unsung asset. People didn't realize that it is a valuable asset that will give extra values to the organization. Most of the organization more focus on the explicit knowledge that is easy to manage and organize. Because the nature if the tacit knowledge that is difficult to express and explain as well as difficult to code and symbolize it requires a lot of efforts from the organization to manage them. Effective knowledge management helps this dream become reality. Tacit knowledge could be learned by means of cooperative experiences (Koskinen, 2003: 67-81). Therefore, tacit knowledge is tough to formulate, define and share. In short, explicit knowledge refers to "identifies the object itself," whereas tacit knowledge presents the knowledge of "how it happened." The sources of tacit knowledge are mental models, values, beliefs, perceptions, assumptions and concepts (Lubit 2001; Nonaka, 1994: 14-37).

Previously, most of the organizations depend on the documented information stored in a technological or mechanical way, like in information systems or handbooks as a main source in developing their strategic planning. Therefore, the intangible assets such as knowledge own by their staff members always left behind without noticing that it perceived as an important capability for competition. Individuals are the primary repositories of tacit knowledge that is achieved by internal individual processes like experience, reflection, internalization or

individual talents. Tacit knowledge can be understanding as when one has emancipated oneself from the technical formulas for action. The example related to above statement is to be able to cook without a recipe or to have an intuitive feeling of the right decision. As a result, it cannot be managed and taught in the same mode as knowledge which is explicit. Tacit knowledge is technical or cognitive and is made up of mental models, values, beliefs, perceptions, insights and assumptions (Elizabeth, 2001). Therefore, it requires more efforts to manage the tacit knowledge effectively.

The evolution of tacit knowledge successfully happens with the culture of the organization that support KM activities and innovation. For example, the management encourage their people to keep on throwing their ideas, think outside the box and give support to them to innovate in the new products and services that will benefited the organization. This includes by installing pilot plants or design and testing prototypes (Madeuf, 1984, p. 127). Tacit knowledge is believing to give high impact in encouraging people produce new initiatives to be implemented and for further study/research before it can be commercialized to gain more profit for the organization perform better. From there, we have to identify if there is a relationship between tacit knowledge and competitive advantage in helping the organization stay relevance and remain sustain. Magnier-Watanabe and Senoo (2009) on their research has revealed discriminate sources of competitive advantage among specific beliefs and behaviors related to knowledge management. Therefore, by identifying group of workers in the organization who has extra ordinary knowledge, experience and skills should be follow by the effective implementation of knowledge management.

Competitive advantage is something every company should be striving for in order to become the market leader for their industry. A common view on how to assess competitive advantage is the 'resource-based' view, proposed by Michael Porter in his book "Competitive Advantage" from 1985. Porter defines competitive advantage as "...the ability gained through attributes and resources to perform at a higher level than others in the same industry or market" (1980, 1998). It basically suggests that when one of the attributes or resources of a firm are superior to that of any other firm in the same industry or market, a competitive advantage is created. This advantage can then be leveraged in order to create a higher market share and eventually become the market/industry leader. In the context of public sector, competitive advantage relates to the how the organization respond and give feedbacks effectively on the issues raised as well as on the public concern to ensure its relevancy.

### **Methodology**

This report provides an analysis on the importance of tacit knowledge in the organization for developing its competitive advantages. It is a qualitative approach in getting the findings of the study field. The report will focus in the public sectors context on how they manage the tacit knowledge embedded in their staff mind, the challenges in managing tacit knowledge and the relationship between tacit knowledge, innovation and competitive advantage in order to ensure organization's sustainability. Method used to get the information to support the analysis

includes the observation in selected government agencies knowledge management practices, interviews with six (6) respondents (staff and the management) of selected government agencies in one to one basis as well as through reading and fact findings from related report about knowledge management activities and initiatives implemented in the organization.

### **Findings and Discussion**

When it comes in managing tacit knowledge, the very important elements are related to how it is gathered and documented as well as how the diffusion of the knowledge in the organization occurs because tacit knowledge is abstract and much harder to be transferred (Polanyi, 1966). The successful ways to ensure the knowledge effectively transferred is through active involvement due to the characteristics of tacit knowledge that is harder to copy and stand individually. Tacit knowledge has been always said in leading competitive advantage because of its properties that are difficult to imitate, unique and valuable and therefore it drives the uniqueness of the knowledge assets in the organization. Due to its characteristics, it is the basis for further developing knowledge in-house management other than explicit knowledge that can be easily articulated, stored, codified and transferred (Nonaka & Takeuchi, *The Knowledge-creating Company: How Japanese Companies Create the Dynamics of Innovation*, 1995).

Based on the study done in the selected government agencies related to on how they manage knowledge as an asset, it found that the performance of the organizations is highly depend on the people who run the core activities of the organization. There are also on how they competing their own so called competitors to ensure their target “market” namely their own staff get attracted with the mission/vision of the organization to work together to achieve it. Every government agency strives to their very level best to achieve their vision and in order to ensuring they remain relevant and competent in delivering services. As an organization, their focus is on the good service delivery to the public, they should actually strive to never lose its advantage or at the very least aim for as being sustained for a period that lasts as long as possible.

The nonprofit organizations are actually competing for the same resources such as same money allocation or same grants. For example, every year, the government agencies will submit the application of yearly budget. The budget allocation approved by the central agencies namely Ministry of Finance (MOF) and Economic Planning Unit (EPU) is depending on how they presented the current achievement of the current programs and the targeted outcomes of the new programs they proposed. All government agencies fight for the same cake and the only difference is on how they strategize and formulate their strategic plans to the central agencies for the portion of cake.

Along with the study, the author shares the findings on how the selected government agencies contribute towards new initiatives as a result from the knowledge management activities done by the organization.

**i. Blue Ocean Strategy (BOS)**

The implementation of Blue Ocean Strategy (BOS) in government agencies shifting the mentality of “not sharing” attitude to more open attitude in every aspect. It helps to encourage knowledge sharing among government agencies not only in the facilities they have but also in formulating new plans and strategies to meet the touch point group demand. The BOS initiative combines the strategic cooperation with private sectors as well as NGOs. The example of the successful BOS strategies that benefited the public is the opening of one stop center known as Urban Transformation Centre (UTC) and Rural Transformation Centre (RTC). UTC and RTC is part of the Blue Ocean Strategy (National Blue Ocean Strategy, NBOS) of NBOS 6, aimed to transform communities across the country through the Community Transformation Program (CTP). A total of 34 ministries / agencies and private sector and NGOs set up counters at the UTC based on ten clusters set under the program.

The setup of UTC and RTC is based on the input derive from staff experience on handling public complaints and the demand of public for government agencies towards providing fast, efficient and convenient services derived from relevant workshop handled by Prime Minister Department. They shared information, attended brainstorming session and transfer knowledge and good practices before can come out with the idea. The Immigration Department and Registration Department from Ministry of Home Affairs are some of the government agencies placed in UTC and RTC. For example, UTC is a creative and innovative ideas when in the building has a variety of services provided for the convenience of the urban community. UTC establishment in line with the key points contained in NBOS and the idea of creating. Therefore, we can say that the importance of the new initiatives, strategies and programs for the nonprofit organization is reflects to the consistency of the organization to deliver the best and effective services to the public. It is relatively relating to the sustainability and relevancy of the agencies in delivering services. To achieve that level, the management is highly depending on the main in-house resources namely staff members to provide support and input towards creating innovative ideas.

**ii. Other Initiatives**

The management team of government agencies now realize that in order the organization can perform better, the usage of tacit knowledge must be exploited for better delivery. For example, the management of Ministry of Agriculture and Agro Based Industry (MOA) has started programs on tapping knowledge from their expert staff and also from the key player in the agriculture industry. The culture of the ministry for quite some time is work in silo and therefore it is hard to get cooperation from one division to one division and also from one department to one department. They started a program known as Top Management Retreat in yearly basis as a platform to brainstorm and sharing knowledge among the top management and experts in the ministry. The program appointed rapporteur from every division to record all discussion related to their subject matter. In the middle managers level the activities of knowledge sharing occur in formal and informal forum. The output derived from the sharing session is documented and the information is tagged according to the subject matter. This



program encourages strategic collaboration between divisions as well as among the departments in the Ministry and therefore increase productivity. The initiatives that introduce by the ministry's as a result from the program is the establishment of National Dairy Board to cater all related issues and help the ministry become more systematic in performing their core business.

Other than that, the management of MOA also focuses on the knowledge storing. The staff knowledge and skill through technical workshop, courses and conference is documented and store in the system to easily access by other staff. The Library as a Ministry's main information center has created a virtual community to share information and knowledge among staff. The system known as Enterprise Knowledge Repository Information System (EKRIS) and it is an intranet based system. It is can only be access by Ministry's staff after they registered into the system. It was developed in house by Ministry's IT Division collaborated with Library. The system allows for easy and fast information retrieval. The collection of information store in the database includes speech collection, ministry's policies, minutes of meeting, division's core business and yearly reports. The system link can be assessed through Ministry's official portal. With this early initiative by the Ministry, it encourages information dissemination within short period of time therefore encourage productivity. It helps to make staff members more competent and knowledgeable therefore able to deliver services faster. Other than that, the ministry continuously organize knowledge sharing program such as Intellectual Discourse session and a cross ministry level program such as Public Policy Ministerial Forum as a step to create a knowledgeable people in the ministry and in the public sector as a whole. As a result, ministry's staff members become competent and able to give concrete answers when issues related to the ministry aroused.

Ministry of Home Affairs (MOHA) involves in handling the consolation for ex-police who are appointed during the emergency in Malaya. In 2011, during Budget Speech Year 2012 in Parliament the Prime Minister had announced a consolation to be given to ex-police such as Home Guard (HG), Special Constabulary (SC) and Auxiliary Police (AP) who are appointed during the emergency as a recognition on their contribution protecting the country from communists' threat. There is no complete record on the total of ex-police appointed during that period of time and also on the list group of ex-police that are qualify to receive the consolation as well as on criteria for each group of ex-police. Therefore, there was a big problem faced by the Ministry in order to give the consolation to the qualified receiver fast. To overcome the problem, the information available in explicit form and also from the knowledge of the expert is properly documented because the management realize that to rely on personal tacit knowledge in organizations is risky and conversion of tacit knowledge to explicit or at least ability to share it will offer greater value to the Ministry. Therefore, the ministry developed an in house system known as Sistem Polis (SISPOL) to store all information related to ex-police for future reference.

The conversion processes between tacit and explicit knowledge – socialization, externalization, combination, and internalization, or SECI – help synthesize subjective values into objective and

socially shared knowledge (Nonaka and Takeuchi, 1995). By applying this concept, the management take strategic actions whereas it involves activities such as discussion and informal meeting by engaging expert people to give the information needed and also for cross checking with the existing information. SISPOL system helps to expedite the process of information storing and information checking. With this effort, when the Ministry was approved on the appreciation medals for ex-police known as Pingat Jasa Pahlawan Negara (PJPN) it is smoothly implemented and it improves the efficiency of Ministry's delivery system. It is because the information is transferred in the form that easily access and not depending on the certain individual to give feedback. In the context of competitive advantage, as a nonprofit organization, the performance in giving a quick and accurate data needed such as for the application on yearly budget reflects the good performance of the Ministry as a whole.

### **iii. Relationship between tacit knowledge, innovation and competitive advantages**

A lot of study did mention that tacit knowledge is individual and embedded in human mind. In order to get them, it requires efforts to tap and dig them before it can be used for creating valuable assets. Tacit knowledge, innovation and competitive advantage are closely related to each other. Innovation that is derived from the manipulation of tacit knowledge support the organization competitive advantage. The uniqueness of tacit knowledge creates the learning curve for others to follow and provides competitive advantage for shaping the future of the companies to become successful (Kikoski and Kikoski, 2004). It encourages the shift of thinking among staff towards innovation in their activities namely technical innovation, product or process innovation, strategic or organizational innovation. Therefore we can say that tacit knowledge is crucial key for organizational to create new knowledge, generating new products and improving new business procedures that will lead to innovation.

Innovation is to explore new sources, clients and markets or establishing the new combination of existing sources, clients and markets. This indicates that there is innovation in the basis of securing competitive advantage (Naktiyok, 2004:170-171). Knowledge management is primarily related to performance with its capability to spur innovation. The process of innovation benefits from ideas and knowledge in order to provide advantages for the client and contribute value. As can be seen, a good sustainable competitive advantage comes from intangible resources that are hard to imitate. The source of organizations asset from tacit knowledge (unique, hard to imitate and individual) drive to the innovation in creating/introducing new initiatives. The organizations that are dynamic and efficient with regards to the stakeholders' need will make them competitive and relevance. The ability to produce unique and marketable products and services gives positive outcome to the organization in long run.

### **iv. Method of Accessing Organizations' Performance**

In public sectors, there are few methods used to access on the organization performance to make them continuously perform better. Below are two of the methods that are currently used:



#### **a. Star Rating Assessment**

In public sector, Malaysian Administration Modernization and Management Planning Unit known as MAMPU is an agency who is responsible to access the performance in measuring the culture of excellence of government agencies within the Public Service. The measuring is based on five stars' assessment method started from not satisfactory until excellent. In this regard, Star Rating is performed with four main objectives:

- Evaluate and measure the performance of agencies Government including at the state level to ensure service delivery sector Public at the level of excellence;
- Give formal recognition to agencies that have demonstrated level governance and continuously improve the quality of services superior;
- Give wide publicity about policies, strategies and best practices quality management that has brought success to the organization; and
- Promote healthy competition among public sector agencies in organization and delivery of management practices the most efficient.

The main criteria in the Star Rating Assessment is Work Process Reengineering, Quality/Innovation Culture in the Organization and Learning Organization Culture. Based on this, the organization will continuously keep improving to become the best and always find ways to enhance their service delivery.

#### **b. Accountability Index Assessment**

The National Audit Department (NAD) created a ranking system to measure effectiveness of administrative controls known as Accountability Index Assessment. NAD is the Malaysian Supreme Audit Institution responsible for evaluating management performance of all ministries, departments, and autonomous entities at the central, states and local governments in Malaysia. The methodology used is based on a four-star rating classification of a set of indicators and sub-indicators to indicate if performance is considered excellent, good, satisfactory, and not satisfactory. The approach provides a comprehensive tangible and comparable mechanism to inform authorities on the areas in which controls are more effective. It would be also interesting to have an evaluation of the impact of such an approach after five years to assess whether controls have improved across the entire administration and why some agencies have performed better than others.

Above are some of the method of measuring organizations' performance exist in the public sector. These methods encourage the organization to be creative, innovative and at the same time continuously improve quality of service. To encourage process collecting ideas from staff members, MOA is in the process of introducing suggestion box to allow the staff members to share their thought, knowledge and suggestion and it will open for further discussion. The formal current platform in public sector to encourage innovation culture is through Innovation and Creative Convention. It is held every year. It encourages staff members to transfer their knowledge and expertise to create something interesting and useful to the organization and

public sector as a whole. For example, the development Virgin Coconut Oil Extractor from Agriculture Department in 2009 is the initiatives derive from the knowledge sharing and knowledge creation among expert in the field. The related information about the product is documented for future reference/use.

During this research conducted at the selected government agencies, there are several issues and challenges identified by the author in the implementation of the knowledge management program and activities for the purpose of developing organization competitive advantage. Among the issues are as the following:

- a) The organization culture related to knowledge management doesn't exist and therefore, it is not fully support the implementation of knowledge management initiatives in the organization.
- b) The reward programs in term of monetary are very limited due to the limited resources and therefore, the organization faced difficulties to get active staff involvement.
- c) The attitude of staff members that didn't see the importance of public sectors to keep improving for delivering better service to their stakeholders.
- d) Some of the tools that available in the organization in the knowledge management tools are not fully unitized as some of the content is outdated causing other staff to lose interest in searching the information related to their interest.

### **Challenges**

The objective of knowledge tapping is not successfully achieved when it is just tapped and documented without being applied. Besides managing this intangible asset of enterprises, another vital issue is considered as diffusion of knowledge within the organization. Knowledge management needs different forms of activities according to the possibility to code knowledge. Internal individual processes like experience and talent obtain tacit knowledge that is difficult to code. The difficulties related to sharing tacit knowledge are to be found related to perception, language, time, value and distance. The challenge and another difficulty with language lie in the fact that intangible tacit knowledge is held in a nonverbal form. For most people articulating/expressing something natural and obvious could be hard and challenging. It is a main issue in managing knowledge in most of the organization. With good ICT tools and facilities but without full involvement of staff will drive its failure. Same goes to government agencies, process of gathering and tapping knowledge from staff members actively occur, but the process of knowledge diffusion always the main problem in ensuring the knowledge management activities successfully implemented and achieved the objectives set.

The push and pull factors involved in diffusing knowledge. To unleash the power of tacit knowledge in an organization, the sharing of tacit knowledge must be managed differently from explicit knowledge. Many of the traditional methods of knowledge diffusion like manuals and lectures are unsuitable for tacit knowledge. Different methods like apprenticeship, direct interaction, networking and action learning that include face-to-face social interaction and practical experiences are more suitable for supporting diffusion of tacit knowledge. Hamidreza

& Amirreza, (2012) in their research explain that tacit knowledge cannot be given in lectures and it cannot be found in databases, textbooks, manuals or internal newsletters for diffusion. It has to be internalized in the human body and soul. The activities implemented in Ministry of Home Affairs and Ministry of Agriculture and Agro Based Industry are basically sharing session during formal meeting, group discussion as well as Ministry's Retreat Program. The initiatives are there but due to the improper setup of KM team it will drive to failure. The KM culture is another issue highlighted by the respondents because if the culture is not there, the KM is just one of the Ministry's program without any direction.

### **Recommendation**

Knowledge management culture is a main factor in supporting learning organization. Staff members must be given freedom in term of time, space and opportunity to transfer their knowledge through knowledge sharing activities. By leveraging knowledge resources in the organization, it will help the organization perform better and remain sustain. The successful of KM implementation is related to the culture and organization structure of a company and it can be seen such as through the decision-making process, human resource policies, performance measurements and so on (Cook and Cook, 2004). Positive culture will encourage trust and openness between sender and receiver during KM activities and will result in automatic absorption which must be backed up by the whole organization structure of the firm (Lehner and Lehmann, 2004). This success factor is also mentioned by Hall and Sapsed (2005), on the importance of reward systems and the organizational roles and structure for effective KM implementation.

To produce competent staff members, there is a demand for organization to encourage tacit knowledge mining from inside and outside the organization. Inside the organization, the management must focus on what is the existing tacit knowledge capabilities the members in the organization have and what is the improvement needed to improvise the accumulated learning of the individuals in order to increase their level of tacit know-how competence. Outside the organization, the activities of tacit knowledge mining include recruiting right people in the organization to learn from experts of other firms, engaging consultants and attachment programs to learn about new technologies and technical matters. The government has initiatives called Cross Fertilization Program. Attachment Program and Exchange Program through COTI Program with South Korea Government and JICA Program with Japan Government in charge by Public Service Department with the objectives to encourage knowledge exchange and also in observing the best practices and good quality from that particular organization to be implemented in the public sector.

To ensure the activities of knowledge sharing successfully implemented in the organizations, this means in detail that organizations have to focus on the so-called human-related factors like motivation, commitment, hopes and rewards, which is a combination of an intrinsic and extrinsic value system. Employee recognition is a key driver of motivation and employee satisfaction in the workplace. Consistent, timely, and meaningful rewards and recognition do

not need to be costly or time consuming, but they should be a priority. Recognition will give big impact in encourage people to get involve actively in knowledge management activities in the organization. Example of recognition is by show individual expressions of appreciation such as send an e-card or hand-written card with a special message about appreciation for that individual and provide team recognition such as arrange for a healthy breakfast or afternoon snacks to say thanks to the staff.

Other than that, reward system is also method to motivate people to get involved in the programs/activities related to knowledge management. Reward system such as Performance-Based Incentives can be done by defining their tasks and attaching compensation-based incentives to a certain levels of performance. Make the knowledge management activities as part of their yearly assessment by putting into their annual work targets and annual performance assessment report. Private sectors have introduced yearly bonus compensation and increment percentage of their annual salaries as a bonus as part of the incentives to their staff to encourage their staff involvement. In public sector, anything related to monetary incentives is not a famous method as incentives. But there is a way where this matter can bring to the respective department such as Civil Service Department to initiate the program. Attachment program and Cross Fertilization Program with multinational companies in Malaysia or abroad that has been implemented by public sector or alike programs can be one of the method of rewarding staff members who are active in supporting knowledge management activities. In term of non-monetary rewards that can be used to motivate staff members is "employee of the year" certificates to help boost their morale as the management recognized them for their outstanding efforts.

### **Conclusion**

The main difficulties in sharing tacit knowledge are linked with perception and language. The unconsciousness of the tacit knowledge and the difficulty of expressing it are commonly held as the main problems in tacit knowledge diffusion. It is not only that we have difficulties expressing and articulating what we know, we may not even be conscious of what we know or how the tacit knowledge connects to our explicit knowledge. Knowledge is a significant organizational resource. In order to build and sustain a competitive advantage, this knowledge must be protected within an organization's core businesses from discovery by competitors.

In most government agencies, the roles of managing knowledge and information are put on the librarians' responsibilities. The proper setup for knowledge management team doesn't exist and therefore, most of the valuable knowledge from expert people and subject matter expert always being neglected and will left the organization when the staff retired or transferred. Responding to this issue, on 20<sup>th</sup> December 2016, the Civil Service Department circulate one circular regarding Career Development for Subject Matter Expert (SME) for the Federal Public Service Officer, to secure their talent and knowledge in the public service. It is as a recognition of the Federal Public Service employees who have the intellectual capacity and expertise, extensive experience in the areas of expertise as well as a source of reference within and

outside the organization to ensure the retention of the best and highly specialized in civil service. It is a starting point for public sector by acknowledging the importance of people's knowledge (tacit knowledge) as a valuable asset to the organization continuous improvement.

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