

**READINGS IN STRATEGIC  
MANAGEMENT AND BUSINESS  
ETHICS FROM ISLAMIC  
PERSPECTIVES**

*Edited by*  
**Suhaimi Mhd. Sarif**



**IIUM Press**

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**Edited by**

**Dr. Suhaimi Mhd Sarif**

**Assistant Professor in Business Administration  
Department of Business Administration  
Kulliyah of Economics and Management Sciences  
International Islamic University Malaysia**



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EMAIL: [iiumprinting@yahoo.com](mailto:iiumprinting@yahoo.com)

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# STRATEGIC KNOWLEDGE TRANSFER IN PUBLIC POLICY: THE CASE OF MALAYSIA'S KNOWLEDGE-BASED ECONOMY

Suhaimi Mhd Sarif  
Yusof Ismail

### ABSTRACT

*This chapter argues that the public policy in Malaysia has experienced learning from other actors in the global economy. However Malaysian policy makers at public institutions have often narrowly defined the broad notion of the knowledge economy, and this is reflected in their policy formulation and implementation. This also can lead to ineffectiveness and lack of dynamism for a country or a firm to gain long-term competitiveness in the knowledge economy.*

### INTRODUCTION

In recent years, knowledge has been recognised as key to wealth creation and to sustain long-term economic development. As such, knowledge has been extensively used by most modern organizations, regardless of their business nature. The intensive use of knowledge by public and private organisations has transformed this economy into the knowledge economy context.

This has affected important stakeholders, particularly the government as national policy maker. As such, policy makers will have to ensure each policy is economically, socially and politically beneficial to businesses and people.

The knowledge-related policy formulation process is often complicated by the abstract notion of knowledge, which are often embedded in people and their social context. Indeed, the use of knowledge is more apparent in the knowledge economy despite the dominant features of the production economy. The knowledge economy and the production economy cannot be easily because of their manufacturing activity. As such, the government's policy tends to be narrowly defined in terms of industrial input. The following discussion will trigger on some important issues such as in what way the knowledge economy has been narrowly defined and why this can be happened? If such policy is narrowly defined, then what is the broad one?

### The Knowledge Economy

The abstract notion of the knowledge economy requires a thorough understanding before embracing it. This task can be very complicated when it is under strong economic and political pressures (such as international debt, civil wars, corruptions, etc). This is often occurred in many in many developing countries. All these will not stop them from making quick decisions in order to grab as many as possible business opportunities. However, this will not hinder them from defining the knowledge economy merely the extension to the production economy.