

# Implementation of the Knowledge Management in Facing Governance Crisis through Good Corporate Governance (GCG) Values (A Study in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division)

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## Abstract

Knowledge Management is an important part of governance, particularly when the organization changes in a company. In managing a company based on the National Committee on Governance Policy which has issued the guidelines for good corporate governance implementation in 2006, in a condition of competition and governance crisis. GCG principles based on National Committee on Governance Policy (transparency, accountability, responsibility, independence, reasonableness, and equality) are required to achieve sustainability of the corporate business by considering stakeholders. The research problem is the implementation of knowledge management in Good Corporate Governance (GCG) values in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division. A reason to choose research locus is a good implementation of corporate governance, which is continuously improved and perfected in line with government assignment in the field of food and commercial business demand and commitment, to see whether or not GCG implementation in the Indonesian Bureau of Logistics reaches regional division level, particularly in Central Kalimantan Regional Division. This study applied a combination of descriptive methodology and development study methodology. This research shows the result that knowledge management in GCG values has been applied in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division, as proven by 1) communication which is established well in every person in the office, 2) decision making as an authority of top management, but the process of policymaking also involves every aspect of the company, and 3) wide access availability of information from knowledge assessed with the highest percentage of employees

**Keywords:** knowledge management, good corporate governance, and Indonesian Bureau of Logistics

## INTRODUCTION

The organization is required to apply good corporate governance to create an organizational management system that involves whole human resources owned. It is particularly in a situation of global economic development. Meanwhile, knowledge management is required to change human resources to be excellent in managing good corporate governance.

Success in human resource management is related to knowledge management. It means that human resource management is based on knowledge management, including intellectual activity from knowledge creation to movement in realizing responsibility, equality, openness,

independence, and accountability based on good corporate governance principles.

Knowledge Management is a part of Good Corporate Governance (GCG), particularly when the organization is changed, in managing company based on National Committee on Governance Policy which has issued guidelines in implementing good corporate governance in 2006. In a condition of competition and governance crisis, it requires good corporate governance as a fundamental principle in the company to face a crisis, Covid-19 pandemic in particular. As explained by Nonaka and Takeuchi (1), knowledge must be managed since it must be planned and implemented. The manager positions knowledge as a resource that encourages an organization, to be a competitive organization. When employees leave an organization, it means that they bring important knowledge. Knowledge management is a method to make a company have recreation, energy and quickly make innovation to be able to survive.

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The challenge of a company is to face a business environment where it is expected to be capable of applying management practices, namely transparency, responsibility, credibility/accountability, fairness, and independence, to get trust from local and international businesses. Condition in Indonesia refers to National Committee on Governance Policy which issues guidelines for implementing good corporate governance (2006). Based on the National Committee on Governance Policy, the principles of good corporate governance (openness, responsibility, independence, reasonableness, and equality) are required to achieve business sustainability in the company by considering stakeholders. Issuing guidelines for good corporate governance implementation in 2006, in the condition of competition and governance crisis, it requires good corporate governance as a fundamental principle of the company to face a crisis, Covid-19 pandemic in particular.

Implementation of good corporate governance in the supervision Bureau of Logistics is continuously improved and perfected in line with government assignment in the fields of food and commercial business demand and commitment of the Indonesian Bureau of Logistics in achieving the vision and mission in the company based on GCG principles. GCG principles have been realized by the company by establishing the supervision function of GCG under the Corporate Secretary which manages and supervises GCG implementation in the Indonesian Bureau of Logistics. The company has issued the supporting documents in implementing GCG, such Code of Corporate Governance and Code of Conduct. Besides, the company has compiled Board Manual as guidelines for work procedures, relations, and communication of the Director and Supervisory Board.

Based on the research background above, the researcher formulated a research problem (How is the implementation of knowledge management in facing governance crisis through Good Corporate Governance (GCG) values in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division?).

## **MATERIAL AND METHOD**

This study applied a combination of descriptive methodology and development study methodology. The described methodology was used in this study since it attempted to explain

the approach of public policy evaluation, from agenda-setting to its policy implementation. Meanwhile, methodology of developmental study was used for this study attempted to develop public policy concepts which was extracted from related concepts, opinion from the experts, and practitioners in some regions in Indonesia.

## **Data Collection**

A data source in this research were primary and secondary data. Data collected in this study was then collected using qualitative methodology. Based on this method, data were organized and sorted into pattern, category, and unit of basic analysis to formulate an implementation approach of knowledge management and its effectiveness in a system of good corporate governance management.

Primary and secondary data were collected through some methods below.

### **a. Document and Literature Study**

Documentation and literature study at the beginning of this study were intended to collect secondary data and information, including related concept and case study/example which can be found on the internet. The result of this initial analysis was used to compile concept and instrument of research, while document and literature study in collecting, analyzing, and interpreting data was intended to add and complete data to obtain quality study result.

### **b. Questionnaire**

Questionnaire for collecting data in this study was intended to collect primary data in the beginning of research to provide guidelines for interview to research informant.

### **c. Interview**

Interview with team in collecting primary data in form structured interview with some selected informants.

## **RESULT AND DISCUSSION**

### **1. Research Result**

Field data were then elaborated with concept/theory used to get study result about the implementation of Knowledge Management (KM) is facing a governance crisis through Good Corporate Governance (GCG) values in the Indonesian Bureau of Logistics of Central Kalimantan Regional Division.

Knowledge Management about GCG values

#### **a. Socialization**

Socialization in Central Kalimantan Regional Division is viewed from brainstorming or informal discussion, such as social gatherings as an informal activity between employees and supervisor, discussion, such as social gatherings as an informal activity between employees and supervisors. Another activity is sport on Friday morning and lunch, but it is not the Indonesian a regular event to be formal and informal socialization in which knowledge sharing occurs by sharing experience related to the occupation and values of company organization.

Organizational values are understood from supervisor to subordinates. These values are as follows:

- 1) Integrity  
Consistency between speech and behavior based on norm and principles of good corporate governance, which is implemented in the honest act, ethic, and commitment
- 2) Professional  
Smart work based on the best competence which is full of responsibility
- 3) Dynamic  
Being motivated every time to grow and be the best
- 4) Caring  
Caring and meeting need and giving the best solution for the stakeholders, showing fast, creative, and innovative attitudes
- 5) Totality  
Using the whole potency, resource, and synergy to achieve the corporate objective, being serious at work and cooperation

b. Externalization

Implementation of knowledge transformation, from tacit to explicit, is proven by the Indonesian Bureau of Logistics by issuing the supporting documents in implementing GCG, such as GCG Guidelines and Code of Conduct and direct implementation to employees with several knowledge modules which can be obtained by the company corporate easily.

c. Combination

It is a process of adding new knowledge with a medium which is more systematic. Its implementation in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division is to combine informal activities, such as social gatherings, sport, and lunch on a regular basis to be systematic media to make every person in office as transfer of knowledge which has been

continuous behavior; it will be culture and activity of knowledge management as GCG values.

d. Internalization

Knowledge transformation from explicit to tacit For example, through a learning process which is learning by doing which shapes new knowledge in the individual.

**Good Corporate Governance (GCG) of Indonesian Bureau of Logistics**

GCG implementation in the Indonesian Bureau of Logistics has been effective. It is marked by issuing the supporting documents in implementing GCG, such as GCG Guidelines and Code of Conduct. Indonesian Bureau of Logistics has Committees of Supervisory Board, which plays a role in supporting effectiveness in implementing supervisory functions as implemented by the Board of Commissioners.

Whole employees in the Indonesian Bureau of Logistics have understood GCG, due to continuous socialization activities since 2004. Socialization activity of GCG is targeted to the officials of the Indonesian Bureau of Logistics, by involving the third party as an informant; socialization of Regional Division; presenting GCG material and behaviour guidelines in internal training of the Indonesian Bureau of Logistics and socialization by management on a regular basis in several internal meetings.

The principles of GCG fairness can be viewed from the implementation of competence development in employees, as viewed from a series of educational activities, training, workshop, seminar which was organized by the Central Indonesian Bureau of Logistics. These activities are workshop of financial report, education and training in warehousing, workshop of market research, and education and training in grading. Central Indonesian Bureau of Logistics will provide information concerning training activities and directly instruct employees who will attend the training.

Accountability is viewed from implementation of internal financial audit and internal supervision system implemented by Indonesian Bureau of Logistics. For the audit of financial statements, the central audit team will make the financial statement audit for Regional Division every three months. Moreover, annual financial statement audit in the Indonesian Bureau of Logistics is made by Finance Investigating Body, Development Finance Investigating Body, and public accounting firm which will conduct

random sampling from the whole regional division.

Information disclosure to public, reporting to capital owners is done through quarterly management report and annual report. Publication of event and important activities is done through press release available on the Indonesian Bureau of Logistics website.

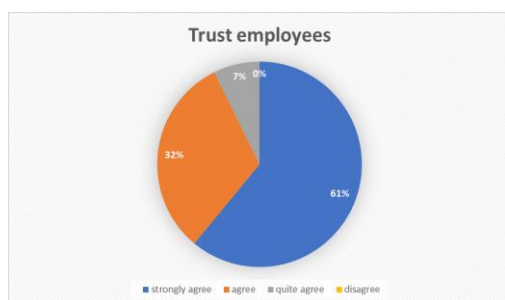
## 2. Discussion

Discussion in this case is based on the result of a questionnaire distributed to all employees in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division, and interview to leader, which has been processed as follows:

a. 53.7% of all respondents stated their approval that employees have behaviour to share knowledge, while 41.5% of respondents strongly agree, 4.9% quite agree, and no respondent disagrees.

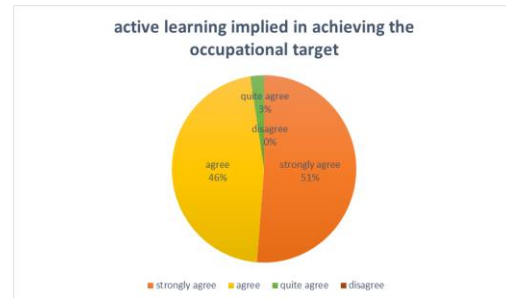


b. Moreover, 61% of all respondents stated their approval to the statement that the Indonesian Bureau of Logistics in Central Kalimantan Regional Division has mutual trust in their employees. Meanwhile, 31.7% of all respondents strongly agree, 7.3% quite agree, and no respondent disagrees.

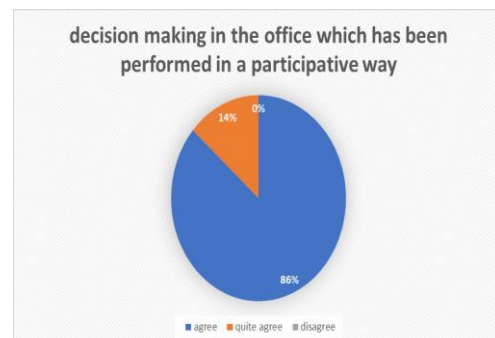


c. Motivation to employees is represented by a question, (how often is the importance of active learning implied in achieving the occupational target?). 51.2% of all respondents

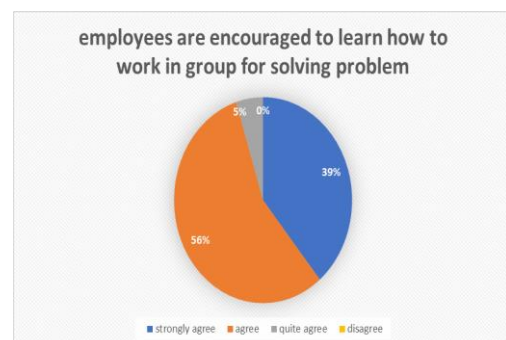
strongly agree, 46.3% agree, 2.4% quite agree, and no respondent disagrees with the statement.



d. Employee assessment in this case is responding to the questionnaire distributed in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division. In decision making in the office, which has been performed in a participative way, 78% of respondents agree, 12.2% quite agree, and no respondent disagrees with the statement.

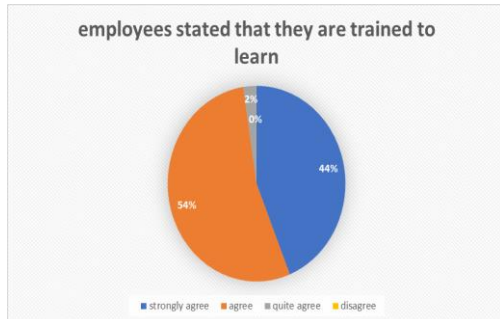


e. It is almost the same with previous point; employees are encouraged to learn how to work in group for solving problem. 56.1% of respondents agree, 39% strongly agree, 4.9% quite agree, and no respondent disagrees with the statement.

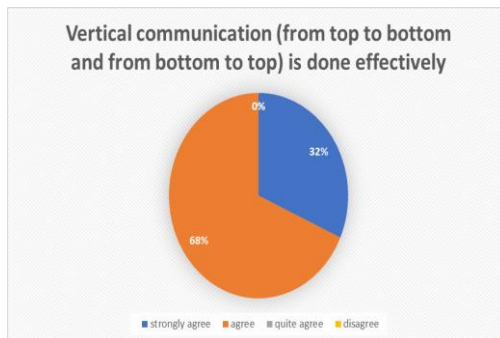


f. In the Indonesian Bureau of Logistics in Central Kalimantan Regional Division, employees

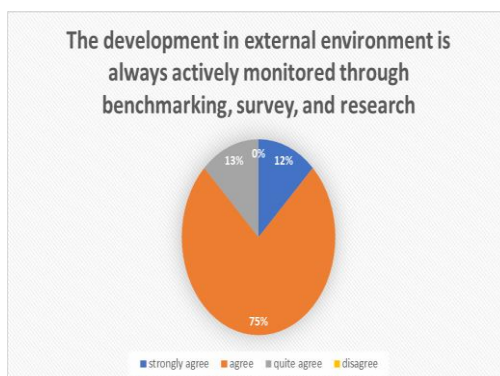
stated that they are trained to learn; 53.7% of respondents agree, 43.9% strongly agree, 2.4% quite agree, and no respondent disagrees with the statement.



g. Vertical communication (from top to bottom and from bottom to top) is done effectively, in which 68.3% of respondents agree and 31.7% strongly agree.

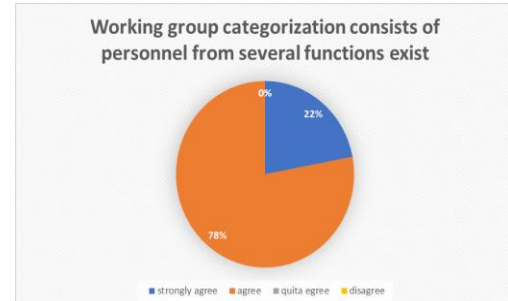


h. The development in the external environment is always actively monitored through benchmarking, survey, and research; 73.2 of the respondents agree, 14.6% strongly agree, 12.2% quite agree, and no respondent disagrees.

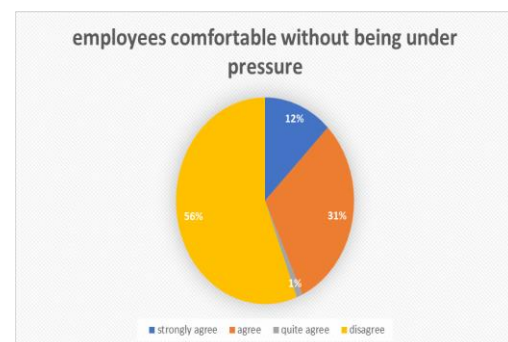


i. Working group categorization consists of personnel from several functions exist in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division. Based on result of

the questionnaire, 78% of respondents agree, and 22% strongly agree. Furthermore, it is intended in Sub-Regional Division office in which five offices implement their function in one office.



j. Another interesting aspect in human resource development in employees of the Central Kalimantan Regional Division is concern from top management to the balance between work and personal life. It is an effort which makes employees comfortable without being under pressure, which will affect concentration in work after managing their personal life. Another purpose is to make obvious limit between personal life and work, considering that some employees live in the official residence, so their condition can be harmonious and lead to professionalism and work performance of every employee. The result shows that 65.9% of respondents agree, 26.8% strongly agree, 4.9% disagree, and 2.4% quite agree.



k. In terms of human resource development and improvement of knowledge and experience, manager/leader provides feedback through training. Feedback is realized through invitation from Head Office and Sub-Regional Division Office. Meanwhile, 70.7% of respondents agree, 26.8% strongly agree, 2.4% quite agree, and no respondents disagree.

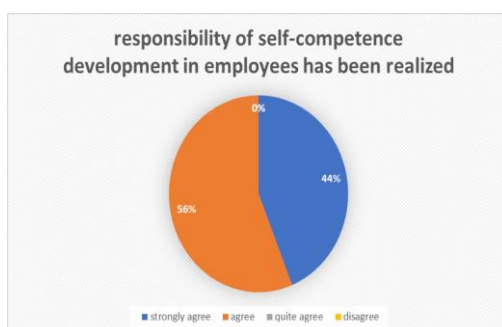




l. Employees continuously improve their skill through training, workshop, or independent learning. The survey shows the result that 56.1% of respondents agree, 31.7% strongly agree, 12.2% quite agree, and no respondent disagrees.

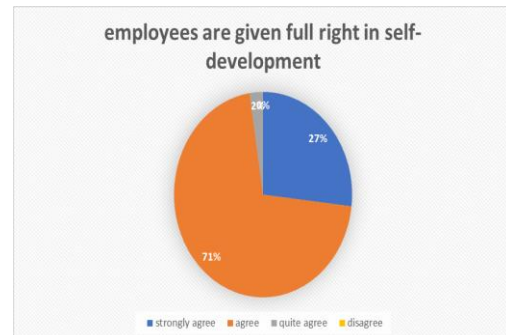


m. In terms of motivation from the company, responsibility of self-competence development in employees has been realized; 56.1% of respondents agree and 43.9% strongly agree. It is shown by giving license and opportunity for every employee in conducting training activities inside and outside the offices of Regional Division.

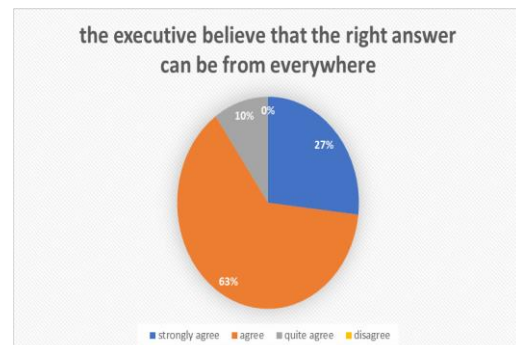


n. In that context, considering that employees are given full right in self-development, they can actively search information and knowledge which are relevant to their work, and several sources inside and outside company. When an activity is initiated by Head Office in which every Regional Division is directly assigned by the Head Office to be the

participants, it is possible when the activity will bring positive effect for individual and interest of the company. 70.7% of respondents agree, 26.8% strongly agree, 2.4% quite agree, and no respondent disagrees with the statement.

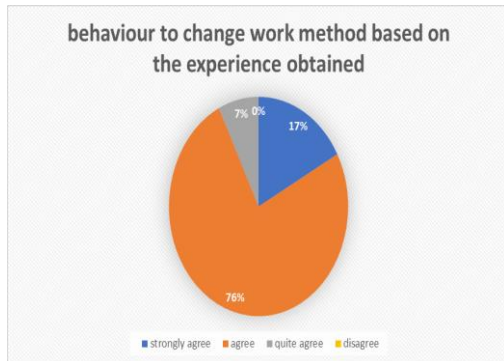


o. Concerning question to the executive, they believe that the right answer can be from everywhere; 63.4% of respondents agree, 26.8% strongly agree, 9.8% quite agree, and no respondent disagrees. It can imply that top management is open to every feedback from whole personnel at every management level; when the whole input can be adapted and applied in the interest of the company, it will be applied.

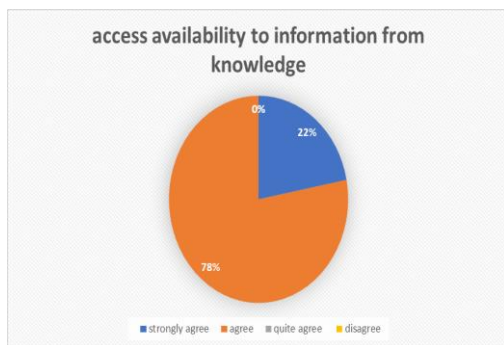


p. In terms of behaviour to change work method based on the experience obtained, 75.6% of respondents agree, 17.1% strongly agree, 7.3% quite agree, and no respondent disagrees. It proves that knowledge management has been implemented well and internalized in the Indonesian Bureau of Logistics in Central Kalimantan Regional Division. The changed work method is toward the performance improvement. Every personnel and group has several experiences which can be obtained, by attending training and other activities with positive effect to provide or transform knowledge and work experience to personnel

and other groups, so all office divisions can make improvement which greatly affects the company.



q. In terms of the wider access availability of information from knowledge, 78% of respondents agree and 22% strongly agree.

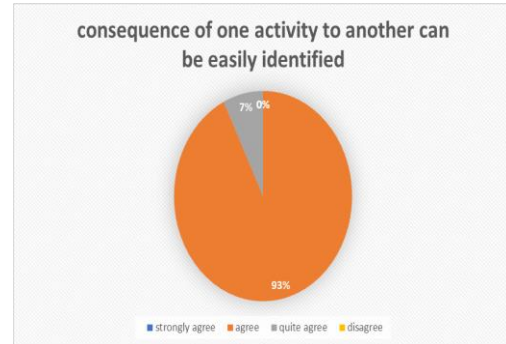


r. Therefore, employees will actively search information from knowledge from inside and outside company. The survey shows the result that 63.4% of respondents agree, 31.7% strongly agree, 4.9% quite agree, and no respondent disagrees.



s. On the basis of communication with every personnel and office division in Indonesian Bureau of Logistics in Central Kalimantan Regional Division, the consequence of one activity to another can be easily identified, as reflected from survey result with the highest

value in which 92.7% of respondents agree and only 7.3% quite agree. Every activity proclaimed from top management will be accepted and implemented well based on its purpose for common goodness and company development.



t. Related to the statement above, decision-making process by top management has considered the consequence first. For example, decision making from one to another will be toward company purpose. 68.3% of respondents agree, 24.4% strongly agree, and 7.3% quite agree.



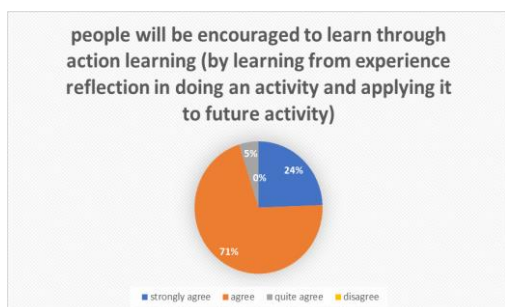
u. In Regional Division of Central Kalimantan, the behaviour has been created to discuss the past occupation, to attract beneficial learning. For development of the company in the future, 65.9% of respondents agree that this review is beneficial, 31.7% strongly agree or they consider that it is very important, 2.4% quite agree, and no respondent disagrees.



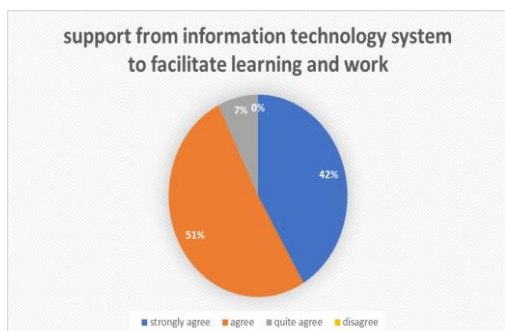
v. The next level of review result is capability of people to learn from success and failure to be the next learning opportunity. 61% of respondents strongly agree and 39% agree.



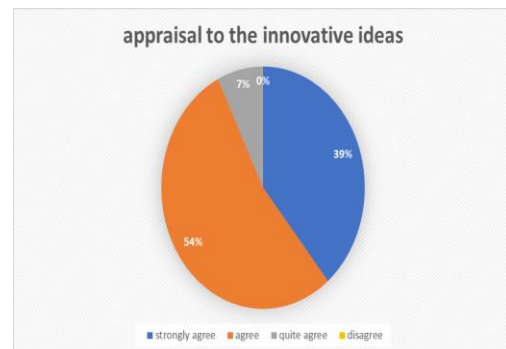
w. It is similar to the approval statement that people will be encouraged to learn through action learning (by learning from experience, reflection in doing an activity and applying it to future activity). 70.7% of respondents agree, 24.4% strongly agree, 4.9% quite agree, and no respondent disagrees.



x. In another aspect, support from information technology system to facilitate learning and work, 51.2% of respondents agree, 41.5% strongly agree, 7.3% quite agree, and no respondent disagrees. In the Indonesian Bureau of Logistics of Central Kalimantan Regional Division, it has been accepted well, though it is not yet optimal.



y. Meanwhile, the final objective of knowledge management is innovation, creation which will make everything more efficient and effective for cooperating toward corporate purpose; this objective has been accepted well, though it is not yet optimal. In terms of appraisal of the innovative ideas, 53.7% of respondents agree, 39% strongly agree, and 7.3% quite agree. However, no employee considers it does not happen since questionnaire shows no disagreement.



## CONCLUSION

Communication, which has been established among every person in the Indonesian Bureau of Logistics in the Central Kalimantan Regional Division, has started from the top, middle, and bottom management. It will pave the way for the incorporation of knowledge management into the GCG values. The most important principles in GCG implementation, transparency and other GCG values which complete each other, have been internalized well in the Indonesian Bureau of Logistics office and in this C classification. Every individual and division in the Indonesian Bureau of Logistics' Central Kalimantan Regional Division believes that the consequences of one activity on another can be easily identified and accessed. It is realized to provide comfort in the implementation of knowledge management. It is described by almost all employees. 92.7% agree that this value has been implemented. Every activity proclaimed by top management will be accepted and implemented well based on its purpose for common goodness and company development, so the employees will totally implement policies and activities.

What employees create is another supporting aspect of the implementation of knowledge management in realization of GCG values. The decision is made with the authority of top



management, but the policymaking process involves all companies, demonstrating that GCG values have been applied in the office of the Indonesian Bureau of Logistics in Central Kalimantan Regional Division.

On the other hand, members of the work group are assigned to several functions, particularly in the offices of the Sub-Regional Division in Central Kalimantan. It supports the implementation of knowledge management and competence abundance for every person, which will easily implement knowledge management for cooperating toward company objectives.

To conclude, wide access availability of information from knowledge assessed at a high percentage by employees of the Indonesian Bureau of Logistics in Central Kalimantan Regional Division is also scientific proof concerning good internal implementation to continuously support implementation of good corporate governance values.

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