



Knowledge Management Implementation for Human Capital with 7S McKinsey's Framework in PT. Bumitama Gunajaya Agro

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ABSTRACT: Indonesia's palm oil industry attracts international attention. Rapid development that changed the global competition of vegetable oil has several relevant social, economic, and environmental issues. The Human Capital Management division is one of the important actors in improving employee work performance, especially on the internal part of PT BGA, the development of human capital that has some knowledge management must be absolutely conducted by a company to support a competitive company in entering the globalization era. Nowadays, current issues, the employee gap, affects the company's performance, and to deal with uncertain situations, the company's strategy, especially the human capital division, needs to maximize not only financial and operational strength but also valuable knowledge. This research is qualitative through intense interviews and observed through spreading the question to the respondent with 7S McKinsey. Interviews are used as a data collection technique to find the problem that must be studied and also if researchers want to know things from respondents in more depth. The author is both analyses obtained through Primary Data (In-depth Interviews) and Secondary Data (Internal records, desk research, and company documents). Based on business issue exploration in chapter two of this research, there are issues business solutions can be improved as alternative solutions, it could be further developed into a more specific initiative base on McKinsey 7S element in order to optimize organization performance. Improve Knowledge Management System in Acquisition of Knowledge, Dissemination of Knowledge, Knowledge Store, and Application of Knowledge. In conclusion, Human capital is a very important part of companies, and for that, companies need good strategy and planning. One of the tools is using knowledge management which functions to collect, store, and share employee knowledge and experience to increase collective employee knowledge, increase productivity, and preserve critical information.

KEYWORDS: Human capital, Knowledge Management, McKinsey, Organization Performance, Palm Oil.

INTRODUCTION

Indonesia's palm oil industry attracts international attention. Rapid development that changed the global competition of vegetable oil has several relevant social, economic, and environmental issues. Based on Direktorat Jenderal Perkebunan data in 2012-2014 said, Palm oil production continued in Indonesia, growing fast in 2013; the area under oil palm trees was largely Limited to Sumatra (64.1%) and Kalimantan (32.0%), slightly expanding to Sulawesi (2.9%) Papua and West Java. Indonesia is one of the largest palm oil producers in the world, but with the current situation of the covid-19 pandemic, which has changed several situations that have forced companies to adapt, and continuously improve to achieve targets.

The Human Capital Management division is one of the important actors in improving employee work performance, especially on the internal part of PT Bumitama Gunajaya Agro, the development of human capital that has some knowledge management must be absolutely conducted by a company to support a competitive company in entering the globalization era. Conducting the development and management of good human capital will also finally give good competitive human capital. Besides, the knowledge management application helps the management development section to develop knowledge management for the staff based on the competencies needed

PROBLEM IDENTIFICATION

The authors use five why analyses to identify the causes and possible sources of knowledge management problems. This allows authors to analyze the root cause of knowledge management issues. Below are the Five Why analyses in this study.

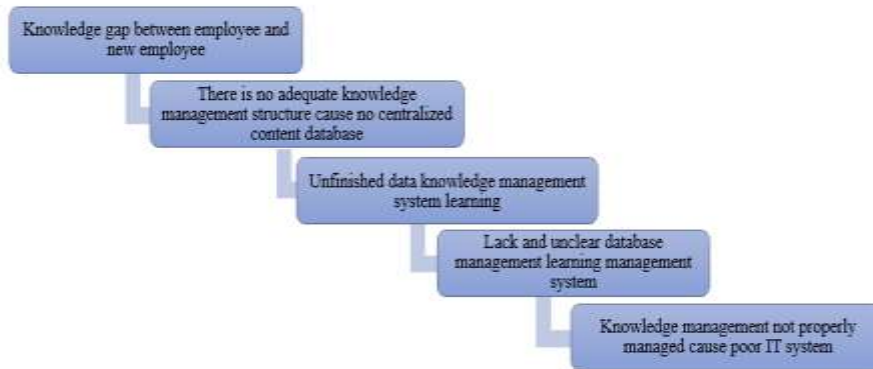


Figure 1. Five Why Analysis for finding The Root Cause of the Issue

Based on business issue analysis above using five why analysis the root cause is Knowledge gap between employee and new employee cause Knowledge management not properly managed and poor IT system. Nowadays, to current issues of employee gap that affect the company's performance and to deal with uncertain situations, the company's strategy, especially the human capital division, needs to maximize not only financial and operational strength but also use knowledge. All these aspects depend on each other and together create the organization as a functioning unit by analysis elaborated solutions also will increase company performance which will lead to the enhancement of their company performance which will lead to the enhancement of their business growth and competitiveness in the future also increase the effectiveness activities so that the employee and company's performance will continue to increase.

LITERATURE REVIEW

Theoretical Foundation use HRM's knowledge-based view is a relatively recent extension of the knowledge-based view of enterprise theory, which considers human capital factors and knowledge workers' knowledge resources as critical to sustained innovation performance (e.g., Grant, 1996; Zack et al., 2009; Sergeyeva and Andreeva, 2016).

The SECI Model Knowledge Management the excessive focus of Western companies and calling attention to them. On the former (Nonaka & Takeuchi 1996). The feeling has been repeated for a long time The entire literature on organizational learning and knowledge management (KM). (e.g.cook & Brown 1999, Kreiner 1999, Tsoukas & Valdimirou 2001, etc.).

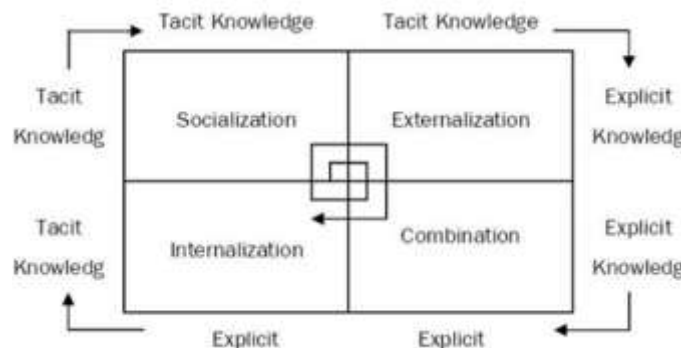


Figure 2. Nonaka and Takeuchi the SECI Model 1996

McKinsey 7s Framework Developed in the 1980s by McKinsey consultants Tom Peters, Robert Waterman, and Julian Phillips, the McKinsey 7s model is a management model for measuring organizational performance effectiveness (Ravanfar, 2015). It presents connections between seven domains and divides them into 'soft S' and 'hard S' (McKinsey, 2008). This model helps organizations:

- 1) To facilitate organizational changes.
- 2) Help implement the new strategy.
- 3) Identify how each area may change in the future.
- 4) To facilitate organizational mergers

The shape of the model emphasizes the connectivity of the elements. The purpose of this model was to show how the seven elements of the company work. You can align structure, strategy, skills, people, styles, systems, and shared values to achieve effectiveness in your organization.

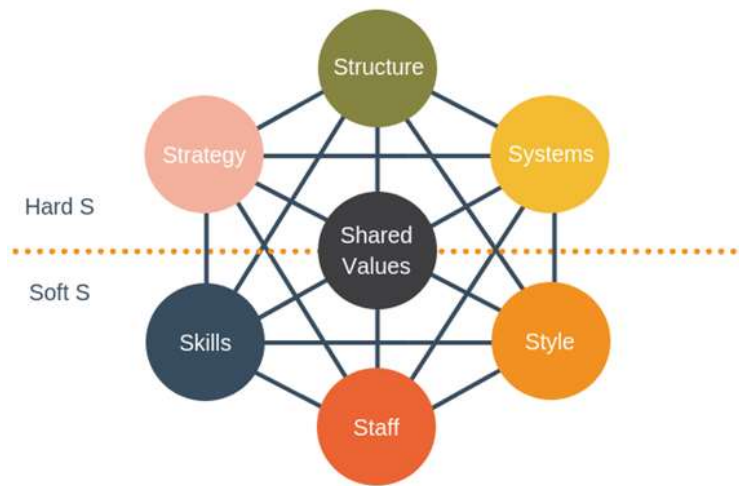


Figure 3. 7S McKinsey (McKinsey, 2008)

I. Methodology

This research is qualitative through in-depth interview and observed through spreading the question to the respondent with 7S McKinsey. This research is conducted in depth interviews with human capital management division via zoom meeting. According to Sugiyono (2016: 371) interviews are used as data collection technique to find problem that must be studied and also if research want to know things from respondents in more depth.

a. Primary Data

The author collected primary data directly from employees, the qualitative research was carried out through surveys to target respondent using interview, the survey will be conducted through direct meeting and zoom meeting with the target respondents in Human Capital employees at head office.

b. Secondary data

Generally, secondary data is information that has been obtained in the past by someone else. Secondary data will be gathered for this research from PT. Bumitama Gunajaya Agro internal records, government publication, e-books, journal, and articles.

The author is both analyzes were obtained through Primary Data (In-depth Interviews) and Secondary Data (Internal records, desk research and company documents). From the results of these two analyses, the author then make analysis into Knowledge management and what give recommendation potential to company by using 7S McKinsey. In the end, the author will propose implementation plan using 7S McKinsey strategy, as well as its implementation plan so that it can become a business solution for PT. Bumitama Gunajaya Agro.

CONCEPTUAL FRAMEWORK

The conceptual framework reorganizes the key concepts of research determine the focus and direction of the study. key terms are derived review of relevant themes and from the literature and results Literary Theory (Shikalepo, E.E, 2020). The conceptual framework bellow describes the overall process of this research. The input by company overview, company culture, organization process and knowledge management process.

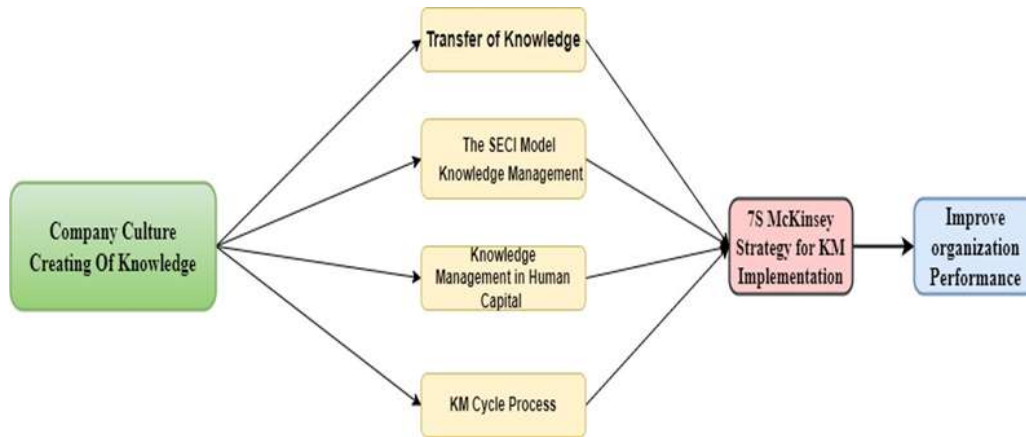


Figure 4. Conceptual Framework

RESEARCH RESULT AND ANALYSIS

Internal analysis can help an organization identify its organizational strengths and weaknesses. It also helps an organization understand which of its resources and capabilities are likely to be sources of competitive advantage and which are less likely to be sources of such advantages (Gürel et.al 2017).

Analysis System, The Company is using Digital Platform where it one of the applications used in this company call Human Capital Information System (HCIS). From the picture bellow is HCIS which functions in several parts. This application can be connected from a PC or mobile phone. It is intended to be easy for employees to use. Ten panels are available from HCIS. There are various uses for organizations, employees, career management, time and attendance management, repayment, loans, payroll, performance management, and training

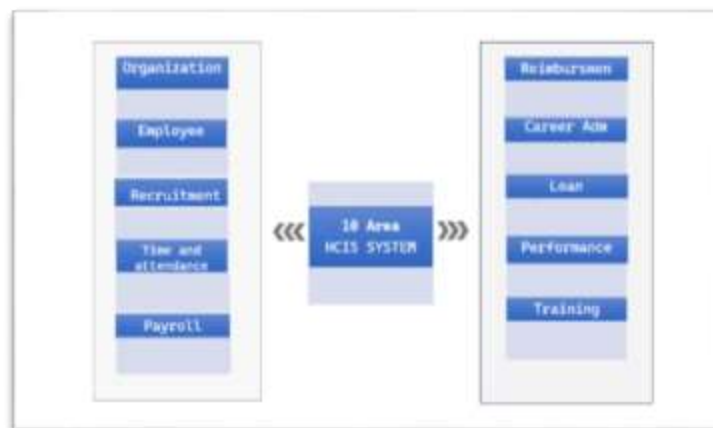


Figure 5. Area of HCIS Integration System

In the process of this system is running immature so there are obstacles in input data. The weakness in IT system is there no upload document yet, unstructured documents, it is still assisted by data on, so it has an impact on employee:

- Implementation in The Head Office
Not optimally used by all users (especially at certain levels), at the time of closing payroll, payroll still asks for manual data as a data crosscheck, all settings are tied to payroll, cannot update previous career if there is a new career submission.
- Operational Implementation
New positions and employee transfers cause the approval steps to change, not optimal because access to HR assistants is limited to not all modules, Collection is still not optimal, so it still needs to be improved.



Business Solution Project Development for IT system

Table 1. Project Development for IT System

Subject	Planning idea
Data Warehousing	Data warehouses are centralized repositories of information
Platform	Internal networks, to provide an ideal environment for sharing information accessed using a standard browser
Data Mining	Refers to specialized tools that allow the organization to convert increasingly complex sets of data into useful information. To allow the organization to convert increasingly complex sets of data into useful information.
KM Portal or Content Repositories	<ul style="list-style-type: none"> • Include frequently asked questions (FAQ) feature and manage satisfaction surveys after each activity was complete • The content fill to improve their level of knowledge,
Community	<ul style="list-style-type: none"> • Support and facilitate interaction between employees and the community, both are individuals and community-based organizations to investigate issues and solve problems • Connected with each other by means enabling knowledge exchange
Developing Distributed Communication Database	To improve relationships between managers and subordinates

Improvement Management Support IT. The technology is important when an organization is ready to commit to a knowledge management platform, it should evaluate who will use it and how it will be accessible to employees working remotely. Choosing a platform that is easy to use for search, content creation, and editing is key to driving adoption and usage by team.

The platform company choose should integrate with organization's existing tools and workflows to work better with what team already knows and works with. Find organizational features that matter to team, intelligent suggestions and collaboration features that make knowledge actionable, and AI-powered reviews and insights. It plays an important role in information management providing access to data and information and enabling administrators to perform detailed analysis.

Knowledge Management System is a type of IT system that stores and retrieves knowledge to improve process understanding, collaboration, and coordination. A knowledge management system can exist within an organization or team, but it can also be used to centralize a user's or customer's knowledge base. Collecting data, processing data into information, using and communicating information in the most effective way, and deleting information in a timely manner is known as knowledge management. Components of a knowledge management system, knowledge management has her three main components: people, process and technology.

- People

People are the people who have the knowledge, who manage the system, and who commit to the process that includes the knowledge of the organization. Sharing activities enable the dissemination of knowledge to build.

- Process

Process ensures that the implementation of knowledge management proceeds well by coordinating principles, strategies, practices, and processes.

- Technology

Technology is a media knowledge management system that requires talented people to manage. The implementation process requires various tools to facilitate communication, content management, and collaboration. It aims to support the collection, dissemination, exchange, and application of knowledge. Technology plays a supportive role in encouraging people to work.

Explicit Knowledge and Knowledge Sharing

1. HCIS's talent management function focuses on talent identification, goal setting to measure performance, and other initiatives that support talent management functions within the organization.
2. HCIS for Human Resource Management helps improve business planning and decision making.



3. HCIS helps organizations discover talented employees from both internal and external sources. Once HCIS is accepted, we can also help you develop your skills through training and learning programs. As a result, HCIS has the ability to improve the way people are managed.
4. HCIS allows employees to track their performance and be compensated according to equal, fair and transparent standards that apply to all individuals without discrimination.

To retain talented employees, HCIS helps provide career advancement opportunities within the organization. Rewards and Rewards features should be used to match the value and rewards that high-performing employees create. In addition, favorable working conditions help these people retain their skills and knowledge. The essence of this function is to selectively hire the best talent who can create value for the company

E-learning to Develop Staff Skills

From the company's e-learning platform that was formed and the planning was not yet mature and my suggestions for Organize information and create new content. By organizing content for existing companies, companies can organize content into subject categories, what employee users need to access most often, or related topics that employees might logically look for next. Based on the content, you can add related links within the content. The content structure should also include search functionality, feedback tools, and supplemental resources.

Another best practice for further organizing enterprise content within a knowledge management system is to arrange content into collections, boards, or groups. This ensures that the right people have access to the right content at the right time. Look for intuitive editing features that allow users to create new content without leaving their normal workflow. This saves time and keeps you productive. Plus, the easy-to-use features don't make the learning curve steep. This facilitates adoption across enterprise teams and facilitates updating and live use of enterprise knowledge management systems. Once the knowledge management system is up and running, it should be continuously evaluated and improved as part of the knowledge management implementation roadmap. Internal or external factors, changes in team or organizational structure, and insights gained from the way people interact with knowledge management systems all change an organization's information needs and influence the evolution of company knowledge management strategy.

BUSINESS STRATEGY

Developing Knowledge Management

Here are three alternative methods for the design of knowledge management studies. But for this internship report, author choose the McKinsey 7S analysis to evaluate company's critical aspects and its complex effectiveness, when all these aspects depend on each other and only together create the organization as a functioning unit, the 7S analysis is elaborated below.

Technology is an important part of a company, and human resource information systems should have many features that make HR operations more efficient. Using HCIS, a software program or system, greatly helps HC to be more productive in the workplace.

Initiative to Improve System Technology Process (IT)

1. Improve Employee Satisfaction
HR information systems make communication between employees and the HR team easier and more transparent, helping employees increase their job satisfaction.
2. Operating Costs are Reduced
A good system will significantly reduce operating costs and overtime, such as paper consumption and other applications.
3. Decision Support
The information system for excellent human resources is centralized and automated, so it is possible to provide accurate and prompt information. Give HR managers instant access to the information they need to make decisions at any time.
4. Reduction of Human Error
By using the Human Capital Information System application, you can minimize the calculation errors that are common in manual calculations.
5. Flexible Data Access
HCIS enabled application programs are typically online-connected applications.

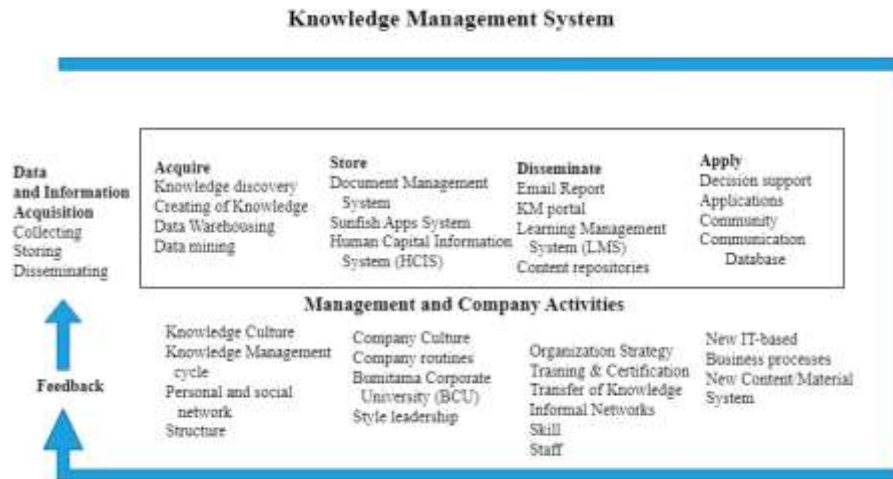


Figure 6. Knowledge Management System

The figure above is a Knowledge Management from the results of Business analysis. It can be concluded to be a form of Knowledge Management System and management and Organization Activities. The step of the Value Chain Business process in knowledge management starts with Mission and vision goal company and then the process of Knowledge development through Knowledge Inventory and available Knowledge like email, documents, etc. next, the company does share Knowledge to add value to the employee, so they can more productive, efficiency and perform with new capability by applying Knowledge, at the end Evaluating Knowledge, the process is including bellow:

1) Acquisition of Knowledge

Organizations acquire Knowledge in different ways, depending on the type of Knowledge they seek. The first knowledge management system aimed at building a company-wide repository of documents, reports, presentations, and best practices.

2) Knowledge Store

As documents, patterns, and expert rules are discovered, they must be saved for employees to search and use. Knowledge storage typically involves creating a database. A document management system that digitizes, indexes, and tags documents according to a coherent framework is a large database that can store a collection of documents.

3) Dissemination of Knowledge

Portals, email, instant messaging, wikis, social business tools, and search engine technologies have complemented existing collaboration tool sets for sharing calendars, documents, dates, and graphics.

4) Application of Knowledge

Regardless of the type of knowledge management system, the Knowledge that is not shared and applied to real problems facing organizations and managers does not add business value. Building organizational and Collaboration, the community of practice

CONCLUSION

In Conclusion Human capital is a very important part in companies, for that companies need good strategy and planning, one of the tools is using knowledge management which functions to collect, store, and share employee knowledge and experience to increase employee collective knowledge, increase productivity, and preserve critical information. From the above implementation plan, the organization is expected to conduct Knowledge Management initiatives in more structured order and address thoroughly. As described by the analysis on table, will summarize the impact to the organization performance as follow:

1. Strategy

The purpose of the initiatives implementation in this element is to focus on developing the environment of sharing. This initiative will empower the value of leadership from managerial position to share their knowledge and create trust between employee. The initiative could be regularly set twice a year in order to remind the employee that the organization value the experience shared by employee. So that the environment of sharing could become the foundation of the Knowledge Management eventually, the



environment created by the organization will increase the employee engagement to the organization in order for them to strive for performance excellence.

2. Structure

This initiatives implementation will target the structure of the organization so that support the way of working that value the environment of sharing. The initiatives start by reviewing the organization structure as it was the starting point for the Knowledge Management initiative to work. This organization structure should be derived from the organization goals.

3. System

In order for the organization structure to run effectively, the structure need to be supported by good system as well. The employee inside the organization would need palm oil training and certification so that employee would know very well on how the palm oil work. As employee. Improvement Management Support IT cause the technology is important when an organization is ready to commit to a knowledge management platform, it should evaluate who will use it and how it will be accessible to employees working remotely. Choosing a platform that is easy to use for search, content creation, and editing is key to driving adoption and usage by team.

4. Style

Both employees and employers can benefit from a democratic leadership style. When it comes to employees, people have an innate need to control their lives. They need to feel that their efforts are recognized and that they can make a valuable contribution to the world. When these needs are met, employees are more likely to stay in their current organization.

5. Staff

The company's human resources department has a systematic process to identify potential job openings and skills gaps in coordination with all other departments. Depending on the nature of the need, Human Resources will arrange permanent or contract recruitment and, if necessary, training of current employees.

6. Skills

Recommendation to shared tacit knowledge and Explicit Knowledge and Knowledge Sharing, Successful exchange of explicit knowledge is determined by the following Articulation, awareness, access, integrity, Explicit knowledge sharing and IT:

- a) Import and create documents and multimedia materials.
- b) Identify key users and their roles.
- c) Assign roles and responsibilities to different instances of content categories or types.
- d) Define workflow tasks. Content managers can be notified when changes are made to content. - Track and manage multiple versions of your content.
- e) Publish content to repositories to support access. Repositories are increasingly part of the system, including search and retrieval.

7. Shared Values

The employee needs to recognize the current or future benefit of the knowledge they choose to share. This may be in the form of some form of direct compensation, or it may be intangible, such as an improvement in personal reputation, and the company should be aware of organizational culture management issues such as should pay attention to.

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