

**ANALYSIS OF KNOWLEDGE MANAGEMENT APPLICATION IN PT. BANK  
MANDIRI, Tbk**

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***Abstract***

*Knowledge management as a process of accumulation of knowledge to improve organizational competitiveness is not only determined by the behavior of individuals and groups within the organization, strong desires and organizing also absolutely require organizational intervention to shape their desires and management. This study aims to determine and analyze the application of Knowledge Management in PT. Bank Mandiri, Tbk. This research uses a qualitative research approach. Data collection techniques are done through online interviews with Bank Mandiri employees. The results of the study revealed that the Bank Mandiri in the application of knowledge management (KM) is done by integrating into the corporate culture. Bank Mandiri awards MEA to employees who have a high learning culture, so many employees are competing to learn to obtain the MEA degree, with the high level of learning the employees will increase productivity, progress for the company and have the potential to create new knowledge. In addition, Bank Mandiri has also established a learning center for training for its employees. The company provides training to its employees in accordance with the work of each employee, then at the same place employees can share their knowledge with other employees, so that knowledge distribution is spread across all units. The culture of knowledge sharing at Bank Mandiri has become a culture for each of its employees, so that knowledge can be spread quickly and directed, which in turn can lead companies to become companies that can compete in the era of globalization.*

***Keywords:*** Knowledge Management, Bank.

**A. INTRODUCTION**

The ability to manage knowledge is becoming increasingly important in today's economic knowledge. The creation and diffusion of knowledge is becoming an increasingly important factor in competitiveness. Knowledge is considered a valuable commodity that is embedded in products (especially high-tech products) and in the tacit knowledge of highly mobile employees. Although knowledge is increasingly seen as an asset or intellectual asset, it has several paradoxical characteristics that are radically different from other valuable commodities. Characteristics of this knowledge include: 1) the use of knowledge does not consume it, 2) the transfer of knowledge does not cause loss, 3) knowledge is abundant, but the ability to use it is scarce, 4) a lot of valuable organizational knowledge comes out of the final door. Knowledge management is a collection of tools, techniques, and strategies to maintain, analyze, organize, improve, and share understanding and experience. Such understanding and experience builds on knowledge, whether manifested in an individual or inherent in the actual processes and applications of an organization. The focus of knowledge management is to find new ways to channel raw data into useful forms of information,

eventually becoming knowledge. One company that has implemented knowledge management is PT Bank Mandiri (Persero) Tbk. Awareness of knowledge management at Bank Mandiri began in 2005. In 2005, the Bank Mandiri Learning Center conducted a knowledge management awareness training. Bank Mandiri Learning Center moves from the manager level, precisely the section head who is given training using time flow that is the business process-cost so that it can bring up sharing in each unit. To simplify its control, a mailing list (mailing list) is built in each department as a venue for discussion, this list contains the heads of departments who participated in the training which then shared the results of the training in each work unit. Bank Mandiri has a system to measure the extent to which employees learn by providing knowledge management assessments successively are: acquisition, storage, distribution and implementation. The higher the learning process carried out by employees, the higher the points earned. By implementing knowledge management practices, the work environment begins to change as people become more exposed as a result of sharing culture. In the current condition of the banking business, which is often referred to as having entered the era of knowledge-based business, Bank Mandiri must implement an operational management that is able to improve its core competencies, specifically the ability to provide quality services to be superior in competing both within the scope of Indonesian and international banking.

In the era of knowledge management, conventional banking management practices that only base tangible production inputs such as human resources, capital, debt, land, buildings, energy, and office equipment are no longer sufficient as the main elements to improve the bank's core competencies. Today there is a production input called knowledge management that is more intangible, but has a very large role in improving the bank's core competencies. Knowledge is never exhausted, even more dug up and used the number and quality will increase. So if the bank is able to manage knowledge management properly, then the bank will have human resources who are always learning (learners), creative and innovative, anticipatory to change, and able to produce quality services that have high value in the eyes of consumers. Therefore, if Bank Mandiri wants to realize its vision of being a leading bank and having international performance standards in this knowledge era, Bank Mandiri management must determine how operations management based on knowledge management can be applied at Bank Mandiri so that core competencies in providing quality service to consumers are increasing. Based on the description above, the authors are interested in "Analysis of the Implementation of Knowledge Management at PT. Mandiri Bank.

## **B. METHOD**

This study uses a qualitative research approach where qualitative research as a scientific method is often used and carried out by a group of researchers in the social sciences. According to Iskandar (2009) A qualitative research approach is a process of research and understanding based on methods that investigate social phenomena and human problems. In this study, the researcher makes a complex picture, examines words, detailed reports from the respondent's perspective and conducts a study of natural situations. Data collection techniques are done through online interviews with Bank Mandiri employees.

## C. RESULTS AND DISCUSSION

### 1. Knowledge Management

KM has long been implemented long before the term KM was introduced. Milestones in the development of modern technology offer other perspectives on KM history: industrialization began in 1800, technology transportation in 1850, communication in 1900, computerization in Indonesia in the 1950s, virtualization in the early 1980s, and initial efforts on personalization and technology profiles in 2000 (Deloitte, Touche, and Tohmatsu, 1999). Knowledge Management as a term began to attract attention since it was introduced in 1986 at the European management conference (American Productivity and Quality Center, 1996), there have been many experts from academia and practitioners who have tried to formulate the definition of knowledge management, with very diverse and until now one agreement still hasn't been found. Nevertheless, for the sake of implementation of this concept it is believed to be a determining factor for organizational success.

Knowledge management is a mixture of strategies, tools, and techniques in education, training, and practice of artificial intelligence. Knowledge management utilizes a mixture of techniques from knowledge-based systems. Knowledge Management includes everything related to knowledge. KM is narrowly defined as an information technology system that provides organizational knowledge. Knowledge Management has several consensus fields in the field thus KM as a multidisciplinary field. Jann Hidajat Tjakraatmadja (2006) defines "knowledge management as systemic steps to manage knowledge in organizations, to create value and increase competitive advantage. In this case, knowledge management is a systematic process for finding, selecting, organizing, abstracting and presenting information in a certain way, so that workers are able to utilize and increase the mastery of knowledge in a specific field of study, and then institutionalize it into company knowledge." William R. King (2009), defines "Knowledge management is the planning, organizing, motivating, and controlling of people, processes and systems in the organization to ensure that its knowledge-related assets are improved and effectively employed".

Bambang Setiarso (2009) defines knowledge management broadly defined as "the manager or management of organizational knowledge to create business value and build competitiveness". Knowledge management is able to create, communicate and apply knowledge to all kinds of business activities to achieve business goals. McShane, Mary Ann Von Glinow, (2005) defines: "Knowledge Management is any structured activity that improves an organization's capacity to acquire, share, and use knowledge in ways that improve its survival and success." It is interesting to note further in his description McShane and Von Glinow, 2005: 23-24 explain that intellectual capital is a stock of organizational knowledge that is needed to measure the value of the organization, but knowledge management is more than just a stock of knowledge, but also processes that will building the capacity of the organization to collect, share and use knowledge more effectively, and the process is referred to as organizational learning.

Swann et al. (1999) defines knowledge management as, "... any process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations." While Tiwana (2000) said that knowledge

management is the management of organizational knowledge to create value and produce competitive advantage or excellent performance. Through knowledge management, the organization consciously identifies the knowledge it possesses and uses it to improve performance and produce various innovations. With the support of knowledge management the organization also actively identifies and acquires quality knowledge that exists in the organization's external environment.

Effective knowledge management is needed by an organization to identify, produce, obtain, spread, and capture the benefits of knowledge that provides strategic advantages for the organization. One of the main KM processes aims to identify and find knowledge and sources of knowledge in the organization. Valuable knowledge is then translated into explicit form, often referred to as codification of knowledge, to facilitate wider dissemination.

Knowledge Management can be viewed from various perspectives including:

a. Business Perspective

Knowledge management is a business activity with two main aspects: the knowledge component of business activity is explicitly reflected in strategies, policies and practices at all levels of the organization; and, making direct connections between organizational intellectual assets both explicit (recorded) and tacit (personal knowledge) and positive business outcomes (Barclay & Murray, 1997). Knowledge management is a collaborative and integrated approach to creating, capturing, organizing, accessing, and using company intellectual assets (Gray, 1996).

b. The Science Perspective

The knowledge, insights, understandings, and practical knowledge we have are fundamental resources that enable us to function intelligently. Sufficient knowledge is also transformed into other manifestations such as books, technology, practices, and traditions in all types of organizations and in society at large. This transformation results in the skills accumulated and, when used appropriately, increases effectiveness.

c. Process Perspective

Knowledge management is the concept in which information is converted into actionable knowledge and is easily available in a form that can be used by people who can apply it (Information Week, September 1, 2003).

Ruggles and Holtshouse (1999) identify the following key attributes of knowledge management:

- a. Generate new knowledge.
- b. Access valuable knowledge from outside sources.
- c. Using knowledge that can be accessed in decision making.
- d. Embed knowledge in processes, products, and / or services.
- e. Representing knowledge in documents, databases and software.
- f. Facilitating the growth of knowledge through culture and incentives.
- g. Transfer existing knowledge to other parts of the organization.
- h. Measuring the value of knowledge assets and / or the impact of knowledge management.

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## 2. Knowledge Management Model

### a. The Epistemological Model of Von Krogh and Roos's Organizations

The von Krogh & Roos KM model (1995) distinguishes between individual knowledge and social knowledge, and they take an epistemological approach to managing organizational knowledge: the organizational epistemology of the KM Model. Von Krogh & Roos adopted a connectionist approach. In the KM epistemological model organization, knowledge resides both at individuals in an organization and, at the social level, in relationships between individuals. Knowledge is said to be "manifested"; that is, "everything a person knows" (von Krogh & Roos, 1995). The connectionist approach seems more suitable to sustain theoretical knowledge management, especially due to the fact that the relationship between knowledge and those who "absorb" and utilize knowledge is seen as an insoluble bond connectionist approaches provide a strong theoretical foundation for knowledge management models. Knowledge exists both in individuals within an organization and at its social level, that is, relationships between individuals. Knowledge is not possible if no one knows the close relationship between knowledge and users of knowledge. Determinants of KM success in organizations: mind-set individuals, communication in organizations, organizational structure, relationships between members, resource management.

### b. Nonaka and Takeuchi Knowledge Spiral Models

Nonaka and Takeuchi (1995) studied the success of Japanese companies in Japan achieving creativity and innovation. The KM Nonaka and Takeuchi models are rooted in the holistic model of knowledge creation and "accidental" management. Nonaka and Takeuchi argue that the key factors behind Japanese companies' successful track record in innovation stem from being more driven by the tacit approach to knowledge management. The form of knowledge (tacit / explicit) and the sharing of knowledge are both needed to create knowledge and produce innovation. The key success factor for innovation in Japanese companies is the tacit approach to KM is the process of creating knowledge, always starting from the individual, personal / private knowledge translated into public organizational knowledge available to others. The process is continuous, interactive, and spiraling - interaction between tacit and explicit knowledge. Socialization (tacit-to-tacit) consists of sharing knowledge face to face, natural interactions, and usually social. This involves arriving at mutual understanding through sharing mental models, brainstorming to come up with new ideas, internships or mentoring interactions, and so on. Socialization is one of the easiest forms of knowledge exchange because that is what we do instinctively when we gather at a coffee machine or impromptu corridor meetings. Knowledge remains tacit example: brainstorming. The process of externalization (tacit-to-explicit) gives visible form to tacit knowledge and turns it into explicit knowledge. This can be defined as "the process of creating classical knowledge in tacit knowledge to be explicit, taking the form of metaphors, analogies, concepts, hypotheses, or models" (Nonaka & Takeuchi, 1995). Requires intermediaries to transform knowledge example: journalist. The next stage of knowledge conversion in the

Nonaka & Takeuchi models is a combination (explicit to explicit), the process of combining discrete pieces of explicit knowledge into new forms. Existing knowledge is sorted and systematized in the knowledge system Example: presentation. Meanwhile, the internalization process is also called learning by doing. Internalization changes or integrates shared experiences and / or individuals and knowledge into individual mental models. After being internalized, new knowledge is then used by employees who expand, expand and reframe in their own tacit knowledge base. Changing knowledge and experience shared into individual mental models as a basis for knowledge tacitnya example: database system.

c. KM Sense-Making Choos Model

Choo (1998) has described a knowledge management model that emphasizes reason making (based largely on Weick, 2001), knowledge creation (based on Nonaka and Takeuchi, 1995) and decision making (based on, among other concepts, limited rationality; see Simon, 1957). The Choo KM model focuses on how information elements are selected and subsequently incorporated into organizational actions. Organizational actions result from the concentration and absorption of information from the external environment into sequential cycles. Each phase, reasoning, knowledge creation, and decision making, has external stimuli or triggers. The KM model emphasizes the importance of sense-making, knowledge creation, and decision making. Knowledge must be organized so that it can be useful and valuable.

d. Development Model & Use of Wiig Knowledge

Wiig (1993) approaches his KM model with the following principle: for knowledge to be useful and valuable, knowledge must be organized. Knowledge must be arranged differently depending on the use of what knowledge will make. Knowledge organized in semantic networks can be accessed and retrieved using multiple entry paths that map to different knowledge tasks to complete. Some dimensions that are useful to consider in the KM Wiig model include: (1) completeness, (2) connectivity, (3) congruence, and (4) perspective and goals. The completeness addresses the question of how much relevant knowledge is available from the source provided. The source can be in the form of human thoughts or knowledge. Connectedness refers to relationships that are well understood and defined in different subjects of knowledge. Very few knowledge objects are completely cut off from others. The knowledge base is said to have conformity when all facts, concepts, perspectives, values, judgments, and associative and relational relationships between subjects of knowledge are consistent. Perspectives and goals refer to phenomena that we know of "but often from a certain point of view or for a particular purpose. Semantic networks are used to represent different points of view on an object / content of the same knowledge.

e. Model KM I-Space Boisot

The KM Boisot Model is based on key concepts of "good information" that are different from physical assets. The boisot distinguishes information from data by

emphasizing that information is what the observer will retrieve from the data function from his expectations or prior knowledge. The basic concept is that information is different from physical assets, and that information is extracted from data that is pre-knowledge. Boisot (1998) proposes the following two main points: 1) The easier the data can be compiled and transformed into information, the more diffuse it becomes. 2) The less structured data, the more context is needed, the more diffuse it becomes. The dimensions of the I-Space model are Codified - uncodified, Abstract - concrete and Diffused - undiffused.

f. Model KM Complex Adaptive System

KM Intelligent Complex Adaptive Systems (ICAS) theory views organizations as complex adaptive systems that are intelligent ICAS models from KM (eg, Beer, 1981; Bennet and Bennet, 2004). Beer (1981) is a pioneering organization treated as a living entity. In the Appropriate System (VSM) model, a set of functions is distinguished, which ensures the survival of any system and organization of life in particular. ICAS (intelligent complex adaptive system) views the organization as a complex adaptive system that is intelligent. CAS consists of several independent agents who interact with each other locally. The key processes in the ICAS model are understanding, creating new ideas, solving problems, making decisions and taking action to achieve the desired results

To survive and compete successfully, an organization also needs eight emergent characteristics, according to this model: (1) organizational intelligence, (2) shared goals, (3) selectivity, (4) optimal complexity, (5) permeable limits, (6) the centrality of knowledge, (7) the flow, and (8) multidimensional.

### **3. Application of Knowledge Management at PT. Mandiri Bank**

Knowledge Management is now a crucial factor in determining the business competitiveness of an organization. The problems that arise when knowledge management surfaces as a contemporary study gives rise to new challenges, whether the concept of knowledge management can be applied or not. Fundamental studies on the concept of knowledge management then find its own method called the knowledge management system (KMS), (William R. King, 2009), or also called the knowledge management process (Setiarso, 2009), which highlights in depth the process of how knowledge shapes organizational culture.

Analyzing the implementation of Bank Mandiri operations management based on knowledge is to improve core competencies in providing excellent service quality. In this section, we will discuss how to increase Bank Mandiri's intangible assets, especially in improving core competencies to create 5 dimensions of service quality, namely reliability, responsiveness, assurance, tangibles, and excellent empathy. The discussion will cover 3 important aspects in the field of knowledge management, namely aspects of human resources, processes, and technology. To simplify the discussion, the creation of service quality through knowledge management will be limited to the branch retail business.

One way to build knowledge management (KM) at Bank Mandiri is to integrate knowledge management into company culture. Bank Mandiri has proven, good KM implementation is integrated with the company culture. At Bank Mandiri there is a

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prestigious award called the Mandiri Excellence Awards (MEA). This award is held every year to capture the best work units in the bank. Of course, getting the best work unit title is a matter of pride for Bank Mandiri (BM) employees. To get the Mandiri Excellence Awards, each work unit must score 500 points. One component assessed is the learning culture point. By collecting 250 points, a work unit will get 100 points in the learning culture category. In this assessment, aspects of learning culture or learning culture becomes an important factor in the assessment of MEA. The best work units are considered to have a strong learning culture, this culture is worth emulating by every other work unit. Learning culture is one of the applications of knowledge management (KM). In general, the implementation of knowledge management carried out by Bank Mandiri includes:

- a. Bank Mandiri launches E-Learning.
- b. Holding a Chinese Life Philosophies Seminar on October 10, 2008 at the Mandiri Club Building. In 2013 there was an employee training.
- c. Leadership Supplies for 400 Bank Mandiri leaders where Mr. Marshal Goldsmith as a famous speaker as the author of the book "What Got You Here, Won't Get You There".
- d. Utilize US \$ 130 million to improve Bank Mandiri System Performance.
- e. Bank Mandiri launches the Mandiri FiestaPoin mobile application.

At this time knowledge management has become a habit, about the development of knowledge management (KM) at Bank Mandiri. Indeed, building habits takes time and the process is not short. That awareness about knowledge management at Bank Mandiri began in 2005 when the term Knowledge Management was not as popular as it is now. In 2005, the Bank Mandiri Learning Center organized a knowledge management awareness training. Bank Mandiri Learning Center moves from the manager level, specifically the section head and begins to move to provide training to them using time flow, namely people business process cost. From there the ideas were collected and led to sharing in each work unit, that was the first step in implementing knowledge management at Bank Mandiri. The knowledge management strategy undertaken by an independent bank is that KM has been implemented since 2005, KM Training by the Learning Center, the Mandiri Excellence Award (MEA) is held every year, Points will be used as MEA assessments and Seminars, writing and making ideas a part of the application KM.

The system flow applied by Bank Mandiri for the assessment of knowledge management (KM) in a row are: acquisition, storage, distribution, and implementation. Acquisitions for example are e-learning, learning, and seminars, while storage for example is writing and making ideas. The higher the learning process the employee does, the higher the value. For example, there is an employee sharing and entering the system, the employee gets a value of 5 points, plus so the speaker gets a value of 15 points, that value is given by his supervisor. All Bank Mandiri employees have an ID number to enter the knowledge management (KM) system. If all aspects are met to reach point 250, then the work unit is considered eligible to become an AEC finalist. The best work units must reach 500 points. The Development of Knowledge-Based Bank Mandiri Management in Era globalization To be effective and efficient, sharing material must be relevant to the work in each unit. Even though the results of the training did not directly affect the work unit's performance, the

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knowledge sharing culture had a positive influence on the organization. Knowledge sharing after training is usually effective.

Practice for the sake of knowledge management (KM) practices carried out at Bank Mandiri has made the work environment begin to change. With sharing everything is open with each other. So that sharing activities occur naturally and voluntarily, formal assignment of sharing is minimized. Now the form of sharing starts in the morning for 30 minutes to an hour, except for special ones. Sharing specifically with special studies was carried out, for example Scientific Wednesday and Scientific Friday. The topic is up to employees, for example internal audit is adjusted to the needs. Now the knowledge sharing activity has been running by itself, both sharing knowledge in work units and in branches. Knowledge management observers from KM Plus Learning Lead rate, the application of good knowledge management must contain at least three things, namely: First, have a clear goal or knowledge management (KM Goal). Second, have a clear work plan or KM Plan. And third, it has activities that are in line with the plan and outlines the implementation of the KM Roadmap or KM Architecture (KM Program). Knowledge management (KM) at Bank Mandiri is aligned with the corporate culture of Excellence, Professional and Innovative. To get to the culture of Excellence, Professional and Innovative requires knowledge management (KM).

### D. CONCLUSION

At an independent bank in the application of knowledge management (KM) is done by integrating into the corporate culture. Bank Mandiri awards MEA to employees who have a high learning culture, so many employees are competing to learn to obtain the MEA degree, with the high level of learning the employees will increase productivity, progress for the company and have the potential to create new knowledge. In addition, Bank Mandiri has also established a learning center for training for its employees. The company provides training to its employees in accordance with the work of each employee, then at the same place employees can share their knowledge with other employees, so that knowledge distribution is spread across all units. The culture of knowledge sharing at Bank Mandiri has become a culture for each of its employees, so that knowledge can be spread quickly and directed, which in turn can lead companies to become companies that can compete in the era of globalization.

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