Leveraging the Quality of Knowledge Sharing By Implementing Reward Program and Performance Management System

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Abstract: This paper is a case study of how the impact of reward programs and performance management system implementation to leverage the quality of knowledge sharing in the PT Telekomunikasi Indonesia (Telkom), which is the largest telecommunications operator in Indonesia. Currently, market capitalization of Telkom is still showing good performance, but to maintain sustainable growth, Telkom has to change, and one of the transformation efforts is culture transformation. One part of the cultural transformation is how to build a culture of sharing. Because sharing culture is positioned as the core of the implementation of knowledge management at PT. Telkom, in order to transform itself into a knowledge-based enterprise, Telkom has provided IT knowledge management tool called Kampiun as one medium for employees to perform on line knowledge sharing which can be accessed by all employees of Telkom. Since it was built in 2004, Kampiun was not interested for most Telkom employees. Level of contribution was very low, and the contribution was not provide significant value to the company. In 2006, to improve employee motivation and to build knowledge sharing culture, Telkom implemented strategy such as reward program for knowledge sharing and integrated it as one of indicators in the employee performance management system. Knowledge sharing reward program is a program that provided rewards for both employees who are actively writing contributions to value or benefit to the company and the community of practices that are actively providing a positive recommendation for the company. Assessment for knowledge sharing reward is conducted by a team established by the Board of Director and based on the criteria previously set. Another effort to build the culture of knowledge sharing is through the performance management system. By implementing the efforts mentioned above, from year to year there are an increasing number of contributions in the KM System. However, from the large amount of this contribution, problem about knowledge quality is emerged. This is indicated that most of the knowledge contributions are rarely read and given feedback by Telkom employees. To overcome the above problems, this paper provides some proposed solutions. The proposed solution is more comprehensive, it addresses contributor, expert, organizational and user knowledge aspects.

Keywords: Knowledge sharing, reward program, performance management system, Kampiun, knowledge quality

1. Introduction

Realizing that knowledge sharing is one thing that can form a human resources with high capability of learning and support the creating of knowledge-based enterprise, Telkom developed policies of knowledge sharing and provided KM Tool as a media for knowledge sharing. We call this KM Tool as Kampiun.

Kampiun tool has the following architecture: see Figure 1.

Through the media of knowledge sharing, Telkom has built knowledge-sharing culture by encouraging employees to share knowledge and failure and success experiences in carrying out their tasks. Sharing contribution is expected to provide benefits for the achievement of the company's objective. Before they are published and stored in Kampiun, submitted contributions validated by the expert team appointed by the Director Human Capital & General Affair. This shared knowledge is expected to be used as learning materials to enhance employees’ competency independently.

In its implementation, the participation level of employees in conducting knowledge sharing is very low. Employee contribution is still very poor in comparison with the number of Telkom employees (approximately 23,000), which is less than 1,000 articles or 4.3% per year.

Considering such conditions, to encourage the spirit of knowledge sharing or to increase the number of contributions in the Kampiun, Telkom uses 2 (two) approaches to motivate employees for sharing their knowledge. First, knowledge sharing is set as one of the key performance indicators in the Performance Management System. Second, Telkom provides rewards to the best contribution each year.
By using 2 (two) approaches above, it appears that the number of contributions began to increase. However, on the other hand there is a decline in quality. Many contributions do not meet the criteria and do not provide benefits for the company. Utilization of contributions is still very low, which is indicated by the low number of visit and feedback, as shown in graph below. From the graph can be seen, that the average number of visits per contribution is lower than 2% since the year 2006 until now see Figure 2.

![Average number of visits a year](image)

Figure 2: Average number of visits a year

2. Theoretical background

Employees know that appraisals form the basis of many important promotion and salary decisions. When employees believe they are judged fairly, they will respect your system and view appraisal as a way to improve their performance (Alexander Hamilton Institute, INC). Formal performance appraisal plans are designed to provide systematic judgements to back up salary increases, promotions, transfers, and sometime demotions and terminations (Douglas McGregor, 1959). David McClelland (1987) mentioned that the motivation for maximum performance achievement is a strong incentive to perform tasks of daily work with the best until they get predicate commendable.

Reward system is one part of the organizational structure that is considered influential on knowledge sharing (Kim and Lee, 2006). Smith and McKeen (2003) states that the existence of a system of bonuses, incentives and knowledge-oriented promotion will reinforce the motivation of workers to perform knowledge sharing. The existence of organizational rewards considered important in encouraging knowledge sharing activities (Lin, 2007). Oriented reward system can determine the flow of knowledge and access knowledge in the organization (Zhang et al., 2006). The use of an incentive system will motivate employees to create new knowledge, sharing existing knowledge, and
willingness to assist other employees in the division or a different department. Voelpet and Han (2005) found in a case study of Siemens Sharenet, that the rewards can increase the motivation of people to perform knowledge sharing, but the higher the position the motivation is more driven to build the reputation than the desire for tangible rewards. Recent research proved that the application of rewards for knowledge sharing is success in increasing the Knowledge Sharing in the organization (Yu et al, 2007). But, there are still few studies that examine the quality of contribution. One study that evaluated the relationship between the reward with the knowledge quality, conducted by Yu et al (2007), they identified that the application of KM Reward has positive impacts on knowledge quality, knowledge sharing intention and knowledge-user requirements, but knowledge sharing intention did not support knowledge quality.

So based on the research findings above, it can be concluded that the KM reward and PMS with knowledge-based indicator is still necessary to be applied. Forms of reward should also be more varied, whether it is tangible or intangible in nature, and should be utilized to improve the knowledge quality.

3. Implementation of performance management system and reward program to boost employee motivation for knowledge sharing

3.1 Telkom performance management system Telkom and knowledge sharing

Telkom’s Performance Management System consists of 2 (two) methods, namely Performance Appraisal and Competency Assessment see Figure 3.

Performance Appraisal conducted to assess the employee achievement within one year of assessment. Based on the theory, performance appraisal is proportional to the career and remuneration. To improve knowledge sharing, Telkom sets up a policy that made sharing through Kampiun as mandatory and performing knowledge sharing is included as one indicator of performance appraisal. In this policy, it was decided that one of the requirements to obtain the maximum value of K, the worker must have been doing knowledge sharing through the Kampiun. These requirements apply to all employees. While competency assessment is conducted to measure employee competencies as demonstrated competencies, which required in the job position. Competency assessment is carried out on line each year by using the multirater 360 degrees method. Competency assessment results are K1, K2, K3, K4 and K5 obtained from the accumulated value of competency gap of employee, the higher the positive gap the higher the value of competence. Employees, who have the values K1, thus obtain maximum positive gap. As mentioned in the above
theory, the results of the assessment of competency assessment will also affect the remuneration and is one of the criteria in career development.

3.2 Reward program

To further motivate employees to share their knowledge, Telkom designed reward program called Kampiun Award. Assessment of Kampiun Award is held every year and given in 2 (two) classifications namely the Best Individual Contributor and the Best Community of Practice. Assessment criteria for Kampiun Award are originality, quality of writing and contribution to the company’s benefit. Appraiser of Kampiun Award is expert team assigned by the Director of Human Capital & General Affairs consisting of employees who has the competence and ability to conduct these tasks. Attractive rewards are given to employees who win Kampiun Award, namely, certificate for recognition and training, seminars or conferences abroad.

4. Impact of PMS and reward program implementation and problem analysis

After the reward and PMS policies are applied, there is a significant growth of contribution through Kampiun, as shown in the graph below see Figure 4:

![Grafic of Contribution](image)

**Figure 4**: Graph on contribution

Based on the above data, although there is an increase in the number of contributions in Kampiun, new problems had emerged, namely a decline in the quality of contributions. Decrease of knowledge quality is indicated by following facts:

- Many contributions do not comply with the criteria set out in the knowledge sharing policy. (Many contributions that approved by the expert team but did not meet the requirements set forth in the knowledge sharing policy).
- The number of visitors who visited the contribution is low.
- Feedback to the contribution is low.
- The low utilization of knowledge in Kampiun to solve operational problems.

In response to the declining of knowledge quality, the authors identify the causes of the low quality of contributions as follows:

Contributors Aspect:

- Motivation of many contributors is attributive. There is an impression that most contributors are forced to meet the mandatory requirements of the performance management system. In fact, most contributors do not want to contribute. This can be seen from the low quality of writing.
- The ability of contributors to express their knowledge in written form is still lacking, especially the employees who work at lower levels.

Organizational Aspects:

- Assignment of the expert team was not part of their job description, so that most of the experts felt that the job is just as additional task and not part of their responsibilities. This can be seen from the bad results of validation of contribution performed by some experts. They frequently approve contributions that do not meet the criteria for publication.
- Appreciation of knowledge management is still considered low.
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- System (Kampiun) needs to be improved.

Employee/Knowledge User Aspects:
- Low willingness to learn.
- Many employees have not experienced the benefits from the contributions for their job.
- Many employees do not know how to use the Kampiun.

Based on the various possible causes of the above, the author proposes some solutions that are expected to overcome the problems mentioned above, namely:

Solution for contributors and organizational aspects:
- Improve dissemination activities of Knowledge Management/Kampiun.
- Building a top management commitment to use knowledge in Kampiun repository.
- Provide training for sharing skill (writing and presentation skill).
- Enhance Kampiun to be more user friendly and providing easier access.
- Make the assignment as expert team as integral part of their formal task.
- Conducting the selection of expert team and conducting certification programs for expert team.
- Providing Reward for the Expert.

Solution for knowledge user aspects:
- Providing Reward Program for Users.
- Providing training for the development of learning skills (speed reading etc).

5. Conclusion
- Performance Management System and Reward Program that implemented in Telkom, has succeeded in increasing the quantity of sharing, but has a negative impact on the quality of contributions.
- Performance Management System and Reward Program are still valid to motivate employees to share their knowledge. But need to be implemented in a more comprehensive way, so the impact does not only increase the quantity of contributions, but also to maintain the high quality of contributions.

6. Recommendation
- Reward Program was proposed not only for contributors, but also can be implemented for the expert team and knowledge users.
- Gain the top management commitment as a strategic initiative to improve knowledge sharing.
- Develop sharing skill to improve knowledge quality.

References

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