

PROPOSED PERFORMANCE MANAGEMENT SYSTEM USING KBPMS FRAMEWORK AT PT. KITA BERSAMA

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Abstract

In Indonesia, company performance measurement is regulated by standards such as Financial Accounting Standards (SAK) published by the Indonesian Accountants Association (IAI). PT Kita Bersama, which operates in the direct sales sector, has experienced a decline in revenue in the last 5 years. One of the causes is the absence of clear performance indicators for employees so that they work without adequate targets and control. Therefore, this thesis research aims to propose the implementation of an integrated performance management system at PT Kita Bersamawith a focus on product marketing and Key Performance Indicators (KPI). The result is 23 KPIs derived from the company's strategy and business processes to carry out more comprehensive performance measurement and evaluation. Furthermore, the Knowledge Based Performance Management System (KBPMS) is designed to overcome various company challenges related to data integration, employee involvement, alignment of activities with vision and mission, and performance management. KBPMS is also based on five principles to simplify operations, increase efficiency, and drive sustainable growth of the company. By implementing this knowledge management system, it is hoped that company performance can be improved in a structured manner according to long-term targets.

Keywords: Performance management system, KBPMS Freamwork

Introduction

In Indonesia, company performance measurement is regulated by standards and guidelines that have been set by various institutions and organizations (Yuliansyah & Jermias, 2018). One of the standards that is commonly used is the Financial Accounting Standards (SAK) issued by the Indonesian Accountants Association (IAI) (Uno, 2019). SAK provides guidance regarding the preparation of accurate and consistent financial reports, ensuring that the company's financial information can be trusted by stakeholders, such as investors, creditors and other interested parties. Apart from that, the Indonesian National Standardization Agency (BSN) also has an important role in developing standards and guidelines for measuring company performance. BSN sets quality management standards, such as ISO 9001, which help companies improve the efficiency and quality of their products or services (Hernawan, Dewi, & Musafa, 2018). Implementation of these standards not only improves product and service quality, but also increases customer trust, expands markets, and reduces operational costs.

To measure the achievement of these standards, KPIs can be measured. A good KPI must have SMART elements (Specific, Measurable, Achievable, Relevant, Time Bound) (Ante, Facchini, Mossa, & Digiesi, 2018). Key performance indicators are an

important element in modern business management. Key performance indicators are needed in companies to provide clear direction and goals to the organization (Haddadi & Yaghoobi, 2014). Assist and formulate the company's vision and strategy in a measurable and measurable way. Key performance indicators allow companies to measure company performance against set targets. To support its operational activities, the company has a sales team that is directly involved in selling products to customers. Employees or human resources are considered an important aspect in company operations. This indicates the important role of the sales team or field workers in carrying out sales activities and promoting company products. The company's employees also have a big influence on the company's performance. Performance Measurement must be owned by the company because it has a big influence on the success of the company's targets (Bhagwat & Sharma, 2007). By using performance measurement, companies are able to calculate the performance achieved by company employees in achieving company targets.

Performance management is a systematic and integrated approach to managing an organization's performance to achieve its strategic goals. According to (Guerra-López & Hutchinson, 2013), performance management is a continuous process that involves identifying, measuring and improving individual and team performance. In addition, performance management functions to align performance with the organization's strategic goals. Thus, performance management makes a significant contribution to the ongoing success of an organization by enhancing the capabilities of its employees (DeNisi & Smith, 2014).

The Integrated Performance Management System (IPMS) formulated by (Herlambang, Satriawan, Robin, Wibisono, & Khaddafi, 2022) is considered a development that builds on the Balanced Scorecard (BSC) and Performance Prism concepts. IPMS combines the simplicity of BSC design with the stakeholder focus of Performance Prism, with the aim of providing utility specifically to companies in Indonesia. IPMS uses only three perspectives: business outcomes, internal processes, and resource capabilities. This perspective, which covers financial and non-financial business results, consists of nine sub-perspectives (Van Looy & Shafagatova, 2016).

This comparison shows that the Integrated Performance Management System (IPMS) is a type of Performance Management System (PMS) that combines simplicity in the Balanced Scorecard (BSC) and The Performance Prism, and takes stakeholders into consideration (Felizardo, Elisabete, & Thomaz, 2017).

Several advantages of IPMS compared to BSC and The Performance Prism according to (Kusuma, Indrayani, Satriawan, & Wibisono, 2022) include: 1. Uses a simple and structured approach, focusing on process and performance results. 2. Enable stakeholders to develop strategies, targets and evaluate results. 3. Only in terms of measuring performance in terms of tasks, obligations and compensation schemes. 4. Provides a useful basis for knowing who is responsible. 5. Establish accountability to related parties to improve performance.

Proposed Performance Management System Using Kbpms Framework At PT. Kita Bersama

Method

Regarding the method of data collection, the goal of data analysis is to identify issues based on the obtained data. Descriptive analysis is performed on income data and company performance in the form of the Company's Vision, Mission, and Strategy (PN), aimed at aligning the performance framework and PN's Key Performance Indicators (KPI). The data is sourced internally from the company.

Results and Discussion

Designing Performance Management System

The first step in designing a Performance Management System (PMS) involves analyzing the existing framework within the company. The basis of PMS design is rooted in an understanding of guiding principles. At this stage, four principles and five rules are very important in designing a performance management system. There are 4 principles listed in the table below.

Stage 0: Foundation

According to (Nunhes, Bernardo, & Oliveira, 2019), in developing a performance management system there are four foundations as guiding principles that need to be considered, namely:

- A. Partnership With Stakeholders:
All Stakeholders accept and support KBPMS.
- B. Empowerment of Employees:
Strong leaders empower employees by leveraging their skills, actively engaging them to contribute to improving company performance.
- C. Integrated Performance Improvement:
Strong leaders empower employees by leveraging their skills, actively engaging them to contribute to improving company performance.
- D. Independent Team:
To measure its performance, businesses assign authority to specific tasks and responsibilities.

Selain itu, sistem manajemen kinerja dirancang dengan memperhatikan 5 aturan, yaitu:

- a. Easy-to-Understand Approach (KISS):
Favor simplicity in design and implementation over complex scores or certificates.
- b. Long-Term Orientatio:
Focusing on financial and non-financial aspects for long-term competitiveness.
- c. Real-Time Feedback:
Apply variables in real-time to immediately address new problems such as production defects or performance deviations.
- d. Continuous Improvement:
Emphasizes continuous improvement through benchmarking, comparing past and current performance internally and externally.

e. Quantitative Approach:

Adopt a quantitative approach to analyze and evaluate planned improvements, facilitating immediate tracking of progress.

Satge 1 Basic Information

A effective strategic planning technique for evaluating a company's opportunities, threats, weaknesses, and strengths is SWOT analysis. Companies can use it to evaluate if they are operating or just planning. SWOT analysis is a methodical way to identify the company's internal (strengths and weaknesses) and external (opportunities and threats) components in order to develop plans that work. A SWOT analysis of PT Kita Bersama is provided below.

Table I Basic Information

TWS ANALYSIS		Strength	Weakness
<div style="display: flex; justify-content: space-between;"> Internal External </div>		Have used integrated technology systems in business processes that provide sustainable competitive advantage (S1) Have a good brand reputation in the eyes of customers (S2) If there is a discrepancy, the goods can be returned (S3)	Less innovative in developing products and services (W1) Some products still depend on suppliers (W2)
Opportunity	S-O	W-O	
Implement an ERP system to improve operational efficiency (O1) Utilizing environmentally friendly trends to improve company image (O2) Targeting new market shares with attractive promotions (O3)	Maintaining the integrated technology system that has been implemented and utilizing it to support the implementation of the ERP system to increase operational efficiency (S1+O1) Leveraging a good brand reputation to attract new customers by carrying out attractive promotions (S2+O3) Offer a return guarantee to strengthen brand reputation (S3+S2)	Collaborate with ERP System vendors to identify features that can support the development of more innovative products and services (W1 + O1)	
Threat	S-T	W-T	
Intense competition in the same industry (T1) Threat of substitute products due to technological advances (T2) Decrease in people's purchasing power due to inflation (T3)	Maintaining the superiority of the integrated technology system that has been implemented amidst intense competition to create a barrier to entry for competitors (S1 + T1) Strengthening brand reputation through return guarantees to minimize the risk of customers switching to competing products, especially substitute products (S2 + T2) Offering a return guarantee and responsive after-sales service to guarantee added value amidst the decline in people's purchasing power (S3 + T3) Carry out product innovation by utilizing integrated technology systems that are difficult for competitors to imitate to produce superior and quality products (S1 + T2) Carrying out a member loyalty program for loyal customers to maintain a customer base amidst intense competition (S2 + T1)	Conduct regular market research to anticipate changing consumer preferences due to declining people's purchasing power (W1 + T3) Develop sufficient capital reserves to maintain operational stability during times of inflation and economic recession (W2 + T3) Utilize supplier diversity to obtain alternative raw materials at more competitive costs to maintain margins in times of inflation (W2 + T3) Collaborating with research institutions to develop product innovations that can answer the threat of competing substitute products (W1 + T2) Increase flexibility and speed in developing superior products to be able to compete in a highly competitive market (W1 + T1)	

Stage 2 Design

In designing an Knowledge-Based Performance Management Sytem (KBPMS), researchers will focus on several important things, including: the company's vision and mission, overall company strategy, key performance variables, linkages between performance variables, and comparisons with industry standards or benchmarking.

Vision

Proposed Performance Management System Using Kbpms Framework At PT. Kita Bersama

The vision of PT. Kita Bersama is "To become the largest and leading direct selling company in Indonesia." A good and criteria-meeting vision can be seen in the table below

Criteria	Yes	No
A single sentence	√	
Give Inspiration the employee and make employee comfort working in the company	√	
Written in good and true language without empty words	√	
Easy to be understand by employees	√	
Focus on one or two performance aspect only	√	
The level of achievement can be tested	√	
Developing by CEO or leader not by the committee	√	
Validation is conducted in yearly basis	√	
Realistic, showing the current company position and limited resource owned by the company		√
Can be change depend on environment of business		√
Easy to be remembered by employee without note	√	

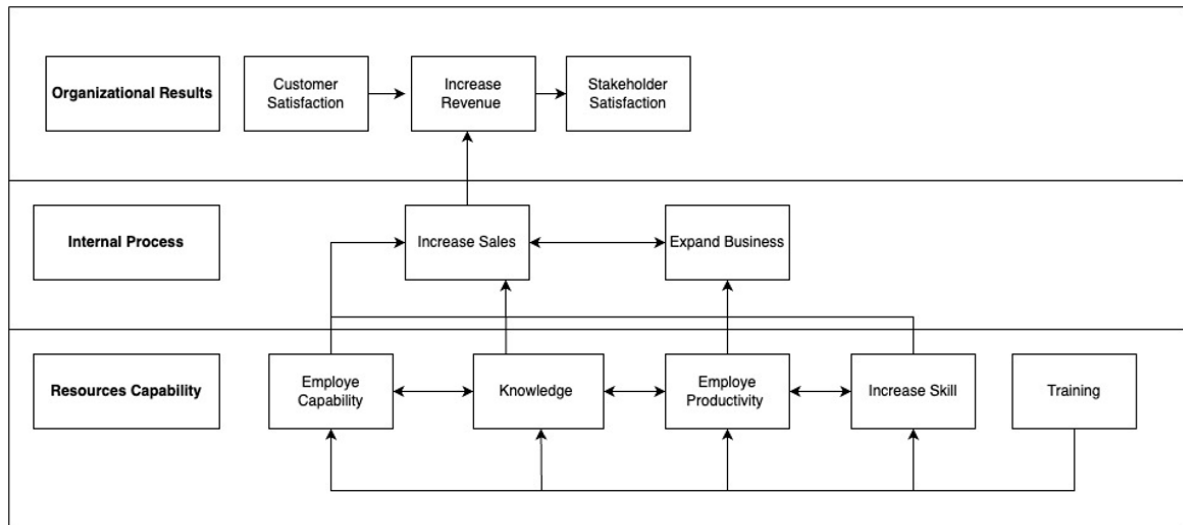
Based on the table above, it can be seen that the company has an ambitious long-term vision to become the largest direct selling company in Indonesia. Data shows that so far the company has succeeded in achieving the annual targets set in order to realize this vision. By 2023, the company has succeeded in becoming the largest direct selling company in Indonesia, in accordance with the previously announced vision. Currently, the company is pursuing its next vision to become a leading direct selling company at the global level. The company's consistent success in achieving annual targets shows its strong commitment to achieving its long-term vision. Solid support from all elements of the company is also the key to this success. With the foundation and traction that has been built, the company has bright prospects to be able to realize its vision of becoming a leading direct selling company globally in the future.

Mission	Interpretation	Implication
Improve the standard of living to achieve prosperity	Improving the quality of life of the community towards prosperity through the company's products and services	Developing beneficial products at affordable prices. Providing business and entrepreneurship training. Creating job opportunities and income for business partners
Provide satisfaction and benefits to consumers	Providing satisfaction and benefits to consumers through the excellent quality of products and services	Research for the improvement of product and service quality. Customer loyalty and customer care programs. Satisfaction guarantee or money-back guarantee
There is not an inch of area that is uncultivated and useless	Utilizing every opportunity and resource available without any waste	Aggressive expansion into all potential areas. Maximizing technology utilization for efficiency. Unlimited development of ideas and innovation.
Make employees who are intellectually, emotionally and spiritually qualified	Developing employees who are excellent intellectually, emotionally, and spiritually.	Comprehensive employee training and development programs. Building a positive work culture and atmosphere. Engaging employees in spiritual and humanitarian activities.

Straregy

Referring to the design of KBPMS, all corporate strategies will be grouped into three categories, namely resource availability, internal processes, and organizational outcomes. The strategy map of PT Kita Bersama can be seen in the image below.

Proposed Performance Management System Using Kbpms Framework At PT. Kita Bersama



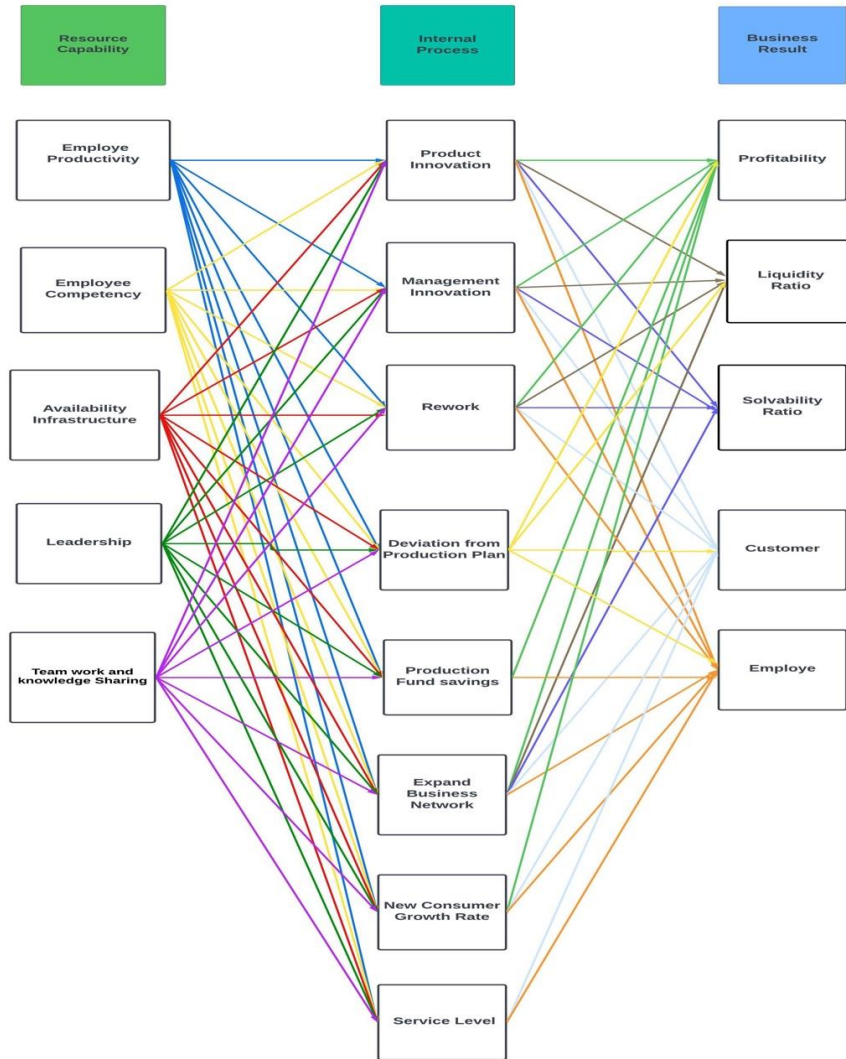
Performance Variable

Determination of performance variables is based on PT. Kita Bersama strategy, which functions as a company standard. Variables can be categorized into two types: qualitative and quantitative. The following is the performance table of PT Kita Bersama

PERSPECTIVE	ASPECT	KPI
1. Organizational Output	a. Financial Aspect	1) Revenue
		2) Net Income
		3) Return Of Asset (ROA)
		4) Return Of Equity (ROE)
		5) Expense Ratio
		6) Current Ratio
		7) Debt Equity Ratio
		8) Debt Asset Ratio
2. Internal process	b. Non Financial Aspect	1) Customer satisfaction index
		2) Employee satisfaction index
	a. Innovation	1) Innovation product
		2) Idea Generate
		3) Idea Conversion
	b. Operation process	1) Rework
		2) Safety Fund
		3) Deviation Fund
c. Marketing	1) Partnership	
	2) New Customer	
d. After Sales Service	1) Customer Feedback	
3. Resource capability	a. Human resource	1) Employee productivity
		2) Employee competency
	b. Technology resource	1) Branch (Tech. Dev)
	c. Organization capital	1) Leadership

Linkage Variable

Researchers use interview techniques and group discussions to understand the perspectives and experiences of research subjects. This information is then analyzed to determine cause-and-effect relationships and interrelationships between perspectives, according to the variables shown in the image below:



Benchmarking

Comparison (benchmarking) of PT was carried out. We are Together Prosperous against competitors in the same business field and industry, for the last 5 years.

	2022	2021	2020	2019	2018
PT. Kita Bersama					
Net Profit Margin	6%	9%	6%	4%	4%
Expense Ratio	94%	91%	94%	96%	96%

Proposed Performance Management System Using Kbpms Framework At PT. Kita Bersama

PT. AAU					
Net Profit Margin	3%	4%	2%	3%	5%
Expense Ratio	97%	96%	98%	97%	95%

The table above shows that PT Kita Bersama is quite good compared to its competitor PT AAU, in terms of financial aspects. Net Profit Margin and Expense Ratio for the last 5 years shows better growth than competitors. This performance must be maintained and increased again so that PT. Kita Bersama can develop its business lines.

Stage 3 Implementation

No	Activities	PIC	Duration (days)	Budget
1	Explanation and introduction about performance management system	Top Management & Consultant	1	Rp 15.000.000
2	an overview and analysis of the business's existing state as well as the benefits of implementing a performance management system	Top Management & Consultant	2	
3	Explanation about propose the Knowledge Based Performance Management System (KBPMS) at Foundation Stage	Top Management & Consultant	2	
4	Explanation about propose the knowledge based performance management system (KBPMS) at Basic Information	Top Management & Consultant	2	Rp 10.000.000
5	An examination of the company's internal and external environments	Top, Middle Management and Consultant	6	Rp 20.000.000
6	Explanation about propose the knowledge based performance management system (KBPMS) at Design of performance management system, vision, mission and strategy of the company, performance variable, linkage variable and benchmarking	Top, Middle Management and Consultant	6	Rp 20.000.000
7	Explanation about propose the knowledge based performance management system (KBPMS) at Implementation	Top, Middle Management and Consultant	2	Rp 10.000.000
8	The new performance management system's report	Top, Middle Management and Consultant	2	Rp 4000.000
9	Implementation of Employee Training	Human Resources	6	Rp 150.000.000
10	Reorganization of Organizational Structure	Top, Middle Management and Consultant	6	Rp 10.000.000
11	Increased Employee Motivation	Human Resources	6	Rp 75.000.000
12	Implementation of KPI's and PMS	Human Resources	-	-
13	Continued Evaluation and Improvement	Top, Middle Management and Consultant	-	-

The table above details the full implementation plan for the performance management system, starting from delivery and introduction of the system to follow-up steps for continuous improvement. Implementation is scheduled to start from June 2024 to July 2024, involving stages such as initial introduction and socialization. After that,

included in the schedule are the stages of measurement, evaluation, diagnosis and ongoing follow-up activities. The following is a detailed schedule depicted on a daily and monthly basis, as can be seen in the table below.

Stage 4 Refreshment

The final stage of a performance management system is a refresh, which involves a thorough evaluation based on the latest information and knowledge. This emphasizes ongoing maintenance of the designed system and underscores the importance of leadership, commitment and stakeholder engagement for continued effectiveness.

Performance management systems must be dynamic and continuously updated to align with changes in the business environment, including competition, regulations, societal demands, customer needs, and technological advances. It must also adapt to ever-evolving performance standards and methods. Leadership, commitment and stakeholder involvement are important elements that this system must address. Regular monitoring is essential to prevent errors and ensure company targets are met consistently.

Conclusion

Direct sales companies have faced declining revenues and unstable sales performance in the last 5 years. Even though the organizational structure includes various departments, the absence of clear employee performance indicators contributes to less than optimal utilization of capabilities. This research applies the Knowledge-Based Performance Management System (KBPMS) to integrate output, processes and organizational capabilities to measure and improve overall performance. The main focus is on the Performance Management System (PMS) proposition stage to create effective Key Performance Indicators (KPI) so that the company can measure the achievement of its goals. The research highlights the importance of a data-driven approach in performance measurement following SMART principles.

Proposed Performance Management System Using Kbpms Framework At PT. Kita Bersama

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