CHAPTER 1

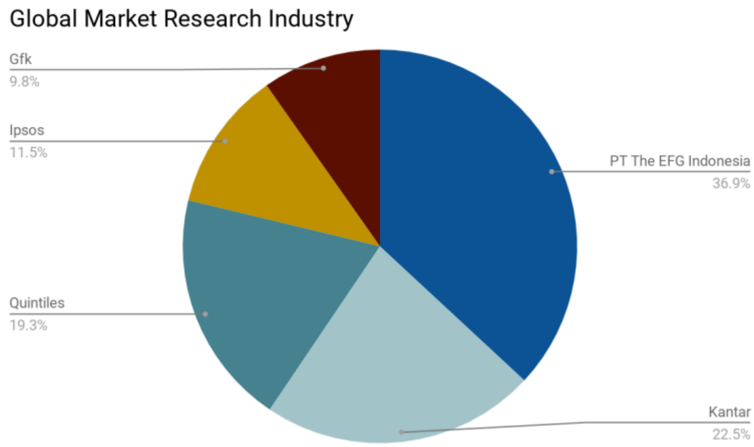
INTRODUCTION

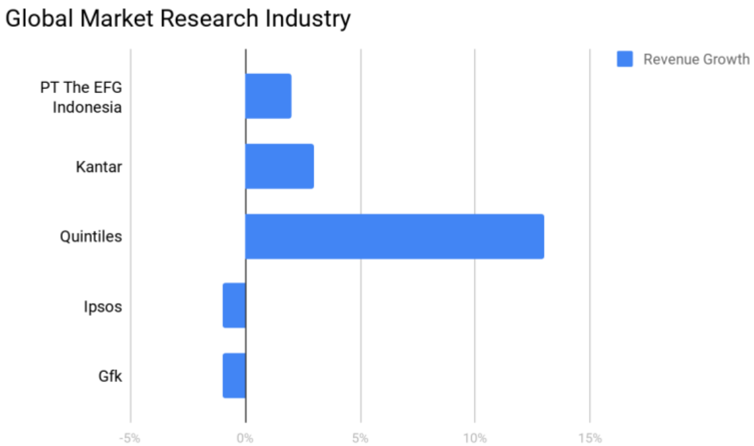
1.1 Background

Today's economy is becoming more and more dynamic and changes rapidly. Companies should have the ability to adapt towards changes and disruption. In a highly competitive business environment, every business organization should acknowledge a sustainable competitive advantage. Nowadays, knowledge has become one of the valuable assets to gain sustainable competitive advantage for a company, along with other resources and capital. Many companies started to manage and improve their knowledge asset in order to survive and sustain their competitive advantage. Knowledge management will be beneficial in today's business to meet the requirement of the business complexity itself. Knowledge management represents a response to the challenge of trying to manage the complexity and information-overloaded work environment (Dalkir, 2005).

Knowledge management is a set of processes to acquire, create, share, and use information resources in an organization context for the benefit of specific organizational objectives. Nowadays, the role of knowledge in an organizational activity has been increasing due to organizations' consciousness to gain their competitive advantage in order to sustain their business. Knowledge management can be used as a system to utilize existing knowledge in an organization, not only to sustain their business, but also to increase their competitive advantage among their competitors.

PT The EFG Company Indonesia is a company engaged in the field of global information and media, with a focus on market research and consumer information, as well as media research on business publications, trade shows, and research on the online. The company's objective is to be recognized as a premier construction organization with a commitment toward optimal performance in serving clients. This vision means that PT The EFG Company Indonesia wants to deliver an optimal performance to their clients in constructing end-to-endt analysis based on market research data.





Source: Consultancy.org analysis, AMA, ESOMAR, and BDO, 2018

Currently, PT The EFG Indonesia is leading the market research industry with the highest revenue compared to the other top leading competitors. This makes PT The EFG Indonesia the top leader market research firm with the most market share out of 5 top leader market research companies globally. However, based on this recent data, PT The EFG Indonesia has 3% revenue growth compared to the previous year. Meanwhile, the other competitors have a higher growth versus previous year. So there was a quite substantial growth gap between PT The EFG Indonesia and its competitors. Based on this overview, even though PT The EFG Indonesia is currently leading the market, the other competitors are also doing pretty well and there was a potential to succeed in the market.

As the company developed, PT The EFG Company was divided into two parts, namely EFG Connect and EFG Media. As a market research company which provides insights as an outcome to their clients, PT The EFG Company lies their capital not only on data, but also on the knowledge of their employees. It is essential for the organization to identify the importance of knowledge and the risk of losing the knowledge due to retirement, turnover, and competition using the intellectual capital or asset approach. Therefore, an organization, especially a market research, should apply a knowledge management system to maintain the knowledge capturing, transfer, and process in the company. The knowledge management system should apply to three organizational levels, which are the individual, the group or community, and the organization itself (Dalkir, 2005).

Over the last couple of years, PT The EFG Company Indonesia has been using a learning system for employees through a series of training, sharing session activities, and also a digital learning platform named EFG Degreed platform. This platform is used as an e-learning platform which provides multiple classes, modules, and articles for all employees to upgrade their skills that should be beneficial for the company. The platform is accessible to all employees and divisions and can be accessed anytime individually when needed. There are multiple types of forms of knowledge provided in the platform, such as articles, videos, books, or even podcasts. All of these activities are carried out as tools to attain the organizational objectives.

The problems emerged when the knowledge in the company is not effectively shared throughout all the employees. This could happen because the use of some of the learning activities and the knowledge platform, Degreed, in PT The EFG Company Indonesia is non-compulsory and not utilized effectively to transfer and share knowledge among employees and cross divisions in the company. As a learning platform, EFG Degreed is used mainly as a tool which facilitates one sided knowledge to all employees. Every individual might learn and take general lessons supposedly to upgrade their skills which might be beneficial to done tasks. EFG Degreed platform can also be accessed anytime if necessary. However, the employees are unable to transfer knowledge to the platform, or else for one division or another. All knowledge as well as information within one division are documented solely for the purpose of the particular division only.

Related to knowledge management in the company, employees should not only be competent in their respective field. Ideally, knowledge needs to be distributed to every individual so each employee has the ability to support other tasks and responsibilities beyond their main jobs. All these challenging factors presented at PT The EFG Company Indonesia are potential to be studied in a case study of their knowledge management practices.

1.2 Company Profile

EFG Holdings Plc is a global company providing services in data measurement and analysis with thorough and trusted views available from consumers and markets worldwide. EFG's approach matches EFG's proprietary data and data from various other sources that are used to provide understanding to clients about current market conditions, predictions of future market conditions, and what is the best course of action to take according to this knowledge. Data provided to clients is end-to-end data such as about what is needed by consumers, the price range of products desired by consumers, what types of products are needed by consumers. Following the data is how is the distribution of the goods, how are the sales results of the goods, to the purchase and usage data from EFG's clients' data.

EFG is currently listed in the S&P 500 company list and has been operating in more than 100 countries, covering more than 90% of the world's population.

PT The EFG Company Indonesia is a company engaged in the field of global information and media, and focuses on research and conducts research in providing information about marketing and consumers, television, as well as conducting various research on the media, such as research on the business of publications, trade shows, and online research. Currently EFG Global has transformed into two business entities, namely EFG Global Media and EFG Global Connect which will later described in the next subsection (See subsection 1.4 EFG Global Media and EFG Global Connect).

EFG provides the Connected System for the clients that presents integrated EFG proprietary data and other data that continuously connects various measurements into powerful analytics to actionable insights to the clients. While The Audience Measurement is the foundation of the future, presenting measurement of capability, scale, and flexibility as the market changes.

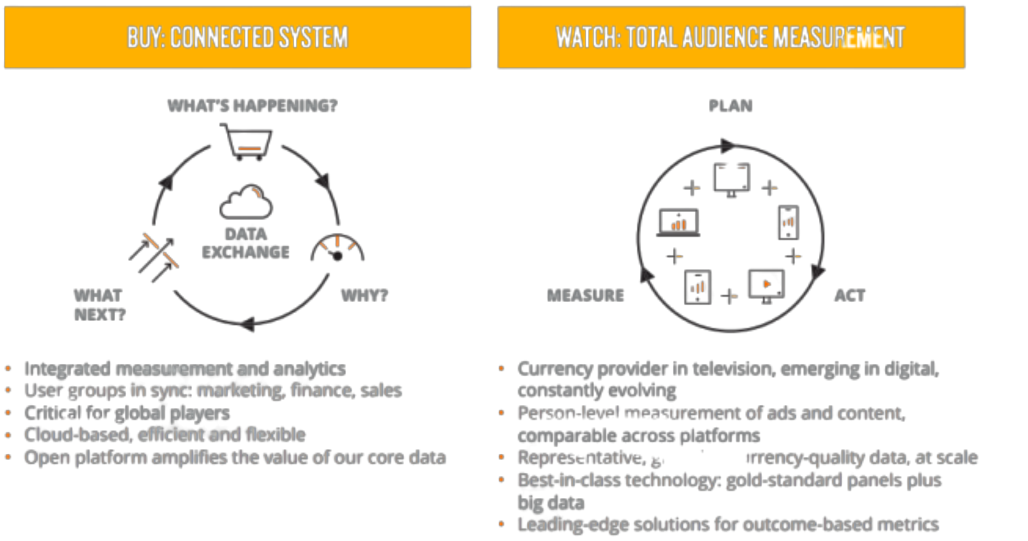


Figure 1.1 The Connected System and Total Audience Measurement by EFG

(Source: EFG Holdings Plc Annual Report)

1.2.1 Vision

EFG's vision is to be recognized as a premier construction organization with a commitment toward optimal performance in serving clients.

1.2.2 Mission

To provide clients with the most complete understanding of consumers and markets worldwide.

1.2.3 Business Scope

- Retail Measurement Services (RMS)

Retail Measurement Service (RMS) provides continuous tracking of product sales to consumers, based on information collected at point-of-sale retail. Clients receive detailed information about sales, market share, distribution, prices and merchandising and promotional activities. RMS information is available in more than 80 countries.

- EFG Panel

The consumer research panel tracks consumer buying behavior in more than 125,000 households in 24 countries around the world, mainly through the use of scanners at home. The panel discloses consumers' purchasing information from all outlets they visit and provides insight into who buys, payment methods, use of coupons and participation in frequent shopper programs.

- Variety and In-Store Space

EFG team of experts works with retailers and manufacturers around the world to provide business-driven, easy-to-implement solutions that provide measurable returns on their investment in managing a variety of stores and in space. We help them make key decisions on issues such as shelf inventory, shelf space, growth opportunity categories, product listings and the best way to distribute merchandising information.

- Consumer Research

EFG's diverse and powerful suite of Consumer Research services helps clients obtain qualitative and quantitative steps from consumer attitudes and buying behavior, customer satisfaction, brand awareness and equity, advertising effectiveness and other marketing issues.

- Retailers Service

Designed to help retailers understand what attracts consumers to their stores. Retailers work with EFG to evaluate competitive performance, increase traffic and sales, utilize their frequent-shopper data and build customer loyalty, improve the performance of their private label products and understand their results in all classes and product categories they carry.

- Modeling & Analytics

EFG's advanced modeling & analytical services help clients deal with business issues such as key pricing, promotion, marketing mix, and product rationalization, placement of categories, categories and structures in the store, in the audit and testing markets.

- Decision Supporter

EFG provides clients with a variety of software and delivery methods designed to place the right information on the decision maker's desk when they need it. These range from tools from sophisticated analysis and data-management systems to sophisticated users to standardized reports to end-users that are automatically refreshed when the database is updated.

- Global Services

EFG Global Services coordinates with local EFG offices throughout the world to provide clear and consistent information in the market. This helps producers effectively understand emerging marketing opportunities for global brands. Utilizing consistent and comparable cross-country data, combined with local country information, EFG Global Services provides solution-based information for marketers around the world with a broad international scope.

1.2.4 EFG Global Media and EFG Global Connect

In November 2019, EFG Global announced plans to transform the company into two different corporate entities, namely EFG Global Media and EFG Global Connect. EFG Global Media is an entity that is transferred to market research through the media. The main objective of EFG Global Media is to provide an unbiased understanding of the industry needed to help the marketplace to function, enabling clients to succeed in the global advertising market. EFG Global Media helps clients determine the targets they want to achieve, and optimize the results they can achieve. EFG Global media provides an optimal cross-platform measurement strategy to provide a more functional marketplace for the industry. Although it is known as a market research that is commonly used in the FMCG industry, basically industries that can work together with EFG are unlimited and very broad, including banking, automotives,

EFG Global Connect offers FMCG manufacturers and retailers accurate, actionable information with a comprehensive picture of the complex and volatile marketplace that brands need to innovate and grow their businesses. EFG Global Connect offers data and builds tools which utilize forecast models to turn observations in the marketplace into business decisions and thriving solutions. EFG

Global Connect provides combined business data and insights, with only an open, cloud native measurement and analytics platform to communicate the power of data as an essential foundation that makes markets possible in the volatile evolving commerce industry.

1.2.5 Organization Structure

The organizational structure at EFG Indonesia is divided into 8 Business Units that cover operational, commercial and support functions. The Operational Function is the function behind EFG's kitchen that processes data, inputs data, processes data, so that the data is ready for use by commercial functions. This function is covered by the *Products & Technology* Business Unit. While Commercial Functions are functions directly related to clients such as data delivery, client acquisition, client maintenance, et cetera. Commercial functions at EFG are divided into *Consumer Insight, Retail Measurement Services, Retail Vertical,* and *G9+ Leader.* While the EFG Support Function is a support function for commercial and operational functions at EFG, such as *Finance, Human Resources,* and *Marketing & Communication*.

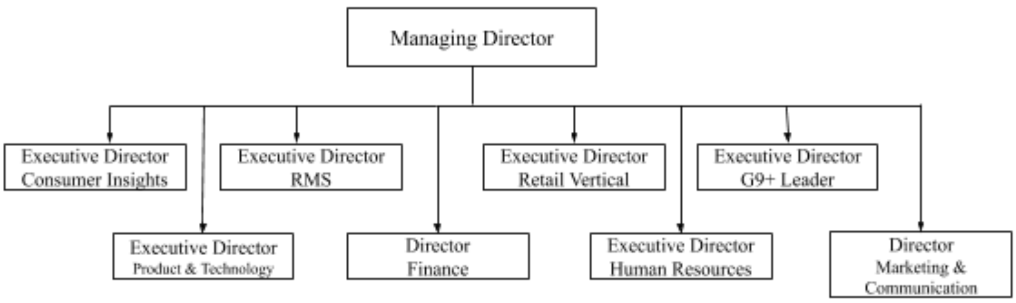


Figure 1.2 Organization Structure of PT The EFG Company Indonesia 2020

(*Source: Internal Data of PT The EFG Company Indonesia*)

1.3 Business Issue

Nowadays, knowledge has been found as one of the most important aspects in order for a company to sustain its business. Not only to improve efficiency and produce innovations, knowledge is also important in the decision making process. Decision makers in a company should strategically manage the essential knowledge in order to make a well fitted decision which might affect the whole process of the business. Knowledge is essential to not merely the top management, but also to all employees in a company. The know-how can be beneficial to improve productivity hence resulting in better services and reduce time consuming as well.

As a research company which delivers insights to their clients, PT The EFG Company Indonesia understood that knowledge is the core asset of their business. Individual knowledge and experiences are most relevant to the business. The company depends on the ideas of the employees as well as decision making. Since each individual does not usually take a unified approach toward problems and decision making processes, it is important to manage these knowledge and distribute them throughout the company.

Based on preliminary observations during the author's internship period in the company, the author found significance in job rotation of the employees. Job rotation is essential towards the delivery of projects and analysis since each division of PT EFG Indonesia is directing different approaches of analysis. Having re-assigned to a different position makes the associated employees have to re-adjust their way of thinking and knowledge of the market or approaches to conduct a spot-on analysis or insights of the market for the clients' purposes.

As a matter of fact, PT The EFG Company Indonesia are currently paying attention to manage the knowledge in the company. They are currently exploring the use of information technology to share knowledge toward their employees in a form of digital learning platform, also known as EFG's EFG Degreed platform. The problem emerged when the organization did not implement the Knowledge Management system effectively as a learning method to share the knowledge throughout all employees. The challenge for the company is how competent employees upgrade their peer colleagues in their skill-set as well upgrading their own.

In this case, based on preliminary interviews with employees of PT The EFG Company Indonesia, it is found that not every employee is familiar with the use of EFG Degreed platform as their main source to access knowledge useful for their work.

> "To be honest, I rarely use EFG Degreed platform for day to day business. The materials provided are short and not holistic. Besides, sometimes there are obstacles when using the platform. Mostly because the company system is pretty complex and projects are handled by different countries, so permission is often constrained." (EB, Personal Interview, 14/04/2020)

Based on preliminary interviews with the employees, it is also found that the use of a learning platform is not compulsory in PT The EFG Company Indonesia.

> "Lessons in and training in EFG Degreed platform is not mandatory for employees to take. I only take it twice, occasionally, in my entire 2 years with the company. It does not affect our KPI either." (DA, Personal Interview, 13/04/2020)

Scattered documentations and disordered knowledge management might consequently result in extended delivery time of projects. Based on other preliminary interviews with the employee, it is also found that PT The EFG Company Indonesia has not developed a sort of storage to store their previous project's case studies, lesson learned paper, or best practices modules.

> "When I first joined the company, I was so frustrated to adapt since there was no kind of storage of previous documents for me to learn what was going on and what were the things that I could learn. At that time I just kept asking my manager back and forth. I believe that those kind of documents are essential, time wise, and also just as a learning basis for future projects and for the employee's knowledge" (RA, Personal Interview, (13/04/2020)

Knowledge and skills are extremely important for the business, especially for a research company with insights as their main services to their clients. Additionally, for a fast moving industry like retail and media, the use of a learning platform can also be highly beneficial to ease the employees in doing their work, especially newcomers. New employees who have little to no experience to the industry and unfamiliar with the working culture of the company can adapt faster with the accessible knowledge stored in the platform.

Based on the business issue presented above, this research will specifically analyze and discuss the implementation and challenges of the Knowledge Management system in PT The EFG Company Indonesia.

1.4 Research Questions

Based on the introduction, there are several questions to be analyzed and discussed in this research, namely:

1. What are the current issues related to achieving the company vision?
2. What is the proposed design Knowledge Management System to achieve the company vision?
3. How is the implementation of the proposed Knowledge Management System related to the proposed solution?

1.5 Research Objectives

Based on the research questions, there are several objective of this research, namely:

1. To identify the KM current issues related to PT The EFG Company Indonesia's effort in achieving its vision
2. To propose the Knowledge Management System to overcome the issues related to achieve the company vision
3. To design the implementation of the proposed Knowledge Management System at PT The EFG Company Indonesia

1.6 Research Limitations

The scope of the research conducted is limited on the subject of Knowledge Management which includes the knowledge transfer among the employees in PT The EFG Company Indonesia.