

# The influence of knowledge management “bottleneck” on company’s performance

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**Abstract.** *Interviews with 10 marketing managers of 10 four-wheeled motor vehicle brand in Jakarta that have the highest sales in January up to April 2017 show that the managers do not have enough cognitive understanding of knowledge management (KM). However, the managers, in general, are very eloquent when discussing about practical business aspects such as supply-chain, business competition, products, organizational culture, and company’s performance. Based on previous research, KM was placed as independent or intervening or moderating variable on company’s performance. The aim of this study is to analyze the role of KM on company’s performance. By using stratified random sampling, linear regression, moderated regression, and path analysis, it can be concluded that KM can be as independent, moderating, or intervening variable. KM becomes similar to a “bottleneck” when the managers do not know well what and how to implement KM. Therefore, this study suggests that needed further researches are needed to explore the role of KM and to understand how KM can be implemented in a company in order to sustainably improve the company’s performance.*

**Keywords:** knowledge management, company performance, competitive advantage, knowledge economy, bottleneck.

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## Introduction

There are many studies on company’s performance. In the studies, company’s performance is affected by many variables, and there are many studies of knowledge management (KM), although, not as much as the study of company’s performance. This is understandable that the KM was just introduced as a new discipline in 1991 (Nonaka: 1991; Saqib et al.: 2017).

Hansen and Wernerfelt (1989) stated that organization performance can be influenced indirectly by (1) organizational factors that are structure, systems, size, and history, (2) environmental factors, such as sociological, political, economic, and technological, and (3) people factors, namely skills, personalities, and age. Furthermore, the three factors through organizational climate and individual behavior influence on

organization performance. From this study, it seems that organization performance is affected by many broad factors.

Partially, Lenny Koh et al. (2007) mentioned that supply chain management practices, with grouped into two groups, have impact on performance of SMEs. The groups are strategic collaboration and learn practices, and outsourcing & multi-suppliers. In addition, Shahzad et al. (2012) stated that organizational culture has impact on organizational performance. In other studies, McKeen et al. (2006) described that knowledge management practices has impact on organizational performance, and organizational performance, as a intervening variable, has impact on financial performance. Al Ahmar et al. (2014) informed that knowledge management, learning organization, and educations organization have impact on organization performance. Rasula et al. (2012) also informed that knowledge management, as intervening variable of information technology and organization, has impact on organization performance. In addition, Nuryaman (2015) mentioned that intellectual capital as part of knowledge management, through financial performance, as intervening variable, has impact on firm's value. Furthermore, Rehman et al. (2015) stated that knowledge management, as moderating variable of business process capability and moderating variable of learning organization, has impact on firm's performance.

There are dozens of four-wheeled motor vehicle brands in Indonesia. Nevertheless, four-wheeled motor vehicle sales are likely to increase from year to year. Of course, the increase in sales can be influenced by many factors, such as increasing number of population, and number of middle-class, developing public transport facilities, and others. Although level of competition among the four-wheeled motor companies is going to increase, number of sales is still increase gradually from time to time. The question is how far the competition level effects on sales performance? Karimi and Rafiee (2014) stated that competitive advantage has impact on organizational performance. In addition supply chain management practices has impact on organizational performance both direct and indirect impact through competitive advantage. The competitive advantage consists of four dimensions. They are price or cost, quality, delivery dependability, and product innovations. In terms of performance, organizational performance is measured by using market performance, financial performance, and customer satisfaction.

The 21<sup>st</sup> century is the era of knowledge economy where most organizations have knowledge to encourage organization performance (Zaied et al., 2012). In addition, Ling et al. (2008), mentioned that knowledge is seen as the most important resource of the company. Munir (2011) stated that in order to increase benefit from the knowledge possessed and to know knowledge that must be owned, companies must manage their knowledge through knowledge management. However, Bratianu (2011) stated that knowledge management, as well as innovation, represents a powerful barrier. The barrier is caused by ideological obstacles, bureaucratic barrier, ownership barrier, control barrier, and linearity barrier.

According to Jahanshahi, et al. (2012), performance of an organization is an output of an organization. The organizations can be able to compete and have a good performance, when it is supported with implementation of supply chain management.

Hanfield et al. (2002) mentioned that, recently, it is very rapid changes of competition conditions. It is starting from technological advances, globalization of trade system and economic stability of world politics. With the increasing number of domestic and foreign competitors, an organization can be expected to improve the performance of its internal and external, in order to maintain and to compete in a market. Competitive strategy is really needed to improve company's performance. By using competitive advantage strategy, it is expected that the organization can maintain the position of the competition against competitor Porter (2010). According to Ferdinand (2003), sustainable competitive advantage is more valuable rather than just competitive advantage. Furthermore, it is stated that sustainable competitive advantage is a direction of the organization's strategy. It is not an ultimate goal, but it is just as a tool for attaining objective of an organization.

Based on the above descriptions, this study analyzes role of knowledge management on company's performance. The knowledge management is placed as independent on company's performance, and as moderating, and as intervening of supply chain management, organizational culture, and competitive advantage on company's performance of four-wheeled motor vehicle industry in Jabodetabek (Jabodetabek are areas that closed to Jakarta of Capital City of Indonesia). Due to lack of cognitive understanding of knowledge management of 10 informants in the research place, this study is also elaborate role of knowledge management as a "bottleneck" on company's performance.

## **Literature review**

There are five variables in this study, namely: company's performance, supply chain management practices, competitive advantage, organizational culture, and knowledge management. Company's performance, in this study, is a reflection of achievement level. It is also an implementation of program, budget, and procedure to achieve, mission and vision of an organization. Santos and Brito (2012) mentioned that company's performance can be viewed from perspective of financial, growth, market value, customer satisfaction, employee's satisfaction, environment performance, and social performance. Measurement of company's performance, in this study, is using the four perspectives of balance scorecard. These are financial, customer, internal business, and learning and growth perspective (Kaplan and Norton, 1992).

Knowledge management is the process of creating, sharing, using and managing the knowledge and information of an organization (Girard et al. 2015). It refers to a multidisciplinary approach to achieving organizational objectives by making the best use of knowledge. According to Khan (2012) knowledge management is formalization and access to experience, knowledge and expertise that creates new knowledge capabilities, which allows superior performance, and encourage innovation and increase the value of customers. According to Zaied (2012) knowledge management is a process that helps organizations to find, select, organize, distribute, and transfer the important information and expertise necessary for the activities of company. In addition, knowledge management as the management of knowledge and intellectual assets companies can improve organizational performance characteristics and the range of added value by allowing a company to act smarter (Khan, 2012).

There are four processes in knowledge management according to Mills and Smith (2010): knowledge acquisition, conversion of knowledge, knowledge application, and knowledge protection. Knowledge acquisition is a process that includes collecting, accessibility and the application of knowledge gained (Zaied et al., 2012). This refers to knowledge obtained from a variety of external and internal sources (Zaied, 2012). Furthermore, it is stated that approximately 80% of knowledge is only stored in memory can be written without a knowledge of public service. Each time would be a lot of knowledge that goes into a person's brain from a variety of sources both from the process of socialization between individuals as well as from a wide range of media technology.

The knowledge captured from various internal and external sources that needs to be converted into organizational knowledge for effective utilization in business (Mills and Smith, 2010). Conversion of knowledge involves the use of the process to combine the various social explicit knowledge that it possessed by each individual. Reconfiguration of existing information through sorting, adding, re-categorizing and re-contextualizing the explicit knowledge can lead to new knowledge (Nonaka and Taeuchi, 1995).

Through the utilization of knowledge, in which the knowledge gained, it can be transformed from a potential ability to dynamic and realized, that affects organizational performance (Cohen and Lovinthal, 1990). In addition, application of knowledge is a process of actual use of knowledge (Malholtra et al., 2001). Conversion explicit knowledge into tacit knowledge imposed some similarities with the traditional notion that is learned or is usually called internalization. The process of knowledge input on employees in the company will be expanded and framed by employees.

In addition, knowledge protection is a process of securing knowledge assets and accessed only by authorized officers (Zaied et al., 2012). Protect the knowledge of the illegal use, it may not be very important for a company to build and maintain a competitive advantage (Liebeskind, 1996). In relation with organizational performance, Ritika (2013) confirmed that there is a relationship between knowledge management practices and organizational performance.

Second variable in this study is supply chain management. Supply chain management is an approach used to achieve an integration of a variety of a more efficient organization of suppliers, manufacturers, distributors, retailers, and the customer Simchi-Levi et al. (2000). This means that product is produced in the right amount, at the right time, and at the right place.

The goal of supply chain management is to maximize overall value of company. It is generated to meet the needs and requests of the customer. On the other hand, the aim of supply chain management is to minimize overall cost, including booking fees, storage fees, cost of raw materials, cost provided, and others, Chopra and Meindl (2004). Furthermore, three main reasons in implementing supply chain management is reducing investment along the supply chain, improving service to consumers, and developing company's competitive advantage. Reduce or eliminate inventories is realized important, if companies understand the importance of balance or harmony between the needs of consumers with supplies.

The third variable is competitive advantage. Competitive advantage is the heart of the company's performance in a competitive market. However, after decades of massive expansion and experiencing periods of prosperity, many companies forget about the competitive advantage in their efforts to grow and diversify Porter (2010). Moreover, it is stated that competitive advantage is all about three things. They are cost leadership, differentiation, and focus. Then, a company that has competitive advantage, it can create sustainable superior performance. In addition, Zahay and Griffin (2010) mentioned that generic strategy, namely cost leadership, differentiation and focus, are still relevance to improve firm performance

Organizational culture is a complex thing. It is a mixture of values, sets, beliefs, communications and explanation of behavior that provides guidance to people. In addition, Stoner (1996) in Masrukhin dan Waridin (2006) stated that culture is a combination of complex assumptions, behaviors, stories, myths, metaphors and various other ideas that become one to determine what is the meaning of being a member of society. Furthermore, Masrukhin dan Waridin (2006) informed that organizational culture is a system of values. It is acquired and developed by the organization and patterns of habit. It is also as a basic philosophy of its founder. The philosophy can be used as a guide in thought and action in achieving goals of an organization. This means that organizational culture may contribute significantly to the improvement of employee's performance. However, Khajouei et al. (2016) argued that there are culture barriers in implementing knowledge management. The barriers are lack of leadership support, lack of trust, lack of an appropriate reward system, lack of cooperation among employees, lack of an appropriate learning system, lack of an appropriate formalization system.

Based on the above concepts and previous research, supply chain management, organizational culture, competitive advantage, and knowledge management is placed as independent variable on company's performance. However, Rasula et al. (2012) stated that knowledge management can be placed, as intervening variable of information technology and organization, on company's performance. In addition, Nuryaman (2015) mentioned that knowledge management was also placed as intervening variable, on firm's value. Nevertheless, Rehman et al. (2015) informed that knowledge management can be viewed as moderating variable on firm's performance.

For that reasons, this study analyze knowledge management as independent, moderating, and intervening variable on company's performance. So that it can be developed three causality relationships as follows. Equation (1) shows that knowledge management is independent variable. Equation (2) shows that knowledge management is moderating variable, and equation (3) shows that knowledge management is intervening variable.

$$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \alpha_4 X_4 + \varepsilon_1 \quad (1)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_1 X_2 X_3 X_4 + \varepsilon_2 \quad (2)$$

and

$$X_4 = \gamma_0 + \gamma_1 X_1 + \gamma_2 X_2 + \gamma_3 X_3 + \varepsilon_3; \quad (3a)$$

$$Y = \xi_0 + \xi_1 X_1 + \xi_2 X_2 + \xi_3 X_3 + \varepsilon_4; \quad (3b)$$

$$\text{and } Y = \lambda_0 + \lambda_1 X_4 \quad (3c)$$

Y = company's performance  
X<sub>1</sub> = supply chain management practices  
X<sub>2</sub> = competitive advantage  
X<sub>3</sub> = organizational culture  
X<sub>4</sub> = knowledge management

## Research methodology

Type of data, in this study, is quantitative data that is from questionnaire and interview. A detailed questionnaire to obtain quantitative data based on perception of the respondent. The interview is used to understand in more detail about the phenomena that occur in four-wheeled motor vehicle industry, in the areas of Jabodetabek. Data obtained from the questionnaire and interview is a translation from a variable supply chain management practices, competitive advantage, organizational culture, knowledge management, and company's performance. Measurement process of the variables can be seen through dimensions and indicators as follows.

**Table 1.** *Dimensions and indicators of variable*

Variable	Dimensions	Indicators	Code
Supply Chain Management Practices	Strategic Supply Partnership	Trust between dealer and supplier	SCM1
		Contract agreement	SCM2
		Ethics among employees	SCM3
	Customer Relationship	Creating customer satisfaction	SCM4
		Repeat buyer	SCM5
	Information Sharing	Using IT to quick response	SCM6
		Accurate information sharing	SCM7
Competitive Advantage	Competitive Strategy	Cost leadership	CA1
		Strength model	CA2
		Price advantage	CA3
	Differentiation Strategy	Uniqueness of product	CA4
		Uniqueness of services	CA5
	Focus Strategy	Market size	CA6
		Certain of segment	CA7
Organizational Culture	Culture Development	Commitment	OC1
		Effectiveness	OC2
	Needs Understanding	Competency of employee	OC3
		Professional	OC4
	Individual Culture	Integrity	OC5
		Ethics	OC6

Knowledge Management	Environment	Work environment	OC7
		Cooperation	OC8
	Knowledge Acquisition	Having enough knowledge	KM1
		Having enough experiences	KM2
	Knowledge Conversion	Conversion theory into working execution	KM3
		Comply with rules	KM4
	Knowledge Application	Executing ideas	KM5
	Knowledge Comparison	Asset of knowledge security	KM6
	Financial Perspective	Investment & re-investment	CP1
		Financial ratios	CP2
Company's Performance		Achievement of target	CP3
	Customer Perspective	Value of product	CP4
		Loyalty	CP5
		Service after sale	CP6
	Internal Business Process	Selling process	CP7
		Efficiency	CP8
	Learning and Growth	Employee capability	CP9
		System capability	CP10

Source: Authors' own research contribution.

The population of this research is represented by managers who worked at a car dealership in the four-wheeled motor vehicles industry. The Manager is a manager who works at one of the 10 four-wheeled motor vehicle brands that have the highest unit sales in January to March 2017.

From 180 managers, the questionnaire obtained a sample of 124 managers (based on Slovin's formula, with  $\alpha = 0.05$ ). Nevertheless, it found only 120 managers who were eligible to be used as a sample.

The sampling technique used is stratified random sampling. Sample criteria is the manager who worked at the company, a car dealership located in Jabodetabek,

which apply and understand the competitive strategy, and has experience as a manager of at least 1 year. The sample is a person-level manager of the company.

The method of data collection is done by distributing the questionnaire through electronic mail. A questionnaire was sent to respondent. The managers, as respondents, are people who worked at a car dealership in the company of four-wheeled motor vehicles industry. Interview obtained to 10 managers of 10 managers (from 10 brands with the highest unit sales) four-wheeled motor vehicle brand in Jakarta. Interviews are conducted only in Jakarta with the consideration that the managers who working in the dealer centers are directly related to the company's decision making.

Techniques of data analysis are used to simplify the data so that the data is more easily interpreted. The chosen method to analyze the data must match the pattern of research and variables that will be examined. Linear regression, moderated regression, and path analysis are used to analyze the data. In the analysis, ordinal data from respondent has to transform into interval data. Then the interval data can be further analysis through the three models. Mathematical models of this study are:

$$CP = \alpha_0 + \alpha_1SCM + \alpha_2CA + \alpha_3OC + \alpha_4KM + \varepsilon_1 \quad (4)$$

$$CP = \beta_0 + \beta_1SCM + \beta_2CA + \beta_3OC + \beta_4KM + \beta_5(SCM)(CA)(OC)(KM) + \varepsilon_2 \quad (5)$$

and

$$KM = \gamma_0 + \gamma_1SCM + \gamma_2CA + \gamma_3OC + \varepsilon_3; \quad (6a)$$

$$CP = \xi_0 + \xi_1SCM + \xi_2CA + \xi_3OC + \varepsilon_4; \quad (6b)$$

$$\text{and } CP = \lambda_0 + \lambda_1KM + \varepsilon_5 \quad (6c)$$

CP = Company's performance

SCM = Supply Chain Management

CA = Competitive Advantage

OC = Organizational Culture

KM = Knowledge Management

The mathematical equation number (4) represents result of linear regression analysis with knowledge management is as an independent variable. The equation number (5) represents result of moderated regression analysis with knowledge management is as a moderating variable. Finally, the equation number (6) represents result of path analysis with knowledge management is as a intervening variable.

## Results and discussion

The profile of respondents can be described as follows. There are 58.3% males and 41.7% females. In terms of education level, there are 67.5% diploma and 32.5% master degree holders. Based on the working experience, 87.5% of the respondents have more than 5 year working experience.

On average, by using 5 scale, from strongly disagree to strongly agree, the respondents tend to agree answer of 7 indicators of supply chain management (mean = 4.315), 7 indicators of competitive advantage (mean = 4.198), 8 indicators of organizational culture (mean = 4.514), 6 indicators of knowledge management (mean = 4.050), and 10 indicators of company's performance (mean = 4.308).

In terms of data quality test, namely validity and reliability test, it can be said that all variable which is analyzed is valid and reliable except one dimension of supply chain



management and one dimension of competitive advantage. It means that correlation number is greater than number r table correlation with certain degree of freedom. The reliability test for all variables is greater than the number of Chronbach'Alpha, that is 0.6. All the descriptive results can be seen in table 2.

**Table2.** *Descriptive statistics*

Indicators	N	Mean	Std. Deviation	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
SCM1	120	4.3000	.46018	.532	.614
SCM2	120	4.5000	.50210	.399	.648
SCM3	120	4.4000	.49195	.509	.617
SCM4	120	4.5000	.50210	.252	.687
SCM5	120	3.8083	.61214	.409	.647
SCM6	120	4.3000	.46018	.323	.667
SCM7	120	4.4000	.49195	.352	.660
CA1	120	4.3000	.46018	.591	.672
CA2	120	4.5000	.67363	.649	.640
CA3	120	4.4000	.66611	.363	.724
CA4	120	4.3000	.64300	.433	.704
CA5	120	3.8833	.55281	.481	.690
CA6	120	4.1000	.30126	.245	.736
CA7	120	3.9000	.54077	.385	.712
CO1	120	4.7000	.46018	.470	.858
CO2	120	4.5000	.50210	.662	.838
CO3	120	4.8000	.40168	.565	.850
CO4	120	4.4000	.61357	.711	.831
CO5	120	4.5000	.50210	.901	.810
CO6	120	4.6000	.49195	.807	.822
CO7	120	4.7000	.46018	.399	.865
CO8	120	4.1000	.70294	.469	.870
KM1	120	4.2000	.40168	.689	.899
KM2	120	4.3000	.46018	.830	.879
KM3	120	4.2000	.40168	.689	.899
KM4	120	3.9000	.70294	.740	.894
KM5	120	3.8000	.60252	.816	.876
KM6	120	3.9000	.70294	.822	.878
CP1	120	4.1000	.54077	.455	.750
CP2	120	4.3000	.46018	.306	.767
CP3	120	4.3000	.46018	.699	.724
CP4	120	4.0583	.71356	.496	.744
CP5	120	4.0250	.82465	.500	.748
CP6	120	4.4000	.49195	.301	.768
CP7	120	4.2000	.40168	.465	.752
CP8	120	4.2000	.75147	.486	.747
CP9	120	4.8000	.40168	.465	.752
CP10	120	4.7000	.46018	.344	.763

Valid N (listwise)	120				
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Source: Author's own research.

There are 4 tools to analyze regression assumption, namely: normality test homogeneity test, multi-co-linearity test, and linearity test. Result shows that regression equation is in this assumption. So that regression analysis can be proceed into 3 models as follows.

Model 1, knowledge management is as an independent variable on company's performance. Result of model 1 is:

Model 1

CP	= 59.214	- 0.208	SCM	+ 1.175	CA	-0.230	OC	-0.921	KM	(7)
Std	3.411		0.082		0.085		0.052		0.053	
t	17.359		-2.549		13.811		-4.378		-17.268	
Sig	0.000		0.012		0.000		0.000		0.000	

Knowledge management has negative impact on company's performance. This model shows that it is only a competitive advantage for the company's performance. Whereas, supply chain management, organizational culture, and knowledge management have a negative impact on the company's performance. Based on interviews with research informants, it seems that company, in this case are dealers, tends to focus on how to competitive with other companies.

Model 2, knowledge management is as a moderating variable of impact of supply chain management, competitive advantage, and organizational culture on company's performance. As an independent variable in model 2, knowledge management has the biggest coefficient. However as a moderating variable, knowledge management has no impact on company's performance. It means that this variable does not strengthen or weaken on company's performance.

Model 2

CP	= -75.112	1.529	SCM	+2.995	CA	+1.262	OC	+1.315	KM	+0.000	Int.	(8)
Std	-12.199		1.690		0.173		0.138		0.206		0.000	
t	-6.157		9.278		17.360		9.160		6.574		-11.224	
Sig.	0.000		0.000		0.000		0.000		0.000		0.000	

Int. = Interaction

By using moderated regression analysis, model 2 shows that knowledge management is the most important thing to improve company's performance. However, as a moderating variable, knowledge management and its interaction with other variables have no role on company's performance. On the other hand, knowledge management is not running for giving and strengthening impact of supply chain management, competitive advantage, and organizational culture on company's performance. Interview result shows that research informants are running their business based on their experiments. It seems

there is not enough innovation to face tight competition. Something is that business is as usual.

Model 3, knowledge management is as an intervening variable for supply chain management, competitive advantage, and organizational culture on company's performance. There are three equations of this model as follows.

#### Model 3

CP	= 19.321	+0.204 SCM	+0.344 CA	+0.66 OC	(9a)
Std.	4.737	0.168	0.132	0.094	
T	4/079	1.383	2.597	0.703	
Sig.	0.000	0.169	0.011	0.453	

KM	= 43.299	-4.447 SCM	+0.902 CA	-0.321 OC	(9b)
Std.	4.367	0.136	0.122	0.086	
T	9.914	-3.290	7.390	-3.717	
Sig.	0.000	0.001	0.000	0.000	

CP	= -69.506	-0.390 KM	(9c)
Std.	4.321	0.085	
t	16.084	-4603	
Sig.	0.000	0.000	

By using path analysis, direct impact of three independent variables on company's performance is 33.0625 %, whereas indirect impact of the three independent variables on company through knowledge management is 5.7565%. So that direct impact is greater than indirect impact. It means that knowledge management can be seen as "bottleneck" of company's performance. From research interview results, it can be inferred that the informants do not know well how to run their business based on knowledge improvement. It is still a big problem how to formulate business strategies, or they do not know well how to execute or implement their strategies. They do their business based on tactical moves.

Furthermore, achievement of company's performance mostly is influenced by competitive advantage. In addition, knowledge management mostly is also impacted by competitive advantage. It means that competitive advantage is most importance thing to handle company's performance.

In the literature, knowledge management is regarded as independent variable with respect to company's performance. In this study, knowledge management has the highest impact on company's performance when it is placed as independent variable. All three models allege that knowledge management is independent, intervening, or moderating variable.

Basically, based on definition of knowledge management, it is a process which becoming a soul, or spirit, or probably as a creed of managing a company. So, knowledge management can be placed as an independent, intervening, or moderating variable. It is a "bottleneck" on company's performance, or probably as a "bottleneck" of all process of management functions, both tactically and strategically. When a company has lack of

knowledge management, it would also have a low achievement of all the functions of management.

### Conclusions and recommendations

This study concludes as follows. Knowledge management is eligible as independent, moderating, or intervening variable. Nevertheless, this research does not measure with one is the biggest eligible model in relation with company's performance. As an independent or an intervening variable on company's performance, knowledge management is in line with previous researches. As a moderating variable, this research concludes that knowledge management strengthened the impact of the independent variables on dependent variable. When knowledge management is viewing as independent variable, it gives the biggest contribution on improving company's performance compare with when it is placed as moderating or intervening variable. By using path analysis, direct impact of supply chain management, competitive advantage, and organizational culture is bigger than indirect impact through knowledge management on company's performance. Research result also shows that knowledge management is something like a "bottleneck" on company's performance. As moderating variable, it is very weak influence on company's performance. From interview with 10 the managers of the industry, it is predicted that the weak role of knowledge management on company's performance is because of lack of cognitive understanding on knowledge management. It is still far away from affective and behavior step to implement knowledge management in order to run the company.

Moreover, it is because that knowledge management can be placed as various kind of variable, it is suggested that knowledge management can be viewed as a soul, or spirit, or creed. As a spirit to achieve superior company performance, a leader and his subordinates should exactly know the values of their competencies and the values of customers. It is also needed further researches how is detail main role of knowledge management on company's performance. It is probably knowing well of knowledge management can be a starting point of a business, then, knowledge management can give spread effects on management functions. Finally, this research suggests further researches in order to know the best model to embed knowledge management into the company's performance.

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