# CREATING KNOWLEDGE MANAGEMENT WITH THE ROLE OF LEADERSHIP AND ORGANIZATIONAL CULTURE

# Dematria Pringgabayu<sup>1</sup>, Dany Muhammad Athory Ramdlany<sup>2</sup>

<sup>1</sup> Politeknik Pajajaran ICB Bandung, Indonesia <sup>2</sup> Padjadjaran University, Indonesia E-mail: <u>demabayu5@gmail.com</u>

Received April 2017; accepted October 2017

#### Abstracts

The research was conducted to determine whether the leaderhsip and organizational culture have positive and significant impact on knowledge management at State Owned-Port Company. This study has three variables, namely the leaderhsip and organizational culture as an independent variable and knowledge management as the dependent variable. Data obtained from interviews and questionnaires were distributed to the employee population at State Owned-Port Company This research method uses descriptive method and verification method. Data processing is performed using path analysis. The result of this study indicate that leadership has a significant influence 12,8% on knowledge management and organizational culture has a significant influence 26,7% on knowledge management at State Owned-Port Company. Simultaneously, leadership and organizational culture have total influence 0,958 on knowledge management at State Owned-Port Company.

#### Research paper

Keywords: Leadership, Organizational Culture, Knowledge Management

**Reference** to this paper should be made as follows: Pringgabayu, D., & Ramdlany, D. M. A. (2017). Creating knowledge management with the role of leadership and organizational culture, *Journal of Entrepreneurship, Business and Economics*, 5(2), 147–171.

## Introduction

Nowadays, company placed knowledge as the source of the driving force of the organization, to become a competitive organization and for competitiveness. When a person leaves the company, the company must realize that they are left with very valuable knowledge. All companies face the same problem, namely how to use knowledge more effectively than their competitors. In an organization, the knowledge obtained from individuals or groups of people who have the knowledge or knowledge that are sometimes in organizational routines. Knowledge gained through structured media such as books, documents, portals, person to person relationships that range from mild to scientific talks, and others.

Implementation of knowledge management in an enterprise is bound to face obstacles because it involves all employees in the company. It would appear the refusal of employees resulting from the change that must be faced by them in the application of this knowledge management. For the implementation of knowledge management at this stage needs the right leadership that is able to accommodate the needs of employees. According to Robbins (2003: 163), leadership is the ability to influence a group toward the achievement of goals. Leadership is needed to address objections from the parties that do not support the application of knowledge management so that eventually all employees will be motivated to become involved in the process of knowledge management.

Through knowledge management, competent human capital will be generated according to the company's core business as an Terminal Operator. This human capital in the future is expected to generate further innovations that can be a source of competitive advantage for State Owned-

Port Company. This human capital will eventually become an important asset for State Owned-Port Company. In order to be an asset for the company is certainly a lot of activities that must be performed by employees in connection with the process of knowledge management.

There are eight implementations / programs of knowledge management is done in State Owned-Port Company, which consists of a Community of Practice (CoP), Knowledge Sharing, Knowledge Cafe, Capturing Knowledge, Innovation Implementation, Library (Offline), Knowledge Taxonomy and Knowledge Portal System. Based on the interview on March 1, 2016 by the person in charge of knowledge management, of the eight existing programs that run only three programs, namely Knowledge Sharing, offline library, and Knowledge Cafe. However, the implementation of the three programs is assessed not maximized because of the expected output of these two things still do not fulfill the purpose of the application of knowledge management at State Owned-Port Company, innovation. This happens due to the employee's own individual factors, the role of leadership and organizational culture in State Owned-Port Company.

 Table 1. Employee Satisfaction and Engagement Survey 2015

No	Variable	Score
1.	Strategy and Organization	3.91
2.	Career management	3.79
3.	Training and Development	3.86
4.	Performance Management	3.92
5.	Remuneration and Welfare	4.03
6.	Industrial relations	3.35
7.	Work Environment and Corporate Culture	3.47
	Average	3.76

Employee satisfaction towards leadership in State Owned-Port Company based on the results of Engagement Employee Satisfaction Survey and 2015 in Table 1, indicated by the variable Work Environment and Corporate Culture. When sorted from highest to lowest value then this variable is ranked sixth with a score 3.47. And by grouping values, a rank value of 1 to 5, the value in category "Pretty in accordance with the needs of the employees". Employees felt their working relationship with the boss is not conducive due to the lack of communication open, and still the superior cannot be an example and backup subordinates well. The absence of a Chief Knowledge Officer specially appointed by the company responsible for knowledge management has also become one of the causes of the ineffectiveness of the eighth knowledge management program is established.

In the core values are key behaviors such sensitive and alert attitude that should be owned by every employee of State Owned-Port Company. In the main behavior is sensitive, one of the characteristics are substantially the employee is expected to adopt the habit of learning on an ongoing basis. It can be seen in Table 1, employee satisfaction score of organizational culture variables contained in the Work Environment and Cultural Organization were in a category of "Pretty in accordance with the needs of employees". Employees feel the application of the corporate culture needs to be scaled back. Increased organizational culture implementation is expected to support all management processes, particularly knowledge management.

Those conditions indicate the existence of a gap between core cultural values embraced State Owned-Port Company with the values held by employees. Ideally, employees should be able to adopt the habit of learning in sustainability, but in reality the culture of the company has not been implemented to the fullest, where employees are not accustomed to sharing knowledge which may result in gaps in knowledge among employees. Above occurs because of an organizational culture that has not been established, where the culture of the organization has not accustom employees to share their knowledge on their own initiative. Therefore State Owned-Port Company need to change the culture that could become the foundation for the company in order to create the environment to share knowledge and learning among employees.

Those findings indicate that knowledge management at State Owned-Port Company is still not running well due to several factors that inhibit knowledge management such as the lack of a leadership role in the company as well as an organizational culture that does not yet support the programs contained in the knowledge management.

#### Literature Review

An Overview of Leadership

In most of the traditional models, the role of leadership was primarily one of influence and power, which resulted in the leader getting the followers to do what he or she wants. Three main approaches were used in the study of leadership prior to the 1980s: trait, behavioral, and contingency or situational approaches. One of the earliest theories in the early 1900s was referred to as the "Great Man" or "Great Person" theory of leadership. This was a trait approach, and it was centered on identifying and measuring the specific characteristics of leaders, under the assumption that leaders were bom and not made. Stodgill (in Vincent, 2006) conducted a comprehensive

review of 124 trait research studies. His findings led him to conclude that trait theories did not adequately describe leadership. Thus, researchers began to focus on behavioral theories of leadership in an effort to determine what leaders actually do (Vincent, 2006).

Kaushal & Mishra (2017) stated that Each of us is a composite of the four work styles, though most people's behavior and thinking are closely aligned with one or two. All the styles bring useful perspectives and distinctive approaches to generating ideas, making decisions, and solving problems.

According to Kartono (2006: 10), leadership is an aspirational strength, strength of spirit, creative and moral force, capable of affecting the members to change attitudes, so that they become conform to the wishes of the leader. Meanwhile, according to Robbins (2003: 163), leadership is the ability to influence a group toward the achievement of goals. Leadership is a process that affects in determining the organization, motivating followers to achieve the objective behavior, influence to improve the group and its culture (Riva, 2005: 2).

According to Nawawi (2006: 128-169) leadership theory can be divided into trait theory, behavior theory, situational theory, and the theory of attribution. Preliminary studies on leadership conducted in the 1940s-1950s, focusing on the properties of the leader. The researchers tried to find individual characteristics that distinguish a successful leader and failed leaders. And finally tried to link characteristics such as personality, emotional, physical, intellectual and other individual characteristics of a successful leader in the past.

In contrast to the trait theory, the behavioral approach is focused on the effectiveness of a leader, not the appearance of the leader. Behavioral theory focuses on two leadership styles are task-oriented leadership style (task orientation) and orientation on employees (employ orientation). The orientation of the task is the behavior of leaders who emphasize that the tasks executed properly by directing and controlling strictly subordinate. Employee orientation is a behavior that emphasizes leadership to subordinates in carrying out their duties involve subordinates in decision-making processes relating to their duties, and develop friendly relations of mutual trust and mutual respect between the group members.

According to Bateman and Snell (2009: 450-453) either approach to nature or groups proved inadequate to express leadership theory thoroughly, attention redirected on aspects of situational leadership, as Fiedler's Contingency Model, Hersey and Blanchard's Situational Theory and Path-Goal Theory.

The core part of leadership is associated with change. It is not a small change, but a significant change. Leaders must have skills to support the growth and development of others, besides self. Leaders are made, not born, but the way they develop is critical for organisational change (David and William, 2005). Most developmental psychologists agree that whatever differentiates leaders is not: (i) philosophy of leadership, (ii) personality, (iii) style of management. Rather, it is their internal —action logic! —how they interpret their surroundings and react dynamically. Different leaders exhibit different kinds of action logic, the ways in which they interpret their surroundings and react, when their power or safety is challenged. David and William (2005) carried out research on thousands of leaders and observed

their action logics. Leadership plays a key role in the delivery of core functions of the organisation. This provides vision, direction, quality policy and delivery schedules.

Traditionally, leadership was perceived as a set of powerful skills and capabilities for influencing individuals and preserving power. This would influence the behavior of others, from whom they would receive — admiration, recognition and loyalty. This concept is based on common sense, helped to create the mysteries, myths and attractions associated with the idea of leadership. It is universally believed that most individuals can become leaders, and actual leadership has nothing to do with the mastery of rare abilities, but rather, the leadership capability can be expressed through continuous learning and real life experiences.

## The Concept of Organizational Culture

Organizational culture is a value that is believed to be the characteristics given to the members of an organization. According to George and Jones (2002: 531), organizational culture is informal values, norms, and beliefs that control how an individual and groups interact in organizations, both within the organization and outside the organization.

Although there is considerable research on organisational culture, there is little consistency in defining and conceptualising the term. This lack of consistency may arise because organisational culture comprises a complex, interrelated, comprehensive and an ambiguous set of factors. Cameron and Quinn also state that the open-ended nature of this concept has led researchers to offer a proliferation of ways to explain social behaviours (Alavi et al., 2005, 2006). Organisational culture can, however, be

effectively defined as a complex entity of values, beliefs, behaviour norms, meanings and practices shared by personnel within an establishment. Unfortunately, previous literature tends to discuss only a fraction of these organisational culture aspects and fails to provide a comprehensive representation of the construct. Alavi et al. (2005/2006) mentioned that organisational culture is a broad term and thus inclusive in scope. Alavi et al. (2006) mention that there are two methods for defining organisational culture. These are: the anthropological definition, which illustrates that organisations have cultures; and, the sociological definition, which illustrates that organisations are cultures.

Morgan also reveals that people from surrounding communities who become members of organisations bring their culture with them; however, that does not mean organisations do not have their own culture that shapes the behaviours that their employees need to have. Although, according to Cameron and Quinn (1999), organisations have a tendency to improve a significant organisational culture over time as the organisation adapts and deals with obstacles and changes in the environment, Bateman and Snell (2009) pointed out that, at any given time, there are also expected to be trade-offs between the criteria.

Bateman and Snell (2009: 75) says that organizational culture is a collection of various assumptions, goals, and activities relating to the organization of mutually shared by employees. Organizational culture gives an overview of how to organize and guide the behavior of employees in the work. Mangkunegara (2005: 113) concluded that organizational culture is a set of assumptions or system of beliefs, values, and norms developed within

the organization guiding the behavior of its members to address the problems of external adaptation and internal integration.

Based on the definitions described above generally state that organizational culture is a system of values, beliefs, and customs within an organization owned jointly by all members of the company, which later in the process will affect the behavior of employees in doing the job. Cultural organizations also serve as a differentiator between companies because of the special characteristics formed by the culture.

# An Overview of Knowledge Management

Knowledge has become something that is crucial, therefore it should be managed properly in the context of improving organizational performance. Knowledge is a "collection of experiences, values, contextual information and expert experience combined into a framework to evaluate and create new experiences and information" (Prusak & Davenport, 1998). Therefore, knowledge is part of the information and be a part of one's experience. Everyone has different experiences so as to solve a problem dillakukan with different approaches. Knowledge management becomes important aspect in the learning process of an organization. Knowledge of the organization should be able to provide for the advancement of the organization itself. In order to survive, it requires a strong management so that the knowledge entrenced in every individual in the organization and combined with the technology infrastructure that supports the dissemination of informations.

Knowledge management has also been defined in different opinions by the experts. According to Prusak & Davenport (in Ghazali et al, 2017) knowledge management is the process of translating the lessons learned,

which is inside of people's mind into the information that can be used for everyone. Knowledge management is a discipline that treats intellectual assets to be managed (Honeycutt, 2000). The concept of knowledge management is basically evolved from the fact that the main asset of an organization in order to be able to compete is the intellectual assets (human resource) not the capital assets.

Following Davenport and Prusak, they offer four principles that should guide the codification of organizational knowledge.

- Decide what business goals to be served with the codified knowledge
- To achieve the objectives; the manager must be able to identify knowledge in various forms
- Evaluate knowledge, to optimized usefulness and appropriateness for codification
- Codifiers must identify an appropriate medium for codification and distribution. (Prusak & Davenport, 1998:69).

Codification of tacit knowledge is limited to locates a person to seek knowledge and organizations should encourage activities to interact. Such as actual knowledge mapping, database directories can be constructed to appoint to knowledge but does not contain it. However sometimes try to transform knowledge into "code" could beat the purpose of communicating it. The challenge to codify knowledge, putting in place codification structures that can change as rapidly and flexibly as the knowledge itself. Davenport and Prusak suggest that stories, a way of capturing knowledge without having to remove its richness may be their ability to embody and extend the experience, and to combine feeling and thought.

To run knowledge transfer; organizations must create the space and the place where the transfer and sharing of knowledge can perform. Places such as room talk, fairs of knowledge, and an open forum become an important place for the exchange of information because knowledge transfer occurs through personal conversations. A major theme in Davenport and Prusak's a difficult task for the organization in knowledge management is creating a discussion in the sharing of knowledge between individuals and groups. Davenport and Prusak identify most barriers in organizational culture. Such as a lack of trust between individuals; different cultures; lack of time and place; rewards for the owners of knowledge; lack of absorptive capacity in recipients of knowledge; belief that knowledge is the right of certain groups; the syndrome's "not-invented-here"; and intolerant of mistakes (Prusak & Davenport, 1998:93).

Knowledge management is an organizational activity in managing knowledge as an asset, where the various strategies exist channeling the right knowledge to the right people and in a short time, until they can interact, share knowledge and apply it in their daily work in order to improve organizational performance. Dalkir (2005: 2) say knowledge management is a systematic approach is used to ensure the use of knowledge in the organization to do the maximum, in which knowledge is combined with the expertise, competence, ideas, innovation, and personal ideas of employees in order to create an organization that is more effective and efficient.

Tiwana (2000: 5) says that knowledge management as knowledge management company can generate sustainable competitive advantage (sustainable competitive advantage) by optimizing the process of creating,

communicating, and applying all the knowledge required in order to achieve business goals. According to Swann in Loermans (2002: 286), knowledge management is the process of creating, acquire, share, and use knowledge in order to improve the learning and performance of the company.

According to Honeycutt (2000), knowledge management is a discipline that treats intellectual capital assets managed. Bateman and Snell (2009: 9) says that knowledge management is an activity that aims to discover and utilize the intellectual resources within an organization. Knowledge management aims to find, store, distribute and share broadly crucial resource that is owned by an organization, such as employee skills, skills, network connections and existing policies. Thus, it can be concluded that knowledge management is a process to search for, locate, store, and distribute knowledge (expertise, skills, experience, and network) owned by individuals within an organization to organizations and individuals that were provided in the organization.

The theories and the opinion of the experts above illustrates the influence of organizational culture on knowledge management. The author describes the relationship in the following research model.

Pringgabayu, D., & Ramdlany, D. M. A. 2017. Creating knowledge management with the role of leadership and organizational culture

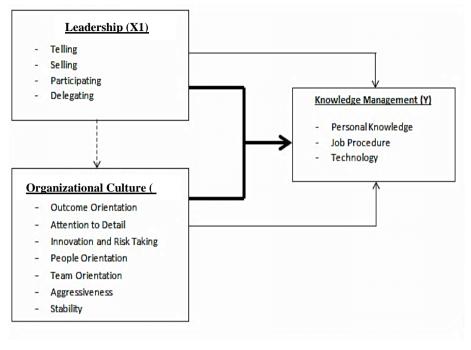


Figure 1. Research Model

The table contains the research variables used in the present study and the respective number of items.

Table 2. Description of Research Variables

Variables	Number of Items	Dimensions
Leadership	6	• Telling
		<ul><li>Selling</li></ul>
		<ul> <li>Participating</li> </ul>
		<ul> <li>Delegating</li> </ul>
Organizational Culture	9	<ul> <li>Outcome orientation</li> </ul>
		<ul> <li>Attention to detail</li> </ul>
		<ul> <li>Innovation and risk taking</li> </ul>
		<ul> <li>People orientation</li> </ul>
		<ul> <li>Team orientation</li> </ul>
		<ul> <li>Aggressiveness</li> </ul>

Variables	Number of Items	Dimensions
Knowledge Manage- ment	11	<ul><li>Stability</li><li>Personal knowledge</li><li>Procedure</li><li>Technology</li></ul>

## Research Methodology

This research using verification method. Verification analysis according to Nazir (1999: 63) is a method of research that aims to determine the relationship between variables through a research hypothesis testing using statistical calculations. In this study, verification methods used to examine the relationship between the independent variables are leadership and organizational culture and the dependent variable is the knowledge management at State Owned-Port Company.

The study, using the entire population or total sampling (census). This sampling with expected result can be more likely to approach the real value and also is expected to minimize the occurrence of errors / deviations from the population value. According to data from the HR State Owned-Port Company, the total population found in State Owned-Port Company is as many as 412 employees.

#### **Result and Discussion**

In this section the author will explain more about the results of research that has passed statistical data processing. The result is as follow:

**Table 3.** Leadership (X1) Effect toward Knowledge Management (Y)

# **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.357 <sup>a</sup>	.128	.126	3.21537

a. Predictors: (Constant), GK

## Coefficients<sup>a</sup>

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	24.774	2.034		12.181	.000
	GK	.285	.038	.357	7.587	.000

a. Dependent Variable: KM

From table 3 above, t value for the variable Leadership (X1) is greater than t table, which means partially Leadership variable has significant influence on the Knowledge Management in State Owned-Port Company. As for how much influence the Leadership Knowledge Management, can be seen from the value of r square (determination coefficient) of 0.128 which means that the leadership has the effect of 12.8% in the form of Knowledge Management in State Owned-Port Company.

According to the results of research conducted by Ghazali et al (2017), the existing leadership in Indonesia does greatly give a big influence for the sustainability of the implementation of Knowledge management in a company. Because after all, a leader will certainly be an example or role model for his subordinates, so that when the leader is committed to knowledge management, then it will definitely spread to his subordinates.

Singh (2008: 7) also said that leaders have a direct influence on how the company must deal with the existing Knowledge Management process in

the company. All leaders at every level of the organization have a unique and important role in managing knowledge. The responsibility of the upper echelon leaders in the Knowledge Management process is to motivate all of their employees, provide them with opportunities and ways to develop, measure rewards for performance, behaviors and attitudes needed for effective Knowledge Management.

**Table 4.** Organizational Culture (X2) Effect toward Knowledge Management (Y)

## **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.517 <sup>a</sup>	.267	.265	2.94763

a. Predictors: (Constant), BO

## Coefficients<sup>a</sup>

ï				Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	21.116	1.598		13.210	.000
	ВО	.284	.024	.517	11.964	.000

a. Dependent Variable: KM

From Table 4, t value for the variable Organization Culture (X2) is greater than t table, which means partially has significant influence on Knowledge Management in State Owned-Port Company. As for how the influence of organizational culture on Knowledge Management, can be seen from the value of r square (coefficient of determination) of 0.267 which indicates that organizational culture has influence amounted to 26.7% in the form of Knowledge Management in State Owned-Port Company.

Pringgabayu, D., & Ramdlany, D. M. A. 2017. Creating knowledge management with the role of leadership and organizational culture

Ghazali (2017) explained thau in Indonesia, organizational culture is needed to ensure that the essential knowledge and information within the company flows within the organization. Creating a knowledge-based organizational culture, such as a knowledge sharing culture, is one of the critical factors for the success of Knowledge Management. Organizations that are not familiar with the culture of information sharing, inter-functional cooperation, and between sectors will be very difficult to accept the concept of Knowledge Management applied in the company

**Table 5.** Leadership  $(X_1)$  Effect toward Organizational Culture  $(X_2)$ 

# **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.238 <sup>a</sup>	.057	.054	6.075

a. Predictors: (Constant), GK

## Coefficients<sup>a</sup>

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1 (Cor	nstant)	48.319	3.843		12.575	.000
(	ЗK	.345	.071	.238	4.864	.000

a. Dependent Variable: BO

Based on table 5 it can be seen that the significance value for the variable Leadership to organizational culture is 0,000 less than the value of  $\alpha$  (0:05) so that it can be said that the leadership does have a positive influence and significant in shaping the organizational culture in State Owned-Port Company. As for how big the impact can be seen from r-square value (coefficient of determination) of 0.057 which means that the

leadership effecting 5.7% in shaping the organizational culture in State Owned-Port Company.

This is relevant to the research put forward by Meng (2014: 364) which says that organizational culture and leadership influence each other. The content of organizational culture is formed through strategic key and operational decisions of leaders in the top echelons or usually the founders of the organization that ultimately determine how employees identify processes within the organization.

Partial regression analysis results showed that the two independent variables used in this study, leadership and organizational culture, both have significant positive influence on Knowledge Management implemented in State Owned-Port Company. But of the two independent variables, organizational culture becomes a variable that has a greater influence on Knowledge Management, compared the variables of leadership. This shows that strengthen or expedite the implementation of Knowledge Management in State Owned-Port Company is an organizational culture that is in it. So that employees felt the Knowledge Management activities have become daily and implemented as is customary in the work.

**Table 6.** Simultaneous Analysis

# **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.570 <sup>a</sup>	.325	.322	2.83178

a. Predictors: (Constant), BO, GK

# **ANOVA**<sup>b</sup>

Pringgabayu, D., & Ramdlany, D. M. A. 2017. Creating knowledge management with the role of leadership and organizational culture

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1514.837	2	757.418	94.453	$.000^{a}$
	Residual	3143.432	392	8.019		
	Total	4658.268	394			

a. Predictors: (Constant), BO, GK

b. Dependent Variable: KM

Alternate Hy-	F	df	F	Recommendation	Conclusion
pothesis			table		
$X_1$ and $X_2$ sim-	94.453	$df_1$	3.04	H <sub>0</sub> rejected	Significant
ultaneously		= 2			
effecting Y		$df_2$			
		=			
		392			

Table 6 shows the results of ANOVA analysis and the coefficient of determination. We can see that simultaneously, independent variable has a value of R Square of 0.325 which means that independent variable has an influence of 32.5% to the dependent variable. While the value of significance at 0.000 ANOVA worth less than the default value of  $\alpha$  (0.05), indicating that simultaneously, two independent variables (leadership and organizational culture) has an influence on the dependent variable (Knowledge Management).

This is relevant to the theory proposed by Dalkir (2005: 185) that organizational culture is necessary to ensure that the essential knowledge and information within the firm flows within the organization. Organizations that are not familiar with the culture of information sharing, inter-functional cooperation, and between sectors will be very difficult to accept the concept of knowledge management applied in the company. So

this should be supported by strong leadership and changes in attitudes and behavior of employees.

**Table 7.** Direct and Indirect Effect Leadership  $(X_1)$  and Organizational Culture  $(X_2)$  toward Knowledge Management (Y)

Variable	Direct effect	Dierct effect	Indirect effect
	toward	toward Organ-	toward
	Knowledge	izational Cul-	Knowledge
	Management	ture	Management
Leadership	0.357	0.238	$(0.238 \times 0.357) =$
			0.084
Organizational	0.517	-	-
Culture			

From table 7 we can know that leadership has low direct effect in shaping knowledge management that is equal to 0.357, while the indirect effect through organizational culture just get a value of 0.084. While the organizational culture has a strong influence on knowledge management. So based on the above calculation, the total effect is equal to 0.357 + 0.084 + 0.517 = 0.958. This suggests that leadership through organizational culture has very strong influence on knowledge management.

#### **Conclusions**

Based on the analysis that has been carried out and developed, it can be concluded as follows:

Leadership in State Owned-Port Company in good level, which
means leadership that in this company considered suitable by their
employees. Good leadership is expected to improve knowledge
management activities through the captainship in motivating and an

example for employees to get involved to share knowledge to their fellow colleagues. The corporate culture at State Owned-Port Company in strong level, means the company has a culture where employees feel comfortable working at this company. Strong organizational culture may be further directed to the culture of sharing, where a culture of sharing can support knowledge management activities at State Owned-Port Company. Knowledge management at State Owned-Port Company in effective level, which means that the company has been able to focus the activities that exist in knowledge management on the formation of the behavior and attitude of the employees, so that they can be aware and make sure knowledge of what they have and what knowledge can be distributed to the company.

- 2. Leadership has positive influence on knowledge management amounted to 12.8%, which means that any change in leadership will affect knowledge management.
- 3. Organizational culture has positive influence on knowledge management amounted to 26.7%, which means that the organizational culture provides a greater influence than the leadership, so that any change in the organizational culture will influence the knowledge management. This is relevant to the theory put forward by Dalkir (2005: 185) which explains that organizational culture is necessary to ensure that the essential knowledge and information within the firm flows within the organization. Organizations that are not familiar with the culture of information sharing, inter-functional cooperation, and between sectors will be very difficult

to accept the concept of knowledge management applied in the company.

#### Recommendations

Based on the research that has been described above, the researchers gave the following recommendations:

- 1. To improve the leadership improvements needed for the leaders relating to the employment relationship with subordinate who was not conducive. Increasing the trust the leader to his subordinates to take important decisions, for example through the assignment or transfer of authority to subordinates so that in the end can build good trust from subordinates to superiors. If employees are given the freedom to take decisions in the work by their leader, the employee will feel that their leader was right to trust and responsibility a great job on their own.
- 2. To improve the organizational culture improvements needed in terms aggressiveness which shows that the company is still less allow employees to be competitive in the work. One way that can be done to improve the competitive spirit of employees is to provide a special reward for employees through knowledge management activities, such as holding a contest of innovation that idea came from knowledge management activities are carried out within the company.
- 3. To improve knowledge management improvement needed in terms of personal knowledge that shows that the knowledge of the individual employee cannot be grown through their own experience.

Pringgabayu, D., & Ramdlany, D. M. A. 2017. Creating knowledge management with the role of leadership and organizational culture

In the knowledge management activities of the company should further implement the best practices so that employees can immediately find an application directly from a knowledge of the job to then be applied to their daily work

## References

- Alavi, M., Kayworth, T. and Leidner, E. (2005/2006), "An empirical examination of the influence of organizational culture on knowledge management practices", Journal of Management Information Systems, 22(3), 191-224.
- 2. Bateman, T. S., & Snell, S. A. (2009). Management (Leading & Collaborating in the Competitive World). New York: Mc Graw Hill.
- Cameron, K. and Quinn, R. (1999), Diagonising and Changing Organizational Culture, Addison-Wesley, Reading, MA
- 4. Dalkir, K. (2005). Knowledge Management in Theory and Practice. Oxford: Elsevier Inc.
- Davenport, T., & Prusak, L. (1998). Working Knowledge: How Organizations Manage What They Know. Boston: Mass: Harvard Business School Press.
- 6. David, R and RT William (2005). Transformations of Leadership. Harvard Business Review
- 7. Ghazali, A., Tretiakov, A., Pringgabayu, D., & Ramdlany, D. M. A. (2017). Analyzing Knowledge Construction in Online Health Group Discussion. Journal of Information & Knowledge Management, 16(1), 1-12.
- 8. Honeycutt, J. (2000). Knowledge Management Strategies: Mapping Your Organization's Success in Today's Competitive Marketplace. Little, Brown & Co. Inc.
- Jones, G. R., & George, J. M. (2002). Understanding and Managing Organizational Behavior. New Jersey: Pearson Education, Inc.
- 10. Kartono. (2006). Pemimpin dan Kepemimpinan. Jakarta: PT. Rajagrafindo Persada.
- 11. Kaushal, N., & Mishra, S. (2017). Comprehensive Interpretation of Leadership from the Narratives in Literature. Journal of Entrepreneurship, Business and Economics, 5(2), 64-86.
- 12. Loermans, J. (2002). Synergizing the Learning Organization and Knowledge Management. Journal of Knowledge Management, 21(3), 285-294.
- 13. Mangkunegara. (2005). Perilaku dan Budaya Organisasi. Bandung: Rafika Aditama.

- Meng, J. (2014). Unpacking the relationship between organizational culture and excellent leadership in public relations: An empirical investigation. Journal of Communication Management, 12(2), 363-385.
- Nawawi, H. (2006). Evaluasi dan Manajemen Kinerja di Lingkungan Perusahaan dan Industri.
   Yogyakarta: Gadjah Mada University Press.
- 16. Nazir, M. (1999). Metode Penelitian. Jakarta: Ghalia Indonesia.
- Rivai, V. (2005). Manajemen Sumber Daya Manusia untuk Perusahaan, dari Teori ke Praktik.
   Jakarta: PT. Grafindo Persada.
- 18. Robbins, S. P. (2003). Organizational Behaviour. New Jersey: Prentice Hall.
- Singh, S. K. (2008). Role of leadership in knowledge management: a study. Journal of Knowledge Management, 3-15.
- 20. Tiwana, A. (2000). Knowledge Management Tool Kit. New York: Prentice-Hall.
- 21. Vincent, C. (2006). Leadership in a knowledge society: An examination of the relationship between perceptions of leadership and knowledge management actions using a social action theory approach (Doctoral dissertation, George Washington University).