



## DESIGNING INTEGRATED PERFORMANCE MANAGEMENT SYSTEMS (IPMS) FOR FLEXIBLE ORGANIZATION DESIGN CONCEPT IN THE TELECOMMUNICATION COMPANY DIGITAL DIVISION

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### Abstract

In the digital era, technology and innovation have become the new engines for many corporations to improve their business operations and deliver better customer experience. Telkom Group, as a National State-Owned Enterprise in Telecommunication, considered this momentum to transform their organization to become more agile for any digital adoption to serve their customer better. As stated in the vision to be the king of digital in the region (Asia-Pacific), Telkom obliges to move faster and compete with another telecommunication company in providing high-speed connectivity, creatively offer various digital product/service for both enterprise and retail consumer to achieve higher revenue growth. Therefore, Telkom started to transform their organization and introduce new strategic-business-unit (SBU) creation as digital product factory called 'Digital Division' (DD). As a publicly listed company, public investors expect PT. Telkom to maintain cash flow and continuously improve the financial growth of the annual profitability. On the other hand, as a State-Owned Enterprise (SOE) company, Telkom not only expected to grow financially but also invested to meet the unpredicted Indonesia government needs for both digital products/services development and telecommunication infrastructure deployment which could be a trade-off against annual financial performance. Ideally, to measure all stakeholders' needs achievement, Telkom is implementing the Balanced Scorecard (BSC) framework and designing DD as a pilot for agile & flexible organization in facing the high uncertainty in the digital business. Unfortunately, the BSC framework is only implemented fairly in corporate level and the performance measurement of each subunit in DD organization is harmonized/generalized (the final score is equalized). It indicates that Key Performance Indicator (KPI) from the head of division is not only cascaded & aligned improperly, but also potentially affect demotivation for most DD employees. Hence, to solve the business issue, Integrated Performance Management System (IPMS) framework introduced to define a better performance management system which aligns from corporate to divisional level. Our methodology is designing the performance management system (PMS) of Telkom starting with the iteration of vision-mission, core value, define the key metrics then cascading and aligning into each of sub-unit in DD using Integrated Performance Management System (IPMS) framework. In the result of the PMS design, the paper shows the possibility of non-financial indicator in business result perspective of PT. Telkom. Otherwise, the indicators are fully cascaded to follow the flexible organization concept in DD organization.

**Keywords:** Flexible Organization, Integrated Performance Management System, Telecommunication, Digital, Key Performance Indicator.