

ABSTRACT

The competitiveness of business industry forced the company should be able to adapt with changing environmental conditions, constantly innovate and take appropriate decisions in directing company to the first vision. This ability cannot be realized if the company is unable to absorb and use knowledge resources owned by its members. This paradigm encourages companies to implement knowledge management.

PT Telkom is one of the pioneer companies in Indonesia that have implemented Knowledge Management System. Thus, this research measures Knowledge Management System performance of PT Telkom with balanced scorecard knowledge management method focusing on innovation capital perspective. The research process is begun by breaking down the innovation capital perspective to be 2 dimensions. There are renewal and development dimension and atmosphere dimension. All dimensions are broken down back to be 13 key performance indicators. The next process is the weight accounting to all dimensions and key performance indicators by using the Analytical Hierarchy Process (AHP). And then scoring process on each dimension and key performance indicator with knowledge management balanced scorecard method.

Based on the AHP weighted method, the result shows that the renewal and development dimension weight is bigger than the atmosphere dimension, it is 52.94%. While the Knowledge Management System performance of PT Telkom score based on the innovation capital perspective for the year 2010 is **4.509** with the **Very Good** criteria. At the end of the research, it is given some of the proposed improvements to increase the Knowledge Management System performance of PT Telkom.

Keywords: Knowledge Management System Performance, Innovation Capital, Knowledge Management Balanced Scorecard