

Organizational Culture and Compliance at PT Bank Jatim: A Case Study on Digital Reporting Impact

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Abstract. This study examines the influence of organizational culture and compliance values on the performance of PT Bank Pembangunan Daerah Jawa Timur Tbk (Bank Jatim). The research also investigates the impact of digital technology and application-based reporting in the banking sector. A qualitative approach was adopted using primary data by direct observation and secondary sources such as internet data, articles, and books related to Bank Jatim. Content analysis revealed factors affecting the effectiveness of organizational culture and compliance values, as well as the significance of digital technology in corporate reporting. The findings offer valuable insights for Bank Jatim's management to enhance the implementation of corporate culture and compliance values, leveraging digital technology for growth and success.

Keywords: Organizational Culture, Compliance Value, Digital Technology, Corporate Governance.

I. Introduction

The influence of the organizational environment and corporate culture has an important role in determining the performance and success of an organization. In the context of banking, these factors become even more crucial as the sector operates in a highly dynamic environment, especially in the era of rapidly evolving information and communication technologies. PT Bank Pembangunan Daerah Jawa Timur Tbk (Bank Jatim) as one of the leading regional banks in Indonesia, is inseparable from this challenge.

Corporate culture and compliance values are the main factors that support the stability and success of Bank Jatim. Corporate culture includes the norms, values, attitudes, and behaviors embraced by all members of the organization. Conversely, the value of compliance concerns the level of compliance of members of the organization with applicable internal and external regulations and policies. The successful implementation of compliance culture and values within Bank Jatim can be reflected in how effectively and efficiently employees adapt to environmental changes and contribute to the achievement of organizational goals.

The application of digital technology and application-based reporting has become an integral part of modern banking business strategies. Digital reporting enables companies to access, analyze, and present data in real-time, making it easier to make faster and more informed decisions. In the context of Bank Jatim, the use of digital reporting is expected to strengthen communication and collaboration between Branch Offices and Head Offices, as well as improve overall operational efficiency.

Case studies on the implementation of organizational culture and compliance values at Bank Jatim, as well as the influence of implementing corporate culture and digital reporting, are relevant considering the strategic role of banks in regional and national economies. This research is expected to provide in-depth insights into how Bank Jatim faces environmental changes, challenges, and opportunities in implementing its organizational culture and values, as well as how digital technology helps strengthen corporate governance and the quality of financial statements.

Through qualitative analysis and case studies, it is expected that this research can identify factors that affect the effectiveness and efficiency of implementing organizational culture and compliance values, as well as the impact of using digital technology in corporate reporting. The findings of this study are expected to provide recommendations and directions for Bank Jatim's management in strengthening and optimizing the implementation of corporate culture and compliance values, while utilizing the potential of digital technology for company growth and success.

II. Literature Review

Definition of Organizational Culture

Organizational culture is encapsulated as "the values that guide human resources in fulfilling their obligations and navigating behaviors within the organization." These values serve as a moral compass for evaluating the appropriateness of actions and behaviors. According to Fahmi (2017: 117), this culture materializes through the amalgamation of individuals' cultural inclinations and behaviors into fresh norms and philosophies, fostering collective energy and pride when confronting challenges and goals. In a similar

vein, Torang (2014: 106) characterizes organizational culture as a recurring habit that evolves into values and lifestyles among group members, persisting through successive organizational generations.

Effendy (2015: 8) defines organizational culture as a compilation of norms, values, assumptions, beliefs, philosophy, and entrenched behaviors nurtured over time by founders, leaders, and members. These facets are communicated to newcomers and ingrained in organizational endeavors, encompassing product creation, consumer service, and goal achievement. Sumanto (2014: 138) defines it as the value system steering human resources' conduct and behavior in their organizational roles, while Edison (2016: 233) regards it as an enduring practice that pervades work activities, propelling enhancements in employee and managerial performance.

From these perspectives, researchers deduce that organizational culture embodies shared habits or values embraced by organizations, aimed at elevating overall quality. Evidently, organizational culture emerges as a pivotal factor influencing an organization's triumph. Consequently, an organization's prosperity hinges on the caliber of its organizational culture. Sopiah (2018: 128) underscores that shaping, nurturing, or reshaping organizational culture necessitates practices fostering alignment between members' cultural values and the organizational cultural ethos.

Characteristics of Organizational Culture

Organizational culture can vary among different organizations, as evidenced by the distinct cultural characteristics they embrace. These cultural traits and elements manifest in diverse ways within organizational settings. Stephen P. Robbins, as cited in Wibowo (2016: 33), identifies seven dimensions of cultural characteristics:

1. Innovation and Risk Taking: This dimension gauges the extent to which employees are encouraged to innovate and take calculated risks.
2. Attention to Detail: Describing the expectation for employees to exhibit precision, analysis, and meticulousness in their work.
3. Outcome Orientation: This dimension highlights management's focus on end results or benefits, rather than the methods employed to achieve them.
4. People Orientation: Concerning how management decisions account for their impact on individuals within the organization.
5. Team Orientation: Addressing whether work activities are organized around teamwork rather than individual efforts.
6. Aggressiveness: Referring to the presence of competitive and assertive behaviors among individuals.
7. Stability: Indicating whether the organization emphasizes maintaining the current state or seeks continuous development.

From the aforementioned description, researchers also infer that an organization's efficacy and shortcomings are profoundly influenced by the prevailing culture. This link is evident through the observable attributes of organizational culture. In essence, a positive organizational culture is poised to yield beneficial outcomes for the organization.

Types of Organizational Culture

The expansive scope of comprehending organizational culture fosters diverse perspectives regarding its typologies. These typologies exhibit variability based on distinct viewpoints. Wallach's stance, as referenced in Sunyoto and Burhanudin (2015: 153), categorizes organizational culture into three types:

1. Bureaucratic Culture: This type entails a structured, methodical, sequential work environment with well-defined regulations.
2. Innovative Culture: Characterized by a dynamic work milieu replete with challenges, venturesome tasks, and a call for ingenuity in their completion.
3. Supportive Culture: This type embodies a congenial workplace ambiance, marked by compassion, trust, and equitable treatment of colleagues.

The insights gleaned from these descriptions prompt researchers to posit that organizational types can significantly shape the prevailing culture within an organization, contingent upon its requisites and adopted policies.

Components of Organizational Culture

In organizational culture there is also a cultural component. But the researcher will only take the organizational culture component put forward by an expert. Jason A. Colquitt's opinion, in Wibowo (2016: 42) there are three main components in organizational culture. The models are:

1. **Observable Artifacts:** A manifestation of organizational culture that workers can easily see or talk about. Observable artifacts provide interpreted signals for workers to gauge how they should act throughout the workday.
2. **Observable artifacts:** Beliefs, philosophies, and norms explicitly stated by the organization. *Expoused values* can range from published documents, such as verbal statements made to employees by executives and managers.
3. **Basic Understanding Assumptions:** Beliefs and philosophies are given and deeply ingrained where workers simply act on them rather than question the validity of their behavior in a given situation.

From this description, researchers make responses that the components of organizational culture applied by an organization can be seen through direct observation when visiting and seeing how the activities of an organization run without special treatment. We see this through the service and attitude of employees when visiting.

Functions of Organizational Culture

The utility of organizational culture signifies its pivotal role in an organization's operations. The extent to which culture influences success becomes evident. As elucidated by Robert Kreitner and Angelo Kinicki, as cited in Wibowo (2016: 45), organizational culture's functions can be categorized into four aspects:

1. **Bestowing Organizational Identity:** This facet involves showcasing the company as an innovative entity by spearheading the development of novel products. Organizational identity differentiates it from other entities with distinct attributes.
2. **Enabling Collective Commitment:** The organization can instill a sense of pride in its workforce, fostering shared dedication towards adhering to organizational norms and achieving common objectives.
3. **Enhancing Social System Stability:** A positive and reinforced work environment reflects in effective management of conflicts and change. Mutual agreement on the prevailing organizational culture fosters stability in the work milieu, promoting harmonious social interactions.
4. **Molding Behavior:** Organizational culture serves as a tool for guiding members' awareness of their surroundings, shaping their conduct with mindfulness and rationality.

In light of these observations, it can be deduced that organizational culture's functions significantly contribute to an organization's triumph. These functions ascertain whether organizational culture is effectively integrated or remains a mere conceptual framework without practical implementation.

Organizational Culture Indicators

Within an organization, gauging its achievements entails considering several indicators embedded within its organizational culture. The demeanor embraced by an organization serves as a fundamental benchmark for comprehending and assessing the organization's cultural presence. The Kabanjahe Pratama Tax Service Office exemplifies this through its predefined indicators in the Internalization of Corporate Values (ICV) program, outlined as follows:

1. **Value Integrity:** This involves aligning thoughts, expressions, behaviors, and actions with ethical codes and moral principles.
2. **Value Professionalism:** This indicator emphasizes meticulous and accurate work rooted in optimal competence, accompanied by profound accountability and unwavering dedication.
3. **Synergy Value:** It signifies fostering productive internal collaborations and harmonious partnerships with stakeholders, yielding purposeful and high-quality output.
4. **Service Value:** This pertains to delivering services that wholeheartedly, transparently, swiftly, accurately, and securely meet stakeholder contentment.
5. **Value Perfection:** It signifies ceaseless commitment to enhancement across all domains, striving to achieve and deliver the paramount.

These organizational culture indicators embody modes of conduct and foundational values guiding actions. They epitomize leaders' endeavors to synchronize their efforts with those of subordinates, resolving challenges within the organizational milieu. The organization's trajectory towards its objectives is substantially influenced by the dynamic interplay of these indicators. They collectively serve as the bedrock for the values embraced by the organization, steering its pursuit of organizational goals.

III. Research Method

This research uses a qualitative approach by utilizing primary and secondary sources related to PT Bank Pembangunan Daerah Jawa Timur Tbk (Bank Jatim). The qualitative approach was chosen because

it allows researchers to gain deep insight into the implementation of organizational culture, compliance values, and the influence of implementing corporate culture and digital reporting at Bank Jatim. Primary sources were obtained by direct observation to the company while secondary sources used include data from the internet, articles, and printed books relevant to the research topic.

The researcher will identify primary and secondary sources relevant to the research topic. These sources can include annual reports, company publications, articles from the media, papers, and printed books that discuss Bank Jatim, corporate culture, compliance values, and the implementation of digital technology in banking.

Data from primary and secondary sources will be collected through content analysis techniques. Researchers will collect relevant data with a focus on the implementation of organizational culture and compliance values at Bank Jatim, as well as the influence of implementing corporate culture and digital reporting in company operations. The data will be analyzed in depth to identify patterns, themes, and key aspects related to the research.

IV. Results and Discussion

Organizational Structure at PT Bank Pembangunan Daerah Jawa Timur Tbk

Concomitant with the Bank's business evolution, Bank Jatim has undergone multiple transformations in its organizational structure. According to the Decree of the Board of Directors No.061/218/DIR/PRS/KEP dated December 7, 2022, the ensuing depiction illustrates Bank Jatim's organizational structure as of December 31, 2022

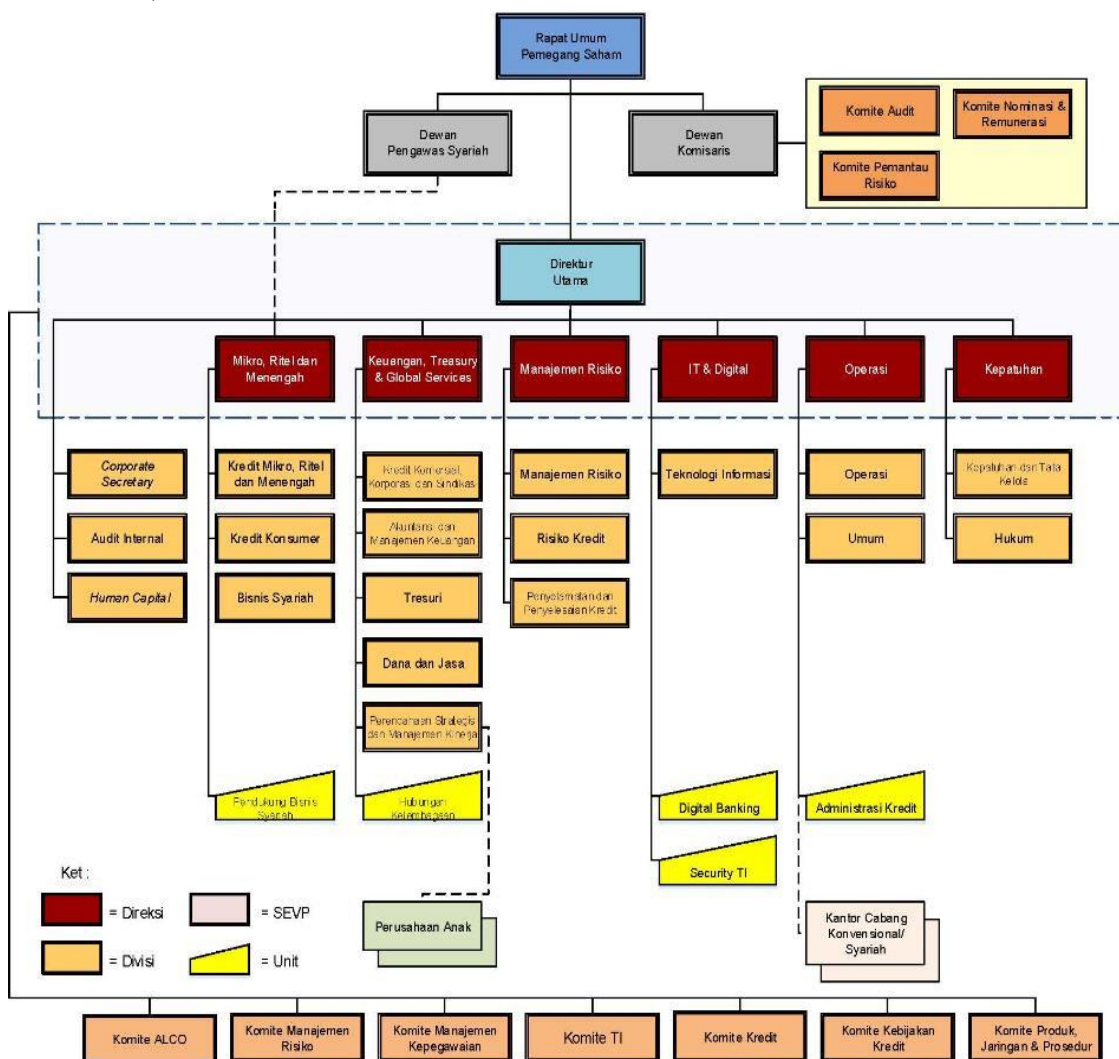


Figure 1. Organizational Structure of PT Bank Pembangunan Daerah Jawa Timur Tbk

It is customary for every company to possess an organizational structure. Crafting an organizational structure serves as the preliminary stride when initiating organizational operations. In essence, devising an organizational structure is a deliberate initiative within a company, fostering the execution of functions such as planning, organizing, directing, and supervising.

Organizational Culture at PT Bank Pembangunan Daerah Jawa Timur Tbk

The formation of a work culture or company occurs when the work environment or organization learns to face problems or wants to make external and internal changes that concern the unity and integrity of the organization. Bank Jatim aims to implement this work culture to make all employees motivated, productive and also make this corporate culture a corporate *image*. Behaving well and morally must be done every day because this is a pressure for all Bank Jatim employees to have a spirit and *sense of belonging* to the company's work. *Corporate culture* is indeed applied to all employees of Bank Jatim both at the Head Office, Branch Offices, Sub-Branch Offices and Functional Offices. The corporate culture is collected in the word "*expression*" which has its own parts and also has derivatives of the work culture, including:

Excellent

Always exceeding expectations is a cardinal principle. This equates to an ongoing commitment to advancement and refinement across all domains, aiming for heightened value addition and enduring excellence.

Fast & Simplicity

Being responsive and nimble amidst dynamic changes, delivering user-friendly products and services, epitomizes this facet. Core tenets include:

1. Demonstrating consistent initiative to promptly provide optimal solutions.
2. Ensuring accuracy, safety, and value-added quality, surpassing customer expectations.
3. Streamlining complex issues for swift and effective resolutions.

Agile & Business Savvy

Swift, agile, and proactive pursuits of business opportunities characterize this perspective. Guiding principles encompass:

1. Identifying and capitalizing on opportunities to sustain company growth.
2. Effortlessly managing tasks and proactively seizing opportunities.
3. Resolute focus, disciplined execution, and regular evaluation for continual enhancements.
4. Nurturing a patriotic, win-oriented mindset and daring to pioneer innovation.
5. Flexible adaptability and a versatile spirit responsive to varying business scenarios.

Professionalism

Executing roles and responsibilities with full commitment towards optimal outcomes underscores this trait.

Execution & Risk Taker

Implementing management decisions with calculated risk-taking is emblematic of this ethos. Key facets are:

1. Thorough, timely, and intelligent task completion.
2. Efficiently employing resources for optimal outcomes.
3. Methodical work management through planning, organizing, evaluating, and monitoring.
4. Taking calculated risks aligned with preserving company interests.
5. Confidence in business outcomes and opportunities.

Proactive & Accountable

Initiating actions founded on principles and values, coupled with responsible choices, characterizes this attribute. Highlights include:

1. Setting performance benchmarks and relentlessly striving to achieve them.
2. Sustaining passion and enthusiasm.
3. Embracing accountability for actions and decisions, fostering a sense of belonging.
4. Dedicatedly contributing to the company's vision and mission.

Integrity

Consistency in behavior and thought, coupled with ethical values, underscores this facet.

Honesty

Upholding truth, sincerity, and ethical principles underpins this element, encompassing:

1. Truthful speech and action aligned with facts.
2. Honesty, openness, and ethical conduct in diverse situations.
3. Maintaining pure intentions in the best interest of the company.
4. Transparent decision-making, adhering to privacy and confidentiality.

Trust

Mutual respect and openness, rooted in confidence, honesty, and good faith, shape this perspective. Noteworthy aspects are:

1. Treating peers, customers, and stakeholders with respect and empathy.
2. Fostering empathetic communication and a comfortable working environment.
3. Fulfilling mandates with commitment and responsibility to build lasting trust.
4. Collaborative efforts to achieve shared organizational goals.

Synergy

Beneficial cooperation for mutual value addition underscores this notion.

Respect

Mutual respect, sincerity, and politeness guide this perspective, translating into:

1. Treating others as one expects to be treated.
2. Embracing kindness and upholding honor.
3. Respecting differences and leveraging them for synergy.

Collaboration

Collaboratively generating added value for mutual growth and development signifies this attribute.

Innovation

Continuously crafting new solutions and enhancing existing ones according to customer needs forms this perspective.

Eager To Learn

A zeal for continuous self-improvement for sustainable company growth characterizes this stance.

Creativity

Fostering innovation and tailored solutions that cater to customer needs defines this trait.

A well-established organizational culture fosters enhanced performance, enabling the achievement of targeted goals.

V. Conclusion

The following are some conclusions based on the results of analysis and discussion conducted at Organization *Culture Management* (PT Bank Pembangunan Daerah Jawa Timur Tbk), among others:

1. The implementation of compliance culture and values to employees is not going well.
2. So far, the culture of "*expression*" is only a symbol, the evidence is that there are still many frauds committed by unscrupulous (employees, outsourcing and freelance daily labor) of Bank Jatim.
3. Digital or application-based reporting has been implemented by Bank Jatim management to facilitate obtaining and/or sending data and reporting from Branch Offices to the Head Office.
4. The application of corporate culture at Bank Jatim is stated in the word "*expression*" which is the target of management as a form of application and discipline for Bank Jatim employees to improve companies engaged in the financial sector to compete with other companies.

Based on the results of the research that has been concluded above, the suggestions that can be conveyed are, as follows:

1. Bank Jatim management has an important role in the development of organizational culture and must be consistent in applying compliance culture and values to employees, through methods that can be easily digested by employees, for example:
 - a. Creation of media culture of compliance;
 - b. Updating the application to facilitate employee access in viewing the rules and procedures at Bank Jatim;
 - c. Podcast on social media owned by Bank Jatim; and
 - d. Conduct socialization to all employees at the Head Office and in the Office Branches in a structured manner.
2. In addition to written Organizational Culture, leadership behavior also affects employee understanding of organizational culture contained in Bank Jatim because it is considered an example and code of conduct for all employees. If the leader can model good work discipline behavior for all employees, then the employee will do the same, and vice versa.
3. All employees with all levels of positions at Bank Jatim must be aware and apply a culture of compliance with the company optimally, so that the company's vision and mission can be achieved perfectly.
4. With the fulfillment of the parameters of governance principles and the implementation of corporate culture and compliance values well, it is expected to change the corporate culture for the better.
5. It is expected that through these media, the enforcement of corporate culture and employee compliance values can be realized.

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