

## Organization Culture Some Of Banks In Indonesia

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**Abstract:** *The banking industry is defined as anything related to banking institutions, including institutions, business activities, and ways and processes in carrying out its business activities. The research results show all the hypothesis are positive: (1).The market orientation strategy influences the organizational culture of the Bank in Jakarta; (2). Strategic leadership competence affects the organizational culture of the Bank in Jakarta; (3). Strategic market orientation and strategic leadership competencies jointly affect the organizational culture of Banks in Jakarta. In this study the population used are employees who work in Bank Mandiri, BCA and CitiBank in Jakarta with 383 number of sample, using correlation and regression analysis. The result of this reserach the market orientation strategy influences the organizational culture of the Bank in Jakarta. The influence of market orientation strategy on organizational culture is positive and significant, with the most dominant market orientation strategic dimension being on the dimensions of organizational change. This shows that the improvement of market orientation strategy especially ability dimension organizational change will result in increased organizational culture. Strategic leadership competence affects the organizational culture of the Bank in Jakarta. The influence of strategic leadership competence on organizational culture is positive and significant, with the most dominant strategic dimension of strategic competence is on the strategic leadership has the ability to motivate and inspire others. This shows that the improvement of strategic leadership competence, especially the strategic leader has the ability to motivate and inspire others will lead to increased organizational culture.*

**Keywords:** *The market orientation strategy, organizational culture, strategic leadership competence*

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### I. INTRODUCTION

While the main function of Indonesian banking is as a financial intermediation institution that collects and distributes public funds. Judging from its function, banks have a strategic position, namely as a supporter of the smooth payment system, the implementation of monetary policy and the achievement of financial system stability. So it is necessary a healthy and transparent banking industry. In addition to functioning as a financial intermediary, banking is also a business entity that has a goal to seek profit. According to Indonesian Banking Statistics published on December 12, 2012, credit growth reached 22.40% from Rp 2,028.14 trillion in October 2011 to Rp 2,482.52 trillion as of October 2012. The growth raised the ratio between loans and Third Party Funds (Loan To Deposit Ratio (LDR) from 81.03% per October 2011 to 83.78% as of October 2012. Thus, the national banks have passed the minimum LDR of 78% as stipulated by Bank Indonesia. Related to the more mature performance and as a form of appreciation to the banks in Indonesia that have managed to achieve an excellent brand performance index during the year 2012, MarkPlus Insight and Magazine Marketeers provide the award "Indonesia Brand Champion Award 2013". Based on the above background, then the problems posed in this study are as follows: (1). Is there any effect of *Strategic Market Orientation* on *Organization Culture*? (2). Is there any influence of the *Strategic Leadership Competence* on *Organization Culture*? (3). Is there a concerted influence on the *Strategic Market Orientation* and *Strategic Leadership Competence* towards *Organization Culture*?

### II. LITERATURE REVIEW

Performance can be interpreted as achievements achieved by the company in a certain period that reflects the level of health of the company (Sukhemi, 2007). The theory of industrial economics in particular analyzes the relationship between one activity to another, the interdependence of one another in the market and the link between market conditions, corporate behavior and economic performance. The main focus in studying industrial economics is corporate behavior in industry. The industry economy studies the company's policies in dealing with competitors and consumers (including price-setting behavior, advertising, and product research and development). Joe S. Bain (Dennis and Perloff, 2000) defines industry as a group of companies that produce the same products and uses. The same process. While Shadily (1992), said performance or performance is

powerless achievement or results. Wahyudi Kumorotomo (1996) provides limits on the concept of public organization's performance at least related closely to efficiency, effectiveness, fairness and responsiveness. This means that performance is an action that can be seen, observed and made possible to achieve the expected (goals). We can define the performance can also be said to be a combination of ability, effort and opportunity toward the works or job. Culture has an important role as a way of thinking, accepting the situation and feel something in the company. Deal and Kennedy. (2000) Webster's New Collegiate Dictionary defines culture as an integrated pattern of human behavior including thoughts, speech, actions, and artifacts and depends on the capacity of people to listen, and pass on knowledge to future generations. According to Phithi Sithi Annuai quoted Tika (2008) Organizational culture is a set of basic assumptions and beliefs embraced by members of the organization, then developed and inherited to address the problems of external adaptation and internal integration issues. According to the Greenberg and Robert (2003) organizational culture is as a cognitive framework consisting of attitudes, values, norms of behavior and expectations received with members of the organization The root of every and each of organizational culture is a setting of core characteristics that are valued collectively by members of the organization. Meanwhile, according to Robbins (2003) organizational culture is a common perception held by members of the organization, a system of shared meaning. Organizational culture is concerned with how workers perceive characteristics of an organizational culture. Cunha and Cooper (2001) also state "organizational culture impact on financial performance, personal retention rates, and even on the success or failure of mergers and acquisitions", that the success of a company is largely determined by its success in creating a distinctive work culture Part of their strategic plan, because a good work culture will have an impact on performance, employee loyalty levels and success to work together. Strategic Marketing Orientation, Grinstein (2008) in the European Journal of Marketing views market orientation as one of the corporate elements - culture and behavior - that implements customer orientation. Grinstein (2008) cites the definition of market orientation (MO) by Narver and Slater (1990) that defines MO as: "organizational culture that most effectively and efficiently creates superior superiority Performance for the business ". Therefore, the market-oriented behavior of the company has three components, namely consumer orientation, competitor orientation, and interfunctional coordination orientation and these components must be supported by the relevant culture. Shin (2012) in International Business Research explains that consumer orientation emphasizes or focuses on understanding consumer target as in delivering or delivering superior value to its customers. According to Robbins and Coulter (2009), the leadership style can be: (1) Transformational leadership (*transformational leadership*); (2) Transactional leadership (*transactional leadership*). Transformational leadership (*transformational leadership*) is: stimulating leadership inspires subordinates to achieve remarkable results. Transformational terms berinduk from word to transform which means to transform or change something into another different form. This transformational leadership works toward the goal of directing the organization to an unprecedented goal. Robbins and Judge (2015) say that, in transformational leadership, the leader inspires followers to transcend their own self-interests for the good of the organization; They can have a profound and extraordinary effect on followers. Effect of Strategic Marketing Orientation on Organizational Culture can be seen from the study carried out by: (1). Hina Zafar, Muhammad Haroon Hafeez Mohd Noor Mohd Shariff (2016), entitled Relationship Between Market Orientation, Organizational Learning, Organizational Culture and Organizational Performance: mediating Impact Of Innovation; (2). Mehdi Ghanavati (2014), entitled The Effect Of Corporate Culture And Market orientation On Iranian Industrial SME, S Performance: (3). Siberia O. Owino Joseph and Francis (2015), a study entitled The Influence Of Organizational Culture and Market Orientation on Performance of Microfinance Institutions In Kenya, so that research can be summed up hypotheses, as follows:

### **H1: There is influence of Strategic Market Orientation to Organization Culture.**

The influence of Strategic Leadership Competence on Organization Culture can be seen from the research conducted by: (1). Leena P. Singh and Binita Panda (2015) entitled Impact Of Organizational Culture On Strategic Leadership Development With Special Reference To Nalco; (2). Dimitrios Belias and Athanasios Koustelios, with research entitled The Impact Of Leadership And Change Management Strategy On Organizational Culture, so the above research can be formulated hypothesis, as follows:

### **H2: There is influence of Strategic Leadership Competence towards Organization Culture.**

The influence of Strategic Marketing Orientation on Organizational Culture can be seen from the research conducted by: (1). Hina Zafar, Muhammad Haroon Hafeez and Mohd Noor Mohd Shariff (2016) entitled Relationship Between Market Orientation, Organizational Learning, Organizational Culture And Organizational Performance: Mediating Impact Of Innovation; (2). Mehdi Ghanavati (2014) entitled The Effect Of Corporate Culture And Market Orientation On Iranian Industrial SME, S Performance: (3). Owino O. Joseph and Kiberia Francis (2015), with a study entitled The Influence Of Organizational Culture And The Market Orientation On Performance Of Microfinance Institutions In Kenya: (4). Leena P. Singh and Binita

Panda (2015) entitled Impact Of Organizational Culture On Strategic Leadership Development With Special Reference To Nalco; (5). Dimitrios Belias and Athanasios Koustelios, with research entitled The Impact Of Leadership And Change Management Strategy On Organizational Culture, so the above research can be formulated hypothesis, as follows:

**H3: There is joint influence of Strategic Market Orientation and Strategic Leadership Competence towards Organizational Culture**

### III. RESEARCH METHODS

Population is a generalization region consisting of objects or subjects that have certain qualities and characteristics that have been determined by researchers to be studied and then drawn conclusions. (Sugiyono, 2008). In this study the population used are employees who work in Bank Mandiri, BCA and CitiBank in Jakarta.

**Table 1.** Number of Research Population

No	Bank Name	Total Employees
1.	Bank Mandiri	3725
2.	Bank BCA	4120
3.	CitiBank	1050
	<b>Jumlah Total</b>	<b>8895</b>

Sourcess: Data Process, 2016

Taking note of the above statement, because the total population is more than 100 people, the sampling in this study using proportionate stratifeld random sampling (Sinambela, 2014). While the sampling technique using the formula of Taro Yamane or Slovin (Riduan, 2011) as follows:

$$n = \frac{N}{1 + Ne^2}$$

Information

n = Sample size

N = Population Size

E = significance level 5

Based on the above formula, the sample size in this study can be calculated as follows:

$$n = \frac{8895}{1 + (8895, 05^2)}$$

n = 383

### IV. RESEARCH FINDINGS

From the research results obtained the following results

**Table 2.** Respondent Demographic Data

No	Deskripsi	Frekuensi	Persentase(%)
1.	<b>Sex</b> Male Female	254	66.3
		129	33.7
2.	<b>Age</b> 20-30 Years Old 30-40 Years Old 40-50 Years Old > 50 Years Old	18	4.7
		172	44.9
		182	47.5
		11	2.9
3.	<b>Place of Living</b> Central Jakarta West Jakarta East Jakarta South Jakarta North Jakarta Bodetabek etc	15	3.9
		166	43.3
		47	12.3
		17	4.4
		34	8.9
		73	19.1
		31	8.1
4.	<b>Education</b> Diploma Undegraduate Master Doctor	23	6.0
		281	73.4
		69	18.0
		10	2.6
5.	<b>Job</b> Supervisor Asistant Manager	11	2.9
		9	2.3

	Manager	5	1.3
	Head of Division	6	1.6
	Vice Director	4	1.0
	Director	4	1.0
	etc	344	89.8
6.	<b>Income</b>		
	5.000.000 - 10.000.000	344	89.8
	10.000.001 - 15.000.000	20	5.2
	15.000.001 - 20.000.000	5	1.3
	20.000.001 - 25.000.000	6	1.6
	>25.000.001	8	2.1

Next will be presented a full model SEM parameter testing  $\lambda$  (loading factor / coefficient indicator) measurement on exogenous and endogenous models. This test is intended to determine whether or not the indicators of each latent variable (construct). This analysis measures the t-values and coefficients of structural equations. By testing the t-value is greater than 1.96. For t-value value of coefficient / parameter and coefficient / parameter value (estimation) can be seen in the following figure:

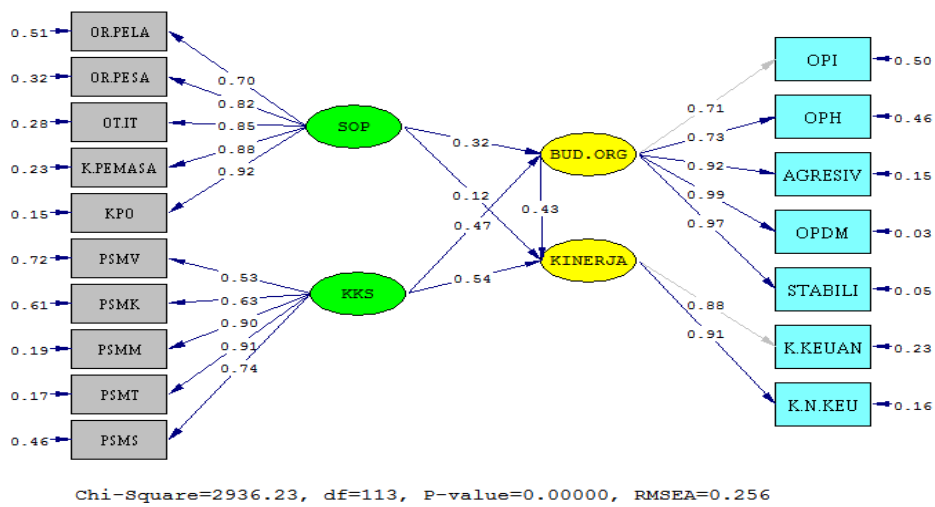


Figure 1 Structural Models (Estimates)

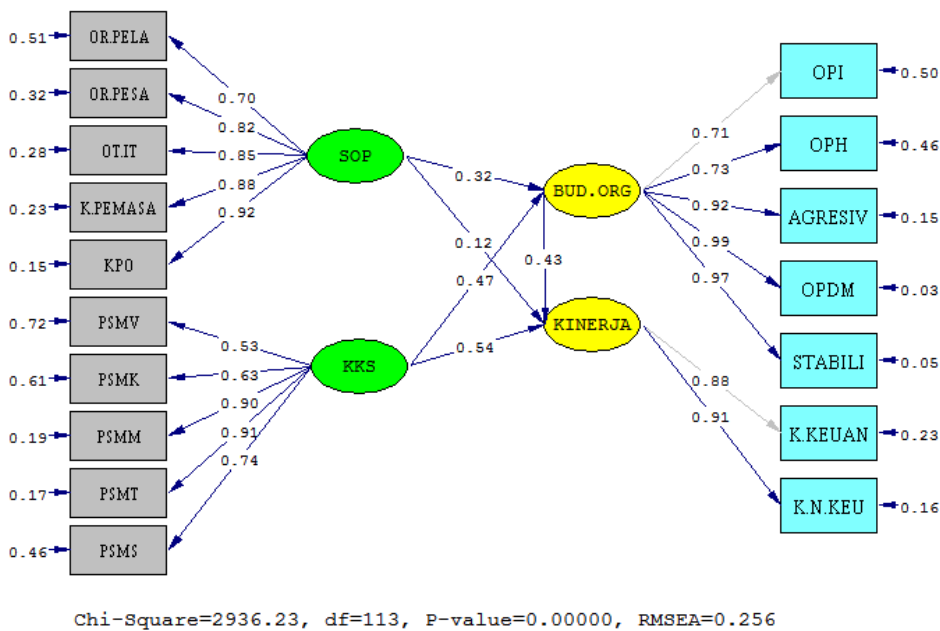
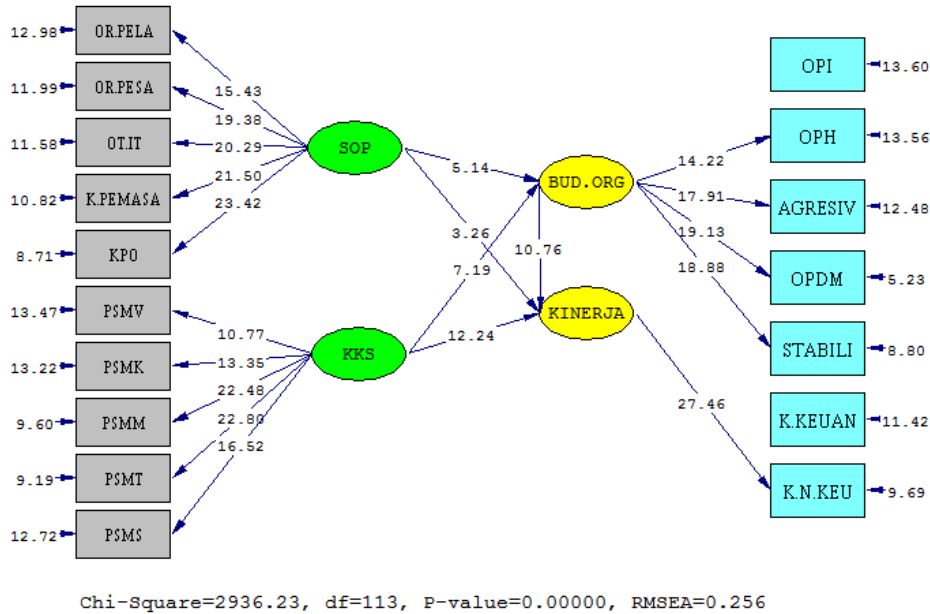


Figure 2 Structural Models (Standardized Solutions)

Source: Results of Treatment with LISREL 8.8

Standardized solutions model drawings show complete model path diagrams with numbers that are standardized estimation results.



**Figure 3** Structural Model (T Values)  
Source: Results of Treatment with LISREL 8.8

The t-values model image shows a complete model trajectory diagram with numbers indicating the t-value of each of the corresponding estimates. The  $t < 1.96$  ( $\alpha = 5\%$ ) value is shown in red and indicates that the corresponding number is not significant or equal to zero.

**Tabel 3** Model of Fit Index

Indicator GOF	Size	Estimated	Conclusion
<i>Size Absolute Fit</i>			
RMSEA	RMSEA < 0,08	0,256	Acceptable Fit
<i>Size Incremental Fit</i>			
NFI	NFI > 0,99	0,93	Good Fit
NNFI	NNFI > 0,90	0,92	Good Fit
CFI	CFI > 0,90	0,93	Good Fit
IFI	IFI > 0,90	0,91	Good Fit
RFI	RFI > 0,90	0,92	Good Fit

Source: Data processing LISREL 8.8

The value of coefficients or parameters. This value is a predetermined value used as a benchmark of t-value to test the hypothesis of the study. The results of this evaluation can be summarized in the table below which is accompanied by assumption of hypotheses from the research model as follows:

**Table 4.** Coefficient Evaluation of Structural Model

Path	Estimasi	t-value
Market orientation strategy has a positive and significant impact on organizational culture	0.32	5.14
Competence of strategic leadership has a positive and significant impact on organizational culture	0.47	7.19
Market orientation strategy and strategic leadership competence on organizational culture	F <sub>hitung</sub> 138.443	R Square 0.55

Sumber :Hasil Pengolahan dengan LISREL 8.8

**Table 5** Result of Big and Indirect Influence of Direct Market Strategy and Strategic Leadership Competence on Banking Performance through Organizational Culture

Variabel	Amount of Influence			
	Direct	Indirect	Note	Total
Market Strategy	0.12	0.14	Through Organization Culture	0.26 (t=4.78)
Strategic Leadership Competence	0.54	0.21	Through Organization Culture	0.75 (t=7.03)

**Tabel 6** Result Hypothesis Testing

Hipotesis	Description	Conclusion
H1	<i>Market orientation strategy has a positive and significant impact on organizational culture</i>	Accepted
H2	<i>Competence of strategic leadership has a positive and significant impact on organizational culture</i>	Accepted
H3	<i>Market orientation strategy and strategic leadership competence on organizational culture</i>	Accepted

## V. CONCLUSION

This research objective is to find out the factors influencing banking performance. This research uses survey method, which aims to know the general description about the influence of market orientation strategy and competency leadership competitiveness to organizational culture and its implication to banking performance. Based on the results of hypothesis testing and discussion in the previous chapter, it can be concluded some research results as follows:

1. The market orientation strategy influences the organizational culture of the Bank in Jakarta. The influence of market orientation strategy on organizational culture is positive and significant, with the most dominant market orientation strategic dimension being on the dimensions of organizational change. This shows that the improvement of market orientation strategy especially ability dimension organizational change will result in increased organizational culture.
2. Strategic leadership competence affects the organizational culture of the Bank in Jakarta. The influence of strategic leadership competence on organizational culture is positive and significant, with the most dominant strategic dimension of strategic competence is on the strategic leadership has the ability to motivate and inspire others. This shows that the improvement of strategic leadership competence, especially the strategic leader has the ability to motivate and inspire others will lead to increased organizational culture.
3. Market orientation strategy effect the performance of Banking employee Bank in Jakarta. The influence of market orientation strategy on banking performance is positive and significant, with the most dominant market orientation strategic dimension being on the dimensions of organizational change. This shows that the improvement of market orientation strategy, especially on the dimensions of organizational change, will result in increased banking performance.
4. Strategic market orientation and strategic leadership competencies jointly affect the organizational culture of Banks in Jakarta. The influence of market orientation strategy and strategic leadership competence altogether on organizational culture is positive and significant, with strategic competency leadership varieties having more dominant influence on organizational culture. This suggests that positively improving the effectiveness of market orientation strategies and strategic leadership competencies will lead to increased organizational culture.

### Managerial implications

The results of this research found that there is a great effect of market orientation strategy and strategic leadership competence on organizational culture and implicate on the performance of banking employee Bank in Jakarta, can be described as follows:

1. This study found that market orientation strategy has a positive and significant impact on organizational culture. The implication is that if it will improve the organizational culture it is necessary to improve the market orientation strategy. The effort to improve the orientation strategy market done with efforts such as; Has a commitment to provide satisfaction for customers; Always strive to collect information from customers to meet customers' needs; And always discuss the strategy of competitors.
2. This study finds that strategic leadership competencies have a positive and significant impact on bank performance. The implication is that if it will improve the performance of banking, it is necessary to improve the competence of strategic leadership. The effort to improve the competence of strategic leadership can be done with the effort to have the resistance in facing the problem; Against all forms of offenses and discrimination; And encourage the formation of a knowledge management culture.
3. This study found that organizational culture has a great impact and significant influence on banking performance. The implication is that if it will improve the performance of banking, it will need to improve the organizational culture. The effort to improve the organizational culture can be done with an effort to create a conducive working environment such as thinking not to switch offices; Feel that the environmental changes occurring in the office can be estimated; And the office always gives attention and assistance if there are employees facing problems in the completion of work.

### Suggestions

After doing this research, based on empirical findings obtained, then the final part of this dissertation writing, the authors convey some suggestions in efforts to improve market orientation strategy, strategic leadership competence with mediated by organization culture against banking performance. After look at the results of research it can be put forward suggestions as following.

1. Bank leaders, need to keep things that are already good and improve things are still lacking in an effort to improve the effectiveness of market orientation strategies. The things that must be maintained to improve the effectiveness of market orientation strategies are: to have a commitment to provide satisfaction to customers; Always strive to collect information from customers to meet customers' needs; And always discuss the strategy of competitors. While things to improve are like: always trying to make an introduction to new services; Always strives to meet sales targets; And strive to increase the number of subscribers.
2. Bank leaders, need to keep things that are good and improve things are still lacking in an effort to improve the effectiveness of strategic leadership competencies. The things that must be maintained to improve the effectiveness of strategic leadership competencies are like: having endurance in the face of problems; Against all forms of offenses and discrimination; And encourage the formation of a knowledge management culture. While things to improve are like: respect the contribution of others; Encouraging innovation and creativity; And always see the opportunity to do something different.
3. Bank leaders, need to keep things that are already good and improve things are still lacking in an effort to improve the culture of the organization. The things that must be maintained to enhance the organizational culture are like: a conducive working atmosphere such as thinking to not switch offices; Feel that the environmental changes occurring in the office can be estimated; And the office always gives attention and assistance if there are employees facing problems in the completion of work. While things to improve are like: able to cooperate with teammates in completing the work; Correcting shortcomings in the completion of work in order to improve the work; And concerned with the work standards that the office implements, because the top priority is not important to work.

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