

Analysis of Digital Culture Level in PT. X Medan

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ABSTRACT

Digital culture is a transformation of the company's habituation in carrying out its performance system based on digital technology to increase the company's effectiveness in the digital world. PT. X is a subsidiary of one of the State-Owned Enterprises which is engaged in the largest Islamic banking services in Indonesia. This study aims to measure the level of implementation of Digital Culture at the branch office of PT. X. The type of research is a descriptive research and the sample of this research is 30 employees. Data collection techniques were carried out using interviews and questionnaires and the instrument used was the validity and reliability of the questionnaire. The results of the study state that the implementation of Digital Culture in this company has been carried out well. The average score for the interval value that produces the 7 Dimension criteria is 4.54 with a very good category. The implication of this research is as an illustration in evaluating the performance improvement of banking employees.

Keywords: Culture, Digital Culture, Digital Transformation

BACKGROUND

Today digital transformation is taking place at high speed and impacting almost all areas of life. This phenomenon causes a demand for changes in the banking system from conventional to digital-based. These changes can be seen in procedures, working methods, business models and organizational structures to maintain business existence and go hand in hand with changing preferences, as well as how to

transact with customers and the entry of non-bank competitors (Winasis, 2020).

The existence of digital transformation also encourages the implementation of an appropriate strategy according to customer demands and needs so that customer loyalty can be increased. By the opinion of Omarini (2017) explains that a total overhaul of work processes and systems with digital transformation makes it more efficient, and effective, and provides opportunities for customers to improve their transaction experience. The next strategy that can be used is changing customers in transactions through digital transformation. The features used in this way of disruption, such as internet banking, mobile banking, chatbots, artificial intelligence and social media applications are increasingly being used (Nguyen, 2018).

Business competition is competition between business people or companies who are both trying to get profits, market share, and high sales. This business competition has become mandatory in the business of business people, including businesses in the field of banking services. Branchless banking with digital services or digital banking is starting to become a prima donna in developed countries. No less great potential has also begun to grow in developing Asian countries, including Indonesia. Branchless banking is a program launched by the Government of Indonesia through the Financial Services Authority and Bank Indonesia. Branchless banking is a banking service outside a bank branch office through the cooperation of other

parties who act on behalf of the bank called an agent by using mobile phone technology to serve the unbanked and underbanked people (Kristina, 2020). Branchless banking is a financial service that uses digital technology facilities such as mobile banking and EDC (Electronic Data Capture) machines through third parties (agents). Customers are starting to switch to digital services for daily transaction purposes such as checking savings, transfers between accounts, and paying bills. The development of the banking industry has reached a very competitive, complex and dynamic stage. Therefore, banks are required to be able to anticipate changes in the environment quickly and precisely so that they can take the necessary strategic steps. As a form of anticipation against tight competition conditions, the banking sector must be able to coordinate every existing function, such as operations/production, finance, marketing, human resources and research and development.

The transformation was carried out by the bank PT. X brings success to the company in improving service to customers. The increase in the number of customers is quite significant for sharia banking services, this is inseparable from the transformation carried out by the company in 2019 regarding the implementation of a system to assist employee performance. PT. X in solving these problems and facing the challenges of globalization which are answered by the development of digitalization. The digital culture that is implemented and carried out by the company to continue to improve collaboration, flexibility and adaptability are some of the important elements in digital culture.

The digital era has changed the behaviour of everyone on this earth. These changes

change a person's mindset and lifestyle. Some companies even take part in this digital era, products, systems and even policies have led to digitization. PT. X has done business digitization quite rapidly so a digital culture is formed in the organization of PT. X. The policy that is highly emphasized by management is related to the bureaucracy of employee rights. All of them use a digital basis so that employees are required to learn and understand the system. Digital culture is the transformation of culture when companies carry out digital initiatives.

Digital Culture – CIGREF

Digital Culture is the belief that by being more collaborative, connected, adaptive, flexible, transparent, diverse, and open. For this reason, by strengthening technology operations, human resources must also be well-prepared in the face of corporate transformation (CIGREF, 2014). Leaders must qualify for all the possibilities that occur related to digital change in the company, especially the culture. Culture is very important to support changes in the company to enable a comprehensive strategy for the company.

CIGREF, a consulting firm that specializes in digital transformation, formulated a digital corporate culture frame of reference in the form of 7 interconnected dimensions, conveying a culture that facilitates change, and makes companies more effective in the digital world. Each dimension has its roots in everyday organizational realities such as leadership styles, values, behaviours, and characteristics of each dimension. The seven dimensions are as follows Business Continuity, Openness, Knowledge, Trust, Agility, Interdependence and Responsibility.

Conceptual Framework

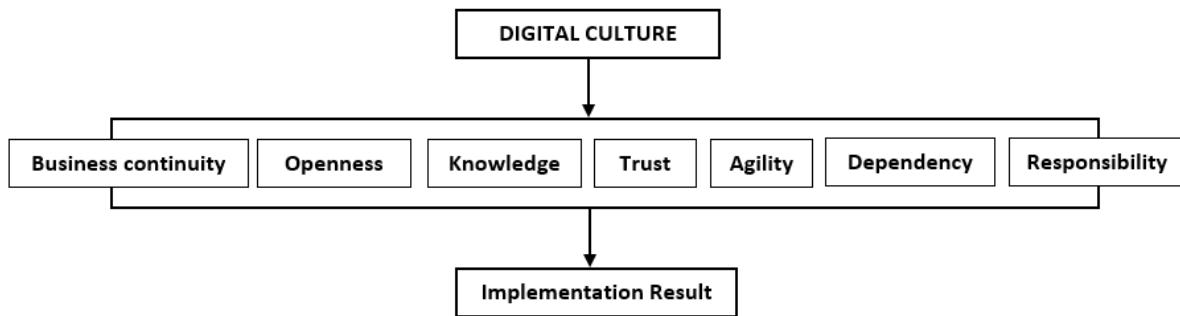


Figure 1. Conceptual Framework

RESEARCH METHOD

This type of research is descriptive. The population in this study were all employees of the bank PT. X with a total of 60 employees. The sampling technique in this study uses a systematic random sampling technique because it represents the characteristics of the population, so it is expected that the selected sample is proportional. In this study, the population is $N = 60$ and the number of samples to be used is $n = 30$, then $I = 2$ so that $R1 < 2$ says 1, then the numbers 1, 3, 5, 7, and odd numbers so on are selected. The last (R_n) is $R_n = R1 + (n-1)I = 1 + (30-1)2 = 59$. Data collection techniques can be done by interview (interview), questionnaire (questionnaire) and observation (observation).

RESULT AND DISCUSSION

Analysis of CIGREF's Digital Culture Description

Researchers analyzed the results of the seven dimensions that had been given to 30 respondents. By using the CIGREF framework, the author attempts to measure the Digital Culture Level and then management can evaluate the results of the Digital Culture in the company based on the criteria.

Table 1. Digital Culture Dimension Analysis Results

Frame	Dimension	Average value per-Dimension	Category
CIGREF	Business continuity	4,56	Very good
	Openness	4,29	Well
	Knowledge	4,36	Very good
	Trust	4,54	Very good
	Agility	4,54	Very good
	Interdependence	4,46	Very good
	Responsibility	4,63	Very good

Table 2. The Results of the Analysis of the Total Value of the Digital Culture Dimension

Frame	Dimension	Average value	Category
CIGREF	Business continuity	4,54	Very good
	Openness		
	Knowledge		
	Trust		
	Agility		
	Interdependence		
	Responsibility		

CIGREF's seven dimensions can be applied very well to the management of PT X. This can be seen from the average value of the digital culture dimension at PT. X with a value of 4.54 which refers to the value of the instrument interval, the conclusion from the evaluation of this measurement is very good. This shows that PT. X has implemented a good digital culture in it. These results were obtained from the measurement results using the CIGREF framework and grouped into criteria. This criterion classifies the conclusion of the Digital Culture Level, and it is from the respondents' answers in the questionnaire.

These answers are interpreted into a Likert scale. The conclusion of the evaluation (very good) cannot be separated that the company has not forgotten the key factors that determine the success of the digital transformation. The success of the digital culture implemented in the company cannot be separated from the values and practices that are carried out well by all related employees. Implementing appropriate values between individuals and groups, and forming excellent categories, allows this company to adapt to Digital Culture. This is obtained by grouping respondents' answers into descriptions, and the results of respondents' answers are grouped in a predetermined range. These results can be concluded by looking at the interval table.

Business Continuity

This dimension concerns the reliability of infrastructure, this is one of the critical things that need to be considered to maintain the trust of customers, employees, and other stakeholders, where companies need to provide security for their users (CIGREF, 2014). PT. X has done these things regarding the confidentiality and security of customer data which has always been an employee education for all customers of PT. X, this can use has a high interval value with a number from a maximum value of 5.0 with a very good category. In the questionnaire section that discusses "The system architecture built by the company can answer the digital challenges that develop in the banking business" its p, produces an interval value of 4.27 with a good category and is the smallest value on the business continuity dimension. This is realized by the company related to system infrastructure that needs to be understood by employees. Moreover, employees at PT. X is a combination of several previous companies that have different systems and employees think the system infrastructure at PT. X is not good yet. According to the operational manager, the system here is good, but system development is necessary. But what is

necessary is how the employees at PT. X understands and must have the courage to face the increasingly rapid development of the system in today's digital era (results of an interview with Branch the Operations and Service Manager).

Disclosure

Openness in planning digital devices to obtain clear and complete information by utilizing various information. Both from outside and within the Organization, accompanied by the involvement of all company stakeholders (CIGREF, 2014). In this openness dimension, the highest interval value is 4.47, which is related to education about mobile banking. This has made employees enthusiastic about mobile banking which closely follows the trend of the digital era. PT. X convinced himself that he was aiming for the digital-based banking industry by using a branchless banking system, one of which was mobile banking. Employee work becomes more focused and time efficient, which usually takes up to 5 – 10 minutes to serve customers for transactions. But by using mobile banking, customer service becomes easier 5 – 10 minutes can be done by customers at a time. In the table above, it can be concluded that using mobile banking is more time efficient and more customers will be served. In this dimension, there is also the lowest interval value with an interval value of 4.13 out of 5.0, namely the company distributes a database of prospective customers to employees through the banking platform. PT. X has tried to be open in providing information related to the database of prospective customers to employees, this was confirmed by the Branch Operations and Service Manager of PT. X.

Knowledge

Knowledge on the development of collective intelligence and structured or informal knowledge sharing, where what is meant by formal or informal is the regular sharing of knowledge or experiences that come from outside the scope of education or

learning obtained through electronic means. This knowledge can come from inside or outside the organization or company environment (CIGREF, 2014). In the knowledge dimension, it is known that the highest questionnaire interval value is that the company's internalization results in employees becoming aware of the company's rules and digital products with a value of 4.47 out of 5.0. In the current pandemic, we know how to learn and meet using distance learning methods (online). This has a very big influence on the company's pattern when internalizing employees. However, it is possible for the company to also internalize face-to-face but still adhere to health protocols. The knowledge dimension also has the lowest interval value, which is about employees and managers relying on digital information analysis as an evaluation for improving performance with a value of 4.23 out of 5.0. According to the Branch Operations and Service Manager of PT. Employees have realized such things, but basically, the changes in the form of the performance system during this pandemic caused a direct impact on employee knowledge about banking products or risk management.

Trust

Digital culture implies greater exposure for the company and its employees, who are therefore forced to be consistent and exemplary in their values, practices and behaviour. Therefore, Trust is the core value of the digital world, where the world is growing in an environment characterized by uncertainty, dematerialization (the phenomenon of absorption of solid materials into digital) and significant social change (CIGREF, 2014). The dimension of trust is something that every big company, including PT. X, this is the main capital so that the company has a strong image and core value in the digital world that is developed by the company to the Indonesian people or especially to the customers of PT. X. it has an interval value of 4.67 out of 5.0. In general, the public or customers only see

the company, but do not see the employees. So when an employee makes a mistake or is deemed not to match the customer's expectations, the customer assumes the company is wrong and has a bad name, even though it is the employee who made the mistake. Things like this seem trivial, but they need to be a concern for companies in Indonesia, especially the banking industry company, namely PT. X. When customer trust has increased in the company, customer loyalty has also increased. Then the lowest value, which is 4.47 out of 5.0, explains that employees think that management has not fully realized the values of work culture to all elements of business or non-business divisions. After I confirmed with the Branch Operations and Service Manager PT. X, it has been realized and they are still trying to make improvements, especially on internalization to all employees.

Agility

The agility referred to in this dimension is that existing resources must continue to innovate and experiment and good initiatives to support this, the company openly appreciates every innovation and idea that is harvested. This dimension is about striking a balance between anticipation (market intelligence/intelligence), creativity (sensitivity to products and services), and concept delivery/delivery (through innovation) (CIGREF, 2014). In this dimension, the highest interval value is related to all employees viewing the experimental results and receiving lessons from mistakes with a value of 4.67 out of 5.0. This explains that digital culture is not just a change in action from manual to automatic, but how a human respond to these changes by understanding quickly and being responsive when there is an error and trying to fix it again. Things like this are highly expected by the company of all employees (Results of interviews with Branch Operations and Service Manager PT. X). The smallest interval value is related to the open

innovation process used by management on employee performance as an effort to increase work productivity with a value of 4.43 out of 5.0. This was denied by the management through the Branch Operations and Service Manager that management fully supports and appreciates employees to always improve work productivity. In the current digital era, it is easier for employees to increase productivity to advance the company, both in terms of operations and business lines.

Interdependence

The digital age makes connections between people, ideas and continents. It opened recently, but also increases interdependence, and is approved. New partnerships and alliances need to be created (especially outside the core business lines) for agreement on innovative business models and mutually satisfying solutions between various stakeholders (CIGREF, 2014). In this dimension there is an interval value of 4.60 out of 5.0, namely, management provides a forum for digitalization in the development of financial management for partners of government agencies, universities, foundations, and others. This is because of PT. X always facilitates digital and practical money management for partner agencies, universities, foundations and houses of worship. The education that employees get regarding E-Channel between the company and partners also results in a fairly good implementation so that a harmonious working relationship can be realized. Then the interdependence dimension has a low questionnaire interval value with a value of 4.33 out of 5.0, which is related to management fostering transverse collaboration and synergy between divisions by setting the right goals. After I confirmed with the Branch Operations and Service Manager of PT. X, this has indeed become a matter for management's attention on how the digital culture that is applied makes it easier for employees to perform so that there are no misunderstandings between divisions.

Responsibilities

The immediate visibility (observable state) of media and social networks highlights corporate responsibility in a context where sustainable development and generation responsibility play a critical role in the corporate success (CIGREF, 2014). The responsibility dimension has a questionnaire interval value of 4.73 out of 5.0, which is related to digital-based companies that are responsible for paying attention to the work environment. The work environment is a condition where a good workplace includes physical and non-physical that can give the impression of being pleasant, safe, peaceful, feeling at home/at home, and so on (Lestari, 2020). Thus, the company has convinced employees that the application of digital culture does not mean that social life in the work environment is lost. Then with the lowest interval of 4.53 out of 5.0, which is the responsibility of management with developers who contribute to the environment around the housing. This is explained by the company that it has made efforts to be responsible for the environment around the housing development which is managed financially by PT. X. However, when the realization is that there are still many developers who are absent from the agreement, this makes customers disappointed with the house they live in or the residents around the dwelling. The financing system is adequate but the responsibility is felt to be lacking, which will have an impact on the integrity of the company. "Digitalization must always be levelled up, social responsibility must be upheld" is the opinion of the operations manager. Both must be side by side so that digital culture is well implemented (results of an interview with the Branch Operations and Service Manager of PT. X).

CONCLUSION

The results of the study state that the implementation of Digital Culture in this company has been carried out well. The average score of the interval value that produces the 7 Dimension criteria is 4.54

(Very Good), meaning the level of Digital Culture at PT. X in the Very Good criteria, and also performed very well. The elements in the 7 Dimensions are measured to obtain a range of average values that will describe the results of each respondent. The description consists of five results, namely strongly agree (include agree), slightly disagree (include slightly agree), Fairly good (include enough), Slightly disagree (include disagree) and Strongly disagree (include strongly disagree). The results of the description explain how well the 7-dimensional statement is to the respondent to then get the evaluation criteria.

Based on the results of the research analysis, was carried out for the evaluation of the digital culture above;

1. Measurement using 7 Dimensions from CIGREF in the company getting an interval value of 4.54 is categorized as very good. It was stated that the implementation of Digital Culture at PT. X is at a very good level.
 2. Of the 7 dimensions, there is one dimension with an average score of 4.29 intervals and is in a good category. This needs to be improved according to the urgency. PT. X needs to do something to improve the criteria that are already good to very good. That dimension is Openness.
 3. Although there is one element in the Openness dimension, overall the dimensions are in the very good category. This is in line with the continued development of digital business units in technology development. This development requires a good digital culture (CIGREF, 2014).
- Then it is reviewed from each dimension of digital culture. Based on the discussion of 7 dimensions of digital culture, the authors provide recommendations from the results obtained through questionnaires;
1. In the Business Continuity dimension, it is necessary to internalize the digital system for all employees to shape the digital behaviour of employees for the company's business continuity.
 2. In the Openness dimension, management must evaluate the openness system for employees both in providing or receiving information to advance the company.
 3. In the Knowledge dimension, the behaviour of employees who have only internalized using digital platforms makes employees reluctant to share knowledge. Due to this, management must build internalization starting from within the company while still adhering to health protocols.
 4. On the Trust dimension, even though a digital culture has been formed, management must act quickly and appropriately to emphasize the values of work culture to all employees.
 5. In the Agility dimension, management must value employees more by adjusting working hours with the benefits they receive. Although work is easier to do due to digital behaviour, matters relating to employee rights and obligations should not be ignored.
 6. In the dimension of Interdependence, not only management is responsible for internal stability and synergy, but employees also have this obligation. The thing that must be done is that management and employees must prioritize professional communication to act or make policies related to digitalization or other things that will involve divisions at PT. X.
 7. In the Responsible dimension, the need for internalization of employees to warn third parties regarding the integrity of the company. Customers get the financing process running quickly due to good banking digitization, but customers will be disappointed when their residence has a bad environment. To make customers feel comfortable and safe, it is necessary to conduct an inter-company evaluation that is an employee of PT. X and third parties.

Conflict of Interest: None

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