

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

Indonesia is the largest economy in Southeast Asia, with significant growth since the financial crisis in the 1990s. Indonesia was also improving poverty reduction by cutting the poverty rate to 9,7% from 1990 to 2020. Currently, Indonesia is the fourth place of the world's most populous nation and in the tenth place of the world's most significant economy purchasing power parity (The World Bank, 2021). Indonesia has a high potential in economic, and in a good position to have a good economy growth (Indonesia Investments, 2020). Banks have a positive contribution to financing for community activities in the economy. Banks as financial institutions have an essential role in sustaining and improving community activities in the real sector. The real sector is directly driving the community economy. The community will be involved directly in economic activities, hence the need for financial services such as banking (Budiyanti, 2018).

Rural bank is a bank that carries out its business activities conventionally without providing services in payment transferring. The rural bank's role is to distribute credits and gather funds from society (*Otoritas Jasa Keuangan*, 2019). Therefore, a rural bank has a strategic role in the economy. According to the study result from Budiyanti (2018) on the role of rural bank working capital loan/credit, it shown that capital loan/credit has a significant role for the economy. The researcher encourages rural banks to increase their role or contribution to the

economy by expanding credit distribution. Credits were distributed to the real business sectors and used as venture capital, ultimately driving the economy.

PT. BPR Inti Ambarawa Sejahtera is a rural bank that was founded in Ambarawa in 1987s. Currently under the leadership of Dimen Limbong. "*Kami Mengutamakan Pelayanan Demi Kemajuan Usaha Anda*" or "We Prioritize Services for Your Business Progress" is the company motto that prioritizes services to the communities to improve their business and lead to the improvement of community economics. This motto is also shown that PT. BPR Inti Ambarawa Sejahtera is taking seriously about their customers. Hence the employee needs to work their hardest to fulfill their company motto to the customers, employees of PT. BPR Inti Ambarawa Sejahtera will need to be on their best to serve the customer to provide the best services.

For every organization, the employee is the key to success, including PT. BPR Inti Ambarawa Sejahtera. Employees of PT. BPR Inti Ambarawa Sejahtera have various task/job, from administration, accounting, credit analysis, and others. The company leaning into their employee to be able function as usual and to compete with other company in banking sector. Since the competition in the banking sector is very competitive, the company have to find ways to retain their best employee. Numerous companies had a hard time retaining their employee. The cost of losing an employee is potentially costly, such as recruitment cost, replacement cost, training cost, vacancy cost (Kadiresan et al., 2015). If an organization had a high employee turnover rate, it would negatively affect the organization hence why a company needs to retain them in the long run.

Employees of PT. BPR Inti Ambarawa Sejahtera works for 8 hours a day, and sometimes they have to bring their work home. In those work hours the employee has to be careful in order to not make mistake. For example, credit analysis officers to analyze 1 document it will need at least 2-3 days to finish. In a week a credit analysis officer in PT. BPR Inti Ambawara at least have to analyze 3 documents or more, which means it will take about minimum 6 days to finish. However, there will be time that a human error will be happen. To minimize the possibility of human error in credit analysis specifically, the credit analysis officer of PT. BPR Inti Ambarawa have to send their work to a higher-level manager first before give the confirmation to the customer. Before PT. BPR Inti Ambarawa Sejahtera did not require their credit analysis officer to send their work to higher-level manager, but after having few problems with the customer ability to payback their credit/loan which will resulting more work. They decided that the credit analysis officer is required to send their work to higher-level manager to minimize the possibility of the same problems as before. Of course, even after being check by the higher-level manager, a human error still can be happening because it is hard to avoid. All of those action was done by their employees, which explain more the importance of employee in PT. BPR Inti Ambarawa Sejahtera.

In the banking sector, the environment is very competitive, especially in the current economic condition. The employees of PT. BPR Inti Ambarawa is exposed to the competitive environment of the banking sectors. As the core of PT. BPR Inti Ambarawa Sejahtera employees also have a responsibility to work as hard as possible to support the company to meet its goals. The employee's workload at PT. BPR Inti Ambarawa Sejahtera is various but one thing in common, the work detail.

The President Commissioner of PT. BPR Inti Ambarawa Sejahtera, Mr. Fahmi stated that “Working in banking sectors means that we have to must be observant and careful with our task, we are responsible with fund that used to help businesses in need”. When an employee is under pressure/stress, their well-being is also being neglected. An employee who was undergoing a high level of pressure/stress is more likely to have a low commitment to cope with the pressure/stress (Zimmermann *et al.*, 2012; Sharma, Kong, and Kingshott, 2016). Therefore, PT. BPR Inti Ambarawa will need their employee commitment to the company to stay thriving. The company needs to find a way to improve employee commitment and to reducing employees' stress.

In order to improve the organizational commitment, there is a phenomenon called “workplace spirituality” or also called “spirituality movement”, this can help company to face problems such as low performance, job satisfaction and organizational commitment (Djafri & Noordin, 2017; Gupta *et al.*, 2013; Karakas, 2010). According to Milliman, Czaplewski and Ferguson (2003) discussed in Gatling, Jungsung and Millman (2016), this method has dimension; meaningful work, sense of community, and alignment with organizational values. The dimension of workplace spirituality could actualize employee needs for simplicity, meaning, self-expression, and connectedness. The first time spirituality got its attention was in the early 21<sup>st</sup> century, and the interest keeps growing significantly on its role in the workplace (Foster & Foster, 2019; Van Tonder & Ramdass, 2009). Workplace spirituality offers the ability to enhance competitive advantages by affecting the level of organizational commitment (Saadatyar *et al.*, 2019). The main idea of spirituality is to achieve an improved employee's state or achieve their full

potential. That idea can lead to employee creativity, organizational commitment, and motivation increase, which will benefit the organization (Osman-gani, Hashim, and Ismail, 2013).

According to Djafri and Noordin (2017), the study shown that workplace spirituality can improving employee's well-being, and ultimately lead into a higher level of organizational commitment. Hence, workplace spirituality practices can be implemented to improve employee commitment toward the company (Karakas, 2010). PT. BPR Inti Ambarawa Sejahtera can implement workplace spirituality movement to their employees, which means a higher level of organizational commitment and employee well-being.

According to the president commissioner of PT. BPR Inti Ambarawa Sejahtera, Mr. Fahmi. PT. BPR Inti Ambarawa Sejahtera encourages employees to connect and form a friendly environment for all employees to feel accepted. The company also organized a seminary during team building. The seminary and workshop often talk about self-improvement, teamwork, and togetherness within the company. He stated that "the seminary is used to raise employees understanding about themselves and company, in order to give their best to the company too". The teambuilding itself was created with mind to help employees know each other, connected with the company, and as a time-off from the workload. He hopes that the seminary and workshop during the teambuilding could improve the relationship between higher-level managers, lower-level manager, and employees. Ultimately, to reduce the stress of all employees when working with the competitive environment and competition in the finance sectors.

Therefore, it is essential to analyze and examine the workplace spirituality dimension's effect on organizational commitment in PT. BPR Inti Ambarawa Sejahtera. This research will help the company understand the impact of workplace spirituality dimensions on organizational commitment in PT. BPR Inti Ambarawa Sejahtera.

## **1.2 Research Questions**

Based on the research background explanation, this research will examine and analyze the effect of workplace spirituality on organizational commitment among employees. The research question will be formulated as follow:

1. Does meaningful work have a positive effect on organizational commitment?
2. Does the sense of community have a positive effect on organizational commitment?
3. Does alignment with organizational value have a positive on organizational commitment?

## **1.3 Research Aims**

The research aims to examine and analyze the effect of workplace spirituality dimension (meaningful work, sense of community, alignment with organizational) on organizational commitment among employees in PT. BPR Inti Ambarawa Sejahtera.

#### **1.4 Research Objective**

Based on the research problem formulated, hence these are the research objective for this research as follow:

1. To examine if meaningful work has a significant and positive effect on organizational commitment.
2. To examine if the sense of community in the workplace has a significant and positive effect on organizational commitment.
3. To examine if alignment with organizational values has a positive effect on organizational commitment.

#### **1.5 Research Benefit**

The benefit of this research for several parties based on the research problems and objectives as follows:

1. For organizations to be aware of their current status for workplace spirituality among their employees, that can affect their organizational commitment in hopes that with the research result company will improve employee organizational commitment by improving workplace spirituality activities.
2. For the researcher to apply this research result to expand their knowledge of workplace spirituality dimension on organizational commitment or as an additional reference for the proper purpose.
3. For the reader to explain how workplace spirituality on organizational commitment and aware of its effect in life.

## **1.6 Structure of The Thesis**

This research will be divided into five chapters as follow:

CHAPTER I: INTRODUCTION

CHAPTER II: LITERATURE REVIEW

CHAPTER III: RESEARCH METHODOLOGY

CHAPTER IV: DATA ANALYSIS

CHAPTER V: CONCLUSION

