

All's Well That Ends Well: A Review of Indonesian State Owned Enterprise's Organizational Culture

Antoni Ludfi Arifin¹, Resista Vikaliana², Wahyuddin Latunreng³

^{1,2,3}Institut Ilmu Sosial dan Manajemen STIAMI, Indonesia

ludfi@stiami.ac.id, dosenresistaok@gmail.com, wahyuddin.latunreng@yahoo.com

Abstract

Corporate culture consists of values, beliefs and standards that influence the thoughts and behavior of people in the company and are the key factors used to describe corporate culture. In Indonesia, on July 1, 2020, has inaugurated and established the AKHLAK cultural value as the main principle and value (core value) of every State Owned Enterprise (SOE). The AKHLAK cultural value is a behavioral guide in achieving the company's vision, namely Amanah, Competent, Harmonious, Loyal, Adaptive, and Collaborative. This study aims to see the extent to which the implementation of AKHLAK values in Indonesian SOEs. Systematic Literature Review method is used in this research by searching articles in international journal databases. The results of the study underline that there are only 3 articles that highlight the study of organizational culture in Indonesian SOEs and only 1 article that examines the core value of AKHLAK. Therefore, research on core values in Indonesian SOEs still has a great opportunity to be researched in the future.

Keywords

organizational culture;
values; state owned
enterprise; Indonesia



I. Introduction

Every organization, including companies, needs resources to achieve the goals that have been set (Azhad et al., 2019; Hong et al., 2016). Human Resources / HR is one of the important factors, which can be managed (Azhad et al., 2019), so that the potential of human resources in the organization can be optimized for development. Human resource knowledge that is formed in the corporate culture, will provide a competitive advantage or competitive advantage for the company to succeed in the future (Hernández et al., 2013).

Corporate culture is made up of “values”, “beliefs” and “standards” that influence the thoughts and behavior of people in the company. They are the key factors used to describe corporate culture. Corporate culture determines how employees describe where they work, how they understand the business, and how they see themselves as part of the organization. Culture is also a driver of decisions, actions, and ultimately the overall performance of organizations, both private and public sectors. Corporate culture as a collection of opinions, value systems and standards of behavior is unique to each organization and represents the specific character of its function (Hitka et al., 2015).

Changes in the corporate culture of companies aimed at components of manifestation that are not so visible or missing are proposed on the basis of the information obtained (Hitka et al., 2015). Several previous studies have proven that organizational culture contributes or influences the competitive advantage of the organization (Abdul et al., 2018; Azhad et al., 2019; Dyahrini, 2019; Prayogo, 2018).

The performance of Indonesian SOE has experienced an increasing trend from year to year. In order to continue to encourage the performance of Indonesian SOE, the Ministry of State-Owned Enterprises, among others, has encouraged State-Owned Enterprises to

continue to improve organizational culture and corporate governance through various circulars and regulations (Muslih & Halliawan, 2021).

Minister of State-Owned Enterprises (BUMN), Erick Thohir, on July 1, 2020, has inaugurated and established the AKHLAK cultural value as the main principle and value (core value) of every BUMN (FHCI, 2020). AKHLAK cultural values are behavioral guidelines in achieving the company's vision, namely Trustworthy, Competent, Harmonious, Loyal, Adaptive, and Collaborative (PLN, 2021). This AKHLAK value is expected to be a guide for the management of every BUMN and its subsidiaries, so that they can work properly for the benefit of the nation (Icon+, 2020)

The value of AKHLAK has become a grand strategy of the Ministry of SOEs in implementing shared values across all SOEs so that they have the same behavioral guidelines in every SOE and its subsidiaries, there are at least 12 service and industrial clusters in Ministry of SOEs namely 1) mineral & coal industry, 2) financial services, 3) insurance services & pension funds, 4) telecommunications & media services, 5) infrastructure services, 6) tourism & support services, 7) logistics services, 8) food & fertilizer industry, 9) health industry, 10) plantation & forestry industry, 11) manufacturing industry, 12) energy, oil & gas industry; of which there are at least 147 SOEs in the 12 clusters.

Through Circular Letter Number: SE-7/MBU/ 07/2020 KBUMN has established shared core values, namely AKHLAK, to then be applied to all human resources (HR) within the scope of SOEs, Subsidiaries, and consolidated affiliated companies (Wika-Beton , 2020). Before AKHLAK was officially launched, each SOE had its own cultural values. In fact, according to (Wardana, 2020) all SOEs are under the Ministry of SOEs. Best practice that applies in the business world, in a group or holding should adhere to the same core values. The function of culture as an integrator or glue in the organization, it becomes important to have the same core values. However, of course that does not mean completely eliminating the unique cultural values of each company in a group or holding.

Business activities can grow and develop for a long period of time is the goal of each company. Competitiveness, innovation, creativity, and the quality of the products produced must be in accordance with the needs of consumers and can adapt to a dynamic environment (Rosmadi, 2018). Kuswati (2019) stated that in the world of work, employees are required to have high work effectiveness. Organizational effectiveness is usually interpreted as the success achieved by an organization in its efforts to achieve predetermined goals. According to Werdhiastutie et al (2020) the development of human resources should focus more on increasing productivity and efficiency. This can be realized because today's competition, especially among nations, is getting tougher and demands the quality of strong human resources as managers and implementers in an organization or institution.

Internalization and implementation of AKHLAK values is important for all SOEs talents. AKHLAK is the embodiment of the value of professionalism, reliability, paying attention to the applicable regulations, so that superior talents are formed who will become pioneers in developing Indonesia (Pelindo III, 2020) which then becomes a guide for shared behavior, what can and cannot be done by SOEs' HR.

The implementation of the socialization and application of AKHLAK values since its launch, until this article was written, has been implemented in every SOE for more than a year as a shared culture. This implementation is a series of the process of establishing the new spirit of Ministry of SOEs which is then adopted and implemented in all SOE business processes (Perumnas, 2020)

At least, there is the same spirit and value guide in every SOE, which is able to make hundreds of these SOEs' have the same behavioral guidelines. Setiawan in (Jamkrindo, 2020) stated that this AKHLAK is not only a guide for SOEs management to be able to work properly for the sake of the nation, but also as an identity and glue that will support a work culture and continuous performance improvement.

With the implementation of the new corporate values, namely AKHLAK, SOEs will be able to carry out the mandate and trust of the government, namely improving the quality of human resources, being able to adapt in all situations through system digitization and the use of technology, and can continue to synergize with various groups in order to realize the company's progress (PTPN IV, 2020). Organizational performance can be achieved through one of the key factors, namely human resources (HR), therefore positive behavior is needed, one of which is through the application of organizational culture (Suwarsi et al., 2016).

Internalization, socialization, and implementation are needed to unite the AKHLAK cultural values into each SOE, where they already have their own corporate values. The integration of a shared culture in SOEs by Ministry of SOEs be ensured that it can be implemented properly. According to (Muslih & Halliawan, 2021) Organizational culture has an effect on company performance. However, often in merger and acquisition activities, a good cultural integration is not formed between 2 (two) or more companies because they are not managed properly.

Ministry of SOEs instructs each SOE to be able to integrate the core values of AKHLAK into the cultural values of each company and ensure that every employee has behavior that is in line with these core values. This alignment is expected to have a positive impact on the company's business performance (Pratomo et al., 2021) Every SOEs HR must be able to adopt AKHLAK values as the main value of corporate culture. This adoption is then able to be reflected in the work behavior of all SOEs employees; so that the value of AKHLAK can improve employee performance on an ongoing basis (PT PP, 2020). This research question is whether the implementation of the AKHLAK values can be absorbed by the talents of SOEs and is able to be well integrated into behaviors that are reflected in the personalities of SOE human resources.

II. Research Methods

This research is a systematic literature review that is relevant to organizational culture in state-owned companies. Theoretical references are sought through journals and internationally reputed ones deemed relevant. The stages in this systematic review into consists of three main phases: Planning the Review, Conducting the Review, Reporting the Review (Documents Review) (Kitchenham & Charters, 2007).

Table 1. Inclusion and Exclusion Criteria of Review

Topic	Inclusion Criteria	Exclusion Criteria
Country	Indonesian	Countries outside Indonesian
Outcome	Organizational State Owned Core Value	Culture, Enterprise, Outcomes with no relevance to work
Publication Period	2020-2021	Periode before 2020
Language	English	Other than English

The studies included in this article are those published between 2020 and 2021. This period is based on the implementation of AKHLAK Core Values in SEOs in Indonesia. While in the region, it is focused on Indonesia with the keywords organizational culture, state owned enterprise/SEOs and Core Values. Duplicate reports of the same study (when several reports of a study exist in different journals the most complete version of the study was excluded in the review). Articles other than English are not included in the review criteria.

III. Results and Discussion

3.1 Result

The literature search was conducted in the following four databases: Taylor and Francis, Emerald, Science Direct and Google Scholar The free text terms combined three words using AND. The first stage is the search for the words “organizational culture” AND “state owned enterprise”. The search results are illustrated in Table 2 below

Table 2. Search results using “organizational culture” AND “state owned enterprise”

Database	Number of search results	Number of open access articles
Taylor and Francis	969	19
Emerald	582	16
Science Direct	310	9
Google Scholar	374	8

In the second stage of the search, the word “Indonesia” was added. The search results are shown in Table 3 below

Table 3. Search using “organizational culture” AND “state owned enterprise” AND “Indonesia”

Database	Number of search results	Number of articles that are open access
Taylor and Francis	0	0
Emerald	0	0
Science Direct	0	0
Google Scholar	8	3

Finally, 3 articles were retrieved in full text and screened by all authors, meeting the inclusion criteria. A total of 3 articles were included in the review, and the inclusion process. The 3 articles have a quantitative as shown in Table 4 below.

Table 4. Summary of The Search Result

No.	Title	Authors	Year	Name of State Owned Enterprises	Type of Core Value	Article Type
1	Organizational Culture and Corporate Governance As A Performance	Mochamad Muslih Prilia Halliawan	2021	PT Bank Rakyat Indonesia (BRI),	AKHLAK Core Value	Quantitative Research

	Driver of Indonesia State-Owned Enterprises (SOE)					
2	Organizational Culture, Emotional Intelligence and Motivation: Its Effect on Organizational Citizenship Behavior (OCB) on Employees of State-Owned Enterprises in Indonesia	Vina S. Marinda	2021	Telecommunication and Media Services Industry Caster located in Bandung-Indonesia.	Organizational Culture	Quantitative Research
3	Factors Affecting Employee Engagement of State-Owned Enterprise Employees in Indonesia	Setyo Riyanto	2020	81 SOEs' in Indonesia	Employee Engagement, Organizational Culture	Quantitative Research

3.2 Discussion

Overall, Overall, 3 relevant studies have been identified in the sources that searched as shown in Table 4. 2 studies address other core value and only 1 studies addresses AKHLAK Core Value. 2 studies address other core value and only 1 studies addresses AKHLAK Core Value

Based on filling out the questionnaire to 94 respondents in the first study in Table 4, the results show that corporate culture has a positive effect on the performance of SOEs. However, corporate governance has no effect on the performance of SOEs. This study shows that organizational culture is the dominant factor in increasing employee involvement in Indonesian SOEs.

The second study in Table 4 shows that the top management of SOEs in Indonesia should begin to focus on developing leadership competencies for supervisors and managers who are able to adapt to an increasingly open culture. The entry of millennials in a very strategic position and in direct contact with increasingly intelligent customers requires a stimulating leadership approach that is able to continuously increase employee engagement. Open discussions, coaching skills, counseling, and mentoring from superiors are very important to open opportunities and employee involvement to be more involved with the company.

The third study in Table 4 shows the results that organizational culture, emotional intelligence, and motivation have a considerable influence on the Organizational Citizenship Behavior (OCB) of employees in State-Owned Enterprises, while some other variables are not examined in this study. In this study, organizational culture has no significant effect on Organizational Citizenship Behavior (OCB), but organizational culture is still important and needs to be developed and realized in the company in order to achieve company success which can be done through the mediation of other variables.

Finally, there is only 1 article that discusses AKHLAK Core Values, namely the first article in Table 4. This article conducts a survey on PT Bank Rakyat Indonesia/BRI. In Indonesia, there are 41 SOEs in March 2021. Therefore, research on core values especially AKHLAK Core Values is still very likely to be carried out by researchers.

IV. Conclusion

The results of the study underline that there are only 3 articles that highlight the study of organizational culture in Indonesian SOEs and only 1 article that examines the core value of AKHLAK. Therefore, research on core values in Indonesian SOEs still has a great opportunity to be researched in the future.

References

- Abdul, F. W., Harimurti, C., & Vikaliana, R. (2018). Kajian Kesiapan Sdm Logistik Menghadapi Era Mea. *Jurnal Logistik Indonesia*, 1(1), 1–6. <https://doi.org/10.31334/jli.v1i1.123>
- Azhad, N., Sumowo, S., Anwar, A., & Qomariah, N. (2019). Kompetensi Sdm Dan Budaya Organisasi Dampaknya Terhadap. *Jurnal Sains Manajemen Dan Bisnis Indonesia*, 8(1), 66–76. <https://doi.org/10.32528/smbi.v8i1.1767>
- Dyahrini, W. (2019). Budaya Organisasi: Pengaruhnya Terhadap Kinerja Melalui Keunggulan Bersaing Koperasi Di Jawa Barat. *Jurnal Bisnis Dan Manajemen*, 13(2), 67–77.
- Hernández, J., Hernández, Y., Collado-ruiz, D., & Cebrián-tarrasón, D. (2013). Knowledge Creating and Sharing Corporate Culture Framework. *Physics Procedia*, 74, 388–397. <https://doi.org/10.1016/j.sbspro.2013.03.029>
- Hitka, M., Vetráková, M., Balážová, Ž., & Danihelová, Z. (2015). Corporate Culture as a Tool for Competitiveness Improvement. 34(15), 27–34. [https://doi.org/10.1016/S2212-5671\(15\)01597-X](https://doi.org/10.1016/S2212-5671(15)01597-X)
- Hong, L., Cheong, B., & Rizal, S. (2016). Service Innovation in Malaysian Banking Industry towards Sustainable Competitive Advantage through Environmentally and Socially Practices. *Procedia - Social and Behavioral Sciences*, 224(August 2015), 52–59. <https://doi.org/10.1016/j.sbspro.2016.05.399>
- Kitchenham, B., & Charters, S. (2007). Guidelines for performing Systematic Literature Reviews in SE. 1–44. <https://doi.org/10.1145/1134285.1134500>
- Kuswati, Y. (2019). Motivation Role in Improving Work Effectiveness. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*. P. 281-288.
- Muslih, M., & Halliawan, P. (2021). Organizational Culture And Corporate Governance As A Performance. *South East Asia Journal of Contemporary Business, Economics and Law*, 24(1), 56–65.
- Prayogo, A. (2018). Pengaruh Motivasi Dan Budaya Organisasi Terhadap Produktifitas Kerja Karyawan (Studi Kasus Di Pt Boogi Avindo, Bogor). *Majalah Ilmiah Bijak*, 13(2), 235–256. <https://doi.org/10.31334/bijak.v13i2.80>
- ن.ی.ذ و ی.اه من اسر و گن مرف (1385). دمحم، ی.د سن http://www.ghbook.ir/index.php?name=گن مرف و ی.اه من اسر و ن.ی.ذ و &option=com_dbook&task=readonline&book_id=13650&page=73&chkhask=ED9C9491B4&Itemid=218&lang=fa&tmpl=component

- FHCI. (2020). Human Capital Insight. Forum Human Capital Indonesia, 6–11. http://cdc.unisma.ac.id/wp-content/uploads/2020/11/e-magazine-vol-2_compressed.pdf
- Icon+. (2020, August 1). ICON+NEWS. 1–20. <http://www.iconpln.co.id/wp-content/uploads/2021/02/ICONEWS-Agustus-20201.pdf>
- Jamkrindo. (2020). Media Jamkrindo. Jamkrindo, 1–40. <https://www.jamkrindo.co.id/uploads/majalah/2020/november/96e1fc63b70810d604e905378efcbd65.pdf>
- Muslih, M., & Halliawan, P. (2021). Organizational Culture And Corporate Governance As A Performance Driver Of Indonesia State-Owned Enterprise (SOE). *South East Asia Journal of Contemporary Business, Economics and Law*, 24(1), 56–65. https://seajbel.com/wp-content/uploads/2021/02/SEAJBEL24_515-1.pdf
- Pelindo III. (2020, September 1). Dermaga. Pelindo III, 1–66. https://www.majalahdermaga.co.id/emagz/files/September_2020.pdf
- Perumnas. (2020). Perumnas Terapkan Budaya AKHLAK Dalam Menjalankan Roda Bisnis Korporasi. https://perumnas.co.id/download/press/Perumnas-Terapkan-Budaya-AKHLAK-Dalam-Menjalankan-Roda-Bisnis-Korporasi_V2.pdf
- Peruri. (2020). Buku Panduan Perilaku Core Value. <https://docplayer.info/205728958-Buku-panduan-perilaku-core-value.html>
- PLN. (2021). Pedoman Perilaku Dan Etika Bisnis. https://web.pln.co.id/statics/uploads/2021/05/202102_PedomanPerilakudanEtikaBisnis.pdf
- Pratomo, T., Yulianto, E., & Zein, Z. (2021). Core Values Measurement. *International Journal of Research in Business and Social Science* (2147- 4478), 10(3), 456–461. <https://doi.org/10.20525/ijrbs.v10i3.1145>
- PT PP. (2020). PRESS RELEASE. https://idx.co.id/StaticData/NewsAndAnnouncement/ANNOUNCEMENTSTOCK/From_EREP/202011/9f4e4ce6bb_e02ad3b0de.pdf
- PTPN IV. (2020, October 1). Minat. PTPN IV, 1–40. <https://www.ptpn4.co.id/wp-content/uploads/2020/11/MINAT-2020-Edisi-Bulan-Oktober.pdf>
- Rosmadi, M.L.N. (2018). Factors in Developing Creative Industry. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*. P. 64-69.
- Suwarsi, S., Setiyawan, S., Malik, M., Yuana, W. A., & Ramadhina, A. (2016). Analisis Pengaruh Budaya Organisasi Terhadap Kinerja Organisasi. *Prosiding SNaPP2016 Sosial, Ekonomi, Dan Humaniora*, 687–707. <http://proceeding.unisba.ac.id/index.php/sosial/article/view/382/pdf>
- Wardana, K. W. (2020, August 30). SWAOnline. SWAOnline. <https://swa.co.id/swa/my-article/akhlak-bumn>
- Werdhiastutie, A., et al. (2020). Achievement Motivation as Antecedents of Quality Improvement of Organizational Human Resources. *International Research and Critics Institute-Journal (BIRCI-Journal)*. P. 747-752.
- Wika-Beton. (2020). WTON: E-Magazine. PT Wijaya Karya Beton Tbk, 1–33. <https://www.wika-beton.co.id/uploads/WTON%20EMagz%20Edisi%206.pdf>