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EVALUATION ON PLANNING, RECRUITMENT AND SELECTION OF NEW EMPLOYEES CASE STUDY IN BANK SYARIAH MUAMALAT INDONESIA

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Abstract – *PT Bank Syariah Muamalat Indonesia (BMI) is the second largest Islamic bank in Indonesia. As a leading Islamic bank in market share, BMI challenged to grow and aspires to become the 10th largest bank in Indonesia in 2015 (the end of 2011, assets of BMI is on the order-23). To increase service and to support a rapid business growth, Bank Muamalat has made a commitment to increase physical infrastructure and electronic infrastructure. As many as 177 new outlets and 350 new ATM will be open in 2012. The opening of new infrastructures will be supported by the increase of human resources more than 2.000 employees. The study aim to evaluate the existing planning, recruitment and selection process to get new employees at BMI. Based on the facts presented, focus group discussion that involves operation managers and conduct questionnaire instrument from 67 respondents, the solution expected to be applied to repair the process and support business expansion. Based on the results of the analysis has been conducted, this study formulates implementation practices proposals with three main objectives: 1. Improve planning process through empowering application of human resources information system; 2. Improve recruitment process through the acceleration of electronic recruitment ; 3. Improved selection process especially in written test and psychological test.*

Keywords: opening outlets, business performance, new style in planning, recruitment and selection.

I. INTRODUCTION

Bank Muamalat Indonesia is the first bank in Indonesia that applies Islamic sharia principal on its operation. Established in 1991, initiated by Majelis Ulama Indonesia (MUI) and the Indonesia government. BMI began its operation in 1992, supported by Muslim scholars and businessmen, as well as public. In 1994, it becomes a foreign exchange bank. Funding products using the wadiah principal

(deposit) and mudharabah (profit sharing). While the investment are using the principles of buyind and selling profit sharing and lease.

Bank Muamalat mission is to become a role model among the world's sharia financial¹ institutions, emphasizing in entrepreneurial spirit, managerial excellence and innovative investment orientation to maximize value for stakeholders. Bank Muamalat vision is to become the main sharia bank in Indonesia, Dominant in the emosional market and admired in the rasional market. With that vision, Bank Muamalat is committed to continually optimize in capturing the emotional and rasional market. Bank Muamalat will keep supporting the development trend in sharia banking today and in the future.

Generally, in 2011 the banking industry grew rapidly. In line with that, the growth of Bank muamalat business in Indonesia has also showing positive trend and development. This is a result of bank muamalat consistency of transformation continuity since 2009. Other initiative that the company did during 2011 was by continue to strengthen and develop product by focusing on services for corporate segment, retail and international banking.

In 2012, Bank Muamalat has targeted a growth of asset of 30,26% or increase to Rp. 36,70 trillion. The growth of asset will be supported by the growth of third party fund which has been projected to have an increase Rp. 30,74 trillion or 28,09%. Although the economic situation is pretty condusive, but the threat of fiscal crisis in USA and debt crisis in Europe may affect local economy condition.

These expectations are based the fact there is still a huge market to develop and the public's

positive perception of the sharia banking industry. Besides, strong supports from the Indonesian government and regulators is expected to accelerate improvements in Sharia banking industry.

Internally, 2012 will be a year of rapid growth related to the phases of Bank Muamalat's of 2009-2014 strategy. Having established a solid business foundation in 2009 to 2010, Bank Muamalat to demonstrate strong business growth in 2011, which is predicted to become even stronger in 2012.

Bank Muamalat is entering 2012 with great optimism about its business prospects. Seen externally, this positive attitude stems from expectations to benefit from the likely positive growth of Sharia banking industry as shown by continuous progresses made in Indonesian economy, which is predicted to get better.

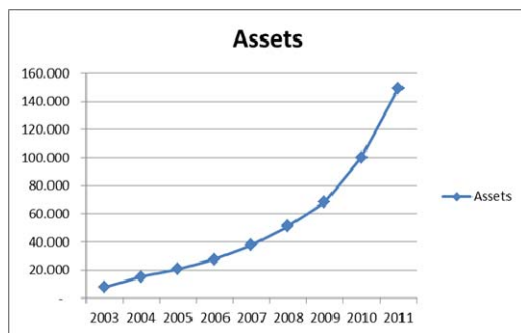


Figure 1 Sharia Banking Assets Growth
Source: Islamic Banking Statistics, Bank Indonesia, 2011

By looking at the above data, it can be said that the growth of assets the sharia banking in Indonesia within the last 8 years with CAGR 44 % with total assets in 2011 IDR 148 trillion and market share of syariah banking has reached 4.1 % of the national banking assets. Syariah banking has grow and progress rapidly, the development and growth of Islamic Banking can be accounted as magnificent.

II. BUSINESS ISSUE EXPLORATION

The development of sharia banking has not been fully supported by adding and developing human resources. Limitation on human resources has caused a high turn over phenomena within all sharia banking, thus sharia banking that has competent employee are only sharia banks that

can provide high incentive or has human resource development program (outlook sharia banking 2011, Bank Indonesia).

One of the problems or constraints encountered is the limitation of human resources (HR). HR that has the competence and qualifications are still rare, both in the middle and upper level (directors, division head and branch managers), and also at low levels.

Through the existing recruitment and selection of new employees, it can be seen that implementation level occur slowing down, This level has been marked by existing internal regulation have not been reviewed approximately 10 years. In term of the continuing transformation of Bank Muamalat to evolve into a modern sharia bank, this requires Bank Muamalat Indonesia to make a change soon.

Based on focus group discussion that involves operational managers in Jakarta, the same problem occurs especially in regards to recruiting new employees and there are many applicants that fail in the selection process at Bank Muamalat Indonesia.

Based on business target of 2012 which one of the used strategies is opening 177 outlets include 10 full branches, 117 sub branches and 50 mobile branches, number of branches would be opened in 2012 are 117 outlets more than number of the existing outlet has established since 20 years were 115 outlets, for Bank Muamalat this is certainly a challenging target to be implemented this year and needed a special strategy for human resource management to get new employees to joint the Bank Muamalat Indonesia.

A. Conceptual Framework

The study intends to analyze the gap between the business target 2012 with the realization opening outlet in the mid year and , this study is trying to reveal the real existence of Human resource management practices such human resources planning, recruiting and selection in Bank Muamalat Indonesia whether it has been empowered properly or still need improvement.

By using questionnaire instruments, this study analyzes the survey findings, proposes conclusions, and recommends solution. The solution that will be formulated in term of human resource management practices is expected will become the best practice that Bank Muamalat

Indonesia should implement to support the business target.

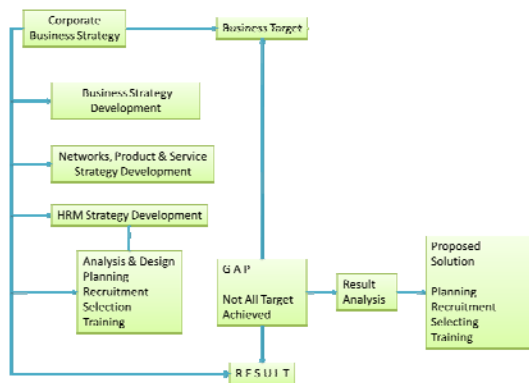


Figure 2 Conceptual Framework Analyze Human Resources Needs Bank Muamalat Indonesia 2012

B. Method of Data Collection and analysis

The question in this study is “What is the most suitable model of human resources management process at Bank Muamalat Indonesia to get new employees to support opening networks in 2012?”. To Answer the question, it needs serial steps : (1) interviewing with HR management to know the number of new employees required in 2012. (2) interviewing with corporate planning to know number of outlet will be opened in 2012. (3) preparing questionnaires form and testing its validity and reliability then used binomial test to get result in one of two possible outcomes or mutually exclusive. (4) conducting survey to find actual implementation planning, recruitment and selection process. Questionnaires are distributed to all operation manager Bank Muamalat Indonesia. Only 67 of 75 Questionnaires were collected back (89%).

The Questionnaires form consist 3 main theme, first planning with seven association to be tested, second Recruitment with eleven association to be tested and then Selection with sixteen associations to be tested.

The study will be conducted to dig a confirmation on how planning, recruitment, and selection to get new employees process has been implemented. Based on those confirmations, this study tried to find the real problems that occur behind the existing implementation based on its factors. Measurements were made to see the gap

between current conditions and expectations of the implementation process.

C. Analysis of Business Situation

With declared number of outlets to be opened in 2012 and already determined the service outlet level and also the Bank has an Investment Branch guidelines will make it easier to calculate the required number of employees. As an example from the table below for opening 10 branches and 143 sub-branches and also procurement of 50 mobile branches, Bank Muamalat needs teller amounted 178 employees and 2.234 employees for the whole demand of workforce.

In 2012, Bank Muamalat plans opening 177 service networks included 10 Branch offices; 143 sub-branch offices and 50 mobile branch, from totally 177 outlet will be opened this year part of them are opening new outlets and others upgrading of outlet status. It could be from cash office to be Sub-branch and also from sub-branch to be full Branch. So in the end of 2012 Bank Muamalat service network totally 537 outlet.

Table 1 People Investment Guideline

Area	Function	Mobile Outlet	Cash Outlet	Sub Branch	Branch	177 OUTLET
Front Liners	Teller	1	1	1	2	178
	Customer Service	1	1	1	2	178
Marketing	SA	-	-	-	1	10
	RM	-	2	3	6	720
Supporting	Back Office	-	-	1	2	154
	USPD	-	-	-	2	20
	Human Resource	-	-	-	1	10
	Resident Auditor	-	-	-	1	10
	Risk Mngt Div.	-	-	-	1	10
Supervisors	Operation Manager/OO/PO	-	-	1	1	153
	Sub Branch Manager	-	-	1	-	143
	Branch Manager	-	-	-	1	10
NBS	Security	1	1	2	3	322
	Office Boy	-	1	1	2	128
	Driver	1	1	1	3	188
	Total Crew	4	7	12	28	2.234

Table above describes details of the needs of employees which are distinguished by function per section at banking where there are 15 functions consisting of supervisors, front liner, back office and supporting units, beside that the employee needs to be determined by the outlet will be opened, for example to a full branch takes 28 employees both permanent staff or outsourcing.

Based on progress on June 2012 from totally 177 outlet will be opened this year, the realization only 43 outlets and then from totally 2.234 number of employees will be recruited, the realization only 697 new employees. It because the target is too optimist besides that the recruitment and selection model part of them is not relevant with the latest situation and condition.

Assessing current human resource begins by developing a profile of the organization's current employees. This is an internal analysis that includes information about the works and the skills they currently possess. In an era of sophisticated computer system, it is not too difficult for most organizations to generate and effective and detailed human resources inventory report. The input to this report would be derived from forms completed by employees and then checked by supervisors. Such reports would include a complete list of all employees by name, education, training, prior employment, current position, performance ratings, salary level, languages spoken, capabilities, and specialized skills. For example, if internal translators were needed for suppliers, customers, or employee assistance, a contact list could be developed.

The employment planning practices at Bank Muamalat Indonesia generally almost the same with the practices of other financial institution, it was started by defining organization mission and then followed by establishing corporate goals and objective as reflected in Annual Business Banking Planning that have been sent to Bank Indonesia as Regulatory Authority, as usual in the mid year there is a common activity to review implementation Business Banking Planning, it could be conduct revision or still under control.

Planning gaps ; (1) The banking business plan should consist a working program that is consistent, sustainable and realistic. Based on progress on June 2012 from totally 177 outlet will be opened this year, the realization only 43 outlets and then from totally 2.234 number of employees will be recruited, the realization only 697 new employees. It because the target is too optimist besides that the recruitment and selection model part of them is not relevant with the latest situation and condition. (2) Human capital information system as one of the application and tool for management used by human capital division has not yet supported by completely and update database of employees. (3) Standard operating procedure of branch investment

guidline which is consists level of branch, investment limit, the number of personnel and assets that should be finalized still on the draft exposure and has not been signing by management.

The use of creativity in searching for the job candidates will continue to gain momentum. Whenever labor shortages exist, recruiting efforts take on new proportions. It's also safe to say that a competitive advantage can be gained by targeting good talent and encouraging them to apply and to always be looking. Newspaper advertisement and employment agencies may be on their way to extinction as primary sources for identifying job candidates, the reason is internet recruiting.

Recruitment gaps ; (1) BMI still receive job application in hard copy, this is not relevant with world campaign of global warming or go green. (2) BMI it self has no access recruitment through corporate website. (3) BMI cooperate with only one organization recruiters online networks. (4) BMI has not yet special approach with some favourite universities as a strategic in finding potential candidate.

Selection activities typically follow a standard pattern, beginning with an initial screening interview and concluding with the final employment decision. The selection process typically consist of eight steps : (1) Initial screening interview. (2) Completing the application form. (3) Employment test. (4) Comprehensive interview. (5) Background investigation. (6) A conditional job offers. (7) Medical or physical examination. (8) The permanent job offer (David A Decenzo, 2002:176)

Selection gaps ; (1) The existing selection process is not relevant anymore, because at the same time all sharia banking expansion by opening outlet, it caused competition among Sharia Banking in employee recruitment is tight. (2) Selection process at BMI relatively rigid and many steps.

III. BUSINESS SOLUTION

To develop the most suitable model of human resources management process at Bank Muamalat Indonesia to get new employees to support opening networks in 2012?" could be carried out by reviewing regularly the existing human

resources practices, whether it has been empowered properly or still need improvement.

Human resources management practices include analyzing and designing work, determining human resource needs (HR planning), attracting potential employees (recruiting), choosing employees (selection), teaching employees how to perform their jobs and preparing them for the future (training and development), rewarding employees (compensation), evaluating their performance (performance management), and creating a positive work environment (employee relations) (Noe, 2006:5).

Human Resources Management (HRM) refers to the policies, practices, and systems that influence employees behavior, attitudes, and performance. Many companies refer to HRM as involving "people practices." Figure 3 emphasizes that there are several important HRM practices. The strategy underlying these practices needs to be considered to maximize their influence on company performance.

HRM practices at Bank Muamalat Indonesia generally almost the same with the practices as the figure shows above, the problem there are some strategies and policies have not been reviewed approximately 10 years in recruitment and selection, it can be seen from slowing down or the low of new employees acceptance, these are challenge jobs for new management to improve the existing strategies and policies in order to support the business target.

Planning Solution (1) The banking business plan should be revised on July 2012. (2) Enforcement of completing data base to all employees by updating data at HCIS application. (3) Review and finalization by signing of standard operating procedure of branch investment guideline.

Recruitment Solution (1) Receiving job application through electronic recruiting. (2) BMI has to prepare access for job applicant on corporate website. (3) BMI should cooperate with some organization recruiters online networks. (4) BMI should have special approach with some favourite universities as a strategic in finding potential candidate by giving scholarship then let them joint at management trainee.

Selection Solution (1) The existing selection process is not relevant anymore and urgent to be reviewed and adjusted immediately. (2) Improvement the existing selection process

become simply and effective. (3) Devide the selection test into two part; first mandatory test such cummulated prestation index, age, psychological test, medical test and interview, second complement test such written test of basic understanding of Islamic teaching, general knowledge, sharia banking and English test.

Mandatory test is elimination or fail system and complement test is not fail system and the fulfillment can be carry out in the next time; Psychological test implementation could be handle by internal party under supervision and coordination Human Capital Division in order acceleration, efficiency, accuracy and the most important is independent; Implementation TOEFL test is specific for new candidate which job specification relates with International Banking Operation or Departement Head up scale; Standarization skill and knowledge for interviewer and form used in interviewing new candidates so the process could be effective and maximum.

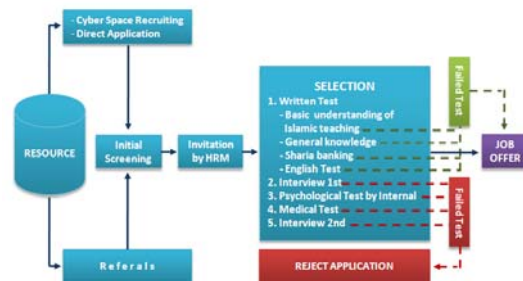


Figure 3 Proposed Selection Process

IV. CONCLUSION AND IMPLEMENTATION PLAN

Based on the study, it can be stated some conclusion:

1. Bank Muamalat Indonesia should conduct limitation and minimize receiving jobs application in hard copy, because it is not suitable anymore with current conditions and not relevant with world campaign of global warming or go green. Trends in job application through the website or online media increased along with the growth of internet users. Moreover, direct application requires greater effort, especially for screening process to find match candidates with Bank Muamalat criteria.
2. The existing selection process is not relevant anymore and urgent to be reviewed and adjusted immediately. Improvement the

existing selection process become simply and effective by changing process at written and psychological test as a follow;

- a) Devide the selection test into two part; first mandatory test such cummlated prestation index, age, psychological test, medical test and interview, second complement test such written test of basic understanding of Islamic teaching, general knowledge, sharia banking and English test.
 - b) Mandatory test is elimination or fail system and complement test is not fail system and the fulfillment can be carry out in the next time.
 - c) Psychological test implementation could be handle by internal party under supervision and coordination Human Capital Division in order acceleration, efficiency, accuracy and the most important is independent.
 - d) Replace TOEFL test with standard English written test prepared by internal Human Capital Divison.
 - e) Standarization skill and knowledge for interviewer and form used in interviewing new candidates so the process could be effective and maximum.
3. Human resources information system (HRIS) is one of the application and tool for management used by Human capital division, the HRIS application is useful in some aspects of human resource management, providing data support for mapping position, compensation, promotion and benefits programs.
 4. The HRIS application has not yet supported by 5 complete and updated database of employees such educational background, training have been given, working experience journey, performance ratings, reward and punishment and specialized skills. Updated and finalized database of employees should be finished as soon as possible because with information readily available, organizations are in a better position to quickly move forward in achieving their organizational goals.

Based on research question “What is the most suitable model of human resources management process at Bank Muamalat Indonesia to get new employees to support opening networks in 2012 ?” the author proposed model as below;

1. Recruitment through direct application should be minimized and swithed to be electronic application, trends in job aplication through the website increased along with the growth of internet users. Moreover, direct application requires greater effort, especially for

screening process to find match candidates with Bank Muamalat criteria. Instead, the recruitment process will further optimize cyber space recruiting, because in cyber space recruiting can do screening process to select most suitable employee so recruitment process will implemented more effective and efficient.

2. Devide the selection test into two part. First, mandatory test such cummlated prestation index, age, psychological test, medical test and interview. Second, complement test such written test of basic understanding of Islamic teaching, general knowledge, sharia banking and English test. Mandatory test is elimination or fail test, whereas complement test is not fail and the fulfillment can be carry out in the next time. Proposed selection process shown in figure 3.

To implement them, there are several activities ;

Table 2 Timeline Implementation

No	Items	Q2 - 2012			Q3 - 2012			Q4 - 2012			PIC
		4	5	6	7	8	9	10	11	12	
1	Planning										
	- Revised banking business plan										FASD
	- Update and finalized database										HCD
	- Review branch investment										NGSD
2	Recruitment										
	- Through e-recruiting or e-mail										HCD
	- Joint other cyberspace recruitment										HCD
	- Develop corporate website										CSD
3	Selection										
	- Mandatory and complement test										HCD
	- Psychological test by internal										HCD
	- Replace TOEFL with standard test										HCD

Notes :

- HCIS : Human Capital Information System
- FASD : Finance and Strategy Division
- HCD : Human Capital Division
- NGSD : Network and General Service Division
- CSD : Corporate Secretary Division

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