

# Dynamic Strategic Fit in Organization Design in Shariah Banks in Indonesian

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## ARTICLE INFO

## ABSTRACT

This study aims to find out how the impact of dynamic strategic fit influences in organizational design at Bank Syariah in Indonesia. The term of dynamic strategic fit refers to the degree of conformity of a strategy that changes dynamically to adapt with the environment changes. In its development, sharia banking will face a number of challenges such as financial innovation product, human resources and application of technology information. This research uses qualitative research approach, while the data collection is done by in-depth interview, observation and documentation. This study concludes that the innovation of financial products in sharia banking increases the growth and enhances the competitiveness of the company, the dynamic, the quality of human resources (HR) that greatly affect the organizational structure and the application of technology information that affects the Islamic banking in implementing a dynamic strategy.

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## INTRODUCTION

In the development of banking in Indonesia, the type of bank operating in Indonesia is not only a conventional bank but also many banks that embrace the principles of Sharia in conducting their business activities. The large number of conventional Banks in Indonesia will be a challenge in the development of Sharia Bank in Indonesia, so it is important for sharia banks to formulate the right strategy in running their operational activities that can be reflected from the right organizational structure. Society has been engaged with conventional banking for long period hence it is necessary to have right strategy and systematic steps that should be done by sharia banking. This study discusses the impact of dynamic strategic fit in organizational design at

Bank Syariah in Indonesia. The dynamics in suitability between strategy and organizational structure happens when there is an adjustment between expected and actual strategy changes.

The organizational structure can clearly describe the separation of activities from one work to another and also how the relationship between activities and functions are limited. In its development, sharia banking will face a number of challenges with various strategic steps to be chosen. The first problem that will be faced by sharia banking is related to financial innovation product. The second problem is on the part of human resources in organizational structure, and the last is the problem in the application of technology information.

### **Strategic-Fit and Dynamic Strategic-Fit**

The dynamic strategic-fit model in the empirical context can be implemented when it meets several requirements (Zajac et al., 2000). First, the object of research will experience changing of environmental conditions (demanding a change of strategy). Second, in the changing of industry setting, there are differences between objects in the organizational attributes and local environmental conditions. Third, its core strategy changes and the implications of those changes can be observed. The banking industry is dynamic service industry, influenced by the rapid development of technology information that has an impact on financial globalization.

Inter-bank sharia has different focus from the target market, the variable of competitive advantage possessed, as well as managerial characteristics. For example, a sharia bank focuses more on expansion in micro business, while other sharia banks more focus on the corporate sector. A sharia bank implements syariah value, while other sharia banks implement it more moderately.

### **HUMAN RESOURCES IN ORGANIZATIONAL STRUCTURE**

To run a company or organization to fit the goals to be achieved, we need to set the organizational structure. The structure and process in an organization will influence the organization's behavior. Organizational behavior can be defined as the use of theories, methods, and principles of the various disciplines contained within the organization as a whole, analyzing the environmental impacts of both internal and external organizations, human resources, and the formulation of an organization's mission, objectives and strategy. Each organization has its own organizational structure. An organizational structure will be healthy if people or human ware who run the organizational structure can carry out their duties properly and perfectly. Nowadays, companies should be able to maximize the

application of technology information within the organizational structure to improve the competitiveness of enterprises in order to continue adapting dynamically in accordance with environmental changes.

### **RESEARCH APPROACH**

There are three things to be asked in this research related to innovation of Islamic banking products, human resources in organizational structure and the influence of technology in the development of sharia banking. The research process is done in various ways in accordance with the necessary needs. The chosen way for this research are literature study and in-depth interview to get better and accurate result of research directly from the source of the information. This research is expected to help sharia banking in facing market and competition from similar companies that is conventional banking.

### **RESEARCH METHODS**

#### **Research design**

This research uses qualitative research approach, beginning with collecting secondary data related to research either through literature study or information media and observing directly to one of research objects that is Bank Aceh Syariah.

#### **Descriptive Research Object**

The location of this research consists of 2 (two) locations, the first is Bank Muamalat located at Jl. Prof Dr. Satrio, Kav. 18 Kuningan Timur, Setiabudi, South Jakarta 12950 and the second is Bank Aceh Head Office located at Jl. Mr. Mohd. Hasan No 89, Batoh, Banda Aceh. The locations were chosen based on preliminary observations, where researcher saw the centralization of information located at the headquarters.

#### **Sources and Data collection Techniques**

In this study the primary data was obtained by the researcher from the answers of informants submitted in the interview and the observation

result, while the secondary data in this study obtained from PT. Bank Muamalat Indonesia, PT. Bank Aceh Syariah, newspapers, and reading sources obtained from literature related to this research in the library and website.

The data collection techniques used to support this research include the following:

- In-depth interview  
In-depth interview is a technique of collecting data or information by face to face with the informants in order to get complete and in-depth data.
- Observation  
Observation is a direct observation activity, observing the interaction (behavior) and conversation that occurs among studied the subjects. Informants in this study include:
  - Product Division
  - Human Resource / Strategy Division
  - Technology Information Division

## RESULTS AND DISCUSSION

Sharia banking company is which able to choose and formulate a strategy that suits the business environment is constantly changing but still on the company's goals. Technically, the concept of dynamic fit strategy in sharia banking in Indonesia represented by Bank Muamalat Indonesia and Bank Aceh syariah has been running well although there are still many adjustment needed so that the strategy and the change of environment keep alignment, hence sharia banking able to grow and compete.

Referring to the three problems that exist in this research that are product innovation, human resources in organizational structure, and application of technology information in sharia banking, it can be concluded that the concept of Dynamic fit strategy in sharia banking has been run by adjusting the strategy and environmental changes influenced by the character of banking companies, regional origin, market share of

companies, goals, and others. However, all these things do not become an obstacle for sharia banks in implementing Dynamic Strategic Fit concept in their organizational design, it is just that companies are able to choose which strategy is more suitable, for example related to products issued by sharia banking.

Each product issued by company do not with stand or give good contribution always to the company. It is because the corporate environment tends to keep changing, so it is important for the company to innovate the product. Company has been able to measure which products are categorized as successful or failure so that the possibly mistakes in releasing products can be minimized based on past experiences.

Product development in sharia banking focuses on consumptive retail and productive retail segments. By choosing these banking retail business activities, banks can easily provide the best service for small and medium enterprise. This service is very effective for long term, retail customers will continue to grow in line with the development of business they run into. One of the ways to innovate products that can have big impact on the company is the concept of disruptive innovation, but it is still rarely done because it requires large cost and the process is quite long and mature.

In building a good company it is necessary to make a good organizational structure. The good organizational structure in a company must be supported by competent human resources, where any human resources in the company can give positive contribution in helping the company to achieve its goals.

Human Resources planning includes detail and technical concerning of employees. For example the number of employees, the characteristics of employee needs and the planning on what tasks will be done by employees in the company. With good human resource planning, "the right men in the right place" will be

able to be achieved by the company so that any given works can be done maximally.

Each bank has different organizational structure. The organizational structure Bank Muamalat reflects a large company's based structured on the development of products and business research so the component becomes more widespread, while Bank Aceh Sharia is more functional as organizational structure, optimally based on each function. To support assignment within the organizational structure, it is necessary to implement technology. Technology in the organization has a major role in studying the roles an organization and the relationship of technology to the organizational structure. Technology information and information systems will grow rapidly and will continue to grow in the future. The technology information and information systems will increase. Technology information brings positive and negative impacts to the organization. Development of technology information should be continuously done to provide the best service for customers.

The development of technology information of sharia banking has focused on few things such as digital channel development, financial technology and retail digital, because if the company chooses not to develop these things then sharia banking can not compete with other banks which have rapid progress in the field of technology information services.

## CONCLUSION

The results of research that has been done by the researcher are reduced as follows:-

1. Innovation of financial products in shariah bank increases the growth and improvement of the competitiveness of enterprises. There is a strong relationship between innovative product and the development of shariah bank market, which is meant, the more innovative

Islamic banks make a product, the faster the market grows.

2. The quality of human resources (HR) greatly increases the organizational structure, because of a good organizational structure that should be supported by good human as the executor of what has become the achieved goal of the company to be achieved.
3. In welcoming the financial digital era, banking sharia continues to improve the implementation of technology information, this is reflected from the organizational structure of companies that have utilized technology information as a support in improving services.

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