

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Research Background**

The banking sector holds an important role in terms of collecting and distributing fund activities. Banking sectors are classified as financial institutions in Indonesia which aim to support national development implementation to increase national's equity, economic growth, and stability toward a large number of people. Therefore, banking sectors are classified as Highly Regulated sectors that require specific rules to protect people's concerns. As Highly Regulated sectors, banks are obliged to apply the precautionary principles because banks are exposed to many types of risks such as credit, market, operational, reputation, and other risks. Those risks may jeopardize the sustainability of banks' business, and risk management should be done to implement precautionary banking principles (Murwadjji & Meliala, 2016) and minimize the potential loss that may happen in the future.

Risks are inevitable from all business processes and that is why risk management is needed. A series of procedures and methodologies used to identify, measure, monitor, and control risks emerging from all business processes is called risk management (Suhendra et al., 2013). Risk management is also a part of the implementation of Corporate Governance which is defined as achievement of the success of a business and ways to monitor the performance of achieving success goals of a business (KNKG, 2006; Menteri Badan Usaha Milik Negara, 2002; Organisation for Economic Co-operation and Development, 2004). Risk management practices include transparency, accountability, responsibility, and independency and should be fully integrated into Good Corporate Governance (GCG) to ensure the goals are achieved (KNKG, 2006). The bank needs to standardize all activities in Standard Operating Procedure (SOP) as a guideline for

the company. Thus, SOP plays an important role in ensuring the implementation of GCG as a part of the industry and minimizing the risks that may arise in the future.

PT. MNO is one of the private banks in Indonesia and, since 1951 providing conventional and Sharia-based banking services, is registered, supervised, and protected by Otoritas Jasa Keuangan (OJK). As of 30 June 2020, PT. MNO has 368 branches, including Sharia branches spread across Indonesia, one overseas branch (Mumbai, India), 21 Mobile Cash Cars, and 1,493 ATMs including CDM (Cash Deposit Machines) connected with more than 20,000 ATMs incorporated with PRIMA, ATM BERSAMA, ALTO, CIRBUS. It is also connected to 3,500 ATM PT. MNO in Singapore, Malaysia, and Brunei. Until the end of June 2020, PT. MNO managed customer deposits of IDR 105.8 trillion and had total assets of IDR 164.1 trillion. To be able to sustain in the industry for more than 50 years, PT. MNO focuses on implementing GCG through standardizing all operational activities by SOPs. Currently, all SOPs made and valid at PT. MNO is still entirely conventional writing with a large number of pages. All operational activities will be detailly described in the SOPs.

The industrial revolution 4.0 affects all sectors of human life (science, economy, industry, to government sectors) through the digitalization of technology (Schwab, 2017). It is also a meeting point between the three generations of the productive workforce in Indonesia, namely the *Baby Boomer generation*, the *X generation*, and the *Y generation* (Millennial). Based on National Socio-Economic Survey (Susenas) conducted in 2017, the number of millennials has reached 88 million or the equivalent of 33.75% of the entire population of Indonesia (Kementerian Pemberdayaan Perempuan dan Perlindungan Anak Indonesia dan Badan Pusat Statistik, 2018) and from a total workforce in Indonesia with 160 million people, millennials made the most significant number up to 40% or equal as 62.5 million people (Badan Pusat Statistik Indonesia, 2018). According to Senior Director Management Consulting Indonesia Lead Accenture, Generation Y (Millennial) has entered as workforces, and the company needed adjustments and

facilitate this generation (Kompas.com, 2012). The presence of the millennial generation as an economic driver cannot be denied because they started to dominate business and their working characteristics also influenced the company significantly. PT. Astra International, Tbk, a multinational automotive company, revealed that the millennial workers reached up to 70% of the total employees of 250 thousand people (IDN Research Institute, 2019). This fact shows that companies need to make adjustments and how to do business with millennials.

According to Pambudi Sunarsihato, Chairman of the Indonesian Society of Human Resources (Perhimpunan Manajemen Sumber Daya Manusia/ PMSM), millennials have unique characteristics with a faster attention span than the previous generation (Deloitte, 2019). These cause millennials to have a different style of communication and way of life than previous generations. Interest in reading conventionally in millennials has decreased and millennials prefer more straightforward communication tools and information centers such as through their smartphones (Prasasti & Prakoso, 2017). Millennials working in a bank will have to face entirely conventional SOPs. This phenomenon may cause other risks of implementing GCG practices in banking sectors, especially in PT. MNO. It is also correlated with the understanding of the SOPs itself for Millennials. When Millennials failed to understand the SOPs correctly, Millennials will tend to work incorrectly and causing human errors. Thus, banks are faced to pay fines. The phenomenon also related to the operational risks in the bank itself. Indirectly, it will also be affecting the bank to prepare larger amount of reserve fund that will affect the bank's Profit and Loss status. With a different perspective and work characteristics from previous generations, stakeholders and millennials need an agreement to have a beneficial strategy.

When the internet's growing, Video-Based Learning (VBL) also has become an important part of education and it's shown to have importance and benefits through the adoption (Giannakos, 2013). VBL is defined as the learning process of acquiring defined knowledge, competence, and skills with the systematic assistance

of video resources (Giannakos et al., 2016). Others also proved that asynchronous technologies help deliver training that costs more effectively through the value-added method (Tiernan, 2014) and enable them to learn at their preferred pace. Interactive video can be used to support traditional approaches using face-to-face. Video learning has been used widely because it's very engaging for learners and managed easily by education providers, so it's proven to be beneficial for both education providers and learners (Chiam et al., 2017).

PT. MNO implemented Video Learning Standard Operating Procedures (SOPs) to facilitate millennials workers to have a better understanding of the SOPs so numbers of human errors can be minimized. Video Learning SOPs are used so millennials workers in PT. MNO can implement better GCG practices and lower the risks that may appear in the future. Implementing better GCG using Video Learning SOPs requires an understanding of factors affecting the behavioural intention of the implementation for PT. MNO to create better Video Learning SOPs in the future. Those factors have not yet been identified; therefore, the researcher can analyze factors that may impact the behavioural intention of Video Learning SOPs implementation in PT. MNO through this study. Prior researches that have been done have investigated the use of Video Learning in industries other than the banking sector and mostly focusing on education sectors. Those researches utilized the Unified Theory of Acceptance and Use of the Technology Model (UTAUT model) approach. UTAUT Model helps researchers determine the user's behavioural intention to use technology by analyzing four core determinants: Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions. Thus, the current study will also use the same approach to analyze the factors affecting Video Learning SOPs implementation while investigating newly added determinants called Perceived Interactivity. In addition to that, this study also aims to see the moderating effect of Age on the factors impacting the behavioural intention of implementing the video learning SOPs itself.

## 1.2 Research Problems

Video Learning hopefully may improve the efficiency and effectiveness of the information delivery process, particularly information related to internal and external regulations within the company. This phenomenon triggered the researcher to find out more details of factors impacting the behavioural intention of Video Learning SOPs implementation at PT. MNO including the moderating effect of Age in all those factors. The UTAUT model used for this research was also adapted by utilizing constructs adapted to the company conditions. The formulation of the research problems is shown as follows:

- a. Does performance expectancy relate in determining behavioural intention of Video Learning SOPs implementation at PT. MNO?
- b. Does effort expectancy relate in determining behavioural intention of Video Learning SOPs implementation at PT. MNO?
- c. Does social influence relate in determining behavioural intention of Video Learning SOPs implementation at PT. MNO?
- d. Does perceived interactivity relate in determining behavioural intention of Video Learning SOPs implementation at PT. MNO?
- e. Does age relate moderately to performance expectancy in determining behavioural intention of Video Learning SOPs implementation in PT. MNO?
- f. Does age relate moderately to effort expectancy in determining behavioural intention of Video Learning SOPs implementation in PT. MNO?
- g. Does age relate moderately to social influence in determining behavioural intention of Video Learning SOPs implementation in PT. MNO?
- h. Does age relate moderately to perceived interactivity in determining behavioural intention of Video Learning SOPs implementation in PT. MNO?



### 1.3 Research Objectives

The current study was carried out to answer all research problems that have been described earlier. Thus, this current study was conducted with the following objectives:

- a. Knowing the relation of performance expectancy in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.
- b. Knowing the relation of effort expectancy in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.
- c. Knowing the relation of social influence in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.
- d. Knowing the relation of perceived interactivity in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.
- e. Knowing the relation of age as moderate influence for performance expectancy in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.
- f. Knowing the relation of age as moderate influence for effort expectancy in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.
- g. Knowing the relation of age as moderate influence for social influence in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.
- h. Knowing the relation of age as moderate influence for perceived interactivity in determining behavioural intention of Video Learning SOPs implementation at PT. MNO.

#### 1.4 Research Implications

The study carried out are intended to give contributions in the form of:

a. Theoretical Contribution:

Adjusting core determinants and adding new determinant of *Perceived Interactivity* in implementing the UTAUT model approach to determine the behavioural intention of Video Learning SOPs implementation at PT. MNO. The study was also carried out in the scope of banking sectors to analyze factors that may relate to the behavioural intention of Video Learning SOPs implementation in PT. MNO.

b. Managerial Contribution:

Provide insights for PT. MNO so that PT. MNO can optimize the utilization of Video Learning SOPs. Those insights might also help PT. MNO to create adjusted Video Learning SOPs based on the results of the analysis done through this research so that the expected objectives of Video Learning SOPs implementation in PT. MNO can be improved.

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