

**IMPLEMENTATION OF CORPORATE GOVERNANCE (CG)
BY CREATING CORPORATE CULTURE: A CASE STUDY IN RELIGION MINISTRY
OF KEDIRI DISTRICT, EAST JAVA, INDONESIA**

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Abstract

Observing the reality, there is quite a lot of corporation or even Ministry in Indonesia that have not been implemented Corporate Governance (CG) properly. It encourage to conduct studies within research was aimed to analyze the employer's respond and the effect of implementation of *tahajjud* as a corporate culture in Religion Ministry of Kediri District. By creating a *tahajjud* as a corporate culture, will support the implementation of Corporate Governance (CG) in Religion Ministry of Kediri District. The sample chose by purposive sampling technique. Total amount of respondents in this research are 30 respondents that consist of 24 respondents from the office of religion affair and 6 respondents from the religion advisory. The research use a qualitative method by spreading the questions to the respondents, then scoring or ranking the questions. The result is 80% respondents' state that they agree to *tahajjud* implemented as a corporate culture. It consists of 67% respondents from the office of religion affair and 13% respondents from the religion advisory, state that they agree to *tahajjud*. The *tahajjud* was held because of the important role and also full support from the leader who actively asks people to follow *tahajjud* day by day so it could be as corporate culture. A corporate culture must have a good value so it can create a good situation in office. A good situation can stimulate a motivation to increase the employers' performance in office, so this situation will support the implementation of corporate governance (CG) in the corporation.

Keywords: *corporate governance, tahajjud, corporate culture*

INTRODUCTION

In general, to understand the perspective of Corporate Governance (CG), it can be categorized into two paradigms. Firstly, the paradigm of shareholders which is a perspective that the aims of company was founded and operates to maximize profits and increase shareholder wealth in order to return for the investment.

Secondly, the paradigm of stakeholders, which is a perspective that is introduced by Freeman (1984) that called stakeholder theory. It states that company is like the organ that has a relationship with a variety of interests (stakeholders) and relies on a trust relationship also business ethics as the major requirement.

According to Archer and Rifaat (2007), Islamic economists shaping the thinking of Corporate Governance (CG) based on stakeholders paradigm. The choice of this paradigm is a necessity of the Islamic economic paradigm that emphasizes the moral and ethical dimensions of business

behavior. According to the experts of Islamic economics, stakeholder interests not only about financial but also ethics, religious, cultural values, and other virtues.

Based on the guidelines of Corporate Governance (CG), the implementation of CG can be done through five main actions:

- 1) Determination of vision, mission, and corporate values.
- 2) Create the corporate governance structure.
- 3) Create the corporate culture.
- 4) Determination of public disclosures.
- 5) Completion of company policy.

The company requires a corporate culture that reflect the Islamic values in terms of the behavior of the company and its employees, internal relations, corporate policies, related to clothing, decoration, imagery, and others (Lewis and Algaoud, 2007: 217).

Based on the Corporate Governance (CG) guidelines, the corporate culture can be established by the determination of the basic principles (guiding principles), values, and norms of Islamic that agreed and implemented with consistency and the presence of a concrete example (role model) of leadership. In addition, corporate culture also need to be discussed on an ongoing basis and supported by social communication in an atmosphere of friendship.

Human resources are very important and necessary to achieve the organization's performance, but must be supported also by the organizational culture shared by all human resources within the organization. Culture in an organization, whether governmental or private organizations, reflecting the organization's performance, how the organization viewed by people (society) are good, outside the organization. Organizations that have a positive culture will show a positive image as well, and vice versa, if the organizational culture is not going well, it will give a negative image for the organization itself. (Wibowo, 2010: 2)

According to James L. Gibson, et al. (2000: 30) in Nawawi (2010: 17) provide an understanding of what organizational culture is perceived as a worker and how its perception creates a pattern of beliefs, values, and expectations.

Robert Kreitner and Angelo Kinicki (2001: 68) in Nawawi (2010: 17), organizational culture is the values and beliefs which underlie common identity. From Kreitner and Kinicki definition are suggests three important characteristics of organizational culture, namely: (1) organizational culture which passed to new workers through the process of socialization, (2) organizational culture affects our behavior at work, and (3) cultural organization working at two different levels.

The cultural organization that is run by the District Government of is to hold *tahajjud* in congregation activities. The activities are undertaken by all levels of District Government in collaboration with the Ministry of Religious Affairs. *Tahajjud* is the implementation of activities carried out at the district level, District, to the Village.

Allah asked The Prophet of Muhammad to do *tahajjud* daily in The Holy Quran as follows:

وَمِنَ اللَّيْلِ فَتَهَجَّدْ بِهِ نَافِلَةً لَّكَ عَسَىٰ أَن يَبْعَثَكَ رَبُّكَ مَقَامًا مَّحْمُودًا



“And in some parts of the night (also) offer the Salat (prayer) with it, as an additional prayer for you (Muhammad SAW). It may be that your Lord will raise you to Maqaman Mahmooda (the highest degree in Paradise).” (QS. Al Israa’: 79)

أَوْ زِدْ عَلَيْهِ وَرَتِّلِ الْقُرْآنَ تَرْتِيلًا ﴿٤﴾ يَتَأْتِيهَا الْمُرْمَلُ ﴿١﴾ قُمْ اللَّيْلَ إِلَّا قَلِيلًا ﴿٢﴾
نِصْفَهُ أَوْ انْقُصْ مِنْهُ قَلِيلًا ﴿٣﴾

“You wrapped in garments (Muhammad SAW); stand (to pray) all night, except a little; half of it, or a little less than that; or a little more, and recite the Quran (aloud) in a slow (pleasant tone and style.” (QS. Al Muzzammil: 1-4)

Organizational culture cannot be separated with the leadership in the organization because the organization's culture is to grow and evolve along with the founder and leader of a powerful organization. Organizational development is highly dependent on the ability of the leader. However, leaders can act properly in managing the organization, but it was not loose from the possibility of making mistakes. (Wibowo, 2010: 311)

The role of leaders is crucial especially when the changes required in organizational culture, especially in the global development in which there is an interaction between cultures. Therefore, leaders are also expected to be a learning organization culture, organizational culture has the ability to manage in accordance with the level of organizational growth and development strategies to achieve the goals. (Wibowo, 2010: 311)

Problems Identification

The aim of this study is to analyze the response of the Religious Affairs Ministry officials on the implementation of *tahajjud* activities and the impact (benefit) into the productivity of employee in Ministry of Religious Affairs. The Head of Regency is also participating to encourage and invite employees in regional government to take part in a *tahajjud* and set a regular schedule of implementation in the activity.

Therefore, we need a study to determine the impact (benefit) of *tahajjud* activities towards productivity (performance) of employees in the field of public service in the Ministry of Religious Affairs in Kediri.

LITERATURE REVIEW

Understanding organizational culture according to Luthans (1998) in Lako (2004: 29) is an organizational culture norms and values that guide the behavior of members on the organization. Each member will behave in accordance with the prevailing culture in order to be accepted by the environment.

Understanding organizational culture according to Kreitner and Kinicki (1995) in Lako (2004: 32) are states that organizational culture acts as social glue which binds all members of the organization together in a vision or goals.

Allah SWT strongly recommends *tahajjud* to Allah's Messenger and the believers to perform it. At midnight, man standing, bowing, prostrating (sujud), *dzikr*, tasbih, reading the Quran, repent, *istighfar*, *munajat*, pray, and cry for fear of Allah. All this is packed glorious eternal life.

Facts are showing this activity have been carried out for almost 7 years (2005 to present) and followed by a whole range of local government from the top leadership to the District and the Village. This activities are not directly tied the whole range of employees in the District Government of both in the District and the Village to participate actively socialize and invite the public to carry out this regularly, both individually and in congregation.

Based on the facts this activities can be categorized as organizational culture in the District of Kediri for activities have become a habit for the ranks of employees and the communities in the District of Kediri as evidenced by the execution of *tahajjud* activities together and systematically started from official to the general public also indicated the presence of an official invitation and a schedule of regular evening prayer activities.

Tahajjud activities are categorized as an organizational culture has been in accordance with the understanding of organizational culture as presented by Sarplin (1995) in Lako (2004: 29) which states that organizational culture is a system of values, beliefs, and practices in an organization are mutually interact with the structure of formal systems to produce behavioral norms of the organization.

Therefore, the activities undertaken by the District Government of Kediri in collaboration with the Ministry of Religious Affairs has become a new organizational culture that is followed by all employees in Local Government and the public in the district of Kediri.

According to Schein (1992) in Lako (2004: 38) says that the initiative and drive to establish or build an organizational culture should come from the leader because the leader has the greatest potential to embed and strengthen the cultural aspects.

The concept of leadership in Islam is very bright and clearly mentioned in the Quran that man is a *khalifah* (leader) on earth. Islamic view of a leader is a man who has the responsibility, able to be fair, invites to goodness, and will not neglect the mandate of the embrace.

According Prawirosentono (1999: 2) in Mulkan (2003: 12) defines the performance is the result of work that can be achieved by a person or group of people within an organization, in accordance with the powers and responsibilities of each in an effort to achieve the goals of the organization concerned legal, not illegal, and in accordance with moral or ethical. Performance concept in Islam

is not always for profit oriented, but there is an element of sincerity in the work. For a Muslim, the work done with sincerity is one form of worship to Allah SWT.

METHODOLOGY

The selection of the sample is using purposive sampling techniques. Total number of respondents in this study consisted of 30 respondents from 24 respondents from the Office of Religious Affairs (KUA) and 6 respondents from the educator of religion. Type of data used in this study is qualitative data. Qualitative data should be quantified in order to be processed by the statistics. The conversion can be a way to give a specific score (man was given a score of 1, while the woman was given a score of 2), gives rank (1 is not satisfied, 2 satisfied, and so on), and so forth. (Santoso, 2010: 2)

This type of data collection methods undertaken in this study done by:

1) Questionnaire Methods

This study used a questionnaire as a research tool that is spread to the entire on Office of Religious Affairs (KUA) and religious educators in the region of the Ministry of Religious Affairs Kediri.

2) Interview Methods

This study conducted interviews, as supporting data, with the Head of Regency period 2005/2010, Mr. Ir. H. Sutrisno, MM as one of the parties who have ideas for activities in the District Night Prayer.

RESULTS AND DISCUSSION

The study was based on the *tahajjud* activities held by the District Government of Kediri in collaboration with the Ministry of Religious Affairs and all levels of personnel at district and village levels. This evening prayer program organized as a follow-up program increased devotion to God Almighty, which is realized by the Study Group Program of Guidance Prayer (KBBS) for Muslims conducted in 2000-2005 by the Head Ir. H. Sutrisno, MM.

The activities are carried out 2 times a week ie on Tuesday and Friday morning. Every Tuesday morning, evening prayer activities carried out in rotation throughout the region, range from village level to district level, which was attended by the public, including the clergy and community leaders. On Friday morning, the activities carried out in the hall of Regency, which was attended by the employees in the ranks of Kediri District Government including the Ministry of Religious Affairs Kediri.

Table 1
The Name List of the Office of Religious Affairs (KUA) in Kediri District

No.	The Office of Religious Affairs (KUA)
1	Ngasem
2	Gampengrejo
3	Banyakan
4	Grogol
5	Tarokan
6	Papar
7	Purwoasri
8	Kunjang
9	Plemahan
10	Kayen Kidul
11	Pagu
12	Pare
13	Kepung
14	Puncu
15	Kandangan
16	Gurah
17	Plosoklaten
18	Badas
19	Semen
20	Mojo
21	Ngadiluwih
22	Kras
23	Ringinrejo
24	Kandat
25	Wates
26	Ngancar

From: The Ministry of Religious Affairs Kediri

The results of questionnaires given to 30 respondents indicate that as many as 24 people or 80% of the respondents agreed with the existence of the activity. Details of the respondents from the Office of Religious Affairs (KUA) showed that 20 people or 67% of respondents agreed with the activities of KUA. Extension of the results of the questionnaire respondents indicate that 4 people or 13% of respondents agreed extension for the implementation of activities organized by the *tahajjud* District Government of Kediri in collaboration with the Ministry of Religious Affairs Kediri.

Related question of whether the activity to be continuously, KUA respondents' opinions as much as 15 or 50% of respondents believe that the activities need to be continuous. Respondents' opinions extension as much as 5 people or 17% of respondents also agreed if the implementation of activities need to be continuous *tahajjud* in the District of Kediri.

Related questions about the implementation of *tahajjud*, as many as 9 people KUA respondents or 30% of respondents believe that the implementation of *tahajjud* should be conducted on weekends (Saturday-Sunday). Respondents' opinions extension of 4 people or 13% of respondents also argued that the activities of *tahajjud* should be carried out on the weekends (Saturday-Sunday) so it can be implemented to its full potential without interfering with the performance (service) to the

community. So far, the implementation of *tahajjud* held on the active so that some people feel the instructor several times a decrease in performance due to serve the community feel sleepy at the office.

Related questions about the respondent for the extra expenditure of fuel, as many as 16 people or 53% of respondents have to spend extra money to buy fuel private vehicles being used as transport. Other opinions were 13 people or 43% of respondents said no need to spend extra money to buy fuel private vehicles being used as transport. Details of respondents KUA answer as many as 11 people or 37% of respondents said having to spend extra funds to purchase fuel, while as many as 13 people or 43% of respondents answered do not have to spend extra money. Details of the answers of the respondents extension of religion is as much as 5 people or 17% of respondents claimed to spend extra funds to purchase fuel when the vehicle following the evening prayer activities. The difference of opinion between respondents KUA and related religious educators need to purchase an additional expenditure of fuel due to the differences in economic capacity of the respondent. Most respondents are KUA as much as 43% did not need to spend extra money for an average respondent KUA has the economic capacity of more than enough to consider not need to spend additional funds. However, the conditions experienced by the respondent contrary religious educators, needed additional funds to purchase fuel when attending events held evening prayers in the village in the district and work areas. Should need a special policy of official aid from the Ministry of Religious Affairs Kediri to replace the fuel funds for religious educators who attended the evening prayer is to help ease the financial burden experienced over the years.

CONCLUSION

Some conclusions from the research are as follows:

1) The Corporate Culture

The results of questionnaires given to 30 respondents indicate that as many as 24 people or 80% of the respondents agreed with the existence of evening prayer. Details of the respondents from the Office of Religious Affairs (KUA) showed that as many as 20 people or 67% of respondents agreed with the activities. Extension of the results of the questionnaire respondents indicate that as many as 4 people or 13% of respondents agreed extension for the implementation of activities organized by the activities of District Government of Kediri in collaboration with the Ministry of Religious Affairs Kediri. Agreement of the respondents shows that efforts to make *tahajjud* activities as a new organizational culture in the district of Kediri get the support and positive response.

2) The Corporate Governance

Creation of an organizational culture cannot be separated from the role of a leader to create a culture of the organization. The initiative and the participation of a leader are needed to create and disseminate to members of the organizational culture of the organization. *Tahajjud* activities in the district of Kediri as a means to tighten the friendship between the leadership (Regent) the ranks of officers in the district or village and build closeness between leaders of the people they lead. The existence of an organizational culture that valued and supported by the goodness of an active role of leadership will be able to create a conducive atmosphere working environment and comfort. Conducive atmosphere of working and comfort will affect the morale of members of the organization to improve productivity performance in office.

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