

## Jamkrindo: Pursuing Sustainable Growth<sup>1</sup>

This case study was written by Mone S. Andrias and Rahmita J. Cindi as material for discussion in class. The authors do not intend to describe whether the handling of this managerial situation has been effective or not. The authors may withhold names and other information for confidentiality reasons.

Reproduction of this manuscript must be permitted by the Center for Education and Learning in Economics and Business (CELEB) FEB UI. Kampus UI Depok 16424.

### Introduction

Sandra was just about to sit down and reply to an incoming email when Herlambang, Sandra's subordinate who is a senior Organizational Development (OD) staff member, knocked on her office door. "Yes, please come in," said Sandra. "Good afternoon, ma'am. This is the study report from the consultant that you requested last week," Herlambang greeted his superior while handing over the report. "When did this report arrive, Her?", asked Sandra. Herlambang answered "Just this morning, ma'am." "OK, thanks," said Sandra again. "Okay ma'am, thank you," said Herlambang as he left Sandra's office. Herlambang is Sandra's trusted employee because of his almost 10 years of experience in the company, and according to Sandra, he has a good attitude.

After Herlambang left, Sandra immediately looked at the consultant's report and read it very carefully. As a Human Resources (HR) professional from outside the company who was just recruited as Head of the HR Division less than three months earlier at the beginning of 2021, Sandra understood that she must fully understand Jamkrindo's internal conditions. Sandra was fortunate to have had quite a lot of experience, especially in the HR field for more than 10 years in several private companies. Sandra had worked as General Manager of HR at a foreign private bank just before joining Jamkrindo. Sandra understood that Jamkrindo was a different organization, especially because that was her first experience dealing with a State-Owned Enterprise (BUMN). Sandra was lucky enough because the company had used the services of a consulting company to get an insight and summary of the state of Jamkrindo's HR right before Sandra joined.

### Overview of Jamkrindo

PT Jamkrindo was established with the main aim of providing guarantees for Micro, Small and Medium Enterprises (UMKM) and cooperatives. Apart from that, Jamkrindo also provides other guarantees such as BUMN guarantees, Warehouse Receipt System guarantees, and others.

Jamkrindo provides credit guarantee for business activities in which the Guarantee Recipient accepts the fulfillment of the Credit Recipient's financial obligations (Guaranteed). The three parties involved in the credit guarantee process are the Credit Recipient (Guaranteed), the credit granting business entity (Guarantee Recipient) and the company that guarantees credit (Guarantor).

<sup>1</sup> Teaching note this case can be found at CELEB FEB UI ([celeb-febui@ui.ac.id](mailto:celeb-febui@ui.ac.id))

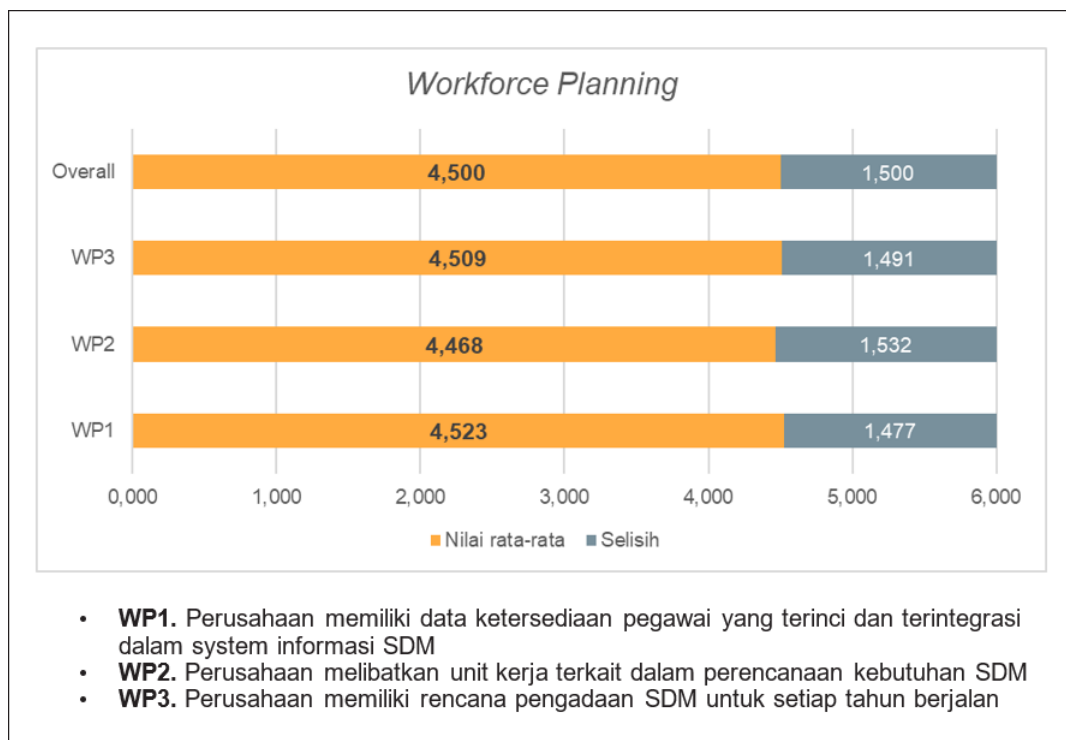
Credit guarantee is a process in which the Guarantor accommodates the risk of the Guaranteed fails to fulfill its obligations (without eliminating the Guaranteed's financial obligations) until the credit is paid off. Things like credit guarantees can help in cases where the credit application is deemed not to meet banking credit requirements but has been declared worthy by the Guarantee Recipient.

Several other Jamkrindo products are People's Business Credit (KUR) guarantee products and Working Capital Credit (KMK) guarantee products. These two products are program guarantee products implemented within the framework of the National Economic Recovery (PEN) program. In addition, Jamkrindo also offers various non-program products, including micro credit guarantees, general credit guarantees, construction credit guarantees and goods/services procurement as well as goods distribution guarantees. Included in non-program products are customs & surety bonds, supply chain financing guarantees, and other products.

## Problems

Sandra flipped through the consultant's report and looked at its contents critically. She was somewhat surprised by the findings regarding the internal condition of Jamkrindo's human resources which was better than she had previously imagined. Sandra felt that the survey results presented in the report did not represent the actual situation that occurred in the field. The difference between the survey results and the story that she heard based on the field visit might have occurred due to various aspects that could have influenced the dynamics of Jamkrindo's human resources. Factors such as the various parties involved like employees (especially branch heads and field staff), various government regulations related to the company's business, and the dynamics of Jamkrindo's customers and competitors could have influenced Jamkrindo's overall performance.

One of the things that caught Sandra's attention was related to workforce planning and recruitment. The results of the survey conducted by the consultant are presented in Figure 1 as follows<sup>12</sup>:



**Figure 1. Survey Results - Workforce Planning**

<sup>2</sup> Quoted from the Final Report of Jamkrindo's HR Investment Scorecard Development Study © LM FEB UI 2021



**Figure 2. Survey Results - Recruitment**

The survey findings shown Figures 1 and 2 are somewhat different from the results of Sandra's visits to various branches when she first joined Jamkrindo. She still remembered that several branches complained about the lack of human resources, even though the market potential in the area was still very large. As a result, the existing market potential could not be exploited optimally. Sandra looked through her visitation records and found complaints from several branches such as Yogyakarta, Surabaya and Makassar. They complained about the lack of available human resources which made the workload felt to be very high compared to the size of the area and the large number of customers and potential customers served. She wondered why the complaints she had heard were not reflected in the consultant's survey results.

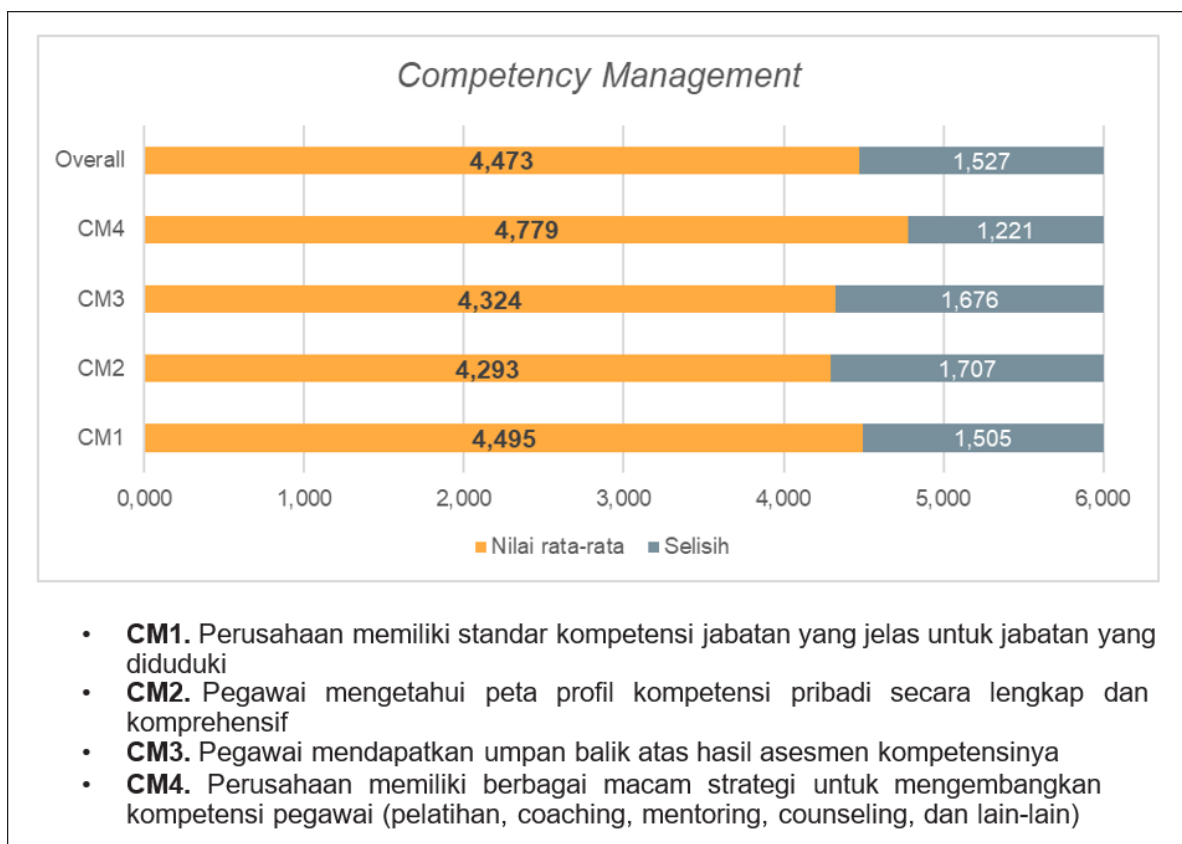
Because she wanted to know more about the survey findings which were considered biased, Sandra reread the methodology chapter of the report and tried to find out who participated in this survey. She believes in the reputation of the consulting company that conducted the survey, but she thinks that perhaps the participating respondents were chosen deliberately so that the survey results would look good. When the survey started four months earlier, Sandra had not yet joined Jamkrindo. She then found that respondents were selected randomly, proportionally and representatively at both the head office and branches. Respondents occupied various levels of positions and the number was quite large. More than 10 percent of Jamkrindo employees participated in the survey. This means that her suspicions and doubts about the survey results were not justified.

To find out the cause of the disparity in the number of human resources in each branch, Sandra once asked her subordinates in the HR Division. Almost all of them answered that there were company regulations governing branch class types and the right number of human resources for each class type. However, there were also those who answered that sometimes a branch head played a very important role in determining the number of personnel required. There were several branch heads who, because of their "closeness" to the head office, lobbied and asked for additional human resources beyond what had been determined by

regulations.

Sandra then discovered that one of the determining factors for branch class was income level. This branch class would later influence the branch organizational structure, including how many personnel were assigned to the branch. Determining branch class then had implications for employee productivity. Urban areas with dense populations and high economic activity might be allocated a greater number of human resources if the income generated was also high. On the other hand, in areas where the population was still relatively sparse and economic activity was still relatively low, the number of human resources assigned would be small because income was still small. However, in branches in areas like this the coverage area served was wider so the HR workload might be higher compared to branches in urban areas.

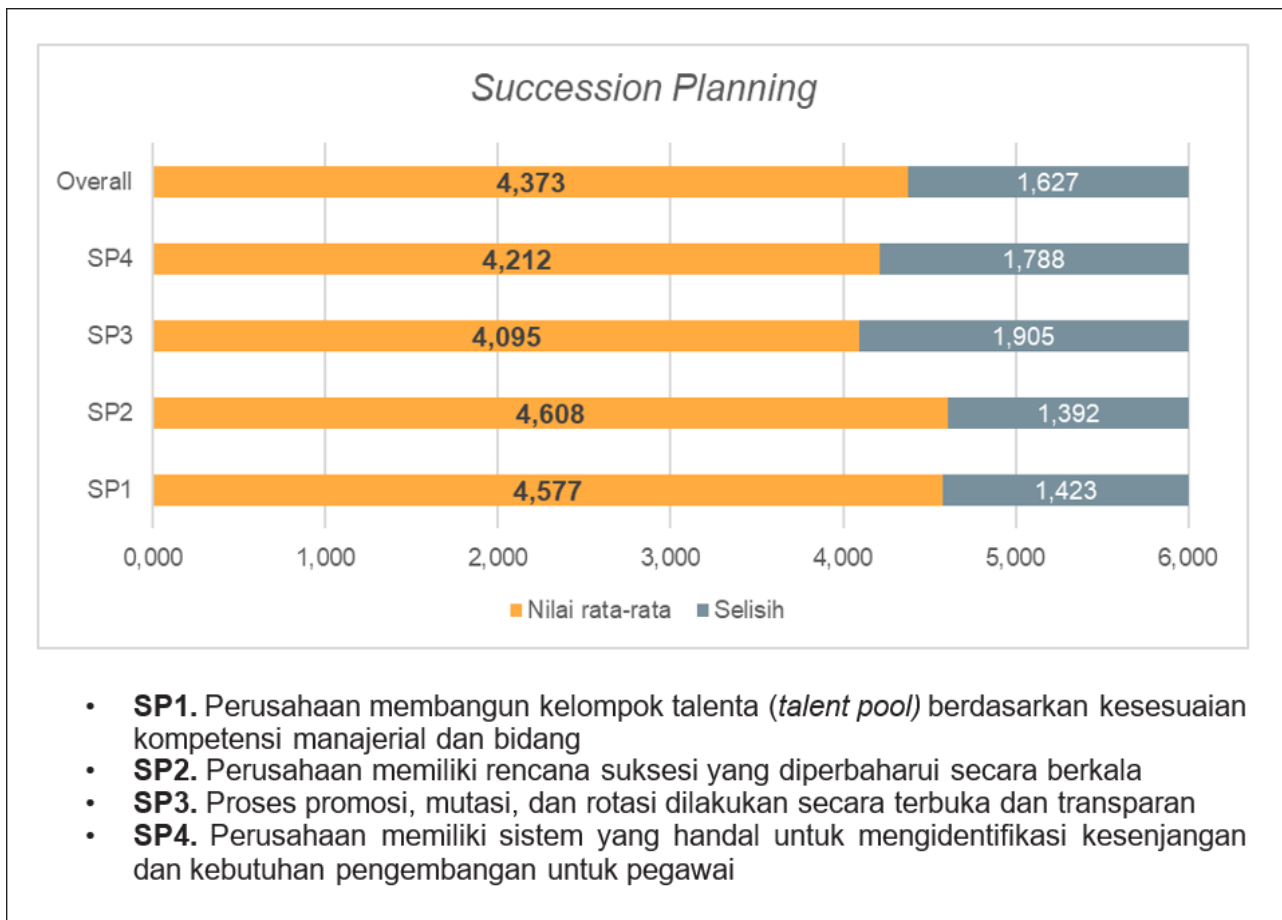
Another survey finding that also made Sandra reflect was related to the competence and the system of career management, especially regarding succession planning. The survey results can be seen in Picture 3.



**Picture 3. Survey Results - Competency Management**

Sandra knew that the company had carried out regular assessments, especially for those in managerial positions. She remembered that several branches complained about the quality of the human resources they employed, especially those in Eastern Indonesia. They felt that the quality of human resources they had was not as good as that in Western Indonesia, and usually good human resources were reluctant to be placed in Eastern Indonesia. They also thought that the HR training and development program carried out by the company had not been optimal, and their colleagues in the Western Indonesia region had greater opportunities to participate in training and HR development programs. As a result, their HR competencies lagged behind, which then harmed their career development.

After that, Sandra looked at the survey results related to succession planning which are shown in Figure 4 below:



**Figure 4. Survey Results - Succession Planning**

Regarding succession planning, Sandra also heard complaints about the lack of transparency in the transfer and promotion process for branch heads. There was a branch head who had previously occupied a class A branch but was then placed in a lower-class B branch. Sandra had time to study documents related to the company's promotion policy and found out why something like that happened, but she did not find the answer she was looking for. This confirmed the survey results where for the score for openness or transparency of the promotion, transfer and rotation processes received the lowest score. Sandra also heard that there were several officials who during their careers were always placed at the head office, and never at the branch offices. This had become a source of gossips among some employees.

Apart from the issue of equal distribution of the number and competence of human resources, there was another thing that was bothering Sandra regarding the composition of the company's income. If the issue of equal distribution of competence and lack of human resources was only complained about by a few branches, the issue of income composition was company-wide. Sandra saw that the composition of the company's income was not healthy as shown in Figure 5 below.

**Grafik Komposisi Pendapatan Jamkrindo 2019-2020**  
*Jamkrindo Income Composition Chart 2019-2020*



**Figure 5. Jamkrindo Revenue Composition for 2019-2020**

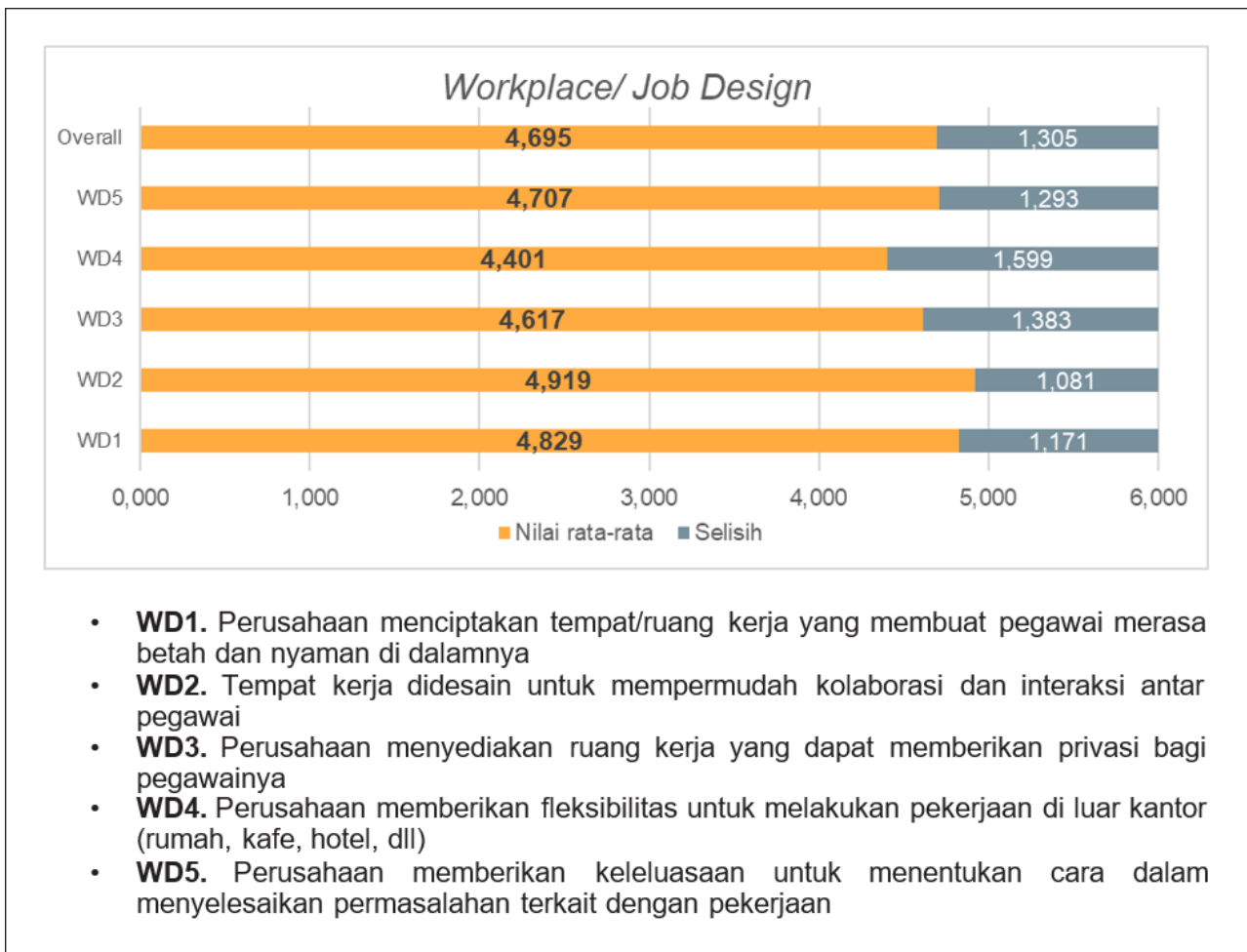
As can be seen in Figure 5, Jamkrindo's income was largely contributed by guarantee income. Sandra knew that the size of a company's revenue in a segment was possible because the company had a strong position in that market or product segment. This can be caused by a product that is better than competitors', or the price offered is competitive. However, Sandra realized that nothing like that happened at Jamkrindo. The large income segment was due to Jamkrindo being involved in various government programs such as People's Business Credit (KUR) or Working Capital Credit (KMK).

The imbalance in this income segment was a dilemma for the company. On the one hand, the large amount of guarantee income was appropriate because it was the basis or the main reason for the establishment of the company to help develop MSMEs. On the other hand, this condition posed a threat to the company's long-term sustainability. Sandra had heard cases of other BUMNs experiencing financial difficulties because their income as a Public Service Organization (PSO) from the government was decreasing. A similar thing could happen in Jamkrindo if the government reduced the distribution of KUR or KMK funds in the future.

On the other hand, developing other income such as credit or commercial guarantees was not an easy thing. Jamkrindo not only had to compete with private companies, but also with other BUMN and Regional Owned Enterprises (BUMD), especially if Jamkrindo wanted to enter the market or offer other products. Even though the opportunities were still big, the challenges were not small. In terms of human resources, this commercial segment also required human resources with different qualifications. HR who handled this market segment must have a higher fighting spirit to compete as well as a different skill set. If this strategy was successful, the company's dependence on various government programs could be reduced. Moreover, the company's status at that time was no longer a Public Company (Perum), but a Limited Liability Company (PT) which emphasized profitability.

The last thing that caught Sandra's attention in the consultant's report was the company's readiness for teleworking. Sandra understood that companies must quickly adapt to the way they work in the post-pandemic Covid-19 era. Sandra felt that Jamkrindo was far behind private companies both in infrastructure readiness (especially technology) and in work culture. However, once again Sandra found the survey results were not as bad as she had expected. Figure 6 shows the survey results related to workplace/job design and teleworking.

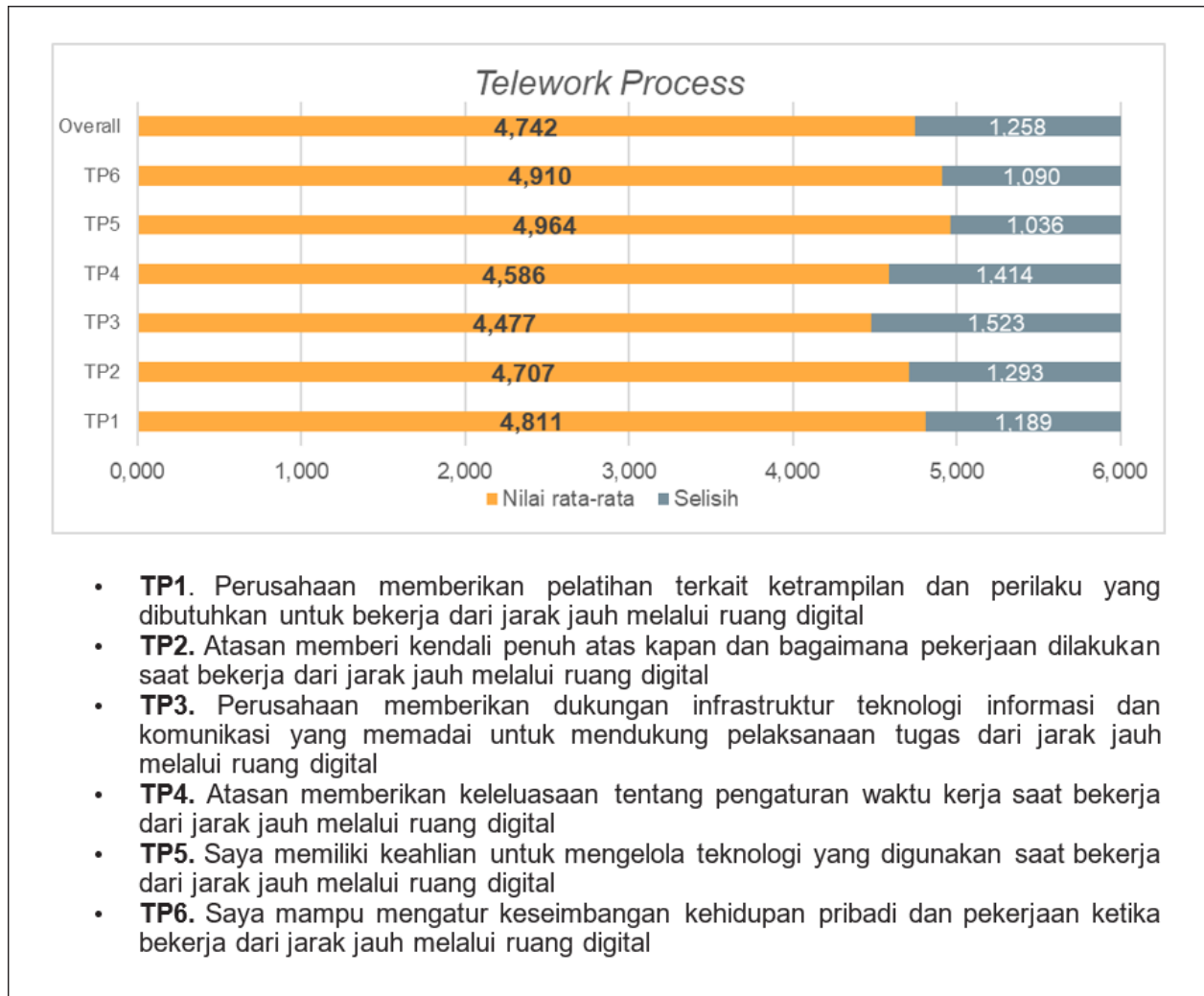




**Figure 6. Survey Results - Workplace/Job Design**

It can be seen in Figure 6 that the question WD4 received the lowest score. Jamkrindo had not provided high flexibility for its employees to work teleworking, but still required employees to work in the office. This of course did not apply to employees who worked in the field, especially in branches that served customers directly. However, all administrative work still had to be completed in the office

The survey results regarding teleworking are shown in Figure 7.



**Figure 7. Survey Results - Teleworking**

Figure 7 shows that the lack of flexibility to work teleworking was caused by inadequate company information and communication technology. This is shown by question TP3 which received the lowest score.

## History, Profile and Performance of Jamkrindo

The Cooperative Credit Guarantee Institution (LJKK) was founded in 1970 as a government effort to develop cooperatives which were quite lagging behind state-owned and private companies. LJKK was refined into a General Company for Cooperative Financial Development (Perum PKK) in 1981 to develop its business.

The success of Perum PKK in carrying out its duties and functions had led the government to expand the range of Perum PKK services which previously only included cooperatives to become a company that included credit guarantees for Micro, Small and Medium Enterprises. This was realized by changing the name of Perum PKK to Public Company for Business Development Facilities (Perum SPU) in 2000 through PP No.95 dated 7 November 2000. The change in the name of Perum SPU to Perum Jamkrindo (Indonesian Credit Guarantee) was carried out in 2008 due to changes in the company's business processes where loans were not provided directly to business entities but focused on guarantees to MSME credit. As a credit guarantee company, Jamkrindo must follow the regulations set out by the Minister of Finance Regulation



(PMK). Jamkrindo's business license as a credit guarantee company was issued in KEP-77/KM.10/2009 by the Minister of Finance.

On February 17, 2020, Jamkrindo officially changed from Perum to PT through the decree of the President of the Republic of Indonesia Joko Widodo. Other regulations related to this change are regulated in the Decree of the Minister of Law and Human Rights Number AHU-00011484.AH. 01.01 2020.

In line with the BUMN downsizing program carried out by the government, PT Jamkrindo officially became a subsidiary of the Insurance and Guarantee holding company (PT Bahana Pembinaan Usaha Indonesia). This decision is regulated in Government Regulation (PP) no. 20/2020 regarding the addition of Indonesian State Capital to the Share Capital of PT Bahana Pembinaan Usaha Indonesia.

Based on 2021 data, Jamkrindo succeeded in achieving profits that increased rapidly from the previous year. In 2020 Jamkrindo's profit was around IDR 456.13 billion, then increased 134% to IDR 1.07 trillion in 2021. Company assets in 2021 increased 33% from the previous year, namely from IDR 19.12 trillion to IDR 25, 35 trillion. Jamkrindo's equity and Return on Equity (ROE) also increased. Equity increased 45% to IDR 12.83 trillion and ROE increased 89% from 2020 to 9.83% in 2021. The company's performance is summarized in table 1 below<sup>23</sup>:

**Table 1. Jamkrindo Financial Performance 2020-2021**

	2020 (Billion Rp)	2021 (Billion Rp)	Pyoy (%)
<b>Assets</b>	19,122.80	25,351.20	33%
<b>Equity</b>	8,855.80	12,834.50	45%
<b>Guaranteed Income</b>	2,633.30	4,293.80	63%
<b>Claim Expenses</b>	1,830.40	2,737.70	50%
<b>Current Year Profit</b>	456.1	1,066	134%

Jamkrindo's guarantee volume in 2021 reached IDR 247.61 trillion, in which Jamkrindo provided guarantees to 11.15 million MSME units. Jamkrindo's claim reserves increased by 41% to IDR 5.66 trillion in 2021. Jamkrindo's development is closely related to the implementation of the National Economic Recovery (PEN) program launched by the Government in the form of KUR guarantees (of IDR 144.87 trillion) and KMK (IDR 17.63 trillion).

## Closing

Sandra had finished reading all the pages of the consultant's report and started scribbling in her personal notebook regarding what HR problems Jamkrindo was facing. At least, the consultant's report was valuable enough to complement the results of her observations and visits while joining Jamkrindo. At that moment, Sandra was starting to think about what action plan to carry out. The following week, it would be exactly three months since Sandra joined Jamkrindo.

Sandra realized that she was being recruited externally (pro hire), something that had not been done much in BUMN, especially at Jamkrindo. Therefore, the directors' expectations of her were certainly very big. Her actions would also be observed by many people.

First of all, Sandra had to formulate the problem faced by the company: what problems related to HR management Jamkrindo faced. Second, she had to determine the priority scale: which problems should be a priority for immediate solutions to be found. Third, most importantly, Sandra had to develop an action

plan: What action plan should the company take to overcome all these HR problems?

All of this had to be prepared and the plan would be presented in front of all directors at the following weekly meeting. Before that, Sandra had to report the plan to the Director of Human Resources, General Affairs and Compliance as her direct superior.

---

<sup>3</sup> Source: extracted from Jamkrindo 2021 Annual Report, Infobank, and CNN

## Supporting data

Shown below are some supporting data related to human resources and company performance<sup>34</sup>.

Demografi Karyawan Berdasarkan Status Kepegawaian (orang) Demographic of Employees Based on Employment Status (people)										
Status Kepegawaian Employment Status	2021				2020				Kenaikan (Penurunan) Increase (Decrease)	
	L M	P F	Jumlah Total	Persentase Percentage (%)	L M	P F	Jumlah Total	Persentase (%)	Jumlah Total	Persentase Percentage (%)
			(1)				(2)		(3=1-2)	(3/2)
<b>TETAP   PERMANENT</b>										
• Permanen (PKWTT) • Permanent (PKWTT)	583	385	968	49,62%	586	372	958	54,96%	10	4,81%
• Penugasan pada entitas anak, PT Jamkrindo Syariah • Assigned to a Subsidiary, PT Jamkrindo Syariah	4	1	5	0,26%	4	1	5	0,29%	0	0,00%
• Penugasan PT LSPP • Assigned to PT LSPP	1	1	2	0,10%	1	1	2	0,11%	0	0,00%
Sub Jumlah Tetap Sub Total Permanent	588	387	975	49,98%	591	374	965	55,36%	10	4,81%
<b>TIDAK TETAP   NON PERMANENT</b>										
• Kontrak Outsourcing • Outsourced Contracts	519	214	733	37,57%	501	195	696	39,93%	37	17,79%
• Magang Bersertifikasi • Certified Apprentice	52	80	132	6,77%	16	32	48	2,75%	84	40,38%
• Prohire	7	2	9	0,46%	8	3	11	0,63%	-2	-0,96%
• KKWT	38	64	102	5,23%	6	17	23	1,32%	79	37,98%
Sub Jumlah Tidak Tetap Sub Total of Non-permanent	616	360	976	50,03%	531	247	778	44,64%	198	95,19%
<b>Jumlah   Total</b>	<b>1.204</b>	<b>747</b>	<b>1.951</b>	<b>100,00%</b>	<b>1.122</b>	<b>621</b>	<b>1.743</b>	<b>100,00%</b>	<b>208</b>	<b>100,00%</b>
L = Laki-laki / P = Perempuan M = Male / F = Female										

<sup>4</sup> Taken from [Jamkrindo 2021 Annual Report](#)

Demografi Karyawan Tetap Berdasarkan Level Organisasi (orang) Demographic of Permanent Employees by Organization Level (people)										
Level Organisasi Organization Level	2021				2020				Kenaikan (Penurunan) Increase (Decrease)	
	L M	P F	Jumlah Total	Persentase Percentage (%)	L M	P F	Jumlah Total	Persentase (%)	Jumlah Total	Persentase Percentage (%)
			(1)				(2)		(3=1-2)	(3/2)
Senior Executive Vice President	0	0	0	0,00%	0	0	0	0%	0	0,00%
Kepala Divisi Division Head	11	6	17	1,74%	12	7	19	1,97%	-2	-10,53%
Wakil Kepala Divisi Deputy Division Head	0	1	1	0,10%	0	0	0	0%	1	100,00%
Pejabat Pranata Utama Main Institution Officer	1	2	3	0,31%	3	1	4	0,41%	-1	25,00%
Kepala Kantor Wilayah Head of Regional Office	7	1	8	0,82%	9	0	9	0,93%	-1	11,11%
Wakil Kepala Kantor Wilayah Deputy Head of Regional Office	1	0	1	0,10%	1	0	1	0,10%	0	0,00%
Kepala Kantor Cabang Head of Branch Office	50	6	56	5,74%	49	7	56	5,80%	0	0,00%
Kepala Bagian Unit Head	162	53	215	22,05%	165	60	225	23,32%	-10	4,44%
Pejabat Pranata Madya Intermediate Officials	9	4	13	1,33%	3	1	4	0,41%	9	225%
Kepala Seksi & Kepala KUP Head of Section & Head of KUP	13	4	17	1,74%	25	33	58	6,01%	-41	70,70%
Pranata Muda Junior Officer	0	2	2	0,20%	0	0	0	0%	2	200,00%
Staf Staff	222	204	426	43,70%	231	186	417	43,21%	9	2,16%
Pelaksana Executor	78	56	134	13,74%	78	56	134	13,88%	0	0,00%
Calon Karyawan Prospective employees	34	48	82	8,41%	15	23	38	3,94%	44	115,79%
<b>Jumlah Total</b>	<b>588</b>	<b>387</b>	<b>975</b>	<b>100,00%</b>	<b>591</b>	<b>374</b>	<b>965</b>	<b>100,00%</b>	<b>10</b>	<b>1,04%</b>

L = Laki-laki / P = Perempuan  
M = Male / F = Female

Tabel Jumlah Kredit yang Dijamin Tahun 2020-2021 Table of Guaranteed Loan Amount 2020-2021					
Uraian Description	Realisasi Realization		RKAP Tahun 2021 (Rp-juta) RKAP year 2021 (IDR-million)	Persentase (%) Percentage (%)	
	2021 (Rp-juta) (IDR-million)	2020 (Rp-juta) (IDR-million)		Capaian RKAP 2021 Achievements RKAP 2021	Kenaikan (Penurunan) Increase (Decrease)
KUR	144.867.369	102.673.767	110.000.000	131,70	41,09
PEN	17.625.720	8.696.581	15.862.674	111,11	102,67
Non KUR	85.118.456	77.229.893	84.800.972	100,37	10,21
<b>Total Kredit Total Credit</b>	<b>247.611.544</b>	<b>188.600.240</b>	<b>210.663.646</b>	<b>117,54</b>	<b>31,29</b>