HOW DO BANKERS WORK DEFIANTLY IN THE CREDIT SECTOR?

JAM
19, 3
Received, February '21
Revised, April '21
May '21
August '21
Accepted, August '21

Dewi Khrisna Sawitri
Human Resource Development, Post Graduate School, Universitas Airlangga, Indonesia
Mustain Mashud
Antun Mardiyanta
Universitas Airlangga, Indonesia

Abstract: This research is implemented in the banking sector. Knowledge about counterproductive behavior that emerged in banking activity is still limited. Bankers, human resources in the banking sector, deal a lot with customers in their day-to-day job activity by assessing the credit proposal of their bank customers. Qualified credit assessment is essential to determine the approval of bank credit. The failure to assess qualified debtors will result in bad credit in which debtors do not repay the credit they receive. To get qualified credit assessment, bankers follow the 5C Principles in assessing credit proposals. Counterproductive work behavior occurs when workers perform indifferently from what the rules and norms of a company have stated. Qualitative research with a phenomenology approach was conducted to determine how these deviances performed while bankers assessed their customers' credit loan proposals under the 5C Principles. Six bankers with different job positions were the subjects of this study and were interviewed to get in-depth information. This research reveals items of behaviors related to production deviances in each principle they assessed. Deviances are reported in each principle then categorized into production ones since these behaviors deal a lot with how they perform their job in the credit sector.

Keywords: Production Deviance, Counterproductive Work Behavior, 5C Principle

Cite this article as: Sawitri, D. K., M. Mashud, and A. Mardiyanta. 2021. How do Bankers Work Defiantly in The Credit Sector?. Jurnal Aplikasi Manajemen, Volume 19, Number 3, Pages 678–687. Malang: Universitas Brawijaya. http://dx.doi.org/10.21776/ub.jam.2021.019.03.19.

JAM

Journal of Applied Management (JAM) Volume 19 Number 3, September 2021 Indexed in DOAJ - Directory of Open Access Journals, ACI - ASEAN Citation Index, SINTA - Science and Technology Index, and Google Scholar.

Counterproductive Work Behaviors (CWBs) in companies are intentional behaviors that have subverted the corporation's rules. Somehow, those behaviors can invite troubled impacts to the corporation and its stakeholders (Sackett and DeVore, 2001). CWBs show items of behavior that can be researched further as an effect aimed at the corporation or the individuals employed for it. Chraif and Anitei (2011) reported that CWB, of 158 Romanian restaurants workers, happened at the workplace because of the economic crisis and working overload leads to a high level of harassment at the restaurants (r=.24**; p<0.01), and the theft relates positively with the perception of economic crisis, work overload, perception of stress, work ethic and mobbing.

Another study conducted by Gruys (1999) was conducted on a total of 458 participants, which consists of 115 undergraduate students and 343 alumni

Corresponding Author: Dewi Khrisna Sawitri, Human Resource Development, Post Graduate School, Universitas Airlangga, Indonesia, E-mail: dewikhrisna12@gmail.com, DOI: http://dx.doi.org/10.21776/ub.jam.2021.019.03.19

from a liberal arts college. The result mentioned that participants have their intention involving in deviant behaviors, which are categorized into less severe. These less severe categories of behaviors have the highest means because there were more participants intended to be involved in these behaviors; these categories (which contain items of behavior) are Misuse of Time and Resources, Unsafe Behavior, and Poor Attendance. Other categories of behaviors mentioned, Unsafe Behavior and Poor Attendance, are possibly considered less serious by participants. These behaviors are intentional but passive, so they are noticed as less severe (e.g., Do not run over the manual safety procedures, Put yourself in danger by not obeying safety procedures, Leave work early with no reason, Off duty without a rightful reason). Less serious behaviors are reasons which support participants prefer to engage in such behavior.

The research conducted is preliminary research that investigates how CWBs also happened in banking sectors. The loan has been one of Banks products needed by most businesses to enlarge and grow more than before. The loan is a notable factor to improve the economy in all societies (Hung, 2003). So, it is undeniable that banks reflect a prominent source for businesses to get loans to improve their business (Bruns and Fletcher, 2008). Evidence has stated many credits fell for their performance. Bad credits happened and caused loss for its firm. According to Benjamin and Samson (2011), sales fraud occasionally occurs in financial institutions since bank clients and bank employees have minor credit control.

To grant a loan from the bank, future debtors must fulfill some qualifications which bankers evaluate in the lending department. Debtors' credit feasibility is the main attention of many creditors in every loan activity (Hung, 2003). If the debtor is considered worthy, then the loan is given and then he obliges to complete the credit installment and interest in some period. Ruth (1987) and Ammann (2001) commented that a rigorous credit provision results in profit. Debtors who are assessed and determined to grant loans by the procedure can contribute to the good performance of credit. Consequently, this has also pointed to the effort of bankers in assessing debtors' creditworthiness. Bankers in managerial positions are strenuous in complying with credit rules precisely when involving in a rivalry situation (Lis et al., 2000). Contextually, it is undeniable that bankers socially interact with their workmates and with bank customers, brokers, and others. These situations also contribute to the emerging of deviances while completing their daily job tasks. Spector et al. (2006) claimed that production deviance fails to implement job tasks as mentioned. Incidents occurred and were considered counterproductive work behaviors in the banking sector that somehow caused a major financial loss for banks. A banking case that involving deviant behavior also happened. A government bank suffered for a Non-Performing Loan (NPL) of an Rp. 557,135 million disbursed credit (Melanovi, 2018). The bad loan emerged due to an inaccurate Credit Analysis Note that the banker did not verify and validated as the credit proposer. The debtors' company financial reports and documents were inaccurate and untrue. Further investigation mentioned that after the credit was disbursed, it was not contributed for working capital for the company, but it was distributed to shareholders. The banker failed to monitor the post-sales activity of credit disbursement.

Counterproductive behaviors in the banking sector occur among human resources in banking. This phenomenon is very interesting to investigate thoroughly, describing the deviances while assessing future debtors' credit proposals. The 5C principle in debtors' credit proposals must be assessed to help bankers make a qualified assessment. Therefore, counterproductive work behaviors occur while bankers assess their worthiness, and this research seeks to find out the deviant items shown by bankers. CWBs are found in almost 95% of organizations (Zhang et al., 2015). Such behavior is defined as deviant if it is related to the motive behind the violator's deeds, the infringe of company standard, and the potential harm addressed to the organization or its citizens (Wilks, 2011). Deviances also varied. Deviances at work can differ from less serious deviant behaviors such as prolong break period hours to more critical ones such as verbally converse rude to others at work (Bolton et al., 2010). Moreover, those behaviors can have various impacts on organizations.

Ikatan Bankir Indonesia (2013) explained that the loan process would go through the following stages: gathering future debtors' information, criticizing and agreeing with credit, managing and supervising credit, inspecting credit, helping out default credit. The lending process has involved more lending personnel activities such as the internal decision, which has become the essential element for deciding whether to approve or reject the debtors' credit proposal (Hodgkinson et al., 2009). So, collecting and verifying information is considered as the credit evaluation process that follows the 5C Principles. If the evaluation does not follow the 5C principle, it can lead to bad credit (Ikatan Bankir Indonesia, 2013). The 5C principle can be described as mentioned in Table 1.

Table 1. Description of the 5C Principle

No	Principle	Description
1	Character	The bank effort to assess future debtors' character as being honest, goodwill, and not to put the bank in trouble in the future. The assessment can be accessed through SID (Sistem Informasi Debitur) at Bank Indonesia
2	Capacity	The bank's assessment of the future debtor's ability in its line of business which the bank credit will finance. It is also about either the business is managed by the right people
3	Capital	The bank's assessment about the future debtor's overall financial position include the debtor's past and future cashflow projection to find out the ability of the debtor's capital in supporting the debtors' business
4	Collateral	Bank assessment about the collateral that the future debtors have. Collateral can guarantee the repayment of the debtors' debt if the credit he receives cannot be repaid as the time agreed in the credit agreement.
5	Condition of economy	Bank assessment about the local and abroad market condition (both past and future) to find out the marketing prospect regarding the future debtors' business which the bank's credit will finance.

Source: Ikatan Bankir Indonesia (2013)

According to Ikatan Bankir Indonesia (2013), the 5C Principles will guide bankers in assessing qualified credit proposals. The Character Principle, for example, will provide more personal information about debtors' personality characteristic related to their' business financial performance which somehow this can lead to the level of the credit risk (Belas et al., 2015). When bad loans happen, some deviances occur, which lead to how the 5Cs principles are neglected during the assessment process.

This research investigates items of deviant behaviors performed by bankers in evaluating debtors' portfolios. The items precisely explain how those occur in daily job tasks based on each of The 5C Principles.

METHOD

This research implements a qualitative approach in investigating the deviant behaviors in banking. Qualitative research gives focus on reality by digging up in-depth information from the subjects. In Qualitative research, subjects will explain their experiences related to how they have interpreted social reality in their life experiences. The approach of this qualitative research is phenomenology since it elaborates the phenomenon which occurs in social reality. Phenomenology is thorough and unbiased research of things that occur of an essential comprehension of subject consciousness and experience.

Phenomenology elaborates the unique meanings of any human experience or phenomenon. As this research explores how CWBs occur in the banking sector, subjects' experiences as bank employees are things they live through. The researcher will recognize them as meaningful consciousness (Adams and Manen, 2008). According to Aspers (2010), phenomenology is widely defined as research about "*that what appears*". The bank employees elaborate on their working experiences in dealing with bank customers and describe how the CWBs exist during their day-to-day activities. So, these subjects' experiences are essential in explaining the CWBs. Subjects were bankers from private and also state banks who worked in the credit sector. These were conducted to get the real experiences in assessing the 5Cs Principles of customers' bank loan proposals.

Sanders (1982) mentions that a phenomenologist should investigate deeper for adequate information by conducting interviews for approximately three to six subjects. The interviewer conducts in-depth interviews to dig up the incidents of CWBs. The interview duration was approximately thirty minutes to an hour so that the researcher can directly involve subjects who represent varied positions. That positions are auditor, default credit supervisor, credit supervisor, sales manager, sub-branch manager, and branch manager.

This study involved six subjects who worked in government and private banks, which already agreed to explain how the deviances happened. Revealing counterproductive behaviors in this research is the main objective, so triangulated data is essential to validate it. Bankers from different job positions were chosen to help to confirm each response from one to others about the existing lived experience (phenomena).

The data collection and analysis in this research uses triangulation as a multimethod approach that can reduce biases or deficiencies. To get triangulated data, the researcher conducts some phases below:

1. Focusing on six subjects' information about CWBs of each 5C Principle and then comparing them.
2. Compare subjects that vary from different positions (staff, supervisor, manager) and division (auditor, sales, and credit divisions). Various information is essential to enrich the collected data, and they support one another.
3. Collecting data from interviews, observations, and surveys across time and different places. The interviewed subjects are from some different banks to get deeper information about the CWBs. Then all data are compared to find the correlation and meaning.

According to Creswell (2009), the data analysis in qualitative research is following some stages. The raw data, which consists of interview transcripts, documents, and observations, is collected, organized, and then analyzed. After reading all the collected data, the next phase is coding it through themes and description. Themes/descriptions are interrelated and interpreted to find the meaning which is decided to report. This qualitative research implements the phenomenology approach by Sanders (1982). The researcher also follows four levels of phenomenological analysis. First, the phenomena experienced by a total of six bankers are revealed in interviews. Then, the general themes that emerge across the descriptions are identified. Next, the noema-noesis is presented. The researcher views the themes and establishes "the what" (the CWBs) as perceived by the subjects' conscious experience (the *noema*) and the meaning of 'the how' (the CWBs) are experienced (the *noesis*). Fourth, a researcher implements *eidetic reduction*. The researcher kept all the assumptions and concentrated on all subjects who gave specific responses on how the CWBs took place. In phenomenological methodologies, Husserl (2012) refers to a descriptive method known as 'reduction', that is about the phenomenological *epoché* or bracketing. Phenomenologists hold their assumptions about a phenomenon.

RESULTS

Counterproductive Work Behavior occurs in the banking sector while bank employees assess debtors' credit proposals. Some deviant behaviors exist in each 5C principle. The listed items of CWBs are shown in Table 2.

Table 2. Incidents of CWB in Credit Portfolio Assessment

Incidents of CWB in the 5C principle
Character
- Banker relates personally with some parties such as managers, future debtors, and work colleagues, which consequently induces the friction of importance. - Divert the debtors' private information - Sluggish to find out deeper data of debtors' personality - Accept debtors' present after diverting their data
Capacity
- Do not evaluate debtors' financial statements - Counterfeit the debtors' bank account - Accept the gift as bankers create fake credit transfers in debtors' bank accounts and setting up fake conditions during surveys - State fake data product output for debtors - Fail to comprehend debtors' capacity specifically
Capital
- Fail to inspect the total fund which debtors invest for their business - Confirm the capital of debtors' business as being suitable to meet the standard needed - State fake debtors' total debt in the business reports
Collateral
- Boost up the collateral price from the real value - Personally relate with debtors, which consequently lead to a conflict of interest being unfair stating the collateral rate associated with the amount of credit applied for - Contribute to providing fake collateral for debtors - Fail to validate the legal aspect of debtors' collateral
Condition Of Economy
- Fail to obtain how the debtors' business will prospect associated with current and future condition of the economy - Fail to select the appropriate debtors' business as characterized by the economic condition - Fail to examine the actual survey data while categorized into seasonal for debtors' business type. - Validate the debtors' business which is remarkably forbidden in the instruction manuals - Advocate different debtors' businesses that qualify with the credit portfolio whereas the actual credit is used for the second type of business

Source: data processed

The data shows that bank employees perform these CWBs that mostly relate to the production deviance, in which the term itself was discovered by Hollinger (1986). Spector et al. (2006) mentioned that production deviance is deviance that purposively fails to conduct job tasks effectively as intended to do. Bankers are supposed to perform effectively to complete the tasks related to the future debtors' credit assessments.

Based on the item of CWBs in the Character principle, bankers are found to perform counterproductively, such as relating personally with some parties (such as managers, other debtors, work colleagues). Consequently, induce to the friction of importance, divert the debtors' private information, beg sluggish to find out deeper debtors personalities, accept debtors' present after diverting their data. These CWBs are intentionally performed to help future debtors get the bank credits. Rules and policies are violated, which endangers the bank because these deviances can lead to incorrect assessment of the future debtors' character. The item responses show how they purposely did the work incorrectly related to production deviance.

Meanwhile, deviances related to the Capacity principles are also mentioned by the Subjects. They mentioned the deviant behavior such as: not evaluating debtors' financial statements, counterfeiting the debtor's bank account, accepting gifts as bankers create fake credit transfers in debtors bank accounts and setting up fake conditions during surveys, stating fake data product output for debtors, failing to comprehend debtors' capacity specifically. For an item response stating fake data product output for debtors, information taken from the subject's interview is mentioned as follow:

> "If the capacity deviance is like this... this deviation happens of good nature, right. The point is considered good just like this. The system procedure mentions that the analysis is... less capable. But because of the help of the first factor, namely because of his good character, now we can finally help. For example, let's say from the balance sheet mentioned that he has the ability to produce it in just one day if that is about bread production... in a day for 500 pieces of bread. But somehow, what we have to target for the balance is not enough... for about 1000 pieces of bread. So, this helps him if he has a good character during the survey. Well, in this sense, he is honest, not manipulative. By the way, yes, there is... a little... a little... more or less... Well, that is... counterproductive one there. The calculations are supposed to be based on the balance sheet, and the analysis is lacking in terms of the calculation. But, if we prove it for 1-2 years, it is capable for the person to reach (1000 pieces of bread). Well, if you increase it, it's not too much.

As mentioned by the subject, production capacity is intentionally marked up by the banker after he analyzed that the real production capacity could not support the expected target. He marked it up just because he sensed the good character of his future customer for being honest in explaining the production capacity. Bank employees intentionally realized while changing the number of business capacity. He tried to help the assessment of future debtors' business capacity. Other responses mentioned in the interviews lead to deviances in the Capital Principle. The items are: fail to inspect the total fund debtors invest for their business, conform the capital of debtors' business as suitable to meet the standard needed, and state fake total debt of debtors in the business reports. Those items showed intention in doing bad job performance. For example, being manipulative regarding the account payable, it has shown that bank employee actively changes the numbers to help his customer get a good portfolio. What he did is counterproductive and directly target the behavior to production deviance.

Regarding the collateral principle, items of counterproductive behaviors are collected during the interview process. The researcher indicates some behaviors that can be categorized into counterproductive dealing with assessing future debts' collateral. The items are:

- Raise up the collateral price from the real value
- Personally relate with debtors, which consequently lead to a conflict of interest being unfair stating the collateral rate associated with the amount of credit applied for
- Contribute to providing collateral for debtors
- Fail to validate the legal aspect of debtors' collateral

There are also some deviances mentioned in the Condition of Economy Principle. This principle describes the bank assessment regarding the market condition that can support future debtors' business. Counterproductive behaviors in this principle are mentioned as follow: fail to obtain how the debtors' business will prospect associated with current and future condition of the economy, fail to select the appropriate debtors' business as characterized by the economic condition, fail to examine the actual survey data while categorized into seasonal for debtors' business type, validate the debtors' business which is remarkably forbidden in the instruction manuals, advocate different debtors' business which qualifies with the credit portfolio whereas the actual credit is used for the second type of business.

The item "validate the debtors' business which is remarkably forbidden in the instruction manuals" is mentioned below in the interview:

> "There are operational guidelines, yes, from the central management office. There are several types of businesses that cannot be given bank credit. There are several types of businesses that are prohibited from being given it. But in that field, it is very contradictory. Indeed, in that area, running businesses are actually prohibited. Instead of not getting a customer, I just entered it. It was okay, it can match the analysis, so it's easy".

Bankers work by following manuals provided by management on how they must evaluate future debtors' portfolios. Bankers, who break the rule, obviously know that they have already crossed the line, which means that bankers intentionally have consented to break the rule of the manuals. Things can be taken care of even though knowing that the type of business was prohibited as long as the analysis can match. It is an easy thing to work it out. Somehow, this can lead to a potential problem. The result of this research showed that the phenomenon of deviant behaviors in the banking sector was classified into production deviance since it was related to assessing debtors' proposals based on the 5C Principles. Table 3 explained the total incidents reported in each principle.

The incidents tabulation shows that deviances have occurred in seeking and validating information of future debtors. The reported incidents contradict the government regulation. The Decree of Labor and Transmigration Minister No.327 the year 2013

Table 3. Total Incidents of CWBs reported

The 5Cs Principles	Total incidents of CWBs reported
Character	4
Capacity	5
Capital	3
Collateral	4
Condition of economy	5
Total incidents of CWBs	21

Source: data processed

has determined SKKNI (The National Work Competency Standard) for financial and insurance services for conventional banking and sharia banking operational groups, which is nationally applied and referred in any pieces of training, competency testing, and professional certification. Bankers responsible for Credit Administration and Operational have a main job in conducting credit disbursement and administration, which are described in the SKKNI for conducting technical knowledge and skill related to the job, work attitude, and critical aspect (Minister of Labor and Transmigration, 2013). It is stated that the critical aspect mentioned is validating data and documents thoroughly, precisely, and accurately. The counterproductive work behaviors shown in this research reveal that collected deviances are related to the process of invalidating data and documents of future debtors, such as manipulating identity, manipulating bank accounts, and many more. Those research findings can be beneficial for reshaping the appropriate productive work behavior in the credit sector.

These reported counterproductive behaviors, which bankers perform, result in an inappropriate decision in credit assessment since the information about the 5C Principles is essential for a bank. Bad decision-making can lead to bad credit performance, and the debtors themselves cannot repay the bank credit they have received. The bank itself will suffer a great loss. CWB is behavior with a motive to endanger the organization or other organization's citizens, and it includes doing tasks incorrectly at work (Spector and Fox, 2002). This research is an eye-opening reality that deviances occur among bankers while assessing the credit proposal of their customers. The result shows that those bad practices contribute to the inappropriate decision in selecting the appropriate receiver of bank credit. Bank gives credit to the inappropriate debtors, and the consequence is that they cannot repay the bank credit they have received sooner or later. That endangers the organization's continuity since bad credit can give results in bankruptcy for banks.

The loan process evaluates debtors' portfolios and credit risk consequences (Arora and Kumar, 2014). For example, in the Australian banking system, fraud happened and had made the debtors the parties who made it because of their business failure (Woods, 1998). Furthermore, sales deceit occasionally occurs because of less supervision in the loan process that rushes up the conspiracy of debtors and bankers (Benjamin and Samson, 2011). This research also indicates collusion activities among bankers and colleagues, bankers and brokers, bankers and debtors. Counterproductive work behavior performed by bankers is a serious problem that must be given priority to handle since it can also impact the organization.

Counterproductive work behaviors in the banking sector also lead to credit risk that can lead to bank crises. Many bank problems are caused by the bank's insufficient loan risk hazard (Lis et al., 2000). The loan process also involves bankers from respected managerial levels responsible for determining the loan evaluation and its risk (Bruns and Fletcher, 2008). For some reason, the organization's superiors give support to their subordinates to meet its performance (Jensen and Raver, 2012). Bankers also socially relate with their debtors and many people such as business community, brokers, suppliers, distributors, and many more. These opportunities open many possibilities in emerging deviances. Compromises and deals can happen during that encounter process between individuals. So, this is a potential problem that can be investigated in behavioral science about the motive behind these deviances. Industrial/organizational psychologists, anthropologists, and sociologists can investigate this phenomenon thoroughly to give beneficial inputs to solve this problem.

As the actor of counterproductive work behaviors, the people in the organization also play an important role. Many cases of bad loans are reported in newspapers and journals. The cases never stop being published, and it is mentioned that the people involved are insiders (people who work for the bank). So, human resources in an organization must be given big focus to minimize this phenomenon keep emerging. The banker, in this case, obviously is the key person that must run the loan manuals as ordered. Even though, in reality, superiors in banking sectors are hard to implement the given policy in a competitive work situation (Lis et al., 2000). Violation of procedures (neglecting the 5C Principles) occurs to make individuals meet the job target.

Further research must elaborate on how this violation can be reduced by focusing on the behavior of the HR, the people inside the organization. CWB's research in banking must be stimulated by investigating the intention of doing this deviant more thoroughly. Future researchers can develop a strategic model to discover detailed deviances in banking sectors to deeply reveal the practice of bad work behavior that leads to major organizational loss.

CONCLUSIONS

Bank as the creditor has put itself in danger. The loan process as part of the banking activity has emerged deviances performed by the bankers. The production deviances varied as those are performed in purpose to endanger the bank. The risk can lead to the inability of debtors to repay the loan they receive. Research findings showed that bankers conduct CWBs when evaluating debtors' portfolios due to the 5C principle. The counterproductive behaviors are shown in assessing credit portfolio direct to deviances in production since those behaviors relate a lot to failure to perform tasks as described. In assessing credit proposals, bank employees must seek any information and validate the information of future debtors. The bank can give an appropriate decision about debtors' character, business capacity, capital provided for the current business, the rate of debtors' collateral in the actual market place and the business' condition of the economy.