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Application of Mckinsey's 7s Model in Increasing Profitability at PT BPRS Karya Mugi Sentosa Surabaya

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Abstract. This research discusses the application of McKinsey's 7S model in increasing profitability at PT BPRS Karya Mugi Sentosa Surabaya. McKinsey's 7S model consists of seven main elements: strategy, organizational structure, operational system, leadership style, staffing, skills, and shared values. The research used a qualitative approach with direct observation methods, structured interviews, and in-depth data analysis to evaluate the effectiveness of the model. The results showed that the harmonization of the elements of McKinsey's 7S model contributed significantly to improving profitability, reflected in the increase in assets, growth in the number of customers, and stability of financial statements over the past five years. However, challenges such as HR adaptation to the new strategy and consistency of implementation are concerns that need to be addressed. This study concludes that the implementation of McKinsey's 7S model is able to encourage the strengthening of corporate strategy and competitiveness in the midst of intense competition in Islamic banking.

Keywords: McKinsey's 7S, profitability, Islamic banking.

Abstract. Penelitian ini membahas penerapan model 7S McKinsey dalam meningkatkan profitabilitas pada PT BPRS Karya Mugi Sentosa Surabaya. Model 7S McKinsey terdiri dari tujuh elemen utama: strategi (strategy), struktur organisasi (structure), sistem operasional (system), gaya kepemimpinan (style), sumber daya manusia (staffing), keterampilan (skill), dan nilai-nilai bersama (shared values). Penelitian menggunakan pendekatan kualitatif dengan metode observasi langsung, wawancara terstruktur, dan analisis data mendalam untuk mengevaluasi efektivitas model tersebut. Hasil penelitian menunjukkan bahwa harmonisasi elemen-elemen model 7S McKinsey berkontribusi signifikan dalam meningkatkan profitabilitas, tercermin dari peningkatan aset, pertumbuhan jumlah nasabah, dan stabilitas laporan keuangan selama lima tahun terakhir. Namun, tantangan seperti adaptasi SDM terhadap strategi baru dan konsistensi implementasi menjadi perhatian yang perlu ditangani. Studi ini menyimpulkan bahwa penerapan model 7S McKinsey mampu mendorong penguatan strategi perusahaan dan daya saing di tengah persaingan ketat perbankan syariah.

Kata kunci: 7S McKinsey, profitabilitas, perbankan syariah.

1. BACKGROUND OF THE STUDY

In the current era, there are still many people who think that Islam is a barrier to progress. Some people believe that Islam is a factor that slows down development. This thinking is often influenced by the perspectives of Western society that give rise to a negative view of Islam. Even so, there are many Muslims who still believe in this view. Misunderstandings about Islam generally arise from hasty conclusions. They consider Islam to be limited to ritual or worship matters, without realizing that Islam is a religion that has a comprehensive system and is related to various aspects of life, including economic development and the banking sector, which plays an important role in driving the economy.

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Islamic banks are a type of bank that operates without relying on the interest system. Also known as an interest-free bank, this financial institution carries out its operational activities and products based on principles derived from the Qur'an and Hadith of the Prophet Muhammad SAW. Islamic banks act as intermediary institutions, which collect funds from the public and channel them back in the form of financing. In addition, Islamic banking also seeks to meet customer needs to support the development of investment companies and entrepreneurs' businesses, as long as these activities do not conflict with Islamic teachings (Trihantana et al., 2022).

8 As one of the elements of Islamic banking in Indonesia, Islamic People's Financing Banks (Islamic BPRs) also face various challenges in their operations. According to Apriyanti (2017), the main challenges faced include the lack of public understanding of BPR Syariah as an institution that operates based on sharia principles. Many people still equate Sharia BPR with conventional BPR in practice. Therefore, affirmation is needed from Islamic BPRs about their identity based on sharia principles. Another significant challenge is the limited quality of human resources owned by Islamic BPRs, which often hampers operational efficiency and responsiveness to changes in economic conditions (Muhammad Nital Muna, 2015). There is also a lack of coordination among Islamic BPRs, Islamic banks, and BMTs (Baitul Maal wat Tamwil), which limits the development of an integrated strategy for community economic improvement. Lastly, Islamic BPRs are often perceived as less effective in promoting Islamic values through their financial activities, which ideally should encourage broader religious and community activities.

The future of Islamic BPRs, including PT BPRS Karya Mugi Sentosa, depends on their ability to adapt to globalization, technological advancements, and innovations in the financial sector, which introduce higher risks if not properly managed (Jelita & Shofawati, 2019). These challenges highlight the importance of strategic management to ensure business sustainability.

PT BPRS Karya Mugi Sentosa Surabaya specifically faces intense competition with both Islamic and conventional banks in Surabaya. One of the main challenges is increasing profitability amidst this competitive landscape. PT BPRS Karya Mugi Sentosa must address several key issues, including limited financial resources, lack of innovative financial products, and the need for operational efficiency. Additionally, adapting to the rapidly changing needs of customers and improving their market share are significant concerns. These challenges are compounded by the need to adhere strictly to sharia principles while also delivering competitive financial services.

To address these challenges, PT BPRS Karya Mugi Sentosa has adopted McKinsey's 7S model, a flexible and comprehensive management framework. McKinsey's 7S model, which consists of seven interrelated elements—strategy, structure, system, style, staff, skills, and shared values—is considered an effective tool for designing organizational structures, improving performance, and evaluating organizational changes (Amirullah, 2015; Nuringtyas, 2020). The model's emphasis on harmonizing these elements has been shown to significantly impact profitability and competitive advantage in various industries (Kellen Nyawira Njeru & Kariuki, 2019).

The application of McKinsey's 7S model at PT BPRS Karya Mugi Sentosa includes aligning strategic objectives with operational efficiency, ensuring strong leadership, and enhancing human resource competencies. However, implementing this model is not without its challenges. Mismanagement, inconsistent application of strategies, and resistance to change among staff are common issues that need to be addressed (Faturrohman et al., 2018). These issues underline the importance of effectively integrating McKinsey's 7S model to improve the profitability and sustainability of PT BPRS Karya Mugi Sentosa.

By focusing on the challenges specific to PT BPRS Karya Mugi Sentosa, this study aims to explore how the harmonization of McKinsey's 7S elements can support strategic decision-making and operational improvements. The findings will provide practical insights for other Islamic financial institutions facing similar challenges.

2. THEORETICAL REVIEW

Definition of Islamic Bank

According to Indonesian Law No. 21 of 2008 concerning Islamic Banking, Islamic banking includes all matters relating to Islamic banks and Islamic business units, including institutions, business activities, as well as the procedures and processes for implementing their business activities. Based on its type, Islamic banking is divided into Islamic commercial banks and Islamic people's financing banks.

Islamic banks are banking institutions that run their operations based on the principles of Islamic law, where there is no interest charging in their business activities, but instead use a profit sharing system. The profit obtained depends on the contract agreed between the customer and the bank. Every contract made at an Islamic bank must fulfill the pillars and conditions in accordance with the provisions of Islamic law. (Pratikto et al., 2021).

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Sharia People's Economic Bank (BPRS) is a bank that operates based on sharia principles, but does not provide payment traffic services. BPRS is equivalent to a People's Financing Bank (BPR) with legal forms such as a Limited Liability Company, Regional Company, or Cooperative. 9

Understanding McKinsey's 7S Model

The 7S framework can be understood as a fundamental tool that serves to guide large organizations with a regular structure to become more superior (Rachman & Husaeni, 2019).. 5
McKinsey's 7S model consists of seven main elements, namely: **strategy** (strategy), **structure** (organizational structure), **system** (operational system), **style** (leadership style), **skill** (skill), **staffing** (human resources), and **shared values** (cultural values embraced by the company). The advantage of McKinsey's 7S model lies in its flexibility, which allows its application in a variety of conditions and situations. The model is an effective tool in designing organizational structures, improving productivity, evaluating change factors, aligning departments and processes in acquisition processes, and assisting in organizational mergers. In addition, the model also plays an important role in formulating optimal strategies for the Company's future sustainability.

17 Components of McKinsey's 7S Model

The following are the components in McKinsey's 7S model approach, according to (Amirullah, 2015) among others:

22 1. Strategy

Strategy comes from the Greek word *strategos*, which means a plan to weaken an opponent's strength through the efficient utilization of resources. 4
Hunger defines strategy as a series of managerial decisions and actions that affect the long-term performance of the company. To achieve its ultimate goal, organizations need a strategy as a driving tool. An effective strategy must be able to unite all elements of the company in order to optimally achieve long-term goals, by maximizing available resources.

2. Structure

Structure describes the levels in the organizational diagram, which are interrelated with each other for division of labor, distribution of responsibilities, coordination of tasks, as well as ensuring accountability. This structure ensures that every unit within the company works in harmony towards a common goal.

3. System

Systems refer to the procedures, both formal and informal, that a company has in place. Examples include innovation systems, compensation systems, management information systems, and capital allocation. These systems show how work processes and task completion take place in different areas of the company.

4. Style

Leadership style reflects the level of attention, time, and behavior dedicated by management and employees in support of the strategic and actual needs of the company. It encompasses the way leaders interact with their teams and their influence on the organization's culture.

5. Staff

Staff refers to the human resources owned by the company. This includes how the company develops the abilities of each individual, trains and motivates them, and fosters a high social attitude. The goal is to create harmony among all members of the company to be more effective in completing tasks.

6. Skill

Skills are the key expertise possessed by the organization as a whole. Every individual in the company is expected to have high competitiveness, both in dealing with existing businesses and in developing new businesses. This capability is essential for the growth and sustainability of the company.

7. Shared Value

Shared values, or organizational culture, are habits that are performed repeatedly to achieve goals through efficient mindsets and behavior patterns. These habits eventually form the character of the organization. A sustainable mindset results in a strong belief in the truth, forming values and ideologies worth fighting for. On the other hand, consistent behavior forms norms that can direct, regulate, and control the behavior of all members of the organization.

By understanding and implementing these seven components, companies can achieve more optimal performance and be highly competitive.

Definition of Profitability

Profitability refers to the ability of a company to determine the level of profit during a certain period, as well as providing an overview of the effectiveness of management in carrying out its operational activities. Profitability reflects how well a company can generate profits by utilizing all the capital it has.

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According to Susan Irawati, the *profitability ratio* is a measure used to assess how efficiently the company utilizes its assets. This ratio shows the company's ability to earn profits over a certain period, such as quarter, semester, or yearly, to assess how efficiently the company operates.

2 Objectives and Benefits of Profitability

According to Cashmere, the main objectives of using profitability for companies and external parties include:

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1. Measure or calculate the profit earned by the company in a certain period.
2. Comparing the company's profit in the previous period with the current period.
3. See the development of profit over time.
4. Measures the productivity of all funds used by the company, both from borrowed capital and own capital.

The benefits of profitability include:

- 10
1. Understand the amount of profit earned by the company in one period.
2. Knowing the current profit position compared to the previous year.
3. Look at profit growth trends over time.
4. Knowing net profit after tax to equity.
5. Assess the productivity of the company's funds as a whole, including borrowed and private capital.

McKinsey's 7S Model: Relevance in the Context of BPRS

The McKinsey's 7S model, introduced by McKinsey consultants in the 1980s, is a comprehensive management framework designed to analyze and improve organizational performance by harmonizing seven interdependent elements: strategy, structure, systems, style, staff, skills, and shared values (Amirullah, 2015; Nuringtyas, 2020). The central premise of the 7S model is that organizations must align both their "hard" elements—strategy, structure, and systems—and "soft" elements—style, staff, skills, and shared values—for effective strategy implementation and sustainable competitive advantage (Kellen Nyawira Njeru & Kariuki, 2019).

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This model is particularly relevant in the context of Islamic People's Financing Banks (BPRS) due to the unique challenges these institutions face. As financial entities operating under Islamic principles, BPRS must maintain a delicate balance between

adhering to sharia-compliant practices and competing in a rapidly evolving banking sector dominated by conventional banks. McKinsey's 7S model provides a structured approach for BPRS to address these dual challenges by focusing on the following:

1. Strategy:

In the highly competitive environment of Islamic banking, BPRS must formulate strategies that not only comply with sharia principles but also address customer needs and preferences. The 7S model emphasizes the alignment of strategic goals with operational systems, making it a vital tool for ensuring that BPRS's financial products and services remain relevant and competitive (Faturrohman et al., 2018). For example, a BPRS may use the 7S framework to develop strategies for introducing innovative sharia-compliant financing products tailored to small and medium enterprises (SMEs), a key target market for these institutions.

2. Structure:

The organizational structure of a BPRS must support its sharia-compliant objectives while maintaining efficiency in operations. The 7S model highlights the importance of clear lines of responsibility and coordination between different departments, which is critical for small institutions like BPRS that often operate with limited resources (Dobrowolski & Sułkowski, 2021). By optimizing their structure, BPRS can ensure smoother communication and better collaboration among teams, which ultimately enhances customer service and operational efficiency.

3. Systems:

Robust systems and processes are crucial for managing compliance, risk, and operational efficiency in BPRS. For example, adopting digital banking platforms and sharia-compliant risk management tools can improve service delivery and ensure regulatory compliance (Jelita & Shofawati, 2019). McKinsey's 7S model encourages BPRS to evaluate and upgrade their systems to remain competitive while adhering to sharia principles.

4. Style (Leadership):

Leadership in BPRS plays a crucial role in motivating staff and fostering a culture of ethical conduct aligned with sharia values. The 7S model's focus on leadership style enables BPRS to evaluate the effectiveness of their leaders in driving organizational change, addressing challenges, and maintaining a clear vision for growth (Mahbubi, 2022). Leaders who embody sharia principles can inspire greater

trust among customers and staff, which is critical for the long-term sustainability of BPRS.

5. Staff:

The limited quality of human resources is a recurring challenge for BPRS (Muhammad Niltal Muna, 2015). The 7S model highlights the need for continuous staff development and alignment of individual goals with organizational objectives. For instance, BPRS can implement structured training programs focusing on sharia compliance, customer service, and technological skills to enhance staff competencies (Pratini & Setiawan, 2022).

6. Skills:

Specialized skills in Islamic finance, risk management, and customer relationship management are essential for BPRS to compete effectively. McKinsey's 7S model emphasizes building organizational capabilities through targeted skill development initiatives, which is particularly relevant for BPRS seeking to expand their market share and improve profitability (Sivakumar & Chawla, 2022).

7. Shared Values:

The shared values within a BPRS form the foundation of its organizational culture and guide its decision-making processes. For sharia-compliant institutions, these values must align with Islamic ethics and principles, fostering a strong sense of accountability and transparency. The 7S model helps BPRS evaluate and strengthen their cultural alignment to enhance organizational performance and customer trust (Sparviero, 2019).

Why McKinsey's 7S is Particularly Relevant for BPRS

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The relevance of McKinsey's 7S model in the context of BPRS lies in its ability to provide a holistic approach to organizational improvement. Unlike conventional banks, BPRS operate under unique constraints and opportunities tied to sharia compliance. The 7S model enables these institutions to:

1. Harmonize internal elements to address external challenges, such as intense competition and changing customer preferences.
2. Create a competitive advantage by leveraging soft elements, such as leadership style and shared values, to build trust and loyalty among customers.
3. Align operational systems with strategic goals, ensuring that financial products and services meet both regulatory and market requirements (Haq, 2019).

Application of Mckinsey's 7s Model in Increasing Profitability at PT BPRS Karya Mugi Sentosa Surabaya

For PT BPRS Karya Mugi Sentosa Surabaya, the application of McKinsey's 7S model has proven instrumental in driving profitability through strategic alignment and operational improvements. This framework can serve as a blueprint for other BPRS institutions looking to achieve sustainable growth in a highly competitive Islamic banking sector.

3. RESEARCH METHODS

Observational qualitative method cited in the journal (Hasanah, 2017) This data collection method is carried out by observing and examining carefully and directly at the research location to understand existing conditions. This research focuses on "improving profitability using McKinsey's 7S model." This observation is done by going directly to the field and conducting structured interviews. The qualitative method of observation is a research technique that involves direct observation of phenomena, individuals, or groups in their natural context. In the context of the title "Application of Mckinsey's 7s Model in Increasing Profitability at PT BPRS Karya Mugi Sentosa Surabaya", this method can provide in-depth insight into the practice of cooperation and how contemporary trends are applied in increasing profitability.

4. RESULTS AND DISCUSSION

Application of Mckinsey's 7S Model at PT BPRS Karya Mugi Sentosa Surabaya

This research focuses on describing the application of McKinsey's 7S model at PT BPRS Karya Mugi Sentosa Surabaya. Researchers describe the application of each component of the McKinsey 7S model and analyze the benefits and challenges in its implementation to support business development strategies at PT BPRS Karya Mugi Sentosa Surabaya.

The results of this study are based on the 7S McKinsey Framework theory, which includes strategy, structure, leadership style, system, staff, skills, and shared values. The seven components are expected to provide an understanding of the application of the McKinsey 7S model at PT BPRS Karya Mugi Sentosa Surabaya.

1. Strategy

The success of a business is greatly influenced by accurate strategic planning and the effectiveness of the implementation of these strategies in operations. According to Mr. Didik Supardana as the managing director of PT BPRS Karya Mugi Sentosa determines its strategy based on initial research. When the company was first established, they followed the guidelines of a previously conducted business feasibility study, which also became the basis for formulating the company's Vision and Mission.

This Vision and Mission was then used as the basis for formulating the company's strategic plan to date, which is listed in the RBB (Bank Business Plan) of PT BPRS Karya Mugi Sentosa. These strategies include marketing, fund raising, operational, and financing strategies, which are then divided into three groups: short-term (0-1 year), medium-term (1-3 years), and long-term (3-5 years) strategies.

"So for the position since the time of establishment, we refer to the *visible study* or feasibility study that we did for 5 years, then after that we began to develop the strategy contained in the existing bank business plan."

According to Mr. Luthfie Abdie, the Director of PT BPRS Karya Mugi Sentosa involves all levels of management in the implementation of the company's strategy. The aim is to ensure that each member has responsibility for the success of the strategy implemented. In addition, strategy implementation needs to be accompanied by repeated evaluation and improvement to achieve optimal results. The impact of effective strategy implementation can be seen in the increase in market share, increased assets, increased number of customers, and significant developments in the management of PT BPRS Karya Mugi Sentosa Surabaya.

"We build the implementation of the strategy here from the bottom, so that later there will be a sense of responsibility from each existing employee, which will have an impact on the growth of the business owned by PT BPRS Karya Mugi Sentosa itself, but we must also do it continuously."

2. Structure

The organizational structure reflects shared values in an organization that aims to achieve goals and objectives optimally. According to Mr. Didik Supardana, President Director of PT BPRS Karya Mugi Sentosa Surabaya, the organizational structure at PT BPRS Karya Mugi Sentosa was prepared based on Board of Directors Decree No. 9/39/KEP/GBI/2007 on 31 August 2007. If there are any changes related to the organizational structure or job descriptions, it is discussed in the GMS. Each section in this structure is led by a section head, with each unit having specific duties and responsibilities.

Mr. Okky, branch manager of PT BPRS Karya Mugi Sentosa, explained that the current organizational structure is designed in accordance with company policy and aims to support the vision and mission that has been set. The organization is structured to accommodate business development and improve the quality of operations and services. The structure is organized based on functions that are relevant in business

development, with the design geared towards comprehensive business processes so that problems can be solved according to their respective responsibilities.

In line with this explanation, Mr. Nanang, branch manager of PT BPRS Karya Mugi Sentosa stated that the organizational structure and hierarchy are clearly divided through the formation of sections according to their respective functions. Roles, responsibilities, and coordination with other units are thoroughly regulated in management policy, with job descriptions outlining the duties of each unit and position. Company activities are carried out according to predetermined job descriptions. In addition, decision-making is generally decentralized based on the level of authority, but still coordinated with the board of directors. To ensure effective communication and decisions, the company utilizes various media, both formal and informal, including WhatsApp groups for smooth communication.

3. *System*

A system consists of elements that are interconnected and interdependent to ensure activities in the organization run appropriately, so structured steps are needed in the form of procedures. According to the explanation of Mr. Didik Supardana, President Director of PT BPRS Karya Mugi Sentosa Surabaya, this company has systems and procedures that have been arranged systematically and documented. The Standard Operating Procedures (SOP) owned by this company are designed in detail to regulate each stage of work carried out, including evaluation of the level of success. The company also has various systems and infrastructure that support operational activities, such as the Human Capital Management System for employee information management, the Periskop system for risk management and monitoring, as well as budgeting systems and others. From the external side, the company carries out its activities in accordance with the provisions and regulations set by regulators, such as OJK, Bank Indonesia, and other institutions.

4. *Style (leadership style theory)*

Leadership style in corporate organization management has a crucial role in achieving organizational goals. To support company policies, leaders play a role in motivating, interacting and controlling subordinates through intensive communication. Based on the interview about policy implementation by a company leader, Mr. Didik Supardana explained that they clearly and firmly try to encourage business development and optimization to increase market share and customer loyalty, while still guided by Islamic sharia principles. The decision-making process in the company's

management involves team members providing considerations, suggestions and alternatives, which facilitates effective communication between subordinates and superiors. For example, in determining strategic outlet locations as part of the promotion of PT BPRS Karya Mugi Sentosa Surabaya, leaders often discuss with their subordinates to gain a thorough understanding. Nonetheless, the final decision remains in the hands of the leader, whether or not they consider inputs from the team.

"Regarding our leadership *style*, we follow the example of the Prophet Muhammad, while for our own leadership style we are flexible, which means that we also hold discussions with existing employees if there is a matter, but matters of principle we formulate in coordination meetings and so on that must be accounted for in accordance with their duties and functions, yes, it must be carried out in accordance with existing mechanisms"

The explanation above is reinforced by Mr. Okky, branch manager of PT BPRS Karya Mugi Sentosa who stated that company leaders often conduct direct supervision of employees in the field. Through this supervision, leaders can find out and identify problems that arise and provide direction and motivation to employees regarding how to achieve targets and solutions to overcome the obstacles faced. This shows that company leaders strive to be good role models for their subordinates.

5. *Staff*

Every organization sets criteria for individuals who are considered suitable to support its existence and achieve goals. If the goals of the organization are not in line with the goals of the individuals working in it, it will be difficult for the organization to develop optimally. This is in line with the explanation of Mr. Didik Supardana, managing director of PT BPRS Karya Mugi Sentosa Surabaya, who stated that before recruiting employees, the company undergoes a selection process through recruitment. Employee recruitment at PT BPRS Karya Mugi Sentosa Surabaya comes from various fields of study tailored to the needs to fill the required positions. However, during the recruitment process, the company always prioritizes Islamic principles, by including religious knowledge questions to measure the level of religiosity of prospective employees.

Furthermore, Mr. Okky explained that employees, who are considered important assets and human capital, are entitled to an objective assessment based on competence and measurable performance. PT BPRS Karya Mugi Sentosa Surabaya is committed to being a place that supports the development and empowerment of its resources, by placing employees according to their abilities and suitable positions. This approach supports work effectiveness which has a positive impact on business development.

Meanwhile, Mr. Nanang, stated that ⁴ in the face of increasingly fierce business competition, the company has implemented a good HR management strategy. This strategy is the basis for development that is expected to support and adapt to the company's business strategy. To support organizational needs, PT BPRS Karya Mugi Sentosa Surabaya provides structured and planned competency and capability improvement programs. This development program aims to prepare, develop, and retain employees to perform in accordance with the vision, mission, and work culture of PT BPRS Karya Mugi Sentosa Surabaya. The scope of employee development starts from the recruitment process to the career development program which aims to evaluate the ability of employees in certain positions according to existing criteria. In addition, PT BPRS Karya Mugi Sentosa Surabaya holds programs to strengthen relationships between employees, such as sharing sessions every Friday and annual *family gatherings*.

6. Skill

Based on the interview, Mr. Didik Supardana, President Director of PT BPRS Karya Mugi Sentosa Surabaya, explained that to support the business development strategy, the company also focuses on HR development. Every year, PT BPRS Karya Mugi Sentosa Surabaya allocates 5% of its labor budget for employee training. In this company, there are several types of training that employees are required to attend. First, basic training is required for every new employee. Second, training according to the main tasks and functions (tupoksi) based on their respective positions. Third, *character building* training, which aims to build character and evaluate the ability of PT BPRS Karya Mugi Sentosa Surabaya employees. In addition, in order to improve competence, the company requires all employees to have a certificate of competence relevant to their position.

"For upgrading we are obliged to do, 5% of our labor costs are set aside specifically for the training costs of existing employees, we hope that with the training we do every existing human resource can compete and *survive* with the times, it will also have a good impact on the business of this bank. For training issues, there are several trainings that we are required to have here, where the first is basic training, it is carried out by every new employee who enters, the second is training in accordance with their respective tasks and functions, such as the marketing department, we participate in training in financing analysis, marketing strategy, if the accounting department is sharia accounting and so on. then the last one which is no less important is *character building* training, the other day we finished doing the training where we collaborated with a training institute."

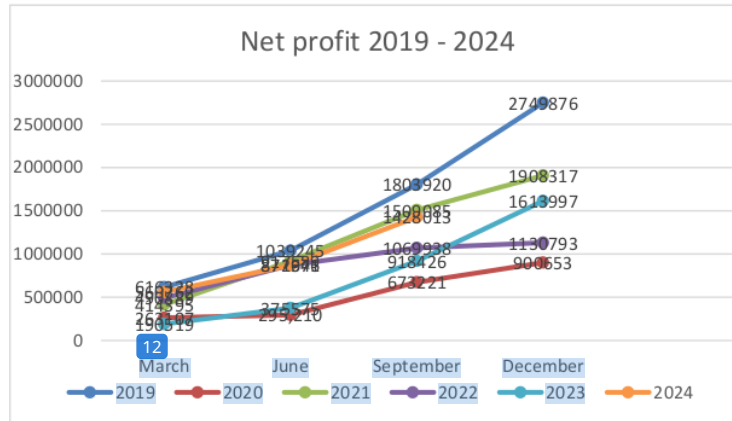
7. Shared Value

To support the strategies and policies implemented by PT BPRS Karya Mugi Sentosa Surabaya, the company has a series of value guidelines that must be understood and implemented by all members of the organization. As disclosed by Mr. Didik Supardana, managing director of PT BPRS Karya Mugi Sentosa Surabaya, the company adheres to five cultural principles abbreviated as SIFAT. These principles include: first, *Shiddiq* which means honest; second, *Istiqomah* which means upholding commitment; third, *Fatonah* which means intelligent; fourth, *Amanah* which means trustworthy; and fifth, *Tabligh* which means conveying information openly and transparently. All of these principles are the foundation of PT BPRS Karya Mugi Sentosa Surabaya's corporate culture as well as a code of conduct for all members of the organization. Then Mr. Okky explained that these corporate culture values are the basis for achieving the objectives of PT BPRS Karya Mugi Sentosa Surabaya. Hopefully, the implementation of these values will contribute to the achievement of the company's vision and mission. In addition, there are benefits and challenges in applying *McKinsey's 7S* model to increase profitability at PT BPRS Karya Mugi Sentosa Surabaya.

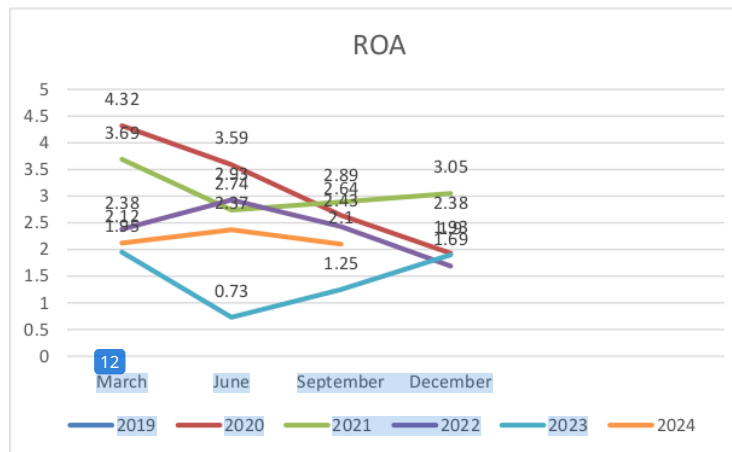
The Effect of Implementing the Mckinsey 7S Model in Increasing Profitability at PT BPRS Karya Mugi Sentosa Surabaya

According to Mr. Okky as Branch Manager of PT BPRS Karya Mugi Sentosa, increasing profits by increasing financing, and increasing the achievement target of each employee by 30% per year. According to Mr. Didik Supardana, President Director of PT BPRS Karya Mugi Sentosa Surabaya, if the company is able to integrate each element contained in *McKinsey's 7S* model, the impact will be very positive for the company. He added that effective collaboration between three elements that can be observed directly, namely *strategy*, *system*, and *structure*, with four elements that are invisible, namely *style*, *staff*, *skills*, and *shared values*, will produce very satisfying achievements. This is reflected in the company's financial statements that have consistently performed well over the past five years, without ever experiencing a deficit, even amidst the challenges of the COVID-19 pandemic which caused many other financial institutions to go bankrupt. In addition, the company's assets continue to increase every year. PT BPRS Karya Mugi Sentosa Surabaya has also managed to maintain the title as one of the best BPRS for six consecutive years according to Infobank.

Net profit graph 2019 - 2024



ROA Chart



In the context of developing TemplateKuy's business, which provides Notion and Spreadsheet templates, the implementation of the Business Model Canvas (BMC) plays a critical role in designing an effective and sustainable business model. BMC provides a conceptual framework consisting of nine key elements that help TemplateKuy understand how to create, deliver, and capture value in their digital business (Augtiah, 2023; Rahmat, 2023). By deeply analyzing each of these elements, TemplateKuy can identify opportunities and address challenges in its business development.

Customer Segments

Customer segmentation is crucial for TemplateKuy in tailoring its products to meet diverse needs. TemplateKuy targets three main customer segments: professionals, students, and small businesses. For professionals, templates focused on project management and work efficiency are emphasized, while students benefit from simpler designs for academic tasks. Small businesses rely on operational templates to streamline daily management. These findings align with Salsabila et al. (2021), who emphasized the importance of precise customer segmentation in increasing the relevance and appeal of digital products. Compared to findings by Zulkarnain et al. (2020), which primarily focused on segmentation within conventional business settings, TemplateKuy's customer-centric approach reflects the dynamic demands of digital-era clients.

Value Propositions

Value propositions are central to differentiating TemplateKuy from competitors. The platform offers customizable templates, attractive designs, and user-friendly interfaces. These features provide significant value beyond fulfilling basic needs, promoting customer loyalty, and encouraging word-of-mouth marketing (Ardi, Salam, Alfaruk, & Agung, 2021). Comparatively, Sparviero (2019) highlighted the importance of social and functional value in product design, demonstrating that TemplateKuy's strategies are consistent with broader trends in leveraging product differentiation to meet consumer expectations.

Channels

Effective distribution channels ensure that TemplateKuy's products reach customers seamlessly. Leveraging social media platforms such as Instagram for promotions and marketplaces like Gumroad for sales has proven effective in enhancing accessibility and visibility. Previous studies, such as those by Pratini and Setiawan (2022), noted that digital channels significantly contribute to expanding market reach, particularly for SMEs in the digital economy. Furthermore, Sivakumar and Chawla (2022) underscored the growing reliance on online platforms to ensure efficiency in customer interaction, which mirrors TemplateKuy's strategic use of digital channels.

Revenue Streams

Revenue generation remains a critical element for TemplateKuy's sustainability. The company utilizes a mix of direct template sales, subscription-based models, and a freemium approach. While freemium strategies attract new users by offering free basic

templates, premium features provide additional revenue opportunities. This aligns with findings by Mini (2022), who demonstrated the effectiveness of diversified revenue models in maintaining long-term financial stability for digital enterprises. Compared to competitors like Canva, TemplateKuy's strategy of combining niche customization with affordable pricing sets it apart, offering an alternative to standardized solutions in the market.

Cost Structure

TemplateKuy's primary costs include template development, digital marketing, and platform maintenance. Investments in design software, skilled personnel, and advertising campaigns form the backbone of its operational expenditures. Similar patterns were observed by Dobrowolski and Sułkowski (2021), who emphasized the importance of aligning cost structures with value delivery mechanisms in digital businesses. TemplateKuy's adoption of cost-effective cloud-based solutions mirrors practices recommended in prior research to optimize resources while maintaining quality standards (Sivakumar & Chawla, 2022).

Comparison with Previous Studies

The findings in this study show strong alignment with previous research on BMC's effectiveness in digital business contexts. For instance, Augtiah (2023) emphasized the importance of adaptability and innovation in maintaining competitive advantages, which TemplateKuy achieves by continuously updating its offerings based on customer feedback. Similarly, Mahbubi (2022) highlighted the necessity of balancing operational efficiency with strategic flexibility, both of which are evident in TemplateKuy's approach. However, unlike studies focusing on larger corporations, this research demonstrates how BMC can be effectively applied to smaller-scale businesses like TemplateKuy, offering practical insights for similar startups and SMEs.

3 5. CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion related to the application of the McKinsey 7S model in increasing profitability at PT BPRS Karya Mugi Sentosa Surabaya, which includes elements of Strategy, Structure, System, Style, Staffing, Skill, and Shared Value, a number of important findings regarding implementation to increase company profitability are obtained, namely as follows:

Implementation of McKinsey's 7S model at PT BPRS Karya Mugi Sentosa Surabaya In general, the application of McKinsey's 7S model has been carried out well in

accordance with company objectives. In its implementation, there are a number of factors that influence the success of increasing profitability, including strategy, organizational structure, systems and procedures, skills and human resources (HR), leadership style, and organizational culture. The implementation of *McKinsey's 7S* model for business development strategies is carried out in accordance with the company's strategic plan as outlined in the *Corporate Plan*. The company's strategic goals and performance indicators to be achieved are set out in the *Bank's Business Plan (RBB)*. The organizational structure is designed to fit each function in the organization and is adjusted to the needs and dynamics of the growing organization. Existing systems and procedures have been standardized and systematically arranged. Management leadership style demonstrates high commitment, as evidenced by the provision of direction and motivation, adaptability to environmental changes, involvement of subordinates in the decision-making process, and being a role model for staff. In addition, HR planning designed through the concept of *Human Capital Architecture* aims to increase employee capacity and capability. Standardization of HR capabilities is also implemented to support the improvement of employee competencies. Organizational culture is continuously internalized as an effort to achieve the company's vision. These elements, both *hard* (such as structures, systems, and strategies) and *soft* (such as leadership styles, skills, and shared values), are interrelated and have a significant impact on the successful implementation of the company's overall strategy.

The application of *McKinsey's 7S* model at PT BPRS Karya Mugi Sentosa Surabaya has had a positive impact, such as an increase in the company's assets each year and improvements in financial reports from time to time. However, although there are a number of benefits from implementing this model, the company also faces several obstacles in its implementation. These obstacles include the difficulty of some human resources in adapting to new regulations or strategies implemented, the lack of compliance and consistency of some staff in submitting performance achievement results fairly in accordance with their responsibilities, and the optimization that has not been fully achieved in training programs and employee competency development. These obstacles are challenges that must be overcome to ensure the implementation of *McKinsey's 7S* model runs optimally and contributes more significantly to increasing the Company's profitability.

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