DIJEFA: Dinasti International Journal of Economics, Finance & Accounting
E-ISSN: 2721-303X
P-ISSN: 2721-3021
https://dinastipub.org/DIJEFA dinasti.info@gmail.com +62 811 7404 455
DOI: https://doi.org/10.38035/dijefa.v6i2.4309
https://creativecommons.org/licenses/by/4.0/
Received: 04 March 2025 | **Revised:** 16 April 2025 | **Accepted:** 01 Mei 2025

Competitive Strategies of Regional Development Banks: The Role of Intellectual Capital, Organizational Capability, and Governance Risk Compliance

Roy Prakoso[1*], Sri Widyastuti[2], Irvandi Gustari[3]
[1]Fakultas Ekonomi dan Bisnis, Universitas Pancasila, Indonesia
[2]Fakultas Ekonomi dan Bisnis, Universitas Pancasila, Indonesia
[3]Fakultas Ekonomi dan Bisnis, Universitas Pancasila, Indonesia

[*]Corresponding Author: roy.prakoso@univpancasila.ac.id[1]

Abstract: The development of the banking industry in today's digital era highlights the importance of Regional Development Banks (BPD) and stakeholders in taking strategic steps to remain competitive and provide the best services, particularly in contributing to Regional Original Revenue (PAD). This study aims to analyze the factors influencing the competitiveness of Regional Development Banks (BPD) in the Sumatra region, such as intellectual capital, organizational capability, and Governance Risk Management Compliance (GRC). The research adopts a quantitative approach using the SEM-PLS method and involves 60 respondents from eight BPDs operating in Sumatra. The findings indicate that intellectual capital, organizational capability, and GRC positively influence Sustainable Competitive Advantage (SCA), both directly and through bank performance as an intervening variable. Additionally, financial performance as an independent variable also shows a significant positive impact on SCA.

Keywords: BPD, SCA, intellectual capital, organizational capability, GRC.

INTRODUCTION

The banking industry is vital as an intermediary institution that channels public funds into investment in productive assets, encouraging real sector productivity, capital accumulation and growth. *Output* aggregate (Bencivenga & Smith, 1991: Hung & Cothern, 2022). In today's competitive business environment, banks must provide quality products and services to their customers. To meet these demands, banks must have intellectual capital, organizational capabilities, and *governance risk compliance*.

Some researchers have suggested that the most critical factor to achieve SCA is to increase the adaptability and adoption of information technology. Amoako (2020) found that sustainability practices help banks. Develop opportunities and manage economic, environmental and social risks, creating value over the long term. Therefore, adaptation is needed with new development models to face various changes and is included in bank strategies for business decision-making managers, which are reflected by changes in attitudes, culture and interests (Arsawan et al., 2022) because they are related to SCA human resources in the organization (Amoako, 2020). Complex and unpredictable environmental changes in

sustainability must be overcome and re-adapted dynamically over time (Amoako, 2020). An organization's adaptability in facing the external environment is influenced by organizational culture, which is formed to achieve mission and strategy, achieve goals, develop consensus, measure and evaluate (Gallego et al., 2020).

BPD has proven capable of participating in the national banking industry and contributing to the regional economy. However, developments in the current digital era also imply the importance of BPD and its stakeholders (*stakeholders*) immediately taking strategic steps to continue to compete and provide the best service, especially in contributing to PAD (Regional Original Income). The stigma of BPD by some *stakeholders* as a cashier for a local government or bank ASN (state civil servant) must also be a whip to be more professional and ready to compete by relying on *competitive* And *comparative advantage. BPD* is attached to local culture and wisdom.

This research was conducted to assess the impact *of implementing governance risk compliance* against SCA. It seeks to complement previous research by using *sustainable competitive advantage* as a measuring tool to assess the bank's competitive ability. Several variables are important in forming bank competitiveness, including intellectual capital, organizational capability, and GRC.

Literature Review

Banks must be able to provide high-quality goods and services to their clients in today's competitive business world. To meet these demands, banks must have substantial intellectual capital, organizational capacity, and the ability to comply with risk policies. Banks are a type of financial institution that distributes funds to the public through credit and other forms to improve people's living standards. These funds are collected from the general public through savings accounts. In line with Article 1 Paragraph 2 of Law No. 10 of 1998 regarding Banking, banks act as intermediaries between parties who have funds and parties who need funds (deficit units).

Some researchers argue that improving the ability to use and adapt information technology is the most important component of its use to reach SCA. Amoako (2019) states that sustainability practices help banks develop opportunities and manage economic, environmental and social risks. Therefore, new development models must be adapted and incorporated into bank managers' business decision-making strategies to face changes because they are related to changes in attitudes, culture and interests (Arsawan, I.W et al., 2022).

Albertino, Ayu, and Ida (2020) researched competitive advantage, also known as competitive advantage, as a mediating variable for bank performance. The research found that this variable positively and significantly impacts the effectiveness of BPR marketing in Bali Province. This variable mediates customer relationship management on marketing effectiveness. People's credit banks spread throughout the province of Bali (Mustikowati et al., 2021).

Other research in the same field with different research objects has similar results and conclusions. It was found that competitive advantage has a positive impact on SME performance: the higher the level of SME competitive advantage, the more excellent the opportunity to improve its performance. Competitive advantages for small and medium enterprises can emerge in increasingly fierce commercial competition (Fatchuroji et al., 2020).

The impact of intellectual capital, organizational capabilities, and GRC on bank competitiveness can be described as follows: Intellectual capital can help banks produce more innovative products and services, attracting new customers and increasing customer loyalty. Organizational capabilities can help banks operate efficiently and effectively, reducing costs and increasing profitability. GRC can help banks protect their assets, avoid risks, and comply with applicable regulations, which can increase customer and investor confidence.

Tullberg (2013) emphasizes that additional actors should not be overlooked among the *stakeholders,* namely the management group, because they make decisions about which and whose interests should be met. They include a wide variety of people and interest groups who have some involvement with the organization.

This research uses theory *strike*r to explain that management accountants are among the most important stakeholders in reaching sustainable development goals. As a management group, management accountants are parties responsible for the members' *stakeholders*. Management accountants have an important role in maintaining these relationships through their role within the company. According to (Makarenko & Plastun, 2017), professional accountants will play an important role in creating sustainable development values by developing and implementing strategies, policies, plans, structures and management activities. (Albelda, 2011) states that as facilitators of sustainable development, management accountants are tasked with identifying environmental costs. They have the skills and knowledge to play important roles in the company and develop sustainable success.

METHODS

This research aims to analyze the factors that influence the competitiveness of regional development banks (BPD) in Sumatra. In this research, bank competitiveness or *sustainable competitive advantage is influenced* by intellectual capital, organizational capability, and GRC variables using bank performance as an intervening variable. Qualitative identification was carried out through a literature study to answer this research. Some sources are scientific articles from reputable journals, Google Scholar, and other literary sources. A summary of each article that will be used in this research is shown in Table 1.

Table 1. Research Journal Metrics

No	Article Information	Research purposes	Research result	Differences with This Study
1	Zhou et al., 2025, *Impacts of Banking Competition on Firm Performance and the Mediating Effect of Financing Constraints*	Analyze how banking competition affects company performance and the mediating role of financing constraints.	Banking competition improves firm performance by reducing financing constraints, but the impact is lower on SMEs and non-BUMN firms	This study focuses on the relationship between banking competition and firm performance, while your research examines the impact of GRC on SCA in BPD.
2	Hanifa et al., 2023, *Does Competitive Advantage, Operating Efficiency and Intellectual Capital Effect Sustainable Competitive Advantage (SCA)?*	Analyzing the influence of competitive advantage, operational efficiency and intellectual capital on SCA in the Indonesian banking sector.	Competitive advantage has a significant effect on SCA, but operational efficiency and intellectual capital do not have a significant effect.	This study examines intellectual capital against SCA but does not include GRC or bank performance as mediating variables as in your study.
3	Crisnandani et al., 2021, *The Effect of Intellectual Capital and Good Corporate Governance on Financial*	Analyzing the role of competitive advantage in mediating the relationship between intellectual capital,	Corporate governance has a direct effect on competitive advantage, while intellectual capital does not. Competitive advantage is able to	This study examines the relationship between intellectual capital, GCG, and financial performance, but does not cover

	Performance in Banking Sector	corporate governance, and banking financial performance.	mediate the relationship between corporate governance and financial performance, but not intellectual capital.	GRC and SCA directly.
4	(Abdelrahim, 2024), *Intellectual Capital, Bank Longevity, and Size: Pathways to Sustainable Growth in Saudi Banking through Competitive Advantage*	Investigates how intellectual capital, bank age, and bank size contribute to sustainable growth through SCA.	Intellectual capital has a significant effect on SCA and sustainable growth. However, the mediating role of intellectual capital in the relationship between bank age and growth is not significant.	This study focuses on the impact of intellectual capital on bank growth and SCA, but does not examine the role of GRC and organizational capabilities as in your study.
5	(Sayed & Nefzi, 2024), *The Impact of Intellectual Capital on Sustainable Performance: Banking Sector in Saudi Arabia*	Examining the influence of intellectual capital on the sustainable performance of banks in Saudi Arabia.	Intellectual capital (human capital efficiency, structural capital efficiency, and capital efficiency used) improves bank performance. Human capital efficiency has the greatest influence.	This study focuses on intellectual capital and bank performance, while your research covers GRC and organizational capabilities and their impact on SCA.
6	Choge, et al., 2018, *The Effect of Organizational Competencies on Organizational Competitive Advantage of the Banking Sector in Kenya*	Analyze how organizational competency influences competitive advantage in the Kenyan banking sector.	Organizational competence has a positive and significant relationship with competitive advantage.	This study discusses organizational capabilities, but does not include GRC and SCA variables as in your research.
7	Sasmito, et al., 2023, *The Impact of Organizational Capability, External Networking, Entrepreneurism, Competitive Advantage, and Corporate Social Responsibility (CSR) on Performance*	Examining the impact of organizational capabilities, external networks, entrepreneurship, competitive advantage, and CSR on organizational performance.	Organizational capabilities, external networks, and entrepreneurship have a positive effect on competitive advantage, which ultimately improves company performance.	This study discusses organizational capabilities and competitive advantage, but does not include GRC or intellectual capital as a major factor as in your study.

RESULTS AND DISCUSSION

As supporters of sustainable competitive advantage (SCA), banks must optimize *the governance*, *risk*, and *compliance* (GRC) implemented. Several aspects influence SCA in addition to GRC implementation, including intellectual capital, organizational capabilities and bank performance. Efforts to optimize GRC from banking influence The results of this research also try to complement the results of previous research.

Sayed & Nefzi (2024) researched the impact of intellectual capital on the performance of the banking sector in Saudi Arabia from 2012 to 2022. The results of the analysis show that intellectual capital has a significant influence on bank performance, with components of intellectual capital efficiency, such as human capital efficiency (HCE), structural capital efficiency (SCE), and capital efficiency used (CEE), contributing positively to financial performance indicators such as Return on Equity (ROE) and Net Profit Margin (NPM). These findings imply that investment in intellectual capital is critical to improving bank performance and competitiveness and supporting sustainability goals in the banking sector. This research provides valuable insights for bank management in formulating strategies that focus on developing intellectual capital to achieve better performance.

The results of this research align with a study conducted Hanifa et al. (2023) on banks listed on the Indonesia Stock Exchange from 2012 to 2021. The research results show that intellectual capital does not significantly influence sustainable competitive advantage in the banking sector. However, competitive advantage is proven to have a significant favourable influence on bank performance. The implications of these results indicate that banks need to focus on developing competitive advantages to improve their performance, even though investment in intellectual capital does not directly improve performance. This research provides important insights for practitioners and policymakers in formulating more effective strategies to achieve sustainability in the banking industry.

One important aspect of improving SCA can be done by increasing the company's organizational capabilities. This research was conducted by Choge et al. (2018) to determine the influence of organizational competence on competitive advantage in the Kenyan banking sector, focusing on 25 banks in the Uasin-Gishu County area. The analysis results show that organizational competence significantly influences competitive advantage, with a very low p-value ($p < 0.05$), which indicates that increasing organizational competence can increase the bank's competitive advantage. These findings imply that banks must develop and implement strategies that improve employee and management competencies to achieve sustainable competitive advantage. This research was conducted during the relevant period and provides important insights for bank management in formulating policies that support competency development. Thus, this research emphasizes the importance of competency as a key factor in achieving and maintaining competitive advantage in the banking industry.

The results of this research are supported by the positive impact of the increased capability organization on bank performance. This research was conducted by Sasmito et al. (2023). Banks were listed on the Indonesia Stock Exchange from 2012 to 2021. The results of this research imply that investment in intellectual capital, such as employee training and development, can improve overall bank performance. This research provides important insights for bank management in formulating strategies to develop intellectual capital to achieve competitive advantage. Thus, the results of this research emphasize the importance of intellectual capital as a key factor in improving bank performance in a competitive market.

Crisnadani et al. (2021) researched to analyze the impact of intellectual capital on bank performance in the Indonesian banking sector, focusing on banks listed on the Indonesia Stock Exchange from 2016 to 2019. The analysis results show that intellectual capital does not significantly influence bank financial performance, as measured through return on assets (ROA). However, this research found that Good Corporate Governance significantly influences financial performance and can increase a bank's competitive advantage. The implications of these results suggest that although intellectual capital is important, more attention should be paid to good corporate governance practices to improve bank performance. This research provides insight for bank management in formulating more effective strategies to improve their financial performance.

Increasing competitive advantage is in line with improving financial performance. Zhou et al. (2025) conducted this research to look at the impact of bank performance on competitive advantage in the banking sector, focusing on banks operating in the United States from 2010

to 2020. The analysis results show that bank performance positively and significantly influences competitive advantage, where improvements in financial performance, operational efficiency, and service innovation contribute to a stronger competitive position in the market. These findings emphasize the importance of effective performance management to achieve a sustainable competitive advantage in the banking industry. This research provides valuable insights for stakeholders in formulating policies and strategies that support improving bank performance to achieve competitive advantage.

CONCLUSION

This research aims to analyze the influence of intellectual capital, organizational capability, and GRC (Governance, Risk, Compliance) on bank performance and sustainable competitive advantage. This research was carried out randomly and qualitatively by identifying research-supporting literature. The data sources are from reputable journals, Google Scholar, and other trusted sources. The research results show that intellectual capital and organizational capabilities have a significant favourable influence on bank performance, which in turn increases the company's competitive advantage. The implications of these results emphasize the importance of investing in intellectual capital and developing organizational capabilities to increase bank competitiveness. Apart from that, implementing GRC principles has also contributed to better performance. These results can be used for further research, especially regarding banking strategies and efforts to increase their competitive advantages.

REFERENCES

Abdelrahim, S. S. (2024). *INTELLECTuAL CAPITAL, BANK LONGEVITY, AND SIzE: PATHWAYS TO SuSTAINABLE GROWTH IN SAuDI BANKING THROuGH COMPETITIVE ADVANTAGE*.

Albelda, E. (2011). The role of management accounting practices as facilitators of the environmental management: Evidence from EMAS organisations. *Sustainability Accounting, Management and Policy Journal*, *2*(1). https://doi.org/10.1108/20408021111162137

Amoako, G. K. (2020). A conceptual framework: Corporate environmental management activities and sustainable competitive advantage. In *Management of Environmental Quality: An International Journal* (Vol. 31, Issue 2). https://doi.org/10.1108/MEQ-09-2019-0187

Arsawan, I. W. E., Koval, V., Rajiani, I., Rustiarini, N. W., Supartha, W. G., & Suryantini, N. P. S. (2022). Leveraging knowledge sharing and innovation culture into SMEs sustainable competitive advantage. *International Journal of Productivity and Performance Management*, *71*(2). https://doi.org/10.1108/IJPPM-04-2020-0192

Choge, P. J., Namusonge, G., Makokha, E. N., & Musau, E. G. (2018). The Effect of Organizational Competencies on Organizational Competitive Advantage of the Banking Sector in Kenya. *International Journal of Academic Research in Business and Social Sciences*, *8*(10). https://doi.org/10.6007/ijarbss/v8-i10/4776

Crisnadani, N., Rahmawati, I. Y., Tubastuvi, N., & Haryanto, T. (2021). The Effect of Intellectual Capital and Good Corporate Governance on Financial Performance in Banking Sector Registered in Indonesia Stock Exchange with Competitive Advantage as Intervening Variables for 2016 - 2019. *International Journal of Economics, Business and Accounting Research*, *5*(2).

Fatchuroji, A., Sabihaini, S., & Sutiono, H. T. (2020). PENGARUH PERENCANAAN STRATEGI BISNIS TERHADAP KINERJA USAHA KECIL MENENGAH YANG

DIMEDIASI STRATEGI KEUNGGULAN KOMPETITIF. *Jurnal Administrasi Bisnis (JABis)*, *18*(1). https://doi.org/10.31315/jurnaladmbisnis.v18i1.10449

Gallego, C., Mejía, G. M., & Calderón, G. (2020). Strategic design: origins and contributions to intellectual capital in organizations. In *Journal of Intellectual Capital* (Vol. 21, Issue 6). https://doi.org/10.1108/JIC-10-2019-0234

Hanifa, R., Adam, M., Isnurhadi, & Andriana, I. (2023). DOES COMPETITIVE ADVANTAGE, OPERATING EFFICIENCY AND INTELLECTUAL CAPITAL EFFECT SUSTAINABLE COMPETITIVE ADVANTAGE (SCA)? *Journal of Law and Sustainable Development*, *11*(3). https://doi.org/10.55908/sdgs.v11i3.463

Makarenko, I., & Plastun, A. (2017). The role of accounting in sustainable development. *Accounting and Financial Control*, *1*(2). https://doi.org/10.21511/afc.01(2).2017.01

Mustikowati, R. I., Sarwoko, E., Arief, M., & Nurfarida, I. N. (2021). Marketing investigation: Customer relationship management and innovation to improve competitive advantage and business performance. *Humanities and Social Sciences Letters*, *9*(4). https://doi.org/10.18488/journal.73.2021.94.430.438

Sasmito, T., Nugroho, M., & Shihab Ridwan, M. (2023). The impact of organizational capability, external networking, entrepreneurism, competitive advantage, and corporate social responsibility (CSR) on performance. *Uncertain Supply Chain Management*, *11*(2). https://doi.org/10.5267/j.uscm.2022.12.007

Sayed, O. A., & Nefzi, A. (2024). The Impact of Intellectual Capital on Sustainable Performance: Banking Sector in Saudi Arabia. *Sustainability*, *16*(11), 4528.

Zhou, Z., Li, Y., Liu, M., & Tian, T. (2025). Impacts of banking competition on firm performance and the mediating effect of financing constraints. *Finance Research Letters*, *75*, 106783.