

## **ABSTRACT**

*The Indonesian rural banking industry (BPR) faces serious challenges related to the low integrity and professionalism of its human resources (HR), which often trigger fraud and lead to license revocations by the Financial Services Authority (OJK). This study aims to analyze the organizational and HR management factors that influence the development of professional and ethical employees, as well as to examine the strategies implemented by PT BPR Arto Moro in building a sustainable and integrity-based organizational culture. This research employs a qualitative approach with a case study at PT BPR Arto Moro. Data were collected through in-depth interviews, observations, and document analysis, and subsequently analyzed using data reduction, data display, and verification techniques. The findings reveal that BPR Arto Moro's failure in its early years (2008–2013) was largely caused by internal weaknesses, including non-objective recruitment, employee–position mismatch, lack of continuous training, absence of merit-based performance evaluation. A comprehensive reform after 2015 successfully reversed the situation by applying competence- and integrity-based recruitment, continuous training and development, reinforcement of organizational culture, visionary leadership, and meritocratic performance evaluation systems. The implications of this study highlight the importance of integrating professionalism, integrity, and sound HR governance to ensure the sustainability of rural banks. Theoretically, this research expands the literature on HR management in the BPR sector, while practically it provides strategic guidance for BPR managers in formulating more effective, ethical, and adaptive HR development policies in response to the dynamics of the banking industry.*

**Keywords:** *Human Resources, Integrity, Professionalism, Rural Bank, HR Management, Organizational Culture*

