

Digital Transformation Challenge in Bank Rakyat Indonesia Regional Office Denpasar

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Abstract

Digital transformation, businesses will be compelled to alter their operating, customer service, and technology utilization procedures. Digital transformation is crucial for businesses because it can bring changes that cannot be avoided. If the company cannot adapt to these changes and advances in technology, it will be unable to compete. The purpose of the current research is to investigate the challenges of digital transformation at the Bank BRI Regional Office in Denpasar. This is a quantitative study involving 254 employees as respondent. Questionnaires were distributed to collect data, then processed using SPSS and factor analysis. The research finding that factor analysis led to the grouping of the factor items from 6 input factors translated in to 5 output factors, which was then identified challenge namely Technology adaptation, IT Support for Digital Transformation, Organization Relationship, Technology Advantage, Digital Transformation Impact. From 5 factors, factors that challenges in digital transformation at Bank BRI Regional Office Denpasar : Technology adaptation, IT Support for Digital Transformation, Organizational Relationship, Technology Advantage, Digital Transformation Impact, and Factors that are challenging for employees in digital transformation at Bank BRI Regional Office Denpasar : Organizational Relationship, Technology Advantage, Digital Transformation Impact

Keyword-Digital Transformation, Challenges, Banking, Confirmatory Analysis Factor.

I. INTRODUCTION

Bank Rakyat Indonesia (BRI) is among the largest state-owned banks in Indonesia. Raden Bei Aria Wirjaatmadja established Bank Rakyat Indonesia (BRI) in Purwokerto, Central Java, as De Poerwokertosche Hulp en Spaarbank der Inlandsche Hoofden, a financial institution for national people. The Indo-Pacific (native). The date of incorporation of the institution, December 16, 1895, has been designated as BRI's birthday. During the first two decades of the 21st century, banking has undergone significant transformations. From a standard practice that required customers to interact physically with a bank, banking has increasingly shifted into the digital realm as society as a whole has evolved. BRI's strategy is the result of deliberation by BRI's internal parties, experts, and talents in their respective fields, which is then formalized by the central BRI and distributed for implementation in every part, region, branch, and a subsidiary of the organization. The counselling process must be carried out by a centrally-appointed special team, which then disperses to all parts of the BRI region to make pronouncements and explain how to implement the changes; however, during the pandemic, everything is done digitally via the media platform zoom or something similar so as to create uniformity throughout the entire region. and extensions of BRI. digital transformation necessitates organizational management changes. Transformation impacts not only the organizational structure and strategic positioning, but also all organizational levels, such as tasks, activities, and office management processes. The strategies that are and will be conducted when conducting digital transformations must be adapted. This means that the organization must rethink strategic approaches to adapt to the changes that will be executed.

II. LITERATURE REVIEW

The profound transformation of business and organizational activities, processes, proficiencies, and models to fully leverage the changes and opportunities of a variety of digital technologies and their speeding up impact across society in a strategic and prioritized manner, with present and future changes in mind (Echeberria, 2020). Digital transformation is the acceleration of business operations, processes, competencies, and models to capitalize on the changes and opportunities presented by digital technology. In order to adapt to the changing business landscape, organizations must undergo a revolution. Organizations need technology that prioritizes results, innovation, and continuous improvement. Ideally, businesses should employ technology. Consequently, digital transformation is primarily a business transformation. Some organizations refer to digital business transformation, which is more focused on the business aspect. Digital transformation requires an understanding of an organization's actual requirements. Organizations require Human Resources (HR) professionals with technical expertise. digital business transformation, aspects such as business functions, processes, activities, assets, and models are interrelated, according to the study. Digital transformation requires interdependence and interconnections between various aspects of the organization. Moreover, digital transformation necessitates

organizational management changes. Transformation impacts not only the organizational structure and strategic positioning, but also all organizational levels, such as tasks, activities, and office management processes. Additionally, digital transformation must enhance worker empowerment. This indicates that employee performance improves in terms of effectiveness and efficiency, including the ability to work from anywhere and at any time, expanding and enhancing the communication process, and sharing knowledge competently. While digital transformation is most typically associated with businesses, it also has an impact on other organizations, including governments, public sector agencies, and organizations addressing societal challenges such as pollution and ageing populations by utilizing one or more of these existing and emerging technologies. Digital Transformation in some nations, such as Japan, aims to affect all facets of life via the Society 5.0 initiative, which goes far beyond the Industry 4.0 vision of other nations.

A. Problem Statement

On the basis of the preceding context, it can be concluded that the digital transformation process is a crucial business process. Digital transformation has become one of the organizational strategies that are devised and implemented by utilizing digital resources to generate new values. A company can benefit from an optimal and efficient digital transformation process, and vice versa. However, there are still a significant number of businesses that have not optimized and optimized their digital transformation processes. If an organization decides to undergo a digital transformation, it must develop a plan to address the positive and negative consequences. The organization's primary strategy must be modified, its human resources must be enhanced, and its infrastructure must be adapted to the occurring changes. Digital capabilities and digital technology must be well-prepared in order for the digital transformation process to proceed without incident.

If the financial services industry adopts new open IT standards, IT systems will operate more effectively and experience less downtime. Banking IT standards will facilitate the upgrading and maintenance of legacy systems. Existing bank software will be frequently modified by them, making upgrading to new versions or new systems a challenging task. and could result in system failure. If banks adhere to standard software, updating or maintaining their existing IT infrastructure should not result in downtime or disruptions.

Bank BRI applies its own Operational Standards to every aspect of its operations. However, it is undeniable that none of the standards set by various sections has been able to meet the centre's standards due to a number of factors that cause researchers concern; see Digital Transformation Challenge in Bank Rakyat Indonesia Regional Office Denpasar. Researchers are interested in the difficulties faced by the BRI Denpasar office as a result of the aforementioned phenomena.

III. METHODOLOGY

The questionnaire will be distributed to all Bank Rakyat Indonesia Denpasar Regional Office employees. Variable samples of references from various sources, such as journals and articles, will be developed and used as a benchmark. This study collected primary data from 254 Bank Rakyat Indonesia Denpasar Regional Office employees in order to determine the impact of digital transformation on business sustainability. The value of variables that have a significant impact on digital transformation will be determined using data collected from respondents. Using factor analysis, the question item is grouped, and the resulting group is labelled as the identified challenge.

IV. ANALYSIS OF FINDINGS AND DISCUSSION

Based on the grouping of items from the statement above, the researcher tries to perform factor naming by identifying each statement item and the relatedness of each item in one factor. Here is the naming from factor 1 to factor 5 as follows:

A. Technology Adaptation

Companies can increase profits through changes and technological improvements, so the company can survive in the long term long because it has the ability to renew through change and technological adaptation (Yustika, 2019). A big company will not be big if the company can't adapt to the development era. Technological changes are increasingly rapidly developing and will continue to grow. Therefore, the 'technology adaptation' factor is very suitable to describe the overall item statement. According to research by Muhammad and Yenny (2019), industry players and MSMEs in the use of technological adaptation have a positive and significant effect on the performance industry and MSMEs

B. IT Support for Digital Transformation

Information technology support is needed by organizational employees. Management commitment is one of the factors that can affect digital transformation because with management commitment the company will push for digital transformation. According to their research, Wee and Quazi (2019) identified management's commitment to the environment as an important factor in assessing and improving its support for digital transformation. Therefore the management's commitment to providing support for the digital transformation has a significant impact. the management must practices. Similarly, the research of Spencer et al. (2013) gives the

result that management commitment through information technology has an effect on environmental performance. In line with research conducted by Toto and Ririn (2016), examining the relationship between management commitment and environmental performance gives the result that there is an influence between management commitment and environmental performance.

C. Organization Relationship

Organizations must adapt to changing practices of Organization relationships as a result of digital transformation. According to Das and Sureshkrishna, 2020. Managers perceive digitalization as an external pressure for change that presents challenges in a variety of ways, including the need for new competencies as a result of digitalization and flexible ways of working.

D. Technology Advantage

According to Schumacher et al. (2020), digital transformation is posing method and tool challenges to lean production systems. There are several indicators for digitally-driven changes in lean production systems – strategies adapted to Industry 4.0 characteristics, lean principles compatible with Industry 4.0 technologies, lean methods induced by digital transformation, the convergence of lean production frameworks and productivity towards saturation, shop-floor elements and their digital integration.

E. Digital Transformation Impact

The existence of digital transformation makes employees who do not have digital skills feel. Judging from these two statements, companies need to keep up or adapt as quickly as possible to the digital business which exists. Many startup companies are successful because they follow the process of bustling business. Startups work by solving a problem existing by making innovations by comparing existing business processes that already exist to provide more benefits. Judging from the current developments, many companies have been around for a long time, with the presence of startups instead it sinks or loses the competition.

V. CONCLUSION AND RECOMMENDATION

A. Conclusion

Based on the results of data collection, data processing and analysis that have been carried out, then the author can draw conclusions that answer the formulation of the problem from this research, which are as follows: 1. The determination of 5 determining factors for digital transformation in formed 5 factors that are significant factors in determining what factors are the challenges for the digital transformation of Bank Rakyat Indonesia Denpasar Regional Office.

B. Recommendation

Suggestions based on the results of research, discussion and conclusions obtained then suggestions that can be given are as follow:

Based on the results of factor analysis by obtaining 5 formed factors, there needs to be seriousness by the company to be able to adapt to changing times according to the industrial revolution 4.0. Bank Rakyat Indonesia Denpasar Regional Office, need to improve the means of establishing digital transformation such as infrastructure, human resources, and most importantly adaptation to digital technology. Technology adaptation can be built starting from the leadership mindset company, then applied to the company's internal evenly. One factor supporting the company's success with digital transformation is a human resource with digital talent. Therefore it is important for technology adaptation for the company's sustainability. Along with technological developments and transitions in the digital era, companies starting from startups or old companies will continue to be encouraged to change towards digital. Companies that want to carry out digital transformation will definitely have a much greater opportunity to earn big profits than non-adapting companies. Therefore it is recommended to speed up technological adaptation to be able to compete and also adapt to the existence of digital transformation. The main key for companies to survive is to be willing to adapt and always innovate their business.

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