

Assessing Corporate and Digital Culture to Develop Transformation Initiatives at PT SMI (SOE in Indonesia)

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ABSTRACT

In Indonesia's accelerating digital transformation and infrastructure development, state-owned enterprises face challenges aligning capabilities with national priorities. This research examines the alignment of organizational culture, digital maturity, and transformational strategy at PT Sarana Multi Infrastruktur (Persero) ("PT SMI"), a Special Mission Vehicle under the Ministry of Finance. As PT SMI transitions into a Development Financial Institution (DFI), it aims to improve internal agility, innovation, and cultural alignment. Using a mixed-method approach, the study maps current and preferred cultural profiles with the Organizational Culture Assessment Instrument (OCAI), assesses digital maturity via the Buvat model, and evaluates employee readiness using the ADKAR model. Results indicate a shift towards a Clan culture, contrasting with the current risk-averse Hierarchical culture. The digital maturity assessment reveals moderate progress, with strengths in data-driven decision-making but weaknesses in innovation and customer focus. The ADKAR model highlights low Awareness and Reinforcement scores, signaling transformation challenges. Thematic analysis uncovers rigid decision-making and siloed operations limiting agility. Triangulation with literature emphasizes the need for cultural realignment and better communication. A 12-month implementation plan includes phases of awareness, engagement, activation, and reinforcement, incorporating initiatives such as Change Agent Programs and digital bootcamps. This study contributes academically by connecting culture, leadership, and transformation readiness, while providing PT SMI a practical roadmap for sustainable change—offering insights applicable to other state-owned enterprises.

KEYWORDS ADKAR, BUMN, change management, cultural alignment, digital culture



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INTRODUCTION

Organizational culture has become a critical determinant of corporate success in today's competitive global business environment. The rise of digital transformation also compels companies to be adaptive and innovative (Agarwal et al., 2020; Akpa et al., 2021; Assoratgoon & Kantabutra, 2023; Indiyati et al., 2021; Khan et al., 2020). Many organizations are increasingly aligning culture with their strategic goals to achieve operational efficiency, innovation, and sustainable growth. However, to achieve these goals, companies must face difficulties, especially those with strict hierarchical systems, where decision-making is sometimes slow and flexibility often limited. A misalignment between organizational culture and strategic goals can undermine an organization's ability to achieve long-term success

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(Caliskan & Zhu, 2019; Halmaghi et al., 2023; Johnson et al., 2016; Marjanis et al., 2021; Strengers et al., 2022; Wyrwicka & Chuda, 2019).

State-Owned Enterprises (SOEs), like PT Sarana Multi Infrastruktur (Persero) (“PT SMI”), established in 2009 with the mandate to finance and facilitate infrastructure development, play a critical role in Indonesia’s national development strategy as a Special Mission Vehicle (SMV). Regulated by the Financial Services Authority (OJK) ref. POJK No. 46/POJK.05/2020 and operating under Government Regulation No. 53/2020, PT SMI is assigned to facilitate infrastructure financing, structure Public-Private Partnerships (PPP), support regional development, and also act as a countercyclical instrument during economic downturns.

As Indonesia accelerates towards its long-term national vision, Indonesia Emas 2045, infrastructure becomes increasingly important as a way to break free from the middle-income trap and achieve sustainable development. Making strategic investments in infrastructure is essential for increasing Indonesia’s GDP growth, creating employment opportunities, and improving connectivity throughout the archipelago. Infrastructure financing in Indonesia is increasing from 2020 to 2024 at 23%, reaching IDR 1.060 trillion as described in Figure 1, making a significant contribution to the country’s growth.

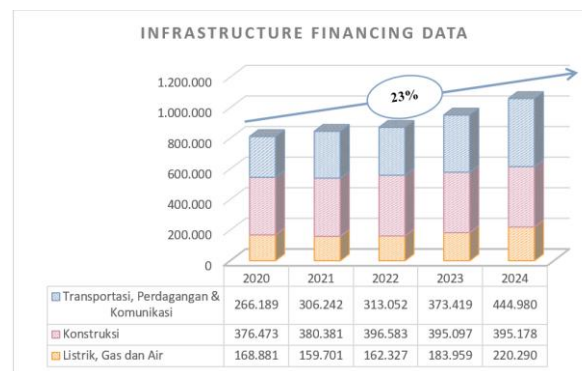


Figure 1. Infrastructure Financing Data

Source: (Indonesia Banking Statistic by OJK, 2021-2024)

As an SMV, PT SMI has served as a government budgetary tool, executing strategic mandates during national crises, such as the Covid-19 pandemic (2020–2022). PT SMI managed the National Economic Recovery (*Pemulihan Ekonomi Nasional / PEN*) Program by distributing loans to SOEs and regional governments. As the economy began to recover, demand for commercial financing rose, giving PT SMI the opportunity to enter the commercial market while also maintaining and increasing funding for regional governments.

Given these changing market conditions, the government is currently advocating for PT SMI to become a Development Finance Institution (DFI) under the Ministry of Finance. This change will establish the business as a long-term partner in funding regional development, supporting government work plans, and enhancing public service delivery across Indonesia. As a DFI, PT SMI is expected to increase the scope of regional financing portfolios and help reduce disparities in access to infrastructure in Indonesia. PT SMI is expected to provide positive social, economic, and environmental impacts to the community while continuing to prioritize the principles of good corporate governance in its operational activities and complying with applicable regulations. PT SMI has become a strategic partner of the regional government in accelerating the provision of public facilities whose benefits can be directly felt by the community. A DFI can finance the development of projects that have high risks and cannot be financed by other financing institutions (CEO of PT SMI, 2025).

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Beyond infrastructure, another critical national priority is Indonesia's digital transformation, which requires not only investment in technology and systems but also internal organizational preparation, where culture plays a key role. Since 2019, the Ministry of Finance (MoF), as the sole shareholder of PT SMI, has carried out digital transformation and bureaucratic reform to modernize financial management and governance. In 2024, the Ministry adopted financial technologies such as *SIKN* (*Sistem Informasi Keuangan Negara*), e-budgeting, e-payment, and used big data analytics to support data-driven decision-making. These technology adoptions aim to enhance efficiency and transparency and support Good Corporate Governance. These transformations push PT SMI to evolve its internal culture to support digital adoption.



Figure 2. The Journey of the Ministry of Finance's Bureaucratic Reform and Institutional Transformation Program

Source: (Perjalanan Program Reformasi Birokrasi dan Transformasi Kelembagaan Kementerian Keuangan, 2018)

Figure 2 illustrates the Ministry of Finance's institutional reform journey, which directly shapes PT SMI's cultural transformation agenda and provides the regulatory framework within which PT SMI must operate as a state-owned enterprise.

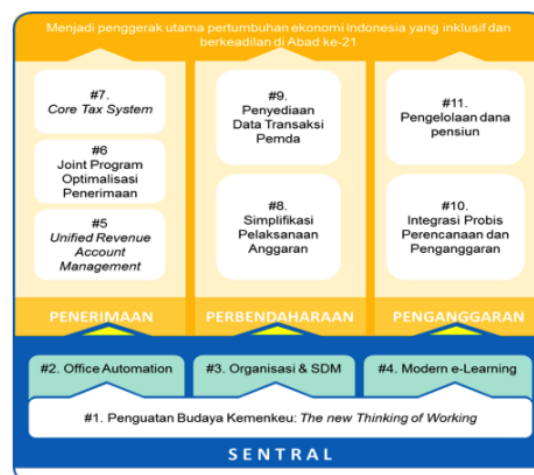


Figure 3. 11 Programs to Support Ministry of Finance's Digital Transformation

Source: (Perjalanan Program Reformasi Birokrasi dan Transformasi Kelembagaan Kementerian Keuangan, 2018)

This new challenge requires PT SMI to undergo transformation to further develop innovation in its growth and digitalization efforts to capture new opportunities in the future. This transformation can conflict with PT SMI's strong hierarchical culture that emphasizes

structure and control. An organization's capacity to innovate and respond to changing circumstances may be limited by a too inflexible cultural framework (Wilkins & Ouchi, 1983).

Organizational culture has a significant impact in shaping the effectiveness of digital transformation, employee flexibility, leadership style, and openness to innovation in technology. For PT SMI, the challenge is to find a balance between the flexibility and creativity needed to accomplish the company's strategic goals and the requirements for governance, which is crucial for an SOE. Cultural transformation is needed when the organization faces new external demands because existing norms and values may no longer support desired outcomes (Schein, 2010).

To achieve the company's long-term vision "To become a sustainable development agent to enhance national welfare," PT SMI must not only enhance its financial and technical expertise but also develop a resilient and adaptive organizational culture supported by a progressive digital culture. Although PT SMI plays a strategic role in national infrastructure, there has been no systematic research assessing the suitability of its organizational culture to the needs of digital transformation, especially with the integrative approaches of CVF, Digital Culture Maturity, and ADKAR. While organizational culture has a critical role in decision-making, collaboration, and internal alignment, digital culture shows how prepared an organization is to innovate, adopt technology, and embrace agility. This research provides unique novelty by: (1) focusing on strategic SOEs (PT SMI), which are unique due to their position as Special Mission Vehicles, (2) combining three frameworks (CVF, Digital Culture, ADKAR) in a single organizational culture analysis, and (3) providing policy and practical implications for SOE transformation in Indonesia.

The purpose of this research is to assess the current state of PT SMI's organizational culture using the Competing Values Framework (CVF) and digital culture maturity developed by Buvat et al., 2017's Digital Culture Model. By assessing the cultural fit for digital innovation, this research attempts to identify the gaps between PT SMI's current organizational culture and the ideal culture needed to successfully implement digital strategies. In addition, this research will use a systematic methodology employing ADKAR as a change management tool to propose actionable initiatives aligned with its evolving role, operational complexity, and national development goals.

This research explores the alignment between PT SMI's organizational culture and its vision and mission, particularly in fostering agility, digital adoption, and employee empowerment. It seeks to address specific research questions, including the current and preferred organizational culture as assessed by the OCAI, the level of digital culture maturity and existing gaps, and the development of actionable initiatives to facilitate cultural transformation, particularly through enhancing ADKAR elements for improved agility, innovation, and governance. The research scope will focus on assessing the current culture using the Competing Values Framework and evaluating the digital culture level at PT SMI.

The benefits of this research are multifaceted: (1) academically, it contributes to the literature on organizational transformation in state-owned enterprises by integrating three established frameworks; (2) practically, it provides PT SMI with evidence-based strategies for cultural transformation that align with national digitalization priorities; (3) strategically, it offers a replicable model for other Indonesian SOEs undergoing similar transformations; and (4) policy-wise, it supports the Ministry of Finance's broader digital transformation agenda by demonstrating how cultural alignment can enhance organizational effectiveness in public sector entities.

It is important to note that the findings will apply specifically to PT SMI and may not be generalizable to other organizations or countries, with the recommendations for cultural transformation intended as a long-term process rather than immediate results. The methodology involves primary data collection through surveys and interviews, as well as secondary data

analysis of company policies and reports, utilizing OCAI for cultural diagnostics, the Digital Culture Assessment for gauging technology adoption, and ADKAR change management strategies for transformation.

METHOD

The research adopted a mixed-methodology approach, integrating both quantitative and qualitative methods to diagnose and address potential organizational and digital cultural gaps within PT Sarana Multi Infrastruktur (Persero) (PT SMI) and to propose actionable strategies for enhancing the ADKAR elements in the cultural transformation journey. The process involved structured steps, starting with identifying cultural gaps through the OCAI Assessment and leader interviews to understand cultural challenges. Next, the digital maturity level was measured using Buvat's Digital Culture Assessment, followed by a change readiness assessment via the ADKAR model to determine employee and leadership readiness for transformation.

The research collected both primary and secondary data, with primary data gathered through quantitative techniques such as surveys targeting employees who had worked at PT SMI for more than five years, ensuring a representative sample of at least 74 respondents. The OCAI Assessment was utilized to evaluate the current and preferred organizational culture, while Buvat's Digital Culture Assessment gauged digital maturity across various dimensions. Qualitative data were collected through structured interviews with key internal stakeholders, including the CEO, CFO, PMO, Human Capital Division, and IT Department, to gain insights into leadership styles, employee engagement, and decision-making processes.

Secondary data supported the analysis, drawing from internal company documents and industry benchmarks. Quantitative data analysis employed descriptive statistics and gap analysis to identify discrepancies between current and preferred cultural states, while qualitative data were analyzed using thematic analysis to uncover recurrent themes and insights. Finally, integration of findings through triangulation enhanced the understanding of cultural gaps at PT SMI and ensured that the recommendations for cultural transformation were grounded in both theoretical frameworks and practical relevance, ultimately aiming to improve the company's agility, innovation, and overall performance.

RESULTS AND DISCUSSION

Business Solution

Based on the findings and triangulation insights gets from interviews, survey assessments and literature reviews, this research can conclude the current condition and challenges that has been identified throughout the transformation journey along the strategy that should be taken by the company. Based on the interviews, we can know that every stakeholder has the same agenda with goal to realign corporate and digital culture with PT SMI's strategic transformation agenda, ensuring employees are ready, capable, and motivated to change. According to the transformation agenda and theory-based, the solution and implementation that could be propose for PT SMI as follows:

Organizational Culture Solution

Based on the survey, culture gap that is identified is the dominant culture that is currently "Hierarchy" with aspirations to shift the culture into "Clan" culture as the dominant culture to support agility and innovation in the company. According to Cameron & Quinn's (2011) Competing Values Framework (CVF) highlights that organizations that shift into Clan culture means more employee empowerment, more participation and involvement, more cross-functional teamwork, more horizontal communication, a more caring climate and more recognition for employees but it doesn't mean a culture of "niceness", lack of standards, an absence of tough decisions, and tolerance of mediocrity.

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From the interview reveals there is a disconnect between generation within the company, Gen Z / Millennial staff and Gen X as decision maker also highlight the need for collaborative and adaptive culture, and the challenge is how to ensure the governance and compliance especially as a state-owned enterprise.

To bridge this cultural gap, initiatives must focus on increasing internal collaboration, employee empowerment and participative leadership. The proposed solution regarding this cultural shifting as follows:

- Change Agents from every division as a role model to promote the desire culture.
- Cultural realignment by revisiting the corporate values which are Integrity, Service Excellence, Partnership, Resilience, Innovation and Trust (I-Sprint), embedding it into daily behaviour and linking them with measurable KPIs.
- Continuous cultural campaign to reinforce participative structures and recognize the initiatives that reflect collaborative, trust and innovation.

Diagram below shows PT SMI culture profile based on vision, missions, corporate values and corporate culture:

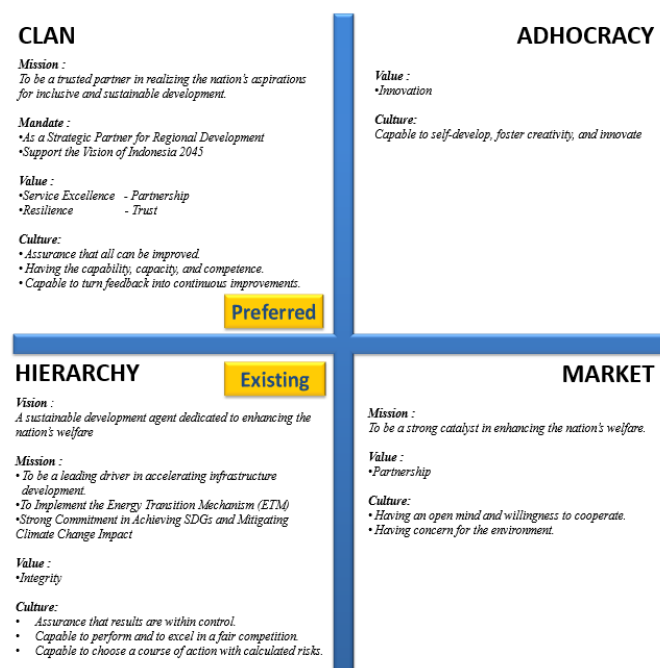


Figure 4. PT SMI Culture Profile

Based on PT SMI Culture Profile above, described the necessity for cultural shift at PT SMI that predominantly Hierarchy-oriented culture towards a more Clan-based culture. This culture profile aligns with OCAI results where the majority of employees has preference for work environments that emphasize trust, collaboration, continuous improvement and employee empowerment. While the current Hierarchical culture aligns with PT SMI's mandate for operational excellence and risk management, by enhancing the preferred Clan culture will supports PT SMI's role as strategic partner in inclusive and sustainable development. This transition will be essential to enable PT SMI to remain resilient and impactful in a rapidly changing environment.

Digital Culture Solution

Based on the survey results reveal that PT SMI's digital infrastructure is at moderate-to-high level but the digital tool adoption is relatively low due to lack of awareness, training and integration across division. Westerman et al (2014) explained that the digital

transformation requires not only the technology, but also the people who are capable of using it effectively.

Meanwhile Mckinsey reports that 70% of digital transformation initiative fail due to a lack of cultural alignment, so it is crucial for the company to continuously evolving its digital culture align with the technological advancements (McKinsey & Company Transformation, 2022). Jon Garcia (a leader in McKinsey's Transformation Practice), explain four of the most common pitfalls in doing the transformation: First, failure to set high aspirations, Second, fail to attach compelling "why?" to their effort, Third, the poor execution and Fourth, the organization fail to sustain the impact that they have achieved.

To address this condition, initiatives should include the digital skill training, agile team formation, continuous mentoring program, and embedding digital KPIs into performance management. The proposed solution to enhance the digital culture maturity as follows:

- a) Appointed Digital Champions from all divisions to support peer-level adoption rate.
- b) Upskill the digital literacy at all levels through customized learning journey, simulations, and project-based learning from the real cases found in the company
- c) Integrate technology as a based in daily workflow within division or between divisions and formalize the digital adoption rate into KPI's division.
- d) Elevate IT's role from a back-office support to transformation partner by involving IT to involve more in planning and design piloting.
- e) Define digital competencies that is required for each role and create performance incentives for adoption and for doing strategic initiatives.

ADKAR's Elements Enhancement

Based on the ADKAR survey results indicating some gaps such as the low of awareness to change, and Reinforcement still not systematically developed and measured. According to the interview, most of the staff still unaware of the PT SMI's Long Term goal, where the change is made by top-down approach, but not effectively cascade to the employees. Hiatt (2006) emphasizes that the change fails when the organization skip the Awareness and Reinforcement. ADKAR should be applied sequentially and embedded to employee's daily activities.

According to Hiatt (2012), when the ADKAR elements are achieved, employees become engaged and energized, the change is adopted faster, and employees will contribute more to give ideas and support the change. Change management tactics and techniques that have the greatest impact on each element of ADKAR model, including Communication, Sponsorship, Coaching, Resistance Management and Training, each techniques plays a different role in the change process, figured in table below:

Table 1. Mapping of Change Management Activities to ADKAR

Change Management Activities	A	D	K	A	R
Communications	▲				
Sponsorship	▲	▲			▲
Coaching	▲	▲	▲	▲	▲
Resistance Management		▲			
Training			▲	▲	

Source: (Hiatt & Creasey, 2012)

Same goes with the Players / PICs in the organization that in charge with the transformation journey also contribute differently as well, described in below table:

Table 2. Mapping of Key Players During Change to ADKAR

Change Management Player	A	D	K	A	R
Primary Sponsor / Executive	▲	▲			▲

Change Management Player	A	D	K	A	R
Leadership Coalition	▲	▲			
Managers & Supervisors	▲	▲	▲	▲	▲
HR & Training			▲	▲	
Project Team / PMO			▲	▲	

Source: (Hiatt & Creasey, 2012)

Based on the mapping by Hiatt & Creasey (2012), above tables reinforce that effective change management requires both targeted activities and clearly defined responsibilities to ensure the sustainability of the transformation. The proposed solution to enhance the ADKAR elements as follows:

1) Building Awareness

According to Hiatt (2012), building Awareness in a process, Awareness is not achieved based on the messages sent, but how the messages are received and internalized by the person. Several change management strategies to build the awareness such as Effective communication (face to face meetings, email, newsletters, intranet), Executive sponsorship (create an understanding why the change is needed), Coaching by manager / supervisor, and Access to business information.

Some of initiatives that can be applied to PT SMI such as regular email / newsletter sent to each of employees as socialization, one-on-one session with the Supervisor, and intranet to access the company's transformation plan. Another initiative that needs to be enhance is top-down communication, through townhall or management videos series. Effective leadership is crucial in guiding employees through change and clear communication at every stage of the change process is important to maintain the employee buy-in and engagement (Iyaji, Agbana, & Bakare, 2023).

2) Creating Desire

Some tactics that influence these factors for creating desire such as: Effectively sponsor the change with employees, Equip managers to be changer leaders, Assess the risk and anticipate resistance, Engage employees in the change process and Align incentive programs.

Implementing some of culture that can foster employee's Desire such as storytelling of experiences or success story, peer role-model, multigeneration mentoring to reduce the psychological resistance.

3) Developing Knowledge

Developing knowledge is a primary activity, knowledge of the new system as the success factor for their initiative to ensure that employees were prepared for the new knowledge-based tool. Most commonly used tactics for developing knowledge such as: Effective training and education program, Job aid, One-on-One coaching, and Forum Group Discussion (FGD).

Initiatives that can be applied to PT SMI are providing sustained knowledge development trough formal framework (such as training, induction or workshop), structured mentoring programs, and digital learning library.

4) Fostering Ability

Knowing how to do something and being able to do something are not the same thing, supervisor plays a critical coaching role with their employees at this phase of change. Several tactics that can be used to develop the Abilities of the employee such as: Day-to-Day involvement of Supervisor, Access to experts, Performance monitoring and Hand-on Exercises during training.

Initiatives that can be applied to PT SMI by doing job-shadowing, certification programs, customized training map journey for each role to ensure the ability is aligned to the employee's role.

5) Establishing Reinforcement

Reinforcement is the final element of ADKAR model, with an effective reinforcement we avoid losing momentum to change and prevent the employees from reverting to the old ways of work. Reinforcement is needed to ensure that the change is sustained over time through ongoing support, feedback and recognition (Iyaji, Agbana, & Bakare, 2023).

Establishing Reinforcement by embedding the transformation milestones into performance appraisals, implementing recognition programs, giving regular leadership messages that is aligned to transformation, and set mini milestones for each month or term for leadership to celebrate progress and maintain the momentum.

Proposed Implementation Plan & Justification

Proposed Implementation Plan

Based on solutions stated above, we can put it into action that can be implemented in the company as actionable programs to ensure a structure and impactful transformation at PT SMI in some phases within a year as follows:

- a. Phase 1: Foundation & Awareness (0-3 months)
 - 1) ☐ The first phase included the communication plan especially enhancing the top-down communication channel to share the same vision.
 - 2) ☐ Conduct company townhalls to share about transformation vision, the urgency and benefits of cultural shift and digital transformation, that is applicable to every division, not only business division.
 - 3) ☐ Launch “Change Agent Program” to have representative from each division to act as peer role model and feedback channels from the employees
 - 4) ☐ Assess digital readiness and cultural alignment per division to map the cultural & digital knowledge gap, so the solution will be customized.
 - 5) ☐ Regular socialization such as management video series that explaining transformation roadmap with specific journey that should be taken by each division.
- b. Phase 2: Capability building & Employee engagement (4-6 months)
 - 1) ☐ Evaluate the current value (I-Sprint) and do the Value Realignment (if needed) with relatable internal insights and KPI linkage across divisions.
 - 2) ☐ Launch a training catalogue and implement required training programs for all levels (collaboration, analytics, and AI basics)
 - 3) ☐ Organize workshop for leadership development that focuses on agile culture, adaptative thinking and servant leadership
 - 4) ☐ Build cross-functional agile teams with a task-force governance model to break down silos between divisions
- c. Phase 3: Activation & Pilot project (7-9 months)
 - 1) ☐ Start 2-3 digital innovation initiative from division or directorate with visible executive support. This initiative should have impact not only for the division itself but also for the company wise.
 - 2) ☐ Updated job description and assessment metrics including leadership and digital KPI's are cascades
 - 3) ☐ Create a program that connect Gen Z/ Millennial employees with Gen X executives in a reverse mentoring program
 - 4) ☐ Arrange regular innovation displays that highlight the results and lessons learned from the internal project
- d. Phase 4: Reinforcement & Institutionalization (10-12 months)
 - 1) ☐ Measure the digital skills / digital adoption and cultural behaviours into annual performance management system (KPI)

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- 2) ☐ Conduct quarterly ADKAR surveys to track employee's preparedness and responsiveness within transformation journey
- 3) ☐ Formalize Task Force and Change Agent roles into career paths and organizational structures
- 4) ☐ Publish internal transformation journey reports with testimonies, KPIs and key learning from the employees
- 5) ☐ Review and evaluate the digital roadmap annually, ensuring the respond to emerging market and technology trends.

These actionable strategies can be put in the following table:

Table 3. Timeline of Implementation Plan

No	Program / Activity		Goals	PIC / Divisions	2025								2026								Success Indicator	Monitoring Tools
					6	7	8	9	10	11	12	1	2	3	4	5	6					
1.	Townhall – Transformation campaign		Increase company-wide awareness of transformation, as top-down communication on culture vision	Corporate Secretary																>80% staffs can articulate transformation purpose and what will be done by the division	Post event / monthly awareness survey	
2.	Transformation Communication Series			Corporate Secretary																		
3.	Cross-Division Listening Session		Build trust and ensure feedback from all units	PMO & HR																>75% division participate on the meeting	Qualitative insight report	
4.	Peer Sharing Session / Reverse Mentoring Program		Foster emotional engagement for change & to promote cross gen learning	HR																>70% positive feedback	Quarterly feedback/ Mentoring Feedback form	
5.	Change Champions Recognition Program		Recognize role models internally	PMO & HR																>50% voting score	Voting Questionnaire	
6.	Structured Learning Pathway		Build competencies for digital	HR																100% training completed	LMS progress tracker	
7.	Culture & Digital Bootcamp for Manager up		Empower manager to lead the transformation	HR & IT																>80% participant satisfied with the event	Bootcamp Feedback	
8.	Job Shadowing for Digital Simulation Training		Enhance the technology utilization	PMO & IT																>50% system utilization by the Q3 2025	System analytic tools	
9.	Semesterly transformation touchpoints		Awareness of transformation evaluation	BOD & HR																>80% staff aware with the transformation & aligned with I-SPRINT values	360 feedback & sampling survey	
10.	Change Agent & Culture Internalization Team Formalization		Sustain support for guiding the culture transformation	BOD & HR																The roles embedded in new organizational chart	Organization Structure validation	
11.	Quarterly reward for Digital Innovators		Drive continuous improvement & innovative culture	HR & IT																2 Innovation proposal evaluated and approved by the HR	Recognition dashboard	
12.	Quarterly reward for highest Digital		Sustain digital transformation	HR & IT																>80% adoption rate with minor mistakes.	Recognition dashboard	

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No	Program / Activity	Goals	PIC / Divisions	2025								2026						Success Indicator	Monitoring Tools
				6	7	8	9	10	11	12	1	2	3	4	5	6			
	Adoption Rate (Division)																		

Justification of Implementation Plan

The proposed implementation plan described in IV.3 was designed & aligned to the key findings from multiple research components including the OCAI culture assessment, Digital Culture gap analysis, ADKAR diagnostics and qualitative insights from respected management level of the company and representatives from related division i.e. CEO, CFO, HC Department, PMO / Transformation Team and IT Business Solution Department. From these several data and information gathered provide an understanding of the organization's current culture state and its transformation aspirations. These customized implementation plan aims to address the issues, barriers and the preference within the company's transformation journey specifically PT SMI. The plan is structured in phases approach to ensure gradual, measurable and sustainable change.

a. Phase 1 – Foundation & Awareness

This phase addresses the root cause of low awareness and resistance to change based on the ADKAR assessment results. This phase prioritizes a transparent communication between levels, early involvement of all stakeholders through quarterly townhall and transformation communication series from the management. Another important initiative in this phase is the identification of Change Agents from each Divisions to be internal influencers. These initiatives are supported by Hiatt's ADKAR Model (2006) that underscores the importance of creating awareness as the prerequisite for any successful transformation.

b. Phase 2 – Capability Building & Engagement

The second phase will answer the other findings based on OCAI and digital culture indicators to address the gaps for collaboration, agility, and digital mindset that still below the average. The initiative plans include skill-building through a structured learning pathways and management bootcamps, also re-evaluation on the I-Sprint corporate values to ensure the alignment with the Clan Culture as the preferred culture. Based on research that reveals the relationship between culture and effectiveness, it is found that a strong, adaptable culture enhances performance and engagement in a company (Denison & Mishra, 1995).

c. Phase 3 – Activation & Pilot Project

This phase will operationalize the strategic direction by embedding transformation into day-to-day business. Some of the initiatives is piloting the digital innovation, cross-generational mentoring and structure the agile team or agile procedures. Based on CFO interviews reveal the need for a post-implementation review to ensure that the adoption rate meet its target, transformation team should track the usage periodically and investigate if the adoption rate is low, is the system not meeting its user needs? Does the system need enhancement or even more socialization is required.

d. Phase 4 – Reinforcement & Institutionalization

This last phase is to ensure that long-term sustainability by embedding new behaviour into organisational systems. This phase includes the integration of culture and individual / division's KPIs into performance management alongside with the formal recognition and clearer career pathing. It is aligned with McKinsey's 7S framework which emphasizes the reinforcement of soft elements such as skills and shared values (The McKinsey 7-S Model for Organizational Alignment and Success, 2024).

The plan is not only addressing existing cultural misalignments but also preparing the employees to embrace the digital transformation, ensuring that PT SMI has applied the collaborative and adaptive public finance institution in the long term.

CONCLUSION

This research concludes that PT SMI's transformation into a Development Financial Institution (DFI) requires not only structural changes but also significant alignment of organizational and digital cultures. Success depends on shifting from a hierarchical, control-oriented culture toward a more collaborative and agile one, as identified by the OCAI assessment, to reduce internal friction and foster innovation. Despite strong digital infrastructure investments, digital adoption remains inconsistent due to uneven employee digital literacy, indicating a need for targeted initiatives such as personalized job shadowing and ongoing capability-building programs. Additionally, the ADKAR assessment highlights critical gaps in Awareness and Reinforcement, emphasizing the importance of improved internal communication, leadership engagement, and behavioral reinforcement to sustain change momentum. For future research, it is suggested to explore longitudinal studies that evaluate the long-term impact of cultural interventions and digital literacy programs on organizational performance and employee adaptability in SOEs undergoing similar transformation processes.

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