

## Evaluation of the Effectiveness of the Implementation of Corporate Cultural Transformation with the Eight-Step Approach of Kotter (2014) and ADKAR Model (2012) Case Research on PT XYZ

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### ABSTRACT

PT XYZ is experiencing a decline in financial condition, leading to a downgrade in bond ratings due to the impact of the Covid-19 pandemic and project management errors. Based on this situation, the management of PT XYZ decided that a business transformation is necessary to improve the financial condition and ensure the company's sustainability. This research aims to evaluate the effectiveness and sustainability of the implementation of corporate cultural transformation at PT XYZ using two complementary approaches: Kotter's (2014) eight-step model and the ADKAR (2012) model. The research methodology employed a data triangulation approach, which included company documentation studies, interviews with three key informants, and questionnaires distributed to 87 respondents. The research results show that, overall, PT XYZ has conducted an effective corporate cultural transformation in accordance with both Kotter's (2014) eight-step change model and the ADKAR (2012) model, achieving high average Likert scores of 4.94 and 4.90, respectively. However, several shortcomings require attention and improvement, such as a top-down approach to vision formulation that limited employee participation, resistance due to additional workload from manual documentation requirements, and benefit incentives that have not yet been directly felt by all employees, particularly those not yet eligible for promotion. Despite these challenges, the overall assessment confirms that the AKHLAK cultural transformation was effective and sustainable, positively impacting employee discipline, collaboration, motivation, and productivity.

**KEYWORDS** ADKAR (2012), Culture, Evaluation, Kotter (2014), Transformation



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### INTRODUCTION

PT XYZ is a State-Owned Enterprise (BUMN) engaged in the construction business, and its shares are traded on the Indonesia Stock Exchange. PT XYZ, in its development, not only has a domestic market share but has also been working on several projects abroad since 2007. PT XYZ's project portfolio is spread across eleven countries, including those in Asia, Oceania, the Middle East, and Africa. The company has successfully developed its business portfolio to include subsidiaries and sub-subsidiaries engaged in both construction and non-construction sectors (Fatimah et al., 2023; Huynh & Dang, 2021). Several subsidiaries of PT XYZ have successfully conducted IPOs on the Indonesia Stock Exchange. PT XYZ is even considered one of the leading companies in

the construction sector in Indonesia. The President Director of PT XYZ revealed that the company's strength lies in its extensive domestic portfolio and the support of all business lines that provide comprehensive construction services in both domestic and international markets.

The Covid-19 pandemic that began in early 2020 had a negative impact on global economic growth. Similarly, Indonesia's economy was severely affected by the pandemic, from disruptions in global supply chains to a decline in foreign investment. One piece of evidence of this decline is the slowdown in economic growth, which fell from 5.02% in 2019 to 2.97% in 2020 (Melati, 2023). The pandemic halted the production, distribution, and marketing of goods and services worldwide. Global supply chains complex networks connecting market participants across the world were negatively affected. The pandemic not only disrupted small-scale production but also caused factory closures and interruptions in distribution lines due to lockdowns and restrictions in several countries around the world, including Indonesia. In other words, the pandemic slowed down the global supply chain cycle (Grzybowska & Stachowiak, 2022; Jæger et al., 2015; Jamal et al., 2024; Onat & Kucukvar, 2020).

The construction industry was not exempt from the impact of the Covid-19 pandemic (Adekunle et al., 2024; Moavenzadeh, 2022; Sanni-Anibire et al., 2022; Winge & Albrechtsen, 2018). Government policies in the form of Large-Scale Social Restrictions (PSBB) had a significant influence on the progress of construction projects. PSBB limited the activities of workers both inside and outside construction sites, which inevitably hindered project progress. As a result, many projects experienced delays or even failures. Based on Sari and Suryan (2021), the Covid-19 pandemic caused at least 78.9% of construction project delays. The implementation of PSBB (53.8%) and limited funding (29.6%) were identified as the main causes of these delays. There was also an impact on project personnel, including limited activities (64.22%) and disrupted communication (24.77%). From a financial perspective, the Covid-19 pandemic also had a severe impact. According to Khairani and Supriyadi (2021), the primary cause of construction project delays during the pandemic was financial difficulty. The pandemic caused clients to delay payments to contractors. These financial issues arose for various reasons, such as disruptions to client business activities, rising prices of goods and services, and additional costs incurred due to the pandemic.

In addition to the Covid-19 pandemic, PT XYZ's problematic projects also stemmed from errors in funding management. Many of PT XYZ's projects involve a pre-financing funding scheme, where the company finances projects using long-term loan funds. These pre-financing projects are mostly multiyear in nature and are therefore more difficult to manage. Such projects face many unpredictable risks, including the Covid-19 pandemic. Consequently, even a slight miscalculation may lead to the company's inability to repay its long-term loans. This condition is currently faced by PT XYZ, with pre-financing projects adding to the long list of problematic projects that emerged during the pandemic.

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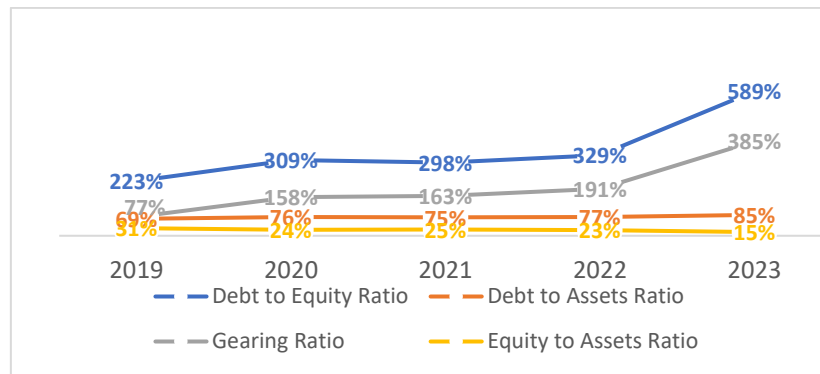


Figure 1. Working Capital Structure Ratio of PT XYZ

Source: Annual Report PT ZYZ, reprocessed by the author.

PT XYZ's problematic projects caused the value of debt to increase, placing the company at risk of being unable to meet its obligations. As seen in Figure 1, there was nearly a threefold increase in the ratio of debt to equity (Debt to Equity Ratio) from 2019 until its peak in 2023, reaching 589%. This indicates that the company has very high levels of debt (leverage), meaning it relies more on debt than equity to finance its operations. High leverage increases the company's financial risk, as it must regularly pay interest and principal on its debt. This condition is reflected in the Interest Debt to Equity Ratio (Gear Ratio), which rose fivefold to 385% in 2023. Such interest-bearing debt becomes a heavy burden if income declines or is unstable — a situation that befell PT XYZ. Low cash flow resulting from problematic projects and the increase in debt ultimately led PT XYZ to apply for a standstill, a postponement of long-term debt payments for bank loans and bonds that matured in May 2023. PT XYZ eventually submitted a debt restructuring proposal to its creditors. This development was followed by a response from Pefindo, a securities rating company in Indonesia, which downgraded the company's sustainable bond rating from idA to idBBB. The downgrade reflects the company's weakening financial profile.



Figure 2. House of Transformation PT XYZ

Source: Annual Report of PT XYZ Year 2023

Along with the end of the pandemic in early 2023, the company took the initiative to launch a business transformation program. This strategy is stated in PT XYZ's 2023 Annual Report as part of the company's efforts to ensure sustainability and strengthen business fundamentals through a structured transformation process. The transformation began with the establishment of a Transformation & Business Strategy Division, responsible for overseeing the implementation of the transformation program and developing the company's overall business strategy. In collaboration with McKinsey &

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Company as the consulting partner, PT XYZ's business transformation focuses on three key objects: culture, people, and system.

The transformation framework is illustrated through the House of Transformation. The Transformation House (Figure 2) is built upon a foundational element—cultural transformation based on AKHLAK—and supported by three pillars aimed at achieving three main objectives: cash-focused, lean, and fit for the future. This transformation program is expected to restore the company's financial health, which had declined due to the pandemic and the accumulation of problematic projects.



Figure 3. PT XYZ Corporate Culture

Source: Annual Report of PT XYZ Year 2023

AKHLAK cultural transformation is a process aimed at building a strong quality of AKHLAK culture (Figure 3) as the foundation for PT XYZ's business transformation. AKHLAK (Trust, Competent, Harmonious, Loyal, Adaptive, Collaborative) is a set of core values established by the Ministry of SOEs of Indonesia, as regulated in the Circular Letter of the Minister of SOEs No: SE-7/MBU/07/2020. SOEs are expected to understand, implement, and internalize these values in a serious, consistent, and consequential manner, so that they are reflected in daily behavior and shape the organizational work culture (Ministry of SOEs, 2020). The primary goal of PT XYZ's transformation program is to strengthen the company's business fundamentals to achieve the vision of "Becoming a Trusted Company in the Field of Sustainable Infrastructure and EPC." The President Director of PT XYZ has stated on multiple occasions that the existing culture has not been able to support improvements in the company's performance; therefore, immediate changes are necessary. Kotter and Heskett (2008) explained that culture can have a significant impact on a company's long-term economic performance, and that corporate culture can be a key determinant of its future success or failure.

Kotter (2014) stated that most companies fail to implement corporate transformations successfully. PT XYZ is also subject to the risk of conducting transformations ineffectively, which could ultimately result in failure. This makes it essential for the company to evaluate the effectiveness of the transformations it has undertaken. Previous studies, such as those by Haas et al. (2020), Richesin (2011), Magnúsdóttir (2018), and Trawick & Carraher (2023), have used Kotter's (2014) eight-step approach to evaluate the effectiveness of corporate transformations. Meanwhile, other studies, including Samosir and Jayadi (2023), Leksono and Yulianti (2022), and Kachian et al. (2018), have used the ADKAR Model (2012) as the evaluation tool. According to Rohmah and Subriadi (2022), Samosir and Jayadi (2023), Yli-Kerttula and

Varis (2023), and Bekmukhambetova (2021), the difference between these two approaches lies in their perspectives on change: Kotter's (2014) model views change from the perspective of the company as an organization, whereas the ADKAR model (2012) examines change from the perspective of employees as part of an organizational initiative.

This research is a case study on the PT XYZ holding company, with the aim of providing an evaluation of the effectiveness of the implementation of corporate cultural transformation carried out by PT XYZ. The evaluation will be conducted using Kotter's (2014) change framework and the ADKAR model (2012). Kotter's approach will assess the effectiveness of transformation implementation from the organizational perspective, while the ADKAR model will measure effectiveness from the perspective of individuals within the organization. This dual-perspective evaluation has not been applied in previous studies and is expected to yield a more comprehensive assessment of cultural transformation effectiveness at PT XYZ. Furthermore, the results are intended to provide recommendations to improve the cultural transformation process so that it can be implemented more effectively and achieve its primary objectives, including improving financial performance and ensuring the sustainability of the business.

Based on the background presented, the research problems can be formulated as follows:

- (1) How can the effectiveness of corporate cultural transformation at PT XYZ be evaluated within the organizational scope using Kotter's (2014) eight-step approach?
- (2) How can the effectiveness of corporate cultural transformation at PT XYZ be evaluated within the individual scope using the ADKAR model (2012) approach?

The objectives of this research are: (1) To evaluate the effectiveness of the implementation of corporate cultural transformation at PT XYZ within the organizational scope using Kotter's (2014) eight-step approach. (2) To evaluate the effectiveness of the implementation of corporate cultural transformation at PT XYZ within the individual scope using the ADKAR model (2012) approach.

For PT XYZ, this study provides insight into the level of effectiveness of the cultural transformation implementation, as well as an evaluation model that can be applied for future assessments. For PT XYZ stakeholders, it offers an overview of transformation effectiveness and serves as a consideration in decision-making processes. For academics, this study contributes to greater knowledge and understanding of corporate cultural transformation processes and can serve as a reference for future research on transformation evaluation in organizations.

## **METHOD**

This research employed a descriptive qualitative approach based on data triangulation, aimed at elaborating the characteristics of existing phenomena through in-depth analysis. By focusing on key questions of what, where, who, when, and how, the study used observations, surveys, and interviews as data collection methods. Primary data were obtained through surveys and interviews, while secondary data came from documentation. The triangulation approach provided a more comprehensive understanding of the phenomenon studied.

Data were analyzed using the content analysis method, which processed qualitative data in textual form. This process involved formulating hypotheses, coding, and interpreting findings to produce descriptive narratives. Interviews and other relevant data were compared to draw appropriate conclusions regarding the research problem,



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using the conceptual frameworks developed by Kotter and ADKAR to generate insights into the implementation of cultural transformation programs at PT XYZ.

Surveys and interviews were conducted with selected respondents based on employment status and length of service. Secondary data sources included both internal and external company documents. A total of 100 respondents from different levels and work units participated, meeting the criterion of a service period exceeding one year, with survey responses measured using a Likert scale.

Interviews involved representative employees from all position levels, from staff to managers, including those serving as Change Agents in the company's cultural transformation. This selection ensured balanced representation of employee perspectives. Survey and interview questions were formulated within the theoretical frameworks of Kotter and ADKAR, aligned with previous studies, and designed to cover the stages of change necessary for cultural transformation. These methods provided a comprehensive view of the processes and challenges faced by PT XYZ in the implementation of its transformation program.

### RESULTS AND DISCUSSION

#### Results of Document Research Research

Data analysis was carried out on the documents that were successfully collected. The documents collected include the 2023 Annual Financial Report, Company Internal Procedures, Company Transformation Program Bulletin, Corporate Social Media and Press Releases, as well as the results of interviews with the Mass Media. Based on the data from the research of these documents, the evaluation of the effectiveness and sustainability of PT XYZ's cultural transformation program was carried out using the Eight-Step Transformation approach of Kotter (2014) and the ADKAR Model (2012).

#### ***Results of the Approach Document Research (8) Eight Steps of Kotter Transformation (2014)***

The evaluation was carried out with the approach of each step by Kotter (2014), testing whether each step had been carried out by PT XYZ.

##### Create a Sense of Urgency

Efforts to build a sense of urgency have been carried out by PT XYZ starting in early May 2023. At that time, PT XYZ carried out the agenda of the Plenary Review Management Meeting I. Evidence of documents obtained in this activity was documentation and exposure of the meeting material. In this activity, the Director of HC, as the person in charge of the transformation program, directly participated in the initial socialization of the business transformation that will be carried out by PT XYZ. The target of socialization is all Divisions, including the Operations Division, in which there is a representative team from each construction project that is still running.

In the document that was successfully collected, it is known that the results of the analysis of McKinsey consultants were presented in the socialization. The results of the analysis submitted are the current deteriorating condition of PT XYZ, and the changes that must be made, and the opportunities that exist in the future. Bad conditions that can be the basis for immediate changes include:

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- a. PT XYZ's market declined by ~40% in 2021 compared to 2019, while the construction market is expected to grow slowly by 4.3% in 2030.
- b. Revenue decreased by 35% from 2019.
- c. There is a significant gap between PT XYZ's margin and industrial margins, especially in the 'high risk' sectors (in metal and mining, power and transmission, oil & gas), including margins sacrificed to support growth.
- d. There is a significant accumulation of receivables, a higher level of data transparency, clear accountability and a "cash culture" culture in operations.
- e. Investments that are "frozen", so equity is locked.

In the same document, the opportunities that can be achieved when PT XYZ carries out the transformation are conveyed, including:

- a. Potential EBIT increase by shifting to sectors with positive prospects, such as renewable energy & metal smelting and reducing exposure to oil & gas and fossil-based power.
- b. Potential to increase EBIT through 4 value boosters – (1) Bidding war room, (2) Lean construction (including digitalization), (3) Centralized procurement, (4) Claims management.
- c. There is a potential for EBIT through increased productivity of Lean Constructions.
- d. There is potential to increase cash release (cash receipts) through the Establishment of "Cash Lab", Updating KPIs, and Debt Restructuring (MRA) programs.

The urgency of transformation was then rebuilt through the CEO Talk event in July 2023. In this event, the President Director of PT XYZ invited top management and managers of all running projects. He said that PT XYZ must immediately transform, even he conveyed the tag line "Transformation or die" as an illustration of the importance of the changes made.

#### Form a Guiding Coalition

In the stage of forming a guiding coalition, PT XYZ formed a new Division that was tasked with overseeing the transformation process. Based on the Decree of the Board of Directors (SK 01.01/A.DIR .01371/2023), the Division is named the Transformation and Business Strategy Division (TBSD). In accordance with the decree, the functions of the Transformation and Business Strategy Division are:

"Overseeing the transformation program in accordance with the company's business development and the preparation of the company's business strategy by implementing Enterprise Resource Planning and Management Systems applicable in the company"

The Transformation and Business Strategy Division has programs that are able to guide and guard the transformation process. These programs include workshops, transformation magazines, trainings and seminars related to transformation, as well as being a forum for all employees to channel proposals for transformation initiatives.

Especially for the cultural transformation of Akhlak, PT XYZ initiated the Change Agent program. Change Agent is a program created to select employees who are tasked

with being agents of change and the implementation of AKHLAK culture. The employees selected are based on the results of the AKHLAK assessment that has been carried out by the company. Through a series of assessments, employees who are selected to become Change Agents will have the following obligations and rights:

Change Agent obligations:

- a. To be a role model for the application of the culture of AKHLAK
- b. Encourage and motivate colleagues to consistently carry out the culture of AKHLAK
- c. Developing programs to accelerate AKHLAK Cultural Transformation
- d. Making observations and reports on the work environment and providing input to management regarding the implementation of AKHLAK
- e. Be responsible and report on the achievements of the implementation of the AKHLAK culture
- f. Using the AKHLAK Change Agent Pin

Change Agent rights:

- a. Getting priority in education, training and employee development programs
- b. Getting priority in promotions or promotions by adjusting to the needs of the company
- c. Get a custom development program for Change Agent

In addition to the Change Agent program, PT XYZ also launched the Change Leader program. The goal of the program is to find and develop leaders who are capable of making change at various levels of the organization. Trained to be agents of change, change leaders will have the ability to initiate and manage transformation initiatives in their respective work units. With Change Leader, the transformation process can run faster and more evenly across the company. In addition, to assist PT XYZ's transformation process towards the desired stabilization, the program includes training in adaptive leadership, strategic communication, and change management.

### **Develop a Vision and Strategy**

PT XYZ has launched its 2030 Vision, which serves as a transformative roadmap for the company's future. This vision, "Becoming a Trusted Company in the Field of Sustainable Infrastructure and EPC," is clearly outlined on page 10 of the 2023 Annual Report and was subsequently updated in June 2024. The statement is intentionally straightforward and memorable, encapsulating the company's aspiration to be a trusted construction leader in Indonesia and to play a significant role in accelerating sustainable infrastructure development. PT XYZ has affirmed that this vision remains highly relevant despite ongoing changes in the business environment and the challenges it faces.

To systematically realize this transformation, the company's strategy is illustrated in the PT XYZ Transformation House. The pillars and foundations of this framework have been translated into 30 specific strategic initiative programs designed to achieve comprehensive restructuring goals. These initiatives, as detailed in the annual report, encompass a wide range of areas including organizational effectiveness through HR



efficiency and overhead optimization, digitalization via SAP and BIM 5D implementation, competency development, financial restructuring through debt management and divestment, and enhanced operational procedures across supply chain, claims, and project management.

### **Communicate the Change Vision**

Vision 2030 as a vision of change is communicated by PT XYZ to all employees through various ways. Based on the company's documentation and procedures, the following are the ways in which the vision of change is communicated:

- a. Conducting socialization to all project representatives and divisions along with socialization of transformation initiation.
- b. According to company procedures, PT XYZ requires all projects and divisions to display Vision and Mission documents in strategic places in each office.
- c. According to the company's procedures, PT XYZ requires all projects to socialize the Vision and Mission at least 1 time a year.
- d. Upload the Vision and Mission document on the Procedures and Knowledge Management website page, so that all employees can access, view and download and distribute the document.
- e. Through PT XYZ's social media, namely the "Transformation Office" Instagram account that can be accessed by PT XYZ employees.
- f. Through the transformation magazine "Transformation and Business Strategy Magazine" which can be read by PT XYZ employees.
- g. Every Monday, the Vision and Vision 2030 are read and disseminated through the sound system of the office building, so that all employees can listen.

### **Removing the Obstacles**

PT XYZ strives to remove barriers that prevent employees from participating in the transformation program. One of the efforts made is to establish Procedures for Preparing Initiatives and Execution of Transformation. In this procedure, all employees of PT XYZ are given the same opportunity to participate in providing proposals for transformation initiatives with a detailed process flow, including the forms that must be used. The next effort made by PT XYZ is the publication of Transformation and Business Strategy Magazine (TBS Magz). TBS Magz is a magazine that contains updates on the implementation of transformation programs with the theme of AKHLAK culture. In this magazine, PT XYZ, in addition to providing information updates, also hopes to be able to attract support and motivate employees to participate and provide proposals for transformation initiatives.

Another effort made by PT XYZ to remove obstacles that prevent employees from participating in the transformation program is the holding of the Transformation Award. As reported in the 5th edition of TBS Magz, this event is the highest and most prestigious award event given to outstanding employees and projects in successfully implementing innovation and positive change works in their work units. This award consists of 15

categories with a total of 55 participants. Various awards were given to the category winners. With this program, PT XYZ hopes to be able to provide more motivation to every employee of the company to more actively participate in the transformation process.

### **Generate Short-Term Wins**

Since its inception, PT XYZ's transformation program has succeeded in creating several achievements and awards, both from within the company and externally. As reported in the 2nd edition of the transformation magazine, PT XYZ managed to get the SOE Corporate Communication and Sustainability Summit 2024 (BCOMSS) award. The award was 1st place in the Internal Communication Implementation Category. In this activity, the material presented by PT XYZ was themed "Transformation of PT XYZ" which included the transformation of AKHLAK culture in it. Another award is the ESG Awards at the IDX Channels 2024 event, an appreciation event for companies that run sustainable businesses with ESG pillars and initiatives that have an impact on business, operations, society and the surrounding environment. As reported in the 8th edition of TBS Magz, this award proves the company's commitment to ESG implementation in the infrastructure sector for PT XYZ's transformation program.

PT XYZ's achievements in the implementation of the transformation program are also reflected in the holding of the Transformation Award event. Reported at the 5th edition of TBS Magz, in this event the achievements that have been successfully carried out by outstanding employees and projects in implementing innovation and positive changes in their work units were conveyed. This event is one of the ways for PT XYZ to celebrate the achievements that have been made, and is expected to be able to provide more motivation for employees in supporting and participating in the change process.

### **Consolidate Gains and Produce More Change**

PT XYZ strives to consolidate the achievements achieved and produce more changes in the future. In this case, as reported in the 6th edition of TBS Magz, PT XYZ held a Transformation Journey event with the theme "Towards PT XYZ's Turnaround Strategy" on June 19, 2024. Reflecting on the achievements that have been achieved during the 1 year of the transformation program, the purpose of this activity is to strengthen the understanding of the best strategies that can be used for more comprehensive improvement steps in the fundamental aspects of the company.

### **Anchoring New Approaches in the Culture**

In an effort to ensure the inclusion of changes in the company's culture, PT XYZ routinely holds workshops. The Transformation & Business Strategy Division team regularly conducts Transformation Workshops both online and offline. As stated in the 2nd edition of Transformation Magazine, it is stated that the objectives of this activity are:

"The purpose of this workshop is how the Transformation & Business Strategy Division ensures that projects are actively involved in implementing ESG transformation

initiatives and implementations that are relevant to their projects and that the results of their implementation are measurable and tangible. Thus, the transformation that runs from the project level can be seen to have an impact up to the central level."

Based on this statement, it can be seen how PT XYZ tries to continue to ensure that transformation initiatives can be implemented at all levels of its business. With commitment and consistency, this activity is certainly able to ensure that the transformation initiatives that have been set are slowly embedded, become a culture, and become a guideline for every employee in daily behavior and activities.

Table 5.1 is a resume of the results of the document research that has been carried out. In general, based on the evidence of the documents that have been studied, it is able to show that PT XYZ has carried out the transformation of AKHLAK culture in accordance with the eight-step approach of Kotter (2014). So that the results of the evaluation from the perspective of the company's organization, PT XYZ has carried out the transformation of AKHLAK culture effectively and sustainably.

### ***Results of the ADKAR Model Approach Document Research (2012)***

This evaluation was carried out with the approach of each step of ADKAR (2012), testing whether according to the existing documentation of individuals/employees and PT XYZ has fulfilled each step of change.

#### **1. Awareness**

Efforts to build awareness of the importance of change have been carried out by PT XYZ starting in early May 2023, at the Plenary Review Management Meeting I. Based on the documentation and presentation of the meeting material, the Director of HC, as the person in charge of the transformation program, directly conducted the initial socialization of the business transformation that PT XYZ will carry out. Socialization was carried out to all Divisions, including the Operations Division in which there was a representative team from each construction project that was still running. In the socialization, the results of the analysis of McKinsey consultants were presented. The results of the analysis show that PT XYZ's condition is getting worse, so changes must be made. In the analysis, it was also conveyed the opportunities that can be achieved when PT XYZ is able to carry out transformation.

#### **2. Desire**

At this stage, PT XYZ encourages the desire of employees to participate in change through the Change Agent and Change Leader programs. Based on the documentation of the socialization of Change Agents and Change Leaders, through this program, the company is able to Measure the level of willingness of employees to support change, identify potential and outstanding employees. With this program, PT XYZ can also overcome the concerns of employees who refuse, by explaining the benefits obtained if they support change. Some of the advantages of participating in this program are getting priority in education, training and employee development programs, getting priority in promotions or improving personnel status by adjusting the company's needs.

#### **3. Knowledge**

At this stage, PT XYZ strives to provide knowledge to all employees about the conditions and circumstances that will come after the change, including new processes, principles, and systems to ensure that employees are able to participate in the changes. Based on existing documents, PT XYZ has provided gradual transformation socialization, starting from the initiation of transformation through the Plenary I Review Management Meeting, CEO Talk, to socialization to all employees through the company's youtube channel which was carried out in September 2023. In the further socialization of AKHLAK's cultural transformation, the Director of Human Capital, as the Chief Transformation Officer, again provided an understanding of the transformation that PT XYZ will carry out. Then to ensure that this socialization is distributed to all employees, the documentation/recording of the socialization is disseminated/broadcast through the company's WhatsApp account to all WhatsApp numbers of company employees. Thus, the workers can access important information related to the transformation conveyed in the socialization.

#### **4. Ability**

At this stage, PT XYZ realizes the fact that employees who have qualified abilities can help the process of change, and conversely, employees with less ability will actually hinder the course of change. Through the socialization program that has been carried out in stages, PT XYZ seeks to grow the ability of all employees to face the planned changes. In accordance with the company's procedures, to ensure that all employees are able to participate and follow the process of cultural transformation of AKHLAK, PT XYZ measures the level of implementation of AKHLAK culture through the AKHLAK Assessment. In this assessment, each employee is given a measurable target for the application of AKHLAK cultural values, and then independently fills in the implementation of AKHLAK values and their documentation evidence online. This assessment is routinely carried out at the beginning of each year to measure the level of ability to implement the AKHLAK culture of each employee.

#### **5. Reinforcement**

PT XYZ conducts transformation workshops regularly to support and strengthen existing changes. The results of the coverage of the workshop were then disseminated to all employees through TBS Magz and the company's social media. By carrying out this activity, PT XYZ continues to strive to ensure that transformation initiatives are implemented at all levels of its business. Through this activity, PT XYZ is also able to monitor the occurrence of changes and ensure that they are in accordance with the plan and provide the expected results. In addition, this activity provides an opportunity for feedback from employees. Ultimately, this activity is expected to ensure that the transformation initiatives that have been established gradually become a culture, and become a guideline for every employee in their daily behavior and activities with commitment and consistency.

Table 5.2 is a resume of the results of document studies that have been carried out in accordance with the ADKAR model approach (2012). In general, based on the evidence of the documents that have been studied, it is able to show that PT XYZ has carried out

the transformation of the AKHLAK culture in accordance with the ADKAR model approach (2012). So that the results of the evaluation from the perspective of individuals in the company's organization, PT XYZ has carried out an effective and sustainable transformation of AKHLAK culture

### Research Results Using the Questionnaire Method

Based on the questionnaire distributed, as seen in Table 1, this research managed to get a sample of 87 employee respondents who had filled out questionnaire questions. From the initial target of 100 respondents, the response rate of the questionnaire shared in this research was 87%. The questionnaire was distributed through Whatsapp media in the form of a google form link. The questionnaire was distributed to respondents selected by the Human Capital Division.

**Table 1. Questionnaire Response Rate**

Target questionnaire	Questionnaire Completion	Response Rate
100 People	87 People	87%

Source: Compiled by the Author

The sample of respondents consisted of 33 employees at the head office and 54 employees at the project. Based on percentage, according to Table 2, the survey conducted succeeded in capturing 63.5% of respondents from the project, while the remaining 36.5% were respondents from the head office. As expected, the respondent project employee is the spearhead of the operations of a construction company. The results are expected to provide a more comprehensive picture of whether the AKHLAK cultural transformation program is really able to be implemented up to the project level business units.

**Table 2. Results of Questionnaire Respondents by Work Unit**

Number	Work Unit	Sum	Percentage (%)
1	Head Office	54 people	62,10%
2	Project Office	33 people	37,90%
	Total	87 people	100,00%

Source: Compiled by the Author

In terms of employment status, it can be seen in Table 3 that the number of respondents came from employees with permanent employee status was 51 people (58.6%), 12 outsourced employees (14.3%) and 24 contract employees (36.5%). This result is in accordance with the target in this research, the number of respondents mostly comes from permanent employees (organic/skilled). Employees remain the main drivers of the company's operations, and of course with a stronger engagement to the company when compared to contract and outsourcing employees. The results of the survey are expected to provide an overview of whether the AKHLAK culture transformation has been effectively implemented by employees, both permanent employees, outsourced employees and contract employees.



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Table 3. Results of Questionnaire Respondents Based on Employment Status

Number	Employment Status	Sum	Percentage (%)
1	Fixed (Organic/Skilled)	51 people	58,60%
2	Outsourcing	12 people	27,60%
3	Contracts/PKWT	24 people	13,80%
	Total	87 people	100,00%

Source: Compiled by the Author

Meanwhile, based on the level of the position of the survey, it succeeded in getting respondents from the level of staff to managers. As seen in Table 4 Respondents consisted of 47 staff position levels (54%), supervisors 33 people (37.9%), 5 managers (5.7%), 1 person (1.1%) general manager, and 1 person (1.1%) senior vice president. It can be seen that the results of the questionnaire have been able to get respondents from the level of staff positions, supervisors, managers, general managers, to senior vice presidents as targeted.

Table 4. Results of Questionnaire Respondents by Position Level

Number	Job Level	Sum	Percentage (%)
1	Staff	47 people	54,00%
2	Supervisor/Head of Section/Coordinator	33 people	37,90%
3	Manager	5 people	5,70%
4	Senior Manager/General Manager	1 people	1,10%
5	Vice President	0 people	0%
6	Senior Vice President	1 people	1,10%
	Total	87 people	100,00%

Source: Compiled by the Author

Based on the respondents' working period, as seen in Table 5, the survey results managed to reach respondents with quite diverse working periods. The working period of the respondents ranged from 1 year to more than 27 years. The rate of respondents who have the most working period is 5 years, which reaches 17.2% of the total respondents.

Table 5. Results of Questionnaire Respondents by Working Period

Number	Tenure	Sum	Percentage (%)
1	1-5 years	23 people	26,44%
2	6-10 years	39 people	44,83%
3	11-15 years	18 people	20,69%
4	> 15 years old	7 people	8,05%
	Total	87 people	100,00%

Source: Compiled by the Author

The results of the survey, which is a likert scale, are calculated to find out the average score level of the likert scale from the respondents' opinions to provide an idea of whether each approach step has been carried out by PT XYZ. To find out the average score level of each step, the calculation begins by calculating the total likert score of each questionnaire question.

### Research Results Using Interview Method

The data from the interview results was successfully collected from 3 (three) sources. Each interview was recorded and conducted in a separate time with a duration of

approximately 60 minutes. According to the methodology, interviews are conducted with semi-structured questions. The results of the interview are then processed with turboscrib.ai tool to produce interview transcripts. The transcript results were then carefully checked, and corrections were made for some errors in the transcript that did not match the interview recording. The results of the transcript that have been corrected are finally processed with the Nvivo 15 application for analysis.

#### *Analysis of the Content of the Interview Results*

Content analysis was carried out to find out the most frequently spoken words by respondents in answering interview questions. Figure 5.5 is the result of word frequency output using the Nvivo 15 application.



Figure 4. Word Frequency Analysis Results

Source: Processed by the Author with Nvivo 15

Figure 4 is the result of the Nvivo 15 application processing which describes the words that appear the most or are mentioned by interview sources that are relevant to the theme and research questions. The first word that appears the most is the word "transformation" mentioned 251 times, followed by the word "company" 209 times. These two words are interrelated, and can describe the importance of a company's transformation program for the speakers. The next word is the word "change" which is spoken 109 times. This word refers to the changes in PT XYZ since the company's transformation. The next word that often appears is "morals" 101 times, followed by the word "culture" 83 times. These two words are also interrelated and often spoken together. This illustrates that the changes that have occurred at PT XYZ are changes in the company's culture, namely the culture of AKHLAK.

The word that is often mentioned by the next speakers is "vision" 78 times. This word describes the attention of the speakers to the vision of the company, especially the vision of the transformation of the company's culture. The next word that often appears is the word "employee" 77 times, the word "well" 69 times and the word "know" 66 times.

These three words are interrelated, illustrating that PT XYZ employees already know about matters related to the AKHLAK cultural transformation program carried out, and they consider that the program has been successfully implemented by the company.

## CONCLUSION

PT XYZ launched a business transformation program in early 2023 focused on culture, people, and systems, with the *AKHLAK* cultural transformation as its foundation. Using Kotter's eight-step model and the ADKAR model, an evaluation based on company documents and a survey of 87 respondents showed that PT XYZ effectively implemented the transformation, reflected in high average Likert scores of 4.94 for Kotter and 4.90 for ADKAR. Interviews, however, highlighted improvement areas, including limited employee participation in vision formulation, increased workload from manual documentation, and delayed incentives that may reduce motivation. The transformation was found to be effective and sustainable, enhancing employee discipline, collaboration, motivation, and productivity. Future research should explore the integration of digital tools and participatory communication strategies to strengthen employee engagement and further sustain cultural transformation outcomes.

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