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Navigating Digital Transformation and Cultural Resistance at PT. Manufaktur Tekstil Nusantara

M Raipandi[1], Ali Musana[2], Wahyuni Febriyati[3], Bernadiktio Anugerah Sucipto[4], Aboneo Akhmad Ramdan[5], Della Ayu Permata Sari[6]

STIMI Banjarmasin[1,2,3,4,5,6]

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ABSTRACT

This study analyzes the failure of digital transformation at PT. Manufaktur Tekstil Nusantara (MTN), triggered by the misalignment between radical innovation and a traditional bureaucratic culture. Using a qualitative library research method, the study employs the Burke-Litwin Model for causal diagnosis, the McKinsey 7S Framework for internal assessment, and the Stakeholder Matrix to map resistance. The results indicate that the failure resulted from prioritizing "Hard" elements (technology) over "Soft" elements (staff and shared values), leading to severe economic insecurity and resistance among senior employees. The analysis confirms that the lack of a proper "Unfreezing" phase and poor change leadership caused the stagnation. Consequently, the study proposes a recovery strategy based on Kotter's 8-Step Model, emphasizing the need to re-establish urgency and build a guiding coalition to align digital competence with organizational culture.

1. Introduction

The contemporary manufacturing landscape is undergoing a radical paradigm shift driven by the Fourth Industrial Revolution, where digital integration is no longer a luxury but a fundamental requirement for survival. Companies operating in the textile and apparel sector face immense pressure to abandon traditional mass-production models in favor of agile, data-driven systems that can respond to the volatility of fast-fashion demands. This transition requires not only the adoption of advanced technologies such as Artificial Intelligence and Enterprise Resource Planning systems but also a complete overhaul of the organizational mindset. However, the journey toward digitalization is frequently obstructed by internal rigidity, particularly in established firms that have relied on manual processes for decades. Recent studies indicate that successful digital transformation relies less on the technology itself and more on the adaptive capacity of the organization's leadership and culture (Rustu et al., 2025).

The textile industry specifically struggles with this dichotomy between legacy craftsmanship and the urgent need for digital competence. Global competitors now leverage cloud-based platforms and automated production lines to deliver products with unprecedented speed, rendering local players who lack real-time data integration obsolete. For companies like PT. Manufaktur Tekstil Nusantara (MTN), the external environment has become increasingly hostile due to the influx of cheaper imported goods and digital-native competitors. This external pressure forces legacy companies to attempt rapid modernization, often without assessing their internal readiness or the maturity of their existing workforce. The gap between the technological demands of Industry 4.0 and the actual digital capabilities of employees in the textile sector remains a critical vulnerability that threatens operational sustainability (Banerjee & Kumar, 2024).

PT. Manufaktur Tekstil Nusantara serves as a prime example of this industrial crisis, representing a forty-year-old family-owned entity that has historically thrived on a bureaucratic and hierarchical

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structure. The company currently employs over three thousand individuals, with a significant demographic consisting of senior employees who have served for more than two decades. While this workforce provides stability and deep institutional knowledge, it also presents a formidable barrier to the rapid implementation of the new "MTN Digital-Smart" initiative proposed by the new leadership. The clash between the CEO's vision for an automated, agile organization and the employees' preference for the status quo has created a toxic environment of uncertainty. Evidence suggests that without a strategic approach to competence building, the introduction of digital tools in such traditional settings inevitably leads to friction (Ruslan & Wahyuningtyas, 2025).

The core of the problem at MTN lies not in the selection of technology but in the profound misalignment between the new strategic objectives and the prevailing organizational culture. The initiative to automate production lines and integrate ERP systems was launched via top-down mandates, bypassing the necessary dialogue with the very people responsible for operating these systems. This lack of inclusivity has triggered severe cultural resistance, manifesting as both overt protests by labor unions and covert sabotage by middle management. When digital transformation is treated solely as a technical upgrade rather than a cultural evolution, the values and behaviors of the workforce fail to align with the new business model. Literature confirms that digital transformation profoundly impacts organizational culture and requires a realignment of values to succeed (Ashwini & Joshi, 2025).

Furthermore, the psychological impact of this transition on the workforce cannot be underestimated, as the fear of job loss and incompetence paralyzes productivity. At MTN, the rumor of mass layoffs and the inability of senior staff to adapt to new software have fostered a climate of economic insecurity and anxiety. This phenomenon creates a psychological contract breach where employees feel their long-term loyalty is being disregarded in favor of efficiency. The resistance observed is a natural defense mechanism against the unknown, exacerbated by communication that fails to address the "What is in it for me" aspect for the employees. A systematic review of change resistance in manufacturing highlights that fear of the unknown and lack of digital skills are the primary drivers of opposition during such transitions (Sutra & Mansur, 2025).

To resolve this stagnation, the management of MTN must move beyond simple technical training and address the root causes of resistance through professional change leadership. The current approach, characterized by one-way memos and rapid restructuring, demonstrates a lack of transformational leadership qualities necessary to navigate complex human emotions. Effective leaders must possess the ability to diagnose the organizational readiness and apply individualized consideration to support employees through the transition curve. Professionalism in leadership involves not just strategic planning but also the ethical responsibility to prepare the organization for the inevitable disruptions caused by modernization (Munir, 2025).

Therefore, this study aims to analyze the failure of the initial implementation at MTN and propose a comprehensive recovery strategy using established organizational development frameworks. By employing a library research method, this article will dissect the case using the Burke-Litwin Model to understand the causal links between the external environment and individual performance. Subsequently, the McKinsey 7S framework will be utilized to identify the misalignments between the company's hard and soft elements. Finally, the study will formulate a step-by-step corrective plan based on Kotter's 8-Step Change Model to ensure the "Digital-Smart" project can be rescued. This theoretical triangulation provides a robust foundation for understanding how legacy firms can survive the turbulent waters of the digital era (Purwanggono, 2024).

2. Literature Review

The evolution of business in the digital era necessitates a comprehensive understanding of organizational development to navigate the complexities of transformation. This study employs a library research method to synthesize theoretical frameworks that explain the dynamics between environmental pressure and internal adaptation. Scholarly literature suggests that successful digital integration requires not only technological adoption but also a fundamental shift in organizational behavior and strategy. The alignment of business evolution with Industry 4.0 principles serves as a critical baseline for

analyzing how legacy companies must pivot to survive in competitive markets (Hartono & Sasmoko, 2024).

To diagnose the root causes of organizational performance and change, the Burke-Litwin Model functions as the grand theory for this research. This model posits that external environmental factors serve as the primary drivers for change, directly impacting transformational factors such as mission, strategy, leadership, and organizational culture. It provides a causal link explaining how these high-level variables influence transactional factors like structure, systems, and management practices, ultimately shaping individual and organizational performance. The theoretical depth of this model allows for a precise distinction between big transformational change and surface-level transactional adjustments (Azmy, 2023).

Complementing the causal analysis, the McKinsey 7S Framework is utilized to evaluate the internal coherence of the organization during the transition. This framework categorizes organizational elements into hard S's comprising strategy, structure, and systems, and soft S's including shared values, skills, style, and staff. Effective organizational change depends on the holistic integration of these seven elements, where a shift in one area necessitates adjustments in others to maintain equilibrium. Neglecting the soft elements while focusing solely on hard technological upgrades is a common cause of failure in modernization projects (Purwanggono, 2024).

For the execution strategy, Kotter's 8-Step Change Model offers a systematic roadmap to implement sustainable transformation. The process begins with creating a sense of urgency and building a guiding coalition, which are foundational for overcoming inertia in established firms. The model emphasizes the importance of communicating the vision effectively and empowering broad-based action to generate short-term wins before anchoring new approaches in the culture. Contemporary studies validate this model as highly effective for managing the human side of digital transformation in manufacturing sectors (Rustu et al., 2025).

Finally, understanding resistance requires analyzing the political landscape of the organization through the Stakeholder Matrix. Resistance to change is often driven by fear of the unknown, economic insecurity, and a lack of digital competence among the workforce. By mapping stakeholders based on their power and interest, management can identify potential blockers and champions within the company. Addressing these human factors through targeted communication and engagement strategies is essential to convert resistance into acceptance and support (Sutra & Mansur, 2025).

3. Research Methods

This study employs a qualitative research design utilizing a library research method to investigate the organizational transformation challenges at PT. Manufaktur Tekstil Nusantara (MTN). The primary data source consists of the comprehensive case study document detailing MTN's operational history, digital initiatives, and subsequent resistance symptoms.

Analysis is performed using a multi-theoretical framework to diagnose the root causes of the implementation failure. The Burke-Litwin Model of Organizational Change serves as the primary diagnostic tool to trace the causal effects of external environmental pressures on internal transformational and transactional variables. Simultaneously, the McKinsey 7S Framework is applied to evaluate the internal consistency between the new digital strategy and existing organizational elements, specifically highlighting the misalignment in shared values and staff skills. Furthermore, a Stakeholder Matrix analysis is conducted to map the political landscape of the organization, categorizing key actors such as the labor union and senior management based on their power and interest to pinpoint specific sources of resistance.

Following the diagnostic phase, the study formulates a strategic recovery plan grounded in Kotter's 8-Step Change Model. This procedural framework is utilized to restructure the failed implementation steps, focusing particularly on establishing a sense of urgency and creating a guiding coalition. The synthesis of these analytical tools allows for the construction of a comprehensive solution that addresses both the technical requirements of the ERP integration and the human-centric challenges of cultural adaptation. The final measured variables center on organizational readiness, reduction of resistance intensity, and the alignment of leadership behavior with digital competence requirements.

4. Results And Discussion

The diagnostic analysis of PT. Manufaktur Tekstil Nusantara (MTN), utilizing the Burke-Litwin Model, reveals a critical fracture between external environmental drivers and internal transformational factors. While the external environment, characterized by the influx of fast-fashion competitors and imported goods, demanded an immediate strategic shift, the internal response was disjointed. The model highlights that while the CEO successfully altered the "Mission and Strategy" (Transformational Factors), these changes failed to penetrate the "Organizational Culture." Consequently, the "Transactional Factors" such as structure and systems were modified through the ERP implementation, but without the necessary cultural alignment, individual performance plummeted. This confirms the theoretical premise that external pressure alone cannot drive successful change if the transformational variables of culture and leadership remain static (Azmy, 2023).

To further dissect the implementation failure, the McKinsey 7S Framework elucidates a severe misalignment between the organization's "Hard S" and "Soft S" elements. The management at MTN focused almost exclusively on the Hard elements of Strategy, Structure, and Systems by installing AI production lines and digital reporting hierarchies. However, they critically neglected the Soft elements: Shared Values, Staff, and Skills. The workforce, 40% of whom are senior employees accustomed to traditional craftsmanship, found their existing skills rendered obsolete overnight, creating a capability gap that structure alone could not bridge. This finding is consistent with recent literature arguing that digital transformation requires a holistic synchronization where "Soft" cultural elements must evolve in tandem with "Hard" technological upgrades (Purwanggono, 2024).

The resistance observed at MTN can be deeply analyzed through the lens of Lewin's Change Management Theory, specifically the failure of the "Unfreezing" stage. Recent analysis by Shao et al. (2025) emphasizes that socio-cultural factors carry a significant weight of 19.7% in the success of digital transformation. The study suggests that proper unfreezing, supported by agile methodologies and targeted training, can reduce organizational resistance by up to 25%. At MTN, the absence of this preparatory phase, where old behaviors are dismantled before new ones are introduced, resulted in the entrenchment of the status quo. Instead of unfreezing the culture, the sudden imposition of new rules solidified the employees' defense mechanisms, leading to the observed productivity decline.

Expanding on the solution framework, Kotter's 8-Step Model emerges as the primary execution strategy to rectify MTN's trajectory. According to Naincy (2025), this model is explicitly identified as a critical framework for managing change in manufacturing contexts, capable of reducing project failure rates by 30-40% when applied correctly. The study highlights that steps such as "Creating a Sense of Urgency" and "Empowering Broad-Based Action" are essential to navigate the cultural complexities of digital adoption. MTN's management failed at the very first step by communicating via memo rather than dialogue, thereby failing to establish the urgency required to motivate the workforce.

The psychological dimension of resistance at MTN manifests as Economic Insecurity, a potent barrier identified in the Stakeholder Matrix. The matrix analysis positions the Labor Union and Senior

Middle Managers in the high-power/high-interest quadrant, currently acting as “Blockers.” The managers' covert resistance, withholding information from the IT team, and the union's overt protests stem from a fear of replacement by AI. Literature on manufacturing resilience confirms that when employees perceive digital transformation as a zero-sum game where technology replaces labor, resistance becomes inevitable. To shift these stakeholders into “Champions,” leadership must transparently address the “What’s in it for me” factor (Sutra & Mansur, 2025).

Furthermore, the Digital Competence gap represents a foundational barrier that must be addressed through a “Re-skilling” rather than a “Re-structuring” approach. In the context of the textile industry in Bandung, the workforce's readiness for Industry 4.0 is generally low, necessitating aggressive knowledge-sharing interventions. The “MTN Digital-Smart” project assumed a level of digital literacy that simply did not exist. By failing to invest in the human capital component before the technological rollout, MTN widened the gap between the technology's potential and the users' actual capabilities (Ruslan & Wahyuningtyas, 2025).

The leadership approach exercised by CEO Anindya reflects a misalignment with Transformational Leadership principles, particularly the dimension of “Individualized Consideration.” While the CEO displayed “Idealized Influence” by setting a visionary goal, the execution lacked the empathy required to guide senior employees through the transition. Professionalism in change leadership dictates that leaders must act as psychological buffers, absorbing the anxiety of the workforce while maintaining strategic momentum. The lack of open dialogue fostered a toxic environment where rumors of mass layoffs flourished, paralyzing the organization (Munir, 2025).

From a Business Evolution perspective, MTN’s struggle underscores the difficulty of pivoting a legacy business model. The company attempted to overlay a digital speed-boat engine onto a traditional cruise-ship hull. Hartono & Sasmoko (2024) argue that true business evolution requires redefining the value proposition in this case, merging the high-quality craftsmanship of the senior staff with the efficiency of digital tools, rather than viewing them as opposing forces. The goal should be “Augmentation” (technology helping humans) rather than “Automation” (technology replacing humans) to preserve the core cultural assets of the firm.

The novelty of this study, viewed through the TOE (Technology-Organization-Environment) Framework, suggests that organizational rigidity is often the strongest predictor of digital failure in family-owned enterprises. The “Organization” element at MTN was too calcified to absorb the “Technology,” despite the clear mandate from the “Environment.” This implies that for legacy firms, the *unlearning* process is more critical and difficult than the *learning* process. Successful transformation in this context requires a deliberate dismantling of the bureaucratic hierarchy to create a flatter, more agile structure that supports rapid decision-making (Lutfiani et al., 2025).

Ultimately, the synthesis of these findings points to a comprehensive recovery strategy. Management must return to Kotter’s Step 1, re-establishing urgency through transparent data sharing regarding the company's precarious market position. This must be followed by forming a “Guiding Coalition” (Step 2) that includes influential senior employees and union leaders to regain trust. By applying the socio-cultural interventions suggested by Shao et al., specifically increasing agile support and cultural dialogue, MTN can mitigate the resistance that currently threatens its survival (Rustu et al., 2025).

In conclusion, the case of PT. MTN validates the Burke-Litwin premise that organizational performance is a systemic output of culture, strategy, and environment. The failure was not one of technology selection, but of cultural negligence. By pivoting to a human-centric implementation strategy grounded in Kotter’s 8-Step Model and reinforcing it with the socio-cultural insights from recent empirical studies, MTN can transform its resistance into resilience. The path forward requires

treating the digital transformation not as an IT project, but as a cultural renaissance of the organization (Jaya, Sessi 1).

5. Conclusion And Suggestion

Based on an analysis of recent literature (2021–2025), the primary grand theory utilized in the discussion of digital transformation and cultural resistance is Kotter's 8-Step Process for Leading Change. This framework is explicitly highlighted in the research by Naincy (2025), titled *"The Impact of Digital Transformation on Organizational Culture"* (*International Journal of Engineering and Techniques*, 11(3), 131-199).

On page 144, Naincy identifies Kotter's model as a critical change management framework alongside others, such as the McKinsey 7S Model, applied specifically to overcome cultural resistance. By implementing steps such as creating a sense of urgency and empowering broad-based action among employees, this model has been shown to reduce project failure rates by 30–40% within the manufacturing sector.

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