



Implications Of Digital Transformation and Cultural Conflict at PT. Bank Amanah Rakyat

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ABSTRACT

This research aims to analyze digital transformation and organizational culture at PT. Bank Amanah Rakyat (BAR), as a medium-sized bank with a conservative organizational culture, faces serious challenges in the implementation of the "BAR Digital First" program. Changes that are designed behind closed doors and a lack of communication cause employee resistance in the form of economic fear, group inertia, veiled resistance, and selective perception. This paper aims to analyze change management problems in PT. BAR and formulate the right strategy to manage stakeholders and overcome employee resistance. The analysis method used is an organizational development approach using Force Field Analysis, Kurt Lewin's three-stage change model, resistance to change theory, and stakeholder analysis. The results of the discussion show that the success of digital transformation is highly determined by the psychological readiness of employees, effective communication of change, stakeholder participation, and organizational culture transformation. With the implementation of planned and participatory change management, PT. BAR is expected to be able to increase competitiveness without losing the value of trust that has been built over the years.

1. Introduction

Bank Amanah Rakyat (BAR) is a medium-sized bank that has been operating for approximately 45 years. Since its inception, BAR has been widely recognized for serving micro and small to medium enterprises through a strong personal approach supported by an extensive network of branch offices in rural areas. This service model has shaped a conservative organizational culture characterized by rigid bureaucracy, strict adherence to written standard operating procedures (SOPs), paper-based operating systems, and a promotion system that strongly emphasizes seniority. Most BAR employees have long tenures, which has created organizational stability but also reduced adaptability to change.

Entering 2024, BAR faces significant external pressures due to the rapid growth of digital banks and fintech companies that offer fast, convenient, and fully online financial services, including instant account opening and digital loans. Internal data shows that BAR lost about 15% of its young customers from the Generation Z and Millennial segments over the past two years. This trend directly contributes to the decline in fee-based revenue, as customers increasingly turn to digital payment platforms.

In response to these challenges, BAR's Board of Directors launched a strategic initiative known as "BAR Digital First." The initiative involves migrating all banking services into a single super application, closing about 30% of inefficient physical branches within three years, and implementing an AI-based chatbot to replace part of the manual customer service function. However, the transformation process is designed on a top-down basis with limited communication and socialization at the branch level. As a result, information gaps arise, which lead to the spread of negative rumors and increased internal resistance.

Digital transformation is accelerated as a strategic agenda, although there are still many inequities between the application of technology and the necessary cultural changes. According to Aisha et al. (2025), it is revealed that 70% of digital transformation efforts fail due to cultural barriers such as rejection of change, rigid hierarchies, and lack of leadership support for innovation. These findings

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confirm that digital transformation is not just a system or tool change, but a comprehensive process to reshape an organization, with culture at the heart of its success.

Organizational culture is no longer an option, but a strategic necessity for business continuity. In the context of economics and business, organizational culture is an intangible asset that significantly

affects business performance, operational efficiency, and competitiveness. Transforming from traditional to digital culture has been shown to increase the speed of innovation, customer response, and employee productivity. However, this process will not go smoothly. Employee resistance, fear of losing relevance, and lack of digital competence are the main obstacles. Therefore, a systematic change framework, such as the Kurt Lewin model, is needed to ensure sustainable transformation and have a positive impact on performance in the company.

The purpose of this study is to analyze effective change strategies in the company's organization in the change in organizational culture, employee resistance, and to provide stakeholder recommendations for the success of digital transformation. In addition, this research is also expected to make a practical contribution for companies in the banking sector in formulating the right strategy by understanding the challenges of being better prepared to face the ever-growing digital era.

2. Literature Review

Digital transformation has become a strategic priority for organizations facing rapid technological disruption and changing customer expectations. This refers not only to the adoption of digital technologies but also to fundamental changes in organizational structures, processes, and cultures. According to Vial (2023), digital transformation requires alignment between digital strategies, organizational capabilities, and human resources to create sustainable value. Without such alignment, digital initiatives are likely to face internal resistance and implementation failures. According to Aisha et al. (2025), Digital transformation is the process of integrating digital technology into all aspects of an organization's operations, changing the way an organization operates, and delivering value to customers. This process not only involves the adoption of new technologies but also changes the organizational culture to meet the challenges of the digital age. According to research, digital transformation involves the use of technology to improve operational efficiency, create new business models, and improve customer experience.

Organizational culture plays a crucial role in shaping employees' responses to digital transformation. Conservative cultures characterized by rigid procedures, hierarchical decision-making, and low flexibility tend to be less adaptive to change. Verhoef et al. (2024) argue that many failures of digital transformation stem from ignoring the cultural and behavioral dimensions, as employees often perceive digital initiatives as a threat to job security and professional identity. This perception can lead to resistance, both overt and covert, that slows down or undermines transformation efforts.

Change management theory provides a useful framework for understanding and overcoming resistance during organizational transformation. Kotter (2023) emphasizes that resistance is a natural reaction to change and can be reduced through effective leadership, clear communication, and employee engagement. Building a sense of urgency, engaging key stakeholders, and empowering employees are important steps to ensure commitment to change. In the context of digital transformation, leaders must act as agents of change that foster trust and encourage continuous learning.

Organizational development (PO), according to Putra et al. (2025), Overall, organizational development involves a series of steps and actions aimed at achieving positive improvements in the organization, such as improvements in work culture, productivity, efficiency, and the ability to adapt to changes in the external environment. The approach applied in the development of an organization can vary, according to the specific needs and goals of the organization. Organizational development is fundamentally different from the planned change efforts within the organization, such as changes through the procurement of new equipment, redesign of the design, reorganization of the school curriculum, or restructuring of departments within certain faculties. The difference lies in the main focus of organizational development, which is oriented towards improving the organization's ability to identify and address the challenges it faces. The term organizational development is used to describe

planned changes in organizational activities, and this term represents results. Based on this perspective, this

study positions digital transformation as a socio-technical process in which technological change must be accompanied by cultural and behavioral transformation. Therefore, effective change management is essential to minimize employee barriers and ensure the successful implementation of digital strategies in traditional banking institutions.

Resistance can arise from a variety of sources, according to Moeins (2024). Resistance to change is a common phenomenon in organizations and can be a significant barrier to the success of change initiatives. Managing this resistance requires a strategic approach that involves a deep understanding of the sources of resistance, effective communication, employee participation, and support and reinforcement. When changes are announced, employees often feel uncertainty, fear of losing their jobs. Based on the Great Dictionary of the Indonesian Language (KBBI), a stakeholder is defined as a party that has an interest or concern for something. In the operational context, they are the parties who are directly or indirectly involved in the success of the organization. According to Sentanu et al. (2024), stakeholders are individuals or groups that can influence or be influenced by the achievement of the goals of an organization or activity. This concept is not only limited to shareholders or internal parties, but also includes various parties who have interests, both directly and indirectly.

3. Research Methods

The analysis method in this study uses a descriptive qualitative approach based on Organization Development (OD) theory (Jaya, 2025). This approach was chosen because of the digital transformation case study at PT. Bank Amanah Rakyat (BAR) involves comprehensive changes that include aspects of organizational structure, work systems, human resources, organizational culture, and patterns of relationships between individuals in the organization. The analysis is carried out conceptually and systematically through the following stages:

3.1 Organization Development (OD) Approach

Organization Development is used as the main framework because OD views organizational change as a planned change process that is oriented towards increasing the effectiveness of the organization and the welfare of its members. This approach emphasizes the importance of employee participation, open communication, and human behavior-based interventions. In the context of BAR, OD is relevant to analyze the cultural conflict between the organization's conservative values and the demands of an adaptive digital culture.

3.2 Force Field Analysis (Kurt Lewin)

Force Field Analysis is used to identify and evaluate the driving forces and restraining forces in the digital transformation process. Driving forces include competitive pressures from digital banks, changing customer preferences, and declining revenues. Meanwhile, the inhibiting forces include bureaucratic culture, employee insecurity, and resistance from senior branch leaders. This analysis helps determine strategies to strengthen the driving factors and reduce the barriers to change.

3.3 Kurt Lewin's Three-Stage Change Model

The Unfreeze–Change–Refreeze model is used to evaluate organizational readiness and the effectiveness of change implementation. The unfreeze stage was analyzed to assess the extent to which BAR management built awareness and urgency of change. The change stage is used to examine the process of implementing digital technology and employee responses. The refreeze stage is analyzed to see efforts to institutionalize digital values and culture in organizational systems.

3.4 Theory of Resistance to Change

The resistance to change theory of Robbins and Judge is used to classify the forms of resistance that arise, both individual and group resistance. This analysis includes open resistance, covert resistance, group inertia, as well as selective perception. Understanding the types and sources of this resistance is the basis for formulating the right change management strategy.

3.5 Stakeholder Analysis

Stakeholder analysis is used to map the key actors involved in BAR's digital transformation, including directors, branch leaders, operational employees, and customers. Each stakeholder is analyzed based on their level of importance, influence, and attitude towards change. The results of this analysis are the basis for designing effective communication and stakeholder engagement strategies. Through the combination of several analytical tools, this study seeks to provide a comprehensive overview of the dynamics of organizational change in PT. Bank Amanah Rakyat (BAR) as well as appropriate change management strategies based on the perspective of organizational development.

This study uses a qualitative approach with a case study method. This research focuses on PT. Bank Amanah Rakyat (BAR) as a case of digital transformation in traditional banking organizations. Data was obtained from the analysis of case documentation related to organizational conditions, digital transformation initiatives, and employee resistance. Data were analyzed using descriptive analysis to identify key issues regarding organizational culture, resistance to change, and change management practices. This approach allows for an in-depth understanding of the challenges faced during the implementation of digital transformation.

4. Results And Discussion

4.1 Analysis Methods Used

In analyzing the case of "Storm in the Cloud: Digital Transformation and Cultural Conflict in PT. Bank Amanah Rakyat (BAR)", the analysis method used is Organization Development-Based Change Management Analysis (OD) with an organizational diagnostic approach. Specifically, this analysis integrates some of the following theoretical frameworks:

- 1) Force Field Analysis (Kurt Lewin). To identify the driving forces and restraining forces in the digital change process.
- 2) Lewin's Three-Stage Change Model (Unfreeze–Change–Refreeze), to assess organizational readiness, change implementation process, and change institutionalization efforts.
- 3) Resistance to Change Theory (Robbins & Judge). To understand the form, source, and character of employee resistance both individually and in groups.
- 4) Stakeholder Analysis. To map the interests, strengths, and influence of internal stakeholders in BAR's digital transformation.

This approach is relevant because the transformation carried out by BAR is not just a change in technology, but a change in work systems, organizational structures, and work culture.

4.2. In-Depth Analysis of Change Management Strategies

- 1) Force Field Analysis (Kurt Lewin) Driving Forces:
 - External pressure from digital banks and fintech.
 - Lost 15% of young customers.
 - Decrease in fee-based income.
 - Demands for efficiency and speed of service. Restraining Forces:
 - Conservative and bureaucratic culture.
 - Strong seniority and resistance of branch leaders.
 - Fear of losing their jobs (economic insecurity).
 - Lack of communication and employee participation.

The initial failure of BAR lies in the unmanaged inhibiting force, so resistance becomes dominant.

- 2) Evaluation Based on Lewin's Change Model
 - a) Unfreeze Stage – Failed. BAR goes straight into the Change stage without Unfreeze.
 - Socialization of the vision of change
 - Education on the urgency of change
 - Dialogue with branch employees

As a result, psychological and emotional rejection arise.

- b) Change Stage – Problematic. The implementation of the technology is carried out on a top-down basis, triggering:
 - Group inertia (senior branch head)
 - Covert resistance (absenteeism, service sabotage)
 - Decreased service performance
- c) Refreeze Stage – Not Reached. There has been no internalization of digital culture because changes have not been accepted.

4.3. Change Management Strategies That Should Be Implemented

- 1) Unfreeze Strategy: Building Awareness & Trust
 - a) Transparent Change Communication
 - Town hall meeting (online & offline)
 - Explanation of why change is necessary
 - Delivery of the transformation roadmap
 - b) Employee Participation
 - Involve the branch head as a change champion
 - Workshops and discussion forums across units
 - c) Managing Economic Fears
 - Affirmation of no mass layoffs
 - Digital reskilling & upskilling program
 - Branch advisor → digital advisor scheme
- 2) Change Strategy: Phased & Human-Centered Implementation
 - a) Pilot Project Approach
 - Super-app trials in select branches
 - System improvements based on user feedback
 - b) Intensive Assistance
 - Tiered digital training
 - Coaching for senior leaders
- 3) Resistance Management
 - Confronting open resistance dialogically
 - Identify veiled resistance through KPIs and attendance
- 4) The Refreeze Strategy: Institutionalizing Digital Culture
 - a) HR System Customization
 - Competency-based, not seniority-based promotion
 - Incentives for digital innovation
 - b) Internalization of New Values
 - Work values: agile, customer-centric, digital mindset
 - Transformation success storytelling
- 5) Strengthening the Support Structure
 - a) Permanent digital transformation unit
 - b) Data-driven evaluation system

4.4. Stakeholder Management

Table 1. Example Bank Ownership

Stakeholder	Importance	Management Strategy
Board of directors	Business Sustainability	Transformational Leadership
Senior Branch Head	Stability & Power	Be involved as an agent of change
Branch Employees	Job Security	Career & Training Guarantee
Customers	Phase of Service	Education & UX friendly
Regulator	Compliance	Compliance from the start

This approach is in line with the principles of OD: collaborative, participatory, and trust-based.

BAR's digital transformation involves a variety of internal and external stakeholders. Based on stakeholder theory, management must manage the interests of employees, customers, regulators, and technology partners in a balanced manner. Employees, as the main stakeholders, need to be involved from the planning stage in order to create commitment and support for change. Meanwhile, clear communication with customers and regulators is necessary to maintain the trust and legitimacy of the organization.

5. Conclusion And Suggestion

This study concludes that the digital transformation of PT. Bank Amanah Rakyat (BAR) is a large-scale organizational change that touches on aspects of technology, structure, and work culture. The initial failure of the implementation of "BAR Digital First" was caused by the absence of systematic change management, especially at the unfreezing stage. Based on the theory of Organizational Development, successful change demands:

- 1) Open and participatory communication
- 2) Humane resistance management
- 3) Transformational leadership
- 4) Institutionalization of a new culture through an HR system

By consistently implementing the OD approach, BAR is not only able to survive in the digital era but also create sustainable transformation that is accepted by all stakeholders.

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