

DIGITAL TRANSFORMATION: THE ROLE OF DIGITAL TRANSFORMATION IN COMPANY SUCCESS SYSTEMS

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Abstract

In today's free competition, management information systems play a strategic role in designing good business processes that are the key to the success of an organization / company. The needs of management information systems are highly dependent on the components used to produce such information systems. Gaps in the implementation of this component reduce the accuracy, detail, timeliness and relevance of information, leading to errors in business or organizational decision-making. Therefore, to achieve a sustainable competitive advantage requires a deep understanding of the components of management information systems, especially hardware, software, and brainware. Over time, digital transformation continues to develop to face the revolutions that will develop in the future. The purpose of this study is to find out the role of digital transformation in the success system of the company's sector.

Keywords: *transformation, system, digital, enterprise.*

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I. Introduction

In general, a system can be defined as a collection of things or elements that work together or are connected in some way to form a single unit that carries out a function to achieve a goal. A system has certain characteristics or properties. system components, system boundaries, system external environment, system connections,

system input, system output, system processes, and system goals (Sutanta, 2009).

Referring to James O'Brien, a management information system is a combination of databases that collect, transform, and distribute information about user-managed entities, hardware, software, computer networks, data communications networks, and organizations.

Digital transformation is organizational change that involves people, processes, strategies, structures, through the use of technology and business models to improve performance (Westerman et al., 2011).

Digital transformation consists of the combined effects of various digital innovations and technologies that introduce new structures, practices, values, attitudes, and beliefs that modify, replace, or complement existing organizational, ecosystem, and industry rules (Westerman et al., 2014). Digital transformation is critical for all industrial companies and government departments that rely heavily on systems, information technology, strategy and people. Digital transformation is about extracting value from business processes and returning it to customers, using data and analytics to create new and innovative experiences. The digital transformation journey will make organizational adoption of analytics-driven and embedded AI technologies second nature.

Digital transformation is widely used in companies as a driver of change in all situations, especially business, which has an impact on all aspects of human life based on the use of technology and digitalization. Digital technology has changed the public sector by influencing the applications, processes, culture, structure, responsibilities and duties of civil servants (Tangi et al., 2021). Digital transformation can be defined as a change (or adaptation) of business models resulting from the dynamic pace of technological progress and innovation that causes changes in consumer and social behavior (Kotarba, 2018).

II. Research Method

This research is qualitative research with a descriptive analysis approach with literature studies in the form of library research studies in the form of literature searches. The data collection method is taken from several references and does not require direct involvement in the field. A collection technique by paying attention, recording the desired information, then analyzing the data to organize the data, present the data and draw conclusions. Finally, the authors draw comprehensive conclusions about researching the literature and validating the data.

III. Research Result

Public services in the corporate sector continue to change. The development of information technology provides a solution to make it easier for companies to provide public services to the community. In practice, the use of technology in the corporate sector can improve services and speed up service times. To make this happen, of course there is a need for a leader who has the ability and vision to combine his

leadership style with how to utilize and adopt technology, especially in the development and transformation of digitalization within the company in order to achieve success in achieving the company's goals and realizing competitive advantage within the company.

IV. Discussion

Digital transformation is currently getting bigger along with the rapid development of technology. The government is also pushing hard for digitalization, which is driven by digital start-ups and various digital innovations carried out by companies and organizations every year. This innovation can also come in the form of digitalization in the fields of smart cities, e-office, automation and implementation of the Internet of Things. To remain competitive in the digital era, companies must also increase digital transformation. However, the implementation of this transformation is not completely smooth and is not supported by stakeholders. There is also the possibility of non-recruitment or failure due to lack of human resource training that is not in accordance with the company's vision and mission. Therefore, supporting digital transformation requires change management supported by a strategic communications strategy. This study articulates three main phases of change management for digitalization, including establishment, transition, and evaluation phases, derived through a review of previous research. In addition, depending on the idea in disseminating innovation, the communication strategy for each phase will be different, so it is expected to be carried out according to individual behavior in each phase of change. This research aims to answer individual needs by linking various research on innovation change management with the theory of diffusion of innovation in communication strategy. The contribution of this research is in the form of theoretical and practical contributions. Theoretically, the change management framework formulated in this research is related to user behavior and tested in the form of a hypothesis. The real contribution is the ability to implement a change management framework in the company to support the success of the digital transformation carried out.

Increasing global economic competition encourages companies to implement digitalization within the company to streamline business processes. The phenomenon of digitalization has also increased significantly with the pandemic, where technology is being used to support constrained business processes. Various technological trends are developing rapidly, such as automation and artificial intelligence. For example, automation allows companies to carry out the reporting process more easily with an integrated system. Various manual and document-based processes can also be minimized to improve the performance of each business unit. Additionally, to survive in a highly competitive environment, companies seek to improve quality, reduce costs throughout the supply chain, promote product and service diversification, and are more enterprising than other competitors, able to survive better (D.L. Rogers, 2016). The integration of business processes and technology can greatly help organizations to improve operational activities and optimize available resources. Due to the complexity

of systems and risks associated with implementing technology, companies are finding it difficult to implement and are not able to take advantage of digitalization as expected. Apart from the complexity of digitalization due to technical infrastructure and business processes, social and organizational factors also contribute to system failure.

Digital transformation refers to processes and strategies that use digital technology to significantly change the way a business operates and serves customers. This expression has become popular in the era of digitalization. The reason is that all businesses, regardless of size or industry, are increasingly relying on data and technology to operate more efficiently and deliver value to their customers.

Digital transformation is the deep transformation of business and organizational activities, processes, competencies and models, maximizing changes and opportunities in the technology mix and accelerating their impact on society in a strategic and prioritized way.

Digital transformation requires infrastructure and technology. It is clear that technology-enhanced learning methods require the implementation of appropriate information technology infrastructure and platforms. Digital transformation can be understood as the process of using already available digital technology such as virtualization technology, mobile computing and the cloud integrated with other media. Furthermore, digital transformation is “a process that aims to improve an entity by bringing about significant changes in its characteristics through a combination of information, computing, communication and connectivity technologies”.

In all aspects of business in a company, fundamentally changing the way it provides value to customers. Companies are adopting innovative digital technologies to make cultural and operational changes that better adapt to changing customer demands. Examples of digital transformation include:

1. Companies start building digital solutions, such as mobile applications or e-Commerce platforms.
2. Companies migrate from on-premise computer infrastructure to cloud computing.
3. Companies adopt smart sensors to reduce operating costs.

Adopting new technologies alone is not enough to make a digital transformation strategy truly effective. For maximum impact, every aspect of the organization must be changed. We recommend the following as the six most important pillars of digital transformation:

a. Customer Experience

Customer-centric business innovation is one of the main pillars of digital transformation. New technologies should be adopted only after careful consideration of the customer journey, behavior and expectations.

b. Human Resources

Employees should feel supported, not threatened, by the adoption of innovative technology. New digital business models will only be successful if employees fully embrace them. This can be achieved through a combination of coaching, recruiting the right talent, and retention by giving existing talent opportunities to develop.

c. Change

Digital transformation initiatives bring change to every area of the company. Planning is key to avoiding the hassle and confusion of unexpected changes. We need to provide companies with the tools and environment they need to successfully complete their enterprise digital transformation.

d. Innovation

Digital transformation and innovation are closely related, but not the same thing. Innovation is the generation of ideas that drive change. Companies need to create space for open communication, collaboration and creative freedom, and encourage Company employees to experiment. Once the Company's idea is tested, the Company can move on to digital transformation for large-scale implementation.

e. Leadership

Business leaders must proactively lead digital transformation. We need to look forward, explore technology from different angles, and encourage others to do the same.

f. Culture

When digital transformation leaders implement the five pillars mentioned above, they create a culture of innovation. Digital transformation initiatives thrive and thrive when Companies have employees who are passionate about providing the best customer experience.

A company cannot fully realize the benefits of digitalization unless all three components of digital transformation – people, business and technology – work together. Incorporating these components into an organization's culture demands strong leadership from people like the Chief Data and Analytics Officer (CDAO), Chief Information Officer (CIO) or even the CEO. The result of such collaboration can be a customer-centric business that focuses on ensuring every action taken is done with the customer experience in mind.

In the implementation of digitalization, resistance behavior towards digitalization is a risk of implementation failure (Laumer & Eckhardt, 2015). This resistance strategy can take the form of sabotage and non-compliance of stakeholders, both individuals and organizations, which results in obstruction of the digitalization process. This rejection can be in the form of complete rejection, partial rejection, to forced use, as a result of which effectiveness according to digitalization can be realized. This will also give rise to negative perceptions among potential users who reject the discovery of digitalization. To manage this risk, communication tactics are the main key to realizing effective digital discovery (B. E. Rogers & Dunkerley, 2016). Previous research according to Dwivedi et al (2014) has identified the causes of failure in the implementation of news technology, including disparities in perspective between

individuals, for example system developers, top management and users, as a result of which there is a need for harmony between them. In managing change, previous research according to E.M Rogers, (2003) has identified communication tactics for the diffusion of discoveries, including digitalization into 5 stages including knowledge, persuasion, decision, implementation, & confirmation.

In this theory, communication has an important role in discussing digitalization techniques with users in more detail. Apart from having to discuss the concept of discovery & change through socialization, communication to manage user behavior personally for technology adoption must also be considered. Intrapersonal communication is crucial to a personal approach to users. The theory of diffusion of discoveries is also widely used for communication tactics related to sharing discoveries with stakeholders. However, this theory has limitations in managing transitions & changes after there is an understanding related to using the discovery to be implemented. In its implementation, companies can implement change management to encourage sustainable digitalization success. A report according to Gartner shows that due to increasing changes due to technological developments, 34% of companies fail in the transformation process (Spafford, 2013).

Today's digital world requires transformation and this event is a form of evolution. Technology and connectivity are also the focus of a program called Sustainable Development Goals (SDGs) launched by the United Nations (UN) in 2015. In terms of technology and connectivity, this indirectly leads to the use of internet technology by many people. The use of internet technology can be understood as a form of expertise ranging from manual to digital use. Many things have to be adjusted to what is called the digital psyche. One of them is to first understand the implications of digital itself and the problems that accompany it. E Leadership Competence is defined as the way leaders use information technology to achieve government goals. All governments depend on their level of e-government, and the quality of e-government varies. Successful digital transformation means enabling radically different ways of working within an organization. The use of information technology to facilitate services is a very important part of government organizations in the field of public services. To achieve this, of course, requires leaders who can lead in digital technology and use it to improve business performance (Wasono & Furinto, 2018).

Clearly, the goal of digital transformation for businesses and organizations is to reduce costs by creating better digital services that more people can use. The consumer service orientation practiced by Amazon and Netflix encourages these two companies to actively listen to the needs of their service users, because they do not need to train people to use the services they create (Benjamin & Potts, 2018). The introduction of digitalization in the government sector brings great benefits. Digitalization simplifies and accelerates public services and decision-making processes. Execution is the only way to turn political ideals into political reality and political goals into political gain. Just because a policy is created does not automatically mean it will be implemented. There is a gap between the two (Peng, 2021). Therefore, implementation capability is

the ability to implement policies and achieve the stated goals.

The success of e-government implementation cannot be separated from the importance of the role of leadership. Digital transformation of public offices can be realized if there is a strong will from management. According to Herlambang (Yudha & Susanto, 2019), there are several things that can be done to make e-government successful. (1) vision and mission influence the success of e-government and the company. (2) alignment of goals and information technology strategies to influence e-government success, and (3) leadership to influence e-government success.

The development of information technology requires adoption by all organizations and businesses, including government departments. However, it is important to remember that successful digital transformation in the public sector can only be realized if its benefits are understood. For this reason, it is important to increase management and employee understanding regarding the use of IT. In addition, digital competency and digital culture must be built to ensure that all stakeholders fully understand digital transformation.

In digitalization, the education phase is the first step to motivate users to carry out digital innovation. Kotter (1996) defines this phase in managing the vision and mission of user change. The communication strategy in this phase is knowledge and belief in accordance with the framework of E.M. Rogers (1983). In this phase, users should be able to answer the question, "What is digitalization and why do we need it?" To define new knowledge, users can not only understand the context of digitalization in which it will be applied, but also the implications of digitalization and the benefits that users will receive (Seemann, 2003). Human competence and knowledge play an important role in digitalization so some kind of campaign must be carried out in the corporate environment. This can be done by the IT department as a digitalization master and as a service provider. Thus, departments must consistently communicate changes in information technology services. Rather than working alone, the information technology department must collaborate with other business process owners to ensure that the information provided is comprehensive. This is supported by research results (Rushendi & Sarwititi Sarwoprasdjo, 2016), which highlight that useful socialization and interpersonal educational communication for users can influence the decision to introduce innovation. Furthermore, the role of communication is not only as a medium to educate users, but also to motivate them to achieve digitalization goals (Hubeis et al., 2007).

V. Conclusion

Considering the era of digitalization that continues to develop, the presence of information technology, especially in the corporate sector, is very important for easy availability of information, speed of service, and decision support for executives who utilize big data. The role of leaders in enabling the use of information technology in the corporate sector is very important. So, the development of the implementation of digital transformation is very important as a whole in the success of the system in the

corporate sector. However, it is important to remember that successful digital transformation in the enterprise space can only be realized if its benefits are understood. For this reason, it is important to increase the understanding of management and employees in the company regarding the use of information technology. In addition, digital competency and digital culture must be built to ensure that all stakeholders fully understand digital transformation.

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