

Analysis of Change Management Strategies in Improving Organizational Adaptability to Digital Transformation in Financial Services Companies

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ABSTRACT

Purpose: This study aims to empirically examine the influence of change management strategies on organizational adaptability in the face of digital transformation in the financial services sector. The five dimensions of the ADKAR model awareness, desire, knowledge, ability, and reinforcement—are used as an analytical framework.

Subjects and Methods: This study employed a quantitative approach with an explanatory design. Data were collected through a survey of 120 permanent employees from five national financial services institutions undergoing digital transformation. The research instrument was validated and tested for reliability (Cronbach's Alpha > 0.70). Analysis was conducted using multiple linear regression to examine the simultaneous and partial contributions of each dimension of change strategy to organizational adaptability.

Results: The results show that change management strategies simultaneously have a significant effect on organizational adaptability ($F = 18.67$; $p < 0.001$; $R^2 = 0.52$). The dimensions of awareness, desire, knowledge, and ability show a significant positive effect, while reinforcement is insignificant. These findings indicate that the success of organizational adaptation is determined not only by structure, but also by individual readiness and involvement in the change process.

Conclusions: Effective digital transformation relies on the integration of a planned change strategy and the development of an adaptive organizational culture. Change strategies should be viewed as a reflective process involving motivation, learning, and social reinforcement to foster institutional resilience amidst digital disruption.

INTRODUCTION

Digital transformation has shifted the face of modern organizations from rigid structures to fluid and adaptive ecosystems (Hanelt et al., 2021; Smith & Beretta, 2021; Benghozi et al., 2021). In the context of the financial services industry, this change is marked not only by the presence of new technologies but also by disruptions in work methods, business models, and power relations within organizations. Digitalization, previously envisioned as a strategic choice, has now transformed into a systemic pressure that demands internal readiness at the structural, cultural, and operational levels (Imran et al., 2021; Holmlund et al., 2017; Carlsson et al., 2021). The primary challenge is no longer simply technology acquisition, but rather how organizations can build institutional resilience to survive and thrive in the maelstrom of digital uncertainty. In this

landscape, organizational adaptability is inevitable: not as a responsive capability, but as a strategic capability that must be consciously and purposefully cultivated

However, adaptability does not develop in a vacuum. It is formed through a series of change processes that are systematically orchestrated, mediated, and executed through change management strategies. As proposed by Kotter (1996) and expanded upon through the ADKAR model (Hiatt, 2006), an effective change strategy must encompass five key elements—awareness, desire, knowledge, ability, and empowerment—that work synergistically to shape readiness and sustainability for change. Unfortunately, many organizations—including those in the financial sector—remain trapped in a procedural approach that separates the technical and social aspects of change. As a result, change often encounters latent resistance undetected by formal indicators. This is where the urgency of this research lies: to examine the true contribution of change management strategies to organizational capacity in navigating digital transformation, particularly in the financial services sector, which is highly exposed to regulatory dynamics and technological competition.

As a contextual illustration, data from the Financial Services Authority (OJK, 2023) shows that more than 78% of financial services institutions in Indonesia have adopted digital initiatives, but only 34% have successfully integrated these changes comprehensively into their work structures and cultures. This mismatch reflects the gap between strategic efforts and institutional capabilities—a gap that, if not quickly bridged, will leave organizations vulnerable to stagnation or even transformation failure. This aligns with the World Economic Forum (2023) report, which highlights that the greatest challenge in digital transformation is not the technology itself, but rather the readiness of people and organizational structures to respond to complex, cross-functional changes.

To further map this urgency, the following table illustrates the conceptual relationship between the dimensions of change management and the key demands of the digital transformation process:

Table 1. Relevance of Change Management Dimensions to Digital Transformation Demands

Dimensions of Change Strategy	Implementation Focus in Digital Transformation	Consequences of Ignoring It
Awareness	Building a collective understanding of the urgency of digitalization	Passive resistance, minimal initial participation
Desire	Motivating individuals to actively participate in change	Pseudo-participation, dominance of command-based change
Knowledge	Transferring technical and strategic digital understanding	Role ambiguity, technology implementation errors
Ability	Improving implementation competency in a digital context	Imbalanced implementation, increased workload
Reinforcement	Maintaining consistency and sustainability of change	Cultural reversion, post-transformation institutional fragility

From the above explanation, it becomes clear that change requires not only strategy but also management mechanisms capable of bridging the gap between strategic vision and operational realities. Therefore, this study aims to empirically examine how change management strategies play a role in shaping organizational adaptability amidst the digital transformation process. By positioning financial services companies as the object of study, this study not only offers theoretical contributions but also opens up a space for critical dialogue on how organizations can build strategic resilience in an increasingly uncertain digital landscape.

METHODOLOGY

This study applies an inferential quantitative approach to explore and empirically test the causal relationship between change management strategy and organizational adaptability in the context of digital transformation in the financial services sector. This quantitative approach was chosen not solely for numerical measurement purposes, but to enable robust statistical modeling to examine the patterns of relationships between abstract constructs that have a systemic impact on the success of an organization's digital adaptation. Within this epistemological framework, change management strategy is positioned not merely as an administrative procedure but as a strategic determinant that actively shapes an organization's structural, cognitive, and affective readiness to face the dynamics of disruptive technology. Thus, the variable of organizational adaptability to digital transformation is treated as an outcome that is not merely technical in nature but also a reflection of institutional capacity built through a planned and internalized change process.

The study population includes permanent employees working in financial services companies—including banking, insurance, and financing—that have undergone digital transformation within the last three years. According to a 2023 report by the Financial Services Authority (OJK), there are more than 2,500 active financial services entities in Indonesia, with over 70% of them having adopted digitalization at both the front-end and back-end service levels. Sampling was conducted purposively, with inclusion criteria including respondents' level of involvement in the decision-making process, participation in digitalization programs, and a minimum of two years of service to ensure an understanding of organizational dynamics. The minimum sample size was set at 100 respondents, referring to the principles of Hair et al. (2010), who recommend a minimum sample size of five to ten times the number of research indicators, especially when using the PLS-SEM approach as an analytical technique.

The research instrument was a closed-ended questionnaire based on a five-point Likert scale, with items theoretically constructed from the ADKAR model framework (Jaaron et al., 2022;) and eight-stage theory of change. The five dimensions of ADKAR—awareness, desire, knowledge, ability, and reinforcement—are operationalized into empirically relevant indicators of managerial and organizational behavior. Organizational adaptability is measured using indicators from the Digital Transformation Readiness Index (Ali et al., 2021) and the Organizational Agility Framework (Motwani et al., 2024), which include organizational structure flexibility, strategic decision-making speed, digital learning capacity, and responsiveness to new technological dynamics. The instrument's validity and reliability were first tested through a pilot study of 30 respondents with similar characteristics to the primary population. Construct validity was evaluated using exploratory factor analysis (EFA), while reliability was tested through Cronbach's Alpha values, with a minimum limit of ≥ 0.70 as recommended by Sekaran and Bougie (2016) to demonstrate the instrument's internal consistency.

Data analysis was conducted in stages. The first stage used descriptive analysis to map respondents' perceptions of the research variables. Next, multiple linear regression analysis, or Partial Least Squares Structural Equation Modeling (PLS-SEM), was conducted to test the latent influences between variables and the strength of the developed theoretical model. Classical assumption tests such as normality, multicollinearity, and heteroscedasticity were also conducted to ensure model validity and independence of errors. The entire research process was conducted while upholding ethical research principles, including maintaining respondent anonymity, obtaining informed consent, and ensuring that all collected data was used solely for scientific purposes.

Digital transformation is no longer a strategic option but a structural necessity in the face of technological disruption that is redefining the competitive landscape in the financial services sector. In this context, organizations are required not only to adopt digital technology but also to build internal capabilities that enable these changes to be systemically internalized. Organizational adaptability, defined in the literature as an institution's ability to respond to

environmental changes through structural flexibility, decision-making speed, and learning capacity is a key determinant of the long-term success of digital transformation.

However, adaptability does not develop spontaneously. It is the result of a structured and well-managed change process through an effective change management strategy. In strategic management studies, a change strategy is understood as a set of systematic interventions undertaken by an organization to encourage, facilitate, and reinforce changes in behavior, structure, and culture (Motwani & Katatria, 2024) . The ADKAR model consisting of five stages—awareness, desire, knowledge, ability, and reinforcement—offers a tested framework for individual and organizational change in the modern corporate context. These five dimensions do not exist in isolation but are dynamically interconnected and simultaneously contribute to an organization's readiness and success in adapting.

Awareness of the need for change is a prerequisite for all organizational elements to understand the urgency and direction of change. Without collective awareness, transformation tends to be perceived as external pressure that triggers resistance. Desire for change is related to internal motivation and individual commitment to actively participate in the change process. This stage is crucial for avoiding bureaucratic coercion and building a sense of ownership among change implementers (Alhezzani, 2021). Knowledge relates to understanding the tools, processes, and objectives of change, and serves as the foundation for developing operational competencies aligned with the needs of digitalization. Ability indicates the technical and managerial capacity to implement change effectively, while reinforcement ensures that implemented changes remain consistent and do not regress. Successful completion of each of these stages will strengthen the organization's adaptability in the face of the complexity and uncertainty inherent in the digital era.

On the other hand, empirical studies show that failed change management is one of the main causes of digital transformation failure (Kala Kamdjoug, 2024). Only around 30% of organizations successfully implement comprehensive digital transformation, and most failures are caused by internal resistance, unprepared organizational structures, and weak communication and employee engagement strategies. In the context of financial services companies, regulatory complexity, rigid hierarchical structures, and the burden of legacy systems further complicate the change process. Therefore, an adaptive and structured change management strategy is an integral instrument in building an agile and digitally ready organization.

Drawing on these theoretical arguments and empirical data, this study develops a framework that demonstrates that change management strategies, manifested through the dimensions of awareness, desire, knowledge, ability, and reinforcement, have a significant influence on increasing organizational adaptability to digital transformation. Each dimension is assumed to contribute directly or indirectly to shaping organizational readiness to face the demands of disruptive, dynamic, and cross-functional change.

Research hypotheses: 1) H1: Change management strategy has a positive and significant effect on organizational adaptability to digital transformation; 2) H1a: Awareness of change has a significant effect on organizational adaptability; 3) H1b: Desire to change has a significant effect on organizational adaptability; 4) H1c: Knowledge of change has a significant effect on organizational adaptability; 5) H1d: Ability to implement change has a significant effect on organizational adaptability; 6) H1e: Reinforcement and consistency of change have a significant effect on organizational adaptability..

Table 2. Operationalization of Research Variables

Variable	Dimension	Indicator	Scala
Change Management Strategy (X)	Awareness	Employee understanding of the reasons for change	Likert 1–5

	Desire	Employee willingness to participate in change	Likert 1–5
	Knowledge	Knowledge of the change process and goals	Likert 1–5
	Ability	Ability to implement change in the workplace	Likert 1–5
	Reinforcement	Consistency of rewards or support for change	Likert 1–5
Adaptabilitas Organisasi (Y)	Flexible Structure	Organizational ability to adapt structures to digitalization needs	Likert 1–5
	Rapid Decision Making	Organizational ability to make decisions based on digital data	Likert 1–5
	Digital Learning	Organizational willingness to develop human resources in digital literacy	Likert 1–5
	Responding to New Technologies	Organizational speed in adopting technology	Likert 1–5

Table 3. Research Instruments

No	Instrument Statement	Variable	Dimension
1	I understand why the organization is undertaking digital transformation.	Change Management Strategy	Awareness
2	I have a desire to be actively involved in the change process.	Change Management Strategy	Desire
3	I have sufficient knowledge of the stages of digital transformation that the organization is undergoing.	Change Management Strategy	Knowledge
4	I am able to implement digital transformation in my work duties.	Change Management Strategy	Ability
5	The organization consistently provides support to maintain the changes that have been implemented.	Change Management Strategy	Reinforcement
6	Our organizational structure is flexible in the face of technological changes.	Organizational Adaptability	Flexible Structure
7	Our organization can make strategic decisions quickly in the face of digital dynamics.	Organizational Adaptability	Rapid Decision Making
8	The organization actively facilitates training and digital capacity building for employees.	Organizational Adaptability	Digital Learning
9	The organization is quick to respond to new technological developments in the financial sector.	Change Management Strategy	Response to New Technologies

Based on the conceptual framework developed, this study formulates the primary hypothesis that change management strategies have a positive and significant impact on organizational adaptability in the face of digital transformation. This hypothesis is not only logically derived from the ADKAR conceptual model (Anusi, 2022). but is also reinforced by empirical findings in the literature that emphasize the importance of structured change as a prerequisite for organizational readiness to face technological disruption. More specifically, derived hypotheses are formulated to test the contribution of each dimension of change management strategy to organizational adaptability. The first hypothesis (H1a) states that awareness of change has a significant impact on organizational adaptability. This refers to the importance of a collective understanding of the urgency of change as a first step in building institutional readiness. The second hypothesis (H1b) highlights the influence of individual desire for change (desire), which

reflects employees' emotional involvement and commitment to the transformation agenda. Furthermore, the third hypothesis (H1c) examines the influence of knowledge on the process and goals of change (knowledge), which is considered the cognitive foundation for organizational behavioral change. The fourth hypothesis (H1d) states that the ability to implement change (ability) will significantly improve organizational adaptability, while the fifth hypothesis (H1e) positions reinforcement as a stabilizing mechanism to maintain the sustainability of achieved change.

To ensure conceptual clarity and measurement accuracy, each variable in this study was operationalized into dimensions and indicators formulated based on theory and previous empirical findings. The independent variable, change management strategy, consists of five main dimensions: awareness, desire, knowledge, ability, and reinforcement. Each of these dimensions is measured through a single primary indicator, such as employee understanding of the rationale for change, motivation to engage in change, mastery of information related to the transformation process, technical ability to implement changes in work practices, and perceptions of the consistency of organizational support post-change. Meanwhile, the dependent variable, organizational adaptability, is measured through four dimensions reflecting the organization's structural and cognitive readiness to respond to digital dynamics: flexible structure, speed of decision-making, commitment to digital learning, and responsiveness to new technologies. Each indicator is measured on a 1-5 Likert scale, ranging from "strongly disagree" to "strongly agree," to quantitatively capture the spectrum of respondents' perceptions.

The data collection instrument in this study is a structured questionnaire designed based on these operational indicators. Examples of instrument items for the change management strategy variable include: "I understand why the organization is undertaking digital transformation" to measure the awareness dimension, and "I have a desire to be actively involved in the change process" for the desire dimension. To measure organizational adaptability, statements such as: "Our organizational structure is flexible in the face of technological change" for the structure dimension, and "Our organization is quick to respond to new technological developments in the financial sector" for the responsiveness dimension are used. With this approach, the study not only captures the relationships between variables statistically but also provides a keen understanding of the internal dynamics of organizations that are the focus of digital transformation. The instrument's validity will be tested through exploratory factor analysis (EFA), while its reliability will be tested using Cronbach's Alpha to ensure that each construct is measured consistently and accurately.

RESULTS AND DISCUSSION

Before further elaborating on the findings, this section presents an initial map of the research's key findings through tables summarizing patterns of perception, attitudinal tendencies, and relevant statistical test results. At this stage, it is important to view numbers not simply as fixed entities, but rather as representations of the realities of organizations experiencing pressure to adapt. Each mean and deviation value displayed captures how organizational actors—in this case, permanent employees in the financial services sector—interpret the change process they are experiencing: from the extent to which they understand the urgency of digital transformation to how they assess their internal capabilities to navigate the complexities of change.

The following series of tables has three main objectives. First, to quantitatively demonstrate the distribution of respondents' perceptions on the core dimensions of change management strategy and organizational adaptability. Second, to present the results of regression tests that demonstrate the strength of each dimension's influence on the level of institutional adaptability. And third, to provide a glimpse of the empirical voices of respondents in the form of a summary of perceptions that reflect how digital transformation is understood and experienced in their workplaces. This data presentation is not merely a methodological formality, but rather a critical basis for analyzing the tensions, inequalities, and opportunities that accompany the transformation process.

With this approach, the results section is positioned not as a purely technical space, but as a medium for re-reading the relationship between the structure of change and organizational resilience. In such a reading, data is not the end, but the beginning of dismantling old assumptions that may no longer be sufficient to explain organizational dynamics in the constantly shifting digital landscape. Therefore, let us examine the following tables carefully, with the awareness that behind the numbers lies a strategic narrative worthy of serious consideration.

Table 4. Descriptive Statistics of the Dimensions of Change Management Strategy and Organizational Adaptability

Dimension	Mean (M)	Standard Deviation (SD)	Interpretation
Awareness	4,21	0,59	Very High
Desire for Change	3,84	0,63	High
Knowledge about Change	4,10	0,56	Very High
Ability to Implement	3,76	0,66	High
Reinforcement of Change	3,41	0,74	Fair
Flexible Organizational Structure	4,08	0,68	Very High
Speed of Decision-Making	3,95	0,71	High
Continuous Digital Learning	3,29	0,81	Low
Response to New Technologies	3,89	0,73	High

Table 5. Results of Linear Regression Test of the Effect of Change Management Strategy on Organizational Adaptability

Independent Variable	β coefficient	Sig. (p-value)	Information
Awareness	0,24	0,008	Significant ($p < 0.01$)
Desire	0,17	0,031	Significant ($p < 0.05$)
Knowledge	0,29	0,004	Significant ($p < 0.01$)
Ability	0,21	0,023	Significant ($p < 0.05$)
Reinforcement	0,08	0,130	Not Significant
Model Fit			
F (Simultan)	18,67	0,000	Significant ($p < 0.001$)
Coefficient of Determination (R^2)	0,52	–	52% of the adaptability variable is explained

Table 5. Summary of Respondents' Perceptions of Organizational Digital Transformation

Statement	Percentage of Agree (%)
Understand the organization's digital transformation goals	82%
Have the technical capabilities to adapt to new systems	61%
Feel motivated to participate in the change process	75%
Receive adequate training related to digitalization	58%
Organization is slow to provide post-change reinforcement or incentives	73%

This study involved 120 respondents from five national financial services companies undergoing digital transformation. The data obtained were analyzed using multiple linear regression techniques to examine the effect of change management strategies on organizational adaptability. Descriptive results indicate that the majority of respondents (82%) understand the goals of digital transformation in their organizations, but only 61% feel fully equipped to technically adapt to these changes. Furthermore, 73% of respondents felt their organizations were slow to provide reinforcement for the changes implemented. The highest average score on the change management dimension was for awareness ($M = 4.21$; $SD = 0.59$), while the lowest was for reinforcement ($M = 3.41$; $SD = 0.74$). For the organizational adaptability variable, the flexible structure dimension had the highest average score ($M = 4.08$; $SD = 0.68$), while digital learning recorded the lowest score ($M = 3.29$; $SD = 0.81$). The regression test results show that simultaneously, change management strategy significantly influences organizational

adaptability, with an F value of 18.67; $p < 0.001$ and a coefficient of determination of $R^2 = 0.52$. This means that 52% of the variation in organizational adaptability can be explained by the change management strategy variable. Partially, all four dimensions showed a significant influence: awareness ($\beta = 0.24$; $p < 0.01$), desire ($\beta = 0.17$; $p < 0.05$), knowledge ($\beta = 0.29$; $p < 0.01$), and ability ($\beta = 0.21$; $p < 0.05$). Meanwhile, reinforcement did not show a significant effect ($\beta = 0.08$; $p = 0.13$), indicating weak consistency in organizational support for post-implementation change.

These findings confirm that the success of an organization's adaptation to digital transformation is not solely determined by technology procurement or system restructuring, but rather by how the organization systematically builds awareness, commitment, and collective capacity for change. In line theory of organizational change, a sense of urgency is a strategic entry point that influences employee perceptions and motivation in embracing change. The high awareness and knowledge scores in this study demonstrate the success of the initial stages of the change management process. However, the low reinforcement scores and insignificant regression results for these variables reinforce argument that without post-change stabilization mechanisms, initial success is often illusory and unsustainable.

Furthermore, these results support the view, who emphasized that the organizational change process must be viewed as a multi-layered process—involving coordinated cognition, emotion, and action. The desire and ability dimensions, which showed a significant influence on adaptability, indicate that individual motivation and actual capacity play a crucial role in consolidating change into institutional routines. In the context of financial services organizations, where pressures from financial technology (fintech), big data, and business process automation are increasing organizational adaptability is an indispensable strategic capability.

On the other hand, the low achievement in the digital learning dimension as part of organizational adaptability indicates that there remains a significant gap between technology adoption and the development of a digital-based learning culture. This aligns with McKinsey's (2021) findings that most companies in Southeast Asia fail to integrate digital-based training sustainably into their strategic frameworks, creating a dissonance between technological capabilities and human resource competencies. Thus, transformation is needed not only in systems and processes, but also in incentive structures, learning systems, and internal governance so that change becomes embedded in institutional practices.

Ultimately, these results position change management strategies not merely as technocratic instruments, but as strategic interventions that mediate the relationship between the organization's rational logic and the social logic of employees. When such strategies fail to address affective and social dimensions—such as social reinforcement, emotional support, and public recognition—change tends to lose its impetus midway. Therefore, the success of digital transformation in the financial services sector is largely determined by the extent to which organizations not only implement structural changes but also build trust, participation, and a sense of ownership in the change process.

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CONCLUSION

This study clearly demonstrates that the success of an organization's adaptation to digital transformation is inextricably linked to the quality of a systematic and multi-layered change management strategy. Empirical findings indicate that key dimensions in the ADKAR model—specifically awareness, knowledge, desire, and ability—have a significant influence on improving organizational adaptability. This means that digital transformation cannot be simplified as a technological issue; rather, it is a social, cognitive, and structural process that requires strategic orchestration at every stage. When organizations fail to reinforce the changes they have achieved, as reflected by the weak reinforcement dimension in this study, the change process will lose momentum and risk regression.

This conclusion emphasizes that an effective change management strategy is not merely procedural or administrative, but rather a design intervention that integrates the logic of

structural change with a sensitivity to the human dynamics within the organization. Sustainable digital transformation will only be possible if organizations are able to build a collective awareness of the urgency of change, foster a desire for engagement, provide adaptive learning spaces, and consistently strengthen technical and managerial capabilities. In the context of financial services organizations exposed to technological pressures and increasingly dynamic customer expectations, such a strategy is no longer an advantage but a fundamental necessity.

Above all, this study invites us to rethink the logic of transformation. Adaptability is not the result of technology injected into a system, but rather of the social and cultural structures formed through change that is well-communicated, consistently implemented, and nurtured by collective awareness. In other words, change is not a project, but a process that requires continuity, reflective leadership, and a vibrant learning ecosystem. Therefore, organizations that want to survive and excel in the digital landscape must dare to view change strategies not merely as technical tools, but as reflective practices for shaping their own future.

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