

FACTORS THAT AFFECT EMPLOYEE READINESS: AN INSIGHT FROM BANK NTB TRANSFORMATION

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ABSTRACT: *Business is growing from year to year. This development led to competition in some industries that are increasingly high. The development of increasingly sophisticated technology, the world is faced with the era of the industrial revolution 4.0 which emphasizes the digital economy pattern, artificial intelligence, big data, robotic, etc., or known as the disruptive innovation phenomenon. All organizations are expected to be able to take advantage of various opportunities in this era of globalization and industrial revolution because of changes that are very fast and unavoidable. Bank NTB as the spearheading institution of local economy always strive to provide excellent services to the community through performance and improvement services through product innovation, information technologies improvement, and human resources quality enhancement. Changes that occur within the company, especially the transformation from Conventional Bank to Sharia Bank, require the supports from the board and the employees are rapidly, appropriately, and with high motivation to run the programs that have been set. This study identifies the factors that support the successful transformation of NTB Bank into Bank NTB Sharia. Changes that occur within the company, especially the transformation from Conventional Banks to Islamic Banks, require support from all leaders and employees. The level of readiness of employees in the face of the transformation process of Bank NTB into a Bank of NTB Syariah can be said to be ready as a whole which can be seen from the indicators of the variables: leadership practice, way of thinking, psychological capital, and organization commitment.*

KEYWORDS: Banking, Change Readiness, Organization Commitment, Transformation

INTRODUCTION

Business is growing from year to year. This development led to competition in some industries that are increasingly high. The development of increasingly sophisticated technology, the world is faced with the era of the industrial revolution 4.0 which emphasizes the digital economy pattern, artificial intelligence, big data, robotic, etc., or known as the disruptive innovation phenomenon. All organizations are expected to be able to take advantage of various opportunities in this era of globalization and industrial revolution because of changes that are very fast and unavoidable.

This change in the business environment that demands organizational change certainly requires the support and role of all stakeholders in the company, including employees. According to Kotter (1996), the obstacles often encountered by employees are as follows:

1. Formal structure makes it difficult to act.
2. The boss does not discourage employees from taking actions aimed at implementing a new vision.
3. Lack of expertise needed in acting.

4. Personnel and information systems make it difficult to act.

These things cause employees not to be able to optimally support and participate in the process of change.

The development of the banking sector in Indonesia, particularly Islamic banking showed a positive trend. According to Sharia Banking Statistic June 2015 published by the Financial Services Authority shows that sharia banking in Indonesia from 2009 to 2013 shows significant growth from the infrastructure side. Until 2015, the number of sharia banking offices in Indonesia has reached 2881 units. From the financial performances side, sharia banking shows positive trend. Until 2015, the sharia banking financing reached Rp 204 billion and deposits reached Rp 215 billion. This figure is an indication that sharia banking in Indonesia has good prospects from the business side. Based on the data which released by the Society of Sharia Economy Organization, the market share of sharia banking in 2016 is close to 5.5% of the total assets of the national banking industry with an asset growth around 18%. In addition, sharia banking has a wide market share potential considering that the number of customers of sharia banks is still below 25 million customers. The great prospects of sharia banks in Indonesia is a challenge for the parties involved in the sharia banking industry to prepare the right strategy to maximize the market potential that is wide open. Bank NTB, which was originally a conventional bank and has a sharia business unit, plans to accelerate the transformation of sharia in line with the transformation phase of the parent bank in phase I, namely the foundation building which includes the areas of products and services; information technology and management information system; government risk compliance (GRC); human resources; and corporate culture to become Bank NTB Sharia. It is very important to know the readiness of employees to change because it will affect the success rate of the transformation.

Based on the transformation plan, researchers intend to measure the readiness to change of employees to face the process of transformation. According to Robbins and Judge (2011), this measurement is important to be done to anticipate employees' resistance. Employee's resistance can be an obstacle to the implementation process of change. Resistance to change can be positive if it leads to open discussion or debate. Resistance does not always emerge in standard ways, can be open, straight out, direct, or suspended. If resistance done directly and openly, such as complaints, performance deceleration, or the treat of strikes, it is still relatively easy to overcome by the management. But the bigger challenge is managing the implied or suspended resistance because the company will lose employee loyalty and motivation. Based on the measurement results, a strategic formula that should be formulated by Bank NTB so that the transformation process runs well and can support the business plan of the company, and deliver performance in accordance with the needs of stakeholders.

LITERATURE

Change Management

Sembiring (2009) states that there are six factors identified as causes of change. The first factor is technology. Technological developments are often referred to as important causes for making changes in organizations. The second factor, human resources. The quality of human resources is increasingly growing. People in organizations are required to have competencies that are in line with current business developments. The third factor is the economy. The economic

situation of a country influences the occurrence of changes in organizations in the country. The existence of a crisis will lead to changes, such as business changes, reduction in labor, and other policies. The fourth factor is competition. In the current era of globalization, competition does not only come from within the country, but also abroad. With competition, the company made changes to seize the market. The fifth factor is regulation. Regional, national and international regulations continue to change and organizations must adjust to the applicable regulations. The last factor is the political factor. Political practices in an area, country, or the world can cause changes in the organization.

In this world, change happens every day so running a business as usual is a recipe that can guarantee failure. Robbins (2005) states that organizations must change because if they do not change, the organization will die. These statements mean that changes in the organization must be formulated in the interests of all stakeholders. Kotter (1994) proposes eight steps that must be taken to implement and manage change, namely:

1. Building a sense of urgency by setting a strong and reasonable background regarding the importance of making changes.
2. Form a coalition with sufficient power to lead change.
3. Create a new vision to direct change and establish strategies to achieve this vision.
4. Communicate a new vision to all parts of the organization.
5. Enabling others to act according to the vision by removing barriers to change and encouraging the courage to take risks and creative problem solving.
6. Plan, produce, and appreciate short-term successes that move the organization towards achieving a new vision.
7. Consolidate improvements, re-value changes that occur, and make necessary adjustments.
8. Strengthen change by showing the relationship between new behavior and organizational success.

Change Readiness

Change readiness is the belief, attitude, and desire of the individual regarding the size of the need for change, as well as their perceptions of the capacity of individuals and organizations to make changes successfully. Holt et al. (2007) states that readiness to change is a comprehensive attitude that is simultaneously influenced by four perspectives of change management strategy consisting of content, context, process, and individual attributes. Content is an attribute of a change initiative that will be implemented, including the administrative, procedural, technological, or structural characteristics of the organization. The second perspective, namely the context is an attribute of the conditions and environment that implements change initiatives. Process is the steps taken to implement change initiatives, as well as individual attributes are characteristics of the employees who are required to implement the established change initiatives. The level of readiness changes will determine a person's support or rejection of a change initiative. Measurement of the level of readiness to change can be done using both qualitative and quantitative measurement methods (Holt et al. 2007).

Participation

Successful changes in organizations can be identified from the participation of leaders and employees (Buschmeyer et al., 2016). Employee participation in organizational change will make the transformation goals clearer and also beneficial to the change team by getting more information about employee perspective and their change-oriented skills (Lines 2004 in McKay et al., 2013).

Resistance

One of the effects of changes is the emergence of resistance from employees. Resistance is a condition that influences the process of change, delaying or slowing down, obstructing or inhibiting, and increasing the costs of the plan (Ansoff 1990 in Bengat et al. 2015).

Organization Commitment

Madsen et al. (2005) found that there was a relationship between readiness for organizational change and organizational commitment and social relations in the workplace. In the organization under study, employees are perceived to have a higher level of readiness when they feel committed (loyal, involved, and identified) to their organization. Allen and Meyer in Balcescu (2013) stated that the organizational commitment model consists of three dimensions, namely affective commitment, normative commitment, and ongoing commitment. Affective commitment refers to employees' emotional attachment to the organization and is identified with organizational values. Normative commitment refers to an employee's moral obligation to be in the organization. While ongoing commitment refers to employee attachments caused by costs incurred when they leave the organization and they will also calculate their investment if they remain in the organization. Employees with these commitments are transactional.

Leadership Practice

Vogel and Rowold (2014) use six transformational leadership behaviors that will encourage the commitment of followers or employees to change: articulating a vision, setting an example or a good example, encouraging acceptance of common goals, high performance expectations, intellectual encouragement, and individual support.

1. Articulating vision.

Transformational leaders communicate a positive, attractive, and inspiring vision for the future of the team. Leaders must understand and have high confidence in the vision or goals to be achieved. Articulating a transformational vision tends to encourage the commitment of followers or employees to high organizational targets, such as change initiatives.

2. Give a good example or example.

Transformational leaders are regarded as models that provide guidance and orientation by communicating organizational values and behaving according to everyday values.

3. Encourage acceptance of shared goals.

Because transformational leaders highlight the importance of team spirit to achieve challenging goals, team membership is considered positive and an important part of their

self-concept. Thus, encouraging acceptance of common goals is seen as a strong allegation of commitment to change.

4. High performance expectations.

The high-performance desire of leaders is able to strengthen the commitment of followers or employees for certain changes.

5. Intellectual drive.

By providing intellectual encouragement, transformational leaders encourage followers or employees to think about old problems in new ways, to question their own beliefs and assumptions, and to formulate problems as opportunities.

6. Individual support.

With individual support, transformational leaders treat followers or employees well, provide support and guidance, and demonstrate honest understanding. Individual support can reduce the anxiety and fear of followers, so that higher numbers of human resources can effectively deal with difficult situations. As a result, if transformational leaders reduce stress on change situations by increasing individual resources, it will have an impact on the positive interpretation of those changes.

Psychological Capital

Psychological capital consisting of hope, efficacy, resilience, and optimism (HERO), has a relationship and influence on commitment to the organization (Larson and Luthans 2006; Etebarian et al. 2012; Pillay et al, 2014; Aminikhah et al. 2016). Psychological capital has a negative relationship with behavior and feelings that are not desired by employees, such as stress, resignation, absence, anxiety, irregularities or violations, and cynicism.

Way of Thinking

A person's way of thinking can be divided into two, namely intuitive and rational. Intuitive or intuition is defined as the ability to quickly understand a situation or feeling without having to learn or find a conscious explanation. Individuals who have intuitive decision-making styles, make decisions based on inner feelings or 'gut instinct' (McShane and Glinow, 2009). They are able to make decisions quickly even if the available information is limited. Individuals who have a rational way of thinking, make decisions based on logical and systematic analysis facts with the goal of maximizing the outcomes to be achieved (McShane and Glinow, 2009). Generally, they avoid the 'gut instinct' when it contradicts objective information.

METHODOLOGY

Data

Research data was obtained through surveys of employees. The survey was conducted using stratified sampling method for Bank NTB employees based on the level then from each level randomly sampled.

Variables

The variables used in the study are as follows:

Table 1 Definition of variables and indicators and their measurements

Variables	Indicators	Definition	Measurement Method
Leadership Practice	Organization Vision	Leaders articulate a vision by encouraging employee commitment to high organizational targets, such as change initiatives	Likert scale 1-6
	Example	Leaders provide guidance and orientation by communicating the values of the organization and behaving according to the values in everyday life	
	Shared Purpose	Leaders empower the team to achieve common goals	
	High Performance	Leaders are able to provide high performance so as to strengthen employee commitment to certain changes	
	Intellectual Encouragement	Leaders encourage employees to think about old problems in new ways, to question their own beliefs and assumptions, and to formulate problems as opportunities	
	Individual Support	Leaders treat employees well, provide support and guidance, and demonstrate honest understanding, so that employees provide support for the policies decided	
Psychological Capital	Hope	Kemauan kuat yang dimiliki seseorang yang didukung oleh cara yang jelas untuk mencapai suatu sasaran	Likert scale 1-6
	Potential	Keyakinan akan kemampuan seseorang untuk menggerakkan sumber daya kognitif dengan tujuan mencapai hasil atau target tertentu	
	Resilience	Kemampuan untuk bangkit dari penderitaan atau kegagalan	
	Optimism	Suatu cara yang dapat dijelaskan yang mengkaitkan suatu keadaan positif dengan penyebab yang bersifat internal, permanen, dan terlihat nyata	
Organization Commitment	Affective Commitment	Commitments that are born on the basis of employee emotionality for the organization and identified with organizational values	Likert scale 1-6
	Normative Commitment	Commitment born on the basis of an employee's moral obligation to be in the organization	
	Ongoing Commitment	Commitments that are born on the basis of the costs that will be incurred if they leave the organization and they will also calculate their investment if they remain in the organization	
Way of Thinking	Rational	The way of thinking is based on logical and systematic facts	Likert scale 1-6
	Intuitive	A way of thinking that quickly understands a situation or feeling without having to learn or find a conscious explanation	
Change Readiness	Participation	Individual beliefs and attitudes are expressed in the form of support for change, as well as their positive perception of the ability of individuals and organizations to successfully implement change	Likert scale 1-6
	Resistance	Individual beliefs and attitudes are expressed in the form of rejection of change, as well as their negative perceptions of the ability of individuals and organizations to successfully implement change	

RESULT

The level of readiness of employees can be seen from the average value (mean) of the variables studied for respondent data. By using the rule of thumb following the pareto law 80:20, it is agreed if the average ≥ 4.8 shows perceptually generally the respondent agrees that individual attributes or related latent variables are conditioned or already owned by employees who work in the organization that is the object of research (Saragih 2013) This is the opposite for the latent variable Commitment to Sustainability (Sustainability) and Resistance (Resistance) which is an attribute of an individual who is negatively oriented.

Psychological Capital

The variable of Psychological Capital contains four indicators, namely Hope, Potential, Resilience, and Optimism.

Table 2 Overview of Psychological Capital Variables

Variables	Mean
Psychological Capital	5.023
Hope	4.934
Problem solving	4.942
Contribution	4.872
Determination of work unit targets	4.988
Potential	5.157
Enthusiasm to reach the target	5.221
How to reach the target	5.093
Resilience	4.965
Alternative problem solving	4.977
Handling stress	4.953
Optimism	5.081
Positive thinking	5.012
Confidence in work	5.151

Based on Table 2 it can be seen that respondents have positive energy at work. This can be seen from the mean value of 5.023. Then for indicators that have the highest average value found in the item of enthusiasm in achieving the target with an average value of 5.221 which shows the respondents have high enthusiasm in doing their daily work. Whereas for the lowest average value in the Psychological Capital variable is the contribution item with an average value of 4.872 which means that the respondent has not fully felt able to contribute to the determination of the company's strategy.

Way of Thinking

In the way of thinking variable found in Table 3, the average respondent thinks more about using rational than intuitive. The highest indicator is in the logical and systematic decision items of 5.105 which shows that most respondents feel more comfortable when making decisions based on logical and systematic ways. While for the lowest average value is found in

the reaction item in decision making, which is equal to 4.733 which means that the respondent has not fully trusted the reaction of his own feelings when making a decision.

Table 3 Overview of Way of Thinking Variables

Variables	Mean
Way of Thinking	4.916
Rational	5.000
Logical and systematic decisions	5.105
Decision making based on facts	4.895
Intuitive	4.831
Reaction in decision making	4.733
Confidence in decision making	4.930

Leadership Practice

The latent variable of Practice Leadership contains six indicators, namely Vision, Example, Purpose, Performance, Intellectual Support, and Individual Support as shown in Table 4 below.

Table 4 Overview of Leadership Practice Variables

Variables	Mean
Leadership Practice	4.854
Vision	4.919
Clarity of vision	4.942
The company's vision, mission, values and goals inspire employees	4.895
Example	4.872
Example for employees	4.837
Task instructions and instructions	4.907
Purpose	4.826
Involved planning activities	4.744
Job delegation	4.907
Performance	4.797
Alternative solution	4.884
Risk taking	4.709
Intellectual Encouragement	4.785
New challenges	4.709
Confidence in the team's ability	4.860
Individual Support	4.924
Respect to subordinates	5.000
Appreciation / appreciation	4.849

Based on Table 4 it can be seen that respondents feel that their superiors are able to explain company goals well and treat them with respect. The statement that has the lowest average in Leadership Practices is found in the risk-taking items and new challenges, which is 4.709 which

shows that most respondents feel that their superiors have not used their abilities through experimenting new ideas in taking work risks and have not fully challenged the team to try the approach new.

Organization Commitment

In the Organizational Commitment variables contained in Table 5, the average respondent uses his affective commitment in the face of change, meaning that employees have an emotional attachment to the organization that is identified with organizational values.

Table 5 Overview of Organization Commitment Variables

Variables	Mean
Organizational Commitment	4.812
Affective Commitment	4.953
Company problems	4.849
Bank NTB family section	5.058
Normative Commitment	4.640
Guilt leaves the company	4.802
Indebted to the company	4.477
Ongoing Commitment	4.843
Optimal work at work	4.942
There is no choice of other companies	4.744

The items with the highest average in the Organizational Commitment variable are found in the Bank NTB family item, which is equal to 5.508 which shows that most respondents feel they have become part of the Bank NTB family. Whereas for the lowest average there are items owed to the company amounting to 4.477, meaning that respondents feel not too indebted to the company and their commitment is based more on affective commitment, which is a commitment born on the basis of employee emotional to the organization and identified with the values of the organization.

Change Readiness

In the Change Readiness variable, the indicators specified are Participation and Resistance. According to Armenakis et al. (1993), this process needs to be examined to identify significant gaps to be acted upon immediately. If the gap is not followed up immediately, it is feared that employees tend to be resistant to change and will threaten the successful implementation of the change program (Holt et al. 2007).

Table 6 Overview of Change Readiness Variables

Variables	Mean
Change Readiness	4.442
Participation	4.843
Willingness to be part of the project	4.814
Change creates new ideas	4.872
Resistance	4.041
Improved work methods	3.977
No need to repair if nothing is damaged	4.105

Based on Table 6, it can be seen that employees prefer to participate in the success of the changes. This can be seen in the items with the highest average found in the change items creating new ideas and willingness to be part of the project with a value of 4.872 and 4.814, respectively. This shows that respondents believe that the changes made can create new ideas or innovations and also they are willing to be part of the new project or innovation. But on the other hand there are also concerns that employees will choose to be resistant to change. This can be seen in the item improvement work method with an average of 3.977, which means they feel from the company to make changes, it is better to find ways to improve the current way of working.

Managerial Implications

The success of changes in the organization is determined by the commitment of employees and stakeholders in the organization. Suwaryo et al. (2015) suggests that employees who have strong organizational commitment are actively involved in achieving organizational values and goals so that readiness to change is easily achieved. In this study, it is known that organizational commitment has strong potential to form readiness to change employees. In an effort to increase organizational commitment, steps that can be taken by management and human resource managers include:

- a. Strengthen the reward and punishment system to support change.
- b. Creating a comfortable and conducive work environment, and maintaining regular two-way communication.
- c. Provide broad opportunities for employees to develop their skills and abilities.

CONCLUSION

Based on the research and analysis that has been done, it can be concluded that Bank NTB as the spearhead of the regional economy always strives to provide excellent service to the community through improved performance that refers to the principles of good corporate governance. This performance and service improvement is carried out through product innovation, improving information technology systems, improving quality human resources. Changes that occur within the company, especially the transformation from Conventional

Banks to Islamic Banks, require support from all leaders and employees. The level of readiness of employees in the face of the transformation process of Bank NTB into a Bank of NTB Syariah can be said to be ready as a whole which can be seen from the indicators of the variables.

a. Psychological Capital

From the Psychological Capital variable it can be seen that employees have positive energy at work. This can be seen from the indicator that shows employees have high enthusiasm in doing their daily work.

b. Way of Thinking

Employees are more likely to think rationally, meaning that employees are more comfortable when making decisions based on logical and systematic ways, and making decisions based on an analysis of the facts that are indicated by an average value of 5,000.

c. Leadership Practice

The management of Bank NTB treats each of its subordinates with respect and is able to explain the future mission of the Bank of NTB.

d. Organizational Commitment

Employees tend to have affective commitment, they feel they are part of the Bank NTB family.

e. Change Readiness

Bank NTB employees feel that change will create new ideas.

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