IMPACT OF IMPLEMENTING THE UNIFICATION OF THE IT SECTION INTO ONE DIVISION USING A CHANGE MANAGEMENT STRATEGY AT PT. XYZ

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ABSTRACT In the era of Industry 4.0, many companies demand to determine a Change Management Strategy in order to maximize capacities and efficiency. Currently, PT XYZ sees existing problems in the IT division, which are not meeting demands as expected and slowing down the whole organization’s development. In accordance with these problems, Project Monitoring methods are proposed to be applied in PT XYZ’s organizational structure as a result of the Change Management Strategy. A Change Management Strategy will be implemented in the IT division using the proposed methods; Kotter’s Model and 7-S Framework followed by the development of a project monitoring application called Dashboard Monitoring. In accordance, with Kotter’s Model’s approach, the creation of two new positions is highly recommended inside the IT division to support its effectiveness. These positions are Project Management Officers and Business Analysts. These two positions are expected to focus more on the process of developing new applications and/or systems. Thus, the 7-S Framework implementation will be supporting the change of Shared & Value from the change in the organizational structure of PT XYZ with the objective of simplifying the process of analyzing and decision-making at the managerial level, especially in terms of deciding to create an application. Furthermore, a Dashboard Monitoring application has been implemented in PT XYZ, resulting in improvements in lead time and productivity throughout multiple IT projects.

Objective – Developments in the era of Industry 4.0 make all companies adapt towards digitalization, to determine Change Management Strategies to maximize capacity and efficiency. PT XYZ sees problems in the IT division, where the IT Division cannot meet the demands as expected. Thus, resulting in delays in the development of the organization. Obstacles in processing so many requests in making applications between divisions in the company, developing a product application system is the biggest obstacle faced by PT XYZ.

Methodology – The author uses the following Research Methodology; (1) understand the identification of existing problems based on the author’s observations and communication with PT XYZ; (2) study the organizational structure; (3) Literature Review; (4) Interviews and observations at PT XYZ. The first stage is interviews with all Vice Presidents from all divisions at PT XYZ. The second stage is an interview by asking the Chief Executive Officer of the company regarding information related to changes in the IT Division.; (5) Kotter Framework and 7-S approaches, all of which start with analyzing with Dynamic Capability Theory; (6) Provide recommendations, propose to create a new IT division, then analyze the new organizational structure using the 7-S Framework and produce proposed new values.

Findings – The author got information from PT XYZ Top Management, where from the results of this interview a Change Management Strategy is proposed to be implemented in the organizational structure of PT XYZ. The Change Management Strategy will be implemented in the IT division using the proposed method, namely the Kotter Model and the 7-S Framework, which were previously analyzed using the Dynamic Capability approach. Then followed by the development of a project monitoring application called Dashboard Monitoring.

Novelty – The author implementing the 7-S Framework to support Shared & Value changes from changes in PT XYZ’s organizational structure. Next implement the Kotter Model Strategy which explains 8 Strategies to produce recommendations for changes to PT XYZ’s organizational structure, by adding the positions of PMO (Project Management Officer) and BA (Business Analyst). In addition, the Dashboard Monitoring application was also implemented at PT XYZ, resulting in increased lead time and productivity in various IT projects.

Keywords: Change Management, Kotter’s model, 7-S Framework, IT division, Dynamic Capability

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I. INTRODUCTION

Organizational Change in the digital era is vital in supporting technology activities in the company. The process of making enterprise applications requires the right strategic approach (Chaerul et al., 2021; Mogogole & Jokonya, 2018). Various strategic approaches can be applied to these changes, including using Kotter's Method and 7-S Framework. Kotter's method is a primary method for developing divisions in an organization (Brock et al., 2019; Laig & Abocejo, 2021). Meanwhile, 7-S Framework can be implemented for changes regarding a company's share value in supporting application development (Kocaoglu & Demir, 2019b; Putri et al., 2021). Furthermore, an application called Dashboard Monitoring is created in addition to overseeing and directing all organizational activities to meet all demands on time.

Problem Statement

PT. XYZ is a corporation that holds all business offering crude palm oil (CPO) products to processed palm products, including biodiesel. CPO produced by plantations and palm oil mills is channeled to processing mills for refining. The processing plant produces palm oil. The company is located in Indonesia. PT. XYZ has an IT division under the leadership of the VP of Finance, which is coordinated by the IT General Manager (GM). Though so, there is no Operations Manager under IT General Manager. This causes PT. XYZ to face obstacles in optimizing the development and production of IT application products and systems. Problems that currently occur are overwhelming. The problems are; (1) Lots of pending requests in creating digital projects; (2) Direct supervision is required to ensure all projects run according to deadlines.

The root cause of these problems is the incorrect organizational structure in the IT division. Changes are required for the organization, especially the IT division, to solve the above problems mentioned. Therefore, using Kotter's Method and the 7-S Framework will positively change the IT division. Furthermore, a project monitoring application called Dashboard Monitoring should be developed parallel to using these two methods to maximize the organization’s efficiency and operational improvements.

II. LITERATURE REVIEW

Changes in behavior shift "organization as a whole, from one creature to another." Another issue regarding change management was identified as "an ongoing process of organizational direction, structure, and ability to serve the ever-changing needs of external and internal customers." In general, organizational Change becomes necessary when the organization is no longer in tune with the external environment and life is threatened. However, organizations constantly face intense competition and are pressured to adapt strategies, technologies, processes, etc., to survive. Change is a steady, ongoing process and not a one-time situation (Almanei et al., 2018). Several approaches can be used in the change strategy, namely, Kotter's Model and 7's McKinsey Model.

1) Kotter’s Model

Kotter is one approach to carrying out a change strategy in an organization. There are eight steps in Kotter's model: Establish a sense of urgency, create the guiding coalition, develop a vision and strategy, communicate the change vision, remove obstacles, generate short-term wins, build on Change, and anchor new approaches in the culture (Kang et al., 2022).
Following Figure 1, we start with **Establishing a sense of urgency** can be used to build a sense of urgency and is the initial stage in a change strategy in an organization. With high urgency, it can convince individuals in the organization because it can communicate the vision of Change (Galli, 2018). In addition, changes can also be made by using consultants as a strategy to create a sense of urgency (Galli, 2019).

**Creating the guiding coalition** is the second stage of Kotter's method approach. This stage is a coalition for the necessary change strategies effectively. Such a coalition creates trust and cooperation to achieve common goals.

The next stage is to **develop a vision and strategy**. Generally, this stage aims for a change strategy in the right direction. In addition, developing a vision and strategy helps coordinate different people's actions speedily and efficiently (Thu & Thu, 2021).

After developing a vision and strategy, the next step is **communicating the change vision**. This step describes the communication of the changes that will be implemented. So that when the Change takes place, all related elements are familiar with the changes that are applied (Kang et al., 2022).

Then the next step is **removing obstacles**. This step looks for and identifies obstacles or barriers that might hinder Change. These obstacles or barriers can come from individuals, organization members, legislation, and traditions. Identify it as early as possible and use available resources to break it down without interfering with other organizational activities.

Kotter's sixth step is **generate short-term wins**. This step describes the changes that are being made to an organization. The purpose of short terms wins is to maintain an ongoing change process by creating short-term goals (Thu & Thu, 2021).

The next important step from Kotter's is **built on Change**. This step strengthens the changes being carried out, even though they have achieved the desired Change. The result of this step is in the form of new changes.

The last stage of Kotter's method is **anchoring new approaches in the culture**. Changes to habits are still a culture of Change throughout the organization. Change must be part of the core of the organization so that Change can have long-lasting beneficial effects (Kang et al., 2022).
2) 7-S Framework

7-S Framework is an internal organizational change strategy. The 7-Framework was developed by former consultants at McKinsey & Company, Top Peters and Robert Waterman, during the late 1970s (MindTools.com). Therefore, the 7-S Framework is often related to the McKinsey company. There are seven main elements of the change strategy, namely Strategy, Structure, Systems, Share-values, Style, Staff, and Skills (McCormack et al., 2022). Each strategy has an interdependent relationship with one another (Shaqrab, 2018).

Strategy is the first element in 7-S Framework. The strategy here is used to explain the plan to be developed. In addition, it can also be used to achieve a competitive advantage (Križanová, 2022). The second element is structure. The structure here describes a division and organizational business units. The structure is in the form of a new organizational structure proposed as a change (Kocaoglu & Demir, 2019a; Odeh, 2021).

Then the third element of the 7-S Framework is a system. A system is a business process in an organization. System changes can help in decision-making. After System, the next element of the 7-S Framework is Skills.

Skills here include abilities and competencies. When organizational structure changes, questions often arise about what skills the company needs to strengthen new strategies, structures, or systems. 7-S Framework's next element is Staff. How many employees does an organization need? Staff who have specific skills can fill the proper structure.

Style is the sixth step in the McKinsey method. It can be used to explain how the changes made are managed. Then the last of the 7-S Framework is Shared Values. This element explains the value obtained from a change (McCormack et al., 2022).

3) Application Dashboard

A dashboard is a tool to communicate important information on an application. The form is the form of a visual application that serves to convey the required information. In the business world, Dashboard can also be said as a business management application.

The dashboard function to visualize the performance of the business enterprise must be appropriately developed (Bennett & Folley, 2020). Dashboard development must be based on the organization's constantly changing needs. Thus, making an application must be based on an organizational change strategy using the right approach, such as Kotter's Model and 7-S Framework.

4) Dynamic Capabilities

Information Technology capability is the company's ability to mobilize and deploy resources based on information technology in combination or combination with other resources and capabilities. Information technology capabilities are inherent in the company, processes and routine activities, allowing it to create value from its assets.

In a fast-paced business environment open to global competition, with spread across geographic sources and innovation and manufacturing organizations, sustainable profit requires more than ownership of assets that are difficult to replicate (knowledge). It also requires dynamic abilities that are unique and difficult to replicate. These capabilities can be leveraged to continuously create, expand, improve, protect, and remain relevant to a company's unique asset base. For analytical purposes, dynamic capabilities are divided into; (1) to understand and shape opportunities and threats, (2) to seize opportunities, and (3) to maintain competitiveness through upgrading, merging, protecting, and, if necessary, reconfiguring tangible and tangible assets of business enterprises (Cahyo et al., n.d.).

The effort here is not designed to be comprehensive but to integrate the strategy and innovation literature and provide an umbrella framework that highlights the most critical management capabilities needed to maintain business enterprises' evolutionary and entrepreneurial fitness.

Dynamic capabilities and being a new resource for companies are powerful tools for organizational strategists. These capabilities will enable the activation and reorientation of a complex network of economic and organizational factors, help control the company's evolution and increase future options or business opportunities (Wang, 2020).
Dynamic Capabilities theory focuses on an organization's ability to create, update, modify, integrate, and reconfigure its resource mix in a rapidly changing environment to achieve high results, sustainability, and long-term competitiveness (Drago et al., 2022)

III. METHODOLOGY

At this stage, the author tries to formulate several method approaches in discussing the Strategy of Changes Management, which will be part of PT XYZ, the Strategy of Change in the IT division at PT. XYZ will need limitations so that the discussion does not expand with what the author's solution provides.

1. Research Methodology

In this study, the author received information from PT XYZ, which faced obstacles in processing many requests for making inter-company applications; these requests became bottlenecks in the queue. Thus, developing the product application system became the biggest obstacle.

The following are the stages of Research Methodology, which begin with; (1) The author understands the identification of problems that exist in PT XYZ; this identification is based on the author's vision and also the communication with PT XYZ; (2) study the previous organizational structure of PT XYZ, so that the responsibilities of each division in doing its work can be seen; (3) Literature Review, this stage is helpful for the author to facilitate the discussion of strategies that will be carried out during this research; (4) then the author conducted interviews and observations at PT XYZ, in assisting the process of analyzing the changes that will be carried out, the data collection method uses the interview method. The method is carried out in two stages. The first stage is interviews with all Vice Presidents from all divisions in PT. XYZ. The second stage is an interview by asking the company's Chief Executive Officer about information related to IT Division changes. The results of the interview method from the Vice President and Chief Executive Officer were agreed to make the Dashboard Monitoring. This is to strengthen the author in implementing the discussion of strategies carried out at PT XYZ; (5) then with the Kotter Framework approach and 7-S, it is hoped that the Change Management Strategy can be a new formulation, but it all starts with analyzing with Dynamic Capability Theory; (6) finally the author gives recommendations, this recommendation after the author conducts analysis using Kotter's, and produces a new organizational structure, where the author proposes to create a new IT division, then analyze the new organizational structure using the 7-S Framework and produce the proposed new values.

The six stages of this research methodology can be seen in Figure 2 below.
2. Exploratory studies

The exploratory study consisted of the first phase of interviewing the Vice President of PT XYZ, who specializes in offering crude palm oil (CPO) products to processed palm products, including biodiesel. CPO produced by plantations and palm oil mills is channeled to processing mills for refining. The processing plant produces palm oil. The company is located in Indonesia; then, the Vice President shared his thoughts on digital technology in business processes from each division in PT XYZ.

"After continuing its business and having been carried out, R&D seeks to bring digital technology into the product process. PT XYZ already has an IT Team; the changes made in the company make so much work in terms of technology."

The Vice President of each Division talked about digitalization in understanding the market and operating the System at PT XYZ digitally, where there must be an integrated system from each existing division.

"We track the number of Information System creations to support the company's operational activities. The IT division must have accuracy in making integrated systems. All must be well organized."

Almost all Vice Presidents of PT XYZ provide the same information, where the IT Division must be optimized so that the system work process requested by each division can be completed according to the timeline.

In the second phase, the following exploratory study interviewed the Chief Executive Officer in terms of addressing the problems faced by the Vice Presidents of each Division.

"This problem of creating and developing a new system has indeed become a dilemma for our company, so there is no other word, by reorganizing, so that's why the IT Division cannot run according to the Request for System creation from each existing Division, in other words, IT division, which is not meeting demands as expected and slowing down the whole organization's development."

IV. RESULTS AND DISCUSSION

After interviewing the Management of PT. XYZ, the author gets several obstacles to face; the interview results provide understanding to the author in formulating Strategy Change Management.

The author also remembers to pay more attention when making observations in studying several methods that can answer the obstacles faced by PT. XYZ, which is increasing the demand for the Management of PT. XYZ to create Applications that contribute to the company expected to run well.

Dynamic capabilities and being a new resource for companies are powerful tools for organizational strategists. These capabilities will enable the activation and reorientation of complex networks of economic and organizational factors, helping to control the evolution of companies and enhance future options or business opportunities. Emphasizes the ability of companies and their managers to continually modify resource allocations in flexible and adaptable ways in response to changing environments and focuses on an organization's ability to create, update, modify, integrate, and reconfigure its resource mix in rapidly changing environments to achieve high returns, sustainability, and long-term competitiveness.

The discussion focused on the IT Division, which can be seen by management that the need to make applications to support business activities is increasing. To accommodate this request, the author provides a discussion after reviewing Organization with Dynamic Capabilities Theory, organizational capabilities to create, update, modify, integrate, and reconfigure resource mixed.

1) Strategy using Kotter’s Model

a) Establishing a sense of urgency, PT. XYZ had to create a Monitoring Dashboard. However, in the development process, PT. PT. XYZ does not have an IT Division to work on creating new dashboard Monitoring. Then, the solution for PT XYZ is to revamp the organizational structure in the IT Division.

b) Create the guiding coalition, PT. XYZ made changes: 1. Changes in Organizational Structure; this was done to form a more solid IT organizational structure so that later it can work better in building
or creating a project; 2. Changes in work responsibilities, this Change is made to determine individual jobs so that all work can be in line with the organizational structure that will be applied.

c) Develop a vision and strategy in two events: (1). The vision of PT. XYZ changes by establishing partnerships with software house companies, where previously Project work was carried out in-house (using existing and limited human resources); and (2). Creating a supervision team (Project Management and Business Analyst) by collaborating with several partners, PT. XYZ changes the functionality of each division and creates a new division, namely Section PMO (Project Management Officer) and Section BA (Business Analyst).

d) Communicating the change vision, PT. XYZ conveys in the form of meetings such as: (1). Conducting socialization to all division levels delivered by the Vice President; (2). Providing information about changes to the entire team via Email HRD is done to build better communication with all employees or employees of PT. XYZ.

e) Removing obstacles, there are several things that PT. XYZ does remove several things that can interfere with PT. XYZ's business processes, including (1). The current condition of PT. XYZ is finding work overload on each existing PIC, so PT. XYZ divides the work to Partners software house to work on; (2). Limiting the work carried out by the in-house team by minimizing the budget and timeline for each project.

f) Generate Short-Term Wins to assist the change process at PT. XYZ, in a short period, the company will make improvements to a business process that occurs, such as: (1). Fulfilling the project timeline or completing the project on time; (2). Work on the management system application that has been agreed upon and is in the queue process. The purpose of this stage is to form a trust for PT. XYZ to the IT Software house in helping the project to be made.

g) Build on the Change in fostering the changes that have taken place at PT. XYZ and implementing several work processes carried out by all employees at the company, the company applies several ways of implementation, namely: (1). Get used to making a reasonable timeline in project management; (2). Good and clear communication to explain the timeline according to the project details.

h) Anchor new approaches in the culture and started implementing the Monitoring system carried out by a new team in the positions of Project Management Officer and Business Analyst. The integration process between PT. XYZ and a software house company (outsourced), makes PT. XYZ can resolve pending request problems quickly and accurately in making management system applications.

In the previous organizational structure, recruitment continued searching for IT department personnel, especially for programmer positions. Figure 3 proposes to change the organizational structure, especially in the IT division.
The proposed solution is to change the new organizational structure to overcome various problems that arise by training employees to change the responsibilities and job descriptions of the previous team. The change initiative is found in systems analysts and programmers in the previous organizational structure. Figure 3 above shows the Change in the organizational structure to a business analyst and project management officer division. This division helps supervise and deliver business processes to business partners.

Training is carried out for previous employees to facilitate the process of changes that will be carried out. Then, add application support and implementers to implement the new application and provide training to users in other divisions who will use applications completed by vendors or outsourced from the company's business partners. To implement this Change, you can use the 7-S Framework.

2) Strategy Using 7-S Framework

![Figure 4. Strategy Planning with 7's Framework](image)

The shared values of PT. XYZ is loyalty, integrity, perseverance, never giving up, and caring. Loyalty makes employees grow and develop together with the company, always defend the company's interests, and be proud to be part of the company. The next point is integrity, teaching employees to prioritize honesty and be open in dealing with problems. Furthermore, perseverance requires employees to be serious about achieving the best results and always completing work on time. Then the point of never giving up makes employees think creatively to find solutions and continue to focus on solving problems and not stopping when they fail. The last point of shared values is caring, where the company will always pay attention to the welfare of employees through open communication, guidance, career development, and competitive compensation according to each employee's contribution. Then in this chapter, the author tries to explain strategy Using the 7-S Framework, where a detailed explanation can be seen from the color of the red text in Figure 4.

The following is an explanation starting from elements of Strategy PT. XYZ currently uses standardizing tools and technology to help employees easily switch projects. However, this strategy is no longer suitable for use due to changes in employee functions. The proposed new strategy element is the standardization of system control and project management that prioritizes monitoring the performance of business partners.

In the Structure element, PT. XYZ is currently facing a shortage of qualified employees. The addition of qualified employees is needed to support the increase in project management system applications. PT. XYZ made changes to the functions within the structure of the IT Division. The new IT Division structure will focus on developing the quality of IT division employees to become supervisors to oversee and control projects that business partners will carry out.
In addition, the staff element also needs to be developed. Staff needs to be adjusted to the new company structure, so the existing Staff will be trained in human resources to have supervisory capabilities to become business analysts and project managers. It is formed as a liaison and supervisor with business partners.

Skill elements must be improved to help change the company's organizational structure. Changes in job desk skills for employees are carried out to improve management capabilities in the IT division. This is done to make the IT division an example of changing the organizational structure by not adding new employees. However, work targets will be easier to achieve better.

The style in this element describes PT. XYZ's leadership style was previously only one-way. With the 7-S Framework approach, the leadership style changes, with a cooperative method, from superiors to subordinates and vice versa. This is expected to continue to control the work and foster good cooperation.

The final element of the 7-S Framework at PT. XYZ is the System. The System at PT. XYZ has not changed much. This is because PT. XYZ has used a working system that follows the needs of the new organizational structure. To improve daily project monitoring, PT. XYZ uses dashboards to make good communication with business partners.

3) Dashboard Monitoring

With changes to the new organizational structure, PT. XYZ needs an application to communicate quickly and efficiently. In this case, PT. XYZ can monitor projects carried out by business partners, which aims to monitor the daily progress of business partners (see Figure 5).

The Dashboard above describes the monitoring function performed by PT. XYZ is working on a project to create a system management application. The strategy planning used by using the dashboard application makes PT. XYZ can help solve the pending request problem. This Dashboard can also assess the performance of each business partner who cooperates with PT. XYZ.
Work on a project can be monitored using a dashboard application. Figure 6 shows the appearance of a Project Management Officer and Business Analyst to exchange information with business partners regarding the work on the project being worked on. By using this Dashboard, it becomes a solution for PT. XYZ after the organizational structure changes. The two new divisions, namely Project Management Officer and Business Analyst, are expected to be able to resolve pending request issues so that projects can be completed on time.

V. CONCLUSION

Problems that exist at PT. XYZ clearly shows that there is overlapping work when there is an assignment from the Managerial when working on making Application Systems based on needs in each division of PT XYZ. Then the results of interviews with the Board Director and CEO also illustrate the great expectations of Managerial in meeting the needs of making Application Systems digitally. However, all are constrained based on the organizational structure in the queue bottleneck in the application creation request.

After getting the answers to the interview results, the author then approaches the two methods of the 7-S Framework and Kotter's, which first looked at Dynamic Capability Analysis; of all approaches, the method is expected to provide strategic planning for PT XYZ. So many jobs are pending in the IT division. So many IT Project jobs are said to be abandoned, based on the analysis results and interviews conducted by the author with the Vice President and Chief Executive Officer of PT. XYZ, the author then tried to approach each division in IT; the author made observations for approximately three months in each existing IT division.

Then after six months, the author follows the work process flow if the Managerial requests an IT Project. The final author can conclude that changes must be made and expected to overcome the problem. Starting with providing input to PT XYZ using the Strategy Kotter's Model, which describes 8 Strategies to produce recommendations for changes in the organizational structure of PT XYZ by adding the position of PMO (Project Management Officer) and BA (Business Analyst), then making applications can be made with two mechanisms, namely, the Application system is done internally and invites other companies engaged in the Software house Company.

To control all work on these two mechanisms, PT XYZ needs a Dashboard Monitoring to optimize the creation of application systems requested by each existing division; it is hoped that this system application can control every IT Project work process, which is followed up by the process of completing IT Project work requests that have been delayed so far.

The second solution after the Change in Organizational Structure is the Strategy 7-S Framework; this strategy helps PT XYZ, in terms of opening 7 proposed new elements, to support the new organizational
structure, where one element of the Strategy 7-S Framework is a system element, this element has daily monitoring points that will be used and displayed through the Dashboard Monitoring.

With the Monitoring Dashboard, all Board Directors can also see the progress in each work in real-time, then also facilitate decision-making if there are still obstacles in completing the creation of the application system from the requests of each division at PT XYZ.

REFERENCES


