

Digitizing Business Processes to Improve Operational Efficiency in Companies

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Abstrak

Digitalisasi memiliki peran dalam meningkatkan Kinerja Perusahaan. Perusahaan dapat membentuk budaya kerja organisasi (perusahaan) dan memberikan program peningkatan kompetensi dalam meningkatkan produktifitas dan kinerja karyawan sehingga mampu berkontribusi positif dalam peningkatan Kinerja Perusahaan. Peran leadership dalam perusahaan memegang peranan penting dalam meningkatkan kinerja perusahaan melalui pemberian motivasi, pemenuhan basic needs dan reward (pengakuan) karyawan. Digitalisasi juga berdampak positif dalam melakukan kontrol perusahaan terkait produksi atau output kinerja, administrasi manajemen SDM secara digital, proses bisnis bisa lebih cepat dan terintegrasi. Penerapan digitalisasi memberikan pengalaman yang lebih baik dalam pelaporan lebih akurat, sehingga mampu mendorong pertumbuhan bisnis.

Abstract

Digitalization has a role in improving company performance. Companies can form an organizational (company) work culture and provide competency improvement programs to increase employee productivity and performance so that they are able to make a positive contribution to improving company performance. Leadership roles in companies play an important role in improving company performance through providing motivation, providing basic needs and rewarding (recognition) employees. Digitalization also has a positive impact in carrying out company control regarding production performance or output, administering HR management digitally, business processes can be faster and more integrated. The application of digitalization provides a better experience in more accurate reporting, thereby being able to encourage business growth.

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INTRODUCTION

This research is motivated by the need to understand the impact of digitalization of business processes in improving the company's operational efficiency. This condition is found in a constantly changing business environment, organizations are faced with adopting information technology in competition. This situation can be faced in various industries such as public services, manufacturing, and other sectors.

The digitalization of business processes has been recognized as a major trend in the business world, providing opportunities to improve operational efficiency. Digitalization in paper [1] is defined as the ability to transform existing products or services into digital variants and offer advantages over tangible products. Technology in life exists as something that helps human life, including the mobility of work carried out by humans in organizations. The use of digital resources can increase the efficiency and effectiveness of service systems, and the digital transformation of public administration can increase the effectiveness of project implementation (utilization of digitalization).

Cost savings, increased productivity, fast response to change, are some of the positive impacts felt in implementing digitalization. In paper [2], it is explained that by utilizing digitalization of documents, good work efficiency benefits are obtained, which are also indirectly related to costs, energy, quality and thinking. Cost savings can be felt by organizations that implement digitalization. digitalization has the potential to increase efficiency and reduce costs for MSME entrepreneurial companies in Bandung City. The use of digital technology in both financial accounting and management accounting can provide more accurate, effective, and efficient financial data and reports. Productivity is closely related to effectiveness and efficiency. According to [3], increasing productivity is a logical consequence of measuring the time needed to carry out an activity.

Challenges that may be faced when carrying out the digitalization process include data management and information security. Efforts to prevent cheating or to detect fraud in information-based systems, where the information itself has no physical meaning, the information provided is accurate and complete (correct information), that the information is in the hands of an authorized person (appropriate person), accessible. and used as needed (on time) and provides information in the correct format [4]. The most obvious goal of information security is to minimize and prevent modification, use of information by unauthorized persons, entry into the information system by people who are not interested [4]

The digitalization that has been implemented will then be redeveloped so that it is more synergistic with existing business strategies to achieve the sustainability of digitalization in the long term.

METHOD

A. *Research Design*

This paper uses literature and descriptive methods. Literature analysis by evaluating literature related to digitizing business processes from various sources obtained. Analyze the positive impact of digitalization on business processes, as well as challenges that may occur in the process of implementing digitalization. Penelitian akan dimulai dengan tinjauan ekstensif literatur terkait digitalisasi, ekonomi, dan Sistem Informasi. Ini akan mencakup jurnal akademis, publikasi industri, studi kasus, dan laporan analisis untuk membangun landasan teoritis yang kuat dan memahami tren terkini serta debat dalam subjek.

B. *Studi Literature*

Literature Study is a term used to refer to a particular research methodology or research and development carried out to collect and evaluate research related to a particular topic focus.

The literature study was conducted to provide a comprehensive understanding of the impact of digitalization implementation as well as the challenges that organizations face in the implementation process.

C. *Descriptive Research*

Systematic Literature Research is a term used to refer to a particular research methodology or research and development carried out to collect and evaluate research related to a particular topic focus. Descriptive research was conducted on this paper. In this study, direct observation of the digitization process carried out by an organization was carried out. In addition, related documents are also observed that describe the stages of the digitization process of an organization.

RESULT AND DISCUSSION

In the research process of this paper, several insights were found about the changes experienced by organizations in implementing business process digitization. The discussion will focus on aspects that include the impact of digitalization as well as the challenges experienced during the digitization process.

A. *Impact of Business Process Digitalization on Organizations*

Digitalization plays an important role in organizational change. Several studies discuss digitalization by implementing information systems in business processes. In this paper [5], researchers examine the application of management information systems aimed at increasing operational efficiency in manufacturing companies. In its analysis, the company has successfully implemented a Management Information System (SIM) which focuses on business process automation, cross-departmental data and information integration, as well as inter-departmental coordination. The impact felt because of implementing digitalization is felt to be significant in speeding up the flow of information, enabling faster decision making and increasing data accuracy. This can happen because with SIM support, companies can reduce delays, increase productivity, and optimize resource use. The indirect impact is felt, the company can make cost efficiencies, improve product quality, and provide better service to customers.

In contrast, paper [6] discusses industrial digitalization which affects employment and work relations in Indonesia. In the discussion, he discussed the impacts felt since the industrial era 4.0. At the beginning of that era, factories barely needed human labor anymore, only a few workers who had special skills survived. This has an impact on the large number of unemployed people who occur because there are few job opportunities and high work competency standards. However, in this paper it is also discussed that the implementation of technology also creates new types of jobs that have never existed before, of course with more specific and complex work competencies. The implementation of digitalization also increases productivity and consumer demand for new products, services and industries. Ultimately, this expansion can create new job opportunities. The impact felt by organizations on the implementation of digitalization is quite diverse.

B. *Challenges in Implementing Digitalization in Organizations*

Digitalization brings diverse benefits to organizations that apply it in business processes. However, in the implementation process, there are also challenges that need to be the focus of attention, so that implementation can run smoothly.

In this ever-changing era, being able to overcome all changes within the scope of management is an ability that must be understood, and it will be the key to success for an organization. Changes can come from a variety of factors, including technological developments, changing market demands, and policy changes. The role of change management becomes very important to help organizations face emerging challenges. Changes occurring in the digital context include the use of new technologies, shifts in consumer behavior, and the transformation of business processes. Change management must be able to analyze and understand the impact of digital change on the organization. They need to identify the latest trends and innovations and understand how these changes will affect business operations and strategy [7]. Change management must build awareness among employees about the

importance of adapting to digital change. They also need to build commitment from all related parties, including leaders and employees, to accept these changes. Change management must design a clear and targeted strategy to implement digital change. This involves identifying clear goals, tactical steps, and a comprehensive action plan to integrate new technologies and transform business processes.

C. Integration of Digitalization with the Organization's Business Strategy

The integration of digitalization in an organization is often just a formality. Along the way, there is digitalization that is dead unutilized, some continue to grow according to organizational needs. The importance of integrating digitalization with an organization's existing business strategy, to optimize the use of digitalization. So that the implementation of digitalization can be realized which is part of the business strategy, supports the organization's vision and mission, and creates new advantages, both in terms of products and operations.

The integration of digital technologies can reform operational models to support sustainable business strategies. Through a qualitative approach, this research analyzes various case studies of companies that have successfully implemented digital innovation in their operations. The main focus of the analysis is on changes in the value chain, adaptation to emergent technologies, and the development of organizational capabilities to be sustainable in a volatile environment. The results show that digitalization allows companies to increase efficiency, transparency, and responsiveness to market and regulatory sustainability demands. In addition, the study identifies critical factors influencing the successful integration of digital technologies, including visionary leadership, innovation culture, and organizational readiness to adopt change.

In implementing digitalization, it is necessary to have a strategic plan summarized from previous research regarding change management in collaboration with a communication strategy. This effort is carried out as a systematic and structured approach to help companies or organizations implement changes from current conditions to future conditions with the support of technology so that work can be done more effectively and efficiently. The discussion related to this strategy is divided into two broad lines, namely in terms of strategic plans in managing change and strategies in dealing with resistance by stakeholders.

A. Strategic Planning and Change Management in Digitalization

Change management can be defined as managing all aspects of change, both in terms of managing individuals, groups and wider systems (By, 2005; Kotter, 1996; Lauer, 2021; McCabe, 2020). There are various aspects that must be considered in managing change according to Winardi (2006), including motivation, leadership and communication. The importance of communication factors is also emphasized in the theory of diffusion of innovation, so in this case the author defines each stage of change with a supporting communication process. From a review of previous research related to change management (Kotter, 1996; Lewin, 1976; McCabe, 2020; Spafford, 2013; W & S, 2009), three main strategies that can be implemented in implementing change, especially for digitalization, can be defined, including: education, transition and evaluation stages.

2. Education Stages

In digitalization, the education stage is the first step to motivate users for digital innovation. Kotter (1996) defines this stage as managing the vision and mission of change to users. The communication strategy in this stage is knowledge and persuasion, in accordance with the framework of E. M. Rogers (1983). In this phase, users must be able to answer "What is meant by digitalization and why it must happen". To define new knowledge, users can not only understand the context of the digitalization they want to implement, but also understand the importance of digitalization and the benefits that users will obtain (Seemann, 2003). Because the competence and knowledge of human resources play a very important role in digitalization, it is necessary to have some kind of campaign within the company. This can be done by the



information technology division as the party responsible for digitalization and service providers, so that the division must be consistent in communicating changes in information technology services. Not working alone, the information technology division must also collaborate with other business process owners so that the information provided can also be comprehensive. This is supported by findings from (Rushendi & Sarwititi Sarwoprasdjo, 2016) which emphasizes that communication through socialization and interpersonal education to users can influence innovation adoption decisions. Apart from that, the role of communication is not only as a medium in educating users, but also motivating so that the goals of digitalization can be achieved (Hubeis et al., 2007).

3. Transition Stages

After the education stage, the next is the transition stage. At this stage there is a process of acceptance of the new concept (Lewin, 1976; Bridges & Bridges, 2009). In digital transformation, generally there is a roadmap that will be followed as a reference for implementing every existing innovation. In accordance with the existing strategic plan, implementing the transition phase integrates the entire process, implementation and change to achieve goals and reduce gap factors (Haines et al., 2005). The communication strategy used at this stage is communication during implementation to channel technical information. Apart from that, communication in the form of confirmation is also important in supporting users' decisions to accept decisions in using existing digital innovations. E. M. Rogers (1983) explains that this confirmation is necessary, because users are still in a transition stage, where there is the possibility of continuing the innovation or abandoning it. In digitalization, this transition stage can be supported by rewards and punishments from implementation to increase user motivation to actively participate in realizing initiatives and digitalization.

4. Evaluation Stages

The final stage carried out by the company is evaluating and providing feedback on digitalization. This is also in line with the writings of Wibowo (2006) that the evaluation process is important in measuring and controlling the results of innovation, especially digitalization. Confirmatory communication strategies are also used at this stage, aimed at ensuring comprehensive implementation of existing innovations. In digitalization, this stage can be carried out by assessing each individual's key performance indicators or KPIs. With this KPI assessment-based evaluation, it is hoped that individuals can continue to actively participate in supporting the implementation of digital innovation. This KPI can be in the form of individual evaluation or structured in the form of business unit or division KPIs. Unit KPIs can be adjusted to the relevant business unit carrying out the related innovation. Apart from that, a communication plan can also be prepared to support the process of monitoring the implementation of digital innovation which will be carried out by top management. Top management support was identified as one of the factors influencing the success of digitalization (Nwankpa, 2015). However, a study from Lee et al (2016) shows that the role of stakeholders at the operational level also has a greater influence on obtaining benefits related to technology implementation. In this case, it is important to have evaluations both from the unit and individual side to measure operational performance which is monitored by top management.

B. Minimize Resistance to Digitalization

Digitizing is very important for companies to be able to compete in the global era. Identifying theories that can be used for process-supported change management SCRIPTURA Journal, Vol. 11, no. 2, December 2021: 96-104 102 appropriate communication is a very important first step. All parts of the company, both top management and individuals at the operational level, must be able to work together to realize digital transformation change. Therefore, each person plays a crucial role in providing their best contribution so that the evaluation of changes can be assessed better. Resistance to change arises because individuals

feel disturbed, threatened and afraid, thereby inhibiting the adoption of new technology (Mukti & Dudija, 2016). There are main reasons for the failure of a digital transformation, namely the unpreparedness of human resources and the inability to provide an understanding of innovation (Turner et al., 2009). In other words, human resources are indeed the biggest challenge in digital transformation. To minimize resistance to digitalization, implementing risk management for disciplined change is the key to successful digital transformation (Markus, 2004). Arranging risk management related to resistance to change must be carried out, so that preventive steps can be taken if there are indications of resistance from individuals or groups. Risk management is also important in order to analyze the risks that will arise and how to handle these risks, both in terms of actions and communication strategies (Fiedler, 2010). So, in project management and developing strategies for good implementation, it must be equipped with planning for managing risks, measuring the extent of rejection that is likely to occur, and risk mitigation. In line with risk management, Hultman (2003) defines a strategic model for managing rejection including defining what rejection will occur, developing strategies to overcome rejection, and evaluating these strategies.

IV cONCLUSION

In this paper, research was conducted on the impact felt by organizations after implementing business process digitization. From the results of the study, it was found that digitalization can encourage organizations to be more efficient in their operations. Plus, the impact felt is the acceleration of the flow of information so as to accelerate decision making.

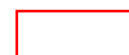
However, there are challenges that need to be faced by organizations that implement digitalization. The challenge of habit change is the most pronounced challenge. Change Management is the solution to these challenges.

The implementation of digitalization that is more even and deeper can be done by organizations, so that more business processes are updated and more concise. In the end, it will produce product and / or service innovations that answer customer needs.

Therefore, there needs to be change management supported by a strategic communication strategy to support digital transformation. This research formulates three main stages in change management for digitalization including education, transition and evaluation stages obtained through a review of previous research. Apart from that, each stage also has a different communication strategy in accordance with the concept of diffusion of innovation, so it is hoped that it will be in accordance with individual behavior at each stage of change. From various studies related to change management regarding an innovation, this research collaborates with the theory of diffusion of innovation on communication strategies, so that it can suit individual needs. The contribution of this research is in the form of theoretical and practical contributions. Theoretically, the change management framework formulated in this research can be linked to user behavior and proven in the form of a hypothesis. The practical contribution is that a change management framework can be implemented in companies to support the success of the digital transformation carried out.

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