



## Measurement Digital Transformation Capability on Operational Performance (Case Study: Bank BJB)

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**ABSTRACT:** With the changes in market environments and the development of digital technology, the banking industry urgently needs to develop the capability to adapt to profound changes in strategy and business processes. This study constructed the dimensions of a digital transformation capability that contains threehub factors (sensing, organizing, and restructuring) under the dynamic capability theory. This study collected 100 sets of company data through a survey and investigated the relationships of a company's strategy orientation, digital transformation capability, and operational performance by using SPSS and SmartPLS. The results show that strategic orientation (Customer Orientation and Technology Orientation) has a positive impact on a digital transformation capability and that digital transformation capability has a positive impact on operational performance. In addition, the digital transformation capability plays a mediating role between strategic orientation and operational performance. Doubtlessly, the company needs, to focus on building their own digital transformation capabilities (Sensing, Organizing and restructuring) to create new business value. A digital transformation capability will encourage company to integrate their business processes and routines through digital technology to achieve a competitive advantage.

**KEYWORDS:** customer orientation, digital transformation capability, organizing, operational performance, restructuring, sensing, technology orientation.

### INTRODUCTION

With the progressions in market conditions, for example, the improvement of advanced digital innovation in technology and the personalization of customer interest, most financial institutions need to increase the capacity of their ability to adjust to significant changes in business strategy and business processes. Transformation digital has turned into a vital way for the financial industry to handle the directions of networking and intelligence, to increase profit and efficiency, and to rethink and reshape competitiveness. This conditions also experienced by bank bjb. furthermore, Digital Transformation has affected various industries including bank bjb as the banking industry very affected and has been influenced by it. which is obliged to reallocate the resources immediately, develop innovative products, and increase operational performance and efficiency. Digital transformation capabilities are considered a booster for the sustained improvement of a company. More companies have started to enhance their technology to continue transformation and upgrade their business strategies, increasing their capability for digital transformation. Accordingly, to the situation of the digital economic era, it is important for a company to define how to assign an action strategy for competitive advantage that is sustained in the long run with improved digital transformation in a company. Therefore, bank bjb has to find a way to define its strategy in digital transformation in this market condition. This study will measure how far bank bjb has improved in digital transformation capability to achieve competitiveness.

The condition that been experience by the company regarding how to deal with increasingly dynamic market conditions and also how the company strengthens its capacity in digital transformation so that it can then create several innovative products which are certainly needed to strengthen the customer experience. Through measuring digital transformation capability, the company is expected to be able to improve its operational performance

The contributions of this study are as follows. First, this study will provide a relationship in which companies with high or advanced strategic orientation have advanced digital transformation capability in accordance with the basis of the resource-based theory. Second, this study explains the need for efforts that, the company must enhance its capability in digital transformation to encounter the changes in digital environments. Third, this study provides ways that the capability of a company in digital transformation can positively impact to company's business processes and improve operational performance. Limitations that could not be proposed in this study will be suggested to conduct further research.



LITERATURE REVIEW

II.1 Theoretical Foundation

II.1.1 Strategic Orientation

Throughout the research in a couple years, research about management and business strategy has given result of the positive affect in firm performance from strategic orientation (Schweiger, S. A, Stettler, T. R, Baldauf, A, & Zamudio, C, 2019). Strategic orientations have been conceptualized for various domains, including market orientation (JC Narver, 1960), learning orientation (Sinkula, J. M, Baker, W. E, & Noordewier, T, 1997), entrepreneurial orientation (Covin, J. G & Slevin, D. P, 1989), and technology orientation (Hubert Gatignon & and Jean-Marc XuerebView all autho, 1997).

Company have to immediately act and respond to the market conditions, for example, the improvement of advanced digital innovation in technology and the personalization of customer interest, and the competition in finance industry beyond digital transformation strategy (Wessel, L, Baiyere, A, Ologeanu-Taddei, R, Cha, J, & Blegind, J.T, 2021, ). Digital transformation goes exceeds traditional technology role in improving business processes, it happens because digital transformation can redefine the value proposition and also the strategic orientation also an important catalyst of dynamic capability, these include customer and technology orientation (Levallet, N & Chan, Y.E., 2018, ).

This research explores the effect of strategic orientation (customer orientation and technology orientation) through digital transformation capability. Customer orientation is the instrument the use of digital terminals as the best catalyst to integrate a customer’s experience, realize business to customer all in one interactions, support advanced and personalized innovative products, accurately gather and obtain insights into customer demand, remove mediator links, and increase operational efficiency and improve customer experience (Levallet, N & Chan, Y.E., 2018, ). Customer demands are continuously changing; they improve new value with strong brand images by designing and customizing innovative products (Vial, G, 2019, ). Technology orientation which is the important system of the company, with the development of advance digital technology, is dynamically retrieve through the changes of business needs, and technology innovation and advance technology development build for use in change from internal and external environments of the company.

II.1.2 Digital Transformation Capability

Companies with digital capabilities are the ones that are more willing to adopt digital technologies and are able to work on transforming digital technologies into digital new products. The digital transformation capability submitted in this research indicate to a company capability suitable to the new digital environment. It is an important capability for the company to remains and is consequently shown in figure II.1 below:

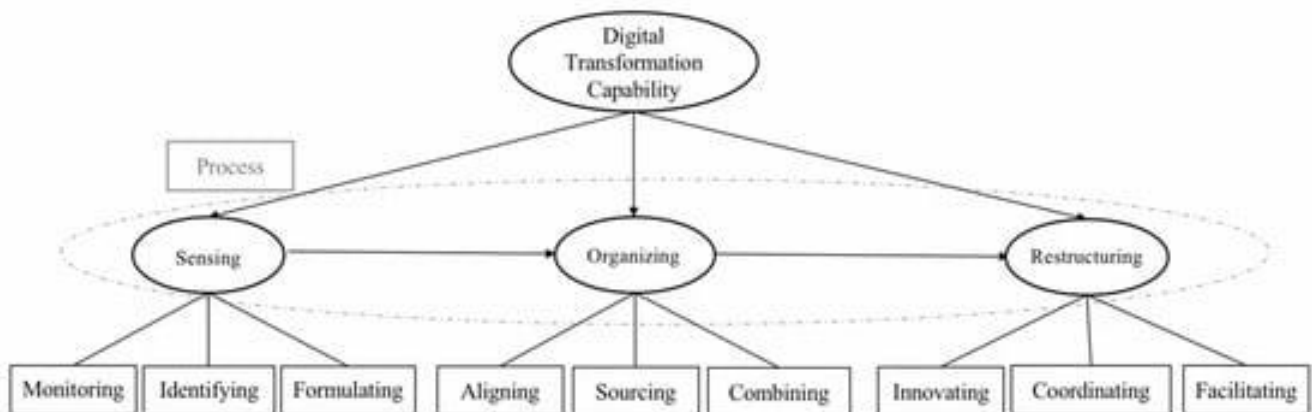


Figure II.1 The Digital Transformation Capability.

This research consolidated actual phenomena with the measurement of a digital transformation capability in the company. Digital transformation capability indicated to the company capability to use advanced technology platforms such as information, communication, and control mechanisms (Yeow, A.; , Soh, C, & Hansen, R, 2018, ) and (Warnera, K.S.R & Wägerb, M., 2019, ). A company with a digital transformation capability can gain short-cycle, multiple-variety, and personalized digital in operation



performance. Thus, three measure of a digital transformation capability (sensing for a customer in needs and technology improvement in the digital era, organizing for internal and external resources, and restructuring company innovations) are necessary to obtain sustainable competitiveness in the business company. Therefore, sensing is referring to the company capability to facing changes, anticipate problems and opportunities, and invent a digital transformation strategy. The organizational ability to entirely organize internal and external resources that related with the business that cannot ignore, this also to solve the problem and catch the opportunity. Therefore, restructuring in this research refers to the company ability to improve an innovative digital resource, coherence with organizational structures, and create sustainable development of digital resources.

### II.1.3 Operational Performance

The sustainable purpose from a company is to improve performance, and because of that, the things that related to improve company performance have become fundamental issues in management. company are committed to increase and growth to make sure company survival (Teece, D.J, Explicating dynamic capabilities: The nature and micro-foundations of (sustainable) enterprise performance. *Strateg.*, 2007, ). Company evaluation will be evaluated for the performance, whether through the result that company has achieved or through the chance for company future achievements. The foundation of the company survival and development is good operational performance. The success performance from a digital transformation can be identify by various factors, one of them is operational performance.

Digital transformation can increase operational performance of the company. Helfat and Raubitschek (Helfat, C.E & Raubitschek, R.S, 2018, ) recommend that improved digital tools can also improves customer experience and also customer engagement and to develop product-service systems, including improvements in distance diagnostics and also business process management. (Hong, J, Liao, Y, Zhang, Y, & Yu, Z, 2019,) focus that company can achieve profit and increase operational performance through digitalization and effectiveness.

## RESEARCH METHODOLOGY

The purpose of this research is to conduct the impact from strategic orientation (including customer orientation and technology orientation) on operational performance, beyond the digital transformation capability of a company in the advance digital environment, measuring the effect of strategic orientation on operational performance.

Research Methodology were described in Figure III.1 To test the hypothesis, a questionnaire will be used to collect data from a sample of population using the Slovin formula, we obtained 98.66 samples from a total of 7,412 bank bjb employees and rounded them up to 100 samples for this research Questioner will distributed to 100 samples with various positions (Group Head, Manager, and Staff) and after that The results of the questionnaire will be analyzed using SPSS and further tests using SmartPLS to ensure checking the accuracy. After the analysis results are obtained, this research will produce a conclusion on the problem and then be able to recommend a business solution complete with an implementation plan and justification on budget.

## RESULT AND DISCUSSION

### Analysis

#### Characteristics of Respondents

The data from the respondents from this analysis is explained thru a single table. The data from the respondent in this research is necessarily needed to find out the background of the respondents which can be used as input to explain the results receive from the research. Descriptive analysis of the respondent's data is shown as follows:

Table IV.1 Characteristic of Respondent

ITEM	CATEGORY (N = 100)	FREQUENCY	PERCENTAGE
POSITION	ACCOUNT OFFICER	52	52%
	GROUP HEAD	7	7%
	MANAGER	38	38%
	OFFICER	2	2%



	RELATIONSHIP ACCOUNT OFFICER	1	1%
LENGTH OF WORK	UNDER 5 YEARS	6	6%
	5 UNTIL 10 YEARS	34	34%
	10 UNTIL 15 YEARS	45	45%
	15 UNTIL 20 YEARS	11	11%
	UP 20 YEARS	4	4%
WORKING AREA	BRANCH OFFICE	47	47%
	SUB BARNCH OFFICE	32	32%
	HEAD OFFICE	12	12%
	REGIONAL OFFICE	9	9%

Based on table IV.1, it shows the respondents thru position, the data results from this research it shows that majority of respondents answered Account Officers 52 people or (52.00%), following by Manager 38 sample (38%) and the minority is Relationship Account Officers 1 sample (1.00%). The characteristics of respondents based on length of work, thru the results of this research that has been finish and collected shows that the majority of respondents answered between 10 years and 15 years is 45 sample (45.00%). While the minority of respondents answered above 20 years, is 4 sample (4.00%). While the characteristics of respondents were based on work area, based on the results of the research that has been done collected, the result shows that the majority of respondents answered branch offices, is 47 sample (47.00%). Meanwhile, the minority of respondents answered the regional office, 9 sample (9.00%), the questioner result are attached on appendix 2.

**IV.1.2 Data Analysis**

**IV.1.2.1 Measurement Testing Result**

Reliability and also validity will analyse using SPSS software. Between the results from Cronbach’s alpha, factor loadings, and composite reliability, all variables were higher than 0.7, and AVE was higher than 0.5, That means both reliability and validity were achieved, and all Analysis data are attached on appendix 3.

**Table IV.2** factor Loading, AVE and Cronbach’s Alpha value

factor Loading, AVE, and Cronbach's Alpha Values					
FACTOR	ITEMS	LOADINGS	AVE	CR	Cronbach's Alpha
CUSTOMER ORIENTATION	cuo1	0,871	0,774	0,945	0,927
	cuo2	0,847			
	cuo3	0,893			
	cuo4	0,865			
	cuo5	0,921			
TECHNOLOGY ORIENTATION	to1	0,899	0,794	0,951	0,935
	to2	0,922			
	to3	0,868			
	to4	0,886			
	to5	0,881			
SENSING	sen1	0,944	0,859	0,981	0,977
	sen2	0,937			
	sen3	0,875			
	sen4	0,936			
	sen5	0,949			
	sen6	0,919			
	sen7	0,93			
	sen8	0,926			



ORGANIZING	org1	0,931	0,861	0,981	0,977
	org2	0,905			
	org3	0,934			
	org4	0,952			
	org5	0,917			
	org6	0,932			
	org7	0,934			
	org8	0,913			
RESTRUCTURING	res1	0,915	0,849	0,981	0,978
	res2	0,925			
	res3	0,922			
	res4	0,928			
	res5	0,884			
	res6	0,924			
	res7	0,951			
	res8	0,886			
	res9	0,955			
OPERATIONAL PERFORMANCE	op1	0,961	0,882	0,974	0,967
	op2	0,962			
	op3	0,922			
	op4	0,948			
	op5	0,902			

From the results that shown in Table IV.2, Cronbach’s alpha, factor loadings, and composite reliability of all variables were higher than 0.7, and AVE was higher than 0.5, which means both reliability and validity were achieved.

In all measurement items, all items in cross-factor loading values are more than 0.7

From sensing measurement, it shows all items were greater than 0,7 but Sen3 is less than the other items, this reflects that the company has the ability to monitor change and trend, observe opportunities on the environment, and continuously take action by implementing an IT strategy, and then formulate digital transformation strategy. However, of all the company’s capabilities there is one item that is lacking from the company, which is analyses of non-efficiency processes in existing business processes so it is reflected in the company's market share compared to other commercial companies.

The other measurement item from digital transformation capability is organizing, by aligning digital resources with business needs, sourcing digital resources, and then fully combining the available digital resources instead of separately integrating internal and external resources. The highest measurement from the company is to Integrate and develop internal resources and capability for digital transformation.

The main performance of the company in restructuring shows that the company focuses on facilitating an effort to implement a digital strategy to create a new strategy that can help the company to innovate new product and promote it so that the company will find the way to suit the business process and make each division collaborating but the company is less in reconfigure the resources to new product and service, and its captured with many products and services cannot improve company performance.

#### IV.1.2.2 Discriminant Validity Test

This process of the testing is to measure how far a construct is really different from other constructs. Discriminant validity testing is bringing out through cross-loading analysis between indicators and their constructs, by comparing the indicator's correlation with the associated construct with the correlation coefficient with other constructs. The correlation coefficient value of the indicator to the association construct must be greater than the other constructs. The result for cross-loading analysis of the research data are as follow:



Table IV.3 Cross Loading Discriminant Validity Test Values

	Customer Orientation	Operational Performance	Organizing	Restructuring	Sensing	Technology Orientation
CO1	<b>0,871</b>	0,752	0,761	0,795	0,752	0,711
CO2	<b>0,847</b>	0,702	0,752	0,747	0,737	0,712
CO3	<b>0,893</b>	0,757	0,795	0,759	0,756	0,763
CO4	<b>0,865</b>	0,701	0,750	0,738	0,739	0,714
CO5	<b>0,921</b>	0,771	0,779	0,811	0,782	0,758
OP1	0,822	<b>0,961</b>	0,876	0,915	0,856	0,872
OP2	0,814	<b>0,962</b>	0,879	0,901	0,862	0,847
OP3	0,749	<b>0,922</b>	0,840	0,816	0,794	0,782
OP4	0,803	<b>0,948</b>	0,864	0,866	0,845	0,858
OP5	0,744	<b>0,902</b>	0,826	0,834	0,777	0,776
ORG1	0,817	0,855	<b>0,931</b>	0,876	0,893	0,842
ORG2	0,765	0,848	<b>0,905</b>	0,844	0,820	0,777
ORG3	0,797	0,844	<b>0,934</b>	0,871	0,869	0,808
ORG4	0,833	0,876	<b>0,952</b>	0,926	0,918	0,867
ORG5	0,796	0,829	<b>0,917</b>	0,856	0,838	0,823
ORG6	0,803	0,841	<b>0,932</b>	0,867	0,859	0,822
ORG7	0,849	0,863	<b>0,934</b>	0,912	0,917	0,830
ORG8	0,807	0,813	<b>0,913</b>	0,853	0,829	0,777
RES1	0,832	0,851	0,879	<b>0,915</b>	0,856	0,831
RES2	0,839	0,879	0,869	<b>0,925</b>	0,860	0,857
RES3	0,850	0,872	0,877	<b>0,922</b>	0,840	0,845
RES4	0,826	0,834	0,881	<b>0,928</b>	0,874	0,822
RES5	0,743	0,794	0,815	<b>0,884</b>	0,823	0,775
RES6	0,780	0,808	0,827	<b>0,924</b>	0,848	0,823
RES7	0,802	0,851	0,897	<b>0,951</b>	0,874	0,837
RES8	0,775	0,865	0,867	<b>0,886</b>	0,849	0,830
RES9	0,811	0,899	0,919	<b>0,955</b>	0,894	0,866
SEN1	0,804	0,819	0,870	0,866	<b>0,944</b>	0,877
SEN2	0,791	0,836	0,862	0,856	<b>0,937</b>	0,865
SEN3	0,695	0,698	0,820	0,774	<b>0,875</b>	0,759
SEN4	0,816	0,838	0,898	0,895	<b>0,936</b>	0,879
SEN5	0,799	0,818	0,882	0,868	<b>0,949</b>	0,858
SEN6	0,828	0,819	0,859	0,855	<b>0,919</b>	0,860
SEN7	0,805	0,838	0,866	0,882	<b>0,930</b>	0,841
SEN8	0,808	0,860	0,885	0,901	<b>0,926</b>	0,865
TO1	0,779	0,851	0,816	0,840	0,845	<b>0,899</b>
TO2	0,775	0,823	0,805	0,829	0,840	<b>0,922</b>



	Customer Orientation	Operational Performance	Organizing	Restructuring	Sensing	Technology Orientation
TO3	0,681	0,725	0,735	0,779	0,779	<b>0,868</b>
TO4	0,722	0,783	0,792	0,822	0,805	<b>0,886</b>
TO5	0,744	0,738	0,782	0,750	0,820	<b>0,880</b>

Source: Data Processing (2023)

Based on table IV.3 it shown that all indicators have a high correlation with the construct compared to other constructs. So, it can be resume that the research model has good discriminant validity on cross-loading discriminant validity.

IV.1.2.3 Hypothesis Testing

In this research the hypothesis test was carried out with using path coefficient, t-value, and p-value. To evaluate the significance and predictions in hypothesis testing, it can be seen from the path coefficient and t-value (Kock, N., 2016). According to (Kock, N., 2016) evaluating predictions and significance in hypothesis testing can be seen by the p-value. The t-table values can be seen in the following table IV.4

Table IV.4 T-table Value

	Two-tailed
t-table	1,96

With a confidence level of 95% (alpha 5%) base on (Kock, N., 2016), two-tailed, the following t-table values are obtained:

1. If the t-statistic value  $\geq 1.96$  (used for direct influence), then H0 is rejected and H1 is accepted.
2. If the t-statistic value is  $< 1.96$  (used for direct influence), then H0 is accepted and H1 is rejected.

The diemnton of the significance value between the variables tested is presented in the form of the value contained in the arrow that connects one of the variables to the variable that is the goal, and the model show in the figure IV.1 and Figure IV.2 below:

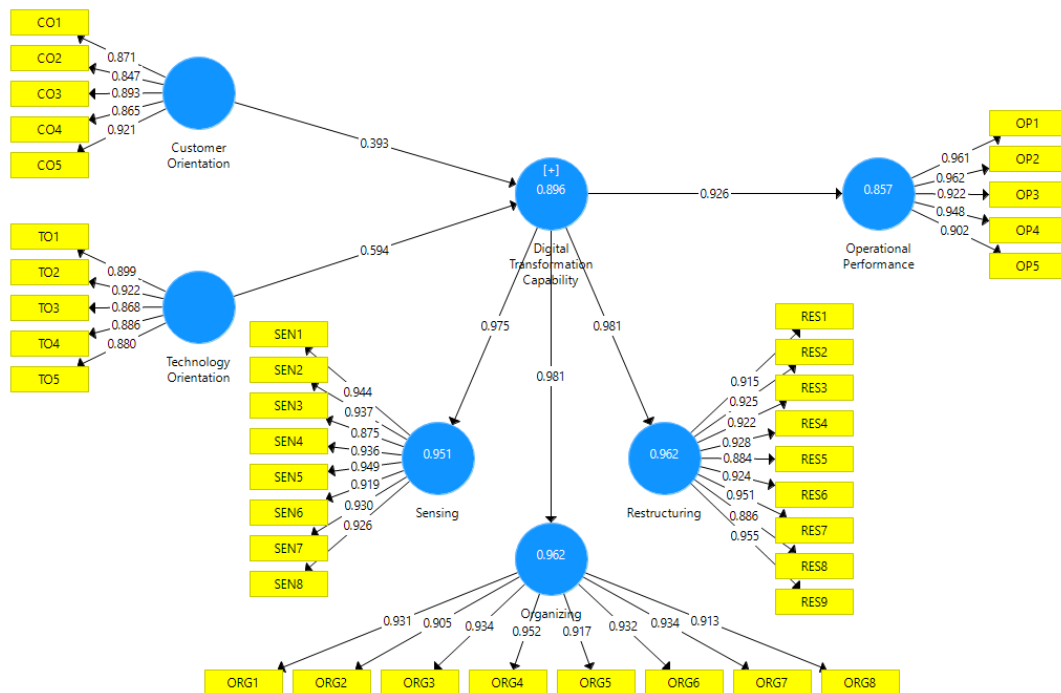


Figure IV.1 Structural Model (path coefficient, beta)

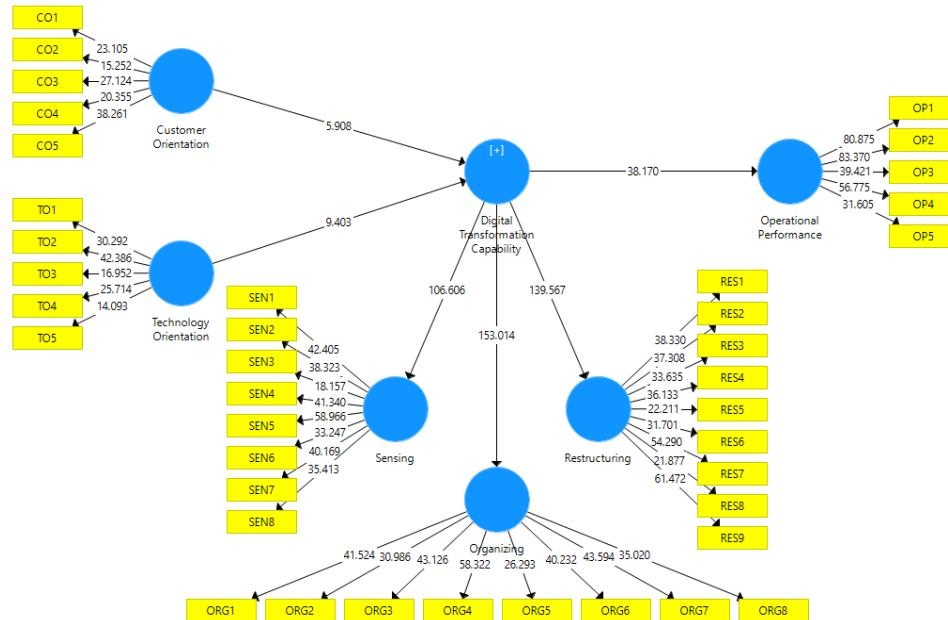


Figure IV.2 Significance Value (t-count)

Source: Data processing output using SmartPLS (2023)

**IV.1.2.3.1 Hypothesis Testing Results.**

The first research hypothesis reads: "Customer Orientation has a significant effect on Digital Transformation Capability". And from this hypothesis it is developed into a statistical hypothesis as follows:

- H0.1:  $g1\beta1 = 0$ : Customer Orientation has no significant effect on Digital Transformation Capability;
- H1.1:  $g1\beta1 \neq 0$ : Customer Orientation has a significant effect on Digital Transformation Capability.

The second research hypothesis reads: "Technology Orientation has a significant effect on Digital Transformation Capability". And from this hypothesis it is developed into a statistical hypothesis as follows:

- H0.2:  $g2\beta1 = 0$ : Technology Orientation has no significant effect on Digital Transformation Capability;
- H1.2:  $g2\beta1 \neq 0$ : Technology Orientation has a significant effect on Digital Transformation Capability.

The third research hypothesis reads: "Digital Transformation Capability has a significant effect on Operational Performance". And from this hypothesis it is developed into a statistical hypothesis as follows:

- H0.3:  $\beta2\beta1 = 0$ : Digital Transformation Capability has no significant effect on Operational Performance;
- H1.3:  $\beta2\beta1 \neq 0$ : Digital Transformation Capability has a significant effect on Operational Performance.

The fourth research hypothesis reads: "Customer Orientation has a significant effect on Operational Performance through Digital Transformation Capability". And from this hypothesis it is developed into a statistical hypothesis as follows:

- H0.4:  $g1\beta1\beta2 = 0$ : Customer Orientation has no significant effect on Operational Performance through Digital Transformation Capability;
- H1.4:  $g1\beta1\beta2 \neq 0$ : Customer Orientation has a significant effect on Operational Performance through Digital Transformation Capability.

The fifth research hypothesis reads: "Technology Orientation has a significant effect on Operational Performance through Digital Transformation Capability". And from this hypothesis it is developed into a statistical hypothesis as follows:

- H0.5:  $g2\beta1\beta2 = 0$ : Technology Orientation has no significant effect on Operational Performance through Digital Transformation Capability;





H1.5:  $\beta_1\beta_2 \neq 0$ : Technology Orientation has a significant effect on Operational Performance through Digital Transformation Capability.

Moreover, according to the hypothesis above, a hypothesis test was carried out using the bootstrapping method using SmartPLS software, and the following values were obtained on table IV.5:

**Table IV.5** Path Coefficient and t-count The Effect of Customer Orientation on Digital Transformation Capability

HYPOTHESIS	PATH	COEFFICIENT	P	T	RESULT
H1(+)	Customer Orientation to Digital Transformation Capability	0,393	0,000	5,908	Supported
H2 (+)	Technology Orientation to Digital Transformation Capability	0,594	0,000	9,403	Supported
H3 (+)	Digital Transformation Capability to Operational Performance	0,926	0,000	38,17	Supported

HYPOTHESIS	PATH	COEFFICIENT	P	T	RESULT
H1(+)	Customer Orientation to Digital Transformation Capability and its impact on Operational Performance	0,364	0,000	5,771	Supported
H2 (+)	Technology Orientation to Digital Transformation Capability and its impact to Operational Performance	0,550	0,000	9,302	Supported

Source: Data Processing (2023)

Strategic orientation (customer orientation and technology orientation) is very important for the company especially bank bjb with the purpose is to improve a digital transformation capability, and technology orientation more higher relationship effect to capability company in digital transformation then customer orientation.



This is identical to the results of (Pan, X, Oh, K.-S, & Wang, M., 2021, ) (Strategic Orientation, Digital Capabilities, and New Product Development in Emerging Market Firms: The Moderating Role of Corporate Social Responsibility. Sustainability 2021) and (Lin, C & Kunnathur, A., 2019, ). Strategic orientations, developmental culture, and big data capability (2019). (Pan, X, Oh, K.-S, & Wang, M., 2021, ) the relationship between two significant types from strategic orientation, which is technology orientation and customer orientation, on create new innovative product performance in the context of digital transformation. Even, technology-oriented company are more conducive to new innovative product performance and are important promote of company performance as the new generation of digital technologies today facilitate fast development of the digital economy, (Lin, C & Kunnathur, A., 2019, ) to examine the relationship between a big data capability and strategic orientations (customer orientation and technology orientation).

This research develops the digital transformation capability framework examine the background of the digital economy era. This is alike to the results of (Lin, C & Kunnathur, A., 2019, ) They improve the big data capability concept to capture big data understandings and practices in companies. They underlined that the concept of a big data is a capability to figure what is involved in big data itself and helps to integrate all the elements in a theoretical method.

Therefore, this research also tested the mediation effect of a digital transformation capability on the relationship between strategic orientation and operational performance. This is identical to the results of (Pan, X, Oh, K.-S, & Wang, M., 2021, ), they ensure the mediating role of a digital capability between strategic orientation and new product performance.

This research also defines how a digital transformation capability has a direct positive impact on operational performance. The results of path analysis showed that a digital transformation capability (path coefficient = 0.926, t value = 38.170) had a 99% statistical significance on operational performance. This is also identical to the results of (Pan, X, Oh, K.-S, & Wang, M., 2021, ). They examined the impact of a digital capability on new product development performance from an information systems perspective. Similarly, (Li, D & Liu, J., 2014, ) (Dynamic capabilities, environmental dynamism, and competitive advantage: Evidence from china. J. Bus. Res. 2014) represent that, in the context of emerging economies, a company potential to systematically solve their problems, established by its tendency to sense opportunities and threats, to make fast decisions making, and to implement strategic decisions and changes efficiently to make sure the right direction. In the digital environment era, the company's original technology resources by them self are not enough to increase organizational performance. consequently, this research defines that developing a digital transformation capability is the core goals in adapting to the future needs of the digital business environment.

## Business Solution

Through the conceptual framework, some of the main questions that need to be adhered to answer the problems of the analysis are:

### Improve Strategic Orientation

Proactive in implementing the latest technology and investing in technological innovation to support the development of one stop solution products and services is bank bjb strategy that shown on financial statement annually 2022, Customer-centric and Customer-driven Organization which is an integrated solution that can serve customer needs, provide feedback, and the ability to personalize each customer based on customer behaviour. The examples of technology trends: Customer Experience Management, improving customer experience through excellence in service delivery and implementing customer protection in business activities so as to create customer engagement (interaction/relationship between customers and the company). This strategy is conveyed and written in the 2023 bank bjb annual financial report, it is also in line with the ITSC (Information Technology Steering Committee) which is the highest committee at bank bjb that held on September 1 2023. Management announce there are 150 technology-based projects in the IT division with 10 of them not related to the bank's business, of which many IT projects are technology-based to increase the bank's ability to carry out digital transformation and ultimately the aim is to improve operational performance, such as one example is bank bjb's plan for 2023, according to what was conveyed by management, bank bjb will implement machine learning on big data warehouse like describe on figure IV.3 below

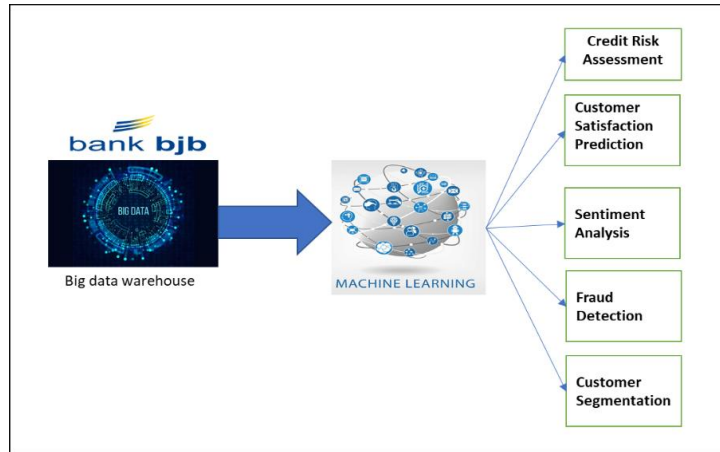


Figure IV.3. Improve Strategic Orientation in bank bjb

thus, the action taken by bank bjb are in line with the results of the analysis from this study which shows that strategic orientation which is include customer orientation and technology orientation has a positive effect on a digital transformation capability that also will help bank bjb to improve their competitiveness and also Digital Transformation Capability has a significant impact on Operational Performance.

**Develop Digital Transformation Capability**

The results of the hypothesis test were carried out using the bootstrapping method SmartPLS software it showed that technology orientation had the highest influence on Digital Transformation Capability (path coefficient = 0.594, t value = 9.403). And according to the results of measurement testing on employees in bank bjb, the company has the lowest measure on sen5 in mediation (Foresee a wide range of actionable options based on the surroundings) this condition causes bank bjb had so many products and services liked explained by detailed in the appendix 4, this cannot increase bank bjb's market share when compared with commercial banks in the region, which this condition also the main business issue in this research. According to the results of the research the component of strategic orientation which is include technology orientation and customer orientation have a positive impact on development a digital transformation capability (Sensing, Organizing and Restructuring). A sensing ability to discover issues or problems and catch opportunities in the digital environment era, a company capability to convergence or even better to align a technology strategy with the business strategy and to integrate internal and external resources, and a restructuring capability is to improve company ability to create new products and services and reconfigure organizational structures and resources, are major to build a digital transformation capability. So, bank bjb must improve its digital transformation capabilities as stated in the figure IV.4 below:

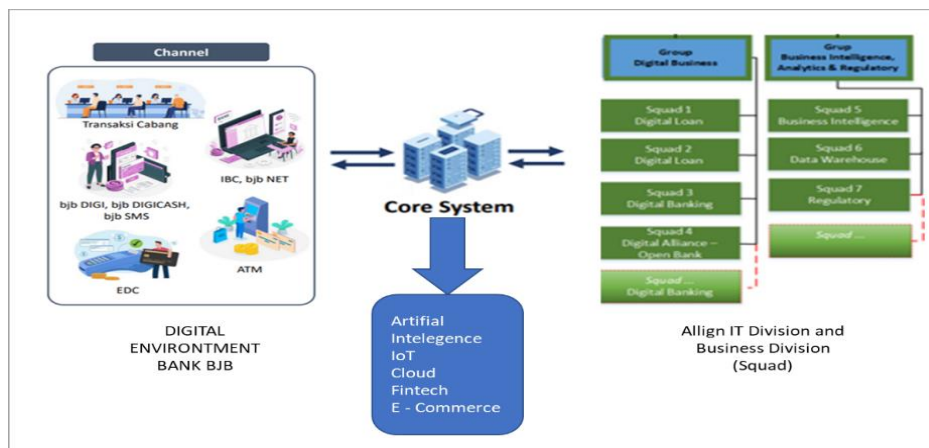


Figure IV.4 Develop Digital Transformation Capability



By analysing the digital environment at bank bjb then getting information about customer behaviour, satisfaction, problems and desires, all the activities will be continued and processes in core system bank bjb which is managed by the IT Division with a new organizational structure. The new organizational structure will make the strategy and processes between IT department and business department more align based on the result from core system that has been enrich with some tools that will help company to analysed and make a decision. This workflow will be needing some source and resource updated and implemented more, this will make the possibility of third party or external needs to help internal resources and sources to be able to implement it quicker and advance even though it will require extra investment costs but this strategy will increase digital capabilities company transformation which has a positive impact on the company's operational performance.

## CONCLUSIONS

Based on the results of calculations and analysis that have been carried out in the previous chapter on "MEASUREMENT DIGITAL TRANSFORMATION CAPABILITY ON OPERATIONAL PERFORMANCE (CASE STUDY: bank bjb)", it can be concluded that the measurement of Digital Transformation Capability has a positive impact on operational performance in bank bjb. We believe that strategic orientation consists of customer orientation and technology orientation, and that strategic orientation has a positive impact on a digital transformation capability and improving competitiveness.

There is some factors that affected a company digital transformation capability there is includes sensing, organizing, and restructuring constructs from the perspective of process theory. By developing the digital transformation capabilities, bank bjb can realize a quantifiable, visible and implementable the use of advanced technology in developing its new products, conduct surveys, interviews or data analysis to dig deeper information about customer preferences and needs.

From the result of this research its also defines how a digital transformation capability has a direct positive impact on operational performance for a company.

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