

## The Success Of Organization Transformation In Developing Business Sustainability

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### Abstract:

**Aims and Objectives:** Analyze and examine the effect of organizational transformation on the sustainability of the travel business in Makassar City.

**Methodology:** This research was carried out in a tour and travel business in Makassar City from March to November 2019. The data needed in this study were primary and secondary data, primary data collection was carried out using questionnaires and interviews while secondary data was obtained from related offices.

**Results:** The sustainability of the travel business in Makassar is influenced by the role of human resources as agents of change, organizational culture and the attitude of human resource loyalty to the company.

**Conclusion:** Companies are required to adapt to environmental changes by improving the quality of human resources, creating positive organizational culture and being highly committed to building business sustainability.

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Date of Submission: 17-12-2019

Date of Acceptance: 31-12-2019

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### I. Introduction

Today's business world is increasingly dynamic and rapidly changing, companies are faced with increasingly fierce business competition. Competitors in business make entrepreneurs are required to be able to understand and understand what is happening in the market and know what is needed by consumers. The company defines its business as a function of consumers who try to satisfy customers by meeting the needs and desires of customers<sup>1</sup>. Various changes that occur require organizations to open themselves to the demands of changing business environment<sup>2</sup>. Thus, every company is required to adapt to changes in the business environment by transforming the organization.

Organizational transformation aims to improve organizational capabilities in accordance with the demands of the business environment<sup>3,4</sup>. Increased organizational capability in this case the company, can be done every time both when the company has decreased and when the company has increased. Increased company capability is intended so that the company can survive and exist in the competition. Organizational transformation is also interpreted as a process of change from one condition to another to achieve something better. Organizational transformation is a strategy to change beliefs, attitudes, values and organizational structures so that they can better adapt to new technologies, market developments and new challenges<sup>5</sup>.

Living standards are getting better and the complexity of the problems faced by the community makes traveling as a necessity of life. This phenomenon makes the travel business in Makassar City increasingly develop as a result of high public demand for travel services. The tour and travel business is one of the businesses in the tourism industry. Business travel tourism is a business that organizes tourism activities and other services related to the organization of tourist trips both at home and abroad. Basically, travel business activities are based on the trust of prospective service users in the hope that they will obtain satisfactory services<sup>2</sup>.

The increasing need for touring and traveling as well as the development of information technology encourages public interest to travel both inside and outside the country, this is evident from the increasing number of tourists. Increasing the number of tourists in Makassar City, both foreign and domestic tourists 2016-2018 by 14.3%<sup>6</sup>.

**Table 1.** Number of Tourists

Year	Foreign Tourists	Nusantara Tourists	Total
2016	253.140	7.912.998	8.166.138
2017	346.801	8.862.555	9.209.356
2018	488.989	10.191.938	10.680.927

The increase in the number of tourists is the impact of the increasing number of attractive tourist destinations and the improvement of the tourism industry in the city of Makassar, this provides opportunities for entrepreneurs to do business in the travel business. Based on the business scale, the travel business in Makassar City is divided into 2 types, namely the Travel Bureau (BPW) and the Travel Agency (APW). Travel bureau is a business that provides planning services and/or services and organizes tours, while a travel agent is a business that organizes trips that act as intermediaries in selling or managing tour services<sup>7</sup>.

**Table 2.** Number of Tourist Travel Enterprises

Year	Travel Bureau	Travel Agent	Total
2018	253	42	295
2017	315	42	357
2016	383	48	431

Table 2 above shows that the average development of a tourist travel business in Makassar is 20.9%, this affects the level of business competition which is quite tight as well. The development of the travel business changes the market behavior of satisfying service needs, this implies that the market changes that occur have a connotation to the company's internal environment such as structure, systems, human resources, commitment and organizational culture. Therefore, companies need to make breakthroughs in designing business strategies that are oriented to environmental change to build business sustainability.

Rapid changes in the business environment and increasingly fierce competition in the business of Tour and travel in Makassar City, South Sulawesi Province, requires that these travel businesses adapt to changes in the internal and external business environment. Changes in the business environment are transformed into the company in the form of organizational transformation strategy by adjusting all elements that follow the transformation of the organization, such as: systems, structures, people, culture and commitment into the company's operational activities<sup>4,8</sup>. thus, organizational transformation is seen as implementing strategy in bringing companies from old forms and systems to new forms and systems so that companies can survive in an increasingly competitive business environment.

## **II. Material and Method**

### **Change in the Business Environment**

The business environment is a very important variable in determining a company's business strategy. The business environment is the environment that the organization faces and must be considered in corporate decision making<sup>9</sup>. Organizational environment can be divided into internal environment and external environment. The internal environment consists of structure, culture and resources, while the external environment consists of government policy, legal and political power, technology, resources, competitors, customer tastes, and company management<sup>10</sup>.

Rapid and turbulent changes in the business environment accompanied by developments in information technology are increasingly modern, forcing corporate management to respond quickly and be able to manage these changes. The internal environment needs to be analyzed to determine the strengths and weaknesses that exist in the company<sup>10</sup>. The external environment is the environment that is outside the company and needs to be analyzed to determine the opportunities and threats that the company will face in realizing the company's vision, mission and goals, but needs to be considered in business decision making. These external factors cannot be controlled by a company without the right strategy in accordance with the changing environment situation<sup>10</sup>.

The selection of the right strategy can guarantee the sustainability of the business by considering the changes that occur in the business environment, because not all models of organizational change that are offered can be implemented in all forms of organization. One strategy that companies can use is organizational transformation.

Organizational transformation can occur because it is based on two things, namely factors from the internal environment and the company's external environment<sup>5,12</sup>. changes in policies or decisions made by the leadership of the organization, changes in organizational goals, the development of the area of operational activities of the organization, the intensity of the organization's broader activities, the level of knowledge and abilities of organizational employees, attitudes and behavior of employees in the organization, and various kinds of new regulations implemented in the organization. External environmental factors include technology, economic conditions, competition, social conditions, and political conditions.

### **Organizational Transformation of Business Sustainability**

Responding to the development of the company's external environment both economic development, markets, technology, social trends, and social environment, each company is required to be able to adapt to the environment in order to survive in an increasingly competitive business environment<sup>11</sup>. Rapid environmental changes require organizations to take strategic steps so that the organization can continue to develop properly in

accordance with the changes that occur<sup>13</sup>. One way to respond to changes in the company's environment is to adapt to these environmental changes by transforming these changes into the company.

Organizational transformation is a challenge that requires an organization to develop its ability to adapt to the external environment, and integrate it inward by empowering its resources<sup>3</sup>. Because the business environment is very dynamic, turbulent, and difficult and even unpredictable, one thing the company must absolutely do is carry out a process of change both in terms of operations, systems, culture, commitment and corporate structure<sup>14</sup>. The success of organizational transformation by integrating various aspects in the company, namely aspects of cultural change, skills, teams, structure, and systems<sup>4,13</sup>. In addition, the implementation of organizational transformation brings the organization from the old form and system to the new form and system by adjusting all the following elements (systems, structures, people, culture) to achieve the goals set in line with the organization's vision and mission<sup>2</sup>.

Business sustainability is the ability of a company to change itself and ensure the long-term survival of the company. Business sustainability can be achieved by integrating changes in the company's internal and external environment and transforming it into the company. Transformation results in changes to the company such as structure, system, staffing, commitment and even culture.

Today's companies are required to put more emphasis on the ability to work better, faster and more competitive so that business sustainability can be created. Business sustainability can be created through increased productivity and sustainable business profits. Increased productivity and operating profit can not be separated from effective human resource management, increased organizational commitment and organizational culture. Change is inevitable and absolutely must be implemented in the company to respond to changes in the existing business environment<sup>11</sup>.

### III. Methodology

#### Research types and design

This research is a quantitative descriptive study using a survey method, which is a method used to reveal the facts of a phenomenon by using questionnaires and interviews as a primary data collection tool so that it can be evaluated based on theoretical reviews and various previous studies.

#### Research sites

This research was carried out on a tour and travel business that is a legal entity and is a member of the Association of Indonesia Tours and Travel Agencies (ASITA) in Makassar City, South Sulawesi Province.

#### Population, Sample and Research Respondents

The population in this study is a tour and travel business in Makassar City as many as 140 businesses which are divided into 110 travel agents and 30 business travel agents. The technique of determining the sample using stratified proportional random sampling and for the purposes of interviews conducted by convenience random sampling. The respondents in this study were the owner/director/ head of the tour and travel business.

#### Data analysis technique

This study uses a deductive approach that aims to test hypotheses. Furthermore, it is analyzed using statistical methods, namely multiple linear regression with SPSS version 25.

#### Statistical Analysis

Primary data obtained from 140 business operators through the questionnaire were analyzed using the statistical method of linear regression with SPSS program. Research variables include: Human resources ( $X_1$ ), Organizational Commitment ( $X_2$ ), Organizational Culture ( $X_3$ ) and Business Sustainability ( $Y$ ).

**Table 3.** Description of Respondents' Answers

Variable	Dimension	Average
Organizational Transformation	Human Resources	4,30
	Organizational Commitment	4,20
	Organizational culture	4,43
Business Sustainability	Productivity	4,30
	Profitability	4,22
Total		4,29

Table 3 above, illustrates that the highest respondent's answer value comes from the dimensions of organizational culture with an average value of 4.43 while the lowest respondent's answer value comes from the profitability dimension with an average value of 4.22. This shows that the respondents' answers in this study are in the range of 4 values, which means that the average respondent's answers agree with the statement submitted. Statistical analysis uses multiple linear regression methods with the SPSS program on the effect of organizational transformation variables on business sustainability.

Tabel 4. Hasil Uji Statistik

	Standardized Coefficients Beta	t	Sig
(constant)		5.337	.000
Organizational culture (X <sub>1</sub> )	.147	1.598	.043
Human Resources (X <sub>2</sub> )	.655	1.712	.039
Organizational Commitment (X <sub>3</sub> )	.523	1.238	.012

Dependent Variabel : Business Sustainability (Y)

F Count : 1.659 .000

R Square : 0.335

From the table above, it shows that the magnitude of the contribution of the influence of X<sub>1</sub>, X<sub>2</sub> and X<sub>3</sub> simultaneously influences Y of 0.335 and the sig value of 0.000 <0.05. If the R Square coefficient value of 0.335 means that the relationship between variables X1, X2 and X3 to Y has a weak relationship. This means that organizational culture, human resources and organizational commitment simultaneously have a weak effect on the sustainability of the travel business by 33.5%. In addition, the sig values of X1, X2 and X3 are 0.043, 0.039 and 0.012 <0.05, respectively, meaning that organizational culture, human resources and organizational commitment partially influence the sustainability of the tourist travel business in Makassar.

#### IV. Result

Business travel is a distribution channel that sells travel services, such as tour packages that are certainly related to transportation, accommodation and tourist destinations. As distribution channel, the travel business provides a variety of tour packages offered to consumers. Consumers who travel will not only travel, of course, need accommodation, transportation, culinary and tourist destinations. Therefore travel businesses always sell tour packages related to other tourism industries, where the purpose of this travel business is to provide services to tourists in the form of ease and comfort in traveling.

The quality of services provided by travel businesses is inseparable from the ability of human resources in providing services. Of course quality resources don't only rely on the knowledge and innate expertise they already have when they join the company. Quality human resources will be the company's strength to survive<sup>15</sup>. Corporate sustainability can be created through effective human resource management by taking into account the internal and external factors of the company that will be confronted<sup>11</sup>.

The phenomenon of business competition that is rife today, raises new challenges and opportunities for every company to be able to understand and conceptualize the management of an effective corporate organization through the management of Human Resources. Human resources are critical assets of the organization among other resources<sup>4</sup>. Without human resources, other resources cannot be utilized. But in reality there are still many companies that do not realize the importance of human resources for the survival of the company. Human resources always play an active and dominant role in every company activity, because humans become planners, actors and determinants of the realization of company goals, so that the sustainability of the company will be created.

Fundamental changes in the business environment require a greater role for human resources and changes in the function of human resources. Changes in views regarding the relationship between humans and their work in the management of a modern organization, where change is realized by looking at human resources as a source of strategic advantage. The main change lies in the principle of work, where human resources are placed as agents of change that are able to bring the company to high performance.

The strategic role of human resources is inseparable from the culture adopted by the organization. The organizational culture of a company reflects the values and norms that are the company's vision and mission in achieving its goals<sup>16</sup>. Organizational culture is the values that develop in an organization, where these values are used to direct the behavior of members of the organization<sup>14</sup>. The behavior of corporate human resources is influenced by the environment in which they work which is formed through organizational culture, where the existence of culture in an organization is expected to improve employee performance. Companies that have a strong organizational culture will have a large influence on human resource behavior because of the high level of togetherness and intensity creating an internal climate of high behavioral control.

Organizational culture is essential for an organization or company, because it will always be associated with life in the company. Organizational culture is a philosophy, ideology, values, assumptions, beliefs, hopes, attitudes and norms that are shared and binding in a particular community. Organizational culture as a general perception shared by all members of the organization, so that every employee who becomes a member of the organization will have values, beliefs and behavior in accordance with the organization.

Human Resources is the resource that most determines the success of an organization<sup>17</sup>. In addition to human resources and organizational culture, organizational commitment can also affect employee performance and business sustainability. Organizational commitment is an important behavioral dimension that can be used

to assess an employee's tendency to stay as a member of an organization<sup>16</sup>. Organizational commitment is a strong desire to remain as a member of the organization, a desire to strive in accordance with the wishes of the organization, as well as certain beliefs and acceptance of the organization's values and goals.

## V. Discussion

Companies are always faced with changes in the external environment very quickly, companies that do not respond to these changes will face serious problems in organizational development. Employees with high organizational commitment have different attitudes compared to those with low commitment. Changing business environment requires high commitment from members of the organization. High commitment makes individuals concerned with the fate of the organization and strives to make the organization better<sup>17</sup>.

The external environment which is increasingly dynamic, complex and full of uncertainty, and increasingly intense competition requires organizations to carry out a process of transformation in order to remain viable<sup>5</sup>. The role of human resources as agents of change is greatly influenced by organizational culture and the attitude of human resource loyalty to the company. One thing that absolutely must be done is to carry out a change process in terms of the company's operations and systems to ensure the sustainability of the company because the business environment is very dynamic, turbulent, and difficult or even unpredictable. Without transformation, it is certain that the age of the organization will not last long. This is because the organization cannot adjust to its internal or external environment so that the organization cannot develop.

## VI. Conclusion

Organizational transformation has a positive and significant effect on the sustainability of the tourist travel business in Makassar. Transformation or organizational change is a challenge that requires an organization to develop its ability to adapt to the external environment, and integrate it inward by empowering its resources.

Change in the organization has become a real need of every organization. Companies are required to adapt to changes in the environment by improving the quality of human resources, creating a positive organizational culture and high commitment so that there is an increase in employee performance and can contribute to improving company performance.

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Titi Fatmawinarti." The Success Of Organization Transformation In Developing Business Sustainability". *IOSR Journal of Business and Management (IOSR-JBM)*, Vol. 21, No. 12, 2019, pp. 26-31.