



THE INFLUENCE OF ORGANIZATIONAL CULTURE AND LEADERSHIP STYLE ON EMPLOYEE READINESS IN DIGITAL TRANSFORMATION

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Abstract. The acceleration of digitalization in Indonesia has transformed various aspects of organizational operations, including those in the retail sector. However, the success of digital transformation largely depends on employee readiness, which is influenced by internal managerial factors such as organizational culture and leadership style. This study aims to examine the influence of organizational culture and leadership style on employee readiness for digital transformation at the Store Division of Indogrosir Malang. Using a quantitative approach, the research employed a survey method with questionnaires distributed to 46 store employees, using a Likert scale to measure responses. The collected data were analyzed through multiple linear regression to determine both partial and simultaneous effects between variables. The findings reveal that both organizational culture and leadership style have a positive and significant impact on employees' readiness to face digital transformation. These results indicate that an adaptive and innovative organizational culture, combined with a transformational leadership style, enhances employees' motivation, competence, and openness to technological change. The study implies that strengthening these internal factors can improve digital transformation readiness, enabling organizations to maintain competitiveness and sustain performance in the digital era.

Keywords: organizational culture; leadership style; employee readiness; digital transformation.

1 Introduction

The acceleration of digitalization in Indonesia has brought about significant changes in consumer behavior, distribution, and retail operations. According to a GoodStats report (2025), the national internet penetration rate reached over 80% of the population representing a rapid increase in digital technology adoption. This situation has encouraged modern retail sectors like Indogrosir to optimize their digital strategies to remain competitive amidst changing consumer behavior. However, this technological transformation will not be optimal if the employees, as the primary implementers, are not prepared.

Research by Cyfert et al. (2025) confirms that internal factors such as digital organizational culture and transformational leadership are key determinants of successful digitalization. Similar findings were presented by Butt et al. (2024), who explained that organizational culture plays a role as a social control system that can facilitate the effective adoption of digital technology. Furthermore, a study of food SMEs in Thailand found that the relationship between organizational digitalization and digital organizational culture was mediated by organizational readiness (Jewapatarakul & Ueasangkomsate, 2024). Meanwhile, transformational leadership can improve organizational performance and facilitate long-term digital transformation, according to a study by (AlNuaimi et al., 2022).

The organizational change theory is used as a broad theory. This theory explains that organizations must go through three stages in facing change: unfreezing, shifting, and refreezing. In the context of digital transformation, employee readiness is crucial for an

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effective transition from conventional to digital systems. The intermediate theory supporting this research is transformational leadership theory. This theory emphasizes the role of leaders in inspiring, motivating, and encouraging employees to navigate change. Consistent with research by AlNuaimi et al. (2022), digital transformational leadership has been shown to increase organizational agility in digital transformation.

Organizational culture is a set of conventions, values, and beliefs that influence individual behavior within an organization at work. One of the most important factors influencing employee readiness in the context of digital transformation is organizational culture. According to Ciasullo et al. (2025), a data-driven culture is a strategic requirement for businesses to optimize digital innovation. According to Butt et al. (2024), organizational culture serves as a social control mechanism that encourages the use of digital technology.

Leadership is crucial in helping staff navigate the digital shift. According to Netti Syafitri et al. (2025), staff's adaptability to technological change is greatly influenced by digital leadership. Leadership style and business culture influence employee readiness for digital change. According to Cyfert et al. (2025), human resource readiness influenced by digital leadership, competency development, and digital organizational culture determines the success of digital transformation, in addition to technology.

Employees in the Indogrosir Malang store division's readiness to embrace digital transformation remains mixed. This is exacerbated by an organizational culture that tends to be bureaucratic and procedure-oriented, thus under-supporting flexibility, innovation, and continuous learning. Furthermore, the dominant leadership style remains conventional and instructional, emphasizing compliance over employee empowerment. This hinders the creation of an adaptive work environment. This is in line with research by Mashinini & Sethibe (2025) which found that the success of the digital transformation process in an organization is not only influenced by leadership but also by the alignment of values and culture within the organization.

In the context of modern retail in Indonesia, there has not been much research that simultaneously examines the influence of organizational culture and leadership style on employee readiness to face digital transformation, particularly in the retail sector with its unique logistics and customer service characteristics.

Therefore, the purpose of this study is to examine how leadership style and organizational culture influence employee readiness for digital transformation at the Indogrosir Malang branch. This study specifically aims to determine how leadership style shapes employee readiness and the extent to which organizational culture influences it. This study also examines how these two factors simultaneously influence employee readiness for the digital transformation process in the workplace.

By understanding the influence of both, we hope that the Indogrosir branch in Malang can improve employee readiness for effective and sustainable digital transformation, and provide a competitive advantage amidst increasingly fierce retail competition.

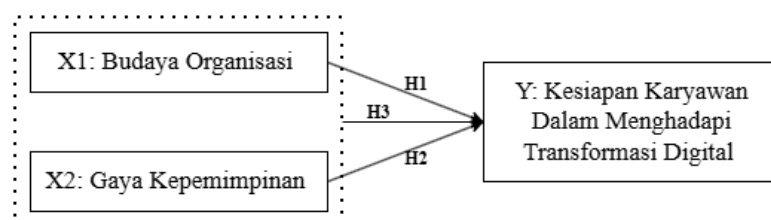


Fig 1. Research Framework

2 Research Methods

This research was conducted at PT Inti Cakrawala Citra (Indogrosir) Malang City branch. Indogrosir Malang was chosen due to its pioneering role in adopting digitalization, encompassing digital payment systems, enterprise resource planning, inventory management, and member services. This store division is an ideal location to evaluate employee readiness due to its extensive involvement with digital platforms.

The research took place from September to November 2025. The target population was 46 employees of the Indogrosir store division, Malang City branch. Research data were collected by distributing Likert-scale questionnaires to employees of PT Inti Cakrawala Citra (Indogrosir) Malang City branch. In determining the sample, we used a total sampling technique. According to Sugiyono (2022), total sampling is a sampling technique that takes the entire population as respondents, especially if the population is relatively small. Thus, the number of samples in this study was 46 employees.

Data analysis was conducted using two approaches; descriptive analysis using frequency distribution to describe data characteristics, and inferential analysis using multiple linear regression to test the effect of independent variables on the dependent variable. To test multiple linear regression, we calculated it using SPSS Statistics 27. However previously, validity and reliability analysis were conducted to ensure that each question in the questionnaire accurately measured the variables studied and to assess the consistency of the instrument. Classical assumption tests were also conducted to ensure the multiple linear regression model was unbiased. Hypothesis testing was then conducted using t-tests to test partial effects and F-tests to test simultaneous effects.

3 Result and Discussion

Descriptive Analysis

The data was obtained through the distribution of questionnaires to all employees of the Indogrosir store division, Malang branch, using a total sampling method of 46 respondents. Respondent characteristics based on gender show that the number of male employees has the same proportion, namely 23 people each or 50% of the total 46 respondents. Based on age characteristics, most employees are in the age range of 20 - 25 years, namely 26 people (56.5%). Furthermore, there are 9 people (19.6%) under 20 years old, and 9 people (19.6%) are also between 26 - 30 years old. And finally, there are 2 people (4.3%) in the age range of 31 - 35 years. Respondent characteristics based on length of service show that most employees of the Indogrosir store division, Malang branch, have a work period of between 1 - 3 years, as many as 17 people (37%).

Table 1. Descriptive Statistics of Variables

Variables	Dimensions	Score	Interpretation Category
Organizational Culture (X ₁)	5 items	1.060	Very good
Leadership Style (X ₂)	5 items	1.017	Very good
Employee Readiness in Digital Transformation (Y)	6 items	1.229	Very good

Source: Processed Data (2025)

Based on the scores obtained, all three variables were in the "very good" category, meaning respondents gave very positive ratings to all measured aspects. Organizational Culture (X₁) received a score of 1.060, indicating that the values, norms, and work habits implemented by the organization were considered very good by employees. Leadership Style (X₂), with a score of 1.017, also fell into the very good category, indicating that

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leaders were considered capable of providing effective direction, motivation, and support. Employee Readiness (Y) had the highest score of 1.229, reflecting that employees felt very prepared and able to adapt to the company's digital transformation process. Overall, these descriptive results indicate that the company's internal environment including culture, leadership, and individual readiness is highly conducive to successful digital transformation.

Validity and Reliability Test

Table 2. Validity and Reliability Test Results

Test	Results	Conclusion
Validity	All item passed - R value > r table (r table = 0.291) - sig < 0.05	Valid
Reliability	Cronbach's Alpha (>0.60) Organizational Culture (0.704 > 0.60) Leadership Style (0.709 > 0.60) Employee Readiness in Digital Transformation (0.871 > 0.60)	Reliable

Source: Processed Data by SPSS Statistic 27 (2025)

The results of the validity test show that all statement items in the variables Organizational Culture (X₁), Leadership Style (X₂), and Employee Readiness in Digital Transformation (Y) have a calculated r value above the r table (0.291), so that all items are declared valid. And The results of the reliability test show that all variables (X₁, X₂, and Y) have a Cronbach's Alpha value > 0.60, which means that all questionnaire instruments used are reliable, consistent, and suitable for use for further data analysis such as linear regression or hypothesis testing.

Classical Asumption Test

1. Normality Test

The results of the normality test show that Asymp. Sig = 0.200 > 0.05, so the data is declared to be normally distributed.

2. Multicollinearity Test

The multicollinearity test results show that

Tolerance = 0.551 > 0.10

VIF = 1.816 < 10

These two values indicate no signs of multicollinearity between the Organizational Culture and Leadership Style variables.

3. Heteroscedasticity test

The results of the heteroscedasticity test show a significance value of 0.223 for X₁ and 0.538 for X₂ (both > 0.05), so it is stated that there is no heteroscedasticity.

4. Autocorrelation Test

The results of the autocorrelation test using Durbin-Watson show that

DW = 1,816

DU = 1,6176

DU < DW < 4-DU

1,6176 < 1,816 < 2,383

Because DW is in the no autocorrelation region, it can be concluded that the regression model does not contain autocorrelation (either positive or negative autocorrelation). Thus, the classical assumption regarding the independence of residuals has been met, so the model is suitable for further analysis.

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The results of the classical assumption test indicate that the regression model has met the statistical feasibility requirements.

Multiple Linear Regression Analysis

Table 3. Multiple Linear Regression Analysis Results

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	105,480	2	52,740	11,125	,000 ^b
	Residual	203,846	43	4,741		
	Total	309,326	45			

Source: Processed Data by SPSS Statistic 27 (2025)

The results of the multiple linear regression analysis showed a significance value of $0.000 < 0.05$ so H_0 = rejected, If H_0 is rejected then H_1 is accepted, so it has a significant effect. Which means the regression model is declared suitable for use in testing the influence of independent variables on the dependent variable. Thus, simultaneously, Organizational Culture (X_1) and Leadership Style (X_2) have a significant effect on Employee Readiness in Facing Digital Transformation (Y).

Coefficient of Determination

Table 4. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,584 ^a	0,341	0,310	2,17729

Source: Processed Data by SPSS Statistic 27 (2025)

The coefficient of determination (R^2) shows a value of 0.341, which means that 34.1% of the variation in employee readiness can be explained by organizational culture and leadership style, while the remaining 65.9% is influenced by other factors such as technology training, company system support, or individual intrinsic motivation. The correlation value (R) of 0.584 indicates a fairly strong relationship between the independent and dependent variables.

These results support the findings of Cyfert et al. (2025) and Butt et al. (2024), which assert that internal factors such as digital organizational culture and transformational leadership are key elements for successful digital transformation in the modern business sector. Therefore, implementing an adaptive work culture and a participatory leadership style are essential foundations for Indogrosir's human resource readiness to face technology-driven change.

Table 5. Simultaneous Test Results (F Test)

Model	F-count	Sig.	Decision
X_1, X_2 againts Y	11,125	0,001	H_0 Accepted -> H_3 Rejected

Source: Processed Data by SPSS Statistic 27 (2025)

Results of the F test (simultaneous) show a calculated F value of $11.125 > F$ table 2.82 with Sig. $0.001 < 0.05$, which confirms that both independent variables have a significant joint effect on employee readiness. This means that the better the organizational culture and leadership style applied, the higher the employee readiness to face digital transformation at the Indogrosir Malang branch.

Table 6. T-test Results

Hypothesis	Variables	Coefficient B	T-count	T-count Criteria
H ₁	Organizational Culture (X ₁)	0,857	4,725	4,725 > 2,016 Sig. 0.000 < 0.05
H ₂	Leadership Style (X ₂)	0,501	3,230	3,230 > 2,016 Sig. 0.002 < 0.05

Source: Processed Data by SPSS Statistic 27 (2025)

These results confirm that both variables have a significant partial influence on employee readiness for digital transformation. An innovative, flexible, and collaborative organizational culture can foster a positive attitude toward change, while a visionary and supportive leadership style can increase employee confidence and motivation in the digitalization process.

The influence of organizational culture on the readiness of employees of the Indogrosir store division, Malang branch, in digital transformation.

Based on the results of the previous analysis, it was shown that organizational culture has a positive and significant impact on employee readiness for digital transformation. This finding confirms that the stronger the organizational culture that supports change, innovation, and learning, the higher the employee readiness to adapt to the company's digital systems. These results align with research by Butt et al. (2024), which states that organizations with a culture strategically designed to support the adoption of digital technology are able to create social systems that accelerate the transformation process.

The influence of leadership style on the readiness of employees of the Indogrosir store division, Malang branch, in digital transformation.

Test results also show that leadership style has a positive and significant impact on employee readiness for digital transformation. Leaders with a participatory, communicative, and visionary style are able to foster employee confidence and commitment in facing technology-based change. This finding is reinforced by Netti Syafitri et al. (2025), who explain that leaders who integrate transformational values with emotional and technical support can strengthen employee commitment and motivation to actively participate in the digitalization process.

The simultaneous influence of organizational culture and leadership style on the readiness of employees at the Malang branch of the Indogrosir store to face digital transformation.

The results of the simultaneous test (F-test) indicate that organizational culture and leadership style jointly have a positive and significant influence on employee readiness for digital transformation. This indicates that the success of the digital transformation process at Indogrosir is determined not only by individual factors, but also by the synergy between the organization's value system and leadership that supports change. A culture open to innovation will strengthen the positive impact of a communicative and supportive leadership style, thereby creating a work environment that is proactive and adaptive to technological developments.

Cyfert et al. (2025) emphasize that the success of digital transformation depends not only on technological advancements but also on the organization's ability to manage soft managerial aspects such as work culture, leadership, and digital competency development. In the context of Indogrosir, the synergy between a collaborative culture

and leadership that empowers employees is key to ensuring an effective and sustainable digitalization process.

4 Conclusion and Recommendations

The results of statistical tests using SPSS 27 indicate that all research tools are valid and reliable, making them suitable for assessing how organizational culture and leadership style influence employee readiness. Furthermore, the regression model used meets all traditional assumption tests, indicating that the data is worthy of further study. Based on the findings of the regression analysis, leadership style and organizational culture significantly and partially increase employee readiness for the digital transition. The coefficient of determination value of 34.1% indicates that both factors have a significant impact on employee readiness, while the remainder is influenced by other external factors such as management support, digital training, and the availability of technology infrastructure. Thus, it can be concluded that the stronger the innovative organizational culture and the more visionary the leadership style applied, the higher the employee readiness in facing digital transformation at the Malang branch of Indogrosir.

Based on the findings of this study, several recommendations can be made to the Indogrosir company in Malang to improve employee adaptability to new technological advances. The company must first improve its digital organizational culture by fostering the values of creativity, teamwork, and continuous learning. Second, it is important for management to support the implementation of a transformational leadership style through leadership development initiatives that prioritize effective communication, employee empowerment, and role modeling of digital systems. Third, to accelerate the process of adapting to digitalization, improving employee digital literacy and competency is also important through regular training focused on the use of ERP systems, logistics applications, and automated cashier technology. Fourth, in an effort to increase motivation and work morale, management is encouraged to implement a reward system for staff who successfully innovate or demonstrate a high level of readiness for technology implementation. Finally, to ensure the digitalization process runs smoothly and minimize potential employee resistance, managerial support and technological infrastructure must be strengthened.

This study has several limitations in its ability to provide conclusive insights; for example, the limited number of participants, drawn from only one department and geographic region, suggests that the findings may lack universal applicability across all Indogrosir companies. Furthermore, the subjective nature of the self-reported data, collected from a relatively small group of respondents, introduces potential bias in the responses received. Furthermore, the limited scope of the variables studied prevented us from gaining insight into other factors influencing employee readiness to adopt digital technologies. It is recommended to expand the scope of future research by involving more locations and participants, as well as by examining elements such as digital competency education, supervisor support, and understanding of technological advancements. The use of diverse methodological strategies or SEM analysis has the potential to yield a more comprehensive and comprehensive understanding of the research topic.

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