

HUMAN RESOURCE MANAGEMENT | RESEARCH ARTICLE

The Impact of Change Management on Employee Performance: An Explanatory Quantitative Study of State-Owned Enterprises in Indonesia

Suryati Eko Putro¹, S. Suharyati²,¹ Department of Management, Faculty of Economics and Business, Universitas Teknologi Surabaya, Indonesia.Email: suryatiekoputro@yahoo.com² Department of Management, Faculty of Economics and Business, UPN Veteran Jakarta. Email: suharyati@upnvj.ac.id**ARTICLE HISTORY**

Received: August 05, 2025

Revised: October 26, 2025

Accepted: November 26, 2025

DOI<https://doi.org/10.52970/grhm.v6i1.1649>**ABSTRACT**

Organizational reform in State-Owned Enterprises (SOEs) is part of the Indonesian government's strategy to improve efficiency and competitiveness. However, this process often affects human resources, especially employee performance. This study analyzes the influence of change management on employee performance during restructuring in one SOE. The research applies a quantitative approach with an explanatory survey design. Data were collected through questionnaires from 120 permanent employees in units affected by restructuring. The analysis, using regression, indicates that change management has a significant positive effect on employee performance. Transformational leadership, effective communication, and employee involvement are identified as key factors that enhance productivity and motivation. These findings align with established change management theories and reinforce previous evidence in public sector contexts. The study concludes that well-implemented change management is critical to sustaining and improving employee performance during organizational transitions, offering practical insights for HR managers in SOEs to develop participatory and human-centered strategies.

Keywords: Change Management, Employee Performance, Restructuring, State-Owned Enterprises, Transformational Leadership.

JEL Code: L32, M12, M54, M14.

I. Introduction

Since the early 2020s, the transformation of Indonesia's State-Owned Enterprises (SOEs) has become one of the government's most ambitious reform agendas aimed at revitalizing public sector efficiency, improving governance, and enhancing competitiveness in a globalized economy. SOEs occupy a strategic position in Indonesia's economic landscape; they not only generate state revenue, but also serve public welfare objectives in sectors such as energy, transportation, and telecommunications. However, despite their economic significance, many SOEs have long struggled with inefficiencies, bureaucratic rigidity, and stagnant performance. These challenges underscore the need for a paradigm shift toward more agile, transparent, and performance-oriented organizations. Government-led reform initiatives, such as the formation of BUMN holdings, large-scale mergers, and the integration of digital platforms, represent significant efforts to streamline overlapping functions and optimize financial resources. For example, the integration of state-owned banks under the *Himbara* consortium, as well as the establishment of the energy holding led by PT Pertamina and the electricity holding through PT PLN (Persero), exemplifies structural consolidation aimed at achieving operational synergy. Digital transformation programs, including the launch of super apps by the BRI and PLN's customer digitalization initiatives, have further demonstrated the government's commitment to leveraging technology for efficiency and stakeholder satisfaction. (Kompas, 2024) However, successful restructuring does not rely solely on organizational or technological redesigns. The human element,



specifically employees who must adapt to new systems, roles, and expectations, plays a decisive role in determining whether transformation initiatives succeed or fail. Numerous empirical studies have revealed that poorly managed change processes can generate uncertainty, fear of redundancy, and psychological strain, leading to reduced motivation and performance (Prosci, 2018). In other words, while structural reform is necessary, it is not sufficient without effective change management to engage and support employees throughout the transition.

In Indonesia's SOE context, the challenge is even more complex because organizational change must occur within deeply rooted bureaucratic cultures characterized by hierarchical decision-making and low tolerance for risk. Such environments often discourage initiative and innovation, making employees more resistant to reform. According to McKinsey and Company, the human dimensions of transformation, mindset, behavior, and culture are often the most underestimated aspects of public sector reform. However, this accounts for the majority of transformation failures worldwide. Thus, effective change management must extend beyond communication and training; it must also cultivate psychological readiness, trust, and collective ownership of change. Change management, conceptually defined as a structured approach to transitioning individuals, teams, and organizations from their current state to a desired future state, has been extensively studied in the field of organizational behavior (Hiatt, 2006). Foundational theories such as Lewin's three-step model (unfreezing, changing, refreezing) and Kotter's eight-step model of change have provided blueprints for understanding the dynamic process of adaptation. These models emphasize that successful change depends on creating a sense of urgency, communicating a clear vision, empowering action, and institutionalizing new behaviors. In practice, these stages require transformational rather than transactional leadership: leaders must inspire, motivate, and empathize with their employees while guiding them through uncertainty. In this context, transformational leadership plays a pivotal role. Bass and Avolio argue that transformational leaders drive change by articulating a compelling vision, fostering intellectual stimulation, and demonstrating individualized consideration for employees. Within Indonesian SOEs, such leadership is critical for overcoming bureaucratic inertia and building trust among employees accustomed to rigid hierarchies. Studies by Herold et al. further confirm that when employees perceive their leaders as supportive and transparent, resistance to change declines significantly, while commitment and performance increase (Hiatt, 2006). Moreover, employee participation and open communication are vital dimensions of successful change management. Communication functions as both a cognitive and emotional bridge; it not only transmits information about what is changing and why, but also provides reassurance about job security, prospects, and management credibility. When communication is one- and top-down, employees tend to feel excluded and powerless. Conversely, two-way communication mechanisms such as feedback forums and participatory meetings can enhance engagement and ownership of change (Prosci, 2018). In the context of SOEs, involving employees in decision-making processes can reduce skepticism, foster a sense of belonging, and align individual goals with organizational transformation objectives.

Despite the well-documented importance of these factors, empirical research examining change management in Indonesian SOEs remains limited. Most existing studies have focused on private enterprises or multinational corporations, where organizational culture and governance structures differ significantly. By contrast, public sector organizations operate under unique constraints, including rigid administrative regulations, accountability to multiple stakeholders, and political oversight. These constraints shape not only how change is implemented but also how employees perceive and respond to it. Therefore, there is an urgent need to generate empirical evidence that reflects the reality of SOEs, particularly during large-scale restructuring. The ongoing transformation of the PT PLN (Persero) provides an ideal case for such an investigation. As one of Indonesia's largest SOEs, PLN has been undergoing extensive restructuring encompassing digital transformation, process reengineering, and workforce optimization. These initiatives aim to enhance operational efficiency and service reliability, while adapting to the nation's renewable energy transition agenda. However, they also demand significant behavioral and cultural adaptations among employees. Understanding how change management practices, communication transparency, leadership style, and employee involvement affect employee performance within a PLN can provide critical insights for broader SOE reform policies.

Theoretically, this research contributes to the growing body of knowledge linking change management and employee performance in the public sector context. Employee performance, as defined by McShane & Von Glinow, refers to the degree to which an individual achieves expected work outcomes in terms of quality, quantity, timeliness, and collaboration. Performance during restructuring periods often fluctuates depending on employee readiness for change, perceived fairness, and confidence in leadership. When change management is effectively implemented, it can sustain or even enhance performance by reducing

uncertainty, reinforcing motivation, and aligning personal and organizational goals. (McShane & Glinow, 2010)

Empirically, this study addressed two key research gaps. First, it extends the application of classical change-management theories to the public sector environment of Indonesian SOEs, offering context-specific validation. Second, it provides quantitative evidence of the causal relationship among change management dimensions, transformational leadership, communication, employee involvement, and employee performance during restructuring. By employing an explanatory survey design, this study moves beyond descriptive accounts to provide statistical insights into how these variables interact to shape performance outcomes. Furthermore, this research responds to broader policy discourse on human capital development within SOE reform. The Ministry of State-Owned Enterprises has repeatedly emphasized that success in transformation depends not only on financial restructuring but also on fostering a high-performance culture rooted in integrity, professionalism, and innovation. Effective change management serves as a mechanism through which this cultural transformation can be realized. It helps align institutional reform with human adaptability, ensuring that employees are not passive recipients of change, but are active agents of transformation. (Prasodjo, 2024). In summary, this study situates change management as a decisive factor in the success of Indonesia's SOE restructuring efforts. While prior reforms have achieved structural efficiency and technological modernization, the human dimension remains the most critical and challenging aspect. By empirically analyzing the impact of change management on employee performance, this study aims to make both theoretical and practical contributions to the field of management. Theoretically, this enriches our understanding of the dynamics of change within bureaucratic and hierarchical institutions. Practically, it offers actionable insights for SOE leaders and HR practitioners to design participatory, transparent, and human-centered change strategies that sustain employee performance amid continuous transformation. Based on the above rationale, the central research question guiding this study is: "How does change management influence employee performance during organizational restructuring in Indonesia's State-Owned Enterprises?" Addressing this question will not only fill a significant empirical gap, but also inform the design of evidence-based, human-oriented transformation policies that can enhance both individual and organizational performance in the long term.

II. Literature Review

2.1. Change Management

Change management is a structured process designed to help individuals and organizations adapt to structural, cultural, and technological changes. According to the PLN (2023). The success of organizational change depends on eight critical steps: establishing a sense of urgency, building a guiding coalition, and consistently communicating one's vision. Similarly, Hiatt, through the ADKAR model, emphasized that successful change depends on Awareness, Desire, Knowledge, Ability, and Reinforcement. Recent studies have highlighted the importance of transformational leadership and two-way communication to ensure successful change management. (Herold et al., 2008). In the context of Indonesian State-Owned Enterprises (SOEs), a strong bureaucratic culture and rigid hierarchical structures often hinder adaptation, thereby requiring more participatory and human-centered approaches to manage change effectively (Thomson, 1992).

2.2. Employee Performance

Employee performance is defined as the degree to which an individual successfully achieves organizational standards and goals. (McShane & Glinow, 2010). Common performance indicators include productivity, work quality, timeliness, and teamwork. Organizational commitment and employee competence were found to significantly influence job satisfaction and lecturer performance. Similarly, a study in the Golden Ratio of Human Resource Management Journal reported that organizational culture and work-life balance have a positive effect on work engagement, which in turn enhances employee performance (Munawar & Suriyanti, 2024).

2.3. The Relationship Between Change Management and Employee Performance

The relationship between change management and employee performance has become a central topic in modern organizational studies, and it is suggested that readiness for change is a strong predictor of improved performance. This further demonstrates that effective communication and employee involvement can reduce resistance to change and improve motivation (Armenakis & Harris, 2009) In the Indonesian SOE setting, it was revealed that change management practices emphasizing transformational leadership and open communication have a positive and significant effect on employee performance during organizational restructuring. It was also found that visionary and empathetic leadership play a crucial role in maintaining productivity amid uncertainty and transition (Nugroho & Handayani, 2022).

2.4. Theoretical Framework

This study is grounded in Lewin's classical three-stage model of change, unfreezing, changing, and refreezing, which provides a conceptual framework for understanding how SOEs prepare employees both psychologically and operationally for transformation. Furthermore, transformational leadership theory explains how leaders can inspire, motivate, and empower employees throughout the organizational change processes (Miller, 1996). The empirical evidence supports this theoretical foundation. For instance, a study of the Golden Ratio of Human Resource Management found that organizational commitment mediates the relationship between administrative creativity and job performance. This implies that the success of change initiatives is not only determined by structural strategies, but also by psychological and cultural factors within the workplace (Alleimoun et al., 2024).

2.5. Research Gap

Most prior studies on change management have focused on the private sector or international context. Empirical evidence remains regarding the influence of change management on employee performance in Indonesian SOEs. (McKinsey & Company, 2020) Therefore, this study contributes to the existing body of knowledge by applying a quantitative explanatory design to analyze the causal relationship between change management practices (communication, transformational leadership, and employee involvement) and employee performance within the restructuring process of a major SOE, PT PLN (Persero). This study aims to fill empirical and contextual gaps by examining how human-centered change strategies can sustain performance during large-scale organizational transformations.

2.6. Hypothesis Development

Based on the theoretical foundations and empirical evidence discussed above, this study develops a testable hypothesis regarding the relationship between change management and employee performance during organizational restructuring in Indonesian State-Owned Enterprises (SOEs). Effective change management, characterized by transparent communication, transformational leadership, and active employee participation, is expected to minimize resistance, enhance adaptability, and sustain employee motivation. Prior studies have consistently demonstrated that organizations implementing systematic and participatory change processes experience significant improvements in their individual and organizational performance (Armenakis & Harris, 2009). In the context of Indonesian SOEs, where structural rigidity and bureaucratic hierarchies often hinder effective change management, it plays a decisive role in maintaining productivity during transformation. When employees perceive that the change process is fair, well-communicated, and supported by leadership, their trust in management and willingness to perform optimally are likely to increase (Thomson, 1992). This study formulated the following hypotheses:

H1 : Change management has a positive and significant effect on employee performance during organizational restructuring in State-Owned Enterprises (SOEs) in Indonesia.

III. Research Method

3.1. Types and Approaches of Research

This study employed a quantitative explanatory research design to test the causal relationship between change management (independent variable) and employee performance (dependent variable) in the context of organizational restructuring. The explanatory approach was selected because it enables systematic hypothesis testing and clarifies how change management practices affect employee outcomes. This design not only describes phenomena, but also explains the underlying causal mechanisms, an essential aspect in situations where restructuring often generates uncertainty and role ambiguity (Creswell W. J. and Creswell J. D., 2014). A case study approach was adopted, focusing on PT PLN (Persero), a State-Owned Enterprise (SOE) undergoing extensive restructuring and digital transformation. This company was chosen because it represents a significant and high-impact case of organizational reform within Indonesia's SOE transformation agenda. The justification lies in the scale and depth of PLN's transformation, which includes both structural reorganization and cultural adaptation, making it a representative case for analyzing employee adaptability and performance dynamics during change (State-Owned Enterprises, 2024).

3.2. Measurement of Variables

An independent Variable, such as Change Management, is defined as a structured organizational approach aimed at facilitating transformation by guiding employees through change processes and mitigating resistance. It encompasses communication, employee involvement, transformational leadership, training support, and post-change evaluations (Hiatt, 2006). These dimensions reflect the organization's capability to manage transitions while maintaining operational performance and morale effectively. (Thomson, 1992). Dependent Variable: Employee Performance is defined as the extent to which employees achieve organizational goals and standards during periods of restructuring. It is measured using indicators such as productivity, quality of work, timeliness, and collaboration (Collins et al., 2021). These indicators were operationalized into measurable questionnaire items to ensure conceptual clarity and empirical accuracy. (Field, 2013). By establishing these operational definitions, the study ensures that both constructs—change management and employee performance—are conceptually aligned and statistically measurable, thereby enhancing the validity and reliability of subsequent analyses.

3.3. Population and Sample

The population consisted of all permanent employees in the organizational units of PT PLN (Persero) who were directly affected by restructuring. The Slovin formula was used to determine the sample size:

$$n = \frac{N}{(1 + Ne^2)}$$

where n is the sample size, N is the population size, and e is the margin of error (0.05; 95% confidence). For example, from a unit population of 350 employees, the minimum sample size was 187. The final study involved 120 respondents, which, although slightly below the ideal sample size, was deemed sufficient given the scope of the study and the statistical power required for regression analysis (Hair et al., 2020). A proportional stratified random sampling technique was applied to ensure representation at the different hierarchical levels (staff, supervisors, and managers). This method enhances representativeness and minimizes sampling bias, particularly in organizations characterized by layered structures.

3.4. Ethical Considerations

All respondents participated voluntarily after being informed of the study objectives and of the confidentiality of their responses. Informed consent was obtained before data collection to ensure compliance with the ethical standards of the study. Respondents were assured that their participation would cause no harm and that the information gathered would be used solely for academic purposes.

3.5. Data Collection Techniques

Primary data were collected using a structured questionnaire comprising closed-ended items rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

The questionnaire items were developed based on established theoretical frameworks and contextualized to fit the organizational restructuring conditions of Indonesian SOEs (McShane & Glinow, 2010). To ensure clarity and relevance, the instrument was pretested with 20 employees from a comparable SOE undergoing restructuring. The feedback from this pilot test was used to refine ambiguous statements and improve item validity before full deployment.

3.6. Instrument Validity and Reliability

Instrument validity was examined using the Pearson Product-Moment correlation between each item score and the total construct score, where items were considered valid if $r > r$ estimated at $\alpha = 0.05$. Reliability was assessed using Cronbach's alpha, with coefficients above 0.70 indicating satisfactory internal consistency. These procedures ensured that the measurement instrument accurately reflected the underlying constructs and provided consistent results across respondents (Ghozali, 2018).

3.7. Data Analysis

The data analysis in this study utilized both regression and Structural Equation Modeling (SEM) with a Partial Least Squares (PLS) approach. Regression analysis was conducted to measure the direct influence of change management on employee performance, as this method offers a clear interpretation of the effect size and statistical significance. Meanwhile, SEM using PLS was applied to capture the more complex causal relationships among latent constructs and to evaluate both the measurement model (outer model) and structural model (inner model). The SEM analysis was conducted in three stages. The first stage, outer model evaluation, involved assessing convergent validity using loading factors (≥ 0.70), discriminant validity through the Fornell-Larcker criterion, and composite reliability exceeding 0.70. In the second stage, the inner model evaluation examined the strength and significance of relationships between constructs by analyzing path coefficients, t-statistics obtained from bootstrapping, and the coefficient of determination (R^2). The third stage assessed model fit and predictive relevance using Q^2 and Standardized Root Mean Square Residual (SRMR) indices to confirm the model's overall quality. These analytical techniques were selected for their robustness in validating causal relationships and wide acceptance in behavioral and organizational research. (Ketchen, 2013) Before performing the analyses, key assumptions such as linearity, independence of errors, and adequacy of sample size were also tested to ensure the validity and reliability of the model.

3.8. Conceptual Framework

Based on a literature review and theoretical foundation, the conceptual framework illustrates the causal relationship between Change Management (X) as the independent variable and Employee Performance (Y) as the dependent variable. Change management, which comprises communication, employee involvement, transformational leadership, training support, and post-change evaluation, is expected to enhance employee performance through improved productivity, work quality, punctuality, and teamwork. The conceptual framework of this study illustrates the causal relationship between change management as an independent variable and employee performance as a dependent variable. Effective change management practices, comprising transparent communication, transformational leadership, employee involvement, training support, and post-change evaluation, can enhance employee performance, as reflected in higher productivity, improved work quality, increased punctuality, and enhanced teamwork. This framework serves as the analytical foundation of the study and is empirically tested using partial least squares structural equation Modeling (PLS-SEM). PLS-SEM enables the simultaneous assessment of both latent constructs and their corresponding measurement indicators, providing a comprehensive understanding of the structural relationships between change management practices and employee performance within the context of organizational restructuring.

3.9. Variable Indicators and Item

Each variable was operationalized into measurable indicators based on the established literature and adapted for the context of SOE restructuring.

Table 1. Indicators and Item

Variable	Dimension	Indicators	Sources
Change Management (X)	Communication	X1. Clear explanation of change objectives X2. Open two-way communication between leaders and employees	Kotter (1996), Hiatt (2006)
	Employee Involvement	X3. Employee participation in decision-making X4. Opportunity to express opinions	Armenakis et al. (2011)
	Transformational Leadership	X5. Leaders motivate employees to adapt X6. Leaders provide vision and example	Bass & Avolio (1994)
	Training Support	X7. Training programs improve readiness for change X8. Support systems during transition	Burnes (2017)
	Post-change Evaluation	X9. Periodic evaluation of change outcomes	Prosci (2022)
Employee Performance (Y)	Productivity	Y1. Quantity of work output Y2. Completion rate of assigned tasks	Robbins & Judge (2020)
	Work Quality	Y3. Accuracy and thoroughness of work	Amin (2022)
	Punctuality	Y4. Meeting deadlines and schedules	Munawar & Suriyanti (2024)
	Teamwork	Y5. Collaboration and mutual support among team members	Hasibuan & Santoso (2023)

Table 1 presents the items and indicators of the two principal constructs—Change Management (X) and Employee Performance (Y)—into measurable dimensions and indicators grounded in established theoretical frameworks. This operationalization process transforms abstract management concepts into quantifiable items, thereby enhancing construct validity and enabling empirical testing through statistical analysis. Each indicator has been carefully adapted from the global literature to reflect the contextual realities of State-Owned Enterprises (SOEs) in Indonesia, which are characterized by hierarchical governance structures, regulatory rigidity, and ongoing transformation agendas. The change-management variable encompasses five interrelated dimensions: communication, employee involvement, transformational leadership, training support, and post-change evaluation, each representing a critical facet of organizational adaptation. The communication dimension (X1–X2), derived from Kotter and Hiatt's ADKAR model, captures the clarity and openness of the information exchange during the restructuring process. Transparent and two-way communication fosters employee trust and psychological readiness for change, conditions often challenged in bureaucratic environments, such as Indonesian SOEs. The employee involvement dimension (X3–X4) draws from Armenakis et al. (2011) and emphasizes participatory mechanisms that empower employees to contribute to decision-making. When employees perceive inclusion and agency, their resistance to change decreases, and their commitment to organizational goals strengthens.

The transformational leadership dimension (X5–X6), based on Bass and Avolio (1994), reflects leaders' ability to inspire, intellectually stimulate, and model adaptive behavior. Transformational leaders play a pivotal role in aligning individual motivation with institutional objectives, particularly within the context of restructuring where uncertainty and ambiguity are prevalent. Training support (X7–X8) and post-change evaluation (X9) extend the operationalization of change management toward sustainability and organizational learning. According to Burnes (2017) and Prosci (2022), the provision of skill enhancement programs and systematic evaluation mechanisms ensures that change efforts are not episodic but continuous.

These components demonstrate how PTPLN (Persero) integrates structural transformation with human capital development to achieve long-term adaptability. The dependent construct, Employee Performance (Y), is operationalized through four dimensions: productivity, work quality, punctuality, and teamwork. These indicators collectively represent the behavioral and output-based manifestations of individual performance. Productivity and work quality, as proposed by Robbins, Judge (2020), and Amin (2022), assess the quantity and precision of the task completion. Punctuality measures discipline and reliability, both of which are vital during restructuring periods, characterized by heightened performance expectations. The teamwork dimension encompasses interpersonal collaboration and mutual support, which are essential for maintaining cohesion amid structural and procedural changes. This multidimensional operationalization enables a comprehensive evaluation of how change management practices impact not only individual efficiency, but also collective synergy.

All indicators were measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to capture the respondents' attitudes with sufficient sensitivity and reliability. By grounding measurement in validated theoretical dimensions while adapting to contextual realities, operationalization ensures that both constructs are conceptually robust and empirically measurable. Table 1 provides a solid foundation for subsequent quantitative analysis, enabling this study to link the theoretical underpinnings of change management with observable improvements in employee performance within the unique institutional context of Indonesia's State-Owned Enterprises.

IV. Results and Discussion

4.1. Respondent Characteristics

The demographic characteristics of respondents provide crucial insight into the workforce composition at PT PLN (Persero) and help contextualize the interpretation of quantitative findings. Of the 120 respondents, 78 were male (65%) and 42 were female (35%). This gender distribution reflects the ongoing male dominance in Indonesia's energy and infrastructure sectors, which traditionally rely on technical and field operations that require physical endurance and mobility (Badan Pusat Statistik, 2023). However, the increasing proportion of female employees, although still below parity, indicates a gradual shift toward gender diversity in the company's human capital composition. Women's participation in administrative, managerial, and digital transformation units has been rising due to PLN's efforts to promote inclusivity and professional development programs aligned with the Ministry of SOEs' diversity policy (Kementerian BUMN, 2024). Gender composition may influence adaptation dynamics during restructuring. Previous research suggests that men tend to perceive organizational changes in terms of structural adjustments. Women tend to be more sensitive to relational and emotional aspects such as clear communication and psychological safety (Raziq & Maulabakhsh, 2023). Therefore, ensuring gender-responsive change management through mentoring and balanced leadership opportunities can minimize potential stress gaps and enhance organizational cohesion during transformation.

In terms of age, the majority of respondents were aged between 31 and 40 years (40%), followed by those aged 41–50 (32%), under 30 (22%), and over 50 (6%). This age composition illustrates a productive and experienced workforce, with most employees possessing the maturity to understand corporate objectives and adapt to restructuring requirements. Employees in their thirties and forties typically occupy supervisory or middle-management positions, where adaptability, accountability, and leadership readiness intersect. Younger employees (<30 years) are often more technologically adaptive and open to innovation but may require guidance in navigating organizational bureaucracy. Conversely, older employees (over 50 years) tend to demonstrate institutional loyalty and tacit knowledge but may exhibit higher resistance to technological disruption (Kotter, 2012). Understanding these generational differences enables HR leaders to tailor communication and training strategies that emphasize digital literacy for senior staff and structured career pathways for younger personnel, thereby maintaining engagement across all age groups. Regarding educational background, 70% of the respondents held a bachelor's degree, 20% held a diploma, and 10% held a postgraduate qualification. This distribution reflects the professionalization of human resources within SOEs, where a minimum bachelor's degree is required for most core positions. The relatively high educational attainment of PLN employees supports the company's vision to build a knowledge-based organization aligned with its "Green, Lean, Innovative, and Customer Focused" transformation pillars. A well-educated workforce tends to exhibit higher cognitive readiness for change and a better understanding of organizational

goals, which are key factors that facilitate the smooth implementation of transformation initiatives (Hiatt, 2006).

Regarding years of service, 55% of the respondents had served for more than 10 years, while 45% had less tenure. An extended service duration indicates organizational loyalty, but can also correlate with changes in fatigue or resistance, especially if prior reforms are perceived as disruptive or ineffective (Herold et al., 2008). Nevertheless, this study's overall positive perception of change management among senior employees implies effective leadership communication and transparent management processes. This suggests that PLN restructuring has been implemented with adequate internal socialization, reducing uncertainty, and building trust among long-tenured staff. Collectively, the demographic profile demonstrates a balanced mix between experienced employees and younger talent, as well as male and female representation and high educational standards, all of which provide a robust human capital foundation for change. These characteristics reinforce PLN's strategic positioning as a learning organization capable of sustaining transformation through human adaptability and professional competence.

4.2. Description of Research Variables

The study examined two central constructs, Change Management (X) and Employee Performance (Y), using a 5-point Likert scale across validated dimensions. The mean score for Change Management (3.72) reflects a generally positive team member's perception of the company's restructuring process. The respondents acknowledged improvements in communication, leadership engagement, and opportunities for participation. Among the five dimensions, communication and transformational leadership obtained the highest average scores, indicating that employees value clarity of information and inspirational guidance from their leaders. This aligns with Lewin and Kotter's theoretical frameworks, emphasizing the importance of vision communication and leadership role modeling as precursors to behavioral adaptation (Price et al., 1951).

The employee involvement dimension also scored above the midpoint, suggesting that the PLN has increasingly embraced participatory management practices through consultative meetings, feedback channels, and project-based team collaborations. However, the slightly lower scores on training support and post-change evaluation revealed areas of improvement. Practical training ensures that employees are equipped with technical and behavioral competencies to meet new job demands, whereas systematic evaluation allows continuous learning from implementation outcomes (Thomson, 1992). Strengthening these areas would enhance the sustainability of change management initiatives and institutionalize a culture of learning through doing within the PLN. For the dependent variable, Employee Performance (Y), an average score of 3.65 was achieved, indicating that employee productivity and work quality remained stable, even during organizational restructuring. This finding demonstrates resilience and adaptability among employees, consistent with theories that posit that transparent and participatory change management mitigates performance disruptions during transformation. (Armenakis & Harris, 2009). Among the performance indicators, punctuality and teamwork received relatively higher ratings, reflecting disciplined work habits and collective problem-solving behaviors encouraged through PLN's performance-based culture. The dimensions of work quality and productivity, while positive, varied across departments, suggesting that workload redistribution and process adjustments during restructuring may temporarily influence individual performance.

Overall, the descriptive results suggest that PLN employees embraced organizational change with moderate-to-high levels of confidence, supported by leadership communication, involvement mechanisms, and existing professional standards. These positive perceptions provide a strong empirical basis for subsequent regression and SEM analyses to test the causal relationship between change management and employee performance.

4.3. Data Analysis Using PLS-SEM

This study employed the Partial Least Squares structural equation modeling (PLS-SEM) technique using SmartPLS software (version 4.0) to analyze the research data. PLS-SEM was considered appropriate because of its ability to handle small to moderate sample sizes ($n = 120$) and its robustness in estimating complex models that involve multiple latent constructs simultaneously. The analytical procedure consisted of two stages. The first stage was the Outer Model Evaluation, also referred to as measurement model assessment. This stage tested the reliability and validity of each construct. Convergent validity was examined through factor loadings that were required to exceed 0.70, and the Average Variance Extracted (AVE), which had to be greater than 0.50. Discriminant validity was evaluated using the Fornell-Larcker criterion and the

heterotrait–monotrait ratio (HTMT), where values below 0.90 indicated satisfactory discriminant validity. Furthermore, the reliability of the constructs was verified by ensuring that the Cronbach's Alpha and Composite Reliability (CR) values were above 0.70, confirming internal consistency among the indicators. The second stage was the Inner Model Evaluation, which assessed the structural relationships between latent variables. This evaluation involved testing path coefficients (β) to determine the direction and magnitude of the hypothesized relationships. The t-statistics and p-values were obtained using a bootstrapping procedure with 5000 resamples to assess the statistical significance of the hypotheses. Additionally, the coefficient of determination (R^2) was calculated to measure the proportion of variance in the dependent variable explained by the independent variable. At the same time, predictive relevance (Q^2) and Standardized Root Mean Square Residual (SRMR) were used to evaluate the overall model fit and predictive accuracy. These analytical procedures ensured that the model was statistically valid and theoretically sound.

Table 2. Measurement Model Results

Indicator	Loading Factor	Cronbach's Alpha	CR	AVE
Change Management	0.742–0.861	0.887	0.912	0.589
Employee Performance	0.751–0.879	0.874	0.905	0.617

Table 2 shows that all loading factors exceeded 0.70, AVE values were greater than 0.50, and reliability coefficients were greater than 0.70, thus confirming good convergent validity and internal consistency. Discriminant validity was also achieved, as the square root of AVE for each construct was greater than its correlation with other constructs (Fornell–Larcker criterion).

Table 3. Structural Model Results

Path	β Coefficient	t-statistic	p-value	Conclusion
Change Management → Employee Performance	0.652	9.811	0.000	Supported

The R^2 value for Employee Performance is 0.426, indicating that Change Management explains 42.6% of the variation in performance, while 57.4% is influenced by other organizational factors (e.g., culture, compensation, and workload). $SRMR = 0.068 (< 0.08)$ and $Q^2 = 0.334 (> 0)$ showed acceptable model fit and predictive relevance. Therefore, the hypothesis (H1) is statistically supported.

Table 4. Hypothesis Testing Summary

Hypothesis	Statement	Result
H1	Change management has a positive and significant effect on employee performance during organizational restructuring in SOEs.	Accepted

The SEM results confirmed that effective change management, particularly through transparent communication, employee participation, and transformational leadership, significantly enhances employee performance during restructuring. This finding supports Lewin and Kotter's change models, which emphasize the role of communication and leadership in fostering readiness for change. In line with Nugroho and Handayani (2022), this study provides empirical evidence that human-centered and participatory approaches reduce resistance and sustain performance during transformation in SOEs.

4.4. Statistical Analysis Results (Expanded)

Quantitative analysis confirmed a statistically significant and positive relationship between change management and employee performance. The regression coefficient ($\beta = 0.642, p < 0.01$) indicates that a one-unit improvement in the effectiveness of change management corresponds to a 0.642-unit increase in employee performance. This substantial effect size highlights the pivotal roles of leadership, communication, and employee participation in sustaining performance during restructuring. The coefficient of determination ($R^2 = 0.412$) indicated that the change management variables accounted for 41.2% of the variance in performance. In comparison, the remaining 58.8% are influenced by other organizational factors, such as culture, compensation, and workload distribution. Although moderate, this R^2 value is consistent with empirical findings in behavioral studies in which human performance is multifactorial (Ketchen, 2013). The

statistical significance of the t-test further supports hypothesis (H), that effective change management has a positive impact on employee performance.

Interpreting these results through established theoretical lenses strengthens their interpretation. Lewin's unfreezing–changing–refreezing model suggests that successful change necessitates that employees accept the need for transformation before internalizing new behaviors. PLN's communication strategies and leadership visibility likely facilitated this psychological unfreezing stage, thus enabling smoother transitions. Similarly, Kotter's eight-step model emphasizes building urgency, forming coalitions, communicating vision, and consolidating gains, all elements observed within PLN's restructuring programs. Thus, the significant β -coefficient represents not merely a statistical correlation but also an empirical validation of these theoretical propositions in the Indonesian SOE context. Comparatively, the magnitude of the effect ($\beta = 0.642$) aligns with results from Nugroho and Handayani, who found a coefficient of 0.61 in a similar study on change management in SOEs, and exceeds the average reported in private-sector studies (around 0.45–0.50). This suggests that structured and transparent change management practices may yield even more potent effects in public enterprises where hierarchical communication and uncertainty traditionally pose greater challenges.

The implications of these findings are twofold. First, they empirically substantiate the argument that change management serves as a strategic lever for enhancing performance even in the face of uncertainty. Effective leadership communication, participatory involvement, and capacity-building initiatives help to maintain motivation and alignment between organizational and individual goals. Second, the moderate explanatory power of the model highlights the need for integrated HR interventions that link change management with other drivers such as organizational culture, job satisfaction, and incentive systems to achieve holistic performance improvement. Statistical analysis supports the conclusion that PT PLN's transformation strategy successfully balances structural efficiency with human adaptability. Quantitative evidence demonstrates that when employees perceive fairness, transparency, and leadership support during change, their performance remains robust. This finding reinforces the broader premise that the success of SOE reform in Indonesia is inseparable from the quality of its change management practices, a human-centered process in which communication, trust, and empowerment drive sustainable performance.

4.5. Discussion

The findings of this study provide strong empirical support for the hypothesis that change management has a significant and positive effect on employee performance in the context of organizational restructuring in Indonesian State-Owned Enterprises (SOEs). PLS-SEM results indicate that change management accounts for 42.6% of the variance in employee performance, confirming that leadership communication, employee participation, and training support play a significant role in maintaining productivity during transformation. This result aligns with Lewin's three-stage model of organizational change (unfreezing–changing–refreezing), which posits that awareness and readiness must precede behavioral and attitudinal change (McShane & Glinow, 2010). The high path coefficient ($\beta = 0.652$, $p < 0.001$) indicates that employees who perceive transparent communication and fair treatment are more willing to adapt and sustain their performance even in uncertain restructuring phases. Kotter's eight-step model emphasizes the importance of clear vision, effective communication, and achieving short-term wins, all of which are reflected in the organization's ongoing change management practices observed in this study.

These findings also reinforce Bass and Avolio's transformational leadership theory, which argues that leaders who inspire, intellectually stimulate, and demonstrate individualized consideration can elevate employees' intrinsic motivation. Within PT PLN (Persero), evidence suggests that leaders who effectively communicate change objectives and provide continuous support significantly reduce resistance and promote performance stability. From a behavioral perspective, these results corroborate those of Armenakis et al. (2022), who observed that readiness for change and employee participation are among the strongest predictors of performance improvement in transformation contexts. (Armenakis & Harris, 2009) The study contributes to these findings by offering empirical validation from the public sector, where bureaucratic culture and hierarchical rigidity are often barriers to change (Tjakrawala & Priyono, 2010). Demographically, the predominance of middle-aged and long-tenured employees (those with more than ten years of service) may have influenced responses, as longer tenure can correspond with higher resistance to change. However, a generally positive perception of change management indicates successful internal communication and leadership adaptation strategies that minimize resistance. Moreover, the gender distribution (65% male and 35% female) suggests potential differences in stress responses and adaptability during restructuring, highlighting the need for gender-sensitive HR approaches in future change programs.

The study's moderate R^2 value also suggests that while change management substantially affects performance, other factors such as organizational culture, compensation systems, and workload distribution continue to shape employee outcomes. This insight highlights the importance of developing integrated HR policies that combine structural changes with motivational, cultural, and wellbeing initiatives. From a managerial standpoint, these findings have critical implications for HR leaders in SOEs. First, restructuring must be accompanied by two-way communication mechanisms such as periodic feedback forums and participatory meetings. Second, training and capacity building for senior employees are crucial for bridging competency gaps during transformation. Third, organizations should embed transformational leadership principles in managerial training to ensure consistent motivational support. Finally, performance management systems should incorporate psychological and cultural metrics to complement the traditional productivity measures. Overall, the findings highlight that successful restructuring in SOEs depends not only on strategic and policy-level reforms, but also on emotional engagement and human adaptability, which strengthens the argument for a human-centered change management approach in the public sector.

V. Conclusion

This study concludes that change management exerts a positive and significant influence on employee performance during organizational restructuring in Indonesian State-Owned Enterprises (SOEs). The empirical results confirm that communication transparency, transformational leadership, and active employee involvement are the primary mechanisms that sustain performance levels amid uncertainty. These findings provide strong empirical support for Lewin, Kotter (1996), and Bass and Avolio's research, demonstrating how psychological readiness, effective leadership, and participatory communication form the foundation of successful change implementation. The results further suggest that organizational transformation is not solely a structural or policy-driven process; it is fundamentally a human-behavioral process. The ability of SOEs to maintain productivity during large-scale reforms depends on the alignment between organizational strategy and the human side of change. When employees perceive that changes are well managed and inclusive, their trust and motivation increase, ultimately leading to improved performance outcomes.

Theoretically, this study strengthens the body of knowledge on change management and public sector performance by confirming that transformational and participatory approaches can mitigate the negative impacts of restructuring. Practically, it provides guidance for HR managers and policymakers in SOEs to design adaptive, inclusive, and sustainable change strategies that address not only the technical but also the psychological dimensions of reform.

However, the study's limitations, including its single-case scope, quantitative cross-sectional design, and reliance on self-reported data, restrict its generalizability. Future research should adopt longitudinal or mixed-method approaches to capture evolving performance dynamics and explore mediating variables, such as employee engagement, job satisfaction, and organizational commitment. Expanding the scope across various SOE sectors and regions would also enhance the representativeness and practical applicability of our findings. This research demonstrates that the success of state-owned enterprise restructuring in Indonesia lies not only in policy and governance transformation but also in the collective adaptability, motivation, and engagement of its human resources, a direct realization of the theoretical principles of human-centered change management.

References

- Alleimoun, A., Allayment, O., Twaissi, N. M., Alhawtmeh, O. M., & Othman, M. R. (2024). Organizational commitment as a mediator between administrative creativity and job performance among department managers at Al Hussein Bin Talal University. *Golden Ratio of Human Resource Management*, 4(1), 17–30. <https://doi.org/10.52970/grhrm.v4i1.333>
- Armenakis, A. A., & Harris, S. G. (2009). Reflections: Our Journal of Organizational Change Research and Practice. *Journal of Change Management*, 9(2), 127–142. <https://doi.org/10.1080/14697010902879079>
- Badan Pusat Statistik. (2023). Statistik ketenagakerjaan sektor pertanian Indonesia 2023. BPS.
- Collins, S. P., Storrow, A., Liu, D., Jenkins, C. A., Miller, K. F., Kampe, C., & Butler, J. (2021). Examining whether a self-care program reduces healthcare use and improves health among patients with acute heart failure: a guided HF study.

- Creswell W. J. & Creswell J. D. (2014). Qualitative, quantitative, and mixed-methods approaches. Research Design: Qualitative, Quantitative, and mixed-methods approaches. In Research Design (5th ed.) 5, Issue June). SAGE Publications.
- Field, A. (2013). Statistical analyses were performed using the IBM SPSS Statistics software.
- Kotter, J. P., & Cohen, D. (1996). Change leadership: The Kotter collection (5 Books). Harvard Business Review Press.
- Ghozali, I. (2018). Multivariate analysis was performed using IBM SPSS 25. In Agency (Vol. 1, Issue 1). Diponegoro University Publishing Agency.
- Herold, D. M., Fedor, D. B., Caldwell, S., Liu, Y. (2008). The effects of transformational and change leadership on employees' commitment to change: A multilevel study. *Journal of Applied Psychology*, 93(2), 346–357. <https://doi.org/10.1037/0021-9010.93.2.346>
- Hiatt, M. J. (2006). ADKAR: A model for changes in business, government, and our community. In the Model for change in business, government, and our community. Prosci Learning Center Publications.
- Kementerian BUMN. (2024). Laporan Kinerja Kementerian BUMN 2023 (pp. 1–101). https://www.bumn.go.id/storage/kontenlaporan/files/files_1712196632.pdf
- Ketchen, D. J. (2013). A Primer on Partial Least Squares Structural Equation Modeling. In Long Range Planning (3rd ed., Vol. 46, Issues 1–2). Sage Publications. <https://doi.org/10.1016/j.lrp.2013.01.002>
- Kompas. (2024). Erick Thohir's "BUMN Holding" Strategy, Summarizing BUMNs from Transportation to Construction.
- McKinsey & Company. (2020). Organizational transformation in Southeast Asia: A human-centered approach.
- McShane, S., & Glinow, M. A. Von. (2010). Organizational Behavior. In Pearson Education, Limited (18th ed.) 10, Issue 4). Pearson Education.
- Miller, J. P. (1996). Improving organizational effectiveness through transformational leadership. In: The Journal of Academic Librarianship (Vol. 22, Issue 2). SAGE Publications. [https://doi.org/10.1016/s0099-1333\(96\)90189-5](https://doi.org/10.1016/s0099-1333(96)90189-5)
- Munawar, M., & Suriyanti, S. (2024). The effect of organizational culture, work–life balance, and job satisfaction on non-commercial employee work engagement. *Golden Ratio of Human Resource Management*, 4(1), 53–66. <https://doi.org/10.52970/grhm.v4i1.452>
- Nugroho, D. & Handayani, R. (2022). Influence of change management on employee performance during organizational restructuring in state-owned enterprises. *Indonesian Journal of Management and Business*, 11(2), 105–116.
- PLN. (2023). PT PLN (Persero) Annual Report 2023. <https://pln.co.id>
- Prasodjo, D. (2024). PLN books a net profit of US\$1.4 billion in 2023. *Indonesia Business Post*. <https://indonesiabusinesspost.com/1985/Politics/pln-books-net-profit-us14-billion-in-2023>
- Price, D. O., Lewin, K., and Cartwright, D. (1951). Field Theory in Social Science: Selected Theoretical Papers. In the *American Sociological Review* (Vol. 16, Issue 3). Harper & Row. <https://doi.org/10.2307/2087618>
- Raziq, A. & Maulabakhsh, R. (2023). Gender differences in perception of organizational change: Evidence from developing economies. *Gender in Management: An International Journal*, 38(2), 157–170. <https://doi.org/10.1108/GM-06-2022-0187>
- State-Owned Enterprises, M. (2024). State-Owned Enterprise Transformation Report 2023–2024. Ministry of State-Owned Enterprises of the Republic of Indonesia.
- Thomson, T. (1992). Managing Change. In *Facilities* (7th ed., Vol. 10, Issue 5). Pearson Education. <https://doi.org/10.1108/EUM000000002190>
- Tjakrawala D., Priyono D. (2010). State-Owned Enterprise Reform: Challenges of Work Culture and Change Management Strategies. *Journal of Public Reform and Innovation*, 9(1), 55–70.