Vol. 7, No. 3, 2025, pp. 10-16
DOI: https://doi.org/10.32698/19072208

INDONESIAN INDOVISI INSTITUTE

Contents lists available at Indovisi

Jurnal Indovisi

ISSN 2615-4234 (Print) and ISSN 2615-3254 (Electronic)

Journal homepage: https://journal.dosenindonesia.org/index.php/indovisi



The analysis of pt. krakatau steel (persero) tbk's business transformation strategy towards a sustainable company

Antonius Alijoyo[1*)], Hidayatudin Shodikin[2]
[1]Parahyangan Catholic University, West Java, Bandung, Indonesia
[2] Sekolah Tinggi Manajemen & Komputer LIKMI, West Java, Bandung, Indonesia

Article Info

Article history:

Received Sept 21th, 2025
Revised Oct 20th, 2025
Accepted Nov 25th, 2025

Keywords:

Business transformation
Company krakatau steel
Strategy
Sustainability
Sustainable

ABSTRACT

The objective of the study was analyzing the Business Transformation Strategy of PT. Krakatau Steel (Persero) Tbk Towards a Sustainable Company. The research followed a qualitative descriptive method. The results of the analysis show that the business transformation strategy carried out by PT. Krakatau Steel (Persero) Tbk towards a sustainable firm is done through debt restructuring and cost efficiency to increase labor productivity to lead the company to profitability. As a business entity that grows and develops in the community, this company also always strives to maintain harmonious relations with the surrounding community through corporate social responsibility (CSR) or partnerships and the Community Development Program (PKBL), which is held regularly every year. In addition, PT. Krakatau Steel (Persero) Tbk also consistently takes part in the Company Performance Assessment (PROPER) program conducted by the Republic of Indonesia's Ministry of Environment and Forestry.

© 2025 The Authors. Published by IICET.
This is an open access article under the CC BY-NC-SA license (https://creativecommons.org/licenses/by-nc-sa/4.0)

Corresponding Author:

Antonius Alijoyo,
Parahyangan Catholic University
Email: antonius.alijoyo@gmail.com

Introduction

In today's era where environmental issues are important, many lines of life are required to apply the concept of sustainability. The reason is, the occurrence of climate change causes global warming, which can disrupt the environmental system (Butler, 2018), whereas climate is considered as one of the most crucial things of nature since it affects people life, is a very important resource, and an essential aspect that influences the economic and social growth (Chao & Feng, 2018). This environmental system consists of living things such as animals, plants, and humans. Meanwhile, to maintain their survival and life, humans need food, clothing, housing, and other basic living facilities with a certain quantity, quality, and level of diversity. An example is a fulfillment of clean water in Bogor Regency which is sustainable in nature, which generally clean water and sanitation facilities continue to function where the recipients of this clean water program will continue to operate and manage clean water and sanitation facilities even though the program has been declared complete. Thus, urban development and sustainabil.

Ity projects must be combined because ecology is also a part that is expected to be maintained by the company/organization (Chang, 2020). It can be seen that organizations around the world have begun to shift from applying methods that possibly harm the environment to methods that are proven to be eco-friendlier (Iqbal, 2018) which as a result of industrial activities (1750 until now) there have been many variations of climate

change. This is because the concept and issue of sustainability are centered on three interconnected aspects, environment, economy, and society (Mensah, 2019).

As described above, the urgency in creating sustainability in today's era causes companies to be able to create a strategy that supports this concept. Strategy is considered a company's procedures, not things that they own (Brorstrom, 2019). Corporate strategy can be defined as types of decisions within a firm that describe and explain the goals, purposes, or objectives, produce key policies and plans to get those goals and define the range of business to be pursued by the company, type of economy, and human organization (Sitnikov, 2013). Meanwhile, attempts to realize its vision and mission often do not go according to plan due to sudden risks or problems (Candy & Vincent, 2021). Similarly, sustainability issues must be included in the company's strategic agenda. Thus, companies need to create sustainable strategies. This has led to the convergence of the areas of sustainability and strategic management (Egels-Zandén & Rosén, 2015). Strategic management has an important role in advancing the welfare of society, helping to solve various business, social, and environmental (including corporate) challenges (O'Shannassy, 2015). It includes formulating a strategy for sustainable environmental development, which is a dynamic, stochastic system, aims to continue into the future and cares about global poverty, technological limitations, and social organization (Satyro et al., 2017).

Sustainability is an urgent issue because, according to Schaltegger et al. (2016), business activities are the sources of many environmental and social issues. They are the main reasons for the sustainability crisis. Meanwhile, several top companies are the main generators in creating sustainable growth. Forerunners in the niche market for organic food, for instance, can avoid the "disvalue" of the externalities related to conventional farming and provide added value to customers who concern about the environment and social life. Moreover, innovative sustainable entrepreneurs influence and create markets and society, sometimes more than what the regulators and non-governmental organizations do, and frequently collaborate or share best practices. Companies are required to develop processes, products, and services that can achieve environmental and social protection to make a real contribution to establishing sustainable development (Schaltegger et al., 2016). Therefore, to ensure the company could contribute, things that they run for business should accommodate the sustainability concept.

In other words, considering the environmental and social conditions that have been described previously, it is difficult for the company to become a sustainable company. With the right, will create a sustainable life between natural resources and existing human resources, and will always maintain a balance both now and future generations.

The word sustainable itself describes or gives meaning to a long-term continuous process or action, which causes or allows something to take place for a certain period of time, as well as a process or action to make something happen or make something work. Based on the above, it can be said that in a sustainable business context, it involves maintaining the company's processes and actions over time. A sustainable company refers to a company that can achieve long-term goals and add value by incorporating economic, social and environmental aspects into its business strategy.

In general, sustainable business refers to the "triple bottom line", i.e. the company will imitate its business with its financial, social and environmental impacts (Gimenez, Sierra, & Rodon, 2021). Every business wants to make a profit, so the focus of business activities is the pursuit of profit. Activities undertaken to seek profit are to increase productivity and increase efficiency at the expense of costs. Productivity can also be achieved by improving management, for example by processes, reducing inefficient activities, as well as processes and service time. Cost effectiveness can be achieved by using materials as efficiently as possible and reducing costs as much as possible.

The environment is very closely related to all aspects of human life. For example, drinking water and the air we breathe. Unfortunately, many of us still don't care about the environment because we haven't felt the benefits directly.

This thinking must change. and environmental protection is closely related to business protection. In a well-maintained environment, there will be enormous benefits, including maintaining health, comfort, and availability of resources.One of the companies in Indonesia that shows the existence of sustainable strategy efforts is PT. Krakatau Steel (Persero) Tbk is a company under the auspices of a state-owned manufacturing company and was established on August 31, 1970, during the reign of President Suharto, domiciled in Cilegon, Banten, which acts as the largest producer of industrial goods in Indonesia. The company's products include iron, steel, coiled tubing, and others which are not only intended for domestic steel needs but are also marketed in the international market (Dewi, 2018). During the past decade, apart from being successful in building a significant business through the construction of production facilities such as the Sponge Iron Factory, Steel Billet Factory, Wire Rod Steel Factory, This company also builds supporting infrastructure, which includes power

plants, water purification centers, ports, and telecommunications systems. This is following the "Krakatau Steel Bangkit" Transformation Program, which was initiated in 2009 (PT. Krakatau Steel (Persero) Tbk, 2020).

Considering the description above, it can be seen that there is an urgency between the company's performance and sustainability issues. As described above, it is important to see how PT. Krakatau Steel (Persero) Tbk carries out a transformation strategy in creating a sustainable company that is useful for various walks of life. Thus, the study objective is to identify the company's business transformation strategy into a sustainable company.

Method

The study followed a qualitative descriptive method. According to Creswell (2014), This method is used to carry out scientific research where the main data is text or language. The purpose of the research is to identify and understand a case, phenomenon, or social problem. The object of research is primary data that comes from the annual report of PT. Krakatau Steel (Persero) Tbk and secondary data from national and international journals related to transformation strategies and sustainable companies. Meanwhile, the data collection technique uses a literature review of existing data that focuses on identifying problems in the company's business strategy to become a sustainable company.

Results and Discussions

Company Profile of PT. Krakatau Steel

In 2020, PT. Krakatau Steel (Persero) Tbk has managed to record a positive performance due to the transformation program entitled 'Krakatau Steel Rise,' which was launched in 2019. From this transformation program, various advances have been made, such as debt restructuring, profitability to increasing labor productivity which has led the company to profitability. With this positive performance, the company is then determined to continue the transformation program in the coming years to further enhance the company's value and achieve sustainable growth. For this achievement, the company has become a major player in the national strategic industry that contributes as much as possible to the country's development efforts (PT. Krakatau Steel (Persero) Tbk, 2020).

Company Vision and Mission

Vision

Competitive Corporation; 1) The Company is a provider of steel solutions from upstream to downstream through strategic business cooperation; 2) Products produced by the company must be competitive with products available in the country and other imported products in terms of quality, price, delivery time, and quality of service; 3) Competitive advantage in generating the company's competitiveness by using more competitive raw materials and energy and the right technology.

Profit and Trusted; 1) Through the competitive advantages, it has become the main choice of users in Indonesia and the region; 2) With superior performance, the company gains the trust of shareholders and other stakeholders; 3) The company can grow and develop into a company with the top 10 best Indonesian BUMN performance.

Mision

1) Realizing productive and efficient operational performance to produce profitable quality products and services; 2) Develop steel business through mutually beneficial cooperation with strategic partners; 3) Develop applications for steel solutions and downstream steel products to increase added value and customer satisfaction; 4) Increase the group's business value to make a positive contribution and optimize the supply chain; 5) Develop the best talents to be able to contribute optimally in all business processes.

Business Transformation Strategy

One definition of strategy is as a way for an organization to achieve its goals by integrating the benefits it has to face various current and future threats and challenges (Guntara et al., 2017). In a business, strategy means pursuing a long-term, profitable competitive position in the face of the dynamics that shape industry competition. Business becomes a means of competing for client preferences among competing firms so that through business, one can obtain a way to make decisions about relationships with business rivals (Satyro et al., 2017). The strategy that becomes the decision-maker is important because it includes important choices that determine the shape of a company. That way, the company can maintain and generate profits from the management strategy (Aghazadeh, 2015). In this highly competitive era, getting better strategies is the most important thing (Islami, Mustafa, & Latkovikj, 2020) because this affects the company's performance or business. Therefore, it can be seen that strategy is conceived as emergent efforts that have a particularly powerful

effect on the organization (Knights & Morgan, 1991). Strategies must be adapted to current conditions. Therefore old or traditional strategies are no longer relevant. In management strategy, there are three elements, namely the practice, the method, and the theory (Thomas, 2004). Meanwhile, business strategy and related performance will successfully improve the company's performance, so that a transformative strategy is needed in today's era, not only digital transformation (Kraus, et al., 2021), but also a transformation that supports sustainability (Feroz, Zo, & Chiravuri, 2021).

Sustainability is not produced just like that and immediately but must go through an ongoing process (Muller & Pfleger, 2014). Companies must use the power of transformational development by making 'sustainability' a key success factor (Hahn & Scheermesser, 2006). Transformation often fails in companies because it is considered complex, and the challenge is that it requires behavior change (Buschmeyer, Schuh, & Wentzel, 2016). However, a successful transformation can create sustainable changes starting from the vision that results in changes in the organization's products/services, consumers/clients, markets, skills, sources of margin, competitive advantage, and integrating these changes with core or core competencies. This organizational transformation is a fundamental change in the relationship between organizations, individuals, and society as a whole so that organizational transformation becomes a challenge for organizational leaders to drive better business performance by innovating, the steps of transforming an idea into a product or service, which generates the value that consumers will buy (Sartori, Costantini, Ceschi, & Tommasi, 2018).

Organizational life cannot be separated from the impacts of the internal and external conditions, changes that cannot be avoided caused by technology, structure, environment (economic, political, social, and others), systems, and processes (Abubakar, 2021). Furthermore, according to Abubakar, the organizational transformation process can also be achieved through business process redesign. Business process reengineering is a new paradigm for innovation thanks to the fundamental overhaul and radical overhaul of organizational business processes that lead organizations to dramatically improve their business performance. Redesigning business processes is not enough to change processes, but mainly to change management, strengthen human resources, increase creativity and human skills so that organizational members do not refuse to change and are committed to the organization (Abubakar, 2021).

Sustainable Company

With thoughts that worry about future environmental impacts, businesses worldwide in today's era are required to meet the demands of stakeholders, namely to participate in being part of environmental sustainability. According to Hanelt et al. (2017) research, if eco-innovation can be included in these processes, there should be a greater chance to make a better future. This should not happen, but if environmental innovations present inadequate organizational performance because adoption will remain low. Sustainable entrepreneurs often start their business from a niche or with a small project within a large company, serving as a protected learning environment. Adaptation takes effect when those pioneers have left the learning environments in some circumstances defended by public policy, technical hindrances to be copied and produced by competitors, or other types of security, and may alter or enter competitive mainstream markets (Schaltegger et al., 2016).

Bell and Stellingwerf (2014) in (Vivi & Haris, 2020) say that sustainable business involves entrepreneurs who have high motivation to continuously strive to solve social problems, pay attention to human resource management in terms of recruitment, sustainable development, and training of the right people in the business. Meanwhile, management's opinion on the urgency to change is normally influenced by stakeholder demands to improve the environmental sustainability and management's capability to identify it, which will then affect their judgments, for example, to decide the type and the procedure of using environmentally friendly innovations that become the fundamental triggers of business transformation towards continuity (Schaltegger et al., 2016).

In other words, organizations aim to be sustainable where their performance concerns should focus on economic performance, social equity, and ecological (nature) preservation. Sustainable companies are about how companies can become agents that shape sustainable lifestyles. The trick is to change how business within the company works and is carried out by incorporating social and environmental concerns into core business practices (Foss & Saebi, 2017).

Discussion

Based on several studies used as references related to a business strategy aimed at developing awareness of the correlation between business strategy implementation and its output, differences in performance between various types of strategies can be seen to occur due to the diverse and varied nature of the environment. In addition, different performance measures also have a large impact on these differences (Natapermana et al., 2020). PT. Krakatau Steel (Persero) Tbk, in this case, recorded a positive performance in 2020, which was seen as a result of the transformation program 'Krakatau Steel Bangkit,' which was launched in 2019. The progress

achieved as a result of this transformation program includes debt restructuring, cost efficiency, and increasing labor productivity, which has helped this company achieve profitability.

In realizing business transformation, the company is running its business believes that the sustainability of its business going forward will not only depend on management's ability to manage financial aspects but is also influenced by other indicators related to shareholders and stakeholders. Thus, as a business entity that grows and develops in the community, the company always maintains a harmonious relationship with the surrounding community by carrying out the practice of Corporate Social Responsibility (CSR) or partnerships and the Community Development Program (CDP), which are carried out routinely at every year. As the company did, CDP activities during 2020 brought several constructive results to the neighboring community, including the small and medium business actors who can enhance their businesses by utilizing the business capital loans through the Partnership Program.

Through the CDP Programs and sponsoring partners, the company seeks to further expand its sustainable contribution to creating a community structure that can grow and develop independently. Therefore, the company offers capital loans and continuously provides various types of training courses relevant to the business of its fostered partners (PT. Krakatau Steel (Persero) Tbk, 2020).

It can be seen that basically, the implementation of CSR activities of the company is to support the concept and goals of sustainable development that puts forward the principle of 3P balance, people, profit, and the planet. To support environmental conservation, Altenburg & Pegels (2012) state that the sustainability transition requires proactive and targeted regulations to speed up the production and implementation of 'green technologies. Considering the improbability of future prices and technology choices, high governance is therefore required, among others: (1) there is a need to address various market collapses in producing new technologies beyond their commercial viability, which accepts the capability to select the proper technologies and organize subsidies properly that these technologies can be produced with minimal misallocation and political struggle; (2) technology choice indicates problematic trade-offs and influences stakeholders in various ways. Thus, there is a need for consensus on the overall direction of change and a political settlement to compensate the losers in reform; (3) transformations should be created under substantial time pressure. Particularly in terms of greenhouse gas emissions, primary policy transformation has to be done in the next ten years; (4) there is an urgent need to coordinate national and international policy frameworks to respond to and benefit from the current developing international environmental governance system.

In realizing the efforts that have been explained previously, the company has carried out environmental management, and monitoring programs, as well as Regularly monitored the air emissions from factory chimneys, ambient air quality, environmental noise levels, indoor dust concentration in the factory, working environment, and the quality of wastewater consisting of industrial wastewater and domestic wastewater, rivers and seawater. In addition, monitoring of environmental quality internally and through independent agencies is also carried out periodically and reported in the form of reports on the implementation of RKL and RPL to the relevant agencies. This is a form of the company's full commitment to helping to improve the alignment of business performance and provide benefits to the community and the environment as stakeholders in the business. Following applicable law, as a State-Owned Enterprise (BUMN), which has been fairly active and professional in the steel industry for decades, carrying out CSR programs and/or activities is an obligation.

On the other hand, the company has also implemented. Since 1997, the ISO 14001 environmental management system has been consistently implemented, a systematic approach to environmental management. The system is also regularly audited by an independent certification body. In addition to implementing the ISO 14001:2015 environmental management system, the company also implements the environmental laboratory management system SNI ISO/IEC 17025:2008. The policy aims to measure the implementation of environmental management as a form of sustainable development to balance the environment, society, and economy.

However, it cannot be denied that industrial activities directly impact the environment (Vivi & Haris, 2020). Even so, the company can fulfill customers' demands to carry out sustainable development and respond to changes in environmental conditions that are balanced with socio-economic needs. The company also consistently takes part in the Company Performance Assessment (PROPER) program held by the Ministry of Environment and Forestry of the Republic of Indonesia. This program shows how many scores are obtained, which indicates the extent to which the company can comply with environmental laws and regulations. Performance of the company in the PROPER program in 2020 received the "BLUE PROPER" award.

In addition, PT. Krakatau Steel (Persero) Tbk also regularly participates in the Green Industry Assessment Program held by the Ministry of Industry of the Republic of Indonesia. In this Green Industry program, the rankings start from level 1 to 5, with level 5 being the highest rank. Due to the pandemic in 2020, this program

was abolished by the Ministry of Industry of the Republic of Indonesia. However, PT. Krakatau Steel (Persero) Tbk continues to implement the concepts of the green industry in every production process. This is because recognition as a green industry has become a competitive factor as a result of market demands for green industries due to the growing market concern for environmental sustainability and sustainable development.

Conclusions

The conclusions were obtained from the study findings, the business transformation strategy that PT has carried out. To become a sustainable company, Krakatau Steel (Persero) Tbk is a transformation that starts from debt restructuring, cost efficiency to increasing labor productivity. In the end, it can lead PT. Krakatau Steel (Persero) Tbk to achieve profitability. In addition, it can also be concluded that as a business entity that grows and develops among the community, PT. Krakatau Steel (Persero) Tbk also always maintains a harmonious relationship with the surrounding community through the practice of corporate social responsibility (CSR) or partnerships and the Community Development Program (PKBL) regularly every year. On the other hand, PT. Krakatau Steel (Persero) Tbk also regularly participates in the PROPER program. As this study is limited only to identifying the business transformation efforts of PT. Krakatau Steel (Persero) Tbk towards sustainable company Thus, more fields have been left untouched, new research can be done in the future to explore PT. Krakatau Steel (Persero) Tbk from other various perspectives.

References

Aghazadeh, H. (2015). Strategic Marketing Management: Achieving Superior Business Performance through Intelligent Marketing Strategy. *Procedia - Social and Behavioral Sciences, Vol. 207* , 125-134.

Brorstrom, S. (2019). The strategy process as a result of learning, questioning, and performing in a city organization. *International Public Management Journal, Vol. 23 (5)*, 611-630.

Buschmeyer, A., Schuh, G., & Wentzel, D. (2016). Organizational Transformation Towards Product-service Systems – Empirical Evidence in Managing the Behavioral Transformation Process. *Procedia CIRP, Vol. 47*, 264-269.

Butler, C. D. (2018). Climate Change, Health and Existential Risks to Civilization: A Comprehensive Review (1989–2013). *Int J Environ Res Public Health, Vol. 15(10)*.

Chang, T.-W. (2020). Corporate Sustainable Development Strategy: Effect of Green Shared Vision on Organization Members' Behavior. *Int J Environ Res Public Health, Vol. 17 (7)*.

Chao, Q., & Feng, A. (2018). Scientific basis of climate change and its response. *Global Energy Interconnection, Vol. 1 (4)*, 420-427.

Feroz, A. K., Zo, H., & Chiravuri, A. (2021). Digital Transformation and Environmental Sustainability: A Review and Research Agenda. *Sustainability, Vol. 13 (1530)*, 1-21.

Foss, N., & Saebi, T. (2017). Fifteen years of research on business model innovation: how far have we come, and where should we go? *J. Manag., Vol. 43 (1)*, 200-227.

Gimenez, C., Sierra, V., & Rodon, J. (2021). Sustainable operations: Their impact on the triple bottom line. *International Journal of Production Economics*, 149-159. doi:10.1016/j.ijpe.2012.01.035

Hahn, T., & Scheermesser, M. (2006). Approaches to corporate sustainability among German companies. *Corporate Social and Responsible Environmental Management 13(3)*, 150-165.

Iqbal, Q. (2018). The Era of Environmental Sustainability: Ensuring that Sustainability Stands on Human Resource Management. *Global Business Review, Vol. 21 (2)*, 377-391.

Islami, X., Mustafa, N., & Latkovikj, M. T. (2020). Linking Porter's generic strategies to firm performance. *Future Business Journal, Vol. 6 (3)*.

Knights, D., & Morgan, G. (1991). Corporate Strategy, Organizations, and Subjectivity: A Critique. *Organization Studies, Vol. 12 (2)*, 251-273.

Kraus, S., Jones, P., Kailer, N., Weinmann, A., Chaparro-Banegas, N., & Roig-Tierno. (2021). Digital Transformation: An Overview of the Current State of the Art of Research . *SAGE Open, Vol. 11 (3)*.

Mensah, J. (2019). Sustainable development: Meaning, history, principles, pillars, and implications for human action: Literature review. *Cogent Social Sciences, Vol. 5 (1)*.

Muller, A.-L., & Pfleger, R. (2014). Business transformation towards sustainability. *Business Research, Vol. 7*, 313-350.

O'Shannassy, T. (2015). Strategic management research in the Journal of Management & Organization: International in orientation with an Australasian edge. *Journal of Management & Organization, Vol. 21 (5)*, 551-557.

PT. Krakatau Steel (Persero) Tbk. (2020). *Transforming Business, Elevating Value (Transformasi Bisnis, Meningkatkan Nilai).* Krakatau Steel.

Sartori, R., Costantini, A., Ceschi, A., & Tommasi, F. (2018). How Do You Manage Change in Organizations? Training, Development, Innovation, and Their Relationships. *Front Psychol, Vol. 9 (313)*.

Sitnikov, C. S. (2013). Corporate Strategy. In S. Idowu, N. Capaldi, L. Zu, & A. Gupta, *Encyclopedia of Corporate Social Responsibility.* Berlin, Heidelberg: Springer.

Thomas, H. (2004). Strategic Management: Its Development and Future Directions. In G. A., O. N., G. D., & V. H. (eds), *Strategy and Performance* (pp. 289-307). London: Palgrave Macmillan.