

## CHANGE MANAGEMENT PT. PAL INDONESIA (PERSERO) DEALING WITH A STRATEGIC ENVIRONMENT IN THE VUCA ERA

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### Abstract:

Changes that occur very quickly and dynamically in the VUCA Era encourage the need for an effective management system to achieve company goals and solve all challenges, both internal and external. PT PAL Indonesia (Persero) is a strategic industry that produces the main tools of the Indonesian defense system, especially for the marine dimension. It also needs to have strategies for dealing with the strategic environment in the VUCA Era. This study aims to analyze how change management is carried out by PT PAL Indonesia (Persero) in dealing with the Strategic Environment in the VUCA Era. Writing scientific articles uses qualitative research methods and data collection techniques in the form of Literature Studies and Library Research. The study results explain that the Maritime Industry Transformation 4.0 is PT PAL Indonesia's effort in responding to VUCA's challenge to increase the company's business competition. PT PAL Indonesia's HR management is crucial in realizing Maritime Industry Transformation 4.0 through enhancing core capabilities and people competency.

**Keywords:** Change management, HR management, VUCA's Strategic environment, PT PAL Indonesia.

## INTRODUCTION

Rapid change has an influence that requires an organization to adapt to changes in structures, systems, processes, strategies, and cultures deemed irrelevant to environmental demands. One of the challenges that a company or organization must face is the *VUCA world*. *VUCA* (*Volatility, Uncertainty, Complexity, and Ambiguity*) is a concept that deals with a significant change that is influenced by various factors, both predictable factors and factors that are not or are difficult to predict.

Changes are swift and dynamic in Era *VUCA*. It encourages the need for an effective management system to achieve company goals and resolve all internal and external challenges. According to Wibowo (2011), change management is a process that runs systematically by applying the resources, knowledge, and means needed to influence change conditions in people affected by the process. In addition, Information Technology must be supported by superior Human Resources (HR) competencies to continue innovating and advancing an institution.

PT PAL Indonesia (Persero) is one of the strategic industries that produces the main tools of the Indonesian defense system, especially for the marine dimension. The existence and development of PT PAL Indonesia as an advanced and independent strategic national defense industry is essential in advancing Indonesia's state defense facilities (Cahaya et al., 2024). As a company, PT PAL Indonesia also needs to have a strategy for dealing with the strategic environment in the VUCA Era. Seeing the developments and changes in the dynamic strategic environment, PT PAL Indonesia makes this an opportunity to make adaptations and adjustments. Job profiles that are integrated with information technology are *key performance indicators*. Superior human resource change





management is also the main focus of PT PAL Indonesia, and it continues to be improved and developed.

**METHODS**

The method of writing scientific articles using qualitative research methods and data collection techniques in the form of Literature Studies and *Research Libraries*. This literature study was obtained from articles from 2010 to 2021, both reputable and unreputed, and a review of literature books following theory, especially in motivation and management. Rewards Human Resources. In addition, references are obtained from several documents, news, annual reports and others. Journals were analyzed from several journals using the keywords "Management," "Human resources," "Strategic environment," and "VUCA." All scientific articles cited were sourced from Mendeley and *Google Scholars*.

Qualitative research and literature reviews must be consistent with methodological assumptions (Sugiyoni, 2011). This means that it must be done inductively so that it will not cause the questions asked by the researcher. One of the things done in this method is to conduct exploratory research (Sekaran, 2003). Furthermore, it will be discussed in depth in the section entitled "Relevant libraries" (Related Literature) or literature review (Review of Literature) as the basis for formulating hypotheses, which will later become the basis for comparing the findings disclosed in the study with the results of the study (Ali & Limakrisna, 2013).

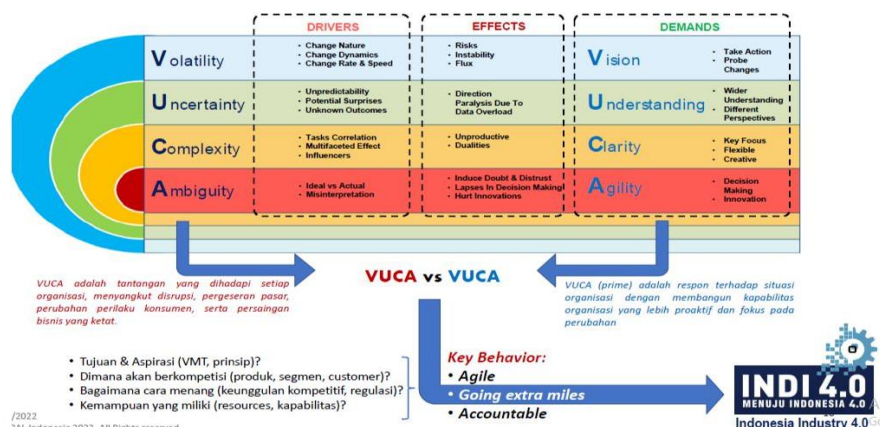
**RESULT AND DISCUSSION**

**Based on the age Profile of PT PAL Indonesia (Persero).** Company Profile PT PAL Indonesia (Persero), which the Republic of Indonesia owns, is domiciled in Surabaya and is a Defense Industry holding PT Len Industry (Persero) member. PT PAL owns the Semarang Dock with dimensions (m) 300 x 32 x 10 and a capacity of 50,000 DWT, as well as the Irian Dock with dimensions (m) 237 x 28 x 12 and a capacity of 20,000 DWT. Warship products owned by the company are Fast Patrol Boats (FBP), Fast Attack Craft (KCR), Light Frigates (PKR), Landing Platform Docks (LPD), Strategic Sealift Vessels (SSV), Hospital Assistance (BRS), Maintenance Repair & Overhaul (MRO), and Type U-209 Submarine. In addition to warships, PT PAL is also active in producing commercial and general engineering vessels such as dry cargo, tankers, and electrical equipment.

The number of PT PAL employees is 1544, with 1089 PKWTT employees and 455 PKWT employees. The composition of the PT PAL employees is 46% in production positions, 19% in management and project management positions, 10% in design positions and others as supporting employees. PT PAL employees are dominated by millennials under 40 years of age. The education of the PT PAL employees is 55% SMK, 10% Diploma, 32% Bachelor, and 3% Master.

**PT PAL's Change Management in Facing the Strategic Environment in the VUCA Era.** In running its business, PT PAL Indonesia (Persero) continues to face VUCA conditions in distribution, market shifts, changes in consumer behavior and intense business competition. PT PAL faces VUCA with the VUCA concept as well as in the picture below:





**Figure 1.** Facing the VUCA Challenge with VUCA

PT PAL has many *clients* and high productivity amid VUCA conditions, encouraging PT PAL to continue to innovate and have the urgency of transforming the Maritime Industry. The urgency of the transformation is due to the *assessment* of the internal and external urgency of the industrial ecosystem. It has become an internal urgency to balance the company's operations and revenue or *cash flow*. The second urgency is encouraging Innovation to make PT PAL more *profitable* and productive. With these two incentives, the intervention must be carried out to increase profitability and productivity and reduce operating expenses. The second intervention is to take a corporate strategy approach, a business strategy approach, and an approach in the functional domain, which is the responsibility of all PAL personnel, including labor unions.

The urgency of the transformation of the maritime industry originating externally can be seen in the challenges of the three maritime industry ecosystems. First, it is about design, research institutions, and ship ownership; second, it is about shipbuilding and services; third, it is about *suppliers* of materials, systems, and equipment. Of the three challenges, there are three expectations from the maritime industry ecosystem. First is the independence of the defense equipment system, which must reduce dependence on the procurement of defense equipment and develop defense equipment technology capabilities to have a competitive advantage. Second, market access supports the defense industry, especially government assignments. Third, there is access to resources, which are further divided into technological resources, production support facility resources, and financial resources.

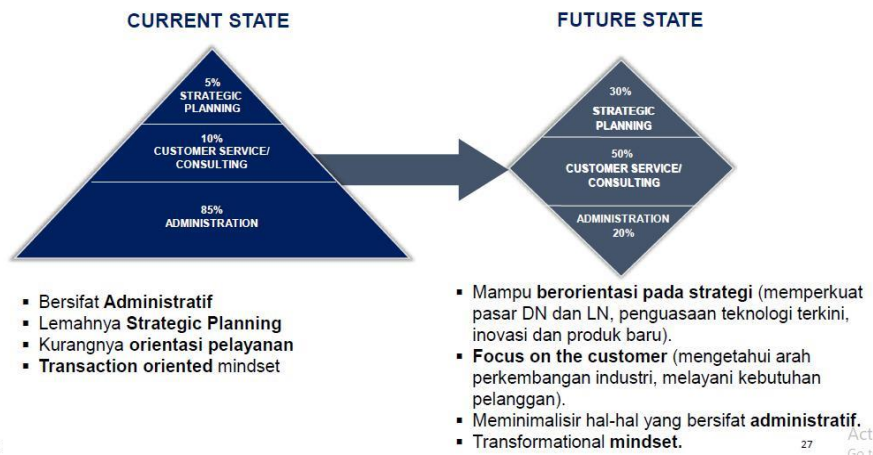
Maritime Industry Transformation 4.0 is PT PAL Indonesia's effort to respond to VUCA's challenges and increase the company's business competition. PT PAL Indonesia's HR management is carried out by improving *core capability* and *people competency*, an essential capital in realizing Maritime Industry Transformation 4.0. Maritime Industry Transformation (TIM) 4.0 is carried out by *up-skilling*, *re-skilling*, *continuous learning*, and mindset change. Of the four competencies, there are several focuses, such as knowledge of ICT (*Information, communication, and technology*). Second, there is the ability to work with data, especially analyzing data and information obtained from machines. The third is a fundamental competency that must be possessed, namely technical knowledge and personal skills.

The Maritime Industry 4.0 concept will focus on economic and social values, business model innovation, technology leadership, increased investment and talent development. The transformation will be carried out by starting the socialization of TIM 4.0 to employees, *soft launching*



TIM 4.0 PT PAL Indonesia, Grand Launching TIM 4.0 PT PAL Indonesia and performance management with OKR (*Objective Key Result*).

**PT PAL HR Management in Facing the Strategic Environment in the VUCA Era.** Facing the challenges of VUCA in a strategic environment, PT PAL made various changes to its human resource management system to become "*Better Human Capital*." This slogan will be the foundation of the company's HR management. PT PAL also changed the concept of bureaucracy, which was initially very long and convoluted, to be shorter and focused on strategic orientation and serving customer needs.



**Figure 2.** Changes in PT PAL Indonesia's system

PT PAL manages its human resources by hiring talented employees who become its principal capital. These talents must have core competencies, as well as role and managerial competencies. Core competencies are competencies that are derived from the Vision, Mission and values of PT PAL Indonesia (Persero) to ensure that they are implemented into worker behavior, namely, *Synergy (Building Business Partnership)*, *Integrity (Heart Centered)*, *Innovation and creativity*, *Enthusiasm*, *Drive of Results*. Role of managerial competence is a competency that demands the ability to carry out roles according to positions at PT PAL Indonesia (Persero), such as *Business Acumen*, *Customer Focus*, *Strategic Orientation*, *Visionary Leadership*, *Change Leadership*, *Driving Execution*, *Aligning performance for Success*, *Empowering*, *Digital Leadership*, *Developing Organizational Capabilities*, *Managing Diversity*.

PT PAL Indonesia, in improving its human resources capabilities, actively provides training at the levels of leadership and management, business, and production. Leadership and management by providing strategic management and tiered leadership and managerial training (*Basic Level to High Level*). PT PAL also provides business training for its talents, such as Marketing and Supply Chain, Development Resource Constraint Planning Model tech, *Artificial Intelligence*, *IT and software Applications*, *Finance*, *Human Capital I* and *auditing*. The company's production field provides training in production management, Design and Sewaco (*Sensors*, *Weapons*, *Commands*), *Supply Chain*, and *Production (Transfer of Knowledge and Technology)*.

PT PAL cooperates with domestic shipyards to make ships that involve foreign parties. In addition, PT PAL has also dispatched 206 workers in management, design, and production. It is beneficial for PT PAL because after sending the workforce, it can *transfer knowledge* and redesign to produce original products made by PT PAL itself. *Transfer of technology* PT PAL has constructed patrol boats, warships, support ships and submarines.



**Figure 3.** HR Capability through HR Development and TOT

After PT PAL has carried out the transfer of technology, it has asked qualified employees who have been sent to school abroad to do the following: *knowledge sharing, compiling it into an information system that can be reopened by employees, and engaging with employees to get feedback* so that constructive communication is established.

PT PAL Indonesia's HR management is carried out by improving *core capability* and *people competency*, an essential capital in realizing Maritime Industry Transformation 4.0. Maritime Industry Transformation (TIM) 4.0 is carried out by *up-skilling, re-skilling, continuous learning*, and mindset change. Of the four competencies, there are several focuses, such as knowledge of ICT (*Information, communication, and technology*). Second, there is the ability to work with data, especially analyzing data and information obtained from machines. The third is a fundamental competency that must be possessed, namely technical knowledge and personal skills.

**CONCLUSION**

Indonesia is a maritime country with abundant potential for marine resources, so it must be managed and utilized as best as possible for the nation's welfare. The national shipbuilding industry's potential is highly competitive because it can produce quality products. It is inseparable from the ability of human resources and the use of modern technology. The characteristics of the shipbuilding industry include *high investment and capital, high technology*, supported by HR with *skills* precisely, and projects that are generally *job ordered/customized* and supported by various suppliers.

The shipbuilding industry's constraints and challenges include aspects of R&D, infrastructure and HR, Technology License, *Supply Chain, quality-cost-delivery (QCD)*, and Market Share, which need the attention of all relevant stakeholders. The VUCA phenomenon is a challenge that every organizational leader must face, and it involves disruption, market shifts, changes in consumer behavior, and increasingly fierce business competition.

Maritime Industry Transformation 4.0 is PT PAL Indonesia's effort to respond to VUCA's challenges and increase the company's business competition. Improving *core capability* and *people competency* through HR management is essential to realizing Maritime Industry Transformation 4.0.

The strategic environmental conditions that companies, especially PT PAL Indonesia, must face are experiencing very dynamic changes, so an appropriate change management strategy is needed to deal with these challenges. PT PAL Indonesia has carried out change management by implementing Maritime Industry Transformation 4.0 and re-managing the human resources it owns. However, this article has yet to explain how much influence the implementation of the policy will have. Further research is needed on this matter.



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