



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 in dealing with the strategic environment in the VUCA Era. The purpose of this study is to analyze how change management is carried out by PT PAL Indonesia (Persero) in dealing with the Strategic Environment in the VUCA Era. The method of writing scientific articles is using qualitative research methods and data collection techniques in the form of Literature Studies and Library Research. The results of the study 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 through increasing core capability and people competency is an important capital in realizing Maritime Industry Transformation 4.0.

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

INTRODUCTION

The rapid change has an influence that requires an organization to adapt to these changes both in structures, systems, processes, strategies, and cultures that are felt to be irrelevant to environmental demands. One of the challenges that must be faced by a company or organization is VUCA world. VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) is a concept to deal with a major change that is influenced by various factors, both predictable factors and factors that are not or difficult to predict.

Changes that occur are very fast and dynamic in EraVUCA. This encourages the need for an effective management system to achieve company goals and resolve all challenges both internal and external. According to Wibowo (2011), change management is a process that runs systematically in applying the resources, knowledge and means needed to influence the conditions of change in people who will be affected by the process. In addition, there is a need for Information Technology supported by superior Human Resources (HR) competencies to continue to innovate and advance an institution.

PT PAL Indonesia (Persero) as 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 an important part in the advancement of Indonesia's state defense facilities. As a company, PT PAL Indonesia also needs to have a strategy in dealing with the strategic environment in the VUCA Era. Seeing the developments and changes in the strategic environment that is so dynamic, PT PAL Indonesia makes this an opportunity to be able to make adaptations and adjustments. Job profiles that are integrated with Information Technology are one of the Key Performance Indicator. Superior human resource change



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

RESEARCH METHODS

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

Qualitative research and literature review must have good consistency with methodological assumptions (Sugiyoni, 2011). This means that it must be done in an inductive way 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).

RESULTS AND DISCUSSION

Profile of PT PAL Indonesia (Persero)

Company profile PT PAL Indonesia (Persero) which is owned by the Republic of Indonesia, domiciled in Surabaya and a member of the Defense Industry holding PT Len Industry (Persero). 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 Boat (FBP), Fast Attack Craft (KCR), Light Frigate (PKR), Landing Platform Dock (LPD), Sreateguc Sealift Vessel (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, Tanker, and Electrical.

The number of PT PAL employees is 1544 people with 1089 PKWTT employees and 455 PKWT employees with a composition of 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. PT PAL employee education 55% SMK, 10% Diploma, 32% Bachelor, and 3% Master.

PT PAL's Change Management in Facing the Strategic Environment in the VUCA Era

PT PAL Indonesia (Persero) in running its business continues to be faced with VUCA conditions, both 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:

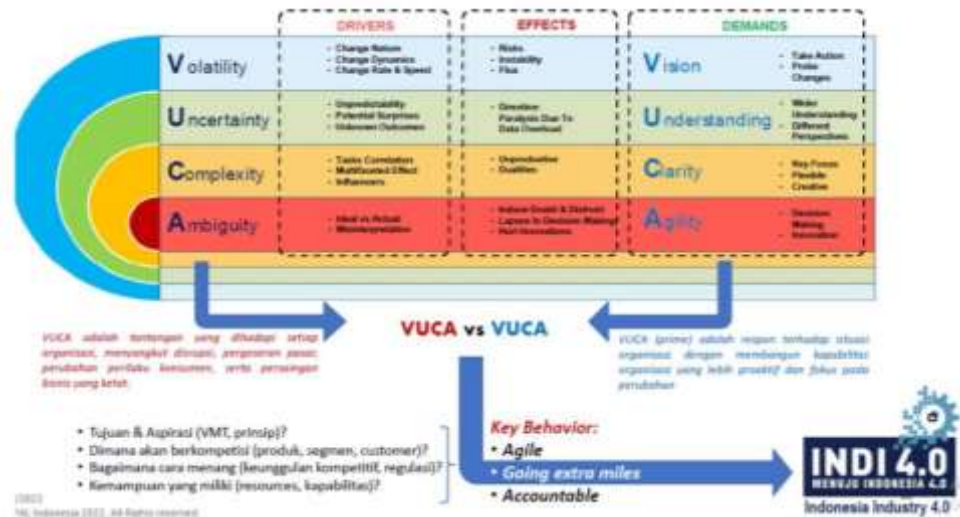


Figure 2. Facing the VUCA Challenge with VUCA

PT PAL has many *clients and* has high productivity in the midst of 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. This has become an internal urgency, namely the need for a balance between the company's operations and revenue or *revenue cash flow*. The second urgency is the encouragement of innovation to make PT PAL *more profitable* and productive. With these two incentives, the intervention that must be carried out is the need for efforts to increase profitability and productivity, efforts to 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 industry originating externally can be seen in the challenges of the three maritime industry ecosystems. First on design, research institutions, and ship ownership; second, shipbuilding and services; third *suppliers'* materials, systems and equipment. Of the three challenges, there are three expectations from the maritime industry ecosystem. First, the independence of the defense equipment system which must reduce dependence on the procurement of defense equipment and develop defense equipment technology capabilities in order to have a competitive advantage. Second, there is market access that supports the defense industry, especially government assignments. Third, there is access to resources where these resources are



further divided into technological resources, production support facility resources, and financial resources.

Maritime Industry Transformation 4.0 is PT PAL Indonesia's effort in responding to VUCA's challenges to increase the company's business competition. PT PAL Indonesia's HR management is carried out through improving *core capability* and *people competency* which is an important capital in realizing Maritime Industry Transformation 4.0. Maritime Industry Transformation (TIM) 4.0 is carried out by carrying out *Up-Skilling*, *Re-Skilling*, *Continuous Learning*, *Mindset Change*. Of the four competencies there are several focuses such as knowledge of ICT (*Information, communication, 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. Carrying out the transformation is carried out by starting the socialization of TIM 4.0 to employees, *soft launch* 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 is the company's foundation in HR management for the company's future. PT PAL also made changes in cutting the concept of bureaucracy which was initially very long and convoluted to be shorter and focused on strategic orientation and serving customer needs.



Figure 3. Changes in PT PAL Indonesia's system

PT PAL in managing its human resources by making employees as talents who become the main capital for the company. These talents must have core competencies and 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 & Creativity*, *Enthusiasm*, *Drive of Results*. Role or 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 the capabilities and capabilities of its human resources actively provides training at the level 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 & Software Applications*, *Finance*, *Human Capital* and *auditing*. The company's production field provides training in production management, Design and *Sewaco (Sensors, Weapons & Commands)*, *Supply Chain*, Production (*Transfer of Knowledge & Transfer of Technology*).

PT PAL cooperates with domestic shipyards in making a ship that involves foreign parties. In addition, PT PAL has also dispatched 206 workers in the fields of management, design, and production. This is beneficial for PT PAL because after sending the workforce, PT PAL can carry out *transfer of knowledge* and redesigning so that it can produce original products made by PT PAL itself. *Transfer of technology* PT PAL has carried out the construction of patrol boats, warships, support ships and submarines.



Figure 4. HR Capability through HR Development and TOT

After the transfer of technology has been carried out by PT PAL, it is by asking qualified employees after being sent to school abroad to do the following: *knowledge sharing*, then *incompile* into an information system that can be reopened by employees. Then *doengagement* with employees to get *feedback* so that constructive communication is established.

PT PAL Indonesia's HR management is carried out through improving *core capability* and *people competency* which is an important capital in realizing Maritime Industry Transformation 4.0. Maritime Industry Transformation (TIM) 4.0 is carried out by



carrying out *Up-Skilling, Re-Skilling, Continuous Learning, Mindset Change*. Of the four competencies there are several focuses such as knowledge of ICT (*Information, communication, 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 of marine resources so that it must be managed and utilized as best as possible for the welfare of the nation. The potential of the national shipbuilding industry is highly competitive because it is able to produce quality products. This is inseparable from the ability of human resources and the use of modern technology. The characteristics of the shipbuilding industry include *high investment & capital, high technology*, supported by HR with *skills* specifically, projects are generally *job order / customized*, and supported by various suppliers.

Constraints and challenges of the shipbuilding industry include aspects of: R&D; Infrastructure & HR; Technology License; *Supply Chain; Quality-Cost-Delivery (QCD)*; and Market Share; need to be the attention of all relevant stakeholders. The VUCA phenomenon is a challenge that must be faced by every organizational leader, which involves disruption, market shifts, changes in consumer behavior, and increasingly fierce business competition.

Maritime Industry Transformation 4.0 is PT PAL Indonesia's effort in responding to VUCA's challenges to increase the company's business competition. HR management of PT PAL Indonesia through improvement *core capability* and *people competency* is an important capital in realizing Maritime Industry Transformation 4.0.

The strategic environmental conditions that must be faced by companies, especially PT PAL Indonesia, are experiencing very dynamic changes, so that there is a need for an appropriate change management strategy to deal with these challenges. PT PAL Indonesia has carried out change management by carrying out Maritime Industry Transformation 4.0 and re-managing the human resources owned by PT PAL Indonesia but in this article, it has not been explained how much influence the implementation of the policy will have. Further research is needed on this matter.

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