

# The Role of Employee Culture Change Management and Transformation in the Competition Success of a Company

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## Abstract

A company is said to be successful if it can survive and grow in its business process. Achieving this certainly requires effort that is not easy for the company. The success of a company in running its business is influenced by many factors. One of the determining factors is how strategic management is implemented in the company. To support the effective operation of strategic management, all employees must understand and implement strategic management comprehensively across all lines. This is what makes companies must be concerned with achieving targets and also developing existing resources, both internal and external resources. PT Hanken Indonesia is a Japanese PMA company engaged in manufacturing. To keep the company surviving in the onslaught of various business climates filled with uncertainties, PT Hanken Indonesia creates a strong and relevant vision and mission for the times. To achieve this vision and mission, the company informs all stakeholders about the company's vision and mission, how to achieve and maintain it. One of them is the company focuses on developing existing human resources by providing training and On Job Training at the workplace. In addition, the company also prepares strategic management to achieve this. With its strategic management, the company hopes to be well realized by all stakeholders, thus the company can continue to grow and develop until now.

## Article Info

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## 1. INTRODUCTION

The rapid changes in the era have led the business world into the industrial revolution era, marked by the advent of technological advancements, digitalization, and the commonplace nature of the internet, resulting in a predominantly online environment (Sulistyan, 2020). This situation is significantly different from the past, as we are now in the 4.0 era and the Internet of Things (IOT) era (Wollschlaeger et al., 2017). These advancements pose unique challenges for companies due to the industrial revolution introducing many unpredictable conditions, known as the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era.

To survive and navigate through these changes, companies need to exert considerable effort (Kohler et al., 2019). Additionally, they must possess strong corporate values to execute their vision and mission. Moreover, companies need to implement these visions and missions into the corporate culture values ingrained in all employees. This is referred to as organizational culture, which must be deeply embedded within all employees' hearts, serving as a pathway for the company to remain sustainable and continue to improve.

With these advancements, companies also face obstacles in implementing strategic management due to a gap between theory and actual application in the field. This gap is evident in the failure to meet targeted sales goals each month, indicating that strategic management, particularly in change management and cultural transformation, is not fully effective. With this phenomenon, the writer intends to further investigate change management and cultural transformation at PT Hanken Indonesia to identify the root causes of these issues and find appropriate solutions.

## **Literature Review**

### **Definition of Strategic Management**

According to Susanto (2014, p. 4), strategic management is the process of ensuring the long-term direction and objectives of an organization and the selection of methods to achieve those objectives through the development of strategy formulation and planned and systematic implementation. This process involves members of management and management in the sense of managing an organization as well.

According to Krisnandi et al. (2019, p. 109), strategic planning or strategic management is a series of processes for setting organizational goals, strategies, policies, and various programs to achieve the intended goals, as well as determining methods that ensure the good implementation of strategies and policies. This means that strategic management is essentially a collection of various strategies proclaimed in various aspects of management to maximize their implementation.

According to Assauri (2017), Strategic Management is a decision-making process to utilize company resources effectively and efficiently in an ever-changing company environment. Like other management aspects or functions, maximizing resources is always the main goal to be achieved.

Based on the definitions of strategic management by the experts above, it can be concluded that strategic management is a set of processes that direct or determine the formulation of direction, methods, policies, goals, and many other aspects of organizational management, so that execution and realization of management can be assured, and the organization can operate correctly and in accordance with the desired needs.

### **Concept of Strategy**

In general, management has various functions, including planning, organizing, actuating, and controlling functions, known by the acronym POAC. This is very important in a company because this process makes the company ready to carry out the company's vision and mission. Speaking of the planning process, the continuity of the company in the context of the environment, where managers must develop a complete and thorough understanding to determine the organization's mission and develop strategies, tactics, goals, and operational plans (Griffin, 2016).

In planning itself, there are several factors, one of which is strategy. Studies on strategic management emphasize the monitoring and evaluation of external opportunities and threats based on the company's strengths and weaknesses to generate and implement new strategic directions for an organization (Hunger & Wheelen, 2011).

Strategy as a tool to achieve objectives has evolved over time. According to Chandler in Rangkuti (2013), strategy is the long-term goals of a company, as well as the utilization and allocation of all important resources to achieve the company's goals. A good understanding of the concept of strategy is crucial for the success of the devised strategy. The concepts of strategy include:

### **Distinctive Competence**

Distinctive Competence is an effort and action performed better by the company to win business competition. According to Day & Wensley in Rangkuti (2013), the identification of distinctive competence in an organization includes the expertise of the workforce and resource capabilities.

### **Competitive Advantage**

Competitive Advantage is a specific activity that has been developed by the company to become better than its competitors. According to Porter in Rangkuti (2013), there are three strategies that a company can undertake to gain competitive advantage: cost leadership, differentiation, and focus.

### **Strategic Management Process**

A step-by-step approach is needed to arrive at the right strategy. The strategic management process is divided into five phases as outlined by (Jauch, R. Lawrence & Glueck, 1988): Defining

the mission, objectives, and values that define the company's primary needs; Environmental analysis of the external environment to diagnose opportunities and threats, then analysis and diagnosis of the strengths and weaknesses of internal company factors; Strategic choice after considering various strategic alternatives. Strategy implementation and the evaluation and control of company strategy. The purpose of this process is to formulate and implement strategies that will help achieve the organization's long-term mission and short-term objectives.

The importance of objectives in strategic management is revealed in (Jauch, R. Lawrence & Glueck, 1988) as follows: Objectives help define the organization in its environment; help coordinate decisions and make decisions; Provide a framework for evaluating organizational achievements and achieving goals that are more specific than the mission statement. (Jauch, R. Lawrence & Glueck, 1988) In explaining the process of environmental analysis and diagnosis, strategic planning primarily consciously examines the relationship between corporate strategy and its response to the environment. The external environment has an uncontrollable nature that is not under the company's control. For the company to achieve its objectives, the presence of the external environment must be considered.

## **2. METHOD**

The general objective of this research is to find solutions to problems or to obtain answers to the formulated problems. The research method is used as a guideline for researchers in conducting research to find answers to existing problems. The location of this research is PT Hanken Indonesia. This research is descriptive and based on a case study approach using qualitative research. The researcher tries to find relationships between these factors (Umar, 2014). The uniqueness of the case study is an approach aimed at maintaining the integrity of the research object, understanding that the object under study is a whole unity. The data used in this research are as follows: Secondary data for this study are sales reports and internal and external conditions of the company, such as: Economic, social, and technical conditions affecting the operations of PT Hanken Indonesia. This information includes: Economic Conditions, Economic Condition Information consisting of the Rupiah against the US Dollar, Inflation, Indonesian Population, Social, and Technology.

This research uses documentary method techniques, which are data collection techniques that research, record, classify, and use secondary data in the form of existing documents such as financial reports, economic conditions, social conditions, and technology. This research is descriptive analysis, which describes the nature of what happens at the time the research is conducted and examines the causes of a particular phenomenon (Umar, 2002).

## **3. RESULTS AND DISCUSSION**

### **3.1. Results**

#### **Internal Environment**

##### **a. Marketing**

PT Hanken Indonesia implements marketing with several models, such as efforts to find out what is needed by both local and international customers, and strives to create a product that can satisfy those needs by convincing customers that PT Hanken Indonesia guarantees quality for 10,000 hours. If there are problems in using the part, PT Hanken Indonesia will provide a replacement. This is done as a commitment from marketing that the product produced is indeed worthy of purchase.

##### **b. Price**

PT Hanken Indonesia offers services to customers across all lines, including in the application of prices offered for products to both local and international customers. This is done by reducing costs and also conducting strategic management in all processes, including actively implementing Kaizen.

##### **c. Personnel**

One of the determining factors for the company's success is the employees, even employees contribute the most or become the spearhead for the company's success compared to other factors. The workforce at PT Hanken Indonesia for the period 2021-2022, employees with

vocational high school education accounted for 90% of the number of employees, while those with associate degrees accounted for 5%, bachelor's degrees 3%, and master's degrees 2%.

**d. Working Days and Hours**

The applicable working days and hours at PT Hanken Indonesia are 5 working days a week from Monday to Friday, with Saturdays, Sundays, and public holidays off. The detailed working hours per day are eight hours with a one-hour break, and a 10-minute short break twice a day.

**e. Social Security for Workers**

PT Hanken Indonesia provides welfare provided by the company in the form of allowances and bonuses, such as: pension programs, post-work health care programs, medical allowances for employees and several family members, performance-related allowances, holidays, leave, early retirement, birth allowances, health allowances, death allowances.

**External Environment**

**a. Distant Environment**

Besides PT Hanken Indonesia, there are also companies that make the same products, both at the local and international levels, which certainly have an impact that needs to be observed and analyzed to win the competition in product sales. Several conditions affect the external factor. This environment consists of:

1) Economic Factor

The financial aspect plays a very important role in the development of the company. The economic aspect refers to the type and direction of the economic system in which the company operates. There are several financial indicators that can be analyzed, such as: Inflation, interest rates, availability of capital, the exchange rate of the rupiah, and the rate of economic growth.

2) Consumer Purchasing Power

Moreover, Indonesian consumer purchasing power is in an unstable situation, caused by Indonesia's economic growth and mining and construction jobs, as well as being influenced by the political year where consumers hold their money to see what will happen during the political year.

**IFAS Analysis (Internal Factor Analysis Summary)**

To analyze internal factors within the framework of strengths and weaknesses of the company, the IFAS method is very suitable. The primary function of this method tends to focus on management efforts in simplification, making it a comprehensive summary of the identification and evaluation of strengths and weaknesses that can affect the company's existence. The strengths and weaknesses of PT Hanken Indonesia can be seen in the following table:

**Table 1.** Strengths and Weaknesses

No	Strenght	Weaknessess
1	Have skilled labor	Limited capital
2	Orders from customers come on their own	Late delivery
3	Supported by technology from Japan	Limited resources
4	The presence of the latest system	Old machines

Source: Data Procesed (2023)

**EFAS Analysis (External Factor Analysis Summary)**

The EFAS method is used to analyze external factors in opportunities and risks for the company. This method typically focuses on management efforts to find opportunities and threats for the company. Therefore, this method is a more general summary of the identification of factors affecting the company's existence. The strengths and weaknesses of PT Hanken Indonesia can be seen in the following table:

**Table 2.** Strengths and Weaknesses

No	Opportunities	Threats
1	Change model every 5 years	Competitors are starting to increase
2	Business development with trading	Product localization for foreign customers
3	Additional orders from Komatsu	Customers ask for price reductions
4	Many new items	Customers switch

Source: Data Prosesed (2023)

### Strategy Implementation

With the analysis conducted by the company, it is necessary to implement strategies for the sustainability of the company. Moreover, this implementation will also enable the company to win the competition with competitors. The implementation is carried out by reviewing the company's vision, then socializing the vision to all employees. With the vision known by all employees, the company's goals will be understood, and after being understood, the employees will also take responsibility for achieving the company's goals. Thus, change management and cultural transformation become essential and must be maintained by PT Hanken Indonesia for easier strategy implementation to achieve the company's

### Evaluation and Strategy Control

The final stage of strategic management is the evaluation and control of the strategy. Strategy implementation takes place through a series of analyses and the process of implementing strategies in the company's operations to determine which strategies are applied. Specific guidelines are applied in various business areas of the company. Thus, through the evaluation and control of the strategy, company managers can control the execution of the company's strategies and the implementation of the strategies that have been formulated, which requires an evaluation of the company's operations over the last year. Due to its importance, strategy implementation must be accompanied by extensive evaluation and monitoring. Based on the IFAS and EFAS analysis, PT Hanken Indonesia's position is good after implementing the strategy.

This phase ensures that the strategies are not only implemented but also adjusted as necessary to align with the changing dynamics of the business environment and the internal capacities of the company. It allows the management to measure progress, identify deviations from the planned course of action, and implement corrective measures to steer the company towards its strategic objectives. Effective evaluation and control mechanisms are critical for maintaining the relevance and effectiveness of the strategic plan, ensuring the company remains competitive and can achieve its long-term goals.

## 4. CONCLUSION

Based on the IFAS and EFAS analysis, grounded in the internal and external factors of the company (strengths, weaknesses, opportunities, and threats) as previously described, it is clear that PT Hanken needs to focus more on how the company can transfer the vision realized by all employees and turn it into a habit. Once it becomes a habit, it will form a culture among employees that emphasizes the need to implement strategic management to all parties within the company's environment. This will serve as valuable capital for the company and pave the way for the company's progress.

Based on the IFAS and EFAS analysis, PT Hanken Indonesia has potential to be leveraged and also shortcomings that need to be addressed by the company. However, there is a need for management training to strengthen understanding and implementation of the established management strategies.

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