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Strategic Management in Corporate Transformation for Addressing Industry Uncertainty: An Annual Report-Based Study of Electricity Companies in Indonesia

Rio Afrianda

Universitas Dirgantara Marsekal Suryadarma

*Corresponding Author: rio.sttpln@gmail.com

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Abstract

The This study examines the role of strategic management in corporate strategy transformation within Indonesia's electricity companies in responding to industry uncertainty. Using annual reports as the primary data source, this research applies qualitative thematic analysis to identify strategic patterns related to transformation, digitalization, and corporate governance. The findings reveal that strategic management serves as a fundamental guiding framework that enables firms to design and implement corporate strategy transformation in a structured and consistent manner. Corporate strategy transformation functions as a key mediating mechanism that translates strategic planning into organizational adaptability and resilience. Furthermore, the study finds that digitalization and good corporate governance act as reinforcing factors that strengthen the effectiveness of strategic transformation by improving decision-making quality, operational efficiency, accountability, and stakeholder trust. Collectively, strategic management, corporate strategy transformation, digitalization, and corporate governance form an integrated strategic system that enhances organizational resilience amid regulatory, technological, and market uncertainty. This study contributes to the strategic management literature by emphasizing the importance of transformation mechanisms and enabling capabilities in sustaining performance within highly regulated and uncertain industries, particularly the electricity sector in emerging economies.

INTRODUCTION

The current global and national business environment is characterized by increasingly complex and multidimensional uncertainty. This uncertainty is driven by a combination of technological disruption, economic volatility, geopolitical dynamics, regulatory changes, and growing stakeholder pressure regarding sustainability practices and corporate governance. This condition aligns with the perspectives of Teece, Pisano, and Shuen (1997) as well as Eisenhardt and Martin (2000), who emphasize that dynamic environments require organizations to continuously adapt their strategies and capabilities. In this context, organizations are not only required to survive but also to transform their corporate strategies adaptively and sustainably in order to remain competitive in the long term.

Indonesia's electricity sector is among the industries most significantly affected by such uncertainty. The sector faces simultaneous pressures stemming from the energy transition toward cleaner energy sources, demands for improved system reliability and efficiency, accelerated digitalization, and the obligation to comply with regulations and national energy policy targets. The International Energy Agency (IEA, 2023) emphasizes that the global electricity sector is undergoing a phase of structural transformation marked by increased penetration of renewable energy, digital grid development, and higher reliability requirements. Within the national context, these conditions place Indonesian electricity companies at a strategic crossroads that demands strong managerial capability in formulating and executing comprehensive corporate strategy transformation.

In the strategic management literature, strategic management is understood as a core framework that enables organizations to respond to environmental uncertainty through integrated processes of strategy formulation, implementation, and evaluation (Wheelen & Hunger, 2018; David & David, 2017). Numerous studies indicate that effective strategic management contributes significantly to organizational performance, resilience, and sustainability, particularly in capital-intensive and high-risk industries such as electricity. Afrianda (2023) emphasizes that strategic management plays a critical role in sustaining organizational performance through alignment between strategy, structure, and internal capabilities. Furthermore, Afrianda and Zainal (2023; 2025) demonstrate that the influence of strategic management on sustainable organizational performance becomes stronger when mediated by strategic capabilities and stakeholder pressure.

Corporate strategy transformation has therefore emerged as a central issue in addressing industry uncertainty. Such transformation encompasses not only changes in business direction but also the reconfiguration of business models, organizational processes, decision-making systems, and corporate culture and values. Hitt, Ireland, and Hoskisson (2020) argue that strategy transformation represents a long-term strategic response to significant external environmental change. In the energy industry context, corporate strategy transformation is often associated with energy transition initiatives, digitalization of operational systems, and the implementation of clean and transparent

corporate governance. Studies by Afrianda (2024) and Afrianda and Zainal (2024) show that organizational transformation supported by clean corporate governance, transformational leadership, and the internalization of core organizational values contributes positively to business performance and sustainability among electricity companies in Indonesia.

Moreover, advances in digital technology have accelerated the need for strategy transformation. Digitalization is no longer positioned merely as an operational initiative, but rather as a strategic enabler that supports system reliability, cost efficiency, and the quality of managerial decision-making. Porter and Heppelmann (2015) emphasize that integrating digital technologies into corporate strategy fundamentally changes how firms create and capture value. Afrianda's (2025) study on the digitalization of electricity distribution systems demonstrates that integrating digital technology into corporate strategy significantly enhances organizational performance and reliability. This reinforces the argument that corporate strategy transformation should be understood as a holistic process that integrates technological, human, and governance dimensions.

On the other hand, much of the existing research on strategic management and organizational transformation in Indonesia's electricity sector has been dominated by quantitative approaches based on surveys or structural models. While such approaches provide important insights into variable relationships, they are relatively limited in capturing strategic dynamics that are narrative, contextual, and long-term in nature (Yin, 2018). Corporate strategy, however, is often communicated and enacted through official corporate documents, particularly annual reports, which reflect top management's perceptions of the business environment, risks, opportunities, and the company's strategic transformation direction.

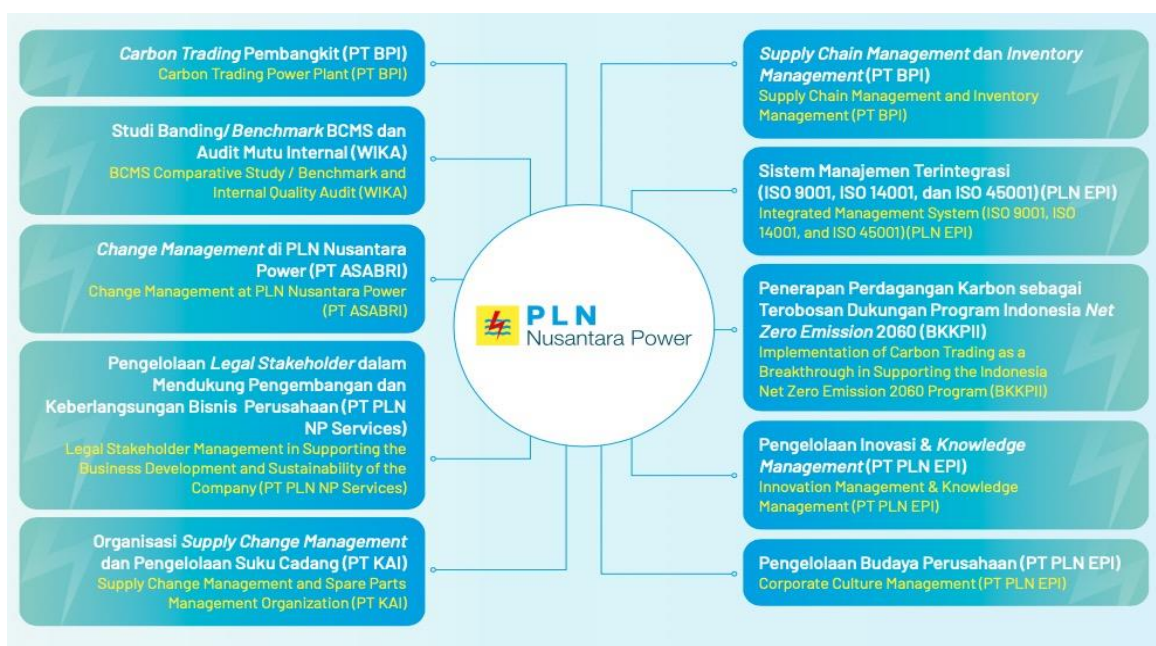


Figure 1. Strategic Steps Toward Energy Excellence and Sustainability

Annual reports play a strategic role as instruments of accountability as well as channels for communicating corporate strategy to stakeholders. Beattie, McInnes, and Fearnley (2004) argue that the narratives contained in annual reports reflect how management frames corporate strategy and performance. These documents do not merely present financial information, but also convey strategic narratives related to vision, mission, risk management, digital transformation, sustainability, and corporate governance. Consequently, annual report analysis represents a relevant approach for understanding how strategic management is articulated and implemented within the process of corporate strategy transformation, particularly in addressing industry uncertainty.

Based on this background, this study aims to analyze the role of strategic management in the corporate strategy transformation of electricity companies in Indonesia using annual reports as the primary data source. Specifically, this research seeks to address two key questions: (1) what are the direction and characteristics of corporate strategy transformation as disclosed in the annual reports of electricity companies; and (2) how does strategic management respond to industry uncertainty through the integration of risk management, digitalization, corporate governance, and sustainability.

The contribution of this study is twofold. Theoretically, this research enriches the strategic management literature by offering a qualitative, document-based perspective grounded in corporate strategic disclosures within the electricity industry in a developing country context, thereby complementing the predominantly quantitative approaches found in prior studies. Practically, the findings are expected to serve as a reference for top management and policymakers in designing and implementing corporate strategy transformation that is adaptive, resilient, and sustainability-oriented amid increasing industry uncertainty.

HYPOTHESES DEVELOPMENT

Strategic Management and Corporate Strategy Transformation

Strategic management is widely regarded as the primary mechanism that enables organizations to respond to uncertain environmental changes through systematic processes of strategy formulation, implementation, and evaluation (Wheelen & Hunger, 2018; David & David, 2017). In industries characterized by high levels of uncertainty, the effectiveness of strategic management becomes increasingly critical, as strategic decisions not only affect short-term performance but also determine the long-term sustainability and strategic direction of the firm.

Corporate strategy transformation represents the manifestation of managerial capability in adjusting an organization's strategic direction in response to significant external changes, such as technological disruption, regulatory shifts, and market dynamics (Hitt et al., 2020). Dynamic capabilities theory emphasizes that firms capable of appropriately integrating, building, and reconfiguring internal and external capabilities are more adaptive in the face of uncertainty (Teece et al., 1997). Accordingly, effective

strategic management is expected to exert a positive influence on the success of corporate strategy transformation.

A number of empirical studies support this relationship. Afrianda (2023) demonstrates that the implementation of strategic management aligned with internal capabilities contributes to improved performance and competitiveness in electricity companies. Further studies by Afrianda and Zainal (2023; 2025) also confirm that strategic management plays a significant role in driving strategic change oriented toward organizational sustainability and resilience.

Based on the above discussion, the first hypothesis is formulated as follows:

H1: Strategic management has a positive effect on corporate strategy transformation in electricity companies in Indonesia.

Corporate Strategy Transformation and Responses to Industry Uncertainty

Industry uncertainty requires firms not only to react operationally but also to undertake structural and long-term strategic adjustments. Corporate strategy transformation enables firms to redefine business models, investment portfolios, and risk management mechanisms to become more adaptive to environmental changes (Porter, 1985; Hitt et al., 2020).

In the electricity sector, corporate strategy transformation is often reflected in the adoption of renewable energy, the digitalization of operational systems, the strengthening of corporate governance, and the integration of sustainability principles into core strategies. The International Energy Agency (2023) emphasizes that electricity companies actively engaged in strategic transformation tend to exhibit greater resilience to market volatility and regulatory pressures. Studies by Afrianda (2024) and Afrianda and Zainal (2024) further indicate that well-planned and well-managed organizational transformation contributes positively to business performance and sustainability among electricity companies in Indonesia.

Therefore, it can be assumed that corporate strategy transformation plays an important role in enhancing a firm's ability to cope with industry uncertainty. Accordingly, the second hypothesis is formulated as follows:

H2: Corporate strategy transformation has a positive effect on a company's ability to cope with industry uncertainty.

The Mediating Role of Corporate Strategy Transformation

The strategic management literature emphasizes that the impact of strategic management on organizational performance and resilience is often indirect and mediated by specific strategic mechanisms, such as organizational transformation and the development of strategic capabilities (Eisenhardt & Martin, 2000; Teece, 2007). In this context, corporate strategy transformation is viewed as a bridge between strategic planning and firms' actual responses to environmental uncertainty.

Studies by Afrianda and Zainal (2023; 2025) demonstrate that strategic capabilities and organizational change play mediating roles in the relationship between strategic management and sustainable organizational performance. This suggests that strong

strategic management is more effective in addressing industry uncertainty when it is followed by tangible and well-implemented corporate strategy transformation.

Thus, the third hypothesis is formulated as follows:

H3: Corporate strategy transformation mediates the relationship between strategic management and a company's ability to cope with industry uncertainty.

The Integration of Digitalization and Corporate Governance in Strategy Transformation

Digitalization and good corporate governance are increasingly recognized as key elements in corporate strategy transformation. Porter and Heppelmann (2015) argue that digital technologies not only enhance operational efficiency but also fundamentally alter firms' strategic logic. Meanwhile, effective corporate governance strengthens accountability, transparency, and stakeholder trust—factors that are particularly critical in strategic industries such as electricity.

Studies by Afrianda (2024) and Afrianda and Zainal (2024) show that the integration of digitalization and clean corporate governance strengthens the impact of strategy transformation on organizational performance and sustainability. Consequently, digitalization and corporate governance are viewed as supporting factors that enhance the effectiveness of corporate strategy transformation in addressing industry uncertainty.

Accordingly, the fourth hypothesis is formulated as follows:

H4: The integration of digitalization and good corporate governance strengthens the effect of corporate strategy transformation on a company's ability to cope with industry uncertainty.

METHODS

Research Design

This study employs a qualitative approach with a descriptive–explanatory research design. This approach was selected to obtain an in-depth understanding of how strategic management is articulated and operationalized in the process of corporate strategy transformation within Indonesian electricity companies, particularly in responding to industry uncertainty. The descriptive design is used to map patterns and characteristics of strategies disclosed in annual reports, while the explanatory design aims to clarify the conceptual relationships between strategic management, corporate strategy transformation, and responses to industry uncertainty.

A document-based qualitative approach is considered appropriate because corporate strategies are generally communicated through official corporate narratives, including vision and mission statements, strategic policies, risk management practices, digital

transformation initiatives, and sustainability agendas (Yin, 2018; Beattie et al., 2004). Accordingly, annual reports are positioned as the primary data source representing top management's strategic perspectives.

Data Source and Sample Selection

The primary data source of this study consists of the annual reports of electricity companies in Indonesia. Annual reports were selected because they serve as formal corporate documents that comprehensively reflect a company's conditions, performance, and strategic direction within a specific reporting period.

The criteria for company selection include: (1) companies operating in the electricity or power generation sector; (2) companies that consistently published annual reports during the observation period; and (3) annual reports containing strategic information related to strategic management, organizational transformation, digitalization, risk management, corporate governance, and sustainability. The observation period focuses on recent years in order to capture the dynamics of corporate strategy transformation within an environment of increasing industry uncertainty.

Data Collection Technique

Data collection was conducted through a documentary study of the annual reports of the selected companies. The documents were obtained from official corporate sources and analyzed systematically. The data collection process involved identifying relevant sections of the annual reports, including the board of directors' reports, management reports, management discussion and analysis, risk management disclosures, corporate governance reports, and sustainability reports.

To enhance analytical consistency, each annual report was treated as a single unit of analysis, while paragraphs or strategic themes within the reports were treated as coding units.

Data Analysis Technique

Data analysis was conducted using **content analysis with a thematic approach (thematic content analysis)**. This method enables researchers to systematically and transparently identify, classify, and interpret strategic themes emerging from annual reports (Krippendorff, 2019).

The analytical procedure consisted of the following stages:

1. data familiarization through repeated reading of the annual reports;
2. development of a coding framework based on the study's theoretical constructs, namely strategic management, corporate strategy transformation, digitalization, corporate governance, and industry uncertainty;
3. coding of strategic narratives contained in the annual reports;
4. aggregation of codes into major themes; and

5. interpretation of the findings by linking them to the proposed hypotheses and the established theoretical framework.

To maintain coherence between the qualitative approach and hypothesis testing, the hypotheses in this study were treated as **analytical propositions** that guided the interpretation of the analysis results, as suggested by Yin (2018).

Trustworthiness and Research Rigor

The rigor and validity of this study were ensured through several methodological strategies. First, well-established theoretical frameworks were employed in developing analytical categories and themes to strengthen conceptual validity. Second, transparency was maintained throughout the coding and analytical procedures to enhance research dependability. Third, source triangulation was applied by comparing findings across different sections of the annual reports as well as across reporting periods, thereby reinforcing the credibility of the interpretations.

In addition, an audit trail was systematically maintained by documenting all stages of the analytical process, enabling other researchers to trace and evaluate the research procedures. This approach is consistent with the principles of trustworthiness in qualitative research, which encompass credibility, dependability, and confirmability (Lincoln & Guba, 1985).

Ethical Considerations

This study utilizes secondary data derived from publicly available corporate documents and does not involve human subjects directly. Therefore, ethical concerns related to human participation are minimal. Nevertheless, the study upholds principles of academic integrity by ensuring that data are used objectively, transparently, and free from manipulation.

RESULT AND DISCUSSION

This section presents the results of the analysis of annual reports from Indonesian electricity companies and discusses them systematically with reference to the proposed hypotheses and theoretical framework. The findings are presented in a structured manner to ensure that the relationships among empirical evidence, hypotheses, and theoretical-practical implications are clearly articulated.

Results of the Analysis of Key Strategic Themes

The thematic analysis of the annual reports of electricity companies identified five key strategic themes that consistently emerge in managerial narratives, as summarized in Table 3. These themes include: (1) the strengthening of strategic management systems; (2) corporate strategy transformation as a long-term response; (3) systematic management of industry uncertainty; (4) the integration of digitalization into core strategies; and (5) the strengthening of corporate governance and accountability.

Table 1. Summary of Research Findings Based on Annual Report Analysis

No	Strategic Theme	Evidence from Annual Report	Key Findings	Strategic Implications
1	Strategic Management System	Disclosure of long-term vision, mission alignment, corporate strategic roadmap, and performance management system	Strategic management is institutionalized as a continuous and structured process	Strengthens strategic coherence and ensures consistency between planning and execution
2	Corporate Strategy Transformation	Explicit narratives on business transformation, organizational restructuring, and strategic realignment	Corporate strategy functions as a proactive response to industry dynamics	Enhances organizational resilience and long-term sustainability
3	Industry Uncertainty Management	Enterprise risk management framework, risk appetite statement, and uncertainty mitigation strategies	Uncertainty is managed systematically rather than reactively	Improves organizational readiness to face regulatory, market, and technological volatility
4	Digital Transformation	Investment in digital platforms, operational digitalization, and integrated information systems	Digitalization acts as a strategic enabler supporting decision-making and efficiency	Increases operational flexibility and strategic agility
5	Corporate Governance and Accountability	Strengthening of governance structure, transparency, and stakeholder communication	Governance mechanisms reinforce the effectiveness of strategic transformation	Builds stakeholder trust and supports sustainable performance

First, the strengthening of strategic management systems is reflected in companies' transparency in articulating long-term vision, mission alignment, corporate strategy roadmaps, and structured performance management systems. These findings indicate that strategic management has been institutionalized as a continuous process rather than merely a planning document, thereby playing a critical role in maintaining coherence between strategy formulation and operational implementation.

Second, corporate strategy transformation is positioned as a proactive response to the dynamics of the electricity industry. Narratives on business transformation,

organizational restructuring, and strategic realignment indicate that change is not undertaken reactively but is deliberately designed as part of a long-term strategic agenda. This approach enhances organizational resilience in responding to increasingly complex external pressures.

Third, the management of industry uncertainty is demonstrated through the implementation of enterprise risk management frameworks, the definition of risk appetite, and explicit risk mitigation strategies. This suggests that regulatory, market, and technological uncertainties are not treated merely as disturbances but as strategic variables that are systematically managed to support sustained corporate performance.

Fourth, digital transformation emerges as a strategic enabler integrated into core business processes. Investments in digital platforms, operational digitalization, and integrated information systems support improved decision-making quality, operational efficiency, and organizational flexibility. In this context, digitalization does not stand alone but reinforces the overall effectiveness of corporate strategy transformation.

Fifth, the strengthening of corporate governance and accountability is reflected in enhanced governance structures, greater information transparency, and improved stakeholder communication. Governance mechanisms serve as a foundational element ensuring that strategy transformation processes are implemented consistently, measurably, and with a strong orientation toward sustainable performance.

Overall, the findings in this subsection indicate that electricity companies perceive strategy as a dynamic and adaptive process rather than a static plan. Strategy is employed as a primary instrument to ensure operational continuity, comply with regulatory requirements, and anticipate rapid changes in the external environment. This pattern reflects the application of dynamic capabilities principles, particularly sensing and transforming capabilities, in responding to increasing industry uncertainty.

These findings further confirm that electricity companies view strategy as a dynamic and continuous process rather than a static plan. Strategy is positioned as a key mechanism for maintaining operational continuity, meeting regulatory demands, and anticipating rapid environmental changes. This pattern underscores the application of dynamic capabilities, particularly sensing and transforming capabilities, in addressing environmental uncertainty.

The Effect of Strategic Management on Corporate Strategy Transformation (H1)

The analysis results indicate that strategic management plays a significant role as a driver of corporate strategy transformation. This is reflected in management's emphasis on long-term planning, alignment of corporate strategy with national energy policies, and the presence of strategic control and performance evaluation mechanisms. Annual reports consistently emphasize that organizational transformation constitutes an integral part of the company's strategic agenda.

These findings support Hypothesis 1 (H1), which posits that strategic management has a positive effect on corporate strategy transformation. From a theoretical perspective, the results reinforce the view that the quality of strategic management systems determines

the effectiveness of strategic change. These findings are also consistent with previous studies by Afrianda (2023) and Afrianda and Zainal (2023; 2025), which highlight strategic management as a fundamental foundation for driving transformation and sustaining performance in electricity companies.

The Role of Corporate Strategy Transformation in Responding to Industry Uncertainty (H2)

The findings indicate that corporate strategy transformation is explicitly directed toward enhancing companies' capabilities to cope with industry uncertainty. This transformation is reflected in energy portfolio diversification, accelerated adoption of renewable energy, increased operational flexibility, and strengthened risk management systems. Management narratives also emphasize organizational readiness in responding to regulatory changes, energy market volatility, and fluctuations in electricity demand.

These results support Hypothesis 2 (H2), which states that corporate strategy transformation positively influences companies' ability to להתמודד to industry uncertainty. Conceptually, these findings demonstrate that strategy transformation is not merely a reactive response but a proactive effort to build long-term organizational resilience. This is consistent with the strategic management literature and empirical findings by Afrianda (2024) and Afrianda and Zainal (2024).

The Mediating Role of Corporate Strategy Transformation (H3)

Further analysis reveals that the influence of strategic management on companies' ability to address industry uncertainty is not direct. Strategic management provides direction and a strategic framework; however, its tangible impact becomes evident only when strategies are translated into concrete corporate transformation initiatives. In this sense, corporate strategy transformation functions as a bridging mechanism between strategic planning and firms' adaptive responses.

These findings support Hypothesis 3 (H3), which proposes that corporate strategy transformation mediates the relationship between strategic management and companies' ability to respond to industry uncertainty. The results strengthen the dynamic capabilities perspective, which emphasizes the importance of transformation processes in converting strategic intent into tangible organizational capabilities.

The Role of Digitalization and Governance in Strengthening Strategy Transformation (H4)

The analysis results indicate that digitalization and good corporate governance serve as moderating factors in the corporate strategy transformation of electricity companies. Annual reports consistently highlight investments in digital technologies, the development of integrated information systems, and the strengthening of governance practices and transparency as part of long-term strategic transformation agendas. Digitalization is positioned as a strategic enabler that enhances operational efficiency and

decision-making quality, while strong governance functions as a control mechanism that ensures consistency and accountability in strategy implementation.

Table 2. Operational and Performance Indicators of Power Generation Companies
(2020–2024)

Description	2020	2021	2022	2023	2024
Electricity Production (GWh)	17,816	20,641	17,064	66,846	67,095
Sales of Electricity (GWh)	17,117	19,848	16,379	63,179	63,415
Equivalent Availability Factor – EAF (%)					
EAF Coal Power Plant	94.05	95.12	91.08	84.85	83.48
EAF Non-Coal Power Plant	94.86	95.21	95.18	94.73	94.34
Equivalent Forced Outage Rate – EFOR (%)					
EFOR Coal Power Plant	1.10	0.92	0.47	3.15	2.88
EFOR Non-Coal Power Plant	0.95	3.51	0.41	2.93	2.77
Net Plant Heat Rate – NPHR (kCal/kWh)					
NPHR Coal Power Plant	2,700.99	2,749.89	2,797.22	3,064.73	3,092.48
NPHR Non-Coal Power Plant	2,419.65	2,361.72	2,284.33	2,243.64	2,294.82
Sudden Outage Frequency – SdOF (times/unit)					
SdOF Coal Power Plant	1.50	2.50	1.00	2.81	2.93
SdOF Non-Coal Power Plant	0.84	0.88	0.61	1.30	1.60
Scheduled Outage Factor – SOF (%)					
SOF Coal Power Plant	4.83	3.88	8.47	11.71	13.47
SOF Non-Coal Power Plant	3.59	2.57	4.35	3.53	4.01
Net Capacity Factor – NCF (%)					
NCF Coal Power Plant	71.27	80.80	68.15	70.18	68.75
NCF Non-Coal Power Plant	27.27	28.12	28.02	32.71	27.97
Specific Fuel Consumption – SFC					
Coal SFC (kg/kWh)	0.5686	0.5825	0.6210	0.6617	0.6730
Gas SFC (MMBTU/kWh)	0.0094	0.0086	0.0082	0.0086	0.0087
Fuel Oil SFC (liter/kWh)	0.2722	0.2615	0.2336	0.2855	0.2917
Total Net Dependable Capacity (MW)	10,664	10,866	11,020	15,856	15,920
Number of Employees (person)	3,123	3,071	3,034	4,985	5,077

Description	2020	2021	2022	2023	2024
Achievement of Key Performance Indicator (score)	99.78	96.13	102.88	103.51	106.31

These findings are further reinforced by the operational and performance indicators presented in Table 2, which show that during the 2020–2024 period the company was able to maintain relatively stable levels of electricity production and sales despite increasing operational complexity and industry uncertainty. The increase in Electricity Production and Sales of Electricity during 2023–2024 indicates that transformation strategies supported by digitalization enhanced operational flexibility and responsiveness to changes in demand.

From a reliability and efficiency perspective, the Equivalent Availability Factor (EAF) and Equivalent Forced Outage Rate (EFOR) data suggest that although performance fluctuations occurred—particularly in coal-fired power plants—operational management remained within controllable limits. This indicates the role of digitalization in improving monitoring systems, enabling data-driven maintenance, and supporting more timely operational decision-making. At the same time, the implementation of strong corporate governance ensured that heightened operational risks were managed in a transparent and accountable manner.

Furthermore, efficiency indicators such as Net Plant Heat Rate (NPHR) and Specific Fuel Consumption (SFC) reveal ongoing efficiency challenges, especially in coal-based generation, which further strengthens the argument that digitalization and governance function as balancing mechanisms in sustaining overall performance. Digitalization facilitates early identification of inefficiencies, while governance mechanisms ensure that corrective actions remain aligned with strategic policies and regulatory compliance.

The moderating role of digitalization and governance is also reflected in the increase in Total Net Dependable Capacity, growth in the number of employees, and improvements in Key Performance Indicator (KPI) achievement, which exhibit an upward trend toward the end of the observation period. Rising KPI scores indicate that strategy transformation supported by digital systems and sound governance can be translated into measurable performance outcomes rather than merely structural changes.

Overall, these findings support Hypothesis 4 (H4), which posits that the integration of digitalization and good corporate governance strengthens the effect of corporate strategy transformation on companies' ability to cope with industry uncertainty. Strategy transformation that is not supported by adequate digital capabilities and governance mechanisms tends to yield limited impacts on organizational resilience. In contrast, the combination of strategy transformation, digitalization, and strong governance forms a strategic foundation that enables electricity companies to adapt sustainably within an increasingly dynamic and uncertain industry environment.

General Discussion and Implications

Overall, the results of this study indicate that strategic management, corporate strategy transformation, digitalization, and corporate governance constitute an integrated strategic system in addressing uncertainty in the electricity industry. These findings emphasize that the success of strategy transformation is not determined solely by the quality of strategic planning, but is highly dependent on the organization’s ability to translate strategic intent into coordinated, measurable, and sustainable actions.

Table 3. Relationship Between Strategic Management, Corporate Strategy Transformation, and Industry Uncertainty

Variable	Role in Strategic Framework	Observed Relationship	Interpretation
Strategic Management	Independent variable	Strong influence on transformation initiatives	Provides direction, control, and strategic discipline
Corporate Strategy Transformation	Mediating variable	Bridges planning and adaptive capability	Converts strategic intent into organizational action
Industry Uncertainty Handling	Dependent variable	Improved through structured transformation	Enhances resilience and adaptability
Digitalization	Moderating variable	Strengthens transformation outcomes	Acts as an enabler of speed, accuracy, and flexibility
Corporate Governance	Moderating variable	Reinforces strategic execution	Ensures accountability and sustainability

As summarized in Table 3, strategic management functions as an independent variable that provides direction, discipline, and a strategic control framework for the organization. However, the influence of strategic management on the ability to cope with industry uncertainty is not direct. Corporate strategy transformation serves as a mediating variable that bridges strategic intent and the organization’s adaptive capabilities. Through transformation processes—such as organizational restructuring, business model adjustment, and resource reallocation—strategy can be effectively operationalized to respond to external environmental dynamics.

Furthermore, this study finds that digitalization and corporate governance act as moderating variables that strengthen the relationship between strategy transformation and the company’s ability to manage industry uncertainty. Digitalization enhances the speed, accuracy, and flexibility of strategic and operational decision-making, thereby accelerating organizational adaptation. Meanwhile, corporate governance ensures that transformation processes are conducted in an accountable, transparent manner and

aligned with stakeholder interests, thereby reducing the risk of strategy implementation failure.

From a theoretical perspective, these findings reinforce the dynamic capabilities approach, particularly in explaining how organizations not only sense environmental changes but also seize opportunities and transform through structured strategic mechanisms. Corporate strategy transformation emerges as a key mechanism linking strategic management to organizational resilience, while digitalization and governance function as supporting capabilities that enhance the effectiveness of this process.

Practically, the results provide important implications for top management in Indonesian electricity companies. First, firms need to prioritize strengthening strategic management systems that focus not only on planning but also on continuous control and evaluation. Second, investments in digitalization should be positioned as an integral part of corporate strategy rather than merely technological initiatives. Third, strong corporate governance must be maintained and further enhanced to ensure that strategy transformation delivers sustainable performance and strengthens organizational resilience in the face of increasingly complex industry uncertainty.

CONCLUSIONS, RECOMMENDATIONS, AND LIMITATIONS

This study aims to analyze the role of strategic management in the corporate strategy transformation of electricity companies in Indonesia in addressing industry uncertainty, using annual reports as the primary data source. Based on the results of the analysis and discussion, it can be concluded that strategic management plays a fundamental role as a guiding and controlling framework in the process of corporate strategy transformation.

The findings indicate that electricity companies with strong strategic management systems tend to be more capable of formulating and implementing corporate strategy transformation in a more focused, consistent, and sustainable manner. Such transformation is not merely reactive to external pressures but is also proactive in building organizational resilience and long-term sustainability. These results confirm that corporate strategy transformation serves as a key mechanism bridging strategic planning and firms' adaptive capabilities in coping with industry uncertainty.

In addition, this study finds that digitalization and good corporate governance function as enabling factors that strengthen the success of corporate strategy transformation. The integration of digital technologies into core corporate strategies enhances decision-making effectiveness, transparency, and operational efficiency, while strong corporate governance reinforces accountability and stakeholder trust. Consequently, strategic management, corporate strategy transformation, digitalization, and corporate governance form an integrated strategic system for addressing the dynamics and uncertainty of the electricity industry.

Recommendations

Based on the research findings, several recommendations can be proposed. First, top management of electricity companies is encouraged to continuously strengthen strategic management systems, particularly in aligning long-term corporate vision with national energy policies and organizational transformation agendas. Strategic management should not be treated as a periodic activity but as a continuous process integrated across all organizational functions.

Second, companies should ensure that corporate strategy transformation is translated into concrete, measurable, and consistent programs and initiatives, including digital transformation, human resource capability development, and business model renewal. Investments in digital technologies should be positioned as long-term strategic investments rather than merely operational technology projects.

Third, strengthening corporate governance and risk management should remain a top priority given the high level of uncertainty and complexity in the electricity industry. Effective governance will enhance transparency, improve the quality of strategic decision-making, and safeguard corporate sustainability and legitimacy in the eyes of stakeholders.

For policymakers, the results of this study may serve as an important reference in formulating policies and regulations that encourage more adaptive and sustainability-oriented strategic transformation in electricity companies, particularly in the context of the national energy transition.

Limitations and Future Research Directions

This study has several limitations that should be acknowledged. First, it relies solely on annual reports as the main data source, making the analysis highly dependent on managerial narratives and the level of information disclosure. Although annual reports are official and strategic documents, certain strategic aspects may not be explicitly or comprehensively disclosed.

Second, the qualitative document-based approach limits the ability to quantitatively measure the magnitude of relationships among variables. As a result, the findings emphasize conceptual and interpretative understanding rather than statistical generalization.

Future research is encouraged to adopt mixed-method approaches by integrating annual report analysis with surveys or in-depth interviews involving top management and key stakeholders. In addition, future studies may expand the scope to other energy subsectors or conduct cross-country comparative studies to enrich insights into corporate strategy transformation in addressing industry uncertainty.

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