

**TRANSFORMATION OF PT. LEN: CHANGE MANAGEMENT,  
STRUCTURE DESIGN AND ORGANIZATIONAL DEVELOPMENT, AND  
HUMAN RESOURCE PERFORMANCE SUPPORTING DEFENSE  
INDUSTRY PRODUCTS**



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**Abstract**

LEN Limited company is one of Indonesia's defense industries, that always tries to follow the improvement in order not to be left behind by military technology, based on government policy PP No.5 2022, which appointed PT. LEN is the leader of three government companies and all these companies will be able to support the existence of defense independence and become a company that can compete throughout the global market. However, this condition is facing some constraints (human resources, management, organization) which are handled through the transformation of the organization. This research analyzed the combination of variables that are related to transformation, where novelty is the combination of variables that are more than one or two variables in conducting the transformation. This research implemented a qualitative descriptive method with primary data (interview with PT. LEN officer within the transformation division), and secondary data (PT. LEN documents or other related literature). Research results from the analyzed data show that a combination of existing variables can be used as a strong foundation for PT. LEN transformation to be the leader of government company in a new form as DEFEND ID.

**Keywords:** Transformation, DEFEND ID, Organization, Management, Defense Industry

## INTRODUCTION

The defense industry in a country has an important role in both developed and developing countries. This role supports the realization of state sovereignty from all forms of threats. In the current era, defense industry organizations must be able to adjust to the rapid development of military technology (Soelton, 2023). Globally, each country competes in the development of military technology products, including Indonesia. PT. LEN is one of the defense industries in Indonesia that continues to try to follow the development of military technology so as not to be left behind according to government policy PP No.5 of 2022, dated January 12, 2022 which appointed PT. LEN as the parent of SOEs in a new form, namely DEFEND ID (PT. LEN, PT. Dirgantara Indonesia, PT. PAL, PT. Pindad, PT. Dahana) in order to support the presence of defense independence. This is certainly faced with various obstacles and conditions (human resources, management, organization) still trying to answer this challenge through an organizational transformation effort.

Organizational transformation carried out takes into account the parameters of design and organizational structure, change management, organizational development, and employee performance of PT. LEN. State of the art organization states, sustainable management changes based on the thinking of organizational leaders will form an organization that can withstand changes and existing competition (Said et al., 2023). Other researchers revealed, employee attachment to work has a better impact than the transformation carried out by leaders in leading an organization (Soelton, 2023; Subhaktiyasa et al., 2023). Similarly, other studies related to organizational leadership have different impacts on different leadership models (Juliana & Saputro, 2022; Korda & Rachmawati, 2022). In addition, there is research where organizational culture affects employee performance which can improve the organization (Korda & Rachmawati, 2022; Wibowo et al., 2020).

Previous research generally focuses on only one or two variables or parameters in maximizing an organization in the form of change management, performance, leadership. In addition, it only focuses on the impact of these variable parameters as outputs not on the transformation of an organization, so this is a gap that can be done for further research related to organizational transformation, especially PT. LEN with novelty through a combination of variables with a minimum of three variables. These variables can be,

organizational structure design, organizational culture, organizational development with certain strategies, and employee performance.

Based on background and references, there are phenomena that require research with the output of how the object of research (PT. LEN) can transform in the face of competition and the development of military technology products as one of the defense industries (Mappangara & Simanjuntak, 2014; Nofriza et al., 2022). This study conducts through exploration of a combination of organization-related variables whose output is how the organization of PT. LEN can support defense industry products in accordance with government policies related to defense independence, one example is the Communication Tactical Datalink System (CTDLS) product produced by PT. LEN and will be developed again so as to support defense tasks operated by the TNI, especially the Air Force (Nofriza et al., 2022; Pratama & Gustomo, n.d.). Design exploration was carried out to determine the transformation concept of PT. LEN refers to organizational parameters tailored to experts related to the defense industry, organization, and military operations, especially internal officials of PT. LEN as a resource person to analyze whether the concept of transformation of PT. LEN is the best of the existing combinations of variables, and also how these combinations can be applied in transformations (Mappangara & Simanjuntak, 2014; Novryadin & Basri, 2012). The concept of hypothesis presented is where the combination of more than 2 (two) variables makes an adaptive transformation of 1 (one) PT. LEN becomes a combination of SOEs in the DEFEND ID container. Sustainable transformation is carried out through the design of organizational structure, organizational culture, employee performance of PT. LEN, and the organization's development strategy will provide sustainability outputs to the challenges of military products in the defense industry in accordance with the government's defense independence policy.

## **RESEARCH METHOD**

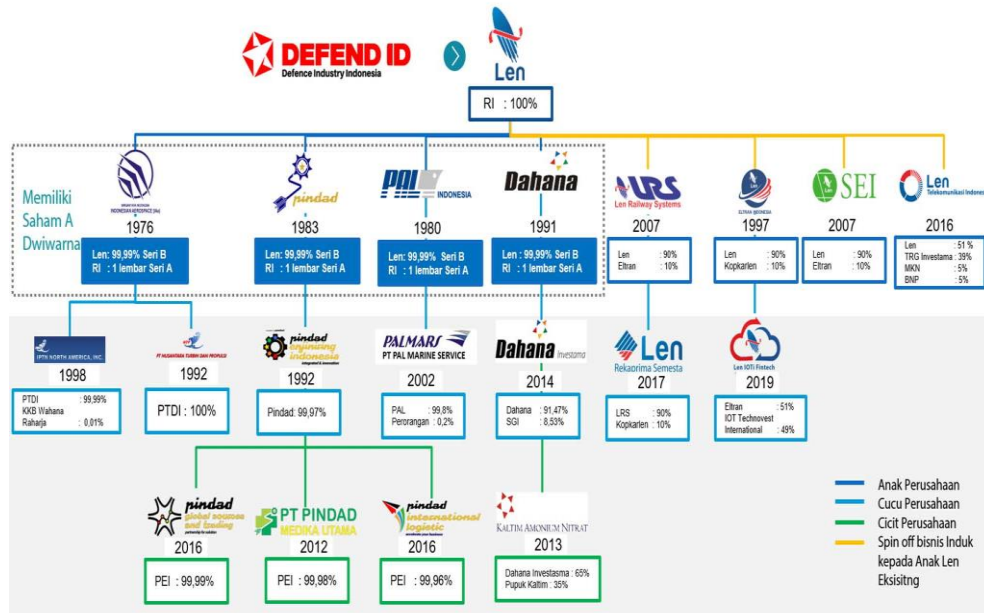
This article in its research applies descriptive qualitative methods. The qualitative meaning of this study is where data is collected in the form of natural aspects that aim to clarify the phenomena that are present through a narrative description, and also the views of participants (grounded theory) as well as case studies related to the transformation of PT.

LEN has the principle that researchers are the main or key actors in research, and research data sources are obtained through interviews, observations and state of the art that purposive and snowball, Then triangulation (combined) is applied, followed by inductive/qualitative data analysis, and emphasizes the meaning of generalization from qualitative results (John W, 2019; Novryadin & Basri, 2012). This research article locus/object "Organizational transformation of PT. LEN". The object of this research was chosen because PT. LEN as a defense industry with the competence to produce military technology that is in line with the operational capabilities of the TNI or TNI AU in terms of one of the military technology products produced by PT. LEN in the form of CTDLS, where CTDLS is one of the platforms that support TNI AU operations related to network centric warfare (NCW) as one of the globally competitive technologies that will be used as a basic analysis as well as design and conclusions.

## **RESULTS AND DISCUSSION**

### **Adaptive Organizational Transformation PT. LEN as the Holding Company of DEFEND ID (PT. LEN, PT. Dirgantara Indonesia, PT. PAL, PT. Pindad, PT. Dahana).**

The President of the Republic of Indonesia Joko Widodo has signed Government Regulation (PP) No. 5 of 2022 concerning the Increase of State Capital Participation (PMN) of the Republic of Indonesia into the Share Capital of the Company (Persero) PT Len Industri on January 12, 2022. The Defense Industry SOE Holding (Indhan) under the name DEFEND ID (Defence Industry Indonesia) consists of PT Len Industri (Persero) as the holding parent, PT Pindad, PT Dirgantara Indonesia, PT PAL Indonesia, and PT Dahana as a member of the holding. Meanwhile, the government owns 1 share of Series A Dwiwarna of the four companies and 100% of Len's shares (Figure 1.)



**Figure 1.**  
**DEFEND ID Organizational Structure**  
 Source: Len.co.id

PT. LEN As the holding company since 2020, it is based on the consideration of business networks covering all defense fields. which is able to integrate technology between sectors and has capabilities in the field of C5ISR (Command, Control, Communication, Computer, Cyber, Intelligence, Surveillance, and Reconnaissance) as interoperability and brain systems for all electronic-based platforms. Another reason is because Len's position is strategic and not inclined to one dimension, but is able to accommodate and integrate the three dimensions of the TNI, namely land, sea, and air. In addition, it is considered to have experience as a parent in managing 4 (four) existing subsidiaries.

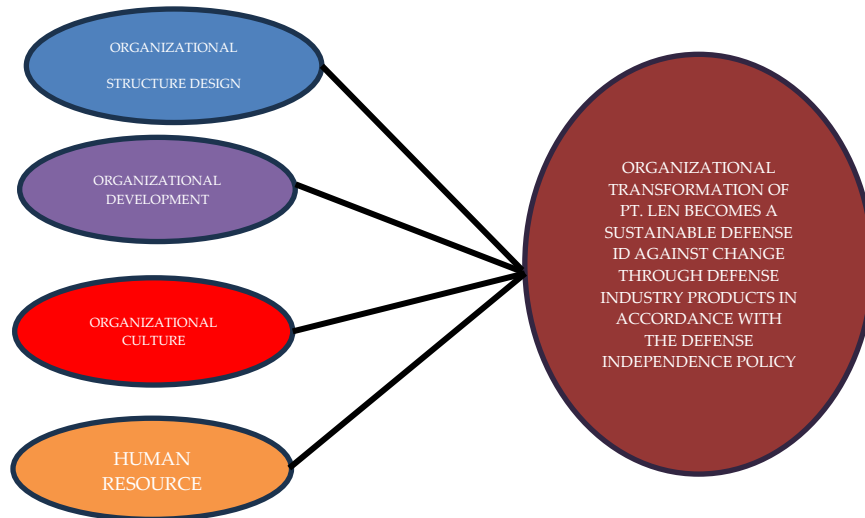


**Figure 2.**

**Technology Coverage PT. LEN**

**Source: Processed by Researchers, 2023**

Based on this transformation, adjustments are made and also steps or stages are taken to achieve a sustainable transformation of capabilities as a defense industry that supports all changes in military technology that lead to defense independence. The variables are combined to be able to support this transformation, where the first variable is the design of the organizational structure adapted to the DEFEND ID organization. Followed by the second variable with the development of the organization needed according to the objectives of DEFEND ID. then the third variable is the realignment of organizational culture, where each member member of DEFEND ID has a different initial organizational culture and must be used as an integrated organizational culture with principles *Bhinneka Tunggal Ika*. And, the last variable of human resource performance, where this variable is an important factor, because technological development does not escape the ability of existing resources and is followed by regeneration or changes to generations who understand the latest technology in accordance with specific fields and scientific levels based on the education obtained. The description of the combination of variables is illustrated in figure 3.



**Figure 3.**

**Organizational Transformation Variables**

**Source: Processed by Researchers, 2023**

Design and structure as well as organizational development, organizational culture, and employee performance of PT. LEN as a combination of transformation variables PT. LEN becomes a sustainable DEFEND ID faced with the dynamics of rapidly developing military technology products and supporting TNI/TNI AU operations

**Organization (Structure Design and Development)**

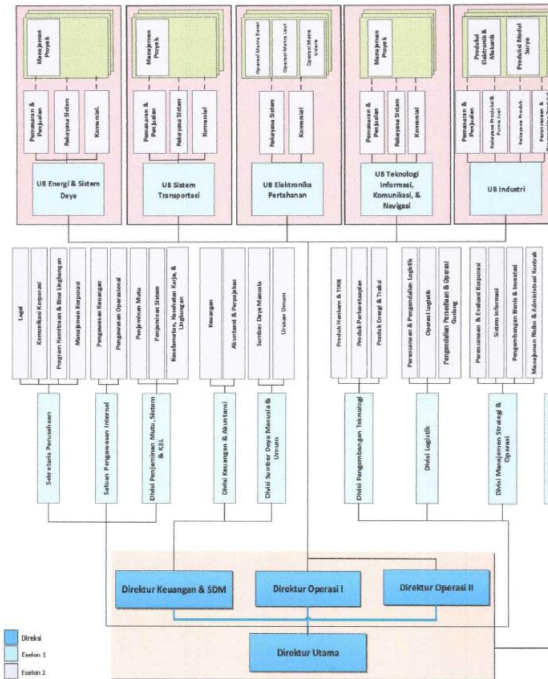
Based on Government Regulation Number 5 of 2022, dated January 12, 2022, which has been inaugurated by the President of the Republic of Indonesia, where PT. LEN became an Indonesian SOE holding under the name DEFEND ID, so Change management actions were carried out which included change management to the organization, culture, and also human resources. MChange management is very useful in facing a changing future in this regard for PT. KEN which became DEFEND ID caused by the influence of technology, and cross-cultural and the development of human resource education (Bachtiar et al., 2021; Kunaifi & Syam, 2021).

The first change management in the transformation of PT. LEN is the associated design of existing structures and is developed to suit the conditions of transformation demands. PT. LEN was appointed as a holding in DEFEND ID for the reason that one of them is that it has a structure that is basically similar to the structure that exists in DEFEND ID today. The initial organizational structure of PT. The LEN is where in the structure of

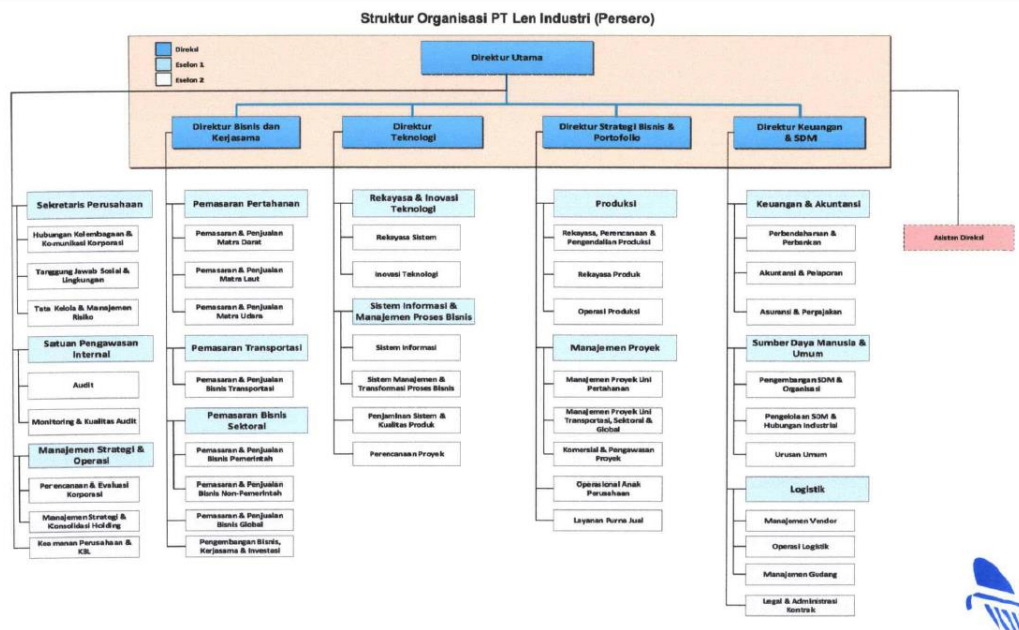
PT. LEN oversees several types of business ventures (UB) such as energy, transportation, defense electronics, information communication technology (ICT), and industry (figure 4). Each UB has the same part or division such as sales, marketing, and system engineering. The original design of the organizational structure of PT. This LEN has a positive thing, namely if one of the existing UBs is not optimal at a certain time, the profit of PT. LEN as a whole can be covered by other UBs that have UB exceeding the target of the original plan. On the other hand, the negative thing that arises is where UB's personnel control and culture are different, or there are no uniform standards. This is similar to existing SOEs where PT. LEN, PT. Dirgantara Indonesia, PT. PAL, PT. PINDAD, and PT. Each of Dahana has a similar directorate including marketing and production.

After PT. LEN was officially appointed as the holding of DEFEND ID, then the design of the organizational structure, the design of the structure underwent a change in design and development, where all UB became one under the auspices of PT. LEN, and for each section or division in each UB was merged into one, such as marketing with part of the marketing division consisting of combined marketing of Energy, transportation, ICT, and industry (figure 5) and added several other new sections such as the transformation division. This has a positive thing, namely that the standards used will be equated or standardized, including the same as DEFEND ID holding members, but negative things can occur such as resistance to new conditions due to the possibility of environmental atmosphere outside the zone that was considered comfortable before.

Change management of the structure design and organizational development that has been adjusted according to figure 5, designed and developed related to the position of PT. LEN as the holding company of DEFEND ID, with the aim of becoming an innovative, reliable, and competitive organization in accordance with existing developments, especially military technology so that it will create defense independence in the sense of being ready to support military strength independently and the readiness of TNI operations in general and the Air Force in particular in terms of technological developments until the future. This will form an organization that is adaptive, flexible and sustainable to various challenges and developments so that it is not only independent but also opens up greater opportunities in international competition.



**Figure 4.**  
**Organizational Structure of PT. LEN Before DEFEND ID**  
 Source: PT. Len, Transformation Division



**Figure 5.**  
**Organizational Structure of PT. LEN After DEFEND ID**  
 Source: PT. Len, Transformation Division

## **Organizational Culture**

The next change management is related to changes in organizational culture. At first glance, it is conveyed that changes in organizational structure and development will affect the existing culture. There are several factors that influence organizational culture, namely: leadership, environmental atmosphere, rules, and community. Moreover Chantman, and Chaldwell (1991) cited in Dwivedi (1995) suggest that ten key characteristics that, in aggregate, capture the essence of organizational culture include (Rivai et al., 2023): a. Member identity: how employees identify with the organization as a whole rather than with their type of job or area of professional expertise; b. Group emphasis: The extent to which work activities are organized around groups rather than individuals; People focus: the extent to which management decisions consider the effect of the results on people in the organization; d. Unit integration: the extent to which units within the organization are encouraged to operate in a coordinated or interdependent manner; e. Control: the extent to which rules, regulations, and direct supervision are used to supervise and control employee behavior; f. Risk tolerance: the extent to which employees are encouraged to be aggressive, innovative, and risk-seeking; g. Reward criteria: the extent to which rewards such as raises and promotions are allocated according to employee performance rather than seniority, favoritism, or other non-performance factors; h. Conflict tolerance: the extent to which employees are encouraged to broadcast conflict and criticism openly; i. End goal orientation: the extent to which management focuses on results or outcomes rather than on the techniques and processes used to achieve those results, and j. Open - systems focus: the extent to which the organization monitors and responds to changes in the external environment.

In accordance with these existing characteristics, the different types of UB with the same job will affect the identity of personnel, because in existing conditions each personnel can feel more or most able when they were in UB before with different cultural patterns (Novadhiyavast & Hidayati, 2023; Said et al., 2023). Different leaders in a unit integration will have an impact on the cultural characteristics of people focus, unit integration, control, which can be sustainable on cultural characteristics with respect to risk tolerance and conflict. To anticipate this, PT. LEN as the parent holding of DEFEND ID, has established an organizational design developed to accommodate existing cultural changes through the

transformation division. This division accommodates cultural change management by determining standard rules via the leadership control method, where the leader who leads has been equipped with standard standards in DEFEND ID. Another thing that also benefits the SOE organization is similar to military conditions, namely what is conveyed by the leadership and existing rules must be obeyed by all personnel, if not obeyed there will be sanctions until transfer or dismissal. The management of changes to this culture is important related to the ability of personnel to adapt to existing changes, especially related to technology so that it will support indirect to the rapid operational readiness of the TNI and TNI AU for technological changes in particular.

### **Human Resources**

PT. LEN and several other SOEs have a history of regeneration gaps that are quite far due to several factors, namely: recruitment culture, environmental conditions, education and technological developments. The gap caused by recruitment culture is where the condition of recruitment ability has stagnated in the sense of not taking transfer or transfer of technology due to a work culture that does not want to be rivaled or is afraid of being replaced, so that the knowledge or knowledge possessed does not run the transition to other people or juniors under it. The next gap is due to environmental conditions, namely where pandemic conditions such as Covid occur so that recruitment is not carried out which makes a generational vacuum. Education and technological developments are also things that encourage gaps, because rapid technological developments that are not followed by appropriate education make a large gap in the ability of a company. These factors become obstacles and obstacles in the transformation of PT. LEN to DEFEND ID, because this transformation requires adaptation to existing technological developments, which requires an educational background that is in accordance with the technology. This is something that previous generations did not have, where the educational material provided was far different even though it had the same scientific basis, but did not cover the basis related to current technological developments, especially related to military technology. PT. LEN with the transformation into the parent holding of DEFEND ID and the demand to be able to become an innovative, reliable, and able to compete holding both nationally and globally with the main aim of becoming an independent holding in supporting the defense industry, it must recruit personnel in accordance with existing needs to support the technological

capabilities of the defense industry with the support of appropriate educational backgrounds and generations of workers who are willing and able to innovate at any time, therefore, a competent young generation is needed from high school graduates to doctoral degrees (figure 6). In connection with this, the composition of human resources owned consists of contract workers (PKWT) and permanent workers (PKWTT) (figure 6), where permanent employees are more than contracts, but contract employees have advantages in terms of education, namely that there are doctorates that aim to be a source in following existing technological developments, especially in innovation. Meanwhile, the implementation of programs and projects is dominated by undergraduate and master education levels sourced from permanent workers with functions as managerial, control, and also technology transfer.

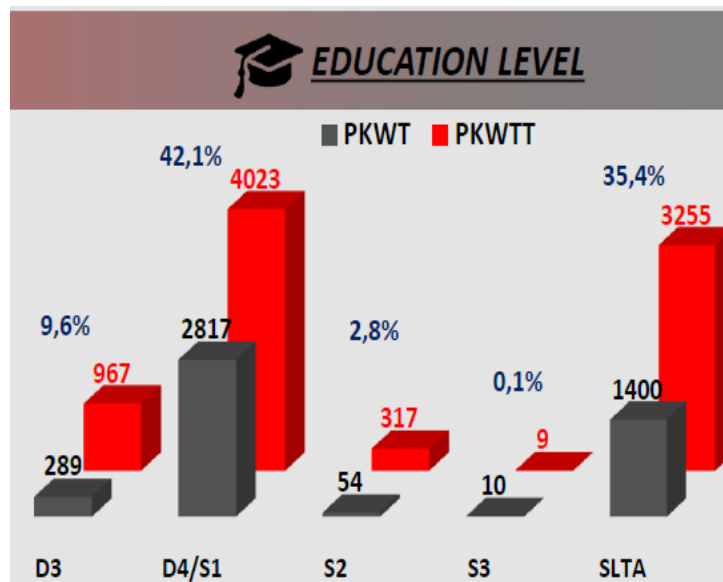


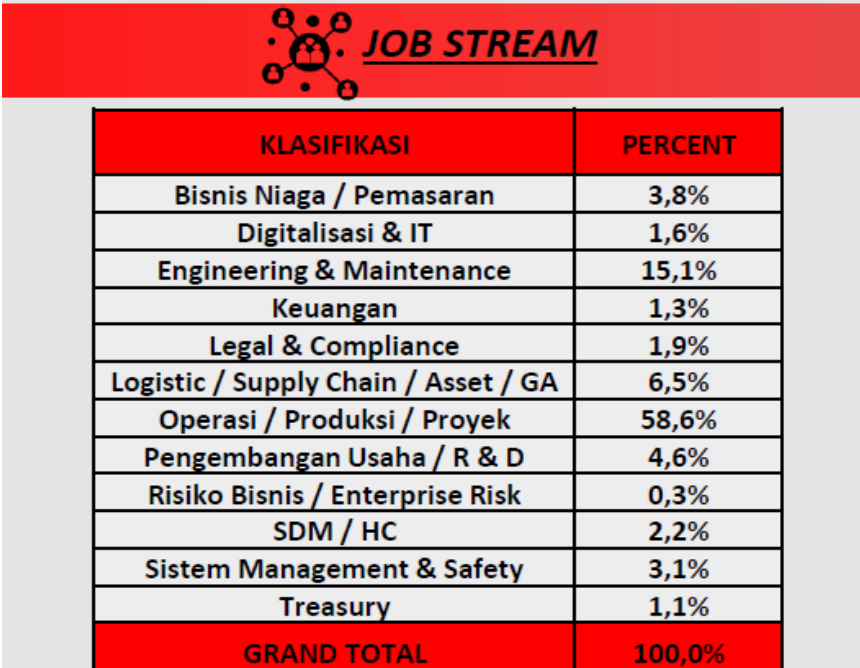
Figure 6.

The composition of PT. LEN (DEFEND EN-ZA)

Source: PT. Len, Transformation Division

In accordance with figure 6 above, recruitment from the level of education ranging from high school to doctoral both from contract and permanent workers, adjusted to the conditions of organizational development based on the principle of supporting the ability of the defense industry to follow the development of military technology and guided by innovation, reliability, competition and independence, then organizational recruitment is

broken into several job streams (figure 7) so that the organization can run effectively and efficient according to the principles and guidelines carried out, namely: related to business and marketing that is able to compete in national and global markets, digitalization and IT as well as engineering and maintenance in order to be able to continue to work following the latest technological developments including business development, which is supported by job streams of finance, legal and compliance, logistics, operations, management systems, and human resources. The job stream is divided according to their respective interests and roles to make the company's organization optimal and sustainable.



KLASIFIKASI	PERCENT
Bisnis Niaga / Pemasaran	3,8%
Digitalisasi & IT	1,6%
Engineering & Maintenance	15,1%
Keuangan	1,3%
Legal & Compliance	1,9%
Logistic / Supply Chain / Asset / GA	6,5%
Operasi / Produksi / Proyek	58,6%
Pengembangan Usaha / R & D	4,6%
Risiko Bisnis / Enterprise Risk	0,3%
SDM / HC	2,2%
Sistem Management & Safety	3,1%
Treasury	1,1%
<b>GRAND TOTAL</b>	<b>100,0%</b>

Figure 7.

**Job Stream Composition PT. LEN (DEFEND EN-ZA)**

**Source: PT. Len, Transformation Division**

As mentioned earlier, the required human resources who are capable and have educational backgrounds according to technological developments are sourced from the current generation or millennials, with a composition of 83% (figure 8) both for recruitment as permanent and contract workers.

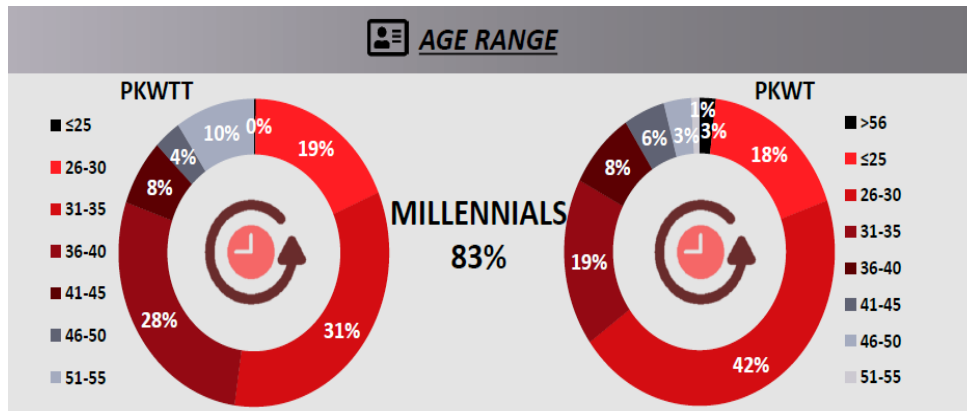


Figure 8.

**Composition of Recruitment Age of PT. LEN (DEFEND EN-ZA)**

**Source: PT. Len, Transformation Division**

Based on the elaboration of results and discussions related to change management carried out by PT. LEN (DEFEND ID) towards the design and structure as well as organizational development, organizational culture, and human resource performance, where all are interrelated and cannot be separated so that they must be a unity combined between variables in carrying out the transformation of PT. LEN becomes a sustainable DEFEND ID faced with the dynamics of rapidly developing military technology products and supporting TNI/TNI AU operations. This combination becomes an effective and efficient novelty in making PT. LEN, which is the parent holding of DEFEND ID, is in accordance with the guidelines provided by the Minister of SOEs, namely companies that are able to be independent with the ability to innovate, reliable, competitive.

**CONCLUSION**

Adaptive change management is carried out through a combination of organizational design variables, organizational development, organizational culture, and human resource performance within PT. Customized LEN related to the transformation of PT. LEN becomes DEFEND ID. Each of these variables is interrelated so that it becomes a whole unit in forming an independent company supports the defense industry for the readiness of TNI / TNI AU operations and is able to innovate, reliable, and competitive at national and global scope, as well as be sustainable to the dynamics present.

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