

Integrated Business Foundation Strategy Model: A Phenomenological Study of Value-Based Strategic Alignment in Indonesian Green Textile Industry

IBFS Model in
Indonesia Green
Textile Industry

Wijaya Ng

STMIK LIKMI Bandung; Bandung, Indonesia

E-Mail: wijayavandana@gmail.com

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ABSTRACT

This study develops and validates the integrated business foundation strategy model through a phenomenological approach in the context of value-based strategic alignment. Using a phenomenological design with purposive sampling, this research explores how the 5S character foundations (Satya, Drishti, Shakti, Sangha, Samvedana) in the integrated business foundation strategy framework mediate business-IT strategic alignment. Data were collected through in-depth interviews with 12 key informants, 120 hours of participatory observation, and document analysis during February 2020 - December 2024. Data analysis employed interpretative phenomenological analysis with an intercoder reliability of 0.87. The findings reveal that the 5S integrated business foundation strategy model constructs function as strategic alignment catalysts through the character-strategy alignment effect mechanism. Analysis shows vertical alignment between Drishti (eco-friendly vision) and IT infrastructure increased energy efficiency by 25%, while horizontal alignment based on Sangha (collaboration) reduced coordination costs by 30%. This study provides significant theoretical contributions through the development of an empirically validated integrated business foundation strategy model, character-strategy alignment effect concept as a mediation mechanism, and value-based strategic alignment framework in the context of the Indonesian green industry.

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Keywords: Digital Transformation, Green Industry, Integrated Business Foundation Strategy, Phenomenology, Strategic Alignment, Sustainability.

ABSTRAK

Studi ini mengembangkan dan memvalidasi model strategi fondasi bisnis terintegrasi melalui pendekatan fenomenologis dalam konteks penyelarasan strategis berbasis nilai. Menggunakan desain fenomenologis dengan purposive sampling, penelitian ini mengeksplorasi bagaimana fondasi karakter 5S (Satya, Drishti, Shakti, Sangha, Samvedana) dalam kerangka strategi fondasi bisnis terintegrasi memediasi penyelarasan strategis bisnis-TI. Data dikumpulkan melalui wawancara mendalam dengan 12 informan kunci, 120 jam observasi partisipatif, dan analisis dokumen selama Februari 2020 - Desember 2024. Analisis data menggunakan analisis fenomenologis interpretatif dengan reliabilitas intercoder sebesar 0.87. Temuan ini mengungkapkan bahwa konstruksi model strategi fondasi bisnis terintegrasi 5S berfungsi sebagai katalis penyelarasan strategis melalui mekanisme efek penyelarasan karakter-strategi. Analisis menunjukkan penyelarasan vertikal antara Drishti (visi ramah lingkungan) dan infrastruktur TI meningkatkan efisiensi energi sebesar 25%, sementara penyelarasan horizontal berdasarkan Sangha (kolaborasi) mengurangi biaya koordinasi sebesar 30%. Penelitian ini memberikan kontribusi teoritis yang signifikan melalui pengembangan model strategi fondasi bisnis terpadu yang tervalidasi secara empiris, konsep efek penyelarasan karakter-strategi sebagai mekanisme mediasi, dan kerangka kerja penyelarasan strategis berbasis nilai dalam konteks industri hijau Indonesia.

Kata kunci: Transformasi Digital, Industri Hijau, Strategi Pondasi Bisnis Terintegrasi, Fenomenologi, Penjajaran Strategis, Keberlanjutan.

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INTRODUCTION

The textile and garment manufacturing sector remains a cornerstone of the global economy, not only shaping the dynamics of the fashion industry but also generating extensive employment opportunities and supporting international trade flows (Nuzuliati & Awaludin, 2025). In Indonesia, this sector continues to demonstrate economic relevance, recording an annual growth rate of 4.26 percent in 2024 and contributing approximately IDR 218.2 trillion to the national Gross Domestic Product (GDP), according to the Central Statistics Agency. Export performance has also remained notable, with textile and apparel shipments reaching USD 1.02 billion in February 2025. Despite these gains, the industry faces mounting pressures as it stands at the intersection of technological disruption and escalating sustainability expectations. Under the Indonesia 4.0 roadmap, the Textile and Textile Products (TPT) industry has been designated as a priority subsector for digital transformation and supply chain modernization (Yudistria et al., 2025). Yet regional assessments highlight that the adoption of sustainable practices in Indonesia's textile sector still lags behind international benchmarks, underscoring the need for deeper innovation, stronger environmental compliance, and enhanced operational readiness to compete in a rapidly shifting global landscape (Sarasi et al., 2024).

The Indonesian TPT industry continues to face significant structural challenges at the national level, particularly in relation to technological readiness and sustainability compliance. Despite being one of the country's largest manufacturing employers, the sector lags in digital adoption, with only 30–35% of medium-sized textile firms integrating automation or data-driven production systems according to the Ministry of Industry (Anam, 2022). Low digital readiness is compounded by persistent inefficiencies across the supply chain and high levels of textile waste, as Indonesia generates more than 350,000 tons of textile waste annually, much of which remains unmanaged. At the global level, competitive pressures have intensified as international buyers increasingly demand environmentally responsible production, traceability, and compliance with ESG standards such as the EU strategy for sustainable and circular textiles. Changing consumer preferences toward eco-friendly and ethically produced garments further amplify the urgency for Indonesian textile firms to modernize, adopt clean technologies, and align their operations with global sustainability expectations.

PT Labda Anugerah Tekstil, as a pioneer in the textile industry, digital printing/environmentally friendly in Indonesia, demonstrates exponential performance with 30% revenue growth in the past three years. However, the company faces complexities in aligning sustainable business strategies with evolving IT infrastructure. A preliminary study identified 70% of LaTe Enterprise Resource Planning (ERP) system implementation challenges stemming from the gap between company values and technical capabilities, indicating a missing link in the model's strategic alignment convention. PT Labda Anugerah Tekstil experiences production delays, rising operational costs, and weak supply-chain integration due to the persistent misalignment between its sustainability-oriented business strategy and its evolving IT infrastructure. These issues are driven by gaps in digital capability, cultural resistance to new systems, and the absence of a governance structure that ensures coherent strategic alignment across units. Resolving this misalignment is now critical as the company faces simultaneous pressures from industry 4.0 transformation, tightening sustainability standards, and increasingly competitive global textile markets.

Integrated Business Foundation Strategy (IBFS) developed by Agnes and Wijaya (2021) offers a comprehensive framework through the systematic integration of character foundations, strategic analysis, and operational implementation. IBFS offers a holistic framework that integrates character foundations with strategic analysis and operational execution, empirical validation of this model remains limited, particularly within medium-sized manufacturing firms. Existing studies on strategic alignment predominantly rely on classical frameworks such as the strategic alignment model by Henderson and Venkatraman (1993) or other fit-based approaches, leaving value-based

foundations largely unexplored. Moreover, no research has specifically examined how character-driven foundations mediate the success of strategic alignment in the context of digital transformation, nor how the IBFS framework interacts with ERP implementation or other digital technologies in the textile and textile products sector. The absence of phenomenological investigations capturing the lived experience of business actors in aligning technology initiatives with sustainability-oriented strategies further reinforces this gap, highlighting the need for a study that situates IBFS within real organizational practice.

This study is designed to achieve three core objectives: first, to analyze how the 5S construct of the IBFS is implemented in practice through a phenomenological exploration of real organizational experiences; second, to examine the mediating role of character-based foundations in strengthening strategic alignment between business objectives and IT initiatives; and third, to develop an empirically validated IBFS model that captures the interaction between values, strategy, and digital transformation. The findings are expected not only to advance theoretical understanding of value-driven strategic alignment but also to offer practical implications by guiding managers in designing governance mechanisms, leadership approaches, and implementation strategies that improve ERP adoption, strengthen organizational readiness, and enhance sustainability-driven competitiveness.

LITERATURE REVIEW

Integrated Business Foundation Strategy and Strategic Alignment Theory

The Integrated Business Foundation Strategy (IBFS) provides a holistic framework that unifies character foundation, analysis and planning, and implementation and evaluation as core dimensions for strengthening organizational strategy. Conceptually, IBFS bridges virtue ethics in business, strategic contingency theory, and the dynamic capability framework, positioning it as a value-driven approach to strategic alignment (Solomon, 1992; Teece et al., 1997; Donaldson, 2001). Its 5S construct comprises *Satya*, which emphasizes integrity through honesty and transparency; *Drishti*, which ensures the consistency of long-term vision; *Shakti*, which focuses on capability development; *Sangha*, which strengthens stakeholder collaboration; and *Samvedana*, which reflects contextual awareness and adaptive responsiveness to environmental changes. The IBFS framework offers a value-driven pathway to resolve the misalignment between a firm's sustainability goals and its evolving digital infrastructure by grounding strategic decisions in character-based foundations. The 5S principles provide the structural mechanism needed to bridge gaps between organizational values, technological readiness, and operational execution.

The Strategic Alignment Model (SAM) has become a dominant paradigm with four fundamental domains: business strategy, IT strategy, organizational infrastructure, and IT infrastructure (Henderson & Venkatraman, 1993). However, this model has been criticized for ignoring the soft element dimension, such as organizational values and corporate culture (Luftman, 2000; Tallon & Pinsonneault, 2011). This limitation creates a theoretical gap in explaining the failure of strategic alignment implementation, even though it is technically adequate. The limitations of the SAM framework in addressing value-based and cultural dimensions help explain why the firm continues to face alignment failures despite having adequate technical infrastructure. This gap reinforces the need for a model like IBFS, which incorporates character foundations to address precisely the soft-element misalignment underlying the company's strategic and digital transformation challenges.

Green Economy in the Textile Industry

The green economy concept in the textile industry centers on integrating resource efficiency, waste reduction, and the transformation of production processes toward low-emission practices (Ikram, 2022; Mu'min et al., 2025). This economic model emphasizes decoupling industrial growth from environmental degradation through the adoption of clean technologies and responsible material management (Fletcher, 2014). In the textile

sector, the urgency of this transition is amplified by the high consumption of water, energy, and chemicals, all of which have substantial impacts on ecosystems (Khan & Malik, 2014).

The implementation of the green economy is shaped by several key factors. First, it depends on the availability of and capacity for investment in sustainable production technologies such as zero-liquid-discharge systems and low-water dyeing processes (Rahmawati, 2024). Second, government regulations and international standards, such as Global Organic Textile Standard (GOTS) and Bluesign, play an essential role in driving compliance (Kokeza et al., 2023). Third, market pressure and rising global consumer demand for environmentally friendly products accelerate the adoption of circular practices (Niinimäki et al., 2020). On the other hand, challenges arise from high upfront costs, limited wastewater treatment infrastructure, and gaps in workers' technical competencies (European Environment Agency, 2022). The literature indicates that adopting a green economy in the textile industry is a gradual process shaped by a combination of regulatory incentives, technological readiness, and shifting market behavior toward sustainability (Fletcher, 2014).

Circular Economy in the Green Textile Industry

Circular economy principles have become a central framework for advancing sustainability in the textile industry, complementing broader concepts such as green productivity that emphasize efficiency and environmental stewardship (Stahel et al., 2019; Corvellec et al., 2022; Mayana, 2025). A circular textile system seeks to restore and regenerate resources through sustainable design, product-life extension, resource recovery, and the reuse of materials across the entire production-consumption cycle, reflecting the core 3R principles (reduce, reuse, recycle) supported by active engagement from all value-chain actors (Prieto-Sandoval et al., 2018; Bouton et al., 2022). Empirical evidence shows that large manufacturing firms implementing circular strategies have achieved measurable gains in operational efficiency, cost reduction, and carbon-footprint minimization by converting waste into secondary raw materials, adopting renewable-energy production, and developing long-life product designs with take-back and recycling systems (Dewadi et al., 2023; Setiawana et al., 2025).

However, the textile and apparel sector continues to face systemic barriers, including persistent waste generation across pre-production, production, and post-consumer stages, waste that is still predominantly incinerated or landfilled due to limited recovery systems and weak process integration (Koszewska, 2018). These challenges highlight a critical problem: the transition toward circularity depends not only on technical innovations but also on strategic alignment between sustainability goals, operational capabilities, and organizational readiness. In contexts like Indonesia, where the textile industry is under pressure from digital transformation, low sustainability performance, and intensifying global ESG standards, misalignment between business strategy, technology infrastructure, and sustainability practices becomes a major obstacle to realizing the full potential of circular economy adoption.

RESEARCH METHODS

This study employs a qualitative approach using a phenomenological research design to explore the lived experiences of organizational actors in implementing strategic alignment (van Manen, 2016). The selection of PT Labda Anugerah Tekstil as the research setting is based on several key criteria: its position as a pioneer in environmentally friendly textile manufacturing; the implementation of a comprehensive and integrated information system; a strong organizational commitment to sustainability values; exceptional business performance demonstrated through consistent growth; and the availability of rich and comprehensive organizational data. These characteristics provide an ideal context for examining value-based strategic alignment within a medium-sized manufacturing environment undergoing digital transformation.

Phenomenology, rooted in the works of Husserl (1970) and developed further by van Manen (2016), is particularly suited to this research because it enables a deep exploration of subjective experiences and meaning-making processes. Unlike the dominant positivistic orientation in Management Accounting Systems (MAS) and strategic alignment research, phenomenology emphasizes understanding phenomena as experienced by individuals within organizational settings (Sandberg, 2000). This approach is crucial for uncovering the dimensions of values, character, and lived experience that are often overlooked in traditional strategic alignment models, which typically focus on structural and technical aspects.

Participants in this study consist of 12 key informants selected through purposive sampling based on four criteria: direct involvement in strategic alignment processes; strong understanding of the company's core values; a minimum of two years of work experience within the organization; and willingness to share their experiences in depth. These participants represent various hierarchical levels to ensure a holistic understanding of the phenomenon.

Data collection was carried out from February 2020 to December 2024 using three methods. First, in-depth phenomenological interviews were conducted with each participant, using a semi-structured protocol focusing on lived experience, with sessions lasting 60–120 minutes and transcribed verbatim. Second, the researcher conducted 120 hours of participatory observation in core business activities to understand daily practices and contextual nuances. Third, company documents, policies, and internal reports were examined to strengthen triangulation.

Data analysis followed the stages of Interpretative Phenomenological Analysis (IPA) outlined by Smith et al. (2009), including repeated reading of transcripts, initial noting, development of emergent themes, identification of connections within and across cases, and synthesis of cross-case patterns. Validity was ensured through triangulation, member checking, and a detailed audit trail, while reliability was strengthened using intercoder reliability measured by Cohen's Kappa. Analysis continued iteratively until thematic saturation was achieved. Figure 1 and Figure 2 present the resulting IBFS Model.

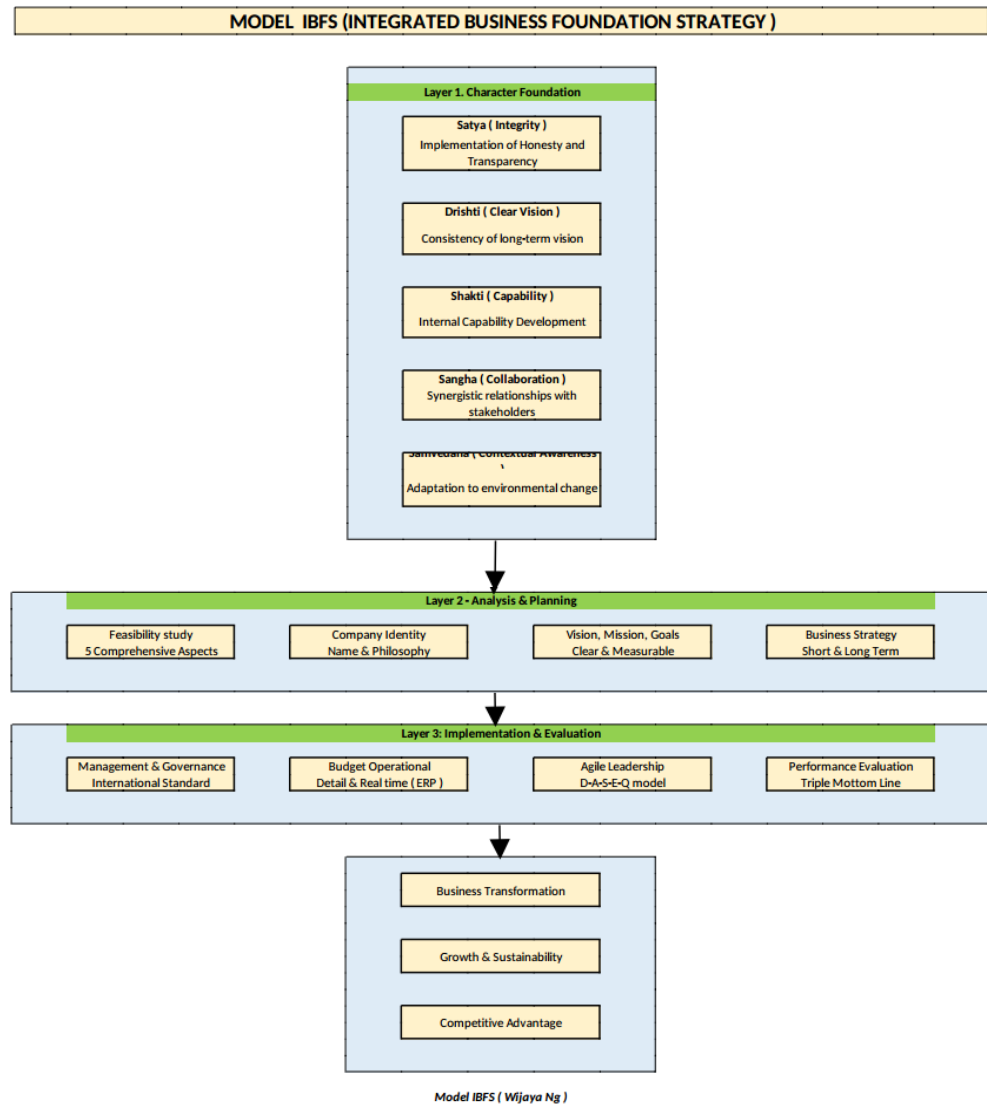


Figure 1. Integrated Business Foundation Strategy Model

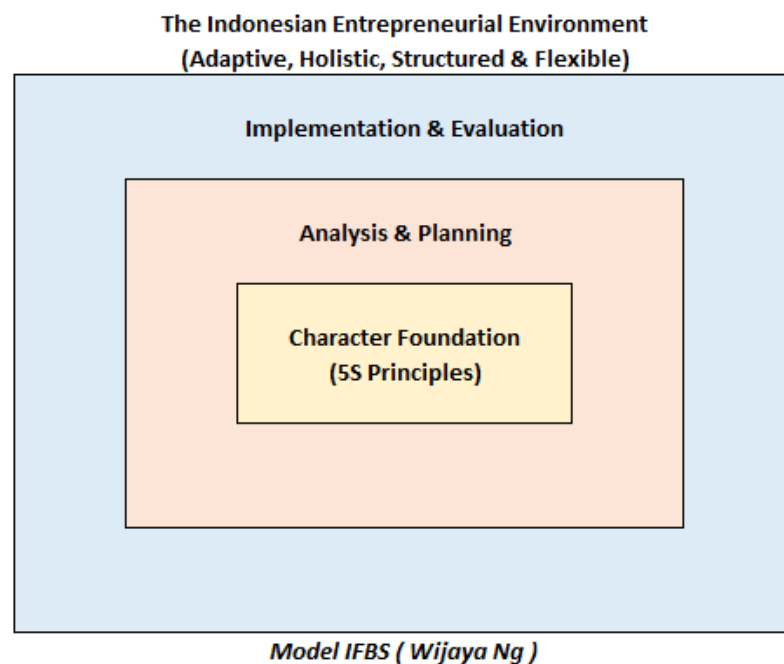


Figure 2. Indonesian Entrepreneurial Environment IBFS Model

RESULTS

Implementation of IBFS Construct through a Phenomenological Approach

The Interpretative Phenomenological Analysis (IPA) shows that the IBFS model operates through three interconnected layers that together create a coherent and sustainable strategic system. The first layer, the character foundation, shapes a distinctive organizational identity through the 5S construct. *Satya* (integrity) appears in transparent sustainability reporting that exceeds regulatory requirements, as the production manager indicated that the company consistently reports non-conformances to independent environmental consultants because honesty is considered non-negotiable. *Drishti* (clear vision) functions as a stable strategic guide, reflected in the company's refusal to pursue investment opportunities that offer short-term financial gains but conflict with the green vision.

The second and third layers illustrate how these values are translated and implemented within organizational processes. Strategic analysis and planning act as the interpretive bridge, using a comprehensive five-pronged feasibility study to ensure consistency between the company's philosophical identity and its strategic directions. The Director of Operations noted that the formulation of the company's vision, mission, and goals considers not only financial feasibility but also alignment with the 5S character foundation. Implementation and evaluation further operationalize these values through international governance standards, ERP-based real-time budgeting, the D-A-S-E-Q leadership model, and triple bottom line assessments. The system architect emphasized that every technology adopted is evaluated not merely for technical efficiency but also for its contribution to broader sustainability objectives, reinforcing how IBFS integrates values into day-to-day execution.

Mediation Mechanism of Character Foundations in Strategic Alignments

Key research findings reveal character-strategy alignment as a critical mediating mechanism that explains how character foundations facilitate multidimensional strategic alignment. Table 1 shows the quantitative impact of the character strategy alignment effect.

Table 1. Quantitative Impact of the Character-Strategy Alignment Effect

Alignment Mechanism	IBFS Construct Involved	Quantitative Measurable Impact	Key Implementation Example	IBFS Layer Support
Vertical Alignment	<i>Drishti</i> (Vision)	25% increase in energy efficiency	Investment in digital printing machines that save energy and water	Layer 1 + Layer 3
Horizontal Alignment	<i>Sangha</i> (Collaboration)	30% reduction in coordination costs	Implementation of an integrated collaboration platform that eliminates data duplication (LATE - ERP)	Layer 1 + Layer 3
External Alignment	<i>Samvedana</i> (Contextual Awareness)	45% increase in customer satisfaction score	Development of a real-time feedback system for rapid adaptation to market demand	Layer 1 + Layer 2
Operational Alignment	<i>Shakti</i> (Capability)	80% reduction in production waste	Integration of IoT systems to monitor raw material consumption and water recycling	Layer 1 + Layer 3
Ethical Alignment	<i>Satya</i> (Integrity)	90% increase in transparency score	Sustainability reporting beyond compliance and end-to-end data protection	Layer 1 + Layer 2

Vertical integration in the form of *Drishti* mediation in strategic-technical transformation is reflected in how the company aligns its "green industry leadership" strategy with its technological infrastructure. This alignment is made possible through the internalization of *Drishti*, which serves as a guiding principle in technology-related decisions. The Head of the IT Department noted that the selection of technological tools

prioritizes triple bottom line criteria: economic, environmental, and social, highlighting that the company intentionally opted for high-efficiency servers despite their higher cost because they were consistent with the organization's green vision. By embedding *Drishti* into strategic choices, the company achieved a 25% improvement in energy efficiency through investments in environmentally friendly technologies, demonstrating how values-based decision-making drives coherent strategic-technical transformation.

Horizontal integration through *Sangha* in eliminating organizational silos is evident in how the company reshapes inter-departmental relationships from fragmented competition into cohesive collaboration. *Sangha* acts as the binding value that encourages departments to work synergistically, supported by an integrated collaboration platform that, according to the marketing manager, removes communication barriers and unifies production and marketing teams within a single shared database. By reducing duplication and coordination errors, this value-driven collaborative system results in a 30% decrease in coordination costs, illustrating how *Sangha* strengthens horizontal alignment across operational units.

External alignment enabled by *Samvedana* reflects the organization's ability to anticipate and respond proactively to evolving stakeholder expectations. *Samvedana* functions as a value that sharpens the firm's contextual awareness, enabling it to remain sensitive to market signals. The president director emphasized that the digital feedback system represents this sensitivity, allowing the company to interpret and react to customer needs in real time. This responsiveness, rooted in *Samvedana*, leads to a 45% increase in customer satisfaction scores and reinforces the company's competitive standing by ensuring continuous alignment with external environmental dynamics.

The quantitative data in Table 1 show that internalizing IBFS values resulted in significant and measurable improvements in operational performance. The 80% reduction in production waste and the 25% increase in energy efficiency were not solely the result of technology implementation, but rather the result of the synergy between *Shakti* (technical capability), *Drishti* (strategic guidance), and *Satya* (accountability). These achievements represent the practice of green productivity, which is effective and proves that a value-based approach can produce superior operational outcomes (Afum et al., 2023).

The IBFS model enables the transformation of organizations from mere technology adopters to innovators capable of building dynamic capabilities. The development of a dedicated carbon footprint tracking module within the ERP system and the implementation of LATE for production optimization are testaments to the innovation capabilities that have been developed. Simultaneously, the reputation as a "sustainability champion" strengthened by *Satya* (transparency) and *Samvedana* (responsiveness) has increased customer loyalty by 45% and opened access to premium markets that value sustainable practices. This combination of green performance, technological innovation, and a trusted reputation creates a source of competitive advantage based on causal ambiguity and social complexity, which is difficult for competitors to duplicate (Barney, 1991).

Validated IBFS Model

These findings collectively validate and enrich the IBFS Model through the integration of three typically separate theoretical perspectives: phenomenology to understand lived experience and lived meaning, theory strategic alignment as an outcome framework, and virtue ethics as a foundation of values. This integration resulted in an original contribution in the form of the concept of the "Character-Strategy Alignment Effect," which provides a mechanistic explanation of how organizational values mediate the success of strategic alignment.

This concept offers a strong empirical response to longstanding criticisms of the conventional SAM model, which has often been viewed as overly technical and insufficiently attentive to the organization's soft elements (Henderson & Venkatraman,

1993; Luftman, 2000; Tallon & Pinsonneault, 2011). In the context of PT Labda Anugerah Tekstil, the 5S character foundation operates as a mediating mechanism that translates abstract business strategies into concrete operational and technical decisions through value internalization across all organizational levels. It also integrates diverse departments around a shared set of values, thereby reducing friction and lowering coordination costs. Furthermore, the 5S foundation links digital transformation initiatives with the company's sustainability agenda, ensuring a coherent alignment between technological advancement and the organization's core principles.

The quantitative findings in Table 1 provide rare empirical evidence in phenomenological research, demonstrating that an in-depth qualitative approach not only yields rich understandings of meaning but can also reveal measurable cause-and-effect relationships. This bridges the methodological gap between qualitative and quantitative research in information systems studies. Figure 3 shows the character strategy alignment effect.

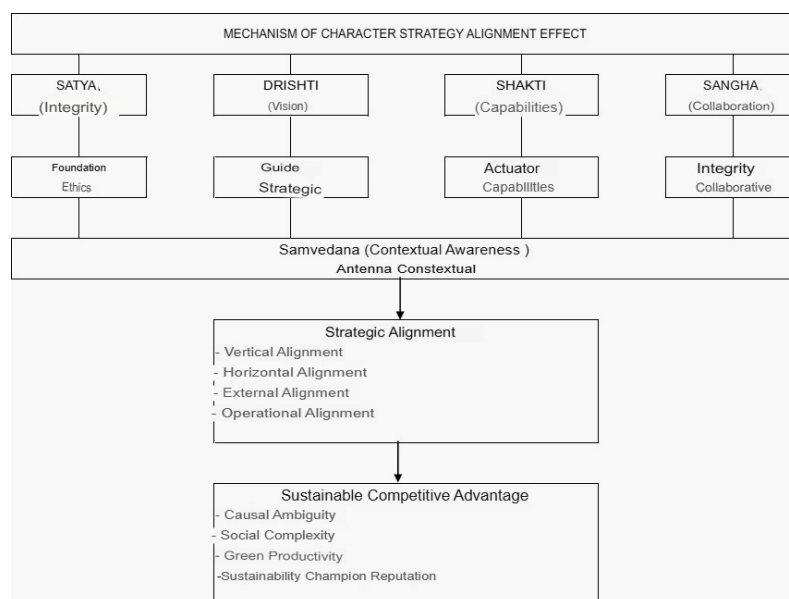


Figure 3. Character Strategy Alignment Effect

Thus, this empirically validated IBFS model offers not only a strategic planning framework, but also a blueprint/comprehensive approach to building a resilient and adaptive organization, an organization where strategy, technology, and human values organically blend to create a truly sustainable competitive advantage in the context of digital transformation and sustainability demands.

DISCUSSION

The findings demonstrate that the IBFS operates as an effective value-based mechanism for strengthening multidimensional strategic alignment, offering empirical support for theoretical propositions in strategic alignment and sustainable business literature. The phenomenological evidence shows that the 5S character foundation (*Satya*, *Drishti*, *Shakti*, *Sangha*, and *Samvedana*) serves as the core driver that shapes organizational identity and guides decision-making. This supports prior studies emphasizing the role of organizational values and virtue ethics in anchoring strategic coherence (Tsoukas, 2018). The internalization of *Satya* and *Drishti* within PT Labda Anugerah Tekstil's sustainability reporting and strategic visioning reinforces earlier critiques that conventional Strategic Alignment Model (SAM) frameworks overlook the "soft elements" of alignment (Luftman, 2000; Tallon & Pinsonneault, 2011). The results show that such soft-element foundations are not peripheral but central mediators enabling

consistency between business strategy, technology infrastructure, and sustainability objectives.

The study's evidence of the character-strategy alignment effect provides a concrete explanation of how values translate into measurable strategic outcomes. For example, the 25% increase in energy efficiency attributed to *Drishti* aligns with the assertion that value-driven strategic clarity strengthens technological decision-making (Henderson & Venkatraman, 1993). Similarly, the role of *Sangha* in reducing coordination costs by 30% affirms earlier findings that collaboration-based cultures minimize cross-functional friction and support process integration (Donaldson, 2001). These findings extend theoretical discussions by demonstrating that values not only influence attitudes or culture but can materially shape operational performance when embedded through structured frameworks such as IBFS.

The results also contribute to sustainability and green productivity literature. The substantial 80% reduction in production waste and the use of IoT-enabled monitoring indicate that *Shakti* and *Satya* create a foundation for effective green operations, resonating with studies emphasizing technological investment and capability-building as enablers of green transformation (Kwilinski, 2024; Liu & Liang, 2024). Additionally, the organization's adoption of zero-waste principles and energy-efficient machinery reflects broader transitions toward the green economy and circularity in the textile sector (Al-Sanea, 2024). These outcomes align with research showing that sustainability performance improves when firms integrate long-term vision, clean technologies, and responsible material management (Brahmana & Kontesa, 2021; Alkhodary, 2023). The study therefore strengthens the argument that environmental improvements arise not solely from technical systems but from strategic alignment between values, capabilities, and operational processes (Sabherwal et al., 2019).

Furthermore, the external alignment driven by *Samvedana*, resulting in a 45% increase in customer satisfaction, provides empirical support for prior work highlighting the importance of contextual responsiveness in competitive industries (Prieto-Sandoval et al., 2018; Bouton et al., 2022). Real-time feedback systems and sensitivity to stakeholder expectations align with circular economy frameworks that emphasize adaptive responsiveness as a function of sustainable value creation (Abu-Bakar & Charnley, 2024). The strengthening of the firm's reputation as a sustainability champion also reinforces the view that transparency and social responsiveness enhance competitive advantage through causal ambiguity and social complexity (Barney, 1991).

This study provides both theoretical and practical contributions by demonstrating that effective strategic alignment cannot rely solely on technical or structural mechanisms, but must also incorporate internalized organizational values. The proposed character-strategy alignment effect introduces a new theoretical lens that explains alignment failures often overlooked in traditional models, showing how character foundations mediate the translation of strategy into operational action. The IBFS model offers organizations a clear, actionable framework for integrating digital transformation with sustainability values through its three-layer structure, enabling companies to strengthen coordination, guide technology adoption, and build strategic capabilities that are not only technologically robust but also ethically grounded and environmentally responsible.

CONCLUSION

Based on the research findings, it can be concluded that the IBFS model has been successfully empirically validated through a phenomenological approach at PT Labda Anugerah Tekstil. This study reveals that the construction of the 5S character foundation (*Satya*, *Drishti*, *Shakti*, *Sangha*, *Samvedana*) is not only an abstract value, but is lived and internalized in daily business practices, thus forming a distinctive organizational character. The key finding of this study is the identification of the character-strategy alignment effect as a central mediating mechanism, which explains how the character foundation functions as a catalyst in facilitating multidimensional strategic alignment.

The implementation of the IBFS model, structured through three layers of character foundation, analysis & planning, and implementation & evaluation, has contributed significantly to the realization of sustainable competitive advantage. This contribution is tangible in operational performance, such as 30% coordination cost savings mediated by Sangha, 25% increase in energy efficiency through *Drishti* consistency, and 45% increase in customer loyalty driven by *Samvedana* responsiveness. Thus, this study not only provides theoretical contributions through the development of a validated IBFS model and the concept of character strategy alignment effect, but also offers a practical blueprint for companies, especially in the green industry to achieve harmonious and integrated digital transformation and sustainability, where strategy, technology, and human values organically blend.

This study has several limitations that provide opportunities for future research. The findings are based on a single case study within the textile industry, which may limit the generalizability of the IBFS model across different sectors with varying organizational cultures and technological maturity. The use of a phenomenological approach, while effective in capturing deep value-based dynamics, may not fully account for macro-level factors such as market volatility or regulatory shifts. Future research could expand the model through multi-industry comparative studies to test its applicability in diverse organizational contexts. Quantitative studies could also be conducted to validate the character-strategy alignment effect using larger samples and structural modeling techniques. Additionally, exploring how the IBFS model functions in digital-native firms or organizations undergoing rapid ESG-driven transformation would deepen understanding of how value-based alignment evolves across different stages of digital and sustainability maturity.

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