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ESG as a Corporate Innovation Strategy: Evidence from Kalla Group

ESG sebagai Strategi Inovasi Korporasi: Studi pada Kalla Group

Nur Fauziah Musfira[1]*; M. Ikhwan Maulana Haeruddin[2]; Chalid Imran Musa[3]
[1-3]Universitas Negeri Makassar, Makassar
**Corresponding Email: nurfamusfira@email.com*

Abstract

This study examines Environmental, Social, and Governance (ESG) as a corporate innovation strategy in Kalla Group. The research is motivated by the increasing importance of sustainability in business practices and the need to evaluate whether ESG implementation is integrated into core business models or remains symbolic. The research problem focuses on how ESG is applied across environmental, social, and governance dimensions and its role as a strategic innovation. This study aims to analyze ESG practices using classical and contemporary innovation theories, including Schumpeter's creative destruction, Christensen's disruptive innovation, and Chesbrough's open innovation. A qualitative descriptive approach is employed using secondary data from reports, publications, and relevant literature. The findings indicate that Kalla Group has implemented ESG through clean energy adoption, structured CSR programs, and governance mechanisms such as whistleblowing systems. However, challenges remain in terms of emission measurement, integration across business units, and transparency in ESG reporting. The study concludes that ESG in Kalla Group reflects a form of sustainable innovation but requires stronger system integration and measurable indicators to ensure long-term impact.

Keywords: ESG, innovation strategy, sustainability, corporate governance

Abstrak

Penelitian ini menganalisis Environmental, Social, and Governance (ESG) sebagai strategi inovasi korporasi pada Kalla Group. Latar belakang penelitian didasarkan pada meningkatnya pentingnya keberlanjutan dalam praktik bisnis serta kebutuhan untuk mengevaluasi apakah ESG telah terintegrasi dalam model bisnis inti atau masih bersifat simbolik. Rumusan masalah berfokus pada bagaimana implementasi ESG pada dimensi lingkungan, sosial, dan tata kelola serta perannya sebagai strategi inovasi. Penelitian ini bertujuan untuk menganalisis praktik ESG menggunakan teori inovasi klasik dan kontemporer seperti Schumpeter, Christensen, dan Chesbrough. Metode penelitian yang digunakan adalah pendekatan deskriptif kualitatif dengan data sekunder. Hasil penelitian menunjukkan bahwa Kalla Group telah menerapkan ESG melalui penggunaan energi bersih, program CSR terstruktur, dan mekanisme tata kelola seperti whistleblowing system. Namun, masih terdapat tantangan dalam pengukuran emisi, integrasi lintas unit bisnis, dan transparansi pelaporan ESG. Kesimpulannya, ESG pada Kalla Group merupakan bentuk inovasi berkelanjutan, namun memerlukan penguatan sistem dan indikator terukur untuk memastikan dampak jangka panjang.

Kata kunci: *ESG, strategi inovasi, keberlanjutan, tata kelola perusahaan*

1. INTRODUCTION

Kalla Group operates across various strategic sectors, including automotive, construction, energy, logistics, and healthcare. As one of the major business groups in Eastern Indonesia, its operations significantly influence economic, social, and environmental conditions in the regions where it operates (SWA Online, 2024). In recent years, Kalla Group has explicitly adopted Environmental, Social, and Governance (ESG) principles as part of its corporate strategy, reflected in the #KALLAforLife initiative (Kabar Bursa, 2024). The company has received several awards related to sustainability, including the Outstanding ESG & Green Movement award (CNN Indonesia, 2024). However, a critical question arises: to what extent is ESG integrated into the core business model rather than merely functioning as corporate communication or CSR activities? This issue is important because ESG implementation should not only enhance corporate image but also transform business practices fundamentally. Therefore, this study analyzes ESG as a corporate innovation strategy using theoretical and critical perspectives.

2. LITERATURE REVIEW

Innovation Theory

Innovation, according to Joseph Schumpeter (1934), refers to new combinations in products, processes, markets, or organizational forms. ESG can be interpreted as a transformation from conventional business practices to more sustainable models. Clayton Christensen (1997) introduced the concept of disruptive innovation, where new approaches gradually replace traditional systems. ESG adoption can potentially disrupt conventional business practices by introducing sustainability as a new standard. Henry Chesbrough (2003) emphasized open innovation, highlighting the importance of collaboration between organizations and external stakeholders. ESG implementation often involves partnerships with governments and communities (Pemerintah Provinsi Sulawesi Selatan, 2024).

Sustainable Innovation and ESG

Sustainable innovation refers to innovations that simultaneously create economic value, reduce environmental impact, and generate social benefits. According to Carrillo-Hermosilla et al. (2010), eco-innovation involves changes in products, processes, and organizational structures that contribute to sustainability. ESG serves as an operational framework for implementing sustainable innovation in organizations. It provides measurable indicators for environmental performance, social responsibility, and governance practices. Companies adopting ESG are expected to achieve long-term competitiveness while maintaining ethical and sustainable operations (Kabar Bursa, 2024).

Corporate Social Responsibility (CSR) and ESG

CSR is often considered a precursor to ESG, focusing primarily on a company's social responsibilities. However, ESG extends beyond CSR by integrating environmental and governance aspects into strategic decision-making. Research by Bahri (2025) indicates that CSR programs implemented by Yayasan Hadji Kalla have received positive public perception, particularly in education and community development. Similarly, Raihan (2024) highlights that CSR activities in Kalla Group are relatively structured and contribute to social welfare. Despite these positive contributions, CSR practices often remain philanthropic in nature. ESG, in contrast, emphasizes the integration of sustainability into core business strategies, shifting from charity-based approaches to value creation.

ESG and Corporate Governance

Corporate governance plays a crucial role in ensuring the effectiveness of ESG implementation. Good governance practices, such as transparency, accountability, and ethical behavior, are essential for building stakeholder trust. Kalla Group has implemented governance mechanisms such as a whistleblowing system and ethical policies (Kalla Group, 2024b). However, the absence of standardized ESG reporting may limit transparency and accountability (Newsurban, 2025).

Critical Perspective on ESG

From a critical management perspective, ESG implementation may not always reflect substantive organizational change. Some companies adopt ESG primarily for reputational purposes, leading to the phenomenon known as “greenwashing.” Fajar (2025) highlights that business expansion and ESG commitments often coexist, creating potential tensions between growth and sustainability. Therefore, it is important to critically assess whether ESG practices lead to real transformation or remain symbolic.

3. METHODS

This study employs a qualitative descriptive approach using secondary data. Data sources include corporate publications, academic journals, and online reports related to ESG practices at Kalla Group (Raihan, 2024; Bahri, 2025). The analysis focuses on examining ESG practices across environmental, social, and governance dimensions and linking them with innovation theories.

4. RESULTS AND DISCUSSIONS

Kalla Group has implemented several environmental initiatives, including clean energy adoption in malls and dealerships (Suryanesia, 2024). The company has also received recognition for environmental practices (Rakyatku, 2023). However, challenges remain in measuring emissions comprehensively and standardizing environmental practices across all business units. The company demonstrates strong social engagement through CSR programs managed by Yayasan Hadji Kalla (Yayasan Hadji Kalla, 2024). These programs include education, healthcare, and community empowerment initiatives. Research shows that public perception of CSR activities is generally positive (Bahri, 2025). However, challenges remain in ensuring equitable distribution and integration with core business strategies (Raihan, 2024). Kalla Group has implemented governance mechanisms such as ethical policies and a whistleblowing system (Kalla Group, 2024b). These efforts reflect improved corporate governance practices. However, transparency and standardized ESG reporting remain areas for improvement (Newsurban, 2025). From an innovation perspective, ESG at Kalla Group represents a strategic transformation involving operational, social, and governance aspects. However, there is still a gap between symbolic ESG practices and substantive implementation, particularly in measurement and integration (Fajar, 2025).

5. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

ESG implementation at Kalla Group reflects a form of sustainable innovation integrating environmental, social, and governance aspects into business practices. However, challenges remain in measurement, integration, and transparency.

Recommendations

1. Establish measurable emission reduction targets across all business units.
2. Integrate CSR programs with core business strategies to create shared value.
3. Publish standardized sustainability reports based on international frameworks.
4. Strengthen governance systems and stakeholder engagement.

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