

Abstract

The manufacturing industry's growth supports economic development but at the same contributes to the rise of carbon emissions due to its resource-intensive nature. Moreover, the impacts of climate change can no longer be neglected and call for decarbonization. The industry is starting to understand the need to participate in the agenda and realize the opportunity of attaining sustainable competitive advantage through it. Decarbonization requires collective action and is evident in the challenges that companies in the manufacturing sector face as they pursue carbon reduction targets.

This paper utilizes the stakeholder theory through the salience model and resource-based view theory to identify relevant stakeholders and their roles to help the manufacturing industry effectively reduce carbon emissions through the development of its dynamic capabilities. It also utilizes the greenhouse gas protocol to provide an estimation of emissions in the industry and determine potential carbon reduction actions.

Through the case study of PT Jotun Indonesia, Scope 2 which is the use of purchased electricity in the country, was identified as the largest source of emission. Through semi-structured interviews conducted, the government, energy providers, and the manufacturing industry itself emerged as those with the greatest salience. Therefore, it signals the ability to support resource and capability challenges faced by the industry towards decarbonization. Overall, it provided additional theoretical support in stakeholder theory and dynamic capability building toward the achievement of decarbonization through collective effort.