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# Transformasi Perbaikan Berkelanjutan: Analisis Continuous Improvement pada PT HM Sampoerna Periode 2021–2025

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***ABSTRACT***

*This study aims to analyze the implementation of continuous improvement at PT HM Sampoerna Tbk during the 2021–2025 period using the Kaizen approach and the Plan-Do-Check-Act (PDCA) cycle. The study employs a qualitative descriptive method with a case study approach and utilizes secondary data obtained from Annual Reports, Sustainability Reports, and relevant literature. The analysis focuses on five aspects: quality, employee turnover, sales, innovation and ideas, and customer loyalty. The results indicate changes in the company's conditions throughout the research period, particularly a slowdown in sales growth, which declined from 12% in 2022 to -5% in 2025. In terms of human resources, there was a shift in the age structure of employees, with employees aged ≥45 years accounting for 49.6% in 2025. The company has implemented various improvement efforts through quality control, product innovation, human resource development, and strengthening customer relationships. Based on the Kaizen and PDCA analyses, the sales aspect is identified as the primary priority for improvement, followed by innovation and ideas, and customer loyalty. The implementation of continuous improvement through the PDCA cycle enables the company to identify problems, implement corrective actions, evaluate results, and continuously adjust actions across various operational aspects.*

***Keywords***: *Continuous Improvement; Kaizen; PDCA Cycle; PT HM Sampoerna Tbk; Management Accounting.*

## 1. INTRODUCTION

The increasingly dynamic competition in the manufacturing industry requires companies to maintain their performance while continuously improving. Changes in market conditions, consumer behavior, and demands for operational efficiency make it necessary for companies to periodically evaluate their processes and results. Under these circumstances, Continuous improvement is an approach that views improvement as an ongoing process involving the identification of problems, the implementation of corrective actions, the evaluation of results, and the development of further improvements. According to Rusdi [44] explains that continuous improvement is an organizational capability developed through ongoing improvement activities. In addition, Budianto and Zaman [46] emphasizes the importance of an organization's ability to repeatedly identify problems and opportunities for improvement.

**Table 1. Sales Growth and Employee Turnover**

| Year | Sales Growth | Employee Turnover Rate |
|---|---|---|
| **2021** | 7% | 0,5% - 10,0% |
| **2022** | 12% | 0,5% - 8,0% |
| **2023** | 4% | 0.5% - 8.0% |
| **2024** | 2% | 0.25% - 6.0% |

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| | | |
|---|---|---|
| **2025** | -5% | 0,25% - 6,0% |

Source: [16], [17], [18], [19], [20]

During the 2021–2025 period, HMSP's sales growth showed a trend of gradual decline, starting at 7% in 2021 and peaking at 12% in 2022, then falling to 4% in 2023, 2% in 2024, and finally recording negative growth of -5% in 2025. Meanwhile, the employee turnover rate shows a trend toward improvement, with the highest rate declining from 10.0% in 2021 to 8.0% in 2022–2023 and 6.0% in 2024–2025. These conditions indicate that, although the company is experiencing a slowdown in sales performance, there has been an improvement in the employee turnover rate over the observation period. Thus, the differences in the trends of these two indicators indicate that there are aspects that need to be maintained as well as aspects that need to be evaluated in the implementation of continuous improvement at HMSP.

In terms of quality, innovation, ideas, and customer loyalty, HMSP has demonstrated ongoing improvement efforts throughout the 2021–2025 period. In terms of quality, the company maintains quality assurance and quality control functions in its production processes to ensure product consistency. In terms of innovation and ideas, the company continues to develop new products and variants to adapt to changing consumer preferences, including the development of smoke-free products and various TEREA variants. Meanwhile, in terms of customer loyalty, HMSP engages consumers through customer service, consumer activities, retail stores, e-commerce, and electronic media to gather information about consumer needs and experiences [16], [17], [18], [19], [20]. These conditions indicate that continuous improvement at HMSP is not only focused on enhancing sales performance and human resources, but also on maintaining quality, fostering innovation, and continuously strengthening customer relationships.

Continuous improvement can be implemented through the Kaizen approach and the Plan-Do-Check-Act (PDCA) cycle. Kaizen emphasizes gradual and continuous improvement by involving members of the organization in their daily activities [3]. Meanwhile, the PDCA cycle provides a systematic process consisting of the Plan stage to identify problems and develop improvement plans, the Do stage to implement actions, the Check stage to evaluate results, and the Act stage to maintain or further refine actions based on the evaluation results. [2], [3]. Thus, both approaches can be used to analyze how companies conduct ongoing evaluations and improvements.

Research on continuous improvement has shown that the implementation of continuous improvement techniques can support organizational performance improvement [45]. However, the analysis of continuous improvement in large manufacturing companies using longitudinal company data still needs to be developed, particularly to examine changes in the company's condition over time and link them to opportunities for improvement. Therefore, an analysis of HMSP for the 2021–2025 period can provide insight into the company's improvement trajectory based on the actual conditions reflected in its annual and sustainability reports.

Based on the above discussion, this study aims to analyze continuous improvement at PT HM Sampoerna Tbk during the 2021–2025 period. The analysis is conducted by identifying changes in the company's conditions in terms of quality, human resources, revenue and sales, innovation, and customers, and then relating these changes to the concepts of continuous improvement, Kaizen, and the PDCA cycle. The research findings are expected to provide an overview of the areas that have improved, those that still require attention, and opportunities for ongoing improvement.

## 2. LITERATURE REVIEW

### 2.1. Management Accounting System

A management accounting system is a system that provides information to management to support planning, control, evaluation, and decision-making. The information generated consists not only of financial information but may also include nonfinancial information related to the organization's internal conditions and external environment. The characteristics of information in a management accounting system include scope, timeliness, aggregation, and integration. Scope refers to the width of the information's coverage, timeliness relates to the punctuality of the information, aggregation relates to the grouping of information, and integration relates to information that supports coordination among organizational units. [21].

The usefulness of management accounting systems relates to managerial needs in carrying out organizational activities. Research on management accounting systems indicates a relationship between the characteristics

of the information provided and managerial performance [22], [23]. Thus, a management accounting system not only serves as a source of financial information but also supports the management evaluation and decision-making processes.

Management accounting systems are also linked to continuous improvement because the available information can be used to evaluate the organization's condition and performance and to determine corrective actions.Continuous improvement can serve as the link between management accounting innovation and improved organizational performance [24]. Therefore, management accounting information serves as one of the foundations for identifying areas that require continuous improvement.

### 2.2. Continuous Improvement

Continuous improvement is an approach that views improvement as an ongoing process applied to an organization's activities, processes, and results. Continuous improvement focuses not only on solving major problems but also on identifying opportunities for incremental improvements. Bessant and Francis [25] explain that the capacity for continuous improvement needs to be developed as an organizational capability through ongoing improvement routines and activities.

Bessant, Caffyn, and Gallagher [26] It advances the view that continuous improvement is an organizational behavior that develops through the cultivation of the ability to identify problems, solve them, and seek opportunities for improvement on a recurring basis. Thus, continuous improvement requires ongoing organizational involvement, not merely one-time corrective actions.

The implementation of continuous improvement is also linked to organizational performance. The study by Abdallah et al. [27] shows that the application of continuous improvement techniques can be used to enhance organizational performance through various improvement activities. In the context of management accounting, continuous improvement can also be linked to the use of information to conduct evaluations and determine corrective actions [24].

### 2.3. Kaizen

Kaizen is a continuous improvement approach that originated in Japanese management practices and emphasizes gradual, iterative changes that involve members of the organization. Imai [28] introduces Kaizen as an approach that integrates improvement into the organization's daily activities. With this approach, improvement is not limited to times when problems arise, but becomes part of the work routine a continuous effort to find better ways of doing things.

The implementation of Kaizen at Toyota Motor Corporation is evident in the Toyota Production System (TPS). Toyota explains that all employees implement daily incremental kaizen in various company activities. This practice is aimed at eliminating waste, shortening process times, improving quality, and simplifying work. Toyota also views human involvement as a crucial part of the Kaizen process, since improvements are made based on employees' ability to identify problems and develop better ways of working [29].

In practice, Kaizen at Toyota does not function as a separate method, but rather as an integral part of the company's work system. One aspect of this is the improvement of production processes through the identification of nonconformities, the reduction of waste, and the gradual refinement of processes. Toyota also links Kaizen to employee skill development so that each individual is able to make improvements independently and continuously [29].

The implementation of Kaizen is also linked to the PDCA cycle, as improvements are made through a process of planning, execution, checking results, and taking follow-up actions. Toyota states that quality improvement is achieved through continuous improvement by repeatedly applying the PDCA cycle to achieve ever-better quality [30]. Thus, in this study, Kaizen is understood as a gradual improvement approach that involves employees and is carried out continuously, while PDCA is used as a systematic framework for implementing and evaluating the improvement process.

### 2.4. PDCA Cycle

The Plan-Do-Check-Act (PDCA) cycle is an approach used to carry out a systematic improvement process. The Plan stage involves identifying problems, setting goals, and designing corrective actions. The Do phase involves implementing the plan that has been developed. The Check phase involves evaluating the results of the implementation and comparing them with the established objectives. Next, the Act phase is carried out

based on the results of the evaluation, either by maintaining successful changes or making further improvements if the results do not yet align with the objectives. [31].

PDCA treats evaluation as part of a continuous improvement process. Therefore, improvement does not stop once actions have been taken, but continues with an assessment of the results and the determination of next steps. The PDCA approach can also be used in conjunction with Kaizen to ensure that improvements are made systematically and continuously. [32].

### 2.5. Quality Improvement

Quality improvement is a process undertaken to enhance an organization's ability to produce products and processes that meet established needs and standards. Juran explains the importance of quality management through a systematic approach to quality planning and control [33]. Quality is not the responsibility of just one department; rather, it is linked to various activities within the organization.

Oakland [34] explains that quality and its improvement require the organization's full involvement because the process that produces quality involves various parties. Therefore, quality improvement can be achieved by identifying problems in the process, determining corrective actions, and continuously evaluating the results.

Various quality improvement methods can be used depending on the nature of the problem at hand. PDCA is one approach that can be used to identify problems, implement corrective actions, review the results, and determine next steps [35]. Thus, quality improvement is closely linked to the concept of continuous improvement.

### 2.6. Employee Turnover

Employee turnover refers to a situation in which an employee leaves an organization and their position must then be filled by another employee. Turnover can be either voluntary or involuntary. In organizational studies, turnover is distinguished from turnover intention, which refers to an employee's desire or tendency to leave the organization.

Tett and Meyer [36], through a meta-analysis, showed that job satisfaction and organizational commitment are related to turnover intention, while turnover intention is related to actual turnover. Thus, employee conditions and attitudes toward work are among the aspects that need to be considered in understanding turnover.

Griffeth, Hom, and Gaertner [37] also point out that turnover has various antecedents and correlates that may differ depending on specific conditions. Furthermore, Mitchell et al. [38] introduced the concept of job embeddedness, which explains an individual's attachment to an organization through relationships, fit, and the sacrifices that may arise if the individual leaves their job. Therefore, managing employee turnover requires an understanding of the various factors related to employees' decisions to stay with or leave the organization.

### 2.7. Revenue and Sales

Revenue is one of the indicators used to describe the economic results a company derives from its activities. Revenue recognition relates to how a company's sales activities and transactions are reflected in its performance information [39]. Meanwhile, sales relate to a company's activities in offering and selling products to consumers.

Sales trends can serve as one source of information for evaluating a company's condition. Changes in sales growth may indicate shifts in sales performance, necessitating an evaluation of the strategies being used. Research on sales strategies shows that the strategies implemented by companies can be geared toward increasing revenue by adapting to market and consumer conditions [40].

From a continuous improvement perspective, information regarding revenue and sales can be used as a basis for identifying areas that require improvement. Evaluations are conducted periodically to determine whether the strategies implemented are yielding results in line with the company's objectives.

### 2.8. Innovation and Ideas

Innovation involves the implementation of new ideas or changes that can result in products, processes, or methods that differ from previous ones. Creativity relates to the process of generating ideas, whereas innovation relates to the implementation of those ideas within an organization [41]. Therefore, ideas are one of the initial stages that can support the innovation process.

Organizational innovation can stem from various sources, including employees and the organization's external environment. Damanpour and Aravind [42] explain that managerial innovation can involve new processes, practices, and methods implemented within an organization. The development of innovation also requires a process of learning and knowledge exchange within the organization.

In continuous improvement, innovation and the development of ideas can serve as sources of improvement. The ideas generated need to be developed, implemented, and evaluated to determine whether the changes yield results that align with the objectives. Thus, the innovation process does not end with the generation of ideas but includes the implementation and evaluation of the results of innovation.

### 2.9. Customer Loyalty

Customer loyalty is a concept related to the relationship between customers and a company, as well as customers' tendency to maintain that relationship. Dick and Basu [43] explain customer loyalty through the relationship between customer attitudes and repeat purchase behavior. Thus, loyalty is not only measured by repeat purchases but also by customers' attachment to the company or product.

Oliver [44] explains that loyalty is a customer's commitment to repurchase a preferred product or service even in the face of circumstances that could lead to a change in purchasing behavior. Therefore, companies need to understand their customers' experiences and needs as part of their efforts to maintain customer relationships.

Customer feedback can serve as a source of information for companies seeking to make improvements. Information regarding customer satisfaction, experiences, needs, and complaints can be used to evaluate products and services. Thus, customer loyalty is closely linked to continuous improvement, as information from customers can serve as the basis for making ongoing improvements to products and services.

## 3. RESEARCH METHODOLOGY

### 3.1. Types of Research and Research Approaches

This study employs a quantitative descriptive approach using the case study method at PT HM Sampoerna Tbk. This approach was used to analyze the implementation of continuous improvement based on the company's conditions and data. The analysis was conducted by identifying aspects requiring attention and then relating them to the concepts of continuous improvement, Kaizen, and the Plan-Do-Check-Act (PDCA) cycle.

The subject of this study is PT HM Sampoerna Tbk, with the analysis focusing on five aspects: quality, employee turnover, revenue and sales, innovation and ideas, and customer loyalty. These five aspects were selected because the company's documents contain information that can be used to identify current conditions and opportunities for improvement in each aspect.

### 3.2. Data Sources and Collection Methods

The data used in this study consists of secondary data obtained from company reports and relevant literature on continuous improvement. The company data was used to describe the operational conditions and performance of PT HM Sampoerna Tbk, while the literature served as the theoretical basis for analyzing the implementation of continuous improvement.

Data collection was conducted through documentation, specifically by identifying relevant information from company reports, particularly information regarding quality, human resources, revenue and sales, innovation, and customers. The data was then grouped according to the aspects being analyzed.

The literature reviewed includes sources on management accounting systems, continuous improvement, Kaizen, PDCA, quality, employee turnover, revenue and sales, innovation, and customer loyalty. The purpose of reviewing this literature is to provide a foundation for interpreting the company's current situation and identifying relevant improvement options.

### 3.3. Stages of Analysis

The analysis was conducted in several interrelated stages. The first stage involved assessing the company's condition, specifically identifying the conditions or issues present in each aspect that was the focus of the study. Based on the documents analyzed, the areas of focus included quality, human resources, revenue and sales, innovation, and customer loyalty.

The second stage is the analysis of opportunities for improvement. The conditions that have been identified are then compared with the concept of continuous improvement to determine the actions the company can take. The analysis considers not only solutions to problems that have already occurred, but also opportunities to maintain and improve existing conditions.

The third stage involves applying the Kaizen and PDCA concepts as a framework for improvement. In the Plan stage, problems and improvement targets are determined based on the results of the identification process. In the Do stage, corrective actions are implemented. Next, the Check stage involves evaluating the results of these actions against the established targets. In the Act stage, successful improvements are maintained as standards, while those that are not yet satisfactory serve as the basis for further improvements. This cycle is repeated to ensure that the improvement process continues on an ongoing basis.

The fourth stage is the evaluation of the results of the improvements. The evaluation is conducted by comparing conditions before and after the action based on relevant indicators for each aspect. The results of the evaluation are used to determine whether the improvement measures should be maintained, expanded, or revised. Thus, evaluation is part of the continuous improvement process, not the final stage of the improvement process.

### 3.4. Continuous Improvement Analysis Indicators

The continuous improvement analysis was conducted using indicators tailored to the five aspects of the study. In terms of quality, the indicators used included the consistency of product and process quality, the rate of nonconformities or product defects, and consumer feedback on quality.

In terms of employee turnover, the analysis was conducted by examining changes in turnover rates from one period to the next. Turnover data was used to evaluate the state of the workforce and served as the basis for considering corrective actions related to employee engagement and the work environment.

In terms of revenue and sales, the indicators used include sales growth, sales volume, and company revenue. Changes in these indicators are used to evaluate sales performance and determine the need for strategic adjustments. In the analyzed document, sales growth changed from 12% in 2022 to 4% in 2023, 2% in 2024, and -5% in 2025, making it one of the bases for evaluating the sales strategy.

In terms of innovation and ideas, the analytical indicators include a company's ability to generate, develop, and implement new ideas, as well as the market's response to those innovations. Meanwhile, regarding customer loyalty, the analysis takes into account customer satisfaction, repeat purchases, the ability to retain customers, and feedback provided through various interaction channels.

Overall, the research stages can be outlined as follows:
Identification of the company's current state → Categorization of issues based on five aspects → Analysis of improvement opportunities → Implementation of the Kaizen and PDCA concepts → Determination of success indicators → Evaluation of results → Continued improvement
This process positions continuous improvement as a recurring cycle. The evaluation results are used as the basis for maintaining successful actions and determining the next improvement steps if the results have not yet met the targets.

## 4. RESULTS AND DISCUSSION

### 4.1. Quality Improvement

The results of the analysis indicate that quality improvement at PT HM Sampoerna Tbk. should be focused on strengthening existing processes. The company already has a quality assurance function and is committed to providing high-quality products. Furthermore, the implementation of an Integrated Production System in the tobacco supply chain demonstrates that quality control has been in place since the upstream process. From

a continuous improvement perspective, this situation can be further developed through periodic quality evaluations. Juran [1] explains that quality improvement is part of the "quality trilogy," which consists of quality planning, quality control, and quality improvement. Astuti et al. [2] state that quality improvement is achieved by identifying problems, determining their causes, and implementing solutions to achieve better performance levels. Based on these concepts, the company can strengthen its quality evaluation process by identifying process areas that still have room for improvement.

This identification and improvement process can be carried out through the Plan–Do–Check–Act (PDCA) cycle. In the Plan stage, the company identifies quality aspects that need improvement based on evaluation results. The Do stage involves implementing corrective actions, after which the results are evaluated in the Check stage [3]. If the actions yield satisfactory results, the improvements can be established as practices to be maintained in the Act stage. This cycle is then repeated to identify the next opportunities for improvement. Quality enhancement can also be achieved by involving employees in the process of identifying opportunities for improvement. In line with the core concept of Total Quality Management (TQM), which emphasizes the involvement of all members of the organization in quality improvement efforts, employees directly involved in operational processes can play a role in identifying obstacles and providing input to support improvement opportunities. Thus, the implementation of continuous improvement in quality can be directed toward periodic evaluations, end-to-end process control, and employee involvement in identifying opportunities for improvement. This approach positions quality improvement as an ongoing process, rather than merely a response to emerging problems.

### 4.2. Improving Employee Turnover

**Table 2. Employee Turnover**

| Indicators | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Total permanent employees | 20.909 | 20.756 | 20.453 | 20.382 | 19.816 |
| Cigarette-rolling workers | 11.259 | 10.852 | 10.637 | 10.876 | 10.392 |
| Non-cigarette-rolling employees | 9.650 | 9.904 | 9.816 | 9.506 | 9.424 |
| Age ≥45 years | 8.333 | 10.186 | 9.442 | 9.640 | 9.829 |
| Employee turnover rate | 0,5% - 10,0% | 0,5% - 8,0% | 0.5% - 8.0% | 0.25% - 6.0% | 0,25% - 6,0% |

Source: [16], [17], [18], [19], [20]

Based on Table 2, "Employee Turnover," there appears to be a change in the company's human resources situation. The number of permanent employees showed a downward trend during the observation period, while the number of rolling and non-rolling employees also fluctuated from year to year. On the other hand, the number of employees aged 45 and older remains quite high. These conditions indicate that the company needs to pay attention to workforce sustainability and regeneration, as changes in employee numbers and age structure can affect labor availability, productivity, and knowledge transfer within the company. The employee turnover rate also changed, ranging from 0.5%–10.0% per year in 2021 to 0.5%–8.0% in 2022–2023, and then to 0.25%–6.0% in 2024–2025. This narrowing of the range indicates an improvement in employee retention, although turnover rates still need to be monitored periodically.

As part of continuous improvement, companies need to maintain a low turnover rate while enhancing the quality of human resource management. Improvements can be made by evaluating the reasons employees leave, improving employee well-being and the work environment, developing competencies, providing career opportunities, and strengthening communication between the company and its employees. Additionally, given the number of employees aged 45 and older, companies need to prepare for workforce renewal and knowledge transfer so that employees' experience can be passed on to the next generation of workers. Thus, efforts to reduce employee turnover should not only focus on decreasing the number of employees who leave but also on maintaining workforce stability, increasing productivity, and ensuring the sustainability of the company's human resources.

### 4.3. Improvements in Revenue and Sales

**Tabel 3. Sales Growth**

| | Sales for This Period | Sales for the Previous Period | Sales Growth |
|---|---|---|---|
| **2021** | 98.874.784 | 92.425.210 | 7% |
| **2022** | 111.211.321 | 98.874.784 | 12% |
| **2023** | 115.983.384 | 111.211.321 | 4% |

| | | | |
|---|---|---|---|
| **2024** | 117.880.017 | 115.983.384 | 2% |
| **2025** | 112.171.993 | 117.880.017 | -5% |

Source: compiled by the author,2026

Improving revenue and sales is one aspect that requires attention, as there is a trend of slowing sales growth for the company during the 2021–2025 period. Based on sales growth data, sales growth reached 7% in 2021 and increased to 12% in 2022. However, this growth rate declined to 4% in 2023 and slowed further to 2% in 2024. In 2025, sales growth even turned negative at -5%. These conditions indicate that after reaching its peak in 2022, the company's sales performance continued to slow until it declined in 2025.

Given these conditions, revenue and sales can be improved by enhancing sales strategies that adapt to changes in consumer needs and purchasing power [4]. Companies need to optimize products with high demand and adjust their product portfolios to changes in consumer purchasing power. In addition, strengthening distribution and marketing is also necessary so that products are more accessible to consumers and companies can maintain their market share [5]. These efforts must be carried out continuously by evaluating sales trends each period so that companies can respond promptly should another slowdown occur.

### 4.4. Improvements, Innovations, and Ideas

In its 2024 Annual Report, Sampoerna stated that "Innovation remains at the core of Sampoerna's efforts to build a sustainable multi-category portfolio." To this end, the company introduced five new variants of TEREA with Clove and two variants of TEREA Boost. This demonstrates that the company's innovation is not merely conceptual but has been realized through product development. Widjajanti and Widodo [6] explain that organizational innovation relates to the development and application of new approaches within an organization. Therefore, one area for improvement is strengthening the process from the generation of ideas to the implementation of innovations. Ideas that emerge need to be collected, evaluated based on their necessity and benefits, and then tested before being implemented more widely.

Improvements can also be made by strengthening the link between innovation and consumer needs. The 2024 Annual Report indicates that product development is carried out to meet consumer preferences, including through the development of product variants. Additionally, the report notes that continuous innovation is part of the company's growth strategy, including the development of TEREA with Clove and capsules to cater to the preferences of adult consumers in Indonesia. Furthermore, innovation can be improved by evaluating the results of its implementation. This aligns with the concept of continuous improvement, as innovations that have been implemented still need to be evaluated to determine whether the set objectives have been achieved and whether there are still opportunities for development. Thus, the innovation process can continue sustainably, rather than stopping once an idea has been successfully implemented.

### 4.5. Improving Customer Loyalty

In its 2025 sustainability report, Sampoerna lists adult consumers aged 21 and older as one of its stakeholder groups. The goal of engaging this group is to understand the needs of adult consumers and communicate product responsibility, while the methods of interaction include customer service, events for adult consumers, awareness campaigns, retail stores and e-commerce, and electronic media. Topics discussed include product innovation, product quality and information, as well as access to and benefits of smoke-free products. These practices can be strengthened by using customer feedback as a more structured source for improvement. Loyalty is not only related to repeat purchases but also to customers' attitudes toward the company or brand (Rahayu et al. [7]). Thus, information from customer service, consumer interactions, and digital channels can be used to identify needs and opportunities for improvement.

In addition to maintaining relationships with customers, improvements can be focused on product quality and development. The 2023 report indicates that in its engagement with adult consumers, Sampoerna addressed customer service, product innovation, product quality and information, as well as access to smoke-free products. The same report also lists customer health and safety, as well as marketing and labelling, as reported aspects. These can serve as a basis for the company to continuously evaluate product quality and the information provided to customers. Improvements in customer loyalty can also be linked to the customer experience. In 2022, Sampoerna received the Indonesia Customer Experience Champions 2022 award, which the report states were given in recognition of the company achievements in managing a well-structured, agile, and efficient sales team, as well as improving financial performance. Given these circumstances, the recommendation for improvement does not imply that the company's customer experience is poor, but rather

emphasizes the importance of periodically evaluating the customer experience so that the feedback received can serve as the basis for future improvements.

### 4.6. Improvement Priorities

Based on the results of the company's problem identification, there are three aspects that are top priorities in implementing continuous improvement: revenue and sales, innovation and ideas, and customer loyalty. These three aspects are prioritized because they are strongly interrelated and directly influence the company's ability to maintain performance and adapt to changing market conditions. The first priority is improving revenue and sales. This aspect is a top priority because Sales Growth data indicates a slowdown in sales growth after reaching 12% in 2022, then declining to 4% in 2023, 2% in 2024, and reaching -5% in 2025. This situation indicates that the company needs to immediately improve its sales performance to prevent the decline from continuing. Improvements can be directed toward adjusting sales strategies to market conditions and consumer needs.

The second priority is innovation and ideas. Innovation is crucial because changing consumer needs and preferences require companies to continuously develop products that are relevant to the market [8]. Sampoerna itself has pursued product development through various new variants; therefore, the innovation process must be continuously strengthened and evaluated to contribute to the company's competitiveness and growth. The third priority is customer loyalty. Customer loyalty is a critical aspect because a company's ability to retain customers supports sustainable sales [9]. Sampoerna has engaged in various forms of interaction with customers through customer service, consumer events, retail stores, e-commerce, and digital media. However, feedback from these various channels must be consistently leveraged as a foundation for understanding customer needs and making improvements.

Thus, revenue and sales are the top priorities, followed by innovation and ideas, and then customer loyalty. These three aspects are mutually reinforcing, as innovation that meets consumer needs can enhance a product's appeal, while customer loyalty can help sustain sales. Therefore, improvements in these three areas are expected to help the company overcome the sales slowdown while enhancing its competitiveness on a sustainable basis.

### 4.7. Implementation of Continuous Improvement

The implementation of continuous improvement at PT HM Sampoerna Tbk. can be achieved using the Kaizen approach, which involves continuous improvement through gradual changes and refinements [10]. Kaizen emphasizes that improvement is not limited to times when the company faces problems, but is an integral part of daily operations and involves various stakeholders within the organization.

In terms of quality, continuous improvement is implemented through quality evaluation and control of both the production process and the resulting products. Companies need to ensure that established quality standards are consistently maintained while identifying areas of the process that can still be improved. Improvements are made based on evaluation results and feedback so that product quality can continue to be tailored to consumer needs. This approach aligns with the importance of sustainable quality management in maintaining customer satisfaction and the company's competitiveness.

With regard to employee turnover, continuous improvement is implemented through an evaluation of changes in the number and rate of employee turnover. Turnover data showing a range of 0.5%–10.0% in 2021, 0.5%–8.0% in 2022–2023, and 0.25%–6.0% in 2024–2025 can be used as a basis for evaluating the state of human resources. The results of this evaluation can then be used to identify the causes of employee turnover, increase employee engagement, and improve the work environment and systems. This process is conducted periodically so that the company can retain a competent workforce and maintain operational stability.

In terms of revenue and sales, continuous improvement is implemented through regular monitoring of sales performance and strategic adjustments based on evaluation results. The company's sales growth, which declined from 12% in 2022 to 4% in 2023, 2% in 2024, and -5% in 2025, highlights the need to evaluate sales strategies. The company can use these evaluation results to adjust its product, pricing, distribution, and promotional strategies in line with market conditions. Continuously adjusting marketing strategies can help the company improve sales effectiveness and revenue [4], [5].

In terms of innovation and ideas, continuous improvement is implemented by using changes in consumer needs and preferences as a source of ideas for product development. Companies can evaluate existing

products, gather consumer feedback, and then develop new products or variants based on the results of that evaluation. This process enables continuous innovation, allowing companies to maintain the relevance of their products in the market. Product differentiation and innovation can also support the enhancement of a company's competitiveness [6].

In terms of customer loyalty, continuous improvement is implemented by regularly collecting and evaluating customer feedback. Companies can utilize various channels of interaction with customers—such as customer service, customer events, stores, e-commerce, and electronic media—as sources of information regarding customer needs and satisfaction. The results of these evaluations are then used to improve service quality and tailor products to consumer needs. An approach focused on service quality, Customer Relationship Management (CRM), and customer satisfaction can foster customer loyalty [7].

The implementation of Kaizen can be carried out through the Plan–Do–Check–Act (PDCA) cycle. In the Plan stage, the company identifies problems and sets improvement targets; the Do stage involves implementing changes; the Check stage involves comparing results with targets; and the Act stage involves establishing successful improvements as standards or making further improvements if the results are not yet satisfactory [3], [11]. This cycle is repeated so that improvements in quality, employee turnover, sales, innovation, and customer loyalty can become a continuous process.

**4.8. Evaluation and Success Indicators**

Evaluation is a crucial stage in the implementation of continuous improvement because it is used to determine whether the corrective actions taken have produced results in line with the established objectives [12]. At PT HM Sampoerna Tbk., evaluation is conducted by comparing conditions before and after the improvements based on relevant indicators for each aspect. The evaluation results are not only used to assess the success of a particular action but also serve as the basis for determining whether the improvement should be maintained, expanded, or repeated if the results do not yet meet the targets.

In terms of quality, evaluation can be conducted by examining the consistency of product quality and production processes, the rate of nonconformities or product defects, and consumer feedback on product quality. This aligns with the conditions of a company that already has a quality assurance function and a commitment to producing high-quality products. Therefore, the success of quality improvement is demonstrated not only by a low rate of quality issues but also by the company's ability to maintain the standards that have been implemented and to identify opportunities for continuous improvement [13].

Regarding employee turnover, the evaluation was conducted by comparing employee turnover rates from one period to the next and examining changes in the workforce. The data shows that the range of employee turnover rates changed from 0.5%–10.0% per year in 2021 to 0.5%–8.0% in 2022 and 2023, and then to 0.25%–6.0% in 2024 and 2025. This narrowing of the range may be an indicator that companies' ability to retain employees has improved; however, further evaluation is still necessary, taking into account workforce stability, workforce renewal, and the sustainability of knowledge transfer.

In terms of revenue and sales, key indicators of success can be seen through changes in sales growth, sales volume, and company revenue. Based on the analyzed data, sales growth declined from 12% in 2022 to 4% in 2023, 2% in 2024, and -5% in 2025; this trend serves as the basis for measuring the effectiveness of corrective actions. The corrective actions can be said to have yielded positive results if sales growth returns to positive territory, accompanied by an increase in sales volume and company revenue in the subsequent period [14].

In terms of innovation and ideas, the evaluation is conducted by examining the company's ability to generate, develop, and implement new ideas, as well as the market's response to those innovations. According to Yoesoef et al. [15], success is not only measured by the number of new products or variants produced but also by how well the innovations align with consumer needs and their contribution to the company's performance. This is relevant to Sampoerna's situation, as the company has developed several product variants; therefore, periodic evaluations are necessary to determine whether these innovations can provide added value for both consumers and the company.

In terms of customer loyalty, evaluation can be conducted through customer satisfaction levels, repeat purchases, customer retention rates, and feedback provided through various interaction channels. Sampoerna

has engaged adult consumers through customer service, consumer events, e-commerce, retail stores, and electronic media, all of which serve as sources of information regarding customer needs and experiences. By continuously leveraging this information, the company can determine whether improvements to products and services have led to a better experience and fostered customer loyalty.

Based on these five aspects, success indicators can be summarized to make it easier for companies to monitor and evaluate their progress. Establishing measurable indicators allows companies to assess the progress of improvements more objectively and determine next steps based on the results obtained. These evaluations are then conducted periodically so that the results of improvements can be continuously monitored and adjusted in line with changes in the company's circumstances and market conditions. If the indicators show results that meet the targets, improvement measures can be maintained and incorporated into the company's standard operating procedures, while results that have not yet met the targets serve as the basis for further evaluation and improvement. Thus, evaluation is not the final stage of continuous improvement but rather an integral part of a recurring process, enabling the company to sustain the improvements already achieved while identifying new opportunities for improvement.

## 5. CONCLUSION AND RECOMMENDATIONS

Based on the analysis results, the implementation of continuous improvement at PT HM Sampoerna Tbk. during the 2021–2025 period indicates that the company has undertaken various improvement efforts in the areas of quality, human resources, revenue and sales, innovation, and customer loyalty. In terms of quality, the company has established quality assurance and quality control functions that need to be maintained and evaluated periodically. Regarding employee turnover, the range of turnover rates decreased from 0.5%–10.0% in 2021 to 0.25%–6.0% in 2024–2025, although changes in the workforce structure and the need for workforce renewal still require attention. Meanwhile, revenue and sales are a primary concern, as sales growth has declined from 12% in 2022 to 4% in 2023, 2% in 2024, and -5% in 2025. In terms of innovation, the company has developed various product variants to adapt to changing consumer preferences, while regarding customer loyalty, the company has utilized various interaction channels to gather information on consumer needs and experiences.

Given these conditions, the company is advised to maintain its existing improvement practices while strengthening periodic evaluations through the Kaizen approach and the PDCA cycle. Further attention should be directed toward restoring sales performance by adjusting strategies to market conditions and consumer needs, strengthening the innovation process from the idea development stage through to the evaluation of results, and utilizing customer feedback as the basis for improving products and services. In addition, the company needs to continue monitoring human resources, preparing for workforce renewal, and ensuring that knowledge transfer continues. Each improvement measure should be evaluated repeatedly so that successful measures can be maintained as standard practices, while those that have not yet met their targets can be refined further.

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**NOMENCLATURE**

| Nomenclature | Meaning/Explanation |
|---|---|
| **HMSP** | PT HM Sampoerna Tbk. |
| **CI** | Continuous Improvement, which is an approach that involves the ongoing improvement of an organization's activities, processes, and results. |
| **Kaizen** | A continuous improvement approach that emphasizes gradual and iterative change and involves members of the organization. |
| **PDCA** | Plan–Do–Check–Act, a systematic cycle for planning, implementing, evaluating, and following up on improvements. |
| **Plan** | The stage of identifying problems, setting goals, and designing corrective actions. |
| **Do** | The stage of implementing the planned corrective actions. |
| **Check** | The stage of evaluating the results of implementation and comparing them with the targets. |
| **Act** | The stage of establishing successful improvements as the standard or making further improvements if the results do not meet the targets. |

| | |
|---|---|
| **Quality Assurance (QA)** | Functions related to the control and assurance of product and process quality. |
| **Employee Turnover** | The rate of employee turnover within a company. |
| **Sales Growth** | The company's sales growth from one period to the next. |
| **TQM** | Total Quality Management, a quality management approach that involves all members of an organization in quality improvement efforts. |
| **CRM** | Customer Relationship Management: an approach to managing a company's relationships with its customers. |
| **E-commerce** | A sales channel, or a company's interaction with consumers through electronic media. |
| **Smoke-free Products** | Smoke-free products developed by the company as part of its product portfolio. |
| **≥45 Years** | Employees aged 45 or older. |
| **2021–2025** | The observation period in the continuous improvement analysis at PT HM Sampoerna Tbk. |