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Balancing Stakeholders' Interest and Sustainability: Petronas' Strategic Response to The Global Energy Transition

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Abstract

This study examines Petronas' strategic response to the global energy transition, focusing on its adoption of renewable energy, integration of sustainability practices, and the influence of leadership. This study employs qualitative document analysis to assess how Petronas integrates its strategies with Environmental, Social, and Governance (ESG) principles, as well as the United Nations' Sustainable Development Goals (SDGs), while also considering the wide-ranging interests of its stakeholders. The findings highlight Petronas' investments in green hydrogen, sustainable materials, and digital technologies, emphasizing both decarbonization efforts and long-term value creation for key stakeholders, including governments, investors, employees, and local communities. Moreover, the study underscores the pivotal role of transformational leadership in shaping Petronas' sustainability strategy and its impact on stakeholder relationships. The insights provided have broader implications for other National Oil Companies (NOCs), demonstrating that enhancing sustainability profiles not only strengthens stakeholder relations but also supports long-term profitability through sustainable development.
Keywords: PETRONAS, Energy Transition, ESG, SDGs, Transformational Leadership, Stakeholder Impact, Renewable Energy.

Abstrak

Studi ini menganalisis respons strategis Petronas terhadap transisi energi global, dengan fokus pada adopsi energi terbarukan, integrasi keberlanjutan, dan pengaruh kepemimpinan. Penelitian ini menggunakan analisis dokumen kualitatif untuk menilai bagaimana Petronas mengintegrasikan strategi-strateginya dengan prinsip lingkungan, sosial, dan tata kelola (ESG), serta tujuan pembangunan berkelanjutan (SDGs) dari Perserikatan Bangsa-Bangsa, sekaligus mempertimbangkan beragam kepentingan para pemangku kepentingannya. Hasil penelitian menunjukkan bahwa investasi strategis Petronas dalam hidrogen hijau, material berkelanjutan, dan teknologi digital tidak hanya bertujuan untuk dekarbonisasi, tetapi juga untuk menciptakan nilai jangka panjang bagi pemangku kepentingan utama, seperti pemerintah, investor, karyawan, dan masyarakat lokal. Selain itu, studi ini juga mengungkapkan pentingnya kepemimpinan transformasional dalam membentuk strategi keberlanjutan Petronas serta dampaknya terhadap hubungan dengan pemangku kepentingan. Temuan ini memberikan implikasi yang berharga bagi perusahaan minyak nasional (NOC) lainnya, menunjukkan bahwa meningkatkan profil keberlanjutan dapat memperkuat hubungan dengan pemangku kepentingan dan mendukung profitabilitas jangka panjang melalui pembangunan berkelanjutan.

Kata kunci: PETRONAS, Transisi Energi, ESG, SDG, Kepemimpinan Transformasional, Dampak Pemangku Kepentingan, Energi Terbarukan.

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INTRODUCTION

The energy sector is experiencing a fundamental transformation, driven by global imperatives for sustainability, carbon reduction, and the transition away from fossil fuels (IEA, 2023). In response, many oil and gas companies including Petronas, Malaysia's national oil company are investing in renewable energy technologies such as solar, wind, and green hydrogen to align with global decarbonisation targets. These efforts are not only crucial for maintaining competitiveness in an evolving market but also contribute directly to the United Nations Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), and SDG 9 (Industry, Innovation, and Infrastructure).

Petronas operates within a highly competitive and rapidly evolving global energy sectors that is inherently affected by oil price volatility, geopolitical uncertainties, and regulatory shifts. Navigating these challenges requires a strategic business plan that emphasises both resilience and innovation. Strengthening its energy portfolio by expanding into renewables allows Petronas not only to reduce dependence on fossil fuels but also to meet growing stakeholder expectations related to environmental responsibility and long-term value creation. In this context, focusing on ESG-driven strategies within Petronas becomes essential because it aligns with the Sustainable Development Goals (SDGs), particularly in areas related to clean energy, climate action, and responsible governance.

Petronas can further improve operational efficiency, reduce carbon emissions, and respond effectively to global energy trends by enhancing downstream operations and embracing digital transformation through technologies such as artificial intelligence (AI) and the Internet of Things (IoT). These actions support not just environmental goals but also broader stakeholder interest, including those from governments, investors, employees, consumers and local communities.

Although global attention to the energy transition is growing, most existing research focuses on macro level such as national policies and strategies. It often overlooks how individual national oil companies (NOCs), especially in emerging economies, can put these changes into practice. There is limited research on how companies like Petronas can balance stakeholder interests with sustainability and still uphold their ESG commitments. In particular, the extent to which NOCs engage with, and address stakeholder expectations remains underexplored.

Therefore, this study aims to fill the gap by assessing Petronas' strategic response or options for navigating the energy transition. It further examines the impact of leadership and strategic decisions on key stakeholders. In doing so, the research contributes to the broader discourse on how major energy companies can effectively integrate ESG principles, align with relevant Sustainable Development Goals (SDGs), and maintain market leadership in an increasingly sustainability-driven and competitive energy landscape.

LITERATURE REVIEW

Corporate Sustainability and Energy Transition

The importance of corporate sustainability strategies in the energy sector has gained significant attention in recent years, particularly as the world struggles with the challenges of climate change, depletion of natural resources, and social benefit. The integration of sustainability into corporate strategy is increasingly viewed as a pathway to achieving long-term competitive advantage. Firms that prioritize sustainability are often better positioned to navigate disruptions and capitalize on emerging opportunities. Thus, sustainability becomes a main key of the business strategy to stay strong and successful in the long run.

There are several studies highlight the importance of corporate sustainability strategies in ensuring resilience in the energy sector (Markard, 2020; Bhutta et al., 2022 ; Albitar et al., 2022; Schaltegger et al., 2019). Markard (2020) emphasizes that sustainability strategies are not merely a response to regulatory pressures but are essential for fostering resilience in energy systems. These strategies enable companies to adapt to changing market conditions, technological advancements, and stakeholder expectations.

Research conducted by Bhutta et al. (2022) examines the impact of corporate sustainability reporting on the performance of energy companies in India. The findings suggest that transparent reporting practices not only improve stakeholder trust but also drive companies to adopt more sustainable practices, leading to better environmental outcomes.

The literature also underscores the significance of transparency and accountability in corporate sustainability reporting. Albitar et al. (2022) argue that sustainability reporting practices can enhance stakeholder trust and drive companies to adopt more sustainable practices. By disclosing their environmental impacts and sustainability efforts, energy companies can demonstrate their commitment to sustainability and respond to stakeholder concerns more effectively. This transparency is particularly crucial in an era where consumers and investors are increasingly prioritizing sustainability in their decision-making processes.

Schaltegger et al. (2019) found that companies that integrate Environmental, Social, and Governance (ESG) principles into their business models tend to perform better eventually, as they attract potential investors and comply with evolving regulations. However, the transition poses financial,

regulatory, and operational challenges, requiring firms to balance short-term economic performance with long-term sustainability.

Stakeholder Theory and Energy Transition

Stakeholder theory, introduced by Freeman (1984), argues that a company's success depends on managing the interests of all its stakeholders rather than prioritising shareholders alone. Freeman & McVea (2017) define stakeholders as individuals or groups who could influence or are affected by the accomplishment of a firm's organisational objectives.

Research suggests that companies integrating stakeholder-driven strategies into their sustainability transformations tend to achieve better outcomes, as stakeholder engagement has become a central driver of corporate sustainability performance (Freeman, Harrison, & Wicks, 2018; Wang, Tong, Takeuchi, & George, 2021).

In the context of energy transition, firms must align their strategies with the needs of multiple stakeholder groups, including:

Investors and Shareholders: Institutional investors are increasingly prioritising ESG-compliant companies, influencing capital allocation in the energy sector (Friede et al., 2015). Petronas must demonstrate financial viability in renewables while ensuring long-term returns.

Government and Regulators: National policies and international agreements (e.g., the Paris Agreement) push oil and gas companies to reduce carbon emissions. Petronas must comply with Malaysia's energy policies while aligning with global sustainability targets.

Employees: The energy transition requires workforce upskilling in new technologies such as hydrogen production, AI-driven energy management, and IoT-enabled efficiency improvements. Managing human capital is crucial for a smooth transition (Delmas & Pekovic, 2018).

Consumers and Industrial Buyers: Businesses and households demand affordable, reliable, and sustainable energy. Petronas' investment in renewables must balance cost efficiency with environmental benefits.

Environmental and Social Advocacy Groups (Communities): NGOs and climate activists exert pressure on oil companies to accelerate decarbonisation. Failure to engage with these stakeholders can lead to reputational risks and regulatory scrutiny (Mitchell et al., 1997).

Transformational Leadership in Energy Transition

Leadership plays a critical role in driving organisational change during energy transitions (Bass & Avolio, 1994). Transformational leadership theory, introduced by Burns (1978) and expanded by Bass (1985), emphasizes the role of visionary leadership in fostering innovation, organizational change, and employee engagement. Transformational leadership characterised by vision, innovation, and a strong focus on stakeholder engagement is essential for companies like Petronas to successfully implement strategic response or options and navigate the energy transition. In other words, leaders must align corporate vision with sustainability goals, foster a culture of innovation, and engage with stakeholders to build long-term trust and support. By adopting open discussions about the significance of sustainability, these leaders inspire their teams to align with environmental values and take meaningful action (Aguinis & Glavas, 2019; Boiral, 2021). Ozgul & Zehir (2021) found that green transformational leadership style significantly affects corporate sustainability. It emphasizes the role of leaders in promoting sustainable practices within organizations.

In the context of Petronas' sustainability efforts, transformational leaders play a vital role in guiding the company's transition towards renewable energy and fostering a value of continuous improvement. By encouraging creative problem-solving and collaboration, transformational leadership can help Petronas successfully navigate the challenges of the energy transition.

Transformational leadership can enhance Petronas' reputation while driving long-term financial and environmental sustainability. Such leaders are typically more attuned to environmental dynamics and are better equipped to formulate and communicate strategic objectives in ways that engage stakeholders and align with their interests.

METHOD

This study uses a qualitative research approach because it is well-suited for understanding complex issues like how companies change their strategies and adopt sustainability practices.

Specifically, documents are collected from industry reports, company disclosures, and academic literature to investigate the effectiveness of various investment and leadership Petronas' strategic shift toward renewable energy.

A qualitative design is particularly suited for capturing the nuanced decision-making processes, strategic narratives, and evolving priorities of a national oil company operating in a volatile global energy environment. Because internal company data is often private to access, using publicly available documents is a practical way to gain valuable insights into Petronas' strategies, leadership decisions, and how it interacts with its stakeholders.

Analysis of Strategic Options

Petronas can adopt new strategies to lead the energy transition by exploring untapped opportunities. This includes investing in green ammonia and hydrogen to help decarbonise industries like shipping and heavy manufacturing. The company can also build bio-plastic production facilities, which would diversify its business into more sustainable materials and reduce its reliance on fossil fuels. This would leverage the experience in offshore operations in wind energy, while its innovative microgrid solutions being put into action for the benefit of underdeveloped regions. This is very much aligned with its important goals related to both rural electrification and community development. All these visionary, forward-vision strategies not only tap high-growth markets but also lead toward enhanced long-term competitiveness, in the industrial landscape.



Figure 1. Petronas' Approach to Sustainable Business Strategy

Figure 1 illustrates step by step approach for Petronas to incorporate sustainability into its business strategy. This step ensures the company's direction is in line with long-term global sustainability trends such as reducing carbon emissions (decarbonization) and transitioning to cleaner energy solutions. This is emphasizing its commitment to being an environmentally responsible energy leader.

Sustainability becomes an essential part of Petronas' corporate strategy across all levels of business operations. This ensure that their decisions, operations, and investments align with impactful environmental practices. Thus, Petronas needs to empower leaders to drive innovation in sustainable energy solutions especially to actively promote the green projects and accelerate the shift toward renewable energy. Finally, Petronas need to establish a council to supervise sustainability-related efforts and initiatives within the company. This body ensures that green initiatives are managed, monitored, and aligned with the company's sustainability goals, providing strategic oversight and governance.

Figure 2 illustrates how the company navigates its strategies and addresses challenges to achieve sustainable innovation in the energy sector. The company take investment strategies into renewable energy technologies such as offshore wind power and bioplastics to reduce environmental impact in order to meet sustainability goals e.g. the Net Zero Carbon Emissions by 2050. In addition to that, green ammonia and hydrogen are used as a zero-carbon fuel in the transition toward a low-carbon economy. These are emerging clean energy solutions offered by the company.

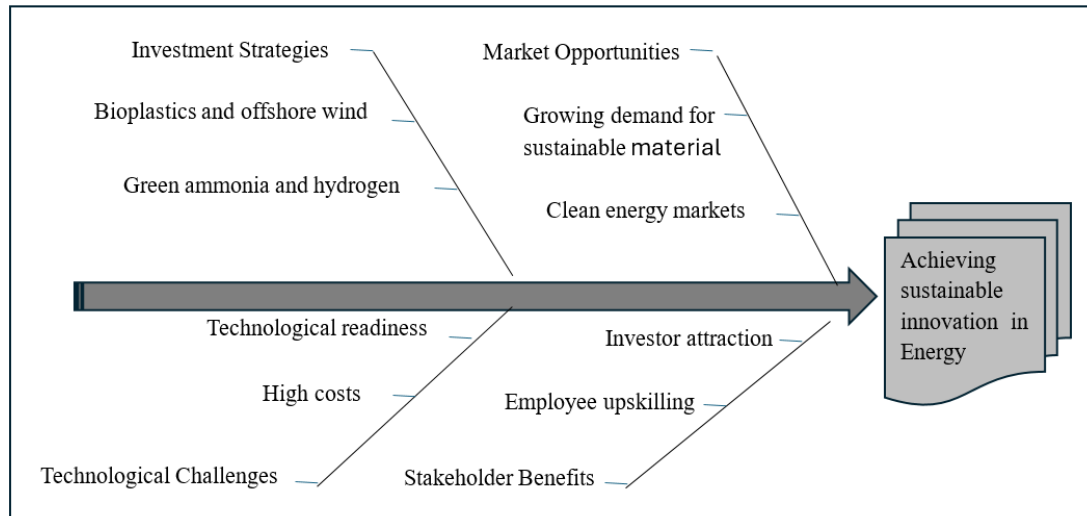


Figure 2. Petronas' Path to Achieving Sustainable Innovation in Energy

For market opportunities, there will be growing demand for sustainable energy solutions driven by environmental concerns and climate change commitments. This type of market expansion that focused on renewable energy sources and cleaner technologies will give Petronas opportunities for growth and innovation.

However, implementing this strategy is not easy because there will be challenges to address such as technological readiness that required high costs to acquire the necessary infrastructure and equipment needed.

Sustainable energy innovation will affect stakeholders such as investors who concerns with environmental, social, and governance (ESG) principles. Also, it will benefit employee from training and development programs tailored to new technologies and sustainable practices. However, the future impact of leadership and the strategic options on stakeholders will be discussed in detailed the next section.

RESULTS AND DISCUSSION

Leadership's Impact on Key Stakeholders

Leadership strategies should align with stakeholder needs to ensure businesses remain profitable while also focusing on long-term purpose and sustainability. By focusing on sustainable energy strategy, empowering their staff, building investors' confidence, increasing consumer trust, partnering with governmental bodies, and focusing on environmental protection, leaders can create a multiplier effect of positive outcomes. This approach strengthens the company's position as a leader in sustainable and responsible business practices.

Leadership needs offer a clear vision and mission that align company's objectives and stakeholder priorities with broader societal and environmental goals. To achieve these, leaders must enforce the following: first, they must develop a long-term roadmap that integrates environmental, social, and governance (ESG) principles into the business strategy. Second, they must communicate effectively with all stakeholders such as to deliver the vision consistently to foster trust and collaboration. Third, they must be able to set measurable objectives to implement frameworks such as the UN-SDGs or other relevant frameworks to measure progress and impact (PETRONAS , 2023).

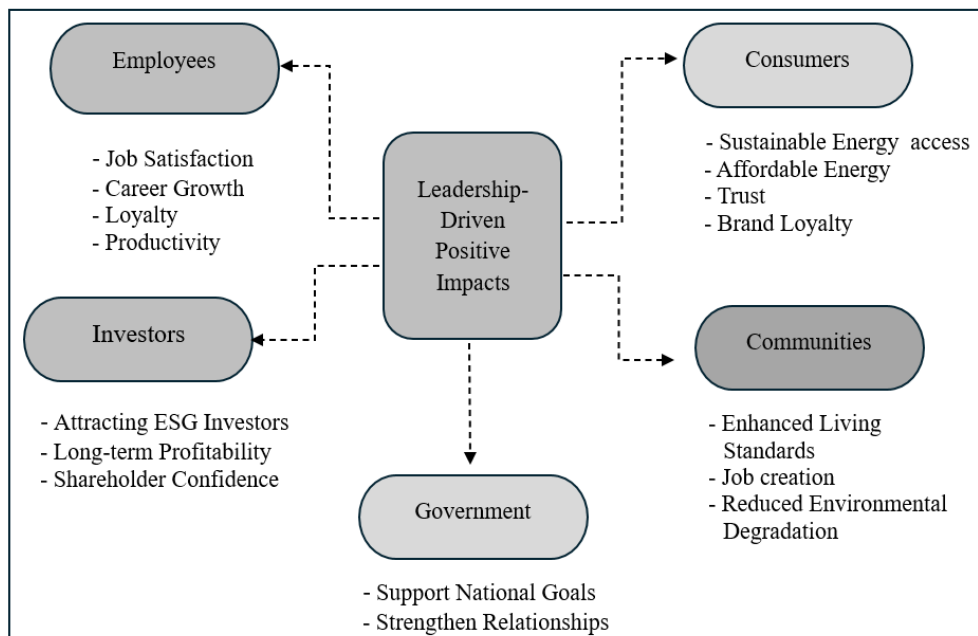


Figure 3. Leadership-Driven Positive Impacts

Transformational leaders actively engage stakeholders in the decision-making process to shape effective strategies. Different perspectives can be derived from participation of the employees, consumers, investors, and communities to ensure balanced outcomes. In this case, leaders must respond with adaptable strategies to the concerned stakeholders, changing regulations in the regulatory framework. Also, strong commitment to ethical governance is the way to build credibility and trust with all stakeholders.

However, leadership strategies play a key role in driving positive impacts on stakeholders as shown in Figure 3. For employee, the benefit will be gained in terms of job satisfaction, career growth loyalty and productivity. A company with ethical and positive leadership will fosters a strong emotional connection with employees, prioritize training and upskilling of their staff, thus employee can feel satisfied in their work, grow their career and productivity, leading to increased retention rates.

Consumers need sustainable energy that is both accessible and affordable. This can be provided by leaders that prioritizes the availability of clean, renewable energy options that align with environmental goals. As consequences, consumer confidence in the brand will increase and thus foster long-term loyalty, enhancing the company's reputation and market position.

Leadership strategies that committed to ESG principles has significantly and positively contributed to improve the overall well-being of the community through investments in local infrastructure, quality education, and other sustainable initiatives. The leadership ensures that job creation, particularly in the rapidly growing renewable energy and technology sectors, is balanced with sustainable practices to minimize environmental degradation and secure long-term ecological protection for sustainability in the future.

The impact on investor includes attracting ESG-focused investors, boosting long-term profitability, and increasing shareholder confidence. Leaders build strong partnerships with governments by aligning company goals with national and global priorities. Leadership can influence sustainable policymaking by actively participating in industry forums and advocating for progressive regulations. Collaborating with governments on large-scale projects (e.g., renewable energy plants, infrastructure development) strengthens relationships and achieves mutual goals. Leaders who prioritize adherence to regulations build trust and avoid reputational risks. Such partnerships benefit both the companies and governments by addressing critical societal challenges and promoting economic growth.

Anticipated Stakeholder Impact of Strategic Option

The strategy will bring substantial benefits to a wide variety of stakeholders. For employees, all these opportunities can be taken to learn related skill set for advanced energy solutions. For the

communities, improved access to energy resources and decrease in pollution levels. Governments can partner with Petronas to achieve national decarbonization targets, while investors are attracted by its commitment to sustainability and diversified revenue streams.

Petronas is working on reducing carbon emissions and sees carbon capture as a keyway to transform its business. They transform the transition to low-carbon energy into an opportunity for green growth. Carbon Clean (2024) support Petronas in reaching its net-zero targets with a cost-effective carbon capture approach. These strategies also entail challenges such as high costs and readiness of technology, these could be mitigated through partnerships, R&D investment, and green financing that always keep Petronas ahead in the global energy transition. However, the benefits can be elaborated in the detail in the following sub section for each stakeholder (PETRONAS, 2024).

The Impact on Investors

Figure 4 highlights the potential impacts of Petronas's sustainable energy strategy on investors. Petronas's focus on sustainability aligns with Environmental, Social, and Governance (ESG) criteria. Thus, it will attract investors who would like to invest in responsible and ethical investment opportunities (The Sun, 2024). Increased investor interest raises demand for its shares and bonds, thereby improving profits.

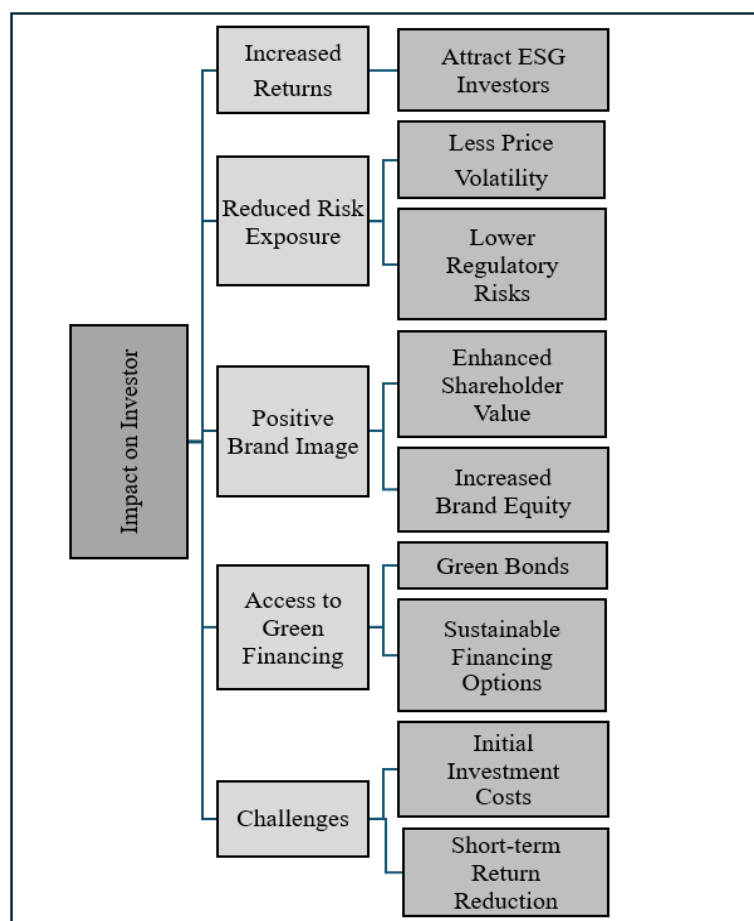


Figure 4. Investor Impacts of Petronas's Sustainable Energy Strategy

Diversifying into sustainable energy and reducing reliance on volatile fossil fuel markets, Petronas gives investors more stable returns over time. With the global push for strict environmental regulations, Petronas's sustainable strategy keeps it ahead of such regulatory changes, hence minimizing compliance risks to investors. The fact that sustainability has been addressed proactively reduces operations and financial risks, eventually enhancing long-term shareholder value. Proactively addressing sustainability reduces operational and financial risks, eventually boosting long-term shareholder value.

Petronas enhances its reputation and market position with its commitment to sustainability. A strong brand image always attracts long-term investors for firms that have been contributing positively to society and the environment. A positive view of Petronas's brand helps increase investor confidence, increasing demand for its shares and hence enhancing the overall valuation of the company. This enables Petronas to issue green bonds, which are specifically earmarked to fund projects with environmental benefits. This gives investors a good avenue to align their portfolio with sustainable goals and extract predictable returns from it. Investors are afforded innovative financial mechanisms that support sustainable projects, thereby extending investment opportunities in the green energy sector.

Challenges faced by investor in terms of initial investment cost and reduced short-term returns. The transition to sustainable (green) energy requires huge investments at the initial stages. Therefore, investors can expect lower returns because Petronas must divert resources to the development of environmentally friendly projects. In addition, most sustainable projects take a long time before high returns are realized, therefore, investors may realize reduced short-term profits.

The Impact on Communities

Figure 5 highlights four key points where Petronas's sustainable energy strategy can positively impact communities. First, by focusing on clean energy solutions, Petronas can substantially lower greenhouse gas emissions and create a healthier environment. This leads to better air and water quality, reducing health risks such as respiratory diseases in communities. This also improve local ecosystems and living conditions, fostering long-term environmental sustainability.

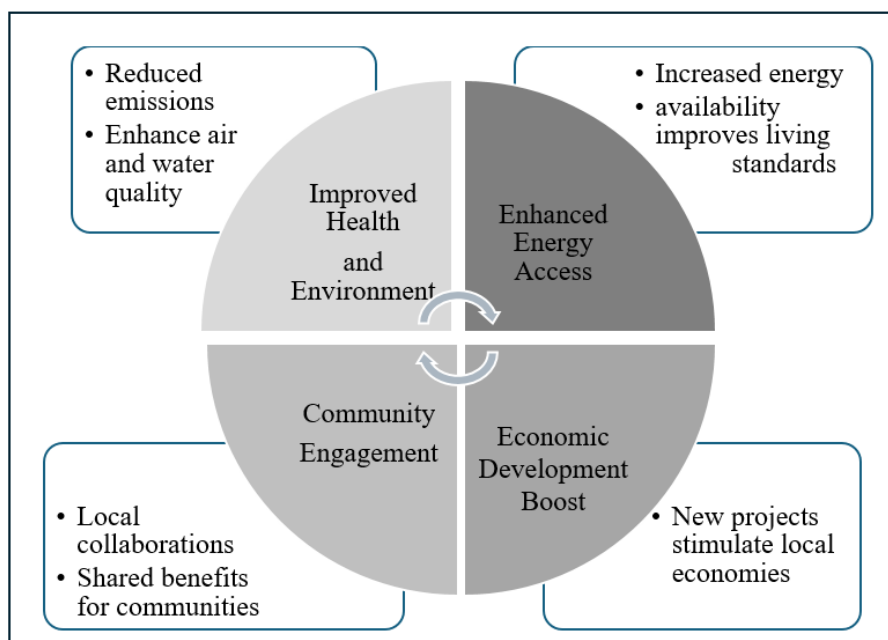


Figure 5. Community Impacts of Petronas's Sustainable Energy Strategy

Second, expanding access to sustainable energy resources can improve standards of living, particularly in underserved communities. It provides reliable power supply, which is crucial for education, healthcare, and economic activities.

Third, Community engagement is a keystone of Petronas's sustainable energy strategy, ensuring that the strategy is not only environmentally and economically sound but also socially inclusive. Petronas actively collaborates with local stakeholders, including local governments, non-governmental organizations (NGOs), community leaders, and local businesses. The Sustainable energy projects will directly generate benefits for communities such as job creation, skills training and revenue sharing or royalties from energy projects located in their regions.

Fourth, sustainable energy projects often require infrastructure development and operations, increasing employment opportunities. This condition requires communities with technical skills in renewable energy technologies. In addition, Petronas funds on local development projects, such as

building schools, healthcare centres, or clean water facilities, as part of their corporate social responsibility (CSR) efforts that contributes for overall community development.

The Impact on Employee

Figure 6 outlines the potential impacts of Petronas's sustainable energy strategy on employees that classified into some key points. The transformation of Petronas into sustainable energy emphasizes high-tech technologies such as renewable-digital energy solutions, and green innovations. In this case, the employees are subjected to training programs for new skills that relevant within a rapidly changing energy landscape. This is a better way to prevent significant challenge faced because the transition to sustainable energy may render certain traditional roles obsolete, leading to redundancies if no proactive measures are taken.

Investing in sustainable energy reduces dependency on volatile fossil fuel markets, stabilizing operations and reducing the risk of layoffs. Thus, it will enhance job security in their roles. Employees will be likely to feel more engaged and motivated in their work. This also makes employees feel valued and satisfied, reducing the possibility that they will quit from the job.

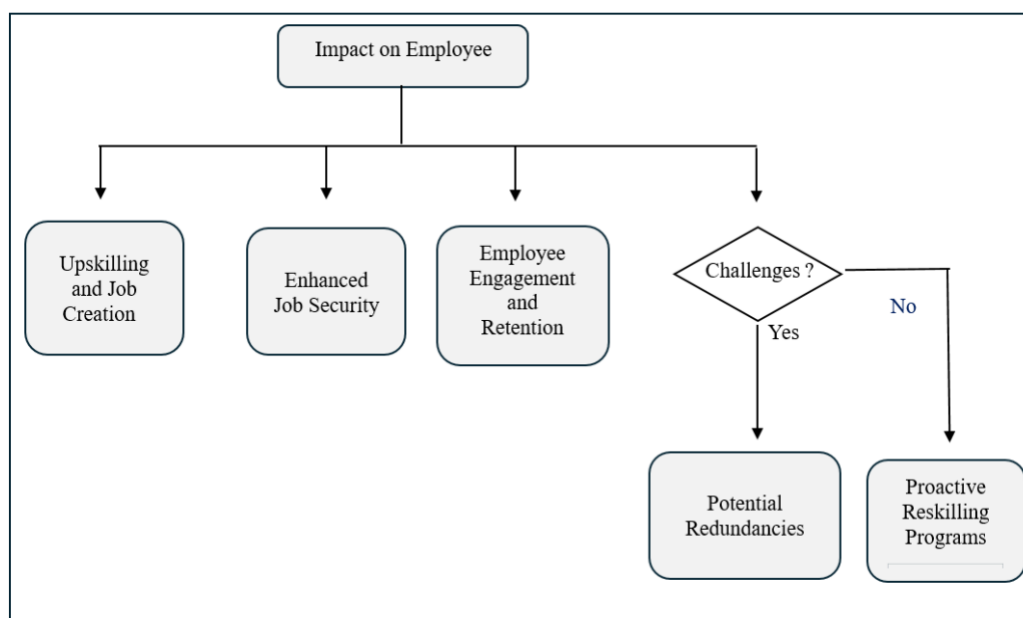


Figure 6. Employee Impacts of Petronas's Sustainable Energy Strategy

The Impact on Consumers

Figure 7 shows the consumer-related benefits of Petronas's sustainable energy plan, emphasizing how its efforts shape the future of energy availability and the well-being of consumers. The following is a detailed discussion of the impacts: First, access to sustainable energy. Petronas aims to provide common access to clean and sustainable sources of energy. The company guarantees a fair share of energy, especially in underserved areas, through the harnessing of renewable technologies such as solar, wind, and green hydrogen. This commitment forms the bedrock of global efforts to reduce dependence on fossil fuels and advance energy equity.

Second, Cost-Effective energy through innovation and efficiency (SBM ITB, 2024), Petronas provides affordable energy solutions. By embracing advanced technologies and optimizing processes, the company can lower production costs, thereby transferring these savings to consumers. This approach enhances the accessibility and economic viability of clean energy, promoting a global transition toward renewable energy sources.

Third, energy security which is the diversification of energy sources that will brings increased reliability and less dependence on volatile fossil fuel markets. By integrating renewables and developing energy storage solutions, Petronas assures stable and consistent supply, which protects consumers from disruptions and energy shortages.

Fourth, transition costs challenges that this transition may have brought. In this case, Petronas pursues every step possible at each point to minimize consumers' costs through developing low-cost renewable options, incentives or subsidies, and other creative financing models that would ease sustainability for everyone during the transition.

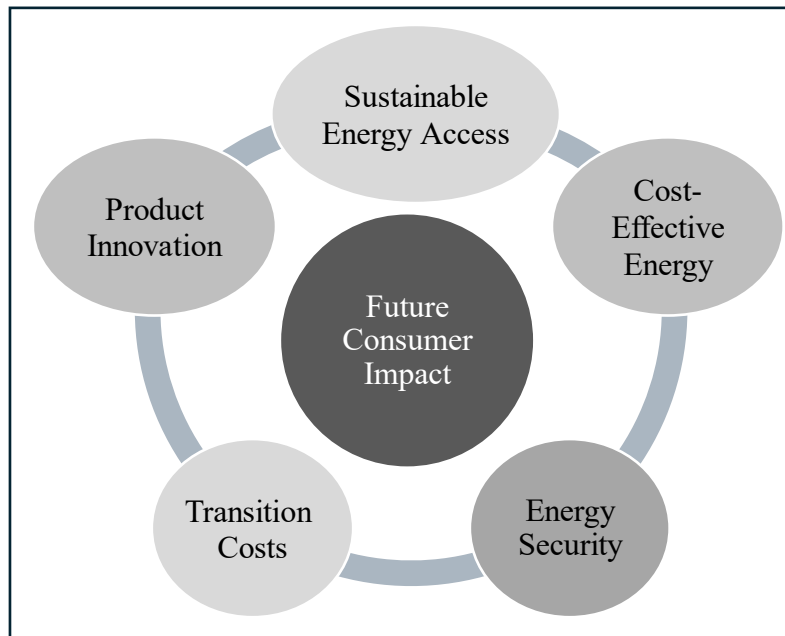


Figure 7. Consumer Impacts of Petronas's Sustainable Energy Strategy

Fifth, product innovation whereby Petronas invests in research and development to create leading-edge energy products that will meet changing consumer needs. This includes innovative fuel alternatives, energy-efficient technologies, and smart energy management systems. These innovations will empower consumers to adopt sustainable practices without compromising on convenience or performance.

The Impact on Governments

Figure 8 represents the various impacts of Petronas' sustainable energy strategies on government. Each point shows how the company's efforts come into interaction with governmental roles in fostering sustainability, economic growth, and national development. The following is an elaboration for each point: First, lobbying pressure are external pressures on governments from industries that oppose the adoption of renewable energies. These may cause a delay in the implementation of sustainable energy-supporting policies.

By proactively aligning itself with renewable goals, Petronas is helping to reduce these pressures by showing the economic and environmental benefits of transitioning to clean energy sources.

Second, alignment to national goals that drive Petronas' sustainability initiatives fall under the national goals of Malaysia, especially in climate action and sustainable development, to meet international commitments under agreements like the Paris Accord. The company is, therefore, solidifying the government's ability to meet its sustainability targets by moving towards renewable energy sources and reducing carbon emissions.

Third, revenue generation where the development of the renewable energy industry opens up new revenue streams and hence drives economic growth. Petronas contributes to national economic stability through investment in emerging sectors like green hydrogen, bioplastics, and offshore wind. This diversification reduces dependence on traditional fossil fuel revenues and stimulates industrial innovation.

Fourth, policy support by governments in sustainable practices which include reduced regulatory burdens and incentives for green technologies. This creates a win-win situation for the

company and the government, engendering trust and fast-tracking policy implementation for the promotion of sustainability.

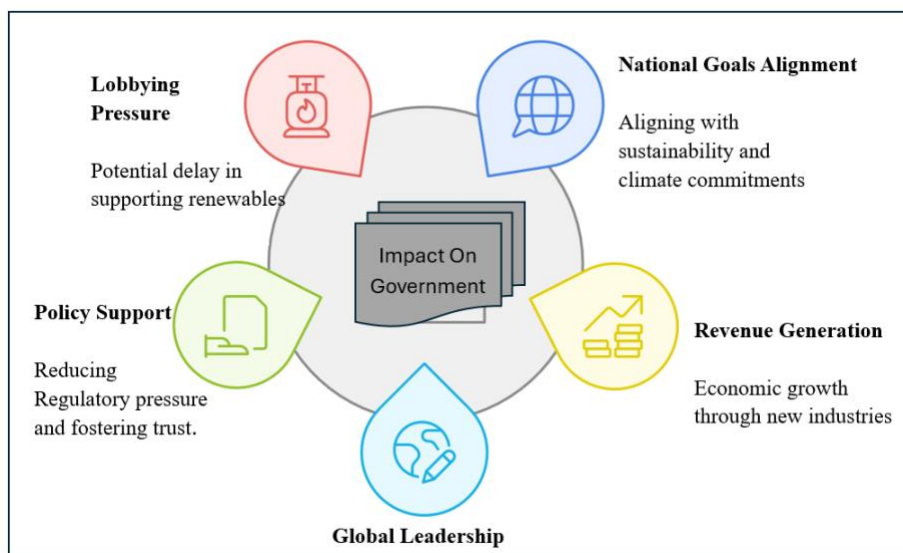


Figure 8. Government Impacts of Petronas's Sustainable Energy Strategy

Fifth, international leadership especially in renewable energy and sustainable practices adds to the credibility of the country on the global stage. This leadership will also attract foreign investments and show Malaysia's commitment to addressing challenges of energy on a world scale, hence directing its influence in international climate and energy forums.

CONCLUSION

The implementation of the strategic options is expected to bring transformative impacts across stakeholder groups. For employees and local communities, it promises job creation, improved livelihoods, and Investment in infrastructure and skills development. For long-term investors, stronger leadership translates into reduced risks, greater transparency, and sustainable financial returns. Consumers stand to benefit from cleaner, more affordable energy solutions, while communities will enjoy enhanced environmental protection and better quality of life. Governments benefit from partnerships that accelerate national sustainability goals and attract foreign investment, reinforcing Malaysia's role as a regional leader in the energy transition.

Importantly, the findings indicate that PETRONAS' strategic decisions such as investments in green hydrogen, carbon capture, and downstream diversification not only enhance its environmental performance but also positively influence key stakeholder groups, including investors, regulators, employees, and local communities. These strategies enable the company to maintain competitiveness while contributing to global sustainability efforts aligned with the SDGs.

At the core of this transformation is PETRONAS' commitment to stakeholder engagement and sustainable innovation. By embedding ESG principles and long-term planning into its business strategy, the company not only secures its competitiveness but also contributes meaningfully to the global clean energy agenda. Moving forward, sustained leadership, inclusive planning, and strategic alignment with all stakeholders will be essential to achieving balanced, equitable, and impactful outcomes. By focusing on both corporate transformation and stakeholder impact, this research contributes to the broader discourse on how national oil companies in emerging markets can effectively navigate the energy transition while balancing economic, environmental, and social imperatives.

FUTURE RESEARCH DIRECTIONS

This study offers a foundation for understanding how national oil companies like PETRONAS can strategically respond to the global energy transition while balancing stakeholder interests and sustainability goals. However, future research can further enrich this discourse in several ways:

- Comparative Studies Across NOCs: Future research could conduct cross-country comparisons of national oil companies (NOCs) to explore how different regulatory environments, leadership styles, and stakeholder dynamics influence the adoption of ESG-aligned strategies.
- Quantitative Impact Assessment: While this study employed a qualitative approach, future studies could adopt quantitative or mixed methods to measure the financial, environmental, and social impacts of strategic decisions, including KPIs related to ESG and SDG performance.
- Stakeholder Perception Analysis: Further research may examine stakeholder perception including those of investors, employees, and communities on how leadership and corporate strategies influence trust, engagement, and value creation.
- Technology and Innovation as Enablers: Future studies can focus on how digital transformation (e.g., AI, IoT, blockchain) supports the implementation of ESG initiatives and enhances transparency, efficiency, and stakeholder engagement.
- Policy and Governance Alignment: Exploring how corporate strategies align or conflict with national and international energy and climate policies could help inform more integrated policy frameworks for sustainable industrial development.

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