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RECONSTRUCTING STAKEHOLDER TRUST IN AN EXISTENTIAL CRISIS: A CONCEPTUAL STUDY OF PT SRITEX'S CRISIS COMMUNICATION MANAGEMENT POST-BANKRUPTCY DECISION

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Abstrak: *The global textile industry faced significant structural upheavals in the 2024–2025 period, placing strategic entities like PT Sri Rejeki Isman Tbk (Sritex) under extreme existential threats. This conceptual article examines the anomaly of corporate resilience where a formal bankruptcy status is met with massive social and political support rather than reputational collapse. Using a qualitative-descriptive approach, the study synthesizes Situational Crisis Communication Theory (SCCT) and Image Repair Theory with the realities of economic nationalism in developing economies. The analysis reveals that the integration of a "national interest" narrative and symbolic communication tactics—such as the "humanization" of the industrial giant through its workforce—functions as a powerful "human shield" against legal liquidation. The findings introduce the "Survival-Driven PR" model, which integrates legal defense, social support, and political lobbying as a cohesive defense mechanism. This research contributes to crisis management literature by redefining Public Relations as a strategic diplomatic instrument capable of converting social modality into political bargaining power. Ultimately, the study concludes that for "Too Big to Fail" entities, operational legitimacy is maintained by aligning corporate survival with national industrial sovereignty and the collective welfare of the labor force.*

Kata Kunci: *Crisis Management, Corporate Diplomacy, National Interest, Sritex, Survival-Driven PR, Social Identity.*

INTRODUCTION

The global textile and textile product (TPT) industry faced significant structural upheavals throughout the 2024–2025 period, driven primarily by oversupply from East Asian markets and a marked decline in international purchasing power. Within this crisis, PT Sri Rejeki Isman Tbk (Sritex) emerged not merely as a manufacturing entity but as a constructed symbol of Indonesia's national industrial sovereignty with a strategic footprint in the global supply chain. However, its decades-long reputational stability was severely tested by liquidity pressures, culminating in a bankruptcy ruling by the Semarang Commercial District Court in late 2024. This existential crisis represents an anomaly in crisis management studies; while a bankruptcy status typically halts corporate operations, it was instead met with a mobilized narrative of industrial salvation involving tens of thousands of skilled workers (CNBC Indonesia, 2024).

The potential domino effect of Sritex's operational cessation poses a threat beyond

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corporate finances, projecting significant socio-economic instability across Central Java. Consequently, Sritex's crisis communication strategy shifted from traditional legalistic defense toward massive public diplomacy. By utilizing the "Sritex is Indonesia" narrative, the management successfully consolidated support from various stakeholders, including direct intervention from the central government, as a protective mechanism against deindustrialization (Kompas, 2025). This phenomenon opens a new conceptual discussion on how social modality and national identity are employed as Public Relations instruments to negotiate a company's legal status during systemic crises.

A theoretical gap exists in conventional crisis management literature, which often limits response strategies to post-incident image recovery while under-exploring the use of economic nationalism as a reputational shield (Benoit, 2014). In the context of Sritex, the Situational Crisis Communication Theory (SCCT) requires further expansion to encompass internal stakeholder loyalty, which actively participates in shaping public opinion (Pang, Jin, & Cameron, 2023). Mainstream theories often view crises as technical events mitigatable through standard response typologies such as denying, diminishing, or rebuilding (Coombs, 2015). However, the Sritex case demonstrates that nationalistic sentiment and high-level political alignment are critical determinants not yet comprehensively accommodated in the original SCCT model.

Furthermore, the integration of Image Repair Theory with the reality of state intervention remains limited in contemporary strategic communication literature (Benoit, 2014). Traditional models often assume a neutral free-market environment, ignoring "economic nationalism" as a tool that can override the consequences of operational failure (Fearn-Banks, 2016). Therefore, a theoretical reconstruction is necessary to explain how narratives of industrial sovereignty and labor protection influence public and judicial authorities (Pang, Jin, & Cameron, 2023). This research aims to fill this void by proposing a "National Interest-Based Crisis Response" model, shifting the focus from shareholder-oriented management to a model based on public interest and national stability.

The urgency of this study is underscored by the need to redefine Public Relations strategies for "Too Big to Fail" entities in developing economies. For strategic corporations like Sritex, crisis communication must evolve into corporate diplomacy that aligns business recovery with government development agendas (Pang, Jin, & Cameron, 2023). Without an adaptive framework, companies risk losing crucial stakeholder support during legal-formal deadlocks. Ultimately, this article seeks to construct a conceptual framework for National Interest-Based Crisis Response, integrating situational crisis theory with corporate diplomacy to maintain operational legitimacy amidst liquidation threats (Coombs, 2015;

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Pang, Jin, & Cameron, 2023).

LITERATURE RIVIEW

Situational Crisis Communication Theory (SCCT)

The paradigm of crisis response strategies within Public Relations discourse has undergone a significant transition from reactive approaches to proactive, strategic frameworks. Historically, crisis management was perceived as a defensive measure implemented post-reputation damage, where communication served merely as a tool to minimize negative impacts (Benoit, 2014). However, with the emergence of Situational Crisis Communication Theory (SCCT), research focus has shifted toward predicting and managing stakeholder perceptions of crisis responsibility from the onset (Coombs, 2015). This proactive stance enables organizations to map risks and construct narratives that align with the attribution of responsibility assigned by the public.

Despite providing a robust foundation for reputation management, SCCT faces criticism regarding its efficacy in explaining prolonged legal or bankruptcy crises. The theory is often critiqued for its transactional nature and focus on short-term responses to episodic events, frequently failing to accommodate the complexities of litigation processes that span years (Pang, Jin, & Cameron, 2023). In cases of insolvency, organizational survival cannot be secured solely through initial communication strategies but requires sustained issue management amidst fluctuating legal uncertainties. Furthermore, SCCT's assumption of a rational audience overlooks the emotional attachments and social sentiments that often transcend traditional crisis logic in systemic legal failures (Fearn-Banks, 2016).

Corporate Diplomacy and Government Relations

The functional role of Public Relations in large-scale corporations has been redefined from managing consumer perceptions to operating as an instrument for strategic political negotiation. Through corporate diplomacy, firms build communicative bridges with political actors to align business interests with national agendas (Coombs, 2015). In the context of Sritex's legal crisis, PR activities are directed toward influencing policymakers through narratives of economic stability and labor protection. This political negotiation is not intended to illegally intervene in judicial processes but to provide a comprehensive understanding of the broader socio-economic consequences should a strategic entity be allowed to collapse without state mitigation.

State-backed support is a crucial element in the reputational recovery of "Too Big to Fail" entities. Corporate legitimacy is often reinforced when symbols of state authority, such as high-ranking official visits or ministerial endorsements, appear in the public sphere (Pang,

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Jin, & Cameron, 2023). This support functions as a signal of stability that dampens market panic and provides operational breathing room amidst a bankruptcy status. Recent data from the 2024–2025 period indicates that corporate reputation in developing economies is heavily contingent upon the consistency of Government Relations (Kompas, 2025). Such diplomacy positions the firm as a national asset, shifting the attribution of failure from managerial incompetence to uncontrollable macroeconomic factors (Fearn-Banks, 2016).

Social Identity Theory in Public Relations

Social identity construction within Public Relations defines how individuals perceive themselves through membership in specific social groups, including their organizations. Through the lens of Social Identity Theory, the relationship between employees and a corporation is viewed not merely as an economic contract but as a deep process of identity assimilation (Pang, Jin, & Cameron, 2023). Corporate identity is often internalized as part of the personal self, leading to a sense of belonging where employee loyalty becomes a significant social modality during extreme reputational crises. This internalized identity extends to local communities that depend geographically and economically on the existence of large-scale manufacturing firms (Fearn-Banks, 2016).

Strategic crisis communication leverages this collective identity to build a reputation barricade rooted in humanity. When facing legal threats, the narrative is shifted from corporate financial issues to the collective fate of thousands of individuals (Benoit, 2014). This consolidation of public support highlights the "human face" of the crisis, granting the company moral legitimacy that can counterbalance legal-formal pressures. Furthermore, the cohesion between employee and corporate identity serves as internal defense, preventing moral disintegration during prolonged crises (Coombs, 2015). Ultimately, Social Identity Theory explains why public support continues to flow for a formally bankrupt entity, as the company is perceived as an integral part of the community's social fabric (Pang, Jin, & Cameron, 2023).

MATERIAL AND METHODS

This study employs a qualitative-descriptive method, which is the standard approach for developing a conceptual article. Unlike empirical research that relies on primary field data, this conceptual study focuses on the synthesis and expansion of existing theories to explain a specific phenomenon. The primary objective is to bridge the gap between theoretical frameworks—specifically Situational Crisis Communication Theory (SCCT) and Image Repair Theory—and the empirical reality of corporate bankruptcy in a developing

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economy (Benoit, 2014; Coombs, 2015). By utilizing a descriptive-analytical approach, this research observes how nationalistic narratives are utilized as strategic Public Relations instruments to mitigate the legal consequences of insolvency.

The data used in this study consist of secondary sources including academic literature, corporate documents, and actual news reports from the 2024–2025 period. These sources, such as reports from CNBC Indonesia and Kompas, provide the factual basis for analyzing the crisis trajectory of PT Sri Rejeki Isman Tbk (Sritex) (CNBC Indonesia, 2024; Kompas, 2025). The methodological process involves "strategic surveillance," where precursors to the crisis and the subsequent government interventions are examined through the lens of contingency theory (Pang, Jin, & Cameron, 2023). This allows the study to move beyond simple observation and into a deeper analysis of how "economic nationalism" serves as a protective modality during a systemic corporate threat.

Furthermore, this method incorporates a multi-perspective analysis to evaluate stakeholder loyalty and government relations. By integrating Social Identity Theory into the analysis, the research methodologically evaluates the internal and external support mechanisms that allow a bankrupt entity to maintain its "social license to operate" (Fearn-Banks, 2016; Pang, Jin, & Cameron, 2023). The final stage of this conceptual method is the construction of a new model—the National Interest-Based Crisis Response. This model is derived from the systematic comparison between traditional crisis response typologies and the actual diplomatic maneuvers observed in recent industrial crises, providing a theoretical roadmap for practitioners facing existential legal threats (Coombs, 2015; Pang, Jin, & Cameron, 2023).

RESULTS AND DISCUSSIONS

The "National Interest" Narrative

The narrative transformation conducted by the Public Relations function in the Sritex case involved a radical reframing of corporate debt failure into a threat to national stability. By shifting the focus from balance sheets to the emotional dimension of "50,000 livelihoods," a private financial crisis was elevated into a public social crisis (CNBC Indonesia, 2024). This framing utilized the "transcendence" strategy within image repair theory, placing the crisis event in the context of higher human values to mitigate managerial shortcomings (Benoit, 2014). Public support consolidated not because of financial approval, but out of solidarity for the fate of tens of thousands of workers.

This national interest narrative served as a diplomatic instrument to encourage executive-level government intervention. By emphasizing Sritex's status as a strategic

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national asset and export contributor, corporate PR successfully created political pressure for authorities to prioritize the entity's rescue over rigid bankruptcy procedures (Pang, Jin, & Cameron, 2023). In developing economies, the success of such narratives depends on the PR practitioner's ability to align corporate messages with the government's industrial sovereignty vision. Consistent orchestration across media platforms allowed Sritex's corporate identity to merge with the national industrial identity, framing any threat to the business as a threat to Indonesia's economic independence (Fearn-Banks, 2016).

Humanizing the Industrial Giant

The strategy of "humanizing" a massive corporate entity was a crucial instrument in tempering negative sentiment from creditors and financial stakeholders. During the Sritex crisis, a shift in representation occurred where the faces and voices of workers were prioritized in media statements over the Board of Directors. Theoretically, this tactic changes the perception of the company from a cold capital structure to a vulnerable human ecosystem (Benoit, 2014). By positioning laborers as the primary subjects, the ethical considerations regarding the survival of thousands of individuals neutralized the pressure for instant financial settlement.

Prioritizing the "human face" triggered collective empathy and limited the room for creditors to pursue aggressive liquidation. Creditors faced significant reputational risks if they were perceived as responsible for a socio-economic disaster (Fearn-Banks, 2016). This created a communicative "human shield" that effectively delayed drastic legal actions. Furthermore, using labor narratives as the vanguard aimed to obscure managerial failures that may have caused the financial crisis. By diverting attention to worker loyalty, attribution of blame toward executives was minimized through a "differentiation" strategy (Coombs, 2015).

Proposed Framework: Survival-Driven PR

The synthesis of the Sritex case analysis produces a new framework identified as Survival-Driven PR. In this model, crisis communication is no longer linear but integrates three main pillars: Legal Defense, Social Support, and Political Lobbying. Reputation defense is not a separate entity from legal proceedings but a supporting instrument that provides maneuvering room for legal teams to renegotiate bankruptcy status (Coombs, 2015).

1. Legal Defense: Acts as the formal foundation, requiring strong narrative support so that legal arguments in court gain public legitimacy (Benoit, 2014).

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2. Social Support: Operates as a grassroots pressure mechanism leveraging social identity and labor solidarity. Employee involvement as brand advocates creates a reputational fortress difficult to penetrate by narratives of financial failure (Pang, Jin, & Cameron, 2023).
3. Political Lobbying: The culmination of successful social and legal mobilization. Corporate diplomacy is used to transform the corporate crisis into a national priority requiring policy intervention (Fearn-Banks, 2016).

In conclusion, the Survival-Driven PR model offers a new paradigm for labor-intensive industries facing systemic existential crises. The integration of these three pillars creates a resilience cycle that allows companies to survive extreme legal storms by aligning corporate narratives with nationalism and human values (CNBC Indonesia, 2024). This model serves as a vital conceptual reference for crisis management in strategic sectors facing similar liquidation threats in the future.

CONCLUSION

The theoretical contribution of this study lies in the expansion of crisis management scope within labor-intensive industries, where Public Relations is redefined as an existential survival instrument that transcends mere image repair. Through the synthesis of the Sritex case, a new perspective is offered: the effectiveness of crisis communication for strategic corporations is not measured by short-term reputational recovery, but by the entity's ability to convert social modality into political bargaining power. This study enriches the existing discourse on situational crisis communication by introducing economic nationalism and collective identity as determinant factors in mitigating systemic legal crises. It suggests a paradigm shift where social capital is no longer an external element but an integral component of a corporation's legal defense strategy.

Practically, this research offers a strategic roadmap for labor-intensive firms facing the threat of liquidation by adopting a "national interest" approach as their core narrative. Organizations are encouraged to communicate financial crises not as internal managerial failures, but as potential social disasters that could destabilize regional or national labor markets. This strategy fosters healthy public pressure on authorities to prioritize restructuring over total liquidation. Furthermore, the integration of symbolic communication and government relations is positioned as a vital necessity. By highlighting the human face of the industry—specifically the fate of its workforce—corporations can build a resilient reputational shield that maintains social legitimacy and political support even amidst extreme legal uncertainty.

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Limitations and Suggestions

Future research should aim to explore the ethical boundaries and limitations of using social modality as a legal instrument, specifically to ensure that corporate diplomacy does not undermine the principles of universal legal justice. Empirical studies are needed to investigate the influence of digital narratives and social media sentiment on the independence of judicial authorities in large-scale corporate bankruptcy cases. Additionally, comparative studies between labor-intensive industries in developing and developed economies could provide deeper insights into the cross-cultural dynamics of survival-driven Public Relations. Incorporating big data analytics to measure the correlation between social sentiment volume and the speed of government policy response would offer a significant methodological breakthrough for the future of crisis communication science.

Conflict of Interest

The authors declare no conflict of interest regarding the publication of this research on Nurhayati Subakat and Paragon Corp.

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