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Development of Domestic Talents in Indonesia's Chinese Manufacturing Industry

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Abstract

The economic partnership between Indonesia and China has expanded significantly, driven by increasing investments and initiatives like the Belt and Road Initiative (BRI). However, Chinese companies operating in Indonesia, such as PT XYZ Indonesia, face persistent challenges in managing domestic talent. These challenges include cultural and cognitive differences, lack of quantitative performance indicators, high dependency on external recruitment, and ineffective training programs. This study aims to identify effective strategies for enhancing talent management and fostering cross-cultural integration to support sustainable organizational growth. A mixed-methods approach was employed, integrating qualitative insights from in-depth interviews and focus group discussions with quantitative data from employee surveys. The thematic analysis revealed critical issues, including communication barriers, resistance to change, and inconsistent performance management systems, while descriptive analysis highlighted gaps in training satisfaction and career development. Key findings emphasized the need for cross-cultural training programs, competency-based training, and quantitative Key Performance Indicators (KPIs) to address competency gaps and foster employee engagement. The study concludes that PT XYZ Indonesia must adopt a comprehensive talent management strategy focusing on cross-cultural integration, data-driven performance management, and internal talent development. The company can improve collaboration, productivity, and employee retention by addressing these challenges, ensuring long-term organizational success and competitiveness in the Indonesian market.

Keywords: Talent Management, Cross-Cultural Integration, Quantitative Performance Indicators, Employee Engagement, Training Programs, Organizational Growth

1. Introduction

The economic cooperation between Indonesia and China has intensified significantly over the last decade through a shared vision for economic prosperity. This partnership began in 2011 when former President Susilo Bambang Yudhoyono invited China to realize his vision of economic corridors throughout Indonesia by investing in mining, infrastructure, industrial, and agricultural sectors (Priyambodo 2011). The relationship strengthened when President Xi Jinping visited Indonesia, establishing a comprehensive strategic partnership (ASEAN-China Center 2013), and further intensified in 2014 when President Joko Widodo implemented China's International Belt and Road Initiative (BRI).

Despite this growing economic partnership, Chinese companies operating in Indonesia face significant challenges in managing and developing domestic talent. This issue is particularly evident in PT XYZ Indonesia, where fluctuating numbers of domestic talent and volatile turnover rates indicate persistent talent management difficulties. According to company data from 2021-2023, domestic talent numbers varied from 94 to 82 to 99, while turnover rates ranged from 4% to 7%, despite increasing investments in talent development from Rp 81,647,360 to Rp 186,640,596. These challenges become more pronounced as Chinese investments in Indonesia expand, with data from the Indonesian Investment Coordinating Board showing remarkable growth from $1.6 billion in 2015 to $8.4 billion by 2020 (BKPM 2021a).

The effective management and development of domestic talent have become increasingly crucial for maintaining sustainable business operations in Indonesia. This importance is underscored by the dramatic expansion of Chinese FDI projects, which grew from 175 projects worth $740 million in 2010 to 5,816 projects totaling $8.4 billion by 2020 (BKPM 2021a). In the first half of the year alone, China maintained its position as the second-largest source of foreign investment in Indonesia, with investments of $3.8 billion (Tritto, 2021). This exponential growth reflects increased investment value and demands more effective approaches to domestic talent management for ensuring long-term business success and strengthening economic cooperation between the two countries.

Significant cultural and linguistic barriers between Chinese management and domestic talents further exacerbate these talent management challenges. While Chinese culture emphasizes collectivism and group harmony, Indonesian employees may value individual achievement and personal recognition, creating potential conflicts in expectations and work dynamics (Udiana & Sarjana, 2019). Additionally, regulatory requirements such as language proficiency standards and labor laws add another layer of complexity. Previous studies have highlighted how these cultural differences and communication barriers can significantly impact workplace dynamics and organizational performance in cross-cultural settings (Kang et al., 2021), particularly in sectors where Chinese investment is concentrated, such as the metal industry (38 percent), electricity, gas, and other sectors.

Based on that, the research aims to identify effective strategies for enhancing cross-cultural communication and fostering better integration between Chinese companies and domestic talents, with a specific focus on PT XYZ Indonesia's operations. By examining the challenges in domestic talent management and developing comprehensive solutions, this study seeks to contribute to improved organizational performance and sustainable growth in Chinese enterprises operating in Indonesia. The findings will provide valuable insights for addressing talent management challenges in cross-cultural business environments, ultimately supporting the continued growth of Chinese-Indonesian economic cooperation.

2. Literature Review

2.1 Cultural Differences Theory

Cultural differences between China and Indonesia significantly influence business interactions and workforce dynamics, with Geert Hofstede's Cultural Dimensions Theory offering a valuable framework for understanding these distinctions (Artina et al., 2020). Both countries exhibit high power distance, reflecting acceptance of hierarchical structures and respect for authority. However, China's collectivist culture, emphasizing group harmony and consensus, contrasts with Indonesia's relatively higher individualism, leading to potential workplace misunderstandings in dynamics and decision-making (Suharnomo, 2017). Adding depth to these distinctions, Hofstede's dimensions highlight further contrasts. China scores higher on masculinity, indicating a competitive and success-driven society, whereas Indonesia values the quality of life and caring principles with a lower masculinity score.

Additionally, while both countries have low uncertainty avoidance, indicating tolerance for ambiguity, China's significantly higher long-term orientation suggests a more pragmatic view of time and tradition than Indonesia's normative culture (Lee & Ande, 2023). Fons Trompenaars' Model of National Culture Differences and the GLOBE Study provide broader perspectives to complement Hofstede's insights. Trompenaars emphasizes time management and emotional expression contrasts, which shape workplace interactions and expectations.

Meanwhile, the GLOBE study identifies Chinese leadership as more hierarchical and performance-driven, while Indonesian leadership emphasizes relationships and humane values, underscoring the importance of culturally adaptive leadership approaches (Tavanti, 2012).

2.2 Intercultural Communication in Business

Intercultural Communication in Business examines how culture affects communication in a global business context, highlighting the importance of understanding cultural differences to build successful relationships and achieve organizational goals. The focus is on developing competencies such as self-awareness, cultural knowledge, and effective communication skills to navigate cultural values, norms, and practices (Valentine & Varner, 2001). Addressing differences in communication styles, nonverbal cues, and decision-making approaches, this field helps bridge cultural gaps, encourage collaboration, and reduce the potential for misunderstanding (Beckers, 2014). Professionals can enhance cross-cultural interactions and build stronger global connections by developing openness, respect, and culturally appropriate strategies (Palmer-Silveira, 2013). Proficiency in cross-cultural communication is essential for companies to navigate diverse business environments, foster effective negotiations, multicultural team management, and successful international ventures (Bargiela-Chiappini & Nickerson, 2003; Wang, 2017). Key theories such as Hall's High Context and Low Context Cultures, Gudykunst's Anxiety/ Uncertainty Management Theory, and Bennett's Developmental Model of Intercultural Sensitivity provide a framework for addressing cultural differences. These theories guide strategies for reducing anxiety, adjusting communication approaches, and promoting intercultural growth, enabling the development of intercultural sensitivity.

2.3 Talent Management and Best Practices

Talent Management focuses on attracting, developing, and retaining talented employees to gain a competitive advantage in today's dynamic business environment (Liu, 2019). This strategic process begins with identifying key roles within the organization and defining the required competencies, followed by attracting qualified candidates through strong employer branding and targeted recruitment strategies (Alhajaj & Ahmad, 2023). Once acquired, the emphasis shifts to developing talent through training initiatives, mentoring programs, and clear career progression paths to engage and motivate high performers (Avila Morales et al., 2022). However, organizations often encounter skills gaps, lack of cultural fit, and talent competition, hindering growth and innovation (Baglieri et al., 2019). Organizations must adopt holistic Talent Management practices to address these challenges, aligning human resource strategies with business objectives while leveraging technologies like human capital analytics to optimize decision-making (Cappelli, 2008). Best practices in Talent Management emphasize the strategic alignment of HR initiatives with organizational goals, drawing insights from successful case studies and benchmarking leading organizations. For instance, structured recruitment and targeted development programs have significantly improved employee performance in Saudi Arabian companies (Zhang et al., 2021). Studies in the healthcare sector and Thai SMEs highlight the importance of leadership and tailored talent strategies for achieving organizational success (Bonneton et al., 2022; Piansoongnern & Anurit, 2010). Leading organizations like Google and Apple showcase the value of fostering a learning culture and offering continuous development opportunities to drive employee engagement and retention (Bonneton et al., 2022).

Additionally, leveraging human capital analytics enables companies to make informed decisions on optimizing their workforce, as demonstrated by IBM and Procter & Gamble (Cappelli, 2008). Developing strong leadership pipelines and succession planning, exemplified by GE's renowned leadership program, ensures organizational continuity and long-term growth (Guo et al., 2016; Baglieri et al., 2019). These practices, including competency-based management and inclusive policies, allow organizations to build skilled, resilient workforces capable of adapting to future challenges and driving sustained success (Kravariti et al., 2023).

2.4 Conceptual Framework

The conceptual framework (Figure 1) illustrates the interconnected factors influencing domestic talent performance in Chinese companies operating in Indonesia, specifically focusing on PT XYZ Indonesia. It

identifies three main driving forces: cultural factors (encompassing cultural differences and intercultural communication), development factors (highlighting talent development investment), and management practices (including recruitment strategies, career development, and employee retention). These elements are grounded in established theories such as Hofstede's Cultural Dimensions, Trompenaars' Model, Hall's Context Theory, and Human Capital Theory, which collectively provide a strong theoretical basis for understanding these dynamics. Cultural factors are fundamental in shaping organizational interactions, as cultural differences, viewed through frameworks like Hofstede's and Trompenaars' models, directly impact intercultural communication. Guided by Hall's Context Theory and Gudykunst's Anxiety/Uncertainty Management Theory, effective communication practices play a crucial role in enhancing the performance of domestic talents. In parallel, talent development investment, supported by Human Capital Theory, reflects a company's commitment to enhancing employee skills through initiatives such as training and mentoring. These efforts complement talent management practices that strategically address recruitment, career growth, and retention, ensuring a comprehensive approach to workforce management.
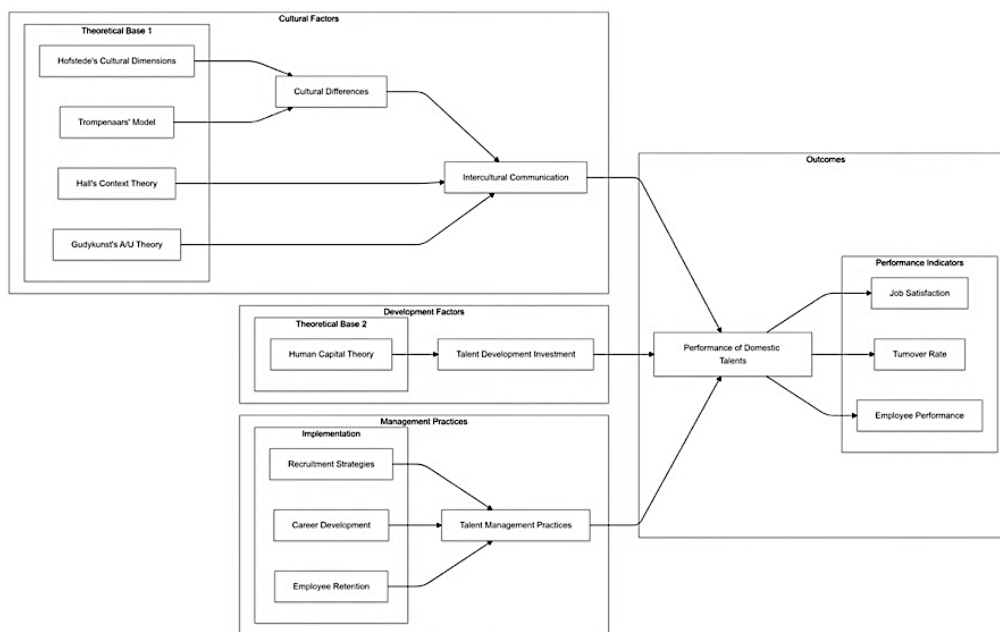

Figure 1: Conceptual Framework

This framework states that successfully integrating these factors results in improved domestic talent performance, as measured through job satisfaction, turnover rates, and employee productivity. Organizations can create a supportive environment that improves performance outcomes by simultaneously addressing cultural complexities, investing in development, and implementing effective management practices. This holistic approach underscores the need to address multiple factors simultaneously, providing a roadmap for Chinese companies in Indonesia to effectively integrate and nurture local talent while navigating cultural challenges.

3. Method

3.1 Research Design

The study employs a mixed-methods approach, combining qualitative and quantitative methods within a conceptual framework to explore the factors influencing domestic talent performance in Chinese companies operating in Indonesia, focusing on PT XYZ Indonesia. The qualitative approach provides in-depth insights into the cultural and organizational dynamics affecting talent performance, drawing from in-depth interviews and focus group discussions to capture detailed perspectives (Patton, 2015). Additionally, secondary data from documents and archival records is used to contextualize findings and validate primary data (Morgan et al., 2017). Simultaneously, the quantitative approach involves a descriptive survey to capture broader employee perceptions regarding talent development, change management, and organizational culture. The survey employs frequency

distributions and response scales to quantify trends and patterns, offering a complementary perspective to the qualitative findings. The study integrates established theories, including Hofstede's Cultural Dimensions, Trompenaars' Model, and Human Capital Theory, to examine cultural factors, talent development, and management practices. This framework identifies the interconnected roles of cultural differences, talent development investments, and recruitment and retention strategies in shaping employee performance (Kienstra & van der Heijden, 2015). By synthesizing qualitative and quantitative findings with these theoretical foundations, the research provides a robust understanding of how cultural and organizational factors interact to influence talent outcomes, offering actionable recommendations for improving workforce performance in the Indonesian context.

3.2 Participants

The population of this study included all employees, management, HR staff, and Chinese expatriates, with a purposive sampling method used to select 7 participants who had the most relevant insights into cross-cultural management and talent development (Patton, 2015). The interview sample consisted of 2 Factory Heads who provided perspectives on cross-cultural management strategies, 2 HR personnel who discussed HR policies and talent retention, and 3 Directors (Chinese expatriates) who focused on knowledge transfer and workplace dynamics. This strategic sampling ensured a comprehensive representation of key organizational groups. In addition to the interviews, a survey was conducted with 43 employees across various departments to capture a broader organizational perspective. Survey participants were distributed across Finance, HR, IT, and Sales departments. This mixed-method approach ensured depth and breadth in data collection, integrating qualitative insights from targeted interviews with quantitative data from the survey to thoroughly understand talent development and organizational dynamics.

Furthermore, the data collection strategy was designed to address the specific research objectives through structured interviews and a descriptive survey. Interviews were conducted between May and August 2024, guided by questions covering challenges in talent development, strategies to overcome barriers, and best practices in talent management. These questions were based on theories such as Hofstede's Cultural Dimensions, Human Resource Theory, and Kotter's Change Management Model. The survey complemented the interviews by collecting employee perceptions of talent development, change management, organizational culture, and job satisfaction, using Likert-scale and open-ended questions. Together, these interviews and surveys provide a comprehensive insight into the factors that shape the performance of domestic talent at PT XYZ Indonesia.

3.3 Analysis

The data analysis in this study employs thematic analysis to explore the nuances of talent management and cross-cultural dynamics at PT XYZ Indonesia. Thematic analysis is a qualitative method for identifying, analyzing, and reporting patterns within data, making it particularly suited to understanding participants' experiences and perceptions in complex organizational contexts (Campbell et al., 2021). This process begins with familiarization, where the researcher immerses themselves in the data by reading and re-reading transcripts to comprehensively understand its depth. From here, initial codes are generated to label significant data features, forming the foundation for subsequent analysis (Byrne, 2022). Following the coding process, the researcher identifies broader themes that capture the underlying patterns in the data concerning the research questions. As interpretative constructs, these themes go beyond summarizing data by revealing deeper meanings. A rigorous review process ensures that themes are coherent and accurately represent the dataset. The iterative nature of thematic analysis allows for flexibility, enabling the researcher to revisit earlier stages, refine codes, and ensure that themes remain grounded in the original data (Nowell et al., 2017).

In parallel, the study uses descriptive analysis for survey data to quantify employee perceptions regarding talent development, change management, and organizational culture. Survey results are analyzed through frequency distributions and response scales, identifying overall trends and areas for improvement. This quantitative approach complements qualitative findings, offering a comprehensive understanding of organizational dynamics at PT XYZ Indonesia. The analysis concludes by defining and naming the final themes, linking them to the research objectives, and presenting them alongside supporting evidence, such as direct participant quotes. This step transforms raw

data into a cohesive narrative, providing actionable insights into talent management and cultural interactions (Campbell et al., 2021). Combining thematic and descriptive analysis, the study offers a robust exploration of the challenges and opportunities in managing talent within a cross-cultural environment.

4. Results

4.1 Qualitative Results

PT XYZ Indonesia faces challenges and opportunities in managing talent development and cross-cultural dynamics. The thematic analysis shows that strategic talent management, cultural integration, and performance-based systems are critical for the company's growth. BoD 1 highlighted the absence of quantitative performance indicators in management departments, which hinders accurate evaluations, while reliance on external recruitment results in high costs and turnover. BoD 1 explained, *"In the absence of quantitative performance indicators, the evaluation of employees' workability and efficiency will lack accuracy."* PT XYZ has initiated campus recruitment and skill development initiatives to address these issues to create a more robust internal talent pipeline while promoting employee engagement through welfare programs and competitive compensation.

Building on these initiatives, BoD 2 emphasized bridging competency gaps and ensuring strategic succession planning through the Management Trainee (MT) Program and annual international training sessions. These initiatives aim to develop successors for key roles and increase employee motivation. As BoD 2 noted, *"Management trainees give challenges to employees for developing their careers at the company."* Despite these efforts, challenges in cross-cultural adaptation remain significant, as cultural differences occasionally hinder smooth communication and decision-making processes. To overcome these barriers, PT XYZ encourages mutual respect and understanding between Chinese management and local employees, fostering an inclusive environment that aligns with the company's strategic goals.

Similarly, factory heads highlighted the impact of cultural and cognitive differences on workplace dynamics. They observed that mutual respect and open communication are essential for improving coordination and employee performance. As one factory head noted, *"Mutual cultural respect enhances communication and boosts performance."* The company has implemented fair workload distribution, structured communication practices, and role-specific training programs to enhance alignment to prepare domestic employees for leadership roles. These efforts are particularly important as Chinese management transitions to advisory positions, emphasizing the need for capable local leadership to sustain organizational growth.

HR representatives provided additional insights into the company's talent development strategies, noting a lack of innovation in training programs due to the absence of competency gap analysis. HR 2 emphasized, *"Identifying competency gaps is crucial as it is the foundation for determining necessary training programs."* Thematic analysis revealed that while the company's initiatives, such as the MT Program and mentorship opportunities, have bolstered employee engagement, there is still a need to tailor training programs to individual skill gaps and roles. Furthermore, HR representatives highlighted the importance of using data-driven talent management, where performance appraisals guide decisions regarding promotions and development. The integration of cross-cultural practices was another recurring theme. Chinese management was recognized for sharing insights and knowledge with local employees while facing challenges adapting to Indonesian labor laws and communication barriers. To address this, HR 1 noted, *"Chinese management gives new insight and knowledge to domestic employees but still faces cultural and communication barriers. Mutual respect is essential for a harmonious environment."* This mutual learning process, combined with enhanced communication channels like regular meetings and bipartite forums, ensures that employee perspectives are integrated into management decisions, promoting a sense of belonging and collaboration.

In summary, PT XYZ Indonesia's thematic analysis underscores the interconnectedness of talent development, cultural adaptation, and performance management strategies. While the company has made strides in fostering inclusivity, addressing competency gaps, and implementing structured training programs, opportunities remain for further alignment between organizational goals and employee development. By continuing to invest in tailored initiatives, enhancing data-driven management practices, and deepening cross-cultural integration, PT XYZ is

well-positioned to build a sustainable and high-performing workforce. These efforts collectively reinforce the company's commitment to balancing immediate operational needs with long-term talent and cultural strategies.

4.2 Quantitative Results

The quantitative results highlight a mixed employee perception at PT XYZ Indonesia. While teamwork, communication, and a culture of diversity and inclusiveness receive generally positive scores, areas like training opportunities, career development, and professional development satisfaction show lower mean scores, indicating significant room for improvement. Job satisfaction is polarized, reflecting inconsistencies across departments, and while management support and change management are viewed somewhat positively, variations in responses suggest disparities in implementation. These findings underscore the need for targeted improvements in training, career growth, and professional development to enhance employee engagement and satisfaction.
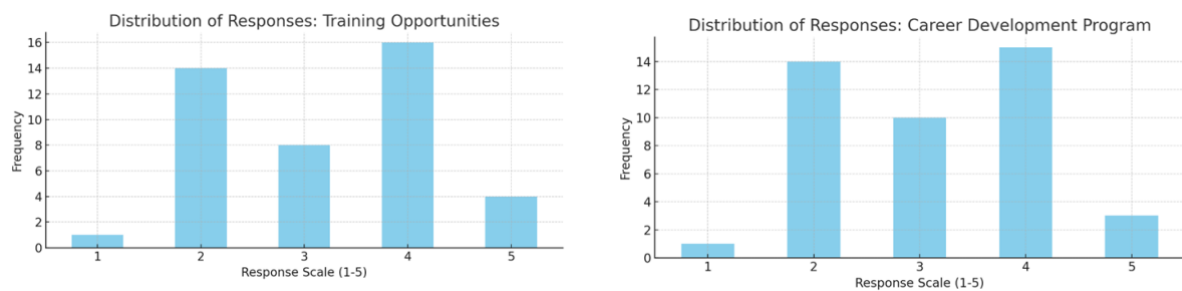

Figure 2: Training Opportunities and Career Development Program

The results in Figure 2 indicate that training opportunities show a moderate level of satisfaction among employees, with an average score of around 3. While some participants acknowledged the adequacy of these opportunities, the frequency of lower scores points to significant room for improvement. Employees expressed that while basic training exists, there may be gaps in its relevance or availability, which could hinder professional growth. Similarly, the career development program results lean towards disagreement, with responses clustered around 3 and a high standard deviation reflecting varied perceptions. Many employees perceive the program as insufficient or poorly communicated, suggesting clearer definitions and stronger implementation of career advancement pathways are needed. These findings highlight the company's need to refine its training and career development initiatives to align with employee expectations and organizational goals.
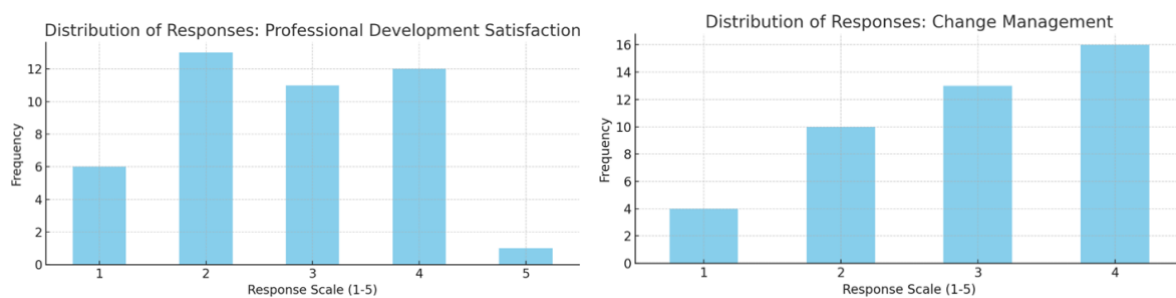

Figure 3: Professional Development Satisfaction and Change Management

The responses mostly clustered around 2 and 3 regarding professional development satisfaction, signaling moderate dissatisfaction (Figure 3). Employees generally feel under-supported in their professional growth, pointing to a lack of structured opportunities that would allow them to enhance their skills and advance their careers. On the other hand, change management received slightly more favorable responses, with a mean score of 3.5. While the process is viewed as generally effective, some employees noted challenges in its implementation, particularly in ensuring consistency and clarity across departments. These contrasting results suggest a gap between the company's ability to manage change effectively and its efforts to provide ongoing professional growth opportunities, emphasizing the need for a more integrated approach to employee development and organizational change.
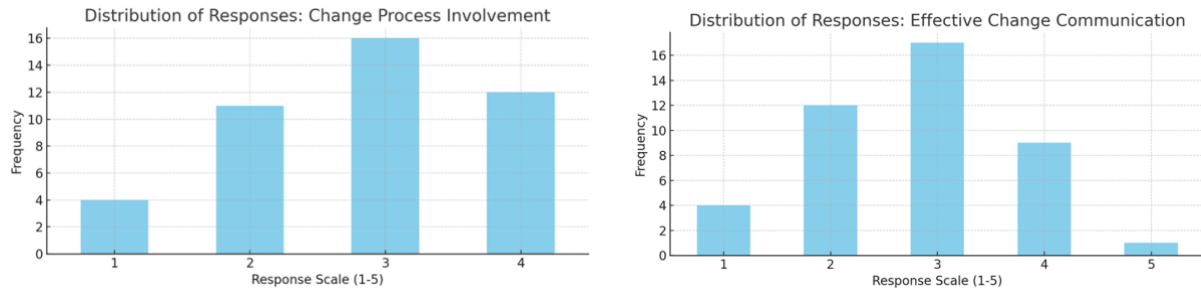

Figure 4: Change Process Involvement and Effective Change Communication

The findings for change process involvement reflect moderate engagement, with most responses centered around 3 and a median slightly below 4 (Figure 4). While many employees feel somewhat included in change initiatives, the variation in responses indicates that involvement may not be consistent across all teams or roles. Similarly, effective change communication received moderately positive feedback, with most respondents rating it a 3. While some employees acknowledged the clarity of communication during change processes, others pointed to areas where communication could be improved to foster greater understanding and alignment. These results underscore the importance of enhancing both involvement and communication strategies to ensure that employees across the organization feel informed and engaged during periods of change.
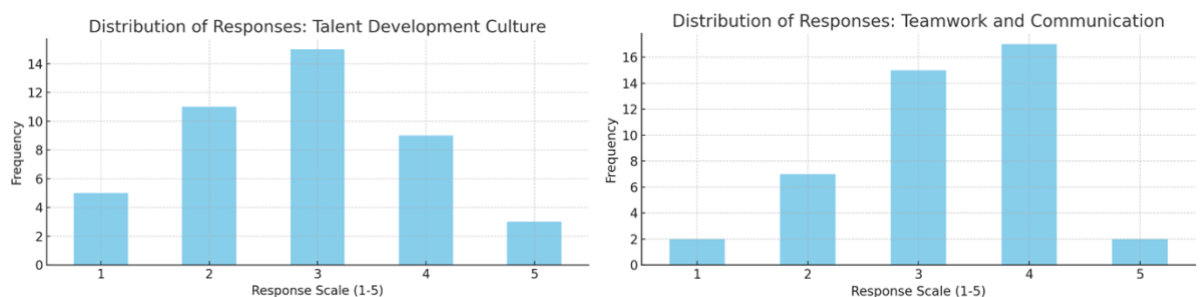

Figure 5: Talent Development Culture and Teamwork and Communication

The responses for talent development culture were concentrated around the middle of the scale, with a mean score of 3 (Figure 5). While the company's culture is perceived to somewhat support talent development, inconsistencies in its implementation across different departments are evident. In contrast, teamwork and communication were rated more favorably, with a mean close to 4 and a relatively low standard deviation. This consistency suggests that employees generally feel the organization encourages collaboration and effective communication, which is a strong foundation for team dynamics. Together, these findings reveal that while teamwork and communication are organizational strengths, greater effort is needed to ensure that talent development practices are uniformly supported throughout the company.
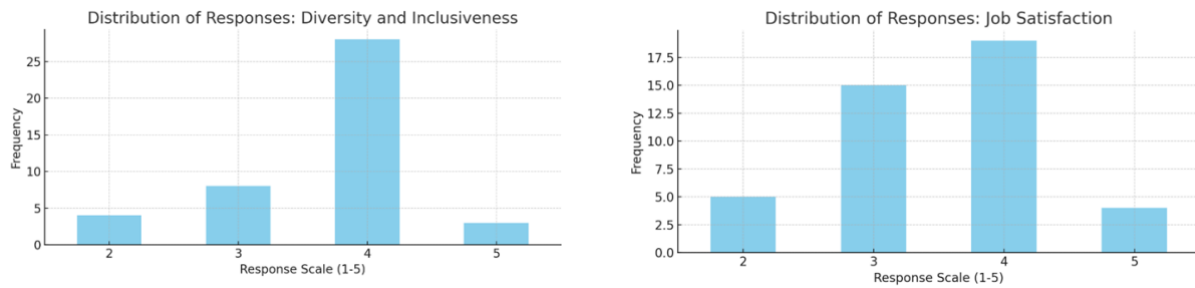
Figure 6: Diversity and Inclusiveness and Job Satisfaction

Furthermore, the results for diversity and inclusiveness were skewed positively, with most respondents giving scores of 4 or 3 (Figure 6). This indicates that employees perceive the company as valuing diversity and fostering an inclusive workplace culture. However, job satisfaction displayed a bimodal distribution, with responses split between high (5) and low (2). This polarization suggests that while some employees are highly satisfied with their roles, others experience significant dissatisfaction, potentially due to differences in departmental management or job expectations. These findings highlight the company's success in creating an inclusive environment but also point to the need for targeted efforts to address disparities in employee satisfaction across the organization.
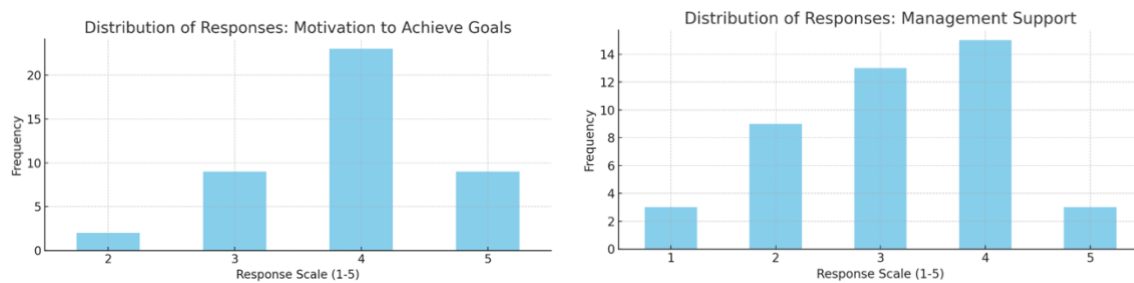

Figure 7: Motivation to Achieve Goals and Management Support

The responses for motivation to achieve goals were mostly positive, with a mean score of around 4, indicating that employees are generally driven to contribute to the company's objectives (Figure 7). However, management support received more neutral feedback, with scores clustering around 3. While some employees acknowledged management's role in supporting their professional goals, others noted inconsistencies in the level of support provided across teams. This suggests that while employees are motivated, their engagement could be further enhanced by ensuring more consistent and proactive support from management. These findings highlight the interplay between motivation and management practices, emphasizing the need for leadership to be more active in fostering employee development and engagement.

5. Discussion

Integrating qualitative and quantitative findings provides a comprehensive understanding of key dimensions at PT XYZ Indonesia, revealing both alignment and gaps in training, development, and organizational practices. For training and development, quantitative data indicated moderate satisfaction with training opportunities (mean ~3) and significant dissatisfaction with career and professional development. Qualitative insights explained this through the repetitive nature of training programs (HR 2) and a lack of competency gap analysis despite initiatives like the MT program and overseas training (BoD 1). This underscores the pressing need for a more systematic approach to designing and implementing training initiatives tailored to the specific competency gaps of employees. Building on this, change management emerged as another critical area. Quantitative scores were moderately positive (~3.5), with slight variation in employee involvement and communication effectiveness. These results aligned with qualitative insights showing structured practices like Gantt charts and PDCA models (BoD 1, HR 1). However, inconsistencies in implementation highlighted by qualitative data suggest that while foundational

structures are in place, there is room to optimize processes and foster more consistent communication across all levels of the organization.

This challenge extends to the talent development culture, where mid-range scores (~3) contrasted with higher ratings for teamwork and communication (~4). While qualitative data pointed to supportive organizational culture and efforts to foster cross-cultural harmony (Factory Head 1, BoD 2), ongoing issues such as language barriers and uneven implementation of development initiatives limited the effectiveness of these practices. Addressing these gaps could unlock greater potential for aligning organizational goals with talent development outcomes. Shifting focus to job satisfaction and motivation, quantitative data revealed a bimodal distribution in satisfaction levels, reflecting notable disparities across departments. Motivation to achieve goals scored positively (~4), but moderate management support (3) hinted at uneven team practices. Qualitative findings tied these variations to differences in fair remuneration, recognition programs, and workload distribution (BoD 3, Factory Head 2). Bridging these disparities is essential for fostering a more cohesive and motivated workforce.

Expanding further, retention and succession emerged as areas with limited quantitative insights but significant qualitative depth. Poor succession planning and dependency on external recruitment were flagged as risks (HR 1, BoD 2). However, strategic initiatives like campus recruitment and the MT program demonstrated the potential to mitigate these challenges by building a robust internal talent pipeline. These efforts are critical for ensuring leadership continuity and reducing turnover rates. The discussion on performance management ties closely to these findings, as quantitative data reflected inconsistencies in performance evaluation systems. Qualitative insights elaborated on challenges such as lacking quantitative KPIs (BoD 1) and misaligned workshop evaluations (Factory Head 2). This highlights the need for standardized, objective metrics to create a more transparent and effective performance management system that supports employee development and accountability.

Finally, the dimension of cross-cultural integration offered a contrasting perspective. While diversity scores were high (4-5), communication effectiveness varied, as cultural and language barriers remained significant hurdles. Qualitative data emphasized the importance of mutual cultural adaptation and knowledge sharing (HR 2, Factory Head 1), both critical to strengthening cross-cultural relationships and enhancing productivity. Similarly, employee engagement demonstrated varied results, with qualitative findings underscoring the importance of communication, wellness programs, and fostering a sense of belonging (Factory Head 1, HR 2). These elements collectively shape a more engaged and productive workforce. These integrated findings collectively highlight critical barriers and potentials, further analyzed in Table 1. This table offers actionable insights to address cultural differences, refine performance indicators, and strengthen training and talent management systems, driving organizational growth and long-term sustainability.

Table 1: Barriers and Opportunities in Talent and Organizational Management

Category	Barriers	Potentials
Cultural and Cognitive Differences	Cultural and cognitive differences between Chinese management and local employees create friction and reduce productivity.	Overcoming cultural differences through cross-cultural training to improve harmony and teamwork.
Quantitative Performance Indicators	Lack of quantitative performance indicators in management departments (excluding production, quality, and R&D) leads to inaccurate performance evaluations.	Implementing quantitative evaluation systems to enhance the accuracy of performance assessments and employee development decisions.
Talent Acquisition and Recruitment	High dependency on external recruitment results in high costs, lengthy onboarding processes, and high turnover rates.	Developing an internal talent pipeline through management trainee programs and skill development to reduce reliance on external recruitment.
Communication Barriers	Language barriers and differences in perception between Chinese management and local employees hinder effective communication and decision-making.	Enhancing language training and cross-cultural communication programs to create a more collaborative and productive work environment.

Category	Barriers	Potentials
Training Programs	Repetitive and less relevant training programs due to the absence of competency gap analysis hinder training effectiveness.	Developing more targeted training programs tailored to the specific needs of employees to improve productivity and training effectiveness.
Resistance to Change	Resistance to change due to cultural differences and personal interests hinders the organizational change process.	Implementing inclusive change management practices, involving all stakeholders, and using tools like PDCA and ADKAR models to reduce resistance.
Talent Development Programs	Uneven implementation or lack of management support for the importance of talent development.	Strong talent development programs, such as management trainee schemes, international training, and skill competitions, to build a robust internal talent pipeline.
Inclusive and Respectful Culture	Challenges in aligning Chinese management practices with local culture and Indonesian labor laws.	An inclusive and respectful culture that enhances employee engagement reduces turnover and creates a harmonious work environment.
Performance-Based Compensation	Inequity or lack of transparency in implementing performance-based compensation systems can demotivate employees.	Performance-based compensation systems and clear career paths motivate employees, increase engagement, and drive higher productivity.
Data-Driven Decision Making	Insufficient utilization of adequate data in talent management, such as big data analysis or competency gap identification.	Utilizing data from performance evaluations to make effective decisions related to employee development strategies.
Cross-Cultural Knowledge Sharing	Cultural and communication barriers hinder cross-cultural knowledge flow and effective integration.	Crosscultural knowledge exchange enriches employee capabilities, improves adaptation to new technologies, and strengthens team synergy.

6.Business Solution

The Business Solution Framework for PT XYZ Indonesia addresses three critical strategic areas: Cultural Integration and Communication, Quantitative Performance Management, and Talent Acquisition and Development. The framework incorporates key actions tailored to overcome the competency gaps, cultural barriers, and lack of objective performance metrics identified in the study. For Cultural Integration and Communication, the focus lies on implementing cross-cultural training programs and establishing regular forums for dialogue. These initiatives aim to enhance cultural understanding, improve collaboration, and foster teamwork across diverse teams.

In Quantitative Performance Management, the framework highlights the need to develop and integrate quantitative KPIs for all departments, supported by data analytics systems to monitor and optimize these metrics. This approach seeks to ensure fair and accurate performance evaluations, boosting employee accountability and productivity. The Talent Acquisition and Development strategy emphasizes expanding the Management Trainee (MT) program and introducing competency gap-based training. These actions aim to build a robust internal talent pipeline, align employee skills with organizational needs, and improve retention while reducing turnover. The implementation is layered, prioritizing high-impact actions such as cross-cultural training and the development of quantitative KPIs in the top layer, while medium-priority actions like skill-based training and data analytics systems feature in subsequent layers. This structured prioritization ensures resource efficiency and aligns with the organization's readiness for change. The desired outcomes from this framework include enhanced employee engagement, reduced cultural barriers, stronger succession planning, and fairer performance management processes.

Table 2: Key Actions and Desired Outcomes for Organizational Growth

Layered Approach	Strategic Areas	Key Actions	Priority	Desired Outcomes
Top Layer	Cultural Integration and Communication	- Implement cross-cultural training programs.	**High**	- Enhanced cultural understanding.
		- Establish regular cross-cultural communication forums.	Medium	- Improved collaboration and productivity.
	Quantitative Performance Management	- Develop and integrate quantitative KPIs.	**High**	- Fair and accurate performance evaluations.
		- Utilize data analytics for KPI monitoring.	Medium	- Improved employee productivity.
	Talent Acquisition and Development	- Expand the Management Trainee (MT) program.	**High**	- Strong internal talent pipeline.
		- Enhance skill development through competency gap-based training.	Medium	- Improved employee engagement and retention.
Middle Layer	Cultural Integration and Communication	- Implement intercultural training sessions.	**High**	- Increased cross-cultural alignment.
		- Establish frameworks for regular cross-cultural dialogue and forums.	Medium	- Enhanced teamwork and collaboration across teams.
	Quantitative Performance Management	- Develop quantitative KPIs for all departments.	**High**	- Consistent and fair performance evaluations.
		- Introduce data analytics systems to monitor and optimize KPIs.	Medium	- Boosted employee accountability and performance.
	Talent Acquisition and Development	- Expand the MT program to cover strategic roles.	**High**	- Well-aligned and skilled workforce.
		- Develop competency gap-based training for role alignment.	Medium	- Reduced turnover and stronger succession planning.
Bottom Layer	Cultural Integration and Communication	- Foster cross-cultural understanding and communication.	High	- Reduced cultural barriers and misunderstandings.
	Quantitative Performance Management	- Accurate, data-driven performance monitoring.	Medium	- Increased productivity and improved evaluation fairness.
	Talent Acquisition and Development	- Build a robust internal talent pool.	High	- Enhanced employee loyalty and long-term retention.

This framework leads to a structured flowchart that illustrates the Business Solutions Framework. The Business Solution Flowchart, depicted in Figure IV.13, maps the progression from identified challenges to strategic initiatives and expected benefits. The chart visually represents the path from existing organizational barriers, such as competency gaps and cultural differences, to improved workforce productivity, cross-cultural collaboration, and sustainable talent retention. This comprehensive roadmap is designed to guide PT XYZ Indonesia in achieving its long-term goals and maintaining its competitiveness in the market.

Figure 8: Strategic Flowchart for Business Solutions

7. Conclusion

The main challenges hindering the development of in-country talent at PT XYZ Indonesia include cultural and cognitive differences between Chinese management and local employees, which creates friction and reduces productivity. These challenges were compounded by the lack of quantitative performance indicators in management departments (excluding production, quality, and R&D), leading to inaccurate performance evaluations and subjective decision-making. In addition, the company's high reliance on external recruitment resulted in high costs, a lengthy onboarding process, and a high employee turnover rate. Communication barriers stemming from language differences and different perceptions further hinder collaboration and effective decision-making. Repetitive and irrelevant training programs, caused by the absence of competency gap analysis, limit the effectiveness of employee development initiatives. Resistance to change, driven by cultural differences and self-interest, is also a significant hurdle to organizational progress. To address these challenges, PT XYZ Indonesia focuses on several key strategies. Cross-cultural training programs will be implemented to foster mutual understanding and reduce workplace friction, enabling better collaboration between Chinese management and local employees. Comprehensive quantitative KPIs across all departments will improve the fairness and accuracy of performance evaluations, aligning rewards and promotions with objective metrics. The Management Trainee (MT) program will be expanded to strengthen the internal talent pipeline, reducing reliance on costly external recruitment. Customized and competency-based training programs will address specific skills gaps and improve employee productivity, ensuring training initiatives are relevant and effective. Language training and cross-cultural communication programs will bridge the communication gap, fostering a more collaborative and inclusive work environment.

In addition, the company will prioritize a performance-based compensation system, ensuring that employee contributions are recognized and rewarded fairly, thereby improving employee motivation and retention. Improving employee well-being through wellness programs, team-building activities, and an inclusive culture will further enhance employee engagement and satisfaction. By integrating these strategies, PT XYZ Indonesia can address current challenges, foster a more harmonious and productive workplace, and position itself for sustainable growth and long-term success.

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