

Bridging Global Leadership and Local Talent: Succession Planning and Cultural Adaptation in a Multinational Context

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Abstract

Purpose: This study examines the influence of cultural adaptation and succession planning on organizational sustainability at PT Mitsubishi Electric Automotive Indonesia (MEAI), a Japanese multinational subsidiary, focusing on leadership continuity, knowledge transfer, and talent retention amid frequent expatriate rotations and cross-cultural work practices.

Research Methodology: A qualitative case study approach was used. Data were collected from six key informants, including senior managers and high-potential employees, through in-depth interviews, open-ended questionnaires, observations, and analyses of documents. The data were analyzed using thematic analysis with NVivo 12 to ensure the rigor and traceability of the analysis.

Results: The findings show that short expatriate assignments limit effective knowledge transfer, while the dominance of expatriates in strategic roles creates a glass ceiling that reduces local talent commitment to the organization. Tensions arise between Japanese seniority-based practices and local merit-based expectations in the UAE. Cultural intelligence is a key mechanism for aligning global corporate values with local succession needs.

Conclusions: To improve leadership continuity and talent retention, MEAI should adopt an integrated globalization strategy, including reverse mentoring, longer expatriate tenures, and dual career pathways. Aligning succession planning with inclusive cultural adaptation is crucial for sustaining the performance of multinational subsidiaries.

Limitations: This study focuses on a single Japanese multinational subsidiary and is limited by its small sample size and reliance on self-reported data.

Contribution: This research provides practical insights into succession planning and cultural adaptation, enhancing the understanding of leadership sustainability in culturally diverse multinational contexts.

Keywords: *Cultural Adaptation, Cultural Intelligence, International HRM, Multinational Sustainability, Succession Planning*

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1. Introduction

The intensification of economic globalization has compelled firms to expand their operations beyond national boundaries, giving rise to multinational corporations (MNCs) that operate in culturally heterogeneous environments. While international expansion enables firms to leverage global efficiencies and access new markets, it simultaneously exposes them to complex challenges associated with cultural

diversity, divergent value systems, and contrasting managerial practices. In this context, cultural adaptation has emerged as a critical determinant of organizational effectiveness, particularly in managing human resources across borders. Prior research has consistently demonstrated that cultural differences, such as variations in individualism, collectivism, power distance, and uncertainty avoidance, shape leadership styles, employee expectations, and perceptions of organizational justice (Rosiqin & Anshori, 2024).

When managerial practices are insufficiently aligned with local cultural contexts, organizations face heightened risks of employee disengagement, leadership conflicts, and talent attrition. Conversely, effective cultural management can enhance employee commitment, trust, and readiness to assume leadership roles, thereby strengthening organizational continuity (Shinde and Surve, 2025). In parallel, succession planning has gained prominence as a strategic mechanism for sustaining organizational performance and legitimacy over time. Succession planning refers to the systematic identification and development of future leaders to ensure leadership continuity in key organizational roles. In multinational contexts, succession planning extends beyond headquarters-level leadership regeneration to encompass the preparation of subsidiary leaders capable of navigating the cultural, institutional, and relational complexities of host country environments (Alrifae, Alhabeeb, Alhanatleh, & Alnajdawi, 2025).

However, despite its strategic importance, succession planning in many MNCs remains expatriate-centric and insufficiently responsive to local talent dynamics issues. Therefore, the intersection between cultural adaptation and succession planning is particularly consequential. The effectiveness of succession processes is often contingent on the cultural adaptability of prospective leaders, especially in subsidiaries characterized by strong headquarters influence. Leaders who lack the capability to interpret and reconcile cultural differences may struggle to gain legitimacy, transfer knowledge, and sustain employee engagement. Accordingly, culturally sensitive succession strategies are increasingly recognized as critical drivers of organizational sustainability in the face of global volatility and demographic change (Maika & Perkasa, 2024).

Recent scholarship emphasizes that cultural adaptation should not be conceptualized solely as an individual-level adjustment process. Rather, it constitutes an organizational strategy through which firms construct global corporate cultures that accommodate local values, a process commonly described as *glocalization*. Failure to institutionalize such adaptive mechanisms has been identified as a major contributor to expatriate failure, leadership discontinuity, and elevated turnover among expatriate and host-country employees. Despite the growing recognition of these issues, empirical research examining the interrelationship between cultural adaptation and succession planning in MNC subsidiaries remains limited, particularly in emerging economy contexts (Mabhanda & Masukume, 2025).

This gap is salient in Asian subsidiaries of Japanese MNCs, where traditional management philosophies—such as seniority-based promotion, long-term employment, and hierarchical leadership—often intersect with younger, more mobile local workforces that prioritize meritocracy, rapid career progression, and work–life balance (Muhammad, Sirait, Ahmad, & Jabid, 2025). This study addresses this gap by examining cultural adaptation and succession planning within PT Mitsubishi Electric Automotive Indonesia (MEAI), a subsidiary of a Japanese multinational corporation (MNC). Preliminary qualitative inquiry conducted through an initial interview with the Human Resource and General Affairs Senior Manager revealed several structural and cultural challenges affecting succession effectiveness in the company.

These include substantial generational and hierarchical gaps between incumbent leaders and potential successors, divergent leadership expectations between senior managers and younger employees, and perceptions of limited advancement opportunities for local managers due to expatriate dominance in strategic positions. Additionally, short expatriate rotation cycles—typically averaging three years—have constrained leadership continuity and necessitated repeated adaptations to new leadership styles. These

challenges are further compounded by demographic transitions, including the impending retirement of senior leaders and the increasing predominance of Generation Z and Millennial employees in the workforce.

Similar dynamics have been observed across other Mitsubishi Electric subsidiaries in the Asia-Pacific region, suggesting that the issue is systemic (Aduwo, Akonobi, & Okpokwu, 2021). Notably, succession planning only emerged as a strategic priority within MEAI in the late 2010s, following difficulties in identifying suitable successors for critical positions approaching retirement, a concern that has since attracted attention from headquarters in Japan. Against this backdrop, this study seeks to analyze how cultural adaptation and succession planning jointly influence organizational sustainability in a multinational subsidiary context.

By adopting a qualitative case study approach, this research aims to identify the key cultural, structural, and relational factors that shape succession effectiveness and elucidate how multinational firms can integrate global leadership frameworks with local talent development imperatives. This study contributes to the international human resource management literature in three ways. First, it advances a culturally embedded perspective on succession planning, moving beyond universalistic models. Second, it highlights cultural adaptation as an organizational capability rather than merely an individual adjustment. Third, it provides empirical insights from the context of an emerging economy, offering practical and theoretical implications for multinational firms seeking sustainable leadership continuity in culturally diverse environments.

2. Literature Review

2.1 Succession Planning in Multinational Corporations

Succession planning has long been recognized as a critical mechanism for ensuring leadership continuity and organizational stability. Early conceptualizations framed succession planning primarily as a contingency-oriented process focused on replacing top executives, particularly the chief executive officer (CEO) (Maroga, Schultz, & Smit, 2024). However, contemporary scholarship has substantially expanded this view, positioning succession planning as a strategic, organization-wide process that spans multiple hierarchical levels and is closely integrated with talent management and organizational development systems (Bano 2023).

Nurinaya and Marhumi (2025) define succession planning as a systematic and continuous process through which organizations identify, develop, and prepare individuals to assume key leadership positions in the future. This perspective emphasizes that succession planning is not a reactive response to leadership vacancies but a proactive capability aimed at aligning human capital development with long-term strategic objectives of the organization. In large, complex organizations, succession planning encompasses not only vertical promotion but also lateral mobility, cross-functional exposure, and the progressive broadening of managerial competencies to support enterprise-wide leadership effectiveness (Sitanggang et al., 2024).

Succession planning presents distinct challenges within multinational corporations (MNCs) due to their geographic dispersion, institutional diversity, and cultural heterogeneity. Leadership roles in subsidiaries often require individuals to operate at the intersection of global corporate standards and local, contextual demands. Despite this complexity, succession systems in many MNCs remain centralized and expatriate-dominated, limiting the development of local leadership pipelines and constraining subsidiary autonomy (Shvetsova, 2025).

It is important to distinguish succession planning from replacement planning, although the two are frequently conflated in both academic and managerial discourse (Abdulhamed & Lonka, 2025). Replacement planning is a risk management mechanism that focuses on identifying immediate substitutes for key positions in the event of unexpected departures (Samuel & Isa, 2024). While such planning reduces operational vulnerability, it does not address the long-term development of leadership capabilities. In contrast, succession planning emphasizes sustained leadership development, knowledge transfer, and

organizational learning over time (Rotolo et al., 2018). As organizations face accelerating environmental change, demographic transitions, and intensified competition for talent, the limitations of replacement-focused approaches have become increasingly apparent.

In contemporary organizational contexts characterized by rapid technological change and fluid career trajectories, traditional, administratively driven succession systems have become less effective. Earlier human resource models—often characterized by rigid hierarchies, centralized personnel control, and long internal career ladders—assumed high employee mobility compliance and organizational loyalty (Bouland-van Dam, Oostrom, De Kock, Schlechter, & Jansen, 2021). These assumptions are increasingly misaligned with today's workforce realities, particularly in multinational settings, where generational diversity and cross-cultural differences further complicate leadership development processes.

2.2 Cultural Adaptation and Cross-Cultural Adjustment

Cultural adaptation theory provides a foundational framework for understanding how individuals and organizations adapt to unfamiliar cultural environments such as foreign countries. At its core, cultural adaptation is a dynamic process by which individuals negotiate new value systems, social norms, and behavioral expectations as they interact with a host culture (Hu, 2023). This process is particularly salient in multinational contexts, where expatriates and local employees must collaborate across cultural boundaries to achieve organizational goals.

Hu (2023) conceptualized cultural adaptation as a transformative process rather than a superficial adjustment. Individuals are required to learn new cultural scripts and recalibrate their identities, communication styles, and cognitive frameworks. This process involves navigating the tension between maintaining one's original cultural identity and integrating into the host cultural environment. This duality underscores the inherent complexity and multidimensionality of cultural adaptation. Cross-cultural adjustment theory elaborates on this process by identifying specific domains through which adaptation can be assessed.

Black et al.'s model of cross-cultural adjustment remains one of the most influential frameworks in international management research. The model distinguishes between general adjustment (adaptation to living conditions and social norms), interaction adjustment (effectiveness in interpersonal communication with host-country nationals), and work adjustment (alignment with job roles, managerial practices, and organizational expectations). Together, these dimensions provide a systematic basis for evaluating adjustment outcomes, particularly for expatriates. Empirical research suggests that inadequate cross-cultural adjustment contributes to stress, reduced job performance, and premature termination of assignments.

Beyond individual outcomes, poor cultural adaptation erodes trust between expatriates and local employees, weakens knowledge transfer, and undermines leadership legitimacy. Consequently, cultural adaptation has implications for individual well-being, organizational effectiveness, and leadership continuity. Importantly, cultural adaptation should not be viewed as an individual responsibility. Organizational structures, leadership practices, and human resource policies play decisive roles in shaping the conditions for adaptation. Organizations that fail to support cross-cultural learning and mutual understanding often experience higher rates of expatriate failure and local talent disengagement.

2.3 Cultural Intelligence as a Leadership Capability

Based on cultural adaptation theory, cultural intelligence (CQ) has emerged as a critical construct for explaining individual effectiveness in culturally diverse settings. Cultural intelligence refers to a set of capabilities that enables individuals to function effectively across cultural contexts by understanding, interpreting, and responding appropriately to cultural cues. CQ comprises four interrelated dimensions:

cognitive, metacognitive, motivational, and behavioral. Cognitive CQ reflects knowledge of cultural norms and systems, whereas metacognitive CQ captures the ability to reflect on and adjust cultural assumptions.

Motivational CQ concerns the willingness to engage with cultural differences, and behavioral CQ refers to the capacity to enact culturally appropriate behavior. Together, these dimensions enable leaders to adapt flexibly and maintain their effectiveness in cross-cultural interactions. From this perspective, CQ serves as a bridging mechanism between global leadership frameworks and local organizational practices. Leaders with high CQ are better positioned to transfer knowledge, build trust, and sustain engagement across cultural boundaries—capabilities that are essential for effective succession and long-term organizational sustainability.

2.4 Glocalization and Global–Local Integration

The concept of glocalization offers a strategic lens for understanding how organizations reconcile global integration and local responsiveness. Contrary to early globalization theories that predicted cultural homogenization, glocalization emphasizes the simultaneous interaction of global and local forces, resulting in hybrid organizational practices and identities (Roudometof 2016). In organizational contexts, glocalization refers to the adaptation of global standards, policies, and values to local cultural and institutional settings. This approach recognizes that global consistency and local relevance are not mutually exclusive but rather mutually reinforcing.

Effective glocalization enables organizations to maintain strategic coherence while securing local legitimacy and acceptance. Theoretically, glocalization contributes to global leadership theory, cross-cultural management, and strategic human-resource management. This underscores the need for leaders who possess a global mindset, cultural sensitivity, and the ability to manage hybrid organizational forms. In the context of succession planning, glocalization implies that leadership pipelines must accommodate both global standards and local talent realities, enabling sustainable leadership continuity across the borders.

2.5 Organizational Sustainability and Leadership Continuity

The concept of sustainability was originally articulated in the Brundtland Report as the ability to meet present needs without compromising the capacity of future generations to meet their needs. This principle has since been extended to organizational contexts through the concept of corporate sustainability, which emphasizes long-term value creation for multiple stakeholders (Mariappanadar 2025). From a human capital perspective, leadership continuity and succession planning are central to sustainability's social dimension. Sustainable organizations ensure that leadership transitions do not disrupt operational stability, erode institutional knowledge or undermine employee trust.

Thus, succession planning functions as a mechanism for preserving social capital and ensuring intergenerational knowledge transfer. Mariappanadar (2025) emphasized that social sustainability depends on an organization's ability to maintain employee well-being, fairness, and inclusion. When leadership systems systematically limit advancement opportunities, such as through implicit glass ceiling dynamics, organizational legitimacy and long-term sustainability are jeopardized. Consequently, sustainable performance requires the integration of internal efficiency mechanisms, such as succession planning, and external legitimacy processes, such as cultural adaptation.

2.6 Synthesis and Research Gap

Although prior research has examined succession planning, cultural adaptation, cultural intelligence, and sustainability as distinct constructs, limited attention has been paid to their interrelationships in multinational subsidiary contexts. Existing studies tend to adopt functionalist perspectives that overlook cultural embeddedness and the power dynamics shaping leadership continuity. This study addresses this gap by integrating succession planning and cultural adaptation within a glocalization framework, positioning cultural intelligence as a key enabling capability for sustainable leadership development in the

public sector. By focusing on the context of an emerging economy, this study contributes to a more nuanced understanding of how multinational corporations can design succession systems that are both globally aligned and locally legitimate.

2.7 Research Framework

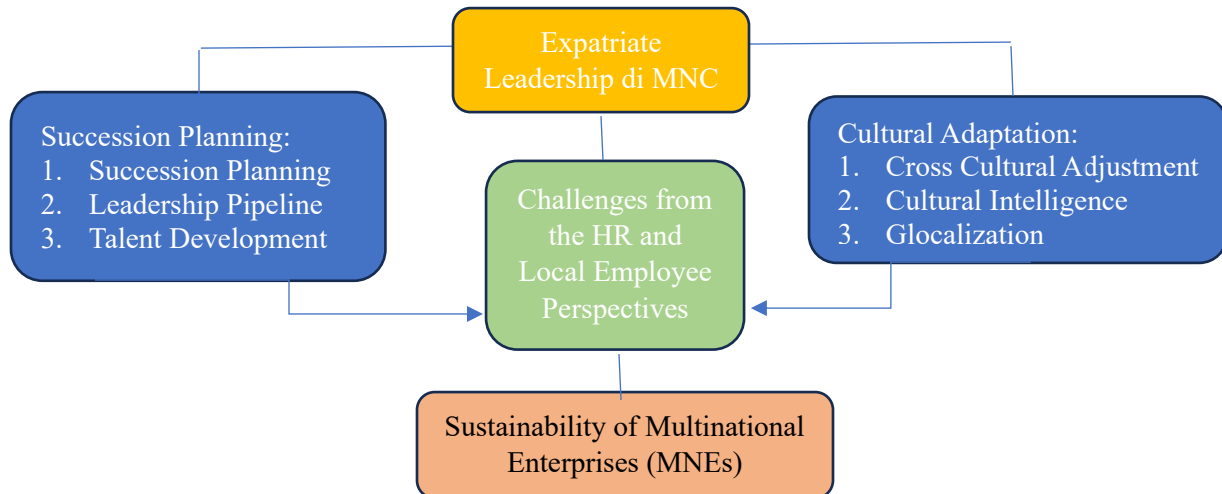


Figure 1. Research framework

2.7.1 Conceptual Framework of the Study

Conceptually, based on previous studies, this model shows that cultural adaptation and succession planning are two key determinants of the sustainability of multinational companies (MNCs). These two factors interact to create adaptive, responsive, and competent global leaders in diverse business environments (Nurinaya & Marhumi, 2025). Multinational companies (MNCs) operate in a global business environment marked by cultural diversity, market dynamics, and regulatory complexities in each country in which they operate. This condition demands that companies develop global strategies that are sensitive to local contexts. In this context, cultural adaptation is an essential factor in ensuring operational effectiveness and organizational integration across countries (Hu, 2023).

Moreover, the sustainability of multinational companies is greatly influenced by their future leadership readiness. Therefore, succession planning is a strategic mechanism that ensures leadership continuity, knowledge transfer, and the formation of a mature global talent pool. Given the high complexity of cross-country issues, the relationship between cultural adaptation and succession planning is becoming increasingly critical for organizational sustainability (Mailani, Hulu, Simamora, & Kesuma, 2024). Cultural adaptation refers to the process of adjusting individuals or organizations to the norms, values, and social practices of different cultural environments.

Lei, Ngo, Yu, Adams, and Částek's (2025) cross-cultural adjustment theory emphasizes three key aspects of cultural adaptation: (a) adjustment to work, (b) adjustment to social interaction, and (c) adjustment to the general environment. This model is relevant in the context of MNCs, as expatriates and global managers often face challenges in understanding local work practices. In addition, Cultural Intelligence (CQ) developed by scholars, introduces an individual's ability to function effectively in diverse cultural contexts. The CQ consists of four dimensions: metacognitive, cognitive, motivational, and behavioral. High CQ enables global leaders to adapt more effectively to cultural differences (Lei et al., 2025).

At the organizational level, Roudometof's (2016) concept of glocalization emphasizes the importance of integrating global strategies with local values and needs. Glocalization allows MNCs to reduce cultural

conflicts and increase the acceptance of company policies in host countries. Succession planning is a systematic process of identifying, developing, and preparing potential leaders to fill important positions within an organization. Alrifae et al. (2025) argue that succession planning focuses not only on leadership replacement but also on long-term competency development, career planning, and knowledge transfer (knowledge management).

In the global context, succession planning requires organizations to develop leaders with a global mindset, cultural intelligence, adaptability, and cross-country managerial competencies. A lack of succession planning can lead to a leadership vacuum, especially in companies that rely on global operations. The sustainability of multinational companies includes their ability to maintain operations in the long term while facing changes in the global environment. Organizational sustainability comprises three dimensions: economic, social, and environmental. In the context of MNCs, sustainability also includes an organization's ability to maintain a competitive advantage through human resources and effective leadership processes. The resource-based view framework by Mailani et al. (2024) and dynamic theory by Zabel and O'Brien (2024) emphasize that the long-term success of MNCs is related to the organization's ability to adapt, develop new capabilities, and sustain strategic resources such as global talent.

3. Research Methodology

3.1 Research Design

This study adopts a qualitative, descriptive research design employing a single-case study strategy to examine the interrelationship between succession planning, cultural adaptation, and organizational sustainability within a multinational corporation (MNC). A qualitative approach is particularly appropriate for this research as it enables an in-depth understanding of complex organizational phenomena that are socially constructed, context-dependent, and embedded in everyday managerial practices, rather than readily quantifiable variables. The research design follows a systematic and sequential inquiry process, guided by clearly articulated research questions aimed at uncovering how succession planning and cross-cultural adaptation are enacted and experienced in a multinational organizational setting. Descriptive qualitative research was employed to generate rich, contextualized narratives that capture actors' perceptions, interpretations, and lived experiences related to leadership continuity and cultural dynamics.

A case study methodology was selected as the primary research strategy because it allows for an intensive examination of organizational processes, interactions, and contextual conditions within a real-life setting. The single-case design focused on PT. Mitsubishi Electric Automotive Indonesia (MEAI) represents a theoretically relevant case due to its Japanese multinational governance structure, recurring expatriate leadership rotation, and ongoing challenges in leadership succession and local talent development. The selection of this case was further informed by preliminary discussions with senior human resource management, which revealed persistent issues related to cultural integration and leadership continuity.

This study is also exploratory–analytical in nature, as it seeks to describe organizational practices and analyze the conceptual linkages between cultural adaptation and succession planning and their implications for the long-term sustainability of multinational enterprises. Although qualitative in orientation, this study maintains a clear analytical focus by articulating key conceptual variables to guide data collection and analysis. These variables are not treated as measurable constructs but as analytical lenses through which the organizational dynamics are interpreted.

3.2 Population and Sampling Strategy

In qualitative research, data source selection is guided by information richness rather than statistical representativeness. Accordingly, this study does not define a population probabilistically but instead focuses on individuals with direct knowledge and experience relevant to succession planning and cross-cultural interaction within the organization.

3.2.1 Research Participants

This study employed purposive sampling, a non-probability sampling technique commonly used in qualitative inquiry, to identify participants most capable of providing in-depth and relevant insights into the phenomenon under investigation. Participants were selected based on their organizational roles, tenure, and exposure to leadership succession processes and cross-cultural work environments. The inclusion criteria were as follows.

- **Position Level:** Participants occupy managerial or supervisory roles, including Assistant Manager, Manager, and Department Head. These positions were selected because of their strategic involvement in leadership development, decision-making processes, and succession-related practices.
- **Organizational Tenure:** A minimum tenure of three years was required to ensure that participants had experienced at least one cycle of expatriate leadership rotation, which is a common feature of Japanese multinational corporations.
- **Functional Representation:** Participants were drawn from key functional areas, particularly Human Resources and core operational departments, where cross-cultural interaction and leadership dependency are most pronounced.
- **Employment Status:** This study focuses primarily on local Indonesian managers to capture perspectives related to cultural adaptation, leadership progression, and perceived barriers, such as the glass ceiling phenomenon.

A total of six key informants participated in the study, including senior HR leadership, mid-to-senior local managers, and individuals identified as part of the internal talent pool. This sample size is consistent with qualitative case study research that emphasizes depth over breadth.

3.3 Types and Sources of Data

To ensure analytical depth and contextual triangulation, this study exclusively utilizes qualitative data drawn from both primary and secondary sources.

3.3.1 Types of Data

The qualitative data collected can be categorized as follows:

- **Descriptive Data**, consisting of narratives, opinions, and perceptions expressed by participants regarding succession planning practices, cross-cultural communication challenges, and leadership development constraints.
- **Phenomenological Data** reflecting participants' lived experiences related to expatriate leadership rotation, knowledge transfer processes, cultural hierarchy, and attempts to advance into senior leadership roles.
- These data types enable the study to capture both observable organizational practices and the subjective meanings attributed to them by the organizational actors.

3.3.1.1 Primary Data

Primary data were collected directly from organizational actors through the following:

- Open-ended qualitative questionnaires were used, allowing participants to articulate their experiences and interpretations in their own words.
- Researcher field notes document observations of everyday workplace interactions, managerial communication patterns, and culturally embedded practices within the organization.

3.3.1.2 Secondary Data

Secondary data were obtained from authorized internal and external sources, including:

- Internal organizational documents, such as company profiles, organizational charts, job descriptions, and human resource development policies related to leadership and succession, were also reviewed.
- Academic literature, including peer-reviewed journal articles, scholarly books, and established methodological references, informed the theoretical and analytical framework of the study.

3.4 Data Collection Methods

Multiple data collection techniques were employed to enhance the credibility and robustness of the findings through methodological triangulation.

3.4.1 Open-Ended Qualitative Questionnaire

The primary data collection instrument was an open-ended questionnaire distributed to participants at the managerial level.

- The questionnaire consisted of narrative-based questions designed to elicit detailed reflections on succession planning effectiveness, expatriate leadership rotation, cultural communication barriers, and leadership development opportunities.
- Purpose: This method facilitated the exploration of underlying meanings, organizational norms, and implicit power dynamics that may not emerge through structured instruments such as questionnaires.

3.5 Data Analysis Technique

Data were analyzed using thematic analysis, following the framework proposed by Braun and Clarke (2006), which is widely adopted in qualitative research. The analytical process involved the following stages.

1. Data Familiarization: Repeated reading of questionnaire responses, field notes, and documents to achieve immersion in the data.
2. Initial Coding: Identification of meaningful data segments related to succession planning, cultural adaptation, and organizational sustainability.
3. Theme Development: The codes were grouped into broader themes that reflected recurring patterns and conceptual linkages.
4. Theme Review: Refining and validating themes against the full dataset to ensure coherence and analytical relevance.
5. Theme Definition and Interpretation: Articulating themes into analytically rich narratives connected to the study's conceptual framework.
6. Reporting: Presenting the findings in a structured manner aligned with the research objectives.

This analytical approach enables systematic interpretation while preserving the contextual richness that is inherent in qualitative data.

4. Results and Discussion

4.1 Overview of the Qualitative Findings

This chapter presents and discusses the study's empirical findings, derived from an in-depth qualitative case study of a Japanese multinational manufacturing subsidiary operating in Indonesia. Data were collected through open-ended managerial questionnaires and field observations involving six key informants in strategic roles within the organization. To ensure analytical rigor, transparency, and traceability, all qualitative data were systematically processed using the NVivo qualitative analysis software.

Following the thematic analysis framework proposed, the analytical process consisted of five stages: data familiarization, initial coding, theme development, theme refinement, and interpretive synthesis. This process enabled the identification of recurring patterns related to succession planning, cultural adaptation, and sustainable multinational corporations. Rather than presenting the results as isolated findings, this chapter integrates the results and discussion into a coherent analytical narrative. Empirical patterns are

interpreted through established theoretical lenses, including Cross-Cultural Adjustment Theory, Cultural Intelligence (CQ), glocalization, succession planning models, and resource-based and dynamic capability perspectives on sustainability.

4.2 Thematic Structure of the Findings

Table 1. Summarizes the key themes and subthemes emerging from the NVivo analysis, along with their frequency across respondents.

| Main theme | Sub theme | R1 | R2 | R3 | R4 | R5 | R6 | Reference frequency |
|----------------------|-------------------------------|----|----|----|----|----|----|---------------------|
| Succession planning | Mentoring | ✓ | ✓ | - | ✓ | ✓ | ✓ | 5 |
| | Expatriate rotation (3 years) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| | Leadership pipeline | - | ✓ | ✓ | - | ✓ | - | 3 |
| Cultural adaptation | Seniority system (nenko) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| | Horenso communication | ✓ | - | ✓ | ✓ | - | ✓ | 4 |
| | Gen z expectations | ✓ | ✓ | - | ✓ | ✓ | ✓ | 5 |
| Sustainability (MNC) | Knowledge transfer | ✓ | ✓ | ✓ | - | ✓ | ✓ | 5 |
| | Local employee loyalty | ✓ | - | ✓ | ✓ | - | - | 3 |
| | Japanese quality standards | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |

All respondents referenced three sub-themes—expatriate rotation, seniority system (nenko), and Japanese quality standards— indicating a high degree of perceptual convergence. These themes represent the structural features of an organization that fundamentally shape leadership continuity and sustainability outcomes. Conversely, the relatively low frequencies associated with leadership pipeline clarity and local employee loyalty suggest divergent perceptions across hierarchical levels, signaling potential sources of organizational tension.

4.3 Cultural Adaptation and HR Policy Alignment in a Multinational Context

The findings demonstrate that cultural adaptation within an organization is neither purely standardized nor entirely localized. Instead, the firm adopts a glocalization strategy that combines Japanese management philosophies with localized HR practices. This hybrid approach aligns with Roudometof's (2016) assertion that globalization does not result in cultural homogenization but rather produces hybrid organizational forms. The universal reference to Japanese quality standards (Table 1) confirms the deep institutionalization of Monozukuri and Kaizen as core operational values.

These philosophies are not merely symbolic but are embedded in performance indicators, daily routines, and quality assurance mechanisms. From a resource-based perspective (Mailani et al., 2024), embeddedness constitutes a valuable and inimitable organizational capability. Simultaneously, the universal mention of the Nenko seniority system indicates that seniority-based logic continues to exert a strong informal influence, despite formal policy shifts toward merit-based evaluation.

This finding reveals a decoupling between formal HR structures and lived managerial practices, consistent with the institutional theory in multinational settings. Communication practices further illustrate this selective cultural adaptation. The Horenso system, referenced by four respondents, has been modified to accommodate Indonesia's relational and indirect communication norms. While reporting and consultation routines remain intact, managers actively soften hierarchical rigidity to reduce such friction. This pattern reflects interaction adjustment, as conceptualized by Reic (2023), whereby adaptation occurs not through the abandonment of core practices but through contextual reinterpretation.

4.4 Cultural Dynamics and the Effectiveness of Succession Planning

Succession planning within an organization is profoundly shaped by cross-cultural dynamics. As shown in Table 4.1, all respondents identified expatriate rotation as a central constraint. The standardized three-year rotation policy disrupts leadership continuity, undermines mentoring relationships, and weakens long-term leadership development in the school. This finding strongly supports Nurinaya and Marhumi's (2025) argument that effective succession planning requires temporal stability to enable the systematic development and evaluation of future leaders.

Frequent leadership turnover inhibits the formation of trust (*kankei*) and truncates tacit knowledge transfer, thereby reducing succession readiness. Lower reference frequencies for the leadership pipeline and local employee loyalty further suggest that career progression pathways are perceived as opaque, particularly by younger managers. This opacity reinforces perceptions of the glass ceiling, consistent with prior research on expatriate-dominated leadership structures in Japanese MNCs. Consequently, succession planning operates in a reactive mode, focusing on short-term continuity rather than strategic leadership sustainability.

4.5 Cultural Intelligence as a Boundary-Spanning Capability

A central contribution of this study lies in identifying Cultural Intelligence (CQ) as the key mechanism linking cultural adaptation and succession effectiveness. Respondents consistently emphasized that successful successors are capable of translating headquarters' expectations into locally legitimate managerial practices. This dynamic is further illustrated in Table 2 below.

Table 2. Comparison of expatriate and local leadership profiles at PT. Meai

| Dimension | Expatriate manager (jepang) | Local manager (indonesia) |
|---------------------|----------------------------------|--------------------------------------|
| Communication style | High context, implicit | Low context, direct |
| Decision making | Ringi-sho (collective consensus) | Tends to be top-down or directive |
| Main focus | Long-term stability & harmony | Target achievement & fast efficiency |
| Knowledge transfer | Experience-based (tacit) | Procedure-based (explicit) |

Source: Questionnaire results using NVIVO Review

Table 2 demonstrates that leadership effectiveness depends on the ability to bridge tacit–explicit knowledge asymmetries. Managers with high cognitive and behavioral CQ are better equipped to internalize Japanese decision-making logic while maintaining legitimacy in local teams. In this sense, CQ functions as a boundary-spanning capability, enabling leadership continuity and reducing the risk of succession failures.

4.6 Generational Dynamics, Talent Development, and Sustainability

The findings further reveal a growing misalignment between traditional Japanese employment logic and the expectations of Gen Z and millennial employees. This tension is systematically presented in Table 3.

Table 3. Comparative analysis of talent development strategies

| Factor | Traditional model (nenko) | Pt. Meai model (adaptive) | Gen z expected model |
|-----------|----------------------------|----------------------------------|----------------------------|
| Promotion | Based on tenure | Based on performance + seniority | Based on pure competency |
| Training | Centralized & face-to-face | Blended learning & ojt | On-demand & micro-learning |
| Loyalty | Lifetime loyalty | Transactional-cultural loyalty | Purpose-based loyalty |
| Feedback | Annual | Semi-annual + informal | Real-time / weekly |

Source: Synthesized from interviews and secondary sources (Busch et al., 2024; Parihar & Singh, 2025)

Table 3 illustrates that while partial adaptation has occurred, significant gaps remain between organizational practices and generational expectations. These gaps directly affect retention, succession readiness and long-

term sustainability. From a sustainability perspective, the inability to retain high-potential younger talent undermines the social pillar of corporate sustainability (Mariappanadar 2025).

4.7 Integrative Discussion: Culture, Succession, and Sustainability

Taken together, these findings demonstrate that organizational sustainability in multinational corporations depends on integrating cultural adaptation and succession planning. Succession planning cannot be treated as a purely technical HR instrument; rather, it must be understood as a culturally embedded, dynamic capability.

5. Conclusions

5.1 Conclusions

This study examines the role of cultural adaptation and succession planning in shaping organizational sustainability at PT. Mitsubishi Electric Automotive Indonesia (MEAI). It finds that cultural adaptation at MEAI, while effective at the task level, is primarily asymmetric and acculturative, placing a disproportionate burden on local employees, especially Millennials and Generation Z. While this approach enhances operational efficiency, it hampers relational and identity-level adjustments, weakening long-term employee attachment. Additionally, succession planning, though receiving increased attention, remains reactive and constrained by senior expatriate dominance in strategic roles and the lack of career transparency for younger high-potential (HiPo) employees.

The study concludes that long-term sustainability at MEAI hinges on linking cultural adaptation with succession planning through an integrative strategy. This requires strengthening knowledge transfer, particularly through reverse mentoring, and recalibrating succession criteria to emphasize Cultural Intelligence (CQ) and boundary-spanning competence as essential leadership capabilities. Without addressing these issues, MEAI risks a leadership vacuum and the erosion of valuable tacit knowledge, undermining its ability to sustain leadership continuity and organizational performance.

5.2 Policy and Managerial Implications

The findings of this study have several policy-relevant implications for headquarters-level decision-makers and HR practitioners in multinational corporations.

1. Implications for Headquarters-Level Governance

First, headquarters should reconsider short-term expatriate rotation cycles. Extending expatriate assignments to four or five years would enable deeper cultural embeddedness, stronger mentoring relationships, and more effective knowledge transfer to local successors. Second, headquarters are encouraged to pursue the graduated decentralization of decision-making authority by incrementally expanding the strategic roles of competent local managers. Such measures would enhance local ownership, motivation, and long-term leadership commitment among employees with high potential.

2. Implications for Multinational HR Practitioners

For HR practitioners, this study underscores the need to reconfigure traditional succession planning models to account for cultural and generational diversity. Rather than replicating home country leadership templates, MNCs should adopt succession systems that are context-sensitive and responsive to local career expectations. Furthermore, retention strategies for Millennials and Gen Z talent should prioritize cultural inclusivity, meaningful career progression, and relational leadership rather than relying exclusively on financial incentives.

5.3 Limitations and Directions for Future Research

Despite its contributions, this study has several limitations that provide avenues for future research.

First, the research relies on a single-case study design, which limits the generalizability of the findings across industries or national contexts. Future studies should employ multiple-case or comparative designs, particularly across MNCs from different institutional and cultural backgrounds. Second, access to quantitative internal data, such as HiPo-specific turnover rates or detailed sustainability performance

indicators, was constrained by organizational confidentiality. Subsequent research may adopt mixed-methods approaches to statistically validate the relationships identified in this study.

Third, the study engaged a limited number of key informants, which may not fully capture the diversity of perspectives across organizations and regions. Expanding the respondent groups and incorporating longitudinal data would allow for deeper insights into cultural and leadership dynamics over time. Finally, as with all qualitative research, the findings are subject to interpretive subjectivity despite rigorous thematic analysis and triangulation. Longitudinal studies tracking leadership transitions across multiple succession cycles would provide a more comprehensive understanding of cultural adaptation and its sustainability outcomes.

5.4 Suggestions

This study suggests that multinational corporations (MNCs) should adopt a more integrated approach to succession planning that incorporates cultural adaptation. Specifically, it is recommended that MNCs extend expatriate assignments to four or five years to allow for deeper cultural integration and more effective knowledge transfer to local successors. Additionally, MNCs should decentralize decision-making by increasing the strategic roles of local managers, which would improve local ownership, motivation, and leadership commitment. HR practitioners are advised to tailor succession planning models to reflect the cultural and generational diversity of their workforce, particularly focusing on Millennials and Generation Z employees, who expect more inclusive career development and relational leadership practices rather than relying solely on financial incentives.

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