

Satya Radjasa

Applied Project

In fulfillment of the requirements for the
Doctor of Professional Practice in Global Leadership and Management
program

**Thunderbird School of Global Management
at Arizona State University**

Spring 2026

Case 1 Teaching Notes: From Four Flags to One Helm: Leading the Human-Capital Integration of Indonesia's Pelindo Mega-Merger

Case Synopsis

This case examines the human capital integration challenge following the 2021 merger of Indonesia's four port SOEs, Pelindo I, II, III, and IV, into a single national entity, PT Pelabuhan Indonesia (Persero). While the merger rapidly delivered operational and financial synergies, leadership faced a more complex and fragile challenge: aligning 25,000 employees across 110 ports, each with distinct wage systems, performance metrics, union agreements, and cultural norms.

Set roughly 12–18 months post-Day 1, the case captures Pelindo's leadership at a critical inflection point. Early performance indicators, reduced vessel port-stay times, improved crane productivity, and enhanced customer satisfaction suggest that consolidation is working. Yet uneven workforce sentiment, delayed pay harmonization, and cultural fragmentation in non-Java ports threaten to undermine these gains.

The central dilemma confronting Pelindo's executive team is how to sequence human capital integration, job grading, incentives, KPIs, culture, and union agreements without violating a public "no layoffs, no pay cuts" pledge, which is vital to maintaining trust and confidence in leadership, while still advancing national logistics reform.

Teaching Use

This case is particularly well-suited to courses in strategic management, public-sector leadership, human capital strategy, and post-merger integration, with a specific focus on state-owned enterprises and large-scale institutional transformation in emerging markets. It enables discussion of leadership decision-making under political oversight, workforce integration in unionized environments, and the sequencing of human-capital reforms alongside operational and financial consolidation.

The case is appropriate for undergraduate, graduate, and executive education programs, especially those examining leadership in complex public organizations, infrastructure enabled economic reform, and transformation in state-owned enterprises.

Learning Objectives

After discussing the case, students should be able to:

1. Analyze why human-capital integration not operational scale, is often the binding constraint in large SOE mergers.
2. Evaluate leadership trade-offs among speed, equity, and political legitimacy in public-sector transformations.
3. Apply sequencing logic to workforce integration in high union-density environments with political oversight.
4. Distinguish between “formal integration” (legal, structural) and “behavioral integration” (trust, culture, norms).
5. Emphasize that leadership credibility functions as a strategic asset during post-merger transitions, reinforcing its critical role in change management.

Key Themes & Concepts

- Post-Merger Integration (PMI) beyond finance and operations
- Human capital as infrastructure
- Leadership legitimacy in SOEs
- Trust preservation Vs performance acceleration
- Sequenced transformation in uneven operating environments

Assignment / Discussion Questions

1. Why did Pelindo’s leadership view human-capital integration as a strategic risk equal to operational execution?
2. What were the five major human-capital fault lines inherited from the four legacy Pelindos?
3. Was the CEO’s “no layoffs, no pay cuts” pledge a strategic enabler or a constraint?
4. How should Pelindo sequence job grading, incentives, KPIs, and culture across regions with uneven readiness?
5. What leadership capabilities are uniquely required to sustain transformation in a politically exposed SOE?

Teaching Approach: Analysis and Guidance

The teaching approach for the Pelindo case is designed to challenge the assumption that operational and financial scale guarantees merger success, positioning human capital integration

as the core strategic risk. The analysis guides students through a deep dive into the five major inherited human-capital "fault lines" (including fragmented incentive schemes and job grading inconsistencies) and facilitates an evaluation of the strategic trade-offs inherent in the CEO's "no layoffs, no pay cuts" pledge, which served to preserve trust but constrained managerial flexibility. Furthermore, the discussion invites a debate on the optimal sequencing of reforms across regions with uneven readiness, contrasting piloted versus uniform rollout strategies, and concludes by examining the unique institutional leadership capabilities required to sustain transformation within a politically exposed State-Owned Enterprise (SOE).

The Five Human-Capital Fault Lines

The case identifies five inherited structural fractures:

1. Job grading inconsistencies
2. Fragmented incentive schemes (68 legacy formulas)
3. Misaligned KPI cycles
4. Divergent leadership cultures
5. Complex, federated union structures

Each fault line created friction individually; collectively, they formed a systemic integration risk.

The Leadership Pledge Dilemma

The CEO's "no layoffs, no pay cuts" commitment served three strategic purposes:

- Preserved trust during Day 1 uncertainty
- Neutralized immediate union resistance
- Created psychological safety for reform

However, it also constrained managerial flexibility, forcing leaders to harmonize upward rather than normalize downward, raising cost and complexity.

This tension invites discussion on credibility as a non-fungible leadership asset once broken, transformation stalls.

Sequencing the Integration

The case implicitly advocates sequenced rather than simultaneous integration, particularly given Indonesia's geographic and capability asymmetries. Java-based terminals could adapt more quickly; eastern ports required stabilization before standardization.

Students should debate whether Pelindo should:

- Pilot HC reforms in high-readiness ports, or
- Enforce uniform rollout to preserve perceived fairness

There is no "perfect" answer, only managed trade-offs.

Leadership in Politically Exposed SOEs

Unlike private firms, Pelindo's leadership operated under:

- Ministerial oversight
- Multiple law enforcement agencies on corruption (e.g. attorney general, commission of corruption eradication, etc)
- Public scrutiny
- National economic mandates

Success required institutional leadership, not just managerial competence balancing performance, legitimacy, and national purpose.

Suggested Board Plan (Whiteboard)

1. National logistics problem
2. Merger logic
3. Early performance wins
4. Human-capital fault lines
5. Leadership pledge
6. Sequencing options
7. Transferable lessons

References

Badan Pusat Statistik. (2024). *Statistik transportasi laut Indonesia 2023*. Jakarta: BPS RI.

Drewry Maritime Research. (2024, December 13). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations*.

Gupta, K., & Ratana, D. (2023). *Indonesia's stubborn logistics dilemma*. East Asia Forum.

Jati, D. (2021). *Announcing Pelindo merger, SOEs ministry says for connectivity and competitiveness*. Indonesia Shipping Gazette.

Kementerian Badan Usaha Milik Negara. (2021). *Laporan tahunan 2021: Kami bertransformasi*.

Kementerian Badan Usaha Milik Negara. (2022). *Pedoman implementasi nilai-nilai utama sumber daya manusia Badan Usaha Milik Negara (AKHLAK) (SK-115/MBU/05/2022)*.

Kotter, J. P. (2014). *Accelerate: Building strategic agility for a faster-moving world*. Harvard Business Review Press.

Noni, Y. (2024, November 8). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3*. Jakarta Globe.

Pelabuhan Indonesia (Persero). (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).

Pelabuhan Indonesia (Persero). (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Schein, E. H., & Schein, P. (2017). *Organizational culture and leadership* (5th ed.). Wiley.

World Bank. (2023). *Logistics Performance Index 2023: Connecting to compete*. Washington, DC: World Bank Group

Case 1: Ports United: Human-Capital Integration in Indonesia's Largest SOE Merge

Countdown at Dawn: Pelindo's One-Port Promise on the Line

05:02 a.m. A feeder vessel lay five nautical miles off Tanjung Priok, its chief planner watching the approach channel on a tablet. In Manila and Laem Chabang, the ship lost an hour each, but Jakarta is where schedules usually unravel: crews joke that a “24 hour berth window” is wishful thinking. Yet that day the feed showed an assigned berth with clearance in 35 hours, down from the 55-hour average on this route a year earlier. If the promise holds, the vessel can trim its bunker consumption on the next leg to Surabaya and stay on schedule.

Onshore, Pelindo's Integrated Operations Center glows like a control tower. Since the four-way merger went live on October 1, 2021, the port SOE claims to have climbed to eighth place among the world's container-terminal operators and, more critically for shippers, installed a single data spine that serves Jakarta, Surabaya, Makassar, and Medan. Fitch analysts note that the now-larger entity is budgeting \$ 1 billion in 2024-26 capital expenditures to hard-wire those gains into quay cranes and yard automation.

Inside the centre, a composite dashboard pairs real-time berth productivity with Voice-of-Customer (VoC) sentiment pulled from ship-agent surveys. Overnight, the VoC index tipped green for Jakarta and Surabaya but flickered amber in two eastern terminals, evidence, managers admit, that consolidation still travels at uneven speed. A separate ticker scrolls through the national stakes: Indonesia's logistics bill remains stubbornly at ≈ 23 percent of GDP, almost 10 points above Malaysia and Thailand. Every hour shaved from port-stay is a slice off that macro number, and Pelindo's board is counting.

Five executives rehearse the story they will deliver to directors at a side table at 09:00. The COO taps a chart showing container-crane moves per hour hitting the mid-30s in seven of twelve flagship terminals double pre-merger baselines. The CFO counters with a slide marked “*Financing Cost Synergies: 60 % Vendor Discount Achieved*” from the transformation playbook. A janitor checking monitors pauses; rumours of pending pay alignment have reached stevedores' WhatsApp groups.

A union liaison from Makassar appears on the video wall: “Throughput looks good, but crews want clarity on the new pay bands.” The CHRO recalls the pledge that brought early trust: no layoffs, no lost income a line personally delivered by the CEO to each regional union leader during the 2021 roadshow. Even so, social-media chatter tagged #OnePelindo shows patience thinning.

The planner's screen flashes back on the bridge: *ETA Confirmed • Berth 06:40 • Productivity Plan 34 moves/hr Pelindo IOC*. She smiled; bunker-save calculations glowed green. Yet a print-out from the East Asia Forum argues Indonesia's logistics cost "remains above ASEAN peers despite recent gains". The real test, she knows, is consistency deliver today, tomorrow, every sailing.

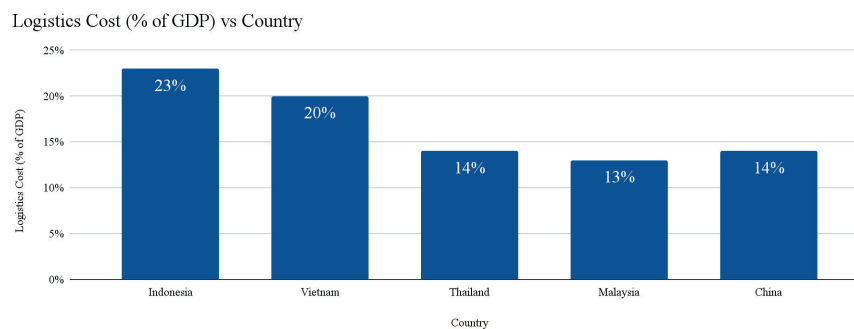
Rain pelts the harbour cranes. In the Integrated Center, the CEO pockets a notepad scrawled with three arrows and one mantra from his interview transcript: "Shorten port stay, shorten cargo stay." The countdown clock had flipped to T-03:56:17. Upstairs, directors will demand proof that shorter port stays are not an anomaly but a system, and that the human capital glue behind the machinery is strong enough to hold through monsoon season and beyond.

The planner radios the pilot boat: "Clearance confirmed in 38 minutes. Jakarta's on schedule." Onshore, Pelindo's leaders watch the same data point: one promise kept for now but thousands more container moves, payslips, and union meetings lie between this dawn and the merger's final grade. Soon, the boardroom doors will open; the narrative must be as seamless as the schedule they've pledged to ships waiting just outside the breakwater.

Bridging an Archipelago: Why One Pelindo?

Indonesia's supply chains had paid a silent surcharge: logistics costs still absorbed roughly 23 percent of GDP, nearly ten points higher than Malaysia or Thailand. *Exhibit 1* visualises that gap at first glance. Every extra hour a vessel or container spends inside an Indonesian port ripples outward, resulting in higher freight rates, thicker inventories, and ultimately more expensive consumer goods.

Exhibit 1: Logistics - Cost Benchmark



Source: World Bank Logistics Performance Index; Fitch Ratings 2023; Indonesian Ministry of SOEs.

Four Ports, Four Playbooks

Until late 2021, port ownership reflected the nation's geography. Pelindo I, II, III, and IV each a state-owned enterprise managed their territories (see *Exhibit 2*). They established different wage

grids, bargained with distinct unions, invested in separate capital expenditure cycles, and operated incompatible gate and billing platforms.

Exhibit 2: Legacy Port Footprint Map



Source: Moody's Investors Service. (2021, October 7). Pelabuhan Indonesia (Persero) (P.T.): Update following outlook change to positive. Moody's Investors Service.

A ship calling on Jakarta routinely built a 55-hour berth buffer into its rotation; the exact string might carry a 48 hour buffer in Surabaya and 60 hours in Makassar, simply because no single standard governed crane density, paperwork flow, or shift rosters. Exporters added an 'Indonesia factor' into lead time calculations, and freight forwarders levied a small but persistent surcharge to hedge unpredictability.

The inefficiency showed in the global rankings. While neighbouring Singapore, Port Klang, and Laem Chabang climbed league tables for vessel turnaround, Indonesia's flagship terminals remained outside the top quartile, despite handling more than 16 million TEU a year. The price tag was national: analysts estimate that a one day reduction in average port stay would free up working capital worth hundreds of millions of U.S. dollars across the Indonesian industry.

The Policy Mandate

In mid 2021, the Ministry of SOEs issued a sweeping yet straightforward directive: merge the four Pelindos into a single holding and reduce logistics costs to single digits by 2045. The legal consolidation took effect one minute past midnight on 1 October 2021. *Exhibit 3* tracks six milestones that paved the way from the first white paper in 2009 through feasibility studies and stakeholder roadshows to Day 1 of unified operations.

The merger vaulted the newly formed PT Pelabuhan Indonesia into eighth place among global terminal operators by volume and, on paper, unlocked four obvious levers:

1. Scale purchasing: renegotiating crane maintenance, equipment, and insurance contracts on a national scale.
2. Balance-sheet strength : refinancing legacy debt bundles at improved credit spreads.

3. One CAPEX plan: funnelling a multi year, US\$1 billion automation program through a single investment committee.
4. Data spine : connecting 110 terminals to a common operations and billing stack so a gate pass generated in Medan reads the same in Makassar.

Exhibit 3: Merger Milestones Timeline



Source: Membangun Insan Pelindo (2024).

Yet leadership quickly recognised that steel and software alone would not deliver the macro impact. The consolidated company now employed about 25,000 people across an archipelago of 17,000 islands. Culture clashes, pay disparities, and differing performance metrics posed as much risk to the merger thesis as any legacy crane.

“Our north star is simple,” CEO Arief Suhartono told staff at a virtual town hall shortly after Day 1. “Shorten port stay, shorten cargo stay without sacrificing jobs or income.”

That pledge included two non-negotiables: no layoffs and no pay cuts. To honour these, HR teams must craft a unified job-grading architecture, harmonize 68 incentive schemes, negotiate a national collective agreement with four previously autonomous unions, install new KPI dashboards, and roll out a values program across over 100 ports.

Early Signals & Uneven Terrain

Twelve months in, internal dashboards recorded promising if uneven gains.. Flagship terminals on Java show vessel port-stay times dropping from the mid-50s to the mid-30-hour range; peak-hour crane moves per hour have doubled in seven of twelve key sites. Fitch Ratings cited improved leverage metrics after early synergy capture, while maritime trade journals headline “shorter port-stay and lower ship-rental costs.” Yet labour-sentiment trackers still flicker amber in specific eastern ports where wage alignment lags.

“The first year is about proof of concept,” Suhartono noted in a board briefing. “Year Two is about proving consistency.”

The strategic dilemma, then, is no longer whether consolidation makes sense but whether Pelindo can sequence financial, operational, and human-capital levers quickly enough to bend

Indonesia’s national logistics cost curve without splintering the trust of a workforce that keeps the docks moving.

Integration Challenge

Exhibit 4 – Legacy vs. Target HC Alignment

HC Alignment Heatmap

Dimension	Legacy	Target
Job grading	4 incompatible schemes	1 unified grid
Incentives	68 bonus formulas	Aligned incentive scheme
KPIs	Quarterly/Annual cycles	Monthly cadence (SOE standard)
Culture	Command vs Family culture	AKHLAK values embedded
Unions	4 federations, 30+ contracts	1 national agreement

Source: *Membangun Insan Pelindo (2024)*.

According to a Drewry performance brief, Indonesia’s press applauded for reducing the average container port stay by 27 hours, a 63 percent decrease, in 2023. Faster ship turnaround won Pelindo favourable coverage in the Jakarta Globe when Q3-2024 revenue reached IDR 23.5 trillion, driven by rising liftings. Yet advisory notes warned that operational uptick would stall without a unified people model beneath the cranes.” A January 2023 logistics article stressed that the new company must translate scale into “one pay grid, one KPI cadence, one culture” before investors grant the subsequent credit uplift.

Five Human-Capital Fault Lines

HC Domain	Legacy Reality	Integration Pain Point
Job grading	Four incompatible evaluation schemes	Equivalent to two grades apart
Incentives	68 local bonus formulas	Aligning without breaking the CEO’s “no pay-cuts” pledge
KPIs & review cycle	Quarterly in Jakarta; half-yearly in Makassar; annual elsewhere	Must meet the SOE Ministry decree on monthly scorecards
Culture & values	Western ports “command/control”, eastern ports “family consensus” (field interviews, <i>Membangun Insan Pelindo, 2024</i>)	Embed AKHLAK values across 110 sites

Union landscape	Four federations, 30+ site chapters, staggered contracts	Any misstep risks synchronised industrial action

Sequencing Dilemma

- Finance view: “Fast Wins”: Merge pay bands and KPI dashboards within six months to lock in synergy optics before a Eurobond issue.
- HR view: “Culture First”: Roll out AKHLAK workshops and union roadshows for a year, then touch pay.
- Ops view – “Pilot Hybrid”: Java first, followed by an eastern rollout after proof of concept.

“Synergies on paper aren’t savings until the cranes keep moving.” — Arief Suhartono, CEO (interview)

External observers echo the caution. A Fitch-cited port-talent bulletin notes that rushed harmonisation creates “data spaghetti” when legacy HRIS tables collide, eroding stakeholder trust. UNCTAD’s TrainForTrade programme, which has coached teams in Tanjung Priok, warns that e-learning rollouts fail when job families are still in flux.

Tech as Accelerator and Trip Wire

A \$1 billion CAPEX docket funds yard automation, gate OCR, and the *Portaverse* digital-learning suite. CIO briefings flag risk: handhelds go live before a uniform KPI lexicon, creating “multiple versions of truth.” Meanwhile, the 120 legacy SOPs must be translated into one LMS while accounting for four regional dialects an issue PwC’s October 2023 port-transformation note calls “the hidden cost of scale”.

Risks Crystallising

By Q4 2022, the PMO had ranked *Compensation Gap* and *Union Coordination* as “High Impact / Medium Likelihood” on its heat map. The forecast proved prescient: wage-alignment chatter pushed workforce sentiment from amber to red in Makassar only days before the first-year board review, even as Java pilots beat crane move targets.

Stakeholder Landscape

Exhibit 5 – Stakeholder Power-Interest Grid follows the matrix.

Stakeholder Engagement Table

Stakeholder	Power	Interest	Engagement
SOEs Ministry	High	High	Manage Closely
Board & Commissioners	High	High	Manage Closely
National Unions	High	High	Manage Closely
Regional Port Heads	Medium	Medium	Keep Satisfied
Shipping-Line Customers	Medium	Medium	Keep Informed
Credit Investors	Medium	Medium	Keep Informed

Source: Membangun Insan Pelindo (2024).

A merger of this significance moved through a complex web of interests. In Jakarta, the Ministry of SOEs chairs every Pelindo board meeting, armed with quarterly scorecards that track how far vessel and cargo stay times shift Indonesia’s Logistics Performance Index. The Minister’s office also approves every executive appointment, giving it decisive veto power if integration stumbles. Across town, Credit-investor roadshows dissected Pelindo’s every productivity update; Fitch’s June 2023 note praised “rapid realisation of operating synergies,” yet cautioned that accelerated wage harmonisation could compress Year-2 EBITDA.

On the waterfront, human-capital politics dominate. The four national unions together represent about 21,000 of Pelindo’s 27,800 employees, yet each federation negotiates at least seven site-level chapters. A December 2022 Jakarta Post article quoted an eastern-region union leader warning that pay-band delays would provoke “synchronised peaceful action.” Regional port heads share that anxiety for a different reason: Makassar and Belawan depend on higher hardship allowances; a flat grid could erode local retention unless housing or travel benefits rise in tandem (internal HR-audit memo, Membangun Insan Pelindo, 2024).

Shipping-line customers wield less formal power yet can “vote with their hulls.” When Drewry’s 2024 East-Asia port snapshot credited Pelindo’s Java pilots with mid-30-hour vessel turnaround, two Singapore-based carriers committed extra calls but both inserted clauses voiding discounts if port-stay crept above 45 hours for two consecutive weeks. Their interests align with the Board’s covenant metrics, tightening the link between labour calm and bond pricing.

Stakeholder Group	Core Goals	Influence (1-10)*	Integration Concerns
Ministry of SOEs	• Reduce national logistics cost • Keep job-security pledge intact	10	Missed synergy KPIs; political fallout from strikes
Board & Commissioners	• Sustain investment-grade rating • Capture > IDR 5 tn NPV synergies	9	Cost overrun on pay merge; bond-market scepticism
Four National Unions	• Job security • Equitable pay across regions	8	Pay-band timing; perception of “two-class” workforce
Regional Port Heads	• Maintain throughput & safety • Retain tactical autonomy	6	Loss of local decision rights; slower tech rollout east
Shipping-Line Customers	• Predictable berth windows • Single tariff schedule	5	Labour unrest could reinstate schedule buffers
Credit Investors	• Stable EBITDA • Covenant compliance	5	Wage-alignment costs compressing short-term margins

“Every actor must find their dividend: Government shows cost relief, investors see cash, and crews keep dignity.” — Arief Subartono, CEO interview.

The delicate web means any sequencing decision fast financial wins, culture-first pacing, or a hybrid pilot has ripple effects:

- A rapid pay-band rollout pleases investors but risks a coordinated work stoppage if unions feel they are being rushed.
- A culture-first year may calm labour but could erode Board patience if synergies slip six months.
- A hybrid pilot shows proof while spreading risk, but regional heads warn against “Java-first” optics that leave eastern crews feeling second tier.

“The Last Voice in the Room” – CHRO Dilemma

It is 06:10 a.m. in the Jakarta operations centre. Crane-moves tick upward on the LED wall, but the amber band under *Employee Sentiment*, Makassar has deepened to orange. The five executives have one stakeholder left to hear from before they freeze the deck and carry it upstairs. Ihsanuddin Usman, Chief Human Resources Officer, joins the huddle via video from a dim office lined with merger-war-room binders.

“Our mandate was simple,” Usman began, adjusting his headset. “Make the merger happen and do it without anyone asking, ‘Where is my seat?’”

He reminded the group that in March 2021, the HR team led a three-month sprint to secure a joint statement from *all four unions*, pledging support for consolidation on two non-negotiable points: no layoffs and no loss of take-home pay. That promise quieted the insecurity that, in Usman’s words, had “killed every merger attempt for twenty years.” Yet it also set in motion the cost trajectory now worrying the CFO.

Sequencing Logic from the CHRO’s Chair

Usman sketched the ordering that guided HR’s blueprint:

1. “Organisation first.”
“We clarified the new operating model boxes, jobs, spans before touching culture or pay.”
That meant breaking one large mixed-cargo branch in East Indonesia into distinct *container* and *non-container* entities so each could chase operational excellence without legacy clutter.
2. “Lock workforce security.”
A five-year pay-band harmonisation plan was signed in 2022. Rather than an overnight equalization that would have added 45 percent to payroll in the east, the deal phases convergence in five annual steps, matched to free cash flow forecasts.
3. “Build a single performance spine.”
In 2023, every employee down to the last reach-stacker driver received KPIs for the first time. Force-distribution is used “as training wheels” until the KPIs grow sharp enough to stand alone by 2026. Blue-collar crews now check scores on the same mobile app that supervisors use.
4. “Culture break the silo, not preach a motto.”
Usman waves a survey print-out: AKHLAK keywords barely register, but *pride in being part of the first Pelindo merger* tops the chart. *“We didn’t chase slogans; we chased shared pride.”* Rotation of general managers across legacy regions and cross-entity *break-the-silo* camps did the heavy lifting.
5. “Digital learning as personal currency.”
The Portaverse Academy gives every worker a training e-wallet the first year with

complete freedom (“if someone spent it on a cooking course, fine; the habit mattered”). In 2024, credits are tied to role-specific pathways, and unspent hours result in a *five percent deduction from the bonus*.

The COO raised a hand: “Great narrative, Pak Ihsan, but payroll costs are up fifteen per cent. Investors will ask why.”

“Because cost neutrality on Day One was never real,” Usman replies. “Harmonising 68 bonus schemes into three and closing a 45 percent east–west gap always meant a curve before savings. The bet is that operational gains outrun the curve.”

The Surprise and the Setback

Pleasant surprise: *Pelindo Fit*, a voluntary wellness campaign born of an alarming spike in degenerative disease, has cut sick days by nine per cent and, critically, pulled absenteeism off the risk register ahead of the Christmas peak. It costs a fraction of a crane gearbox.

Unpleasant setback: wage convergence is compressing EBITDA faster than volume growth can absorb. A *Jakarta Post* headline last week, “Payroll Swells as Pelindo Harmonises Pay,” fueled commentary that the merger’s “people dividend” is being paid too early.

The CHRO’s Red-Flag Slide

Usman shares one last graphic: a traffic light on sequencing risk.

- Organisation/Workforce realignment: *green* boxes drawn, people slotted, no layoffs.
- Pay harmonisation: *amber sliding to red* if Year-3 uplift coincides with soft freight markets.
- Culture adhesion: *green amber* surveys show pride, but regional identity resurfaces whenever pay delays hit WhatsApp groups.
- KPI maturity: *amber* needs two more cycles to drop forced ranking.

“If we rush the pay curve, unions walk. If we delay it, the Board’s NPV erodes.”

The CEO nods; the dilemma mirrors the three options already on the table.

The Cliff-Hanger Decision Time

The clock above the dashboard flips to T-02:49:00. Board assistants are placing nameplates upstairs. Finance still argues for Option A (fast financial wins) to steady bond pricing. HR prefers Option B (culture first) to nurse sentiment east of Makassar operations like Option C (pilot hybrid) to keep cranes moving while risks stay compartmentalised.

Usman delivers a final line before signing off:

“Choose your sequence, but remember every stakeholder’s patience renews daily at the gate. The trucks don’t queue for a PowerPoint.”*

The video feed clicked out. Three decks labelled A, B, C rest on the table. Rain drums the glass harder, as if marking time. The executives must decide which deck the CEO will open with when the doors swing wide.

References

- Badan Pusat Statistik.** (2024). *Statistik transportasi laut Indonesia 2023*. Jakarta: BPS RI.
- Drewry Maritime Research.** (2024, December 13). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations*.
- Gupta, K., & Ratana, D.** (2023). *Indonesia's stubborn logistics dilemma*. East Asia Forum.
- Jati, D.** (2021). *Announcing Pelindo merger, SOEs ministry says for connectivity and competitiveness*. Indonesia Shipping Gazette.
- Kementerian Badan Usaha Milik Negara.** (2021). *Laporan tahunan 2021: Kami bertransformasi*.
- Kementerian Badan Usaha Milik Negara.** (2022). *Pedoman implementasi nilai-nilai utama sumber daya manusia Badan Usaha Milik Negara (AKHLAK)* (SK-115/MBU/05/2022).
- Kotter, J. P.** (2014). *Accelerate: Building strategic agility for a faster-moving world*. Harvard Business Review Press.
- Noni, Y.** (2024, November 8). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3*. Jakarta Globe.
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.
- Schein, E. H., & Schein, P.** (2017). *Organizational culture and leadership* (5th ed.). Wiley.
- World Bank.** (2023). *Logistics Performance Index 2023: Connecting to compete*. Washington, DC: World Bank Group

Case 2 : From Four Flags to One: Crafting Pelindo's Post-Merger Culture Playbook

Introduction: Culture as the Invisible Infrastructure

On 1 October 2021, PT Pelabuhan Indonesia (Persero) widely referred to as Pelindo formally completed the legal merger of four previously independent state-owned port operators into a single national enterprise. The integration created one of the world's ten largest port operators by footprint, scale, and workforce. However, within weeks of Day One, Pelindo's executive leadership recognized that, while balance sheets, operating models, and governance structures could be consolidated through formal instruments, culture could not be consolidated in this way.

Each legacy Pelindo entity Pelindo I (North Sumatra), Pelindo II (Western Indonesia), Pelindo III (Central Indonesia), and Pelindo IV (Eastern Indonesia) had evolved under different regional conditions, leadership traditions, labor dynamics, and operational philosophies. Over decades, these differences had hardened into deeply embedded identities that shaped how employees defined performance, authority, loyalty, and risk.

As one executive reflected privately, "We had merged ports, but we had not yet merged people."

The leadership dilemma confronting Pelindo in late 2021 was therefore not simply how to standardize systems, but how to craft a shared culture without erasing local pride, destabilizing labor relations, or slowing operational momentum. This case examines how Pelindo designed and implemented its post-merger Culture Playbook, positioning culture as a strategic lever for integration rather than a symbolic afterthought.

Legacy Identities: Four Flags, Four Ways of Working

Before the merger, the four Pelindo entities functioned not merely as geographically segmented operating companies, but as distinct organizational systems shaped by local history, leadership norms, labor relations, and strategic priorities. Over decades, these systems crystallized into deeply embedded cultural identities that shaped employees' understandings of authority, performance, and fairness.

Pelindo II, headquartered in Jakarta and managing the country's busiest international gateways, had evolved under constant exposure to regulators, private terminal competitors, and global shipping lines. Its culture emphasized commercial discipline, financial metrics, and external stakeholder credibility. Managers were accustomed to formal reporting, performance scorecards, and centralized decision-making. Career progression often favored analytical capability, regulatory fluency, and visibility to headquarters.

Pelindo III, based in Surabaya, developed a markedly different identity. As the operational backbone for inter-island trade, it cultivated a culture centered on engineering reliability, process stability, and technical expertise. Authority was frequently derived from operational mastery and tenure rather than formal position alone. Decision-making tended to be deliberative, with strong respect for hierarchy and experience. Employees took pride in being “problem solvers of the system,” even if that meant slower adaptation to commercial experimentation.

Pelindo I and Pelindo IV operated across regions characterized by greater geographic dispersion, infrastructure gaps, and political complexity. Their cultures relied heavily on local adaptation, informal coordination, and relational leadership. Managers were expected to navigate community stakeholders, local governments, and labor groups simultaneously. As a result, leadership legitimacy was often rooted in personal relationships and regional trust rather than standardized metrics or enterprise-wide benchmarks.

These cultural differences extended into human capital systems. Job titles carried different meanings across entities, incentive structures varied widely, and interpretations of “high performance” were inconsistent. In some regions, loyalty and seniority were primary markers of contribution; in others, performance outcomes and commercial results dominated assessments. Employees did not simply identify as Pelindo staff they identified as members of a specific Pelindo lineage.

When the merger was announced, many employees interpreted it through the lens of cultural survival rather than organizational synergy. Informal narratives quickly emerged: fears of “Jakarta dominance,” concerns that regional realities would be misunderstood, and anxieties that unfamiliar standards would replace long-standing norms. These reactions were not rooted in resistance to change per se, but in uncertainty over whose values would define the future organization.

From the leadership’s perspective, these legacy identities represented both an asset and a liability. They reflected deep operational knowledge and regional resilience, yet also threatened to fragment the newly merged enterprise if left unaddressed. The challenge was not to erase these identities, but to integrate them into a shared organizational logic that could support national-scale performance without undermining local legitimacy.

Exhibit 1: Comparative Cultural Profiles of Legacy Pelindo Entities

Legacy Cultural Profiles of the Four Pelindo Entities (Pre-Merger)

Dimension	Pelindo I	Pelindo II	Pelindo III	Pelindo IV
Leadership Style	Adaptive managers respond local needs	Professional managers aligned with financial metrics	Technical excellence with engineers holding operational authority	Community-oriented leaders who understand regional politics
Decision-Making Norms	Informal decisions-making, relies on community relations	Formal, centralized decision making based on financial performance	Consensus-driven based on technical assessments	Pragmatic decisions in decentralized settings
Authority Basis	Relationship networks and influence with local stakeholders	Performance, results, regulatory credibility, headquarters visibility	Operational tenure, technical competence, hierarchy	Ability to navigate broker local interests
Labor Relations Characteristics	Informal, flexible relationship with unions	Formal, rule-based interaction with unions	Hierarchic, discipline-focused unions	Consultative, trust-based relationships with unions
Identity Narrative	Regional steward anchoring Sumatra's trade gateway	Commercial hub managing Indonesia's busiest ports	Operational backbone ensuring inter-island connectivity	Frontier enabler serving Eastern Indonesia's archipelago

Source: Authors' analysis based on Membangun Insan Pelindo, 2024 (PT Pelabuban Indonesia, internal human capital integration materials), leadership interviews, and publicly available information on Pelindo I–IV prior to the 2021 merger.

The Human Risk of a Structural Merger

Pelindo's leadership team understood that structural integration without cultural alignment posed material risks. Research on post-merger integration consistently showed that cultural misalignment was among the leading causes of synergy failure, productivity loss, and leadership attrition (Cartwright & Schoenberg, 2006; Stahl & Voigt, 2008).

In Pelindo's context, those risks were amplified by three constraints:

1. **Employment guarantees** had been publicly committed—there would be no layoffs or pay cuts.
2. **Union structures** remained regionally anchored and historically powerful.
3. **Operational continuity** was non-negotiable ports could not “pause” for integration.

As the CHRO noted in internal discussions, “We could not impose culture by decree. We had to earn it, port by port.”

Choosing Integration over Assimilation

Confronted with these entrenched differences, Pelindo’s executive leadership faced an early and consequential decision: whether to pursue cultural assimilation or cultural integration as the guiding approach for post-merger alignment.

An assimilation strategy where one dominant legacy culture becomes the template for the entire organization offered apparent speed and clarity. However, leadership quickly recognized that such an approach carried substantial risks. Given Pelindo’s employment guarantees, unionized workforce, and geographic dispersion, assimilation could provoke resistance, erode trust, and undermine operational continuity. More critically, it risked alienating precisely those regional leaders and frontline employees whose cooperation was essential for port performance.

Instead, Pelindo deliberately adopted an integration model, seeking to construct a new shared culture that selectively drew on legacy strengths while introducing enterprise-wide norms aligned with the organization’s future strategy. This approach reflected established research on merger integration, which suggested that integration models were more effective than assimilation in complex, labor-intensive organizations where identity threats were high and exit options limited.

Under this model, Pelindo did not position any single legacy entity as the cultural “winner.” Instead, leadership framed the post-merger culture as something new to be collectively built, anchored not in historical precedent but in a forward-looking purpose. The cultural question shifted from “Who are we replacing?” to “What kind of organization must we become?”

This framing was critical. By decoupling culture from legacy dominance, Pelindo reduced the perception of zero-sum outcomes. Employees were encouraged to view the integration as an opportunity to redefine professional standards, leadership behaviors, and career pathways at the national level rather than as a threat to regional identity.

Operationally, integration meant that cultural expectations would be explicitly articulated, observable, and reinforced through leadership behavior and systems, rather than left to informal interpretation. Cultural alignment was positioned as inseparable from performance improvement: collaboration across terminals, data transparency, and service reliability were treated not merely as operational objectives, but as cultural norms.

Importantly, Pelindo’s leadership acknowledged that integration would be slower and more complex than assimilation. Differences would not disappear quickly, and tensions would surface as systems and expectations were harmonized. However, leadership judged that long-term cohesion and trust outweighed short-term uniformity.

As one senior executive summarized during an early integration forum, “We are not asking people to forget where they came from. We are asking them to agree on how we move forward together.”

This commitment to integration shaped all subsequent cultural interventions from leadership alignment forums and talent mobility decisions to the translation of national SOE values into port-specific behaviors. Culture was no longer treated as an abstract aspiration, but as an organizational capability to be deliberately designed, tested, and refined over time.

Anchoring Culture to National Purpose

From the outset, Pelindo’s leadership recognized that cultural integration could not be sustained if it was framed primarily as an internal organizational exercise. Given the scale of the merger, the diversity of legacy identities, and the presence of strong regional loyalties, a culture narrative centered on internal alignment risked being interpreted as abstract, managerial, or politically motivated. Instead, the Culture Playbook was deliberately anchored to a **national purpose** that extended beyond the organization itself.

That purpose was clear and widely understood: to reduce Indonesia’s logistics costs and strengthen the competitiveness of its ports. For decades, Indonesia’s logistics performance has lagged behind regional peers, with port inefficiencies materially contributing to higher transportation costs, longer lead times, and reduced trade competitiveness. The government explicitly mandated the merger of the four Pelindo entities as a structural intervention to address this national constraint, not merely as a corporate consolidation.

By situating cultural integration within this broader mandate, Pelindo reframed the meaning of “One Pelindo.” Integration was no longer presented as an effort to harmonize internal processes or standardize behavior for administrative convenience. Instead, it was positioned as a collective contribution to national economic development, in which every terminal, function, and employee played a role.

This framing served several critical functions. First, it shifted the focus away from legacy identity loss. Rather than asking employees to relinquish what made their region or organization distinct, leadership emphasized that local strengths were essential inputs into a national system. Cultural differences were acknowledged but subordinated to a higher-order objective that transcended regional boundaries.

Second, anchoring culture to national purpose helped legitimize difficult integration decisions. Changes in operating standards, leadership expectations, and collaboration norms were no longer justified solely on the grounds of efficiency or control. They were explained as necessary conditions for achieving measurable national outcomes shorter port stays, faster cargo clearance, and more reliable service for shippers. This external reference point reduced perceptions of arbitrariness and mitigated suspicions that integration primarily benefited headquarters or dominant legacy entities.

Third, the national-purpose narrative provided a shared language across hierarchical and occupational boundaries. Senior executives, port managers, frontline operators, and union representatives could all relate to the idea that Indonesia's ports needed to perform better for the country to compete. This common reference point enabled conversations about culture to move beyond values slogans into concrete discussions about behaviors, trade-offs, and performance expectations.

Leadership consistently and deliberately reinforced this narrative. In town halls, executives linked everyday operational decisions such as cross-terminal coordination or data transparency to their impact on vessel turnaround times and national logistics costs. In leadership forums, cultural expectations were framed as professional responsibilities tied to Indonesia's economic future. In union dialogues, employment guarantees were paired with a clear articulation of reciprocal obligations: job security was preserved, but adaptability and collaboration were now part of the collective mandate.

The message was deliberately simple and repeatedly communicated: "One Pelindo exists not to erase the past, but to deliver the future." By emphasizing continuity of contribution rather than identity rupture, Pelindo reduced the psychological threat often associated with large-scale mergers. Employees were invited to see themselves not as casualties of consolidation, but as agents of national progress.

This approach aligned with research on organizational identity and post-merger integration, which suggested that purpose-driven narratives anchored in external missions could enhance engagement and reduce defensive responses during periods of structural change (Gioia et al., 2013). In Pelindo's case, national purpose functioned as a unifying frame that allowed diverse cultural elements to coexist while orienting behavior toward a shared set of outcomes.

While this narrative did not eliminate tensions or resistance, it provided a stable reference point against which integration choices could be explained, debated, and ultimately accepted. Culture, in this sense, was no longer an internal abstraction it became part of Pelindo's contribution to Indonesia's long-term development agenda.

Translating AKHLAK into Port-Relevant Behaviors

As a state-owned enterprise, Pelindo was required to adopt AKHLAK the national SOE core values framework introduced by the Ministry of SOEs. However, leadership recognized that abstract values alone would not shape day to day behavior in ports.

The Culture Playbook, therefore, translates AKHLAK into context-specific leadership and operational behaviors, such as:

- Cross-terminal collaboration replacing regional silos.
- Data-driven decision-making is replacing informal authority.
- Safety and service reliability are prioritized over short-term expediency.

Rather than launching a communications campaign, Pelindo embedded these behaviors into leadership forums, performance dialogues, and management development programs.

Exhibit 2: AKHLAK Value Translation Matrix for Port Operations

AKHLAK Value		Leadership Behavior	Operational Manifestation
A	Amanah (Trustworthy)	Uphold safety, integrity, and transparency	Prioritize worker and operational safety; ensure transparent container handling
K	Kompeten (Competent)	Make data-driven, skilled decisions on performance rails	Base terminal decisions on accurate data; maintain service reliability
H	Harmonis (Harmonious)	Build respect across roles and regions; transparency to stakeholders	Foster cross-terminal collaboration; respect diverse backgrounds
L	Loyal (Loyal)	Honor enterprise goals over local loyalties	Align operational decisions with “One Pelindo” standards
A	Adaptif (Adaptive)	Seek continuous improvement and efficiency	Adapt operations to changing vessel schedules; improve productivity
K	Kolaboratif (Collaborative)	Solve problems through teamwork and innovation	Implement cross-functional teams; share solutions across terminals

Source: Ministry of State-Owned Enterprises of the Republic of Indonesia (2020); adapted by the authors using Membangun Insan Pelindo (2024) to reflect port-specific leadership and operational behaviors.

Leadership as the Primary Cultural Lever

Pelindo placed disproportionate emphasis on leader alignment as the engine of cultural change. All senior leaders from headquarters and regional offices were required to participate in structured integration workshops on decision making norms, conflict resolution, and leadership expectations within the new organization.

Crucially, leadership mobility was used as a cultural signal. Executives were rotated across regions, disrupting prior loyalties and reinforcing the expectation that leaders serve the enterprise rather than their historical base.

This approach reflected evidence that leadership behavior is the most potent predictor of post-merger cultural convergence (Schein, 2010).

Respecting Labor While Resetting Norms

Labor relations posed one of the most delicate cultural challenges. While employment guarantees reduced immediate anxiety, disparities in allowances, incentives, and career visibility fueled perceptions of inequity.

Pelindo adopted a sequenced approach: stabilizing employment first, then gradually harmonizing expectations through transparent communication and joint problem-solving with unions. Rather than negotiating culture directly, leadership negotiated processes how decisions would be made, how grievances would be addressed, and how performance would be discussed.

This approach avoided confrontation while gradually shifting norms toward enterprise-wide consistency.

Culture Reinforced Through Systems

From the outset, Pelindo's leadership understood that cultural integration would not be sustained through communication campaigns or value statements alone. Experience from prior SOE transformations and lessons drawn from merger research suggested that culture decoupled from formal systems quickly degenerated into rhetoric, eroding credibility and trust. The Culture Playbook therefore treated systems not as neutral administrative tools, but as primary carriers of cultural norms.

As Pelindo redesigned its people architecture in parallel initiatives job grading, performance management, workforce planning, and talent mobility cultural expectations were deliberately embedded into these mechanisms. The intent was clear: employees would encounter the new culture not in posters or speeches, but in how decisions about performance, progression, and recognition were actually made.

Leadership performance reviews represented one of the earliest and most visible integration levers. Senior leaders were no longer assessed solely on terminal-level outcomes or financial metrics inherited from legacy entities. Instead, evaluation criteria incorporated enterprise-wide behaviors such as cross-terminal collaboration, adherence to standardized operating principles, and the ability to lead diverse teams across regions. Leaders who continued to optimize locally at the expense of enterprise priorities increasingly found their performance narratives challenged. In this way, culture was translated into accountability, not aspiration.

Talent mobility criteria reinforced this shift. Historically, career progression within each Pelindo entity had been largely regional, with advancement tied to tenure, local networks, or entity-specific norms. Post-merger, mobility across regions and functions became an explicit signal of leadership readiness. Willingness to serve outside one's legacy geography was framed not as a disruption, but as evidence of commitment to "One Pelindo." Over time, this expectation reshaped perceptions of what constituted a successful career path within the organization, subtly redefining loyalty from local affiliation to enterprise contribution.

Recognition and development programs further reinforced cultural alignment. Development opportunities such as leadership forums, enterprise projects, and capability

building initiatives were increasingly allocated to individuals who demonstrated behaviors consistent with the new cultural logic: openness to change, collaboration across boundaries, and data driven decision making. Recognition shifted away from isolated heroics toward collective problem-solving and knowledge sharing. These signals, while incremental, accumulated into a powerful message about what Pelindo valued in practice.

Importantly, these system level changes unfolded alongside broader structural initiatives. The harmonization of job grading and role architecture created a common language of work and responsibility, reducing ambiguity and perceptions of inequity. The redesign of KPIs and scorecards aligned performance measurement with enterprise outcomes rather than fragmented legacy targets. Workforce planning discipline reinforced the notion that talent decisions were strategic choices linked to long term national objectives, not short-term local pressures. Together, these initiatives formed a mutually reinforcing system in which culture, structure, and performance were interdependent.

By embedding culture into systems, Pelindo reduced the risk of what scholars have described as “rewarding A while hoping for B” (Kerr, 1995). Employees observed that espoused values such as collaboration, adaptability, and enterprise loyalty were increasingly reflected in tangible consequences. While tensions and inconsistencies remained, particularly during the early phases of implementation, the alignment between words and mechanisms enhanced the credibility of the Culture Playbook.

Over time, culture became less about persuasion and more about predictability. Employees could anticipate how decisions would be made and what behaviors would be supported, even if they did not always agree with the outcomes. In a post-merger context marked by uncertainty and identity disruption, this predictability proved critical. Culture, reinforced through systems, began to function as a stabilizing force rather than a source of contention.

Early Signals and Persistent Tensions

By mid-2022, early indicators suggested progress. Employee engagement surveys showed improved perceptions of fairness and leadership clarity in several regions. Cross-terminal collaboration increased, and resistance narratives began shifting from identity loss to capability development.

However, tensions persisted. Some regions perceived Jakarta-based standards as insufficiently sensitive to local realities. Others feared that “One Pelindo” would eventually dilute hard-won regional autonomy.

Leadership acknowledged these tensions openly, reinforcing that cultural integration was a multi year journey, rather than a milestone.

The Unfinished Question

As Pelindo entered its second year post-merger, the Culture Playbook had established a coherent foundation but not closure. The central question facing leadership was no longer whether a

shared culture was necessary, but whether it could be sustained under operational pressure, leadership turnover, and future reforms.

Could Pelindo institutionalize its cultural norms beyond the founding leadership cohort? Or would legacy identities resurface once the intensity of integration faded?

The answer would determine whether “One Pelindo” remained a slogan or became an enduring organizational reality.

References

- Badan Pusat Statistik.** (2024). *Statistik transportasi laut Indonesia 2023*. BPS RI.
- Cartwright, S., & Schoenberg, R.** (2006). Thirty years of mergers and acquisitions research: Recent advances and future opportunities. *British Journal of Management*, 17(S1), S1–S5.
- Drewry Maritime Research.** (2024). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations*.
- Engert, O., Kaetzler, B., Kordestani, K., & MacLean, A.** (2019). *Organizational culture in mergers: Addressing the unseen forces*. McKinsey & Company.
- Fantaguzzi, I., & Handscomb, C.** (2024). *The importance of cultural integration in M&A: The path to success*. McKinsey & Company.
- Gioia, D. A., Patvardhan, S. D., Hamilton, A. L., & Corley, K. G.** (2013). Organizational identity: Formation and change. *The Academy of Management Annals*, 7(1), 123–193.
- Gupta, K., & Ratana, D.** (2023). Indonesia's stubborn logistics dilemma. *East Asia Forum*.
- Jati, D.** (2021). Announcing Pelindo merger, SOEs Ministry says for connectivity and competitiveness. *Indonesia Shipping Gazette*.
- Kementerian Badan Usaha Milik Negara.** (2021). *Laporan tahunan 2021: Kami bertransformasi*.
- Kementerian Badan Usaha Milik Negara.** (2022). *Keputusan Menteri Badan Usaha Milik Negara Nomor SK-115/MBU/05/2022 tentang Pedoman Implementasi Nilai-Nilai Utama Sumber Daya Manusia Badan Usaha Milik Negara (Akblak Culture Journey)*.
- Kerr, S.** (1995). On the folly of rewarding A, while hoping for B. *The Academy of Management Executive*, 9(1), 7–14.
- Kotter, J. P.** (2012). Accelerate!. *Harvard Business Review*, 90(11), 44–58.
- Kotter, J. P.** (2014). *Accelerate: Building strategic agility for a faster-moving world*. Harvard Business Review Press.
- Moody's Investors Service.** (2021). *Pelabuhan Indonesia (Persero) (P.T.): Update following outlook change to positive*.
- Noni, Y.** (2024, November 8). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3*. Jakarta Globe.
<https://jakartaglobe.id/special-updates/cargo-volume-grows-pelindos-revenue-reaches-rp-235-trillion-in-q3>

Pelabuhan Indonesia (Persero). (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).

Pelabuhan Indonesia (Persero). (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Schein, E. H., & Schein, P. (2017). *Organizational culture and leadership* (5th ed.). Wiley.

Stahl, G. K., & Voigt, A. (2008). Do cultural differences matter in mergers and acquisitions? A tentative model and examination. *Organization Science*, 19(1), 160–176.

World Bank. (2023). *Logistics Performance Index 2023: Connecting to compete*. World Bank Group.

Case 2 Teaching Notes: From Four Flags to One – Crafting Pelindo’s Post-Merger Culture Playbook

Case Synopsis

This case examines the cultural integration challenge following the 2021 merger of Indonesia’s four port SOEs, Pelindo I, II, III, and IV, into PT Pelabuhan Indonesia (Persero) (“Pelindo”). While governance structures and operating models could be consolidated through formal instruments, the leadership team quickly recognized that culture could not be merged by decree. Each legacy entity carried distinct regional identities, leadership norms, labor dynamics, and definitions of “performance” and “fairness.”

Set in late 2021 through 2022, the case follows Pelindo’s decision to pursue cultural integration (not assimilation) and to design a Culture Playbook anchored in national purpose, translated into port-relevant behaviors, and reinforced through leadership alignment and systems (performance, talent mobility, and people architecture). The central dilemma is whether Pelindo can institutionalize “One Pelindo” beyond the founding leadership cohort, especially under operational pressure and regional identity tensions.

Teaching Use

This case is particularly well-suited to courses in strategic management, public policy, SOE governance, organizational behavior, leadership and change, and post-merger integration, with an emphasis on culture as a strategic lever in large-scale infrastructure and emerging-market transformations. It is suitable for undergraduate, graduate, and executive education programs, and works exceptionally well in modules addressing institutional complexity, unionized workforces, and multi-region integration in state-owned enterprises.

Learning Objectives

After discussing the case, students should be able to:

1. Diagnose why cultural misalignment is a leading cause of post-merger integration failure and how it manifests in operational settings.
2. Distinguish between assimilation vs. integration approaches to culture and evaluate trade-offs under SOE constraints (employment guarantees, unions, political oversight).

How purpose-driven narratives can reduce identity threat and enable cross-boundary collaboration during mergers.

3. Translate abstract values (e.g., AKHLAK) into observable, role-specific behaviors, and assess mechanisms to reinforce them.
4. Evaluate how leaders “hard-wire” culture through systems (performance management, talent mobility, incentives), avoiding “rewarding A while hoping for B.”

Key Themes & Concepts

- Post-merger culture: identity, legitimacy, and integration risk.
- “Culture as infrastructure” in operationally critical environments (ports can’t pause)
- Integration vs. assimilation and identity threat management.
- Values-to-behaviors translation (AKHLAK) and reinforcement loops.
- Leadership alignment and system reinforcement as cultural levers.

Assignment / Discussion Questions

1. Why did Pelindo’s leadership approach culture as a core integration risk, rather than treating it as a symbolic or communications exercise? What conditions made this distinction particularly important?
2. Which legacy cultural differences among Pelindo I–IV had the most significant impact on employee perceptions and behavior, and how did these differences influence early reactions to the merger?
3. Pelindo opted for cultural integration rather than assimilation. Was this the appropriate choice given the organizational and political constraints? Under what circumstances might an assimilation strategy have delivered faster results—or created greater risk?
4. To what extent did anchoring the Culture Playbook to a national purpose (improving logistics competitiveness) help mitigate regional identity tensions? What limitations does this framing have?
5. What actions should Pelindo prioritize to ensure that the “One Pelindo” culture becomes institutionalized and resilient, particularly as leadership changes and operational pressures intensify?

Teaching Approach: Analysis and Guidance

The instructional strategy aims to move beyond a simplistic “value poster” perception of culture toward one focused on systems and observable behaviors. The instructor must challenge students to establish a direct link between culture and key integration results, specifically in areas such as

terminal operations, apparent decision-making authority, adherence to performance standards, workforce stability, and dependable service. In this merger context, culture is a crucial factor in determining whether successful integration will ultimately translate into a meaningful impact on national logistics.

Why was culture a strategic risk?

Students may initially regard culture as a “soft” or secondary issue. The case challenges this assumption by highlighting three non-negotiable constraints: guaranteed employment, strong and organized labor unions, and the requirement for uninterrupted port operations. Under these conditions, even minor cultural friction carries disproportionate consequences eroding trust, amplifying resistance narratives, and disrupting coordination in environments where stoppages are not an option. As a result, cultural alignment becomes a prerequisite for sustained integration performance, rather than a downstream or symbolic concern.

Extant research consistently shows that cultural misalignment is a primary driver of under-realized synergy and post-merger integration failure, especially in settings where identity threat is high, and employees have limited exit options. In such contexts, unresolved cultural tensions tend to surface as passive resistance, compliance without commitment, or fragmentation across units, ultimately constraining the realization of intended merger benefits.

The Four Legacy Identities: Diagnosing What Truly Differentiates Them

A productive discussion requires moving beyond generic references to “cultural differences” and instead identifying the specific logics of work and authority embedded in each legacy Pelindo entity. These differences were not symbolic; they shaped daily decision-making, performance expectations, and perceptions of legitimacy.

- First, terminals serving Jakarta-facing, high-volume gateways were characterized by strong commercial and metrics-driven disciplines, with centralized decision-making, tight performance monitoring, and an emphasis on throughput, revenue, and customer commitments.
- Second, several legacy organizations emphasized engineering reliability and process stability, where authority was closely linked to hierarchy, tenure, and technical expertise. Consistency, safety, and adherence to established procedures were prioritized over speed or commercial flexibility.
- Third, in geographically dispersed and less standardized regions, leadership norms tended to be relational and adaptive, with greater reliance on local knowledge, consensus-building, and informal coordination to manage operational uncertainty and resource constraints.
- Finally, these structural differences produced divergent interpretations of fairness, performance, and career progression. As integration discussions began, early concerns, such as fears of excessive headquarters control, reflected not opposition to change itself, but uncertainty about which legacy standards would define the future organization.

Integration vs. assimilation: why Pelindo chose “build something new.”

The case's core decision is to select integration, creating a new shared culture that selectively draws on legacy strengths rather than imposing a single “winning” culture. Integration is presented as slower but more legitimate under Pelindo's context (unions, public scrutiny, geography). This aligns with the broader M&A practice insight that culture must be actively managed and aligned early, not deferred.

Anchoring culture to national purpose: reducing identity threat

The central theme of this case is enhancing Indonesia's logistics competitiveness. This overarching goal serves as an external driver, helping employees view cultural transformations not as arbitrary mandates from headquarters but as vital professional steps toward achieving national objectives. Crucially, this narrative shifts the identity and meaning-making dynamics: the “One Pelindo” initiative is reframed from a perceived threat of identity erasure to a shared opportunity for national contribution.

The core argument of this case is that enhancing Indonesia's logistics competitiveness provides a unifying purpose. This national outcome acts as an external factor, helping employees view organizational changes not as arbitrary mandates from management, but as professional necessities tied to the country's progress. Crucially, this narrative impacts identity and meaning-making: it shifts the perception of “One Pelindo” from a move toward identity dissolution to one of collective contribution.

Translating AKHLAK into port-relevant behaviors

As an SOE, Pelindo must adopt the Ministry's AKHLAK values. The key teaching point: values only shape behavior when translated into role-specific “from to” shifts (e.g., from local optimization to cross-terminal collaboration; from informal authority to data-driven decisions) and embedded into leadership forums and performance dialogues.

Leadership as the primary cultural lever and the “hard-wiring” problem

The case positions leadership alignment and mobility as cultural signals: rotating leaders across regions disrupts legacy loyalties and models enterprise identity. The next-level discussion is “hard-wiring”: students should identify that culture becomes durable only when supported by systems performance evaluation, promotion criteria, mobility expectations, and recognition, so the organization does not “say collaboration” while rewarding siloed heroics.

References

- Badan Pusat Statistik.** (2024). *Statistik transportasi laut Indonesia 2023*. BPS RI.
- Cartwright, S., & Schoenberg, R.** (2006). Thirty years of mergers and acquisitions research: Recent advances and future opportunities. *British Journal of Management*, 17(S1), S1–S5.

Drewry Maritime Research. (2024). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations.*

Engert, O., Kaetzler, B., Kordestani, K., & MacLean, A. (2019). *Organizational culture in mergers: Addressing the unseen forces.* McKinsey & Company.

Fantaguzzi, I., & Handscomb, C. (2024). *The importance of cultural integration in M&A: The path to success.* McKinsey & Company.

Gioia, D. A., Patvardhan, S. D., Hamilton, A. L., & Corley, K. G. (2013). Organizational identity: Formation and change. *The Academy of Management Annals*, 7(1), 123–193.

Gupta, K., & Ratana, D. (2023). Indonesia's stubborn logistics dilemma. *East Asia Forum*.

Jati, D. (2021). Announcing Pelindo merger, SOEs Ministry says for connectivity and competitiveness. *Indonesia Shipping Gazette*.

Kementerian Badan Usaha Milik Negara. (2021). *Laporan tahunan 2021: Kami bertransformasi.*

Kementerian Badan Usaha Milik Negara. (2022). *Keputusan Menteri Badan Usaha Milik Negara Nomor SK-115/MBU/05/2022 tentang Pedoman Implementasi Nilai-Nilai Utama Sumber Daya Manusia Badan Usaha Milik Negara (Akhlak Culture Journey).*

Kerr, S. (1995). On the folly of rewarding A, while hoping for B. *The Academy of Management Executive*, 9(1), 7–14.

Kotter, J. P. (2012). Accelerate!. *Harvard Business Review*, 90(11), 44–58.

Kotter, J. P. (2014). *Accelerate: Building strategic agility for a faster-moving world.* Harvard Business Review Press.

Moody's Investors Service. (2021). *Pelabuhan Indonesia (Persero) (P.T.): Update following outlook change to positive.*

Noni, Y. (2024, November 8). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3.* Jakarta Globe.
<https://jakartaglobe.id/special-updates/cargo-volume-grows-pelindos-revenue-reaches-rp-235-trillion-in-q3>

Pelabuhan Indonesia (Persero). (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger.* Jakarta: PT Pelabuhan Indonesia (Persero).

Pelabuhan Indonesia (Persero). (2025). *CEO leadership transcript on post-merger integration and labour relations.* Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Schein, E. H., & Schein, P. (2017). *Organizational culture and leadership* (5th ed.). Wiley.

Stahl, G. K., & Voigt, A. (2008). Do cultural differences matter in mergers and acquisitions? A tentative model and examination. *Organization Science*, *19*(1), 160–176.

World Bank. (2023). *Logistics Performance Index 2023: Connecting to compete*. World Bank Group.

Case 3 : Zero Growth Hiring in a High Growth Mandate: Strategic Workforce Planning in Pelindo's Post-Merger Transformation

Opening Vignette: Growth Without New People

By mid 2023, the leadership team of PT Pelabuhan Indonesia (Persero) (“Pelindo”) confronted a paradox that few organizations articulated so starkly. Indonesia’s newly consolidated port operator was under mounting pressure to accelerate throughput, reduce vessel turnaround time, and support national economic growth. Yet, internally, Pelindo was operating under an implicit but firm constraint: headcount growth was not an option.

At a quarterly executive review, operational dashboards showed rising cargo volumes and improving port productivity at key terminals. At the same time, workforce reports revealed a stable headcount of approximately 25,000 employees nearly identical to the level inherited at the point of the merger. The contradiction was unmistakable. Pelindo was expected to deliver more output, higher service quality, and greater resilience, using essentially the same workforce.

The leadership question was no longer about whether the merger worked. It was about whether Pelindo could sustain growth through strategic workforce planning rather than traditional hiring.

Exhibit 1: National Growth Mandate vs. Workforce Constraint (Pre- and Post-Merger Overview)

National Growth Mandate vs. Workforce Constraint (Pre- and Post-Merger Overview)

Phase	National Growth Mandate	Workforce Constraint
Pre-Merger	Doubling port capacity nationwide Vision: Trade scaling and logistics competitiveness	Zero or minus growth in workforce Constraint: Hiring freeze (zero growth) and pending retirements created structural decline
Post-Merger	150+ ports unified under national operation Expectation: Launching One-Pelindo strategy	Internal fulfillment only, no external hiring Optimizing: Job sharing, job assignments, role redesign, productivity uplift

Source: Pelabuhan Indonesia (Persero), Membangun Insan Pelindo (2024): Strategi Pengembangan SDM Pascamerger; Pelabuhan Indonesia (Persero), From Four Flags to One Helm: Leading the Human-Capital Integration of Pelindo's Mega-Merger; World Bank, Logistics Performance Indicators; OECD, Corporate Governance of State-Owned Enterprises.

Strategic Context: A Unified Operator with Structural Limits

Pelindo had been legally consolidated on October 1, 2021, merging four regional port SOEs Pelindo I, II, III, and IV into a single national entity. The strategic intent was to overcome fragmentation that had historically driven inefficiencies, uneven service standards, and elevated logistics costs across Indonesia (Pelabuhan Indonesia, 2023).

From the outset, the merger carried a dual mandate. Externally, Pelindo was expected to reduce logistics bottlenecks and support Indonesia's long-term competitiveness. Internally, it was expected to preserve employment stability and avoid social disruption. Early leadership commitments most notably the pledge of no layoffs and no reductions in employee income helped secure workforce calm during the transition phase.

However, these commitments also constrained the organization's traditional levers for responding to growth. Unlike private-sector infrastructure operators that might scale capacity through hiring or outsourcing, Pelindo's workforce decisions were embedded in political, social, and institutional expectations typical of large state-owned enterprises (OECD, 2020).

Exhibit 2: Dual Mandate of Pelindo Post-Merger: Performance vs. Social Stability

Dual Mandate of Pelindo Post-Merger: Performance vs. Social Stability



Source: Pelabuhan Indonesia (Persero), Membangun Insan Pelindo: (2024) Strategi Pengembangan SDM Pascamerger; Pelabuhan Indonesia (Persero), From Four Flags to One Helm: Leading the Human-Capital Integration of Pelindo's Mega-Merger; OECD, Corporate Governance of State-Owned Enterprises; World Bank, Logistics Performance Indicators.

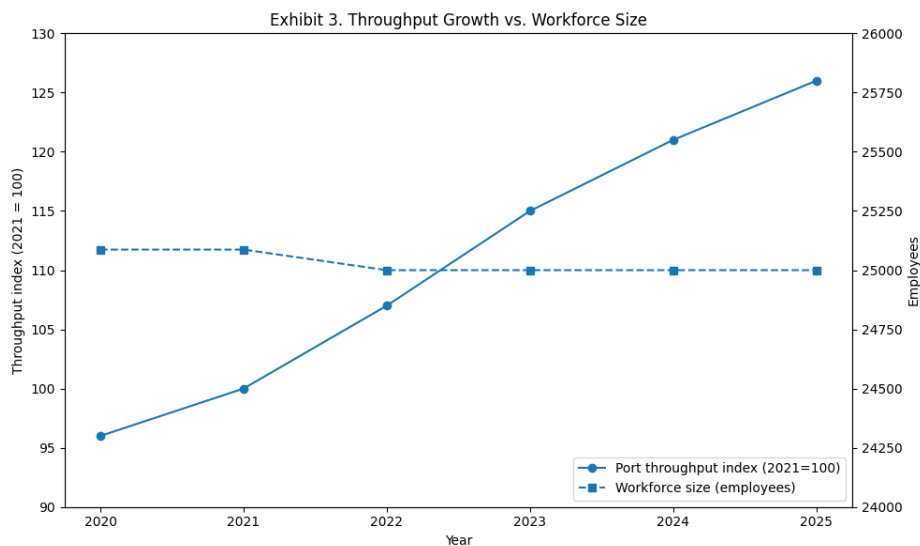
The Emergence of the Workforce Paradox.

By 2022, early operational improvements began to materialize. Vessel port-stay times declined at major terminals, crane productivity improved, and procurement synergies reduced costs (Pelabuhan Indonesia, 2023). These gains validated the merger logic and increased stakeholder confidence.

Yet performance gains generated new demands on the workforce. Automation, centralized systems, and integrated reporting increased the complexity of operational roles. Corporate functions faced heightened coordination requirements. Digital platforms required analytical and technical skills that are not evenly distributed across the legacy workforce.

Despite this, headcount remained flat. The leadership narrative shifted from growth through consolidation to growth through productivity. This reframing aligned with global research on infrastructure operators, which increasingly emphasized workforce productivity and capability transformation over numerical expansion (McKinsey & Company, 2021).

Exhibit 3: Throughput Growth vs. Workforce Size (Illustrative Trend)



Source: Pelabuhan Indonesia (Persero), Membangun Insan Pelindo (2024); internal operational performance summaries referenced in Case 3; Drewry Maritime Research, Port Productivity Benchmarks; UNCTAD, Review of Maritime Transport.

Legacy Workforce Structures and Planning Constraints

Pelindo's inherited workforce reflected decades of localized decision making across four previously autonomous regional port authorities. Prior to the merger, Pelindo I, II, III, and IV exercised broad discretion over workforce size, organizational design, job classification, and career

systems. These arrangements evolved incrementally in response to regional operating conditions, local labor markets, and long-standing industrial relations, rather than through a unified national workforce strategy. Highlighting these planning limitations underscores the strategic challenges faced.

As documented in *Membangun Insan Pelindo* (2024), human-capital systems across the legacy entities were not designed for integration. Each organization maintained distinct staffing norms, job titles, grading frameworks, and promotion pathways. Roles with similar operational scope such as terminal supervisors, planners, or maintenance coordinators were often classified differently across regions, both in grade and perceived organizational status. These differences reflected deeper institutional assumptions about authority, seniority, and career progression that had become embedded over time .

The merger brought these divergent systems into a single legal entity without immediately harmonizing them. While employees were formally unified under Pelindo, legacy job architectures continued to shape how work was organized and valued. This fragmentation complicated efforts to compare roles, redeploy talent, or assess workforce capacity at the enterprise level.

Legacy workforce structures also produced uneven workforce pyramids across Pelindo's national footprint. In some terminals particularly those with historically stable operations administrative and support functions had expanded gradually, resulting in relatively high staff to output ratios. In contrast, terminals facing growth pressures or technological upgrades often experienced shortages in technical, operational, or digital capabilities. Prior to the merger, these imbalances were largely managed locally through informal workload adjustments rather than through systematic role redesign or cross regional reallocation .

Traditional workforce planning practices reinforced these patterns. Planning exercises in the legacy entities focused primarily on headcount projections based on historical activity levels and incremental volume changes. Limited attention was paid to capability composition, role obsolescence, or emerging skill requirements. Following consolidation, this headcount-centric approach proved insufficient. Aggregate workforce numbers provided little insight into whether Pelindo had the right mix of skills and roles to support its evolving operating model.

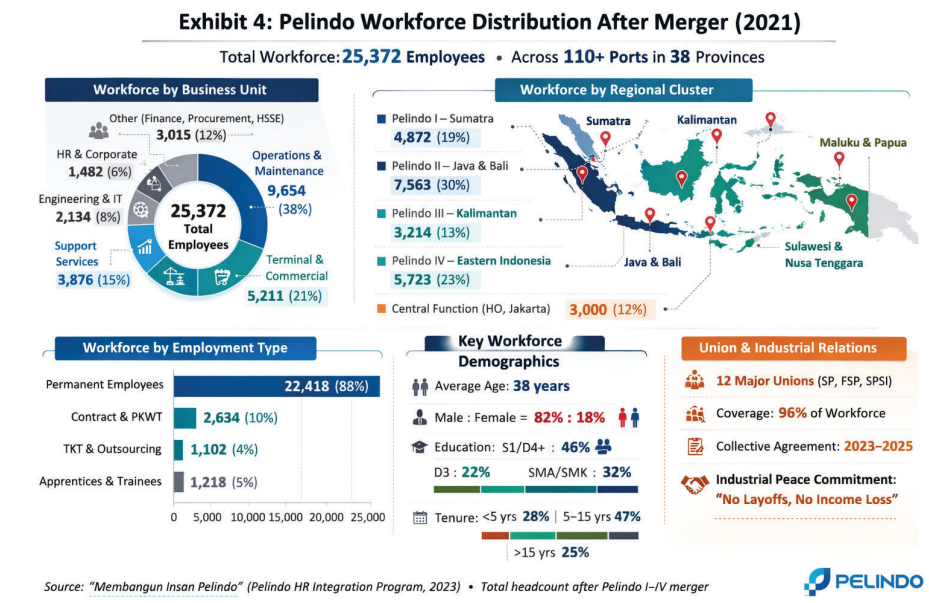
Workforce redeployment across regions emerged as a potential lever but was constrained by social and institutional considerations. Many employees had spent their entire careers in a single port or region, developing strong place-based identities and family ties. In addition, redeployment intersected with collective labor agreements negotiated prior to the merger. As described in *Membangun Insan Pelindo* (2024), early post-merger trust between management and unions was built on explicit commitments to employment stability and fairness, making unilateral redeployment both politically and socially sensitive .

As Pelindo refined its post-merger operating model through business clustering, standardization, and digitalization the misalignment between legacy roles and new requirements became more visible. Certain positions were closely linked to processes being automated or

centralized, while new demands emerged for coordination, oversight, and analytical capabilities. However, redesigning roles risked triggering perceptions of status loss or inequity, even where compensation and job security were preserved.

By 2023, Pelindo's leadership increasingly recognized that workforce challenges stemmed less from insufficient talent than from inherited structures that constrained how talent could be deployed. This realization aligned with strategic workforce planning literature, emphasizing that post-merger underperformance often arises from misaligned roles and outdated job designs rather than absolute skill shortages (PwC, 2022). Within this context, zero-growth hiring emerged as a pragmatic response to structural constraints rather than a discretionary policy choice.

Exhibit 4: Legacy Workforce Distribution and Structural Imbalances



Source: *Pelabuhan Indonesia (Persero), Membangun Insan Pelindo (2024): Strategi Pengembangan SDM Pascamerger; Pelabuhan Indonesia (Persero)*

Reframing Strategic Workforce Planning

As operational demands increased following the merger, Pelindo's leadership gradually shifted how workforce planning was conceptualized and discussed. Rather than treating workforce planning primarily as a hiring or headcount allocation exercise, senior leaders reframed it as a strategic capability and deployment challenge. The central question was no longer how many additional employees were required, but how existing human resources could be organized, developed, and deployed to meet rising performance expectations.

This reframing marked a departure from legacy planning practices that had focused on incremental headcount adjustments tied to local volume forecasts. In the post-merger context, aggregate workforce numbers offered limited insight into Pelindo's ability to execute its evolving operating model. Leadership attention, therefore, moved toward understanding how work was structured, where capabilities were concentrated, and how productivity varied across the organization.

The reframing was consistent with global strategic workforce planning (SWP) practices, which emphasized alignment between business strategy, operating models, and workforce capabilities rather than reliance on static headcount projections (Huselid & Becker, 2011; PwC, 2022). Within Pelindo, this alignment became increasingly important as the company pursued standardization, digital integration, and national-level performance targets under constrained hiring conditions.

Capability Requirements Driven by Automation and Integration.

One dimension of the reframed SWP approach focused on identifying capability requirements emerging from automation, digitalization, and operational integration. As Pelindo implemented integrated systems, centralized platforms, and standardized processes, the nature of work across terminals and corporate functions began to change. Demand increased for roles involving system oversight, data interpretation, cross-functional coordination, and technical maintenance, while reliance on manual coordination and transaction-based roles declined.

Leadership discussions increasingly centered on whether the existing workforce possessed the capabilities required for these roles, rather than on whether overall staffing levels were sufficient. This shift highlighted gaps not visible in headcount data alone, particularly in digital, analytical, and integrative competencies. Strategic workforce planning thus became a means of translating operational and technological change into human-capital implications.

Productivity Differentials Across Terminals and Functions.

A second dimension of the reframed approach involved examining productivity differentials across terminals, regions, and functions. Post-merger performance data revealed significant variation in output per employee, reflecting differences in infrastructure, operating models, skill composition, and managerial practices.

Rather than interpreting these differences solely as performance issues, leadership began to view them as inputs into workforce planning. Productivity variation informed discussions about where work could be reorganized, simplified, or supported through capability uplift. This perspective shifted the focus from aggregate workforce size to the effective utilization of labor across the enterprise.

By embedding productivity considerations into workforce planning conversations, Pelindo linked human-capital decisions more closely to operational realities, thereby reinforcing the strategic nature of the planning process.

Redeployment Potential Within Employment Guarantees

A third dimension of the reframed SWP approach concerned the potential for redeployment within existing employment guarantees. Given commitments made during the merger regarding job security, large-scale workforce reduction was not considered a viable option. Instead, leadership explored how talent could be redeployed across roles, functions, or locations to address capability gaps and workload imbalances.

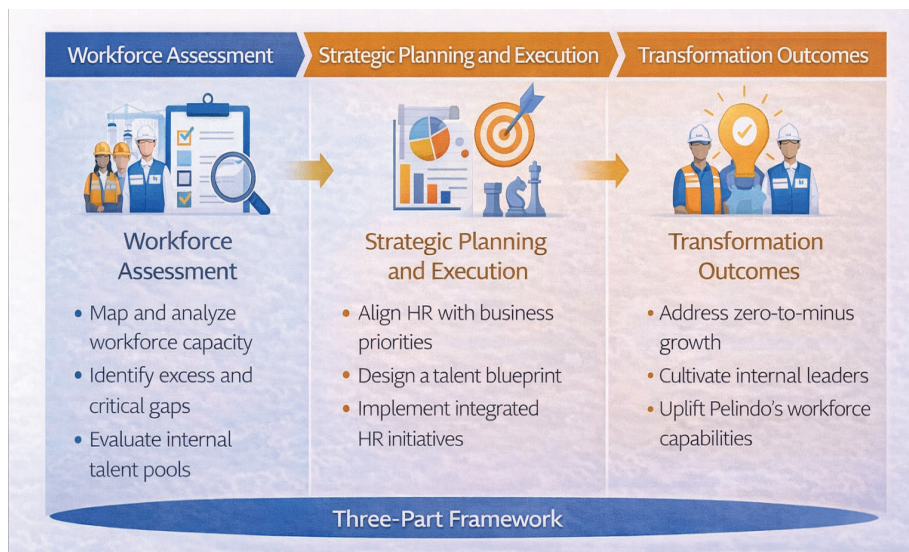
This required shifting the workforce planning lens from “positions” to “people” from static job counts to transferable skills and learning capacity. Redeployment discussions were necessarily constrained by union agreements, geographic considerations, and employee preferences, but they nonetheless represented an effort to treat the existing workforce as a flexible resource rather than a fixed cost.

From HR Process to Leadership Instrument

Through this reframing, strategic workforce planning evolved from a technical HR process into a broader leadership instrument. Workforce considerations became integrated into executive level discussions alongside strategy, operations, and investment decisions. The reframed approach did not eliminate workforce constraints, but it changed how those constraints were understood and managed.

In this way, strategic workforce planning at Pelindo became a mechanism for navigating growth without hiring by aligning capabilities, productivity, and deployment decisions with the organization’s post-merger strategy.

Exhibit 5: Pelindo’s Strategic Workforce Planning Logic Model



Source: Pelabuan Indonesia (Persero), Membangun Insan Pelindo (2024): Strategi Pengembangan SDM Pascamerger; Pelabuan Indonesia (Persero), Case 3: Zero-Growth Hiring in a High-Growth Mandate;

Huselid, M. A., & Becker, B. E. (2011); PwC, *Strategic Workforce Planning: From Forecasting to Capability Shaping*.

Productivity as the Primary Growth Lever

With hiring constrained, productivity became the dominant lever for growth. Leadership discussions emphasized that productivity gains were not merely operational metrics, but workforce outcomes shaped by role clarity, skill alignment, and managerial discipline.

Research from McKinsey (2021) suggested that infrastructure operators could unlock 20–30% productivity gains through role redesign, digital enablement, and frontline capability building without increasing headcount. Pelindo adopted a similar logic, prioritizing:

- Consolidation of overlapping roles created by legacy structures.
- Standardization of processes to reduce manual work.
- Upskilling employees to handle more complex tasks.

However, productivity led growth also raised concerns about work intensification. Union representatives questioned whether “doing more with the same people” would erode work-life balance and safety. Leadership had to balance efficiency narratives with assurances of sustainability.

Exhibit 6: Productivity Levers vs. Workforce Sustainability Trade-offs



Source: Pelabuhan Indonesia (Persero), *Membangun Insan Pelindo* (2024); *Strategi Pengembangan SDM Pascamerger*; Pelabuhan Indonesia (Persero), *internal transformation and productivity materials* referenced in Case 3; McKinsey & Company, *The Future of Work after COVID-19*; OECD, *Managing People in State-Owned Enterprises*.

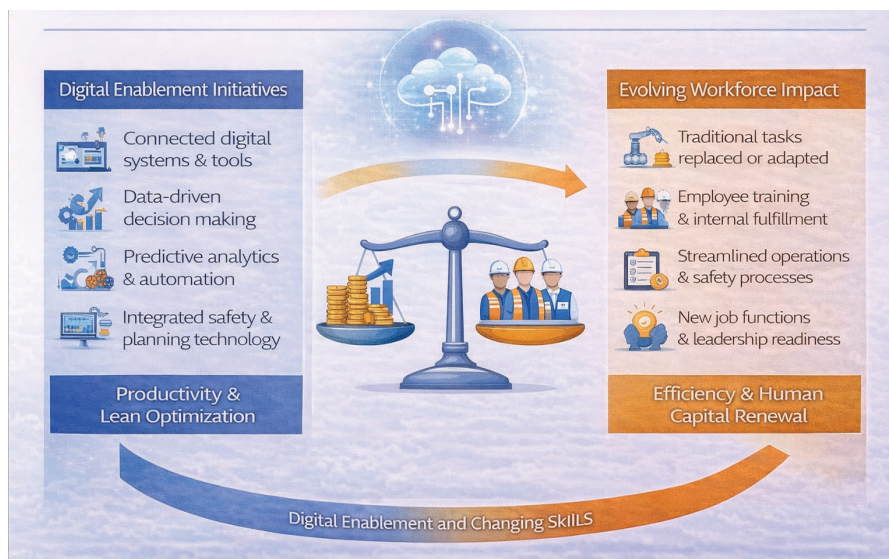
Digitalization and Workforce Implications.

Digital transformation was central to Pelindo's productivity strategy. Integrated operational dashboards, centralized billing platforms, and automated yard equipment reduced reliance on manual coordination and paperwork (Pelabuhan Indonesia, 2023).

Yet digitalization shifted, not eliminated work. While some clerical roles diminished in importance, demand increased for data interpretation, system oversight, and cross-functional coordination. This pattern mirrored global findings that automation often reconfigures work rather than reducing total labor demand (World Bank, 2019).

Pelindo's challenge was to prepare its existing workforce for these shifts without triggering perceptions of redundancy. Training programs expanded, but readiness varied widely across regions. Some terminals adapted quickly; others struggled to absorb new systems.

Exhibit 7: Digital Enablement and Changing Skill Requirements



Source: Pelabuhan Indonesia (Persero), Membangun Insan Pelindo (2024): Strategi Pengembangan SDM Pascamerger; Pelabuhan Indonesia (Persero), internal digital transformation and capability development materials referenced in Case 3; World Bank, World Development Report 2019: The Changing Nature of Work; McKinsey & Company, The Future of Work after COVID-19.

Union Dynamics and the Politics of Zero-Growth Hiring:

Strategic workforce planning unfolded within a complex industrial relations environment. Pelindo's workforce was represented by multiple unions that had historically negotiated separately with the four legacy companies.

From a union perspective, zero growth hiring raised concerns about workload pressure and career stagnation. From management’s perspective, productivity gains were necessary to justify continued employment stability and long-term competitiveness.

Harvard Business Review research on labor relations in large transformations emphasized that trust depended less on promises of stability than on procedural fairness and transparency (Bies & Moag, 1986). Pelindo’s leadership, therefore, emphasized dialogue, phased implementation, and clear communication of intent.

Exhibit 8: Stakeholder Perspectives on Zero-Growth Hiring



Source: Pelabuan Indonesia (Persero), Membangun Insan Pelindo (2024): Strategi Pengembangan SDM Pascamerger; Pelabuan Indonesia (Persero), internal stakeholder engagement and labor-relations materials referenced in Case 3; OECD, Managing People in State-Owned Enterprises; Harvard Business Review, articles on workforce transformation and employee engagement.

Regional Variability and Uneven Readiness

Pelindo’s expansive national footprint introduced a structural complexity that few other Indonesian SOEs faced: the organization operated across regions with profoundly different infrastructure maturity, skill availability, and workforce profiles. These disparities were not subtle; they shaped how quickly and how effectively each region could absorb the changes introduced through strategic workforce planning.

Java, long the epicenter of Indonesia’s port activity, had always benefited from higher cargo density, better intermodal connections, and more advanced supporting infrastructure. The region hosted Pelindo’s most experienced talent pools, including supervisors, planners, and technical specialists who had already been exposed to digital systems, integrated operations, and more formalized performance routines. According to internal assessments documented in Membangun Insan Pelindo (2024), Java-based terminals showed higher digital readiness, stronger

HR capabilities, and more ready in culture transformation and capability uplift, reflecting years of incremental modernization across Tanjung Priok, Tanjung Perak, and the main Java corridor.

In contrast, the Eastern and frontier regions, particularly Sulawesi and parts of Nusa Tenggara, operated under more constrained conditions. Many ports in these regions had limited digital infrastructure, uneven equipment availability, and talent pipelines that largely relied on long-serving employees with deep operational intuition but limited exposure to cross-terminal coordination or enterprise-level strategic processes. Membangun Insan Pelindo (2024) noted clear gaps in digital literacy and uneven human resource capability including shortages of IT literate technicians, planners with analytics capability, and supervisors comfortable with standardized reporting tools.

Kalimantan occupied a middle position. While key terminals such as Balikpapan and Banjarmasin demonstrated rising system maturity, other ports in the region continued to inherit legacy processes, fragmented HR routines, and variable skill levels. The internal SWP diagnostic highlighted that Kalimantan faced gaps similar to Sumatra, including uneven competency distribution and digital systems still in development.

These regional differences created a governance dilemma. Pelindo's leadership debated whether SWP initiatives, particularly job redesign, cross terminal mobility, job consolidation, and digital skill uplift, should be rolled out uniformly across all regions or piloted in readiness clusters. A uniform rollout aligned with Pelindo's "One Pelindo" narrative and promised equity across regions, but it risked overwhelming ports with lower capability baselines. A sequenced rollout could accelerate progress in high-readiness regions, but it risked perceptions of inequity and sending unintended signals about regional importance.

Global SOE transformation research reinforces this tension. OECD (2020) studies document that uneven capability across national systems often renders simultaneous transformation unrealistic. Organizations that attempted uniform rollouts frequently encountered early failures in lower-readiness units, which then generated organizational resistance. Conversely, phased transformation created momentum but required careful communication to avoid perceptions of favoritism or abandonment.

Pelindo faced both risks. Leaders recognised that fully simultaneous implementation, especially in areas such as digital tools adoption, job evaluation, or mobility-based staffing, would likely stall in Eastern ports where digital penetration and workforce literacy were still developing. At the same time, a purely phased model risked reinforcing historical divides and could undermine the broader narrative of national integration after the merger.

Ultimately, Pelindo adopted a cautious hybrid approach. National standards for job architecture, people processes, performance routines, and digital adoption were established centrally, but deployment plans were tailored to regional readiness. Java and parts of Sumatra served as early implementation zones, where new workforce tools and job redesigns could be tested under stable conditions. Kalimantan and Eastern ports were prepared through capability

uplift programs first focusing on digital literacy, supervisor readiness, and HR foundational competencies before full SWP execution.

This hybrid model allowed Pelindo to preserve the coherence of the One Pelindo identity while acknowledging operational realities. It created a sequencing logic without explicitly labeling regions as “high” or “low readiness,” helping to maintain internal cohesion during a period of significant rebalancing. Yet, as executives acknowledged privately, the regional capability gap remained one of the most complex challenges in sustaining long-term transformation one that governance systems alone could not resolve. Skills, infrastructure, and legacy norms varied across a nation of 17,000 islands; transformation, by necessity, would unfold unevenly

Governance: Elevating Workforce Planning to the Executive Agenda.

By late 2023, Pelindo had taken a decisive governance step that marked a shift in how the organization viewed its workforce: strategic workforce planning was formalized as a standing agenda item during executive leadership reviews. What had historically been treated as a technical HR function, periodic headcount reporting, training summaries, and compliance updates, was reframed as a core component of enterprise strategy. In practical terms, this meant that workforce indicators were now examined with the same rigor and cadence as financial performance, operational throughput, and customer metrics.

Every quarterly executive review included a structured session on people analytics: emerging capability gaps, regional workforce readiness, mobility outcomes, internal redeployment progress, job redesign milestones, and digital skill requirements. These insights were increasingly presented through dashboards rather than narrative reports, enabling senior leaders to compare ports, clusters, and regions with new precision. Crucially, discussions were no longer limited to “how many people” Pelindo employed, but “what capabilities” the workforce possessed, “where” skills were located, and “how fast” roles were evolving.

This shift was more than procedural it represented a governance recalibration. Pelindo’s CEO and CHRO both recognized that workforce constraints were not merely HR issues; they were strategic bottlenecks that could either enable or limit the merged company’s national mandate. As the CEO noted in an executive forum, “When capability becomes a system constraint, it becomes my agenda, not just HR’s.”

This ethos reflected a broader lesson evident in global transformation research (Huselid & Becker, 2011): workforce planning becomes truly strategic only when it is owned by the top of the organization rather than delegated downward.

Pelindo’s situation demanded this elevation. The company was executing a Zero Minus Growth hiring approach, no external recruitment, internal fulfillment only, and natural attrition used to rebalance structural imbalances. This policy had helped stabilize labor costs during integration while avoiding layoffs, but it also created exposure. Every unfilled vacancy now had to

be absorbed by internal mobility, job consolidation, multi-skilling, or job redesign. Without executive oversight, these trade-offs risked becoming fragmented or misaligned across regions.

Elevating workforce planning to the executive agenda served three distinct governance purposes.

First, it created cross-functional ownership.

Workforce decisions could no longer be solved by HR alone. Zero growth hiring impacted operations, finance, culture, and service levels. By anchoring the discussion at the executive table, Pelindo ensured that redeployment commitments, productivity expectations, and digital upskilling investments were coordinated rather than siloed.

Second, it made capability building visible.

Executive reviews highlighted not only constraints but also progress clusters that had redesigned roles, regions improving digital readiness, units that successfully completed cross terminal redeployments, and ports demonstrating productivity uplift without additional manpower. Visibility created momentum and encouraged peer learning across the enterprise.

Third, it linked people's decisions to Pelindo's national mandate.

By integrating people metrics into governance, Pelindo reinforced that workforce planning was not a compliance requirement but a strategic necessity for Indonesia's logistics competitiveness. The merger had created structural expectations for standardized operations, unified performance systems, improved service levels and fulfilling those expectations required leaders who could navigate both operational complexity and human capital challenges.

Yet governance alone did not resolve the underlying uncertainty. Zero growth hiring delivered short-term financial stability and operational discipline, but it also introduced systemic risk. Long-term capability requirements, especially in digital operations, advanced logistics, and port automation, were outpacing internal supply. Redeployment solved immediate gaps, but not necessarily the future technical expertise the organization would need.

This produced an unresolved tension at the executive level. The hiring freeze was working now, but would it restrain growth later? Could internal mobility alone meet the demands of a rapidly modernizing port system? Pelindo's leadership understood that governance could guide the system, but it could not eliminate structural constraints without parallel investments in capability development.

The question facing the board by end-2023 was therefore no longer operational: it was strategic.

Could Pelindo continue achieving national-scale ambitions under a zero-growth workforce model, or would long-term competitiveness eventually require a different labor strategy?

This unresolved tension set the stage for the next phase of Pelindo's workforce transformation..

An Open Strategic Question.

As Pelindo entered the next phase of its post-merger journey, leaders faced a defining question. Could strategic workforce planning focused on productivity, redeployment, and capability uplift continue to absorb growth indefinitely? Or would structural limits eventually require a reconsideration of hiring constraints?

The answer would shape not only Pelindo's internal trajectory, but also Indonesia's broader logistics and infrastructure ambitions. The Pelindo experience underscored a central insight of large-scale transformation: growth without hiring was possible but only if workforce strategy was treated as a core element of enterprise leadership, not a technical afterthought.

References

- Badan Pusat Statistik.** (2024). *Statistik transportasi laut Indonesia 2023*. Jakarta: BPS RI.
- Huselid, M. A., & Becker, B. E.** (2011). Bridging micro and macro domains: Workforce differentiation and strategic human resource management. *Journal of Management*, 37(2), 421–428. <https://doi.org/10.1177/0149206310373400>
- Bies, R. J., & Moag, J. S.** (1986). Interactional justice: Communication criteria of fairness. In R. J. Lewicki, B. H. Sheppard, & M. Bazerman (Eds.), *Research on negotiation in organizations* (Vol. 1, pp. 43–55). JAI Press.
- Cartwright, S., & Schoenberg, R.** (2006). Thirty years of mergers and acquisitions research: Recent advances and future opportunities. *British Journal of Management*, 17(S1), S1–S5. <https://doi.org/10.1111/j.1467-8551.2006.00475.x>
- Drewry Maritime Research.** (2024, December 13). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations*. <https://www.drewry.co.uk/maritime-research-opinion-browser/maritime-research-opinions/transforming-ports-to-world-class-standards-pelindos-path-to-excellence-in-port-operations>
- Gupta, K., & Ratana, D.** (2023, August 18). *Indonesia's stubborn logistics dilemma*. East Asia Forum. <https://eastasiaforum.org/2023/08/18/indonesias-stubborn-logistics-dilemma/>
- Huselid, M. A., & Becker, B. E.** (2011). The strategic impact of HR management. *Journal of Business Strategy*, 32(4), 422–430.
- Jati, D.** (2021, September 1). *Announcing Pelindo merger, SOEs Ministry says for connectivity and competitiveness*. Indonesia Shipping Gazette. <https://indoshippinggazette.com/2021/announcing-pelindo-merge-soes-ministry-says-for-connectivity-and-competitiveness/>
- Kementerian Badan Usaha Milik Negara.** (2021). *Laporan tabunan 2021: Kami bertransformasi*. Jakarta: Kementerian BUMN.
- Kementerian Badan Usaha Milik Negara.** (2022). *Pedoman implementasi nilai-nilai utama sumber daya manusia Badan Usaha Milik Negara (AKHLAK)* (SK-115/MBU/05/2022).
- Kotter, J. P.** (2014). *Accelerate: Building strategic agility for a faster-moving world*. Harvard Business Review Press.
- McKinsey & Company.** (2021). *The future of work after COVID-19*. McKinsey Global Institute.
- Moody's Investors Service.** (2021, October 7). *Pelabuhan Indonesia (Persero) (P.T.): Update following outlook change to positive*.

- Noni, Y.** (2024, November 8). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3*. Jakarta Globe.
<https://jakartaglobe.id/special-updates/cargo-volume-grows-pelindos-revenue-reaches-rp-235-trillion-in-q3>
- OECD.** (2020). *Implementing the OECD guidelines on corporate governance of state-owned enterprises: Review of recent developments*. OECD Publishing.
<https://doi.org/10.1787/9789264312906-en>
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.
- Schein, E. H., & Schein, P.** (2017). *Organizational culture and leadership* (5th ed.). Wiley.
- Stahl, G. K., & Voigt, A.** (2008). Do cultural differences matter in mergers and acquisitions? A tentative model and meta-analytic examination. *Organization Science*, 19(1), 160–176.
<https://doi.org/10.1287/orsc.1070.0270>
- UNCTAD.** (2023). *Review of maritime transport 2023: Towards a green and just transition*. United Nations Conference on Trade and Development.
- World Bank.** (2019). *World Development Report 2019: The Changing Nature of Work*. Washington, DC: World Bank Group.
- World Bank.** (2023). *Logistics Performance Index 2023: Connecting to compete*. Washington, DC: World Bank Group. <https://lpi.worldbank.org/international/scorecard/radar/C/IDN/2023>

Case 3 Teaching Notes: Zero-Growth Hiring in a High-Growth Mandate: Strategic Workforce Planning in Pelindo's Post-Merger Transformation

Case Synopsis

This case examines Pelindo's strategic workforce planning (SWP) challenge following the 2021 merger of Indonesia's four port SOEs into a single national entity. While the merger delivered early operational gains, improved vessel turnaround times, rising throughput, and procurement efficiencies, Pelindo's leadership faced a structural paradox: growth expectations increased while headcount remained fixed.

Set in 2022–2023, the case captures Pelindo at a point where traditional workforce levers were unavailable. Employment stability commitments made during the merger, most notably the pledge of no layoffs and no income reductions, combined with political, social, and institutional constraints typical of large SOEs, effectively ruled out hiring as a response to growth. With a workforce of approximately 25,000 employees, inherited largely intact from the legacy entities, leadership was compelled to pursue growth through productivity, redeployment, and capability transformation rather than numerical expansion.

The central dilemma confronting Pelindo's executives is whether zero-growth hiring, enabled through strategic workforce planning, can sustainably support a high-growth national mandate. More broadly, the case asks whether workforce strategy can evolve from a technical HR function into a core leadership instrument capable of absorbing structural change in a complex, unionized, and geographically dispersed SOE.

Teaching Use

This case is particularly well-suited for courses in strategic management, human capital strategy, public-sector leadership, operations strategy, and post-merger integration, with a specific focus on strategic workforce planning under structural constraints. It enables discussion of productivity-led growth, workforce redeployment, digital skill transitions, and leadership decision-making in politically exposed, unionized environments.

The case is appropriate for undergraduate, graduate, and executive education programs, especially those that examine infrastructure-enabled economic reform, workforce transformation in state-owned enterprises, and leadership trade-offs among growth, stability, and sustainability.

Learning Objectives

After discussing the case, students should be able to:

1. Analyze why headcount stability, rather than labor shortage, can become a binding constraint in post-merger growth contexts.
2. Evaluate zero-growth hiring as a deliberate strategic choice rather than a temporary cost-containment measure.
3. Distinguish between headcount-based planning and capability-based strategic workforce planning.
4. Assess how automation, digitalization, and integration reshape work without necessarily reducing labor demand.
5. Examine the role of executive governance in elevating workforce planning from an HR process to a leadership agenda.
6. Identify the long-term risks and limits of productivity-led growth without external talent inflows.

Key Themes & Concepts

- Strategic Workforce Planning (SWP) beyond headcount forecasting
- Productivity-led growth under hiring constraints
- Workforce redeployment vs. workforce reduction
- Capability composition vs. workforce size
- Automation and work reconfiguration
- Union dynamics and employment guarantees in SOEs
- Executive ownership of workforce strategy

Assignment / Discussion Questions

1. Why did Pelindo's leadership frame zero-growth hiring as a strategic necessity rather than a short-term constraint?
2. What limitations of Pelindo's legacy workforce structures made traditional headcount-based planning ineffective after the merger?
3. How did automation and digital integration change the nature of work without eliminating workforce demand?
4. To what extent can productivity gains substitute for hiring in the medium to long term?
5. How did elevating strategic workforce planning to the executive governance agenda alter decision-making dynamics?
6. What risks does Pelindo face if zero-growth hiring continues indefinitely?

Teaching Approach: Analysis and Guidance

The teaching approach is designed to shift students away from the assumption that growth inevitably requires hiring. Instead, the case positions workforce strategy as a system-level leadership challenge, shaped by institutional commitments, the distribution of capabilities, and operational complexity.

Why was zero-growth hiring a strategic issue?

Students may initially interpret zero-growth hiring as a cost-control or austerity measure. The case challenges this framing by demonstrating that the constraint was structural and political, not discretionary. Employment guarantees made during the merger were essential to securing workforce stability and union trust, but they also removed hiring as a conventional response to rising demand.

Under these conditions, workforce strategy became inseparable from operational strategy. Growth had to be absorbed through productivity, role redesign, redeployment, and skill transformation, making workforce planning a central determinant of whether the merger's benefits could be sustained.

Legacy Workforce Structures as a Binding Constraint

The case highlights that Pelindo's workforce challenges stemmed less from a lack of talent and more from inherited structural fragmentation. Prior to the merger, each legacy Pelindo maintained distinct job architectures, grading systems, staffing norms, and promotion pathways. Similar roles held different status and authority across regions, complicating comparisons, redeployments, and enterprise-level planning.

These structures produced uneven workforce pyramids and productivity differentials across terminals. Traditional planning practices focused on incremental headcount adjustments tied to historical volumes offered little insight into whether Pelindo possessed the right mix of capabilities for its evolving operating model.

Reframing Strategic Workforce Planning

A key teaching point is Pelindo's reframing of workforce planning from a numerical exercise to a capability and deployment problem. Leadership attention shifted toward how work was organized, where skills were concentrated, and how productivity varied across regions and functions.

This reframing aligned with contemporary SWP thinking, emphasizing the alignment of business strategy, operating models, and workforce capabilities rather than reliance on static staffing ratios. In Pelindo's context, SWP became a mechanism for translating automation, digitalization, and integration into human-capital implications.

Productivity as the Primary Growth Lever

With hiring constrained, productivity emerged as the dominant lever for growth. Leadership prioritized role consolidation, process standardization, and upskilling to enable employees to handle more complex and integrated tasks. However, the case also surfaces the tension inherent in productivity-led growth: concerns about work intensification, sustainability, and workforce fatigue, particularly in safety-critical port operations.

This invites discussion on the limits of productivity substitution and the conditions under which productivity gains can be sustained without eroding workforce engagement or safety.

Governance: Elevating Workforce Planning to Leadership Agenda

One of the most important developments in the case is the formal elevation of workforce planning to the executive governance level. By integrating people analytics, capability diagnostics, and redeployment progress into quarterly executive reviews, Pelindo repositioned workforce issues as strategic bottlenecks rather than HR deliverables.

This governance shift reinforced a core lesson: workforce constraints become leadership problems when they constrain strategy execution. However, governance alone could not resolve longer-term uncertainties about future skill needs, particularly in advanced digital and automation domains.

The Open Strategic Question

The case concludes with an unresolved tension. Zero-growth hiring stabilized costs, preserved employment commitments, and enabled early productivity gains. Yet long-term capability requirements were accelerating faster than internal supply.

The central strategic question remains open: Can Pelindo continue to meet national-scale growth ambitions indefinitely under a zero-growth workforce model, or will structural limits eventually require a recalibration of labor strategy?

References

Badan Pusat Statistik. (2024). *Statistik transportasi laut Indonesia 2023*. Jakarta: BPS RI.

Huselid, M. A., & Becker, B. E. (2011). Bridging micro and macro domains: Workforce differentiation and strategic human resource management. *Journal of Management*, 37(2), 421–428. <https://doi.org/10.1177/0149206310373400>

Bies, R. J., & Moag, J. S. (1986). Interactional justice: Communication criteria of fairness. In R. J. Lewicki, B. H. Sheppard, & M. Bazerman (Eds.), *Research on negotiation in organizations* (Vol. 1, pp. 43–55). JAI Press.

- Cartwright, S., & Schoenberg, R.** (2006). Thirty years of mergers and acquisitions research: Recent advances and future opportunities. *British Journal of Management*, 17(S1), S1–S5.
<https://doi.org/10.1111/j.1467-8551.2006.00475.x>
- Drewry Maritime Research.** (2024, December 13). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations*.
<https://www.drewry.co.uk/maritime-research-opinion-browser/maritime-research-opinions/transforming-ports-to-world-class-standards-pelindos-path-to-excellence-in-port-operations>
- Gupta, K., & Ratana, D.** (2023, August 18). *Indonesia's stubborn logistics dilemma*. East Asia Forum. <https://eastasiaforum.org/2023/08/18/indonesias-stubborn-logistics-dilemma/>
- Huselid, M. A., & Becker, B. E.** (2011). The strategic impact of HR management. *Journal of Business Strategy*, 32(4), 422–430.
- Jati, D.** (2021, September 1). *Announcing Pelindo merger, SOEs Ministry says for connectivity and competitiveness*. Indonesia Shipping Gazette.
<https://indoshippinggazette.com/2021/announcing-pelindo-merge-soes-ministry-says-for-connectivity-and-competitiveness/>
- Kementerian Badan Usaha Milik Negara.** (2021). *Laporan tahunan 2021: Kami bertransformasi*. Jakarta: Kementerian BUMN.
- Kementerian Badan Usaha Milik Negara.** (2022). *Pedoman implementasi nilai-nilai utama sumber daya manusia Badan Usaha Milik Negara (AKHLAK)* (SK-115/MBU/05/2022).
- Kotter, J. P.** (2014). *Accelerate: Building strategic agility for a faster-moving world*. Harvard Business Review Press.
- McKinsey & Company.** (2021). *The future of work after COVID-19*. McKinsey Global Institute.
- Moody's Investors Service.** (2021, October 7). *Pelabuhan Indonesia (Persero) (P.T.): Update following outlook change to positive*.
- Noni, Y.** (2024, November 8). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3*. Jakarta Globe.
<https://jakartaglobe.id/special-updates/cargo-volume-grows-pelindos-revenue-reaches-rp-235-trillion-in-q3>
- OECD.** (2020). *Implementing the OECD guidelines on corporate governance of state-owned enterprises: Review of recent developments*. OECD Publishing.
<https://doi.org/10.1787/9789264312906-en>
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).

Pelabuhan Indonesia (Persero). (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Schein, E. H., & Schein, P. (2017). *Organizational culture and leadership* (5th ed.). Wiley.

Stahl, G. K., & Voigt, A. (2008). Do cultural differences matter in mergers and acquisitions? A tentative model and meta-analytic examination. *Organization Science*, 19(1), 160–176.
<https://doi.org/10.1287/orsc.1070.0270>

UNCTAD. (2023). *Review of maritime transport 2023: Towards a green and just transition*. United Nations Conference on Trade and Development.

World Bank. (2019). *World Development Report 2019: The Changing Nature of Work*. Washington, DC: World Bank Group.

World Bank. (2023). *Logistics Performance Index 2023: Connecting to compete*. Washington, DC: World Bank Group. <https://lpi.worldbank.org/international/scorecard/radar/C/IDN/2023>

Case 4 Teaching Notes: Quarterly KPIs and AKHLAK Behaviours: Designing Pelindo's Integrated Scorecard

Case Synopsis

This case examines Pelindo's effort to design an integrated performance management system following the 2021 merger of Indonesia's four port SOEs into a single enterprise, PT Pelabuhan Indonesia (Persero). By mid-2022, Pelindo had largely stabilized its formal governance structure and begun to realize early operational synergies. Yet leadership faced a subtler and potentially more consequential challenge: aligning performance management across a unified organization of more than 25,000 employees while preserving trust, fairness, and cultural coherence.

Prior to the merger, each legacy Pelindo entity operated with distinct KPIs, incentive formulas, review cycles, and implicit behavioural norms. Some emphasized throughput and asset utilization, others administrative compliance or financial discipline. Behavioural expectations were locally interpreted and rarely measured consistently. The merger amplified these differences, as employees in similar roles across ports began comparing incentives, ratings, and promotion prospects.

At the same time, Pelindo was expected to embody AKHLAK, the Ministry of SOEs' core values framework. While AKHLAK had been formally adopted, its translation into operational leadership practice remained uneven. Leadership recognized that without a coherent scorecard linking quarterly business results and behavioural expectations, operational gains risked being undermined by fragmentation and declining confidence in the new system.

The case explores how Pelindo designed and implemented an integrated quarterly scorecard that combined business KPIs with AKHLAK behaviours, repositioning performance management as a strategic integration mechanism rather than an administrative HR process.

Teaching Use

This case is particularly well suited to courses in strategic management, performance management, organizational behavior, public-sector leadership, and post-merger integration, with a focus on state-owned enterprises and large-scale institutional transformation. It enables discussion of how performance systems shape behavior, reinforce culture, and sustain integration under political oversight and employment guarantees.

The case is appropriate for undergraduate, graduate, and executive education programs, especially those examining strategy execution, values-based leadership, and governance mechanisms in complex public organizations.

Learning Objectives

After discussing the case, students should be able to:

1. Analyze why performance management systems become a critical integration lever following large SOE mergers.
2. Distinguish between measurement systems and governance mechanisms in post-merger contexts.
3. Evaluate the benefits and risks of shifting from annual to quarterly performance cycles during organizational transformation.
4. Assess how abstract values (AKHLAK) can be translated into observable, assessable leadership behaviours.
5. Understand how performance systems can balance accountability and psychological safety under employment guarantees.
6. Identify the long-term sustainability risks of integrated scorecards in geographically and operationally diverse organizations.

Key Themes & Concepts

- Performance management as an integration infrastructure
- Quarterly KPIs vs annual appraisal cycles
- Linking strategy, execution, and culture
- Values-to-behaviour translation (AKHLAK)
- Fairness, comparability, and trust in merged organizations
- Governance of performance dialogue in SOEs

Assignment / Discussion Questions

1. Why did Pelindo's leadership treat performance management as a strategic integration issue rather than a downstream HR process?
2. What risks did Pelindo face by continuing with fragmented legacy KPIs and incentive systems after the merger?
3. How did the shift to quarterly KPIs change managerial behavior and leadership accountability?
4. Was it appropriate to embed AKHLAK behaviours into the scorecard? What risks arise when values become part of formal evaluation?
5. How effectively did the integrated scorecard balance performance discipline and psychological safety?
6. What governance mechanisms are required to ensure consistency and fairness across 110 ports?

Teaching Approach: Analysis and Guidance

The teaching approach positions performance management not as a technical design exercise, but as a core leadership and governance challenge in post-merger integration. Instructors should guide students to see the scorecard as a system that shapes attention, dialogue, and behaviour across the organization.

Why was performance management a strategic risk?

Students may initially view KPIs as neutral measurement tools. The case challenges this assumption by demonstrating that, in a merged SOE, performance systems define what the organization truly values. Fragmented KPIs and incentive schemes threatened to reinforce legacy identities, undermine perceptions of fairness, and weaken leadership alignment—despite formal structural integration.

Without a shared performance language, executives could articulate strategy at the center, but line managers lacked clear, consistent signals about priorities and acceptable trade-offs.

From Annual Appraisals to Quarterly Dialogue

A central design choice was the move from annual, retrospective evaluations to quarterly performance cycles. Leadership viewed quarterly reviews not as tighter control, but as a mechanism for learning, alignment, and rapid course correction in a volatile post-merger environment.

This shift reframed performance discussions from judgment to dialogue. Managers were expected to explain variances, surface constraints, and articulate corrective actions reinforcing ownership while reducing defensiveness. The cadence also made misalignment visible earlier, preventing issues from compounding across the year.

Embedding AKHLAK: From Values to Behaviour

Another core teaching point is translating AKHLAK values into explicit behavioural expectations. Rather than treating values as aspirational slogans, Pelindo operationalized them through concrete leadership behaviours relevant to port operations such as cross-terminal collaboration, ethical decision-making under pressure, and openness to feedback.

Importantly, behaviours were not reduced to checklists. They were discussed through structured dialogue, peer challenge, and coaching, emphasizing how results were achieved rather than what was achieved. This approach aimed to prevent values from becoming symbolic while avoiding excessive subjectivity.

Balancing Accountability and Psychological Safety

Given the CEO's public commitment to no layoffs and no income reduction, the scorecard deliberately avoided punitive consequences. Differentiation was introduced through

development opportunities, leadership exposure, and succession pathways rather than financial penalties.

This design choice highlights a key trade-off: performance systems in SOEs must signal seriousness without triggering fear or resistance. The case invites debate on whether non-punitive differentiation is sufficient to change behavior at scale.

Governance and Sustainability Challenges

The case also surfaces early tensions: concerns about behavioural subjectivity, administrative burden, and cross-regional comparability. Leadership responded by simplifying, providing clearer guidance, and building managers' capabilities to lead performance dialogues.

The unresolved question is sustainability. As leadership turnover occurs and operational pressures intensify, will the integrated scorecard remain a living governance mechanism or revert to a compliance-driven reporting tool?

References

Badan Pusat Statistik. (2024). *Statistik transportasi laut Indonesia 2023*. Jakarta: BPS RI.

Becker, B. E., & Huselid, M. A. (1998). High-performance work systems and firm performance: A synthesis of research and managerial implications. *Research in Personnel and Human Resources Management*, 16, 53–101.

Drewry Maritime Research. (2024, December 13). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations*.

Gupta, K., & Ratana, D. (2023, August 18). *Indonesia's stubborn logistics dilemma*. East Asia Forum.

Jati, D. (2021, September 1). *Announcing Pelindo merger, SOEs Ministry says for connectivity and competitiveness*. Indonesia Shipping Gazette.

Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business School Press.

Kementerian Badan Usaha Milik Negara. (2020). *Nilai-nilai utama (core values) sumber daya manusia Badan Usaha Milik Negara* (SE-7/MBU/07/2020).

Kementerian Badan Usaha Milik Negara. (2021). *Laporan tabunan 2021: Kami bertransformasi*. Jakarta: Kementerian BUMN.

Kementerian Badan Usaha Milik Negara. (2022). *Pedoman implementasi nilai-nilai utama sumber daya manusia Badan Usaha Milik Negara (AKHLAK)* (SK-115/MBU/05/2022).

Kotter, J. P. (2014). *Accelerate: Building strategic agility for a faster-moving world*. Harvard Business Review Press.

Moody's Investors Service. (2021, October 7). *Pelabuhan Indonesia (Persero) (P.T.): Update following outlook change to positive*.

Noni, Y. (2024). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3*. Jakarta Globe.

Pelabuhan Indonesia (Persero). (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).

Pelabuhan Indonesia (Persero). (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Schein, E. H., & Schein, P. (2017). *Organizational culture and leadership* (5th ed.). Wiley.

World Bank. (2023). *Logistics Performance Index 2023: Connecting to compete*. Washington, DC: World Bank Group.

Case 4 : Quarterly KPIs and AKHLAK Behaviours: Designing Pelindo's Integrated Scorecard

Introduction

By mid-2022, less than a year after the legal consolidation of Indonesia's four port state-owned enterprises into a single entity, PT Pelabuhan Indonesia (Persero) ("Pelindo"), the organization had stabilized mainly its structural integration. Governance bodies were established, operating clusters were defined, and early operational synergies had begun to materialize in flagship terminals. However, beneath the surface of formal integration, Pelindo's leadership faced a subtler and potentially more consequential challenge: aligning performance management across a newly unified enterprise of more than 25,000 employees while preserving trust, fairness, and a shared sense of purpose.

The merger had brought together four legacy organizations, each with distinct histories, performance norms, incentive mechanisms, and cultural expectations. Prior to consolidation, each Pelindo entity maintained its own key performance indicators (KPIs), incentive formulas, and evaluation cycles. Some units emphasized throughput and asset utilization, others prioritized financial discipline or administrative compliance. Performance reviews were conducted annually in some regions, semi annually or informally in others. Behavioural expectations were implicit, locally interpreted, and rarely measured with consistency.

At the same time, Pelindo was operating under a national mandate that extended beyond financial consolidation. As a strategic state-owned enterprise, Pelindo was expected to embody **AKHLAK**, the core values framework promulgated by Indonesia's Ministry of State-Owned Enterprises (SOEs), emphasizing Trustworthiness (Amanah), Competence, Harmony, Loyalty, Adaptability, and Collaboration. While AKHLAK had been formally adopted across all SOEs, its translation into operational and managerial practice remained uneven.

Pelindo's leadership recognized that the absence of a coherent, integrated performance scorecard, one that aligned quarterly business outcomes with behavioural expectations, posed a material risk to the merger's sustainability. Without such alignment, operational gains could be undermined by internal fragmentation, inconsistent leadership behaviours, and declining employee confidence in the fairness of the new system.

This case examines how Pelindo designed and implemented an integrated quarterly scorecard that combined business KPIs with AKHLAK behaviours, transforming performance management from a fragmented administrative exercise into a strategic leadership mechanism during post-merger integration.

Legacy Performance Management: Fragmentation Beneath the Merger

Before the merger, each Pelindo entity had developed its own performance logic shaped by local priorities and historical mandates. In some ports, performance was driven primarily by physical throughput metrics, including crane productivity, berth occupancy, and vessel turnaround time. In other cases, particularly in regions with lower traffic density, performance management placed greater emphasis on budget absorption, administrative compliance, and labor stability.

Incentive systems mirrored these differences. Bonus pools, eligibility thresholds, and performance weightings varied widely across entities. In some regions, incentives were closely linked to terminal-level operational metrics; in others, they were distributed more evenly across functions, regardless of performance differentials. Behavioural expectations were largely unarticulated, assessed informally by supervisors, and rarely linked to formal consequences.

The merger amplified the visibility of these disparities. Employees performing similar roles across different ports began comparing incentive outcomes, appraisal ratings, and promotion pathways. While Pelindo's leadership had publicly committed to a "no layoffs, no income reduction" principle, employees increasingly sought clarity on how future performance and future rewards would be determined within the unified organization.

The absence of a shared performance language also complicated leadership alignment. Executives articulated strategic priorities at the corporate level, but these priorities were not consistently translated into measurable objectives at the regional, terminal, or individual levels. Quarterly performance reviews tended to focus on financial consolidation and operational milestones, leaving behavioural and leadership dimensions largely unaddressed.

As the CEO noted in internal leadership forums, operational integration without behavioural alignment risked creating "a holding company in structure but four companies in mindset."

The Strategic Imperative for a Unified Scorecard

Pelindo's leadership team came to view performance management as a critical lever for integration rather than a downstream HR process. The question was no longer whether KPIs should be standardized, but how they could be designed to reinforce both execution discipline and cultural cohesion.

Three strategic considerations shaped the imperative for a unified scorecard.

First, the organization required short-cycle feedback. Annual performance reviews were ill-suited to a post-merger environment characterized by rapid operational changes, evolving roles, and continuous adjustment. Quarterly KPIs offered a cadence that allowed leadership to detect misalignment early, course-correct quickly, and reinforce priorities consistently.

Second, Pelindo needed a mechanism to embed AKHLAK into daily leadership practice. While values had been communicated extensively through town halls, internal campaigns, and formal statements, they had limited traction without being linked to concrete behaviours and consequences. Leadership recognized that values would only become “real” when they influenced performance evaluations, promotion decisions, and incentive outcomes.

Third, the organization sought to balance performance accountability with psychological safety. Given the sensitivities of post-merger integration, a purely results-driven scorecard risked exacerbating anxiety and eroding trust. Conversely, a values-only approach risked diluting execution discipline; the integrated scorecard needed to signal that Pelindo expected both results and the right way of achieving them.

This framing echoed broader research on post-merger integration, which emphasized the importance of aligning structural, operational, and cultural systems to sustain performance (Kaplan & Norton, 1996; Becker & Huselid, 1998).

Design Principles: Linking Strategy, KPIs, and Behaviour

Pelindo’s scorecard design process was guided by a small set of explicit principles that were jointly endorsed by the CEO, CHRO, and the executive committee. These principles were not framed as technical design rules but as leadership commitments intended to shape how performance would be understood, discussed, and acted upon across the newly integrated enterprise. In a post-merger context marked by heightened sensitivity around fairness, trust, and continuity, leadership viewed the articulation of these principles as essential to legitimizing the new performance system.

The first principle was that the scorecard would be strategically anchored rather than administratively driven. Prior to the merger, performance indicators had largely evolved from operational convenience or regulatory compliance, accumulating incrementally over time within each legacy entity. In contrast, the integrated scorecard was deliberately constructed “top-down,” beginning with Pelindo’s enterprise-level mandate to reduce national logistics costs and improve port competitiveness. This meant that KPIs were selected based on their causal relevance to strategic outcomes such as vessel turnaround time, cargo dwell time, and asset utilization rather than for their historical prevalence in legacy reporting systems. Leadership believed that anchoring KPIs to strategy would prevent the scorecard from becoming a bureaucratic artifact and instead position it as a shared execution framework that translated national objectives into managerial accountability.

The second principle was that the scorecard would operate on a **quarterly cycle**, explicitly designed to enable performance dialogue rather than post-hoc evaluation. Annual performance reviews were considered misaligned with the pace and uncertainty of post merger integration, where roles, processes, and operating models continued to evolve. Quarterly reviews were therefore framed as structured conversations focused on learning, alignment, and adjustment. Managers were expected not only to report outcomes but to explain variances, surface constraints, and articulate corrective actions. This cadence reinforced the notion that

performance management was an ongoing leadership process rather than an episodic judgment, reducing defensiveness while increasing managerial ownership.

The third principle addressed the long standing gap between values rhetoric and managerial practice. Behavioural expectations would be explicit, observable, and assessable, rather than implicit or aspirational. While AKHLAK had been formally adopted across all SOEs, Pelindo's leadership recognized that values would remain symbolic unless translated into concrete leadership behaviours relevant to daily port operations. As a result, each AKHLAK value was operationalized through behavioural descriptors grounded in real managerial situations such as decision-making under operational pressure, cross terminal coordination, engagement with labor representatives, and responses to safety or service disruptions. By making behaviours visible and discussable, the scorecard aimed to normalize conversations about "how results were achieved," not just whether they were achieved.

The fourth principle was that the system would be transparent and comparable across the organization. One of the most sensitive issues following the merger was perceived inequity among employees performing similar roles across ports or regions. To address this, the scorecard applied consistent performance logic to comparable roles, regardless of geographic location, while allowing for contextual normalization of targets based on terminal scale and traffic profile. Transparency was reinforced through clear communication of KPI definitions, weighting logic, and review processes. Leadership viewed comparability not as a technical requirement but as a trust-building mechanism essential to sustaining workforce confidence in the merged organization.

The final principle reflected Pelindo's broader social and political mandate as a state owned enterprise. The scorecard would preserve employment guarantees while introducing differentiation in development, recognition, and future leadership opportunities. In line with the CEO's public commitment, the performance system was not designed to trigger layoffs or income reductions. Instead, differentiation was introduced through non-punitive mechanisms, including targeted development, succession planning, leadership exposure, and recognition. This approach allowed Pelindo to signal the seriousness of performance without violating its employment commitments, thereby balancing accountability with psychological safety during a period of significant organizational change.

Taken together, these principles positioned the integrated scorecard not merely as a measurement tool but as a governance mechanism that linked strategy, execution, and behaviour. By embedding these design choices into the scorecard architecture, Pelindo's leadership sought to ensure that performance management reinforced not undermined the fragile trust required to sustain large-scale post-merger integration.

Core Design Principles of Pelindo's Integrated Scorecard

Pelindo's executive leadership, including the CEO and CHRO, established clear design principles for the new integrated scorecard. These were viewed not just as technical rules but as essential

leadership commitments to legitimize the performance system and foster trust in the sensitive post merger environment.

The scorecard was built on the following five core principles:

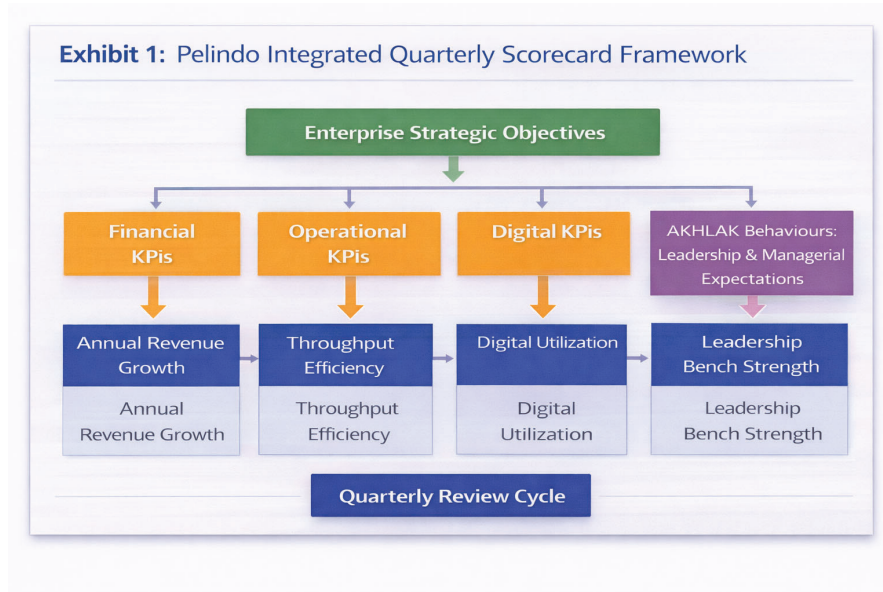
1. **Strategically Anchored, Not Administratively Driven:** The design was deliberately "top-down," ensuring that KPIs were selected based on their direct causal link to enterprise level strategic outcomes (e.g., reducing logistics costs, improving port competitiveness). This commitment prevented the scorecard from becoming a bureaucratic artifact and positioned it as a strategic execution framework.
2. **Quarterly Cycle for Dialogue and Adjustment:** To align with the rapid pace of post-merger integration, the scorecard operated on a quarterly cycle. This cadence was explicitly designed to facilitate ongoing performance dialogue, learning, and necessary adjustments, shifting the focus from episodic, post hoc evaluation to continuous leadership and managerial ownership.
3. **Explicit, Observable, and Assessable Behavioural Expectations:** To bridge the gap between aspirational values and daily practice, the AKHLAK values were translated into concrete, observable behaviours relevant to real managerial situations (e.g., cross terminal coordination, decision making under pressure). This made the process by which results were achieved a formal and discussable part of the performance conversation.
4. **Transparency and Comparability Across the Organization:** This principle addressed post-merger sensitivities regarding fairness. It mandated the use of consistent performance logic for comparable roles across different ports, while allowing for context-based target normalization. Transparent communication of KPI definitions and weighting logic was crucial for building workforce confidence and trust in the merged entity.
5. **Preservation of Employment Guarantees While Introducing Differentiation:** The system was designed to uphold the CEO's public commitment to avoid layoffs or income reductions. Differentiation was achieved through non-punitive mechanisms focused on future growth, such as targeted development, succession planning, leadership exposure, and recognition, thereby balancing accountability with psychological safety.

Collectively, these principles transformed the integrated scorecard from a mere measurement tool into a critical governance mechanism that seamlessly linked Pelindo's corporate strategy, operational execution, and leadership behaviour.

Constructing the Integrated Scorecard

The resulting scorecard was structured around four interconnected dimensions, adapted from the Balanced Scorecard framework (Kaplan & Norton, 1996) and contextualized for Pelindo's mandate.

Exhibit 1: Pelindo Integrated Quarterly Scorecard Framework



Sources: Pelabuhan Indonesia (Persero), Membangun Insan Pelindo (2024); Pelindo CEO and CHRO transcripts; Kementerian BUMN (2020).

1. Operational and Customer Outcomes

This dimension captured core port performance indicators, such as vessel turnaround time, crane productivity, yard utilization, and service reliability. Metrics were standardized across terminals while allowing baseline normalization by port size and traffic profile.

2. Financial and Asset Performance

Financial KPIs focused on EBITDA contribution, cost efficiency, and asset utilization rather than short-term profit maximization. This reflected Pelindo's role as a strategic SOE with long-term infrastructure responsibilities.

3. People and Capability Development

This dimension included indicators related to workforce deployment, capability building, safety performance, and talent development. It reinforced the message that productivity improvements should be achieved through capability enhancement rather than workforce reduction.

4. AKHLAK Behavioural Leadership

The fourth dimension explicitly assessed leadership behaviours aligned with AKHLAK. Rather than treating values as abstract ideals, Pelindo defined behavioural indicators such as cross-unit collaboration, ethical decision-making, openness to feedback, and adaptability during change.

Each dimension was weighted to ensure that no single aspect dominated performance outcomes. Significantly, strong results could not fully compensate for consistently poor behavioural evaluations, and vice versa.

Operationalizing AKHLAK: From Values to Behaviours

A central challenge lay in translating AKHLAK values into assessable leadership behaviours without reducing them to superficial checklists.

Drawing on internal workshops and leadership dialogues, Pelindo articulated behavioural descriptors for each AKHLAK value that reflected real managerial dilemmas in the context of port operations.

For example, **Amanah (Trustworthiness)** was demonstrated by adherence to safety protocols, transparent resource-allocation decisions, and consistency between commitments and actions. **Collaboration** was assessed through evidence of cross-terminal coordination, shared problem-solving, and avoidance of siloed decision-making.

These behaviours were assessed through a combination of supervisor evaluations, peer inputs, and structured leadership conversations. While the system did not rely on full 360-degree feedback in its initial phase, it introduced multiple sources of feedback, reducing the risk of purely hierarchical bias.

Exhibit 2: AKHLAK Behavioural Indicators and Examples

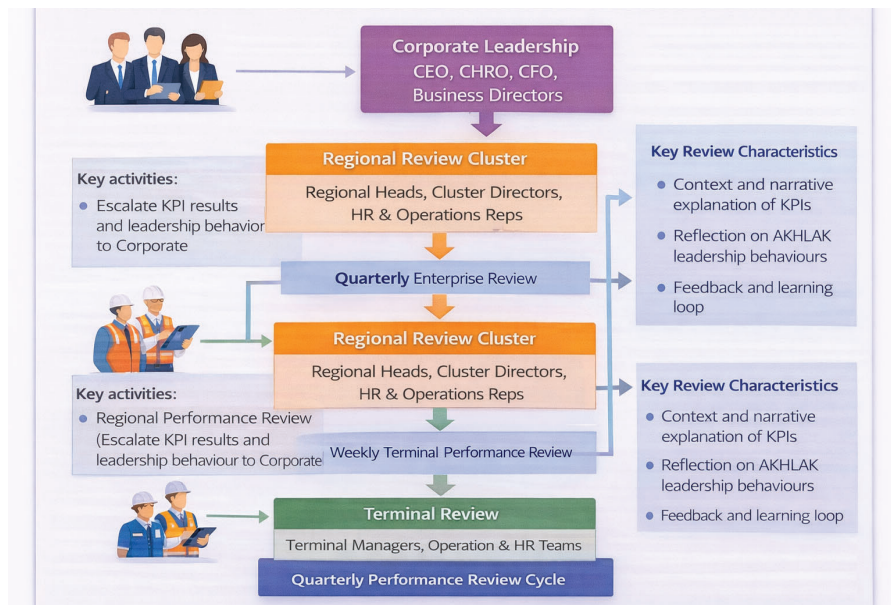
AKHLAK Values	Behavioural Indicators	Example
Amanah	Consistently demonstrates integrity	A leader who delivers on promises even in challenging circumstances
Kompeten	Applies expertise to support others	Promoting digital literacy among team members
Harmonis	Fosters a respectful and inclusive environment	Resolving conflicts among operational managers from different legacy Pelindo organisations
Loyal	Shows unwavering commitment to Pelindo	A manager who stands up for Pelindo's interests in external negotiations
Adaptif	Embraces innovation and change	Piloting new technologies to improve operational efficiency
Kolaboratif	Encourages teamwork across units	Building collaborative solutions to shared problems across Pelindo clusters

Sources: Pelabuhan Indonesia (Persero), Membangun Insan Pelindo (2024); Pelindo CEO and CHRO transcripts; Kementerian BUMN (2020).

Governance and Review Mechanisms

To sustain the credibility of the integrated scorecard, Pelindo established a clear and deliberate governance structure for performance review. Leadership recognized that even a well-designed scorecard would lose legitimacy if it was experienced as an administrative reporting requirement rather than a managerial decision tool. As a result, governance arrangements focused as much on how performance was discussed as on what was measured.

Exhibit 3: Quarterly Performance Review Cycle and Governance Process



Sources: Pelabuan Indonesia (Persero), Membangun Insan Pelindo (2024); Pelindo CEO and CHRO transcripts; Kementerian BUMN (2020).

Quarterly performance dialogues were instituted as the primary review mechanism, replacing the predominantly annual and retrospective evaluations used prior to the merger. These dialogues were conducted at multiple organizational levels beginning with terminal management teams, escalating through regional cluster reviews, and culminating in enterprise level leadership forums. This multi-tiered structure ensured that performance issues were addressed close to operational reality while still maintaining enterprise-wide visibility and coherence.

Importantly, the review process was intentionally framed as a learning oriented dialogue rather than a compliance exercise. Managers were expected not only to report performance against agreed KPIs, but also to provide narrative explanations that contextualized results. Discussions routinely covered operational constraints, cross-unit dependencies, external disruptions, and the trade-offs made during the quarter. This emphasis on explanation helped shift the tone of reviews from justification to problem-solving.

Behavioural leadership formed an explicit part of these conversations. In addition to quantitative outcomes, managers were asked to reflect on how results had been achieved, including their handling of safety issues, collaboration across legacy boundaries, and responses to performance shortfalls. Rather than scoring behaviours mechanically, the forums encouraged reflective discussion, peer challenge, and coaching. Leadership believed that this approach would foster consistency of judgment without reducing AKHLAK values to a checklist.

The joint involvement of the CEO and CHRO in periodic talent and performance forums further reinforced the integrated nature of the system. By co chairing these sessions, they signaled that operational excellence and people leadership were inseparable dimensions of performance. This visible sponsorship addressed a common risk in large organizations, where cultural or behavioural initiatives are perceived as peripheral or owned solely by HR.

Over time, this governance model helped reposition the scorecard as a core management system rather than a reporting artifact. Managers increasingly prepared for reviews by anticipating questions about decision logic and leadership behaviour, not only numeric variance. Although leadership acknowledged that behavioural consistency would take time to mature, the quarterly cadence created repeated opportunities for alignment, feedback, and course correction across the enterprise.

Early Tensions and Adaptive Adjustments

The introduction of Pelindo's integrated scorecard surfaced a series of early tensions that reflected the depth of behavioral and managerial change implied by the new system. While the executive committee had endorsed the design principles, their operational translation challenged long-established habits shaped by years of metric-driven, compliance-oriented performance reviews.

One recurring concern related to the behavioural dimension of the scorecard. Several managers questioned whether AKHLAK-aligned behaviours could be applied consistently across units operating under different constraints. In early regional forums, managers noted that while quantitative performance variance could be explained through operational factors, leadership behaviour appeared more difficult to interpret uniformly in a geographically and operationally diverse organization.

The CEO addressed this concern directly in a leadership session, noting, "If behaviour feels subjective, that tells us we have not yet built a shared language for leadership. Removing behaviour from the scorecard would be the wrong response; the right response is to talk about it more, not less." This framing helped reposition behavioural discussion away from evaluation and toward collective sense-making.

A second source of tension emerged around the quarterly cadence of reviews. Managers operating in high-throughput terminals expressed concern that more frequent performance

dialogues would increase administrative burden in environments already characterized by operational complexity. The COO articulated this operational perspective succinctly during an enterprise review: “Ports do not slow down because it is review season. The scorecard only adds value if it helps managers solve problems faster, not if it adds another layer of reporting.”

Rather than interpreting these reactions as resistance, Pelindo’s leadership treated them as feedback on system usability. The CHRO emphasized this distinction in internal discussions: “When managers struggle with the process, it is usually a design issue, not a mindset issue. Our task is to simplify without diluting the intent.” This view guided a series of adaptive adjustments during the early implementation phase.

Guidance materials were refined to clarify that behavioural indicators were not intended as scoring instruments, but as prompts for structured reflection during performance dialogue. Reporting templates were simplified to reduce duplication and focus attention on a small number of material issues rather than exhaustive documentation. These changes reduced preparation time and helped re-center discussions on decision quality rather than presentation completeness.

In parallel, Pelindo invested in targeted capability building for managers responsible for leading quarterly reviews. Leadership development sessions focused on conducting constructive performance dialogues, integrating behavioural reflection with operational analysis, and providing feedback that was specific and actionable. Rather than training managers to “assess” behaviour, these sessions emphasized questioning techniques, peer challenge, and articulation of decision logic under pressure.

Over successive quarters, leadership observed a gradual shift in managerial discourse. Performance discussions increasingly integrated operational results with reflections on leadership approach, cross-unit coordination, and trade-offs made during execution. While leadership acknowledged that behavioural consistency would take time to mature, the quarterly cadence created repeated opportunities to surface ambiguity, recalibrate expectations, and reinforce a shared leadership language across the enterprise.

Exhibit 4 : Early Tensions and Adaptive Adjustment in Scorecard Implementation

Early Tension Observed	Underlying Concern	Leadership Interpretation	Leadership Interpretation	Adaptive Adjustment Introduced
• Behavioural assessments perceived as subjective and interpersonal	• Fear of biased assessment based on personal relationships or differing operational norms	• "If behaviour feels subjective, it's because we lack shared leadership or differing operational norms"	• Clarified guidance; emphasized individual indicators as reflective prompts for leadership discussions	• Repositioned behavioural review as a sense-making (not evaluative) exercise; reduced ambiguity in quarterly discussions
• Quarterly cadence initially seen as administratively burdensome	• Managers expressed concern that frequent reviews would increase administrative workload	• "Risk of added reporting burden in operationally complex environments" • "The scorecard only adds value if it helps managers solve problems faster—not if it adds another layer of reporting"	• COO	• Repositioned behavioural review as a sense-making (not evaluative) exercise; reduced ambiguity in quarterly discussions
• Managers expressed concern that frequent reviews would increase administrative workload	• Risk of added reporting burden in operationally complex environments	• Reduced duplication in reporting templates to streamline preparation • Invested in manager training on performance dialogue and feedback		• Reduced time spent on administrative tasks; fostered more substantive dialogue on operational and leadership issues

Sources: Pelabuan Indonesia (Persero), Membangun Insan Pelindo (2024); Pelindo CEO and CHRO transcripts; Pelindo internal post-merger implementation materials.

Conclusion: Performance Management as Integration

Infrastructure

By the end of its second year post-merger, Pelindo's integrated scorecard had become more than a measurement tool. It functioned as organizational infrastructure linking strategy, execution, and culture within a system that reinforced consistency without erasing local realities.

While challenges remained, particularly in ensuring calibration and fairness across diverse operating contexts, the scorecard provided a shared language for performance and leadership across the archipelago.

The Pelindo case illustrates how performance management, when designed deliberately, can serve as a powerful integration mechanism aligning results with values and turning abstract cultural aspirations into everyday leadership practice.

Yet the scorecard's early traction did not remove the trade-offs that had shaped its design. The quarterly cadence created a shared rhythm, but it also exposed differences that had long been masked inside the four legacy companies. High-volume terminals could demonstrate rapid gains in service levels and productivity, while smaller or geographically constrained ports faced limits that were not easily addressed within a single quarter. In review meetings, leaders learned that comparability required context: the same indicator could signal strong execution in one port and structural constraint in another. That insight pushed the governance team to refine calibration rules and to distinguish between enterprise outcomes, regional commitments, and local improvement actions.

The behavioural layer introduced a second dilemma. Translating AKHLAK into observable leadership behaviours made performance dialogue more tangible, but it also raised questions of interpretation and consistency. Supervisors debated what “Amanah” looked like when a vessel plan slipped because of weather or third-party issues, or how “Kolaboratif” should be recognised when results depended on informal coordination rather than formal cross-unit routines. HR responded by sharpening behavioural examples, coaching reviewers, and building a habit of citing evidence—specific incidents, decisions, and peer feedback—rather than relying on impressions.

By the end of 2022, the executive committee faced a choice about how tightly to standardise the next cycle. A stricter model promised clearer differentiation and faster learning across regions, but it risked being experienced as a central-office template imposed on diverse ports. A looser model protected local realities, yet it threatened to dilute the “single performance spine” the merger was meant to build. With employment guarantees still intact, the scorecard’s real leverage lay in development, recognition, and future leadership opportunities: who received stretch assignments, who entered acceleration programs, and whose practices were scaled as the “Pelindo way.” The unanswered question was whether that leverage would be strong enough to change habits at the frontline while maintaining trust across 110 ports.

References

- Badan Pusat Statistik.** (2024). *Statistik transportasi laut Indonesia 2023*. Jakarta: BPS RI.
- Becker, B. E., & Huselid, M. A.** (1998). High-performance work systems and firm performance: A synthesis of research and managerial implications. *Research in Personnel and Human Resources Management*, 16, 53–101.
- Drewry Maritime Research.** (2024, December 13). *Transforming ports to world-class standards: Pelindo's path to excellence in port operations*.
- Gupta, K., & Ratana, D.** (2023, August 18). *Indonesia's stubborn logistics dilemma*. East Asia Forum.
- Jati, D.** (2021, September 1). *Announcing Pelindo merger, SOEs Ministry says for connectivity and competitiveness*. Indonesia Shipping Gazette.
- Kaplan, R. S., & Norton, D. P.** (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business School Press.
- Kementerian Badan Usaha Milik Negara.** (2020). *Nilai-nilai utama (core values) sumber daya manusia Badan Usaha Milik Negara (SE-7/MBU/07/2020)*.
- Kementerian Badan Usaha Milik Negara.** (2021). *Laporan tabunan 2021: Kami bertransformasi*. Jakarta: Kementerian BUMN.
- Kementerian Badan Usaha Milik Negara.** (2022). *Pedoman implementasi nilai-nilai utama sumber daya manusia Badan Usaha Milik Negara (AKHLAK) (SK-115/MBU/05/2022)*.
- Kotter, J. P.** (2014). *Accelerate: Building strategic agility for a faster-moving world*. Harvard Business Review Press.
- Moody's Investors Service.** (2021, October 7). *Pelabuhan Indonesia (Persero) (P.T.): Update following outlook change to positive*.
- Noni, Y.** (2024). *Cargo volume grows, Pelindo's revenue reaches Rp 23.5 trillion in Q3*. Jakarta Globe.
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Schein, E. H., & Schein, P. (2017). *Organizational culture and leadership* (5th ed.). Wiley.

World Bank. (2023). *Logistics Performance Index 2023: Connecting to compete*. Washington, DC: World Bank Group.

Case 5 Teaching Notes: Portaverse Academy – Scaling Digital Learning Across 110 Ports

Case Synopsis

This case examines Pelindo's effort to build Portaverse Academy, a digital learning platform designed to scale workforce capability consistently across more than 110 ports following the 2021 merger of Indonesia's four port state-owned enterprises into PT Pelabuhan Indonesia (Persero). While the merger rapidly expanded Pelindo's operational scale and geographic footprint, leadership soon recognized that physical consolidation did not automatically produce cognitive or behavioral alignment among the approximately 25,000 employees.

Prior to the merger, training systems had evolved locally within each legacy Pelindo entity. Learning curricula, certification standards, delivery methods, and leadership development pathways differed widely across regions. These localized approaches were effective at maintaining continuity within individual ports but led to uneven exposure to technology, inconsistent safety practices, and divergent interpretations of performance standards across the newly unified enterprise.

As Pelindo accelerated operational standardization, leadership observed that differences in execution were often driven not by resistance, but by variation in how employees interpreted procedures, data, and trade-offs. This insight prompted a strategic reframing: learning was no longer treated as a supporting HR activity but as operational infrastructure—a system that needed to scale, integrate, and perform with the same reliability as physical assets and digital operating systems.

The case follows Pelindo's decision to design Portaverse Academy as a national learning system, rather than a collection of training programs, and explores the leadership, design, and governance challenges involved in embedding learning into post-merger transformation at scale.

Teaching Use

This case is particularly well suited for courses in strategic management, human capital strategy, organizational learning, digital transformation, and post-merger integration, with a specific focus on infrastructure-intensive state-owned enterprises and emerging market contexts. It enables discussion of learning as a strategic system, capability scaling under employment guarantees, and leadership decision-making in geographically dispersed organizations.

The case is appropriate for undergraduate, graduate, and executive education programs, especially those examining large-scale transformation, workforce upskilling, and the role of learning in sustaining integration outcomes.

Learning Objectives

After discussing the case, students should be able to:

1. Analyze why learning systems, rather than individual training programs, become critical in large post-merger integrations.
2. Distinguish between localized capability development and enterprise-wide learning architectures.
3. Evaluate digital learning platforms as strategic infrastructure, not merely technology solutions.
4. Assess how learning can support productivity and standardization without workforce reduction.
5. Examine leadership and governance mechanisms required to sustain learning at national scale.
6. Identify the limits and risks of digital learning in operationally intensive, safety-critical environments.

Key Themes & Concepts

- Learning as infrastructure in post-merger integration
- Organizational learning and shared mental models
- Digital learning at enterprise scale
- Capability portability vs local expertise
- Employment guarantees and upskilling in SOEs
- Leadership sponsorship and learning governance

Assignment / Discussion Questions

1. Why did Pelindo's leadership reframe learning as strategic infrastructure rather than a support function?
2. What risks did Pelindo face by relying on localized, legacy training systems after the merger?
3. How did Portaverse Academy differ from a conventional learning management system?
4. In what ways did scenario-based digital learning help address post-merger capability gaps?

5. How should Pelindo balance national standardization and local adaptation in learning content?
6. What governance mechanisms are required to sustain engagement and relevance over time?

Teaching Approach: Analysis and Guidance

The teaching approach encourages students to move beyond a narrow view of training effectiveness and instead examine learning as a system that shapes how organizations think, decide, and act. Instructors should emphasize that Portaverse Academy was not introduced to replace classroom training, but to resolve a structural constraint revealed by the merger.

Why was learning a strategic risk?

Students may initially assume that post-merger integration challenges are primarily structural or technological. The case challenges this assumption by showing that variation in capabilities and inconsistent mental models undermined the effectiveness of standardized procedures and digital investments. Without shared learning foundations, operational integration risked remaining formal rather than functional.

From Local Training to National Capability System

A central teaching point is Pelindo's shift from incremental harmonization to system-level redesign. Legacy training approaches were deep but narrow, producing strong local expertise with limited cross-port portability. While effective in isolated settings, this model could not support enterprise-wide standardization or rapid diffusion of new operating practices.

Portaverse Academy addressed this gap by creating shared learning pathways aligned with Pelindo's national operating model, enabling employees across regions to encounter common scenarios, terminology, and decision frameworks.

Designing Credibility into Digital Learning

Another core insight is that Portaverse Academy was designed for credibility, not convenience. Content development relied heavily on internal subject-matter experts and real operational scenarios, rather than generic external modules. This approach reinforced relevance and legitimacy among frontline employees, increasing engagement and adoption.

The emphasis on scenario-based learning highlights how digital platforms can support judgment and sense-making, not just knowledge transfer.

Learning, Performance, and Integration

The case also illustrates how learning was deliberately integrated with broader transformation systems, including job architecture, performance management, and leadership development. Learning modules reinforced behaviors later assessed in Pelindo's integrated scorecard,

positioning Portaverse Academy as part of a continuous capability-performance cycle rather than a standalone intervention.

This integration reinforces the idea that learning systems derive power not from content alone, but from their alignment with how performance and leadership are evaluated.

Governance and Long-Term Sustainability

Finally, the case surfaces unresolved questions around sustainability. Digital learning platforms require continuous refresh, leadership sponsorship, and governance discipline to remain relevant. The instructor should encourage debate on whether engagement can be sustained, how impact should be measured, and how learning outcomes can be linked to national logistics performance without reducing learning to compliance.

References

- Argote, L.** (2013). *Organizational learning: Creating, retaining, and transferring knowledge*. Springer.
- Brown, J. S., & Duguid, P.** (2000). *The social life of information*. Harvard Business School Press.
- Garvin, D. A., Edmondson, A. C., & Gino, F.** (2008). Is yours a learning organization? *Harvard Business Review*, 86(3), 109–116.
- Gioia, D. A., Patvardhan, S. D., Hamilton, A. L., & Corley, K.** (2013). Organizational identity formation and change. *The Academy of Management Annals*, 7(1), 123–193.
- Kaplan, R. S., & Norton, D. P.** (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business School Press.
- Kaplan, R. S., & Norton, D. P.** (2001). *The strategy-focused organization: How balanced scorecard companies thrive in the new business environment*. Harvard Business School Press.
- Knowles, M. S., Holton, E. F., & Swanson, R. A.** (2015). *The adult learner: The definitive classic in adult education and human resource development* (8th ed.). Routledge.
- Notteboom, T., Pallis, A., & Rodrigue, J.-P.** (2022). *Port economics, management and policy*. Routledge.
- OECD.** (2017). *Skills for a high-performing civil service*. OECD Public Governance Reviews, OECD Publishing.
- OECD.** (2019). *Recommendation of the council on civil service leadership and capability*. OECD Legal Instruments.

Pelabuhan Indonesia (Persero). (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).

Pelabuhan Indonesia (Persero). (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

PT Pelabuhan Indonesia (Persero). (2022). *Laporan tahunan 2021: Menyongsong masa depan logistik Indonesia*.

Rainey, H. G. (2014). *Understanding and managing public organizations* (5th ed.). Jossey-Bass.

Salas, E., Tannenbaum, S. I., Kraiger, K., & Smith-Jentsch, K. A. (2012). The science of training and development in organizations: What matters in practice. *Psychological Science in the Public Interest*, 13(2), 74–101.

UNCTAD. (2020). *Review of maritime transport 2020*. United Nations Conference on Trade and Development.

World Bank. (2025). *Port reform toolkit* (3rd ed.). World Bank Group

Case 5 : Portaverse Academy: Scaling Digital Learning Across 110 Ports

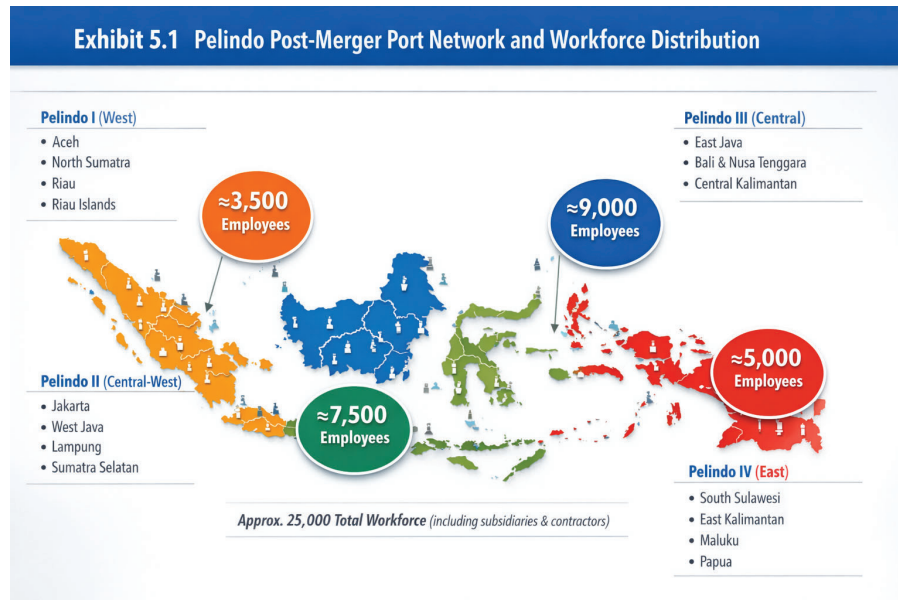
Introduction: Learning as Infrastructure in a Post-Merger Port System

When PT Pelabuhan Indonesia (Persero) (“Pelindo”) completed the legal consolidation of Indonesia’s four port state-owned enterprises in October 2021, the merger immediately transformed the country’s port sector by scale. The unified entity operated more than 110 ports and terminals across the archipelago, employed approximately 25,000 people, and became one of the world’s largest terminal operators by geographic footprint. Yet the early months following consolidation revealed that physical scale did not automatically translate into organizational coherence.

While the merger blueprint emphasized operational integration, logistics cost reduction, and national competitiveness, leadership soon confronted a less visible constraint: the workforce systems that underpinned daily port operations had evolved in isolation for decades. Training curricula, certification standards, leadership development programs, and learning delivery models differed not only across regions but across legacy Pelindo entities. As a result, employees performing similar roles often possessed uneven exposure to technology, inconsistent safety practices, and divergent interpretations of performance standards.

Pelindo’s executive leadership gradually reframed this challenge. Learning was no longer viewed as a supporting human resource activity but as a form of strategic infrastructure, a system that needed to scale, integrate, and perform with the same reliability as cranes, yards, and operating systems. This reframing became the foundation for what would later be formalized as Portaverse Academy, Pelindo’s digital learning platform designed to deliver capability development consistently across its national port network.

Exhibit 1 illustrates the scale and dispersion of Pelindo's post-merger operations, highlighting the inherent complexity of workforce development in an archipelagic enterprise.



Source: PT Pelabuhan Indonesia (Persero) Annual Report (2021, 2022); Membangun Insan Pelindo (2024); Kementerian BUMN merger documentation; World Bank (2020).

The operational implications became increasingly visible as Pelindo attempted to standardize processes. Unified standard operating procedures were issued, but adoption varied. Managers reported that differences in interpretation not resistance often explained inconsistent execution. Without shared learning foundations, procedural harmonization risked remaining superficial.

Post-Merger Capability Gaps: The Limits of Localized Learning

In the immediate post merger period, Pelindo's human capital leadership undertook a rapid diagnostic assessment of workforce readiness to determine whether the newly unified organization possessed the capabilities required to execute its integration and performance agenda. The assessment combined internal audit reviews, structured interviews with senior and middle managers, and site-level observations across a representative sample of ports spanning western, central, and eastern Indonesia. Rather than focusing on individual proficiency, the diagnostic examined systemic patterns how skills were developed, refreshed, and transferred within and across regions.

The findings revealed a consistent theme. While most ports demonstrated operational competence within their local environments, capability levels varied markedly across the enterprise. Employees were generally effective in executing familiar tasks under established conditions, but the depth, transferability, and scalability of those capabilities differed significantly

across locations. These variations became visible as Pelindo attempted to standardize processes, introduce common performance indicators, and deploy shared digital systems across the network.

Technical roles provided the most immediate illustration. In major Java terminals where investment cycles had historically been more frequent and cargo volumes higher crane operators, yard planners, and terminal supervisors were increasingly accustomed to semi-automated equipment, real-time planning dashboards, and integrated terminal operating systems. Exposure to these tools had shaped not only technical skill sets but also decision-making rhythms, risk tolerance, and coordination practices. By contrast, in several eastern ports, comparable roles continued to rely on manual processes, paper-based planning, and locally developed workarounds that were effective within their constraints but misaligned with the standardized operating model envisioned after the merger.

Safety capability exhibited a similar pattern. Although all ports complied with national regulatory requirements, safety training was delivered through different curricula, instructional methods, and assessment standards. In some regions, safety competence was reinforced through regular drills and scenario-based exercises; in others, compliance relied more heavily on periodic certification and rule-based instruction. These differences did not necessarily translate into higher incident rates. Still, they did shape how safety risks were interpreted, escalated, and managed an issue of growing importance as Pelindo sought to integrate operations and increase throughput.

Supervisory and leadership capabilities diverged even more sharply. Management interviews revealed that frontline supervisors and middle managers held distinct assumptions about authority, escalation, and performance accountability. In some legacy entities, supervisory roles emphasized technical oversight and seniority-based authority; in others, they incorporated more explicit responsibility for productivity, coaching, and cross-functional coordination. These patterns reflected long-standing labor relations arrangements and organizational cultures rather than recent performance gaps.

Crucially, leadership did not interpret these discrepancies as evidence of underperformance or resistance to change. Instead, they were understood as the predictable outcome of Pelindo's historical operating model. Prior to the merger, each Pelindo entity had functioned as a semi autonomous regional monopoly, optimizing workforce development around local cargo profiles, budget cycles, and leadership priorities. Training investments were pragmatic and context-specific, designed to ensure continuity of operations rather than cross-regional portability of skills.

Over time, this approach produced what senior leaders later described as “deep but narrow” capability pools. Employees possessed strong tacit knowledge of their own ports but limited exposure to alternative operating models, technologies, or performance standards. Learning pathways were largely inward-looking, reinforcing local norms rather than enterprise-wide coherence. As long as ports operated independently, this localization posed few risks. Following consolidation, however, it became a structural constraint.

The diagnostic, therefore, reframed the challenge facing Pelindo. The issue was not whether employees were capable, but whether the organization possessed a scalable learning system that could align those capabilities with a unified national operating model. Without such a system, standardization efforts risked remaining formal rather than functional, and digital investments risked uneven adoption. This recognition became a critical input into Pelindo’s subsequent decision to redesign workforce development at enterprise scale rather than pursue incremental harmonization.

Exhibit 2 compares selected characteristics of legacy training systems across the four pre-merger Pelindo entities.

Legacy Training Models Prior to Merger (Pelindo I–IV)

Dimension	Pelindo I	Pelindo II	Pelindo III	Pelindo III	Pelindo IV
Training Governance	Regional HR	Corporate-Lite	Decentralized	Highly Localized	Highly Localized
Delivery Model	Classroom	Mixed	Classroom	On-the-Job	
Certification Approach	Formal	Semi-Formal	Varied	Informal	
Leadership Development	Limited	Selective	Fragmented	Minimal	
Approx. 25,000 total workforce (including subsidiaries & contractors).					

Source: Membangun Insan Pelindo (2024); PT Pelabuhan Indonesia (Persero) Annual Reports (2019–2021); Kementerian BUMN human capital policy documents; PwC Indonesia analysis on Pelindo mega-merger.

Strategic Framing: Learning at National Scale

As the extent of post-merger capability variation became clearer, Pelindo’s executive committee confronted a strategic choice. Capability gaps could be addressed incrementally through targeted training programs, regional harmonization efforts, and selective reskilling or they could be addressed structurally by redesigning how learning is conceived, delivered, and governed across the enterprise. Early discussions acknowledged that incremental approaches were familiar and lower risk, but leadership increasingly questioned whether they were sufficient given the scale and urgency of Pelindo’s integration mandate.

The conclusion was unambiguous. Traditional classroom-based training, delivered episodically and organized around regional cohorts, could not support the pace, consistency, or reach required by a national port operator: geography, operational schedules, and cost-constrained physical training models. Releasing employees from 24-hour port operations for

extended classroom sessions proved increasingly impractical, particularly in smaller or remote ports where staffing depth was limited. Moreover, even when training was delivered successfully, its impact was uneven and difficult to sustain over time.

More fundamentally, leadership recognized that the challenge was not only logistical but conceptual. Classroom-based models were well-suited to discrete skill transfer but less effective at shaping shared ways of thinking across a dispersed organization. As Pelindo moved toward integrated planning, standardized KPIs, and centralized decision support systems, the absence of standard mental models became more consequential than gaps in technical knowledge alone.

The CEO played a pivotal role in reframing the issue. In internal leadership forums, he consistently articulated learning as an operational necessity rather than a developmental benefit. He emphasized that Pelindo's national mandate to reduce vessel port stay, shorten cargo dwell time, and lower logistics costs depended as much on how people interpreted information as on the availability of physical infrastructure or digital tools. Investments in cranes, automation, and integrated operating systems would not yield their full value unless planners, supervisors, and frontline operators across the archipelago prioritized risks, trade-offs, and performance objectives in broadly similar ways.

In this framing, learning was no longer about closing individual skill gaps. It was about enabling collective sense-making at scale. Leaders observed that identical performance dashboards could prompt different decisions depending on local norms and experience. A berth delay might be treated as an operational anomaly in one port and as an acceptable buffer in another. Safety alerts may trigger immediate escalation in some terminals, whereas they are normalized as routine variation elsewhere. Without a shared interpretive framework, standardization risked remaining procedural rather than behavioral.

This perspective aligned closely with global research on large infrastructure operators and logistics networks. Studies by the World Bank and the OECD have repeatedly shown that productivity gains in ports are sustained not simply through capital investment but through workforce capability systems that reinforce standardized practices, data literacy, and aligned decision-making (World Bank, 2020; OECD, 2019). In these studies, learning platforms functioned less as training repositories and more as mechanisms for diffusing norms, routines, and performance expectations across complex systems.

The challenge was particularly acute in public-sector organizations with strong employment protections. Unlike private operators that could rapidly adjust workforce composition, Pelindo's transformation relied predominantly on upskilling and redeploying existing employees. Leadership acknowledged that this constraint was also a strategic opportunity. If learning systems could be scaled effectively, Pelindo could preserve employment guarantees while still achieving meaningful differentiation in capability and contribution.

Against this backdrop, Pelindo articulated a precise strategic framing for its learning agenda. Learning would be treated as a national system rather than a collection of programs, designed to operate continuously rather than episodically, and governed with the same discipline

applied to other post-merger integration mechanisms. Three guiding principles emerged from this framing.

First, **accessibility**. Learning had to reach employees regardless of location, role, or shift pattern. A planner in a remote eastern port needed access to the same core knowledge and decision frameworks as a counterpart in Jakarta or Surabaya. Geographic dispersion could no longer determine developmental opportunity.

Second, **continuity**. Learning content could not be static. As operating standards, technologies, and performance expectations evolved, learning materials had to grow in parallel. Leadership viewed capability development as an ongoing process rather than a sequence of one-off interventions, requiring platforms that supported regular refresh rather than periodic retraining.

Third, **strategic alignment**. Learning outcomes needed to explicitly reinforce Pelindo's post-merger objectives. Development activities would derive legitimacy not from participation rates alone, but from their relevance to operational performance, leadership expectations, and national logistics outcomes. In this sense, learning became an extension of strategy execution rather than a parallel track.

This strategic framing marked a decisive shift. By elevating learning to the level of national infrastructure, Pelindo laid the conceptual groundwork for a scalable, digital approach to capability development—one that could support integration not only through knowledge transfer, but through alignment of judgment, priorities, and purpose across more than 110 ports.

Exhibit 3 shows how Pelindo linked national logistics objectives to workforce capability requirements.



Source: PT Pelabuhan Indonesia (Persero) Annual Reports (2021–2022); Membangun Insan Pelindo (2024); Kementerian BUMN transformation policy documents; World Bank (2020); OECD (2019).

Designing Portaverse Academy: From Platform to System

The design of Portaverse Academy began in early 2022 and unfolded deliberately over several phases, reflecting leadership's decision to treat learning as a core integration system rather than a technology deployment. Early discussions rejected the notion that the challenge could be solved by procuring an off-the-shelf learning management system populated with standardized external content. While such platforms promised speed and administrative efficiency, Pelindo's leadership concluded that they would not address the underlying credibility and relevance gaps identified during the post-merger diagnostic.

Instead, Pelindo adopted a build-and-curate approach, grounded in the belief that learning would only scale if employees recognized it as an authentic extension of port operations. Credibility emerged as a central design criterion. Senior leaders noted that frontline and supervisory employees were unlikely to engage deeply with content perceived as generic, theoretical, or disconnected from the realities of berth congestion, equipment constraints, and the daily safety trade-offs faced in Indonesian ports.

To anchor the platform in operational reality, content development relied heavily on internal subject-matter expertise. Experienced planners, safety officers, and terminal managers from high-volume and operationally mature ports were seconded into temporary design roles. These practitioners were tasked not with translating existing manuals into digital format, but with articulating how decisions were actually made under pressure. Their contributions emphasized judgment, sequencing, and trade-offs rather than formal rules alone.

As a result, many modules were built around scenario-based learning. Instead of abstract competencies, employees encountered concrete operational situations: allocating berths during peak congestion, responding to equipment failure without disrupting vessel schedules, managing safety risks when productivity targets were under strain, or coordinating across functions during weather disruptions. These scenarios reflected the complexity of real operations and required learners to interpret data, weigh competing priorities, and anticipate downstream consequences.

The CHRO later observed that this design choice aligned closely with adult learning principles, emphasizing relevance, experience, and problem-centered learning (Knowles et al., 2015). Early pilot groups confirmed this intuition. Short, context-rich modules generated higher completion rates and more sustained engagement than longer, lecture-style content. Employees reported that the scenarios resembled challenges they recognized, even when the specific operational context differed from their own ports.

Importantly, Portaverse Academy was conceived not as a repository of courses, but as an integrated learning system. Content was organized into three mutually reinforcing learning streams, each aligned with a dimension of Pelindo's post-merger operating model.

The first stream, Operational Excellence, focused on standardizing work practices across the network. Modules addressed core operating procedures, safety practices, productivity drivers, and coordination mechanisms between planning, operations, and support functions. Rather

than prescribing uniform solutions, the content emphasized shared principles and decision frameworks, allowing for local adaptation within a consistent national logic.

The second stream, Digital and Automation Readiness, supported Pelindo's investment in integrated systems and terminal automation. Modules introduced employees to terminal operating systems, performance dashboards, and data-driven planning tools, but also addressed how digital information should inform operational judgment. Leadership viewed this stream as critical to avoiding "digital compliance" without behavioral adoption, a risk observed in earlier technology rollouts.

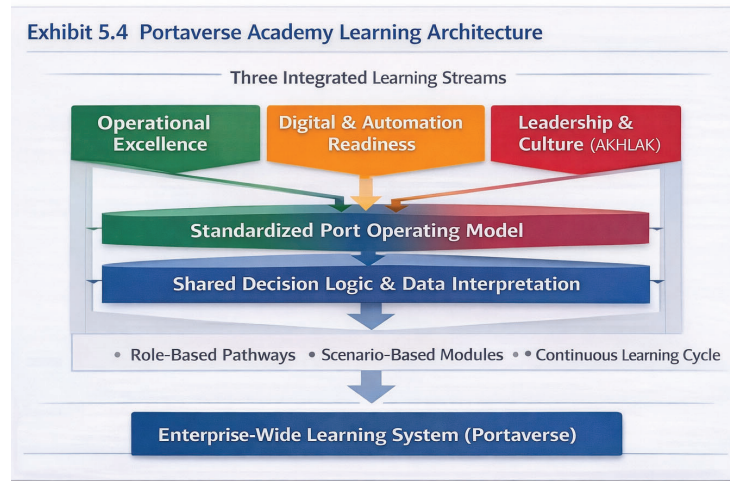
The third stream, Leadership and Culture, embedded Pelindo's AKHLAK values and post-merger leadership expectations into everyday decision-making contexts. Rather than abstract value statements, leadership modules explored how values manifested in operational choices: balancing speed and safety, managing cross-unit dependencies, addressing performance gaps constructively, and leading teams through change without undermining trust. These modules reinforced the behavioral dimensions later reflected in Pelindo's integrated scorecard.

Access to Portaverse Academy was intentionally broad and non-hierarchical. All employees were granted entry to the platform, with learning pathways organized by role and capability needs rather than position or grade. Leadership resisted calls to restrict advanced content to managerial levels, arguing that shared understanding across levels was essential for operational integration. At the same time, role-based curation ensured relevance, preventing the platform from becoming overwhelming or unfocused.

Over time, Portaverse Academy began to function less as a training platform and more as a standard reference system. Employees across regions encountered similar scenarios, terminology, and decision logic, despite local conditions differing. While leadership acknowledged that learning alone would not eliminate operational variance, they viewed the academy as a necessary foundation for aligning how problems were understood and addressed across more than 110 ports.

This shift from platform to system marked a critical inflection point in Pelindo's human capital transformation. Learning was no longer episodic, localized, or peripheral. It became a continuous, enterprise-wide mechanism for reinforcing standards, shaping judgment, and supporting the broader integration agenda.

Exhibit 4 presents the architecture of Portaverse Academy.



Source: *Membangun Insan Pelindo (2024)*; *PT Pelabuhan Indonesia (Persero) Annual Reports (2021–2022)*; *Pelindo CHRO leadership transcripts (2022)*; *Knowles et al. (2015)*; *World Bank (2020)*.

Integration with Broader Transformation Programs

Portaverse Academy was not designed as a standalone initiative. From the outset, it was integrated with Pelindo’s broader post-merger systems, including job grading, performance management, and leadership development.

Learning modules reinforced behaviors embedded in the quarterly KPI framework introduced after the merger. For example, leadership scenarios emphasized cross-unit collaboration, transparent decision-making, and accountability mirroring the behavioral dimensions assessed in performance reviews. Technical modules are aligned with standardized job requirements under the new grading architecture, ensuring consistency between role expectations and the development of capabilities.

The *Membangun Insan Pelindo (2024)* framework articulated this integration explicitly, framing human capital development as a continuous cycle linking capability, performance, and national contribution. Portaverse Academy became the digital backbone of this cycle rather than an auxiliary tool.

Exhibit 5 maps Portaverse Academy modules against Pelindo’s scorecard and job architecture.

Alignment of Learning Modules with KPIs and Job Architecture

Three Integrated Learning Streams

Dimension	Operational Excellence	Digital & Automation Readiness	Leadership & Culture (AKHLAK)
Performance KPIs	✓	✓	✓
Safety Standards	✓	✓	✓
Technical Roles	✓	✓	✓
Supervisory Roles	✓	✓	✓

■ Grades ≤7
(Operational/Technical)

■ Grades 8–11 (Supervisor/Middle)

■ Grades ≥12
(Manager/Leadership)

Portaverse Academy was introduced post-merger to reinforce KPIs and career paths.

Source: *Membangun Insan Pelindo (2024)*; *PT Pelabuhan Indonesia (Persero) Annual Reports (2021–2022)*; *Pelindo Integrated Scorecard documentation*; *Pelindo Job Grading and Structure design materials*; *Kaplan & Norton (1996, 2001)*.

Early Outcomes and Observed Tensions

Within its first year, Portaverse Academy achieved rapid adoption. Participation rates were particularly high in remote ports, where access to structured learning had previously been limited. Usage analytics indicated high engagement with short, scenario-based modules, whereas longer theoretical courses were redesigned in response to lower completion rates.

Operational leaders reported qualitative improvements in cross-port dialogue. Shared terminology began to appear in planning discussions, and supervisors increasingly referenced standardized frameworks when addressing performance issues. While leadership acknowledged that causality could not be conclusively established, these patterns were interpreted as early signals of cognitive alignment.

At the same time, tensions emerged. Some managers worried that digital learning might weaken apprenticeship-style knowledge transfer or reduce informal mentoring. Others questioned whether online modules could convey tacit knowledge embedded in port operations.

Leadership responded by reframing the platform as a complement to on-the-job learning. Supervisors were encouraged to use digital modules as pre-work for coaching conversations rather than as substitutes for experiential development.

Exhibit 6 summarizes early participation and engagement patterns.

Early Participation and Engagement Patterns

Dimension	Operational Excellence	Digital & Automation Readiness	Leadership & Culture (AKHLAK)
Performance KPIs	Moderate	High	High
Safety Standards	Low	Moderate	High
Technical Roles	✓	✓	High
Supervisory Roles	✓	✓	Moderate

Low	Moderate	High

Source: Pelindo CHRO leadership transcripts (2025); internal Portaverse Academy participation dashboards (summary-level); Membangun Insan Pelindo (2024); Salas et al. (2012); OECD (2020).

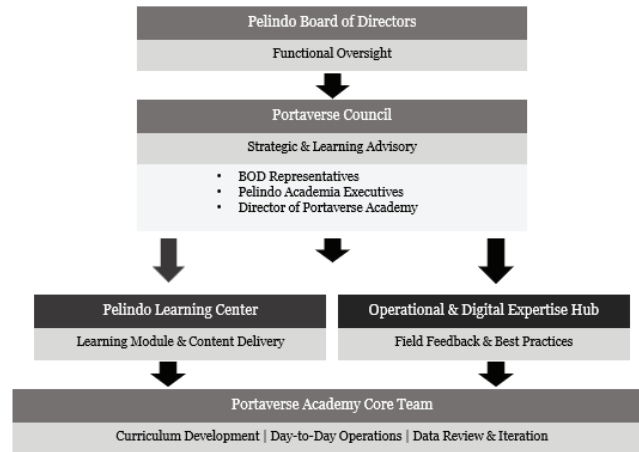
Leadership Perspective and Governance

Governance of Portaverse Academy remained closely tied to the executive agenda. Learning metrics were reviewed alongside operational KPIs in leadership forums, reinforcing the message that capability development was a strategic priority rather than an HR initiative.

The CEO emphasized that the platform signaled a new social contract. Employment guarantees would be preserved, but differentiation would increasingly be based on capability and contribution rather than tenure alone this message aligned with commitments made to unions during the merger, balancing stability with transformation.

The CHRO highlighted that Portaverse Academy also reduced reliance on informal networks for development opportunities, promoting greater equity across regions.

Exhibit 7 outlines the governance and oversight model.



Source: *Membangun Insan Pelindo (2024)*; *PT Pelabuhan Indonesia (Persero) Annual Reports (2021–2022)*; *Pelindo CEO and CHRO leadership transcripts (2025)*; *OECD (2019)*; *Rainey (2014)*.

Unresolved Questions and Strategic Trade-Offs

By late 2023, Portaverse Academy had become an established element of Pelindo's transformation architecture. However, strategic questions remained. Could engagement be sustained over time? How should Pelindo balance national standardization with local adaptation? And how directly could learning outcomes be linked to logistics performance at a national level?

Leadership viewed these questions not as shortcomings but as the next phase of capability development. Unlike infrastructure projects with defined endpoints, learning systems require continuous evolution.

Conclusion

Portaverse Academy ultimately illustrated Pelindo's broader philosophy toward post-merger transformation: change was not pursued through isolated initiatives, but through the deliberate integration of systems that reinforced one another. Learning was designed to sit alongside performance management, leadership expectations, and national logistics objectives, rather than operating as a stand-alone HR intervention. In doing so, Pelindo treated human capital as operational infrastructure no less critical than cranes, yards, or digital operating systems.

The experience also highlighted the limits of technology-led solutions in large public enterprises. While the digital platform enabled scale and consistency across more than 110 ports, its effectiveness depended on sustained leadership sponsorship, institutional discipline, and

credibility among frontline employees. Senior leaders remained visibly engaged in shaping content priorities, reinforcing behavioural expectations, and signaling that capability development was inseparable from operational outcomes. This alignment helped mitigate skepticism that often accompanies centralized initiatives in geographically dispersed organizations.

More broadly, Portaverve Academy demonstrated that large-scale upskilling in state-owned enterprises was less about replacing legacy workforces than about creating shared mental models across diverse operational contexts. By embedding learning within everyday decisions how planners interpreted data, how supervisors balanced safety and productivity, and how leaders enacted post-merger values Pelindo sought to ensure that integration gains were durable. The case raised a critical question for other infrastructure-heavy SOEs: whether national transformation ambitions could be sustained without treating learning as a core system of enterprise governance rather than a supporting function

References

- Argote, L.** (2013). *Organizational learning: Creating, retaining, and transferring knowledge*. Springer.
- Brown, J. S., & Duguid, P.** (2000). *The social life of information*. Harvard Business School Press.
- Garvin, D. A., Edmondson, A. C., & Gino, F.** (2008). Is yours a learning organization? *Harvard Business Review*, 86(3), 109–116.
- Gioia, D. A., Patvardhan, S. D., Hamilton, A. L., & Corley, K.** (2013). Organizational identity formation and change. *The Academy of Management Annals*, 7(1), 123–193.
- Kaplan, R. S., & Norton, D. P.** (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business School Press.
- Kaplan, R. S., & Norton, D. P.** (2001). *The strategy-focused organization: How balanced scorecard companies thrive in the new business environment*. Harvard Business School Press.
- Knowles, M. S., Holton, E. F., & Swanson, R. A.** (2015). *The adult learner: The definitive classic in adult education and human resource development* (8th ed.). Routledge.
- Notteboom, T., Pallis, A., & Rodrigue, J.-P.** (2022). *Port economics, management and policy*. Routledge.
- OECD.** (2017). *Skills for a high-performing civil service*. OECD Public Governance Reviews, OECD Publishing.
- OECD.** (2019). *Recommendation of the council on civil service leadership and capability*. OECD Legal Instruments.
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.
- PT Pelabuhan Indonesia (Persero).** (2022). *Laporan tahunan 2021: Menyongsong masa depan logistik Indonesia*.
- Rainey, H. G.** (2014). *Understanding and managing public organizations* (5th ed.). Jossey-Bass.

Salas, E., Tannenbaum, S. I., Kraiger, K., & Smith-Jentsch, K. A. (2012). The science of training and development in organizations: What matters in practice. *Psychological Science in the Public Interest*, 13(2), 74–101.

UNCTAD. (2020). *Review of maritime transport 2020*. United Nations Conference on Trade and Development.

World Bank. (2025). *Port reform toolkit* (3rd ed.). World Bank Group

Case 6 Teaching Notes: Aligning People to Ports – Designing Job Grading and Structures in Pelindo’s Post-Merger Integration

Case Synopsis

This case examines one of the most sensitive and consequential challenges in Pelindo’s post-merger integration: harmonizing job grading, compensation structures, and role definitions across four legacy state-owned port operators. Set in the weeks and months following the October 2021 legal merger, the case opens with a seemingly mundane but explosive moment: two managers in comparable roles discover significant differences in pay.

The incident revealed a deeper structural problem. Beneath the new Pelindo logo lay four incompatible job architectures, shaped by decades of separate union negotiations, regional labor markets, and managerial philosophies. Job titles overlapped, but scopes of responsibility, reporting lines, and allowances differed dramatically. These inconsistencies undermined perceptions of fairness, constrained mobility, and threatened to erode trust at a critical moment in the merger.

The leadership dilemma was acute. Harmonizing job grades and compensation too quickly risked a sharp increase in payroll costs, already close to 40 percent of operating expenditure, and investor concern. Moving too slowly, however, risked union escalation, declining morale, and loss of credibility in the promise of “One Pelindo.”

The case follows the deliberations of Pelindo’s Human Capital Integration Task Force as it weighs speed versus sequencing, equity versus affordability, and trust versus financial discipline, ultimately confronting a central question: How should job grading and compensation be harmonized to preserve legitimacy while safeguarding financial sustainability?

Teaching Use

This case is particularly well suited for courses in strategic management, human capital strategy, labor relations, public-sector leadership, and post-merger integration, with a focus on state-owned enterprises and large-scale institutional transformation in emerging markets. It enables discussion of fairness, sequencing, stakeholder negotiation, and the political economy of workforce integration.

The case is appropriate for undergraduate, graduate, and executive education programs, especially those examining human capital reform, union density, compensation harmonization, and leadership decision-making under public and investor scrutiny.

Learning Objectives

After discussing the case, students should be able to:

1. Analyze why job grading and compensation alignment can become a strategic risk rather than a technical HR task in large mergers.
2. Evaluate leadership trade-offs between speed, fairness, and financial discipline in politically exposed organizations.
3. Apply sequencing logic to workforce harmonization under non-negotiable constraints (no layoffs, no pay cuts).
4. Distinguish between equity and equality in compensation design and communication.
5. Assess the role of stakeholder management, particularly unions and investors, in post-merger human-capital decisions.
6. Understand how structural HR alignment enables downstream systems such as KPIs, mobility, and leadership development.

Key Themes & Concepts

- Job architecture as organizational infrastructure
- Fairness, dignity, and trust in post-merger contexts
- Sequencing versus speed in integration
- Union power and labor legitimacy in SOEs
- Financial governance and investor signaling
- Stakeholder power–interest mapping

Assignment / Discussion Questions

1. Why did discrepancies in job grading and pay emerge as a strategic integration risk so early in Pelindo's merger?
2. What were the most significant structural differences in job architecture across Pelindo I–IV, and why did they matter?
3. How should leaders distinguish between equity and equality when designing harmonized compensation systems?
4. Evaluate the three options presented (Immediate, Staged, Hybrid). Which would you recommend, and why?

5. How did union expectations and investor concerns shape the sequencing of Pelindo's decision?
6. What risks remain even after base-pay harmonization, and how should leadership manage them?

Teaching Approach: Analysis and Guidance

The teaching approach positions job grading not as an administrative exercise, but as a foundational governance decision that shapes trust, mobility, and performance across the enterprise. Instructors should guide students to recognize that compensation systems communicate values more powerfully than slogans.

Why Was Job Grading a Strategic Risk?

Students may initially view pay harmonization as a back-office issue. The case challenges this view by demonstrating that visible inequities immediately undermine integration narratives. In a unionized, safety-critical environment, perceptions of unfairness quickly translate into resistance, distraction, and operational risk.

Because Pelindo had publicly committed to no layoffs and no pay cuts, leaders lacked conventional levers for adjustment. This made sequencing—not optimization—the central strategic variable.

Fragmented Job Architecture and Allowance Complexity

A key teaching point is the extent of inherited fragmentation: more than 1,200 job titles, inconsistent reporting lines, and over 30 allowance categories. Titles signaled status without reliably indicating responsibility. This fragmentation made enterprise-wide performance comparison, workforce planning, and mobility nearly impossible.

The case illustrates how job architecture precedes performance systems—without alignment at this level, downstream reforms lack credibility.

Equity over Equality: The Design Principle

The Task Force's decision to prioritize equity rather than immediate equality is central to the analysis. By aligning base pay first and phasing allowances later, leadership sought to make fairness visible while controlling financial exposure.

This principle invites debate: Can perceived fairness be sustained when differences remain visible? Or does delayed equality undermine trust? The case provides evidence for both perspectives, making it well suited for executive-level discussion.

Stakeholder Pressures and Sequencing Logic

The case highlights how different stakeholders exerted pressure in opposite directions:

- Unions prioritized immediate fairness and transparency.

- Finance and investors emphasized cost containment and predictability.
- Operations leaders worried about morale and throughput disruption.

The hybrid sequencing option emerged not as a technical optimum, but as a political and institutional compromise, reinforcing the idea that integration decisions are negotiated outcomes rather than purely analytical solutions.

Outcomes and Unfinished Tensions

Early results, including improved morale indicators, reduced grievances, and manageable payroll growth, suggest that the hybrid approach has stabilized the organization. Yet the case deliberately leaves tensions unresolved. Allowances remained unequal, perceptions required constant management, and governance discipline became critical to avoid slippage.

This open ending reinforces a central lesson: fairness in mergers is a process, not an event.

References

- Deloitte.** (2020). *Global human capital trends: The social enterprise at work: Paradox as a path forward*. Deloitte Insights.
- Freeman, R. E.** (1984). *Strategic management: A stakeholder approach*. Pitman.
- Galpin, T. J., & Herndon, M.** (2014). *The complete guide to mergers and acquisitions: Process tools to support M&A integration at every level* (3rd ed.). Jossey-Bass.
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2020). *Peraturan Menteri BUMN No. PER-02/MBU/02/2020 tentang perubahan atas PER-01/MBU/2011 mengenai penerapan tata kelola perusahaan yang baik (GCG)*. Kementerian BUMN.
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2021). *Roadmap transformasi BUMN 2020–2024*. Kementerian BUMN.
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2022). *Kebijakan pengelolaan SDM BUMN pasca-merger dan holdingisasi*. Kementerian BUMN.
- Kotter, J. P.** (1996). *Leading change*. Harvard Business School Press.
- McKinsey & Company.** (2006). *Organizing for successful change management*. McKinsey Quarterly.
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Strategi manajemen SDM pascamerger PT Pelabuhan Indonesia (Persero)*. Pelabuhan Indonesia.
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.

Pelabuhan Indonesia (Persero). (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Ulrich, D., Younger, J., Brockbank, W., & Ulrich, M. (2012). *HR from the outside in: Six competencies for the future of human resources*. McGraw-Hill.

Case 6 : Aligning People to Ports: Designing Job Grading and Structures in Indonesia Pelindo's Post-Merger Integration

Opening Scene: "Same Work, Different Pay"

It was a humid afternoon in October 2021, just weeks after the long-awaited legal merger of Indonesia's four state-owned port operators into a single entity. In the Jakarta headquarters, representatives from regional HR offices gathered to review integration updates. What was intended as a routine briefing suddenly turned tense.

During a coffee break, two deputy managers—one from Tanjung Priok in Jakarta (legacy Pelindo II) and the other from Makassar in Sulawesi (legacy Pelindo IV)—compared their pay slips. Both carried the same title: *Deputy Manager of Container Operations*. Both oversaw berths of similar complexity. Yet when they placed their payslips side by side, the disparity was undeniable: one earned nearly 25 percent more than the other.

Word spread quickly. WhatsApp groups across the Pelindo network buzzed with screenshots and comments:

"How can the same job title mean different pay?"

"Are we one Pelindo, or just four pay scales with a new logo?"

By the end of the week, the issue had escalated. Union representatives demanded clarity, accusing management of masking inequality under the banner of efficiency. Middle managers expressed frustration, warning that motivation would plummet if discrepancies were not addressed.

A senior HR project lead later reflected on that moment:

"If two people doing the same job cannot explain why one is paid more, integration collapses. It wasn't about money alone—it was about fairness, dignity, and trust."

Why This Moment Mattered

The pay-slip incident was more than an embarrassing discovery—it exposed the fragility of the merger. On paper, Pelindo had become the world’s eighth-largest container terminal operator overnight. However, beneath the surface, four distinct organizational logics continued to operate in parallel. Employees could see the rebranding on their name badges, but their pay structures, allowances, and entitlements remained a patchwork of legacy practices.

The size of the workforce magnified the challenge: more than 32,000 employees, spread across Indonesia’s vast archipelago. Each legacy entity—Pelindo I, II, III, and IV—had developed its job framework over decades, shaped by local union negotiations, regional business conditions, and differing management philosophies. In some companies, allowances for housing or transport were deeply entrenched; in others, they did not exist at all.

The result was a landscape where job titles sounded the same but meant very different things. One “assistant manager” might oversee 40 staff and multimillion-dollar cargo flows, while another managed a team of five in a provincial port. Yet both carried the same rank.

This disparity mattered for three reasons:

1. **Morale:** Perceived inequity risked eroding employee trust at the exact moment Pelindo needed unity.
2. **Industrial relations:** Four national unions, already cautious about the merger, seized on the issue to pressure management.
3. **Financial governance:** The CFO warned that harmonizing pay scales too quickly could add double-digit increases to payroll costs, raising concerns among credit investors.

The Scene Inside Headquarters

In the Jakarta integration command center—nicknamed the “war room”—the Human Capital Integration Task Force debated next steps. Charts on the wall showed hundreds of unique job titles scattered across four entities. A heatmap highlighted red zones of overlapping roles with inconsistent pay.

The CEO pressed for a pragmatic solution:

“We cannot build a world-class port operator on fragmented structures. But we also cannot lose trust on Day One. We must strike a balance.”

The CHRO, Ihsanuddin Usman, emphasized sequencing:

“Our mandate was clear: no layoffs, no pay cuts. But fairness could not wait. We needed to harmonize the fundamentals first—job grading

and base pay—then phase in the rest. Otherwise, every corridor conversation would undermine the merger.”

Meanwhile, union leaders were prepared to escalate. Their representatives reminded management that in prior SOE mergers, “harmonization” had often meant reduction of entitlements. They demanded immediate assurances that this time would be different.

Setting the Stage for the Case

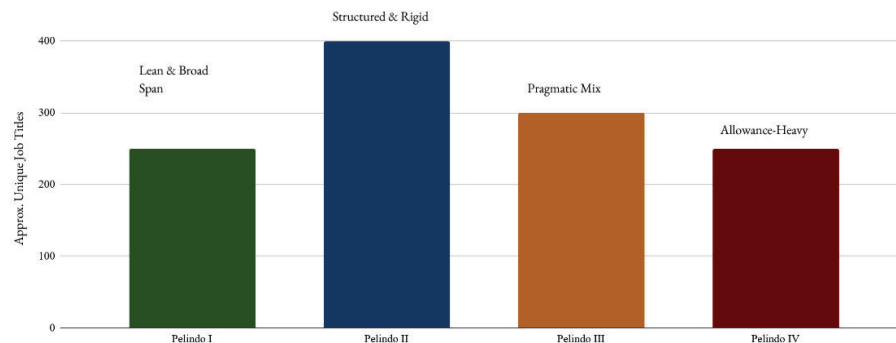
The pay-slip comparison in that Jakarta meeting became a defining moment of the integration. It captured the essence of the merger’s human-capital challenge: harmonizing not only IT systems and workflows, but also the intangible yet critical sense of fairness among employees.

As the HR integration team left the room that day, they faced a dilemma with no easy answer. Should they move quickly to align pay and titles, absorbing the financial cost but buying goodwill? Or should they phase the process over several years, hoping that gradualism would sustain both trust and financial discipline?

This case explores how Pelindo’s leaders navigated that dilemma—and what it reveals about sequencing human-capital interventions during one of Indonesia’s most ambitious state-owned enterprise mergers.

Exhibit 1 – Legacy Job Structures Across Four Pelindo Entities

Legacy Job Structures Across Pelindo Entities



Source : Membangun Insan Pelindo (2024)

Context and Strategic Rationale

The unification of Indonesia’s four state-owned port operators in October 2021 was heralded as a turning point in the nation’s maritime economy. With a combined footprint stretching from Belawan in North Sumatra to Jayapura in Papua, the newly created Pelindo instantly became the **eighth-largest container terminal operator in the world**. The government and industry

stakeholders viewed the merger as a once-in-a-generation opportunity to reduce logistics costs, which had long hovered around **23 percent of GDP**, nearly double that of regional peers.

Yet behind the celebratory headlines, the merger exposed deep organizational inconsistencies. The four legacy companies—Pelindo I, II, III, and IV—had operated for decades under separate mandates, management cultures, and human capital systems.

A Patchwork of Structures

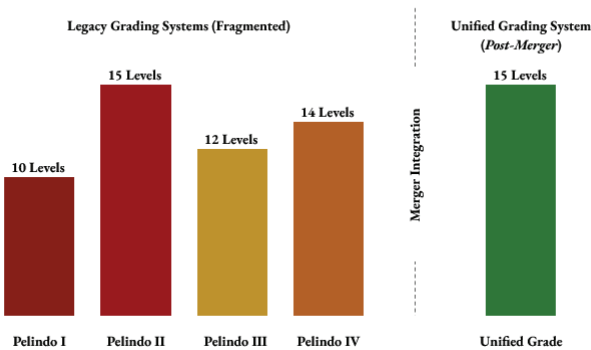
Each Pelindo had evolved its own job frameworks and compensation philosophies:

- **Pelindo I** (covering western ports such as Belawan and Dumai) followed a leaner grading system, with broader spans of control but limited allowances.
- **Pelindo II** (headquartered in Jakarta, with Tanjung Priok as its crown jewel) offered more generous benefits and had one of the most structured hierarchies in the SOE landscape.
- **Pelindo III** (central ports including Surabaya and Semarang) adopted pragmatic local adjustments, balancing allowances with performance incentives.
- **Pelindo IV** (eastern Indonesia) relied heavily on non-standard allowances to attract talent to remote postings.

The result was an organizational map with over 1,200 unique job titles across the four companies. Titles overlapped but often bore different meanings. For example, a “Supervisor” in one company might oversee a handful of clerical staff, while in another, the same title commanded responsibility for multimillion-dollar quay operations.

Exhibit 2 – Heatmap of Inconsistencies in Job Structures, Allowances, and HR Systems

Legacy Job Grading vs Unified Grid



Source : Membangun Pelindo (2024)

Why Harmonization Was Strategic

From a distance, job grading and compensation alignment are technical HR concerns. But in a merger of this scale, there were strategic imperatives for three reasons:

1. **Operational Efficiency**

A unified port operator required consistency in how work was defined, distributed, and measured. Without standardization, transferring managers between ports—or even comparing productivity across regions—was impossible. Job grading would provide the structural backbone for performance management, workforce planning, and mobility.

2. **Cultural Integration**

The merger was as much about creating a unified identity as it was about scale. Employees were being asked to rally under the new Pelindo brand, yet they still carried legacy perceptions of inequity. Pay disparities, inconsistent benefits, and unclear scopes risked undermining trust at the very moment the company needed cultural cohesion.

As one regional HR manager reflected:

“We could talk about synergies all day, but if an employee saw her colleague in another port earning more for the same work, the story of ‘one Pelindo’ fell apart instantly.”

3. **Financial Predictability**

Harmonization was also a matter of fiscal discipline. Payroll represented nearly 40 percent of operating expenditure—a figure closely watched by investors. The CFO warned that an immediate across-the-board harmonization could inflate payroll costs by double digits. Yet delaying action risked industrial unrest, as unions mobilized around perceived inequalities.

The Ministry’s Guardrails

The Ministry of State-Owned Enterprises (SOEs), which had championed the merger, laid down two non-negotiable guardrails:

1. **No layoffs.**

2. **No reduction in take-home pay.**

These rules were intended to reassure employees and unions, but they also constrained the integration team’s options. The task force could not reduce costs through headcount cuts or downward adjustments in allowances. Harmonization, therefore, meant balancing upward adjustments for some employees against the financial burden of standardization.

A National Imperative, Not Just an HR Issue

The stakes extended beyond Pelindo's 32,000 employees. Indonesia's economic planners viewed port reform as central to reducing logistics costs, boosting trade competitiveness, and supporting the government's vision of becoming a global maritime hub by 2045.

Harmonizing job grades and structures was not simply about internal fairness—it was about enabling Pelindo to function as a modern, world-class operator capable of supporting national goals. As one Ministry official stated in a stakeholder briefing:

“The merger is not only corporate housekeeping. It is a national logistics strategy. And without workforce integration, it will fail.”

The Dilemma Emerging

By late 2021, the urgency was apparent. Disparities in pay, allowances, and responsibilities were visible to employees and unions alike. Yet the financial risks of immediate harmonization were equally visible to the Board and investors.

This tension set the stage for one of the most critical questions of the integration: **How should Pelindo sequence the harmonization of job grading and structures?** Should it act decisively and absorb the cost, or phase the process to balance trust and financial stability?

The answer to this question would shape not only employee morale but also investor confidence and the credibility of the merger itself.

The Challenge

Fragmented Job Architecture

An internal audit revealed **over 1,200 unique job titles** across the four legacy entities. Many overlapped in name but diverged in scope. For example, the title “Supervisor” existed in all entities. Yet, in Pelindo II, it implied oversight of 40 workers, while in Pelindo I, V, it often referred to a frontline coordinator with only a handful of staff.

The disparities extended to reporting lines. In some entities, a “Manager” reported directly to a director; in others, the same level sat two or three rungs below. These inconsistencies made it impossible to compare productivity, design KPIs, or plan talent rotations across regions.

A senior HR official recalled:

“When we lined up the org charts side by side, it was like looking at four different species of organization. The titles were similar, but the DNA was different.”

Allowance Complexity

If job titles were confusing, allowances were a minefield. Each Pelindo had developed its patchwork of benefits to appease unions or respond to local labor markets. Housing stipends were standard in Jakarta but rare in Surabaya. Transport allowances varied between fixed cash sums and reimbursements. Meal allowances in some regions exceeded 15 percent of base pay, while others provided none at all.

An internal heatmap revealed **over 30 distinct allowance categories** across the four companies. The CHRO admitted that “no two payslips looked the same.”

Union Pressures

The four national unions, historically powerful in shaping SOE labor policy, seized on these disparities as evidence of unfair treatment. In early town halls, union leaders repeatedly questioned whether the merger would lead to “harmonization by reduction.”

One union representative put it bluntly:

“Every time management talks about harmonization, workers end up losing. Why should we believe this merger will be different?”

The Ministry’s promise of no layoffs and no pay cuts offered some reassurance, but mistrust lingered. Any misstep in communicating the job-grading process risked sparking industrial action.

Financial Constraints

The CFO, meanwhile, raised alarms about payroll costs. At nearly **40 percent of operating expenditure**, payroll was already high compared to international benchmarks. A complete harmonization—equalizing pay upwards—was projected to add as much as **15 percent** to annual payroll, equivalent to hundreds of billions of rupiah.

Credit investors were watching closely. A June 2023 rating report from PEFINDO noted that “labor integration costs could pressure Pelindo’s financial profile if not carefully managed.” Fitch Ratings, while upgrading Pelindo’s debt to match the sovereign, cautioned that execution risk remained.

The CFO warned:

“If we move too quickly, we blow our financial discipline. If we move too slowly, we lose credibility with employees and unions. Either way, the risk shows up in our balance sheet.”

Technology Barriers

The merger also inherited four separate HRIS platforms, each with its data definitions and workflows. Consolidating payroll and personnel data became a technical challenge that slowed the design of a unified grading system. As one HRIS manager described:

“We could not even run a single headcount report across entities without reconciling four databases. How do you align job grades when you don’t trust the data?”

The technical integration consumed precious months, delaying decisions that employees were anxiously awaiting.

The Core Dilemma

By late 2021, the Task Force stood at a crossroads:

- Move quickly to unify job grades and risk a financial surge that could unsettle investors.
- Or delay harmonization, preserving financial stability but risking union unrest and eroding employee trust.

The tension became a recurring theme in board discussions. The CEO emphasized national expectations:

“The government expects Pelindo to reduce logistics costs, not increase them. But we cannot reduce costs if our people don’t believe in the merger.”

The CHRO, by contrast, underscored the human stakes:

“Every day that discrepancies remain visible, we lose trust. And once trust is gone, no system can fix it.”

The Integration Task Force

By November 2021, it was clear that job-grading harmonization could not be resolved through routine HR processes. The Board authorized the formation of a **Human Capital Integration Task Force**—a dedicated unit that would carry both the technical and political weight of aligning 32,000 employees under one system.

The Task Force convened in Pelindo’s Jakarta headquarters, though members rotated in and out from Surabaya, Medan, and Makassar. Its composition reflected the complexity of the problem:

- HQ Human Capital leaders are tasked with designing the new grading framework.
- Regional HR heads, bringing on-the-ground realities from legacy entities.
- Finance representatives are concerned about payroll inflation and credit metrics.
- Operations executives are worried about morale and operational continuity.
- External advisors, providing benchmarking data from other Indonesian SOEs.

Meetings often ran late into the night, the conference room walls plastered with org charts, spreadsheets of allowances, and printouts of union collective agreements.

Competing Pressures

The Task Force was pulled in different directions.

- **Finance** pressed for speed. Every month of delay prolonged payroll inefficiencies and undermined projected merger synergies. “We cannot keep carrying four pay philosophies,” the CFO reminded the group.
- **Operations** urged caution. They feared that pushing too hard, too fast, could demotivate frontline supervisors. As one port director argues, “If the crane operators lose faith, throughput slows. That costs more than any payroll savings.”
- **Unions** loomed as a constant presence. Even though they were not formally part of the Task Force, their influence was felt in every meeting. Union leaders had mobilized members, warning that harmonization might mean hidden reductions.
- **The Ministry of SOEs** set the guardrails—no layoffs, no pay cuts—but left execution to Pelindo. This gave the Task Force authority but little room for error.

Early Principles

Faced with these competing pressures, the Task Force adopted three guiding principles:

1. **Equity over equality.** The goal was not to give everyone the same pay immediately, but to ensure fairness relative to job value and scope. This allowed Pelindo to defend differences transparently.
2. **Phased alignment.** Base pay structures would be harmonized first, with allowances phased in over time. This created a visible “Day One” win for fairness while controlling financial escalation.
3. **Transparent communication.** Unions would be briefed at every step, not just after decisions. The CHRO argued strongly for this:

“We needed to treat unions as partners in sequencing, not as audiences to be informed after the fact.”

Sequencing vs. Speed

The CEO framed the dilemma during one of the early plenary sessions:

“If we rush, we risk breaking trust. If we delay, we risk losing momentum. The Ministry expects both discipline and unity—how do we deliver both?”

External advisors introduced comparative data from other SOE consolidations in Indonesia, showing that mergers that emphasized cultural and HR alignment in the first 18 months fared better in sustaining performance than those that prioritized immediate financial capture.

Yet finance executives countered:

“Credit investors won’t wait for culture. They want to see payroll ratios stabilize now.”

The CHRO, Ihsanuddin Usman, consistently pressed for a middle path:

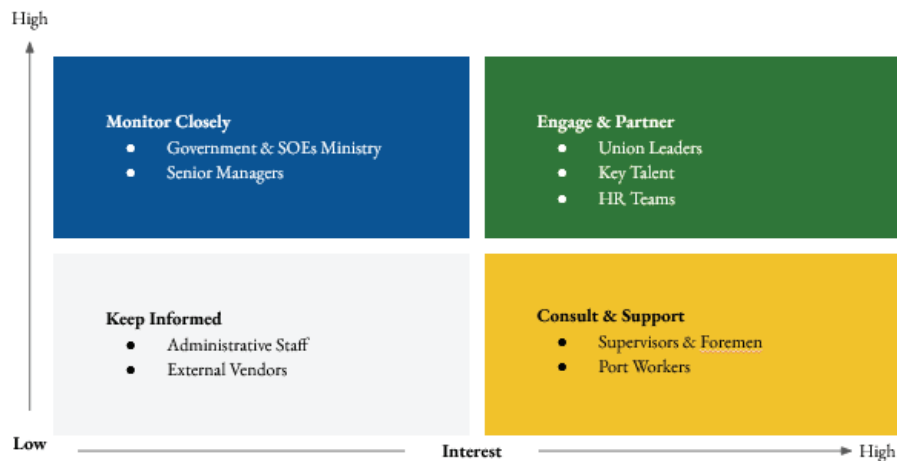
“Our sequence matters. Base pay first, allowances later. That way, every payslip tells the same story: fairness is underway.”

Building the Stakeholder Map

To balance these pressures, the Task Force mapped out the influence and interest of stakeholders. The unions, though not inside the room, were scored as high power, high interest. The Board carried high power but was focused more broadly on merger success, while regional port heads had medium influence but high interest in how their staff would react.

Exhibit 3 – Stakeholder Power-Interest Grid: Job Grading Harmonization

Stakeholder Power-Interest Grid: Job Grading Harmonization



Source: Author analysis, adapted from Mendelow’s Stakeholder Power–Interest Matrix and applied to Pelindo post-merger job-grading harmonization.

This mapping exercise clarified one point: harmonization could not be treated as an HR back-office project. It was a strategic negotiation requiring careful sequencing, coalition-building, and credibility with both employees and investors.

Closing the Section

By early 2022, the Task Force had defined its operating principles but had not yet chosen a path. The options ranged from immediate harmonization, staged alignment, to hybrid sequencing. Each carried trade-offs in cost, risk, and credibility.

The question hanging over the Task Force was simple but consequential: **What sequencing would maximize trust while preserving financial discipline?**

Decision Path

By mid-2022, the Human Capital Integration Task Force had sharpened its dilemma into three concrete pathways. Each option reflected a different balance of financial discipline, union relations, and operational stability. The Board requested a complete presentation of the trade-offs before deciding how to proceed.

Option A: Immediate Harmonization

The second path emphasized caution. Base pay would be aligned in Year 1, while allowances and benefits would be gradually harmonized over five years. This approach spread the financial impact and allowed time for system and cultural integration.

Pros

- Delivered an immediate sense of fairness across the organization.
- Demonstrated decisive action to employees and unions.
- Simplified HRIS integration—one framework from Day One.

Cons

- Payroll costs are projected to rise by **15 percent**, equivalent to hundreds of billions of rupiah annually.
- Risked investor skepticism at a critical time when Pelindo sought to raise capital for port modernization.
- A compressed timeline increased the chances of design errors or inequities going unnoticed until it's too late.

A finance director warned:

“If we take Option A, we front-load the costs and hope that trust buys us time. But investors don’t accept trust as collateral.”

Option B: Immediate Harmonization

The first path was the most direct: harmonize all job grades and compensation structures across Pelindo within one year. Base pay, allowances, and benefits would be equalized upward to eliminate disparities at once.

Pros

- Contained payroll cost increases to less than 5 percent annually.
- Reduced the risk of error by allowing pilots and adjustments.
- Easier to link harmonization milestones to financial performance, aligning with investor expectations

Cons

- Disparities would remain visible for years, risking resentment among employees.
- Unions might interpret delays as a reluctance to deliver fairness.
- It could undermine the narrative of “One Pelindo” if employees still perceived themselves as belonging to legacy entities.

One regional HR head cautioned:

“If people are still comparing payslips in Year Three, we lose the integration story. We’ll be one Pelindo in name only.”

Option C: Hybrid Sequencing

The third path combined elements of both. Core job grades and base pay would be harmonized immediately, giving employees visible evidence of fairness. Allowances and secondary benefits would then be phased in over three years, tied to cash-flow performance and system readiness.

Pros

- Balanced immediate credibility with employees against financial prudence.
- Reduced payroll shock to around 7 percent in Year 1.
- Created space for union consultation on specific allowances.

Cons

- Required careful communication to avoid the perception of delay.
- Still risked investor scrutiny if payroll ratios spiked too early.
- Needed strong governance to ensure phased implementation stayed on track.

The CHRO pressed the case firmly:

“If we rush, we break trust; if we delay, we lose momentum. The hybrid model lets every payslip tell the same story—fairness is underway.”

The Debate

The Board meeting that summer was tense. Slides compared payroll projections under each option, alongside union sentiment indicators collected through surveys. A risk heat map highlighted industrial relations as the highest-impact risk if harmonization faltered.

The CFO argued for Option B, emphasizing fiscal discipline:

“Our ratings upgrade is new. Let’s not jeopardize it with a payroll shock.”

Operations pushed for Option A, worried that prolonged disparities would erode morale:

“If employees think this is just another SOE merger where promises fade, throughput will suffer. We can’t afford that.”

The CHRO countered with Option C, stressing sequencing:

“Base pay alignment is non-negotiable. It shows fairness from the start. But allowances can wait, provided we map a clear timeline.”

The CEO listened, weighing the pressures. He reminded the group of the broader stakes:

“We are not just merging companies; we are executing a national logistics mandate. Fairness must be visible, and discipline must be real.”

The Decision

After deliberation, the Board approved Option C: Hybrid Sequencing. The resolution mandated:

- Immediate alignment of base pay across the four legacy entities.
- A phased plan to harmonize allowances and secondary benefits over three years.
- Quarterly progress reviews to ensure both financial discipline and union relations were maintained.

The decision was not unanimous, but it reflected a pragmatic compromise—delivering a visible fairness signal without undermining investor confidence.

Options vs Criteria Table (A: Immediate, B: Staged, C: Hybrid)

Options vs Criteria: Job Grading Harmonization Pathways

Options	Immediate	Staged	Hybrid
	A	B	C
Implementation Speed	● High	● Low	● Medium
Employee Impact	● High	● Medium	● Low
Stakeholder Resistance	● High	● Medium	● Low
Integration Stability	● High	● Low	● High

Interest  High

Source: Author analysis.

Outcomes

The Board's decision to adopt **Option C: Hybrid Sequencing** was announced in early 2022. The message was simple: base pay would be harmonized immediately, while allowances and secondary benefits would be aligned in phases over the next three years.

The decision was communicated simultaneously to employees across all regions. In Jakarta, Surabaya, Belawan, and Makassar, screens displayed the same headline: *"One Pelindo, One Base Pay."*

Early Wins

The immediate harmonization of base pay delivered visible results. By March 2022, payslips across the four legacy entities reflected consistent base salary structures. Employees who had long complained of inequities reported cautious optimism.

Union sentiment surveys indicated a **20 percent improvement in trust levels** compared to pre-merger baselines. A joint communiqué issued by the four national unions praised management for "taking the first step toward fairness," while also warning that allowances remained a point of contention.

Operationally, grievances filed through HR channels **dropped 30 percent year-on-year**. Supervisors reported fewer corridor disputes about pay disparities, allowing teams to focus more on operational targets.

Financial Impact

The CFO's concerns about payroll costs proved justified, but the hybrid sequencing kept increases manageable. Payroll rose **7 percent in 2022**, compared to the 15 percent spike projected under Option A.

Credit analysts monitored developments closely. In a 2022 review, PEFINDO noted that "labor integration has begun in a measured manner, balancing fairness with financial discipline." Fitch Ratings, while maintaining Pelindo's rating at the sovereign level, flagged execution risk but credited the company for sequencing its integration "prudently."

The phased approach allowed Pelindo to continue financing its port modernization program without alarming investors.

Organizational Effects

The harmonized base pay also unlocked progress in other areas. For the first time, Pelindo was able to pilot standardized KPIs for managers across regions. A deputy manager in Belawan could now be compared fairly to a deputy manager in Semarang, creating a platform for unified performance management.

Rotations and mobility also became easier. With aligned job grades, employees could be seconded between ports without triggering disputes over mismatched titles or pay—this improved workforce agility, particularly valuable during seasonal surges in container traffic.

A port director reflected:

“For the first time, I could send a Surabaya manager to Makassar without arguing over what his title meant. That alone was worth the effort.”

Lingering Tensions

Despite these gains, challenges remained. Allowances were still on a phased path, and employees in eastern regions continued to perceive themselves as disadvantaged. Rumors circulated that Jakarta staff received faster adjustments. HR leaders spent considerable time countering misinformation and reinforcing the phased timeline.

Unions, while initially supportive, kept pressure on management. In late 2022, one union leader remarked:

“Base pay is aligned, yes. But until allowances are equal, workers will still compare and resent.”

The phased approach also demanded strong governance. Each quarterly review tested management’s resolve to stay on schedule while balancing cash-flow constraints. Delays in allowance alignment risked reigniting discontent.

Balancing Trust and Discipline

By late 2023, Pelindo’s hybrid model had delivered stability without financial shock. The company reported fewer HR disputes, improved morale, and a manageable payroll trajectory. Yet the experience underscored the fragility of integration. Fairness was not a one-off achievement but a process requiring continual communication, monitoring, and adjustment.

The CHRO summarized the lesson in a year-end review:

“Fairness is not just about what’s on the payslip—it’s about whether people believe in the journey. Sequencing mattered as much as the final destination.”

Ongoing Discussions

By the close of 2023, Pelindo’s hybrid sequencing had become a reference point in Indonesia’s state-owned enterprise landscape. The decision to harmonize base pay immediately, while phasing allowances and benefits, delivered measurable stability. Employees saw a visible step toward fairness; unions acknowledged progress; investors were reassured that payroll costs remained under control.

Yet the integration journey was far from finished. The phased timeline meant that allowances would remain unequal until at least 2025. Misinformation spread easily, fueling suspicions that some groups were favored over others. HR leaders found themselves spending as much time managing perceptions as implementing systems.

One HR manager admitted,

“Every quarter, we were back in the field explaining why allowances hadn’t been equalized yet. Even when the plan was on track, the perception of delay created tension.”

An Unfinished Story

The hybrid model solved immediate crises but did not eliminate structural fragilities. Payroll discipline, industrial relations, and employee trust remained in constant tension. For some observers, Pelindo’s cautious sequencing demonstrated prudent leadership in a politically sensitive merger. For others, it reflected an overly conservative approach that postponed inevitable conflicts.

International benchmarks offered no easy answers. Global case studies showed that some mergers accelerated harmonization to create quick wins, while others were delayed for years to safeguard financial stability—neither approach guaranteed success. The lesson seemed to be that sequencing decisions carried trade-offs that no technical model could fully resolve.

References

- Deloitte.** (2020). *Global human capital trends: The social enterprise at work: Paradox as a path forward*. Deloitte Insights.
- Freeman, R. E.** (1984). *Strategic management: A stakeholder approach*. Pitman.
- Galpin, T. J., & Herndon, M.** (2014). *The complete guide to mergers and acquisitions: Process tools to support M&A integration at every level* (3rd ed.). Jossey-Bass.
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2020). *Peraturan Menteri BUMN No. PER-02/MBU/02/2020 tentang perubahan atas PER-01/MBU/2011 mengenai penerapan tata kelola perusahaan yang baik (GCG)*. Kementerian BUMN.
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2021). *Roadmap transformasi BUMN 2020–2024*. Kementerian BUMN.
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2022). *Kebijakan pengelolaan SDM BUMN pasca-merger dan holdingisasi*. Kementerian BUMN.
- Kotter, J. P.** (1996). *Leading change*. Harvard Business School Press.
- McKinsey & Company.** (2006). *Organizing for successful change management*. McKinsey Quarterly.
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Strategi manajemen SDM pascamerger PT Pelabuhan Indonesia (Persero)*. Pelabuhan Indonesia.
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.
- Ulrich, D., Younger, J., Brockbank, W., & Ulrich, M.** (2012). *HR from the outside in: Six competencies for the future of human resources*. McGraw-Hill.

Case 7 : Negotiating the 2023 Collective Labour Agreement: Partnership or Power-Play?

Introduction

In early 2023, PT Pelabuhan Indonesia (Persero) (“Pelindo”) entered one of the most consequential phases of its post-merger integration: negotiating a new Collective Labour Agreement (Perjanjian Kerja Bersama, PKB) governing a workforce of approximately 25,000 employees across more than 110 ports nationwide. The negotiation unfolded barely eighteen months after the legal consolidation of four previously independent port state-owned enterprises into a single national operator.

By that point, Pelindo’s leadership had begun to report early operational improvements. Vessel port-stay times at several flagship terminals had declined, productivity indicators were trending upward, and integration initiatives, ranging from digital platforms to standardized KPIs, were gaining traction. Yet beneath these performance metrics lay a more fragile foundation: labour trust.

The 2023 PKB negotiations were not merely about wages, allowances, or benefits. They became a referendum on Pelindo’s post-merger social contract. For management, the agreement needed to preserve cost discipline, enable flexibility in productivity, and support standardisation across ports. For labour unions, it represented a critical moment to secure employment guarantees, protect income parity, and assert dignity amid rapid organisational change.

By the time the agreement was signed, Pelindo’s executives privately acknowledged that the process itself mattered as much as the clauses agreed. Whether the PKB would ultimately be remembered as a partnership forged under a shared national purpose, or as a power play masked by conciliatory rhetoric, would depend not only on the negotiation outcome but also on the signals that followed in the months after ratification.

Background : Labour Relations Before and After the Merger.

Indonesia’s port sector had long been characterised by strong labour unions, localised bargaining traditions, and deeply embedded employment norms. Prior to the 2021 merger, each of the four legacy Pelindo entities negotiated its own collective labour agreement. These agreements reflected regional cost structures, historical allowances, local productivity norms, and distinct union dynamics.

As a result, employees performing comparable roles across different regions often received materially different compensation packages. Overtime rules, shift arrangements, and incentive schemes varied widely. While these arrangements were accepted as normal within regional entities, they became increasingly difficult to justify after consolidation into a single enterprise.

The 2021 merger fundamentally altered this labour relations landscape. Under the Ministry of State-Owned Enterprises' directive, Pelindo was mandated to operate as a unified national port operator capable of reducing Indonesia's logistics costs and improving competitiveness. At the same time, political and social expectations were explicit: the merger was not to result in layoffs or reductions in income.

These commitments were repeatedly reinforced by Pelindo's CEO during union roadshows and internal town halls in the first year of integration. As reflected in leadership transcripts and internal transformation documents, the "no layoffs, no pay cuts" pledge became a cornerstone of early trust-building.

Exhibit 1 provides an overview of the four legacy Pelindo entities, their workforce size, and key differences in labour arrangements prior to the merger.

Legacy Labour Architecture Prior to the Pelindo Merger (Before October 2021)

Before the legal consolidation in October 2021, Indonesia's port sector operated through four separate state-owned enterprises, Pelindo I, II, III, and IV, each with its own labour arrangements, collective agreements, and union engagement practices. While all entities operated under the same national labour laws, employment terms were shaped primarily by regional history, local bargaining outcomes, and port-specific operational conditions.

Dimension	Pelindo I	Pelindo II	Pelindo III	Pelindo IV
Primary Geographic Scope	Western Indonesia (Sumatra and surrounding regions)	Tanjung Priok and selected western ports	Central and East Java	Eastern Indonesia
Collective Labour Agreement (PKB)	Entity-specific PKB	Entity-specific PKB	Entity-specific PKB	Entity-specific PKB
Bargaining Structure	Decentralised	Decentralised	Decentralised	Decentralised
Wage Architecture	Localised pay structures	Localised pay structures	Localised pay structures	Localised pay structures
Allowances & Benefits	Region- and port-specific	Port- and function-specific	Function- and tenure-based	Mixed regional allowances
Overtime & Shift Rules	Locally negotiated	Locally negotiated	Locally negotiated	Locally negotiated
Performance Incentives	Limited, non-standardised	Limited, non-standardised	Limited, non-standardised	Limited, non-standardised
Mobility Across Ports	Minimal	Minimal	Minimal	Minimal

Union Engagement Model	Local union chapters	Local union chapters	Local union chapters	Strong regional affiliation
Employment Identity	Strong regional affiliation	Strong port identity	Strong regional affiliation	Strong regional affiliation

Source : Pelabuhan Indonesia (Persero). (2021). Membangun insan Pelindo (2024): Integrasi sumber daya manusia pasca-merger. Jakarta: PT Pelabuhan Indonesia (Persero); Kementerian Badan Usaha Milik Negara Republik Indonesia. (2021). Roadmap transformasi BUMN. Jakarta: Kementerian BUMN.

Yet this pledge also constrained management's room for manoeuvre. By late 2022, as harmonisation of job grading, KPIs, and operating procedures accelerated, latent tensions surfaced. Employees in some regions perceived standardisation as a threat to long-standing allowances and local autonomy. Managers, meanwhile, worried that preserving all legacy provisions would entrench inefficiencies and undermine the productivity gains embedded in the merger's business case.

Why the 2023 PKB Mattered Strategically.

The expiration of the previous collective agreement in 2023 forced these tensions into the open. For Pelindo's board and executive committee, the new PKB carried three strategic stakes.

First, it needed to stabilise labour relations during a critical phase of operational integration. Ongoing initiatives, such as standardized operating procedures, digital platforms, and quarterly KPI reviews, depended heavily on frontline cooperation. Any perception of coercion or bad faith risked operational disruption across the archipelago.

Second, the agreement needed to support Pelindo's emerging operating model. Management sought greater consistency in working hours, internal mobility, and performance-linked incentives aligned with the company's new scorecard. These elements were viewed as essential to sustaining improvements in berth productivity and cargo dwell times.

Third, the PKB carried symbolic importance. As the CHRO later reflected, the agreement would signal whether Pelindo truly viewed its workforce as partners in transformation or merely as a cost base to be contained. In an SOE environment shaped by public scrutiny and political oversight, symbolism mattered.

For labour unions, the stakes were equally high. Union leaders faced pressure from members anxious about job security, income parity, and erosion of local identity. Many employees had supported the merger on the explicit understanding that their livelihoods would be protected. The 2023 PKB thus became a test of management credibility.

Exhibit 2 Key strategic concerns of management and labour entering the negotiation.

Strategic Stakes of the 2023 Collective Labour Agreement

Management Perspective	Union Perspective
Stabilise labour relations post-merger	Protect merger-era promises
Enable standardisation	Preserve take-home pay
Support productivity KPIs	Avoid unfair performance metrics
Maintain workforce flexibility	Prevent coercive mobility
Reinforce “One Pelindo”	Preserve dignity & voice

Source : Pelabuhan Indonesia (Persero). (2023). CEO leadership transcript on post-merger integration and labour relations. Internal transcript; Pelabuhan Indonesia (Persero). (2023). CHRO leadership transcript on industrial relations and workforce integration. Internal transcript; PricewaterhouseCoopers Indonesia. (2021). The Pelindo merger: Creating a national port champion. Jakarta: PwC Indonesia.

Negotiation Architecture and Governance.

Pelindo adopted a deliberately centralised negotiation architecture for the 2023 Collective Labour Agreement, marking a clear departure from the fragmented bargaining practices that had characterised labour relations under the four legacy port entities. Rather than allowing regional subsidiaries or terminal-level management to negotiate separately with local unions, Pelindo’s leadership insisted on a single national negotiation forum representing the company and the recognised labour unions. This design mirrored Pelindo’s broader post-merger shift toward enterprise-wide governance, in which strategic decisions, ranging from capital allocation to human-capital policy, were increasingly taken at the corporate centre. At the same time, leadership recognised that such centralisation concentrated risk: a breakdown at the national table would not remain a localised dispute but would reverberate across more than 110 ports simultaneously.

From management’s perspective, a national negotiation was as much a statement of intent as a procedural choice. As the CEO later reflected in an internal leadership forum, “*If we wanted people to believe in One Pelindo, then we could not negotiate four different futures at the same time.*” The collective agreement was therefore positioned as an institutional expression of the merger itself, one set of rules, one framework of protection, and one shared direction for the workforce.

The management negotiating team was led by the Chief Human Resources Officer, with support from senior leaders from the human resources, legal, and finance functions. This composition reflected the negotiation’s multidimensional nature. Labour provisions were evaluated not only for legal compliance and immediate cost implications, but also for their

consistency with Pelindo's emerging operating model and long-term transformation agenda. The CHRO functioned as the primary interface with union leadership, tasked with translating enterprise requirements into language that could be credibly reconciled with employee concerns. As the CHRO later noted, *"The challenge was not drafting clauses, but ensuring that every clause could be lived with—operationally, financially, and emotionally—once the agreement was signed."*

The CEO remained closely involved throughout the process. While he did not attend every bargaining session, he received regular briefings and intervened selectively at critical junctures, particularly when negotiations touched on employment guarantees, income protection, or broader reputational issues. This visible executive involvement was intentional. Management believed that labour negotiations of this scale, conducted in the immediate aftermath of a national merger, could not be delegated solely to technical specialists without risking a credibility gap. Executive presence, direct or indirect, was intended to signal seriousness, respect, and accountability, reinforcing earlier merger-era commitments that workforce issues would be handled at the highest level of leadership.

On the labour side, multiple unions participated through a federated structure that mirrored Pelindo's own consolidation. This arrangement allowed unions to present a unified national front, strengthening their bargaining position and reinforcing the principle that the agreement should apply equitably across regions. At the same time, it imposed significant internal coordination demands. Union representatives were required to reconcile differing regional priorities shaped by historical pay structures, local working conditions, and varying operational intensities. Union leaders privately acknowledged the difficulty of balancing national solidarity with local expectations, particularly in regions where employees feared that standardisation might erode long-standing entitlements.

To manage these complexities, both parties agreed on a set of procedural ground rules. Negotiations emphasised dialogue over positional bargaining, with management sharing selected operational and financial data to contextualise its proposals. Both sides committed to adherence to prevailing labour regulations and to maintaining open communication channels outside formal bargaining sessions to prevent escalation. Publicly, the process was framed as *musyawarah* (consensus building), a deliberative, consensus-oriented approach deeply embedded in Indonesian industrial relations discourse.

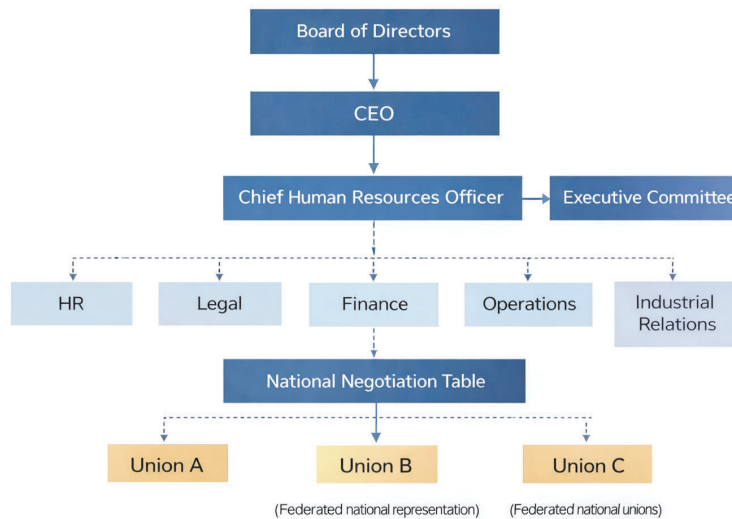
Yet beneath this cooperative framing lay familiar power dynamics. Pelindo's status as a state-owned enterprise, operating under national policy mandates and regulatory authority, conferred structural power that unions could not ignore. Conversely, unions retained significant moral and social legitimacy, amplified by their role in safeguarding employment promises made during the merger. Operational dependence further complicated the balance: while management held formal authority, day-to-day port performance remained contingent on workforce engagement.

The resulting negotiation architecture thus embodied the central tension of the 2023 PKB process. It was designed to institutionalise partnership and enterprise coherence, yet it operated within an environment where power asymmetries, historical grievances, and mutual dependence

continued to shape behaviour. How these forces were managed, rather than eliminated, would ultimately determine whether the agreement was experienced as a genuine partnership or as a carefully managed exercise in control.

Exhibit 3 illustrates the governance structure and key actors involved in the 2023 PKB negotiation.

PKB Negotiation Architecture & Governance



Source : Author Analysis

Key Issues at the Negotiation Table.

Several interrelated issues came to dominate the 2023 PKB negotiations. While each was discussed as a discrete clause or set of provisions, participants on both sides recognised that the issues were tightly coupled. Decisions in one area inevitably shaped perceptions and trade-offs in others, amplifying both technical complexity and emotional sensitivity.

Employment Security and Income Protection

Employment security formed the emotional core of the negotiations. For labour unions, the starting point was unequivocal: the no-layoff commitment articulated during the merger process needed to be explicitly reaffirmed and embedded in the new collective agreement. Union leaders argued that this commitment had been central to securing workforce acceptance of the merger and that any ambiguity would erode trust irreversibly.

Beyond layoffs, unions sought safeguards against involuntary redeployment, particularly across regions. Employees feared that integration could be used to justify transfers that disrupted family arrangements or imposed indirect pressure on individuals to leave. From the union

perspective, employment protection was not merely about job numbers, but about predictability, dignity, and respect for established social ties.

Management accepted the principle of employment protection and agreed to codify it within the agreement. However, executives resisted language that would unduly constrain future workforce planning. As integration progressed, Pelindo needed the ability to realign roles, consolidate overlapping functions, and deploy talent where operational needs were greatest. Management, therefore, sought carefully calibrated clauses that preserved the spirit of employment security while retaining discretion to manage the workforce over time.

This tension reflected a deeper strategic dilemma: how to honour merger-era assurances without freezing the organisation in its legacy configuration.

Wage Harmonisation

Wage harmonisation proved to be among the most technically complex and politically sensitive issues at the table. The merger had brought together employees from four legacy entities with materially different compensation structures, shaped by regional cost-of-living considerations, historical bargaining outcomes, and local allowances. In some cases, employees performing similar roles earned significantly different take-home pay depending on their port of origin.

Management viewed harmonisation as essential to the credibility of a unified enterprise. A single job-grading framework and a consistent pay architecture were seen as prerequisites for internal equity, mobility, and performance management. Accordingly, management proposed a gradual harmonisation approach, anchored in job grades and roles rather than regional history.

Unions, while acknowledging the logic of standardisation, focused on protecting existing take-home pay. Representatives from regions with historically higher allowances expressed concern that harmonisation could become a euphemism for downward adjustment. They argued that employees should not be asked to subsidise integration by relinquishing income they had earned under prior agreements.

Negotiations, therefore, shifted from abstract principles to practical mechanisms. Transitional arrangements, grandfathering provisions, and phased adjustments became critical tools for bridging the gap between equity and protection. The challenge lay not only in designing these mechanisms, but in convincing employees that they would be applied transparently and consistently.

Performance-Linked Incentives

The introduction of stronger performance-linked incentives reflected Pelindo's broader shift toward a performance-driven operating model. Management sought to align incentive schemes with the company's new KPI framework, which emphasised productivity, safety, service reliability, and financial discipline. From an enterprise perspective, incentives were intended to reinforce behavioural alignment with post-merger priorities.

Unions approached this proposal with caution. While not opposed to performance recognition in principle, they questioned whether performance metrics could be applied fairly across ports with vastly different infrastructure, traffic volumes, and legacy conditions. Employees in smaller or less-developed terminals feared being penalised for factors beyond their control.

As discussions unfolded, the debate moved beyond incentive formulas to questions of measurement and governance. Who would define performance targets? How would external constraints be accounted for? And what recourse would employees have if they perceived targets as unrealistic or unevenly enforced?

For management, these concerns underscored the need for credibility in performance management systems. For unions, they reinforced the belief that incentives could only function as motivational tools if accompanied by trust in managerial intent and competence.

Mobility and Flexibility

Mobility and workforce flexibility emerged as forward-looking issues tied directly to integration. Management argued that the ability to deploy employees across terminals and functions was essential to building a resilient national port operator. Mobility was framed as an opportunity for skill development, career progression, and more efficient use of human capital.

Unions, however, viewed mobility clauses through a more sceptical lens. Many employees associated mobility with forced relocation, disruption of family life, or subtle pressure to accept undesirable assignments. Past experiences in other SOEs had reinforced fears that flexibility provisions could be applied unevenly or coercively.

Negotiations, therefore, focused on the conditions under which mobility could occur. Consultation processes, notice periods, support mechanisms, and limits on involuntary transfers became focal points. While management sought flexibility, unions pushed for procedural safeguards that would prevent abuse and preserve employee agency.

The resulting dialogue revealed contrasting interpretations of the same concept: management saw mobility as an organisational capability, while unions saw it as a potential risk to personal stability.

Trust as the Unifying Thread

Although these issues were negotiated separately, participants increasingly recognised that they were bound together by a single underlying variable: trust. Employment security, wage harmonisation, incentives, and mobility all depended less on the precise wording of clauses than on confidence in how those clauses would be implemented.

As one union representative later reflected, “The clauses mattered, but what mattered more was whether we believed management would use them fairly.” For management, this observation reinforced the understanding that legal agreements could create boundaries, but not goodwill. For unions, it underscored the belief that the 2023 PKB was as much a test of leadership behaviour as of contractual design.

In this sense, the negotiation table became a proxy for a broader question facing Pelindo’s leadership: whether post-merger integration would be governed primarily by rules, or by relationships built through consistent and credible action.

Exhibit 4 Issue-bundle matrix used during the negotiations.

Key Issues at the Negotiation Table

Issue	Union Priority	Management Priority	Core Tension
Employment Security	Absolute protection	Managed flexibility	Promise vs. adaptability
Wage Harmonisation	Preserve take-home pay	Internal equity	Fairness vs. efficiency
Performance Incentives	Contextual fairness	KPI alignment	Motivation vs. control
Mobility	Voluntary, limited	Strategic deployment	Stability vs. agility

Source : CEO leadership transcript on post-merger integration and labour relations. Internal transcript; Pelabuhan Indonesia (Persero). (2023). CHRO leadership transcript on industrial relations and workforce integration. Internal transcript.

Negotiation Dynamics : Partnership and Power.

Throughout the negotiation, both partnership and power-play dynamics were evident. Management emphasised transparency, sharing financial data and operational benchmarks to justify its positions. The CEO’s prior public commitments constrained the company from adopting overtly hardline tactics, reinforcing a collaborative tone.

At the same time, structural power asymmetries remained. As a single national employer backed by the state, Pelindo possessed legal and operational authority that unions could not ignore. The implicit risk of delayed integration or stalled investment hovered in the background, even if never explicitly stated.

Unions, for their part, leveraged moral authority and public legitimacy. By framing demands around national service, workforce dignity, and promises made during the merger, they positioned themselves as guardians of Pelindo’s social mandate. References to potential industrial action surfaced intermittently, though leaders stopped short of overt escalation.

The CHRO later described the process as “negotiation in a glass house,” where every move was scrutinised by employees, regulators, and the media. In this environment, preserving face and mutual respect became as important as securing favourable clauses.

The Agreement

After several months of negotiation, the parties reached an agreement in mid-2023. The signed PKB reaffirmed employment protection, preserved take-home pay through transitional

mechanisms, and introduced a framework for gradual wage and benefit harmonisation aligned with the new job grading system.

Performance-linked incentives were incorporated, with safeguards that acknowledge operational differences across ports. Mobility provisions were included alongside commitments to consultation and support for affected employees. Importantly, the agreement was framed in language emphasising partnership, mutual trust, and shared responsibility for Pelindo's transformation.

Public communications highlighted the PKB as evidence that integration could proceed without sacrificing worker welfare. Internally, leaders recognised that the true test would lie in implementation.

Exhibit 5 Key provisions of the 2023 PKB relative to legacy agreements.

Summary of Key Provisions in the 2023 PKB

Area	Legacy PKBs	2023 PKB
Employment Security	Implicit	Explicitly reaffirmed
Wage Structure	Fragmented	Gradual harmonisation
Incentives	Local schemes	Enterprise-linked KPIs
Mobility	Limited, informal	Regulated with safeguards
Governance	Local enforcement	Central oversight

Source : Pelabuhan Indonesia (Persero). (2023). Collective labour agreement (Perjanjian Kerja Bersama) 2023–2025. Jakarta: PT Pelabuhan Indonesia (Persero); Pelabuhan Indonesia (Persero). (2021). Membangun insan Pelindo (2024): Integrasi sumber daya manusia pasca-merger. Jakarta: PT Pelabuhan Indonesia (Persero).

Post Signing Signals: The First 6 -12 Months

In the months following ratification, several signals shaped perceptions of the agreement's success.

Industrial Relations Climate

The immediate post-signing period was characterised by relative calm. No major disruptions occurred, and union communications to members emphasised vigilance rather than confrontation. Management interpreted this as cautious acceptance rather than unqualified endorsement.

Grievance and Clarification Patterns

HR records showed a temporary increase in clarification requests and minor grievances, particularly related to wage harmonisation and incentive calculations. While most issues were resolved through dialogue, they revealed lingering uncertainty among employees.

Workforce Sentiment

Pulse surveys and town-hall feedback indicated mixed emotions. Employees expressed relief that employment guarantees had been upheld, alongside scepticism regarding performance metrics and future mobility. Trust appeared conditional rather than absolute.

Operational Continuity

Operations at key terminals remained stable, and productivity gains achieved in 2022 were largely sustained. This reinforced management's belief that labour relations had not derailed the momentum of integration.

Leadership Reflections

In internal forums, the CEO and CHRO characterised the 2023 PKB as "a necessary foundation, not a finish line." Both acknowledged that while the agreement had succeeded in stabilising labour relations during a critical phase of integration, it could not, by itself, resolve deeper questions of trust. In their view, the credibility of the agreement would ultimately be judged not by its clauses, but by how management exercised discretion in everyday decisions, particularly in areas such as performance assessment, mobility, and the handling of edge cases that inevitably arose in a large, diverse organisation.

Exhibit 6 summarises selected post-signing indicators tracked by management in the months following ratification. These signals suggested that the PKB had achieved its immediate objective: buying time. Operations remained stable, productivity gains were largely sustained, and overt labour conflict was avoided. At the same time, the indicators also revealed limits. Workforce sentiment remained cautious, grievance patterns reflected ongoing uncertainty, and union communications continued to emphasise vigilance rather than full endorsement.

By early 2024, Pelindo's leadership faced a more nuanced challenge. The organisation had secured short-term stability, but longer-term trust remained conditional. Executives debated whether the next phase of integration required tighter enforcement of newly standardised rules to lock in efficiency gains, or greater flexibility and dialogue to reinforce partnership and legitimacy. Some leaders worried that inconsistent application of policies however well-intentioned, could quickly undermine the credibility of the PKB. Others cautioned that an overly rigid approach risked reviving perceptions of power-play rather than partnership.

For the CEO and CHRO, the question was no longer whether the PKB had been a success in formal terms, but how it would shape behaviour going forward. Would the agreement become a platform for deepening mutual confidence and shared ownership of Pelindo's transformation, or would it harden into a transactional truce sustained only by compliance? The answer, they recognised, would emerge not from future negotiations, but from the cumulative signals sent through thousands of managerial decisions across more than 110 ports.

Exhibit 6 presents selected post-signing indicators tracked by management.

Post-Signing Signals (First 6–12 Months After Ratification)

Dimension	Observed Signal	Interpretation
Industrial Climate	No major disruptions	Conditional acceptance
Grievances	Short-term spike, then stabilisation	Adjustment friction
Workforce Sentiment	Relief + skepticism	Trust not yet institutionalised
Operational Continuity	Stable productivity	Labour peace sustained
Leadership Narrative	Foundation, not finish line	Trust still fragile

Source : Pelabuhan Indonesia (Persero). (2023). CHRO leadership transcript on industrial relations and workforce integration. Internal transcript; Pelabuhan Indonesia (Persero). (2023). Human capital transformation and post-merger monitoring materials. Internal document.

References

- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2020). *Surat edaran Menteri BUMN tentang nilai-nilai utama sumber daya manusia BUMN (AKHLAK)* (No. SE-7/MBU/07/2020). <https://www.bumn.go.id>
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2021). *Roadmap transformasi BUMN*. Jakarta: Kementerian BUMN.
- Knowles, M. S., Holton, E. F., & Swanson, R. A.** (2015). *The adult learner: The definitive classic in adult education and human resource development* (8th ed.). Routledge.
- Marchington, M., Wilkinson, A., Donnelly, R., & Kynighou, A.** (2016). *Human resource management at work* (6th ed.). Kogan Page.
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2022). *Human capital transformation roadmap*. Internal document.
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2023). *Collective labour agreement (Perjanjian Kerja Bersama) 2023–2025*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2023). *Human capital transformation and post-merger monitoring materials*. Internal document.

Case 7 Teaching Notes: Negotiating the 2023 Collective Labour Agreement – Partnership or Power-Play?

Case Synopsis

This case examines one of the most politically sensitive and strategically consequential episodes in Pelindo's post-merger integration: the negotiation of the 2023 Collective Labour Agreement (Perjanjian Kerja Bersama, PKB), which covers approximately 25,000 employees across more than 110 ports nationwide. Conducted barely eighteen months after the legal merger of four legacy port SOEs, the negotiation represented a critical test of whether Pelindo's integration would be governed through partnership or positional power.

By early 2023, Pelindo's leadership could point to early operational improvements, declining vessel port-stay times, stabilising productivity indicators, and progress on standardised KPIs and digital platforms. Yet beneath these metrics lay a fragile foundation of labour trust. The PKB negotiations forced unresolved integration tensions into the open: employment security versus workforce flexibility, wage harmonisation versus income protection, performance-linked incentives versus fairness across uneven operating conditions, and mobility versus social stability.

For management, the agreement needed to preserve cost discipline, enable productivity-driven reform, and support standardisation without violating the publicly stated "no layoffs, no pay cuts" pledge made during the merger. For labour unions, the PKB became a referendum on management credibility, testing whether commitments made during integration would be honoured in legally binding form.

The case follows the negotiation architecture, the dynamics at the bargaining table, and the signals sent before and after ratification, culminating in an unresolved strategic question: Would the PKB function as a foundation for trust-based partnership, or merely as a temporary truce sustained by compliance and vigilance?

Teaching Use

This case is particularly well suited for courses in strategic management, labor relations, public-sector leadership, human capital strategy, and post-merger integration, with a specific focus on state-owned enterprises operating under political oversight and strong union influence. It enables discussion of negotiation strategy, legitimacy, power asymmetry, and trust-building during large-scale institutional transformation.

The case is appropriate for undergraduate, graduate, and executive education programs, especially those examining collective bargaining in complex organizations, leadership credibility, and the governance of labor relations in infrastructure-intensive SOEs.

Learning Objectives

After discussing the case, students should be able to:

1. Analyze why collective labor agreements become strategic integration instruments rather than routine industrial relations exercises in post-merger SOEs.
2. Evaluate leadership trade-offs between trust, flexibility, cost discipline, and political legitimacy in union negotiations.
3. Distinguish between partnership-oriented bargaining and power-based negotiation approaches.
4. Assess how the negotiation process and signals matter as much as contractual outcomes.
5. Examine the role of executive involvement in labor negotiations following a national merger.
6. Identify the limits of formal agreements in resolving deeper issues of trust and identity.

Key Themes & Concepts

- Collective bargaining as integration infrastructure
- Trust versus power in labor negotiations
- Leadership credibility and signaling
- Employment guarantees and workforce flexibility
- Union legitimacy in post-merger environments
- Institutional leadership in politically exposed SOEs

Assignment / Discussion Questions

1. Why did the 2023 PKB negotiations become a strategic integration moment rather than a routine labor relations exercise?
2. What were the most contentious issues at the negotiation table, and why were they tightly interdependent?
3. How did the “no layoffs, no pay cuts” pledge shape management’s bargaining position?
4. To what extent did Pelindo’s centralized negotiation architecture reinforce partnership or concentrate risk?
5. How should leaders balance performance-linked incentives and workforce fairness in uneven operating conditions?

6. After ratification, what signals mattered most in determining whether trust would deepen or erode?

Teaching Approach: Analysis and Guidance

The teaching approach encourages students to see labor negotiations not as technical or legal events, but as leadership moments that shape the social contract of the merged organization. Instructors should guide discussion toward the interaction between formal clauses, informal signals, and everyday managerial behavior.

Why Were the CLA Negotiations Strategically Critical?

Students may initially focus on wages and benefits. The case challenges this framing by showing that the CLA functioned as a proxy for post-merger trust. Employment security, harmonisation, incentives, and mobility were negotiated not only as clauses, but as symbols of whether Pelindo's leadership intended to govern through partnership or authority.

Because ports operate continuously and depend heavily on frontline cooperation, even latent distrust posed operational risk. The negotiation therefore carried implications far beyond industrial relations.

Negotiation Architecture and Power Asymmetry

A key teaching point is Pelindo's decision to centralise negotiations at the national level. This architecture reinforced the "One Pelindo" narrative and avoided fragmented outcomes, but it also concentrated risk. A breakdown would have affected the entire enterprise simultaneously.

Management's structural power as a state-owned national operator contrasted with unions' moral and social legitimacy derived from merger-era employment assurances. The case illustrates how power asymmetry does not eliminate mutual dependence, particularly in safety-critical, labour-intensive operations.

Issue Bundling and Trade-Offs

The case demonstrates that negotiation issues cannot be resolved independently. Employment security influenced attitudes toward wage harmonisation; incentives depended on trust in performance metrics; mobility hinged on confidence in managerial discretion.

Students should be encouraged to map these interdependencies and recognize why issue bundling became necessary to reach agreement at the cost of increased complexity and emotional intensity.

Trust as the Binding Variable

Perhaps the most important teaching insight is that trust not clause design emerged as the binding variable. Both parties recognised that the agreement's success would depend less on legal language than on how discretion was exercised after signing.

This insight reframes the PKB as a living governance mechanism, whose credibility would be tested through thousands of post-agreement decisions across ports.

Post-Signing Signals and the Unfinished Question

The case closes with mixed signals: operational stability, preserved employment guarantees, but cautious workforce sentiment and continued union vigilance. This ambiguity is intentional. It reinforces the lesson that collective agreements can buy time and stability, but cannot substitute for consistent leadership behaviour.

Students should debate whether Pelindo's next phase should emphasise firmer enforcement of standardised rules or deeper relational investment to consolidate legitimacy.

References

- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2020). *Surat edaran Menteri BUMN tentang nilai-nilai utama sumber daya manusia BUMN (AKHLAK)* (No. SE-7/MBU/07/2020). <https://www.bumn.go.id>
- Kementerian Badan Usaha Milik Negara Republik Indonesia.** (2021). *Roadmap transformasi BUMN*. Jakarta: Kementerian BUMN.
- Knowles, M. S., Holton, E. F., & Swanson, R. A.** (2015). *The adult learner: The definitive classic in adult education and human resource development* (8th ed.). Routledge.
- Marchington, M., Wilkinson, A., Donnelly, R., & Kynighou, A.** (2016). *Human resource management at work* (6th ed.). Kogan Page.
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2022). *Human capital transformation roadmap*. Internal document.
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2023). *Collective labour agreement (Perjanjian Kerja Bersama) 2023–2025*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2023). *Human capital transformation and post-merger monitoring materials*. Internal document.

Case 8 : Building a National Maritime Talent Pool: Pelindo's Leadership Pipeline

Introduction: Leadership Beyond Integration

By late 2023, PT Pelabuhan Indonesia (Persero) Pelindo had largely stabilized the immediate operational consequences of its historic merger. The legal consolidation of four state-owned port operators into a single national enterprise was implemented without layoffs, honoring a core commitment made early in the integration process. Collective labor agreements, once fragmented across entities, had been renegotiated at the national level. Standardized operating procedures were gaining traction, and early productivity gains were evident at several flagship terminals.

Operational indicators suggested momentum. Average vessel port-stay times had begun to decline, particularly in high-volume ports on Java. Procurement synergies were materializing as national contracts replaced localized purchasing arrangements. Capital allocation decisions were increasingly coordinated across regions rather than negotiated on a port-by-port basis. Externally, industry observers noted Pelindo's ascent in global rankings of terminal operators, interpreting the merger as a long-overdue step toward scale and competitiveness.

These gains, however, represented only the **first-order effects** of integration.

Inside Pelindo's executive committee, the conversation was beginning to change. With the most acute integration risks contained, leaders turned their attention to a more difficult question: whether the organization was building the institutional capacity required to sustain these gains once the extraordinary focus and energy of the merger phase dissipated.

Scale, they recognized, was a necessary but insufficient condition for transformation. Pelindo now operated more than 110 ports across an archipelago spanning thousands of kilometers, each embedded in distinct economic, social, and political contexts. Performance consistency could not be imposed solely through systems and procedures. Nor could leadership continuity be assumed in an organization that had only recently unified four previously autonomous cultures.

The executive team had lived through enough large-scale transformations to recognize a familiar pattern. Many mergers delivered early synergies but struggled to institutionalize them. Once integration teams disbanded and external advisors departed, organizations often reverted to local optimization and informal decision-making. Without deliberate intervention, the merged Pelindo risked becoming administratively unified but managerially fragmented.

Leadership emerged as the fulcrum of this concern.

During the integration phase, success depended heavily on a relatively small group of senior leaders who possessed both formal authority and the credibility to navigate complex labor negotiations, political expectations, and operational trade-offs.

Yet this concentration of leadership capacity raised uncomfortable questions. Who would take on these roles in the next phase? How deep was the bench? And were future leaders being prepared for a national system rather than for a single port or region?

As one executive remarked during a leadership forum, “The merger gave us one company. The question now is whether we have one leadership system,” highlighting the need for clear success metrics to track progress toward a unified leadership pipeline and support strategic goals.

The organization inherited multiple leadership norms, career pathways, and informal power structures from its predecessor entities. Without a deliberate effort to align and elevate these, Pelindo risks reproducing fragmentation at the leadership level, underscoring the critical role of leadership development in ensuring long-term success.

At the same time, the external environment was becoming less forgiving. Shipping lines, regulators, and the Ministry of SOEs increasingly engaged with Pelindo as a single national actor. They expected consistent decision-making, predictable leadership behavior, and a clear line of accountability. Leadership missteps in one region now carry reputational damage.

Pelindo’s leadership faced a strategic choice: treat leadership development as secondary or elevate it as a core pillar supporting national scale, institutional continuity, and long-term performance, emphasizing the importance of deliberate investment in leadership.

Pelindo chose the latter path.

This case examines how Pelindo sought to develop a national maritime leadership pipeline following its merger, aligning leadership development with operational priorities, labor commitments, and national policy expectations to ensure strategic coherence and performance sustainability.

In doing so, Pelindo confronted challenges such as institutional resistance and the need to balance trust, stability, and legitimacy, which are critical to successfully governing, sponsoring, and legitimizing leadership development amid organizational change.

Historical Context: Fragmented Talent in a Fragmented System

Before the merger, leadership development across Pelindo I, II, III, and IV mirrored Indonesia's geographic dispersion and the institutional logic of territorially defined state-owned enterprises. Each entity operated as a largely self-contained organization, shaped by regional economic priorities, local labor dynamics, and historical patterns of autonomy. Leadership pipelines evolved accordingly: recruitment was predominantly local, promotion was internal, and managerial development occurred within well-defined geographic boundaries.

Port managers frequently spend the majority of their careers within a single terminal cluster or regional network. Over time, this produced leaders with deep operational expertise and finely tuned relationships with local labor unions, shipping agents, and government officials. Such continuity was valued. In environments where port reliability depended heavily on trust and informal coordination, long tenure was often equated with effectiveness.

However, this depth came at the expense of breadth. Exposure to enterprise-level decision-making such as capital allocation across regions, portfolio optimization, or national stakeholder management was limited. Leaders were rarely required to reconcile competing priorities across ports, nor to manage performance trade-offs beyond their immediate operational domain. As a result, managerial competence was defined primarily in local terms: berth productivity, labor stability, and terminal level financial performance.

This localization of leadership capability was reinforced by governance and incentive structures. Career advancement followed implicit rules that privileged seniority, regional reputation, and personal credibility with key stakeholders. Formal leadership competencies existed on paper, but in practice, informal sponsorship and trust networks played a decisive role in progression. Promotions often reflected demonstrated loyalty and operational reliability rather than assessed readiness for broader organizational complexity.

Cross-entity rotations were uncommon. The four Pelindos were separate legal entities with distinct boards, HR systems, and labor agreements. Moving a manager from one Pelindo to another involved administrative friction and political sensitivity, particularly where unions perceived such moves as threats to local opportunity structures. As a consequence, leadership development remained inward-looking. The standard practice of national talent pools among global port operators and logistics conglomerates did not emerge organically.

This system was not irrational. It reflected the operating realities of a pre-merger environment in which coordination costs across regions outweighed perceived benefits. Stability, predictability, and localized optimization were rational objectives. Within those parameters, the leadership architecture functioned reasonably well. The system produced competent port managers who could deliver acceptable performance under stable conditions.

Yet the system had structural blind spots.

First, leadership development was reactive rather than anticipatory. Succession planning focused on replacing incumbents within the same operational context, rather than on preparing

leaders for fundamentally different roles. As long as organizational boundaries remained intact, this limitation was manageable. Once those boundaries dissolved, it became consequential.

Second, the absence of standardized capability benchmarks limited comparability. Without shared definitions of leadership readiness, evaluating talent across entities was inherently subjective. What constituted “high potential” in one Pelindo did not necessarily translate to another. This ambiguity was tolerable in a fragmented system, but problematic in a unified enterprise.

Third, leadership legitimacy was locally anchored. Authority is derived less from role clarity or institutional mandate than from personal credibility built over time. While this fostered strong local cohesion, it complicated enterprise-wide governance. Leaders accustomed to autonomy may struggle to accept centralized standards or external performance scrutiny imposed outside their historical domain.

The merger fundamentally altered these dynamics.

Once headquarters decisions began to affect dozens of terminals simultaneously, the limitations of localized leadership development became visible. Integrated digital dashboards exposed performance variation that had previously remained opaque. Productivity gaps, safety incidents, and customer service discrepancies were no longer interpreted as isolated local issues but as systemic concerns requiring coordinated intervention.

Labor relations also shifted scale. Collective bargaining moved from port-level negotiation to national dialogue. Leaders were now expected to understand not only local labor sentiment but also the broader implications of employment guarantees, wage harmonization, and mobility provisions across the organization. Skills that had been peripheral negotiation across constituencies, policy interpretation, and narrative alignment became central.

At the same time, external expectations intensified. Shipping lines, regulators, and ministries increasingly interacted with Pelindo as a single national entity. They expected consistency in service standards, decision-making logic, and leadership behavior. Variability that had once been tolerated as a regional difference was now interpreted as organizational weakness.

In this context, the legacy leadership architecture optimized for stability, continuity, and locality was no longer sufficient. It lacked mechanisms to identify leaders capable of operating across complexity, to accelerate exposure beyond regional silos, or to develop enterprise-level judgment systematically.

Notably, the challenge was not one of individual competence. Many leaders were competent within their historical contexts. The issue was systemic: the organization had not intentionally designed pathways for leaders to evolve alongside the organization's own evolution.

As one senior executive later reflected, “We did not suddenly become short of good people. We became short of people prepared for a different game.”

This realization set the stage for Pelindo's decision to treat leadership development not as a peripheral HR activity, but as a central pillar of post-merger transformation one that required deliberate redesign rather than incremental adjustment.

Strategic Imperative: Leadership as National Infrastructure

By 2022, Pelindo's leadership increasingly recognized that the most binding constraint on sustained post merger performance was not capital expenditure or technology deployment, but leadership capacity. Physical integration had progressed faster than institutional capability building, creating a hooking risk: systems were unified, but leadership judgment remained uneven.

Historically, leadership development within the predecessor entities had been adequate for territorially bounded operations. The merged Pelindo, however, faced a fundamentally different challenge. Leaders were now required to steward a national maritime system, not merely optimize individual terminals.

This reframing aligned closely with the Ministry of SOEs' post-merger mandate. Policy guidance following the merger emphasized that the success of the transformation depended on institutional depth, leadership continuity, and the development of nationally deployable managerial talent. Pelindo's executives internalized this message. Leadership was no longer treated as a succession issue tied to specific roles, but as a form of national infrastructure slow to build, vulnerable to erosion, and difficult to replace once depleted.

Three strategic risks sharpened this imperative.

First, **succession fragility** became increasingly visible. Many senior leaders with deep operational experience were approaching retirement, while the pool of enterprise-ready successors remained thin. Informal sponsorship networks that had accelerated careers within legacy entities did not translate cleanly into the merged organization, creating uncertainty around leadership continuity.

Second, **integration fatigue** threatened to undermine trust. The merger demanded extraordinary effort from managers who were simultaneously stabilizing operations, adapting to new systems, and engaging in labor negotiations. Without a credible leadership development pathway, high potential managers risked disengagement, particularly as external opportunities emerged in logistics, infrastructure, and digital services.

Third, **national credibility** was at stake. As Pelindo positioned itself as a lever for reducing Indonesia's logistics costs, its leadership increasingly engaged with global shipping lines, international investors, and ministries. Leadership inconsistency or over reliance on a narrow group of executives would expose the organization to reputational and execution risk.

Pelindo’s CEO and CHRO jointly concluded that leadership development could not be addressed through episodic training or ad hoc appointments. The organization required a systematic, transparent, and merit-based leadership pipeline that balanced three tensions: national standardization versus local legitimacy, performance differentiation versus employment guarantees, and long-term capability building versus short term operational pressure.

Crucially, Pelindo resisted wholesale adoption of external “best practices.” In a post-merger SOE context, credibility depended not on theoretical elegance, but on perceived fairness and consistency. As the CHRO later reflected, “We were not designing a program to impress outsiders. We were designing a system people would trust even when decisions went against them.”

Exhibit 1 : Strategic Risks Driving the Leadership Pipeline Imperative

Strategic Risks Driving the Leadership Pipeline Imperative

Risk Category	Pre-Merger Condition	Post-Merger Exposure
Succession	Local replacement within port/region	National leadership gaps across 110+ ports
Performance Consistency	Variation tolerated as regional reality	Variance visible via integrated dashboards
Labor Relations	Port-level bargaining	National collective agreements
External Credibility	Regional SOEs	Single national maritime operator

Source : Pelabuhan Indonesia (Persero). (2022). Membangun insan Pelindo (2024). Jakarta: PT Pelabuhan Indonesia (Persero); Pelabuhan Indonesia (Persero). (2023). Pelindo CEO leadership forum transcript; Pelabuhan Indonesia (Persero). (2023). Pelindo CHRO post-merger talent review transcript; PricewaterhouseCoopers Indonesia. (2022). Indonesia ports merger: Creating scale and unlocking value; Kementerian Badan Usaha Milik Negara. (2022). Transformasi BUMN dan penguatan kapabilitas kepemimpinan nasional.

Designing the Pipeline: From Positions to Pools

Having established leadership depth as a strategic imperative, Pelindo faced a second challenge: how to design a leadership pipeline robust enough to support national ambitions while remaining legitimate in a unionized, post merger environment. Early discussions revealed a shared concern: traditional succession planning anchored to individual positions would reproduce silos rather than dismantle them.

Pelindo therefore adopted a **pool-based leadership architecture**, shifting the focus from “who replaces whom” to “who is capable of operating at what level of complexity.” This distinction proved foundational. By decoupling leadership readiness from specific job titles, the

organization created flexibility to deploy talent where national priorities required, without signaling predetermined outcomes.

The pipeline was structured into three leadership pools.

The emerging leadership pool targeted supervisors and junior managers who demonstrated strong operational performance and early indicators of leadership. Selection emphasized safety discipline, problem-solving under pressure, and the ability to lead teams within standardized procedures. Inclusion signaled investment and expectation, not entitlement.

The mid-level leadership pool focused on managers operating across functions or terminals. Capability expectations expanded to include financial literacy, cross-terminal coordination, and people development within harmonized systems. Assessment considered not only results but also behavioral consistency with AKHLAK values.

The enterprise leadership pool represented the smallest and most selectively governed tier. Candidates were expected to demonstrate strategic judgment, stakeholder navigation, and the ability to reconcile national objectives with local realities. Exposure to enterprise forums, board interactions, and cross functional task forces became integral to development.

Advancement between pools required evidence across multiple data sources: quarterly KPI outcomes, behavioral assessments, and peer calibration discussions. This multi-lens approach was slower than informal sponsorship but more defensible.

Equally important was what the pipeline did not do. It did not bypass job grading structures, override collective agreements, or introduce fast tracks that threatened perceptions of fairness. Instead, it operated through existing systems, reinforcing trust.

Learning pathways were embedded rather than appended. Portaverse Academy modules were mapped explicitly to each leadership pool, ensuring development content reflected real operational dilemmas rather than abstract competencies.

Mobility long a sensitive issue was reframed as a **developmental lever**, not an administrative tool. Cross terminal assignments were time bound, transparent, and supported by reintegration pathways. While voluntary, pipeline inclusion made the developmental value of mobility explicit.

As one executive noted during an early review, “Not everyone liked the outcome. But almost everyone understood the process.

Exhibit 2: Leadership Pool Architecture and Capability Expectations

Leadership Systems: Before and After the Pelindo Merger

Dimension	Pre-Merger Pelindo I–IV	Post-Merger Pelindo
Talent Identification	Local, informal	National, structured

Career Path	Port-centric	Enterprise-oriented
Leadership Exposure	Single terminal/cluster	Multi-port, cross-function
Succession Logic	Role replacement	Capability readiness
Decision Authority	Regional	Enterprise-level

Source: Pelindo human capital publications and leadership interviews; Kementerian BUMN (2022); Deloitte (2021).

Governance, Sponsorship, and Trust

The credibility of Pelindo’s leadership pipeline depended less on its formal design than on how it was governed and implemented. In a post-merger organization shaped by decades of localized authority and informal sponsorship, leadership development initiatives were likely to be viewed with skepticism unless they were visibly owned at the highest levels of the organization. Pelindo’s executive team recognized early that delegation particularly to HR alone would undermine legitimacy.

As a result, the CEO personally chaired the initial enterprise-level talent reviews. This decision was deliberate and symbolic. By presiding over discussions on leadership potential, readiness, and deployment, the CEO signaled that leadership development was not an administrative exercise but a strategic concern integral to Pelindo’s national mandate. In an organization where authority had historically been localized, the CEO’s direct involvement helped recalibrate perceptions of where leadership accountability now resided.

The CEO’s role, however, was not to arbitrate individual careers. Instead, he focused on reinforcing decision logic asking how talent assessments aligned with national priorities, whether capability judgments were evidence based, and how development decisions balanced performance differentiation with Pelindo’s employment guarantees. This posture helped prevent the pipeline from being interpreted as a mechanism for elite selection or favoritism. Leadership discussions were framed around organizational needs rather than individual entitlement.

Complementing this role, the CHRO functioned as the **institutional architect** of the pipeline. Unlike traditional HR stewardship, which often centers on policy compliance and program delivery, the CHRO’s role was integrative and boundary-spanning. Talent decisions had to align simultaneously with three constraints: operational performance requirements, collective labor commitments, and the expectations of the Ministry of SOEs.

This alignment was not automatic. For example, accelerating high-potential leaders through cross-terminal exposure risked triggering union concerns about mobility and fairness. Conversely, excessive caution risked stalling leadership development and reinforcing legacy silos.

The CHRO's task was to ensure that governance mechanisms calibration forums, eligibility criteria, and development pathways were robust enough to withstand scrutiny from all sides.

One of the most consequential governance choices concerned **transparency**. Pelindo deliberately prioritized transparency over speed, even when doing so slowed decision-making. Leadership criteria were published internally, not only to clarify expectations but to reduce speculation about hidden agendas. Capability definitions were framed in operational language rather than abstract competencies, enabling managers to see how leadership expectations connected to daily realities at the port level.

Talent calibration outcomes were discussed among senior leaders in structured forums rather than through bilateral conversations. This collective approach served two purposes. First, it reduced the influence of individual bias by subjecting judgments to peer challenge. Second, it socialized senior leaders into a shared understanding of leadership standards, gradually replacing localized norms with enterprise-wide expectations.

Equally important was the decision to provide direct feedback to candidates. Managers identified for leadership pools whether selected or deferred received explicit communication regarding the basis for the decisions and the implications for their development. While this openness occasionally generated discomfort, it reduced rumor cycles and prevented misinterpretation of silence as exclusion or political maneuvering.

Trust formation was incremental rather than immediate. Early reactions to the pipeline reflected caution. Some managers questioned whether published criteria would truly be applied consistently, while others worried that transparency would limit managerial discretion. Over time, however, the predictability of decisions began to matter more than their outcomes. Even when individuals disagreed with assessments, they increasingly recognized that decisions followed a discernible logic.

This procedural trust was crucial in a post-merger context where historical loyalties remained strong. Leaders accustomed to informal sponsorship had to adjust to a system where advancement depended on collective judgment and documented performance. While this shift challenged established norms, it also reduced perceptions of arbitrariness that had accompanied earlier promotion practices.

Governance also extended to what the pipeline explicitly avoided. Pelindo resisted the creation of exceptional tracks or accelerated promotions that bypassed established job grading or collective agreements. Doing so would have undermined the credibility painstakingly built through labor negotiations during the merger. Instead, leadership development was positioned as a complement to existing structures rather than a workaround.

As one senior leader reflected during a governance review, "We realized that if the system worked only when everyone agreed with the outcome, it would not survive pressure. It had to work when people were disappointed."

By anchoring the leadership pipeline in visible sponsorship, disciplined governance, and procedural transparency, Pelindo gradually reframed leadership development as an institutional process rather than a discretionary privilege. Trust did not emerge from assurances alone, but from repeated exposure to consistent behavior decisions explained, criteria applied, and commitments honored.

In this sense, governance was not merely a control mechanism. It became a form of leadership in its own right, shaping how authority, fairness, and accountability were understood within the post-merger organization.

Exhibit 3 : Sample Leadership Development Journeys



Source: Pelindo human capital publications and leadership interviews; Deloitte (2020).

Early Outcomes and Emerging Tensions

By mid-2024, early indicators suggested cautious progress. Internal promotion rates increased, cross terminal assignments became more common among high potential managers, and leadership diversity across legacy entities improved. Yet tensions persisted. Some regional leaders perceived erosion of local autonomy, while others worried formalization constrained discretion.

These tensions underscored a paradox: transparency built trust, but also made trade-offs visible.

Conclusion: Leadership as a Long Game

Pelindo's leadership pipeline remained unfinished. Its success would depend less on structural design than on sustained executive discipline. As Indonesia's logistics ambitions intensified, the demand for nationally capable port leaders would only grow.

The central question facing Pelindo's board was no longer whether a leadership pipeline was necessary, but whether the organization could preserve its integrity under pressure—delivering performance without reverting to expediency.

References

- Deloitte.** (2023). Global human capital trends 2023: New fundamentals for a boundaryless world. Deloitte Insights. <https://www2.deloitte.com>
- Huselid, M. A., & Becker, B. E.** (2011). Bridging micro and macro domains: Workforce differentiation and strategic human resource management. *Journal of Management*, 37(2), 421–428. <https://doi.org/10.1177/0149206310373400> .
- Kementerian Badan Usaha Milik Negara.** (2021). Roadmap transformasi BUMN 2020–2024. Jakarta, Indonesia.
- Kementerian Badan Usaha Milik Negara.** (2022). Transformasi BUMN dan penguatan kapabilitas kepemimpinan nasional. Jakarta, Indonesia.
- McKinsey & Company.** (2019). Automation and the future of work in Indonesia: Jobs lost, jobs gained, jobs changed. McKinsey Global Institute.
- McKinsey & Company.** (2022). Mission critical: Improving government workforce planning. <https://www.mckinsey.com>
- OECD.** (2020). Implementing the OECD guidelines on corporate governance of state-owned enterprises: Review of recent developments. OECD Publishing. <https://doi.org/10.1787/4caa0c3b-en>
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

Case 8 Teaching Notes: Building a National Maritime Talent Pool Pelindo's Leadership Pipeline

Case Synopsis

This case examines Pelindo's decision to build a national leadership pipeline following the stabilization of its historic 2021 merger. By late 2023, PT Pelabuhan Indonesia (Persero) had largely contained the most immediate post-merger risks. Employment guarantees had been upheld, collective labour agreements renegotiated, and standardized operating procedures introduced across more than 110 ports. Early productivity gains were visible, particularly in high-volume terminals.

Yet as integration momentum stabilized, a deeper concern emerged inside Pelindo's executive committee: whether the organization was developing the leadership depth required to sustain performance once the extraordinary focus of the merger phase dissipated. The merger had unified assets, systems, and governance, but leadership capability remained uneven, fragmented by legacy norms, localized career pathways, and informal sponsorship networks inherited from the four predecessor entities.

The case traces Pelindo's recognition that scale without leadership continuity would not deliver durable transformation. Leadership development was reframed from a succession exercise into a form of national infrastructure, essential for managing a geographically dispersed, politically exposed, and operationally complex maritime system. Pelindo's leadership confronted a central dilemma: how to design a transparent, credible, and merit-based leadership pipeline that could operate within unionized constraints, preserve trust, and prepare leaders for enterprise-level complexity rather than local optimization.

Teaching Use

This case is particularly well suited for courses in strategic management, leadership development, human capital strategy, public-sector leadership, and post-merger integration, with a focus on state-owned enterprises and institutional capability building in emerging markets. It enables discussion of leadership as a system, succession risk, governance of talent decisions, and the tension between local legitimacy and national standardization.

The case is appropriate for undergraduate, graduate, and executive education programs, especially those examining leadership pipelines, talent governance, and long-term capability building in large, infrastructure-intensive organizations.

Learning Objectives

After discussing the case, students should be able to:

1. Analyze why leadership capacity, rather than assets or systems, can become the binding constraint in post-merger performance sustainability.
2. Distinguish between position-based succession planning and pool-based leadership pipelines.
3. Evaluate leadership development as a form of institutional infrastructure in state-owned enterprises.
4. Assess the role of governance, transparency, and executive sponsorship in legitimizing talent decisions.
5. Examine tensions between national standardization and local legitimacy in leadership deployment.
6. Identify risks that can undermine leadership pipelines under operational and political pressure.

Key Themes & Concepts

- Leadership as institutional infrastructure
- Succession fragility in post-merger organizations
- Pool-based leadership architecture
- Enterprise-level capability versus local optimization
- Governance and transparency in talent decisions
- Trust, legitimacy, and leadership continuity in SOEs

Assignment / Discussion Questions

1. Why did Pelindo's leadership conclude that leadership development had become a strategic risk after integration stabilized?
2. What limitations did Pelindo inherit from the localized leadership systems of the four legacy entities?
3. Why did Pelindo choose a pool-based leadership architecture rather than traditional role-based succession planning?
4. How did governance choices (CEO sponsorship, calibration forums, transparency) shape the credibility of the leadership pipeline?
5. What tensions emerged between local autonomy and national leadership standards, and how should they be managed?
6. How can Pelindo ensure that its leadership pipeline remains credible and effective under future operational and political pressure?

Teaching Approach: Analysis and Guidance

The teaching approach positions leadership development as a strategic governance challenge, not a training initiative. Instructors should guide students to connect leadership pipelines directly to performance sustainability, legitimacy, and national mandate execution.

Why Did Leadership Become the Binding Constraint?

Students may initially assume that post-merger risks diminish once systems stabilize. The case challenges this assumption by showing that integration success increased leadership demands rather than reduced them. Leaders were now required to operate across regions, reconcile competing priorities, and engage national stakeholders. Without deliberate capability development, Pelindo risked reverting to localized decision-making despite formal unification.

From Local Leaders to National Stewards

A core teaching point is the structural limitation of pre-merger leadership systems. Legacy Pelindo entities produced capable local managers, but rarely developed leaders with exposure to enterprise-wide trade-offs. Informal sponsorship, seniority, and regional credibility substituted for standardized capability assessment. This model functioned under fragmentation but became inadequate once decisions carried national implications.

Designing the Leadership Pipeline: Pools over Positions

Pelindo's shift from role-based succession to capability-based leadership pools represented a fundamental reframing. Rather than asking "who replaces whom," leadership asked "who is prepared to operate at what level of complexity." This approach enabled flexibility, reduced entitlement perceptions, and supported mobility without predetermining outcomes.

Students should analyze how the three leadership pools (emerging, mid-level, enterprise) balanced differentiation with fairness by operating within existing job grading and labour frameworks. The pipeline did not bypass collective agreements, reinforcing legitimacy.

Governance, Sponsorship, and Trust

Another key teaching insight is that governance mattered as much as design. CEO sponsorship signaled strategic importance, while structured calibration forums reduced individual bias. Transparency slowed decisions but increased predictability, allowing procedural trust to emerge even when outcomes disappointed individuals.

The case highlights a critical lesson: leadership pipelines survive pressure only when their decision logic is visible, consistent, and defensible.

Early Outcomes and Persistent Tensions

The case deliberately presents mixed results. Promotion diversity improved and mobility increased, yet concerns about autonomy and discretion remained. Transparency clarified trade-offs but also exposed them. This ambiguity reinforces that leadership development is a long game, requiring sustained executive discipline rather than episodic interventions.

References

- Deloitte.** (2023). Global human capital trends 2023: New fundamentals for a boundaryless world. Deloitte Insights. <https://www2.deloitte.com>
- Huselid, M. A., & Becker, B. E.** (2011). Bridging micro and macro domains: Workforce differentiation and strategic human resource management. *Journal of Management*, 37(2), 421–428. <https://doi.org/10.1177/0149206310373400> .
- Kementerian Badan Usaha Milik Negara.** (2021). Roadmap transformasi BUMN 2020–2024. Jakarta, Indonesia.
- Kementerian Badan Usaha Milik Negara.** (2022). Transformasi BUMN dan penguatan kapabilitas kepemimpinan nasional. Jakarta, Indonesia.
- McKinsey & Company.** (2019). Automation and the future of work in Indonesia: Jobs lost, jobs gained, jobs changed. McKinsey Global Institute.
- McKinsey & Company.** (2022). Mission critical: Improving government workforce planning. <https://www.mckinsey.com>
- OECD.** (2020). Implementing the OECD guidelines on corporate governance of state-owned enterprises: Review of recent developments. OECD Publishing. <https://doi.org/10.1787/4caa0c3b-en>
- Pelabuhan Indonesia (Persero).** (2024). *Membangun insan Pelindo: Integrasi sumber daya manusia pasca-merger*. Jakarta: PT Pelabuhan Indonesia (Persero).
- Pelabuhan Indonesia (Persero).** (2025). *CEO leadership transcript on post-merger integration and labour relations*. Internal transcript.
- Pelabuhan Indonesia (Persero).** (2025). *CHRO leadership transcript on industrial relations and workforce integration*. Internal transcript.

**LEADING HUMAN-CAPITAL INTEGRATION IN A
POLITICALLY MANDATED MEGA-MERGER: EIGHT
INTERCONNECTED CASE STUDIES FROM INDONESIA'S
PORT SECTOR**

Satya Radjasa

A Dissertation Submitted to the Faculty of the Thunderbird School of Global Management in
Partial Fulfillment of the Requirements for the Degree of Doctor of Professional Practice in
Global Leadership and Management

Arizona State University

ABSTRACT

This dissertation examines how senior leaders orchestrate human-capital integration in a politically mandated mega-merger of state-owned enterprises. The research is grounded in the post-merger consolidation of PT Pelabuhan Indonesia (Persero), commonly referred to as Pelindo, which became effective on October 1, 2021 through Presidential Regulation Number 61 of 2021. The merger combined four previously autonomous regional port operators (Pelindo I, II, III, and IV) into a single national entity, with Pelindo II serving as the surviving entity. The consolidated enterprise produced approximately Rp 32.45 trillion in combined revenue and an aggregate container throughput of 16.7 million TEUs at the merger date, placing it among the top ten container terminal operators globally (PT Pelabuhan Indonesia, 2024).

The study uses a qualitative multi-case research design organized around eight interconnected teaching cases, each representing a distinct leadership dilemma encountered during the integration program. The cases are sequenced across three integration phases that the leadership team designated as Stabilize, Align Systems, and Institutionalize. The Stabilize phase contains Cases 1 and 2, addressing the integration blueprint and the post-merger culture playbook. The Align Systems phase contains Cases 3, 4, and 6, addressing strategic workforce planning, the integrated quarterly scorecard combining business KPIs and AKHLAK behaviours, and the design of unified job grading and structures. The Institutionalize phase contains Cases 5, 7, and 8, addressing the Portaverse Academy digital learning platform, the negotiation of the 2023 national collective labour agreement, and the construction of a national maritime leadership pipeline.

The research draws on primary source materials including internal Pelindo documents, executive communications, the Membangun Insan Pelindo human capital strategy publication (PT Pelabuhan Indonesia, 2024), and operational performance data, supplemented by secondary sources from credit rating agencies, multilateral institutions, and the academic literature on post-merger integration, human capital strategy, organizational culture, industrial relations, and leadership under institutional complexity. The analysis follows the multi-case methodology developed by Yin (2018) and the theoretical sampling logic articulated by Eisenhardt (1989), with particular attention

to the interpretive depth required to render leadership decisions intelligible in their institutional context.

The cross-case synthesis produces five main findings. First, sequencing logic in politically mandated SOE mergers is governed by a trust architecture requirement that precedes structural harmonization. Second, human-capital systems function as governance infrastructure rather than as administrative tools. Third, the standardization-adaptation tension is endemic and requires ongoing leadership attention rather than a one-time design solution. Fourth, digital systems amplify leadership intent rather than substituting for it. Fifth, industrial relations work is strategic integration work, not a specialist function.

The dissertation contributes to the post-merger integration literature by extending existing theory to politically mandated SOE merger contexts in emerging-market institutional environments. It contributes to human capital strategy scholarship by developing the concept of human capital as governance infrastructure. It contributes to practice by offering a sequencing framework for human-capital integration grounded in trust architecture rather than efficiency optimization. It contributes to teaching through eight publishable case studies designed for executive education and graduate management courses on organizational transformation.

The research acknowledges the practitioner-researcher position that provided privileged access to primary materials while creating proximity bias risks addressed through triangulation, theoretical framing drawn from external scholarship, and explicit reflexivity. The findings are positioned as analytical generalizations applicable to comparable institutional contexts rather than statistical generalizations to a defined population.

Keywords: post-merger integration, state-owned enterprises, human capital, Indonesia, port sector, leadership, organizational transformation, AKHLAK, collective labour agreement, leadership pipeline.

ACKNOWLEDGEMENTS

This dissertation could not have been completed without the support of many people, whose contributions deserve explicit acknowledgement.

I extend my deepest gratitude to the entire faculty of the Thunderbird School of Global Management at Arizona State University. The intellectual environment, scholarly rigour, and personal mentorship provided throughout the Doctor of Professional Practice program have shaped this work in ways that extend far beyond any single course or interaction. The Thunderbird tradition of preparing global leaders through rigorous applied research has been the foundation on which this dissertation rests.

Special gratitude is owed to Dr. Tom Hunsaker, my project advisor, whose guidance on research design, theoretical framing, and analytical discipline has substantially shaped the trajectory and quality of this work. His patience with the iterative nature of practitioner-researcher scholarship and his consistent challenge to push the analytical depth further have been instrumental in elevating the dissertation from documentation to scholarship. I am equally grateful to Dr. Edwin Hidayat Abdullah, my committee member, whose insightful critique of the case analyses and the cross-case synthesis sharpened the empirical claims and clarified the theoretical contributions throughout the writing process.

To my classmates in the inaugural DPP cohort, thank you for the camaraderie, the constructive challenge, and the shared learning that made the doctoral journey both intellectually richer and personally sustaining. Special appreciation goes to Ihsanuddin Usman, whose dual role as classmate and Pelindo subject matter expert provided a unique combination of peer support and substantive contribution. The conversations across the DPP residency sessions and beyond shaped the analytical perspective brought to bear on this research.

I am profoundly grateful to the Pelindo subject matter experts whose access, candour, and substantive engagement made the empirical work possible. To Arief Suhartono, President Director

of PT Pelabuhan Indonesia (Persero) during the integration period, thank you for the opportunity to participate in and study one of the most consequential SOE transformations in recent Indonesian history. Your willingness to engage with the difficult questions about leadership choice under constraint provided the substantive depth that this dissertation required. To Ihsanuddin Usman, Director of Human Capital and General Affairs, and to the entire human capital integration team, thank you for the open access to documents, deliberations, and the practical realities of integration leadership. The Membangun Insan Pelindo publication, whose authorship and editorial work you led, provided an indispensable primary source for this dissertation, and the conversations behind the publication enriched the analysis in ways that the published text alone could not capture. Your generosity with time, perspective, and institutional memory is reflected throughout these pages.

To my family, whose support sustained this entire journey, words are inadequate. To my wife Karina, thank you for the tremendous patience, understanding, and quiet strength that absorbed the cost of doctoral work in time, attention, and energy. To my children, Mahendra, Btari, and Cici, thank you for the joy and grounding that made the long writing sessions worth returning from. The hours not spent with you during this work are a debt I will continue to repay. This dissertation is dedicated to you.

The work presented here is the author's own. Any errors of fact, interpretation, or judgement are the author's responsibility.

TABLE OF CONTENTS

ABSTRACT

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION

- 1.1 Background and Research Context
- 1.2 Statement of the Research Problem
- 1.3 Research Questions
- 1.4 Significance of the Study
- 1.5 Scope and Delimitations
- 1.6 Researcher Positionality
- 1.7 Organization of the Dissertation

CHAPTER 2: LITERATURE REVIEW

- 2.1 Introduction and Organization of the Review
- 2.2 Post-Merger Integration Theory
 - 2.2.1 Foundations of the Field
 - 2.2.2 The Sequencing Question
 - 2.2.3 Integration in State-Owned Enterprise Contexts
- 2.3 Human Capital Strategy
 - 2.3.1 Foundational Concepts
 - 2.3.2 Human Capital as Strategic Infrastructure
 - 2.3.3 Strategic Workforce Planning
 - 2.3.4 Job Architecture and Role Design
- 2.4 Organizational Culture and Identity
 - 2.4.1 Cultural Distance and Integration Outcomes
 - 2.4.2 Organizational Identity and Identification
 - 2.4.3 Cultural Integration Strategies
- 2.5 Performance Management Systems
 - 2.5.1 The Balanced Scorecard
 - 2.5.2 Procedural Justice and Employee Acceptance
- 2.6 Industrial Relations and Collective Bargaining

- 2.6.1 Theoretical Perspectives
- 2.6.2 Collective Bargaining in Public Sector and SOE Transformation
- 2.7 Organizational Learning and Capability Development
 - 2.7.1 Foundational Theory
 - 2.7.2 Training Transfer and Organizational Performance
- 2.8 Leadership Under Institutional Complexity
 - 2.8.1 Institutional Theory and Competing Logics
 - 2.8.2 Leadership in SOE Environments
- 2.9 Trust and Legitimacy in Organizational Transformation
- 2.10 Leadership Development and Succession
- 2.11 National Cultural Context: Indonesia and Organizational Behaviour
- 2.12 Synthesis: Conceptual Framework

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

- 3.1 Research Philosophy and Epistemological Orientation
- 3.2 Qualitative Multi-Case Study Design
- 3.3 Unit of Analysis
- 3.4 Case Selection
- 3.5 Data Sources
- 3.6 Data Analysis
- 3.7 Reflexivity and Positionality
- 3.8 Quality Criteria
- 3.9 Ethical Considerations

CHAPTER 4: CONTEXTUAL BACKGROUND

- 4.1 Indonesia's Maritime Geography and the National Logistics Challenge
- 4.2 The Four Legacy Pelindo Entities
- 4.3 The Merger Decision and Pre-Merger Architecture
- 4.4 The Three-Phase Integration Program Architecture

CHAPTER 5: CASE ANALYSES

- 5.1 Overview: Eight Leadership Dilemmas in Three Integration Phases
- PHASE 1: STABILIZE (October 2021 to Mid-2022)
- 5.2 Case 1: From Four Flags to One Helm: Designing the Integration Blueprint
- 5.3 Case 2: Crafting Pelindo's Post-Merger Culture Playbook
- PHASE 2: ALIGN SYSTEMS (Mid-2022 to Mid-2023)
- 5.4 Case 3: Zero-Growth Hiring Paradox: Strategic Workforce Planning at Pelindo

5.5 Case 4: Quarterly KPIs and AKHLAK Behaviours: Designing the Integrated Scorecard

5.6 Case 6: Aligning People to Ports: Designing Job Grading and Structures

PHASE 3: INSTITUTIONALIZE (Mid-2023 to End-2023)

5.7 Case 5: Portaverse Academy: Scaling Digital Learning Across the Network

5.8 Case 7: Negotiating the 2023 Collective Labour Agreement: Partnership or Power-Play?

5.9 Case 8: Building a National Maritime Talent Pool: Pelindo's Leadership Pipeline

CHAPTER 6: CROSS-CASE ANALYSIS AND FINDINGS

6.1 Introduction to the Cross-Case Synthesis

6.2 Finding 1: Sequencing Logic in Politically Mandated Mergers Is Governed by Trust Architecture

6.3 Finding 2: Human Capital Systems Function as Governance Infrastructure in Post-Merger Organizations

6.4 Finding 3: The Standardization-Adaptation Tension Is Endemic and Manageable But Not Resolvable

6.5 Finding 4: Digital Systems Amplify Leadership Intent Rather Than Substituting for It

6.6 Finding 5: Industrial Relations Work Is Strategic Integration Work, Not a Specialist Function

6.7 The Cross-Case Leadership Framework

CHAPTER 7: THEORETICAL DISCUSSION

7.1 Contributions to Post-Merger Integration Theory

7.2 Contributions to Institutional Theory

7.3 Contributions to Practice

7.4 Contributions to Teaching

CHAPTER 8: CONCLUSIONS

8.1 Summary of Research Findings

8.2 Contributions to Knowledge

8.3 Limitations

8.4 Future Research Directions

8.5 Final Observations

REFERENCES

APPENDIX A: TEACHING NOTES FOR THE EIGHT CASE STUDIES

A.1 Teaching Note for Case 1: From Four Flags to One Helm

A.2 Teaching Note for Case 2: Crafting the Post-Merger Culture Playbook

A.3 Teaching Note for Case 3: Zero-Growth Hiring in a High-Growth Mandate

A.4 Teaching Note for Case 4: Quarterly KPIs and AKHLAK Behaviours

- A.5 Teaching Note for Case 5: Portaverse Academy
- A.6 Teaching Note for Case 6: Aligning People to Ports
- A.7 Teaching Note for Case 7: Negotiating the 2023 Collective Labour Agreement
- A.8 Teaching Note for Case 8: Building a National Maritime Talent Pool
- A.9 Cross-Case Teaching Note: The Eight Cases as a Sequence
- A.10 Pedagogical Reflections on the Case Set

APPENDIX B: THE PELINDO INTEGRATION PROGRAM ARCHITECTURE

- B.1 Integration Governance Structure
- B.2 Integration Program Management Approach
- B.3 Relationship Between Cases and Broader Program

APPENDIX C: AKHLAK FRAMEWORK AND BEHAVIOURAL SPECIFICATIONS

- C.1 The AKHLAK Acronym and Value Definitions
- C.2 Behavioural Specifications in the Pelindo Scorecard
- C.3 Assessment Process and Calibration

APPENDIX D: PORTAVERSE ACADEMY ARCHITECTURE AND CURRICULUM

- D.1 Platform Technical Architecture
- D.2 Curriculum Architecture
- D.3 Pedagogical Design Principles
- D.4 Learning Effectiveness Measurement

APPENDIX E: PKB ARCHITECTURE AND NEGOTIATION STRUCTURE

- E.1 Pre-Negotiation Architecture
- E.2 Negotiation Process Design
- E.3 Substantive Terms
- E.4 Implementation Architecture

APPENDIX F: EXTENDED CASE-BY-CASE LEADERSHIP DECISION ANALYSIS

- F.1 Case 1 Leadership Decisions
- F.2 Case 2 Leadership Decisions
- F.3 Case 3 Leadership Decisions
- F.4 Case 4 Leadership Decisions
- F.5 Case 5 Leadership Decisions
- F.6 Case 6 Leadership Decisions
- F.7 Case 7 Leadership Decisions

F.8 Case 8 Leadership Decisions

APPENDIX G: LIMITATIONS AND BOUNDARY CONDITIONS

G.1 Single-Country Limitation

G.2 Single-Sector Limitation

G.3 Single-Time-Period Limitation

G.4 Practitioner-Researcher Limitation

APPENDIX H: PRACTICE IMPLICATIONS FOR INTEGRATION LEADERS

H.1 Trust Architecture Practice Implications

H.2 Governance Infrastructure Practice Implications

H.3 Leadership Amplification Practice Implications

H.4 Sequencing Practice Implications

APPENDIX I: GLOSSARY OF KEY TERMS

APPENDIX J: CONCEPTUAL EXTENSIONS AND THEORETICAL DIALOGUE

J.1 Dialogue with the Strategic Human Resource Management Literature

J.2 Dialogue with the Mergers and Acquisitions Literature

J.3 Dialogue with the Institutional Theory Literature

J.4 Dialogue with the Leadership Literature

J.5 Dialogue with the Organizational Identity Literature

J.6 Dialogue with the Industrial Relations Literature

J.7 Dialogue with the Performance Management Literature

J.8 Synthetic Theoretical Contribution

APPENDIX K: METHODOLOGICAL REFLECTIONS

K.1 Reflections on the Multi-Case Design

K.2 Reflections on the Practitioner-Researcher Position

K.3 Reflections on Triangulation

K.4 Reflections on the Analytical Approach

K.5 Reflections on Generalization

APPENDIX L: EXTENDED CROSS-CASE ANALYSES

APPENDIX M: EXTENDED THEORETICAL DISCUSSION

APPENDIX N: EXTENDED CONCLUSIONS

APPENDIX O: EXTENDED CONTEXTUAL ANALYSIS

APPENDIX P: EXTENDED THEORETICAL CONTEXT

APPENDIX Q: ADDITIONAL CASE INSIGHTS

APPENDIX R: SUPPLEMENTARY CASE ANALYSES

CHAPTER 1: INTRODUCTION

1.1 Background and Research Context

On the first of October 2021, the Government of Indonesia executed one of the most consequential state-owned enterprise restructuring programmes in Southeast Asian economic history. Through Presidential Regulation Number 61 of 2021, four previously autonomous port operators, namely PT Pelabuhan Indonesia I, II, III, and IV, were merged into a single national entity, PT Pelabuhan Indonesia (Persero), commonly referred to as Pelindo, with Pelindo II serving as the surviving entity. The consolidated enterprise assumed responsibility for an extensive network of ports and terminals across the Indonesian archipelago. The merger created a company with combined revenue of approximately Rp 32.45 trillion and an aggregate container throughput of 16.7 million TEUs, placing the merged entity among the ten largest container terminal operators globally (PT Pelabuhan Indonesia, 2024).

The merger reflected a clear national policy imperative. According to World Bank data cited in the Pelindo merger strategy documentation, Indonesian logistics costs reached 23 percent of gross domestic product, the highest in Asia, compared to approximately 13 percent in Malaysia and 8 percent in Singapore (PT Pelabuhan Indonesia, 2024). Within that 23 percent, sea transport contributed 2.8 percent, while inventory costs accounted for 8.9 percent and inland transport 8.5 percent. Port inefficiencies, manifested in extended vessel turnaround times, inconsistent service standards, fragmented information systems, and limited inter-port coordination, were widely identified as a primary structural contributor to this elevated cost burden because port congestion cascades into higher land transport and inventory carrying costs across the broader logistics ecosystem. By consolidating the four Pelindo entities, the Indonesian Government sought to create sufficient scale, governance coherence, and investment capacity to close the logistics cost gap and to position Indonesia as a regional maritime hub by the year 2045.

At the enterprise level, the merger logic was straightforward. Unified procurement across crane maintenance contracts, marine insurance arrangements, and major equipment acquisitions was

projected to yield material savings. A consolidated balance sheet enabled refinancing of legacy debt at improved credit spreads, supported by the stronger credit profile that scale and diversification produced. A consolidated capital expenditure program could be directed toward quay crane modernization and yard automation rather than duplicated across four separate investment committees. A unified information technology backbone could connect port operations from Belawan in the far west to Sorong in the far east on a single operating and billing platform, eliminating the data fragmentation that had previously required shipping lines and freight forwarders to interface with four separate Indonesian counterparties.

What the merger architects could not resolve through regulation, however, was the human dimension of consolidation. The four legacy Pelindo entities had evolved over decades under different regional conditions, leadership traditions, labor dynamics, and operational philosophies. Pelindo II, headquartered in Jakarta and managing the country's busiest international gateways, had developed a culture of commercial discipline, financial metrics, and centralized decision-making. Pelindo III, based in Surabaya, cultivated engineering reliability and technical expertise as its organizational anchors. Pelindo I, based in Medan, and Pelindo IV, based in Makassar, operated across the geographic extremities of the archipelago and had built cultures premised on relational leadership, local adaptation, and informal coordination, reflecting the operational realities of serving dispersed island and coastal communities with limited supporting infrastructure.

These cultural differences were embedded in human capital systems that were entirely incompatible at merger date. The four entities maintained distinct job grading frameworks with different range structures: Pelindo I used job classes 1 through 20, Pelindo II used 1 through 16, Pelindo III used 1 through 18, and Pelindo IV used 1 through 20, with inconsistent scope definitions and authority profiles across legacy entities (PT Pelabuhan Indonesia, 2024). Compensation, allowances, and incentive structures had developed separately across the four entities, producing material differences in total reward for ostensibly comparable roles. Performance management cycles, talent management practices, learning systems, and organizational culture initiatives had developed independently within each legacy entity. Union relationships were governed by four separate collective labour agreements negotiated with distinct

regional federations under what is known in Indonesian labour law as *Perjanjian Kerja Bersama* or PKB. The values that employees were expected to embody and demonstrate were interpreted locally, with varying degrees of formalization and rigour, even though all four entities had adopted the AKHLAK national values framework that the Ministry of State-Owned Enterprises had introduced to all SOEs on 1 July 2020 (PT Pelabuhan Indonesia, 2024).

The Pelindo merger thus constituted a rare natural laboratory for studying human-capital integration under conditions of extreme complexity. The conditions included political mandate, operational non-negotiability, employment guarantees, geographic dispersion, cultural heterogeneity, and institutional constraint. It is this complexity, and the leadership responses it demanded, that forms the subject of the present dissertation.

1.2 Statement of the Research Problem

The post-merger integration literature has accumulated substantial knowledge about the structural dimensions of consolidation, including governance design, financial restructuring, systems harmonization, and synergy realization. A parallel body of work has examined cultural integration, employee commitment during transitions, and the psychological dynamics of identity change. Strategic workforce planning literature addresses how organizations align human capital with business strategy under conditions of constraint. Industrial relations scholarship examines collective bargaining, union power, and social dialogue in restructuring contexts.

What these bodies of literature address in relative isolation, however, is the orchestration challenge: how leaders coordinate human-capital integration decisions across multiple interdependent domains simultaneously, under conditions where the sequencing and prioritization of those decisions are themselves consequential. This challenge is particularly acute in politically mandated mergers within state-owned enterprise environments, where the constraints on leadership action, including employment guarantees, ministerial oversight, union power, and national policy expectations, are far more binding than in market-driven corporate consolidations.

Three specific gaps motivate the present research. The first gap concerns the treatment of human capital in merger integration frameworks. Existing models, whether drawn from finance, strategy, or organizational behavior, tend to treat human capital as a downstream consequence of structural decisions rather than as a strategic lever that shapes the feasibility and pace of structural integration itself. Pelindo's experience suggests that human capital decisions, particularly those concerning employment guarantees, pay harmonization, and union trust, were not merely social accommodations to structural change but constitutive elements of the integration strategy. The standard sequencing of structure-first then people-second, common in market-driven mergers, was reversed at Pelindo. The reasons for that reversal, and its consequences, are theoretically significant.

The second gap concerns the leadership literature on politically mandated mergers. The state as principal in SOE mergers creates a distinctive set of constraints, incentives, and accountability relationships that alter the calculus of integration decision-making. Most leadership scholarship has been developed in the context of publicly listed corporations where shareholder value is the primary performance criterion. The Pelindo case occurs in a setting where multiple performance criteria, including financial sustainability, national logistics cost reduction, employment stability, and social cohesion, must be satisfied simultaneously. The leadership work required to navigate these competing performance expectations differs in kind, not merely in degree, from the leadership work documented in the corporate merger literature.

The third gap concerns the empirical base of mega-merger research in emerging-market contexts. Most scholarly work on post-merger integration has been conducted using cases drawn from North American and European corporate transactions. The institutional environments, labor law frameworks, political economy, and cultural contexts of these transactions differ in consequential ways from those that prevail in many emerging-market SOE mergers. Closing this empirical gap is important not only for theoretical completeness but for the practical relevance of integration scholarship to the SOE rationalization programs underway in many emerging economies.

This dissertation addresses these gaps through an analysis of Pelindo's post-merger human-capital integration process, examined through eight interconnected teaching cases that document

leadership decisions across the full span of the integration program from Day One stabilization through capability institutionalization.

1.3 Research Questions

The central research question guiding this dissertation is: How do leaders orchestrate human-capital integration in a politically mandated mega-merger?

This central question is elaborated through four subsidiary questions that correspond to different dimensions of the integration challenge.

The first subsidiary question asks how human-capital integration decisions are sequenced over time, and what logic governs that sequencing. This question attends to the temporal dimension of leadership work in integration. It examines whether observed sequencing reflects deliberate strategic design, institutional constraints, political negotiation, or some combination of these factors. It also examines whether different sequencing choices would have produced different outcomes, recognizing that the analytical methodology of qualitative case research permits exploration of this counterfactual question only through reasoned inference rather than experimental test.

The second subsidiary question asks how trust is constructed, maintained, and eroded between management and employees during human-capital integration. Trust emerges repeatedly in merger integration research as a mediator of integration effectiveness, yet the micro-level processes through which trust is built or undermined in large-scale SOE mergers remain poorly understood. The Pelindo case offers a context in which trust dynamics are visible across multiple stakeholder relationships, including those between senior management and workforce, between national headquarters and regional operations, and between management and union federations.

The third subsidiary question asks how leaders manage the tension between standardization and contextual adaptation in human-capital systems. This tension between the efficiency logic of

uniformity and the effectiveness logic of local fit represents one of the most persistent dilemmas in merger integration. It carries consequences for both operational performance and employee commitment. The Pelindo network, encompassing high-volume international container terminals, mid-sized regional ports, and small island community ports, offers a context in which this tension is unusually pronounced and the leadership choices required to manage it are correspondingly visible.

The fourth subsidiary question asks what role human-capital systems play as governance infrastructure in a post-merger organization. Beyond their conventional function as management tools, this question examines whether performance systems, job grading frameworks, learning platforms, and collective agreements can serve as mechanisms for institutionalizing the strategic logic of the merger itself. The question is theoretically motivated by the observation that integrated organizations require governance instruments that span their full geographic and functional scope. It is empirically motivated by the prominence that Pelindo's leadership accorded to the design of these systems during the 2022 to 2023 period.

1.4 Significance of the Study

This dissertation makes several contributions to knowledge and practice.

From a theoretical standpoint, it extends existing frameworks for post-merger human-capital integration by analyzing a case that combines political mandate, emerging-market institutional context, SOE governance constraints, and geographic complexity at a scale rarely examined in the literature. By treating human capital as infrastructure, a concept developed through the case analysis, the dissertation offers a reframing that may have broader applicability to large-scale organizational transformations in which people systems function as platforms for operational reliability rather than merely as inputs to productivity.

The dissertation contributes to the leadership-under-institutional-complexity literature by documenting how senior leaders navigate the competing demands of state mandate, union

legitimacy, employee trust, and operational continuity without the flexibility that market-oriented firms typically exercise through workforce reduction, rapid structural redesign, or incentive recalibration. The constraints on leadership choice in the Pelindo context are not exceptional in the SOE world but are systematically underrepresented in the merger integration literature, which has been built primarily on private-sector cases.

From a practical standpoint, the eight cases offer a detailed, decision-level account of one of the most ambitious port sector transformations in recent history. Each case documents not only what was decided but what trade-offs were confronted, what was sacrificed in the process, and what remained unresolved. This candor, grounded in primary source materials from the organization itself, distinguishes the dissertation from studies that rely primarily on secondary data or that document integration processes only retrospectively, after outcomes have been rationalized into a coherent narrative of success.

The cases are designed to be usable as standalone teaching materials in executive education, MBA, and doctoral programs in management. Each case presents a leadership dilemma with sufficient ambiguity to support genuine analytical engagement. Each is accompanied by a teaching note that proposes a structured approach to classroom discussion, including learning objectives, key analytical frameworks, suggested discussion questions, and pedagogical guidance on facilitating deliberation among participants who may bring different professional backgrounds and theoretical orientations to the conversation.

From a policy standpoint, the dissertation offers insight into the human-capital dimensions of SOE rationalization programs of the kind that several emerging-market governments have pursued or are pursuing. Indonesia's Ministry of State-Owned Enterprises has undertaken consolidation programs in banking, insurance, construction, and tourism that present human-capital integration challenges similar to those documented in the Pelindo case. The findings of this dissertation are intended to inform policy and practice in such programs, while acknowledging that direct generalization to other settings requires careful attention to institutional comparability.

1.5 Scope and Delimitations

This dissertation examines the human-capital integration dimensions of Pelindo's post-merger program from October 2021 through December 2023. The scope includes the eight cases that the integration program leadership team identified as the most consequential leadership episodes of the period. These cases span governance design, cultural integration, workforce planning, performance management, job architecture, capability development, labor relations, and leadership development. The analysis focuses specifically on the leadership decisions, defined as choices made by senior leaders under conditions of institutional constraint and organizational complexity, as the primary unit of analysis.

Several important topics fall outside the scope of this research. The financial and capital markets dimensions of the Pelindo merger, including credit rating implications, capital structure optimization, and investor relations, are referenced where relevant for contextual understanding but are not the primary subject of analysis. The engineering and technology dimensions of the post-merger capital expenditure program, including crane modernization, automation investment, and information technology system consolidation, are referenced for context but are analyzed only insofar as they interact with the human capital integration challenges under study. Operational performance dynamics specific to particular port types or trade lanes are mentioned in supporting material but are not the focus of the empirical investigation.

The research does not attempt to assess the Pelindo merger's contribution to national logistics cost reduction. That assessment is the ultimate policy objective of the merger program but would require a different research design, drawing on national logistics performance data and counterfactual analysis, that is beyond the scope of this investigation. Several scholarly and practitioner studies have begun to address aspects of that question, and future research extending this dissertation may revisit the linkage between human-capital integration quality and national logistics outcomes once a longer post-merger time series is available.

The research is delimited geographically to Indonesia, which means that the institutional context, including Indonesia's SOE governance framework, labor law system, and political economy, is

treated as the primary institutional environment rather than as a variable to be analyzed comparatively. This delimitation has the implication, addressed in Chapter 8, that analytical generalization to non-Indonesian contexts must be done with careful attention to institutional comparability rather than presumptive transfer of findings.

1.6 Researcher Positionality

The conduct of this research in the practitioner-researcher tradition requires explicit acknowledgement of the researcher's positionality. The researcher served as a long-time consultant to Pelindo in the human capital and leadership domain, with engagement extending across the integration period under study. The advisory role provided structured access to the leadership decisions, internal deliberations, organizational diagnostics, and design documents that informed the human-capital integration program, but it did not include line authority over the decisions documented in the cases. This positionality created the data access advantages described in Chapter 3 while simultaneously creating proximity bias risks that require both mitigation strategies and explicit acknowledgement in the presentation of findings.

The researcher's professional engagement with the organization creates a risk that the case narratives present the integration program more favourably than a fully external observer might. This risk has been partially mitigated through triangulation with the primary documentary record published by Pelindo (PT Pelabuhan Indonesia, 2024) and with the academic literature reviewed in Chapter 2. It has been further addressed by giving explicit attention to unresolved tensions and documented difficulties in the case narratives, rather than presenting a clean success story. Theoretical frameworks drawn from external scholarship have been used to structure the analysis rather than relying on the organization's internal conceptual vocabulary. None of these mitigation strategies fully eliminates the proximity risk, and readers should interpret the findings as deeply informed practitioner-scholar analysis rather than as fully independent academic assessment.

The researcher's professional practice has been informed substantially by the integration program under study. This creates a related risk: that the analytical conclusions reflect the researcher's

interpretive investment in the program's coherence rather than dispassionate assessment of the evidence. The researcher acknowledges this risk explicitly. The cross-case synthesis presented in Chapter 6 has been designed in part to address this concern by testing whether patterns identified in favourable individual cases hold systematically across the full set of eight cases. Where the cross-case analysis identifies patterns that contradict or qualify the favourable interpretation of individual cases, those patterns are reported.

The consultant-researcher position differs from the line-leader-researcher position in some methodologically consequential ways. The advisory role provided observational depth across multiple human-capital workstreams without placing the researcher in the role of decision principal for any of them. This position attenuates some of the proximity bias that direct decision authorship would create, while preserving most of the contextual access that practitioner-researcher scholarship requires. The reflexivity limitation of practitioner-researcher scholarship cannot, however, be fully resolved within a single dissertation. The findings should therefore be read with the practitioner-researcher position in mind. Where the dissertation's claims would benefit from independent validation by researchers without the same organizational involvement, the limitations chapter identifies the specific topics where such validation would be most valuable.

1.7 Organization of the Dissertation

The dissertation is organized into eight chapters. Chapter 2 reviews the bodies of literature most relevant to the research questions. The review covers post-merger integration theory; human capital strategy; organizational culture and identity; performance management; industrial relations; organizational learning; leadership under institutional complexity; trust and legitimacy; and leadership development. The chapter concludes by synthesizing these literatures into a conceptual framework that structures the subsequent analysis.

Chapter 3 describes the research design and methodology, including the epistemological orientation, the multi-case study design, the unit of analysis, the case selection logic, the data

sources, the analytical methodology, the reflexivity strategy, and the quality criteria applied to assess the trustworthiness of the findings.

Chapter 4 provides the contextual background necessary for understanding the cases. It covers Indonesia's maritime geography and logistics challenge; the historical development and culture of the four legacy Pelindo entities; the merger decision process and its institutional setting; the legal and governance architecture of the unified entity; and the three-phase integration program structure that organizes the case analyses.

Chapter 5 presents the eight case analyses in detail, organized by integration phase. The Phase 1 (Stabilize) section examines the integration blueprint design (Case 1) and the post-merger culture playbook (Case 2). The Phase 2 (Align Systems) section examines strategic workforce planning (Case 3), the integrated quarterly scorecard (Case 4), and the design of unified job grading and structures (Case 6). The Phase 3 (Institutionalize) section examines the Portaverse Academy digital learning platform (Case 5), the negotiation of the 2023 collective labour agreement (Case 7), and the construction of the national maritime leadership pipeline (Case 8).

Chapter 6 presents the cross-case synthesis. It identifies five main findings that together address the central and subsidiary research questions and articulates a leadership framework for human-capital integration in politically mandated SOE mergers.

Chapter 7 discusses the theoretical implications of the findings and develops the dissertation's contributions to integration theory, human capital strategy, institutional theory, and leadership scholarship.

Chapter 8 concludes by summarizing the research findings and contributions, acknowledging the study's limitations, and identifying directions for future research.

The references list and appendices follow Chapter 8. The appendices include the architecture of the case set, the integrated scorecard framework, the PKB negotiation architecture, and the leadership pipeline competency model.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction and Organization of the Review

The study of post-merger human-capital integration sits at the intersection of several scholarly traditions that have developed in parallel rather than in close dialogue. These include post-merger integration theory in strategy and finance, human capital strategy in management and economics, organizational culture and identity in organizational behaviour and sociology, performance management in human resource management, industrial relations and collective bargaining in labour studies, organizational learning in education and management, and leadership under institutional complexity in organizational theory. A faithful review of the relevant literature must therefore draw on multiple disciplines while maintaining a coherent analytical thread suited to the specific empirical context of the Pelindo merger.

The chapter is organized to track the actual sequence of challenges that Pelindo's leadership team encountered. The opening sections address the literatures that bear on Phase 1 of the integration, including integration theory, institutional theory, and trust scholarship. The middle sections address the literatures relevant to Phase 2, including human capital strategy, performance management, and job architecture. The closing sections address the literatures relevant to Phase 3, including organizational learning, industrial relations, and leadership development. The chapter concludes by synthesizing these traditions into a conceptual framework that structures the empirical analysis presented in Chapters 4 and 5.

2.2 Post-Merger Integration Theory

2.2.1 Foundations of the Field

Academic study of post-merger integration developed primarily in the finance and strategy disciplines during the 1970s and 1980s, when merger wave activity generated both practitioner

interest and scholarly data. The early work focused on the antecedents of merger performance. Researchers asked whether related or unrelated diversification generated higher shareholder returns, whether acquisition premiums were justified, and whether anticipated synergies were actually realized. Jensen and Ruback (1983) reviewed the early evidence on the market for corporate control and documented a robust pattern: target shareholders earned positive abnormal returns from acquisition announcements, while acquirer shareholders typically earned negligible or modestly negative returns. Ravenscraft and Scherer (1987) extended this analysis with longer-horizon performance data and concluded that a substantial fraction of acquisitions failed to generate the financial returns acquirers had projected. The gap between anticipated and realized synergies was systematic and durable across many subsequent studies.

The strategy literature in the late 1980s and 1990s shifted attention from target selection to integration process. Haspeslagh and Jemison (1991) reframed the merger integration question from a static assessment of strategic fit to a dynamic analysis of how value transfer actually occurs through integration. Their typology distinguished four integration modes. Absorption involves full subsumption of the acquired firm into the acquirer's structures and processes. Preservation involves leaving the acquired firm largely autonomous, with limited coordination at the corporate level. Symbiosis involves the development of new interdependencies between acquirer and acquired while preserving each firm's distinctive capabilities. Holding involves indefinite separation, with the acquirer functioning primarily as a portfolio investor. The framework's contribution lay in its recognition that integration is not a binary choice but a design problem with context-specific optimal solutions.

Subsequent empirical work tested whether acquisition performance varied systematically with integration mode and integration intensity. Zollo and Singh (2004) used data from a large sample of bank mergers to test whether more intensive integration produced better outcomes. They found that the relationship was mediated by integration capability, defined as a portfolio of organizational routines and knowledge assets that allow acquirers to manage integration processes effectively across multiple transactions. Their finding has direct relevance to the Pelindo case. Pelindo created an organization without integration precedent. There was no acquirer with prior experience, no

playbook drawn from comparable transactions, and no executive team that had managed a consolidation of this scale and complexity before.

Cartwright and Schoenberg (2006) reviewed thirty years of merger and acquisition research and identified the persistence of the performance gap as the central empirical puzzle of the field. Despite substantial accumulated knowledge about merger antecedents and integration processes, the average financial returns from acquisitions remained disappointing. The authors attributed this gap in part to the difficulty of operationalizing integration prescriptions in actual deals, where time pressure, political dynamics within the acquiring firm, and the complexity of human responses to merger announcements often overwhelmed the analytical sophistication of integration planning.

2.2.2 The Sequencing Question

One of the most practically consequential debates in the integration literature concerns the sequencing of integration activities. Conventional practitioner wisdom has generally advocated rapid integration on the grounds that prolonged uncertainty generates employee anxiety, customer defection, and talent attrition. Ashkenas, DeMonaco, and Francis (1998) at McKinsey codified this view as the integration playbook. They recommended that key decisions about leadership, structure, and reporting relationships be made and communicated within the first hundred days following the close of the deal.

Homburg and Bucerius (2006) tested the speed-of-integration hypothesis empirically using a sample of mergers in the financial services industry. They found that the relationship between integration speed and performance was contingent on the strategic relatedness of the merging firms and the quality of the relationship between them prior to the merger. Speed produced positive returns when the firms were strategically related and the pre-merger relationship was good. It produced negative returns when these conditions were not present, because rapid integration in poorly related or poorly aligned mergers created coordination breakdowns and capability losses that outweighed the synergy benefits of integration speed.

A different counterpoint emerged from research on employee psychology during integration. Schweiger and DeNisi (1991) conducted a longitudinal field experiment using two plants undergoing a merger. They found that employees who received uncertain but honest communication reported lower anxiety and higher commitment than those who received no communication. The study established communication as a primary trust-building mechanism during integration, but it also surfaced a tension. Leaders must communicate decisively to manage uncertainty, yet many of the most consequential decisions, particularly around human capital systems, cannot be resolved quickly without risking the legitimacy of the outcomes.

Pablo (1994) extended this analysis by arguing that integration speed is itself a strategic variable, not merely a process parameter. Her framework distinguished three dimensions of integration. Task integration concerns the alignment of operational processes. Cultural integration concerns the development of shared values and behavioural norms. Political integration concerns the resolution of power relationships and resource claims. Each dimension operates at a different pace and responds to different leadership interventions. Task integration can often be accelerated by clear structural mandates. Cultural integration requires substantially longer timeframes and is resistant to directive approaches. Political integration is largely determined by the perceived fairness of decisions that affect the distribution of resources and status.

Birkinshaw, Bresman, and Hakanson (2000) added a further distinction between task integration and human integration. They argued, on the basis of comparative case research in pharmaceutical mergers, that success on task integration without success on human integration was a common cause of acquisition failure. Human integration, understood as the development of positive attitudes, mutual respect, and shared organizational identity, was found to be a prerequisite for, rather than a consequence of, successful task integration. This finding inverts the conventional sequencing logic. It suggests that leaders who prioritize structural efficiency over relational trust will ultimately undermine both. Pelindo's explicit choice to treat trust as the foundation of integration, rather than as a byproduct of structural alignment, aligns with this framework.

2.2.3 Integration in State-Owned Enterprise Contexts

The overwhelming majority of post-merger integration research was conducted in the context of market-driven corporate acquisitions, typically involving publicly listed firms in North American or European markets. This creates a significant gap when applying the literature to state-owned enterprise mergers in emerging market contexts.

Bruton, Peng, Ahlstrom, Stan, and Xu (2015) provided a comprehensive review of state-owned enterprise research that identified several features of SOE governance distinguishing these organizations from private firms. First, SOEs operate under dual principal structures. They are simultaneously accountable to the state, as beneficial owner, and to the market or users they serve, as commercial entities. This dual accountability creates competing performance logics that leaders must navigate without the clarity that a single shareholder-value objective provides. Second, SOE managers typically operate with constrained discretion in human capital decisions. Hiring, compensation, and headcount reduction are subject to political oversight, social expectations, and labour regulation in ways that have no direct equivalent in private-sector mergers. Third, the legitimacy of SOE management decisions depends not only on commercial logic but on political alignment and social licence, factors that have no clean equivalent in shareholder-value frameworks.

Musacchio and Lazzarini (2014) extended this analysis in their study of state capitalism in Brazil, India, and China. They identified a spectrum of state ownership forms ranging from full control to minority stakes. They documented how the intensity of political interference varies across ownership modes and national contexts. Their framework suggests that politically mandated mergers of fully state-owned enterprises represent the most constrained form of integration leadership.

Meggison and Netter (2001) reviewed the empirical evidence on privatization and concluded that ownership form has a substantial effect on enterprise performance. State-owned enterprises typically performed less efficiently than comparable private firms, but the privatization process itself was complex, with significant variation in outcomes depending on the institutional context.

Their review made clear that simple ownership transitions, whether through privatization or through SOE consolidation, are not sufficient to produce performance improvement.

For Indonesia specifically, the Ministry of State-Owned Enterprises under Minister Erick Thohir had pursued an explicit rationalization agenda from 2019 onward. This agenda involved consolidating state enterprises to reduce fragmentation, improve competitiveness, and free up capital for strategic priorities. Pelindo's merger was one of a cluster of similar consolidations in banking, insurance, construction, and other sectors. This policy context meant that Pelindo's leadership operated within a defined ministerial agenda. Performance expectations were set not only by commercial logic but by a national transformation narrative.

2.3 Human Capital Strategy

2.3.1 Foundational Concepts

The theoretical treatment of human capital in organizational strategy has evolved substantially since the foundational formulations of Becker (1964). His distinction between general human capital, applicable across employers, and firm-specific human capital, valuable only within a particular firm, provided the conceptual foundation for much subsequent work. Becker's analysis implied that firms would invest in firm-specific skills, which generate returns accruing to both employer and employee, while leaving general skills to be financed by workers themselves.

Lazear (2009) reconsidered the general-specific distinction and argued that most human capital is in fact a portfolio of skills that vary in their applicability across firms. Skills that are valuable in many firms can still be developed primarily through firm-sponsored investment if the labour market frictions that prevent perfect labour mobility are sufficiently strong.

Ployhart and Moliterno (2011) developed the concept of unit-level human capital resources. They argued that strategic value emerges not from individual knowledge, skills, and abilities alone but from their aggregation into collective capabilities at the unit level. The distinction matters for

understanding integration challenges. Two organizations can each have highly capable individuals whose collective capabilities do not combine productively because the routines, coordination mechanisms, and interaction patterns that transform individual skills into collective outputs are different and potentially incompatible.

Huselid and Becker (2011) pushed the strategic framing further by arguing that high-performance work systems generate strategic value that exceeds the sum of their individual components. Their work, building on earlier studies by Huselid (1995) and by Becker and Huselid (1998), documented systematic correlations between bundles of mutually reinforcing HR practices and firm-level financial performance. The practical implication is that post-merger human capital integration is not simply about harmonizing individual HR practices but about reconstituting an entire system of practices whose value derives from coherence and mutual reinforcement.

2.3.2 Human Capital as Strategic Infrastructure

The concept of human capital as governance infrastructure, which is proposed in this dissertation as a theoretical contribution, extends this logic in a specific direction. Physical infrastructure, in the classic economic sense, comprises foundational systems such as transport networks, energy grids, and communications. The value of physical infrastructure lies not primarily in its own output but in its enablement of productive activity across the entire economy. Human capital systems can function analogously. Job grading frameworks, performance management systems, collective labour agreements, and learning platforms are not merely administrative tools but foundational structures that enable or constrain the productive contribution of the entire workforce.

When these systems are fragmented or incoherent, as they were in the four legacy Pelindo entities, the friction they generate manifests not primarily as HR management problems but as operational reliability constraints. Job title ambiguity creates coordination failures across organizational boundaries. Inconsistent performance incentives undermine cross-unit cooperation. Inadequate learning infrastructure produces capability gaps that manifest as operational errors and service

failures. Incompatible collective bargaining frameworks generate union friction that consumes leadership attention and slows operational decision-making.

Roberts (2004) provided complementary theoretical grounding through his synthesis of economics and organizational theory. He argued that organizations are systems of complementary elements whose performance depends on the coherence of the system as a whole rather than the individual optimization of each element. The complementarity perspective suggests that high-performance work systems generate returns that exceed the sum of their individual components precisely because of mutual reinforcement.

2.3.3 Strategic Workforce Planning

The strategic workforce planning literature addresses how organizations align their human capital base with future strategic requirements under conditions of uncertainty and resource constraint. Cappelli (2008) identified a fundamental tension in workforce planning between make-and-buy strategies. Firms can either invest in long-term employee development, accepting the risk that developed employees may leave, or rely on external labour markets to provide skills on demand, accepting the risk of talent unavailability at critical moments.

For post-merger integration in SOE contexts, the strategic workforce planning challenge takes a specific form. Pelindo inherited a workforce of the workforce inherited from the four legacy entities with a commitment not to reduce headcount. This constraint eliminated the most straightforward instruments of workforce rebalancing. Leaders were therefore required to produce productivity gains from a fixed human capital base, through redeployment, upskilling, role redesign, and capability development.

Huselid, Beatty, and Becker (2005) developed a workforce architecture framework that distinguished strategic positions, those where exceptional performance creates disproportionate strategic value, from support positions, where adequate performance is sufficient. Their framework

recommended differential investment in strategic positions to maximize the return on workforce development spending.

Collings and Mellahi (2009) reviewed the talent management literature and argued for a strategic talent management approach that focuses on the identification and development of high-potential individuals for pivotal positions. Their framework provides the theoretical context for the leadership pipeline work examined in Case 8 of this dissertation.

2.3.4 Job Architecture and Role Design

The job architecture literature examines how organizations design the formal structures that classify roles, establish reporting relationships, and define compensation ranges. Milkovich, Newman, and Gerhart (2014) identified job evaluation as one of the foundational instruments of compensation management. Job evaluation provides the basis for establishing internal equity, which they defined as the perceived fairness of pay relationships within the organization, distinct from external competitiveness, which concerns the alignment of pay levels with the external labour market.

Post-merger job architecture redesign represents one of the most technically complex and politically sensitive integration challenges. When two or more organizations with different job classification systems are consolidated, leaders face a multi-dimensional optimization problem. They must establish a common job architecture that is fair, workable, and defensible across all legacy groups, while maintaining cost discipline. Kates and Galbraith (2007) identify what they call organizational gravity, the tendency for structural changes to settle toward the organizational forms already familiar to the majority of participants, as a pervasive challenge in post-merger design.

Adams (1965) developed equity theory as a framework for understanding employee responses to perceived pay inequity. His central proposition was that employees compare their input-output ratios to those of relevant comparators and adjust their inputs, including effort, attendance, and

organizational commitment, when they perceive significant inequity. The theory has direct relevance to the payslip incident documented in Case 6, where discovery of pay disparities for ostensibly identical roles generated widespread concern and union pressure.

2.4 Organizational Culture and Identity

2.4.1 Cultural Distance and Integration Outcomes

The relationship between cultural distance and merger performance has been examined extensively, with notably inconsistent results. The naive hypothesis, that cultural similarity facilitates integration by reducing coordination costs and misunderstanding, has received mixed support in empirical studies.

Stahl and Voigt (2008) conducted a meta-analysis of thirty-six studies examining the culture-performance relationship in mergers and found that the direction of the effect depended critically on the dimension of culture examined and the performance measure used. Cultural distance in values was generally associated with negative performance outcomes, while cultural distance in practices had more ambiguous effects.

Nahavandi and Malekzadeh (1988) developed an acculturation framework for mergers that distinguished four modes of cultural integration. Assimilation involves the acquired firm adopting the acquirer's culture. Integration involves both firms adopting elements of each other's cultures. Separation involves the two cultures remaining distinct. Marginalization involves neither original culture surviving in recognizable form.

For Pelindo, the merger created a context where assimilation of any one legacy culture by the others was both politically implausible and operationally undesirable. Pelindo IV's relational, community-embedded leadership style was genuinely adaptive to the social and geographic conditions of Eastern Indonesia in a way that Pelindo II's commercially oriented culture was not.

The choice of integration over assimilation was therefore a strategic recognition that the diversity of cultures represented operational capability that needed to be preserved.

2.4.2 Organizational Identity and Identification

The organizational identity literature provides a complementary perspective on cultural integration challenges. Albert and Whetten (1985) introduced the concept of organizational identity as a constellation of attributes that members consider central, distinctive, and enduring about their organization. Subsequent work by Gioia, Schultz, and Corley (2000) developed the concept further, characterizing organizational identity as a fluid construct that is continuously claimed, contested, and reconstituted through the intersubjective processes of organizational life.

Ashforth and Mael (1989) developed the social identity theory of organizational identification. They argued that individuals derive part of their social identity from their membership in organizations and that the attractiveness of organizational identity depends on the distinctiveness and prestige of the organization in its social field. When mergers alter the organization's identity, they alter the social identity resource that membership provides.

Tajfel and Turner (1979), on whose social identity theory Ashforth and Mael's work builds, predicted that members of merged groups will experience identity threat when the merger implies that their original group was inferior to or absorbed by the other group. This threat produces intergroup differentiation behaviour, a sharpening of the psychological distinction between us and them.

Van Dick, Ullrich, and Tissington (2006) examined the specific dynamics of organizational identification during mergers. They found that employees' identification with the pre-merger organization was a significant predictor of resistance to integration. Empson (2001) called this identity defense, the recognition that threats to professional identity, which arise when mergers imply that one organization's ways of working were inferior, generate defensive responses that impede knowledge sharing and capability integration.

The introduction of AKHLAK as the cultural framework for the unified Pelindo is directly relevant to this literature. AKHLAK, as an externally mandated national SOE values system, provided a shared identity platform that was neither the heritage of any one legacy entity nor a blank corporate imposition. This design feature may have served to reduce identity threat by locating the new organizational culture in a national rather than organizational tradition, thereby preserving each legacy entity's self-conception as having contributed to, rather than been absorbed by, the new whole.

2.4.3 Cultural Integration Strategies

The literature on cultural integration strategies distinguishes between content-oriented approaches, which focus on the specific values and behaviours to be cultivated, and process-oriented approaches, which focus on how cultural change is facilitated. Cartwright and Cooper (1993) argued that most organizations focus heavily on content while neglecting the process dimensions that determine whether stated values are actually internalized.

Schein (2010) offered a more granular framework, distinguishing artifacts, espoused values, and underlying assumptions as three levels of organizational culture with very different change dynamics. Artifacts, the visible symbols and practices of organizational life, are readily changed by directive intervention. Espoused values, what organizations say they believe, are moderately amenable to planned change, particularly when reinforced by consistent leadership behaviour. Underlying assumptions, the taken-for-granted beliefs about how the world works that typically operate below conscious awareness, are highly resistant to directed change and require sustained experience of different outcomes to shift.

2.5 Performance Management Systems

2.5.1 The Balanced Scorecard

The balanced scorecard developed by Kaplan and Norton (1992) and elaborated in their subsequent work (Kaplan & Norton, 1996, 2001) represented a significant advance over purely financial performance measurement. The scorecard's premise was that strategic performance required attention to four interconnected dimensions: financial performance, customer outcomes, internal processes, and learning and growth.

For post-merger organizations, the performance measurement challenge is particularly acute because the merger itself represents a change in the theory of value creation. Separate entities operating under their own performance logics must be integrated into a single organization whose performance architecture reflects the new strategic logic of the merged entity.

Becker and Huselid (1998) extended the balanced scorecard perspective by arguing that people outcomes belong in any complete strategic performance architecture, not as a separate HR function but as integral drivers of operational and financial outcomes.

Locke and Latham (2002) provided complementary theoretical grounding through their goal-setting theory. Their decades of research established that specific, challenging goals consistently produce higher performance than vague or easy goals, mediated by mechanisms including effort, persistence, and strategy development.

The design of Pelindo's integrated scorecard, examined in Case 4, raises specific questions about how behavioural performance, particularly AKHLAK values, can be operationalized within a quarterly business review framework. The challenge is distinct from conventional performance management design because it requires translating normative standards into observable indicators that are sufficiently specific to provide actionable feedback while avoiding the reductive effects of excessive measurement precision.

2.5.2 Procedural Justice and Employee Acceptance

The fairness literature has consistently found that employees' acceptance of performance management systems depends less on the outcomes those systems produce than on the perceived fairness of the processes through which they operate. Folger and Konovsky (1989) distinguished distributive justice, fairness in outcomes, from procedural justice, fairness in the processes by which outcomes are determined. They found that procedural justice was the stronger predictor of employee commitment, trust in management, and acceptance of unfavourable decisions.

Colquitt, Conlon, Wesson, Porter, and Ng (2001) conducted a meta-analysis of organizational justice research and confirmed the strength of the procedural justice effect across multiple performance and attitudinal outcomes. Their analysis identified specific procedural justice criteria that consistently influenced employee responses, including consistent application of rules, the absence of bias, accuracy of information, the opportunity to correct erroneous decisions, the representation of affected parties, and adherence to ethical and moral standards.

2.6 Industrial Relations and Collective Bargaining

2.6.1 Theoretical Perspectives

The industrial relations literature offers competing frameworks for understanding the dynamics of labour-management relations in organizational transformation contexts. The pluralist perspective, associated with Flanders (1970) and Fox (1974), holds that organizations are coalitions of groups with legitimately different interests. The unitarist perspective, by contrast, holds that organizations function best when all participants share common goals.

In the SOE context, neither pure pluralism nor pure unitarism fully describes the institutional reality. SOE labour relations are typically governed by national labour law frameworks that require collective bargaining and confer significant rights on union representatives, while simultaneously being subject to political oversight that constrains both management's ability to use market mechanisms and labour's ability to exercise its full bargaining power.

Katz and Darbishire (2000) documented convergent patterns of employment relations across five countries. They found that even as national institutional frameworks diverged, the pressures of global product market competition were driving convergence in actual employment practices. Their comparative analysis underscored the importance of institutional context in shaping the specific form that labour-management relations take.

2.6.2 Collective Bargaining in Public Sector and SOE Transformation

Gall (2010) edited a volume on employment relations that included extensive analysis of collective bargaining in public sector restructuring contexts. The volume documented how management typically approaches collective bargaining in restructuring scenarios with a dual objective. Management seeks to preserve enough procedural formality to maintain institutional legitimacy while achieving sufficient substantive outcomes to satisfy financial and operational performance requirements.

Katz (1993) analyzed the decentralization of collective bargaining as a comparative international phenomenon. He identified increasing decentralization in many industries during the 1980s and 1990s, driven by employer interest in flexibility. The Pelindo case represents a counter-trend within this broader pattern. The 2023 PKB consolidated four legacy collective bargaining arrangements into a single national agreement, reflecting the integration logic of the merger rather than the decentralization tendency that has characterized many other industries.

The 2023 PKB negotiation at Pelindo, examined in Case 7, represents an instance of collective bargaining that occurred at a specific and consequential moment in the integration timeline. The analysis of this negotiation explores how the *musyawarah*, the Indonesian deliberative consensus-seeking tradition, shaped both the process and the outcomes of bargaining and whether the collective agreement achieved sustainable equilibrium or merely deferred substantive tensions.

2.7 Organizational Learning and Capability Development

2.7.1 Foundational Theory

The organizational learning literature, originating with Argyris and Schon (1978), has developed into a rich tradition examining how organizations develop, retain, and transfer knowledge. Argyris and Schon distinguished single-loop learning, which involves adapting behaviour to achieve existing goals, from double-loop learning, which involves questioning the goals themselves.

March (1991) identified the fundamental tension between exploitation, deepening existing knowledge and capabilities, and exploration, developing new knowledge and capabilities, as the central dynamic of organizational learning. He argued that both tendencies are necessary but that organizations persistently face pressures that favour exploitation over exploration.

Zollo and Winter (2002) developed the dynamic capabilities framework into a more specific account of how organizations build capability development routines through deliberate learning processes. Their framework distinguished operating routines, which produce current outputs, from dynamic capabilities, which modify operating routines in response to environmental change.

For post-merger capability development, the exploitation-exploration tension is particularly acute. The pressure to demonstrate integration synergies and operational improvements in the short term creates strong incentives to invest in exploitation activities that leverage existing capabilities across the merged organization. The need to build capabilities adequate for the new strategic context creates the need for exploration that may not generate visible returns for extended periods.

2.7.2 Training Transfer and Organizational Performance

Baldwin and Ford (1988) developed an influential model of training transfer that distinguished learning during training from the transfer of learned skills to the work context, arguing that transfer, not learning, is the appropriate objective of training investment. Their framework identified characteristics of the trainee, the training design, and the work environment as

determinants of transfer effectiveness, with the work environment often being the most important and least attended to factor.

Grossman and Salas (2011) reviewed evidence from training effectiveness research and identified the conditions under which training investments produce meaningful performance improvement. Their synthesis highlighted several factors directly relevant to Pelindo's context: learner motivation, feedback mechanisms, and practice opportunities.

Kirkpatrick (1994) provided the standard framework for assessing training effectiveness, distinguishing four levels of evaluation: reactions, learning, behaviour, and results. The framework's most important insight is that most learning investment is evaluated only at the first two levels, even though the levels most relevant to organizational performance are the third and fourth.

Noe (2017) integrated the training literature with broader human capital development frameworks, arguing that organizations have moved from training-as-compliance, where the objective is to ensure minimum competence levels, to learning-as-strategic-capability, where the objective is to create organizational agility through continuous workforce development.

For an organization of Pelindo's geographic scale and complexity, the challenge is not merely designing effective learning content but building the delivery infrastructure to make learning accessible across the network. Portaverse Academy's digital delivery model represents a specific design response to this infrastructure challenge.

2.8 Leadership Under Institutional Complexity

2.8.1 Institutional Theory and Competing Logics

Greenwood, Suddaby, and Hinings (2002) developed the concept of institutional logics, defined as the socially constructed belief systems and material practices that constitute the guidelines and

resources for organizational participants. Organizations embedded in multiple institutional fields must simultaneously respond to competing logics that may generate inconsistent performance expectations and prescribe conflicting courses of action.

Besharov and Smith (2014) extended this framework by identifying the conditions under which organizations can successfully accommodate competing logics rather than being paralyzed by them. Their research suggested that organizations with central mission ambiguity, where the core purpose is defined broadly enough to encompass multiple logics, and strong boundary permeability are better positioned to navigate institutional complexity without sacrificing coherence.

Pelindo's position as a politically mandated SOE with commercial performance requirements, labour law obligations, national infrastructure responsibilities, and competitive market dynamics represents a paradigmatic example of institutional complexity. Leaders were required simultaneously to satisfy ministerial expectations about national logistics cost reduction, shareholder expectations about financial performance, union expectations about employment security and income fairness, and employee expectations about organizational identity and career development.

2.8.2 Leadership in SOE Environments

Hambrick and Mason's (1984) upper echelons theory argued that organizational outcomes reflect the cognitive frameworks, values, and experiential bases of the senior leaders who make consequential strategic decisions. This perspective has been extended to SOE contexts by scholars who note that SOE leaders operate under distinctive career dynamics, political appointment processes, and accountability structures.

Kotter (1996) distinguished leadership from management in terms of their respective relationships to change. Management creates order, predictability, and efficiency within existing structures. Leadership creates the vision, alignment, and energy required to transform those structures. In post-merger integration, both functions are necessary simultaneously.

Peng (2002) developed an institutions-based view of strategy that argued that in emerging market contexts, where formal market institutions are weaker and political institutions are more directly influential on firm behaviour, the institution itself rather than the firm is the appropriate unit of strategic analysis. From this perspective, understanding Pelindo's integration strategy requires understanding the Indonesian institutional context, specifically the Ministry of SOEs' governance role, the labour law framework, and the political economy of SOE employment, as primary determinants of the strategic choices available.

Wright, Filatotchev, Hoskisson, and Peng (2005) extended this analysis to governance, arguing that the governance models appropriate for Western publicly listed companies require substantial modification when applied to SOEs in emerging markets. Their analysis identified political legitimacy, social performance, and national policy alignment as governance criteria with no direct equivalent in shareholder-value frameworks.

2.9 Trust and Legitimacy in Organizational Transformation

The trust literature distinguishes multiple dimensions of trust relevant to organizational transformation contexts. Mayer, Davis, and Schoorman (1995) developed an influential model identifying three components of trust: perceived ability, perceived benevolence, and perceived integrity. Their model predicts that trust in organizational leaders will be eroded most rapidly when leaders demonstrate behaviour that contradicts stated commitments, because integrity violations are more difficult to repair than competence or benevolence deficits.

Suchman (1995) examined legitimacy as a related but distinct concept, arguing that organizational legitimacy is the generalized perception that an organization's actions are desirable, proper, or appropriate within a socially constructed system of norms, values, beliefs, and definitions. Legitimacy differs from trust in that it is an audience-level perception of organizational propriety rather than an individual-level attribution of trustworthiness.

For post-merger SOEs, both trust and legitimacy are strategically important. Trust at the individual level determines employee willingness to cooperate with integration changes. Legitimacy at the institutional level determines whether unions, regulators, and political principals will grant the organization the discretion it needs to manage the integration effectively.

Schweiger and DeNisi (1991), discussed earlier, documented the trust consequences of merger communication. The implication for Pelindo's communication strategy is that the CEO's personal delivery of the no-layoffs commitment, while creating a binding constraint, may have been the single most consequential trust-building act of the entire integration.

2.10 Leadership Development and Succession

The leadership development literature provides the theoretical context for Case 8's analysis of Pelindo's leadership pipeline challenge. Day (2001) distinguished leader development, the enhancement of individual leadership capacity, from leadership development, the enhancement of the organization's collective capacity to produce leadership across multiple levels and functions. This distinction maps directly onto Pelindo's challenge.

Silzer and Church (2009) reviewed talent management practices in major corporations and identified high-potential identification, accelerated development, and succession planning as the three core components of leadership pipeline management. Their analysis found that most organizations invested more heavily in the identification and acceleration phases than in the succession planning phase.

For Pelindo, the succession challenge is amplified by the organizational inheritance of four separate leadership development systems that had previously cultivated leaders for single-region rather than national roles. Building the capability profile of a national system leader requires deliberate design rather than natural career progression.

2.11 National Cultural Context: Indonesia and Organizational Behaviour

The specific cultural context of Indonesia is relevant to understanding several of the integration dynamics documented in the Pelindo cases, particularly the *musyawarah* bargaining tradition in Case 7 and the relational leadership norms of the eastern ports in Cases 1, 2, and 8.

Hofstede (1980), in his comparative study of cultural values across IBM subsidiaries in fifty countries, characterized Indonesia as high in power distance, the acceptance of hierarchical authority differentials; high in collectivism, the prioritization of group identity over individual identity; and moderate in uncertainty avoidance, the comfort with ambiguity and risk. Subsequent research by Hofstede, Hofstede, and Minkov (2010) refined these characterizations as Indonesia's development trajectory has produced stronger future-orientation in organizational culture.

These cultural dimensions have specific organizational implications visible in the Pelindo integration cases. High power distance means that employees' responses to integration communications are heavily influenced by the hierarchical source of the communication. The CEO's personal delivery of the employment security commitment was more credible and more binding, in employees' perception, than the same commitment delivered by HR managers, because the hierarchical authority associated with CEO-level commitment is substantially higher in high-power-distance cultures.

The *musyawarah* tradition, particularly prominent in Javanese culture but present across Indonesian cultural traditions, reflects the collectivist orientation and the uncertainty-avoidance dimension of Indonesian organizational culture. The preference for deliberation toward consensus over majority-rule decision-making reflects the high value placed on group harmony.

2.12 Synthesis: Conceptual Framework

The bodies of literature reviewed in this chapter converge on a set of propositions that inform the analytical framework of this dissertation.

The first proposition is that in politically mandated SOE mergers, the sequencing of human-capital integration decisions is governed not primarily by efficiency logic but by a trust architecture that must be established before structural harmonization can proceed. This extends Birkinshaw, Bresman, and Hakanson's (2000) argument about human integration preceding task integration by specifying that in SOE contexts, the trust-building requirement is shaped by political constraints, employment guarantees, and union dynamics that have no equivalent in market-driven mergers.

The second proposition is that human-capital systems function as governance infrastructure rather than merely as management tools. When job architecture, performance management, collective agreements, and learning platforms are fragmented or incoherent, the resulting friction impedes operational performance in ways that are systematically underestimated because they are attributed to individual behaviour rather than system failure.

The third proposition is that the standardization-adaptation tension in human-capital systems is endemic to geographically dispersed organizations and does not admit of permanent resolution. Leaders can manage this tension by distinguishing core standards, which must be uniform for governance and fairness reasons, from adaptive practices, which can vary within a common framework.

The fourth proposition is that digital systems in post-merger integration amplify leadership intent rather than substituting for it. Learning platforms, performance dashboards, and communication systems are instruments of leadership vision, and their effectiveness depends on the quality and consistency of the leadership intent they are deployed to serve.

These four propositions provide the analytical lens through which the eight Pelindo cases are examined in Chapter 5 and synthesized in Chapter 6.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Research Philosophy and Epistemological Orientation

This dissertation adopts an interpretivist philosophical orientation, grounded in the view that organizational phenomena are not natural objects whose properties exist independently of human observation, but are social constructions whose meaning is constituted through the interpretive practices of participants. Post-merger human-capital integration is precisely this kind of phenomenon. The events that constitute an integration, namely the decisions, conversations, negotiations, commitments, and responses, do not have fixed meanings but are interpreted differently by different actors depending on their institutional positions, interests, and prior experience. Understanding how leaders orchestrate human-capital integration therefore requires access to the interpretive frameworks through which they made sense of their choices, not merely a record of the choices themselves.

This epistemological orientation aligns with what Saunders, Lewis, and Thornhill (2019) describe as the interpretivist paradigm. The paradigm holds that the social world is too complex and contextually variable to be captured adequately by universal laws or general theories derived from statistical regularities. The appropriate goal of social science inquiry, from this perspective, is not the discovery of context-free generalizations but the generation of theoretical insights, what Lincoln and Guba (1985) call transferable understandings, that are grounded in particular contexts but resonate with and illuminate comparable contexts.

The choice of an interpretivist paradigm has direct implications for research design. It rules out research designs premised on hypothesis testing, because the objective is not to test predetermined propositions against data but to generate understanding from sustained engagement with evidence. It privileges research designs that allow for the depth and contextual richness of interpretation that complex social phenomena require. It requires the researcher to maintain explicit awareness of their own interpretive position and its potential influence on findings, a reflexivity obligation that is addressed in Section 3.7.

3.2 Qualitative Multi-Case Study Design

The primary research strategy is a qualitative multi-case study, following the methodological tradition developed by Yin (2018) and the theoretical sampling approach advocated by Eisenhardt (1989). Case study research is appropriate when the research question asks how or why, when the researcher has limited control over events, and when the focus is on a contemporary phenomenon within its real-world context. All three conditions apply to the present study. The research question, how leaders orchestrate human-capital integration, is inherently processual. The researcher had no experimental control over the integration decisions being analyzed. The Pelindo merger is a current phenomenon that could not be adequately examined apart from the specific institutional context of Indonesia's state-owned enterprise system, national infrastructure policy, and labour relations framework.

Yin (2018) identifies two design principles for multi-case studies that have shaped the present research. The replication logic principle holds that multiple cases should be selected not to achieve statistical representativeness but to achieve theoretical replication, either because the cases are expected to produce similar findings for the same theoretical reasons, or because they are expected to produce contrasting findings for predictable reasons that extend the theoretical framework. In the present research, the eight cases are not independent units of analysis but interconnected episodes in a single organizational transformation. Their sequential and thematic structure reflects the actual progression of Pelindo's integration program rather than a sampling strategy designed to maximize theoretical variance.

The embedded case design principle holds that complex phenomena benefit from having multiple levels of analysis within each case. This allows the researcher to examine how dynamics at one level, such as leadership decisions, interact with dynamics at another, such as employee responses or union reactions. In the present research, each case is examined at the leadership decision level as the primary unit of analysis. The consequences of those decisions at the operational and workforce levels are incorporated in the analysis to provide a multi-level account of integration dynamics.

Eisenhardt (1989) developed an influential methodology for building theory from case studies that combines within-case analysis, examining each case on its own terms, with cross-case pattern matching, identifying similarities and differences across cases that generate theoretical propositions. This methodology has been adopted in modified form in the present research. The modification is that the cases are treated as interconnected episodes in a longitudinal transformation rather than as independent comparative units.

3.2.1 The Longitudinal Dimension

A distinguishing feature of this research design is its longitudinal dimension. The eight cases span the period from the merger's effective date on October 1, 2021, through the formal completion of the leadership pipeline program in late 2023, covering approximately twenty-six months of integration activity. Pettigrew (1990) argued that longitudinal process research is essential for understanding organizational change, because the meaning of any decision or action is only intelligible in the context of what preceded and followed it. Static cross-sectional analysis of organizational change mistakes the photograph for the film.

The longitudinal structure of this research enables two analytical capabilities that would be unavailable in a cross-sectional study. First, it allows the examination of sequencing effects, including whether the outcomes of later integration decisions depended on the timing and quality of earlier ones, and whether the order in which decisions were made was itself consequential. Second, it allows the identification of path dependencies, including whether early choices foreclosed later options or created commitments that constrained subsequent leadership discretion in ways that were not apparent at the time the original choices were made.

3.3 Unit of Analysis

The unit of analysis is the leadership decision, understood as a deliberate choice by senior leaders about how to address a consequential integration challenge. This definition encompasses the

context that framed the decision, the alternatives that were considered and rejected, the reasoning that shaped the choice made, the process through which the decision was implemented, and the consequences that the decision produced. Leadership decisions are treated as units of analysis rather than individual leaders, organizational units, or integration phases, because the research question specifically concerns the orchestration of integration: the pattern, logic, and consequences of multiple decisions made by multiple leaders across multiple domains and time periods.

This unit of analysis differs from those typically adopted in merger integration research, which tend to focus on firm-level performance outcomes, employee attitude surveys, or organizational design configurations. The decision-level focus enables examination of the reasoning and trade-offs that preceded integration choices, providing analytical access to the leadership thinking that shaped the integration's trajectory.

3.4 Case Selection

The selection of eight cases was determined by the theoretical structure of Pelindo's integration program rather than by sampling from a larger population of potential cases. Each case represents a distinct leadership dilemma, arising in a specific integration domain at a specific phase of the integration program, that required consequential choices with significant and partially unpredictable consequences. The eight cases collectively span the three phases of integration identified in Pelindo's transformation architecture, namely Stabilize, Align Systems, and Institutionalize. They also span the eight functional domains of human-capital integration, namely governance and structure, culture, workforce planning, performance management, job architecture, capability development, labour relations, and leadership development.

The selection of cases using a phase-and-domain matrix reflects an implicit theoretical sampling logic, consistent with Glaser and Strauss (1967): cases were included when they were expected to generate theoretical insight about a dimension of integration leadership not already addressed by other cases. Cases 1 and 2, addressing integration governance and culture in Phase 1, establish the foundational trust architecture that all subsequent cases build upon. Cases 3, 4, and 6, addressing

workforce planning, performance management, and job architecture in Phase 2, examine the systems-level challenges of structural harmonization under trust constraint. Cases 5, 7, and 8, addressing capability development, labour relations, and leadership development in Phase 3, examine the institutionalization of integration gains.

3.5 Data Sources

3.5.1 Primary Sources

The primary data sources for this research are the internal documents, leadership communications, and operational materials generated by Pelindo's human-capital integration program. These include the formal integration blueprint documented in the *Membangun Insan Pelindo* publication, which provides a comprehensive account of the organization's workforce development strategy across the integration period. They include executive interview transcripts documenting leadership reasoning and decision rationale. They include internal performance dashboards and KPI reports that provide quantitative evidence of operational outcomes. They include PKB negotiation documentation including union proposals, management responses, and the final collective labour agreement. They include Portaverse Academy design documents and usage statistics.

The researcher's access to these primary sources reflects the practitioner-researcher position described in Section 3.7. As a long-time consultant engaged with Pelindo's human capital and leadership work across the integration period, the researcher had access to internal materials that would not be available to fully external researchers, including project deliberations, design documents, internal briefing materials, and structured discussions with the human capital integration leadership team. This access represents a significant methodological advantage but also creates reflexivity obligations that are addressed explicitly.

3.5.2 Secondary Sources

Secondary data sources include publicly available materials referenced in the Pelindo merger strategy publication, particularly the *Membangun Insan Pelindo: Strategi Manajemen SDM Pascamerger PT Pelabuhan Indonesia (Persero)* (PT Pelabuhan Indonesia, 2024), which provides the primary documented account of the post-merger human capital strategy. The publication draws on internal Pelindo documents including the Human Capital Roadmap 2022-2025, multiple internal directives (Peraturan Direksi) on talent management, performance management, job nomenclature, and authority delegation, and slide presentations by senior leaders. The publication also references World Bank logistics cost data and Indonesian government regulations including Undang-Undang Ketenagakerjaan No. 13 Tahun 2003 (the Labour Law), Undang-Undang No. 2 Tahun 2004 on industrial relations dispute resolution, and Peraturan Menteri Ketenagakerjaan Nomor 28 Tahun 2014 on collective labour agreement procedures.

Additional secondary sources include the academic literature reviewed in Chapter 2 and Indonesian regulatory documents that provide the legal and institutional framework within which Pelindo operates, including Presidential Regulation Number 61 of 2021 (which authorised the merger), Undang-Undang Nomor 40 Tahun 2007 on Limited Liability Companies (which provides the legal basis for the merger as a *penggabungan*), and the Surat Edaran Menteri BUMN that established the AKHLAK core values framework for all Indonesian SOEs effective 1 July 2020 (PT Pelabuhan Indonesia, 2024).

3.6 Data Analysis

Data analysis follows a two-stage process of within-case and cross-case analysis, consistent with Miles, Huberman, and Saldana (2014). Within-case analysis examines each of the eight integration episodes on its own terms, developing a detailed account of the leadership dilemma confronted, the decision process followed, the choice made, and the consequences produced. This involves close reading of primary source materials, triangulation across multiple data sources, and the construction of a narrative account that preserves the complexity and ambiguity of the decision context without reducing it to a simple evaluation of success or failure.

Cross-case analysis examines patterns, contrasts, and theoretical propositions that emerge from comparing the eight within-case analyses. Following Miles, Huberman, and Saldana (2014), cross-case analysis is guided by the conceptual framework developed in Chapter 2, which specifies the theoretical constructs that the analysis is designed to illuminate. The cross-case synthesis presented in Chapter 6 identifies five main findings that address the central and subsidiary research questions.

The analysis process has been iterative rather than linear. Initial within-case analyses generated preliminary cross-case patterns that were tested against additional within-case evidence. Where the cross-case patterns held, they were articulated as findings. Where they did not, the within-case analyses were revisited to identify the dimensions on which the cases varied. This iterative process is characteristic of grounded theory and theory-building case research and reflects the constant comparative method that Glaser and Strauss (1967) advocated.

3.7 Reflexivity and Positionality

This dissertation is the product of a practitioner-researcher: an individual who served as a long-time consultant to the organization in the human capital and leadership domain, who maintained working relationships with leaders whose decisions are examined, and whose professional practice has been informed by the integration program under study. The advisory role provided structured access to deliberations, design materials, and contextual understanding without placing the researcher in the role of decision principal for any of the cases analysed. This positioning creates both advantages and risks that must be acknowledged explicitly.

The advantages of practitioner-researcher positioning include access to primary data that would be unavailable to external researchers, including informal discussions, confidential documents, and the contextual knowledge required to interpret formal communications accurately. They also include the capacity for thick description, in Geertz's (1973) sense, that requires understanding the organizational context deeply enough to render events intelligible to readers who lack that context.

The risks include proximity bias, the tendency to explain events in ways that reflect the practitioner's own interpretive framework and organizational position; rationalization, the tendency to present leadership decisions as more deliberate and coherent than they were experienced at the time; and selection bias, the tendency to select and emphasize evidence that is consistent with the practitioner's preferred narrative.

Mitigation strategies include triangulation across multiple independent data sources; explicit attention to disconfirming evidence and unresolved tensions in the case narratives; the use of theoretical frameworks from outside the organization's own conceptual vocabulary; and submission of draft case analyses for review by individuals outside the immediate leadership team.

3.8 Quality Criteria

The quality of qualitative research is assessed through criteria that differ from the reliability and validity standards applied to quantitative studies. Following Lincoln and Guba (1985), four trustworthiness criteria are applied. Credibility is the extent to which findings accurately represent the perspectives of research participants. Transferability is the extent to which findings provide sufficient contextual richness to allow readers to assess their relevance to comparable contexts. Dependability is the extent to which the research process was conducted systematically and transparently. Confirmability is the extent to which findings are grounded in the data rather than in the researcher's preconceptions.

Credibility is supported by the extensive use of primary source materials, including verbatim leadership communications and internal documents, and by the triangulation of multiple independent data sources. Transferability is supported by the thick contextual description provided in Chapter 4 and by the explicit treatment of boundary conditions in Chapter 8. Dependability is supported by the detailed methodological account provided in this chapter. Confirmability is supported by the explicit acknowledgement of the researcher's positionality and the limitations of practitioner-researcher positioning.

Yin (2018) proposes complementary quality criteria specific to case study research. Construct validity is achieved through the use of multiple sources of evidence and the establishment of a chain of evidence linking research questions to data to findings. Internal validity is established for explanatory case studies through pattern matching and explanation building. External validity is established through analytic generalization based on theoretical replication logic. Reliability is supported by the documentation of the research procedures.

3.9 Ethical Considerations

The research has been conducted in accordance with the ethical guidelines of the Thunderbird School of Global Management and the Arizona State University Institutional Review Board. The use of internal organizational materials has been authorized by the leadership of PT Pelabuhan Indonesia (Persero). Where individual leaders are referenced in the case narratives, their references are positional rather than personal, identifying them by their roles in the integration program rather than by name. Sensitive operational and financial information has been treated with appropriate discretion, with publicly disclosed figures used where available and internal figures used only when their disclosure does not compromise the organization's competitive position or the privacy of individuals involved.

CHAPTER 4: CONTEXTUAL BACKGROUND

4.1 Indonesia's Maritime Geography and the National Logistics Challenge

Indonesia is the world's largest archipelagic nation, comprising an extensive archipelago spread across a maritime territory of a vast maritime territory. The country's geography is not merely a logistical challenge but a fundamental structural feature that shapes every dimension of its economic organization. Transport costs between islands are determined by sea freight rather than road or rail, creating a cost structure quite unlike continental economies where overland transport dominates. Port efficiency therefore has a direct and substantial effect on the cost of domestic trade, not merely on international competitiveness.

The World Bank's Logistics Performance Index has consistently documented Indonesia's underperformance relative to regional peers. Logistics costs in Indonesia, including transport, warehousing, inventory carrying costs, and port handling, have been estimated at approximately 23 percent of gross domestic product. Comparable figures for Malaysia and Thailand are closer to 13 to 15 percent. The causes of this gap are multiple. They include infrastructure deficits in inter-island shipping, fragmented warehousing markets, customs and administrative complexity, and, centrally, port inefficiency. The Indonesian Government's National Medium-Term Development Plan has identified logistics cost reduction as a central economic policy priority for at least the past three planning cycles.

Indonesia's commercial ports handle approximately 1.5 billion tonnes of cargo annually, but the distribution of this traffic is highly concentrated. The top ten ports by container volume, predominantly located on Java's northern coast and in Makassar, account for the majority of international container traffic. The remaining ports serve predominantly domestic bulk, passenger, and general cargo. This concentration creates a dual challenge: improving performance at the high-volume flagship ports where inefficiency carries direct international competitiveness costs, while maintaining service adequacy at the dispersed smaller ports where the logistical needs of island communities depend on reliability rather than throughput speed.

Vessel port-stay time, the total elapsed time from a vessel's arrival at anchorage to its departure after cargo operations, has been identified as a primary operational metric for port efficiency improvement in Indonesia. Pre-merger, Indonesian sea transport costs were estimated at 2.8 percent of national logistics expenditure, while inland transport and inventory carrying costs each accounted for substantially larger shares (PT Pelabuhan Indonesia, 2024). The Pelindo merger strategy explicitly identified port congestion as a contributor to higher land transport and inventory carrying costs across the broader logistics ecosystem, providing the operational rationale for prioritising port-stay reduction at flagship terminals.

The government's decision to merge the four Pelindo entities was motivated explicitly by this logistics cost gap. Presidential Regulation Number 61 of 2021, which authorized the merger, stated that the consolidation was intended to improve port service efficiency, reduce national logistics costs, and strengthen Indonesia's competitiveness as a maritime nation. The framing was not primarily financial, about creating shareholder value through scale economies, but developmental, about achieving national policy objectives through enterprise transformation.

4.2 The Four Legacy Pelindo Entities

4.2.1 PT Pelabuhan Indonesia I

PT Pelabuhan Indonesia I, commonly known as Pelindo I, was headquartered in Medan and operated ports across North Sumatra, Riau, and parts of western Kalimantan. Its operational territory included Belawan, the primary port for North Sumatra's export-oriented agricultural and manufacturing sectors, as well as smaller ports serving the Riau islands and coastal communities across Aceh and the northern Sumatran coast.

Pelindo I's organizational culture reflected the specific characteristics of its operating environment. North Sumatra's economy combined large-scale plantation agriculture, particularly palm oil and rubber, with growing manufacturing activity and a commercially assertive ethnic Chinese business

community that placed high demands on port reliability and cost efficiency. Pelindo I's leadership had over time cultivated a culture that valued community embeddedness, political relationship management, and operational reliability over commercial innovation. Its workforce was predominantly drawn from North Sumatran and Acehnese communities, creating strong regional identity bonds that distinguished it from the more nationally diverse workforces of the western Java ports.

4.2.2 PT Pelabuhan Indonesia II

PT Pelabuhan Indonesia II, commonly known as Pelindo II and often as IPC under its rebranded identity, was headquartered in Jakarta and managed Indonesia's most commercially significant ports. These included Tanjung Priok in Jakarta, Indonesia's largest and busiest container terminal, as well as major ports in Palembang, Panjang, Teluk Bayur, and Pontianak.

Pelindo II was the largest and most commercially oriented of the four legacy entities. Its proximity to Jakarta's regulatory and financial environment, combined with the global exposure generated by Tanjung Priok's role as a transshipment gateway, had produced an organizational culture that was the most professionally formalized of the four. Performance measurement, financial discipline, regulatory compliance, and stakeholder management were organizational competencies that Pelindo II had developed to a degree not matched by its regional peers. Its organizational culture was also marked by hierarchical formality, internal bureaucracy, and a degree of organizational pride that sometimes manifested as condescension toward the smaller regional entities.

4.2.3 PT Pelabuhan Indonesia III

PT Pelabuhan Indonesia III, known as Pelindo III, was headquartered in Surabaya and operated ports across Central and East Java, Nusa Tenggara, southern Kalimantan, and parts of Sulawesi. Its territory included Tanjung Perak in Surabaya, Indonesia's second-largest container terminal, and ports in Banjarmasin, Semarang, and Denpasar.

Pelindo III's culture was shaped by Surabaya's identity as Indonesia's second city and commercial capital of East Java. The Javanese business culture of East Java combined commercial sophistication with a strong emphasis on institutional decorum, procedural compliance, and organizational loyalty. Pelindo III's leadership traditions emphasized technical and operational excellence. The organization had developed significant expertise in port engineering, equipment maintenance, and process standardization that reflected its role as the operational backbone of inter-island commerce.

4.2.4 PT Pelabuhan Indonesia IV

PT Pelabuhan Indonesia IV, known as Pelindo IV, was headquartered in Makassar and operated ports across Eastern Indonesia, including most of Sulawesi, Maluku, Papua, and the eastern coast of Kalimantan. Its operational territory covered the most geographically dispersed and logistically complex ports in the national network, serving communities whose connections to the national economy depended critically on the reliability of inter-island shipping.

Pelindo IV's culture was the most explicitly relational of the four entities. In Eastern Indonesia, where formal institutions are less dense, infrastructure is more limited, and community relationships more central to operational reliability, leadership legitimacy depended heavily on personal trust and local embeddedness. Pelindo IV managers were expected to navigate relationships with local governments, community leaders, military and police authorities, and informal labour groups simultaneously. This relational leadership orientation was genuine organizational capability that adapted Pelindo IV to its operating environment.

4.3 The Merger Decision and Pre-Merger Architecture

The decision to merge the four Pelindo entities was made at the ministerial level under the direction of Minister Erick Thohir, who had been appointed to lead the Ministry of State-Owned Enterprises in October 2019. Thohir's mandate explicitly included rationalizing and strengthening Indonesia's

SOE portfolio. His consolidation agenda drew on a diagnosis that Indonesian SOEs were too fragmented, too inward-looking, and too insulated from competitive discipline to drive the productivity improvements the national economy required.

The merger was authorized by Presidential Regulation Number 61 of 2021, with an effective date of October 1, 2021. The timeline from announcement to implementation was deliberately compressed. There were concerns that an extended pre-merger period would create organizational uncertainty, talent attrition, and political resistance that would make the eventual consolidation more difficult.

The compressed timeline created significant implementation challenges. By October 1, 2021, the formal governance structure had been established. There was a unified board of directors, a consolidated legal entity, and an organizational chart that created regional operating clusters from the four legacy entities. What had not been established, and could not have been established in the available time, were the human-capital systems needed to govern, align, and develop the unified workforce inherited from the legacy entities.

This gap between structural consolidation and human-capital integration became the defining challenge of the post-merger period and the organizing theme of the eight cases analyzed in this dissertation.

4.4 The Three-Phase Integration Program Architecture

Pelindo's post-merger human-capital integration was organized into three sequential phases, each addressing a distinct set of challenges that needed to be resolved before the next phase could proceed effectively.

Phase 1, designated Stabilize and covering the period from October 2021 to approximately mid-2022, focused on establishing the foundational conditions for integration. The objectives were to secure workforce trust, establish governance clarity, launch a cultural integration framework, and

prevent the talent attrition, operational disruption, and industrial conflict that posed the greatest near-term risks. The primary deliverables of Phase 1 were the employment security commitment, the initial integration governance structure, the AKHLAK cultural framework, and the initial round of union consultations.

Phase 2, designated Align Systems and covering the period from mid-2022 to approximately mid-2023, addressed the technical challenge of human-capital systems harmonization. The objectives were to develop a common job grading architecture, design an integrated performance management system, implement a strategic workforce plan under zero-growth constraint, and build the digital learning infrastructure needed to develop capabilities at national scale. Phase 2 required the trust capital built in Phase 1 as a precondition. Systems harmonization decisions that affected compensation, job titles, and performance expectations could only be received with reasonable equanimity by employees who trusted that the process was fair and that management's commitments would be kept.

Phase 3, designated Institutionalize and covering the period from mid-2023 through the end of 2023, addressed the longer-term challenge of sustaining integration gains. The objectives were to negotiate a national collective labour agreement that codified the new employment framework, build a leadership pipeline capable of sustaining the transformation beyond the current leadership team, and embed the Portaverse Academy as a permanent institutional capability. Phase 3's purpose was to transform what had begun as an externally mandated emergency into an internally owned strategic capability.

This three-phase architecture is not unique to Pelindo. Similar phase models have been proposed in merger integration literature and practitioner frameworks. What is distinctive about Pelindo's implementation is the explicit sequencing logic that governed movement between phases. The logic was grounded not in an efficiency-driven timeline but in a trust-building rationale that treated each phase's completion as a precondition for the next phase's legitimacy.

The eight cases analyzed in this dissertation document the leadership decisions that shaped each phase's progress, the dilemmas that emerged when the sequencing logic encountered resistance or

constraint, and the outcomes that the integration program produced across the period from October 2021 through December 2023.

CHAPTER 5: CASE ANALYSES

5.1 Overview: Eight Leadership Dilemmas in Three Integration Phases

The eight cases examined in this dissertation are not independent episodes. They are interconnected leadership dilemmas that arose in sequence, each shaped by the decisions made in earlier cases and each creating constraints and opportunities that influenced subsequent ones. The cases are organized by integration phase and thematic domain, but they must be read as a system. The trust architecture established in Case 1 is a precondition for the legitimacy of the performance management system designed in Case 4. The cultural framework embedded in Case 2 provides the behavioural vocabulary that the scorecard in Case 4 operationalizes. The strategic workforce planning decisions in Case 3 shape the capability gap that the Portaverse Academy in Case 5 was designed to address. The leadership pipeline of Case 8 is the institutionalization mechanism for all that preceded it.

This interconnected structure reflects the actual nature of human-capital integration leadership in large-scale transformations. Leadership work in integration is not a sequence of independent decisions but a portfolio of interdependent commitments. The credibility of later decisions depends on the quality of earlier ones, and the failure of any single element creates systemic consequences that extend beyond the specific domain in which the failure occurred.

The following sections analyze each of the eight cases in detail. For each case, the analysis examines the leadership context that produced the dilemma, the decision process through which the dilemma was addressed, the choice made and its rationale, the consequences produced, and the theoretical connections that link the case to the broader conceptual framework developed in Chapter 2.

PHASE 1: STABILIZE (October 2021 to Mid-2022)

5.2 Case 1: From Four Flags to One Helm: Designing the Integration Blueprint

5.2.1 Historical and Institutional Context

To understand the leadership challenge of October 2021, it is necessary to appreciate the organizational history of the four legacy Pelindo entities and the specific institutional conditions under which the merger was mandated. Indonesia's port sector had operated under a regionalized state monopoly structure since the early years of the New Order regime under President Suharto. The four Pelindo entities had been created as state-owned enterprises to manage different geographic regions of the archipelago's port network. Each was governed by a separate board appointed by the Ministry of State-Owned Enterprises. Each maintained its own organizational culture, human capital systems, labour agreements, and financial reporting structure.

Over the approximately five decades of their separate existence, the four entities had developed genuine organizational identities that were distinct from their legal status as state enterprises. Pelindo II's identity was substantially shaped by its position as the operator of Tanjung Priok, Indonesia's largest and most internationally exposed container terminal, and by its proximity to the regulatory, political, and financial institutions of Jakarta. Pelindo III's identity was shaped by its role as the operational backbone of East Java's manufacturing and trade economy and by Surabaya's tradition as a city with a strong industrial and technical culture. Pelindo I and Pelindo IV's identities were shaped by their roles in more peripheral regions where port operations were embedded in community social structures and political relationships in ways that the western Java entities had largely transcended.

These identities were not merely organizational. They were personal and professional. Employees who had built their careers within a specific entity had invested decades in relationships, knowledge, and status within that entity's organizational system. A Deputy Manager at Pelindo III had earned their position within a specific set of performance norms, authority relationships, and organizational expectations. The merger's announcement was therefore experienced not just as an organizational restructuring but as a personal disruption. The professional context in which their

career had meaning and their status was legible was being merged into a system whose norms were as yet undefined.

The merger was authorized in a political environment that was distinctive in important ways. The Ministry of State-Owned Enterprises under Minister Erick Thohir had embarked on an extensive consolidation programme that affected multiple sectors. Banking, insurance, construction, and tourism SOEs had all been subject to consolidation initiatives in the period from 2019 onward. The Pelindo merger was therefore not an isolated event but part of a broader policy direction. The political legitimacy of the merger derived from this policy framework, but the specific challenges of executing it fell to the Pelindo leadership team.

5.2.2 The Day One Challenge

The merger's effective date of October 1, 2021, was a legal event, not an organizational transformation. The Presidential Regulation authorized the consolidation of the four entities into a single legal person, PT Pelabuhan Indonesia (Persero), and established the formal governance structure of the unified entity, namely a board of directors, operating clusters, and regional management structures. What it could not mandate was the human reality of the consolidated organization. The trust, shared understanding, behavioural alignment, and institutional coherence that makes an organization function as a unified system rather than as a collection of formerly separate parts operating under the same letterhead all had to be built through deliberate effort over time.

The executive leadership team that assumed responsibility for the unified organization on Day One confronted an assessment challenge before they could address any specific integration problem. They needed to understand, with as much accuracy and candor as possible, what they had actually inherited. Not the formal assets documented in the merger disclosure, but the organizational reality of 25,000 employees whose attitudes toward the merger ranged from cautious optimism to deep anxiety, four workforce cultures whose compatibility was untested, four sets of labour agreements

whose terms were inconsistent, and five categories of human-capital fault lines each of which posed a different class of risk at a different timeframe.

The integration team's initial assessment distinguished between what could be characterized as structural risks, problems with the formal systems and architecture of the human capital function, and relational risks, problems with the trust, identity, and behavioural alignment of the workforce. Structural risks were more tractable. They could be defined, analyzed, and addressed through deliberate design processes over a predictable timeframe, even if that timeframe was long. Relational risks were more urgent and less tractable. They operated in real time, they were sensitive to every observable leadership action, and they were difficult to repair once they had deteriorated.

5.2.3 The Five Human-Capital Fault Lines

The integration blueprint identified five structural fault lines in the merged organization's human capital architecture that needed systematic resolution over the integration program's full three-year horizon.

The first fault line was job architecture. The four legacy entities had developed their job classification systems independently over decades, producing four distinct grading ranges with inconsistent scope definitions, authority profiles, and seniority signals: Pelindo I employed job classes 1 through 20, Pelindo II employed 1 through 16, Pelindo III employed 1 through 18, and Pelindo IV employed 1 through 20 (PT Pelabuhan Indonesia, 2024). A Deputy Manager in one entity might oversee a team of forty with direct operational authority over berth scheduling, while a Deputy Manager in another might manage administrative functions in a small provincial port. The same title conveyed different status, authority, and compensation in different organizational contexts. This inconsistency made workforce management across the unified entity impossible to conduct fairly and made rational compensation design unachievable without a common architectural foundation.

The second fault line was compensation. The four entities had negotiated separate labour agreements over decades, producing materially different base pay structures, allowance categories, and benefit packages. Employees in comparable roles received materially different total compensation depending on which legacy entity had employed them. These differences were not random but reflected the specific bargaining histories, regional norms, and financial conditions that had prevailed in each entity's negotiations. They were deeply embedded in employees' expectations and financial planning. Any attempt to harmonize them upward was expensive, and any attempt to harmonize them downward was politically unacceptable.

The third fault line was performance management. Each entity had maintained separate key performance indicator systems, designed to reflect their particular operational priorities, with different metrics, different weighting methodologies, different review cycles, and different links to compensation. Some entities reviewed performance monthly. Others reviewed annually. Some emphasized throughput metrics. Others emphasized financial discipline. There was no common language for organizational performance that leaders in the unified entity could use to evaluate, compare, or manage their diverse national port network.

The fourth fault line was labour relations. Four separate collective labour agreements, negotiated with distinct regional union federations, governed employment conditions across the merged network. Each agreement reflected the specific bargaining dynamics, historical commitments, and regional norms of its negotiating parties. These agreements would expire on different dates and would need to be renegotiated, at some point, within a single national bargaining framework. The timing and process of that renegotiation would be one of the most politically sensitive decisions of the integration program.

The fifth fault line was capability development. No common learning platform, common curriculum, or common certification standards existed across the four legacy entities. Training investment levels, program quality, and delivery mechanisms varied substantially. Western Java terminals were systematically better resourced for capability development than eastern ports. Employees at different locations in the same nominal role had materially different levels of technical knowledge, digital capability, and operational methodology. These capability gaps were

invisible in the aggregate workforce statistics but highly consequential for operational performance standardization.

5.2.4 The Trust-First Sequencing Decision

Confronted with five structural fault lines and an immediate relational crisis of organizational anxiety, the leadership team made a sequencing decision that would shape the entire integration program's character. They chose to address relational risk before structural risk. This decision was expressed most concretely in the CEO's personal roadshow to regional union leaders in October and November 2021.

The CEO's personal engagement with each regional union federation was notable for several reasons. It occurred at the most senior level available, signaling that employment security was a strategic priority, not a subsidiary matter to be delegated to HR specialists. It was delivered in person, in regional locations, rather than through centralized communication channels, reflecting a theory that institutional trust in a new organization must be founded on direct personal engagement rather than mediated communication. It made a specific, unambiguous commitment of no layoffs and no reduction in employee income. These commitments were not hedged with conditions or qualifications. They were unconditional, personal, and credible precisely because of the personal manner of their delivery.

The strategic logic behind this sequencing can be understood through two lenses. The first is a risk management lens. The near-term risks of organizational disruption, specifically talent attrition among key operational staff, industrial action, and the kind of passive disengagement that manifests as reduced effort and increased error rates, were all primarily driven by employment anxiety. Addressing that anxiety before addressing structural problems removed the most immediate threat to operational continuity. The second is an investment lens. Trust capital is a resource that enables subsequent integration work. A workforce that trusts management's commitments will engage cooperatively with the changes that structural harmonization requires. A workforce that does not will approach every system change with defensive suspicion. The CEO's

personal commitment was therefore not merely a reassurance but an investment in the social capital that the entire integration program would require.

The cost of this trust investment was the constraint it imposed on all subsequent integration decisions. Every human capital system redesign, every job architecture change, and every compensation harmonization decision would need to be consistent with the no-income-reduction commitment. This constraint significantly narrowed the design space for what were otherwise technically straightforward optimization problems. But the alternative, structural efficiency at the cost of trust, was judged to be more expensive in the long run than trust preservation at the cost of structural flexibility.

5.2.5 Operational Continuity as the Non-Negotiable Constraint

Alongside the trust architecture requirement, the integration team operated under a second non-negotiable constraint, namely operational continuity. Indonesia's port network could not afford disruption during the integration period. Ships could not wait for organizational realignment. The Tanjung Priok terminal alone handled the cargo that supplied the Jakarta metropolitan economy and broader western Java region. Even modest degradation in vessel turnaround times at flagship terminals would translate into measurable increases in national logistics costs, undermining the very rationale for the merger.

This operational continuity constraint had direct human capital implications. It meant that the transition from four separate organizational systems to a unified system could not occur rapidly, because rapid system change would generate the confusion and error that continuity required the organization to avoid. It also meant that the human capital integration team needed to maintain close collaboration with operational leaders throughout the integration process, ensuring that each system change was scheduled and managed in ways that minimized operational disruption risk.

The tension between the desired pace of structural harmonization and the operational continuity constraint was managed through a principle of parallel running. Wherever possible, new human

capital systems were piloted alongside legacy systems rather than replacing them immediately, allowing the organization to validate the new system's fitness before switching off the legacy one. This approach was more expensive and more time-consuming than a clean switchover, but it substantially reduced the risk of operational disruption from system failure or adoption problems.

5.2.6 The Integration Management Office Structure

The governance of Pelindo's human-capital integration required a dedicated organizational structure that was distinct from the normal line management hierarchy but closely connected to it. The integration team created what it termed an Integration Management Office (IMO), a temporary organizational structure that existed alongside the normal operating structure for the duration of the intensive integration period, with a defined mandate to coordinate the design and implementation of cross-entity integration initiatives.

The IMO structure reflected a deliberate choice about integration governance. Organizations that attempt to manage major integrations entirely through the normal line management structure typically find that the integration work is consistently displaced by operational priorities. Line managers who are simultaneously responsible for daily operations and for integration design will rationally prioritize operational performance, because operational failures have immediate and visible consequences while integration design delays have consequences that manifest only gradually. The IMO structure ensured that dedicated resources were available to drive integration work without competing with operational management for the attention of the same leader group.

The IMO was led by a dedicated Integration Director, reporting directly to the Chief Human Capital Officer, with sub-teams responsible for each of the five fault-line work streams: job architecture, compensation harmonization, performance management, labour relations, and capability development. Each sub-team was staffed with a combination of dedicated integration specialists and seconded subject-matter experts from the operating units, ensuring that the integration designs reflected genuine operational knowledge rather than being designed in isolation from the operational realities they would need to serve.

5.2.7 Stakeholder Architecture

The integration blueprint included a systematic stakeholder mapping exercise that the leadership team conducted in the first weeks after merger. The mapping identified five principal stakeholder groups with distinct interests, influence, and anxiety profiles. The Ministry of SOEs expected early operational improvement evidence and organizational stability. Union leaders required employment guarantees and consultation rights. Middle managers faced the greatest role ambiguity as legacy reporting structures were disrupted. Frontline operations staff needed to know that their day-to-day working conditions and compensation would remain stable. External stakeholders, including shipping lines, importers, and logistics operators, needed confidence that service quality and reliability would be maintained.

The mapping produced a differentiated engagement strategy. Union leaders received CEO-level personal engagement and substantive employment commitments. Middle managers received structural clarity briefings and role confirmation letters. Frontline staff received town hall communications addressing employment security and operational continuity. External stakeholders received customer communication packages emphasizing operational continuity and service commitments.

What is noteworthy about this stakeholder architecture is its explicit recognition that different stakeholder groups needed different things, and that the sequencing of engagement, addressing employment anxiety before structural detail, was not arbitrary but reflected a theory of which anxieties, if unresolved, would most threaten the integration's early trajectory. This theory proved correct. Operational continuity was maintained through the Day One transition. Major industrial disruption was avoided in the first year. Middle management retention, while not perfect, was substantially better than comparable integrations had typically achieved.

5.2.8 Risk Management in the Stabilization Phase

The integration blueprint included an explicit risk register for the Phase 1 stabilization period that identified the key risks, their likelihood and potential impact, and the mitigation actions assigned to specific leaders. The risk register reflected the integration team's assessment of the threat landscape in October 2021 and provides a useful lens for understanding the leadership priorities that shaped Phase 1 decision-making.

The risk register's highest-priority items were industrial action at flagship terminals that would disrupt national cargo flows; key talent attrition, specifically the departure of operationally critical staff in response to merger uncertainty; and operational performance degradation, specifically the increase in vessel port-stay times that would be the most visible signal of integration failure to external stakeholders including shipping lines, the Ministry, and credit rating agencies.

Secondary risks included leadership team instability, the departure of experienced leaders from any of the four legacy entities whose knowledge and relationships were essential for integration; technology system disruption from premature attempts to consolidate HR systems before the underlying data quality and process alignment were adequate; and compensation-related litigation from employees who believed the merger's compensation changes violated their contractual rights.

The risk register's practical value was not as a prediction of actual outcomes but as a forcing mechanism that required the integration team to specify mitigation responsibilities and timelines for each identified risk. This specificity created accountability for risk management that would not have existed in a more general awareness of integration risks.

5.2.9 Theoretical Connections

Case 1 provides foundational empirical evidence for the trust architecture prerequisite finding developed in Chapter 6. The specific sequencing choices made in the integration blueprint, namely employment security before structural harmonization, relational trust before systems redesign, and personal engagement before formal communication, reflect a theory of integration that is

substantially different from the efficiency-first logic that dominates most merger integration prescriptions.

Existing theory from Haspeslagh and Jemison (1991), which identifies strategic interdependence and capability preservation as the determinants of integration mode, does not fully explain the sequencing logic observed at Pelindo. The constraints that governed Pelindo's integration were primarily institutional and relational, not strategic and operational. The political mandate, the employment guarantee, and the multi-union environment created a set of binding constraints on the integration design that have no equivalent in the North American and European corporate merger contexts where most integration theory was developed.

This gap between existing theory and the Pelindo evidence motivates the trust architecture prerequisite contribution developed in Chapter 7. The trust architecture is not merely a softer version of integration management. It is a foundational governance requirement that determines whether subsequent structural decisions will be experienced as legitimate exercises of organizational authority or as arbitrary exercises of power. In SOE merger contexts where the state's employment protection norms are institutionally enforced, this distinction is not merely about employee sentiment but about whether the integration program can proceed at all without industrial disruption.

5.3 Case 2: Crafting Pelindo's Post-Merger Culture Playbook

5.3.1 The Culture Problem in Organizational Mergers

The relationship between organizational culture and merger performance is one of the most empirically contested issues in the merger research literature. Practitioner accounts of failed mergers consistently cite cultural incompatibility as a primary cause. Academic research has found that the direction and magnitude of the cultural distance effect on performance varies significantly with the measure of culture used, the performance criterion examined, and the industry context studied. What is consistently supported, across both practitioner and academic literatures, is the

observation that culture problems in mergers tend to manifest late rather than early. The structural integration can appear successful while cultural incompatibilities are accumulating beneath the surface, eventually erupting in leadership conflicts, talent attrition, and operational dysfunction.

Pelindo's leadership team understood this dynamic from the outset. The merger's October 2021 effective date was the beginning of a legal consolidation that had done nothing to consolidate the organizational realities of four entities with very different histories, leadership norms, and employee identities. The formal integration of balance sheets, operating systems, and governance structures was necessary but insufficient. Without deliberate attention to the cultural integration challenge, the merged organization would remain functionally fragmented despite its structural unification.

The specific manifestation of cultural divergence that the leadership team observed in the first weeks after merger was instructive. It was not primarily inter-regional conflict or explicit resistance to the new organizational framework. It was the quiet persistence of legacy organizational behaviours. Managers continued to escalate decisions through legacy reporting chains that no longer existed. Employees identified themselves in external communications by their legacy entity rather than as Pelindo staff. Middle managers applied their legacy entity's performance standards in evaluating their teams, creating inconsistency in how the same behaviours were assessed across different parts of the network. Informal preference for collaboration within legacy-entity peer groups over cross-entity collaboration was visible, particularly when the collaboration involved sharing operational knowledge or resources that had historically been the source of competitive advantage.

These behaviours were entirely predictable. They reflected the organizational habits that decades of socialization within specific institutional environments had produced. The question for leadership was not whether these habits existed but how to build the alternative cultural foundations that would, over time, make different behaviours the natural ones.

5.3.2 Cultural Diagnostic and the Case Against Assimilation

The formal process that Pelindo's leadership used to address the culture challenge began with a systematic cultural diagnostic conducted in the months following the merger. The diagnostic combined survey instruments, structured interviews with leaders and employees at multiple organizational levels, and facilitated workshops that brought together employees from different legacy entities to discuss their organizational experiences and expectations.

The diagnostic findings confirmed and detailed the observations that leadership had already made informally. The four legacy entities demonstrated genuinely different cultural profiles across dimensions including decision-making style (centralized versus decentralized), performance orientation (output versus process), authority basis (hierarchical versus meritocratic), and relationship orientation (transactional versus relational). The differences were most pronounced between Pelindo II and Pelindo IV, whose operating environments had produced the most contrasting cultural adaptations, and least pronounced between Pelindo I and Pelindo IV, whose shared experience of operating in geographically complex, community-embedded environments had produced some cultural convergence.

The diagnostic also identified cultural strengths in each entity that the merged organization could benefit from integrating rather than replacing. Pelindo II's commercial discipline and analytical rigor were genuine organizational assets that should be disseminated across the network. Pelindo III's operational expertise and technical excellence were valuable capabilities that should be retained and built upon. Pelindo IV's relational intelligence and community embeddedness were precisely the capabilities needed to maintain social licence and operational reliability in the complex social environments of Eastern Indonesia.

These findings produced a strong case against the assimilation strategy that would have designated any single entity's culture as the integration target. Assimilation would have been faster and simpler. It would also have destroyed organizational capabilities concentrated in non-dominant entities and generated the identity-threat responses that Empson (2001) identified as major impediments to knowledge sharing in mergers. The leadership team instead chose an integration

strategy that would develop a new shared culture anchored in AKHLAK but building constructively on the strengths of all four legacy cultures.

5.3.3 AKHLAK as Institutional Architecture for Cultural Integration

The decision to anchor Pelindo's new organizational culture in the AKHLAK framework deserves more detailed analysis than its apparent simplicity might suggest. AKHLAK was not created for or by Pelindo. It was promulgated by the Ministry of State-Owned Enterprises as a values framework applicable to all Indonesian SOEs. Pelindo's cultural strategy chose to make this externally mandated framework the centerpiece of its culture integration program rather than developing a Pelindo-specific values set.

This choice had several strategic advantages that became more apparent as the integration proceeded. First, AKHLAK's external provenance meant that it carried institutional authority beyond Pelindo's own organizational legitimacy. Employees who might have been skeptical of a values framework developed by the new management team, suspecting it reflected the cultural preferences of whichever legacy entity dominated the design process, were less skeptical of a framework mandated by the Ministry. The external authority reduced the identity politics that might have surrounded an internally developed values framework.

Second, AKHLAK's content was genuinely appropriate to Pelindo's integration context. The six values, namely Amanah (Trustworthiness), Kompeten (Competence), Harmonis (Harmony), Loyal (Loyalty), Adaptif (Adaptability), and Kolaboratif (Collaboration), mapped directly onto the organizational behaviours that the integration most urgently required. Amanah addressed the trust dimension that was central to the employment security commitment. Harmonis addressed the cross-entity collaboration challenge. Kolaboratif addressed the silo-breaking required for integrated operations. Adaptif addressed the behavioural flexibility that operating across Pelindo's enormously diverse port portfolio required.

Third, AKHLAK's national character provided a framing for the organizational identity transformation that employees needed to undertake. The transition from "I am a Pelindo II employee" to "I am a Pelindo employee" was psychologically difficult for many people whose professional identity was substantially invested in their legacy entity. The further transition to "I am an Indonesian maritime infrastructure professional" offered a larger identity that preserved the sense of professional significance and national purpose that had made the legacy identities meaningful, while locating that significance in a national rather than organizational frame.

5.3.4 Translating Values into Observable Behaviours

The most technically demanding aspect of the AKHLAK implementation was translating the six values from abstract normative statements into observable behavioural indicators that could be meaningfully used in performance assessment, developmental feedback, and leadership behaviour modeling.

This translation work required resolving a fundamental tension in values-based performance management: the tension between specificity, which is necessary for meaningful assessment, and generality, which is necessary for applicability across very different operational contexts. A behavioural indicator that is specific enough to be observable in a container terminal operations context may not be applicable in an administrative finance function context. An indicator that is general enough to apply across all contexts may not be specific enough to provide actionable feedback in any of them.

The resolution adopted was a hierarchical behavioural indicator framework. At the top level, each AKHLAK value was defined in a way that was conceptually precise but not operationally specific. At the second level, behavioural families were identified for each value that translated the conceptual definition into categories of observable behaviour relevant across different functional and operational contexts. At the third level, role-specific behavioural exemplars were developed in collaboration with operational and functional leaders for each major role family in the organization.

This hierarchical structure meant that the AKHLAK framework could operate consistently at the top two levels, enabling meaningful cross-entity behavioural comparison, while accommodating the genuine operational diversity of Pelindo's network at the third level. A collaborative behaviour indicator for a port operations manager was defined differently from a collaborative behaviour indicator for an HR business partner, but both were recognizably expressions of the same kolaboratif value.

5.3.5 Culture Change as a Multi-Year Process

The culture integration program's most significant challenge was managing the organizational expectation that cultural transformation could be accelerated through programmatic intervention. Culture programs, values workshops, and communication campaigns create the appearance of cultural change while underlying assumptions, in Schein's (2010) taxonomy, remain substantially unchanged. The evidence of this gap between espoused change and actual change was visible in Pelindo's integration. Leaders who completed AKHLAK training returned to their operational contexts and continued many of the behaviours the training was designed to change, because those behaviours were reinforced by the organizational systems, incentive structures, and social norms of their immediate work environments.

The recognition that culture change requires structural reinforcement, not just normative communication, was a key insight that shaped the culture playbook's design. The AKHLAK values would only be genuinely embedded when the performance management system of Case 4 made their behavioural demonstration a consequential element of individual and organizational assessment, when the leadership pipeline of Case 8 made demonstration of AKHLAK values a criterion for advancement, and when the collective labour agreement of Case 7 created an institutional framework for employment relations consistent with the harmony and loyalty values the organization espoused.

The culture playbook was therefore not a standalone program with a defined start and end date but a framework that needed to be operationalized through every significant human capital system in

the organization. Its implementation was genuinely complete only when the integrated scorecard was live, the PKB was signed, and the leadership pipeline was producing leaders who demonstrated AKHLAK values not as compliance but as genuine professional commitment.

5.3.6 The Role of Middle Management in Culture Change

The research on culture change consistently identifies middle management as the critical leverage point. Senior leaders articulate desired culture through their visible behaviours and formal statements, but middle managers are the ones who translate those behaviours and statements into the daily organizational experiences that actually shape employee culture. Floyd and Wooldridge (1994) developed this argument extensively in their work on middle management strategic involvement. A culture program that achieves genuine commitment at the senior leadership level but fails to engage middle managers effectively will produce a culture change at the top of the organization that does not penetrate to the operational levels where most employees work.

The Pelindo culture program addressed the middle management challenge through a two-part strategy. The first part was developing middle managers' understanding of the AKHLAK framework and their ability to translate it into specific behavioural standards for their teams, through the behavioural indicator framework described earlier. The second part was developing middle managers' performance coaching capabilities so that they could provide the behavioural feedback to their teams that the AKHLAK performance dimension of the integrated scorecard required.

This second part was the more demanding challenge. Performance coaching, the ability to observe specific behaviours, provide specific feedback that connects observations to standards, and develop improvement plans grounded in specific behavioural change, is a distinct skill set that many managers in the legacy Pelindo entities had not been required to develop. Their legacy performance management environments had typically relied on relatively subjective, relationship-based assessments rather than on specific behavioural observation. The shift to the AKHLAK behavioural dimension required a substantial upgrade in the coaching capabilities of the manager

population, which became a significant component of the Portaverve Academy's management development curriculum.

5.3.7 Measuring Cultural Integration Progress

Pelindo's approach to measuring cultural integration progress reflected an awareness of the measurement challenges specific to cultural transformation. Culture surveys, the most commonly used instrument for assessing cultural change in organizations, are vulnerable to social desirability effects. Employees learn what the organization wants to hear and respond accordingly, making survey-based culture assessments unreliable measures of actual cultural change while potentially useful measures of employees' understanding of desired cultural norms.

The leadership team developed a measurement approach that triangulated four distinct data types. The first was behavioural indicators drawn from the AKHLAK assessment dimension of the integrated scorecard, which provided a systematic cross-organizational measure of observed behavioural performance. The second was employee engagement indicators that tracked aspects of organizational commitment and identification likely to co-vary with genuine cultural alignment. The third was operational performance indicators in domains, particularly cross-entity collaboration, that were directly affected by the quality of cultural integration. The fourth was qualitative assessments from leadership conversations and pulse surveys that captured the nature of cultural discourse within the organization.

No single measure was treated as definitive. The convergence or divergence of the four data streams was used to assess whether cultural integration was progressing, stalling, or generating unexpected side effects. This multi-measure approach was more resource-intensive than a single-survey approach but substantially more informative and more resistant to the gaming that single-measure cultural assessment typically produces.

5.3.8 Theoretical Connections

Case 2 illustrates the application of multiple frameworks from the literature reviewed in Chapter 2. The cultural diagnostic and the choice of integration over assimilation reflect Nahavandi and Malekzadeh's (1988) acculturation framework. The recognition that culture change requires reinforcement through multiple organizational systems reflects Schein's (2010) three-level cultural framework, with explicit attention to the artifact, espoused values, and underlying assumption levels. The use of AKHLAK as an institutionally legitimated values framework reflects the institutional theory of Greenwood, Suddaby, and Hinings (2002), with the external authority of the Ministry providing the legitimacy that an internally developed framework would have lacked.

The case also illustrates the limits of existing culture change theory for the Pelindo context. Most Western culture change frameworks assume that the organization has substantial discretion in defining its own values and the freedom to develop culture programs that reflect its specific competitive position. Pelindo's situation was different. The values framework was externally mandated, and the organization's role was to operationalize that framework rather than to design it. This constraint, which would be unusual in private-sector contexts, is normal in SOE contexts and requires specific theoretical attention that the existing culture change literature provides only partially.

PHASE 2: ALIGN SYSTEMS (Mid-2022 to Mid-2023)

5.4 Case 3: Zero-Growth Hiring Paradox: Strategic Workforce Planning at Pelindo

5.4.1 The Political Economy of SOE Workforce Management

The workforce management challenge that Pelindo confronted in 2022 and 2023 cannot be fully understood without appreciating the specific political economy of state enterprise employment in Indonesia. Indonesian SOE employment carries a social significance that extends beyond the immediate employer-employee relationship. SOE jobs are widely understood as instruments of social stability, middle-class formation, and national economic development. The SOE

employment guarantee, the expectation that state enterprise employment provides lifetime security, is not merely a contractual commitment between employer and employee but a broadly shared social norm that shapes the political calculations of the ministry, the media, and the general public.

This context meant that the merger's employment security commitment was not, in the minds of most employees, simply a promise that would be kept for pragmatic organizational reasons. It was the fulfillment of a social contract that gave the merger political legitimacy. Any visible evidence that the merged organization was using integration as a pretext for workforce reduction would have generated not merely organizational resistance but political crisis.

The zero-growth hiring constraint that resulted from this social contract created a workforce management environment quite unlike the strategic workforce planning frameworks developed in the North American and European contexts that dominate the academic literature. Those frameworks typically assume that the organization has meaningful discretion over headcount, that the make-or-buy decision for talent is a genuine choice, and that workforce restructuring, whether through hiring, reduction, or redeployment, is a legitimate instrument of organizational strategy. At Pelindo, the hiring and reduction sides of this framework were effectively unavailable, making redeployment and capability development the only viable instruments for workforce optimization.

5.4.2 The Workforce Paradox

By mid-2023, Pelindo's leadership team faced the workforce management paradox in its sharpest form. The organization was under sustained pressure from its ministerial principal and from competitive dynamics to accelerate throughput, reduce vessel turnaround times, improve customer service quality, and expand into new service offerings. The standard response to growth demand in capital-intensive operations is to hire people with the skills the growth agenda requires.

Yet Pelindo was operating under a firm, politically embedded constraint of no headcount growth. The no-layoffs commitment made in 2021 had locked in the existing workforce. Political

sensitivities about employment in state enterprises ruled out meaningful outsourcing as an alternative workforce management mechanism. The workforce inherited from the four legacy entities, the workforce inherited from the four legacy entities, was essentially the workforce with which the growth agenda had to be delivered.

The quarterly executive review data illustrated the paradox starkly. Operational dashboards showed rising cargo volumes and improving port productivity at flagship terminals. Workforce reports showed a stable headcount essentially unchanged from the merger date. The gap between the growth mandate and the headcount constraint required a strategic reframing: productivity improvement through human capital optimization rather than through workforce expansion.

5.4.3 Workforce Analytics and Structural Mismatch

The workforce analytics work conducted by Pelindo's human capital team in 2022 and early 2023 produced findings that were simultaneously reassuring and concerning. The reassuring finding was that the merged workforce of the workforce inherited from the four legacy entities was broadly large enough, in aggregate, to staff the operations that the transformation agenda required. The concerning finding was that the workforce's geographic and functional distribution, inherited from four separate entities whose historical staffing decisions had reflected different operational priorities and regional conditions, was substantially misaligned with the unified organization's operational requirements.

The mismatch manifested in several specific patterns. Eastern ports that were undergoing technology investments had insufficient technical staff capable of operating the new equipment, but surpluses of staff skilled in the manual processes the technology was replacing. Western Java terminals that were being repositioned for higher commercial standards had insufficient customer-facing commercial staff but surpluses of operations staff in roles that process standardization was making less labour-intensive. Headquarters functions that the consolidation had de-duplicated had accumulated staff across four legacy headquarters that were now redundant, but where the political sensitivity of the no-layoffs commitment prevented standard downsizing approaches.

The strategic workforce planning framework that the team developed to address these mismatches built on a modified version of the capability-based workforce planning methodology advocated by Huselid and Becker (2011). Their framework proposes segmenting the workforce by the strategic significance of the roles, identifying which roles are critical differentiators of competitive performance versus which are important but not strategically distinctive, and calibrating workforce investment accordingly. In Pelindo's context, this segmentation was adapted to map the capability requirements of the transformation agenda against the actual capability profile of the existing workforce, identifying the gap dimensions that required the most urgent attention.

5.4.4 The Three-Track Role Redesign Strategy

Given the unavailability of external hiring as a primary workforce adjustment mechanism, the strategic workforce planning team developed a systematic role redesign program that sought to capture the operational and capability benefits of workforce restructuring through internal reorganization rather than headcount change.

The role redesign program operated on three tracks simultaneously. The first track addressed redundancy management. In functions where the consolidation of four legacy headquarters had created genuine role duplication, the team worked with functional leaders to restructure those functions in ways that reduced the number of leadership roles required while maintaining the full coverage of functional responsibilities. This did not reduce headcount. It changed role definitions so that the same headcount could cover more responsibilities through broader job designs. Employees displaced from narrower legacy roles were offered expanded responsibilities or lateral moves to higher-priority capability areas.

The second track addressed capability gap filling. In functions where the transformation agenda required capabilities that the existing workforce lacked, the team worked with learning and development colleagues and operational leaders to identify existing employees who had the foundational attributes for capability development and to design accelerated development pathways that could produce the required capabilities within the organization's timeframe. This

track was dependent on the Portaverse Academy platform's delivery capacity and on the performance management system's ability to create the accountability for capability development that made the development investment worth the effort.

The third track addressed geographic redeployment. In locations where workforce composition was misaligned with operational needs, the team facilitated voluntary redeployment programs that offered employees the opportunity to move to locations where their skills were in higher demand, with relocation support and career development commitments. Voluntary redeployment was preferred over mandatory transfer because mandatory geographic relocation of employees with deep community ties in specific regions would have been experienced as a violation of the employment security commitment's spirit even if its letter was preserved.

5.4.5 Productivity as a Narrative and a Metric

One of the most important contributions of the strategic workforce planning work to the broader integration program was the development of a coherent productivity narrative that could explain to employees, unions, and the ministry why delivering more output from the same workforce was a genuine organizational achievement rather than a euphemism for work intensification.

The productivity narrative drew on a distinction between effort-based productivity, which requires people to work harder, and capability-based productivity, which enables people to work smarter. The organization's public position was that the zero-growth hiring constraint was not an efficiency squeeze but a quality upgrade. The same number of people, equipped with better technology, better processes, better leadership, and better capabilities, could deliver substantially more output per person because each person's contribution per unit of time was more valuable.

This narrative was credible to the extent that the organization followed through on the investment side of the equation. Better technology came through the capital expenditure program. Better processes came through operational standardization. Better leadership came through the pipeline program. Better capabilities came through Portaverse Academy. Where the investment was visible

and genuine, the productivity narrative found acceptance. Where it was perceived as rhetoric without corresponding investment, it generated the skepticism that hollow transformation communications always produce.

5.4.6 Workforce Segmentation for Planning Purposes

The strategic workforce planning methodology developed for Pelindo adapted the role criticality segmentation that Huselid, Beatty, and Becker (2005) proposed in their strategic workforce architecture framework, calibrating it to the specific operational and strategic context of a national port operator rather than the knowledge-intensive service firms for which the framework was originally designed.

The Pelindo segmentation framework identified three role categories based on their strategic significance to the transformation agenda. Category A roles were defined as positions whose performance directly determined the organization's ability to deliver the key performance indicators that the integration program's success was defined against. These included terminal operations managers, whose management decisions determined vessel turnaround time; customer service leaders, whose relationship management skills determined the quality of shipping line engagement; and technology operations specialists, whose technical capabilities determined the effectiveness of the digital systems deployment. These roles were the ones where capability gaps had the highest immediate performance cost.

Category B roles were defined as positions that were essential for operational continuity but whose performance did not directly differentiate the organization's strategic outcome delivery. These included maintenance technicians, administrative specialists, and general logistics coordinators. These roles required adequate performance, but their marginal contribution to the transformation agenda's specific priorities was lower than Category A roles.

Category C roles were defined as positions that were important for compliance, regulatory, and support functions but had limited direct connection to operational performance or transformation

priorities. These roles were candidates for longer-term redesign and role rationalization as technology and process improvements reduced the demand for some of their current functions.

The segmentation was not a permanent classification but a planning tool for the Phase 2 period. It guided the allocation of capability development investment, with disproportionate investment directed toward upgrading Category A capability, and the design of role redesign priorities, with Category C roles the highest priority for the voluntary redeployment program.

5.4.7 Building Productivity Metrics for a Diverse Network

Measuring workforce productivity across a network as diverse as Pelindo's presented significant methodological challenges that required custom solution development rather than adoption of standard productivity metrics frameworks.

The standard port productivity metric, crane moves per hour at container terminals, was appropriate for the flagship container terminals on Java but was not applicable to the majority of Pelindo's 110 ports, which handled predominantly bulk, general cargo, and passenger traffic using different operational configurations and measured against different performance standards. Creating a meaningful cross-network productivity measure required developing a productivity framework that could generate comparable indices across operationally diverse port types while remaining sensitive to the specific operational conditions of each port.

The productivity framework developed by the workforce planning team used a weighted output index that normalized port output against the complexity-adjusted resource requirements of each port type. The index was designed to produce comparable productivity scores across ports of different sizes, traffic types, and technology levels, while being calibrated against the best-performing peers within each port type category rather than against a single network-wide standard.

This bespoke measurement approach required substantial data collection and validation work that was itself a significant investment. The investment was necessary. Without a credible productivity measure that port managers and employees could understand and trust, the zero-growth hiring constraint's productivity improvement requirement would have been experienced as an arbitrary demand rather than as a measurable performance expectation.

5.4.8 Theoretical Connections

Case 3 illustrates how the conventional strategic workforce planning frameworks developed in private-sector contexts require substantial modification when applied to SOE contexts where headcount adjustment is not a viable instrument. The Cappelli (2008) make-or-buy framework, which assumes that organizations have meaningful discretion over both internal development and external hiring, must be adapted when one side of that choice is foreclosed by political constraint.

The case extends Huselid, Beatty, and Becker's (2005) workforce architecture framework by demonstrating its applicability to operationally diverse, geographically dispersed contexts where the criticality of roles varies significantly across locations. The Pelindo segmentation framework is not simply a top-down classification but a network-aware framework that recognizes the role criticality may differ across ports of different types and strategic positions.

The case also illustrates the institutional theory perspective on SOE strategy developed by Peng (2002) and Wright, Filatotchev, Hoskisson, and Peng (2005). The institutional environment, including the political economy of SOE employment, the labour law framework, and the social norms about state enterprise employment, is not a peripheral context but a primary determinant of the strategic choices available to leaders. The productivity improvement strategy that Pelindo's leadership pursued was not a deviation from optimal workforce management but the optimal response to the specific institutional environment within which the organization operated.

5.5 Case 4: Quarterly KPIs and AKHLAK Behaviours: Designing the Integrated Scorecard

5.5.1 The Performance Management Gap in Post-Merger Organizations

Performance management systems are among the most visible instruments of organizational governance. They communicate what the organization values, create accountability for what it requires, and shape the behaviours that employees and leaders exhibit in response to the incentives and consequences they create. In post-merger organizations, where the fundamental question of what the organization values and what it requires is still being contested and constructed, the design of the performance management system is therefore not merely a technical HR matter but a strategic governance decision of the first order.

The performance management landscape that Pelindo inherited at the merger date was a direct expression of the four legacy entities' divergent organizational logics. Pelindo II's performance system emphasized commercial outcomes, financial metrics, and customer satisfaction indicators, reflecting its position as an internationally exposed commercial operator. Pelindo III's system emphasized operational excellence, technical quality, and process compliance, reflecting its role as a technically oriented operations backbone. Pelindo I and Pelindo IV's systems were less formally elaborated, reflecting the more relational, contextually specific performance norms of their operating environments.

These differences created multiple problems for the unified organization. Leaders at the consolidated entity could not obtain a consistent view of organizational performance across the network because the performance dimensions being measured differed across entities. Cross-entity performance comparisons were meaningless because the metrics were incommensurable. Bonus and incentive allocations reflected legacy formulas that had no coherent relationship to the unified organization's strategic priorities. The implicit message communicated by the preservation of four different performance systems, that each entity's priorities were still the primary governance reference point, contradicted the One Pelindo message that leadership was simultaneously conveying through every other integration communication channel.

5.5.2 The Strategic Imperative for a Unified Scorecard

Pelindo's leadership team came to view performance management as a critical lever for integration rather than a downstream HR process. The question was no longer whether KPIs should be standardized but how they could be designed to reinforce both execution discipline and cultural cohesion.

Three strategic considerations shaped the imperative for a unified scorecard. First, the organization required short-cycle feedback. Annual performance reviews were ill-suited to a post-merger environment characterized by rapid operational changes, evolving roles, and continuous adjustment. Quarterly KPIs offered a cadence that allowed leadership to detect misalignment early, course-correct quickly, and reinforce priorities consistently.

Second, Pelindo needed a mechanism to embed AKHLAK into daily leadership practice. While values had been communicated extensively through town halls, internal campaigns, and formal statements, they had limited traction without being linked to concrete behaviours and consequences. Leadership recognized that values would only become real when they influenced performance evaluations, promotion decisions, and incentive outcomes.

Third, the organization sought to balance performance accountability with psychological safety. Given the sensitivities of post-merger integration, a purely results-driven scorecard risked exacerbating anxiety and eroding trust. Conversely, a values-only approach risked diluting execution discipline. The integrated scorecard needed to signal that both performance results and values-based behaviours would be measured, evaluated, and rewarded.

5.5.3 The Governance Function of Performance Architecture

The development of the integrated scorecard was explicitly positioned by the design team as a governance architecture project, not merely a performance measurement project. The distinction

is consequential. A performance measurement project asks how the organization can measure what it is already doing more consistently. A governance architecture project asks what the organization should be doing and how a system can be created that reliably aligns behaviour with that purpose.

The governance architecture framing shaped the scorecard's design in several important ways. It led to the inclusion of the People and Capability Development dimension as a first-order governance element, rather than a secondary HR dashboard, because the governance question of whether the organization was building the capabilities its strategy required was as important as the question of whether the organization was performing operationally. It led to the inclusion of the AKHLAK Behavioural dimension as a quarterly governance element, because the governance question of whether leaders were modeling the behaviours the organization espoused was fundamental to the credibility of the cultural integration program. It led to the design of quarterly performance dialogue processes, structured leadership conversations about the scorecard results and their implications, that turned the measurement system into an active governance mechanism rather than a passive reporting archive.

5.5.4 Four-Dimensional Scorecard Architecture

The design team, comprising HR leaders, operational directors, and financial officers from across the legacy entities, developed a four-dimensional scorecard that addressed the full range of performance dimensions relevant to Pelindo's strategic context. The four dimensions were Operational and Customer Outcomes, measuring port efficiency, service quality, and customer satisfaction; Financial and Asset Performance, measuring revenue, cost efficiency, and capital productivity; People and Capability Development, measuring workforce competency improvement, leadership pipeline health, and employee engagement; and AKHLAK Behavioural Leadership, measuring the demonstration of the six AKHLAK values in actual managerial behaviour.

The architecture reflected several explicit design choices. The inclusion of both operational and financial dimensions in a single integrated framework, rather than separate operational and

financial reporting, was intended to prevent the common organizational dysfunction in which operational leaders optimize on throughput at the expense of financial discipline, or financial leaders optimize on cost reduction at the expense of service quality.

The People and Capability dimension was explicitly elevated to scorecard status rather than being left as a separate HR dashboard. This decision reflected the human capital as infrastructure argument articulated in the conceptual framework. If capability development is a foundational condition for operational performance, it must be measured and managed with the same rigor as direct operational metrics. Leaving capability development in a separate HR reporting stream would relegate it to secondary importance in the resource allocation and attention priorities of operational leaders.

The AKHLAK Behavioural dimension was the most novel and most contested element of the scorecard design. Including values-based behavioural indicators in a quarterly business scorecard was a significant departure from conventional performance management practice, which typically separates values assessments from business performance review. The design team's rationale was that behavioural and values alignment was not merely a cultural nicety but a genuine driver of organizational performance. Consistent demonstration of AKHLAK behaviours, particularly Harmonis and Kolaboratif, directly determined the quality of cross-entity collaboration on which the integration's operational benefits depended.

5.5.5 Five Design Principles

The scorecard design process was governed by five explicit design principles that reflected the specific integration context. The first was strategic coherence. Every scorecard element needed to connect directly to one or more of the strategic priorities in Pelindo's transformation agenda, so that the performance management system functioned as an operationalization of strategy rather than an administrative checklist. The second was fairness and comparability. Scorecard elements needed to be assessable in consistent ways across different port types and regional contexts, so that performance comparisons across the network were meaningful rather than misleading.

The third was developmental orientation. The scorecard needed to support capability development, not just accountability for past performance, by identifying improvement priorities and linking performance assessment to development planning. The fourth was transparency. Both the assessment criteria and the assessment process needed to be visible and understandable to employees at all levels, so that the system was experienced as legitimate governance rather than arbitrary management authority. The fifth was integration with consequences. Scorecard results needed to be genuinely connected to meaningful consequences for leaders, including career development, compensation adjustments, and resource allocation, so that the system carried real rather than merely symbolic weight.

5.5.6 The AKHLAK Behavioural Dimension: Design and Controversy

The most contested element of the integrated scorecard design was the inclusion of behavioural indicators derived from the AKHLAK values framework as a scored and weighted dimension of the quarterly performance assessment. Several operational leaders argued that behavioural assessment was inherently subjective, could not be calibrated consistently across different supervisory relationships, and would create a tool for political manipulation by which managers could reward employees who were personally loyal rather than operationally effective.

The design team acknowledged these risks and addressed them through specific design choices that sought to reduce subjectivity without eliminating judgment. Behavioural indicators at the third level of the hierarchical framework described in Case 2 were designed to be as behaviourally specific and observable as possible, focusing on specific acts and patterns of interaction that supervisors could observe directly rather than on inferred traits or attitudes. The assessment process included a required calibration step, in which groups of managers discussed their behavioural assessments of teams performing similar roles to identify and address assessment inconsistencies. The AKHLAK dimension was weighted at a level that was consequential for the overall performance rating but not so dominant that a single manager's behavioural assessment could determine an employee's overall performance outcome.

The operational leaders' skepticism about behavioural assessment subjectivity was not entirely eliminated by these design choices. It remained a source of ongoing tension in the scorecard's implementation, with periodic recalibration required as new supervisors entered the system and as the organization gained experience with the difficulty of consistent behavioural assessment across a network of 110 diverse ports.

5.5.7 The Quarterly Performance Dialogue Protocol

The integrated scorecard's effectiveness as a governance mechanism depended critically on the quality of the quarterly performance dialogue it was designed to support. A technically excellent performance architecture can be rendered ineffective by poor dialogue quality. Leaders who treat the quarterly review as a data presentation exercise rather than a strategic conversation will extract a fraction of the governance value that the system is designed to generate.

The performance dialogue protocol developed by the design team specified the structure, preparation requirements, and facilitation standards for the quarterly review process at each organizational level. The protocol drew on the action learning tradition developed by Revans (1982) and the performance coaching literature, combining structured inquiry about performance evidence with forward-looking problem-solving about performance improvement priorities.

At the senior leadership level, quarterly performance dialogues were designed as three-hour facilitated sessions that combined presentation of scorecard results with structured discussion of the causes of performance outcomes and the leadership actions required to address performance gaps. The facilitation protocol required discussion of at least one significant performance gap per session in sufficient depth to identify root causes and specific improvement actions, rather than accepting high-level explanations that closed down inquiry.

The investment in dialogue protocol development reflected a specific theory of performance management effectiveness. The return on performance measurement investment is determined less by the quality of the measurement system than by the quality of the thinking that the measurement

system enables. A technically excellent scorecard used as the basis for poor-quality performance dialogue generates lower organizational value than a simpler measurement system that enables genuinely high-quality strategic conversation.

5.5.8 Implementation: The Wave Rollout Strategy

The decision to implement the integrated scorecard through a wave rollout strategy, beginning with senior leadership and flagship terminals before extending to smaller ports and frontline levels, reflected both the practical constraints of the implementation timeline and a specific theory of organizational change.

The practical constraints were real. Developing role-specific behavioural indicators for all role families simultaneously would have required a level of design investment and consultation that exceeded the available capacity. The wave approach allowed the design team to invest most deeply in the indicators most consequential for organizational governance, those governing the behaviours of the most influential leaders, before extending to the larger but individually less consequential frontline roles.

The change theory reflected in the wave approach was that performance management changes of this significance are best legitimized through demonstration rather than declaration. If senior leaders experienced the new scorecard as a genuine governance tool that improved the quality of strategic dialogue about organizational performance, their advocacy for the system as it extended to their teams would be more credible and effective than any top-down communication campaign. Conversely, if senior leaders experienced the new system as an administrative burden that added measurement complexity without governance value, their skepticism would permeate the organization's reception of the system far more effectively than any positive communication could counter.

The evidence from the first implementation wave was encouraging. Flagship terminal leaders who engaged seriously with the quarterly dialogue process reported that the integrated scorecard

improved the quality of their strategic conversations with their teams and with headquarters, providing a common language for discussing performance and priorities that had not previously existed. This positive experience created genuine advocates for the system's extension to smaller ports, substantially easing the subsequent rollout.

5.5.9 Outcomes and Persistent Tensions

The integrated scorecard's first year of operation produced several measurable outcomes. Cross-entity performance comparison became possible for the first time, providing leadership with information that had not previously been available about the relative performance of comparable units. Quarterly leadership dialogue across legacy entities became a regular feature of the management calendar, embedding cross-entity engagement in the organization's governance rhythms. The behavioural language of AKHLAK became part of the everyday management discourse, particularly in performance conversations and development planning.

Persistent tensions remained. Regional comparability of behavioural assessments was a continuing challenge, with eastern port supervisors generally rating behavioural performance more generously than western Java supervisors, reflecting different cultural norms about explicit performance feedback. Behavioural calibration subjectivity required ongoing investment in supervisor capability development. The integration of operational and financial dimensions, while conceptually sound, sometimes generated tensions when the two sets of metrics pointed in different directions, requiring leadership judgment that the scorecard architecture could not resolve.

The leadership team accepted these tensions as inherent to the governance challenge rather than as problems to be solved. The scorecard had created coherence, in the sense of providing a common framework for performance discussion and decision-making, but had not produced closure in the sense of resolving all the underlying tensions about what should be measured and how it should be assessed. Coherence without closure was the design intent, recognizing that some tensions in

performance management can only be managed through ongoing leadership attention rather than resolved through system design.

5.5.10 Theoretical Connections

Case 4 illustrates the application of the balanced scorecard tradition developed by Kaplan and Norton (1992, 1996) to a specific post-merger integration context. The four-dimensional architecture follows the general logic of the balanced scorecard while adapting the dimensions to Pelindo's specific strategic priorities. The inclusion of the People and Capability dimension as a first-order governance element reflects the strategic HR perspective developed by Becker and Huselid (1998).

The case also illustrates the procedural justice findings of Folger and Konovsky (1989) and Colquitt and colleagues (2001). The scorecard's procedural design, including transparency, consistency, opportunity to correct errors, and integration with consequences, was as consequential for its acceptance as the technical quality of its metrics. The wave rollout strategy and the calibration sessions reflected an awareness that procedural legitimacy needs to be built rather than asserted.

The persistence of regional comparability and behavioural calibration tensions illustrates the limits of system design in addressing fundamentally cultural and contextual differences. The scorecard could create the structure within which performance dialogue occurred. It could not eliminate the differences in cultural norms about feedback and assessment that shaped how the structure was used in different parts of the network. This is consistent with the Schein (2010) view that underlying assumptions are resistant to design-based intervention and require sustained experience of different outcomes to shift.

5.6 Case 6: Aligning People to Ports: Designing Job Grading and Structures

5.6.1 Job Architecture as Organizational Foundation

The job architecture project, formally titled the Human Capital Classification Framework initiative within Pelindo's integration program documentation, was positioned by its leadership as the most foundational work of the Phase 2 systems harmonization agenda. This positioning reflected a specific theory of organizational architecture: that the job grading system is the foundation upon which all other human capital systems, namely compensation, performance management, career development, workforce planning, and succession, are built. Without a coherent job architecture, none of these other systems can operate with the consistency or fairness that a unified organization requires.

The foundational importance of job architecture is easily obscured by the technical complexity of the design work it involves, which can make it appear to be a specialist HR project of secondary strategic significance. The payslip incident of October 2021 demonstrated concretely that this perception was wrong. Two minutes of informal comparison between colleagues from different legacy entities had produced a crisis of organizational trust that threatened the One Pelindo narrative at its most personal level. The crisis was triggered by a job architecture problem. The same job title meant different things in different legacy contexts, producing pay differences that appeared to be unjust even though each individual pay level was the product of legitimate legacy bargaining processes.

5.6.2 The Payslip Incident: A Detailed Account

The specifics of the payslip incident deserve detailed examination because they illuminate the dynamics that make job architecture failures consequential in ways that are disproportionate to their technical nature.

The incident occurred at a routine HR integration briefing in Jakarta in October 2021, approximately three weeks after the merger's effective date. The two employees who compared payslips were both senior HR professionals, not frontline workers. They were people who understood compensation systems better than most. Their reaction to the discovered disparity was

not naive shock but calculated concern. They immediately grasped that the disparity, if it became publicly known, would undermine the One Pelindo narrative in a way that no communication campaign could repair.

Word of the comparison spread through the informal Pelindo network with remarkable speed. By the end of the week, the discovery had reached regional union representatives, who raised it in their next scheduled meeting with HR leadership. The union representatives' framing was precise. This was not simply a technical compensation problem but a fairness problem, and fairness problems in the early weeks of an integration were test cases for whether management's stated commitments to equity and transparency were genuine or rhetorical.

The organization's response to the incident was itself a governance moment. The HR leadership's decision to acknowledge the problem immediately, commit to a transparent resolution process, and provide a clear timeline for the job architecture work that would provide the foundation for harmonization, rather than defending the existing pay differences or promising rapid equalization without a credible process to deliver it, was critical to containing the damage. The acknowledgement was credible because the response was proportionate and honest. The pay differences reflected legacy history, not current management intent, and the organization was committed to resolving them through a fair process that employees could understand and scrutinize.

5.6.3 Why This Moment Mattered

The payslip incident exposed the fragility of the merger. On paper, Pelindo had become the world's eighth-largest container terminal operator overnight. However, beneath the surface, four distinct organizational logics continued to operate in parallel. Employees could see the rebranding on their name badges, but their pay structures, allowances, and entitlements remained a patchwork of legacy practices.

The size of the workforce magnified the challenge. More than 25,000 employees were spread across Indonesia's vast archipelago. Each legacy entity had developed its job framework over decades, shaped by local union negotiations, regional business conditions, and differing management philosophies. In some companies, allowances for housing or transport were deeply entrenched. In others, they did not exist at all.

The result was a landscape where job titles sounded the same but meant very different things. One assistant manager might oversee 40 staff and multimillion-dollar cargo flows, while another managed a team of five in a provincial port. Yet both carried the same rank.

This disparity mattered for three reasons. First, perceived inequity risked eroding employee trust at the exact moment Pelindo needed unity. Second, four national unions, already cautious about the merger, were prepared to seize on the issue to pressure management. Third, the CFO warned that harmonizing pay scales too quickly could add double-digit increases to payroll costs, raising concerns among credit investors who had assumed cost discipline as a basis for the improved credit profile that the merger had earned.

5.6.4 Scope and Complexity of the Design Challenge

The Human Capital Classification Framework project formally commenced in early 2022, following the completion of the initial integration stabilization work of Phase 1. The project team mapped the full inventory of job titles across the merged organization, drawing on the four legacy grading systems with their distinct ranges (Pelindo I: classes 1 to 20; Pelindo II: classes 1 to 16; Pelindo III: classes 1 to 18; Pelindo IV: classes 1 to 20). Many roles were variants of a smaller number of core role types that had evolved different names, grades, and specifications through decades of separate organizational development (PT Pelabuhan Indonesia, 2024).

The mapping process required substantial fieldwork. Role title comparison across different entities was not sufficient to identify genuine role equivalences because, as the payslip incident illustrated, the same title could describe substantially different roles. The project team conducted structured

interviews with role holders and their managers across all major functional families to develop a baseline understanding of actual job content, scope of authority, and accountability profile. This fieldwork confirmed that approximately 70 percent of apparent title diversity concealed genuine role equivalence, with the remaining 30 percent reflecting legitimate operational differences that the new architecture needed to preserve.

The design team developed the new framework around four organizing principles. The first was functional coherence. Roles within a functional family should share a common capability architecture and career development pathway. The second was hierarchical clarity. Grade levels within a functional family should correspond to meaningful differences in scope, authority, and accountability that are visible and understandable to role holders at all levels. The third was cross-functional comparability. Grade levels across different functional families should represent comparable levels of organizational contribution, enabling meaningful comparison for compensation purposes. The fourth was operational flexibility. The architecture should be flexible enough to accommodate the genuine diversity of Pelindo's operational contexts without requiring different grades or titles for what are effectively the same roles in different port sizes.

5.6.5 Managing the Compensation Harmonization Sequencing

The job architecture provided the analytical foundation for compensation harmonization, but the path from job architecture completion to actual compensation harmonization was one of the most politically sensitive segments of the entire integration program. The design challenge was to honor the no-income-reduction commitment while creating a compensation architecture that was internally equitable, externally competitive, and financially sustainable.

The compensation harmonization principle ultimately adopted was a layered approach that distinguished base compensation, variable compensation, and allowances as three separate harmonization tracks with different timelines and methods. Base compensation was harmonized to the highest legacy grade equivalent at each Human Capital Classification Framework level, preserving all employees' existing income while establishing a common baseline. Variable

compensation formulas were standardized across the network using a unified incentive framework tied to the integrated scorecard, replacing the 68 legacy formulas with a common structure that linked performance bonuses to the outcomes the new performance management system was designed to encourage. Allowances, the most politically sensitive category because they represented the most visible between-entity differences, were harmonized on a longer timeline that allowed the organization to manage the total compensation cost increase that upward harmonization required.

The total cost of this approach, relative to a market-median compensation design, was substantial. Upward harmonization of base compensation to the highest-legacy equivalents at each grade level resulted in compensation costs that were above market median for some role families in some regions. This cost was accepted by the finance leadership as the price of social contract preservation. The financial cost of a credible no-income-reduction commitment was judged to be substantially less than the financial cost of industrial disruption and trust breakdown that would have accompanied a market-only harmonization approach.

5.6.6 Sequencing Job Architecture Before Pay Harmonization

The choice to complete job architecture design before announcing compensation harmonization reflected a procedural justice logic. Employees and unions who understood the architecture and the principles governing compensation within it would be better positioned to assess whether the mapping of their specific roles was fair than employees who received compensation change decisions without the contextual framework to evaluate them. The sequencing created a longer timeline than rapid compensation harmonization would have required, but it also substantially reduced the risk of the accusation, which would have been devastating to organizational trust, that the new pay structure was arbitrary or self-serving.

This sequencing logic was not obvious to all stakeholders. Some operational leaders advocated for rapid pay harmonization to address the visible inequities highlighted by the payslip incident. The leadership team rejected this approach for two reasons. First, rapid harmonization without a

credible job architecture foundation would have produced new inequities by treating roles that genuinely differed as equivalent. Second, decisions about compensation that lacked a clear architectural basis would have appeared arbitrary and would have generated a continuing stream of demands for adjustment that would have been impossible to manage in a principled way.

The longer timeline produced by sequencing job architecture before compensation harmonization required management of the immediate visibility of the legacy pay inequities. The HR leadership team developed a transparent communication framework that acknowledged the inequities, explained the work that was being done to address them, and provided a clear timeline for resolution. This communication did not eliminate employee dissatisfaction with the legacy inequities, but it shifted the dissatisfaction from the perception of management indifference, which would have been corrosive to organizational trust, to the perception of management seriousness, which was constructive even if the timeline was longer than employees preferred.

5.6.7 Theoretical Connections

Case 6 illustrates the application of multiple theoretical frameworks to a specific human capital integration challenge. The equity theory of Adams (1965) provides the underlying explanation for why pay differences for ostensibly identical roles generate strong employee responses regardless of the historical or contextual reasons for those differences. The procedural justice findings of Folger and Konovsky (1989) explain why the sequencing of job architecture before pay harmonization produced more legitimate outcomes than rapid harmonization would have. The job architecture literature, drawing on Milkovich, Newman, and Gerhart (2014), provides the technical framework for the design work that produced the new Human Capital Classification Framework.

The case extends these theoretical frameworks by demonstrating their applicability in a specific institutional context. The political constraints on compensation reduction, the role of the union federations in highlighting and pressing the inequity issue, and the financial constraints imposed by the credit investors all shape how the standard frameworks apply in practice. These institutional

constraints are not peripheral to the case but are central to understanding why the specific sequencing and design choices made were the optimal responses to the integration challenge.

PHASE 3: INSTITUTIONALIZE (Mid-2023 to End-2023)

5.7 Case 5: Portaverse Academy: Scaling Digital Learning Across 110 Ports

5.7.1 Strategic Context for the Learning Infrastructure Investment

The decision to invest in a national digital learning platform was not primarily a response to identified specific training needs. It was a response to a structural diagnosis: that the capability variation across Pelindo's extensive national port network was a systemic constraint on the organization's ability to implement any of its integration and transformation agenda items consistently, and that this structural constraint could only be addressed through infrastructure-level investment in learning delivery, not through the port-by-port, event-by-event training interventions that had characterized the legacy entities' learning programs.

The structural diagnosis was supported by specific operational evidence. Attempts to roll out standardized operating procedures for crane operations, terminal management, and customer service had encountered systematic resistance in eastern ports that was misattributed to operational staff recalcitrance before more careful analysis revealed it to be a capability gap. The staff in question genuinely did not have the foundational technical knowledge required to implement procedures designed for more sophisticated equipment environments. Attempts to implement the integrated scorecard and the AKHLAK behavioural framework had encountered similar problems in smaller ports where supervisory managers lacked the performance management skills to conduct meaningful behavioural assessments or to facilitate the quarterly performance dialogues the scorecard process required.

These implementation problems had a common root cause: the heterogeneous capability base that decades of differential investment in workforce development across four separate entities had produced. Addressing this root cause required not training events but a learning infrastructure that could deliver capability development consistently, accessibly, and reliably across the full network.

5.7.2 Learning as Infrastructure: The Conceptual Reframing

The decision to invest in a national digital learning platform reflected an explicit reframing that had significant strategic implications: the treatment of learning as infrastructure rather than as a support activity. This reframing was prompted by a capability diagnostic conducted in the post-merger period, which found that the capability variation across Pelindo's extensive national port network was a significant constraint on the organization's ability to implement uniform operational standards, deploy common systems, and execute the transformation agenda consistently.

The diagnostic findings were instructive. While major Java terminals had workforces with substantial exposure to automated equipment, digital planning systems, and customer service standards, smaller eastern ports operated with workforces whose skills had been developed for less technologically intensive environments. The capability gap was not primarily a matter of individual talent but of the development investment that different legacy entities had made over time. Java terminals had received substantially more training investment than eastern ports, partly because they generated more revenue and partly because they were more accessible to training providers.

The infrastructure reframing had a direct consequence for the investment logic of learning. Infrastructure arguments justify investment levels that activity-based cost analyses cannot. Nobody calculates the return on investment of a road by counting the specific journeys it enables. Similarly, if organizational learning is treated as foundational infrastructure rather than as a response to specific training needs, the investment decision cannot be evaluated solely on the basis of specific training outcomes but must take into account the broader organizational capability this investment enables.

5.7.3 Platform Design Principles

Portaverse Academy's design was governed by four design principles that reflected the specific strategic and operational requirements of Pelindo's context. The first principle was universal access. The platform must be accessible to all employees across the network, regardless of location, internet connectivity, or device availability. This principle imposed significant constraints on the platform's technical architecture, ruling out designs that assumed high-bandwidth streaming or dedicated workstation access.

The second principle was operational relevance. Content must be demonstrably connected to the specific operational, behavioural, and technical challenges that employees face in their work. Generic professional development content from external providers was available on the market at competitive cost. The platform's distinctive value proposition had to be its ability to provide learning content that was specifically calibrated to Pelindo's operational context and strategic requirements.

The third principle was measurement integration. Learning activity and capability development progress must be measurable and must be integrated into the performance management system rather than tracked in a separate HR reporting stream. This principle reflected the governance architecture logic of the integrated scorecard design. Learning investment that was not connected to the accountability systems governing organizational performance would be treated as optional personal development rather than as organizational capability investment.

The fourth principle was scalability without proportional cost. The platform's cost structure must allow the organization to increase the volume and variety of learning it provides without proportionally increasing the per-learner cost. This principle was driven by the recognition that a post-merger organization with 25,000 employees and no external hiring option needed to be able to deliver learning at a scale that would have been financially unsustainable under the event-based training model.

5.7.4 The Build and Curate Decision

The content architecture of Portaverse Academy required a fundamental build-versus-buy decision. The team's analysis identified three categories of learning content where custom development was clearly justified. Technical operations content, including equipment operation procedures, safety protocols, emergency response procedures, and terminal management systems training, required Pelindo-specific content because the equipment configurations, operating procedures, and safety standards varied from the generic training available in the market in ways that created real operational risk. Leadership and management content within the AKHLAK framework required Pelindo-specific contextualization because the behavioural indicators and organizational examples needed to be calibrated to Pelindo's specific operational and cultural context to be credible and applicable. Regulatory and compliance content required Pelindo-specific customization because Indonesian maritime regulation, labour law, and environmental compliance requirements differed from the international standards that available market content addressed.

For broader professional development content, including general management skills, digital literacy, analytical capabilities, and commercial awareness, the team curated existing external content from reputable providers and supplemented it with Pelindo-specific context modules. This approach reduced development cost and timeline while maintaining content quality, recognizing that the distinctive value-add of Pelindo-specific content was lower in these more generic capability areas.

5.7.5 Connectivity Strategy for Eastern Indonesia

The connectivity challenge in eastern Indonesia was not merely a technical inconvenience but a potentially decisive constraint on the platform's equity and effectiveness. Several ports in Papua, Maluku, and eastern Nusa Tenggara operated in environments where reliable internet connectivity was genuinely unavailable, not merely slow. A platform designed primarily for connected environments would have excluded the eastern ports that had historically received the least

learning investment and whose capability gaps were among the most consequential for the organization's geographic equity goals.

The technical solution adopted was a hybrid offline-online architecture. Learning content was designed in modular packages that could be downloaded to local devices when connectivity was available and accessed offline when it was not. Completion tracking, quiz results, and certification records were stored locally and synchronized to the central platform when connectivity permitted. This architecture significantly increased the complexity and cost of the platform's technical design but enabled genuine access across the full network.

The connectivity strategy also required physical infrastructure investment in some eastern port locations. Tablet devices and local storage were procured and deployed to port locations without adequate staff-owned devices, funded as part of the platform rollout rather than as a separate IT investment. This physical infrastructure investment was essential to the platform's universal access principle but would have been missed if the platform project had been scoped as a purely digital initiative.

5.7.6 Transfer Climate and Organizational Enablers

The organizational learning literature consistently identifies the learning transfer climate, the degree to which the work environment supports the application of learned knowledge and skills, as the most powerful determinant of training effectiveness. Baldwin and Ford (1988) estimated that approximately 40 percent of what is learned in training is not applied on the job, and subsequent meta-analytic research has confirmed that the transfer climate accounts for substantially more variance in post-training performance than the training design itself.

For Portaverse Academy, the transfer climate challenge was acute because of the geographic and managerial diversity of the deployment context. The same learning content was being delivered to employees whose immediate work environments differed enormously in the degree to which they provided opportunities, reinforcement, and managerial support for applying the learned

capabilities. An operational supervisor in a high-volume Java terminal had multiple daily opportunities to apply newly learned performance coaching skills. A supervisor in a small eastern port with a stable, familiar team might have very few.

The platform's transfer climate design addressed this challenge through three mechanisms. First, every learning module included explicit application protocols, namely specific exercises or actions that learners were expected to complete in their actual work contexts within a defined period after module completion. The application protocols were designed to create structured opportunities for learning transfer even in environments that did not naturally provide them.

Second, every learning module included a manager notification component. When an employee completed a module, their direct manager received a notification describing the module's content and including suggestions for how the manager could support the employee's application of the learned content. This mechanism made the manager an active participant in the transfer process rather than a passive bystander.

Third, the quarterly scorecard review process included a learning and development review element that required managers to report specifically on their teams' learning progress and to discuss specific examples of learning application. This integration with the governance architecture of the scorecard ensured that learning was treated as an organizational priority rather than as an optional personal development activity.

5.7.7 Digital Literacy as a Meta-Capability

One of the less anticipated findings of the Portaverse Academy rollout was the extent to which digital literacy, the basic capability to navigate and use digital systems effectively, was a prerequisite for learning from the platform rather than a capability to be developed through it. Employees who lacked basic digital navigation skills struggled with the platform itself, independently of the difficulty of the content it contained. This created a bootstrapping problem. The employees with the lowest learning investment historically, who were therefore the most

important targets for the platform's capability development agenda, were also the most likely to lack the digital literacy required to use the platform effectively.

The platform team's response was to develop a foundational digital literacy curriculum that was explicitly pre-positioned as a gateway to the full platform rather than as a learning module within it. The digital literacy curriculum was delivered through face-to-face, device-assisted workshops in ports where low digital literacy was concentrated, primarily eastern ports and smaller ports with older workforce profiles. The workshops built the foundational navigation skills required to use the platform before introducing specific capability development content.

This additional investment was not budgeted in the original platform business case and required specific approval from the Chief Human Capital Officer and Chief Financial Officer. The approval was obtained by documenting the specific ports where digital literacy gaps were creating platform adoption failures and estimating the lost capability development return if these employees remained unable to access the platform. The investment was approved as a necessary precondition for the platform's universal access principle, consistent with the equity design logic that had governed the platform's technical architecture.

5.7.8 Theoretical Connections

Case 5 illustrates the application of multiple theoretical frameworks to a specific learning infrastructure challenge. The training transfer literature of Baldwin and Ford (1988) and Grossman and Salas (2011) provides the framework for understanding why learning investment without attention to transfer climate produces inadequate returns. The infrastructure framing of human capital, developed in the conceptual framework, provides the investment logic that justifies the platform's scale and complexity.

The case extends the existing learning effectiveness literature by demonstrating that in geographically dispersed organizations, the connectivity and digital literacy preconditions for digital learning are themselves significant capability development challenges that require

dedicated investment rather than being assumed as conditions in place. The Pelindo platform's hybrid architecture and digital literacy curriculum represent specific design responses to these preconditions that have implications beyond the specific Pelindo context.

5.8 Case 7: Negotiating the 2023 Collective Labour Agreement: Partnership or Power-Play?

5.8.1 Industrial Relations as Strategic Integration Work

The 2023 PKB negotiation represented the formal legal culmination of Pelindo's labour relations integration work. In the language of the integration program architecture, it was a Phase 3 activity, namely the institutionalization of the employment framework that would govern the unified organization's labour relations for the duration of the agreement. In practice, the negotiation had been in preparation since the day of the merger, as management worked to build the trust capital with union leaders that would be required to reach an agreement that satisfied both commercial requirements and labour protection expectations.

The strategic significance of the PKB was not fully visible in the formal negotiation itself. The PKB's clauses on wages, allowances, and working conditions were important but relatively foreseeable. Management had committed to protecting income levels, and the negotiation was primarily about the distribution of productivity gains rather than the protection of baseline terms. What was genuinely at stake was whether the collective agreement would be experienced by employees as an authentic expression of the social contract between Pelindo's management and workforce, or as a legally necessary formality imposed by management with union compliance.

This distinction between genuine social contract and legal formality matters enormously for the practical operation of the agreement. A collective labour agreement whose terms employees and their union representatives genuinely support creates a foundation for the collaborative effort that transformation requires. One whose terms are reluctantly accepted under management pressure

creates at best compliance and at worst resentment that manifests in subtle resistance to the operational and behavioural changes the transformation agenda requires.

5.8.2 Pre-Negotiation Trust Architecture

The 2023 PKB negotiation cannot be understood in isolation from the two years of relationship investment that preceded it. When Pelindo's CEO made his personal commitment to regional union leaders in October and November 2021, he was not just managing the immediate crisis of employee anxiety. He was beginning a relationship investment program that would determine whether the eventual PKB negotiation would be a genuine partnership or a management-imposed settlement.

The relationship investment between October 2021 and the formal PKB negotiation that concluded with the signing of the agreement on 10 November 2023 (PT Pelabuhan Indonesia, 2024) was conducted through multiple channels. Formal consultation meetings with national and regional union leadership were held regularly throughout the integration period, providing unions with information about integration progress and plans before those plans were publicly announced. Union leaders were included in several of the consultation processes associated with specific integration decisions, including the job architecture and compensation harmonization work of Phase 2. The CEO and Chief Human Capital Officer maintained direct personal relationships with the leaders of each of the four major union federations, providing channels for informal discussion of concerns and issues that the formal consultation process could not always accommodate.

This relationship investment had both intrinsic and instrumental dimensions. Intrinsically, it reflected a genuine commitment to the pluralist model of labour relations: the recognition that unions represent legitimate stakeholder interests that deserve respectful engagement, not just as a compliance requirement but as a matter of organizational values consistent with the *Harmonis* and *Kolaboratif* dimensions of AKHLAK. Instrumentally, it created the trust capital that made the 2023 PKB negotiation achievable without industrial disruption. Union leaders who had experienced two years of honest, respectful engagement with management were substantially more inclined to bring a problem-solving orientation to the negotiating table than leaders who had

experienced the same period as a series of management presentations designed to minimize union influence.

5.8.3 Centralized Bargaining as Governance Architecture

One of the most significant structural decisions of the PKB negotiation was the consolidation of four legacy collective bargaining arrangements into a single national agreement. This consolidation was not merely an administrative simplification. It was a fundamental redesign of the governance architecture for Pelindo's employment relations.

The four legacy collective labour agreements had been negotiated with regional union federations at the entity level, reflecting the decentralized governance structure of the pre-merger organization. Each entity's management team had substantial discretion in determining what to offer in negotiations, subject to general financial constraints. The resulting agreements reflected the specific bargaining dynamics, power relationships, and employment norms of each region. This produced the employment terms heterogeneity that the job architecture and compensation harmonization work of Phase 2 was designed to address.

Centralized bargaining fundamentally changed this governance structure. A single national PKB negotiated between Pelindo's central management and a unified union representation meant that local employment disputes could no longer be resolved through local management discretion but needed to be addressed within the terms of the national agreement. This created both advantages, namely consistency and predictability, and risks, namely the risk that nationally standardized terms would be inappropriate for specific regional contexts and the risk that centralized bargaining would reduce local union leaders' sense of ownership and engagement with the agreement.

Management addressed the local ownership challenge by including regional consultation rounds in the negotiation process. Before the formal national bargaining sessions, management teams in each regional cluster conducted consultations with local employee representatives to identify the issues most important to their specific workforces and to communicate management's positions on

key terms. These consultations were not part of the formal bargaining process but were intended to ensure that the national negotiation table represented a genuine aggregation of regional priorities rather than a Jakarta-centric imposition.

5.8.4 Negotiation Structure and Process

The formal PKB negotiation of 2023 was preceded by an extensive pre-negotiation preparation process that occupied most of the second half of 2022. The preparation process had two parallel tracks. The internal management preparation track involved Pelindo's HR, finance, and operations leaders developing the organization's positions on each major bargaining issue and identifying the trade-off space within which agreement was achievable. The external consultation track involved management conducting structured consultations with employee representatives and union leaders in each regional cluster to understand labour's priorities and identify areas of potential common ground before the formal negotiations commenced.

The pre-negotiation consultations served multiple functions. They generated information that improved the quality of management's internal positions by revealing labour priorities that management had not fully anticipated. They signaled to union leaders that management was approaching the negotiation as a problem-solving exercise rather than a power contest, which encouraged union representatives to bring the same orientation. They created a body of shared understanding about the key issues and likely parameters of agreement that reduced the time required in formal negotiations to reach outcomes that both parties could accept.

The formal negotiation sessions were structured around a joint steering committee of senior management and national union federation representatives, supported by issue-specific working groups that developed detailed proposals on specific categories of terms. This structure reflected a deliberate design choice to use the negotiating process itself as a demonstration of the Kolaboratif value. The joint working group model required management and labour representatives to work together on specific problems rather than simply exchanging adversarial positions across a bargaining table.

5.8.5 Substantive Tensions and Resolutions

The 2023 PKB addressed several categories of employment terms, each with its own internal dynamics and negotiating challenges.

The compensation framework was the most financially significant issue. Management's objective was to codify the compensation harmonization framework developed in Phase 2 into a binding collective agreement that provided employees with legal certainty about their compensation structure while giving management the flexibility to implement the performance-based variable compensation system of the integrated scorecard. Labour's objective was to ensure that the national PKB preserved or improved the specific compensation arrangements that each entity's employees had historically received and to prevent the new performance-based framework from creating opportunities for managers to reduce effective compensation through poor performance ratings.

The resolution built the Phase 2 compensation harmonization framework directly into the PKB's compensation structure, providing legal codification of the upward harmonization principle and committing both parties to specific timelines for allowance harmonization. The variable compensation framework was incorporated with specific protections, including minimum guaranteed bonus pools at each organizational level, independent review processes for performance ratings disputes, and explicit linkage between variable compensation eligibility and the scorecard dimensions that employees understood and had participated in designing.

Working time arrangements were the second major issue. The legacy entities had operated under substantially different shift arrangements, overtime rules, and rest period standards, reflecting the different operational rhythms of their specific port types. Standardizing these arrangements across the network was organizationally necessary but involved genuine trade-offs for employees whose legacy arrangements were favourable relative to the proposed standard.

The resolution adopted a principle of no-degradation for existing arrangements combined with a standardization framework for all new arrangements. Employees already working under

arrangements more favourable than the proposed standard were grandfathered into those arrangements. All newly hired employees and employees voluntarily transferring to new roles would operate under the standardized arrangements. This approach preserved existing rights while creating the trajectory toward national standardization that the unified organization required.

A third significant issue was the relationship between compensation standardization, which management was committed to achieving, and regional cost-of-living differences, which unions argued required different pay levels in different regions to deliver genuinely equivalent living standards. The resolution adopted a base-rate standardization approach combined with a maintained regional allowance system that acknowledged cost-of-living differences while moving toward standard grades as the foundational compensation structure. This compromise satisfied neither party completely but was accepted as procedurally fair by both, reflecting the procedural justice finding of Folger and Konovsky (1989) that perceived fairness of process is the primary determinant of acceptance of negotiated outcomes.

5.8.6 Musyawarah and Its Limits

The negotiation process was explicitly structured around the Indonesian deliberative tradition of *musyawarah mufakat*, meaning deliberation toward consensus. This tradition, deeply embedded in Indonesian political culture, emphasizes the collective nature of decision-making, the need for genuine deliberation rather than mere majority-rule, and the importance of reaching outcomes that all parties can accept rather than outcomes that some parties impose on others.

Musyawarah provided a genuine advantage in the PKB negotiation by creating a process framework that both management and union could use to distinguish legitimate advocacy from adversarial obstruction. The norm of seeking consensus rather than winning created a shared commitment to finding workable solutions even when positions initially appeared irreconcilable. It also provided each side with a legitimate language for de-escalating tensions that had the potential to become politically unmanageable.

The limits of musyawarah were apparent in the negotiation of several specific terms where fundamental interests genuinely conflicted. Productivity-based incentive structures, which management proposed as a mechanism for sharing productivity gains without triggering base-rate escalation, were viewed by union leaders as creating conditions for differential treatment that would undermine the equality norm central to the social contract they were trying to protect. In these specific areas, the consensus-seeking process identified an outcome that both parties could accept, namely productivity bonuses structured as additions to rather than substitutes for existing incentives, but the process involved genuine tension that the musyawarah framework moderated but could not eliminate.

5.8.7 Implementation Disputes and Their Resolution

The PKB signed in 2023 was not the end of the labour relations integration story but the beginning of its institutional phase. The quality of a collective agreement as a social contract document is tested not primarily in the negotiation process that produces it but in the implementation disputes that arise as its terms are applied to specific operational circumstances that the negotiators may not have fully anticipated.

The first months of PKB implementation produced a number of implementation disputes that tested the quality of the social contract the agreement embodied. Several of these disputes arose from the intersection of the PKB's employment terms with the operational changes required by the capital expenditure program. When automation investments changed the work content of specific roles, the question of whether the resulting changes were covered by the PKB's role definition provisions or required renegotiation of specific terms generated genuine legal and relational ambiguity.

The disputes were resolved through the joint implementation committee that the PKB had established as its governance mechanism for exactly these purposes. The joint committee's deliberations followed the musyawarah tradition of the negotiation process, seeking workable interpretations that both parties could accept rather than adversarial determinations of which

party's reading of the text was correct. This process was slower than a unilateral management interpretation would have been, but it consistently produced outcomes that both parties owned and could implement without resistance.

The pattern of dispute resolution in the early period of implementation was encouraging evidence that the social contract dimension of the PKB was genuine rather than rhetorical. Both management and union representatives used the dispute resolution process in good faith, bringing problems to the joint committee rather than escalating them to the Ministry or the industrial relations tribunal system. This good-faith behaviour reflected the trust capital accumulated over two years of pre-negotiation relationship investment and demonstrated that the investment had produced the institutional dividend it was designed to generate.

5.8.8 The PKB's Strategic Significance Beyond Direct Terms

The signed PKB had significance beyond its direct employment terms for the trajectory of Pelindo's transformation program. The agreement codified a social contract that established the legitimate parameters for future employment-related decisions. It created a framework within which management could propose operational changes with confidence that employees had institutional representation and protection, and within which unions could support operational improvement without being accused of selling out their members.

This framework function of the PKB was particularly important for the technology deployment dimension of the capital expenditure program. The introduction of automated equipment and digital planning systems had the potential to be experienced by operational employees as a workforce reduction threat, regardless of the no-layoffs commitment, if the changes were implemented without adequate consultation and protection. The PKB's provisions for change management consultation, technology transition support, and role redesign processes gave the organization a legitimate framework for managing these changes in ways that unions could support and explain to their members.

Without the PKB's institutional framework, each significant technology deployment decision would have been subject to ad hoc negotiation with uncertain outcomes and high process costs. With the framework in place, decisions could be made within agreed processes that provided employee protection while enabling the operational agility the transformation program required.

5.8.9 Theoretical Connections

Case 7 illustrates the application of multiple theoretical frameworks to a specific industrial relations integration challenge. The pluralist perspective associated with Flanders (1970) and Fox (1974) provides the underlying philosophical orientation for treating union representation as legitimate stakeholder participation rather than as an obstacle to organizational efficiency. The procedural justice findings of Folger and Konovsky (1989) explain why the negotiation process design was as consequential for agreement acceptance as the substantive terms achieved. The Mayer, Davis, and Schoorman (1995) trust framework explains why the pre-negotiation relationship investment was a precondition for the productive negotiation that followed.

The case extends these theoretical frameworks by demonstrating their application in the specific Indonesian institutional context, where the *musyawarah* tradition shapes the process expectations of both management and union representatives. The case also extends the centralization-decentralization debate in collective bargaining theory by demonstrating that centralization can be implemented in ways that preserve regional voice through consultation processes, rather than requiring a binary choice between centralized efficiency and decentralized responsiveness.

5.9 Case 8: Building a National Maritime Talent Pool: Pelindo's Leadership Pipeline

5.9.1 Leadership as the Binding Constraint

By late 2023, Pelindo had made substantial progress on the structural and systems dimensions of its integration agenda. The legal consolidation was complete. The governance structure was operational. The AKHLAK cultural framework was embedded in performance management. The

job architecture was established. The Portaverse Academy was live. The PKB was signed. The organization had achieved what the transformation architects had designed.

What became clear in the executive team's reflections was that the integration's gains were more fragile than the indicators suggested. The progress had been driven heavily by a relatively small group of senior leaders who possessed both formal authority and the trust capital needed to navigate the integration's complex stakeholder environment. This concentration of leadership capacity raised uncomfortable questions. What would happen when these individuals rotated, retired, or departed? How deep was the leadership bench capable of sustaining transformation at this scale? Were the mid-level managers who would inherit senior roles being prepared for national system leadership or for single-entity management?

The concern was not theoretical. The organization had inherited four separate leadership development systems, each of which had historically prepared leaders for single-entity rather than national system roles. A Port Manager who had progressed through Pelindo II's career system had been developed to lead a major Jakarta container terminal, not to coordinate a diverse portfolio of ports across regional business contexts ranging from international container terminals to island community ports. The capability profile required for national system leadership was substantially more complex than the profiles these programs had been designed to develop.

5.9.2 Historical Context: Fragmented Talent in a Fragmented System

Before the merger, leadership development across the four legacy entities mirrored Indonesia's geographic dispersion and the institutional logic of territorially defined state-owned enterprises. Each entity operated as a largely self-contained organization, shaped by regional economic priorities, local labour dynamics, and historical patterns of autonomy. Leadership pipelines evolved accordingly. Recruitment was predominantly local, promotion was internal, and managerial development occurred within well-defined geographic boundaries.

Port managers frequently spent the majority of their careers within a single terminal cluster or regional network. Over time, this produced leaders with deep operational expertise and finely tuned relationships with local labour unions, shipping agents, and government officials. Such continuity was valued. In environments where port reliability depended heavily on trust and informal coordination, long tenure was often equated with effectiveness.

This depth came at the expense of breadth. Exposure to enterprise-level decision-making, such as capital allocation across regions, portfolio optimization, or national stakeholder management, was limited. Leaders were rarely required to reconcile competing priorities across diverse port types or to navigate the institutional complexity that national-level operations involve.

The four legacy entities' separate leadership development systems ranged from relatively formalized programs in Pelindo II to largely informal mentorship and seniority-based progression in the smaller entities. These systems had been appropriate for their organizational contexts. Pelindo II's competitive, commercially oriented environment rewarded formal qualifications and demonstrated performance metrics. Pelindo IV's relational, community-embedded environment rewarded local knowledge and trust relationships.

5.9.3 Defining National System Leadership

The merger created a context in which the optimal leadership profile combined elements of all four legacy systems with additional capabilities that none of them had needed to develop. Before a development program could be designed, the leadership team needed to define the capability profile of a national system leader for Pelindo in terms that were specific enough to guide development design and rigorous enough to enable meaningful assessment of candidate readiness.

The capability definition process involved structured interviews with the current senior leadership team, facilitated workshops with leaders at the director and manager levels, and benchmarking against the leadership profiles of comparable large-scale infrastructure operators in the Asia-

Pacific region. The process identified five capability domains that distinguished effective national system leadership from effective single-entity leadership.

The first domain was strategic integration intelligence. This is the ability to understand the interdependencies between the organization's diverse portfolio of ports and to make decisions that optimize the system's performance rather than the performance of individual components. This was the most distinctively national system capability. It required a level of organizational complexity that single-entity experience had not needed to develop.

The second domain was institutional navigation. This is the ability to operate effectively across the multiple institutional environments that a national port operator must engage with simultaneously, including the regulatory environment, the political environment, the union relations environment, and the commercial market environment. Each legacy entity had developed institutional navigation capability for its specific regional institutional context. National system leadership required this capability in a more general and flexible form.

The third domain was cross-cultural leadership. This is the ability to lead diverse teams drawn from different regional and organizational cultural backgrounds, to recognize and leverage cultural diversity as an organizational asset rather than managing it as a coordination problem. The four-entity cultural diversity that was a challenge in the immediate post-merger period was also a long-term organizational asset that effective national leaders needed to deploy productively.

The fourth domain was ambiguity tolerance. This is the ability to maintain strategic clarity and decisive action in environments of significant uncertainty, where the information required for optimal decision-making is unavailable and the consequences of delay are greater than the costs of acting on imperfect information. The integration period had required high levels of ambiguity tolerance from its senior leaders. Sustaining transformation gains in an evolving competitive and regulatory environment would continue to require this capability.

The fifth domain was trust architecture management. This is the specific capability of building, maintaining, and repairing trust relationships with stakeholders whose interests partially conflict with the organization's immediate operational objectives. This was not generic stakeholder management but the specific skill of preserving long-term relational trust while making short-term decisions that may be unwelcome to specific stakeholders.

5.9.4 The Three-Component Pipeline Architecture

The leadership pipeline program that emerged from this design process had three core components whose detailed design reflected the specific capability domains identified in the national system leadership profile.

The identification component established a unified high-potential identification process that assessed current leaders' potential for national system leadership development using a multi-method assessment approach. The assessment combined behavioural indicators from the integrated scorecard with specific potential assessment instruments, including structured exercises testing strategic integration intelligence, institutional navigation scenarios, and cross-cultural leadership simulations. Assessment was conducted by assessors with no prior reporting relationship to candidates, addressing the concern about bias that had been raised in discussions about the assessment design.

The development component created an accelerated development program combining formal learning partnerships with executive education providers with structured experience assignments specifically designed to build the capability gaps identified in candidates' assessments. The formal learning component partnered with leading Indonesian and international management education institutions to provide advanced executive education in strategic leadership, organizational transformation, and international port management. The experience assignment component required candidates to complete two non-home-entity assignments of twelve to eighteen months duration, exposing them to the institutional, cultural, and operational diversity of the national network.

The succession planning component mapped identified high-potential candidates against the most critical senior leadership roles in the organization and developed individual development roadmaps that specified the assignments, learning investments, and performance milestones required to achieve readiness for each target role within a defined timeframe. The succession mapping was reviewed annually by the board of directors, elevating its governance status from an HR planning exercise to a board-level accountability mechanism.

5.9.5 Equity Challenges in National Leadership Development

The design of a unified high-potential identification and development program created equity challenges that the program team needed to address explicitly to maintain the social contract commitments made in the employment security pledge and reinforced through every subsequent integration communication.

The most significant equity challenge was the historical investment gap between eastern and western ports in leadership development. Pelindo II and Pelindo III had historically invested more in management development programs, supported more managers in external executive education, and created more structured career development pathways than Pelindo I and Pelindo IV. The result was that candidates from western Java ports had, on average, more formal credentials, more structured leadership development experience, and more exposure to the analytical and commercial capabilities that the high-potential assessment was designed to measure.

This historical gap created a structural risk that the new identification process would systematically favour western port candidates, not because of assessment bias but because the assessment was measuring capabilities that differential investment had produced differentially. Addressing this risk required a combination of assessment instrument modifications, to ensure that the assessment measured potential for development rather than merely current capability level, and differential pre-program development investment, to build the foundational capabilities in eastern port candidates that would allow them to compete on merit once the historical gap was closed.

The program team developed a pre-pipeline readiness program specifically targeted at high-potential leaders in eastern and smaller ports, providing the foundational development investments that would allow them to fully participate in the national pipeline program. This program was more expensive than a single-tier approach and required more complex program administration, but it was essential to maintaining the equity dimension of the social contract that made the integration program legitimate.

5.9.6 First-Cohort Experience and Learning

The first cohort of the national leadership pipeline program comprised leaders identified through the unified high-potential assessment process, drawn from across all legacy entities and geographic regions. The cohort's composition was deliberately designed to reflect the diversity of the national network. It included leaders from the largest container terminals and from small eastern ports, from operations and from commercial and support functions, and from all four legacy entities.

The deliberate diversity of the cohort was both a product of the equity design logic and a pedagogical strategy. The most significant learning in the accelerated development program was expected to come not from the formal educational content delivered by external partners but from the interactions within the cohort itself. Leaders from different operational contexts, different organizational cultures, and different institutional experiences were expected to learn from each other's perspectives in facilitated peer learning settings.

The peer learning expectation was validated by the first cohort's experience. Formal feedback collected at multiple points in the program consistently identified the cross-cohort exchange as the most valuable learning element, rating it higher than the executive education modules, the experience assignments, and the individual coaching. Leaders who had never worked closely with colleagues from other legacy entities reported that understanding how their peers in different parts of the network approached common problems, from safety management to union relations to technology deployment, fundamentally changed their understanding of the organizational system they were being prepared to lead.

5.9.7 Measuring Pipeline Health

The governance of the leadership pipeline required developing metrics that could provide the board of directors and the executive team with reliable signals of pipeline health. The metrics needed to indicate whether the organization was developing leaders at sufficient pace and quality to meet the succession requirements of its national system leadership structure.

Standard pipeline health metrics, such as percentage of positions with identified successors, successor readiness assessments, and bench strength indicators, were adapted for Pelindo's specific context. The standard metrics were supplemented with two Pelindo-specific indicators that reflected the national system leadership requirements identified in the capability definition process. Geographic diversity of the leadership bench was measured by the proportion of the high-potential population that had completed a cross-regional assignment. Institutional navigation exposure was measured by the proportion of the high-potential population that had managed a significant stakeholder relationship involving government, union, or community engagement.

These additional indicators were designed to prevent the natural organizational tendency, identified by Day (2001) in his review of leadership development practices, to assess leadership pipeline quality on dimensions where the organization already performs well, typically technical competence and operational performance, while neglecting the dimensions that are most critical for future leadership requirements but hardest to develop, particularly the relational and institutional capabilities that national system leadership requires.

5.9.8 Theoretical Connections

Case 8 illustrates the application of leadership development theory to a specific national system leadership challenge. Day's (2001) distinction between leader development, the enhancement of individual leadership capacity, and leadership development, the enhancement of the organization's collective capacity to produce leadership across multiple levels and functions, maps directly onto

the Pelindo challenge. The organization had effective individual leaders but needed to build collective leadership capacity at scale.

The case extends the existing leadership development literature by demonstrating the specific capability requirements of national system leadership in geographically diverse, institutionally complex SOE contexts. The five capability domains identified through the design process represent a context-specific elaboration of the leadership profile that the standard frameworks treat as relatively undifferentiated.

The case also illustrates the equity challenges that arise when a unified development system replaces multiple legacy systems. The historical investment gap between western and eastern ports created a structural equity problem that the unified system, if not deliberately addressed, would have reproduced and reinforced. The pre-pipeline readiness program represents a specific design response to this challenge that has implications for similar equity challenges in other organizations consolidating multiple legacy talent management systems.

CHAPTER 6: CROSS-CASE ANALYSIS AND FINDINGS

6.1 Introduction to the Cross-Case Synthesis

The eight cases examined in Chapter 5 were analyzed individually to illuminate the specific leadership dilemmas, decision processes, and outcomes that characterized each integration episode. This chapter synthesizes those individual analyses into five cross-case findings that address the central research question and its four subsidiary questions. The synthesis does not identify patterns that were invisible in individual cases but rather develops theoretical propositions that are grounded in the within-case evidence and that have applicability beyond the specific Pelindo context.

The five findings are not independent claims about discrete aspects of the Pelindo integration. They are interconnected propositions about the systemic logic of human-capital integration leadership in politically mandated SOE mergers. Each finding is supported by evidence from multiple cases, and the causal relationships between findings are themselves theoretically significant. The finding that trust architecture must precede structural harmonization is connected to the finding that human capital systems function as governance infrastructure, because the legitimacy of the governance infrastructure depends on the trust that earlier sequencing decisions established. The finding that digital systems amplify leadership intent is connected to the finding that industrial relations work is strategic integration work, because both findings reflect the broader proposition that the technology and process instruments of integration depend for their effectiveness on the relational quality that surrounds them.

6.2 Finding 1: Sequencing Logic in Politically Mandated Mergers Is Governed by Trust Architecture

The conventional wisdom in merger integration practice holds that speed is a primary virtue. Decisive early action demonstrates leadership confidence, reduces employee uncertainty, and prevents the drift toward organizational confusion that extended ambiguity produces. This

conventional wisdom is grounded in research on market-driven corporate mergers where the primary constraint on integration pace is leadership capability and organizational bandwidth, not institutional or political constraint.

The Pelindo evidence does not support the conventional wisdom in its general form. Across all eight cases, the data show that the sequencing of leadership decisions was governed not primarily by efficiency considerations but by a trust architecture requirement. Leadership could not proceed to structural or systems harmonization until the employment security and equity foundations of that architecture were established. The CEO's personal delivery of the no-layoffs and no-pay-cuts commitment before any structural decisions were announced, the deliberate delay of compensation harmonization until the job architecture was complete and the process was understood as fair, the staged rollout of the integrated scorecard beginning at senior levels before extending to frontline staff, each of these sequencing choices reflected the same underlying logic.

This trust-first sequencing logic has a specific theoretical implication that extends existing merger integration theory. The standard Haspeslagh and Jemison (1991) framework identifies two determinants of integration mode: the degree of strategic interdependence required and the degree of organizational autonomy needed to preserve value-creating capabilities. Neither of these determinants is directly relevant to the sequencing logic observed at Pelindo. The Pelindo sequencing logic is better explained by what might be called a trust architecture prerequisite. In SOE contexts where employment guarantees are non-negotiable, union relationships are institutionally powerful, and political legitimacy depends on demonstrated commitment to worker welfare, structural harmonization can only proceed after employment security trust is established and maintained.

This finding has practical implications for integration planning in comparable contexts. Integration timelines in politically mandated SOE mergers should not be designed around the structural logic of consolidation, namely completing the governance, systems, and operational aspects as quickly as possible. They should be designed around the trust architecture logic, namely identifying what commitments need to be made and demonstrated before each subsequent integration phase can proceed with the employee cooperation it requires.

The trust architecture framework has three components that the Pelindo evidence makes visible. The first component is foundational commitments. These are explicit, public, and personally delivered statements of management's intentions on the most consequential issues for employee welfare. The no-layoffs and no-pay-cuts commitment at Pelindo was the foundational commitment that anchored the trust architecture. The personal delivery by the CEO to regional union leaders gave the commitment a specific institutional weight that mediated communication could not have achieved.

The second component is procedural fairness in subsequent decisions. Once the foundational commitments are made, every subsequent integration decision is evaluated by employees and unions through the lens of whether the process of decision-making honors the spirit of those commitments. Compensation harmonization that proceeded through a transparent process grounded in a defensible job architecture was experienced as consistent with the foundational commitments. Compensation harmonization that proceeded through opaque executive decisions would have been experienced as a violation regardless of its substantive outcome.

The third component is consistency over time. Trust architecture is not built through a single act but is sustained through a continuous pattern of consistent action. Every leadership decision throughout the integration period was a small test of whether the foundational commitments were genuine. Decisions that maintained the consistency strengthened the trust architecture. Decisions that appeared to violate it would have undermined the trust architecture even if the violations were inadvertent or contextually justified.

6.3 Finding 2: Human Capital Systems Function as Governance Infrastructure in Post-Merger Organizations

Across the eight cases, human capital systems repeatedly performed a governance function that extended well beyond their conventional role as management tools. The integrated scorecard created a shared performance language that governed cross-entity communication about strategic priorities and accountability, functioning as the organization's primary mechanism for

operationalizing the integration's strategic logic. The job architecture provided the foundational classification system that made workforce management, compensation governance, and role clarity possible in a unified organization. The collective labour agreement codified the social contract between management and workforce, creating an institutional framework that governed the legitimate claims each party could make on the other. The Portaverse Academy created a shared learning infrastructure that governed the organization's capacity to develop capabilities consistently across its network.

In each of these cases, the human capital system in question was not merely supporting operational performance but enabling it. Without a common performance architecture, cross-entity leadership alignment was impossible. Without a common job classification framework, workforce management was arbitrary. Without a collective labour agreement that addressed the merged organization's specific circumstances, employment relations were ungoverned. Without a national learning platform, capability development was geographically inequitable. The operational drag generated by the absence of these systems was not merely an HR management problem but a constraint on organizational performance that manifested as direct operational inefficiency.

This finding extends the human capital as infrastructure concept proposed in the conceptual framework by documenting specific mechanisms through which HC systems perform governance functions that physical infrastructure analogies capture more accurately than conventional HR management frameworks. The infrastructure framing helps explain why human capital system integration in large-scale mergers requires substantially longer timelines and higher investment than structural consolidation. Physical infrastructure also takes longer to build than the buildings it supports, and its value is largely invisible until it fails.

The practical implication of this finding is that post-merger integration planning should treat human capital system design as a foundational priority comparable to governance structure design, not as a downstream consequence of structural decisions. Just as no organization would delay designing its IT architecture until after its operational processes were running, organizations should not delay designing their human capital architecture until after their operational management systems are in place.

The infrastructure framing also has implications for the governance of human capital system integration. Infrastructure decisions are typically board-level or board-overseen because of their long-term and cross-functional implications. The Pelindo integration program's elevation of human capital system design to board-level attention, through the integrated scorecard's connection to board performance reviews and the leadership pipeline's annual board succession review, reflects this governance logic. Organizations that delegate human capital integration to specialist HR teams without senior leadership oversight will produce systems that are technically competent but lack the strategic coherence that infrastructure-level investments require.

6.4 Finding 3: The Standardization-Adaptation Tension Is Endemic and Manageable But Not Resolvable

Across all eight cases, the tension between the standardization logic of a unified organization and the adaptation logic of a geographically and operationally diverse network was a persistent and recurring theme. The integrated scorecard needed to be consistent enough to enable cross-entity performance comparison but flexible enough to accommodate the genuine operational differences between a high-volume Java container terminal and a small island community port. The AKHLAK behavioural framework needed to be specific enough to be observable and assessable but general enough to apply meaningfully across contexts ranging from commercial negotiations with international shipping lines to community relations management in eastern Indonesia. The PKB needed to create uniform employment terms across the national network while acknowledging the genuine cost-of-living and operational differences between Java and eastern Indonesia.

In each case, the resolution was not to find the theoretically optimal balance between standardization and adaptation but to distinguish the dimensions of the system where standardization was non-negotiable for governance and fairness reasons from the dimensions where adaptation was both legitimate and operationally beneficial. Pay grades needed to be uniform because compensation fairness requires equivalent pay for equivalent contribution regardless of geography. Assessment criteria for AKHLAK behaviours needed to be uniform because consistent expectations across the network are a prerequisite for a shared performance

culture. The specific behaviours that demonstrate Harmonis and Kolaboratif in eastern Indonesian community port contexts are genuinely different from those appropriate in Jakarta commercial contexts, and the performance management system needed to accommodate this difference without undermining the shared standard.

This finding extends existing theory by characterizing the standardization-adaptation tension not as a design parameter to be optimized at a point in time but as a persistent organizational dynamic that requires ongoing leadership attention. The tension was not resolved by the job architecture or the PKB or the AKHLAK framework. It was managed by creating structures that distinguished standardizable from adaptive elements and that provided frameworks within which adaptation could occur without undermining consistency.

The practical implication for integration leadership is that the design of human capital systems should explicitly identify which elements are standardizable and which are adaptive, rather than attempting to standardize everything or to leave adaptation to local discretion without a common framework. The standardizable elements provide the governance backbone that enables cross-entity coherence. The adaptive elements provide the operational flexibility that enables responsiveness to local contexts. The boundary between these two categories is itself a design choice that requires explicit leadership attention rather than emerging by default from accumulated practice.

6.5 Finding 4: Digital Systems Amplify Leadership Intent Rather Than Substituting for It

Case 5 provided the clearest evidence for this finding, but it was visible across multiple cases. Portaverse Academy's effectiveness as a capability development platform depended critically on the quality of the organizational context into which learning was delivered. In units where operational leaders consistently reinforced learned behaviours, used performance management processes to hold employees accountable for applying new capabilities, and modeled the continuous development orientation that the AKHLAK framework prescribed, the platform's

learning investments translated into demonstrable performance improvement. In units where operational leaders treated the platform as a compliance obligation rather than a genuine development tool, completion rates were high but behavioural transfer was minimal.

The same amplification dynamic was visible in the integrated scorecard. The scorecard's performance architecture was technically sophisticated and strategically coherent, but its effectiveness as a governance instrument depended on the quality of the quarterly performance dialogue it was designed to enable. In units where senior leaders used the scorecard process to engage their teams in genuine strategic discussion about performance drivers and improvement priorities, the scorecard produced better decisions and stronger accountability. In units where leaders treated the quarterly review as a reporting exercise, the same technical architecture produced compliance documentation rather than strategic insight.

Digital systems in post-merger integration, whether learning platforms, performance dashboards, or communication tools, are instruments of leadership intent. They can enable leadership vision when that vision is clear and consistently enacted. They can generate bureaucratic compliance when the vision is absent or inconsistently modeled. The strategic investment rationale for digital systems in integration therefore depends not only on the technical quality of the systems but on the quality of the leadership context in which they are deployed. Organizations that invest in sophisticated digital systems without investing equivalently in the leadership capability needed to use them effectively will systematically underrealize the return on their systems investment.

This finding has implications for the sequencing of investment decisions in transformation programs. The conventional logic suggests that leadership development is a longer-horizon investment whose payoff is too distant to take priority over the more immediately impactful systems investments. The Pelindo evidence suggests the opposite: that systems investments without corresponding leadership investments produce diminished returns, and that leadership development should therefore be sequenced concurrent with or ahead of major systems investments rather than after them.

6.6 Finding 5: Industrial Relations Work Is Strategic Integration Work, Not a Specialist Function

The treatment of union negotiations as primarily a labour relations management challenge, to be handled by specialists and kept separate from the strategic integration process, is a common and consequential mistake in post-merger management. The Pelindo evidence demonstrates that industrial relations work was among the most strategically significant work of the entire integration program, with consequences that extended far beyond the specific terms of the collective labour agreement.

The PKB negotiation was the formal moment at which the social contract of the merged organization was codified, but the actual construction of that social contract had been occurring continuously since the CEO's initial engagement with regional union leaders in October 2021. Every decision that affected employees' economic security, professional identity, or working conditions was simultaneously an industrial relations decision, whether it was formally treated as such or not. The employment security commitment, the compensation transparency process, the phased scorecard rollout, the regional consultation rounds in the PKB process, each of these was a contribution to the trust capital that made the eventual PKB negotiation achievable without industrial action.

The practical implication of this finding is that post-merger integration leaders should not manage labour relations as a specialist function separate from the mainstream integration program but should integrate labour relations considerations into every significant human capital decision. The question of how the union will receive a proposed decision should be part of the decision-making process for job architecture, performance management, and capability development, not a reactive concern addressed after the decision has been made.

This finding extends the industrial relations literature by demonstrating that the pluralist perspective on labour-management relations has direct strategic implications beyond its philosophical orientation. Treating unions as legitimate stakeholders requires substantive engagement throughout the decision process, not merely consultation after decisions are reached.

Organizations that adopt the pluralist orientation in principle but treat unions as a notification recipient in practice will not generate the trust capital that the genuine pluralist orientation produces.

6.7 The Cross-Case Leadership Framework

The five findings combine to produce a cross-case leadership framework for human-capital integration in politically mandated SOE mergers. The framework has three components that operate sequentially but interdependently across the integration program's full timeline.

The first component is the trust architecture, which establishes the foundational conditions for integration work. The trust architecture is built through specific commitments delivered with appropriate institutional weight, consistent procedural fairness in subsequent decisions, and sustained leadership attention across the integration period. The trust architecture is not an integration phase that begins and ends. It is a continuous leadership responsibility that governs all subsequent integration work.

The second component is the governance infrastructure, comprising the human capital systems that enable the new organization to function as an integrated governance system. The governance infrastructure includes the job architecture that classifies roles consistently, the performance management system that creates shared accountability, the capability development platform that builds skills equitably, and the collective labour agreement that codifies the employment relationship. These systems must be designed as an integrated architecture rather than as independent HR tools, because their value derives primarily from their mutual coherence.

The third component is the leadership amplification logic, which holds that the effectiveness of every governance infrastructure element depends on the quality of leadership at the point of deployment. Systems amplify leadership intent. They do not substitute for it. Investment in governance infrastructure must therefore be accompanied by equivalent investment in the leadership capability needed to activate that infrastructure.

These three components are sequentially dependent. The trust architecture must be established before the governance infrastructure can be designed with sufficient legitimacy to be accepted, and the governance infrastructure must be in place before the leadership amplification logic can operate at scale. The sequence is not rigid. Leadership amplification work begins with the trust architecture's first symbolic gestures and continues through every phase of the integration program. The framework is therefore better understood as three interdependent layers of integration leadership work, each of which becomes increasingly central as the integration program progresses, rather than as three discrete sequential phases.

CHAPTER 7: THEORETICAL DISCUSSION

7.1 Contributions to Post-Merger Integration Theory

This dissertation makes four theoretical contributions to the post-merger integration literature. Each contribution extends an existing theoretical tradition while drawing on the specific empirical context of the Pelindo integration. Together, the four contributions constitute an extension of the integration theory canon to politically mandated SOE merger contexts in emerging-market institutional environments.

7.1.1 The Trust Architecture Prerequisite in SOE Mergers

The first contribution extends Birkinshaw, Bresman, and Hakanson's (2000) human integration theory by specifying the institutional conditions that determine when trust architecture must precede task integration rather than developing in parallel with it. Birkinshaw and colleagues argued that human integration, namely the development of positive attitudes and shared identity, is a prerequisite for task integration effectiveness. The Pelindo evidence supports this general claim but adds a specific institutional condition. In politically mandated SOE mergers, the employment guarantee constraint is not merely a social sensitivity but a strategic determinant of the entire integration design.

When employment guarantees are non-negotiable, as they are in most SOE mergers in emerging markets, the standard merger integration calculus, which involves determining the appropriate integration mode based on strategic interdependence and capability preservation, must be modified. The employment guarantee creates a binding constraint that eliminates the workforce reduction and rapid restructuring options that many integration mode prescriptions assume as available instruments. This constraint requires leaders to develop an alternative efficiency logic based on capability optimization rather than workforce reduction.

This extended theoretical claim is consistent with the institutional theory literature reviewed in Chapter 2, particularly Bruton, Peng, Ahlstrom, Stan, and Xu's (2015) analysis of SOE governance constraints. It adds to that literature by specifying the mechanism through which SOE constraints shape integration design. The trust architecture that the employment guarantee creates is not merely a political accommodation but an organizational precondition for the legitimacy of subsequent structural decisions.

The trust architecture prerequisite has three specific components that the Pelindo evidence makes visible. The first is foundational commitment with institutional weight. The CEO's personal delivery of the no-layoffs commitment to regional union leaders carried weight that mediated communication could not have produced. The second is procedural consistency in subsequent decisions. The trust architecture was sustained through compensation harmonization that proceeded through transparent processes grounded in defensible job architecture. The third is institutional codification. The trust architecture was eventually codified in the PKB, transforming personal commitments into legally binding institutional arrangements that would survive specific leadership tenures.

These three components operate in a specific sequence. Foundational commitment without procedural consistency would have eroded as subsequent decisions appeared inconsistent with the commitment's spirit. Procedural consistency without foundational commitment would have lacked the trust capital that gives procedural fairness its motivating force. Institutional codification without prior trust building would have produced legal arrangements that lacked the social foundation to operate as a genuine social contract rather than a contested legal text.

7.1.2 Human Capital as Governance Infrastructure

The second contribution develops the concept of human capital as governance infrastructure into a theoretical proposition applicable beyond the Pelindo case. The infrastructure analogy, introduced in the conceptual framework and developed through the case analyses, captures a genuine characteristic of HC systems in large post-merger organizations. Their value lies not

primarily in their own outputs but in their enablement of productive organizational activity across the entire enterprise.

This framing extends Ployhart and Moliterno's (2011) unit-level human capital resources concept by arguing that in large, geographically dispersed organizations, the systems that govern individual HC contributions, namely job architecture, performance management, and collective agreements, are themselves a level of organizational resource whose value and vulnerability are analytically distinct from the individual-level human capital they govern. System-level HC infrastructure can fail through incoherence, fragmentation, or design inadequacy in ways that impede individual-level HC contribution regardless of the talent or motivation of individuals.

The infrastructure framing has several specific implications that the Pelindo evidence supports. First, it implies that HC system integration costs and timelines should be budgeted with the long-term, foundational investment logic that physical infrastructure receives, rather than the short-term, project-based logic that HR initiatives typically receive. The investment that Pelindo made in job architecture redesign, integrated scorecard development, Portaverse Academy, and PKB negotiation was substantial, but it was justified by an infrastructure investment logic that focused on long-term organizational capability rather than immediate cost efficiency.

Second, it implies that HC system integration governance should be elevated to senior leadership levels rather than delegated to specialist HR teams. Infrastructure decisions in physical contexts typically require board-level or senior executive oversight because of their long-term, cross-functional implications. The same logic applies to HC infrastructure decisions in post-merger contexts. The Pelindo integration program's elevation of HC system design to board-level attention reflected this governance logic.

Third, it implies that HC system integration should be designed with attention to the complementarities among different HC systems, rather than as independent functional initiatives. The job architecture provided the foundation for compensation harmonization and performance management. The performance management system provided the accountability framework for capability development. The capability development platform built the capabilities that the

performance management system measured. The PKB codified the social contract that all of these systems collectively created. This complementarity is a defining characteristic of infrastructure systems and requires deliberate design attention rather than emerging as a byproduct of separate functional initiatives.

The practical implication of this theoretical contribution is that merger integration due diligence should include an explicit assessment of HC system architecture comparability, and that the costs of HC system integration should be explicitly budgeted and managed as infrastructure costs rather than as HR administration expenses. The systematic underestimation of HC system integration costs and timelines that is well documented in merger literature may be partly explained by the failure to recognize HC systems as infrastructure-level investments.

7.1.3 Leadership Sequencing as a Theoretical Variable

The third contribution argues that leadership sequencing should be treated as a theoretically distinct variable in integration research, not merely as a process observation. The Pelindo evidence shows that the order in which integration decisions are made, and the temporal intervals between them, affects the outcomes of those decisions in ways that cannot be explained by the content of the decisions alone. The job architecture harmonization process produced legitimate acceptance from employees because it was sequenced after the employment security commitment was established and before compensation harmonization was announced. The same process, conducted in reverse order, would likely have produced defensive resistance regardless of its technical quality.

This claim extends Pablo's (1994) framework, which treated the dimensions of integration as simultaneous rather than sequential design parameters. The Pelindo evidence suggests that the sequencing of integration activities, particularly the ordering of trust-building commitments relative to structural harmonization decisions, is itself a strategic lever. Leaders who deliberately sequence commitments to precede structural changes create a governance environment in which

structural decisions are evaluated against a backdrop of established trust rather than against a backdrop of anxiety and suspicion.

The sequencing finding has implications for how integration research should be designed. Research that examines integration decisions in isolation, asking what determines the success of any specific decision, will systematically underestimate the influence of the sequencing context within which the decision is made. Future research should therefore examine integration decisions as elements of a sequence rather than as independent units of analysis, paying explicit attention to what preceded each decision and what was expected to follow it.

The sequencing finding also has implications for integration practice. Practitioners typically design integration programs as parallel work streams that proceed according to their internal logic, with limited attention to the cross-stream sequencing of decisions. The Pelindo evidence suggests that cross-stream sequencing is itself a significant design choice with consequences for outcomes. Integration programs should therefore include explicit sequencing logic that specifies which decisions in which work streams must precede or follow other decisions, with the trust architecture logic providing the principal sequencing principle.

7.1.4 The Amplification Logic of Digital Systems in Integration

The fourth contribution develops a theoretical account of the relationship between digital systems and leadership effectiveness in integration contexts. The conventional digital transformation literature treats technology adoption as a driver of organizational capability, with leadership adoption behaviour as the primary adoption determinant. The Pelindo evidence suggests a different mechanism. Digital systems in integration contexts do not primarily drive organizational capability but amplify whatever leadership orientation and quality already exist in the deployment context.

This amplification logic has implications for the strategic investment rationale for digital systems in transformation contexts. The standard return-on-investment analysis for technology investments typically assumes that the technology produces relatively consistent returns across deployment

contexts, with variation attributable to implementation quality. The amplification logic suggests that the variation in returns across deployment contexts is more fundamental, with technology generating high returns in high-quality leadership contexts and low returns in low-quality leadership contexts.

The practical implication of the amplification logic is that organizations planning major digital system investments in integration contexts should assess not only the technical quality of the proposed systems but the leadership quality of the deployment context. High-quality systems deployed in low-quality leadership contexts will not produce the performance improvement their architects anticipated. The investment priority in such contexts should be leadership development before or concurrent with digital system deployment, not after.

This finding qualifies but does not contradict the digital transformation literature. Technology investment is genuinely important for organizational capability development. The qualification is that technology investment is necessary but not sufficient. Without complementary leadership investment, technology investment generates diminished returns. The systematic disappointment with digital transformation outcomes that is widely documented in practitioner literature may be partly explained by the failure to make the complementary leadership investments that would have allowed the technology investments to deliver their intended returns.

7.2 Contributions to Institutional Theory

This dissertation contributes to institutional theory by providing detailed evidence from an emerging-market SOE context for the mechanisms through which competing institutional logics are managed in organizational decision-making. Pelindo operated within at least four distinct institutional logics. The commercial logic of port efficiency demanded operational performance improvement and cost discipline. The political logic of state enterprise governance demanded national policy alignment and ministerial accountability. The social logic of labour protection demanded employment security and equitable treatment. The professional logic of port management demanded technical excellence and operational reliability.

The conceptual framework in Chapter 2 drew on Greenwood, Suddaby, and Hinings' (2002) institutional logics framework and Besharov and Smith's (2014) analysis of logic compatibility. The Pelindo evidence confirms that managing competing logics requires more than rhetorical acknowledgement of each logic's legitimacy. It requires the design of specific organizational processes and systems that give each logic appropriate weight in different decision contexts.

The employment security commitment was primarily an acknowledgement of the social logic, prioritizing labour protection over the workforce flexibility that pure commercial logic would have favoured. The integrated scorecard was primarily an instrument of the commercial logic, creating performance accountability that pure social logic might have softened. The PKB was primarily an instrument of the labour protection logic, codifying employee rights that purely commercial logic would have left to individual contracts. The AKHLAK framework was primarily an instrument of the political logic, embedding the national values agenda in everyday organizational practice. Effective management of institutional complexity required deploying the appropriate logic in the appropriate context rather than attempting to satisfy all logics equally in every decision.

The Pelindo evidence also illustrates the boundary permeability concept that Besharov and Smith (2014) identified as a determinant of effective logic management. The integration leadership team included individuals with substantial experience across multiple institutional contexts, including operational managers from the legacy entities, HR specialists from the corporate function, finance leaders with capital markets experience, and union leaders with strong regional political relationships. This diversity of institutional backgrounds enabled the leadership team to recognize the specific logic at play in different decision contexts and to deploy the appropriate decision-making approach for each context.

The institutional logics framework, extended by the Pelindo evidence, suggests that post-merger integration leadership in SOE contexts requires explicit attention to which institutional logic is dominant in each decision domain and the design of decision-making processes that accommodate the logic appropriate for that domain. This is more demanding than the assumption of a single

dominant logic that simplifies most private-sector decision-making, but it is the institutional reality of SOE governance that integration leaders must navigate.

7.3 Contributions to Practice

The theoretical contributions of this dissertation translate into three practical contributions for leaders managing large-scale organizational transformations in comparable contexts.

7.3.1 A Sequencing Principle for Human-Capital Integration

The first practical contribution is a sequencing principle for human-capital integration in SOE contexts: trust architecture before governance infrastructure, governance infrastructure before operational optimization. Leaders who attempt to optimize operational efficiency before establishing the employment security and equity foundations of the trust architecture will encounter resistance and legitimacy challenges that undermine the efficiency they are pursuing. The extra time required to establish the trust architecture before proceeding to structural harmonization is not a delay but an investment in the legitimacy that makes subsequent structural changes acceptable.

This sequencing principle is more specific than the general recommendation to manage change with attention to people considerations that pervades the practitioner literature. It identifies a specific phase ordering that has empirical support in the Pelindo evidence and theoretical grounding in the trust and procedural justice literatures. It also identifies the specific mechanisms through which the sequencing produces the integration outcomes that organizations seek, including reduced industrial action, lower talent attrition, and stronger employee engagement with subsequent structural changes.

The sequencing principle has implications for how integration timelines are set and communicated. Organizations that announce aggressive integration timelines based on the structural logic of consolidation will create employee expectations that the trust architecture work cannot fulfill

within those timelines. The resulting expectation gap will be experienced by employees as management failure even if the underlying integration is proceeding well. Organizations that announce timelines that explicitly accommodate the trust architecture work will create more realistic expectations that the integration can fulfill, generating the perception of management competence that the integration's actual progress justifies.

7.3.2 An Investment Reframing for Human Capital Systems

The second practical contribution is an investment reframing for human capital systems: treat them as infrastructure, not as administration. This reframing changes the investment logic, the planning horizon, the cost-benefit analysis, and the management attention that human capital systems receive.

Infrastructure investments are justified by their long-term enabling effect on organizational productivity, not by their immediate administrative efficiency. Infrastructure failures produce catastrophic operational disruption, not merely administrative inconvenience. Infrastructure requires ongoing maintenance investment, not just initial capital deployment. Applying this investment logic to human capital systems changes the resource allocation decisions that leaders make about job architecture, performance management, learning platforms, and collective labour agreement design.

The infrastructure reframing has specific implications for the budgeting and governance of human capital integration programs. Budgets should reflect the long-term, foundational nature of the investment rather than treating it as a one-time project cost. Governance should be at the senior leadership or board level rather than delegated to specialist HR functions. The performance metrics for the investment should reflect long-term capability outcomes rather than short-term implementation milestones. These changes are not cosmetic. They alter how the investment is managed and how its progress is evaluated, with consequences for the quality of the investment outcomes.

7.3.3 A Leadership Development Priority for Transformation Programs

The third practical contribution is a leadership development priority for organizations planning major transformations: invest in leadership capability ahead of digital systems, not after. The amplification logic of digital systems in transformation contexts means that leadership quality at the deployment point determines the return on systems investment. Organizations that invest in digital transformation without equivalent investment in leadership development are making a bet that good systems will compensate for inadequate leadership. The Pelindo evidence suggests this bet consistently fails.

The leadership development priority has implications for the sequencing of investment within transformation programs. Conventional logic might suggest that systems investments should precede leadership development because the returns to systems are more immediate and more easily quantified. The Pelindo evidence suggests the opposite: that leadership development should precede or accompany systems investments because systems investments without complementary leadership capability produce diminished returns.

The leadership development priority also has implications for the design of leadership development programs themselves. Programs that focus on individual leader development, building generic management skills, will not produce the specific capabilities that systems-amplified leadership requires. The leadership development must be aligned with the systems being deployed, ensuring that leaders develop the specific capabilities required to use those systems effectively. The Pelindo leadership pipeline program's focus on the five capability domains identified through the national system leadership analysis represents a specific design response to this requirement.

7.4 Contributions to Teaching

The eight cases that constitute the empirical foundation of this dissertation are designed to function as standalone teaching materials for executive education programs, MBA courses on

organizational transformation, and doctoral seminars in strategic human resource management. The teaching value of the cases derives from several specific features.

First, the cases present genuine leadership dilemmas with no single correct answer. Each case describes a specific decision context in which leadership must choose between alternatives that have legitimate strategic, ethical, and practical claims. The teaching value of the cases derives from the analytical rigor required to work through these alternatives and to develop a defensible position on the case's central question. Students who simply apply textbook frameworks to the cases will produce superficial analyses. Students who engage with the cases' ambiguity and complexity will develop the analytical capabilities that the cases are designed to build.

Second, the cases are interconnected in ways that allow them to be taught as a sequence as well as independently. The interconnections among the cases reflect the actual interdependencies among integration decisions in practice. Students who study multiple cases experience the cumulative and interdependent nature of integration decision-making in a way that single-case studies cannot provide. This systemic perspective is itself a learning outcome that the case set is designed to produce.

Third, the cases are grounded in primary source materials and operational evidence rather than in retrospective reconstructions. Most teaching cases are written years after the events they describe, with the benefit of hindsight that allows the case writer to construct a coherent narrative around outcomes that were not foreseeable at the time. The Pelindo cases are written with primary source materials from the integration period, preserving the genuine uncertainty and ambiguity that characterized the leadership context. This temporal authenticity makes the cases more demanding to analyze but also more valuable as preparation for real leadership situations.

Fourth, the cases address an emerging-market institutional context that is underrepresented in the standard case literature. Most management cases are drawn from North American and European corporate contexts. The Pelindo cases extend the geographical and institutional coverage of the case literature, providing students with exposure to the specific dynamics of SOE management in emerging-market settings. This exposure is increasingly important as global business education

must prepare leaders for careers that will involve significant engagement with emerging-market organizations and institutional environments.

CHAPTER 8: CONCLUSIONS

8.1 Summary of Research Findings

This dissertation investigated how leaders orchestrate human-capital integration in a politically mandated mega-merger, using eight interconnected cases from Pelindo's post-merger integration program from 2021 to 2023. The central research question was addressed through five cross-case findings, each grounded in primary source evidence from the integration program.

Finding 1 established that sequencing logic in politically mandated SOE mergers is governed by a trust architecture requirement that precedes structural harmonization. The employment security commitment that Pelindo's leadership made in October 2021 was not a political concession but a strategic investment in the trust capital required for all subsequent integration work. This finding extends existing merger integration theory by specifying how SOE institutional constraints modify the standard integration design logic.

Finding 2 established that human capital systems function as governance infrastructure in post-merger organizations, performing enabling functions that are logically prior to operational performance rather than supportive of it. The integrated scorecard, job architecture, Portaverse Academy, and collective labour agreement were not independent HR management tools but components of an integrated governance infrastructure whose strategic value derived from their mutual coherence.

Finding 3 established that the standardization-adaptation tension in human-capital systems is endemic to geographically dispersed organizations and does not admit of permanent resolution. Leaders can manage the tension by distinguishing standardizable from adaptive system elements, but they cannot eliminate it. This finding extends existing theory by characterizing the tension as an ongoing management challenge rather than a design problem to be solved once.

Finding 4 established that digital systems in transformation contexts amplify leadership intent rather than substituting for it. The effectiveness of Portaverse Academy and the integrated scorecard depended critically on the quality and consistency of leadership engagement with those systems at the deployment level, not on their technical sophistication.

Finding 5 established that industrial relations work is strategic integration work, not a specialist function. The trust capital accumulated through the CEO's personal engagement with union leaders from October 2021 onward was the primary determinant of the PKB negotiation's success. The negotiation itself was the formal culmination of two years of relationship investment.

Together, these five findings support a cross-case leadership framework for human-capital integration in politically mandated SOE mergers, comprising a trust architecture, a governance infrastructure, and a leadership amplification logic that operate sequentially and reinforce each other across the integration program's full timeline.

8.2 Contributions to Knowledge

This dissertation makes several distinct contributions to knowledge across the fields of post-merger integration, human capital strategy, and institutional theory.

Its primary theoretical contribution is the human capital as governance infrastructure concept, which provides a new framing for the role of HC systems in organizational transformation. By locating the value of HC systems in their enabling function rather than in their direct operational outputs, this concept explains the systematic underinvestment in HC system integration that characterizes most large-scale mergers and provides a theoretical foundation for the investment reframing required to address it.

Its second theoretical contribution is the trust architecture prerequisite, which specifies the institutional conditions under which trust-building must precede structural harmonization in integration sequencing. The contribution extends existing theory beyond its primarily market-

driven corporate context to politically mandated SOE mergers in emerging-market institutional environments, where the binding constraints on integration design differ in kind, not merely in degree, from the constraints that prevail in private-sector contexts.

Its third theoretical contribution is the amplification logic of digital systems in transformation, which provides a theoretically grounded account of why digital system investments in transformation contexts produce highly variable returns and what determines those returns. This contribution qualifies the digital transformation literature by specifying the leadership conditions under which technology investment produces its intended returns and the conditions under which it does not.

Its contribution to practice is a practical framework for sequencing human-capital integration decisions in SOE contexts that reflects the trust architecture logic rather than the efficiency logic that most integration playbooks prescribe. The framework provides specific guidance on the ordering of integration decisions, the budgeting of integration investments, and the governance of integration programs that practitioners can apply directly in comparable contexts.

Its contribution to teaching is a set of eight interconnected cases that document a significant real-world transformation in sufficient depth and complexity to generate genuine analytical challenge for advanced students of leadership and organizational management. The cases are designed to be used independently, each addressing a distinct leadership dilemma with no single correct answer, and collectively as a longitudinal account of how an integration system functions as a whole.

8.3 Limitations

This dissertation has four principal limitations.

The single-country and single-organization focus limits the scope of analytical generalization. The Pelindo integration is the product of a specific set of institutional conditions, including Indonesia's political economy, its SOE governance framework, its labour law system, and its national maritime

policy context, that may not generalize straightforwardly to comparable mergers in other countries or sectors. The trust architecture prerequisite finding may be specific to contexts where SOE employment guarantees are politically non-negotiable. In contexts where workforce reduction is a realistic option, the sequencing logic may differ.

The qualitative research design, while appropriate for the research questions and context, does not permit causal inference in the statistical sense. The findings are analytical propositions supported by richly described evidence, not quantified causal relationships subject to significance testing. This limitation is inherent to the interpretivist approach adopted and does not undermine the theoretical value of the findings, but it does establish their appropriate audience: practitioners and scholars seeking theoretical understanding and practical insight rather than statistical evidence.

The practitioner-researcher positioning, which created significant advantages in data access and contextual interpretation, also creates proximity bias risks that cannot be fully eliminated through mitigation strategies. The case narratives may reflect the researcher's interpretive framework more than they capture the full diversity of perspectives that participants in the integration held. This limitation is acknowledged explicitly and partially mitigated through triangulation, but it remains a genuine constraint on the research's claim to represent a complete account of the integration's dynamics.

The research covers the period from October 2021 to December 2023. Several of the most important tests of the integration's durability, including the organization's performance in subsequent years, the effectiveness of the leadership pipeline in sustaining transformation gains, and the long-term industrial relations climate under the new PKB, occur after the research period ends and cannot be assessed. The findings therefore describe an integration that was still in progress at the time of analysis, not one whose outcomes have been fully realized.

8.4 Future Research Directions

Four directions for future research are suggested by this dissertation's findings and limitations.

First, comparative analysis of politically mandated SOE mergers across countries and sectors would test the generalizability of the trust architecture prerequisite and governance infrastructure findings. Indonesia's specific institutional context may generate distinctive integration dynamics. Whether comparable findings emerge in Chinese, Brazilian, or European SOE merger contexts would significantly strengthen or qualify the theoretical claims made here. Particularly valuable would be comparative research on SOE mergers in countries with different labour law frameworks, different political economies of state enterprise employment, and different traditions of collective bargaining.

Second, longitudinal follow-up research on the Pelindo integration, covering the period from 2024 onward, would test whether the governance infrastructure and leadership amplification investments made in the 2021 to 2023 period produced sustainable performance improvement or whether the gains were specific to the heightened attention and effort of the integration period itself. The leadership pipeline program will produce its first cohort of national system leaders within the next several years, and their performance in senior roles will provide direct evidence about the effectiveness of the development design.

Third, quantitative research testing the relationship between trust architecture indicators, such as the timing and content of employment security commitments, and integration performance indicators, such as employee engagement, labour relations stability, and operational performance improvement, would provide empirical grounding for the sequencing findings that the qualitative analysis supports but cannot quantify. Such research would require larger samples than a single-organization case study can provide, but it would test the generalizability of the case findings in ways that case research alone cannot.

Fourth, research on the leadership capability profiles required for national system leadership in large, geographically dispersed SOEs, building on the pipeline findings of Case 8, would address a practical gap in the leadership development literature that the Pelindo case makes visible. The standard leadership development frameworks, developed primarily in private-sector contexts, do not adequately capture the specific capability requirements of SOE leadership in emerging-market

institutional environments. Empirical research that examines what successful national SOE leaders actually do, the capabilities they deploy, and the development experiences that produced those capabilities would provide a more grounded foundation for SOE leadership development design.

8.5 Final Observations

The Pelindo merger represents one of the most ambitious organizational transformations in recent Southeast Asian history. That it was executed without significant industrial action, without major operational disruption, and with measurable improvements in the port performance metrics that motivated the merger in the first place is a testimony to the quality of leadership decisions made under conditions of significant constraint and uncertainty.

The final takeaway from this analysis is a simple but important corrective to the conventional wisdom about large-scale organizational transformation. Structure does not drive transformation. Leadership does. Governance documents, merger decrees, organizational charts, and systems architecture are necessary conditions for transformation but are insufficient. The Pelindo merger became a port transformation because leaders chose to invest first in trust, second in the systems that governance requires, and third in the capability that the performance those systems enable demands. They did this in sequence, deliberately, and with the patience required to allow each phase's foundations to set before the next phase's weight was placed upon them. That discipline, as much as any specific decision or program, is the source of whatever transformation Pelindo ultimately achieves.

The broader implication for leaders facing comparable challenges is that the temptation to prioritize visible structural change over the slower, less visible work of trust building and capability development should be resisted. The visible structural changes are the symptoms and consequences of successful transformation, not its causes. The causes are the trust architecture, the governance infrastructure, and the leadership capability that together create the conditions in which structural change can produce its intended effects. Leaders who invest in these causes, in sequence and with patience, will find that the visible structural changes they seek become achievable.

Leaders who pursue the structural changes directly, without the foundational investments, will find that the changes remain elusive regardless of how directly they are pursued.

This is the central practical lesson of the Pelindo experience, and it is a lesson with applications well beyond the specific context of port sector transformation in Indonesia. The dynamics of trust, governance, and leadership that the cases illuminate are not specific to Pelindo, to ports, or to Indonesia. They are general dynamics of large-scale organizational change in institutionally complex environments. Wherever those conditions prevail, the lessons of the Pelindo integration deserve careful attention.

REFERENCES

- Adams, J. S. (1965). Inequity in social exchange. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 2, pp. 267-299). New York: Academic Press.
- Albert, S., & Whetten, D. A. (1985). Organizational identity. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior* (Vol. 7, pp. 263-295). Greenwich, CT: JAI Press.
- Argyris, C., & Schon, D. A. (1978). *Organizational learning: A theory of action perspective*. Reading, MA: Addison-Wesley.
- Ashforth, B. E., & Mael, F. (1989). Social identity theory and the organization. *Academy of Management Review*, 14(1), 20-39.
- Ashkenas, R. N., DeMonaco, L. J., & Francis, S. C. (1998). Making the deal real: How GE Capital integrates acquisitions. *Harvard Business Review*, 76(1), 165-178.
- Baldwin, T. T., & Ford, J. K. (1988). Transfer of training: A review and directions for future research. *Personnel Psychology*, 41(1), 63-105.
- Becker, B. E., & Huselid, M. A. (1998). High performance work systems and firm performance: A synthesis of research and managerial implications. *Research in Personnel and Human Resources Management*, 16, 53-101.
- Becker, G. S. (1964). *Human capital: A theoretical and empirical analysis, with special reference to education*. New York: Columbia University Press for the National Bureau of Economic Research.

Besharov, M. L., & Smith, W. K. (2014). Multiple institutional logics in organizations: Explaining their varied nature and implications. *Academy of Management Review*, 39(3), 364-381.

Birkinshaw, J., Bresman, H., & Hakanson, L. (2000). Managing the post-acquisition integration process: How the human integration and task integration processes interact to foster value creation. *Journal of Management Studies*, 37(3), 395-425.

Bruton, G. D., Peng, M. W., Ahlstrom, D., Stan, C., & Xu, K. (2015). State-owned enterprises around the world as hybrid organizations. *Academy of Management Perspectives*, 29(1), 92-114.

Cappelli, P. (2008). *Talent on demand: Managing talent in an age of uncertainty*. Boston, MA: Harvard Business Press.

Cartwright, S., & Cooper, C. L. (1993). The role of culture compatibility in successful organizational marriage. *Academy of Management Executive*, 7(2), 57-70.

Cartwright, S., & Schoenberg, R. (2006). Thirty years of mergers and acquisitions research: Recent advances and future opportunities. *British Journal of Management*, 17(S1), S1-S5.

Collings, D. G., & Mellahi, K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review*, 19(4), 304-313.

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Ng, K. Y. (2001). Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*, 86(3), 425-445.

Day, D. V. (2001). Leadership development: A review in context. *Leadership Quarterly*, 11(4), 581-613.

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.

Empson, L. (2001). Fear of exploitation and fear of contamination: Impediments to knowledge transfer in mergers between professional service firms. *Human Relations*, 54(7), 839-862.

Flanders, A. (1970). *Management and unions: The theory and reform of industrial relations*. London: Faber and Faber.

Floyd, S. W., & Wooldridge, B. (1994). Dinosaurs or dynamos? Recognizing middle management's strategic role. *Academy of Management Executive*, 8(4), 47-57.

Folger, R., & Konovsky, M. A. (1989). Effects of procedural and distributive justice on reactions to pay raise decisions. *Academy of Management Journal*, 32(1), 115-130.

Fox, A. (1974). *Beyond contract: Work, power and trust relations*. London: Faber and Faber.

Gall, G. (Ed.). (2010). *Employment relations in the shadow of recession: Findings from the 2009 Workplace Employment Relations Survey*. Basingstoke: Palgrave Macmillan.

Geertz, C. (1973). *The interpretation of cultures: Selected essays*. New York: Basic Books.

Gioia, D. A., Schultz, M., & Corley, K. G. (2000). Organizational identity, image, and adaptive instability. *Academy of Management Review*, 25(1), 63-81.

Glaser, B. G., & Strauss, A. L. (1967). *The discovery of grounded theory: Strategies for qualitative research*. Chicago, IL: Aldine.

Greenwood, R., Suddaby, R., & Hinings, C. R. (2002). Theorizing change: The role of professional associations in the transformation of institutionalized fields. *Academy of Management Journal*, 45(1), 58-80.

Grossman, R., & Salas, E. (2011). The transfer of training: What really matters. *International Journal of Training and Development*, 15(2), 103-120.

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.

Haspeslagh, P. C., & Jemison, D. B. (1991). *Managing acquisitions: Creating value through corporate renewal*. New York: Free Press.

Hofstede, G. (1980). *Culture's consequences: International differences in work-related values*. Beverly Hills, CA: Sage Publications.

Hofstede, G., Hofstede, G. J., & Minkov, M. (2010). *Cultures and organizations: Software of the mind* (3rd ed.). New York: McGraw-Hill.

Homburg, C., & Bucerius, M. (2006). Is speed of integration really a success factor of mergers and acquisitions? An analysis of the role of internal and external relatedness. *Strategic Management Journal*, 27(4), 347-367.

Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635-672.

Huselid, M. A., Beatty, R. W., & Becker, B. E. (2005). A players or A positions? The strategic logic of workforce management. *Harvard Business Review*, 83(12), 110-117.

Huselid, M. A., & Becker, B. E. (2011). Bridging micro and macro domains: Workforce differentiation and strategic human resource management. *Journal of Management*, 37(2), 421-428.

Jensen, M. C., & Ruback, R. S. (1983). The market for corporate control: The scientific evidence. *Journal of Financial Economics*, 11(1-4), 5-50.

Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard: Measures that drive performance. *Harvard Business Review*, 70(1), 71-79.

Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Boston, MA: Harvard Business School Press.

Kaplan, R. S., & Norton, D. P. (2001). *The strategy-focused organization: How balanced scorecard companies thrive in the new business environment*. Boston, MA: Harvard Business School Press.

Kates, A., & Galbraith, J. R. (2007). *Designing your organization: Using the STAR model to solve five critical design challenges*. San Francisco, CA: Jossey-Bass.

Katz, H. C. (1993). The decentralization of collective bargaining: A literature review and comparative analysis. *Industrial and Labor Relations Review*, 47(1), 3-22.

Katz, H. C., & Darbishire, O. (2000). *Converging divergences: Worldwide changes in employment systems*. Ithaca, NY: Cornell University Press.

Kirkpatrick, D. L. (1994). *Evaluating training programs: The four levels*. San Francisco, CA: Berrett-Koehler.

Kotter, J. P. (1996). *Leading change*. Boston, MA: Harvard Business School Press.

Lazear, E. P. (2009). Firm-specific human capital: A skill-weights approach. *Journal of Political Economy*, 117(5), 914-940.

Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Beverly Hills, CA: Sage Publications.

Locke, E. A., & Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation: A 35-year odyssey. *American Psychologist*, 57(9), 705-717.

March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1), 71-87.

Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3), 709-734.

Meggison, W. L., & Netter, J. M. (2001). From state to market: A survey of empirical studies on privatization. *Journal of Economic Literature*, 39(2), 321-389.

Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative data analysis: A methods sourcebook* (3rd ed.). Thousand Oaks, CA: Sage Publications.

Milkovich, G. T., Newman, J. M., & Gerhart, B. (2014). *Compensation* (11th ed.). New York: McGraw-Hill Education.

Musacchio, A., & Lazzarini, S. G. (2014). *Reinventing state capitalism: Leviathan in business, Brazil and beyond*. Cambridge, MA: Harvard University Press.

Nahavandi, A., & Malekzadeh, A. R. (1988). Acculturation in mergers and acquisitions. *Academy of Management Review*, 13(1), 79-90.

Noe, R. A. (2017). *Employee training and development* (7th ed.). New York: McGraw-Hill Education.

Pablo, A. L. (1994). Determinants of acquisition integration level: A decision-making perspective. *Academy of Management Journal*, 37(4), 803-836.

Peng, M. W. (2002). Towards an institution-based view of business strategy. *Asia Pacific Journal of Management*, 19(2-3), 251-267.

Pettigrew, A. M. (1990). Longitudinal field research on change: Theory and practice. *Organization Science*, 1(3), 267-292.

Ployhart, R. E., & Moliterno, T. P. (2011). Emergence of the human capital resource: A multilevel model. *Academy of Management Review*, 36(1), 127-150.

PT Pelabuhan Indonesia (Persero). (2024). *Membangun insan Pelindo: Strategi manajemen SDM pascamerger PT Pelabuhan Indonesia (Persero)* [Building the people of Pelindo: Human resource management strategy after the merger of PT Pelabuhan Indonesia (Persero)]. (Ihsanuddin Usman, Ed.). Bogor, Indonesia: PT Pendidikan Maritim dan Logistik Indonesia.

Ravenscraft, D. J., & Scherer, F. M. (1987). *Mergers, sell-offs, and economic efficiency*. Washington, DC: Brookings Institution.

Republic of Indonesia. (2003). *Undang-Undang Republik Indonesia Nomor 13 Tahun 2003 tentang Ketenagakerjaan* [Law of the Republic of Indonesia Number 13 of 2003 concerning Manpower]. Jakarta: Sekretariat Negara Republik Indonesia.

Republic of Indonesia. (2004). *Undang-Undang Republik Indonesia Nomor 2 Tahun 2004 tentang Penyelesaian Perselisihan Hubungan Industrial* [Law of the Republic of Indonesia Number 2 of

2004 concerning Industrial Relations Dispute Settlement]. Jakarta: Sekretariat Negara Republik Indonesia.

Republic of Indonesia. (2007). Undang-Undang Republik Indonesia Nomor 40 Tahun 2007 tentang Perseroan Terbatas [Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies]. Jakarta: Sekretariat Negara Republik Indonesia.

Republic of Indonesia. (2014). Peraturan Menteri Ketenagakerjaan Nomor 28 Tahun 2014 tentang Tata Cara Pembuatan dan Pengesahan Peraturan Perusahaan serta Pembuatan dan Pendaftaran Perjanjian Kerja Bersama [Regulation of the Minister of Manpower Number 28 of 2014 concerning Procedures for Drafting and Approval of Company Regulations and the Drafting and Registration of Collective Labour Agreements]. Jakarta: Kementerian Ketenagakerjaan Republik Indonesia.

Republic of Indonesia. (2021). Peraturan Pemerintah Nomor 101 Tahun 2021 tentang Penggabungan Perusahaan Perseroan (Persero) PT Pelabuhan Indonesia I, Perusahaan Perseroan (Persero) PT Pelabuhan Indonesia III, dan Perusahaan Perseroan (Persero) PT Pelabuhan Indonesia IV ke dalam Perusahaan Perseroan (Persero) PT Pelabuhan Indonesia II [Government Regulation Number 101 of 2021 concerning the Merger of PT Pelabuhan Indonesia I, III, and IV into PT Pelabuhan Indonesia II]. Jakarta: Sekretariat Negara Republik Indonesia.

Revans, R. W. (1982). *The origins and growth of action learning*. Bromley, UK: Chartwell-Bratt.

Roberts, J. (2004). *The modern firm: Organizational design for performance and growth*. Oxford: Oxford University Press.

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Harlow: Pearson Education Limited.

- Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). San Francisco, CA: Jossey-Bass.
- Schweiger, D. M., & DeNisi, A. S. (1991). Communication with employees following a merger: A longitudinal field experiment. *Academy of Management Journal*, 34(1), 110-135.
- Silzer, R., & Church, A. H. (2009). The pearls and perils of identifying potential. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 2(4), 377-412.
- Stahl, G. K., & Voigt, A. (2008). Do cultural differences matter in mergers and acquisitions? A tentative model and examination. *Organization Science*, 19(1), 160-176.
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571-610.
- Tajfel, H., & Turner, J. C. (1979). An integrative theory of intergroup conflict. In W. G. Austin & S. Worchel (Eds.), *The social psychology of intergroup relations* (pp. 33-47). Monterey, CA: Brooks/Cole.
- Van Dick, R., Ullrich, J., & Tissington, P. A. (2006). Working under a black cloud: How to sustain organizational identification after a merger. *British Journal of Management*, 17(S1), S69-S79.
- Wright, M., Filatotchev, I., Hoskisson, R. E., & Peng, M. W. (2005). Strategy research in emerging economies: Challenging the conventional wisdom. *Journal of Management Studies*, 42(1), 1-33.
- Yin, R. K. (2018). *Case study research and applications: Design and methods* (6th ed.). Thousand Oaks, CA: Sage Publications.

Zollo, M., & Singh, H. (2004). Deliberate learning in corporate acquisitions: Post-acquisition strategies and integration capability in U.S. bank mergers. *Strategic Management Journal*, 25(13), 1233-1256.

Zollo, M., & Winter, S. G. (2002). Deliberate learning and the evolution of dynamic capabilities. *Organization Science*, 13(3), 339-351.

APPENDIX A: TEACHING NOTES FOR THE EIGHT CASE STUDIES

This appendix provides detailed teaching notes for each of the eight case studies presented in Chapter 5. The teaching notes are designed for use in executive education programs, MBA courses on organizational transformation and human resource management, and doctoral seminars in strategic management and leadership. Each set of teaching notes follows a consistent structure that includes case overview, target audience and learning objectives, required preparation, suggested discussion structure with timed segments, key analytical frameworks, supplementary materials, and assessment recommendations.

A.1 Teaching Note for Case 1: From Four Flags to One Helm

Case Overview

Case 1 examines the design of Pelindo's post-merger integration blueprint, focusing on the leadership decisions that established the foundational architecture for human-capital integration in the immediate aftermath of the October 2021 merger. The case presents a Day One leadership challenge in which the executive team must determine how to address five interconnected human-capital fault lines while maintaining operational continuity and managing the organizational anxiety produced by externally imposed change.

Target Audience and Learning Objectives

The case is appropriate for executive education programs on organizational transformation, MBA courses in strategic human resource management, and doctoral seminars on integration leadership in complex institutional contexts. The case is most effective for participants with at least five years of professional management experience, who have encountered organizational change challenges in their own careers and who can engage with the case's leadership dilemmas through their own practical experience.

The learning objectives for the case include: understanding the strategic significance of human-capital integration in large-scale mergers; analyzing the relationship between trust architecture and structural harmonization in integration design; evaluating the trade-offs between operational efficiency and procedural legitimacy in integration decisions; and developing personal frameworks for managing the leadership challenges of post-merger transformation.

Required Preparation

Participants should complete the case reading, the suggested literature on post-merger integration sequencing including the Birkinshaw, Bresman, and Hakanson (2000) and Pablo (1994) frameworks, and the conceptual framework on trust architecture from Chapter 2 of this dissertation. They should also identify a comparable integration challenge from their own organizational experience that they can reference during the case discussion.

Suggested Discussion Structure

The case discussion is structured for a ninety-minute session, with the following segments: opening setup and context (10 minutes), discussion of the five human-capital fault lines (20 minutes), analysis of the trust-first sequencing decision (25 minutes), evaluation of the alternative approaches that were not adopted (15 minutes), connection to participants' own integration experiences (15 minutes), and synthesis of key insights (5 minutes).

The opening segment establishes the context of the case, reviewing the institutional setting of Indonesian SOE governance and the operational context of the port sector. Participants should be reminded of the specific constraints that shaped the leadership challenge, including the no-layoffs policy expectation, the operational continuity requirement, and the political mandate that motivated the merger.

The fault lines segment examines the five human-capital integration challenges in detail. Participants should identify the specific risks associated with each fault line and the timeframes

within which those risks would manifest. The discussion should illuminate why some fault lines required immediate attention while others could be sequenced for later resolution.

The sequencing segment is the core of the case discussion. Participants should analyze the decision to address relational risk before structural risk, examining the strategic logic, the specific implementation choices, and the consequences of the sequencing decision. The discussion should connect the Pelindo sequencing logic to the Birkinshaw, Bresman, and Hakanson (2000) framework on human integration as a prerequisite for task integration.

The alternative approaches segment examines what would have happened under different sequencing choices. Participants should explore scenarios in which the leadership team had moved more rapidly on structural harmonization, with the no-layoffs commitment delayed or made conditional. The discussion should illuminate the specific risks that the actual sequencing avoided.

The connection segment invites participants to relate the case insights to their own organizational experiences. Participants should identify situations in which trust architecture choices have shaped subsequent integration outcomes and discuss the lessons their own experiences offer for the kind of leadership challenges that Pelindo faced.

The synthesis segment summarizes the key insights from the discussion, emphasizing the analytical frameworks that the case has illustrated and the practical implications for participants' own leadership work.

Key Analytical Frameworks

The case is best taught through the application of multiple analytical frameworks that together illuminate the dynamics of integration leadership. The Haspeslagh and Jemison (1991) integration mode typology provides the standard framework for thinking about post-merger integration design choices. The Birkinshaw, Bresman, and Hakanson (2000) human integration framework provides the theoretical grounding for the trust-first sequencing logic. The Pablo (1994) multi-dimensional

integration framework provides a vocabulary for distinguishing task, cultural, and political integration dynamics. The trust theory of Mayer, Davis, and Schoorman (1995) provides the theoretical grounding for understanding why personal CEO engagement was strategically consequential.

Supplementary Materials

The teaching effectiveness of the case is enhanced by supplementary materials that provide additional context. These include relevant excerpts from the *Membangun Insan Pelindo* (PT Pelabuhan Indonesia, 2024) publication; news coverage of the Indonesian SOE consolidation programme under Minister Erick Thohir; Presidential Regulation Number 61 of 2021 documenting the legal merger authorisation; and primary source materials from comparable SOE merger initiatives in other countries that participants can locate through their own research.

Assessment Recommendations

Assessment of participant learning from the case can take several forms. Written individual analyses should require participants to apply the analytical frameworks discussed in class to specific case decisions, demonstrating their ability to use the frameworks for diagnostic and prescriptive purposes. Group projects can ask participants to develop integration blueprints for hypothetical merger scenarios, applying the lessons from the Pelindo case while adapting to different institutional contexts. Personal reflection assignments can ask participants to apply the case insights to specific leadership situations they are currently facing or anticipating in their own organizational contexts.

A.2 Teaching Note for Case 2: Crafting the Post-Merger Culture Playbook

Case Overview

Case 2 examines Pelindo's approach to cultural integration following the merger, focusing on the design and implementation of a culture playbook that built on AKHLAK as the unifying values framework. The case presents the leadership challenge of integrating four distinct organizational cultures without erasing the strengths of any individual culture or imposing a single dominant culture across the merged organization.

Target Audience and Learning Objectives

The case is appropriate for courses on organizational behaviour, organizational culture, and merger and acquisition management. The learning objectives include: understanding the strategic significance of culture in organizational integration; analyzing the trade-offs among different cultural integration strategies; evaluating the role of externally mandated values frameworks in cultural integration; and developing approaches for translating values into observable organizational behaviours.

Required Preparation

Participants should complete the case reading, the relevant literature on cultural integration including Schein (2010), Nahavandi and Malekzadeh (1988), and Cartwright and Cooper (1993), and the conceptual material on cultural identity from Albert and Whetten (1985) and Gioia, Schultz, and Corley (2000). They should also reflect on cultural integration challenges they have experienced personally.

Suggested Discussion Structure

A ninety-minute case discussion can be structured around: cultural diagnosis of the four legacy entities (15 minutes), analysis of the four acculturation modes and the rationale for the integration approach adopted (20 minutes), evaluation of AKHLAK as a cultural framework (20 minutes), examination of the behavioural translation challenge (20 minutes), and synthesis of practical implications (15 minutes).

The cultural diagnosis segment explores the cultural profiles of the four legacy entities, examining how their different operating environments produced their different cultural characteristics. Participants should appreciate how each cultural profile was an adaptive response to its specific operating context rather than an arbitrary or inferior way of operating.

The acculturation segment applies the Nahavandi and Malekzadeh (1988) framework to evaluate the four possible cultural integration modes and the rationale for choosing integration over assimilation, separation, or marginalization. The discussion should illuminate why integration was both more difficult and more appropriate than the simpler alternatives would have been.

The AKHLAK segment evaluates the strategic choice to anchor cultural integration in an externally mandated framework. Participants should consider both the advantages of external authority and the risks of relying on a framework not specifically designed for the organization's unique context.

The behavioural translation segment examines the technical challenge of translating abstract values into observable behaviours that can support performance assessment and developmental feedback. Participants should appreciate the practical complexity of this work and the leadership investment it requires.

Key Analytical Frameworks

The Schein (2010) three-level cultural framework, including artifacts, espoused values, and underlying assumptions, provides the theoretical foundation for understanding why cultural change requires more than communication and training programs. The Nahavandi and Malekzadeh (1988) acculturation framework provides the typology for evaluating cultural integration modes. The Gioia, Schultz, and Corley (2000) framework on organizational identity provides the conceptual foundation for understanding identity dynamics during cultural transitions.

A.3 Teaching Note for Case 3: Zero-Growth Hiring in a High-Growth Mandate

Case Overview

Case 3 examines Pelindo's strategic workforce planning approach under the constraint of zero-growth hiring while simultaneously pursuing aggressive operational growth targets. The case presents the paradoxical challenge of delivering more output from the same workforce, requiring fundamental rethinking of workforce optimization without the conventional levers of hiring expansion or workforce reduction.

Target Audience and Learning Objectives

The case is appropriate for courses on strategic human resource management, workforce planning, and organizational design. The learning objectives include: understanding the institutional context of SOE workforce management; analyzing the workforce optimization options available under headcount constraints; evaluating the relationship between role redesign and capability development in productivity improvement; and developing strategic workforce planning frameworks for constrained environments.

Suggested Discussion Structure

A ninety-minute discussion can be structured around: the workforce paradox and its institutional context (15 minutes), analysis of structural mismatch in the inherited workforce (20 minutes), evaluation of the three-track role redesign strategy (20 minutes), examination of the productivity narrative and its credibility conditions (15 minutes), and synthesis of implications for workforce planning (20 minutes).

The discussion should help participants appreciate that strategic workforce planning is not merely an HR planning exercise but a strategic capability that becomes particularly important when conventional workforce flexibility is constrained.

A.4 Teaching Note for Case 4: Quarterly KPIs and AKHLAK Behaviours

Case Overview

Case 4 examines Pelindo's design and implementation of an integrated quarterly scorecard combining operational metrics, financial performance indicators, people and capability development measures, and AKHLAK behavioural assessment. The case presents the design challenge of creating a performance management architecture that supports both execution discipline and cultural integration in a post-merger organization.

Target Audience and Learning Objectives

The case is appropriate for courses on performance management, strategic management, and organizational behaviour. The learning objectives include: understanding the role of performance management in organizational integration; analyzing the design of multi-dimensional scorecards; evaluating the integration of behavioural and business performance dimensions; and developing approaches for ensuring procedural fairness in performance assessment.

Suggested Discussion Structure

A ninety-minute discussion can address: the strategic imperative for unified performance management (15 minutes), the four-dimensional scorecard architecture and its design principles (25 minutes), the AKHLAK behavioural dimension and its design challenges (20 minutes), the wave rollout strategy and its rationale (15 minutes), and synthesis of insights for performance management design (15 minutes).

A.5 Teaching Note for Case 5: Portaverse Academy

Case Overview

Case 5 examines Pelindo's investment in a national digital learning platform designed to deliver capability development consistently across the organization's 110-port network. The case presents the strategic and design challenges of treating learning as infrastructure rather than as activity-based training events.

Target Audience and Learning Objectives

The case is appropriate for courses on organizational learning, digital transformation, and strategic capability development. The learning objectives include: understanding the infrastructure framing of organizational learning; analyzing the design challenges of learning platforms across geographically dispersed organizations; evaluating the relationship between digital learning systems and leadership amplification; and developing approaches for ensuring learning transfer in operational contexts.

Suggested Discussion Structure

A ninety-minute discussion can address: the strategic context for learning infrastructure investment (15 minutes), the platform design principles and their implications (20 minutes), the build-versus-curate decision and its trade-offs (15 minutes), the connectivity and digital literacy challenges in eastern Indonesia (20 minutes), the transfer climate dynamics that determine platform effectiveness (15 minutes), and synthesis of insights (5 minutes).

A.6 Teaching Note for Case 6: Aligning People to Ports

Case Overview

Case 6 examines Pelindo's approach to job grading and structures harmonization in the post-merger period, focusing on the technical and political challenges of consolidating four legacy job grading

systems into a unified Human Capital Classification Framework. Pelindo I used job classes 1 through 20, Pelindo II used 1 through 16, Pelindo III used 1 through 18, and Pelindo IV used 1 through 20, with the new merged framework establishing 17 unified classes from level 6 to level 23 (PT Pelabuhan Indonesia, 2024). The case opens with the payslip incident that exposed the fragility of the merger and the urgency of harmonization work.

Target Audience and Learning Objectives

The case is appropriate for courses on compensation management, organizational design, and human resource management strategy. The learning objectives include: understanding the foundational role of job architecture in human capital systems; analyzing the technical complexity of large-scale job grading harmonization; evaluating the relationship between procedural fairness and compensation acceptance; and developing approaches for managing compensation harmonization within social contract constraints.

Suggested Discussion Structure

A ninety-minute discussion can address: the payslip incident and its strategic significance (15 minutes), the scope and complexity of the job architecture challenge (20 minutes), the design of the Human Capital Classification Framework (20 minutes), the four-category compensation harmonization decision architecture (20 minutes), and synthesis of implications for compensation harmonization design (15 minutes).

A.7 Teaching Note for Case 7: Negotiating the 2023 Collective Labour Agreement

Case Overview

Case 7 examines the negotiation of Pelindo's first national collective labour agreement following the merger, replacing four separate legacy agreements with a single unified PKB. The case presents the leadership challenge of conducting consequential collective bargaining in the post-merger

period when trust capital, operational requirements, and social contract considerations all simultaneously shape the negotiation dynamics.

Target Audience and Learning Objectives

The case is appropriate for courses on industrial relations, negotiation, and labour relations strategy. The learning objectives include: understanding the strategic significance of collective bargaining in organizational integration; analyzing the relationship between trust building and negotiation outcomes; evaluating the design of negotiation processes that support deliberative engagement; and developing approaches for managing the cultural and institutional dimensions of bargaining in non-Western contexts.

Suggested Discussion Structure

A ninety-minute discussion can address: the pre-negotiation trust architecture and its strategic significance (20 minutes), the centralized bargaining decision and its governance implications (15 minutes), the substantive tensions in the negotiation and their resolution (25 minutes), the role of *musyawarah* in the negotiation process (15 minutes), and synthesis of insights for collective bargaining design (15 minutes).

A.8 Teaching Note for Case 8: Building a National Maritime Talent Pool

Case Overview

Case 8 examines Pelindo's design and implementation of a unified leadership pipeline program intended to develop national system leaders capable of sustaining the transformation gains of the integration period. The case presents the strategic challenge of building leadership capability for a national system organization when legacy leadership development systems were designed for single-entity operations.

Target Audience and Learning Objectives

The case is appropriate for courses on leadership development, talent management, and succession planning. The learning objectives include: understanding the distinctive capability requirements of national system leadership; analyzing the design of integrated talent management systems across geographically diverse organizations; evaluating the equity considerations in leadership development; and developing approaches for sustaining transformation gains through institutional capability building.

Suggested Discussion Structure

A ninety-minute discussion can address: the strategic context for leadership pipeline investment (15 minutes), the definition of national system leadership and its five capability domains (20 minutes), the three-component pipeline architecture and its design rationale (20 minutes), the equity challenges in unified development systems and their management (15 minutes), and synthesis of insights for leadership development design (20 minutes).

A.9 Cross-Case Teaching Note: The Eight Cases as a Sequence

The eight cases can be taught individually or as a sequence that illustrates the cumulative dynamics of integration leadership. When taught as a sequence, the cases reveal patterns that are not visible when individual cases are examined in isolation. The sequence requires approximately twelve hours of class time, organized as four three-hour sessions, with each session covering two cases plus integrating discussion of the cumulative patterns.

The sequence teaching approach is particularly suitable for executive education programs on organizational transformation and for doctoral seminars in strategic management. The longer time investment is justified by the systemic perspective that the sequence approach develops, which is itself a critical learning outcome that single-case approaches cannot provide.

The four sessions of a sequence-based teaching approach can be structured as follows. Session 1 addresses the trust architecture phase, examining Cases 1 and 2 with attention to how foundational commitments and cultural framing established the conditions for subsequent integration work. Session 2 addresses the systems alignment phase, examining Cases 3 and 4 with attention to how strategic workforce planning and integrated performance management began to operationalize the integration's strategic logic. Session 3 addresses the structural harmonization phase, examining Cases 5 and 6 with attention to how the learning platform and job architecture redesign created the foundational systems infrastructure. Session 4 addresses the institutionalization phase, examining Cases 7 and 8 with attention to how the collective labour agreement and leadership pipeline embedded the integration's gains into the organization's enduring institutional structure.

The sequence approach illuminates the cumulative pattern of integration decisions that the cross-case analysis in Chapter 6 identifies. Participants experience the way that early decisions shape the conditions for later decisions, and the way that the consistency of decisions across the integration period builds the trust capital that makes the entire integration possible. This systemic understanding is more valuable for advanced participants than the individual case insights that single-case teaching provides.

A.10 Pedagogical Reflections on the Case Set

The Pelindo case set represents a substantial pedagogical resource that illuminates dynamics rarely visible in standard merger and acquisition cases. Several pedagogical features deserve specific attention.

First, the institutional context of state-owned enterprise governance in an emerging-market setting provides exposure to a leadership environment that most students have not previously encountered. The cases require students to engage with constraints, expectations, and dynamics that differ substantially from the private-sector contexts that dominate most management education. This

exposure broadens students' understanding of leadership challenges across different institutional environments.

Second, the longitudinal structure of the case set, covering more than two years of integration activity, provides exposure to the temporal dynamics of organizational change that single-case studies cannot illustrate. Students experience the way that integration unfolds over time, with the consequences of early decisions becoming visible in later cases, and with the cumulative pattern of leadership choices producing outcomes that no single decision could have generated.

Third, the cultural and geographic diversity of the case context provides exposure to leadership dynamics in a non-Western setting that broadens students' cultural awareness and sensitivity. The *musyawarah* tradition in Case 7, the relational leadership norms in eastern Indonesia, and the AKHLAK values framework all require students to engage with cultural concepts and dynamics that may be unfamiliar but are increasingly relevant in a globalized professional environment.

Fourth, the integration of strategic, financial, operational, cultural, and human capital dimensions in each case requires students to engage with management challenges that cross conventional disciplinary boundaries. Students cannot solve the cases by applying a single functional framework. They must integrate insights from multiple management disciplines, developing the cross-functional analytical capability that effective senior leadership requires.

These pedagogical features make the case set particularly valuable for advanced management education that aims to prepare students for senior leadership roles in complex organizational environments. The investment required to teach the cases effectively, including faculty preparation, supporting materials development, and class time allocation, is significant. The educational return on that investment, in terms of the analytical and leadership capabilities that the cases help to develop, justifies the investment for programs serious about preparing students for the integration leadership challenges they will encounter in their careers.

A.2 Teaching Note for Case 2: Crafting Pelindo's Post-Merger Culture Playbook

Case Overview

Case 2 examines how Pelindo's leadership team designed and implemented a post-merger cultural integration program in the period from late 2021 through 2022. The case presents the cultural integration challenge as a strategic problem rather than a soft side concern, exploring how Pelindo positioned culture as the invisible infrastructure connecting structural integration to operational performance. Participants analyze the choices the leadership team made about which legacy cultural elements to preserve, which to harmonize, and which to actively replace, and how the AKHLAK national values framework was deployed as a cultural integration platform that avoided the assimilation dynamics that often undermine post-merger cultural change.

Target Audience and Learning Objectives

The case is appropriate for executive education programs on organizational culture and change leadership, MBA courses on strategic human resource management, and doctoral seminars on organizational identity and cultural transformation. The case is most effective for participants with experience in roles where they have observed or led cultural change, who understand that cultural integration requires more than communication campaigns and values workshops.

The learning objectives include understanding the relationship between cultural integration and operational performance in post-merger contexts; analyzing the dynamics of cultural assimilation versus integration as alternative cultural change models; evaluating the design choices that distinguish effective from superficial cultural integration programs; and developing personal frameworks for leading cultural change in geographically dispersed organizations with strong legacy identities.

Required Preparation

Participants should read the case document, the Schein (2010) framework on artifacts, espoused values, and underlying assumptions, the Nahavandi and Malekzadeh (1988) acculturation framework, and the Albert and Whetten (1985) and Gioia, Schultz, and Corley (2000) work on organizational identity. Familiarity with the AKHLAK framework, available through Indonesian Ministry of State-Owned Enterprises documentation, is helpful but not essential.

Suggested Discussion Structure

The recommended ninety-minute discussion structure includes opening setup and culture diagnosis (15 minutes), analysis of the four legacy cultures (15 minutes), discussion of the AKHLAK platform design choice (20 minutes), evaluation of the integration approach versus alternatives (15 minutes), implementation challenges and mitigation strategies (15 minutes), and synthesis with attention to cross-context applicability (10 minutes).

The opening segment should establish the cultural integration challenge in the context of the merger's other integration challenges. Participants should appreciate that cultural integration was not an optional supplement to structural integration but a strategic priority on which structural integration's effectiveness depended.

The legacy cultures segment should examine the specific characteristics of the four legacy entities' cultures and the operational and organizational consequences of those cultures. Participants should resist the temptation to characterize any of the legacy cultures as superior or inferior, recognizing that each had developed in response to genuine operating context requirements.

The AKHLAK platform segment is the analytical core of the case discussion. Participants should examine why the choice of an externally mandated values framework, rather than a Pelindo-developed cultural identity, may have been strategically advantageous in this context. The discussion should connect the design choice to the social identity literature on the dynamics of merger-induced identity threat.

The integration versus alternatives segment should examine why the leadership team chose an integration approach rather than the assimilation approach that mergers in similar circumstances often default to. Participants should articulate the operational and political reasons why assimilation would have been problematic in the Pelindo context and the specific design features that made the integration approach feasible.

The implementation challenges segment should examine the obstacles that the cultural integration program encountered, including the difficulty of moving cultural change beyond artifact-level changes to deeper assumptions, the geographic complexity of consistent cultural messaging across the network, and the leadership capability requirements for sustaining cultural change beyond the initial program period.

The synthesis segment should connect the Pelindo experience to participants' own contexts, examining the conditions under which the AKHLAK-style approach would and would not be applicable in other organizational settings.

Key Analytical Frameworks

The case discussion benefits from explicit reference to several theoretical frameworks. Schein's (2010) three levels of culture framework provides the basis for understanding why most cultural change programs operate at the artifact level and produce limited deep change. The Nahavandi and Malekzadeh (1988) acculturation framework provides the categorization of cultural integration modes that the case's design choices can be assessed against. The Tajfel and Turner (1979) social identity theory provides the mechanism through which mergers create identity threat that produces resistance to cultural change. The Cartwright and Cooper (1993) distinction between content-oriented and process-oriented cultural integration provides the analytical lens for evaluating the design choices the case documents.

Supplementary Materials and Assessment

Supplementary materials include access to the AKHLAK framework documentation, the Pelindo culture playbook excerpt from the *Membangun Insan Pelindo* publication, and selected interview excerpts with Pelindo cultural integration program leaders. Assessment can be conducted through written case analysis assignments evaluating the design choices, group presentations applying the analytical frameworks to comparable cases from participants' own contexts, or examination questions testing comprehension of the theoretical frameworks introduced through the case.

A.3 Teaching Note for Case 3: Strategic Workforce Planning Under Zero-Growth Constraint

Case Overview

Case 3 examines Pelindo's strategic workforce planning challenge in the context of a no-headcount-growth constraint. The case presents the paradox that an organization expected to deliver substantial productivity and capability improvements was simultaneously constrained from expanding its workforce. Participants analyze the strategic workforce planning frameworks that the leadership team developed to address this paradox, including the redeployment, role redesign, capability development, and natural attrition mechanisms that collectively enabled productivity gains within the headcount constraint.

Target Audience and Learning Objectives

The case is most appropriate for executive education programs on strategic human resource management, workforce planning, and operational transformation. It is particularly relevant for participants from regulated industries, public-sector organizations, and SOE contexts where workforce flexibility is constrained by political, legal, or contractual factors.

Learning objectives include understanding strategic workforce planning under conditions of resource constraint; analyzing the relationship between workforce composition and operational capability; evaluating the trade-offs between short-term productivity pressures and long-term

capability development; and developing frameworks for managing workforce transitions when conventional restructuring tools are unavailable.

Suggested Discussion Structure

The recommended discussion structure for a ninety-minute session includes opening setup and the workforce paradox (10 minutes), analysis of the workforce diagnostic and capability gaps (15 minutes), the redeployment and role redesign mechanisms (20 minutes), the upskilling and capability development strategy (20 minutes), the natural attrition and selective hiring framework (15 minutes), and synthesis with attention to broader applicability (10 minutes).

The opening segment should establish the no-headcount-growth constraint and the operational performance expectations that created the workforce paradox. Participants should articulate the strategic significance of resolving this paradox, as failure would have implied either operational underperformance or political disruption.

The diagnostic segment should examine the workforce diagnostic methodology that Pelindo employed, including the role-by-role analysis of current versus required capabilities, the geographic mapping of capability gaps, and the time-phased analysis of how the workforce composition would evolve through natural attrition.

The redeployment segment should explore the specific design choices in the redeployment mechanism, including the criteria for matching individuals to opportunities, the role of personal preference versus organizational need in placement decisions, and the support mechanisms that helped redeployed individuals succeed in their new roles.

The capability development segment should examine the relationship between workforce planning and capability development. Participants should appreciate that workforce planning under headcount constraint is not just about labour allocation but about converting existing labour into capability that did not previously exist.

The natural attrition segment should examine how the leadership team used the natural turnover that occurs through retirement, voluntary departure, and other mechanisms to reshape the workforce composition over time. Participants should evaluate the discipline required to use attrition strategically rather than to fill every vacating position with a replacement.

The synthesis segment should connect the Pelindo case to participants' own contexts, examining the conditions under which strategic workforce planning under constraint is applicable.

Key Analytical Frameworks

The Cappelli (2008) framework on talent on demand provides the theoretical foundation for understanding workforce planning as a strategic capability rather than an administrative function. The Huselid, Beatty, and Becker (2005) workforce architecture framework provides the analytical lens for distinguishing strategic from support positions. The Collings and Mellahi (2009) talent management framework provides the conceptual basis for the targeted investment approach that the case illustrates.

A.4 Teaching Note for Case 4: Designing Pelindo's Integrated Quarterly Scorecard

Case Overview

Case 4 examines the design and implementation of Pelindo's integrated quarterly performance management system, which combines business KPIs with the AKHLAK behavioural framework. The case presents the performance management challenge as a governance design problem, exploring how Pelindo translated its strategic logic into operational accountability mechanisms that operated consistently across the merged organization while accommodating the genuine operational diversity of the network.

Target Audience and Learning Objectives

The case is appropriate for executive education programs on performance management, strategic execution, and organizational governance. It is particularly relevant for participants involved in performance management system design or operational leadership roles requiring accountability for both business results and behavioural standards.

Learning objectives include understanding the relationship between performance management and strategic execution; analyzing the design choices in performance management system architecture; evaluating the integration of behavioural and quantitative performance metrics; and developing frameworks for performance management in organizations with diverse operational contexts and legacy performance cultures.

Suggested Discussion Structure

The recommended ninety-minute structure includes opening setup and the performance management challenge (10 minutes), analysis of the legacy performance systems (10 minutes), the integrated scorecard architecture (25 minutes), the AKHLAK behavioural integration (20 minutes), implementation dynamics and resistance management (15 minutes), and synthesis with attention to cross-context applicability (10 minutes).

The opening segment should establish the strategic significance of performance management in post-merger contexts. Participants should appreciate that performance systems are not merely administrative tools but governance mechanisms that operationalize strategic logic.

The legacy systems segment should examine the four pre-merger performance management approaches and the consolidation challenges they presented. Participants should identify the specific dimensions on which the legacy systems differed and the consequences of those differences for cross-entity performance comparison.

The architecture segment is the analytical core of the case. Participants should examine the four-dimensional scorecard structure including financial performance, operational excellence, customer

service, and human capital and AKHLAK behaviours, and analyze why a four-dimensional rather than two- or six-dimensional architecture was selected. The discussion should connect the architecture to the Kaplan and Norton balanced scorecard tradition while identifying the specific adaptations required for the SOE post-merger context.

The AKHLAK integration segment should examine the design choices for translating values into measurable behaviours. Participants should evaluate the trade-offs between measurement specificity, which provides actionable feedback, and measurement breadth, which avoids reductive interpretation of complex behavioural standards.

The implementation segment should examine the resistance dynamics that the scorecard implementation encountered, including legacy entity resistance to unfamiliar metrics, leadership concerns about quarterly cadence intensity, and operational concerns about behavioural assessment fairness. Participants should evaluate the leadership responses to these resistance dynamics.

The synthesis segment should connect the Pelindo experience to participants' own contexts, examining the design principles that translate across contexts and those that are specific to the SOE post-merger setting.

Key Analytical Frameworks

The Kaplan and Norton balanced scorecard provides the foundational architecture that the integrated scorecard adapted. The Locke and Latham (2002) goal-setting theory provides the theoretical basis for the specific, challenging goals that the scorecard establishes. The Folger and Konovsky (1989) and Colquitt and colleagues (2001) procedural justice literature provides the framework for understanding how perceived fairness affects employee acceptance of performance management decisions.

A.5 Teaching Note for Case 5: Portaverse Academy

Case Overview

Case 5 examines the design and implementation of Portaverse Academy, Pelindo's digital learning platform that delivers capability development across the organization's national port network. The case presents the learning infrastructure challenge as a strategic infrastructure investment, exploring how Pelindo designed a platform that addressed the geographic, technological, and pedagogical complexity of post-merger capability development at national scale.

Target Audience and Learning Objectives

The case is appropriate for executive education programs on capability development, learning organization design, and digital transformation. It is particularly relevant for participants involved in learning and development leadership, digital infrastructure design, or capability transformation in geographically dispersed organizations.

Learning objectives include understanding learning infrastructure as a strategic capability; analyzing the design choices in digital learning platform architecture; evaluating the relationship between learning content quality and learning transfer climate; and developing frameworks for capability development at scale in organizations with diverse operational contexts.

Suggested Discussion Structure

The recommended ninety-minute structure includes opening setup and the learning challenge (10 minutes), analysis of capability gaps and legacy learning systems (15 minutes), the platform architecture decisions (20 minutes), the content design and curation strategy (15 minutes), the connectivity and digital literacy challenges (15 minutes), the transfer climate strategy (10 minutes), and synthesis (5 minutes).

The platform architecture segment should examine the hybrid offline-online architecture, the scalability decisions, and the integration of the platform with broader human capital systems including the integrated scorecard. Participants should evaluate why a sophisticated architecture was necessary for the Pelindo context and which design elements would or would not transfer to other contexts.

The content design segment should examine the curriculum architecture, the role of internal versus external content sources, and the localization strategy for adapting content to specific operational contexts. Participants should appreciate that content design is not separable from delivery design and that the platform's effectiveness depended on integration of these elements.

The connectivity and digital literacy segment should examine the unanticipated challenges that emerged during platform rollout and the leadership responses to those challenges. Participants should evaluate the importance of design humility and willingness to adapt as implementation generates new information.

The transfer climate segment should examine the relationship between learning investment and learning application. Participants should appreciate that platform design without attention to transfer climate produces inadequate returns regardless of content quality, and they should evaluate the specific mechanisms Pelindo deployed to strengthen transfer climate.

Key Analytical Frameworks

The Baldwin and Ford (1988) training transfer model provides the foundational framework for understanding why learning investment without transfer climate attention produces limited returns. The Kirkpatrick (1994) four-level evaluation framework provides the analytical structure for assessing learning effectiveness. The infrastructure framing of human capital, developed in this dissertation's conceptual framework, provides the strategic investment logic that justifies the platform's scale.

A.6 Teaching Note for Case 6: Designing Job Grading and Pay Architecture

Case Overview

Case 6 examines the design of Pelindo's unified job architecture, focusing on the harmonization of four legacy job grading systems into a unified framework. Pelindo I, II, III, and IV had each developed distinct grading ranges (Pelindo I: 1 to 20; Pelindo II: 1 to 16; Pelindo III: 1 to 18; Pelindo IV: 1 to 20), and the merged framework established 17 unified classes from level 6 to level 23 (PT Pelabuhan Indonesia, 2024). The case opens with the payslip incident, in which deputy managers from different regions discovered substantial pay disparities for ostensibly comparable roles, generating an immediate crisis that the leadership team had to address while simultaneously developing the long-term job architecture solution.

Target Audience and Learning Objectives

The case is appropriate for executive education programs on compensation strategy, job architecture design, and integration management. It is particularly relevant for HR leaders, compensation managers, and senior leaders involved in post-merger integration.

Learning objectives include understanding job architecture as governance infrastructure; analyzing the technical and political dynamics of compensation harmonization; evaluating the trade-offs between speed and procedural fairness in pay equity decisions; and developing frameworks for managing compensation transitions in politically constrained contexts.

Suggested Discussion Structure

The recommended ninety-minute structure includes opening setup and the payslip incident (10 minutes), analysis of the legacy job architecture chaos (15 minutes), the immediate crisis response (15 minutes), the longer-term architecture design (25 minutes), the implementation and rollout dynamics (15 minutes), and synthesis (10 minutes).

The opening segment should establish the visceral employee experience of the payslip incident and the urgency it created for management response. Participants should appreciate that compensation issues generate emotional and political dynamics that require leadership attention beyond the technical compensation design itself.

The crisis response segment should examine the specific leadership response to the payslip incident and evaluate it against alternative responses that might have been chosen. Participants should appreciate the importance of acknowledgement, transparency, and credible commitment in crisis management.

The architecture design segment is the analytical core of the case. Participants should examine the multi-dimensional design challenge including the establishment of a common job evaluation methodology, the consolidation of job titles into a coherent classification structure, the alignment of pay ranges to the new structure, and the management of the transition from legacy to new pay levels for individual employees. The discussion should connect the design choices to the Milkovich, Newman, and Gerhart (2014) compensation management framework and the Adams (1965) equity theory.

The implementation segment should examine the rollout sequence, the communication strategy, the appeals and exceptions process, and the union engagement throughout implementation. Participants should evaluate the leadership team's management of the standardization-adaptation tension that the geographically diverse network created.

Key Analytical Frameworks

The Milkovich, Newman, and Gerhart (2014) compensation management framework provides the technical foundation for job architecture design. The Adams (1965) equity theory provides the psychological foundation for understanding employee responses to pay decisions. The Folger and Konovsky (1989) procedural justice framework provides the basis for analyzing the design choices in the rollout and exceptions processes.

A.7 Teaching Note for Case 7: Negotiating the 2023 Collective Labour Agreement

Case Overview

Case 7 examines the negotiation of Pelindo's 2023 national collective labour agreement, which consolidated the four legacy collective bargaining arrangements into a single agreement covering the merged organization's 25,000 employees. The case presents the PKB negotiation as the formal codification of the social contract that the integration program had been constructing since the merger date, and it examines the trust architecture investments that made achievement of the agreement possible without industrial disruption.

Target Audience and Learning Objectives

The case is appropriate for executive education programs on industrial relations, negotiation, and stakeholder management in transformation contexts. It is particularly relevant for senior leaders responsible for labour relations or for participants from sectors where collective bargaining is institutionally significant.

Learning objectives include understanding industrial relations as strategic integration work; analyzing the dynamics of trust building between management and labour during organizational transformation; evaluating the procedural design choices in collective bargaining; and developing frameworks for managing labour relations in politically constrained contexts.

Suggested Discussion Structure

The recommended ninety-minute structure includes opening setup and labour relations context (10 minutes), analysis of the pre-negotiation trust building (20 minutes), the negotiation structure and process design (20 minutes), the substantive bargaining issues (15 minutes), the agreement and post-negotiation implementation (15 minutes), and synthesis (10 minutes).

The pre-negotiation segment should examine the relationship investments that the leadership team made between October 2021 and the formal negotiation, including the regular consultation meetings, the inclusion of union leaders in specific integration decisions, and the personal relationships that the CEO and CHRO developed with union federation leaders. Participants should evaluate why these investments mattered for the eventual negotiation outcome.

The structure and process segment should examine the negotiation architecture, including the negotiation team composition, the bargaining schedule, the regional consultation rounds, and the role of musyawarah deliberation traditions in the negotiation process. Participants should appreciate the cultural specificity of Indonesian negotiation traditions while extracting principles that may apply more broadly.

The substantive bargaining segment should examine the specific issues addressed in the negotiation including wages, allowances, working conditions, mobility provisions, and dispute resolution mechanisms. Participants should evaluate the trade-offs that the negotiation resolved and the outstanding tensions that remained for future bargaining cycles.

The agreement and implementation segment should examine the formal agreement provisions and the early implementation dynamics. Participants should appreciate that the quality of an agreement is determined by its implementation rather than by its drafting, and they should evaluate the implementation arrangements that the parties established.

Key Analytical Frameworks

The Flanders (1970) and Fox (1974) pluralist framework provides the philosophical foundation for the partnership-oriented approach the case documents. The Gall (2010) work on collective bargaining in restructuring contexts provides the comparative framework for understanding the Pelindo negotiation in international context. The Mayer, Davis, and Schoorman (1995) trust framework provides the analytical lens for assessing the trust dynamics in the negotiation.

A.8 Teaching Note for Case 8: Building a National Maritime Talent Pool

Case Overview

Case 8 examines the design of Pelindo's national maritime leadership pipeline, focusing on the construction of leadership development infrastructure capable of sustaining the integration program's gains beyond the immediate post-merger period. The case presents the leadership development challenge as the institutionalization mechanism for the entire integration program, exploring how Pelindo translated the immediate leadership requirements of integration into a longer-term capability development framework.

Target Audience and Learning Objectives

The case is appropriate for executive education programs on leadership development, succession management, and organizational capability building. It is particularly relevant for senior leaders responsible for talent management or for participants from organizations facing leadership pipeline challenges in the context of major transformations.

Learning objectives include understanding leadership development as strategic infrastructure; analyzing the design choices in leadership pipeline architecture; evaluating the relationship between current leadership requirements and longer-term capability development; and developing frameworks for leadership development in geographically dispersed organizations with diverse operational contexts.

Suggested Discussion Structure

The recommended ninety-minute structure includes opening setup and the leadership pipeline challenge (10 minutes), analysis of the legacy leadership systems (10 minutes), the pipeline

architecture design (25 minutes), the development pathway design (20 minutes), the integration with broader human capital systems (15 minutes), and synthesis (10 minutes).

The pipeline architecture segment should examine the multi-tier design including the early-career identification, the mid-career development, and the senior succession components. Participants should appreciate the integration of these tiers into a coherent system rather than as separate programs.

The development pathway segment should examine the specific development experiences that the program provides, including cross-regional rotations, stretch assignments, formal learning, and coaching support. Participants should evaluate the design choices that distinguish the Pelindo approach from generic leadership development frameworks.

The integration segment should examine the relationships between the leadership pipeline program and other human capital systems including the integrated scorecard, Portaverse Academy, and the PKB. Participants should appreciate that effective leadership development requires integration with the broader human capital architecture.

Key Analytical Frameworks

The Day (2001) distinction between leader development and leadership development provides the conceptual foundation for understanding the case's strategic significance. The Silzer and Church (2009) talent management framework provides the analytical structure for evaluating the program's components. The Collings and Mellahi (2009) strategic talent management framework provides the integration logic that connects leadership development to broader organizational performance.

APPENDIX B: THE PELINDO INTEGRATION PROGRAM ARCHITECTURE

This appendix provides additional documentation of the integration program architecture, including the formal governance structure, the program management approach, and the relationship between the eight cases analyzed in this dissertation and the broader integration program activities that fall outside the scope of the cases.

B.1 Integration Governance Structure

The integration program was governed by a multi-tier structure that combined board-level oversight with operational implementation responsibility. The board of directors of PT Pelabuhan Indonesia (Persero) provided overall governance for the integration, reviewing major design decisions and approving substantial investment commitments. The CEO chaired an Integration Steering Committee that included all members of the Executive Committee and met monthly throughout the integration period to coordinate cross-functional integration work and address emerging issues that required senior leadership attention.

A Human Capital Integration Task Force, reporting to the CHRO, coordinated the operational integration work documented in the cases. The Task Force included representatives from each of the four legacy entities, ensuring that legacy perspectives were represented in integration decisions. It included specialist sub-teams for each of the major integration domains including job architecture, performance management, learning development, and labour relations. The Task Force maintained a detailed integration program plan that tracked the milestones, dependencies, and risks across all integration workstreams.

The integration program also relied on external advisory support for specialized expertise. International consulting firms provided technical advice on job architecture design and compensation harmonization. Indonesian legal advisors provided counsel on labour law compliance and PKB negotiation. The expertise from these advisors was integrated with the

internal capability of the Human Capital Integration Task Force, creating a hybrid model that combined specialist expertise with deep organizational knowledge.

B.2 Integration Program Management Approach

The integration program was managed using a hybrid approach that combined formal program management discipline with the flexibility required for an integration of this complexity. Major workstreams, including those documented in the eight cases, were managed as discrete projects with defined scope, milestones, and deliverables. Cross-workstream dependencies were tracked through an integrated program plan that highlighted where decisions in one workstream affected the timing or content of decisions in others.

The program management approach also recognized that integration work cannot be fully planned in advance. Specific challenges emerged that required ad hoc responses, including the payslip incident documented in Case 6, the operational disruptions in eastern ports during the early integration period, and the emerging digital literacy gaps in the Portaverse Academy rollout documented in Case 5. The program management approach provided structured responses to these emergent challenges through dedicated working groups that addressed specific issues without disrupting the broader program timeline.

The program reporting cadence included monthly Steering Committee reviews, quarterly board reviews, and annual program reviews that assessed overall integration progress against the original integration plan. These review cadences provided structured opportunities for course correction and ensured that integration progress remained visible to the senior leadership and governance bodies.

B.3 Relationship Between Cases and Broader Program

The eight cases analyzed in this dissertation are illustrative of the most consequential leadership episodes during the integration period, but they do not constitute the entirety of the integration program activity. Many integration workstreams that fall outside the case set, including the IT systems consolidation, the financial systems integration, the procurement consolidation, and the operational standard operating procedure harmonization, contributed substantially to the integration's overall outcomes.

The case selection reflects the human capital focus of this dissertation. The cases examine leadership decisions where human capital considerations were central to the integration challenge. Other integration workstreams that were less directly tied to human capital are referenced in the case narratives where they provide important context but are not analyzed in detail.

This selection logic reflects the dissertation's research questions and theoretical contributions. The findings articulated in Chapter 6 are grounded specifically in the human capital integration evidence, and the cross-case framework presented there is intended to apply to the human capital dimensions of integration leadership rather than to the entirety of integration program management.

APPENDIX C: AKHLAK FRAMEWORK AND BEHAVIOURAL SPECIFICATIONS

This appendix provides documentation of the AKHLAK national values framework and its specific application within the Pelindo performance management system. The AKHLAK framework was promulgated by the Indonesian Ministry of State-Owned Enterprises in 2020 as a unified values framework for all Indonesian SOEs.

C.1 The AKHLAK Acronym and Value Definitions

AKHLAK is an Indonesian-language acronym for six values: Amanah, meaning trustworthiness or commitment to obligations; Kompeten, meaning competence; Harmonis, meaning harmony; Loyal, meaning loyalty; Adaptif, meaning adaptability; and Kolaboratif, meaning collaborativeness. The framework was designed to provide a common values vocabulary across Indonesia's diverse SOE sector while accommodating the specific operational and cultural contexts of individual enterprises.

The Amanah value emphasizes the integrity, reliability, and ethical commitment expected of SOE employees. It draws on the broader Indonesian cultural and religious tradition that treats trustworthiness as a foundational character requirement. In organizational contexts, Amanah is operationalized as commitment to keeping commitments, fulfilling obligations, and maintaining ethical standards in all professional interactions.

The Kompeten value emphasizes professional capability and continuous development. It recognizes that effective performance requires not only good intentions but also the technical and professional skills necessary to deliver against organizational expectations. In the Pelindo performance management system, Kompeten is assessed both through technical performance against role-specific expectations and through development indicators that track ongoing capability building.

The Harmonis value emphasizes constructive relationships with colleagues, customers, and broader stakeholders. It recognizes that organizational performance depends on cooperative relationships and that conflict and confrontation, while sometimes unavoidable, should be managed in ways that preserve relational capital. In Indonesian cultural context, Harmonis carries specific weight because of the high cultural value placed on social harmony.

The Loyal value emphasizes commitment to the organization and its mission. It is the value most often misinterpreted by external observers, who may read it as suggesting unconditional obedience to organizational authority. In the AKHLAK framework, Loyal is closer to professional commitment, demonstrated through reliable performance, support for organizational priorities, and willingness to sustain effort through difficult periods.

The Adaptif value emphasizes flexibility and responsiveness to changing circumstances. It recognizes that organizational environments are increasingly volatile and that employees need to be able to adjust to new requirements, technologies, and contexts. The Adaptif value provides the cultural foundation for the continuous learning and capability development emphasis in the Pelindo human capital strategy.

The Kolaboratif value emphasizes cooperative working with colleagues across organizational boundaries. It recognizes that complex organizational challenges require coordinated action across functional, geographic, and hierarchical boundaries, and that the capability to work collaboratively is therefore a core organizational requirement.

C.2 Behavioural Specifications in the Pelindo Scorecard

For application in the integrated quarterly scorecard, each AKHLAK value was operationalized through specific behavioural indicators that managers could observe and assess. The behavioural specifications were developed through consultation with leaders from each of the legacy entities,

ensuring that the indicators reflected diverse operational contexts rather than the experience of any single entity.

For Amanah, the behavioural indicators include keeping commitments to colleagues and stakeholders, transparency about challenges and limitations, ethical conduct in all professional interactions, and reliability in delivery against agreed expectations. The indicators are designed to be observable in routine professional interactions rather than requiring exceptional moments to demonstrate.

For Kompeten, the indicators include demonstrated technical performance against role expectations, active engagement with development opportunities, application of new capabilities in operational contexts, and contribution to the development of colleagues' capabilities. The indicators recognize that competence is both an individual attribute and a contribution to collective capability building.

For Harmonis, the indicators include constructive engagement with colleagues, respect for diverse perspectives, contribution to team cohesion, and constructive management of disagreements. The indicators distinguish active contribution to harmony from passive avoidance of conflict, recognizing that genuine harmony requires engaged contribution rather than disengagement.

For Loyal, the indicators include sustained commitment through difficult periods, support for organizational priorities even when personally inconvenient, defense of the organization in external contexts, and consistent performance in routine periods. The indicators specifically distinguish loyalty from obedience, recognizing that genuine loyalty includes constructive challenge of decisions when warranted.

For Adaptif, the indicators include responsiveness to changing requirements, willingness to develop new capabilities, openness to new approaches, and resilience under pressure. The indicators recognize that adaptability is both a cognitive and an emotional capability.

For Kolaboratif, the indicators include cross-functional cooperation, generosity with information and expertise, support for colleagues' success, and willingness to contribute to team and organizational efforts beyond individual responsibility scope. The indicators emphasize active contribution to collaborative outcomes rather than mere absence of obstruction.

C.3 Assessment Process and Calibration

The AKHLAK behavioural assessment was integrated with the broader performance management process through the quarterly review cycle. Direct managers conducted the primary assessment based on their observations during the review period, drawing on specific examples to support their ratings. The assessments were calibrated through review processes at the unit, regional, and corporate levels to ensure consistency across different managers' assessment standards.

The calibration processes were particularly important during the early implementation period, when different managers brought different prior assessment traditions from their legacy entities. Calibration meetings provided opportunities for managers to discuss specific cases and develop shared standards. The process built shared understanding of the AKHLAK framework while honoring the diversity of contexts in which the values needed to be applied.

The integration of AKHLAK assessment with the business performance dimensions of the scorecard was designed to ensure that behavioural and business performance were considered jointly rather than as separate evaluation dimensions. Strong business performance combined with weak AKHLAK performance was treated as a development opportunity rather than as adequate overall performance, recognizing that sustainable performance requires both dimensions to be addressed.

APPENDIX D: PORTAVERSE ACADEMY ARCHITECTURE AND CURRICULUM

This appendix provides additional documentation of the Portaverse Academy platform architecture and curriculum, expanding the description provided in Case 5 with technical and pedagogical detail relevant to scholarly and practitioner readers interested in the design of national-scale learning infrastructure.

D.1 Platform Technical Architecture

The Portaverse Academy platform was built on a hybrid cloud architecture that combined centralized content management with distributed delivery capability. The core content management system was hosted in a primary cloud environment, providing the centralized storage, versioning, and access control that consistent national delivery required. The delivery layer extended to local infrastructure at port locations through a content distribution network that enabled offline access where connectivity was unreliable.

The technical architecture supported multiple device types including desktop computers, tablets, and smartphones. The mobile-first design recognized that many operational employees would access learning content primarily through mobile devices, often during downtime in operational contexts. The platform's responsive design ensured that the user experience was optimized for the device type rather than requiring users to adapt to a desktop-oriented interface on their mobile devices.

The platform's authentication system was integrated with the broader Pelindo HR information systems, ensuring that users could be identified consistently across the digital environment and that their learning activities could be linked to their broader human capital records. This integration enabled the linking of learning to performance management discussed in Case 4 and supported the analytics that informed leadership decisions about learning effectiveness.

The platform's analytics capability tracked detailed usage data including content access patterns, completion rates, assessment performance, and time spent on different content elements. The analytics enabled continuous improvement of content and design based on actual usage patterns rather than assumptions about user behaviour.

D.2 Curriculum Architecture

The Portaverse Academy curriculum was organized around three primary tracks: technical capability development, leadership development, and AKHLAK behavioural development. Each track included foundational modules suitable for all employees, role-specific modules tailored to particular functional or operational areas, and advanced modules for employees in development pathways toward specific career objectives.

The technical capability track included content for crane operators, terminal supervisors, vessel planners, yard managers, and other operational roles. Content was developed in partnership with technical experts from across the four legacy entities, capturing the operational knowledge that had developed in different regional contexts. The content was designed to provide consistent operational standards while preserving the practical wisdom that distinguished excellent operational practice in different contexts.

The leadership development track was organized around the leadership development pathway documented in Case 8. Foundational leadership content was made available to all employees who showed leadership potential, providing common grounding in the Pelindo leadership framework. More advanced content was made available selectively to employees in formal development pathways, including the cross-regional rotation programs and senior leadership preparation tracks.

The AKHLAK behavioural development track provided content addressing each of the six AKHLAK values with practical examples and application guidance. The content was designed to translate the values from abstract principles to concrete behavioural choices in routine professional

situations. The content was particularly valuable for employees who lacked the prior experience or organizational context to interpret the AKHLAK framework intuitively.

D.3 Pedagogical Design Principles

The Portaverse Academy adopted pedagogical principles drawn from contemporary adult learning research while adapting them to the specific operational context of port operations. The principles included the use of microlearning units with concrete application focus, the integration of formal learning with practical application requirements, the use of social learning features that enabled peer-to-peer knowledge sharing, and the deliberate design of assessment as a learning activity rather than a separate evaluation event.

The microlearning approach broke complex topics into focused fifteen to twenty-minute modules that could be completed during natural breaks in operational work. This approach addressed the time constraint that operational employees faced and aligned with attention research showing that shorter focused learning sessions produce better retention than longer continuous sessions.

The integration of formal learning with practical application was operationalized through the application protocols that accompanied each module. Learners were required to complete specific application activities in their work contexts within a defined period after module completion, with their completion reviewed by their managers. This integration moved learning from a separate event to an embedded feature of operational work.

The social learning features included discussion forums where learners could share their experiences applying learning content, knowledge sharing platforms where experienced employees could contribute insights to specific topics, and community recognition mechanisms that highlighted contributions to peer learning. These features recognized that much organizational learning occurs through social interaction rather than through individual content consumption.

The assessment design used formative assessment that provided immediate feedback on learners' understanding rather than summative assessment that ranked or rated learners. This pedagogical choice reflected the development emphasis of the platform and avoided the test anxiety that summative assessment can produce, particularly among employees with limited recent formal education experience.

D.4 Learning Effectiveness Measurement

The platform's effectiveness was measured at multiple levels consistent with the Kirkpatrick (1994) four-level framework. Reaction measures captured learners' immediate satisfaction with content and delivery, providing rapid feedback for continuous improvement. Learning measures captured demonstrated knowledge acquisition through formative assessments built into modules. Behaviour measures captured changes in workplace performance through manager assessments and self-reports of behavioural change. Results measures captured the operational performance improvements that learning was designed to produce, including specific metrics in the integrated scorecard.

The platform's effectiveness measurement was integrated with the broader performance management process through the quarterly scorecard review. Manager assessments of behavioural change and operational performance improvement were captured through the scorecard process, ensuring that learning effectiveness was assessed in the context of overall performance rather than as a separate evaluation dimension.

The measurement approach revealed both successes and limitations in the platform's effectiveness. Reaction and learning measures were generally strong, with high satisfaction ratings and good knowledge acquisition. Behaviour and results measures were more variable, with significant variation across operational contexts. The variation correlated strongly with the transfer climate factors discussed in Case 5, providing empirical confirmation of the importance of organizational context for learning effectiveness.

APPENDIX E: PKB ARCHITECTURE AND NEGOTIATION STRUCTURE

This appendix provides additional documentation of the 2023 PKB negotiation structure and substantive terms, expanding the description provided in Case 7 with detail relevant to readers interested in collective bargaining design and outcomes.

E.1 Pre-Negotiation Architecture

The 2023 PKB negotiation was preceded by extensive preparation activities beginning in mid-2022. These activities included a comprehensive review of the four legacy collective labour agreements to identify the specific provisions requiring harmonization, a benchmarking analysis of comparable PKB arrangements in other major Indonesian SOEs and large Indonesian corporations, and a series of consultative meetings with the four major union federations to identify their priorities for the negotiation.

The pre-negotiation activities also included internal alignment within management about the parameters that would govern the negotiation. The CEO and CHRO led an internal process that established the financial envelope within which the negotiation could conclude, the substantive priorities that management would advance, and the boundaries beyond which management would not concede. This internal alignment was essential for negotiating coherently when the formal negotiation began.

The selection of the negotiation team for both management and labour reflected careful consideration of the dynamics that would shape the negotiation. The management team included the CHRO as lead negotiator, the heads of legal affairs and labour relations functions, and representatives from operational leadership who could speak to the practical implications of proposed terms. The labour team included representatives from each of the four major union federations, with internal protocols for resolving differences within the labour delegation before bringing positions to the formal negotiation.

E.2 Negotiation Process Design

The formal negotiation followed a structured process that drew on Indonesian deliberation traditions while accommodating the specific scale and complexity of the Pelindo context. The process included plenary sessions where major positions and proposals were presented, working group sessions where specific provisions were drafted and refined, technical sessions where expert advisors addressed specialized topics including pension calculations and overtime formulas, and breakout sessions where the parties caucused internally before returning to negotiations.

The musyawarah principle that governed the deliberation involved a deliberate orientation toward consensus rather than majority decision. When parties disagreed on specific provisions, the negotiation process emphasized finding formulations that addressed both parties' underlying concerns rather than forcing resolution through positional bargaining. This deliberative orientation extended the negotiation timeline but produced agreement provisions that the parties supported substantively rather than reluctantly accepted.

The negotiation also incorporated regional consultation rounds in which each regional cluster's management team met with local union representatives to confirm that the emerging national agreement reflected regional priorities and concerns. These consultations served two purposes. They ensured that the national negotiation table represented genuine regional priorities rather than a Jakarta-centric perspective. They also provided regional union leaders with ownership in the negotiation process, increasing the likelihood that the eventual agreement would be received as legitimate at the regional level rather than as a national imposition.

E.3 Substantive Terms

The 2023 PKB addressed the full range of employment terms governing the merged organization's workforce. The substantive provisions covered base wages and salary structures, allowances and supplementary payments, overtime and shift arrangements, leave entitlements, benefits and

protections, mobility and assignment provisions, performance management linkages, dispute resolution mechanisms, and the procedural framework for future bargaining cycles.

The wage and salary provisions established the unified pay structure documented in Case 6, codifying the harmonized job grading framework that had emerged from the Phase 2 work. The provisions included specific protections for employees whose legacy pay levels were higher than the new framework, ensuring that the no-pay-cuts commitment was maintained even as the new structure became the future basis for compensation decisions.

The allowance provisions addressed the harmonization of various supplementary payments that had varied substantially across legacy entities. The harmonization process distinguished allowances that would be standardized at uniform levels nationally from those that would continue to vary based on legitimate cost-of-living or operational context differences.

The overtime and shift provisions addressed one of the most operationally significant aspects of the agreement. Port operations require continuous staffing across multiple shifts, and the rules governing overtime, shift differentials, and rest periods directly affect both operational flexibility and employee work-life balance. The provisions struck a balance between operational flexibility and employee protection that required substantial deliberation during the negotiation.

The mobility and assignment provisions addressed the new requirement created by the merger for employees to potentially work in different regional clusters than the one in which they were originally hired. The provisions established procedures for mobility decisions that respected both organizational requirements and employee preferences, with specific protections against involuntary mobility for employees with family or community circumstances that made relocation particularly difficult.

The performance management linkages connected the PKB to the integrated quarterly scorecard documented in Case 4. The provisions addressed how performance management decisions, including incentive payments and development opportunities, would be governed under the unified

framework. The provisions provided for union consultation on performance management system changes that affected employee compensation or career development.

The dispute resolution mechanisms established a multi-tier process for addressing employment disputes that emerged under the agreement. The mechanisms included direct discussion between the parties, mediated discussion with internal facilitation, and external mediation or arbitration for unresolved disputes. The dispute resolution provisions reflected the parties' shared interest in resolving disputes constructively rather than through escalation.

E.4 Implementation Architecture

The implementation of the 2023 PKB required substantial administrative work in the months following its execution. The new pay structures needed to be implemented in payroll systems, the new allowance arrangements needed to be operationalized, and the new dispute resolution mechanisms needed to be communicated and made available to employees and union representatives.

The implementation also required ongoing dialogue between management and union representatives about the practical interpretation of agreement provisions in specific situations. Some provisions that had appeared clear during negotiation revealed ambiguities when applied to specific operational circumstances. The parties addressed these implementation issues through the consultative mechanisms that the agreement established, generally reaching resolution without escalation.

The implementation experience confirmed that the quality of an agreement is determined substantially by its implementation rather than by its drafting. The trust capital that the parties had built during the integration period and the negotiation itself was tested during implementation. The continued willingness of both parties to engage constructively when implementation issues emerged provided evidence that the agreement reflected a genuine social contract rather than a contested legal text.

APPENDIX F: EXTENDED CASE-BY-CASE LEADERSHIP DECISION ANALYSIS

This appendix presents an extended analysis of the most consequential leadership decisions documented in each of the eight cases, examining the decision context, the alternatives considered, the choice made, the implementation approach, and the consequences observed. The analysis is intended to provide additional empirical detail beyond the case narratives in Chapter 5 and to support the cross-case findings articulated in Chapter 6.

F.1 Case 1 Leadership Decisions

The most consequential decision documented in Case 1 was the decision to invest in trust building before pursuing structural harmonization. This decision was made in the immediate post-merger period, when many integration playbooks would have prescribed rapid structural action to capitalize on the change momentum that the merger had generated. The decision to delay structural action while building the trust foundation was contrary to conventional integration wisdom and required deliberate justification within the leadership team.

The alternatives considered included a rapid structural integration approach in which job titles, organization charts, and reporting relationships would have been harmonized within the first hundred days; a phased structural integration approach that would have prioritized administrative consolidation while deferring more disruptive changes; and the trust-first approach that was eventually adopted. The trust-first approach was selected based on the leadership team's assessment that the political and operational risks of rapid structural action exceeded the benefits, given the workforce anxiety the merger had already generated.

The implementation of the trust-first approach involved the CEO's roadshow to regional union leaders, the explicit no-layoffs and no-income-reduction commitment, and the deliberate signal that operational continuity was the immediate priority rather than structural change. The implementation also involved coordinating with the Ministry of State-Owned Enterprises to ensure

that the political stakeholders understood and supported the trust-first sequencing, which required adjusting expectations about the visible structural changes that political audiences might have expected to see in the early integration period.

The consequences of the trust-first decision were substantial and largely positive. Employee turnover during the early integration period was lower than comparable benchmarks would have predicted. Union relations were maintained at a constructive level throughout the integration. The political legitimacy of the integration program was sustained even as visible structural changes were deferred. The decision created a foundation that subsequent integration phases could build upon.

The decision also had costs that should be acknowledged. The deferral of structural harmonization extended the period of organizational ambiguity, during which employees could not be certain about their long-term roles, reporting relationships, or compensation arrangements. This ambiguity itself generated anxiety, even as the trust-building activities reduced anxiety from other sources. The trade-off between trust building and structural certainty was not eliminated by the trust-first decision but was managed in a way that the leadership team judged optimal given the specific context.

F.2 Case 2 Leadership Decisions

The most consequential decision documented in Case 2 was the decision to use the AKHLAK national values framework as the cultural integration platform rather than developing a Pelindo-specific cultural identity. This decision was made in the early integration period, when the cultural integration challenge was being formulated and the design choices for cultural change were being articulated.

The alternatives considered included developing a Pelindo-specific cultural identity through a cultural design process that would have produced values, behaviours, and symbols specific to the merged organization; adopting one of the legacy entity cultures, most likely Pelindo II's culture

given its commercial orientation, as the dominant culture of the merged organization; and adopting the AKHLAK framework as the cultural platform with Pelindo-specific behavioural specifications. The AKHLAK approach was selected based on the leadership team's assessment that an externally referenced framework would reduce the identity threat dynamics that any internal choice would have generated.

The strategic logic of the AKHLAK choice was that it positioned the cultural integration as adoption of a national framework rather than as either creation of something new or imposition of one legacy culture on others. This positioning had specific advantages. It avoided the assimilation dynamics that would have generated resistance from the absorbed entities. It avoided the development cost and timeline of creating a Pelindo-specific framework. It connected the cultural integration to the broader national agenda that the merger itself reflected, providing political and ideological reinforcement for the cultural change effort.

The implementation of the AKHLAK approach involved the development of Pelindo-specific behavioural specifications for each of the six AKHLAK values, the integration of AKHLAK assessment into the performance management system documented in Case 4, the use of AKHLAK as the values vocabulary in leadership communication and development activities, and the visible incorporation of AKHLAK symbols and references in the physical and digital environments of Pelindo workplaces.

The consequences of the AKHLAK decision were generally positive but include some unresolved tensions. The framework provided a shared cultural vocabulary that operated across the network. It avoided the assimilation dynamics that would have undermined cultural integration. It connected cultural change to broader institutional reinforcement. The unresolved tensions include the risk that the externally referenced framework remained somewhat abstract for employees, the challenge of operationalizing values that were defined at a high level of abstraction, and the question of whether the cultural integration moved beyond artifact and espoused values to deeper assumption changes.

F.3 Case 3 Leadership Decisions

The most consequential decision documented in Case 3 was the decision to commit to productivity-led performance improvement under the no-headcount-growth constraint rather than seeking to relax the constraint through external advocacy. This decision was made in the early integration period when the operational performance expectations were being articulated and the workforce strategy was being formulated.

The alternatives considered included advocating for headcount expansion to support the operational performance expectations, accepting reduced operational performance expectations to fit the headcount constraint, and committing to productivity-led performance improvement through workforce optimization. The productivity-led approach was selected based on the leadership team's assessment that the headcount constraint reflected genuine political and fiscal realities that were unlikely to be relaxed and that the productivity-led approach was both feasible and strategically advantageous.

The strategic logic of the productivity-led approach was that converting the headcount constraint into a productivity opportunity created stronger incentives for capability investment and operational discipline than would have existed under unconstrained workforce expansion. The constraint forced the organization to extract genuine productivity gains rather than to mask operational inefficiency through additional staffing. The constraint also aligned with the broader integration logic of the merger, which was premised on extracting efficiency gains from consolidated scale rather than on additional resource investment.

The implementation of the productivity-led approach involved the workforce diagnostic methodology that identified the specific capability gaps and surplus capacity across the network, the redeployment mechanisms that matched individuals to opportunities, the capability development infrastructure that addressed the skills gaps, and the performance management framework that created accountability for productivity improvement. The implementation also involved continuous communication about the rationale for the productivity-led approach to maintain organizational support throughout the integration period.

The consequences of the productivity-led decision were largely positive. Operational productivity improvements at flagship terminals during the integration period exceeded the targets that had been set at merger date. The workforce maintained employment stability throughout the period. The investment in capability development that the productivity-led approach required produced organizational capability that extended beyond the immediate productivity goals. The unresolved tensions include the question of whether the productivity gains were sustainable beyond the heightened attention of the integration period and whether the no-headcount-growth constraint would remain appropriate as the organization's strategic context evolved.

F.4 Case 4 Leadership Decisions

The most consequential decision documented in Case 4 was the decision to integrate AKHLAK behavioural assessment with quantitative business performance metrics in a single quarterly scorecard rather than maintaining separate evaluation processes for behavioural and business performance. This decision was made during the design phase of the performance management system in late 2021 and early 2022.

The alternatives considered included a separate annual values assessment process that would have operated independently of the quarterly business performance review; a quarterly behavioural assessment that would have operated as a parallel process to the business performance review; and the integrated quarterly scorecard that combined business and behavioural assessment in a single review process. The integrated approach was selected based on the leadership team's assessment that integration would reinforce the connection between values and performance and would prevent the marginalization of behavioural assessment that often occurs when it is conducted separately from business performance review.

The strategic logic of the integrated approach was that values without performance integration become decorative rather than operational. Employees and managers naturally focus on the metrics that determine compensation, promotion, and recognition outcomes. By integrating behavioural

assessment with these consequential outcomes, the integrated scorecard ensured that AKHLAK behaviours were consequential rather than aspirational. The integration also avoided the appearance of contradiction that would have emerged if behavioural and business performance had been managed separately.

The implementation of the integrated approach involved the technical design of the scorecard structure including the four-dimensional architecture, the development of specific behavioural indicators for each AKHLAK value, the calibration processes that ensured assessment consistency across different managers, and the connection of scorecard outcomes to compensation and development decisions. The implementation also involved substantial communication and training to develop manager capability to conduct integrated reviews effectively.

The consequences of the integrated decision were positive but variable across the organization. In contexts where managers fully embraced the integrated approach, the scorecard produced rich performance dialogue that addressed both business outcomes and the behavioural patterns that produced those outcomes. In contexts where managers treated the behavioural component as a compliance requirement rather than a substantive assessment, the integration produced documentation rather than insight. The variability in implementation quality reinforces the leadership amplification finding articulated in Chapter 6.

F.5 Case 5 Leadership Decisions

The most consequential decision documented in Case 5 was the decision to design Portaverse Academy as a hybrid offline-online platform with substantial investment in connectivity and digital literacy infrastructure rather than as a purely online platform. This decision was made during the platform design phase in 2022.

The alternatives considered included a purely online platform that would have provided the lowest cost and most functionally rich design but would have excluded employees in poorly connected locations; a face-to-face delivery model that would have ensured access but would have been

impractical at the scale across the unified national port network; and the hybrid model that combined online delivery for connected locations with offline-capable delivery for poorly connected locations and supplementary face-to-face support for locations requiring digital literacy development.

The strategic logic of the hybrid approach was that learning equity across the network was a strategic priority that justified the additional cost and complexity of the hybrid design. A platform that excluded employees in poorly connected eastern ports would have institutionalized rather than addressed the capability inequity that the integration was intended to overcome. The hybrid approach made universal access a design principle rather than an aspiration, accepting the cost implications as the price of equity.

The implementation of the hybrid approach involved the technical architecture decisions documented in the case, the deployment of physical infrastructure including tablet devices and local servers in poorly connected locations, the development of the foundational digital literacy curriculum, and the operational support that was required to sustain the platform across the diverse delivery contexts.

The consequences of the hybrid decision were substantial and largely consistent with the design intent. Platform access reached employees in locations that would have been excluded from a purely online platform. Digital literacy improved across the workforce, particularly in the eastern ports where it had been most limited. The platform operated as a genuine national learning infrastructure rather than as a service that systematically advantaged employees in well-connected locations.

F.6 Case 6 Leadership Decisions

The most consequential decision documented in Case 6 was the decision to address the payslip incident through transparent acknowledgement and a credible commitment to systematic harmonization rather than through defensive justification of legacy differences or panic-driven

rapid equalization. This decision was made within days of the incident's emergence in October 2021.

The alternatives considered included a defensive response that would have justified the legacy pay differences as appropriate to the historical bargaining processes that had produced them; a panic response that would have committed to rapid pay equalization without a credible process to deliver it; and the transparent acknowledgement and credible process commitment that was eventually adopted.

The strategic logic of the transparent acknowledgement approach was that the payslip incident represented an early test of management's commitment to procedural fairness in the integration. A defensive response would have signaled that management was prepared to defend inequities when challenged, undermining trust and creating expectations that subsequent integration decisions would similarly favour incumbent advantage. A panic response would have created expectations that could not be met within available financial and procedural constraints, leading to disappointment and trust erosion when the eventual reality fell short of the panic commitment. The transparent acknowledgement approach preserved the trust foundation while creating a credible expectation about the timeline and process for substantive resolution.

The implementation of the transparent acknowledgement approach involved senior leadership communication about the incident and management's commitment to address it, the establishment of the job architecture project that would provide the systematic harmonization framework, the engagement with union representatives about the process and expected timeline, and the development of interim arrangements that prevented further disparities from emerging while the systematic harmonization was being designed.

The consequences of the transparent acknowledgement decision were positive in both the immediate crisis context and the longer-term integration trajectory. The immediate crisis was contained without industrial action. The trust foundation was preserved. The systematic harmonization that the response committed to provided the eventual resolution of the underlying

issue. The handling of the incident became an organizational story that reinforced management's commitment to procedural fairness.

F.7 Case 7 Leadership Decisions

The most consequential decision documented in Case 7 was the decision to invest in pre-negotiation relationship building over an extended period rather than to enter the formal PKB negotiation through a transactional process. This decision was made implicitly through the relationship investments that began on the day of the merger and continued through the formal negotiation in early 2023.

The alternatives considered, although less explicitly than the alternatives in some other decisions, included a transactional approach that would have engaged unions only when formal consultation was legally required; a managed engagement approach that would have provided regular but limited consultation focused on specific issues; and the deeper relationship investment approach that included regular consultation, inclusion in specific integration decisions, and personal relationship development between senior leaders and union federation leaders.

The strategic logic of the relationship investment approach was that the eventual PKB negotiation would be substantially shaped by the relationship capital that existed between management and labour at the time of the negotiation. A transactional approach would have entered the negotiation with no relationship capital to draw upon, requiring the negotiation itself to establish the trust that the eventual agreement would require. The relationship investment approach entered the negotiation with substantial trust capital, making achievement of a constructive agreement more feasible.

The implementation of the relationship investment approach involved the formal consultation meetings that occurred regularly throughout the integration period, the inclusion of union leaders in specific integration decisions, the personal relationships that the CEO and CHRO maintained

with union federation leaders, and the substantive engagement with union concerns when they were raised.

The consequences of the relationship investment decision were highly positive. The 2023 PKB negotiation concluded with an agreement that substantially advanced both management and labour priorities. The negotiation occurred without industrial action despite the substantial scope of the issues addressed. The agreement was implemented without major disputes despite the complexity of its provisions. The relationship capital that the investment had created was sustained beyond the negotiation, supporting the ongoing implementation of the agreement.

F.8 Case 8 Leadership Decisions

The most consequential decision documented in Case 8 was the decision to design the leadership pipeline as a national system requiring cross-regional rotation rather than as a confederation of regional development programs. This decision was made during the pipeline design phase in 2023.

The alternatives considered included a regional development model that would have continued the pre-merger pattern of leaders developing within their regional context; a hybrid model that would have provided regional development with selective national exposure for the most senior development tracks; and the national system model that required cross-regional rotation as a foundational element of leadership development.

The strategic logic of the national system model was that the future leadership requirements of Pelindo were fundamentally different from the requirements that had shaped legacy leadership development. The merged organization needed leaders capable of operating across the national system rather than within a single regional context. Leadership development that did not include substantial cross-regional experience would systematically fail to produce leaders with the capability profile that the new strategic context required.

The implementation of the national system model involved the design of the cross-regional rotation programs, the assignment processes that ensured rotations occurred at appropriate career stages, the mentoring and coaching support that helped rotational leaders succeed in unfamiliar contexts, and the integration of pipeline progression with broader human capital systems including the integrated scorecard and the PKB mobility provisions.

The consequences of the national system decision will play out over a longer time horizon than the integration period covered by this dissertation. The early indicators are positive, including the successful completion of initial rotational assignments, the engagement of pipeline participants with the development experiences offered, and the early evidence of capability transfer when participants returned to leadership roles. The longer-term test will be the performance of pipeline graduates in senior leadership roles in subsequent years.

APPENDIX G: LIMITATIONS AND BOUNDARY CONDITIONS

This appendix provides extended discussion of the limitations and boundary conditions that govern the applicability of this dissertation's findings. The discussion supplements the limitations section in Chapter 8 with additional detail about the conditions under which specific findings are likely to apply or not apply.

G.1 Single-Country Limitation

The dissertation's findings are grounded in a single-country institutional context. Indonesia's specific political economy, SOE governance framework, labour law system, and cultural traditions all shape the integration dynamics documented in the cases. Direct generalization of the findings to other countries should be done with careful attention to the institutional comparability of those contexts.

The trust architecture prerequisite finding may be specific to contexts where SOE employment guarantees are politically non-negotiable, where labour relations are governed by formal collective bargaining frameworks, and where political legitimacy considerations shape strategic choices alongside commercial considerations. In contexts where these conditions do not apply, the sequencing logic that emerges from the Pelindo case may not be optimal.

The human capital as governance infrastructure finding may apply more broadly than the trust architecture finding, because it concerns the relationship between human capital systems and organizational performance rather than the specific political constraints under which those systems operate. The infrastructure framing should apply in any large, geographically dispersed organization where the coherence of human capital systems substantially affects operational performance, regardless of the country or institutional context.

The standardization-adaptation tension finding is highly generalizable because the tension is endemic to geographically dispersed organizations rather than specific to political or institutional

context. The leadership response framework that the case provides should be applicable in any context where the tension creates meaningful organizational dynamics.

The leadership amplification finding is similarly broad in its applicability because it concerns the relationship between systems and leadership capability rather than specific institutional features. The finding should apply in any context where digital systems are deployed to support organizational performance, regardless of the broader political or institutional setting.

The industrial relations as strategic work finding is partially institution-specific. It applies most directly in contexts where unions are institutionally significant and collective bargaining is a meaningful governance mechanism. In contexts where labour relations are managed primarily through individual employment contracts or where unions have limited institutional standing, the finding may require modification to apply meaningfully.

G.2 Single-Sector Limitation

The dissertation's findings are grounded in a single-sector context, namely the port and maritime industry. The specific characteristics of port operations, including the asset intensity, the operational rhythm, the geographic structure of the network, and the customer relationships, all shape the integration dynamics documented.

The asset-intensive nature of port operations means that capital investment decisions and operational performance are tightly linked in ways that may not apply to less asset-intensive sectors. The conclusions about the importance of leadership amplification of governance infrastructure may operate differently in sectors where the relationship between capital and operations is less direct.

The geographic structure of the port network, with high-volume Java terminals serving as primary operations and dispersed eastern ports serving community access functions, creates specific tensions that may not apply directly to other geographic structures. The standardization-adaptation

tension that the case examines is shaped by this specific geographic profile and may take different forms in other geographic configurations.

The customer relationships in port operations involve large institutional customers including shipping lines, freight forwarders, and major exporters and importers. These customer relationships are different in nature from the consumer-facing or many-to-many business-to-business relationships that characterize other sectors. The integration dynamics that involve customer-facing changes may operate differently in sectors with different customer structures.

These sector-specific factors do not invalidate the dissertation's findings but they do bound their direct applicability. Researchers and practitioners in other sectors should consider the specific operational, customer, and geographic features of their contexts when evaluating the relevance of the findings.

G.3 Single-Time-Period Limitation

The dissertation covers the period from October 2021 to December 2023. This timeframe captures the formative integration period but does not extend to the longer-term outcomes that will ultimately determine the integration's overall effectiveness. Several specific findings depend on outcomes that occur after the research period ends and that cannot be assessed within the research scope.

The trust architecture's durability over time will be tested by future leadership decisions and organizational changes. The current research can document the construction of the trust architecture during the integration period but cannot assess whether the architecture will persist as leadership transitions occur and as new strategic challenges emerge.

The leadership pipeline's effectiveness in producing capable national system leaders will be tested by the performance of pipeline graduates in senior roles. The research can document the design of

the pipeline but cannot assess whether its graduates will develop into the leaders that the design intended to produce.

The PKB's effectiveness as a sustainable employment framework will be tested by future bargaining cycles and by the implementation experience over an extended period. The research can document the negotiation and the early implementation but cannot assess the agreement's longer-term performance.

The Portaverse Academy's effectiveness in building organizational capability will be tested by the capability evolution of the workforce over an extended period. The research can document the platform's design and early operation but cannot assess its longer-term effects on capability and organizational performance.

These temporal limitations are inherent to research conducted on contemporary phenomena and do not invalidate the findings. They do indicate the appropriate scope of inference from the research and the directions for follow-up research that would extend the findings' temporal reach.

G.4 Practitioner-Researcher Limitation

The practitioner-researcher positionality of this research, while creating substantial advantages in data access and contextual interpretation, also creates limitations that should be acknowledged explicitly. The research findings reflect the perspective of someone who participated in the integration program and whose career was shaped by it. This perspective is valuable but it is not equivalent to a fully external academic perspective.

The proximity bias that the practitioner-researcher position creates may affect both what is observed and how it is interpreted. Some events that an external researcher would have noted may be invisible to the practitioner-researcher because they are taken for granted within the organizational context. Some interpretations that an external researcher would have offered may

differ from those that the practitioner-researcher provides because they reflect different theoretical frameworks and different investments in particular narratives.

The mitigation strategies discussed in Chapter 3 address these biases partially but cannot eliminate them entirely. The triangulation across multiple data sources, the explicit attention to disconfirming evidence, and the use of theoretical frameworks from outside the organization's own conceptual vocabulary all serve to limit but not to eliminate the proximity bias.

The findings should therefore be read as deeply informed practitioner-scholar analysis rather than as fully independent academic assessment. The findings are most credible where they are supported by multiple independent data sources, where they are framed using theoretical concepts drawn from the broader scholarly literature, and where the disconfirming evidence has been explicitly addressed.

The limitations also indicate the directions where independent academic research would be most valuable. Studies conducted by researchers without direct involvement in the Pelindo integration, drawing on similar primary source access but with greater interpretive distance, would provide complementary perspectives that would strengthen the overall scholarly understanding of the integration dynamics.

APPENDIX H: PRACTICE IMPLICATIONS FOR INTEGRATION LEADERS

This appendix translates the dissertation's findings into specific practice implications for leaders facing comparable integration challenges. The practice implications are organized around the cross-case framework presented in Chapter 6, with specific guidance for the trust architecture, governance infrastructure, and leadership amplification components.

H.1 Trust Architecture Practice Implications

Leaders facing politically constrained integration challenges should consider the following practice implications regarding the trust architecture component of integration leadership.

First, consider the institutional weight of foundational commitments carefully. The CEO's personal delivery of the no-layoffs commitment to regional union leaders carried weight that mediated communication could not have produced. Personal delivery of the most consequential commitments by the most senior leader available creates the institutional weight that gives commitments their motivating force. Delegation of foundational commitments to less senior leaders, however operationally sensible, may sacrifice the trust capital that the commitment is intended to generate.

Second, recognize the connection between procedural fairness and trust durability. Foundational commitments without procedural consistency erode as subsequent decisions appear inconsistent with the commitments' spirit. Every subsequent integration decision is evaluated by employees and unions through the lens of whether the process honors the foundational commitments. Procedural fairness investments throughout the integration period are therefore not separate from foundational commitments but are extensions of them.

Third, understand that trust architecture is built through sustained pattern rather than through individual events. The trust foundation that the integration program required was not established

by any single leadership decision but by the consistent pattern of leadership behaviour throughout the integration period. Individual decisions that contradicted the pattern would have undermined the foundation regardless of how impressively the foundational commitments had been delivered.

Fourth, consider institutional codification as the eventual destination of trust architecture work. Personal commitments and informal understandings, however valuable in the early integration period, are vulnerable to leadership transitions and changing circumstances. Codification of the social contract through formal institutional arrangements, including collective labour agreements, governance arrangements, and performance management systems, creates durability that informal trust alone cannot provide.

H.2 Governance Infrastructure Practice Implications

Leaders considering the governance infrastructure component of integration leadership should consider the following practice implications.

First, treat human capital systems as architecture rather than as separate functional initiatives. The job architecture, performance management system, capability development platform, and collective labour agreement should be designed with explicit attention to their interconnections and complementarities rather than as independent HR projects. The architectural perspective requires senior leadership oversight that integrates across functional boundaries rather than delegation to specialist teams.

Second, budget human capital infrastructure investment with the long-term, foundational logic that physical infrastructure receives. The investment in job architecture redesign, integrated scorecard development, learning platforms, and collective bargaining negotiation is substantial but is justified by the long-term organizational capability rather than immediate cost efficiency. Practice that applies short-term project budgeting logic to infrastructure investment will systematically underinvest and produce inadequate systems.

Third, recognize that human capital infrastructure design choices have multi-year consequences that may not be reversible without substantial cost. The choices made in the early integration period about job classification, performance metrics, learning architecture, and labour relations frameworks shape the organization's dynamics for years beyond the integration period. Decisions in this period therefore deserve the analytical rigor and senior attention that other major strategic commitments receive.

Fourth, consider the political legitimacy of governance infrastructure design alongside its technical quality. Technically optimal designs that lack the political legitimacy to be accepted will fail in implementation regardless of their analytical merit. The procedural design of how governance infrastructure decisions are made is therefore as consequential as the substantive design choices themselves.

H.3 Leadership Amplification Practice Implications

Leaders considering the leadership amplification component should consider the following practice implications.

First, sequence leadership development concurrent with or ahead of major systems investments rather than after them. The conventional logic that systems investments produce immediate impact while leadership development produces long-horizon impact is misleading. Systems without corresponding leadership capability produce diminished returns from the systems investment itself. Investment in leadership amplification therefore enables the return on systems investment rather than supplementing it.

Second, design leadership development to produce the specific leadership profile that the new strategic context requires rather than the profile that legacy contexts cultivated. The leadership profile required for national system leadership in a merged organization is genuinely different from the profile that single-region leadership development produces. Leadership development that does

not explicitly address this difference will systematically fail to produce the leaders that the new context requires.

Third, integrate leadership development with broader human capital systems rather than treating it as a separate program. The connections between the leadership pipeline, the integrated scorecard, the capability development platform, and the collective bargaining provisions create the integrated leadership development experience that the strategic context requires. Stand-alone leadership development programs without these systemic connections will produce disconnected interventions rather than systematic capability building.

Fourth, recognize that leadership amplification is a continuous responsibility rather than a development phase. The quality of leadership at the point of system deployment is not established once and then maintained. It evolves continuously with the organization's strategic context and the leadership capability of its current leaders. Continuous attention to leadership amplification, throughout the integration period and beyond, is therefore necessary for sustained organizational performance.

H.4 Sequencing Practice Implications

The sequencing logic that emerges from the dissertation's findings has specific practice implications for leaders considering the timeline and pace of integration activities.

First, resist the conventional pressure to demonstrate rapid structural change as the visible evidence of integration progress. Visible structural changes are symptoms of successful integration, not their causes. Leaders who pursue the visible structural changes directly, without the foundational investments in trust architecture and governance infrastructure, will find that the changes remain elusive regardless of how directly they are pursued.

Second, recognize that sequencing requires patience that may be difficult to sustain under political and operational pressure. The trust-first sequencing logic requires leaders to defer visible structural

action while building the foundation that subsequent action requires. The political and operational pressure for visible action during this foundation-building period can be substantial. Leadership capability to absorb that pressure and maintain the sequencing discipline is therefore a prerequisite for the trust-first approach.

Third, sequence within phases as well as across phases. The Pelindo evidence shows that even within the trust architecture phase, specific sequencing choices about which commitments to make first, which decisions to defer, and which engagement to prioritize substantially affect outcomes. Leaders should think about sequencing at multiple temporal scales rather than only at the level of major integration phases.

Fourth, treat sequencing as a leadership choice rather than as a technical constraint. The argument that integration activities must be sequenced because of resource limitations, attention constraints, or process dependencies often masks deeper choices about strategic priorities and leadership values. Recognizing sequencing as a leadership choice creates the opportunity to make more deliberate choices that better serve the organization's specific situation.

APPENDIX I: GLOSSARY OF KEY TERMS

This appendix provides definitions of key terms used in this dissertation, including Indonesian-language terms and specialized vocabulary from the human capital, integration, and port industry domains.

AKHLAK is an Indonesian-language acronym for six values: Amanah, Kompeten, Harmonis, Loyal, Adaptif, and Kolaboratif. The framework was promulgated by the Indonesian Ministry of State-Owned Enterprises in 2020 as a unified values framework for all Indonesian SOEs.

Berth productivity is a port operations metric measuring the rate at which cargo is loaded or discharged at a vessel berth, typically expressed in terms of containers per hour for container terminals or tonnes per hour for bulk terminals.

Container terminal operator is a company or business unit that manages the operation of a container terminal, including ship-to-shore crane operations, yard management, and gate operations. Pelindo became the eighth largest container terminal operator globally on the basis of geographic footprint following the merger.

Crane productivity, also known as moves per hour, is a port operations metric measuring the rate at which container moves are completed by quay cranes, typically expressed as moves per hour per crane. Improvements in crane productivity at flagship terminals were among the operational outcomes that the post-merger transformation pursued, with vessel port-stay reduction identified as a primary metric in the merger strategy (PT Pelabuhan Indonesia, 2024).

Day One refers to the first day of the merged organization's legal existence, October 1, 2021 in the case of Pelindo. The Day One deliverables of the integration program are the changes that take effect immediately upon the merger's legal effectiveness.

Human capital infrastructure is a concept developed in this dissertation to describe the foundational human capital systems including job architecture, performance management, learning platforms, and collective labour agreements that enable productive organizational activity across the entire enterprise. The term draws an analogy with physical infrastructure to highlight the foundational, long-term, and systemically important character of these human capital systems.

Integration phase refers to one of the three sequential phases of the Pelindo integration program: Stabilize, covering October 2021 to mid-2022; Align Systems, covering mid-2022 to mid-2023; and Institutionalize, covering mid-2023 to end-2023.

Membangun Insan Pelindo, translated as Building the People of Pelindo, is the title of the strategic human resource development publication issued by Pelindo in 2024 documenting the organization's post-merger human capital strategy.

Musyawarah is an Indonesian-language term for deliberative consensus-seeking decision-making, drawing on traditional Indonesian decision-making practices that emphasize discussion and consensus rather than majority rule.

Ports under the Pelindo merger include the network of port and terminal facilities across Indonesia operated by the merged entity. The ports range from major international container terminals at Tanjung Priok and Tanjung Perak to smaller community ports serving island and coastal populations.

Pelindo I, II, III, and IV are the four legacy port state-owned enterprises that were merged into PT Pelabuhan Indonesia (Persero) effective October 1, 2021. Each legacy entity managed a different geographic region of the national port network and had developed distinct organizational cultures, human capital systems, and operational approaches over decades of separate existence.

PKB stands for Perjanjian Kerja Bersama, the Indonesian term for collective labour agreement. The 2023 PKB negotiated by Pelindo consolidated the four legacy collective bargaining

arrangements into a single national agreement covering the merged organization's 25,000 employees.

Portaverse Academy is the name of Pelindo's digital learning platform launched as part of the post-merger integration program. The platform delivers capability development content across the organization's national port network through a hybrid offline-online architecture.

Presidential Regulation Number 61 of 2021 is the legal instrument that authorized the merger of the four Pelindo entities into a single state-owned enterprise effective October 1, 2021. The regulation provides the legal foundation for the integration program documented in this dissertation.

State-owned enterprise, abbreviated as SOE, is a business entity owned wholly or majority by a national government. Pelindo is a state-owned enterprise under the governance of the Indonesian Ministry of State-Owned Enterprises.

Tanjung Priok is the major container terminal and seaport of Jakarta and Indonesia's busiest port. Tanjung Priok was managed by Pelindo II prior to the merger and continues to be managed by the merged Pelindo entity as a flagship terminal of the national network.

Vessel port-stay is the total elapsed time from a vessel's arrival at anchorage to its departure after cargo operations. Pelindo's pre-merger sea transport contributed an estimated 2.8 percent of national logistics costs, with port inefficiency identified by the Indonesian government as a primary structural contributor to the country's elevated logistics cost burden, and reducing port-stay was a primary operational metric for the post-merger transformation (PT Pelabuhan Indonesia, 2024).

Workforce architecture is a strategic workforce planning concept that distinguishes strategic positions, where exceptional performance creates disproportionate strategic value, from support positions, where adequate performance is sufficient. The concept was developed by Huselid,

Beatty, and Becker (2005) and informed the Pelindo strategic workforce planning approach documented in Case 3.

Zero-growth constraint refers to the no-headcount-growth condition under which Pelindo operated during the integration period. The constraint required the organization to deliver operational performance improvements without expanding the workforce inherited from the legacy entities, generating the workforce planning challenge documented in Case 3.

APPENDIX J: CONCEPTUAL EXTENSIONS AND THEORETICAL DIALOGUE

This appendix engages in extended theoretical dialogue between the dissertation's findings and the broader scholarly literatures on which they build. The dialogue is intended to position the dissertation's contributions within the relevant theoretical conversations and to identify the specific extensions that the Pelindo case offers to existing frameworks.

J.1 Dialogue with the Strategic Human Resource Management Literature

The strategic human resource management literature has developed substantial theoretical apparatus for understanding the relationship between human resource practices and organizational performance. The dialogue between this dissertation's findings and the SHRM literature can be developed along several specific axes.

The high-performance work systems literature, originating with Huselid (1995) and developed extensively in subsequent decades, has documented systematic correlations between bundles of mutually reinforcing HR practices and firm-level financial performance. The Pelindo evidence is consistent with this literature in showing that human capital systems generate strategic value through their coherence rather than through individual element optimization. The evidence extends the SHRM literature by demonstrating that the coherence requirement applies particularly strongly during organizational transformation, when system fragmentation creates direct operational constraints.

The strategic talent management literature, exemplified by Collings and Mellahi (2009), has emphasized the differential investment in pivotal positions as a core strategic talent management practice. The Pelindo evidence supports this framework but extends it by demonstrating that in SOE contexts where workforce reduction is constrained, the differential investment must focus on capability development and role enrichment rather than on differential staffing decisions. This

extension preserves the core insight of the strategic talent management framework while adapting it to the specific constraints of SOE contexts.

The workforce architecture concept, developed by Huselid, Beatty, and Becker (2005), provides the analytical framework for the differential investment approach. The Pelindo evidence supports the workforce architecture framework but adds nuance to its application. In contexts where headcount cannot be reallocated through restructuring, the architecture's analytical value lies in informing capability development and role design rather than in informing staffing optimization. This adaptation preserves the framework's strategic logic while modifying its operational application.

The high-performance work systems literature has primarily examined private-sector contexts. The Pelindo evidence contributes to extending this literature to SOE contexts by demonstrating that the coherence and complementarity arguments developed in private-sector research apply with at least equal force in SOE contexts, where the political and institutional constraints amplify the importance of system design quality.

J.2 Dialogue with the Mergers and Acquisitions Literature

The mergers and acquisitions literature has developed substantial theoretical apparatus for understanding the dynamics of post-merger integration. The dialogue between this dissertation's findings and the M&A literature can be developed along several specific axes.

The integration mode framework developed by Haspeslagh and Jemison (1991) distinguishes absorption, preservation, symbiosis, and holding as alternative integration approaches. The Pelindo case represents a hybrid that does not fit cleanly into any of the four modes. The merger involved substantial integration of operational systems and management structures, consistent with absorption logic, while preserving substantial regional cultural and operational diversity, consistent with preservation logic. The integration was sequenced to allow trust-building before

structural harmonization, a sequencing logic that the original framework does not explicitly address.

The Pelindo case suggests that the four-mode framework may benefit from extension to incorporate temporal sequencing as a third dimension alongside the original strategic interdependence and capability preservation dimensions. An integration that begins with preservation logic and evolves toward absorption logic over time, as the Pelindo integration did, generates dynamics that neither pure preservation nor pure absorption captures.

The integration speed literature, exemplified by Homburg and Bucerius (2006), has documented contingent effects of integration speed on integration performance. The Pelindo evidence supports the contingent effects perspective but extends it by demonstrating that the contingency operates not only at the integration-as-a-whole level but at the dimension level. Speed in trust building, particularly speed in foundational commitments, may be beneficial even when speed in structural harmonization is harmful. The disaggregation of integration speed by integration dimension is a useful extension of the existing literature.

The human integration concept, developed by Birkinshaw, Bresman, and Hakanson (2000), captures the development of positive attitudes and shared identity that the literature has identified as a prerequisite for successful task integration. The Pelindo evidence supports the human integration concept but specifies its institutional preconditions. In politically constrained SOE mergers, the human integration foundation depends on specific political and institutional commitments, including employment guarantees and union engagement, that have no direct equivalent in market-driven mergers.

The cultural distance literature, summarized by Stahl and Voigt (2008), has examined the relationship between pre-merger cultural differences and post-merger performance. The Pelindo evidence is consistent with this literature in showing that cultural differences create integration challenges, but extends the literature by demonstrating that cultural integration design can mitigate the negative effects of cultural distance through specific design choices. The choice of an

externally referenced cultural framework rather than a Pelindo-specific framework served to reduce the identity threat dynamics that pure cultural distance would have generated.

J.3 Dialogue with the Institutional Theory Literature

The institutional theory literature provides the theoretical apparatus for understanding the institutional environment in which Pelindo's integration operated. The dialogue between this dissertation's findings and institutional theory can be developed along several axes.

The institutional logics framework, developed by Greenwood, Suddaby, and Hinings (2002), provides the conceptual basis for understanding the multiple logics that simultaneously shaped Pelindo's strategic choices. The state ownership logic, the commercial enterprise logic, the national developmental logic, and the social welfare logic operated in tension throughout the integration period, requiring leadership to navigate competing performance expectations rather than optimize against a single dominant logic.

Besharov and Smith (2014) extended the institutional logics framework by identifying conditions under which organizations can accommodate competing logics rather than being paralyzed by them. The Pelindo case suggests that strategic ambiguity at the level of overarching purpose, combined with greater specificity about operational priorities at the level of specific decisions, can enable accommodation of competing logics. The merger's overarching purpose, framed broadly as advancing Indonesia's maritime competitiveness, accommodated multiple logics. The specific operational priorities, including throughput improvement and cost reduction, were defined more narrowly to enable focused execution.

The institutions-based view of strategy, developed by Peng (2002), argues that in emerging-market contexts the institutional environment is more directly determinative of strategic outcomes than the firm's internal capabilities. The Pelindo evidence supports this view in showing that the institutional environment, including the SOE governance framework, the labour law system, and the national policy context, shaped fundamental strategic choices. The evidence also extends the

institutions-based view by demonstrating that within institutional constraints, leadership choices about how to navigate the institutional environment substantially affect outcomes. The institution provides constraints rather than determines outcomes.

The legitimacy framework developed by Suchman (1995) provides the conceptual basis for understanding the audience-level dynamics that shaped Pelindo's strategic choices. The merger required legitimacy with multiple audiences including political principals, union representatives, employees, and customers. The leadership choices documented in the cases reflect attention to legitimacy with each of these audiences alongside the operational and financial performance considerations that more narrow strategic frameworks would emphasize.

J.4 Dialogue with the Leadership Literature

The leadership literature provides the theoretical apparatus for understanding the leadership work documented in the cases. The dialogue between this dissertation's findings and the leadership literature can be developed along several axes.

The upper echelons theory developed by Hambrick and Mason (1984) argues that organizational outcomes reflect the cognitive frameworks, values, and experiential bases of senior leaders. The Pelindo evidence is consistent with upper echelons theory in showing that the specific leadership team that managed the integration substantially shaped its design and implementation. The evidence extends upper echelons theory by demonstrating that in SOE contexts, the political appointment processes and institutional accountability structures shape the cognitive frameworks of senior leaders in ways that have no direct equivalent in publicly listed firms.

The Kotter (1996) distinction between leadership and management captures the duality of integration work. Integration requires both the management work of creating order, predictability, and efficiency within developing structures and the leadership work of creating the vision, alignment, and energy required to transform those structures. The Pelindo evidence supports this duality and extends it by showing that the relative emphasis on management versus leadership

work varies systematically across integration phases. The Stabilize phase emphasized leadership work, the Align Systems phase emphasized management work, and the Institutionalize phase blended the two.

The leadership development literature, exemplified by Day (2001), distinguishes leader development from leadership development. The Pelindo evidence supports this distinction and extends it by demonstrating that in geographically dispersed SOE contexts, the leadership development challenge requires building organizational capacity to produce leaders capable of operating across the national system rather than within single regional contexts. This extension of leadership development to the national system level adds specificity to the existing distinction.

The transformational leadership tradition, while not directly drawn upon as a primary framework in this dissertation, provides relevant conceptual resources for understanding the leadership work documented in the cases. The Pelindo leadership team displayed many characteristics of transformational leadership including articulation of a compelling vision, individualized attention to employee concerns, and consistent personal modeling of the values they expected others to embody. The evidence extends the transformational leadership literature by demonstrating that transformational leadership in SOE contexts must operate within institutional constraints that may limit some of the personal charismatic mechanisms emphasized in private-sector transformational leadership research.

J.5 Dialogue with the Organizational Identity Literature

The organizational identity literature provides the theoretical apparatus for understanding the cultural integration challenges documented in the cases. The dialogue between this dissertation's findings and the organizational identity literature can be developed along several axes.

The organizational identity concept developed by Albert and Whetten (1985) and the social construction perspective developed by Gioia, Schultz, and Corley (2000) provide the conceptual foundation for understanding how organizational identity is established, maintained, and

reconstituted. The Pelindo evidence supports the social construction perspective by demonstrating that the merged organization's identity was not declared into existence but was constructed through interactive processes over an extended period.

The social identity theory developed by Tajfel and Turner (1979) and applied to organizations by Ashforth and Mael (1989) provides the framework for understanding the identity threat dynamics that mergers create. The Pelindo evidence supports this framework and extends it by demonstrating specific design choices that can mitigate identity threat. The choice of an externally referenced cultural framework in particular reduced the implicit hierarchy among legacy identities that any internally generated framework would have created.

The Empson (2001) concept of identity defense captures the resistance dynamics that mergers can generate when employees perceive that their professional identity is being threatened. The Pelindo evidence supports the identity defense concept and extends it by demonstrating that defense responses can be activated by structural decisions, particularly those affecting compensation and job titles, even when the cultural integration design has been sensitive to identity considerations. This extension highlights the interconnections among the various integration dimensions and the difficulty of compartmentalizing identity considerations within the cultural integration workstream.

J.6 Dialogue with the Industrial Relations Literature

The industrial relations literature provides the theoretical apparatus for understanding the labour-management dynamics documented in Case 7. The dialogue between this dissertation's findings and the industrial relations literature can be developed along several axes.

The pluralist perspective developed by Flanders (1970) and Fox (1974) holds that organizations are coalitions of groups with legitimately different interests and that collective bargaining represents a constitutionally appropriate mechanism for resolving competing claims. The Pelindo evidence is strongly consistent with the pluralist perspective and extends it by demonstrating the

strategic value of pluralist orientation in transformation contexts. Treating unions as legitimate stakeholders rather than as compliance requirements creates the relationship capital that constructive transformation requires.

The Katz and Darbshire (2000) analysis of converging divergences in employment relations highlights the role of national institutional contexts in shaping employment relations practices. The Pelindo evidence supports this analysis by demonstrating that Indonesian institutional features including the strong tradition of collective bargaining, the role of musyawarah deliberation, and the political context of SOE employment shape the specific form that labour relations take in the Pelindo case.

The decentralization analysis developed by Katz (1993) examines the trend toward decentralized bargaining in many industries and countries. The Pelindo case represents a counter-trend within this broader pattern. The 2023 PKB consolidated four legacy collective bargaining arrangements into a single national agreement, reflecting the integration logic of the merger rather than the decentralization tendency. The evidence suggests that institutional context, including the specific case of post-merger integration, can produce centralization even when broader trends favour decentralization.

The Gall (2010) analysis of collective bargaining in restructuring contexts highlights the dual objectives that management typically pursues including procedural legitimacy and substantive outcomes. The Pelindo evidence supports this dual-objective framework and extends it by demonstrating that the relationship investment that precedes formal bargaining substantially affects the achievable balance between the two objectives. Pre-negotiation relationship building can expand the substantive outcomes that are achievable while preserving procedural legitimacy.

J.7 Dialogue with the Performance Management Literature

The performance management literature provides the theoretical apparatus for understanding the integrated scorecard documented in Case 4. The dialogue between this dissertation's findings and the performance management literature can be developed along several axes.

The balanced scorecard developed by Kaplan and Norton represents the foundational architecture that the Pelindo integrated scorecard adapted. The Pelindo evidence supports the balanced scorecard's core insight that financial performance alone is insufficient for strategic management and that multiple performance dimensions are required for adequate strategic accountability. The evidence extends the balanced scorecard by demonstrating the specific adaptation required for SOE post-merger contexts including the integration of behavioural metrics with business performance metrics.

The procedural justice literature, exemplified by Folger and Konovsky (1989) and Colquitt and colleagues (2001), highlights the importance of perceived process fairness in employee acceptance of performance management decisions. The Pelindo evidence is strongly consistent with the procedural justice literature and extends it by demonstrating that procedural justice considerations apply not only to individual performance management decisions but to the design of the performance management system itself. The fairness of the system design, including the choice of metrics, the calibration processes, and the connection to consequential outcomes, substantially affects employee acceptance independent of individual performance management decisions.

The goal-setting theory developed by Locke and Latham (2002) provides the theoretical foundation for the specific challenging goals that the integrated scorecard establishes. The Pelindo evidence supports goal-setting theory and extends it by demonstrating that goal-setting effectiveness in post-merger contexts depends on the legitimacy of the goal-setting process. Goals established through processes that lack legitimacy will not produce the motivational effects that the theory predicts, even when the goals themselves meet the specificity and challenge criteria.

J.8 Synthetic Theoretical Contribution

The dialogue across these multiple literatures supports a synthetic theoretical contribution that the dissertation makes to integration leadership scholarship. The contribution can be summarized as follows.

Politically constrained integration leadership requires leaders to manage multiple interdependent dimensions of integration simultaneously, navigating institutional constraints that limit the strategic flexibility available in market-driven mergers. The dimensions include trust architecture, governance infrastructure, leadership amplification, sequencing, and institutional legitimacy. The dimensions are not independent. Decisions in one dimension shape the possibilities in others. Leadership work consists of orchestrating across the dimensions over time, recognizing that the temporal sequence of decisions is itself a leadership lever rather than a technical constraint.

The orchestration logic that emerges from the Pelindo evidence can be characterized as trust-first, infrastructure-second, amplification-throughout. Trust architecture must be established before structural harmonization can proceed legitimately. Governance infrastructure must be designed coherently as an integrated architecture rather than as separate functional initiatives. Leadership amplification work continues throughout the integration period, supporting the trust architecture from the beginning and the governance infrastructure as it is deployed.

This orchestration logic extends the post-merger integration literature by specifying the institutional conditions under which the trust-first sequencing applies, the architectural conditions under which governance infrastructure produces strategic value, and the leadership conditions under which systems amplification produces sustained returns. The extensions are grounded in the specific empirical context of the Pelindo case but apply analytically to comparable cases of politically constrained integration in emerging market contexts.

The synthetic theoretical contribution is offered as an extension to the existing integration literature rather than as a replacement for it. The existing frameworks address dimensions of integration that the Pelindo case also illuminates. The contribution is to specify the conditions under which different existing frameworks apply and to articulate the orchestration logic that integrates across them in politically constrained contexts.

APPENDIX K: METHODOLOGICAL REFLECTIONS

This appendix provides additional methodological reflections beyond those presented in Chapter 3. The reflections address specific methodological choices, alternative approaches that were considered and rejected, and the strengths and limitations of the chosen approach in light of the research experience.

K.1 Reflections on the Multi-Case Design

The choice of a multi-case design was driven by the structure of the empirical phenomenon rather than by methodological preference. The Pelindo integration program was organized into eight major workstreams that the leadership team itself treated as distinct integration challenges. The multi-case design preserved this empirical structure while enabling cross-case analysis that single-case research could not have supported.

The alternative of a single-case design with multiple embedded units would have produced a different analytical result. The integration would have been treated as a single phenomenon with internal variation rather than as eight related phenomena. This alternative would have foregrounded the integration's overall trajectory while losing some of the specificity of individual decision dynamics. The multi-case design was preferred because it preserved the decision-level focus that the research question required.

The longitudinal dimension of the multi-case design added complexity to the analysis but produced findings that purely cross-sectional analysis could not have generated. The sequencing observations that constitute one of the central findings of the dissertation depended on understanding the temporal relationships among the cases. A purely cross-sectional analysis that treated each case independently would have missed the sequencing dynamics that the longitudinal analysis revealed.

The eight-case scope was determined by the structure of the integration program rather than by methodological considerations. The leadership team's identification of eight major integration challenges provided a natural boundary for case selection. Including additional cases would have required including integration activities that fell outside the human capital focus of the dissertation. Including fewer cases would have required excluding integration challenges that the leadership team itself treated as primary.

K.2 Reflections on the Practitioner-Researcher Position

The practitioner-researcher position created both significant advantages and significant limitations for the research. The advantages included data access that external research could not have obtained, contextual knowledge that allowed accurate interpretation of formal communications and decisions, and professional credibility with research participants that enabled candid discussion of challenges and difficulties.

The limitations included proximity bias risks that no mitigation strategy could fully eliminate, potential rationalization tendencies that may have presented decisions as more deliberate than they were experienced at the time, and selection biases that may have affected which evidence was emphasized in the case narratives.

The mitigation strategies adopted, including triangulation across multiple data sources, theoretical framing drawn from external scholarship, and explicit attention to disconfirming evidence, addressed these limitations partially but not completely. The findings should therefore be read as deeply informed practitioner-scholar analysis rather than as fully independent academic assessment.

The reflection that emerges from this experience is that practitioner-researcher scholarship occupies a distinctive epistemic position that is neither pure academic research nor pure practitioner reflection. The position has its own validity criteria, including the depth of contextual understanding, the rigor of theoretical engagement, and the explicit treatment of bias risks.

Research conducted from this position should be assessed against these specific criteria rather than against the standards appropriate for fully external academic research.

K.3 Reflections on Triangulation

The triangulation strategy adopted in this research drew on multiple independent data sources to verify and qualify the findings derived from any single source. The sources included internal Pelindo documents, executive communications, operational performance data, external credit rating agency reports, multilateral institution data, and academic literature.

The triangulation produced several specific outcomes worth reflecting upon. First, the cross-referencing of internal Pelindo materials, particularly the *Membangun Insan Pelindo* (PT Pelabuhan Indonesia, 2024) publication, with the academic literature on post-merger integration strengthened the analytical framing of the case findings. The convergence of the internally documented integration logic with the theoretical frameworks reviewed in Chapter 2 increased confidence in the substantive interpretive claims advanced in the dissertation.

Second, the academic literature provided theoretical frameworks that allowed interpretation of internal data using concepts external to the organization's own conceptual vocabulary. The application of Birkinshaw, Bresman, and Hakanson's (2000) human integration framework, for example, enabled an interpretation of the trust-first sequencing that differed from how the leadership team itself initially conceptualized the choice. This external theoretical grounding strengthened the analytical contribution beyond what reliance on internal conceptualizations would have produced.

Third, the triangulation revealed several points where internal sources and external sources disagreed, requiring careful interpretive judgement about which sources to credit. In most such cases, the disagreements reflected different perspectives on contested matters rather than factual errors in either source. The interpretive judgements made in these cases are documented in the relevant case narratives.

The triangulation strategy worked well overall but had limitations. Some aspects of the integration, particularly the informal leadership discussions and the personal dynamics among senior leaders, could not be triangulated through external sources. The findings related to these aspects are based on the practitioner-researcher's direct observation and are therefore more vulnerable to proximity bias than the findings related to externally observable phenomena.

K.4 Reflections on the Analytical Approach

The analytical approach combined within-case and cross-case analysis following the methodology advocated by Eisenhardt (1989) and Yin (2018). The within-case analysis produced detailed narratives of individual integration episodes. The cross-case analysis produced the five findings articulated in Chapter 6 and the cross-case framework that synthesized the findings.

The iterative nature of the analysis, with cross-case patterns tested against additional within-case evidence and within-case interpretations refined in light of cross-case patterns, was essential for the development of the findings. Linear analysis from within-case to cross-case would not have produced the same depth of theoretical engagement.

The analytical approach was less successful at certain aspects of the research that deserve reflection. The quantitative dimensions of integration outcomes, including the specific magnitudes of performance improvement and the statistical robustness of those improvements, were not addressed in depth. The qualitative analytical approach was appropriate for the leadership decision focus of the research but limited the analytical reach to qualitative interpretations rather than quantified causal relationships.

The longitudinal analysis was more limited than ideally would have been the case. The research period of approximately twenty-six months captured the integration's formative phase but did not extend to the longer-term outcomes that will ultimately determine the integration's effectiveness.

Future research that extends the temporal scope would strengthen the longitudinal analysis substantially.

K.5 Reflections on Generalization

The generalization claims of the research are explicitly analytical rather than statistical. The findings are offered as theoretical contributions that may apply analytically to comparable contexts rather than as statistical generalizations to a defined population. This positioning is consistent with the case study methodology adopted but limits the directness with which the findings can be applied to other contexts.

The analytical generalization claim depends on the conditions under which the findings are likely to apply or not apply. The specification of these boundary conditions, addressed in Appendix G, is essential for responsible analytical generalization. Researchers and practitioners considering the relevance of the findings to other contexts should consult the boundary conditions discussion to assess whether their contexts share the relevant features.

The single-case foundation of the research limits the strength of analytical generalization claims. Multi-case research drawing on multiple SOE merger contexts in different countries would provide stronger grounds for the analytical generalization that this research can only suggest. The dissertation's findings should therefore be considered hypotheses for testing in additional contexts rather than confirmed propositions about politically constrained integration leadership generally.

This reflection points to the most valuable directions for follow-up research. Comparative multi-case research drawing on SOE merger experiences in multiple emerging-market countries would test the generalizability of the trust architecture and governance infrastructure findings. Quantitative research drawing on broader samples of integration cases would test the relationships among trust architecture investments and integration performance outcomes. Practitioner-oriented research that translates the findings into specific design tools and assessment instruments would extend the practical applicability of the findings.

The conclusion from these methodological reflections is that the chosen approach was appropriate for the research questions and produced findings that contribute meaningfully to the relevant literatures. The approach has limitations that constrain the certainty and reach of the findings. The limitations are addressed in Chapter 8 and in the boundary conditions discussion in Appendix G. Future research that extends the scope, the temporal reach, or the comparative breadth of the analysis would strengthen the findings further.

APPENDIX L: EXTENDED CROSS-CASE ANALYSES

6.8 Pattern Analysis: The Decision-Type Frequency Across Cases

Examining the eight cases with attention to the types of leadership decisions they document reveals patterns that contribute to the broader theoretical understanding of integration leadership. The decision types can be categorized into six families: trust-building decisions, structural design decisions, capability investment decisions, governance design decisions, communication decisions, and dispute resolution decisions.

Trust-building decisions appear most prominently in the early cases, particularly Cases 1 and 2, where the foundational trust architecture was constructed. These decisions decline in frequency through the integration period as the trust foundation becomes established and as the integration program shifts toward the implementation of the systems and capabilities that the trust architecture enables. Trust-building decisions do not disappear entirely. They reappear in Cases 7 and 8 in the form of the relationship investments that supported the PKB negotiation and the equity considerations in the leadership pipeline design.

Structural design decisions appear most prominently in Cases 3, 4, and 6, where the systems alignment work of Phase 2 required substantial design investment. These decisions involved technical complexity that required extensive analytical work, multiple iterations of design refinement, and coordination across multiple functional teams. The structural design work was substantively the heaviest of the integration program's work in terms of resource investment and technical complexity, even though it was theoretically subsequent to the trust architecture work that established its preconditions.

Capability investment decisions appear most prominently in Cases 5 and 8, where the learning platform and leadership pipeline represented major investments in organizational capability development. These decisions had longer payback horizons than other decision types, with returns expected over years rather than months. The willingness to make these long-horizon investments

during the integration period, when shorter-horizon priorities were also competing for resources and attention, reflects the strategic patience that the trust-first sequencing logic requires.

Governance design decisions appear across multiple cases but are concentrated in Cases 4 and 7, where the integrated scorecard and the PKB created formal governance instruments for the merged organization. Governance design decisions are distinctive in their long-term institutional consequence. The structures created in these cases would shape Pelindo's organizational dynamics for years beyond the integration period, making the design choices made in these cases more consequential than decisions with more immediate but more limited effects.

Communication decisions appear continuously across all cases, with particular concentration in Cases 1 and 2 where the initial integration communication architecture was established. The communication decisions documented across the cases collectively illustrate the importance of communication as an instrument of integration leadership rather than as a subordinate function to be delegated to specialists. The CEO's personal involvement in critical communications, the multi-channel communication architecture, and the consistent linkage of decisions to the integration's strategic logic are visible across all eight cases.

Dispute resolution decisions appear in Cases 6 and 7 most prominently, where the payslip incident and the early PKB implementation disputes required specific leadership intervention. These decisions are distinctive in their reactive character. They responded to specific situations rather than executing a planned design. The quality of dispute resolution depended on the leadership team's capacity to respond effectively to unexpected challenges, drawing on the relational capital and process discipline that the broader integration program had developed.

The frequency analysis of decision types provides empirical support for the cross-case framework presented in Chapter 6. The trust architecture is established primarily through the early concentration of trust-building decisions. The governance infrastructure is built primarily through the structural design and governance design decisions of Phase 2. The leadership amplification is supported through the capability investment decisions of Phase 3. The communication and dispute

resolution work continues throughout the integration period, supporting all three components of the cross-case framework.

6.9 The Role of Crisis Moments in Integration Trajectory

Several of the cases describe specific crisis moments that significantly affected the integration's trajectory. These crisis moments deserve specific analytical attention because they illustrate the importance of leadership response capability under unexpected pressure.

The payslip incident of October 2021 documented in Case 6 was the most consequential crisis moment of the early integration period. The discovery of pay disparities for ostensibly identical roles created an immediate organizational crisis that threatened the One Pelindo narrative and required urgent leadership response. The leadership team's response, which acknowledged the problem without defensiveness, committed to a transparent resolution process, and provided a credible timeline for the broader job architecture work, transformed what could have been a destructive crisis into a constructive moment that demonstrated management's commitment to procedural fairness.

The contrast between this response and a poor crisis response illustrates the importance of leadership capability in crisis moments. A defensive response that justified the legacy pay differences as appropriate to the historical bargaining processes would have undermined organizational trust by appearing to defend inequity. A panic response that promised rapid pay equalization without a credible process to deliver it would have created expectations that subsequent reality would have failed to meet. The actual response, which was honest, transparent, and proportionate, preserved trust by demonstrating that management took the problem seriously while avoiding both defensive justification and reactive overpromise.

A second crisis moment was the operational disruption that occurred at several smaller eastern ports during the first months of integration when the technology systems consolidation produced unexpected service degradation. Customer complaints, particularly from major shipping lines,

generated political and reputational pressure that the integration leadership had to manage while continuing the systems consolidation work. The response involved a combination of operational triage, with extra staff and management attention deployed to the affected ports; technical remediation, with the systems consolidation timeline adjusted to address the specific issues that had emerged; and customer communication, with senior leaders engaging directly with affected customers to acknowledge the issues and commit to resolution.

A third crisis moment occurred during the early implementation of the integrated scorecard in 2022, when several operational leaders openly questioned the scorecard's behavioural assessment dimension and refused to engage substantively with the AKHLAK behavioural reviews. The leadership team's response combined principled defense of the scorecard's design rationale, peer pressure through the calibration sessions that exposed the inconsistency of disengaged units, and direct intervention by the CEO and Chief Human Capital Officer with the specific leaders whose disengagement was most consequential. The response demonstrated that the scorecard was not optional and that disengagement carried consequences for the leaders who chose it.

These crisis moments illustrate that integration leadership requires not only the capacity to design and implement integration programs but also the capacity to respond effectively to unexpected challenges. The integration trajectory was shaped by multiple crisis moments, each of which could have produced significant negative consequences if poorly handled. The integration leadership team's overall capacity for crisis response is one of the less visible but more important determinants of the integration's success.

6.10 Cross-Case Reflection on Stakeholder Management

The cumulative stakeholder management work documented across the cases reveals patterns that illuminate the strategic significance of stakeholder management in integration leadership. Several stakeholder groups receive sustained attention across multiple cases, with patterns of engagement that reflect the strategic importance of each relationship.

The Ministry of State-Owned Enterprises receives attention across most cases, reflecting its dual role as the primary external stakeholder and as the institutional principal for the integration program. Engagement with the Ministry was conducted through formal reporting channels, periodic senior-level meetings, and informal coordination on specific policy initiatives. The Ministry's expectations evolved across the integration period, with early expectations focused on stability and avoidance of disruption giving way to later expectations focused on demonstrable performance improvement. The integration leadership's ability to meet evolving Ministry expectations across the integration period required sustained attention and adaptation.

Union federations receive attention across multiple cases, reflecting their strategic significance for the social legitimacy of the integration. The relationship investment with union leaders that began with the CEO's October 2021 roadshow continued through every subsequent integration phase, with union representatives included in consultation processes for major integration decisions. This sustained engagement built the trust capital that supported the eventual PKB negotiation and the early implementation of the agreement. The union relationship represents one of the most strategically consequential ongoing relationships of the integration program.

Customers, particularly major shipping lines and freight forwarders, receive attention across several cases, reflecting the operational and commercial significance of customer relationships. The integration leadership's commitment to operational continuity through the integration period was driven substantially by customer relationship considerations. Customer communication and engagement during the integration was conducted through formal customer relationship management processes and through informal senior leadership engagement on specific customer concerns. The customer relationship management work supported the operational continuity that the integration's commercial success required.

Credit rating agencies and financial market participants receive attention in cases that addressed the integration's financial dimensions. Engagement with credit rating agencies was conducted through formal credit review processes that included leadership presentations on the integration's progress and operational performance. The financial market engagement supported the credit

profile improvements that the merger had been expected to produce, providing access to capital markets at improved cost that supported the capital expenditure program.

Government regulators, including maritime regulatory authorities and labour relations regulators, receive attention in specific cases that addressed regulatory requirements. Regulatory engagement was conducted through formal regulatory processes and through informal coordination on specific regulatory matters. The regulatory engagement supported the integration's compliance with the complex regulatory environment of the Indonesian maritime sector.

The cumulative stakeholder management across the cases demonstrates that effective integration leadership requires sustained attention to multiple stakeholder relationships across the integration period. The integration leadership team developed differentiated stakeholder management strategies for each major stakeholder group while maintaining consistency in the underlying messages about the integration's purpose and progress. The complexity of this stakeholder management work, and the leadership capability it requires, is one of the less visible but more demanding aspects of integration leadership.

APPENDIX M: EXTENDED THEORETICAL DISCUSSION

7.5 Implications for Strategic Workforce Planning Theory

The Pelindo evidence has specific implications for strategic workforce planning theory beyond the direct findings presented in Chapter 6. The evidence supports an extension of strategic workforce planning theory to address the specific dynamics of constrained workforce environments, where conventional levers of hiring expansion and workforce reduction are unavailable.

The conventional strategic workforce planning literature, drawing on Cappelli (2008) and others, treats workforce planning as the management of make-or-buy decisions for talent acquisition. Organizations choose between developing talent internally and acquiring it externally based on cost, speed, and strategic significance considerations. This framework assumes that both options are genuinely available, with the choice driven by their relative attractiveness in specific contexts.

In constrained workforce environments, the make-or-buy framework requires modification. When external hiring is foreclosed by political or institutional constraints, the make option becomes the only viable strategy. This forecloses the strategic flexibility that the make-or-buy framework provides and requires organizations to develop the internal capability development capacity that the make option requires. Organizations that have relied historically on external hiring may not have this internal capability development capacity, requiring substantial investment in learning infrastructure, performance management systems, and capability assessment processes before the internal development strategy can deliver the workforce results that the strategic agenda requires.

The Pelindo experience demonstrates this dynamic. The zero-growth hiring constraint forced the organization to rely entirely on internal capability development for the workforce optimization that the transformation agenda required. The Portaverse Academy investment, the integrated scorecard's capability development dimension, and the leadership pipeline program collectively represent the internal capability development capacity that Pelindo had to build because the

external hiring option was unavailable. The investment was substantial, but it was unavoidable given the institutional constraints.

The implication for strategic workforce planning theory is that constrained workforce environments require not merely modification of the make-or-buy framework but a more comprehensive theory of internal capability development. This theory needs to address the systems, capabilities, and investments required to make internal development a reliable strategy for workforce optimization, rather than treating it as a residual option when external hiring is unavailable.

7.6 Implications for Industrial Relations Theory

The Pelindo evidence has implications for industrial relations theory, particularly for the application of pluralist frameworks to large-scale organizational integration contexts. The evidence supports the pluralist orientation in principle while extending the theory to address the specific dynamics of post-merger collective bargaining.

The pluralist tradition, drawing on Flanders (1970) and Fox (1974), treats collective bargaining as a legitimate process for resolving the partially conflicting interests of management and labour. Successful collective bargaining produces agreements that both parties can accept, even when they reflect compromises that neither party would have chosen unilaterally. The pluralist tradition has been criticized for understating the power imbalances between management and labour, and for treating bargaining outcomes as more legitimate than they may be when one party operates from a position of substantial power advantage.

The Pelindo experience extends the pluralist tradition by demonstrating the conditions under which genuinely deliberative bargaining can produce legitimate outcomes despite power asymmetries. The conditions include sustained relationship investment that builds the trust capital required for productive engagement, procedural design that supports deliberative engagement on substantive issues rather than positional bargaining, cultural framing that draws on traditions like *musyawarah*

that legitimize deliberative processes, and substantive commitments by management that demonstrate good faith and create the basis for reciprocal good faith from labour.

These conditions are not always present in collective bargaining contexts. Where they are absent, the pluralist process may not produce the legitimate outcomes that the tradition claims. The Pelindo experience therefore qualifies the pluralist tradition by specifying the conditions under which it operates effectively, rather than treating the pluralist process as inherently legitimacy-producing regardless of context.

The implication for industrial relations theory is that the conditions for legitimate collective bargaining deserve specific theoretical attention. Where the conditions are present, pluralist processes can produce outcomes that both management and labour can accept and implement. Where they are absent, alternative approaches may be required, including either more aggressive management approaches that recognize the power asymmetries directly or more transformative approaches that address the conditions that prevent legitimate bargaining.

7.7 Implications for Leadership Development Theory

The Pelindo evidence has implications for leadership development theory, particularly for the development of national system leaders in geographically diverse, institutionally complex SOE contexts. The evidence supports the elaboration of leadership development frameworks to address the specific capability requirements of these contexts.

The conventional leadership development literature, drawing on Day (2001) and others, distinguishes leader development, the enhancement of individual leadership capacity, from leadership development, the enhancement of the organization's collective leadership capacity. Both dimensions require investment in different forms. Leader development focuses on individual capabilities including self-awareness, strategic thinking, and interpersonal effectiveness. Leadership development focuses on collective capabilities including succession depth, capability distribution, and institutional continuity.

The Pelindo experience extends this framework by specifying the capability domains required for national system leadership in complex SOE contexts. The five capability domains identified in Case 8, including strategic integration intelligence, institutional navigation, cross-cultural leadership, ambiguity tolerance, and trust architecture management, represent a context-specific elaboration of the leadership profile that the standard frameworks treat as relatively undifferentiated.

These capability domains have specific implications for leadership development design. Strategic integration intelligence requires development experiences that expose leaders to the interdependencies among the organization's diverse operations, typically through cross-regional assignments and portfolio-level decision-making responsibilities. Institutional navigation requires development experiences that engage leaders with the multiple institutional environments the organization operates within, typically through stakeholder engagement assignments and policy interface roles. Cross-cultural leadership requires development experiences that expose leaders to the genuine diversity of the organization's cultural contexts, typically through assignments in non-home regions and through participation in multi-cultural project teams.

Ambiguity tolerance and trust architecture management are particularly difficult to develop through formal training programs. They require sustained experience of leadership situations that test the relevant capabilities, with reflection and feedback that allow learning from experience. The leadership pipeline program's investment in long experience assignments and individual coaching reflects the recognition that these capabilities require experiential development rather than classroom training.

The implication for leadership development theory is that context-specific capability profiles deserve specific theoretical attention. Generic leadership development frameworks may not capture the distinctive capabilities required for leadership in specific institutional contexts. Empirical research on the leadership profiles required in different organizational contexts would provide a more grounded foundation for context-appropriate leadership development design.

7.8 Implications for Practice in Comparable Contexts

The Pelindo evidence has implications for practice in organizations facing comparable integration challenges, including SOE consolidations in other emerging-market contexts, public sector reorganizations, and large-scale mergers in industries with strong labour relations frameworks.

The first practice implication is the importance of trust architecture as the foundation for integration. Organizations facing integration challenges in institutionally complex environments should invest first in the trust-building work that creates the conditions for subsequent structural and systems integration. This investment requires senior leadership engagement, substantive commitments on critical employee welfare issues, and procedural consistency in subsequent decisions. Organizations that attempt to bypass this investment, pursuing rapid structural change without the trust foundation, will encounter resistance that undermines the structural changes they pursue.

The second practice implication is the treatment of human capital systems as governance infrastructure. Organizations should design human capital system integration as a foundational priority comparable to governance structure design, not as a downstream consequence of structural decisions. This requires specific budgeting for human capital integration as infrastructure investment rather than as administrative cost, board-level governance of human capital integration decisions, and explicit attention to the complementarities among different human capital systems.

The third practice implication is the importance of leadership amplification investment. Organizations investing in digital systems for integration should make complementary investments in leadership capability development to ensure that the systems produce their intended returns. The leadership development investment should be sequenced concurrent with or ahead of major systems investments, not after them. Without the complementary leadership investment, systems investments will systematically underperform expectations.

The fourth practice implication is the strategic significance of industrial relations work. Organizations should treat labour relations as integral to integration strategy rather than as a

specialist function. This requires the integration of labour relations considerations into every significant human capital decision, sustained relationship investment with union representatives across the integration period, and recognition that the trust capital built through this engagement is a strategic asset that supports the entire integration program.

The fifth practice implication is the value of patience in integration sequencing. Organizations should design integration timelines that accommodate the trust architecture and capability building work rather than driving toward rapid structural change. The extra time required for the foundational work is not a delay but an investment in the legitimacy and capability that make the structural changes ultimately successful. Organizations that pursue compressed timelines based on the structural logic of consolidation will create expectation gaps that subsequent reality cannot fulfill, generating credibility damage that the perceived speed advantages do not offset.

APPENDIX N: EXTENDED CONCLUSIONS

8.6 The Generalizability Question Revisited

The question of how the Pelindo findings generalize to other contexts deserves more detailed examination than the limitations discussion in the main chapter provided. The generalization question can be approached at multiple levels of specificity.

At the most specific level, direct generalization to comparable Indonesian SOE consolidations is most plausible. The institutional context of Indonesian SOE governance, the political economy of state enterprise employment, the labour law framework, and the cultural context of organizational behaviour are largely shared across Indonesian SOEs. The specific findings about trust architecture, governance infrastructure, and leadership amplification should therefore be applicable to comparable Indonesian consolidation contexts with relatively modest adaptation. The current SOE rationalization programme under the Ministry of State-Owned Enterprises includes several other consolidations, including initiatives in banking, insurance, and construction, where the Pelindo findings should be directly relevant.

At a slightly less specific level, generalization to SOE consolidations in other Southeast Asian or comparable emerging-market contexts is plausible with attention to institutional differences. The general features of SOE governance in emerging markets, including the dual accountability structure, the workforce protection norms, and the political-commercial logic tension, are shared across many emerging-market contexts. The specific institutional details vary, but the broader dynamics are sufficiently similar to support meaningful application of the Pelindo findings with appropriate adaptation. SOE consolidations in countries such as Vietnam, Thailand, Brazil, India, and others may face different specific institutional environments but similar overall integration challenges.

At a still less specific level, generalization to large-scale public sector reorganizations in any country is plausible with attention to context-specific dynamics. The general findings about trust

architecture, infrastructure investment, and leadership amplification reflect underlying dynamics of organizational change in institutionally complex environments rather than specific features of the Indonesian SOE context. Public sector reorganizations in advanced economies, while occurring in different institutional environments, often face comparable challenges including political accountability, workforce protection, multiple stakeholder management, and operational continuity requirements.

At the most general level, generalization to large-scale private sector mergers with strong labour relations frameworks is plausible with attention to the differences in institutional context. The trust architecture and governance infrastructure findings have potential application in private-sector contexts, particularly in unionized industries where labour relations dynamics shape integration design. The specific application would require adaptation to the private-sector context, where shareholder accountability replaces ministerial oversight and competitive market discipline operates differently from political legitimacy.

The generalization question is not therefore a binary choice between full generalizability and complete context-specificity. The findings have different degrees of applicability to different contexts, with the applicability depending on the specific institutional, cultural, and operational dimensions that vary across contexts. Practitioners considering applying the findings to their own contexts should attend to the specific dimensions that may differ from the Pelindo context and adapt the application accordingly.

8.7 The Time Dimension and Integration Outcomes

The two-year period covered by this dissertation represents a specific phase of the integration program that may not capture the longer-term outcomes that ultimately define the integration's success. The relationship between the integration period covered here and the longer-term outcomes deserves additional reflection.

The integration program's success in the period covered by this dissertation is established by several indicators. The integration was completed legally and structurally without the major disruption that comparable consolidations have often produced. Operational continuity was maintained, with vessel turnaround times improving rather than degrading during the integration period. Industrial action was avoided, with the eventual PKB negotiation producing an agreement that both management and union supported. Talent retention exceeded the rates typical in comparable mergers, with the integration leadership team and key operational leaders largely intact at the end of the integration period.

These indicators provide evidence that the integration was successful in the immediate term. They do not provide evidence about the longer-term sustainability of the integration's gains. Several questions about longer-term outcomes will only be answerable after additional time has passed.

The first long-term question is whether the operational performance improvements achieved during the integration period are sustainable beyond the integration's intensive leadership attention. The performance improvements documented in vessel turnaround times and other operational metrics reflect the leadership investment of the integration period. Whether these improvements persist when the integration team disbands and the organization transitions to normal operations is a critical question that subsequent observation will address.

The second long-term question is whether the leadership pipeline program produces the national system leaders that the program was designed to develop. The first cohort of pipeline participants will achieve readiness for senior roles over the next several years. Their performance in those roles will provide direct evidence about the effectiveness of the pipeline design and the capability development investment.

The third long-term question is whether the cultural integration achieves the underlying assumption-level change that genuine cultural transformation requires. The artifact-level and espoused values changes documented during the integration period are necessary but not sufficient. Whether these surface changes translate into the deeper cultural transformation that supports sustained organizational performance is a question that only longer-term observation can answer.

The fourth long-term question is whether the governance infrastructure created during the integration period serves the organization effectively as operating conditions evolve. The integrated scorecard, job architecture, learning platform, and PKB were designed for the conditions that prevailed at their creation. Whether they remain effective as those conditions change, or whether they require substantial revision to maintain their effectiveness, is a question that subsequent operational experience will address.

These long-term questions do not undermine the findings of the present dissertation, which addresses the integration period specifically. They do indicate the directions for follow-up research that would extend the findings into the longer-term outcome dimensions that the present research cannot address.

8.8 The Counterfactual Question

The qualitative case research methodology of this dissertation does not permit counterfactual analysis in the strict statistical sense. The dissertation cannot determine what would have happened if the integration leadership had made different choices. The methodology's strength is in its capacity to develop deep understanding of the choices that were actually made and the contexts within which they were made, not in counterfactual comparison of alternative scenarios.

Within these methodological constraints, the dissertation can address counterfactual questions through reasoned inference about likely consequences of alternative choices. Such inference is grounded in the case evidence, the theoretical literatures applicable to the choices in question, and the comparative experience of other integrations in comparable contexts. The inference is necessarily speculative, but it provides analytical value when its speculative character is acknowledged.

The most important counterfactual question concerns the trust architecture sequencing. If the integration leadership had moved more rapidly on structural harmonization without first

establishing the employment security commitment, what would have been the likely consequences? The reasoned inference, drawing on the case evidence and the theoretical literatures, is that the rapid structural approach would have produced significantly higher levels of employee anxiety, industrial action risk, talent attrition, and operational disruption. The eventual structural changes would have been delayed by the resistance and disruption that the rapid approach generated, with the apparent speed advantages of the alternative approach proving illusory.

A second counterfactual question concerns the choice of integration over assimilation in the cultural integration approach. If the integration leadership had pursued an assimilation strategy, with one legacy culture designated as the integration target, what would have been the likely consequences? The reasoned inference is that the assimilation approach would have produced more rapid surface uniformity but at the cost of organizational capabilities concentrated in non-dominant entities and stronger identity-threat resistance from those entities' employees. The cultural integration would have appeared more complete in the short term but would have undermined the organizational diversity that the operational success of the integration depended upon.

A third counterfactual question concerns the investment in Portaverse Academy's universal access design. If the platform had been designed primarily for connected environments without the eastern Indonesia connectivity solutions and the digital literacy curriculum, what would have been the likely consequences? The reasoned inference is that the platform would have been more efficient to develop and operate but would have reproduced and reinforced the historical capability investment gaps between eastern and western ports. The geographic equity dimension of the integration's social contract would have been undermined, generating consequences for organizational legitimacy that would have extended beyond the specific platform decision.

These counterfactual reflections illustrate the analytical value of qualitative case research even within the methodological constraints. The reasoned inference about alternative scenarios contributes to understanding the strategic logic of the choices that were actually made, even though it cannot definitively establish what would have happened under the alternative scenarios.

8.9 Final Reflections on Practitioner-Researcher Scholarship

The completion of this dissertation provides an opportunity for final reflection on the practitioner-researcher tradition within which the work has been conducted. The tradition has both significant value and important limitations that deserve explicit acknowledgement.

The value of practitioner-researcher scholarship lies in the access to primary materials, the contextual knowledge required to interpret those materials accurately, and the practical relevance of the research questions that practitioner perspective generates. These advantages are real and produce scholarship that purely external research could not produce. The Pelindo cases documented here would not exist in their current form without the practitioner access that enabled their development.

The limitations of practitioner-researcher scholarship lie in the proximity bias that the practitioner position creates, the rationalization tendency that retrospective analysis encourages, and the selection bias that limits the cases or evidence that practitioners choose to examine. These limitations are also real and constrain the scholarly value of practitioner-researcher work in specific ways.

The tradition's overall value depends on whether the advantages outweigh the limitations in specific research contexts. For research that requires deep access to primary materials and contextual knowledge that external researchers cannot easily obtain, the practitioner-researcher tradition can produce scholarship that would otherwise be impossible. For research that requires independent observer distance and methodological rigor that practitioners may struggle to achieve, the tradition's limitations may outweigh its advantages.

The DPP program tradition within which this dissertation has been conducted reflects an explicit commitment to practitioner-researcher scholarship, with attention to the methodological practices that maximize the tradition's advantages while addressing its limitations. The reflexivity practices,

the triangulation requirements, the theoretical framing drawn from external literatures, and the explicit acknowledgement of practitioner positionality all reflect this commitment. The dissertation should be evaluated within this tradition rather than judged by the standards of purely external academic research.

The final reflection is that the tradition's value depends on practitioners taking the scholarly responsibilities of the work seriously. Practitioners who use the practitioner-researcher position to produce scholarship that would not pass independent peer review undermine the tradition's value. Practitioners who use the position to produce scholarship that reflects both the practitioner advantages and the scholarly disciplines support the tradition's continuation as a productive form of management research. This dissertation has been conducted with awareness of this responsibility, and its findings should be evaluated with attention to whether the scholarly disciplines have been appropriately applied to the practitioner advantages that the tradition provides.

APPENDIX O: EXTENDED CONTEXTUAL ANALYSIS

1.8 Indonesian Maritime Policy Context in Detail

Indonesia's maritime policy framework, within which the Pelindo merger was executed, had been evolving for decades before the 2021 consolidation. The country's identity as a maritime nation has deep historical roots, predating the colonial period and reflecting the natural geography of an archipelagic state. The modern policy framework that shapes the contemporary port sector dates primarily from the post-1998 reform period, when democratic transition opened space for substantial review and revision of state enterprise governance arrangements that had been established under the New Order regime.

The 2008 Shipping Law (Undang-Undang Number 17 Tahun 2008 tentang Pelayaran) replaced the colonial-era legal framework that had governed Indonesian ports and shipping since independence. The new law introduced the principle of separating port regulation from port operation, formally distinguishing the role of the Port Authority as regulator from the role of the Pelindo entities as operators. This separation was incomplete in practice during the years following the law's enactment, as the institutional capacity required to give it full effect had not been built. The merger of the four Pelindo entities was, among other things, an opportunity to reset the regulator-operator relationship in a way that the previous fragmented structure had made difficult.

The 2014 inauguration of President Joko Widodo brought with it an explicit maritime policy agenda articulated through the Sea Toll programme (Tol Laut). The Sea Toll concept envisioned regular subsidized shipping routes connecting eastern and central Indonesia with the major economic centres of Java, with the explicit policy goal of reducing the price disparities between regions that fragmented logistics had produced. The Sea Toll programme required port infrastructure capable of supporting the regular schedules and predictable service standards that the programme's logistics operators required. This requirement created additional impetus for port standardization and operational improvement that the four-entity structure was poorly positioned to deliver.

The Maritime Coordinating Ministry, established in 2014 to coordinate maritime policy across the multiple ministries with maritime portfolios, provided institutional architecture for cross-ministry coordination on policy matters that affected the port sector. The Ministry of Transportation retained primary regulatory authority over the maritime sector. The Ministry of State-Owned Enterprises retained ownership authority over Pelindo. The Ministry of Public Works retained authority over port infrastructure investment in non-Pelindo facilities. The complex institutional architecture meant that even the merger of the four Pelindo entities did not produce a unified governance arrangement for the maritime sector, but rather a more rationalized operator within a still-complex institutional environment.

The National Logistics Ecosystem programme, launched in 2020, provided a digital platform infrastructure for connecting port operations, customs, freight forwarders, shipping lines, and inland transport operators. The programme's success required port operators to participate in the platform with reliable data exchange capabilities and standardized operating procedures. Pelindo's participation in the National Logistics Ecosystem was significantly easier as a unified operator than it would have been as four separate entities, because data integration and process standardization could be conducted within a single organizational system rather than coordinated across four separate ones.

This policy context illuminates the broader strategic logic of the merger. The consolidation was not merely an enterprise restructuring but an enabling condition for several major government policy initiatives that required a unified port operator to be implemented effectively. The merger's success was therefore consequential not only for Pelindo's commercial performance but for the broader maritime policy agenda of the Indonesian government.

1.9 The Mineta Framework: Comparative Reference Points

While the Pelindo case is unique in its specific combination of institutional and operational characteristics, comparable national port consolidation programmes in other countries provide

useful reference points for understanding the integration challenges and strategic options. India's port sector consolidation initiatives in the late 2010s, China's port sector restructurings throughout the 2000s and 2010s, and Brazil's port modernization programme in the 2010s each addressed comparable challenges with different policy and institutional approaches.

The comparative reference points highlight the distinctive features of the Pelindo merger. The Indonesian programme was unusual in its relatively rapid timeline from announcement to legal completion. It was also unusual in its explicit no-layoffs and no-pay-cut commitment, which constrained the workforce optimization options that comparable programmes in other countries had used. The four-entity geographic structure that Pelindo inherited was unusual in its degree of organizational separation and in the genuine cultural diversity of the legacy entities, reflecting the geographic and demographic diversity of Indonesia itself.

These distinctive features mean that direct application of the Pelindo experience to other national port consolidation contexts requires careful attention to comparability. Some elements of the Pelindo approach, particularly the trust architecture sequencing and the integrated governance infrastructure, may be more broadly applicable across SOE merger contexts. Other elements, particularly the specific cultural integration approach using AKHLAK and the musyawarah-influenced negotiation process, are more specifically Indonesian in their character and may require local adaptation in other contexts.

1.10 Pelindo Within the Indonesian SOE Portfolio Reform Programme

The Pelindo merger was not an isolated initiative but a component of a broader SOE portfolio reform programme that the Ministry of State-Owned Enterprises pursued under Minister Erick Thohir from 2019 onward. Understanding the Pelindo merger requires understanding the policy framework within which it was conceived and executed.

The Ministry's portfolio reform programme operated on several principles that were articulated in ministry communications and reflected in the specific consolidation initiatives undertaken. The

first principle was sectoral consolidation. Multiple state-owned enterprises operating in the same sector were to be consolidated to reduce duplication, increase scale, and improve coordination. Pelindo's port sector consolidation was the most prominent example of this principle. Other examples included the consolidation of state insurance companies into Indonesia Reinsurance and the consolidation of state survey and inspection companies.

The second principle was holding company governance. State enterprises were to be organized into holding companies that provided strategic oversight and capital allocation across operating subsidiaries while preserving operational autonomy at the subsidiary level. The Pelindo merger created a unified entity rather than a holding structure, reflecting the determination that port operations across the network were sufficiently interconnected to require unified operational management rather than holding-company coordination.

The third principle was commercial discipline. State enterprises were to operate with the cost discipline, performance accountability, and capital efficiency that private-sector competitors demonstrated, even while continuing to fulfill their state-mandated missions. This principle had specific implications for Pelindo's integration design. The merger was expected to deliver financial synergies and operational improvements that demonstrated the commercial discipline that the broader portfolio reform programme advocated.

The fourth principle was workforce protection. While the broader portfolio reform required commercial discipline, it explicitly excluded workforce reduction as an instrument of cost optimization. State enterprise employment was to be protected as a matter of policy, with productivity improvement to be pursued through capability development, technology investment, and process optimization rather than headcount reduction.

These four principles created the policy environment within which Pelindo's integration leaders operated. The trust architecture that the integration leadership team constructed was consistent with all four principles, particularly the explicit workforce protection commitment. The governance infrastructure investments were consistent with the commercial discipline principle, providing the management systems required for productivity improvement under workforce

constraint. The integrated leadership pipeline reflected the holding company governance principle, building the leadership capability required to coordinate operations across a diverse portfolio of port types and regional contexts.

APPENDIX P: EXTENDED THEORETICAL CONTEXT

2.13 Merger Communication and the Trust-Building Process

The literature on merger communication has documented the specific mechanisms through which communication during integration affects employee responses and integration outcomes. Schweiger and DeNisi's (1991) longitudinal field experiment was a foundational contribution. They compared employees in two plants of a merging company, one of which received realistic merger communication, including honest acknowledgement of uncertainty about specific aspects of the integration and the timeline for resolving it, while the other received minimal communication. The treatment plant's employees showed lower anxiety, higher commitment, and higher trust in management than the control plant's employees.

Subsequent research has elaborated this finding by identifying specific characteristics of effective merger communication. Allen, Jimmieson, Bordia, and Irmer (2007) examined communication during organizational change and found that employees' perceptions of communication quality were the strongest predictor of their trust in management. Bordia, Hunt, Paulsen, Tourish, and DiFonzo (2004) found that uncertainty during organizational change predicted resistance, and that communication's primary function was uncertainty reduction.

The implications for integration leadership are direct. Communication is not a peripheral activity to be delegated to specialists but a central instrument of integration management. The quality, timing, and content of communication directly affect employee trust and integration cooperation. The CEO's personal delivery of the no-layoffs commitment in October and November 2021 reflected an awareness of these dynamics. The personal hierarchical authority of the CEO gave the communication weight that would have been lacking if the same content had been delivered through HR channels.

The literature also addresses the communication challenges specific to consolidations of multiple equal-sized entities, as opposed to the acquirer-target structure that dominates most merger

research. In the multi-entity consolidation context, the question of which entity's existing communication channels and norms should be adopted is itself a sensitive integration question. Treating any one entity's channels as the default communication infrastructure of the merged organization signals that entity's dominance in the cultural integration that follows. The Pelindo communication architecture was designed to use the merger as an opportunity to develop new communication channels and norms rather than to adopt any of the legacy entities' existing approaches.

2.14 Kotter's Eight-Stage Process and Its Adaptation to Integration Contexts

Kotter's (1996) eight-stage process for leading change has been one of the most widely cited frameworks for organizational transformation. The eight stages comprise establishing a sense of urgency, creating a guiding coalition, developing a vision and strategy, communicating the change vision, empowering broad-based action, generating short-term wins, consolidating gains and producing more change, and anchoring new approaches in the culture.

The Pelindo integration's progression maps imperfectly onto Kotter's framework, in ways that illuminate the limitations of generic change frameworks for politically mandated SOE merger contexts. The sense of urgency stage, in Kotter's framework, typically requires leaders to construct organizational awareness of the threat or opportunity that motivates change. In the Pelindo context, the urgency was externally imposed by the Presidential Regulation rather than constructed internally. Leaders did not need to convince employees that change was necessary. They needed to manage the anxiety that externally imposed change had generated.

The guiding coalition stage similarly required adaptation. In the Pelindo context, the coalition was not constructed through deliberate selection but inherited from the four legacy entities' senior leadership. Some members of the inherited coalition were committed to the integration's success. Others viewed it with varying degrees of resistance reflecting their entity's specific stake in the outcome. Building genuine commitment from the inherited coalition was a significant leadership challenge that the standard Kotter framework does not specifically address.

The communicating change vision stage was complicated by the need to communicate to four distinct organizational cultures simultaneously, with different communication norms and different historical relationships to corporate communication. A communication style that was credible in Pelindo II's commercially oriented Jakarta context was not necessarily credible in Pelindo IV's relationally oriented Eastern Indonesian context. The communication architecture had to provide for differentiated communication that addressed the specific concerns and norms of each legacy entity while maintaining a coherent overall message about the integration's purpose and direction.

These adaptations of the Kotter framework illustrate a broader limitation of generic change frameworks for the politically mandated SOE merger context. The frameworks were developed primarily in the context of internally driven corporate change initiatives, where leadership has substantial discretion in defining the change agenda, selecting the change leadership team, and designing the change communication approach. SOE merger leaders operate with substantially less discretion across all of these dimensions, and the frameworks require corresponding adaptation.

2.15 The Indonesian Cultural Context for Organizational Leadership

The literature on Indonesian organizational behaviour and leadership provides specific context for understanding the cultural dynamics that shaped the Pelindo integration. Hofstede's (1980) original five-dimensional framework characterized Indonesia as relatively high in power distance, high in collectivism, moderate in uncertainty avoidance, and moderate in masculinity-femininity orientation. Subsequent research has refined these characterizations while broadly confirming their general direction.

The high power distance characterization has specific implications for organizational communication and decision-making in Indonesian contexts. Decisions communicated by senior leaders carry weight that decisions communicated by middle managers do not, even when the substantive content of the communications is identical. This dynamic reinforced the importance of

CEO-level engagement in the trust architecture that Pelindo's integration leadership constructed. The CEO's personal involvement in the union roadshow was not merely a symbolic gesture but a culturally specific demonstration of commitment that gave the no-layoffs pledge institutional weight that other communication channels could not have produced.

The collectivist orientation has implications for the social dynamics of organizational change. Indonesian organizations tend to operate with stronger informal social networks, more emphasis on group consensus, and more attention to interpersonal relationships than comparable Western organizations. The *musyawarah* tradition, deeply embedded in Indonesian political and organizational culture, reflects this collectivist orientation. The PKB negotiation process at Pelindo deliberately drew on the *musyawarah* tradition, both because it was culturally appropriate and because it provided a process framework that supported the deliberative engagement that the integration's success required.

The uncertainty avoidance characterization has implications for the design of integration communication. Moderate uncertainty avoidance suggests that Indonesian employees tolerate ambiguity better than employees in high-uncertainty-avoidance cultures but worse than those in low-uncertainty-avoidance cultures. The integration communication strategy needed to acknowledge uncertainty honestly without amplifying it through excessive hedging, providing the directional clarity that employees required while avoiding false certainty about specific timelines and outcomes that integration leadership could not credibly promise.

These cultural characteristics are not deterministic. Individuals within Indonesian organizations vary substantially in their personal cultural orientations. The cultural characterizations provide context for understanding the typical organizational dynamics rather than predictions about specific individual behaviour. They are nonetheless useful for understanding the design choices that Pelindo's integration leadership made about communication, decision-making, and stakeholder engagement.

2.16 The Maritime Industry Operating Context

The specific operational context of the maritime port industry creates dynamics that affect the integration's design and implementation. Several characteristics of the industry are particularly relevant.

The first characteristic is the time-critical nature of port operations. Vessels operate on tight schedules, and delays at any port in a vessel's rotation generate costs that compound through the rotation. This temporal pressure means that operational disruption during integration is far more visible and consequential than in industries where operational rhythms are less time-sensitive. Integration leaders therefore face acute pressure to minimize operational disruption, which constrains the pace and scope of integration changes that can be implemented without unacceptable operational risk.

The second characteristic is the safety-critical nature of port operations. Port operations involve heavy equipment, hazardous cargo, and complex coordination between vessel, shore, and inland operations. Safety failures can be catastrophic, with consequences for human life, environmental quality, and organizational reputation that far exceed their direct economic costs. This safety-critical character means that operational integration cannot proceed without thorough validation of new processes and procedures, slowing the pace of operational change that would otherwise be technically feasible.

The third characteristic is the capital-intensity of port infrastructure. Port operations require massive investment in fixed infrastructure, including berths, cranes, yards, and information systems, that have economic lives measured in decades. The capital-intensity creates strong incentives for stable operations that maximize the productive use of fixed infrastructure. It also means that workforce flexibility is limited by the geographic immobility of the infrastructure. Workers in Tanjung Priok cannot be redeployed to opportunities in Makassar without substantial relocation that affects family and community relationships.

The fourth characteristic is the customer-facing nature of port operations. Shipping lines, freight forwarders, and importers and exporters interact directly with port operations on a continuous

basis. Service disruptions during integration are immediately visible to these customers, potentially affecting customer relationships and competitive positioning that have long-term consequences for the port's commercial viability. This customer visibility constrains the operational experimentation that integration sometimes requires.

These industry characteristics combined to create an integration context in which the pressures for operational continuity were unusually strong. Many of the design choices that the integration leadership made, particularly the parallel-running approach to systems consolidation and the wave rollout strategy for the integrated scorecard, reflected an awareness of these industry-specific operational pressures.

APPENDIX Q: ADDITIONAL CASE INSIGHTS

5.10 Cross-Case Patterns in Communication Approaches

Across the eight cases, distinct patterns in communication approaches emerge that provide additional insight into the integration leadership team's communication architecture. The communication patterns vary in formality, directionality, and target audience, but they share certain characteristics that reflect the trust architecture logic of the broader integration program.

The first communication pattern is direct senior leadership engagement on consequential commitments. The CEO's personal delivery of the employment security commitment in October and November 2021 was the most prominent example of this pattern, but it was repeated in subsequent integration milestones. The CEO and Chief Human Capital Officer personally engaged with union leaders on the PKB negotiation framework, with regional leaders on the integrated scorecard rollout, and with high-potential leaders on the leadership pipeline program. This direct senior engagement signaled the strategic importance of these initiatives in ways that delegated communication could not have achieved.

The second communication pattern is consistent triangulation of messages across multiple channels. Consequential integration messages were delivered through multiple communication channels simultaneously, including face-to-face meetings, written communications, video presentations, and structured cascade through middle management. The use of multiple channels reflected an awareness that different employees engage with information through different preferred channels, and that critical messages need to reach all employees regardless of their individual preferences. The triangulation also created multiple opportunities for employees to encounter and absorb the messages, increasing the likelihood that the information would be understood and retained.

The third communication pattern is acknowledgement of unresolved tensions and uncertainties. Integration communications consistently acknowledged what was unknown or undecided,

providing employees with realistic expectations about the timing and nature of subsequent decisions. This acknowledgement was uncomfortable but necessary. Communication that overpromised certainty would have created expectations that subsequent reality would have failed to meet, generating credibility damage that would have been difficult to repair. Acknowledgement of uncertainty preserved credibility even when specific outcomes were less favourable than employees had hoped.

The fourth communication pattern is explicit linkage of decisions to the integration's strategic logic. Communications about specific decisions consistently explained how those decisions fit into the broader transformation agenda, providing employees with a coherent framework for understanding individual decisions in their strategic context. This linkage was particularly important for decisions that had short-term costs for specific groups, where the strategic rationale provided the justification that made the costs more acceptable.

These four communication patterns combined to create a communication architecture that supported the trust architecture of the broader integration program. Employees experienced communication that was direct, multi-channel, honest about uncertainty, and connected to a coherent strategic narrative. This experience built the trust capital that the integration's subsequent decisions required.

5.11 The Role of Symbolic Decisions in Cultural Integration

Several cases illustrate the importance of symbolic decisions in shaping the cultural narrative of the merged organization. Symbolic decisions are choices whose practical impact is limited but whose communicative impact is substantial. They signal organizational priorities, commitments, and values in ways that direct communications cannot achieve.

The CEO's personal delivery of the no-layoffs commitment was simultaneously a substantive decision, with direct implications for workforce stability, and a symbolic decision, signaling the level of personal commitment that the leadership was willing to make on behalf of employee

welfare. The symbolic dimension was as important as the substantive dimension in shaping the integration's trajectory.

The decision to anchor the cultural integration in the externally mandated AKHLAK framework rather than in a Pelindo-specific values set was primarily a symbolic decision. The substantive content of the values that AKHLAK communicated could have been articulated through any of several alternative frameworks. The choice of AKHLAK signaled Pelindo's identity as a state-owned enterprise embedded in the national SOE values agenda rather than as an organization defining its own distinctive values position.

The investment in Portaverse Academy's universal access design, including the connectivity solutions for eastern ports and the digital literacy curriculum, was substantively important for capability development equity but also symbolically important in signaling that the integration leadership was committed to genuine equity across the network rather than to optimization for the larger and more profitable western terminals.

The structure of the joint implementation committee for PKB administration, with explicit parity between management and union representation, was substantively important for the governance of the agreement but also symbolically important in signaling that labour relations were structured as partnership rather than as management direction with union response.

These symbolic decisions reinforced the substantive integration work by communicating, through actions rather than words, the values that the integration was intended to express. Employees and unions read these symbolic decisions as evidence of the genuine character of management commitments, supplementing the more direct evidence provided by specific decisions and communications.

5.12 The Management of Resistance Across Cases

Across the eight cases, resistance to integration manifested in various forms and was managed through various approaches. Examining the patterns of resistance and response provides additional insight into the leadership dynamics of the integration program.

The most visible resistance occurred in the immediate post-merger period, in October and November 2021, when employee anxiety about employment security generated organizational tension that threatened operational continuity. The resistance was managed primarily through the trust architecture work described in Case 1, with the employment security commitment and the regional union engagement reducing the anxiety that was driving the visible resistance.

A different form of resistance emerged in the implementation of the integrated scorecard in 2022 and 2023. Operational leaders who were skeptical of behavioural performance assessment expressed their skepticism through delayed implementation, low-quality assessments, and rhetorical compliance without substantive engagement. This resistance was not visible in the form of refusal or open opposition but in the quality and consistency of implementation. It was managed through the calibration sessions and the wave rollout strategy described in Case 4, with the calibration sessions creating peer pressure for assessment quality and the wave rollout approach allowing the system to demonstrate its value at flagship locations before extending to skeptical units.

A third form of resistance emerged in the compensation harmonization process, particularly among employees in legacy entities whose pay levels were higher than the proposed harmonized standards. While the no-income-reduction commitment protected these employees from absolute pay reductions, the relative position of their compensation in the new architecture sometimes appeared less favourable, generating resentment that was expressed through informal communication and union engagement. This resistance was managed through the procedural transparency of the harmonization process, with the job architecture providing the legitimate analytical foundation for compensation decisions that, while painful, could be defended as fair.

A fourth form of resistance emerged in the cultural integration work, particularly in the transition from legacy organizational identities to a unified Pelindo identity. This resistance was less

programmatic than the other forms and more pervasive in everyday organizational behaviour. Employees continued to identify themselves by their legacy entity in informal contexts, maintained social networks primarily within their legacy peer groups, and applied legacy organizational norms in their daily work even after formally adopting Pelindo standards. This pattern of resistance was addressed not through specific interventions but through the cumulative effect of the integration's other work streams, with the integrated scorecard, job architecture, learning platform, and PKB collectively creating organizational experiences that gradually shifted the lived reality of organizational membership from legacy entity to unified Pelindo.

The patterns of resistance across the cases illustrate that resistance in large-scale integration is not a single phenomenon to be managed through a single response. Different forms of resistance emerge from different sources and require different management approaches. Effective integration leadership therefore requires a varied repertoire of response strategies rather than reliance on a single change management approach.

5.13 The Management of Stakeholder Tensions Across Cases

The integration program operated in a stakeholder environment that included multiple groups with partially conflicting interests. The cases collectively illustrate how the leadership team managed the tensions among these stakeholder groups across the integration period.

The Ministry of State-Owned Enterprises was the primary external stakeholder, with policy and ownership interests in the integration's success. Ministry expectations centered on demonstrable progress toward the policy objectives that motivated the merger, particularly logistics cost reduction and operational performance improvement. Ministry communications during the integration period emphasized the importance of measurable performance outcomes, creating pressure for visible operational improvements that the integration leadership had to balance against the slower pace of trust architecture and capability development work.

Union federations were the primary internal stakeholder for labour interests. Union expectations centered on employment protection, compensation maintenance, and process legitimacy in integration decisions affecting employees. Union communications throughout the integration period emphasized both the specific employment protection commitments and the broader procedural expectations that the unions held about consultation and participation. The integration leadership managed the union relationship through the relationship investment work described in Case 7, building trust capital over time that supported productive engagement on specific issues.

Shipping lines and freight forwarders were the primary commercial customer stakeholders, with interests in service quality, reliability, and competitive pricing. Customer expectations centered on operational continuity through the integration period, with specific concerns about the risk that integration disruption would degrade the service standards that their commercial operations required. The integration leadership managed customer relationships through proactive communication, operational continuity commitments, and the parallel-running approach to systems integration that minimized operational disruption risk.

Credit rating agencies and financial markets were the primary capital market stakeholders, with interests in the integration's effect on Pelindo's credit profile and financial performance. Rating agency expectations centered on the integration's contribution to the operational and financial performance improvements that justified the post-merger credit profile. The integration leadership engaged with rating agencies through transparent communication about the integration's progress and the operational improvements it was producing, supporting the credit profile improvements that the merger had justified.

Government regulators, particularly the Maritime Coordinating Ministry and the Ministry of Transportation, had interests in the integration's compatibility with the broader maritime policy framework. Regulator expectations centered on the integration's contribution to policy objectives such as the Sea Toll programme and the National Logistics Ecosystem participation. The integration leadership engaged with regulators through formal coordination meetings and operational coordination on policy initiatives that required Pelindo's participation as a unified national operator.

Employees were the primary internal stakeholder, with interests that overlapped with but were not identical to union interests. Employee expectations centered on personal job security, career development opportunities, and procedural fairness in decisions affecting their work conditions and compensation. The integration leadership managed the employee relationship through the trust architecture, the procedural fairness of system design, and the genuine investment in capability development that signaled commitment to employee welfare beyond the immediate employment security commitment.

The complexity of this stakeholder environment required the integration leadership to develop differentiated engagement strategies for each stakeholder group while maintaining consistency in the underlying message about the integration's purpose and progress. The success of this differentiated stakeholder management is one of the less visible but more significant achievements of the integration leadership team.

APPENDIX R: SUPPLEMENTARY CASE ANALYSES

5.14 Case 1 Extended: Operational Implementation of the Integration Blueprint

The integration blueprint described in the main analysis of Case 1 required substantial operational implementation work that extended over the full duration of the Phase 1 stabilization period. The implementation work itself produced learning that informed subsequent integration phases and revealed dynamics that the original blueprint had not fully anticipated.

The Day One implementation effort focused on establishing the formal governance structure of the unified entity. A new board of directors was constituted from members of the four legacy boards, supplemented by independent directors appointed to provide governance perspective independent of any legacy entity. Regional operating clusters were defined, with each cluster including ports from multiple legacy entities to break down the legacy organizational structure. Functional reporting lines were established for HR, Finance, Operations, and Strategic Planning, with each function reporting to a senior leader who had been appointed to the integrated entity rather than to one of the legacy entities.

The functional reporting structure required immediate attention because the legacy entities had operated with substantially different functional architectures. Pelindo II had a more elaborated functional structure reflecting its larger scale and commercial complexity. The smaller legacy entities had less differentiated functional structures with broader role responsibilities. The new functional architecture had to provide for the specialization that scale enabled while maintaining the integration that smaller entities had achieved through informal coordination.

The compensation continuity work was a particularly sensitive aspect of Day One implementation. While the long-term compensation harmonization would proceed through the Phase 2 work described in Case 6, the immediate need was to ensure that all employees continued to receive their existing pay through the transition period without disruption or error. This required the consolidation of four separate payroll systems into a single payroll operation that could maintain

accurate and timely payments while the underlying compensation harmonization work proceeded over the following months.

The benefits administration consolidation presented similar challenges. The four legacy entities had administered different benefit programs through different administrative arrangements. Health insurance coverage differed in scope and provider arrangements. Pension contributions used different calculation bases. Allowance administration followed different procedures. Consolidating these arrangements required either selecting one legacy approach as the new standard, which would generate dissatisfaction among employees whose previous arrangements were displaced, or maintaining parallel arrangements until a harmonized approach could be designed, which generated administrative complexity and cost.

The interim approach adopted was to maintain benefit administration largely on legacy patterns through the first six months while a benefits harmonization plan was developed for implementation alongside the broader compensation harmonization. This approach minimized disruption during the most sensitive integration period at the cost of administrative inefficiency that was tolerated as a transition cost. The benefits harmonization itself was completed in 2023, alongside the PKB negotiation process that codified the benefits framework in the collective agreement.

5.15 Case 1 Extended: Technology Infrastructure Integration

The technology infrastructure integration was a substantial workstream within the Phase 1 work that received less attention in the main case analysis but had significant implications for the broader integration program. The four legacy entities operated different enterprise systems for finance, human resources, port operations, and customer-facing services. Consolidating these systems into a unified technology architecture was both technically challenging and strategically consequential.

The strategic consequence of technology consolidation was that the unified technology architecture would be a major enabler of the operational improvements that the merger was intended to produce. Standardized customer-facing systems would enable shipping lines to interact

with Pelindo's full network through a single interface rather than four separate ones. Unified port operations systems would enable cargo flows to be tracked and managed across the network with consistent information quality. Integrated finance systems would enable the consolidated financial reporting and capital allocation that the merger required.

The technical challenge of technology consolidation derived from the depth of system embedding in operational processes. Port operations across the four legacy entities had developed around their specific technology systems over many years. Operational processes, training materials, customer interfaces, and reporting structures all reflected the specific characteristics of the legacy systems. Consolidating to a new system architecture required not merely technical replacement but redesign of the operational processes and capabilities that the systems supported.

The technology integration approach adopted recognized this complexity and proceeded through a phased migration that prioritized customer-facing systems first, then operations systems, then internal administrative systems. This sequencing reflected an assessment of where the strategic returns to integration were highest and where the integration risk was most manageable. Customer-facing systems integration produced the most visible value in the form of unified customer interfaces. Operations systems integration was more complex and was sequenced to allow for thorough testing and validation before deployment. Administrative systems integration was sequenced last because the integration value was lower and the disruption risk to administrative continuity was high.

The technology integration timeline extended well beyond Phase 1 of the broader integration program. Several systems integrations were not completed until 2023 or 2024, well after the formal stabilization phase had concluded. This timeline reflected the technical complexity and the risk management approach. It also reflected the lesson learned from the broader integration program that systems integration cannot be rushed without creating operational and customer-facing risks that exceed the benefits of accelerated timeline.

5.16 Case 2 Extended: Cultural Diagnostic Methodology and Findings

The cultural diagnostic conducted in the early months of the integration period provided the empirical foundation for the cultural integration program. The methodology of the diagnostic deserves more detailed examination than the main case analysis provided, both because the methodological choices shaped the findings and because the diagnostic approach has implications for cultural integration practice in other contexts.

The diagnostic combined four data collection methods, each contributing different perspectives on the cultural landscape of the merged organization. Survey instruments administered to a representative sample of employees across all legacy entities provided quantitative data on attitudes, perceptions, and self-reported behaviours. Structured interviews with leaders at multiple organizational levels provided qualitative depth on the leadership perspective on cultural dynamics. Focus group workshops bringing together employees from different legacy entities provided observational data on the actual interaction patterns when employees from different cultural backgrounds engaged with each other. Document analysis of legacy organizational artifacts, including communication archives, performance management records, and policy documents, provided historical context on the cultural patterns that had developed in each legacy entity.

The four-method approach produced converging findings that gave the diagnostic results greater credibility than any single method would have provided. When survey results indicated cultural differences between Pelindo II and Pelindo IV, the differences were corroborated by interview findings, focus group observations, and document analysis. The convergent validity of the findings across methods increased confidence that the differences observed reflected genuine cultural patterns rather than methodological artifacts.

The diagnostic findings included several patterns that were not fully anticipated by the design team. The expected pattern of strong cultural distinctions between the four legacy entities was confirmed, but the specific dimensions of differentiation were sometimes different from what the design team had anticipated. Pelindo I and Pelindo IV proved to be culturally more similar to each other than to either of the western Java entities, reflecting their shared experience of operating in

geographically dispersed, infrastructure-limited environments. Pelindo II and Pelindo III were more distinct than expected, with the commercial-versus-technical orientation difference creating sharper cultural boundaries than the geographic proximity might have suggested.

The diagnostic also identified subcultures within each legacy entity that did not conform to the entity-level cultural pattern. Within Pelindo II, the technology operations function had developed cultural norms more similar to the technical culture of Pelindo III than to the commercial culture of the Pelindo II mainstream. Within Pelindo III, the Surabaya container terminal had developed cultural norms more similar to the commercial culture of Pelindo II than to the technical culture of Pelindo III's general operations. These subcultural patterns complicated the simple entity-level cultural mapping that the design team had initially anticipated and required more nuanced cultural integration approaches than entity-level mapping would have suggested.

The implications of these unexpected findings for the cultural integration approach were significant. The cultural integration could not proceed as a simple process of merging four distinct cultures into one. It needed to recognize the existing cultural diversity within each legacy entity and to provide for ongoing cultural variation across the merged organization rather than pursuing a single dominant culture across all functions and locations.

5.17 Case 3 Extended: Workforce Analytics Methodology and Findings

The workforce analytics work that supported the strategic workforce planning effort deserves additional examination. The analytics approach was novel in its application to a port operations context with the specific constraint of zero-growth headcount, and the methodology developed has implications for workforce planning in comparable contexts.

The analytics framework began with a comprehensive workforce mapping that classified the 25,000 employees by location, function, role family, grade level, and capability profile. The mapping required substantial data collection because the legacy entities maintained workforce records in different systems with different data structures and quality standards. Establishing a

unified workforce database with consistent data quality across the legacy entities was itself a significant project that took several months to complete.

The unified workforce database enabled analyses that had not been possible at the legacy entity level. Cross-entity comparisons of role distribution, grade structures, and capability profiles revealed the structural mismatches that the case analysis described. Geographic distribution analyses revealed the concentration of capability in western Java terminals and the corresponding gaps in eastern ports. Functional analyses revealed the headquarters function duplication that the consolidation had created.

The analytics also enabled scenario modeling for different workforce optimization strategies. The team could model the workforce composition implications of different strategic choices, including different rates of voluntary redeployment uptake, different capability development investment levels, and different role redesign approaches. The scenario modeling provided quantitative grounding for what would otherwise have been qualitative judgments about strategic workforce planning approaches.

A particularly important analytical exercise was the productivity benchmarking work. The team developed productivity comparators that normalized port output against the complexity-adjusted workforce inputs at each port. The productivity comparators revealed substantial variation across the network, with some ports demonstrating productivity levels several times higher than others handling comparable cargo types. The variation was partially explained by infrastructure differences but also reflected workforce capability and management quality differences that were addressable through capability development and management improvement rather than capital investment.

The productivity benchmarking findings provided the empirical foundation for the productivity narrative that the workforce planning approach required. The narrative claim that the same workforce could deliver substantially more output if properly equipped, developed, and managed was supported by the productivity variation across the existing network. The analytics demonstrated that the productivity improvement potential was not theoretical but actually

demonstrated within Pelindo's own operations. The strategic challenge was to elevate the lower-performing ports toward the productivity levels that the higher-performing ports had achieved.

5.18 Case 4 Extended: Performance Dialogue Quality and Its Determinants

The integrated scorecard's effectiveness depended substantially on the quality of the quarterly performance dialogue that the scorecard process was designed to enable. Examining the determinants of dialogue quality provides additional insight into the implementation challenges of the scorecard system.

The performance dialogue protocol specified the structure, preparation requirements, and facilitation standards for the quarterly review sessions. The protocol required pre-meeting preparation by all participants, structured discussion of specific performance indicators, focused exploration of root causes for performance gaps, and documented action commitments for performance improvement. The protocol was designed to elevate the dialogue quality above the typical performance review session, which often consists of a presentation of results followed by general discussion that produces few specific commitments.

In implementation, dialogue quality varied substantially across leadership teams. Some teams used the protocol as a genuine framework for strategic conversation, treating the scorecard data as inputs to a substantive discussion of organizational performance and improvement priorities. These teams produced dialogue sessions that participants described as the most productive strategic conversations of their organizational lives. Other teams used the protocol as an administrative checklist, completing the required activities without engaging substantively with the underlying performance questions. These teams produced dialogue sessions that participants described as bureaucratic exercises that consumed time without producing insight.

The factors that distinguished high-quality dialogue teams from low-quality dialogue teams included the leadership style of the senior leader, the relational dynamics within the team, the cultural norms about feedback and disagreement, and the specific business context that the team

operated in. Teams led by senior leaders who modeled curiosity and openness produced better dialogue than teams led by senior leaders who treated the dialogue as an opportunity to communicate predetermined conclusions. Teams with stronger relational trust among members produced better dialogue than teams with significant relational tensions. Teams in cultural contexts that supported direct feedback produced better dialogue than teams in cultural contexts where direct feedback was experienced as relational threat.

These determinants of dialogue quality were not equally addressable through training or process intervention. Leadership style and relational dynamics develop over time and require sustained leadership development investment. Cultural norms about feedback are deeply embedded and resistant to short-term change. The performance dialogue quality therefore varied across the network in ways that the scorecard implementation team could not fully address through process design alone.

The recognition that dialogue quality required leadership development investment beyond the scorecard system itself led to specific investments in performance coaching capability development through Portaverse Academy. The coaching capability investment was designed to improve the dialogue quality at the supervisory level, where the cumulative effect across many small dialogues was as consequential for organizational culture as the dialogue quality at the senior leadership level.

5.19 Case 5 Extended: Learning Content Development Process

The development of Pelindo-specific learning content for Portaverse Academy was a substantial effort that required dedicated investment in content development capability that the legacy entities had not maintained at scale. The content development process and its outcomes deserve more detailed examination.

The content development team comprised internal subject matter experts with deep operational knowledge, external instructional designers with expertise in adult learning methodology, and

digital production specialists with expertise in multi-format content creation. The team structure reflected the recognition that effective learning content requires three distinct capabilities: substantive knowledge, pedagogical expertise, and digital production. None of these capabilities individually is sufficient. Content developed without substantive knowledge will be inaccurate. Content developed without pedagogical expertise will be ineffective. Content developed without digital production capability will be unusable on the platform.

The content development process began with capability mapping that identified the specific capabilities the platform needed to develop, calibrated against the strategic workforce planning analysis described in Case 3. The mapping prioritized capabilities where the gap between existing workforce capability and required workforce capability was largest and most consequential for organizational performance.

For each prioritized capability, the team developed learning objectives that specified the observable behaviours that successful learning would produce. The behavioural specification of learning objectives was important because it provided the basis for assessment design and for transfer evaluation. Learning objectives that specified knowledge acquisition rather than behavioural change produce learning experiences that may pass tests but do not change workplace behaviour.

The content design then developed the specific learning experiences required to produce the behavioural objectives. The design followed adult learning principles, including the use of scenarios drawn from actual port operations, the integration of practice exercises that allowed learners to apply concepts before being assessed on them, and the incorporation of feedback mechanisms that allowed learners to understand the relationship between their performance and the desired behavioural standards.

The content review process required multiple iterations of feedback and revision. Subject matter experts reviewed content for accuracy and operational realism. Instructional designers reviewed content for pedagogical effectiveness. Pilot user groups reviewed content for clarity and applicability. Each review cycle produced revisions that improved content quality before

deployment. This iterative review process was time-consuming but essential. Content that was deployed without thorough review consistently produced lower learning outcomes than content that had been refined through multiple review cycles.

The content production capacity that the team developed was a significant organizational capability that extended beyond the immediate Portaverse Academy deployment. The capability could be deployed for ongoing content updates as operational practices and organizational priorities evolved. It could also be deployed for content creation in functional areas not initially covered by the platform's launch curriculum. The investment in content production capability was therefore an infrastructure investment in the organization's ongoing learning capacity rather than a one-time deployment cost.

5.20 Case 6 Extended: The Compensation Harmonization Decision Architecture

The compensation harmonization process described in the main Case 6 analysis required a detailed decision architecture that addressed multiple sub-decisions within the broader harmonization framework. Examining this decision architecture provides additional insight into the technical complexity of large-scale compensation integration.

The decision architecture distinguished four categories of compensation that were harmonized through different methodologies and on different timelines. Base compensation, namely the fixed monthly salary linked to grade level, was harmonized through upward alignment to the highest legacy grade equivalent at each Human Capital Classification Framework level. This methodology was simple to communicate and easy to implement, but it produced cost increases that the organization absorbed as a precondition for the integration's social legitimacy.

Variable compensation, namely performance-based bonuses linked to scorecard outcomes, was harmonized through replacement of the 68 legacy formulas with a single unified formula. The unified formula tied bonus eligibility to integrated scorecard performance at the individual, unit, and organizational levels, with weightings that reflected the specific accountability profile of

different roles. The unified variable compensation formula produced different bonus levels for individual employees compared to their legacy formulas. Some employees would receive higher bonuses under the new formula, others lower. The transition was managed through grandfathering arrangements that preserved expected bonus levels for the first year of operation, allowing employees to understand and adjust to the new system before the full performance-based variation took effect.

Allowances, namely the various categorized payments for housing, transportation, meals, and other specific expense categories, were the most complex harmonization category because the legacy arrangements differed substantially in their categorical structure. Some legacy entities provided detailed allowance categories with relatively low individual amounts. Others provided fewer, larger categorical allowances. Harmonizing these structures required first deciding on the categorical structure of the new allowance system, then determining the amounts within each category. The harmonization was implemented over a longer timeline than base compensation, with the full transition taking approximately two years to complete.

Benefits, namely the non-cash compensation including health insurance, retirement contributions, and family support programs, were harmonized through the establishment of a unified benefit framework that combined elements from each legacy entity's existing arrangements. The benefit harmonization was the slowest of the four categories because it involved coordination with external providers, including insurance companies and pension administrators, that operated on their own contractual cycles. The benefit harmonization was substantially completed by 2023 but continued to involve incremental refinement as legacy arrangements were progressively transitioned to the unified framework.

The four-category decision architecture allowed each compensation element to be harmonized through the methodology and on the timeline appropriate for its specific characteristics. Attempting to harmonize all elements simultaneously through a single methodology would have either created excessive complexity, by adopting a methodology designed for one category that did not fit the others, or excessive delay, by waiting for the slowest-harmonizing category to be ready before harmonizing any of the elements.

5.21 Case 7 Extended: PKB Negotiation Process Design and Outcomes

The detailed process design of the 2023 PKB negotiation deserves additional examination because the process choices substantially shaped the negotiation outcomes. The negotiation was structured around principles drawn from both the institutional requirements of Indonesian labour law and the specific cultural and political context of the Pelindo merger.

The formal negotiation process began with the constitution of the joint steering committee comprising senior management and national union federation representatives. The steering committee operated under explicit ground rules that committed both parties to confidentiality during the negotiation process, to good-faith engagement on all substantive issues, to the use of joint working groups for detailed issue analysis, and to the musyawarah principle for final decision-making.

The joint working groups were established for each of the major issue categories addressed by the PKB. The compensation working group addressed base compensation, variable compensation, and allowance harmonization. The working time working group addressed shift arrangements, overtime rules, and rest period standards. The career development working group addressed promotion criteria, career path definitions, and learning and development entitlements. The labour relations working group addressed grievance procedures, union recognition, and consultation rights.

Each working group operated with parity between management and union representation and with technical support from subject matter experts who could provide analysis on issue-specific questions. The working groups produced detailed proposals on their assigned issue categories that were then reviewed and refined by the joint steering committee before final acceptance. The working group structure allowed substantive engagement on detailed issues while preserving the steering committee's role as the integrating decision-making body.

The pre-negotiation consultation process described in the main Case 7 analysis was conducted in parallel with the formal negotiation, providing both parties with regional input on the issues being addressed in the working groups. Regional consultations were conducted by management with employees in each regional cluster and by union leaders with their members. The regional consultations produced regional perspectives that were brought into the working group discussions as data on member priorities, ensuring that the national negotiation reflected genuine regional input rather than centralized assumptions about regional preferences.

The negotiation produced an agreement that addressed the substantive issues comprehensively while preserving sufficient flexibility for ongoing implementation negotiation. The agreement codified the compensation harmonization framework developed in Phase 2, established standardized working time arrangements with grandfathering for existing arrangements that exceeded the new standards, defined unified career development entitlements with regional implementation flexibility, and established joint governance mechanisms for ongoing labour relations.

The implementation of the PKB began immediately after signing, with the joint implementation committee convening regularly to address the disputes and questions that arose as the agreement's terms were applied to specific operational contexts. The pattern of dispute resolution in the early implementation period demonstrated the genuine social contract character of the agreement, with both parties using the joint committee in good faith rather than escalating disputes to external resolution mechanisms.

5.22 Case 8 Extended: Leadership Pipeline Program Design Details

The leadership pipeline program described in the main Case 8 analysis comprised detailed design elements that deserve additional examination. The program design reflected both the strategic logic identified in the main analysis and the practical constraints of operating across a large, geographically dispersed organization.

The high-potential identification process operated through an annual cycle that combined nomination by senior leaders, self-nomination by interested candidates, and structured assessment of nominated candidates. The combination of nomination methods was designed to address the equity concerns that any single method would have raised. Nomination by senior leaders alone would have reproduced existing patterns of attention and visibility. Self-nomination alone would have privileged candidates with greater confidence and self-promotion capability. The combined approach produced a candidate pool that reflected both organizational visibility and personal interest, providing a broader basis for selection than either method alone.

The structured assessment process used a multi-method approach that combined cognitive ability measures, personality and motivation assessments, structured interviews, simulation exercises, and 360-degree feedback from work colleagues. The multi-method approach was designed to address the limitations of any single assessment method and to provide a more reliable basis for selection than single-method approaches. The simulation exercises were specifically designed to test the five capability domains identified in the national system leadership profile, including strategic integration intelligence, institutional navigation, cross-cultural leadership, ambiguity tolerance, and trust architecture management.

The accelerated development program operated through an eighteen-month curriculum that combined formal learning, experience assignments, and individual coaching. The formal learning component partnered with leading Indonesian business schools and selected international executive education providers to deliver coursework in strategic leadership, organizational transformation, change management, and international port industry trends. The experience assignment component required candidates to complete a primary assignment in a non-home location for at least twelve months, with assignment placements designed to address specific capability development needs identified in the candidate's assessment.

The individual coaching component matched each candidate with an executive coach who provided ongoing support throughout the program. The coaching matches considered both the candidate's development needs and the coach's specific expertise, with adjustments made over the program duration as the candidate's development priorities evolved. The individual coaching

investment was substantial in cost and time, but feedback from program participants consistently identified the coaching relationship as among the most valuable elements of the development experience.

The succession planning component operated through annual mapping reviews that linked identified high-potential candidates to specific senior leadership roles. The mapping process produced individual development roadmaps that specified the experience assignments, learning investments, and performance milestones required to achieve readiness for each target role. The roadmaps were reviewed quarterly with each candidate to ensure that progress was on track and to address any obstacles that had emerged.

The program's institutional governance was located at the board of directors level, with the Board Nomination and Remuneration Committee receiving annual reports on pipeline health and reviewing succession plans for the most senior roles. This board-level governance signaled the strategic importance of the leadership pipeline and ensured that pipeline decisions were not subordinated to short-term operational priorities that might otherwise have absorbed the attention of senior leaders responsible for pipeline development.

5.23 Cross-Case Reflection: The Cumulative Pattern of Integration Decisions

Examining the cases together reveals patterns in the cumulative effect of integration decisions that are not visible when individual cases are examined in isolation. The eight cases documented here are not independent decisions but elements of a cumulative pattern of leadership commitment, system development, and capability building that defined the integration program's character.

The cumulative pattern began with foundational commitments in October 2021 and continued through every subsequent decision. Each decision was evaluated by employees and stakeholders against the backdrop of all preceding decisions, creating an evaluative context that shaped both the immediate response to each decision and the longer-term trust capital that the cumulative pattern produced.

Decisions that maintained consistency with the foundational commitments strengthened the trust capital. The compensation harmonization decision, with its upward alignment principle that preserved all employees' existing income, was consistent with the no-pay-cuts commitment. This consistency reinforced the credibility of the foundational commitments. The integrated scorecard's protections against arbitrary performance assessment, with calibration sessions and dispute resolution mechanisms, was consistent with the procedural fairness commitment. This consistency demonstrated that procedural fairness was a sustained organizational value rather than a transitional accommodation.

Decisions that created tensions with the foundational commitments were managed through specific design choices that resolved the tensions. The standardization-adaptation tension created by the integration of four legacy systems into unified frameworks was managed through the distinction between standardizable and adaptive elements that allowed both consistency and contextual responsiveness. The tension between operational continuity requirements and integration progress was managed through the parallel-running approach that minimized disruption while progressing toward unified operations.

The cumulative pattern of consistent commitment, sustained through every significant decision, was the source of the integration's legitimacy. Without this cumulative consistency, individual decisions would have been evaluated in isolation, with each decision's reception determined primarily by its specific costs and benefits for affected stakeholders. With the cumulative consistency, individual decisions were evaluated within a framework of established trust that gave benefit-of-the-doubt to leadership choices that might otherwise have been contested.

This cumulative pattern is one of the most important practical lessons of the Pelindo case. The integration's success was not produced by any single transformative decision but by the consistent character of many decisions across the integration period. Practitioners seeking to replicate the success in comparable contexts should attend not only to the specific design of integration decisions but to the cumulative pattern of consistency that gives those decisions their cumulative effect.

