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Strategic Governance Innovation in State-Owned Enterprises: A Critical Case Study of Expatriate Director Appointments at PT Garuda Indonesia

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Abstract

The integration of expatriate directors into State-Owned Enterprises (SOEs) presents a profound strategic paradox, frequently triggering tensions between sovereign socio-economic mandates and hyper-competitive commercial realities. This study investigates the unprecedented appointment of foreign executives at PT Garuda Indonesia by a sovereign wealth fund, challenging the narrative that state-subsidized equity recovery equates to a sustainable operational turnaround. Employing a theory-driven conceptual design, this research utilizes a critical instrumental case study approach. Data extracted from audited financial statements, regulatory frameworks, and verified public discourse were subjected to directed content analysis through the integrated theoretical lenses of Strategic International Human Resource Management (SIHRM), Contingency Theory, and the Resource-Based View. The empirical findings reveal that without rigorous gap analyses, expatriate recruitment is inherently driven by mimetic isomorphism rather than strategic capability acquisition. Furthermore, the systemic neglect of configurational cultural intelligence assessments and knowledge codification protocols exponentially increases the risks of strategic misalignment and organizational amnesia. To mitigate these macro-institutional frictions, this study proposes the SOE Expatriate Director Governance (SEDG) framework. By mandating independent oversight, explicit mandate charters, and transparent return-on-investment auditing, the SEDG framework provides a prescriptive blueprint to transition expatriate deployments from transient legitimacy signaling into institutionalized, long-term capability investments.

Keywords: State-Owned Enterprises, Expatriate Directors, Mimetic Isomorphism, Corporate Governance, Capability Transfer.

Introduction

The contemporary global economic landscape is increasingly characterized by a strategic paradox within State-Owned Enterprises (SOEs): the profound friction between executing sovereign socio-economic mandates and surviving hyper-competitive commercial realities. This tension recently culminated in a radical disruption of corporate governance in Indonesia. On October 15, 2025, the Daya Anagata Nusantara Investment Management Agency (Danantara) appointed two foreign-national directors to the board of PT Garuda Indonesia (Persero) Tbk, marking an unprecedented historical shift in sovereign wealth fund intervention enabled by Article 15A(3) of Law No. 16 of 2025. However, the financial context surrounding this intervention demands critical scrutiny. Although the audited 2025 consolidated financial statements signal a superficial balance-sheet recovery—evidenced by a 7.91% reduction in total liabilities to USD 7.33 billion and a reversal to positive equity of USD 91.91 million—this equilibrium constitutes a structural artifact of an exogenous IDR 23.67 trillion capital injection by Danantara on December 5, 2025 (PT Garuda Indonesia (Persero) Tbk, 2026), rather than endogenous operational sustainability. In structural terms, the flag carrier confronted acute going-concern vulnerabilities, characterized by an initial equity deficit of USD 1.35 billion (Catriana & Djumena, 2025), a net operational deficit of USD 319 million, and cumulative retained losses of USD 3.83 billion. Consequently, its marginal exit from the Indonesia Stock Exchange's special monitoring board in March 2026 underscores persistent systemic fragility rather than a definitive strategic turnaround (Hannany et al., 2026). This financial dichotomy shifts the strategic imperative: the core issue is no longer mere balance-sheet stabilization, but whether the infusion of expatriate leadership will catalyze measurable, long-term capability transfer, or merely serve as a symbolic, politically driven maneuver (Budiarjo et al., 2021).

To unpack the mechanics of executive global talent cycles within distressed SOEs, it is imperative to moderate the intersecting discourses of Strategic International Human Resource Management (SIHRM) and corporate governance. Current scholarship presents a highly fragmented and often contradictory view on international executive deployment. From an institutional perspective, the recruitment of foreign directors in emerging markets is frequently diagnosed as mimetic isomorphism—a superficial imitation of global best practices aimed at appeasing international investors and signaling legitimacy, rather than addressing empirical operational gaps (DiMaggio & Powell, 1983; Lauring & Selmer, 2018). This symbolic approach heavily contradicts the core tenets of strategic recruitment, which mandates a geocentric alignment based on validated executive job analyses to secure scarce global competencies (Holbeche, 2022; Dowling et al., 2013; Rothwell & Kazanas, 2003). Furthermore, the broader corporate governance literature offers highly volatile empirical evidence regarding board nationality diversity, emphasizing that foreign directors only yield positive performance outcomes (e.g., Tobin's Q, ROA) when supported by robust institutional quality and governance moderation; otherwise, they induce severe coordination costs (Estélyi & Nisar, 2016).

At the micro-foundational level, contemporary SIHRM scholars argue that functional competence represents only a marginal predictor of expatriate success, shifting the focus toward cross-cultural and psychological resilience (Caligiuri & Tarique, 2006; Anderson et al., 2001). Recent meta-analyses confirm that expatriate adjustment is configurationally driven by motivational cultural intelligence (Tripathi et al., 2024; Lei et al., 2025), moderated significantly by political skill (Shamim et al., 2023), and mediated by psychological contract fulfillment alongside family readiness (Koveshnikov et al., 2022). Simultaneously, the ultimate measure of expatriate utility lies in repatriation and knowledge transfer. Scholars consistently warn that without formalized codification protocols and organizational memory architectures, executive knowledge evaporates upon repatriation, leading to high turnover and the collapse of strategic continuity across shareholder transitions (Cave et al., 2023; Peltokorpi & Froese, 2014; Shao et al., 2022; Harvey & Moeller, 2012; Carpenter et al., 2001; Garavan et al., 2017; Lazarova & Cerdin, 2007; Singh et al., 2022; Walsh & Ungson, 1991). By integrating Contingency Theory (Taylor et al., 1996), the Resource-Based View (Wright et al., 2001), and Institutional Theory (Björkman et al., 2007; Eforis, 2018), this study orchestrates a theoretical convergence to evaluate how external legitimacy pressures and internal capability needs collide.

A critical synthesis of this prevailing literature exposes substantial theoretical and empirical blind spots. While SIHRM has exhaustively decoded expatriate staffing within the conventional boundaries of private multinational corporations, it has almost entirely neglected the unique, high-friction dynamics that materialize when a sovereign wealth fund injects foreign executives into an SOE burdened with dual commercial and political mandates. Furthermore, existing corporate governance literature treats foreign directors merely as static demographic variables, failing to integrate the critical human resource lifecycle—spanning recruitment, cross-cultural selection, and repatriation codification. Unlike previous studies that predominantly analyze SOE leadership transitions through a localized public administration lens (Barni et al., 2026) or evaluate board diversity strictly via quantitative financial metrics, this research offers a novel theoretical architecture by integrating SIHRM frameworks to construct a predictive governance model. By utilizing Garuda Indonesia as an illustrative, information-rich single case for theory development (Eisenhardt, 1989; Jaakkola, 2020), this study introduces profound contextual novelty. Given that Danantara has signaled intentions to replicate this expatriate deployment across other state assets, the absence of a comprehensive strategic readiness framework constitutes not just a localized procedural gap, but a systemic macro-economic risk for national SOE reform (Lidyana, 2026).

Consequently, the formulation of the problem in this investigation transcends procedural administrative inquiries, aiming instead to structurally dissect the entire expatriate-director lifecycle within a state-owned enterprise. The inquiry sequentially evaluates whether executive recruitment aligns with capability-driven strategic workforce planning rather than legitimacy-seeking isomorphism; whether the selection matrix rigorously incorporates cross-cultural competence, psychological contracts, family readiness, and political navigation; and whether robust repatriation mechanisms exist to institutionalize knowledge and prevent organizational amnesia. Furthermore, it interrogates the necessity of governance safeguards designed to mitigate the institutional friction inherent in sovereign entities.

Ultimately, this paper posits the thesis that the appointment of expatriate directors in distressed state-owned enterprises will fail to transcend symbolic legitimacy unless governed by a rigorously integrated Strategic International Human Resource Management framework. By confronting the illusion of state-subsidized equity recovery with the necessity of genuine operational transformation, this study argues that competitive advantage is only sustained when global executive knowledge is systematically codified and insulated from political volatility. Through the proposition of the novel SOE Expatriate Director Governance (SEDG) framework, this research provides a prescriptive strategic blueprint for policymakers and sovereign wealth managers, ensuring that the radical integration of foreign talent translates into measurable, long-term economic resilience rather than a transient, isomorphic experiment.

Research Method

Research Design and Approach

To rigorously investigate the strategic implications and governance dynamics of expatriate director appointments within state-owned enterprises (SOEs), this study employs a theory-driven conceptual design, illustrated through a single critical instrumental case study approach (Eisenhardt, 1989; Jaakkola, 2020; Johnson & Stake, 1996; Yin, 2018). Rather than utilizing conventional empirical methodologies that often fail to capture the nuanced macro-institutional frictions of emerging phenomena, this qualitative architectural design is methodologically justified to dissect complex organizational transformations. The purposive selection of PT Garuda Indonesia (Persero) Tbk serves as an information-rich, inaugural case, as it represents the first Indonesian SOE to integrate foreign nationals into its board under Law No. 16/2025. This research does not claim direct access to internal human resource operations; instead, it strategically treats the public absence of disclosed selection instruments as a documented systemic gap. This gap serves as the fundamental catalyst for developing testable governance propositions, rather than acting as mere evidence of absent internal practices, thereby elevating the analysis from a descriptive case report to a predictive strategic framework.

Data Sources and Parameter Specifications

The unit of analysis centers on the macro-level strategic human resource and governance parameters of the specified SOE. To capture these strategic indicators accurately, the study relies on a robust corpus of secondary evidence curated through strict parameters. The data architecture comprises four principal dimensions: (a) audited 2024–2025 consolidated financial statements sourced from Indonesia Stock Exchange (IDX) disclosures to measure baseline economic performance and return on investment accountability; (b) official Extraordinary General Meeting of Shareholders (EGMS) resolutions and announcements to capture executive governance shifts; (c) sovereign regulatory texts, specifically Law No. 16/2025, to establish the regulative legitimacy framework underpinning the appointments; and (d) verified mainstream media reporting and civil-society discourse spanning from October 2025 to March 2026.

Data Collection Techniques and Variable Measurement

To secure high-quality data and mitigate informational bias, the data collection technique enforced stringent inclusion criteria. Every piece of media and public discourse evidence was required to be verifiable, traceable, and cross-confirmed by a minimum of two independent, credible sources. Anonymous opinion pieces and uncorroborated claims were strictly excluded from the corpus to maintain analytical rigor. The extracted strategic variables—ranging from recruitment modalities to institutional isomorphism and governance friction—were systematically mapped against established theoretical lenses. Table 1 delineates the verified evidence corpus, explicitly categorizing the operationalized strategic parameters and their corresponding theoretical foundations.

Table 1. Verified Evidence Corpus

No.	Evidence	Source Type	Category	Lens
E1	Appointment of two foreign directors via the 15 Oct 2025 EGMS (Kunduvara - Dir. Finance & Risk, ex-Singapore Airlines; Mills - Dir. Transformation).	EGMS announcement; verified reporting	Recruitment	Geocentric; Institutional
E2	First SOE to place expatriates on its board.	Mainstream reporting (multi-source)	Novelty context	Institutional
E3	Legal basis: Law No. 16/2025, Article 15A(3).	Regulatory text	Regulative legitimacy	Institutional
E4	2025 equity turnaround to +$91.91M (vs. -$1.35B in 2024); total liabilities: $7.33B; net loss: $319M; accumulated deficit: $3.83B.	Audited 2025 consolidated statements (IDX)	ROI accountability	RBV; Contingency
E5	Danantara capital injection IDR 23.67tn (5 Dec 2025).	Disclosure; reporting	Source of recovery	RBV
E6	Benchmarks cited by managers: majority-foreign-board airlines (e.g., Emirates, Air New Zealand).	Public statements	Mimetic isomorphism	Institutional
E7	No public disclosure of CQ assessment, job analysis, or context-readiness evaluation.	Absence in public documents (documented gap)	Selection validity	Contingency
E8	Public criticism on HR sovereignty and legal risk of placing foreign nationals.	Reporting; civil-society organizations	Governance friction	Institutional

Source: Author's compilation from verified public documents (May 2026).

Data Analysis Techniques

For the analytical execution, this study deploys directed content analysis (Hsieh & Shannon, 2005) utilizing an *a priori* categorization scheme derived from the three foundational pillars of Strategic International Human Resource Management (SIHRM) and their associated theoretical constructs. The coding protocol was executed systematically by interrogating each unit of the evidence corpus, mapping the content to predefined strategic categories, and subsequently synthesizing these coded units to formulate predictive and testable managerial propositions.

To guarantee the methodological trustworthiness of this qualitative rigor, the study adheres to the evaluative criteria established by Guba & Lincoln (1982). Credibility is achieved through multi-source triangulation; transferability via explicit boundary statements; and confirmability through a thick description and a comprehensive audit trail of coding matrices. Furthermore, to eliminate subjective bias and ensure intra-coder reliability under a single-author framework, four procedural safeguards were implemented: (1) the establishment of a fixed *a priori* codebook prior to analysis; (2) a dual-cycle coding process executed with a one-week interval to test stability and reconcile discrepancies; (3) the maintenance of a continuous audit log linking every evidence unit to its respective proposition; and (4) the utilization of academic peer debriefing to validate the emerging strategic governance architecture.

Result and Discussion

Verified Financial Position and the Illusion of Recovery

An empirical diagnosis of Garuda Indonesia's financial architecture, as delineated in Table 2, reveals a profound strategic dichotomy. Actively operating the Resource-Based View (RBV), two critical macro-institutional implications emerge. First, the ubiquitous 'equity crisis' narrative—historically leveraged to legitimize the unprecedented recruitment of expatriate directors—demands immediate theoretical recalibration, given that the corporate equity had already reversed to a positive trajectory by the close of 2025. Second, and more strategically vital, this equity recovery was not incubated by a leap in operational capabilities, but rather artificially engineered through a massive state capital injection. Consequently, the central accountability metric fundamentally shifts: the deployment of foreign global talent must be evaluated not by transient balance-sheet equilibrium, but by their capacity to systematically transfer strategic capabilities and forge sustained fundamental improvements.

Table 2. Verified Financial Position of Garuda Indonesia

Indicator	2024	2025 (Audited)
Total liabilities	US$7.97 billion	US$7.33 billion (-7.91%)
Total equity	-US$1.35 billion (deficit)	+US$91.91 million (positive)
Net loss	US$72.71 million	US$319 million
Accumulated losses	-	US$3.83 billion
Total assets	US$6.61 billion	US$7.43 billion (+12.28%)

Source: (PT Garuda Indonesia (Persero) Tbk, 2026).

Recruitment: Turnaround Urgency versus Mimetic Isomorphism

Within the discourse of strategic workforce planning, executive recruitment during a high-stakes turnaround must be anchored by a rigorous gap analysis verifying the absolute unavailability of critical competencies within the domestic talent pipeline (Dowling et al., 2013; Rothwell & Kazanas, 2003). An evaluation of the evidence corpus (Table 1, E2-E3, E6) exposes a glaring deficit in strategic transparency. The justifications for foreign executive integration appear highly symbolic—frequently benchmarking against majority-foreign-board global airlines—which theoretically triggers the perilous mechanisms of mimetic isomorphism, wherein institutions imitate global practices to project investor legitimacy rather than to resolve empirical operational gaps (DiMaggio & Powell, 1983; Holbeche, 2022). While this undocumented gap analysis might arguably stem from corporate confidentiality protocols, SOEs operating under strict public accountability mandates cannot afford such opacity. To elevate recruitment from symbolic posturing to capability-driven acquisition, sovereign entities must institutionalize transparent governance mechanisms—such as the publication of anonymized competency gap analyses and independent executive audits—thereby delivering justifiable evidence to stakeholders without compromising sensitive strategic intelligence.

To systematically quantify this alignment, Table 3 introduces a tripartite maturity rubric (Minimal, Emerging, Strategic) evaluating four critical dimensions. An assessment of the Garuda case situates the enterprise at a Minimal-Emerging maturity level. This low-to-moderate alignment explicitly confirms that the recruitment architecture is dictated more by an isomorphic legitimacy response than by mature, capability-driven strategic workforce planning (Rininta et al., 2025).

Table 3. SWP Alignment Maturity Rubric

Alignment dimension	Level 1: Minimal	Level 2: Emerging	Level 3: Strategic	Garuda*
Competency-gap validation	None; reactive	Informal / unpublished	Validated & documented	Minimal-Emerging
Job analysis & mandate	None; ambiguous	Generic role description	Job analysis + Mandate Charter	Minimal
Domestic talent pipeline	Ignored	Mentioned, no plan	Integrated succession	Minimal
ROI & performance metrics	No linked KPI	Contract-compliance KPI	cROI + capability transfer	Emerging

**Assessment evaluating the evidence corpus (Table 1); absence of public disclosure is treated as a documented gap.*

Proposition 1 (P1). In the absence of validated and publicly documented executive gap analyses, SOE expatriate-director recruitment is inherently driven by mimetic isomorphism, risking a fatal legitimacy trap that cannibalizes the domestic leadership pipeline.

Proposition 2 (P2). When corporate equity restoration is engineered via state capital injection rather than operational outperformance (Table 2), the return on investment (ROI) accountability of expatriate assignments must be exclusively measured by codified capability transfer and the fortification of local succession, eschewing short-term financial optical illusions.

Selection: Cultural Intelligence, Political Skill, and the Psychological Contract

An interrogation of the public selection discourse (Table 1, E1, E7) reveals a perilous over-reliance on the candidates' global airline track records, completely omitting the deployment of validated Cultural Intelligence (CQ) assessments or context-readiness evaluations for the Indonesian macro-environment. Operating Contingency Theory, scholars warn that selection instruments lacking construct equivalence are mathematically predisposed to ethnocentric bias (Anderson et al., 2001). Furthermore, contemporary literature dictates that CQ is a configurational construct (Lei et al., 2025), with the motivational dimension acting as the ultimate determinant of adjustment (Tripathi et al., 2024). Within the hyper-politicized, high-context ecosystem of an Indonesian SOE—characterized by overlapping reporting lines and sovereign interventions—political skill operates as a non-negotiable moderating variable (Koveshnikov et al., 2022; Shamim et al., 2023). Crucially, the systemic failure to evaluate family-readiness dynamics (e.g., dual-career spousal relocation) or clarify psychological contracts regarding authority boundaries constitutes a profound governance failure. These omitted variables are empirically proven to dictate executive retention, adjustment resilience, and the mitigation of catastrophic early-return risks (Caligiuri & Tarique, 2006; Koveshnikov et al., 2022).

Proposition 3 (P3). Expatriate director selection frameworks that systematically neglect configurational CQ assessments, family-readiness evaluations, political-skill mapping, and psychological-contract clarity exponentially amplify the probability of strategic misalignment and premature executive failure within high-context institutional environments.

Repatriation and the Mitigation of Organizational Amnesia

Transitioning to the terminal phase of the expatriate lifecycle, board-level repatriation must be reconceptualized not as a sterile administrative contract termination, but as a paramount strategic node for knowledge retention (Harvey & Moeller, 2012). The systemic absence of strategic debriefing mandates, localized executive mentoring obligations, and rigorous succession mapping guarantees that invaluable intellectual capital—such as turnaround playbooks, aggressive debt-negotiation frameworks, and global vendor architectures—remains siloed within departing executives (Garavan et al., 2017; Peltokorpi & Froese, 2014). Operating the Resource-Based View, positive global performance effects materialize exclusively when governance clarity ensures knowledge codification (Carpenter et al., 2001).

Proposition 4 (P4). The systemic failure to institutionalize board-level repatriation and knowledge-codification frameworks catalyzes catastrophic organizational amnesia—the instantaneous evaporation of strategic intellectual capital upon expatriate departure—inevitably reverting the SOE to a fiscally unsustainable dependency cycle.

Governance Friction and Institutional Accountability

Confronting the state-of-the-art literature, the strategic utility of foreign directors is universally contingent upon the strength of the host's institutional quality (Estélyi & Nisar, 2016). Within the architecture of Indonesian SOEs, structural vulnerabilities—such as weak governance controls, bureaucratic redundancies, and overt political interventions—systematically erode performance efficiency (Eforis, 2018). The escalating public discourse (Table 1, E8) interrogating human resource sovereignty and legal exposures further amplifies the urgent necessity for transparent, unassailable governance safeguards.

Proposition 5 (P5). Without the strict imposition of governance safeguards—specifically an explicit Executive Mandate Charter, an independent oversight committee, and a calculated-ROI transparency framework—inherent institutional friction within SOEs will aggressively erode expatriate decision independence and paralyze transformational execution.

The SEDG Framework and Propositions Matrix

Synthesizing the analytical trajectories of Propositions 1 through 5, this research introduces the prospective SOE Expatriate Director Governance (SEDG) framework. As illustrated in Figure 1 and detailed in Table 4, the SEDG architecture integrates three critical operational phases fortified by continuous governance safeguards. Phase 1 (Pre-appointment) demands a rigorous diagnostic gap analysis to empirically justify the capability need. Phase 2 (Selection and Onboarding) mandates a multidimensional assessment matrix evaluating configurational CQ, family readiness, political acumen, and psychological contracts. Phase 3

(Knowledge Transfer and Repatriation) institutionalizes digital codification repositories and structured succession mapping to prevent intellectual capital flight. This framework delivers profound anticipatory value; as Danantara signals intentions for systemic policy replication, the SEDG model supplies a prescriptive readiness template that transitions expatriate appointments from political symbolism into tangible capability investments (Heriyanto, 2025). Furthermore, Table 5 operationalizes this conceptual architecture into a matrix of testable variables and methodological recommendations, laying the exact groundwork for future empirical validation.

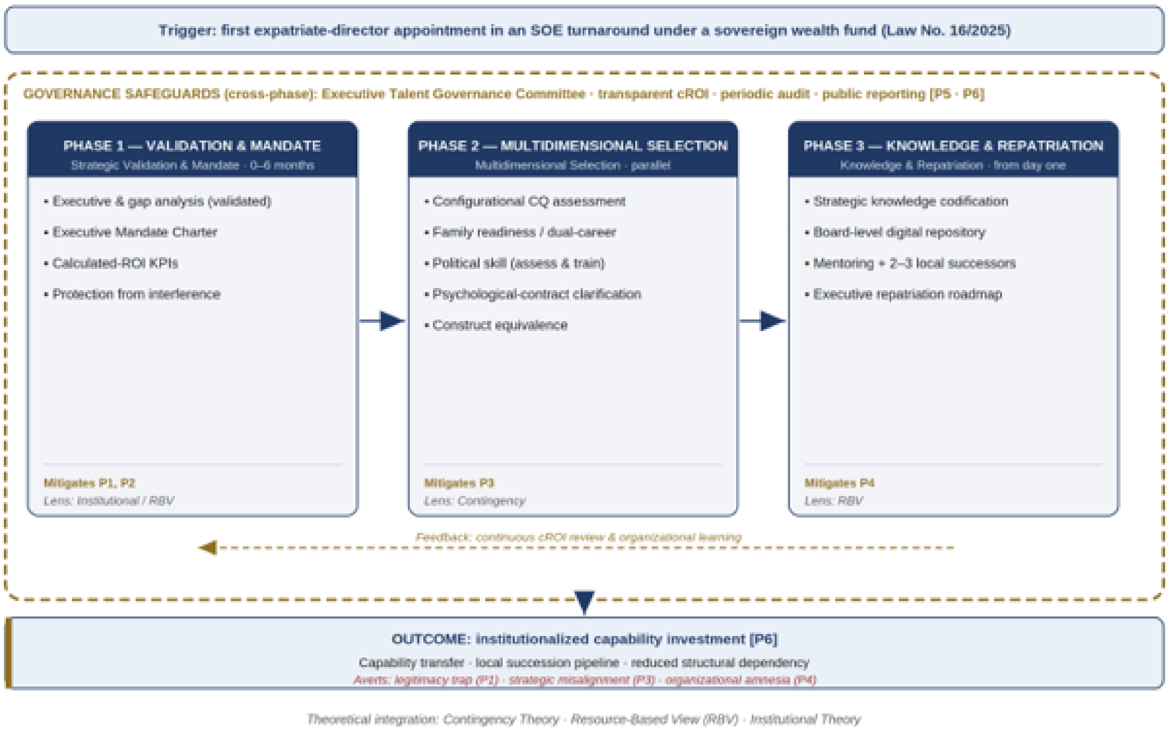

Figure 1. The SOE Expatriate Director Governance (SEDG) Framework. Source: author's construction.

Table 4. The SOE Expatriate Director Governance (SEDG) Framework

Phase	Focus & key instruments	Output
Phase 1 (0-6 months): Strategic Validation & Mandate	Executive job analysis; validated gap analysis; Executive Mandate Charter (authority, escalation, protection); calculated-ROI KPIs.	Verified mandate & evidenced competency need.
Phase 2 (parallel): Multidimensional Selection	Configurational CQ assessment; family-readiness/dual-career evaluation; political-skill assessment & training; realistic onboarding preview; psychological-contract clarification; construct equivalence.	Person-environment fit & ethnocentric-bias mitigation.

Phase 3 (from day one): Knowledge Institutionalization & Repatriation	Strategic knowledge codification; board-level digital repository; mentoring & stretch assignments for 2-3 local successors; executive repatriation roadmap.	Organizational-amnesia prevention & local succession pipeline.
Cross-phase: Governance Safeguards	Independent Executive Talent Governance Committee; transparent cROI; periodic audit; public reporting.	Decision independence & public accountability.

Source: author's construction evaluating the synthesis of Propositions 1-5.

Table 5. Testable Propositions Matrix (with research-question mapping)

Prop.	**RQ**	**Lens**	**Construct**	**Testable variables / indicators**	**Test method**
P1	RQ1	Institutional	Mimetic isomorphism / legitimacy trap	Gap-validation ratio; intensity of symbolic justification	Document analysis; decision-maker interviews
P2	RQ1	RBV / Contingency	Source of recovery vs. capability	Capability-transfer index; operational vs. injection contribution	Longitudinal financial analysis; cROI
P3	RQ2	Contingency	CQ; family readiness; political skill; psychological contract	CQ scores (4 dimensions); family-readiness index; political-skill score; early-return rate	Survey; fsQCA; SEM
P4	RQ3	RBV	Knowledge codification; organizational amnesia	Playbook codification level; local-successor readiness; knowledge retention	Knowledge audit; succession study
P5	RQ4	Institutional	Governance safeguards; institutional friction	Mandate clarity; oversight independence; decision latency	Governance-document analysis; interviews
P6	Synthesis	Integrative	Transactional to capacity building	SEDG-component adoption; cross-SOE capability outcomes	Cross-SOE comparative; longitudinal

Source: author's construction. RQ column maps each proposition to the research question it addresses.

Proposition 6 (P6). The rigorous adoption of a tripartite lifecycle framework, hermetically sealed by governance safeguards (SEDG), successfully transitions SOE expatriate-director appointments from legitimacy-oriented transactional optics toward institutionalized, global capacity building—thereby immunizing replicating sovereign entities against ethnocentric bias and long-term structural dependency.

Theoretical Contributions and Global Dialogue

This research profoundly elevates the global academic discourse by confronting and expanding existing paradigms. It extends the 'legitimacy trap' concept (Holbeche, 2022) into the previously untheorized domain of SOE turnarounds orchestrated by sovereign wealth funds. By structurally intertwining corporate governance literature on board nationality diversity (Estélyi & Nisar, 2016) with advanced SIHRM frameworks, this study forcibly reconciles two academic streams that have historically evolved in isolation. Furthermore, it aggressively reconceptualizes board-level repatriation as a critical anti-amnesia defense mechanism rather than a mundane administrative exit. Unlike prior public administration analyses that merely critique the political optics of the Garuda event (Barni et al., 2026), this paper delivers high-level strategic architecture via testable propositions and a globally scalable governance framework.

Practical Implications for State Capitalism

For sovereign wealth entities like BPI Danantara, their Boards of Commissioners, and overarching policy architects, the SEDG framework functions as a rigorous, auditable operational blueprint. The prescribed safeguards demand immediate practical execution: the Executive Mandate Charter dictates explicit deliverables to insulate foreign directors from political volatility; configurational CQ and political-skill protocols pre-empt cultural collisions (Shamim et al., 2023); and day-one knowledge codification metrics guarantee that intellectual capital is permanently transferred to the local leadership pipeline. Because this radical policy intervention holds high probability for cross-SOE replication, the strict operationalization of the SEDG framework shifts its utility from solving single-firm distressed dynamics to securing systemic, macroeconomic sovereign resilience (Barni et al., 2026).

Boundary Conditions, Nuance, and Problem Resolution

The strategic assertions advanced herein operate within strict contingency boundaries. Global empirical evidence confirming the efficacy of foreign directors remains highly volatile, registering positive performance impacts only under fortified institutional governance, and yielding neutral or destructive outcomes when such moderation is absent (Estélyi & Nisar, 2016). Therefore, the SEDG framework is definitively positioned as a probability-enhancing strategic precondition, not a deterministic guarantee of commercial success. Its architecture is explicitly calibrated for massive, turnaround-oriented SOEs governed by a consolidated sovereign shareholder, rendering it potentially extraneous for smaller domestic entities lacking global exposure.

Ultimately, this analysis systematically resolves the core research questions through the SEDG operational matrix. Aligning with RQ1, the framework neutralizes the Minimal-Emerging strategic workforce planning maturity (Table 3) by legally mandating diagnostic gap validations to abort mimetic isomorphism. Addressing RQ2, it annihilates the risks of ethnocentric bias by injecting standardized configurational CQ and political skill assessments into the selection process. Responding to RQ3, the framework eradicates the threat of organizational amnesia by institutionalizing day-one knowledge codification protocols. Finally, answering RQ4, SEDG deploys an impregnable layer of governance safeguards—including transparent cROI auditing—to suppress institutional friction. By shifting accountability from state-subsidized equity illusions to verifiable capability transfer, this study delivers a definitive roadmap for maximizing the strategic yield of global executive talent within emerging markets.

The primary limitation of this conceptual study lies in its reliance on secondary data, as the opacity of internal corporate processes precludes empirical verification of the proposed analytical-theoretical constructs. Furthermore, the contemporary observation window restricts longitudinal analysis of long-term knowledge-transfer dynamics. Given that the aviation sector possesses highly idiosyncratic regulatory and political parameters, the universal transferability of these findings to auxiliary SOE sectors requires rigorous boundary testing. Consequently, future global research must pivot toward longitudinal and mixed-method empirical designs. Integrating semi-structured stakeholder interviews, internal HR process audits, and cross-SOE comparative case studies—particularly as sovereign wealth funds accelerate policy replication—will be vital for quantifying the precise capability-transfer coefficients generated by the SEDG framework.

Conclusion

This study concludes that the historic appointment of expatriate directors in state-owned enterprises risks devolving into a symbolic exercise in mimetic isomorphism rather than a genuine strategic turnaround, especially when financial recovery is artificially engineered through state capital injections. To prevent premature executive failure within high-context institutional environments, the global talent lifecycle must transcend mere technical selection by rigorously integrating configurational cultural intelligence assessments, political skill evaluations, and day-one knowledge codification protocols. Consequently, this research systematically resolves these core vulnerabilities by proposing the SOE Expatriate Director Governance (SEDG) framework, which enforces independent oversight, explicit mandate charters, and transparent return-on-investment auditing across all operational phases. By operationalizing these strict governance safeguards, sovereign wealth entities can successfully transition expatriate deployments from transient legitimacy signaling into institutionalized capability investments, thereby immunizing the enterprise against organizational amnesia and securing long-term structural resilience.

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Appendix A. Coding Scheme

Appendix A presents the a priori codebook used in the directed content analysis. Categories were derived deductively from the three SIHRM pillars and a cross-cutting governance category. Each evidence unit in Table 1 was mapped to a category, and its support or contradiction was recorded. The categories were synthesized into the propositions. Units that do not fit the initial scheme would be logged as emergent categories. As an illustrative coding decision, evidence E6 - the citation of majority-foreign-board airlines as benchmarks - was coded under Recruitment > mimetic isomorphism, supporting Proposition 1.

Table A1—a *priori coding scheme.*

Category	Key sub-codes	Prop(s)	Evidence
Recruitment	Gap analysis; executive job analysis; symbolic/legitimacy justification; mimetic isomorphism	P1, P2	E2, E3, E6
Selection	Cultural intelligence (CQ); family readiness; political skill; psychological contract; construct equivalence	P3	E1, E7
Repatriation / knowledge transfer	Knowledge codification; succession mapping; executive mentoring; organizational amnesia	P4	E7
Governance (cross-cutting)	Written mandate; independent oversight; calculated ROI; political intervention	P5, P6	E4, E5, E8