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# Analysis of the Dynamics of the Global Business Environment on the Adaptation Strategies of Multinational Companies

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**ABSTRACT**

*This research analyzes the adaptation strategies of three multinational automotive companies in Indonesia—namely Toyota Motor Manufacturing Indonesia (TMMIN), PT Astra International Tbk., and PT Indomobil Sukses Internasional Tbk.—in responding to the dynamics of the global business environment through the perspective of Dynamic Capability Theory. The focus of the study is directed toward the three components of capability according to the theory: adaptive capability, absorptive capability, and innovative capability, which serve as the basis for evaluating the companies' ability to make strategic adjustments amid rapid changes triggered by globalization, geopolitical tensions, supply chain disruptions, workforce transformation, acceleration of digitalization, and increased global investment in low-emission vehicle technology. The results of the study show that the three companies practice different but complementary adaptation strategies. TMMIN develops the most systemic strategies through electrification, export strengthening, green manufacturing, technology transfer, and triple helix collaboration. Astra's strategy focuses on digital transformation, ecosystem synergy, technology investment, and strengthening corporate sustainability. Indomobil's adaptation strategy focuses on exploiting market knowledge, global brand collaboration, and resilient segments. The synthesis of these three strategies results in an adaptation framework that overcomes the negative impacts of global dynamics, such as supply chain disruptions, skilled labor shortages, technology gaps, and digitalization pressures. This research makes a theoretical contribution to the development of the International Business Management literature, especially in understanding the contextual application of dynamic capability in the Indonesian automotive industry.*

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## INTRODUCTION

The global business environment has undergone a significant transformation in recent years. The factors that have the potential to affect this transformation include economic integration, cross-border trade flows, as well as geopolitical pressures and changes in international regulations. Economic integration through trade agreements and cross-border investment flows has expanded market access, improved supply chain efficiency, and driven multinational entry strategies (Liu et al., 2024; Nguyen, 2025). Cross-country trade flows are emerging through digitalization and e-commerce, which lowers market access barriers and strengthens export performance (Mirzaye & Mohiuddin, 2025). Geopolitical and international regulatory pressures are intensifying, which gives birth to new challenges to economic activity in general (Yu & Wang, 2023). These various things require multinational companies to be

more adaptive and innovative in their expansion strategies so as not to experience negative impacts that have the potential to reduce their business performance.

The automotive industry is one of the industry sectors most affected by the transformation of the global business environment. The global structure of the industry is highly dependent on the value chain Global Value Chains (GVC), where manufacturers can leverage raw materials, components, and technologies from different countries to reduce costs and accelerate innovation (Wicaksono et al., 2023). Economic integration, increasing cross-border trade flows, and rising geopolitical pressures and changes in international regulations are shaking the automotive industry's value chain. In the long term, multinational companies engaged in the sector must review their expansion strategies to be able to survive in competition in the automotive sector on an international scale (Herring & Poppensieker, 2025; Inagaki & Dempsey, 2025; Roscoe et al., 2022).

One of the impacts of the transformation of the global business environment on the world automotive industry can be seen in the fluctuations in vehicle sales in the world for the following period 2017-2024:

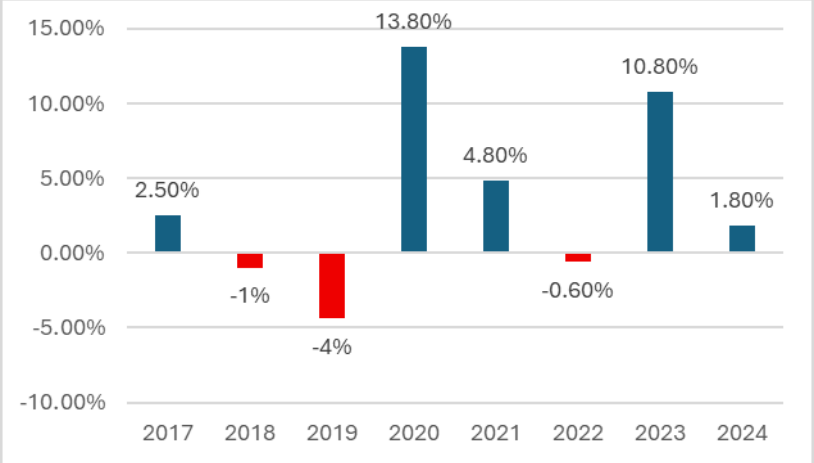



**Figure 1. World Vehicle Sales Trends for the 2017-2024 Period**
Sources: (statista.com, 2025)

Figure 1 shows the trend of world vehicle sales for the period 2017–2024 which shows quite sharp fluctuations, which is a reflection of the impact of the transformation of the global business environment. In 2017, sales still grew positively by 2.5%, but then contracted in 2018 (-1%) and deepened in 2019 (-4%). The positive surge in 2020 (13.8%) appears to be temporary, mainly influenced by the momentary recovery after the global disruption, but this trend weakened again in 2021 (4.8%) and even fell slightly in 2022 (-0.6%). Although in 2023 there was a significant increase of 10.8%, this trend did not continue in 2024 which only recorded a growth of 1.8%.

The pattern suggests that the global automotive market is no longer on a stable growth path, but rather is increasingly vulnerable to external shocks. Factors such as uneven economic integration, new trade barriers, geopolitical tensions, changes in international regulations, and the transition to environmentally friendly vehicles put pressure on the global value chain of the automotive industry. It can be stated that although there is an occasional recovery phase, in general the graph indicates a downward trend in global vehicle sales in the long term as a consequence of the transformation of the global business environment.

This impact is also felt in the automotive sector in Indonesia, which is one of the largest automotive markets in Southeast Asia. Based on data from the Indonesian Motor Vehicle Industry Association (Gaikindo), the development of national car sales in recent years has shown significant fluctuations. In the January–December 2021 period, sales whole sales (distribution from factory to dealer) was recorded at 887,200 units. This figure then decreased the following year to only 758,216 units of banners in 2022. However, in 2023 the automotive industry again recorded growth with total sales whole sales amounting to 1,005,802 units. This positive trend will not continue in 2024 as whole sales decreased to 865,723 units during January-December 2024 (gaikindo.or.id, 2025d; Girling, 2025).

The above phenomenon confirms that the Indonesian automotive market is greatly influenced by global dynamics, both in terms of supply chain, purchasing power, and international policy direction. The urgency of this research lies in the need to understand the adaptation strategy of automotive multinationals in dealing with these uncertainties, so that they are still able to maintain competitiveness in Indonesia, which is the largest automotive market in Southeast Asia. Empirically, a number of studies show the importance of adaptation strategies. (Taufiqurrahman & Aslami, 2025) examine brand adaptation and marketing communication in the face of global–local cultural differences, (Hartanto, 2018) focuses on glocalization as the key to the success of global product expansion, while (Duan, 2025) Uncovering the importance of supply chain flexibility in the face of global uncertainty.

Several empirical studies have explored adaptation strategies within international business contexts, albeit with varying focal points. For instance, Taufiqurrahman and Aslami (2025) examined brand adaptation and marketing communication strategies in response to global–local cultural divergences, emphasizing the importance of localized messaging in multinational expansion. Hartanto (2018) highlighted glocalization as a critical success factor for global product penetration, particularly in consumer goods sectors. Meanwhile, Duan (2025) underscored the role of supply chain flexibility as a strategic response to global uncertainties, especially within the automotive manufacturing industry.

The three studies describe adaptation as the core of multinational companies' strategies, but it remains different from this study because it focuses separately on aspects of global marketing, glocalization of consumer products, and supply chain resilience. Instead, this study integrates these three perspectives to analyze the adaptation strategies of automotive multinational companies in Indonesia, while incorporating more specific sectoral contexts. The automotive industry has complex characteristics because it depends on import components, national industrial policies, and changes in domestic consumer demand, so it requires a more comprehensive analytical approach than previous research.

The novelty of this research lies in the use of qualitative analysis based on secondary data to link the transformation of the global business environment with the adaptation strategy of automotive multinational companies in Indonesia. This research aims to understand the impact of the global environment on the development of Indonesia's automotive industry, describing how companies are implementing adaptive capability, absorptive capability, and innovative capability as part of their adaptation strategy. Academically, this study is expected to enrich international business management literature through the application of Dynamic Capabilities Theory in the context of multinational companies in developing countries.

## METHOD

This research used a qualitative approach because the problems studied required an in-depth understanding of the adaptation strategies of multinational companies to global environmental factors. This approach allowed researchers to obtain deeper information based on data released by multinational companies in the automotive sector in Indonesia regarding their responses to the transformation of the global business environment, particularly due to economic integration, cross-border trade flows, geopolitical pressures, and changes in international regulations. Data were obtained through document studies to understand the strategies implemented by these multinational companies in Indonesia.

The analysis units in this study were three multinational companies in the automotive sector in Indonesia: Toyota Motor Manufacturing Indonesia, PT Astra International Tbk., and PT Indomobil Sukses Internasional Tbk. Each multinational company served as an observation unit that was analyzed to understand the implementation of adaptation strategies in the face of institutional, regulatory, and competitive dynamics in the Indonesian market. The focus of the analysis was on the policies, strategies, and decisions of these multinational companies in the automotive sector in Indonesia, as recorded in secondary data from annual reports, sustainability reports, national automotive industry data, government regulatory documents, and business news articles containing relevant information.

This study used secondary data obtained through documentation studies, so the sources of information were not limited to direct field observations. Data were collected from various official publications, including company annual reports, the official websites of Toyota, Honda, and Mitsubishi corporations, documents published by government agencies such as the Ministry of Industry and the Central Statistics Agency (BPS), as well as academic sources in the form of scientific journals, books, and previous research results.

This study used qualitative data analysis techniques with an approach (Miles & Huberman, 1994), which included three stages of analysis. First, data reduction, which was carried out by sorting, selecting, and focusing secondary data that was relevant to the focus of research, namely the adaptation strategies of multinational automotive companies in Indonesia in facing changes in the global business environment. Data that do not support the focus of the research are eliminated so that the analysis becomes more directed. The data reduction stage can be carried out with the following steps.

**Table 1. Data Reduction Steps**

| Stages | Activities Carried Out | Expected Results |
|---|---|---|
| Secondary Data Collection | Download and compile official reports of companies and industry institutions for the last 5 years. | A collection of documents in PDF format or digital archives. |
| Selection & Data Criteria | Choose a document that meets three criteria: (1) official publication, (2) relevant to the adaptation strategy, (3) contains information about innovation and market dynamics. | The final dataset is ready for analysis. |
| Data Reduction | Select relevant text sections (strategy, innovation, collaboration, adaptation). | The text snippet is ready to be encoded. |
| Coding Tematik | Grouping text snippets into 10 subcodes (AC1–IC4). | Theme matrix per company. |
| Pattern Interpretation & Analysis | Draw conclusions about how each company *implements adaptive, absorptive,* and *innovative capabilities*. | The pattern of the company's adaptation strategy. |

Source: Compiled from relevant literature

The second stage, namely data presentation, was carried out by compiling information in the form of tables, comparison matrices, and systematic narratives, so that the relationship between concepts can be seen clearly. Third, drawing conclusions, which are carried out through an in-depth interpretation process to find patterns, causal relationships, and theoretical and practical implications of research results.

## RESULTS AND DISCUSSION

### The Impact of Global Business Environment Dynamics on the Indonesian Automotive Industry

The business environment in the world has undergone very significant changes in the last decade. These changes broadly occur in four important aspects of the industrial world, namely changes in international trade policies that have become more protective, changes in the labor market, investment focus on innovation, and technological revolutions that rely on artificial intelligence (euromonitor.com, 2025).

The various impacts of these changes on the Indonesian automotive industry can be seen in the following table:

**TABLE 2. The Impact of Global Business Environment Dynamics on the Indonesian Automotive Industry**

| Changes in Aspects | Impact on the Indonesian Automotive Industry | Source |
|---|---|---|
| Increasingly Protective International Trade Policy | 1. Domestic sales fell as production costs increased due to tariffs and supply chain disruptions.<br>2. CBU/CKD exports fluctuate; 2024 will fall, 2025 will begin to rise because Indonesia will become an alternative production base for conflict-neutral countries.<br>3. Producers are increasing their export orientation when the domestic market is weakening. | (gaikindo.or.id, 2025a, 2025b; Scott, 2025; Kurniawan & Ferdian, 2025; Rohman, 2025) |
| Changes in the Labor Market | 1. A shortage of skilled labor hinders production optimization.<br>2. Skills mismatch makes companies have to bear high retraining costs.<br>3. The labor preference for flexible work makes it difficult for factories to attract the younger generation.<br>4. Automation demands massive reskilling and has the potential to lower the need for manual labor. | (bskdn.kemendagri.go.id, 2018; databoks.katadata.co.id, 2025; McKinsey & Company, 2019; Pratami et al., 2021; Wulandari & Putra, 2015) |
| Investment Focus on Innovation | 1. Automotive investment of Rp 174 trillion accelerates factory modernization, capacity expansion, and R&D strengthening.<br>2. PMA is increasing, driving the flow of technologies (EVs, batteries, automotive semiconductors).<br>3. The R&D drive allows Indonesia to upgrade from assembler to innovator.<br>4. The digital transformation of SMEs improves efficiency but requires technological readiness and human resources. | (Fauzan, 2025, 2025; Kurniawan & Maulana, 2025; Rajendra, 2025; Sakina & Mahmudah, 2025) |
| Artificial Intelligence (AI)-based Technology Revolution and Digitalization | 1. AI adoption improves efficiency, production quality, and consistency of results.<br>2. The digital transformation of SMEs strengthens integration in the global value chain.<br>3. IoT & smart vehicles are opening up new markets (connected cars, data-driven services). | (6W, 2025; Aptikma.co.id, 2025; gaikindo.or.id, 2025c; Stuart & Stuart, 2025; ikm.kemenperin.go.id, 2025; kenresearch.com, 2024; Media, 2025; Mulyana & |

| | | |
|---|---|---|
| | 4. A big challenge for small/medium-sized factories due to high initial investment and lack of skilled human resources.<br>5. The industry's direction towards EV & smart mobility increases Indonesia's chances of becoming a modern manufacturing hub. | Perwitasari, 2025; Satria & Kurniawan, 2025) |

Source: Compiled from TMMIN Annual Reports (2020–2024), Sustainability Reports, and official corporate publications

Changes in the global business environment, including increasingly protective international trade policies, labor market dynamics, increased innovation-based investment, and technological revolutions based on artificial intelligence, have created pressures as well as opportunities for the automotive industry in Indonesia. Global protectionism, tariff wars, and supply chain disruptions are suppressing domestic sales and triggering export fluctuations, but at the same time opening up space for Indonesia to become an alternative production base for global producers seeking stable and conflict-free locations. Labor market conditions characterized by a scarcity of skilled labor, skills mismatch, and the younger generation's preference for flexible work exacerbated operational challenges, forcing companies to increase investment in training and automation to maintain production continuity.

A significant increase in automotive investment, especially through FDI and government support for innovation, is strengthening the industry's modernization towards electric vehicles, batteries, and high-tech manufacturing. Widespread digital transformation, both in large manufacturers and component SMEs, has the potential to improve production efficiency and quality, although it requires better technological readiness and human resources. The AI and IoT-based technology revolution opens up new market opportunities through smart vehicles and data-driven services, while strengthening Indonesia's position in the global value chain. Overall, the table shows that strategic adaptation, innovative investments, and strengthening human resource capacity are the main keys for Indonesia's automotive industry to remain competitive amid rapid and complex global business environment.

**Adaptation Strategy of Multinational Companies in the Automotive Sector in Indonesia**

Based on the theory of dynamic capability (DC), there are three components that explain the organization's ability to adapt in a dynamic business environment, namely adaptive capability, absortive capability, and innovative capability. These three components are reflected in various policies, decisions, and organizational attitudes that are implemented as part of the adaptation strategy. Data on adaptation strategies from three automotive sector companies in this study, namely Toyota Motor Manufacturing Indonesia (TMMIN), PT. Astra International Tbk., and PT Indomobil Sukses Internasional Tbk, were obtained by analyzing the annual report for the 2020-2024 period.

***Adaptation Strategy of PT Toyota Motor Manufacturing Indonesia (TMMIN)***

The following is the implementation of TMMIN's dynamic capability components for the 2020-2024 period:

**TABLE 3. Implementation of TMMIN Dynamic Capability Components for the 2020-2024 Period**

| Year | Adaptive Capability | Absorptive Capability | Innovative Capability |
|---|---|---|---|
| **2020** | Start reading electrification & digitalization trends; pandemic adjustment and basic digitalization. | Identification of EV & Industry 4.0 trends; structural training; early digitization; operational efficiency & electrification R&D. | Focus on environmentally friendly vehicles; automation & green supply chain; large investments during the pandemic; Stabilization of the supply chain. |
| **2021** | Taking advantage of market recovery; export expansion; stronger electrification orientation; digitizing business processes. | Identify green car trends; standardization of competencies; advanced digitization; Adaptive Operational Innovation & Eco-Plant. | Hybrid/EV focus; energy efficiency; investment continues; strengthening TKDN & digitalisation of logistics. |
| **2022** | Expansion to 100 countries; hybrid strategy as an export opportunity; electrification commitments. | Vocational partnerships; technology transfer; Eco-Plant production; energy efficiency; renewable energy & innovative logistics. | Green manufacturing & lean systems; long-term electrification investments; Diversification of suppliers. |
| **2023** | Multi-pathway approach; electrification exports; global sustainability focus; Green Manufacturing Transformation. | NZE Identification & Future Mobility; electrification education centers; low-emission factories; electrification production & export. | Launch of the Yaris Cross Hybrid; green intensive manufacturing; production of core components; localization & knowledge transfer. |
| **2024** | Electrification as the core of the strategy; PROPER Gold; global orientation 2050; TKDN 80%. | Global benchmarks; Master trainer; low-carbon operation; diversification of hybrid/EV exports. | Eco-Plant & hybrid export expansion; circular production & renewable energy; sustainable electrification investments; Eco-friendly materials. |

Source: Compiled from Astra International Annual Reports (2020–2024), Sustainability Reports, and official disclosures

The mapping of the implementation of TMMIN's dynamic capability throughout 2020–2024 shows a pattern of strengthening adaptive, absorbive, and innovative capabilities that move gradually but consistently following the dynamics of the global automotive industry. In terms of adaptive capability, TMMIN started with a pandemic response and electrification trend reading, then transformed towards comprehensive digitalization, market recovery, and expansion strategies to penetrate more than 100 countries. Entering 2023–2024, adaptation is evolving into a multi-pathway orientation and electrification as the core of the strategy, supported by sustainability achievements such as Gold PROPER and increased TKDN. This pattern shows the company's ability to read changes in the external environment while progressively changing the direction of the business towards sustainability and electrification.

In terms of absorptive and innovative capability, the table emphasizes that TMMIN is not only able to recognize and absorb new knowledge, but also turn it into concrete innovations. Abssorptive capability can be seen through improving competency standards, digitizing processes, strengthening vocational partnerships, technology transfer, and global benchmarks to achieve low-carbon operations. Meanwhile, innovative capabilities are reflected in electrification investments during the pandemic, the development of green manufacturing, the launch of new hybrid models, the production of core components, and the innovation of environmentally friendly materials. This pattern indicates that TMMIN is able to make

technological changes, especially electrification and sustainability, a source of long-term competitive advantage through structured innovation and expanded collaboration.

Based on the application of TMMIN's dynamic capability components above, it can be stated that TMMIN's adaptation strategy shows an increasingly mature transformation direction from the initial response to the pandemic and the reading of electrification trends towards strengthening digitalization, global market expansion, and strategic orientation on electrification and sustainability. The company is able to adjust its structure, processes, and investments in line with the changing business environment by strengthening operational digitalization, expanding export markets, and placing electrification as the main foundation of its long-term strategy. Entering 2023–2024, the adaptation evolves into a multi-pathway approach that focuses on sustainability, energy efficiency, and increasing TKDN, so that TMMIN not only responds to the dynamics of the global automotive industry, but also positions itself as a competitive electrification production base at the international level.

### *Adaptation Strategy of PT. Astra International Tbk.*

The following is the implementation of Astra's dynamic capability components for the 2020-2024 period:

**TABLE 4. Implementation of Astra Dynamic Capability Components for the 2020-2024 Period**

| Year | Adaptive Capability | Absorptive Capability | Innovative Capability |
|---|---|---|---|
| **2020** | Utilization of digital opportunities; the launch of a digital platform; export market adjustment; Internal Digitization & Cost Control | University collaboration; investment in digital start-ups; development of digital human resources; Acceleration of digitalization | new digital platforms; automotive exports; green manufacturing; Digitization of the supply chain |
| **2021** | Electrification focus; expansion of the digital ecosystem; increased exports; Back-office integration | Industry 4.0 Collaboration; technology training; digital strategy & AGRM; Digital Products & Hybrid Vehicles | AstraPay, MOXA; logistics digitalization; net production; EV/Hybrid investment |
| **2022** | Digital service expansion; increased sales; aggressive product strategy; Strengthening exports | Identify health opportunities; HR & LEAP development; Aspirations 2030 | Strengthening digital services; green manufacturing; Paxel investment; Operational Efficiency |
| **2023** | Integration of Sustainability Aspirations 2030; harnessing the energy transition; popularization of EVs | Triple helix electrification; xEV Center; global risk mitigation; Omnichannel | Green dealer; eco-friendly products; nickel diversification; Real-time optimization |
| **2024** | Diversification of portfolios; digital acceleration; export focus; Green Policy Adaptation | Technology & university collaboration; digital talent; Sustainability-based policies | Integration of digital ecosystems; global expansion; energy-saving technology; Strengthening the ecosystem |

Source: Compiled from Indomobil Sukses Internasional Annual Reports (2020–2024), Sustainability Reports, and official corporate publications

Astra International's dynamic capability mapping during 2020–2024 shows an adaptation pattern that is strongly influenced by digital disruption and the transition to electrification. In adaptive capabilities, the company is moving from a strategy to survive the pandemic through digital strengthening and cost control to digital expansion, export market penetration, and readiness to face green policies. This adaptation process continues with the integration of the 2030 sustainability roadmap, the use of energy transition momentum, and the diversification of business portfolios. This pattern demonstrates Astra's ability to read external environmental changes and convert them into strategic steps based on digitalization, electrification, and sustainability.

In terms of absorbent and innovative capabilities, Astra shows a strong ability to absorb new knowledge and turn it into innovation. Absorbent capabilities are reflected in triple helix collaboration, adoption of international standards, the establishment of electrification training centers, the development of digital talents, and the integration of GCG principles as the basis of organizational learning. Innovative capabilities are developing through the launch of digital platforms such as AstraPay and MOXA, the development of green manufacturing, diversification into new industries such as nickel, and digital-based supply chain optimization. The consistency between learning, process transformation, and new product creation shows that Astra is able to make innovation the foundation for long-term growth.

Based on the application of these dynamic capability components, it can be stated that Astra's adaptation strategy is characterized by a focus on digitalization, electrification, and sustainability in response to global market dynamics. The company balances market expansion with organizational adjustments through digital ecosystem integration, supply chain strengthening, and improving HR capabilities. This approach allows Astra to maintain its competitiveness while preparing for a transformation towards a more environmentally friendly and technology-based integrated automotive and service industry.

### *Adaptation Strategy of PT Indomobil Sukses Internasional Tbk*

The following is the implementation of Indomobil's dynamic capability components for the 2020-2024 period:

**TABLE 5. Implementation of Indomobil's Dynamic Capability Components for the 2020-2024 Period**

| Year | Adaptive Capability | Absorptive Capability | Innovative Capability |
|---|---|---|---|
| **2020** | Sensing sustainability trends; domestic focus; green policy response; Diversification of Structure & Digitalization | Identify digital trends; human resource development; adaptive culture; New Products & Digital Efficiency | Audi Q3; the beginning of sustainability integration; competency investment; Pandemic CSR |
| **2021** | Market recovery; people-driven focus; sustainability strategies; strengthening of human resources & 3S network | Benchmarking; operation-HR synergy; recovery strategies; Sales growth | Product diversification; ESG implementation; ambitious expansion; 3S network reinforcement |
| **2022** | Hybrid trend sensing; income growth; integration of green policy; Sustainable HR | Hybrid sensing; sustainable culture; competency integration; Growth strategy | Audi Q5 & hybrid; adoption of EV/hybrid technology; portfolio expansion; Improved service quality |

| | | | |
|---|---|---|---|
| **2023** | Sensing EV trends & national policies; strengthening of the core segment; Technology-based governance | BEV & Macro Monitoring; ongoing training; competency improvement; Sustainability Strategy | Operational optimization; business synergy; BEV & premium focus; Expansion of After-sales Service |
| **2024** | Energy transition sensing & digitalization; domestic focus; supply chain integration; Modern governance | Observation of macro and technological trends; structured training; commitment to professionalism; Integrated business model | Focus on commercial segments; non-sales business integration; investment leverage; Integrated & Resilient Business Model |

Source: Synthesized from TMMIN, Astra International, and Indomobil Sukses Internasional Annual Reports (2020–2024) and corporate publications.

Indomobil's dynamic capability mapping during 2020–2024 shows that PT Indomobil Sukses Internasional Tbk.'s adaptive, absorbive, and innovative capabilities are gradually developing following the dynamics of the national and global automotive industry. In adaptive capabilities, the company consistently sensing sustainability, hybrid, and EV trends, with the main focus on the domestic market which is considered the most stable. Resource alignment takes place through digitalization, human resource strengthening, governance modernization, and supply chain integration. Overall, Indomobil's adaptation is more gradual and cautious, emphasizing operational stability while still opening up space for new opportunities, especially in the electrification and green policy segments.

The company's absorption and innovative capabilities also show a strengthening that is relevant to the direction of industrial transformation. Indomobil is able to capture technological changes through global networking, benchmarking, and macro observation, then assimilate them through continuous training and strengthening of adaptive work culture. Transformation is manifested in the integration of new competencies, sustainability strategies and integrated business models, while innovation comes through product diversification (Audi Q3, Q5, hybrid), adoption of EV/hybrid technology, synergy between business segments, and improvement of after-sales services. This approach portrays a progressive company while still emphasizing risk mitigation and long-term sustainability.

Based on the application of its dynamic capability component, it can be stated that Indomobil's adaptation strategy focuses on carefully reading technology and policy trends, strengthening the domestic market as a basis for stability, and modernizing structures and human resources to support long-term sustainability. The company implemented measurable adaptive measures, namely by combining digitalization, supply chain integration, and modern governance, so that it was able to respond to the transformation of the automotive industry without sacrificing resilience and risk balance.

Based on Toyota Motor Manufacturing Indonesia's (TMMIN) adaptation strategy, PT. Astra International Tbk., and PT Indomobil Sukses Internasional Tbk, can be stated that in general, the adaptation strategy of multinational companies in the automotive sector in Indonesia shows that adaptation is carried out in a continuous process inherent in organizational learning. TMMIN, Astra, and Indomobil have demonstrated the ability to read market signals, ranging from electrification, digitalization, to sustainability policies, and turn them into relevant strategic adjustments. This pattern is in line with the view that adaptation allows

companies to respond proactively to environmental changes, so that strategy adjustments can be made more quickly and appropriately to maintain a competitive advantage (Averchenkova et al., 2015). Thus, adaptation becomes the foundation that ensures the company remains relevant and resilient in the midst of the dynamics of the global automotive industry.

In the context of international operations, adaptation is also an important mechanism when companies must balance global policies with local characteristics. TMMIN and Astra align their global electrification and digitalization strategies with domestic market conditions through increasing TKDN, strengthening supply chains, and modernizing operational processes. Indomobil, which is more domestically oriented, adjusts its managerial approach and product portfolio to align with local consumer preferences and national regulations. This is in line with the view that adaptation is necessary when practices from the country of origin are not fully relevant to the demands of the destination market, so companies must adjust marketing communications, distribution, after-sales service, and operational processes to fit local norms (Abdolvand & Najafizadeh, 2011).

Adaptation strategies in the automotive context also reflect a strategic transformation that involves updating capabilities and reconfiguring resources. The entire company demonstrates this dynamic: TMMIN strengthens its electrification capabilities and low-carbon operations; Astra integrates the digital ecosystem and improves HR capabilities; and Indomobil builds an adaptive work culture and strengthens technology-based governance. This reinforces the view that adaptation is a strategic process that requires organizations to read market trends, anticipate industry changes, and develop a sustainable competitive advantage (Mulyono & Zainrossalamia, 2025). Adaptation in Indonesia's automotive sector is also a response to global complexity characterized by regulatory changes, macro uncertainty, and technological competition.

Adaptation is also realized through a product portfolio that is in line with economic conditions and local consumer preferences. TMMIN focuses on hybrid vehicles and electrified components; Astra develops digital services and environmentally friendly vehicles; while Indomobil is expanding its premium line and hybrid vehicles for the domestic market. This pattern is in line with the concept that adaptation does not necessarily require changes in product design, but can be done through adjusting the range of products marketed according to the purchasing power and lifestyle of consumers in each country (Virvilaite et al., 2011). In more developed markets such as Indonesia's premium segment, the company even offers product combinations with more exclusive features to meet the needs of more critical consumers. Overall, this adaptation strategy demonstrates the ability of automotive multinationals in Indonesia to blend global standards with local needs to strengthen their long-term competitive position.

## CONCLUSION

The dynamics of the global business environment—including trade protectionism, labor market shifts, innovation-driven investments, and AI technological revolutions—have imposed pressures and opportunities on Indonesia's automotive industry, impacting domestic sales, cost structures, labor skills, and technological directions. Multinational companies like TMMIN, Astra, and Indomobil demonstrated sustainable adaptation through organizational learning, operational digitalization, supply chain strengthening, product portfolio adjustments, increased

TKDN (local content), and accelerated electrification, reflecting their ability to interpret market signals, localize global policies, and build competitive internal capabilities. For future research, scholars should develop a contextual dynamic adaptation model tailored to developing countries' automotive sectors by integrating technology, regulations, and local market conditions as interdependent variables, thereby advancing dynamic capabilities theory and international strategy literature with empirical insights from rapidly transforming markets.

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