

Investigating the business culture in indonesia business essay



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Indonesia is right now one of the world's most populous nations in which there is and strong potential for growth in the economic sector. Petroleum, natural gas and textiles account for the majority of industry in Indonesia with services accounting for the majority of its gross domestic product. That is why people should have awareness of the Indonesian culture and business etiquette, which is essential for those wishing to succeed in new business ventures in this particular country.

But how is the culture in Indonesia? First of all, we have to consider the main key concepts and values that become strong requirements when meeting Indonesians.

Key Concept and Values of the Indonesian Culture

Time: This element is approached in a very relaxed and flexible way. People tend to create a relationship and don't rush through business negotiations. Most of the time, plans are not done in great detail and punctuality is not always observed, as Indonesians don't like to be hurried and avoid the sense of urgency noticeable in Western Countries. Time is definitely not money and profit is not as important as building a relationship with people. That's why business people should be aware of the importance to take their time, and be prepared to spend a lot of time with clients or partners before getting down to business. The concept of "Jam Karet" (rubber time) describes their approach to time.

Our business advice: Meetings traditionally start late, but foreigners are expected to be on time and they should never make any comment about the meeting starting late.

Communication style: Indonesians tend to communicate in a very high context, implicit and indirect way. Most of the time they speak in a subtle tone and therefore it is up to the listener to pick up on communication subtleties by paying attention to body language and gestures. Indonesians will do anything to “ save face” as well. This term refers on how the people avoid at all cost the cause of shame (“ malu”), and for that reason individuals should never ridicule, shout at or offend anyone. They’re very careful on how they interact and speak; therefore they behave in a very polite and diplomatic way. Loud people may be perceived as aggressive and expressing anger in public is always inappropriate. Confrontation is most of the time avoided as well, and Indonesians tell people what they want to hear, rather than dealing with the problems. This can make it difficult for foreigners, especially Westerners, to ascertain exactly how business proposals are being received. Their language, Bahasa Indonesian, has actually 12 ways of saying “ Yes” when the actual meaning is “ No”. So even though English is used as the business language, it will not convey the correct message. Therefore, since saying “ No” is impolite, you should never assume that a positive answer means that you have an agreement.

Our business advice: Be aware that Indonesians will always try to avoid confrontation and therefore they might say what you want to here only because of politeness, while they hide their true feelings and emotions.

Conformity: Indonesia has been always a very collectivist society, where the group has a higher importance than the individual. Indonesian counterparts, when making business, will try to place family and community concerns above those of the businesses or individuals. Loyalty in a collectivist culture
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is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group.

Our business advice: If your counterpart is talking about his family and local problems in the community, listen and avoid jumping into the business. A relationship has to be created to have a successful transaction.

Religion: Being the world's largest Islamic nation, Muslims in Indonesia pray five times a day. In some companies they even have separate rooms for daily prayers. The degrees of influence from Islam in business culture also vary according to the individual. Ramadan is a major Islamic tradition that includes fasting for an entire month and a main reason for foreigners to avoid eating or drinking in front of people, although foreigners are really not required to fast. As of other religions, Christianity takes a smaller part in the country, but just about 10%, compared to the 85% Muslim population[1].

Our business advice: Be careful when eating or drinking in front of business partners during the Ramadan, because is a great lack of respect for their Muslim tradition.

But not only do we have to focus on the culture of the country, but also on the way etiquette in business takes place. Due to the fact that the differences between Western Europe as well as the US with Indonesia are tremendous, we're going to point out the main topics that have to be taken into consideration to carry out a successful business transaction. Some of the most important aspects that involve a particular etiquette are:

Working Practices

Structure and Hierarchy in Indonesian Companies

Working Relationships

Business Practices

Gift Giving

Protocol Guidelines (Dining, Dress)

Do's and Don'ts in Etiquette

Working Practices

Business Hours in Indonesia are normally from 8am to 5pm, Monday to Friday and from 8am to 1pm on Saturdays, with always an hour set aside for lunch.

As we said before, Indonesians have a much more flexible attitude towards time, so not be surprised if business meetings or social events begin late.

Structure and Hierarchy in Indonesian Companies

Indonesia is one of the countries with a very high ranking Hofstede Dimension at 78. The high Power Distance (PDI) is indicative of a high level of inequality of power and wealth in between the social structure. It is part of the cultural heritage of the country, because in Asia is one of the highest, as the average in Asian countries is 71[2].

Business organizations in Indonesia are very hierarchical. Decisions and ideas are generated at the top. Status is very important for Indonesians, so respect should always be given to work supervisors and colleagues.

Because Indonesian society is very status conscious, you need to address people with the proper title. People are generally address as “ Bapak” for males or “ Ibu” for females, followed by his or her academic title, given name and family name, and finally his or her business title.

Well educated women are more and more entering the workforce. But it is still difficult however for a woman to do business unless she has a man by her side during negotiations. They should imperatively dress conservatively from ankle to neck.

Working Relationships

Business relationships in Indonesia are based on trust and familiarity.

Personal contacts and networks are important in making business deals.

That is why cultivating friendships will improve the way you make business in this country.

Indonesians give a great emphasis on age and respect. You must always show respect towards elders in Indonesian society. In Muslim tradition, older men have the highest status in families as well as in the workplace.

Business Practices

Business in Indonesia can be conducted in either English or Bahasa

Indonesian. If you make business with a multinational company or you conduct it in a large city, English will be more common. It is still very

important to bring an interpreter to meetings, as business in rural areas and in smaller cities will almost never be conducted in English.

Initial introductions in Indonesian business are formal. Handshakes are exchanged most of the time before and after the meetings, but the grip is generally softer than the one used in Western countries, especially the US. Greetings many times are accompanied by a slight bow, but nothing compared to Japan's greeting bow. The handshake should be accompanied by the word " Selamat", which means peace. It has to be said slowly and sincerely.

Business cards are normally exchanged after the initial handshake and greeting, and they should display your title. This will allow you to enhance your image and credibility. Even when it is not required, if you have one of the sides of the card printed in Bahasa, it will be considered respectful for Indonesians. You should always remember to give and accept cards with your two hands or the right hand, and read it before putting it on a table next to you or in a business card case. Business card should always be treated with respect.

Negotiations are quite lengthy with Indonesians, as they like to give enough time to carefully consider the business proposal. They will never rush, and it often takes several meetings to come to an agreement with your Indonesian counterparts. Initial meetings generally serve to make acquaintances.

Gift Giving

Because gift giving in Indonesia depends heavily on the ethnicity of the

receiver, there are some general guidelines that should be followed:

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Chinese Indonesian:

It is considered polite to verbally refuse a gift before accepting it. It shows that the recipient is not a greedy person.

Try to avoid items like scissors, knives, or other cutting utensils as they indicate that you want to sever the relationship.

Elaborate wrapping is always expected, especially in gold and red colors, which are considered auspicious.

Gifts are not opened when received.

Malays / Muslims Indonesian:

In Islam alcohol is forbidden, so if you're giving alcohol make sure that the recipient will appreciate it.

Any kind of food should be "Halal" (The term means that the animal has been slaughtered according to Islamic principles). Things that aren't halal include anything with alcoholic ingredients or anything with pork derivatives such as gelatin[3].

Always use the right hand to offer gifts.

Gifts should not be opened when received.

Hindu Indonesian:

Offer gifts with the right hand only.

Gifts must be wrapped in red, yellow, or green paper or other bright colors as they are considered to bring good fortune.

Do not give leather products to a Hindu.

Do not give alcohol, unless you know the recipient imbibes.

Gifts are not opened when received.

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Protocol Guidelines

Now, several protocol guidelines are going to be explained, so people might be aware of the usual dining and dressing protocols, which are:

Dressing:

Business attire is mostly conservative

Because of the hot weather, cotton or light clothing is best.

Women are expected to dress in a very conservative way, where they can be covered from ankle to neck, as mentioned before. Tight fitting clothes should be avoided as well.

Dining Etiquette:

Dining etiquette is generally relaxed, but depends on the setting and context. The more formal the occasion the more formal the behavior.

Wait to be shown to your place. As a guest you will have a specific position.

Food is often taken from a shared dish in the middle. You will be served the food and it would not be considered rude if you help yourself after that.

If food is served buffet style, the guests are generally asked to help themselves first. It is considered polite if the guests insist on others to go before him/her, but this would never happen.

In formal situations, men are served before women.

Wait to be invited to eat before you start.

A fork and spoon are often the only utensils at the place setting. Depending on the situation some people may use their hands.

Eat or pass food with your right hand only.

Do's and Don'ts in Etiquette

Do's

Don'ts

Have your business cards printed in English. If you work with Chinese Indonesians, have the reverse side printed in Chinese. If you are working with ethnic Indonesians print the reverse in Bahasa Indonesian.

Have all academic qualifications and titles printed on the card, and offer it using both hands.

Arrive on time to meetings, but don't expect your Indonesian counterparts to do so.

Address your Indonesian business colleagues with the appropriate professional title and introduce yourself with a card that includes your title.

People with high qualifications are considered important.

Forget to take into consideration that Muslims pray five times a day when scheduling business meetings with Indonesians. Time should be allocated for their prayers.

Be afraid of recap what you have discussed in the meeting. It is better to say you're summarizing, as Indonesians will never indicate they don't understand.

Have physical contact with woman (as a man). A man should not shake hands with an Indonesian woman, unless if she offers the handshake.

Speak loud, as it is considered offensive.