

CULTURE AND ETHICS IN INDONESIAN BUSINESS

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ABSTRACT

Culture is a collective phenomena because it is partially accepted by human beings who live and interact in one social environment. According to Tabalujan (2008), culture includes language, art and sciences, thought, spirituality, social activity, and interaction. Cultural values affects economic development and human progress. The transition period to the market economy shows a big amount of new business. In a developed national economy it is not enough that there is a big amount of economic units, but most importantly it is how they do their activities. In the world of tight competition, how the companies treat their employees, their attitude to the customers, the attitude to the society in general, and to the competitors are all considered to be available. All these factors are called business culture. The content of business culture is very complex, it consists of: organizational culture, ethics in business, and attitude with social responsibility. Evidently, Cultural values affect economic development and human progress. It is not easy doing business in Asia, especially in Indonesia, due to their culture, communication style, concepts and values.

KEYWORDS

culture, ethics, concepts, business, values, concepts

INTRODUCTION

The rapid development in technology and information gives society the opportunity to gain easy access to a lot of information. This information can be useful or not useful at all. Based on his premise, the development of the business world in the future faces more sensitive issues related to the society and the environment and to all kind of the activities done by the companies. This is the reason why the companies will face bigger obligations from the point of view of society and awareness to the environment.

The transition in the market economy is marked by the small, medium and large businesses. The companies' attitude to their customer, competitors and to the society in general should be taken into consideration. The business people must learn about ethics in business and all human beings must cooperate with others in order to sustain life. This will be sustained by good attitude and behavior.

CULTURE, ETHICS, BUSINESS

Both culture and ethics are very important aspects in doing business. Philosophers have given different definitions to culture and ethics. Raymond William (in Mudji Sutrisno, 2009:7) said that 'culture' is one of the most complex words because it is often used for different important concepts in different field of sciences.

Geert Hofstede & al (2001:46) said that *culture is a system of values and norms that are shared among a group of people and that when taken together constitute a design for living*. Culture is a metaphor which can be used to explore the identity of a business. The term 'culture' was used for the first time by Edward B. Tylor in his book *Primitive Culture*. Edward Tylor said that culture is 'that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society.'. So, culture is the continuously evolving products of people interacting with each other. Schwartz & Darvis (1981:33) said that culture is a pattern of belief and expectations shared by the organizational members. These beliefs and expectations produce norms that powerfully shape the behavior of individuals and groups within the organizations.

Schermenhorn (2008:33) defined ethics as the code of moral principles that sets standards of good or bad, or right or wrong, in one's conduct. The influence of culture on ethical behavior is a very actual topic in globalization era. From the point of view of cultural relativism, ethical behavior is always determined by its cultural context.

Business is an economic system in which goods and services are exchanged for one another or money, on the basis of their perceived worth. Every business requires some form of investment and sufficient number of customers to whom its output can be sold at profit on a consistent basis. In creating business ethics, there are some things to consider, among others, self-control, the development of social responsibility, maintaining identity, creating healthy competition, applying the concept of social responsibility development, applying the concept of development sustainability. With the morals and ethics in the business world, and awareness of all parties to implement, that gap can be reduced.

Morals is closely associated with religion and culture, it implies that the moral rules of business are strongly influenced by the values and culture of the business people themselves. Morality is something that encourages people to do good and ethical things.

The idea that business has 'a culture' or the term of *business culture* was developed by Hofstede (1980). The components of culture are values, norms, abstract ideas about what a group believes to be good, right and desirable. So, culture can help people to understand more about a business. Robert Kreitner (1992 : 23) said that ethics is a moral responsibility and has relation with what is right and what is wrong and Griffin (2000), stated that ethics are the beliefs of what is good and what is bad.

The world has many different ethical systems which can lead to different opinions about what is ethical. These ethical differences are rooted in differences in political system law, economic

development and culture. Business ethics means principles of right or wrong governing the conduct of business people or the accepted principles of right and wrong. Business ethics is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. Business ethics reflects the philosophy of business.

INDONESIA AND DOING BUSINESS IN INDONESIA

Indonesia is located in South-eastern Asia, an archipelago between the Indian Ocean and Pacific Ocean. A country with the big natural reserves and with a lovely climate with a population about 250 million and a lot of ethnic groups: Javanese, Sundanese, Madurese, and others. Indonesia is situated along trading routes between the Far East and Middle East. In Indonesia are there 5 religions: Islamic, the majority, Protestants, Catholics, Buddhism, Hinduism and the official language is Indonesian. Indonesia is a hugely diverse nation, there are many cultural influences like Hinduism, Buddhism, Confucianism, Islam, all strong in the big trading cities.

The national motto of Indonesia is Garuda Bineka Tunggal Ika which means there unity in diversity. In Indonesian culture, the family has a traditional structure, where family members have clearly defined roles. Hierarchical relationship are respected, emphasized and maintained. Indonesian will always place the family and community concerns over that of the business or individual Indonesian people are very careful how they interact and speak, they are indirect communicators. This means, they do not always say what they want or what they have in their minds. It is up to the listener to read between the lines or 'interpret' the gesture and body languages to get the real message. Bahasa Indonesia actually has 12 ways of saying no, and several other ways of saying yes when the actual meaning is no!.

Business is personal in Indonesia, here, people spend time through communication to build a strong relationship. Dating with someone face-to face is the only effective way of doing business. For Indonesians time does not bring money, good relations and harmony do.

Indonesia is a collectivist society that places higher importance on the group than the individual.. Negotiations can be quite lengthy as Indonesians like to give enough time to carefully consider the business proposal. They do not like rush when conducting business, they consult their family and especially 'seseputuh' that means the old persons in their family who have a big influence and has a lot of experience.

Establishing a relationship requires time, preferably with face to face contact with a person of similar age and status.

Relationship can determine many facets of commercial life. Showing patience and flexibility in commercial dealings builds trust and improves the chances of a successful outcome. Variables including age, gender, education, and marital status affect personal and commercial relationships.

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