

# Doing Business in Indonesia

## Instructor's Guide



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## **OBJECTIVE**

Objective: to give the participant a better understanding of Indonesia's unique culture and way of doing business.

Who should use this program?

Executives, managers and other professional personnel preparing for:

- Travel to Indonesia
- Living in or relocating to Indonesia
- Working with Indonesians in the United States

Spouses and family preparing for:

- Living in or relocating to Indonesia

Students:

- Of international business, marketing, management and related disciplines
- Of cross-cultural topics, foreign languages, and related disciplines
- Preparing for travel or living in Indonesia

## **MATERIALS**

### Video

- Approximately 46 minutes in length
- Includes location footage, expert interviews, dramatizations and graphics
- Divided into 9 chapter-like sections, each with a section introduction and summary. These 9 sections are:
  1. Orientation
  2. History
  3. Economy
  4. Etiquette
  5. Business Relationships
  6. Communicating
  7. Values
  8. Negotiating
  9. Management

*Note: Non-business viewers (language students, spouses, etc.) should watch sections 1, 2, 4, 6 and 7. The remaining sections are optional.*

### **This Instructor's Guide**

- This guide is designed to enable the instructor to create the most effective learning experience.

## **SUGGESTED INSTRUCTION SESSIONS**

### **For Students**

1. Instructor should view video.
2. Confirm availability of player and monitor.
3. Make a photocopy for each student of video outline in this guide.
4. Show Video. \*\*
5. Use discussion questions in this guide to facilitate classroom discussion.
6. Administer test using essay questions and/or test questions in this guide.

### **For Executive Self-Study**

1. Make a photocopy of video outline in this guide. The video outline should be used to highlight and/or take notes while viewing video.
2. View video.
3. Reflect on discussion questions in this guide.
4. Use photocopy of test questions in this guide for self-testing.
5. Check test answers.

### **For Executive Training**

1. Instructor should view video.
2. Confirm availability of player and monitor.
3. For each participant, make a photocopy of a) video outline and b) test questions in this guide. The video outline should be used to highlight and/or take notes while viewing video.
4. Show video.\*\*
5. Use discussion questions in this guide to facilitate group discussion.
6. Administer test using essay questions and/or test questions in this guide.

### **For Spousal/Family Training\***

1. Instructor should view video.
2. Confirm availability of player and monitor.
3. For each participant make a photocopy of a) video outline and b) test questions in this guide. The video outline should be used to highlight and/or take notes while viewing video.
4. Show video. \*\*
5. Use discussion questions in this guide to facilitate group discussion.
6. Administer test using essay questions and/or test questions in this guide.

*\*Note: Non-business viewers (language students, spouses, etc.) should watch sections 1, 2, 4, 6 and 7. The remaining sections are optional.*

\*\* Video can be viewed either in one session or multiple sessions. If viewing in multiple sessions, pausing is recommended after section breaks.

## VIDEO OUTLINE

This is an outline of the entire video in detailed not form. For most effective learning, all participants should be given a photocopy of this outline prior to viewing the video.

### **1. ORIENTATION: DIVERSE PEOPLE, DIVERSE PLACES**

Indonesia is a nation of contrasts. It's a relatively new country, yet it is based on ancient cultures. It's geographically and ethnically dispersed, but it has a strong sense of nation.

#### **□ Its' a vast, tropical nation comprised of more than 17,000 islands.**

Indonesia is comprised of more than 17,000 islands strewn across the South China Sea.

These islands include the legendary Bali, Java, Sumatra, and part of Borneo.

Indonesia has a land area about three times the size of Texas, and spans an area wider than the United States.

Tropical forests and jungle cover two-thirds of the territory. It's mountainous and has more than 400 volcanic peaks, many still active.

#### **□ Its population is the world's fourth largest, and has more than 350 ethnic groups.**

Indonesia has more than 200 million inhabitants. Its people are comprised of more than 350 ethnic groups, many with their own languages and customs.

Some experts say there is more diversity within this one country than, for example, in all of Europe.

The largest ethnic group is the Javanese, who comprise about 45 percent of the population.

However, the presence of hundreds of other ethnic groups creates a land of tremendous diversity.

Indonesia has the largest Muslim population in the world, with about 90% of its people practicing the Islamic religion.

Much of the nation's business is run by people of Chinese descent. They are a small minority, comprising about 3% of the population.

The Chinese success has led to tension with ethnic Indonesians.

The government has sought to diminish Chinese culture and encourage assimilation. For example, publications in Chinese characters are forbidden.

**❑ The island of Java is home to the capital of Jakarta and more than half the population.**

The nation's center is Java. This crowded island holds 60% of the population yet comprises only 7% of the land area.

That's a population of more than 100 million in an area the size of North Carolina.

Java is home to Jakarta – the country's capital – and much of Indonesia's business and industry.

This sprawling city is one of the largest in the world. It's a dynamic, chaotic and polluted metropolis.

**❑ There's a slower pace in Indonesia; budget more time to get things done.**

When doing business in Indonesia, it's important to have a lot of time and patience. The main reason is that Indonesians don't view time as important as in the West.

Locals refer to the expression "rubber time," a flexible approach to schedules and deadlines.

In remote regions, workers might consider themselves on time if they arrive within a few hours of the appointment.

Thus, if you average five appointments per day in your home country, you might plan two per day in Indonesia.

**❑ Be prepared for a hot, humid climate, and check with your physician about immunizations.**

Straddling the equator, Indonesia is humid and hot. Because of the climate, it's best to schedule morning meetings.

It's rainy, especially during the monsoon season. It's a good idea to have an umbrella handy.

As in most tropical countries, vaccinations might be recommended or required. Check with your physician well in advance of your trip.

## **2. HISTORY: DIVERSITY INTO UNITY**

- ❑ Indonesia's early history saw the influence of a wide variety of civilizations, creating a unique culture.**

Indonesia is a young country, barely 50 years old.

But, positioned at the crossroads of the South China Sea and Indian and Pacific Oceans, a broad spectrum of people and civilizations have converged in the region for thousand of years. As a result, Indonesia's culture has many influences.

In the first century BC, traders from India brought their language and culture – as well as the Hindu religion.

Buddhism followed shortly thereafter, and remains influential today.

Islam landed as early as the seventh century, but did not gain wide popularity until the 1400s.

Many Hindus resisted the Islamic influence and fled to Bali, which today is the only Indonesian island where the majority of the people are Hindu.

- ❑ In the 10<sup>th</sup> century the long process of regional unification began during the Majapahit (Mo-joe-pah-heet) empire.**

During the 10<sup>th</sup> century, the Java-based Majapahit empire came to power, ruling for six centuries. This dynasty started to unite the islands that comprise Indonesia today.

The first Europeans to arrive were the Portuguese, dropping anchor in the early 1500s.

- ❑ The colonial period was marked by Dutch exploitation.**

By the end of the century the Portuguese were displaced by the Dutch. In the early 1800s, the region became a colony of the Netherlands.

Unlike the British in neighboring Malaysia, the Dutch did little to develop Indonesia and solely exploited the country.

Indonesians struggled for independence for decades, and much blood was spilled.

During World War II, Japan occupied the islands, another bitter memory. But today Japan is Indonesia's largest trade partner, creating a relationship with mixed feelings.

**□ Independence has seen struggles against communism and separatism, and a desire for greater democracy.**

After Japan's defeat in World War II, Indonesia proclaimed independence and a new nation was born. The Netherlands finally relinquished control in 1949.

The early years of autonomy were rocked by instability, and the government sought to unify this diverse nation. In 1965 Indonesia's communist party, with backing from China, allegedly sought to overthrow the government.

The coup attempt was suppressed by General Suharto. The coup was followed by six months of civil war, during which more than half a million Indonesians died.

General Suharto took control of the country in 1967, running the nation for more than three decades.

To this day, the military plays an important role in Indonesia. Many military officials are in important business positions.

Suharto, who is sometimes described as a benevolent dictator, has generated controversy on issues ranging from democracy to human rights.

Much of the nation's business has been controlled by his six children, with the family fortune totaling billions of dollars.

At the same time, his pro-business and pro-development policies helped write one of the greatest economic success stories in the developing world.

Suharto also successfully unified this vast, diverse area, and is seen as the nation's "bapak" or father.

Looking to the future, Indonesia's challenge is to remain unified, and effectively address violent separatist movements on various islands.

### **3. THE ECONOMY: EMERGING GIANT**

- ❑ **It's a poor but growing country, likely to become one of the world's largest economies.**

Indonesia's economy is a model in the developing world, growing an average of 6% to 7% a year for nearly three decades.

One study predicts Indonesia will have the world's fifth-largest economy by the year 2020.

Nonetheless, it is a poor country. The per-capita gross domestic product is little more than \$1000, less than 1/20<sup>th</sup> of the U.S. level.

Nonetheless, Indonesia offers increasing opportunity, and has a growing middle class.

For comparison, Indonesia's middle class is larger than the entire population of developed countries such as Australia or Canada.

As a developing country, its infrastructure needs improvement. Be prepared for problems ranging from transportation to telecommunications.

- ❑ **Key sectors include natural resources and agriculture, with a growing emphasis on manufacturing.**

One of Indonesia's greatest assets is natural resources, from minerals to forest products.

It's one of the world's top 10 producers of oil and gas. In the early 1980's, petroleum and liquid natural gas accounted for most of the nation's export earnings.

However, the drop in oil prices in the 1980's prompted a move toward a more diversified economy.

One important result has been the growth of manufacturing. Much of this growth has been in cottage industries. These small businesses – often with only a handful of employees – produce textiles, clothes, shoes and other consumer goods for the industrialized world.

Agriculture employs more than half of the work force.

Indonesia is the world's second-largest exporter of rubber and palm oil. It also produces much of the world's spices, earning it the nickname "spice islands." Other key commodities include rice, coffee, tea, soy and seafood.

Measured as a percentage of the GDP, Indonesia's top economic sectors include: mining (25%), manufacturing (22%), agriculture (18%), oil & gas (11%), and timber (7%).

**❑ Be prepared for bureaucracy, and hire local agents to navigate governmental obstacles.**

The government has a strong hand in Indonesian business, from controlling prices to running industries.

Visitors must be prepared for bureaucracy and paperwork, so bring a healthy dose of patience.

The best way to deal with bureaucracy is to hire local agents. These agents can help the foreigner, who would otherwise have to wait in long lines for permits and licenses.

As a growing player in the world's economy, Indonesia is opening its borders to trade.

It's a founding member of the Association of South East Asian Nations or ASEAN, which has pledged to create a free trade zone by 2003.

**❑ Corruption is a widespread problem, and an issue that should be handled by local associates.**

It's important to know that corruption is part of life in Indonesia, which in a recent survey was named one of the most corrupt countries in the world.

Bribery can range from a small tip to expedite a driver's license to a million-dollar payment to secure a major permit.

It's important to judge carefully. At lower levels, corruption is often a product of poverty, such as a policeman or teacher seeking to support a family on \$100 a month.

Your home government might prohibit bribes in foreign countries, so it's important to have local associates handle this issue.

#### **4. ETIQUETTE: SMILE!**

**❑ Protocol is important, and strive to be friendly, modest and polite.**

Indonesians are warm and friendly, and often dress casually. But don't be fooled by this informal exterior. Proper etiquette is very important, in particular at higher levels. Indonesians are polite, humble and respectful and the visitor needs to be the same.

They smile frequently, which is a desire to please.

Modesty is highly regarded. The best response to a compliment, for example, might be a statement such as "thank you, but it was nothing."

Because of the history of colonial exploitation, it's especially important for visitors to avoid acting superior or aggressive.

Status is crucial. Meeting should be between people of equal rank. Dispatching a lower manager to talk with a top executive might be insulting.

**❑ Status and image are important, so choose only top-quality apparel and lodgings.**

Because of the hot climate, businessmen generally do not wear a jacket.

However, it's best to err on the side of formality. Jackets should be worn to first meetings or appointments with government officials.

In contrast to some Western misconceptions, Indonesian executive and managers dress very well. Be sure to dress your best. Indonesia is hierarchical, and you'll be judged by your clothes, shoes and accessories.

Your accommodations are also part of your image, so stay at top-quality hotel

As in any Muslim culture, women should dress conservatively. Apparel should be subdued and muted, and cover at least the arms and knees.

**❑ Greetings and the exchange of business cards are formal and require proper attention.**

Visitors should be prompt for appointments, although meetings often start late.

Introductions are important and take time. Meetings usually begin with a handshake, which tends to be long and have a loose grip.

Muslims sometimes follow a handshake by touching their heart, which is called a "salaam" and is a sign of sincerity.

Subsequent appointments might start with only a slight nod. Traditional Muslims might avoid shaking hands with the opposite sex. In any event, always follow the lead of your local counterpart.

After the introduction, a business card is offered to each person. Give the card using both hands, with the print facing the recipient.

The card is studied sincerely for a few moments, and then filed away carefully.

**☐ Confirm the proper use and pronunciation of names and titles.**

Names in Indonesia are tricky, and require special attention.

Some people have only one name; others two or more. Sometimes the family name comes first, sometimes last.

Generally speaking, people with higher status have longer and more complex names.

Initially it's best to address people by their family names.

Respect is also shown through the use of titles.

These include:

- Professional titles such as lawyer, accountant, or engineer;
- Business or political designations such as president
- Academic degrees such as doctor;
- Or honorary titles such as Your Excellency.

Otherwise, use courtesy titles. To show respect, men are called "bapak" or "pak," which means father, and women "ibu" or mother.

The best way to greet someone might involve a number of titles used in a specific order.

Because of these complex guidelines, it's important to confirm the proper form of address.

Finally, it's important to cover a number of subtle taboos:

- Avoid touching food or another person with the left hand, which is considered unclean
- Don't expose the bottom of your foot, which can be insulting
- On Java avoid pointing with your finger, use your thumb instead
- Don't touch another person's head, considered the seat of the soul
- Avoid public affection between men and women
- Don't stand with the hands on hips, which is aggressive
- And avoid pounding your fist into your hand

## **5. BUSINESS RELATIONSHIPS: BUILDING BRIDGES**

### **❑ Networking and connections are vital for success.**

As in much of the world, Indonesians prefer doing business with friends. One key to success in Indonesia is to allow plenty of time for building relationships.

In many cases, you'll need to get to know someone before you can conduct business with that company.

An important part of networking is referrals. Third-party introductions help establish trust and credibility.

Local partners are a good source of introductions. Thus, when choosing partners, select people with a proven network of contacts.

To develop a relationship, it's essential to demonstrate sincere interest in your counterpart.

### **❑ Be patient and allow time for growing business relationships.**

Patience is essential. Indonesians often view westerners as hurried, and overly focused on the concept "time is money."

Thus, it's important to always be relaxed, and be generous with your time for your local associates.

If you're visiting from overseas, it's vital to make frequent visits to build rapport.

### **❑ Good activities for building rapport include casual conversation, dining and golf.**

Meetings usually start with social conversation. Initial meetings may involve little talk about business.

Good topics of conversation include: family, especially children; food; golf; travel; mutual acquaintances; and Indonesian sights and culture.

Indonesians feel their country is excessively criticized by the international media. Thus, they especially appreciate favorable comments about Indonesia.

There are also topics to avoid. These include:

- Human rights
- Politics
- Racial Issues
- Religion
- Bureaucracy
- Adult Humor
- And marital status, if divorced

Indonesians sometimes ask personal questions. They might ask your age, salary or related topics to size you up.

If uncomfortable, respond vaguely and move politely to another topic.

It's important to take an active role in building connections, which can be built through a number of activities.

Another great relationship builder is dining. Dinner is particularly appropriate; because they are longer than lunches, they allow for plenty of relationship building.

**☐ Be aware of cultural sensitivities in dining and gift giving.**

When served a beverage or meal, it's polite to wait until you're invited to begin. Use only your right hand, as the left is reserved for personal hygiene.

Although westernized Indonesians eat with utensils, traditional Muslims eat with their hands.

Indonesians might converse little when dining, as they are concentrating on their food.

Note that many Muslims avoid pork and alcohol. The visitor should avoid tap water, ice and uncooked foods.

It's polite to leave a little food on your plate. Otherwise, your host will order more.

Invitations should always be reciprocated at a later date.

A promising sign is being invited into someone's home. When visiting a home, you might need to remove your shoes before entering.

Bring a gift such as chocolates or flowers. Note that Indonesians might wait until after the giver has left before opening a present.

When choosing a gift, avoid alcohol, pork, handkerchiefs or anything related to dogs, which are seen as unclean.

With the Chinese, give gifts in even numbers, except the number four. Also avoid unlucky items, such as clocks, knives and white flowers.

In any event, confirm the appropriateness of a gift with another person of that culture.

## **6. COMMUNICATING: DON'T BELIEVE EVERYTHING YOU HEAR**

Indonesia is a place where yes can mean no, and words can be deceiving. You'll need to read between the lines to communicate effectively.

Communication often starts at a superficial level, then slowly moves deeper toward the true meaning.

### **❑ The official language is Bahasa Indonesian, which helped unite this young, diverse nation.**

The official language is Bahasa Indonesian, a close relative of the language of Malaysia.

Bahasa Indonesian was adopted in the 1920s to bridge the region's hundreds of languages and unify its people.

### **❑ When using English, speak clearly, and avoid using slang.**

English is the leading international language, and is increasingly taught in schools. However, English is not widely spoken.

When speaking English, remember it is not your counterpart's native tongue. Speak slowly, clearly and avoid jargon or slang.

### **❑ Be sure to give and receive rejection gently.**

Indonesian dialogue involves a number of fundamental differences from western patterns.

The most important difference is that communication in Indonesia tends to be indirect and subtle. This is primarily because Indonesians do not like to say "no." In fact, they might say "yes" when they don't mean yes at all.

The Indonesian language offers more than a dozen ways to give rejection, allowing the speaker to decline gently. For example, one might say “not yet” rather than “no.”

**❑ To understand the true meaning of what’s being said, read body language, gestures and attitude.**

There are a number of ways to try to interpret what someone is really saying.

Signs of disagreement or rejection include:

- Body language
- Attitude
- Hesitation
- Evasiveness
- Pretending not to hear a question or comment
- Sucking air between the teeth
- And qualifications such as “yes, but,” or “it will be difficult.”

The visitor must make a consistent effort to understand what’s really being said. With experience, this will become easier.

It’s equally important to give rejection gently. When offered a drink, for example, you might say, “Thanks, I just had a drink,” rather the declining outright.

There are other subtle communication differences. For example, Indonesians tend to be very even-keeled, and show little emotion.

Unlike Westerners, they are comfortable with silence. It’s important to allow for pauses during conversation, and avoid rushing to fill the silence.

Indonesians sometimes laugh in situations that seem inappropriate. This is done to cover embarrassment, anger or shock, and should not be taken as an insult.

## **7. VALUES: UNDERSTANDING INDONESIANS**

To be effective with Indonesians, you must understand what’s important to them. This can be challenging in this diverse nation.

**❑ Harmony and maintaining face are cherished in this society.**

As in most of Asia, harmony is cherished and conflict avoided. There is a strong emphasis on “getting along.”

In the workplace, efficiency is often sacrificed for the sake of peacefulness.

Indonesians often prefer superficial harmony, and will avoid honest communication rather than risk conflict.

A related concept is face, or pride and position in society.

Indonesians are eager to avoid losing or causing loss of face. For example, they might allow others to make mistakes rather than cause embarrassment by correcting them.

Loss of face can be caused by anger or excessive emotion. It's essential to always speak in quiet tones and maintain an even disposition.

Indeed, losing one's temper could cause irreparable damage to a relationship, and end a business deal.

**❑ The interests of the group and family come before those of the individual.**

As elsewhere in Asia, family is supreme.

In this society the needs of the family or the group come before those of the individual.

This is also true in the workplace, where there is a strong emphasis on fitting in and group harmony.

Subsequently, individuals are rarely singled out for praise or criticism. Furthermore, Indonesians prefer to work in groups.

**❑ Businesswomen might encounter cultural challenges, especially at lower levels.**

Compared with other Muslim nations, women are relatively advanced in Indonesia.

They play a growing role in the economy, comprising about 40% of the work force.

Nonetheless, few positions of power are held by women.

Visiting businesswomen may find additional challenges. For example, they might need to work harder to gain respect, particularly with less educated males.

**❑ Be sensitive to Muslim needs, schedules and beliefs.**

Another pillar of beliefs is the Islamic religion. Indonesia's form of Islam is mild, with the government unwilling to tolerate the extreme fundamentalism that has disrupted the Middle East.

Nonetheless, the religion is sacred and it's important to be sensitive to considerations ranging from diet to schedules.

For example, strict Muslims pray five times a day. As a result, most offices or factories have a prayer room.

Business might slow during Ramadan, a month-long religious observance during which Muslims abstain from food or beverages from sunrise to sunset.

When possible, it's best to avoid visiting during Ramadan. The period occurs at a different time each year, so check with local associates.

## **8. NEGOTIATING: SLOWLY BUT SURELY**

**❑ Deal-making can be a slow, sometime frustrating process; patience is a must.**

Like most things in Indonesia, negotiating takes time.

This is caused by factors ranging from government paperwork, to superstitions that dictate the right date to sign a deal.

Decision-making can be a slow process. Because Indonesian decision-making is often based on consensus, proposals often pass through several levels, further hindering the process. This is especially true with ethnic Indonesians.

Chinese enterprises, in contrast, often are run by one person and see faster decisions.

In any event, Indonesians are patient negotiators, and you must be too.

**❑ Build support and rapport at all levels of an organization to increase the likelihood of a deal.**

Relationships often play a big role in decisions. Sometimes it's more important to be likable than to offer the best deal.

Thus, it's essential to further build your rapport and compatibility with your counterparts.

You must build support at all levels of the other organization. Indonesians rely on advice from subordinates and make decisions by consensus. Thus it's critical to build a multi-level coalition before going to the top for a final decision.

**❑ Use soft sales tactics, and leave room for bargaining.**

Indonesians are seasoned negotiators, bartering frequently in their daily life, and they like to strike deals.

Thus, avoid making your best offer first, and leave room for bargaining.

They dislike aggressiveness, and thus it's important to persuade or sell gently.

Indonesians often prefer making deals in informal settings, such as over a meal or on a golf course.

**❑ Place gentle emphasis on contracts to avoid indicating lack of trust.**

During the final stages of negotiations, bear in mind that Indonesians are likely to place less emphasis on contracts.

This is because they feel relationships are more important. Putting supreme value on a contract can be seen as lack of trust and possibly harm or undo a deal.

Also, contracts are seen as guidelines rather than precision documents. Thus, be aware that Indonesians might consider it acceptable to deviate from or modify a signed contract.

## **9. MANAGEMENT: FATHER KNOWS BEST**

**❑ Indonesia has a large, mostly low-skilled labor pool with a generally relaxed work ethic.**

Indonesia has a vast labor pool with great potential. However, you'll need to hone your management skills to be effective in Indonesia.

With the world's fourth-biggest population, finding workers is easy. But finding skilled employees is more challenging.

Furthermore, qualified managers can be in short supply. It can be difficult finding managers in this team-oriented culture.

Indonesians generally have a more relaxed work ethic than some of their Asian neighbors.

Work attitudes vary from person to person, influenced by factors ranging from education to work experience.

Furthermore, it's important to avoid mistaking the Indonesian's relaxed demeanor for lack of work ethic.

Meeting deadlines and quality standards can pose challenges too. For example, Indonesians might find lower levels of quality or performance acceptable.

The best way to boost productivity is through training and education, and give clear instructions about responsibilities, expectations and deadlines.

**❑ Managers are expected to be authoritarian, and take a paternalistic interest in employees' lives.**

To manage Indonesians effectively, you must understand the culture's management style. Bosses are expected to be authoritarian, and subordinates obedient.

Decisions often rest with one senior official, and employees avoid questioning authority.

At the same time, managers are expected to be benevolent, father-like figures, becoming involved in the personal lives of employees.

For example, bosses are often expected to attend important events such as weddings and funerals.

**❑ To delegate effectively, one should ease the fear of mistakes and criticize only in private.**

One of the greatest challenges in Indonesia is delegating. Indonesians are reluctant to take responsibility. They're hesitant to make decisions, preferring to receive instructions from others.

Furthermore, they might avoid asking questions or seeking clarification to prevent embarrassment. The reason for this is fear of making mistakes. As a result, it's essential to inspire confidence.

Furthermore, it's critical to follow up consistently to make sure the job is done.

**❑ To ensure accurate feedback, a network of trusted confidantes should be cultivated.**

Getting feedback is also difficult. To avoid embarrassment, Indonesians tend to give their superiors only favorable reports. This is a concept known as “keeping father happy.”

They will avoid giving bad news, because they feel they might be blamed.

To get accurate information and feedback, the manager must cultivate a network of trusted confidantes.

These confidantes will be especially effective if they’ve studied or lived overseas, since they will better understand the western preference for directness.

Another technique is to ask the same question many different ways to best assess the truth.

Indonesians also are more likely to give bad news one-on-one, rather than in front of others. A private setting is also best for giving criticism to employees.

## **DISCUSSION QUESTIONS**

The following questions are appropriate for discussion in both professional training and academic teaching. In this context, they are designed to promote further reflection on the material learned. Possible answers might lie outside the scope of the video.

The questions in the section can also be used as essay questions in an examination.

Note: This section can be photocopied for participants for use as either A) discussion notes or b) a test.

1. Indonesia is a vast country, comprised of 17,000 islands spanning more than 3,000 miles. What implications might this have for business?
2. Indonesia has more than 350 ethnic groups. What impact might this racial diversity have on business? Marketing strategy? The work environment?
3. Business in Indonesia moves at a slower pace. Give examples of this. With this in mind, how might you modify your behavior and/or business plans?
4. Indonesia is a former Dutch colony. Compare Indonesia's colonial experience with British rule in Malaysia and Singapore. What implications does this have for foreign business?
5. Indonesia is a relatively young nation. What are some of the issues it has faced since independence? What considerations might this have for business?
6. President Suharto's leadership in Indonesia has generated controversy. Discuss some of the key points of his administration. What accomplishments have earned him praise? What issues have generated controversy in the West?
7. Compare Indonesia's economy with that of a developed nation. How might these considerations affect product design, pricing, marketing, etc.?
8. Outline Indonesia's key economic sectors. Which sectors have grown in recent decades? Which have declined in importance? How might these changes affect opportunities for foreign businesses?
9. Government plays a major role in Indonesian business. Give some examples of this. Describe the effect of bureaucracy and corruption, and outline how you might handle these issues.
10. Business in Indonesia generally is formal. Give examples of this. And describe the basics of business conduct.

11. Describe a typical first business meeting in Indonesia. (i.e. greetings, topics of conversation, etc.)
12. The use of names and titles in Indonesia differs from in the West. Outline some of the key differences.
13. Success in Indonesia depends greatly on who you know. Discuss ways to make connections and build relationships and influence. How do business relationships differ from those in the West?
14. Causal conversation is a good way to build business relationships in Indonesia. What topics are suitable for discussion? Give specific examples of these. What topics should be avoided?
15. Describe the purpose of business dining in Indonesia. How might this differ from a business meal in your home country? Outline the key etiquette and cultural considerations.
16. Communication in Indonesia differs from in the West. Outline these differences, and how you might modify your own communication patterns to be more effective.
17. Communicating in this culture can be very indirect. Describe what this means and the reasons for this. Outline some of the clues to better understand what's really being said.
18. Harmony is cherished in Indonesian culture. How is this seen in business (i.e. – the work place, communicating, negotiating, management, etc.)?
19. Indonesia is a group-oriented society. Give some examples of this. What implications does this have for business and the work environment?
20. Describe Islam in Indonesia. What considerations are there for the visiting businessperson? How does Indonesian Islam differ from that in the Middle East?
21. Indonesia negotiating styles vary from those in the West. Outline these differences and how you might modify your tactics and strategy.
22. Negotiating in Indonesia requires time and patience. Describe some of the reasons for this. How might this affect business strategy, schedules, etc.?
23. Relationships play a big role in deal making. Give some examples of this. How might this affect your negotiating strategy and timetable?
24. Outline some of the key characteristics of the Indonesian work force. How might Indonesian workers differ from those in the West?

- 25.** Describe Indonesia's management style. How should overseas managers modify their management style to be most effective?
- 26.** Face is vital for Indonesians. How does this issue arise in the workplace? What implications does it have for delegating and feedback?

## **MULTIPLE-CHOICE QUESTIONS**

**1. Indonesia has the world's:**

- a) Fourth-largest Muslim population and more than 17,000 ethnic groups
- b) Fourth-largest population and more than 350 ethnic groups
- c) Largest Muslim population and more than 17,000 ethnic groups
- d) Largest population and more than 350 ethnic groups

**2. Which of the following is Indonesia's largest ethnic group?**

- a) Balinese
- b) Batak
- c) Chinese
- d) Javanese

**3. Business in Indonesia takes time for all of the following reasons EXCEPT:**

- a) Heavy bureaucracy
- b) Emphasis on relationships
- c) Buddhist religious schedules
- d) Upbringing and attitude toward life

**4. Indonesia has been ruled by all of the following EXCEPT:**

- a) Chinese-backed communists
- b) Japan
- c) The Mojopahit Empire
- d) The Netherlands

**5. Which of the following best describes Indonesia's history prior to World War II?**

- a) Cultural isolation, followed by benevolent Dutch colonialism
- b) Cultural isolation, followed by benevolent Portuguese colonialism
- c) Influence of numerous cultures, followed by Dutch colonial exploitation
- d) Influence of numerous cultures, followed by Portuguese colonial exploitation

**6. Since 1949 all of the following have been major issues EXCEPT:**

- a) Countering communism
- b) Economic development
- c) Fighting for independence for the Dutch
- d) Unification and fighting separatism

**7. All of the following are true about Indonesia's economy EXCEPT:**

- a) It's likely to become one of the world's five largest economies by 2020
- b) Its middle class is larger than the entire population of Australia
- c) It's the second largest in Asia
- d) Per capita GDP is less than 1/20<sup>th</sup> the US level

- 8. Which of the following is the largest sector of Indonesia's economy:**
- a) Agriculture
  - b) Manufacturing
  - c) Natural resources
  - d) Services
- 9. It's best to hire local associates to do all of the following EXCEPT:**
- a) Build relationships
  - b) Obtain permits and licenses
  - c) Pay bribes
  - d) Provide introductions
- 10. A visiting businessperson should do all of the following EXCEPT:**
- a) Downplay his/her personal achievements
  - b) Ensure his/her rank is the same level as local host
  - c) Emphasize superior Western business practices to win a contract
  - d) Spend a lot of time dining and playing golf
- 11. Because of the hot climate, people usually wear nice khaki pants and madras shirts to first meetings.**
- True                  False
- 12. The Indonesian greeting ritual might involve all of the following EXCEPT:**
- a) A deep bow repeated three times
  - b) A long hand shake with a loose grip
  - c) Business card presented carefully with both hands
  - d) Touching one's heart, which is a sign of sincerity
- 13. All of the following are appropriate titles EXCEPT:**
- a) Bapak (for men)
  - b) Ibu (for women)
  - c) Pak (for men)
  - d) Salaam (for men or women)
- 14. All of the following are offensive EXCEPT:**
- a) Showing the bottom of your foot
  - b) Passing food with your left hand
  - c) Pointing with your finger
  - d) Touching your chest after a handshake
- 15. You've identified a potential partner company. Which of the following would be the best first step?**
- a) Arrange a dinner date through a mutual acquaintance
  - b) Request a report on the partner's financial background
  - c) Send a partnership proposal drafted by top attorneys
  - d) Submit a report detailing your company's strong market performance

**16. All of the following might be appropriate topics of social conversation EXCEPT:**

- a) An Indonesian museum you visited recently
- b) Mutual business acquaintances seen at a recent party
- c) Recent elections and their potential impact on business
- d) Your son or daughter's graduation

**17. Which of the following would make the most appropriate present for an ethnic Indonesian?**

- a) California wine
- b) Hickory-smoked bacon from your hometown
- c) High-quality fountain pen
- d) Monogrammed silk handkerchiefs

**18. All of the following helped unite Indonesia EXCEPT:**

- a) Bahasa language
- b) Dislike for Dutch colonialists
- c) Large, contiguous land mass
- d) President Suharto

**19. Which of the following best describes Indonesian communication?**

- a) Assertive, direct and quick-paced
- b) Assertive, indirect and slow-paced
- c) Modest, direct and quick-paced
- d) Modest, indirect and slow-paced

**20. You're unsure whether your Indonesian partner is interested in your proposal. All of the following can be useful clues EXCEPT:**

- a) Body language
- b) Evasiveness
- c) Hesitation
- d) Word choice

**21. Which of the following statements is most true?**

- a) Indonesians are considerate, and will help others avoid mistakes
- b) They will speak their mind in the interest of the group
- c) They are passionate, and will express their opinion vigorously
- d) They value harmony and getting along above other considerations

**22. Unlike Muslim countries in the Middle East, Indonesia does not have a significant problem with fundamentalist terrorism:**

True                  False

**23. Because of the emphasis on harmony, Indonesians dislike bargaining and it's wise to make the best offer up front.**

True                  False

**24. Negotiating in Indonesia takes time for all of the following reasons EXCEPT:**

- a) Bureaucracy
- b) Careful review and revision of contracts
- c) Multi-level decision making by consensus
- d) Relationship building

**25. In the early stages of negotiations, all of the following might be good strategies EXCEPT:**

- a) Building in room for bargaining
- b) Discuss the proposal over dinner or golf
- c) Give a firm deadline for a reply
- d) Suggest a group get-together

**26. All of the following describe Indonesian labor EXCEPT:**

- a) Insufficient training
- b) Less attention to schedules
- c) Lower work ethic
- d) Short supply

**27. To get accurate feedback all of the following are effective tools EXCEPT:**

- a) Ask a question several different ways
- b) Develop relationships with subordinates who have lived overseas
- c) Reassure subordinates that they will not necessarily be held responsible
- d) Seek feedback in a group setting

**28. Indonesian workers expect bosses to do all of the following EXCEPT:**

- a) Attend an employee's wedding
- b) Criticize in private
- c) Give special projects to employees of the month
- d) Make decisions

**29. To manage effectively, you must do all of the following EXCEPT:**

- a) Ask for regular updates on project
- b) Explain that mistakes or problems are okay
- c) Post performance results
- d) Set up organized training programs

## NOTES

## Answers to Multiple-Choice Test Questions

1. b
2. d
3. c
4. a
5. c
6. c
7. c
8. c
9. a
10. c
11. False
12. a
13. d
14. d
15. a
16. c
17. c
18. c
19. d
20. d
21. d
22. True
23. False
24. b
25. d
26. d
27. c
28. c