

DOING BUSINESS IN INDONESIA – CULTURAL VIEW

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According to World Bank, Indonesia is the home of the 16th largest economy. It has been predicted that by 2030 Indonesia could be the 7th largest economy in the world. This shows that Indonesia a country with lots of potential.

No wonder foreign companies are rushing to conduct their businesses in Indonesia. According to Indonesia Investment Coordinating Board (BKPM), there is a 16.7% increase (IDR 400 trillion or US\$ 28.6 billion) in investment realization in January-September 2015 compared to the same period in 2014.

Every country has their own culture and Indonesia is the same. It would be wise if foreign companies learn and know about doing business in Indonesia in terms of the culture. Adapting to one country's culture is essential if the company wants to be successful in Indonesia. Many brands have done the adaptation. Part of the reason for the companies' international success is its ability to adapt to the tastes and cultures of different countries.

So how is the culture in Indonesia?

We need to know first that Indonesia is located in South-eastern Asia, between the Indian and the Pacific Ocean. Indonesia has over 250 million people in the world spread over the largest archipelago in the world with more than 17,000 islands with the capital city is in Jakarta. This state of the archipelago makes Indonesia a country full of diversity in terms of values, ethnics, dialects, religions and customs.

The state of diversity

Indonesia is a very diverse country. Over 17,500 islands that Indonesia has, 6,000 are inhabited. Various ethnic groups make a very diverse religion state. Indonesia has 88% Moslems, 5% Protestant, Roman Catholic 3%, 2% has Hindu religion, 1% Buddhist, other 1%.

Ethnic Groups and Dialects

Indonesia has 300 ethnic groups spread in 6,000 inhabited islands, a large number for a country. The proportion of the ethnic groups are Javanese 45%, Sundanese 14%, Madurese 7.5%, coastal Malays 7.5%, other 26%. This makes Indonesia has many dialects or local languages too. Indonesia has 725 languages spoken over Indonesia. The main language, however, is Bahasa Indonesia. Bahasa Indonesia is mainly used in the school and in Jakarta especially. The Javanese can be found almost in every province. The Javanese dialect is spoken, and has two forms - Ngoko, for speaking to familiars, and Krama, which is used when speaking among people who are unknown to each other, or of a higher social status. The others are made up from Chinese, European, American, Korean and Japan.

The diversity makes the ethnic groups have different traditions and customs. For example:

- Traditional Sundanese marriage ceremony involves nine formal stages.
- Madurese bull-racing, Kerapan Sapi, is a festival that takes place annually on the island of Madura
- Many Javanese people do not typically have surnames.
- Nias island in Sumatra has a tradition they call Fohombo or Hombo Batu, in which people jump over a stone which has 2 metres high.
- Balinese has traditions to do “Ngaben”, or Cremation Ceremony, which is a funeral ritual performed to send the deceased to the next life. The body of the deceased will be placed as if sleeping, and the family will continue to treat the deceased as sleeping.

Religions

The various ethnic groups make a very diverse religion state. Indonesia has 88% Moslems, 5% Protestant, Roman Catholic 3%, 2% has Hindu religion, 1% Buddhist, other 1%. This fact shows that Indonesians generally believe in God and feel that they have to have a religion in their lives. Having no religion is something unusual in Indonesia.

Values

Respect for Elders - Hierarchy

The family internalizes the values and the norms to the Indonesians. Indonesia's family has a traditional structure with the family members have clear and defined roles and a great sense of interdependence. The value of respect to older ones are internalized in here which make Indonesia has a social value in hierarchy. The status,

position and age respected and maintained. The use of '*bapak*' and '*ibu*' ('Sir' and 'Madam'/'Mr' and 'Mrs') may often be commonly used in the workplace and anywhere. The decision making is often also in the hands of senior people.

Social Harmony

Due to the diverse nature of Indonesian society there exists a strong pull towards the group, whether family, friends, village or island. Indonesian likes being in a group. Indonesia is indeed a very social country, with many people spending their weekends (or weekdays) with companions. The decision making is also learning towards consensus with people negotiating and discussing to find a group's single best solution. Maintaining a good relationship in the group is essential in making the consensus work.

Indirectness in Communication to Avoid Offending People

Indonesians also tend to care about the image of him/herself as well as the other people. Indonesians do not like to offend the other people, so they are very careful in how they interact, speak and communicate with other people. Imperfections should always be hidden and addresses privately. Similarly, blame should never be aimed at any individual/group publicly.

Customs and Etiquettes

Greetings

Because Indonesians hold high respect, the greetings tend to be formal. Always start with the eldest or the most senior person first. Titles are very important in Indonesia. When we are about to greet someone, a simple "Hello" would suffice, followed by a handshake with the person saying '*Selamat Pagi*' or good morning, '*Selamat Siang*', for good afternoon, '*Selamat sore*' dan '*Selamat Malam*' for good evening. You can add expressions after saying the greeting by adding '*Pak*' or Mr. for men, '*Bu*' or Miss for married women, '*mbak*' for unmarried and young women, and '*mas*' as an informal way of greeting men. Indonesian has also many ethnic groups which make some names are adopted.

Meetings and Business Etiquettes

If you are about to embark on meetings with Indonesians, know in advance that the initial meetings may be more about friendly chit-chat to get to know the other people better than the actual business. It is common that Indonesians enter the meeting room according to their ranks. In making decision, Indonesians generally do not like to make a speedy decision as they feel that this will be perceived as they do not consider the matter sufficiently enough. They do not like to be pressured too in making decision. Therefore, patience is important in winning Indonesia's respect. Also, do not be surprised if Indonesians come to the meeting late as the culture in Indonesia is pretty laid-back. There is a special term for this, which is Rubber Time or "*Jam Karet*".

Business Cards

Business cards are usually exchanged after the initial handshake or greeting and in the start of the meeting. It is best if your business cards display your title, as title is important for Indonesians. The business card should be given with both hands or right hand. It is really important to treat business cards with respect.

Body Language

There are some gestures that should be avoided in Indonesia. Prolonged eye contact can make the people other people feel pressured or challenged. Public display of affection is also avoided. Indonesians also see left hand as unclean and impolite, so it is best to avoid using left hand to give or receive something, eat or serve food and anything that involves other people.

Clothing

Indonesia has a tropical weather, so that means the temperature in Indonesia will be around 25-30°C and humidity level at 82%. Even though the temperature is quite high in Indonesia, it does not mean that the clothes should be more suitable to the weather. Formal or business attire is preferred. The women in Indonesia, especially, is better to dress without being too revealing or tight. Indonesians' customs generally favor more towards dressing in a polite, respectful, neat and well-groomed clothes (conservative way of dressing).

Dining Etiquette

The dining in Indonesia is generally conducted in relaxed and friendly fashion. You should wait to be shown to your place. The food is often taken from a shared dish in the middle. In formal situations, men are served before women. After the food is ready, it is better to wait to be invited to eat before you start. Indonesians usually start eating at the time when all foods are ready. While eating, it is best to eat or pass food with your right hand only. As the way to eat, a fork and spoon are often the only utensils at the place setting. Depending on the situation some people may use their hands.

Even though Indonesia is a very diverse country, Indonesia is a pretty inclusive. The constitution in Indonesia holds diversity high. There is also a philosophy that becomes the base of Indonesia, which is called "Pancasila". Pancasila defines Indonesia's nationhood, and its five principles are:

1. Belief in the one and only God.
2. Justice and civilized humanity
3. The unity of Indonesia
4. Democracy guided by the wisdom of deliberations among representatives
5. Social justice for all the people in Indonesia.

All principles encourage Indonesia to embrace the diversity and make the diversity to be Indonesia's strength point. With all these values, religions, ethnics, and customs, the companies that want to invest in Indonesia will have challenges lie ahead. But the rewards are high too, since Indonesia is the home of many untapped market potentials.

Source:

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