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Title:

What Global Management can Learn from Indonesian and Japanese Business Practices: A Critical Analysis

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Studies: Master of International Business
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Contents

Abstract

This master thesis analyses the importance of global mindset strategically in line with the increased challenge and importance of global management as well as analyses the various issues surrounding internal business practices in Indonesia and Japan and their relationships with international firms as well as the commonalities and differences between the two. The main theroetical approaches considered here were by Hofstede and House *et al.* (GLOBE-Study or GLOBE-project) supported by Ronen and Shenkar (global clustering or cultural compass) and other literature sources to strengthen these cross-cultural theories' findings. The broad areas covered here are leadership, decision-making and negotiation in Indonesia and Japan by providing alternative viewpoints on how to achieve success when dealing with both countries. Exposing readers to a local perspective on doing business and/or working in teams with Indonesians and Japanese, is a valuable resource for, global managers, researchers and students or scholars as well as practitioners of management studies across the globe.

Key: global mindset, cross-cultural,

Glossary

Absolute advantage	The advantage that exists when a country has a monopoly on producing a specific product or is able to product it more efficiently than all other countries
(A)dik	Younger brother or sister
Ad hoc	Only happening for a certain need
(h)alus	*Eng.: Soft*
Amakudari	Descent from heaven
Ataka	Trading company
Aoki Construction	Acquired the Westin Hotel chain
Aufsichrat	Supervisory board
Bahasa Indonesia	Indonesian Language
Bakrie Group	Indonesian conglomerate
Bandai Company	Japanese toy maker and producer of plastic model kits
Bapak	Father
Bapakism	Follow the leader
Bedrijfseconomie	Business economics
Bhinneka Tunggal Ika	Unity in diversity (Widyahartono, 1991, p. 132)
Bu-chô	Department head
Business Culture	Norms, values, and beliefs that related to all aspects of doing business in a culture (Cullen, 1999)
Canon	Japanese producer specialized in optical products.
Business Strategy	Strategy concerned with how a business competes within a particular market or industry (Worthington, 2005, p. 474)
Company	A corporate association having a legal identity in its won right (Worthington, 2005, p. 25)
Comparative advantage theory	Theory that states that a country should sell to other countries those products that is produces most effectively and efficiently, and buy from other countries those products that it cannot produce as effectively or efficiently
Confucianism	A system or faith from China, based on ethics and philosophy
Corporate Strategy	Decisions that are concerned with the organization as a whole, in particular where itis going and the scope of its activities (Worthington, 2005, p. 474).
Cukup baik	English translation: Good enough (Saich, 2013, p. xvii)
Doryoku mokuhyô	Best-effort goals
Edo	Previous capital of Japan
Eidai	Produces of laminated hardboard and housing
Emperor meiji	Japanese emperor in the 19th century
Epson	Domestic electrical appliances
Faiths accomplish	An act which is accomplished
Firm	The business organization or enterprise which transform transforms inputs into outputs and makes the latter available for consumption (Worthington, 2005, p. 6)

Five Fox	Clothing manufacturer
Free Trade	The movement of goods and services among nations without political or economic barriers.
Fuji Sash	Japanese building company
Fujita	Large construction company
Gajin	Foreigners
Gekokujô	Initiative from below, literally: Rule of the higher by the lower
Gemeinschaft	Community/Organization
Global Competencies	The various traits, attitudes, skills, and abilities that comprise global managerial expertise (Lane, 2006, p. 58)
Global Culture	The replacement of traditional cultural differences between countries with one common universal culture (Worthington, 2005, p. 336)
Globalization	The internationalization of goods and services by large firms (Worthington, 2005, p. 336)
Global Mindset	The ability to develop and interpret criteria for personal and business performance that are independent from the assumptions of a single country, culture, or context: and to implement those criteria appropriately in different countries, cultures, and contexts (Lane, 2006, p. 111)
GLOBE-Study	An extensive study (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004) observed and analyzed the cultural, societal, organizational and leadership differences between (62) different societies to determine the extent to which the practices and values of leadership are universal and the extent to which they are specific to just a few societies
Gososenan	Convoy system for the nation's bank
Gotong Royong	Mutually helping each other's
Gotong Royong Parliament	The mutual help Parliament
Guanxi	Chinese business based on trust
Habatsu	Factions
Habibie government	Administration of the third president of Indonesia
Hagabeon	Many children and a large family
Hamaraon	Wealth, possession of basic needs and some valuable goods
Hitachi	Japanese conglomerate
Ibu	Mother
Ing ngarso sung tulodo *Ing madya mangun karso* *Tut wuri handayani*	a leader must be able to build himself up by changing his attitudes and practices to become an.exemplary model for his subordinates (Widyahartono, 1991, pp. 130-131)
Inasangapon	Status symbol, honour
In-kan	Appropriate series of individual seal imprints
International code of conducts	A set of international rules about how to behave and do business with other people. Online Cambridge dictionary as of 05 January 2020 :

	https://dictionary.cambridge.org/dictionary/english/code-of-conduct.
International Management	International management involves planning, organizing, leading and controlling the people working in an organization on a worldwide basis in order to achieve the organization’s goals (Sanyal, 2001, p. 2)
Ippan sha-in	Include all regular (thus excluding temporary or part-time) non-supervisory employees, blue- as well as white collar
Ishi-kettei	Postwar Japan, translation of English expression for decision making
Itoyokado	Supermarkets
Jam Karet	Rubber time; time is flexible
Jisseki	A widely used formula for evaluating results
Honda	Japanese car and motor manufacturer
Head of *Keidanren*	Head of the federation of Industries
Ippan sha-in	Non-supervisory employees
Ka-chô	Section chief
Kaizen	Japanese for change for better, a method to improve productivity
Kaigi	Meeting
Kak(a)	Older brother or sister
Kakari-chô	Sub-section chief
Kamoro	One of enormous ethnic groups in Indonesia
Kanji	One of the three Japanese alphabets
Kanjin	Diversity of methods for a Buddhist monk to get donations
Kanri-sha	Managers
Kashiyama	Japanese producers of semi-conductors
Kehormatan	Honour
Keiei-sha	Corporate directors
Keiretsu	Corporate clusters
*Keselarasa*n	Harmony
*Krismo*n	*Krisis Moneter*, Financial Crisis in 1997 (Saich, 2013, p. xvii)
Kobe	City in Japan
Kojin	Textiles company
Komnas Perempuan	National commission on Violence of Indonesia
Kondan-kai	Not only are individuals approached one by one, an attempt must also be made at capturing the mood of each clique and between cliques (Ballon R. J., 1990, p. 20). This is sometimes called kondan-kai, a kind of “shooting the breeze together”.
Kyocera	Producer of semiconductor packages
Levels of Culture	These include national, business, occupational and organizational culture (Cullen, 1999)
Lexus	Luxurious car of the Toyota brand
Liem Family	Owner of the Salim Group
Malu	Eng.: Shy
Mamiya	Camera manufacturers

Manabu	to learn
Manebu	To imitate
Manipol	Political manifesto
Manusia harimau	Tiger people
Mas	Calling a slightly older male person
Matomeru	To bundle together already available strands
Mazda	Japanese motor cooperation
Megawati Soekarnoputri	Daughter of the first Indonesian President and 5th president of Indonesia
Meishi	(Exchange) business cards
Mitsui Bank	Japanese Bank
Mitsubishi	Japanese conglomerate
Multinational organization	A company or enterprise which owns production or service facilities in two or more countries (Worthington, 2005, p. 36)
Muslimin	Male believer of the Islamic religion
Musyawarah-mufakat	Discussion and consultation consensus
Musyawarah untuk Mufakat	Deliberations for the sake of getting a common agreement consensus
Musyawarah, *mufakat* dan *Gotong royong*	Consultation, agreement and solidarity
Naigai	Glove design and manufacturing company
Nasakommil	The nationalists, the clergy, the communist and the military
National Culture	The dominant culture in the political territories of a nation state where a distinct cultural or ethnic group inhabits a boundaries and has formed a state-predominantly governs (Cullen, 1999)
Nemawashi	Japanese business term that refers to working carefully behind the scenes to obtain buy-in from key voices in an organization before a decision is made. a technical term in gardening. The succesful transplanting of a tree depends on, first binding its roots so as to sever the branch roots from the surrounding soil one or two years in advance to allow time for the main root to strengthen (Ballon R. J., 1988, p. 19). This could be translated as “spadework”, a universal practice preceding any effective change in interdependence of persons or institutions
Nenkô	Seniority, literally “merit of years”
Sehat	Newspaper
Shoguns	Military leader in Japan from 12th – 19th century
Shogunate	Feudal Japanese military government
Nihon Keizai	Newspaper in Japan
Nintendo	Producer of game consuls
Nikon	Manufacturer in Japan of optic and electronic *devices*
Nissan	Japanese car manufacturer
Odaira	Eng.: Spirit. following the name of an early leader, and is as follows: (i) devotion to society, quality

	products for the society, (ii) frontier spirit, self-help and aggressiveness, (iii) harmony and friendliness
Occupational Culture	Distinct cultures of occupational groups such as physicians, lawyers, accountants, and crafts-people (Cullen, 1999)
Okura Shoji	General trading
Oligarchy	Compund word of Greek origin meaning the “few” who “command” the many, refers to a power structure or organization controlled by a small number of people (Buckingham, 2019, p. 191)
Organizational Culture	The set of important understandings (often unstated) shared by members of an organization (Cullen, 1999)
Orde Baru	Former Presidents Suharto reigned from 1965-1997, this period has been known as the New Order (Orde Baru). A new period after the Old order under president Soekarno the founding father of Indonesia (Saich, 2013, p. xi)
Orde Lama	The old order under the reign of the first president of Indonesia Soekarno. He reigned from 1945-1965 This order lama was succeeded with the Order Baru (Munandar, 2003, p. 82)
Orde *Reformasi*	In English: Reformation; the Indonesian reformation was in 1997, after the economic and monetary crisis in the world (Saich, 2013, p. xi)
Panca Sila	The Indonesian state philosophy is stated in the preamble of its 1945 constitution. It comprises Five Pillars (Principles) known as “Pancasila” (also pronounced as pancha sila: Panca means five; and Sila means principles) (Widyahartono, 1991, p. 131)
Par excellence	In a superior way
Piaterpeuterigheid	The Pernickety mentality
PLN	PT Perusahaan Listrik Negara (Persero) (PLN, English: 'State Electricity Company') is an Indonesian government-owned corporation which has a monopoly on electricity distribution in Indonesia and generates the majority of the country's electrical power, producing 176.4 TWh in 2015
Post factum	Occurring after the fact
Pramuka	Pioneer / scouts
Pribumi	“Native Indonesians”
Priyayi	Class of the nobles during the Dutch colonial period
PT Freeport	Mining company
PT Telkom	Indonesian telecommunications company
Public corporation	A state-owned organization set up to run a nationalized industry or to provide a national service (Worthington, 2005, p. 30)
Retooling	Overhauling
Restu	Blessing
Riady Family	Owner of the Lippo Group

Ricoh	Japanese electronics company
Ringi	Japanese process of decision making
Ringi-*seido*	System
Ringi-sho	Circulation of a document
Santri	Student in the islamic religion
Saudara	Relative
Seiketsu	Caring, nursing, looking after (one of the five Japanese business accentuate)
Seisha-in	"real-employee"
Seiso	Clean and tidy (one of the five Japanese business accentuate)
Seiton	Proper, orderly and accurate (one of the five Japanese business accentuate)
Seiri	Concise, brief and epitomize (one of the five Japanese business accentuate)
Seiyu	Department stores
Sha-in	Corporate members
Shari'ah	Islamic Law
Shiseido	Cosmetics company
Shitsuke	Industrious, diligent, active (one of the five Japanese business accentuate)
Soekarno	First Indonesian president
Sony	Japanese conglomerate
Strategy	A purposive course of action designed to achieve certain predetermined objectives (Worthington, 2005, p. 474)
Strategic Management	Management of the organization as whole through strategic analysis, choice and implementation (Worthington, 2005, p. 476)
Sumitomo	Trading company
Sustainable Competitive Advantage	A position in which the firm is able to defend itself more effectively and thereby maintain a competitive advantage (Worthington, 2005, p. 474)
Taiyo bank	Japanese bank
Takashimaya	Department store
Tamagothi	Virtual animal
TMT	Top Management Teams
Tassei-ritsu	Formulated goals
Tobu	Japanese railways company
Tochi hon-i-sei	Land based collateral system
Toko	Indonesian: Shop
Toshoku	Trader in foodstuff
Toyo	Electric company
Toyota Prius	Type of Toyota Car, electric driven
Transmigrasi	Transmigration
Uchi-awase	A commonly used term, which otherwise means also to close, to button a garment (Ballon R. J., 1988, pp. 20-21). In daily life, it often stands for some political arrangement or a compromise to be negotiated not on a matter of principles or the

	theoretical validity of some proposition, but for a practical adjustment among parties concerned
Utsurundesu	Snapshot
Vorstand	Board
Yamaici	Security company
Yashika	Camera manufacturer
Yen	Japanese currency
Warung	Small street vendor
Wedgwood astray	
Windsor castle	Castle of the Royal Family of England
Zaibatsu	Giant financial and industrial trust

Introduction

1.1 Background and Problem Definition

Culture shocks, arguments and conflict in the business environment and workplace can be avoided or mitigated by effective managers with a worldly way of thinking rather than those with narrow and limited world views. In today's world, it is essential for managers to be able to respect culturally differences and alternatives practices amongst clients, employees and colleges. The importance and need for managers to be more aware of what is happening in the world is rapidly and significantly increasing (Ronen, 2017).

In an increasingly globalized and competitive world where business practices and relationships become more complex and interrelated, international management (IM) issues plays an increasingly significant role. International business and management are not impersonal or conceptual activities thus global managers are required to have a greater and wider understanding of business and management practices.

This master thesis focuses on the business and management practices of local organizations in Asia particularly in Indonesia and Japan and thus provide that alternative viewpoint of how to achieve success with both countries. Exposing readers to a local perspective on doing business and working in teams with Indonesians and Japanese, is a valuable resource for scholars or academicians and practitioners of management in which it is not necessarily only for expatriates who are working abroad; but in this case that the master thesis is focusing on; it is also provided for global managers who are working with international people in their home countries.

Expert global managers are different in comparison to expert domestic managers as they are forced to adjust themselves to the demands of dramatically greater complexity (Lane, 2006, p. 61). Outstanding global managers are not only effective, they also look for to develop greater skills at managing the process in themselves and others. They are concerned with helping others develop the global competence. One of global competencies is the global mindset that influence how managers perceive and interpret the world (Lane, 2006, p. 66). A global mindset develops gradually in the cultural context of industry-specific, organization-specific, and person-specific predecessors that are distinguished in the context of the global manager and the environment in which he or she performs (Bhagat, 2007). The importance of a global

mindset from both a theoretical and a practical point of view leads to the necessity of investigating this construct further (Hitt, 2007).

In this context, skill strengthen is a lifelong process that constantly needs to adapt to changing demands of the global economy, meaning that each of us needs to continue to enhance in the areas above as we move through the beginning of the new century (Beamish, 2003, p. 208). And thus to successfully compete globally today, it is obligatory that the business-people have an advanced understanding of the rules of effective business practice of the world.

The global mindset is seen as a crucial global leadership quality, together with other qualities, such as cognitive competence, quality of persons nature, and behavioural ability. This master thesis relates these global leadership qualities to criteria of effective leadership (Dekker, 2016, p. 33).

Specifically, examples of two Asian countries are given here. One has been a model of development for other Asian late comers to development and the other, is one that has very high potential and resources to really accelerate its development. Japanese business activities and manufacturers list Indonesia as preferred investment destinations. Japanese MNCs have long been attracted to auto industry and infrastructure projects in Indonesia for a large number in the country.

The issues above are applicable since Indonesia's and Japan's international roles are rapidly increasing. Whilst the Japanese economic growth model is well-known, Indonesia is becoming more and more attractive to international business as an investment opportunity. The prediction of McKinsey Global Institute (2012) predicts Indonesia to be the country with the seventh most potential economy in the world and another consultancy firm PricewaterhouseCooper (PwC) predicts Indonesia to be the fourth most powerful economy in the world by 2050, ahead of western countries such as Germany and Japan (PricewaterhouseCooper, 2017, p. 5) with a population of more than 260 million. Hence, the estimated result of SUPAS 2015, its population will be around 300 million in 2045 with approximately 50% of population in the productive working age, bonus demography (Kementrian PPN/Bappenas, Badan Pusat Statistik

BPS-Statistics Indonesia, Jakarta 2018). Together with a better global competitiveness index, Indonesia is becoming a potential partner and a major market for global industries and business organizations and is expected to continue to play a significant role in the Asian and the global economy. Indonesia is the world's fourth most populous nation as it covers an area equal in size to the United States (Foster, 2000). The Japanese became known as 'the world's most prominent borrowers from other cultures of everything from management to technology' (Bjerke B. , 1999, p. 169).

1.2 Objective of the Research Work

This master thesis seeks to add to body of knowledge of global management by exploring Indonesian and Japanese business practices. It is hoped that, the results of this critical analysis here can both contribute to exiting knowledge and challenged certain Eurocentric ideas and theories. It looks at global management regarding leaderships, decision-making and negotiation styles. At the national level, the overall aim of this research is to advance an understanding of the business behaviours of Indonesia and Japan and what this research might contribute and challenge to global management. By identifying, evaluating, exploring critical analysis including drivers and barriers of Indonesian and Japanese business behaviours will considerably formulate recommendations to the improvement of successful global managers to deal with challenges of global management.

1.3 Proceeding and Structure of the Work

The research problem is introduced in chapter 1, followed a general overview of the concept of global management and its challenges, the global managers requirements in chapter 2. Chapter 3 discuses the business and management practices in a global context. Chapter 4 looks at business and management practices in Indonesia in terms of leadership styles, decision-making styles and negotiation styles from both a theoretical and a practical point of view in Indonesia, followed that in Japan provided in chapter 5. The two countries will be discussed in order to define overall framework of the practices will be critically analysed, pointing out its challenges and criticisms as well as the relevance of the theorem, the conclusion or a summary of the findings, which will attempt to answer the research problem posed.

1.4 Value of this research (the value of my intended research)

This chapter provides the reader with background information on how Indonesian and Japanese business and management practices on each cultures in terms of leadership, decision-making and negotiation including an illustration of some issues, barriers and case studies, and the need for an understanding on how managers and higher levels in organization are being prepared for their roles in managerial levels and thus will provide to improvement of global management. The focus of this research is discussed and justified, and the overall research aim and individual research objectives are identified.

Research Focus: To investigate how Indonesian and Japanese business and management practices with the focus on leadership, decision-making and negotiation.

Research Aim: The overall aim of this master thesis is to advance an understanding of how Indonesian and Japanese business practices in terms of leadership, decision-making and negotiation in order to improve their relationship as well as its contribution to global management or global managers, researchers or academicians and practitioners.

Why Indonesia and Japan were chosen in this research

In order to improve business and management practices of their corporations related to Indonesians and Japanese, global managers or leaders who lead or work with individuals who are Indonesians and/or Japanese should understand the business and management practices in these countries. It is important to have an overview of the Indonesian and Japanese perspectives and how these workers view themselves, as culture influence their behaviors, mindsets, values, actions and so forth that helps global managers can effectively lead in harmony to reach the corporate best practices and goals.

The following chapters describe more detail some of the most salient features of the Japanese and Indonesian culture and ethics which are related to work and business environments.

1.5 Research Work Methods

Through a Literature Review (journal papers, books, conferences proceedings, published reports, website articles, media headlines, the Internet as well as lectures/seminars, etc).

This study will make use of a number of literature sources, including reference to pertinent books, journals, reports, conference proceedings and Government publications and so forth.

The research strategy will explore the business and management practices in terms of leadership, decision-making and negotiation in relation to national culture in depth exists which provides evidence that this research would be primarily literature research study.

The main theroetical approaches considered here were by Hofstede and House et al. (GLOBE-Study or GLOBE-project) as well as supported by Ronen and Shenkar (global clustering or cultural compass) and some other literature studies.

1.6 Research Limitations and Critical Acclaims

This master thesis looked at the similarities and differences between Japanese and Indonesian business practices. The main theroetical approaches considered here were by Hofstede and House et al as well as supporting by Ronen and Shenkar. Only by using theoretical approach, other academics might argue or critic this thesis with the question whether it is still valid or not to use this thesis to get the closer pictures about real situations of business and management practices in Indonesia and Japan.

A significant limitation to the findings in this master thesis is that, some ambiguity remains as to whether leadership style is culture specific or universal is continuing in argumentations that has been widely debated. The debate started when many leadership theories established in Western culture were found less applicable in a non-Western context (Suryani A. , 2014, p. 103). It is very Western view on leadership styles, management and culture. Over relying on framework can lead to overgeneralization.

Moreover, Indonesia has enormous different subcultures that are not considered. Because of the diversity of its demographic makeup, Indonesia's business culture is complex as well. Its 200 million-plus inhabitants include Javanese, Bataks, Balinese, ethnic Chinese and 300 other ethnic groups. By far the world's most populous Muslim nation, it also boasts the world's fourth largest total population (Gesteland, 2005, p. 175), one cannot argue that the behaviour of all Indonesians is same although they are from the same country.

This master thesis is more generalizing Indonesian subcultures that are widely heterogenous.

Moreover, some studies which taken into sources of this master thesis revealed some ambiguity remains as to whether the responses in their questionnaires are what respondents prefer and desire or what they have observed and experienced. Also, the language barriers may create misleading concepts. Many other limitations and critical acclaims are subjected to cross-cultural research will be presented in more details in the following chapters. In turn, this may lead to the topic of further research.

2 Global Management

This chapter discusses the current discourse on global management in the context of globalization and is divided in to four parts. Firstly, an outline of the term global management is presented followed by a discussion on the important of global management in a globalizing world. The third section analyses the requirements and difficulties of being a global manager and, finally it presents an in-depth discussion of the effects and impacts of the global mindset on global management.

2.1 Understanding Global Management

To understand the theory of global management it is of great importance to put this phenomenon in the correct perspective, thus as a fundamental aspect of the growth of international trade and trade routes and the deepening intercultural contact between people needs to be taken into consideration.

Also, commerce or business has slowly (in time) become global business, when companies carry on broadening their activities across the world. These broadened activates are influenced by all kind of factors and criteria's which companies who operate locally are not aware of or have not come to certain international activities.

Although some researchers might argue there are different definitions of commerce and business, in this master thesis, it can be viewed as or can be used interchangeably. One might assert that commerce focuses on only a transaction of buying and selling in which a part of a business whereas business is more than buying and selling. Although both commerce and business can be viewed as abstract ideas, however, the term of business often be viewed as more physical (although it is not necessarily always physical) in the sense that it can be owned by a person. People often that one cannot say that he/she owns a commerce but can say that he/she owns a business. Business can be an entity; commerce refers to trade and trade- related activities, even though those trade activities can be called as business activities that the business is owned by him/her.

In present time, businesses conducted often with expanded interconnectedness of commercial and personal relations. This phenomenon is often be seen as globalization. Globalization refers to the extent to which trade and investments, information, social and cultural ideas, and political (integrated/interconnected) cooperation flow between countries. The elementary meaning of this phenomenon of globalization includes transnational connectivity and also global business creates the boundaries in which cross-cultural social contact takes place. In turn, these have been determined by a number of interconnected globalization processes, and substantial aspects of global business-like economic integration, government policy, legal policy, political factors, cultural factors and social factors on persons all over the globe. All these aspects have their own impact on establishing people’s view, mindset and context on globalization and therefore also a more comprehensive understanding on the global awareness of the world (Dekker, 2016, p. 1).

2.1.1 Globalization and Communication

Globalization may simply (although should not) be viewed as an interplay between people, companies and governments coming from different countries. Globalization in our modern time is very much associated with technological advancements in the fields of transport and communication which has enable the rapid expansion of the free movement of goods, services and funds and to a lesser degree of people. And of course, there is the cultural aspects. This interplay effects the surroundings, the cultural aspect, the political way of working, the way the economy works and gives good fortune, and the well-being of the individuals and their physics in all kind of communities around the world.

2.1.2 Globalization and Trade

The process of globalization has had both positive and negative effects on business trade (Eriksen, 2007). On the one hand, the income and opportunities of the labour force in developing countries have increased along with increasing employment rates. The increasing variety, quality and quantity of products has also been another positive effect that has boosted competitiveness. On the other hand, it is becoming increasing evident that the large and powerful companies have disproportionately benefitted from globalization in comparison to the individual level and many local businesses have suffered consequently (Eriksen, 2007).

2.1.3 Key concepts of globalization

According to Eriksen (2007) p. 4 (Eriksen, 2007, p. 4) cited from from Robertson (1992) p. 8, (Robinson, 1997, p. 8) globalization has three dimensions are follows:

1) The end of the *Cold War* which entailed a tighter global integration. The global two-block system, which has lasted since the 1940s, had made it difficult to think of geopolitics, transnational communication and international trade in terms not dictated by the opposition between the USA and the Soviet Union and their respective allies. With the dissolution of this conflict, the world seemed to have been left with a one-block system (notwithstanding the continued existence of a few states such as North Korea, which continue to stay largely aloof). The world appeared to have become a single marketplace.

2) The *Internet*, which has existed in embryonic form since the late 1960s, began to grow exponentially around 1990. Throughout the 1990s, media buzzwords were about bandwidths, Web sites, portals, 'the new economy' and its business opportunities. The World Wide Web was introduced in 1992-3, around the same time as many academics and businesspeople grew accustomed to using e-mail for their daily correspondence. Cell phones became ubiquitous in the rich countries and the middle classes of the poorer ones. The impact of this double delocalization – the physical letter replaced by e-mail; the fixed phone line replaced by the wireless mobile – on the everyday life of millions of people has been considerable but remains undertheorized.

3) *Identity politics* – nationalist, ethnic, religious, territorial – was at the forefront of the international agenda, both from above (states demanding homogeneity or engaging in ethnic cleansing) and from below (minorities demanding rights or secession).

Whilst is not implied that the globe has substantially changed after the late 1980's, but rather it is commonly accepted that the factors driving economies, politics and dynamics in culture have been transformed. This has resulted in booming trade and a more active transnational economy, which in turn create faster and denser communication networks. This hyper increased in technology and communication has in-turn increased tensions amongst and in certain culture groups resulting from the overall increase in communication and contact between individual and groups and firms (Eriksen, 2007, p. 4).

Ronal Robertson (cited in (Eriksen, 2007)-a pioneer in the theory of contemporary globalization-argues that; *'Globalization as a concept refers both to the compression of the world and the intensification of consciousness about the world as a 'whole'.*

According to Erikson (2007) Globalization which is mainly associated with rapidly changing technological advances and economic systems, contains many dimensions. Below is the summary of the terminologies used:

1. Globalization can be understood through the two major outcomes of its process; the intensification of connectivity at the transnational level and the consciousness of this fact;

- Intensification and consciousness. As the globe becomes smaller in all its facets, this results in decreasing "distance" between us all, which can have a positive and negative effects. The awareness about this interconnectivity makes us susceptible to opportunities and weaknesses. This ambiguous meaning of globalization – growing interconnectivity and growing consciousness - can be researched from innumerable angles.

2. Globalization is mainly stimulated due to technology and economic advancements although it also contains many unmeasurable dimensions.

- Globalization cannot be compared in its way of working; it does not have an end border and also does not have an underlying meaning. It is not undisputed, unclear or ever presented. If we want to view the complete perspective, the ones who benefits and the ones who have lost must be included, also those on the local level and those who are on worldwide level, as well as those joined the global ride and the ones who operate still on local level. Humongous, awful slums growing widespread over the impoverished part of the globe are results of the growth of transnational commercial proceedings, however they are in most cases recognized as the waste of the globalization, these individuals are seen as a problem, not as an asset. It is needed to know that a diversity of area of expertise in the transnational way of working does not automatically means that they all move to the same point, at the same alignment, force or speed. It can be concluded that all communities will be differently affected by this aspect of globalization.

3. Globalization results in proceedings two things: making us more similar and dissimilar at the same time, this because of the advance of transnational movement and communication.

- Globalization does not lead to a global uniform product. Considerably it can be defined as a method to organize variety. The likeness, such as standardization, are formal and will not certainly lead to uniformity at the level of essence. The local unending to do well, although it is for sure to a greater extent it can be viewed as a so called glocal (global and local), who is involved in a situation of transnational proceedings.

- In a way we become more the same or homogenic. A central character in the global modernity is individuality whereas it means that one has privileges and accountability disregarding their environment in the broad social context.

- Furthermore, it is simple to dispute that likeness in consumer favouritism amidst the global bourgeoisie display a level out. Simultaneously, the familiarization of comprehensive or almost total comprehensive development proves that global novelties have local resemblance, and that these resemblances actually disguise the real dissimilarities in their meaning or that it is very trivial without a deeper meaning concerning the factual condition of the person. The phenomenon of globalization makes it much simple for each of us to comprehend each person’s intension although the cultural boundaries, at the same time it brings tensions amongst groups which previously lived isolated and separated from the other, it also develops a differentiate singularity and every now and then implanted historical ties. The greater we become alike, the more it is pulling to be more dissimilar from each other. These strong identities of associations have a variety of intentions concerning economics, politics, existence in a globe that is full of motions and chaos.

4. Globalisation consists of more than a concept of Westernization or neo-imperialism; it also contains the movement from north to south as well the opposite movement. Globalization can be defined as a form and not as content; the phenomena can be filled with theories concerning the neoliberal market economics, although it is not for sure that this theory will come to an outcome.

Even though globalization has been defined as an old pheromone in the perspective of the transnationality or even in the worldwide system it may have been there for hundreds of years or even thousands of years, modern globalization has unique characteristics, this is because of the fact that today's globalization works hand in hand with modern communication technology and the worldwide spread of capital market .

- The traditional perspective is that, 'globalization' for the majority was fuelled by the economic, technological and political growth of Western Europe (Eriksen, 2007, p. 13). It is possible to view this from the Renaissance period onwards during the conquests of the Italian city states and the European conquests in the fifteen and sixteenth centuries; those who write about the present may emphasize transnational corporations, computer technology and the dynamics of capitalism. On the other hand, different perspectives are more than welcome and needed. From a historical perspective, the backbones of the transnational economies have been situated in all kind of places over the world (Eriksen, 2007).

In popular culture as well as literature, major achievements or accomplishments of global significance come from outside the West; globe's major achievements which were also the product of the old world: Tango from Argentina, 'manga' comics from Japan, Indian films ('Bollywood movies') from India; have increasing captured the imagination of the West (Eriksen, 2007, p. 13). The world appears to have been divided into an inner circle, outer circle and a semi-outer circle, this division is not precise and needs to be investigated as the outcome is not always what have been predicted (Eriksen, 2007, p. 14).

Erikson (2007), underlined that, though the process of globalization is pushed by powerful forces like the economy and technology, the real globalization is amongst individuals-the international links of the globe-which rests on the trust amongst each other's and the people who make use of the opportunities which occur and transpire in unforeseeable ways (Eriksen, 2007, p. 14).

"Globalization creates a shared grammar for talking about differences and inequalities. Humans everywhere are increasingly entering the same playing field, yet they do not participate in equal ways, and thus frictions and conflicts are an integral part of globalizing processes" (Eriksen, 2007, p. 14).

2.1.4 Global Management (GM) vs International Management (IM)

The term "Global Management (GM)" and "International Management (IM)" are similar, but they do not have necessarily the same meaning. Global management is linked to business and has social relations, but it is more complex that an entrepreneur with trade connections between different countries and regions. It also implies a worldwide or global supply chain, which consists of diverse sources or businesses from all parts all over the globe, also known as peer to peer system, which are more and more linked to each other. Meanwhile, international management is business between different countries without link or interconnection to each other. The word "global", is in an adjective means "concerning the entire earth", which will have a greater scope and link to each other, and the word "international" on the other hand, is an adjective which means "concerning two or more nations" which will have a lesser scope without link to each other. Global management, can be understood as, helping companies to maintain their business at a global level which includes sales, marketing, hiring, recruiting services and so forth. It is also essential to be conscious of the fact that the global management and international management are often used interchangeably. Accordingly, due to the limitations of this thesis, only the leading definition will be sued, i.e., that global management and international management in this context used as more or less the same definition.

Interconnected is defined as *"A sensible rule of thumb for connected ness might be that the actions of powerholders in one region of a network rapidly (say within a year) and visibly (say in changes actually reported by nearby observers) affect the welfare of at least a significant minority (say a tenth) of the population in another region of the network. Such a criterion indubitably makes our own world a single system; even in* *the absence of worldwide flows of capital, communications, and manufactured goods, shipments of grain and arms from region to region would suffice to establish the minimum connections"* (Tilly, 1984, p. 62 cited in Eriksen, 2007, p. 67).

As mentioned above, globalization is related to interconnected or integrated, which in turn the term of global means interconnected as well. For a more comprehensive understanding of the global consciousness it is also important to enlighten the global leadership. Global managers should execute global leadership that points out to the process of affecting the way of thinking, attitudes and behaviour of persons with a distinctive cultural tradition from all over the globe. It mirrors the reconciliation of the circumstantial difficulty of a global business environment that contain the squeezing of space and time, and the unification of abundance distinctive cultural point of view, inside a worldwide institution and a partnership of central headquarters and local branches in achieving a global strategy (Dekker, 2016).

Global management or global business management can be defined as a way of managing businesses at the global level which results in optimum utilization of resources and cost cutting. The main aim is to make business sustainable. Some key features of global business management in this context are; i) acquiring marketing knowledge and skills that can be applied across industries and for-profit and not-for-profit organizations, ii) entrepreneurship for those interested in starting their own business with a current or future-market global reach, iii) information system skills to manage their information systems while working in a global environment.

Global (business) management contains practices of management in a global context and acquiring a global mindset. The focus is on the management of a global firm or the practice of management in a global context:

The goals of learning global business management are as follows:

- To build the base for managing in a global context
- To broaden and/or deepen the global perspective beyond one's primary business focus through global exposure
- To implement the learning at practical level

2.2 The Importance of Global Management

This section aims to answer the question concerning why it is essential to think about management with a global perspective. In what angle it is essential, for what ambition or direction and what are the advantages to think about this type of management. Not only thinking about this subject is of great interest, it is also needed to understand the study of the global management and to comply and make use of this subject for study and/or theory in a more globalized universe.

2.2.1 The Growth of Global Trade

International trade is not a new phenomenon. After initial bartering culture many societies introduced money as a standard way to pay and to provide a better guarantee for the transfer of goods and services. In the physical markets, people could meet to buy and sell merchandise. Historically, trade was not bound to people belonging to a certain geographical location or group. Long-distance commerce routes have existed since middle of the 2nd millennium BCE, and the evolution of inter-cultural commerce networks with human in faraway places have slowly expanded (Dekker, 2016, p. 11). The patterns of international trade, increasing competition and rapid technological changes have forced many businesses to reassess their approach the market, and subsequentially, their strategy, structures and the management procedures, which have been combined and have led in a “dynamic network” as cited in Mouta *et al.*, 2017 edited by Zbuchea *et al*., 2017 (Zbuchea, 2017) (Mouta, 2017, p. 139). For example, to outline the ancient trade and commerce, the Sumerian in Mesopotamia (current Iraq) have business with other developed cultures: Phoenicians travelled across the Mediterranean Sea and another famous trade route emerged; the Silk Road, between Europe and Asia (Dekker, 2016, p. 12). Another route was the Amber Road from coastal areas of the Baltic Sea to the Mediterranean as well as a Salt road existed in ancient times for the trade on salt. The Greeks, Romans and Vikings, widened the commerce across the European and Asian continent. In the sixteenth century it was the Portuguese who deepened the long-distance commerce and find out new routes to the East Indies as well as settle in America (Dekker, 2016, p. 12).

In the next century, the Dutch republic ruled the commerce in the East-Indies. The Dutch East Indies Company which went bankrupt in 1799 after 197 years of trading, (Dutch: *Vereenigde Oost-Indische Compagnie*, VOC), was the first multi-national company on the globe that traded in stocks and bonds (worth $7.9 trillion in today's money) (Dekker, 2016, p. 12).

The British gradually took over the rule at the early global trade in the eighteenth century. In the same period, writers started describing global commerce and boosted the cross-cultural trade. In this regard, Adam Smith published "an inquiry into the nature and causes of the wealth of nations (1776), David Ricardo and other authors in 1817 proved that free trade would gain the industrially weak as well as the strong ones. The two paring countries would profit from the trade amongst each other's, even if one of the countries would be more dominating in all kind of ways (Dekker, 2016, p. 12).

In the following century, the innovation of machines and the birth of industrialization boosted the increase of local and worldwide trade. All over the world packages of certain goods started to increase, the Coca Cola company started marketing in the first twenty years after its founding in 1886 in the USA, Canada, Britain, Cuba and Mexico. By the beginning of the twentieth century, Coca Cola was bottled in 27 countries and sold in 78 countries (Dekker, 2016, p. 12).

The example of Coca Cola was followed by other multinationals like Remington (typewriters), Nestlé (condensed milk/baby food), Lever Brothers (soap), Siemens (electrical equipment), and Singer (sewing machines). At the same time a couple of commercial banks where encouraged to expand their networks of overseas branches due to the establishment of the gold standard and colonialism. The Great Depression of 1929, which caused a total downfall of the trade and was followed by with the outbreak of World War II in 1939 (Dekker, 2016, p. 12). During this period the use of global products and services grew extensively. From the 1950s until present time, trade grew rapidly, mainly due to developed countries. Therefore, intercultural trade was primarily between Western countries (Dekker, 2016, p. 12), although others might argue that there was a huge amount of cross border trade in Southeast Asia for example between Vietnam and Thailand, for example there is a so-called ASEAN. However, in the last 50 years of the twentieth century there was an emergence of globalizing Asian businesses, who brought commerce to a global level and intensified inter-cultural commercial contact. Modern business practices can be described as an expanded interrelatedness of commercial and social relations. It can be concluded, that the effect of culture on institutions and persons has increased significantly (Dekker, 2016, pp. 11-12).

2.2.2 The Importance of Globalization for Entities

Managing the difficult worldwide forces that have impact on all kind of commercial activities needs to be managed excellently. For development to run well, the input from others needs to be accepted (Lane, 2006, p. 26). As we may know, culture can be influenced by different culture and being created into a new one although those cultures mostly mixed into one. In turn, global managers will be able to accomplish to arrange people better in an environment full of difficulties when they become creators of maps; maps here can be understood as concepts or overall overviews/perspectives or mind mappings; and recite of maps, evolving and reciting maps of a variety of cultures. Mind mappings of culture will by no means cover all the information which a manager ought to know about human -related in all ways of contexts, a couple of maps can contain some information which are not updated or not exactly the same (precise). Nevertheless, in a difficult worldwide situation, a (shared or an integrated) map about certain people with certain cultural backgrounds acknowledged by the manager is better than no map at all, also worldwide investigation gives a library containing good charts. Excellent managers will make sure that the charts are by the time and they can even trust on the knowledge they have found themselves (Mary Yoko Brannen et al, cited in (Lane e. a., 2006, p. 30).

Globalization is indeed important for multinational companies since it improve not only cost efficiency, better use of resources, optimized business concepts, and improved access to markets, which benefiting from globally structured supply chain, global finance (moving capital across the world). Furthermore, a geographically dispersed and multicultural workforce and a corporate global mindset, would guide strategy and managerial behaviour which necessitates their worldwide market presence (Ronen, 2017).

Globalization has enabled managers around the globe to have a wide range of positions within organizations. Managers should recognize that the powers which are a product of globalization form the core of commercial tactics, and also, they need to discover what the impacts of this effect are (Ronen, 2017, p. 1). The process of globalization can occur at different levels and places, and the impact may be different for persons and institutions. At the macro level, globalization involves increasing social and economic dependency amongst nations. At the meso level, globalization entails the relationships between commercial entities on a worldwide scale. At the smallest micro scale, globalization entails an incessantness of connectivity and social relations amongst individuals around the globe (Dekker, 2016, p. 17).

Macro Level

At the macro level, globalization means in a raising number of social and economic interdependence between countries. The expansion of international and global markets which enabled commercial entities to broaden their activities out of national borders was facilitated by the liberalization of administrative systems at the macro level. This change in mindset was in-turn, due to the integration of economic activities under and a supporting ‘free market’ orientated governments (Dekker, 2016, p. 17).

Meso Level

At the meso level, globalization entails the connection between commercial entities on a global extent, in which the commercial entities from abroad entered the market which was previously ruled by local operated firms. In responds, local firms began to spread internationally to stay competitive and to become more multinationals oriented. To be able to finance the global expansion and to accomplish the economies of scale, commercial entities start to become more involved in worldwide cooperation’s, alliances, and obtaining, which leads to a consolidation of industries. Therefore, to multinational companies, globalization may bring cost advantages, better use of resources, optimized business concepts, and improved access to markets. For multinational entities, globalization makes it needed to have a global presence, to have a global structured chain of supply, global finance (moving finance all over the globe), a terrestrial spread and a culturally diverse working force and a corporate global way of thinking that support the strategic and managerial behaviour (Dekker, 2016).

Frequently it is said that, fully global companies are entities without a nationality, owing no allegiance to anyone, and who treat the globe as one unified market with products which are made standard to each other and which has homogeneous prices, based on similar demands of the customer, and based their headquarters on any place they prefer, to adopt the governance model which they assume fits best to their entity, and spread assets and resources to their wishes all over the globe. In globalization and globalizing a commercial entity is not an absolute phenomenon, it is not a tactic in itself, but a result of opposing business models. The diverse needs of the local market make it necessary that Global business strategies are made suitable for the diversity of clients and customers (Dekker, 2016).

For commercial entities there are four key factors to manage globalization at the meso level: strategy, structure, processes and power. Firstly, strategy, as globalization is a way to fulfil strategic business targets. In this regard, the local content is still an important factor. For a longer period, being geographically spread out lowers the risks of shocks (e.g. economic crisis). The vision of the company towards the market and the industry, and the vital position the company pursues, decides the level of internationalization or globalization of that specific company. In general, arguments to set up a global business strategy can be built up around three main motives: market motives, economic motives and strategic motives. Market motives specify to anticipated business possibilities when attending at foreign markets. Economic motives involve reducing costs by accomplishing economies of scale of by lowering manufacturing progression risk by globalizing the manufacturing, distribution or marketing. Strategic motives points to crucial decision making, to keep up the control over foreign commercial activities and delivery channels, or to build a powerful competing position at the market. Secondly, the structure of multinational entities can be positioned in the industry structure, global strategy, financial control, market access, local culture, the national needs of the government and so on, and provide them key options (Dekker, 2016, p. 18).

A main subject in the corporate structure debate is the difference of opinion regarding centralize / decentralize, in other words, the harmony between the global centralization and the local receptivity. In a concentrated organization structure, the global headquarters is the most powerful all over the world. The role of branches in foreign market has the purpose to cover the market, without having any special qualities, and to solely supply trading channels. In a decentralized system, more responsibility is given to the national management worldwide. In this model, local branches are merely seen as providers, as being a substantial element of the global strategy, assuming they have specific qualities to give input to the global strategy. The global centralization in other words national responsiveness on the structure of the organization is also a substantial factor to influence global leadership and cross-cultural behaviour (Dekker, 2016, pp. 18-19).

Thirdly, Structures define globalization, but process manage this phenomenon. Creating effective organizational process, is not a target on its own, but it enables a company to design a competition focused strategy. Efficient processes which are nested in effective structures, supports the handling of difficult, symbiotic and questionable developments in the area of the global business (Dekker, 2016, p. 19).

The last aspect is power, this focuses on the relationships amongst top level executives of a firm and the symbiotic dependency between management in the central headquarters and the national managers. The dynamics of power between key persons is an outcome of global strategy which is established by the organizational structure. This is frequently mirrored through crucial decision making, managing process, internal way of exchanging information, and cooperation between the headquarters and branches. Managers with global responsibilities have little possibilities to display their leadership skills, the momentum is bounded to visits, teleconferences, videoconferences, phone calls and off-site meetings with internationally diverse members in the managers’ teams (Dekker, 2016).

Micro Level

At the micro level, globalization entails the increasing numbers of connectivity and social relations between individuals anywhere across the globe (Dekker, 2016, p. 17). At this level, managers need to deal with new challenges in terms of a wider terrestrial and useful accountability as an outcome of a global growth of commercial activities. It also forms the level of interaction between different cultures and how to motive a worldwide spread intercultural workforce as utmost as possible. Globalization and increased dependencies between individuals have completely changed the working sphere for managers. As business and conglomerates have merged and increase in size so the number of big international entities have become less. A different aspect global management, i.e., leadership in the global business environment, is the growing need of the global workplace, which leads to the urgency in narrowing down distances, at the same time the expatriation and travel for global business grows (Dekker, 2016).

Managers need to have comprehensive understanding of these influences on their global activities and labour force within their expanding economic integration. Economic integration is the elimination of trade boundaries between at least two nation states and involves greater cooperation. It includes free trade, a union of customs, a shared common market, economic union and a political one. Globalization makes it possible for people from multi-cultural backgrounds to work on social relationships no longer limited by borders of nations (Dekker, 2016, p. 1).

Globalization does not abolish conventional cultures however, but rather bridges national and international lifestyles, even though the impact of globalization is different in each country. In the least decennia of the twentieth century, as a result of globalizing business, it became challenging to manage international labour forces from different cultural backgrounds. In this century the freedom of movement, to adjust, encourage and to stimulate multiculturality in a firm have become a competing favoured position. To have diverse cultural backgrounds, leads to a diverse way of managing and understanding of all kind of situations from all parts over the globe (Dekker, 2016).

This kind of distance leadership stresses the importance on multicultural awareness, the capability to listen and the competence to formulate and communicate a mutual vision. Global leaders should ideally stimulate and encourage a cross-cultural labour force, an important global leadership quality is cultural sensitivity (Dekker, 2016). However, in my perspective, today's global leadership is not necessarily only to lead across the globe that is in distance or in virtual circumstances or that the managers are going abroad. Currently, and in this paper's focus, it is also in the circumstances of internationally diverse team members within the manager's home country in which the phenomenon is increasing in number.

Cultural sensitivity is a mental capacity that enables the identification of intrinsic motivation behind individual behaviour, sensitivity to the local context, understanding the physical office space, the understanding how the informal and formal communication is organized and why the decision-making process is diverse depending on the location (Dekker, 2016).

Cultural awareness also includes the competence to listen, to understand people from another cultural backgrounds, and have a real and sincere interest in them. From books, business intelligence can be learned, but knowing other cultures comes from experiences. Starting at the global level implies negotiating with other cultures and learning about other cultural practices. It is possible for managers to gain respect from others as they are aware of their business environment, and also by being sincerely interested to the people they work with. Cultural awareness indicates that one knows how to behave with foreign customs and how to create a relationship with individuals from different cultural backgrounds (Dekker, 2016, p. 31).

Managers who are culturally aware realize that investing in relationships is time consuming, due to diverse behaviour individuals have towards relationship building. In open cultures, such as the USA, making first contact can be a simple and direct process, but these contacts are often considered flat and superficial. In contrast, building doing business with individuals from closed cultures like China can be time-consuming, as Chinese prefer to build a meaningful relationship between persons before doing business (Dekker, 2016).

In the wordings of relationship -related, most of the people in Indonesia are less at ease to discuss business with people they are not familiar with. Business conferences and formal business meeting are excellent ways to meet and engage with potential clients and associates. An alternative way is to have another person introduce you, it would be recommended that this is done by a person with a high-status or from an influenceable organization who knows you and the Indonesian counterpart. Banks, law firm, consulting firm or embassy can be the one who makes you acquittance with the other party (Gesteland, 2005, p. 175). In the case of maintaining business ties with Japanese entrepreneurs between meetings, social media or other ways of communication is recommended (Gesteland, 2005, p. 193).

In order to communicate effectively it is advised that cross-cultural sensitivity in different ways in responding is essential. Here effectiveness means tactfulness, or mindful in communicating to persons with another cultural background. The beforementioned phrase is particularly important for managers from cultures that value directness in their way of communication. These managers need be aware that engaging in cross-cultural connections with individuals from a high-context cultures, who appreciated layered communication and comprehensive argumentation before decision making. It is much appreciated by host-country national when a person is willing to speak in multiple foreign language. Being schooled in cross-cultural capabilities is helpful, but above all, the personal experience of being in a foreign country and built up relationships with persons from different cultural backgrounds is the most important (Dekker, 2016, p. 32).

When taking everything in mind the above, and based on a report of global leadership literature, there are three stages concerning the study of global leadership. The target of the first stage is to determine global leadership competencies. In the second stage, research on global leadership requires extra far-reaching frameworks of global leadership competences, where a global mindset is very important factor. The third stage of global leadership research includes global mindset, a link to leadership behaviour and global mindsets as a benchmark of global leadership effectiveness (Dekker, 2016, p. 33).

2.2.3 The Importance of Global Management for Companies

The complexity of globalization flows from conditions of multiplicity, interdependence, and ambiguity, all of which are interrelated. It is not always easy for businesses to operate in corporate globalization, and a lot of initiatives are unsuccessful or do not meet targets and expectations. These conditions in turn are in a state of constant change or flux. In complex environments, predicting the future is impossible and trying to rigidly control global organizational outcomes may be dysfunctional (Lane, 2006, p. 4).

Managing complexity requires a new way of thinking. Global managers must learn to manage their organizational processes. Unpredictable complications and issues arising from globalisation may not be controlled at the firm level but can only be managed – or at least tunnelled to – design practical and even valuable organizational results (Lane, 2006, p. 4).

The keystone for channelling or managing difficulties lies in the connective glue that binds the processes to complexity: humans is the key processes in a global organization are collaborating, discovering, architecting and systems thinking. And they element to channelling (or tunnelling) or managing complexity lies in the connective glue that binds the processes to complexity: people (Lane, 2006, p. 4).

Developing global managers will be much easier when they realize they know little about other nations and other cultures as other parts of the world. A majority of managers are not aware of the momentum of change from pure local to global, as there are not many warning signs, and companies are often not prepared for such shocks. New assignments or tasks brings a manager closer to the centre of the global environment, the phenomena is increasing more often, it make sense to be stressful in discussing on how to achieve one format of shared global perspectives or goals by mixing all of these diverse perspectives or goals into one and this one format is quite hard to achieve as well (Beamish, 2003, p. 197).

When this occurs, managers realize that it is essential to possess “nuts and bolts” knowledge, about how things work or how things are being done in other organizations, languages, and legal, governmental and social systems. Simultaneously, they are aware of the fact that, this specific knowledge will only have meaning, if it is placed in the correct context of other cultural, faith, philosophical and historical cases in a nation or certain region. Global managers require a more far-reaching examination capability and behavioural range. These knowhows once a while become definite in a way of expertise that is too difficult for beginners to reproduce (Beamish, 2003, p. 197).

The process of globalization is not only restricted to the commercial entity, but also influences managers and real people in their regular routines. Staff from headquarters will have more interaction with local country managers, and personnel who have a different cultural background than the staff at the headquarters as the local or regional branches have become more “international”. Country managers need to have sufficient skills to deal with the changing global demands, to be able to succeed in their performances and progress (Beamish, 2003, p. 197).

Some of the fundamental issues facing managers in a diversified multinational corporation (DMNC) include (Beamish, 2003, p. 198);

- Integrating large international acquisitions;
- Understanding the meaning of performance and accountability in a globally integrated system of product flows;
- Building and managing a worldwide logistics capability;
- Developing country-specific corporate strategies that consider the political as well as economic imperatives;
- Forming and benefiting from collaborative arrangements around the world;
- Balancing the pressures for global integration and local demands

Whilst the skill above are essential for future managers they also need to have the competence to act. These skills were also required in the past but the current knowledge is based on different factors and have been constantly changing. The biggest change in implementation involves amongst others, is increased multiculturalism in the physical and virtual workspace. At present, you don't even need to leave your own country to work with someone from another culture (Beamish, 2003, p. 198).

The global manager needs to have practical skills other than concepts and theories as well as master new skills. To be successful in the global economy, it has become increasingly evident that the global manager is required to have knowledge combined with sophisticated relational and cross-cultural abilities, including business and technical matters, social, political and economic systems. For the cultural skills it is important to be able to solve problems with unpredictable outcomes. It concerns the ability to implement certain policies and to have a feeling regarding how and when past experiences can be useful in a new cultural setting (Beamish, 2003, p. 198).

In terms of rethinking values, collaboration and global management as political practices, the phenomenon to have a diversity of interest and values, and also to have argues about them, are built in all organizations. Rather than settle these by managerial fiat, the normal strategy of organizational power, recommended a method of organizational dialogue and collaboration, that is more truly political because it involves mutual negotiation of complimentary views of the nature of what is taken to be ‘real’. The next contribution is a fascinating case where a conflict of interests, but not of values, is turned into practical exemplification of the dialogue. Collaboration does not assume common interests, as an a priori, despite the many assumptions that seem to suggest a contrary view. Uncommon interests may lead, through a value that stresses collaboration, to a political dialogue to the type that the theorist (e.g. Leal) recommends (Clegg, 1999, pp. 14-15).

In the context of global management some cooperation’s and some political coaptations are more powerful than other ones. Researchers like Royston Greenwood, Teresa Rose, John L. Brown, David J. Cooper and Bob Hinings cited in Clegg (1999) (Clegg, 1999, p. 15) have examined how professional services area have developed their own style of managing, based on the country of origin in order to position themselves globally. Every commercial entity offers a comparable range of various services, but none of them the same. One feature of a globalized economy is the fact that only specific local values also globalize, and not everything changes in the same way (Clegg, 1999, p. 15). It is also noticeable that there has been a shift from pure local market with local people under local circumstances to globalization, due to the information technology this shift has been increased and the impact have become bigger. So, it can happen that the organization is working purely at the local level, but the people interact with people abroad. For instance, a firm specializing electronics can employ local employees for the production facility of the hardware, but the back office operates in low-cost countries like India (Clegg, 1999, p. 15).

2.2.4 Relations of Strategic Leadership and Management

Leadership competencies directly affect how an organization is steered. This includes exercising daily leadership skills, reshuffling and reorganising employees, adapting and make concepts and techniques for their own management and leadership styles.

By creating, defining and using all kind strategies, leaders exercised management and leadership skills which can effectively steer the organization. It is of fundamental importance to adapt skills which makes it possible to manage teams, individuals and competently steer the organizations. Also, these leadership skills give instruments to analyse commercial activities and create tactics including, peoples assets, basic of organizations to develop and seizing rate for a long-term advantage, and to create tactics inside commercial activities and the assortment of trade (Hartog D. , 2006, pp. 178-180).

2.2.5 Visionary Leaders for Strategic Leadership

The vision of the company and their leaders often have an important position in the defining and executing of worldwide tactics. Although have different meanings, the word of “tactics” and “strategies” here can be used as interchangeably. Three important concepts/tools are applicable here; 1. Vision, 2. Tactics and 3 Self-sacrifice (Hartog D. , 2006).

Hartog (2006) asserts that leadership academics and researchers have underlined the importance of the effect of an interesting vision to give an ideal perspective about the organizations future to affect followers. Vision is defined as a prospective future in ideal ways and corresponds with the beloved norms which followers cherish. By describing a vision, leaders instil pride and will get admiration and faith which will grow the positive vibe and optimism for future times for the followers. The leader conveys his perspective for the future via his messages and his way of acting. His way of working can be seen as a way to be part of his vision for the future (Hartog D. , 2006, p. 178). In other words, leaders serve as a model for others. Creating preferred performance is a key factor at the time when the leader exposes his vision as a benchmark, and also this will empower his followers and will give them knowledge. By showing their bravery and what they believe, leaders can get more trustworthiness and become an example for the norms where he stands for the future. A way to show how strong the leader is, is to show that he or she can sacrifice themselves. This will show his way to be loyal and show the leaders dedication, which will gain trust of the followers. Self-sacrificial behaviours in a business context contain contradicting oneself privileges, giving up resources, refraining from using position authority, sharing privations along with followers, volunteering for the extremely difficult tasks, presuming guilt for failures, giving up or distributing rewards (for instance, getting a short-term salary cut) (Hartog D. , 2006, pp. 178-179).

This behaviour includes a wide range like not making use of given facilities, not using the power to achieve something, to be solidarity with by joining them in their difficulties, take the responsibility when things go wrong, share the salary or even don't use the rights to have a certain salary.

In a recent study, it was proven that leaders who have characters of self-sacrificing, affects strongly on their followers as they believe that this kind of leadership has a lot of personality and validity and these followers tend to give in return to their leader (Hartog D. , 2006, p. 179).

A strategic vision may have an outer alignment (innovation on the produced materials and services. Or it can have an inner alignment (changes within the organization) and a wide (giving back to the community) or a more limited emphasis (input to the labour force). An ideal concept needs to attract, be flexible and conveys achievable targets (Hartog D. , 2006, p. 179).

2.2.6 Team leader in a global context

At the level of execution, the function of the leader of the team is not simple, specifically at the worldwide level. Both the organization and the individual members of the team may have contradicting and/or high expectations of the team leader. It is expected that leaders of the team can convert objectives into real goals and make proper decisions for the team during that process. They should possess the capacity to pilot through the context of the organization and politics to ensure that the interests of the team are secured (Hartog D. , 2006, pp. 182-183). In other words, the leaders should be able to navigate in line with the context of the organization's or company's strategies (e.g. its visions and missions) as well as in line with the organization's position in political basis. Further, leaders need to encourage and motivate teams comprised of individuals with different socio and cultural backgrounds. They need to manage resources, balance conflicting interests, and deliver results that satisfy the demands from multiple stakeholders (Hartog D. , 2006, p. 183). They also need to arrange the assets (resources), and to remain neutral when different interests are at stake and have the capability to fulfil the demands of the different stakeholders. From a practical perspective, team leaders are accountable for the success and achievement of the group. They should foster cooperation and suitable find solutions to complex problems.

Fleishman (2006) cited in Hartog (2006) (Hartog D. , 2006) named several leaders performances functions which assists team leaders in fulfilling their functions.

- *Information search and structuring.* This includes acquiring information; organizing and evaluating information; and feedback and control;
- *Information use in problem-solving.* This includes: identifying needs and requirements; planning and coordinating; and communicating information;
- *Managing personnel*, including obtaining and allocating personnel resources; utilizing and monitoring employees; and motivating employees;
- *Managing material resources*, including obtaining and allocating material resources; maintaining, utilizing and monitoring material resources.

Information search and structuring involves the ability of the leader to search for information in a systematic way, evaluate and to manage information in favour of the targets of the team and its way of working (Hartog D. , 2006, p. 183).

Information use in problem-solving involves the capability of the leader to use the information which have been collected to solve problems which are in correlation with the realisation of the targets of the team. The role of the leader when his leg is on both sides is that he is accountable to execute his given tasks properly. This accountability also contains the conversion of the perspective and tactics of the cooperation in a manageable plan for the team to execute. This also contains the capability to collect needed information and the means to fulfil the targets. The collected information is deployed to create a plan that works and is compatible with the difficulties of the circumstances and will direct to achieve the targets of the team. This so-called plan of action contains the matters how the objectives need to be excited and synchronised needs to be talked well with the members of the team. The further two fields of leadership prestation's, include the management of workforce and physical means. The core the corporation management levels includes, supervise the work force which involves everything from the hiring, choosing, supervising, progressing, encouraging and observing all members of the team (Hartog D. , 2006, p. 183).

While not frequently illustrated, the supervision of physical means this is an essential field, in the case that there are not enough materials or support it will be more difficult to achieve the targets within the discussed time, even in the cases when the quality results are great and the teams is very motivated. The aforementioned will ensure that the leaders have a key role on the productivity of the team. They have a key role at a variety of proceedings within the team (reasoning, acting, expression, management, and encouraging proceedings). For instance, leaders may inspire or hamper reproduction and research; they can influence trust amongst each other and common sentiments and have influence on the motivation of the single team members. Leadership can also impact the expressive proceedings of the team. Leaders who are intrinsically positive, have a lot of energy and are very motivating, tend to project positive vibe and energy to their community of followers. On the other hand, leaders who have more negative approaches to management and are enzymatic can project bad energy to the team (Hartog D. , 2006, pp. 183-184).

In case of global consulting, consultants should integrate into their customer's culture, short-term member relations, and to disconnect for the next project; Keeping group communication on target and schedule, while permitting disagreement and valuing effective listening (Harris, 1991). Effective team supervision and project execution depends partly on the team tactics and communication between team members. Communal rational reproductions arrange materials concerning the schemes and their environment (example given, labelling the goals of the team, the team itself how it will be composed and the activities of the members of the team). Certain communal systematics support members of the team to foresee the actions of other team members, these results in an easier way of supervising and diminishes the period which is needed to adapt the process and to conversate during the implementation of the tasks. Leaders have an important function in the improvement of certain processes (Hartog D. , 2006, p. 184).

Schein cited in (Hartog D. , 2006, p. 184) for example names that: “*Leadership is originally the source of the beliefs and values that get a group moving to deal with its internal and external problems. If what a leader proposes works and continues to work, what once was only the leader’s assumption gradually comes to be shared* *assumption".* A significant role of leadership is the invention, supervising and often the demolition of certain communal sense and rational systems.

Hartog Deanne (2006) adduces that *"tannenbaum and colleagues stress the importance of facilitating learning through providing critical performance feedback to team members and encouraging collective reflection upon team processes." The following points can be beneficial for leadership actions* (Hartog D. , 2006, p. 184);

- Post-action reflection needs to take place in the context of pre-performance plans and goals. Thus, conduct "pre-briefs" and refer to these later when evaluating performance during or in post-action reviews;
- Provide a self-critique early in the post-action review;
- Guide briefings to include discussions of social processes or teamwork as well as taskwork processes;
- State satisfaction when the team or individual members demonstrate improvements;
- Provide specific, constructive suggestions in giving feedback. Avoid person-oriented feedback; rather, focus on task-related feedback;
- Accept ideas and feedback from others. Encourage active team member participation during briefings and reviews and avoid simply stating one's own observations and interpretations of the team's performance;

During observation and in examinations, teams with a head who received training in the above skill set, were more involved in a communal consideration (meaning that they were more involved into dialogues on work subjects as a team and better at providing other with inputs). Teams with a leader which boosted and encouraged other members, become a better team than a team without such a leader (Hartog D. , 2006, p. 184).

There are two factors that can reduce the team performance or worsen the internal processes. This is the cases where the teams were only connected in a virtual way and not at the same physical place or when the team consists of members from a variety of different cultures (Hartog D. , 2006, p. 184).

2.2.7 Global Management and Cultural diversity for Business Success

"It seems as if culture is having a major effect on the success of the business, somehow" (Bjerke B. , 1999, p. 49).

It is normal to read testimonials stating that companies that have a good achievement, is due to the fact that the different cultures of the world enable them to produce, apply and uphold their position as a global leader. *"Companies that have cultivated their individual identities … have an edge"* (Deal and Kennedy, 1988, p. 15) cited in (Bjerke B. , 1999).

Nonetheless, the assumption that a powerful and universal culture which is guided by official ruling leads to accomplishments in business is "not correct". The phenomenon is much more complex. The real substance of culture and the level it associates with the current or coming environment seems to be the most important factor here, in contrary to power, universality of course, the actual content of the culture and the degree to which it relates to the environment (present or future) seems like they are critical variables here, not strength, pervasiveness or direction (Bjerke B. , 1999, p. 49). It is likely to suggest for example that new corporations try to achieve cultural power and universality to create distinctiveness, on the other hand, mature alliances can be more successful, although they have a fragile total culture, containing multiple subgroups which makes them able to respond fast to changes in the environment (Bjerke B. , 1999, p. 49).

It is argued that, there are certain conditions where the uppermost of the management need to take into consideration if they want to recreate a certain culture, which has a position on top of all its direction, example given (Deal and Kennedy, 1988, p. 159-161 cited in (Bjerke B. , 1999, p. 49);

- When the environment is experiencing essential alteration and the corporation from time to time have been a highly value-driven corporation;
- When manufacturing contains a lot of rivalry and the environment alters very fast;
- When the corporation is ordinary or worst;
- When the corporation at the doorstep of becoming a huge firm – like a Fortune 100 scale colossal;

- When the corporation is at a high pace of extending.

Powerful and universal cultures do not automatically imply that a corporation will fail to be capable to renovate themselves then this is needed – corporation can be nurtured to exists and to be able to alter like many outstanding corporations have done before (Bjerke B. , 2001, p. 50).

As an organization's culture can be deeply rooted and conservative or resisting change, it is common that this culture can be a barrier to change and adaptation. A culture can block a corporation to adjust itself, as cultures are intrinsically traditional, struggle against alterations and nurture steadiness. Conversely, cultures of companies are likely to alter more frequently than cultures of nations, as the company cultures are more open and depending more on the environment. Cultures of nations can consist of elements which do not encourage to alter, but in contrary, they back up customs (Bjerke B. , 1999, p. 50).

Nevertheless, culture is very intensely embedded, as aforementioned. Because of these facts, it is too complicated and multi-layered to surrender to be in total power and creating, cannot solely be executed with specific instruments like, systematics, schemes and proceedings, it needs to be executed in combination. These proceedings need to happen both in theorised and figurative conditions. There are numerous difficulties related to create a culture (Bjerke B. , 1999, p. 50):

1. It needs to be well appreciated by a person of its specific culture. Regrettably, inside information is not always correct. As it is not a simple thing to fully understand a person's own culture;
2. Depending cultures are obligatory. Outstanding cultures are only outstanding if they are depending on their own environment;
3. When managers are looking for an opportunity to alter the culture of a company, they need to find validity to be able to execute this alteration.

How is it possible that individuals educated with certain values and have confidence in that system, and who operate according to this system, suddenly change and oppose that system, which have foster and bound them? Leaders who transform towards a different strategy, are in jeopardy of being regarded as traitors or seen as incompetent. Physical changes of representatives or persons who have just joined, can be overlooked. Advisors perspective can be denied based on the fact that these individuals do not totally understand the difficulties and new leaders stuck to a certain culture, when the trial period is finished (Bjerke B. , 1999, p. 50).

2.3 The Challenges and Requirements of Global Management

As more companies become globally orientated, some of the biggest challenges are a shortage of global leaders and difficulties to develop global leadership to secure the future growth of their company. Qualified and trained managers with experience are needed, who are competent enough to bring their company to a certain global level as their companies are going global. What is also needed, is to have key competences related to cognitive skills, personality, abilities and way of thinking. These global leadership capabilities are necessary for managers to be able to cooperate with others across the global organization and to achieve a global or worldwide strategy (Dekker, 2016). For effective global management, it is also important to have specific way of operating, competences and certain behavioural repertoires (Lane, 2006, p. 76).

To manage people in global business, understanding of the pheromone of global leadership is needed as well as its qualities, the global manager needs to be able to manage the difficulties of managing in an international context. These types of managers need to have the ability to advance global strategic skills, supervise change and transition, govern cultural diversity, design and be able to work in a non-permanent organization structure and to be able to coop with other persons and have the ability to work in teams. Also, it is needed to communicate at a certain way and level and to have the ability to learn and transfer knowledge into the organization. These aforementioned elements can be viewed as a daunting challenge or a learning experience (Beamish, 2003, p. 13).

Global competences are crucial and considered to be able to drive up the overall performance of an organization or an enterprise. Global competence includes the intercultural competence which is described as the capability to cooperate effectively and appropriately in intercultural circumstances, based on certain attitudes, intercultural understanding, proficiencies and reflections. Global managers are expected to improve their intercultural management which contains of effective functioning of diverse groups of individuals, associate a large broad scale of behavioral dimensions in the context of management (Iken, 2014).

Effective global management has four elementary parts (McFarlin, 2006). Firstly, managers need to be capable to realize the broader context of global business. Secondly, managers need to have the essential basics of effective communication in the global arena. Third, managers need to be able to distinguish and make use of strategic options which might arise. Finally, these managers can encourage and take the lead individuals from a large broad diversity of cultural backgrounds and competent to establish effective global teams. It can be concluded that these for mentioned four elements may form the strategy of commercial entities (McFarlin, 2006).

In the context of managing the global workers, a challenge facing many multinational enterprises is to foster consistency in output and behaviour in its global workforce while also fostering diversity. Here diversity means more than numerous compositions, also involving better individual performance through inclusion and better group performance through knowledge exchange (Beamish, 2003, p. 14).

Global leadership as a skill should be performed by global managers and this skill contains more than only bridging cultural and geographic range and difficulty as experiencing global business. Beside this, one needs to deal with social cultures outside the comfort zone, which can trigger a changing experience for managers, in the meaning of global knowledge and changed characters facing social relationships in a worldwide way of doing business. The linked worldwide and national markets by accommodating difficult business expansion, they also straighten the global network organization due to integrate the worldwide and national management processes, resources and persons with different variety of cultural backgrounds. They are also able to deal with decision-making, which is based on balancing, formulating and interact via a shared worldwide perspective. Global leaders often likewise have many years of experience of working in roles with global responsibilities which make them more effective than leaders who lack this experience (Dekker, 2016, p. 16).

A successful global manager can be regarded as a superhuman being. Although it may seem as an impossible task, but the opposite is the fact, due to the processes needed to enforce global skills due to the necessity of teamwork and the promising support to the managers via an effective design of organization and systems can be seen as an interesting challenge (Beamish, 2003, p. 208).

2.3.1 Advantages of cultural understanding for global managers

In some instance managers believe that it is much harder to describe their own culture and instead have to trust the input from others regarding their own culture. Persons who believe that this is not such a big deal probably had some experience overseas (Schneider, 2003). When confronted with different cultures, they can identify their own culture. Managers admit that it is hard to define their own culture, but at the same time they are astonished how simple it is to define the culture of someone else. Stereotypes are being accepted and excluded at once. In practice, managers start to identify, what they want and what they just accept in the commerce may not be communicated to others. Commonly, everyone conveys the significance of presenting appreciation, but this can be exposed in a number of varieties. Moreover, it is able to inquire managers to notice certain aspects of their cultures which can be seen as positively and which might be a contribution to be a benefit against rivalry when doing commercial activities, on the other hand which aspects of their culture may be seen as a burden. Managers will start to think that via the suggestions of their local culture to be more agile in the rivalry. Example given; managers of a British travel agent are being said to be traditional due to their British cultural background. They were asking how this stereotyping of being traditional could help them to gain success (example given, cooperating with possible partners), or was this a hick-up for their success. The managers start to brainstorm, to find out how the stereotyping of being traditional could become a certain asset to strengthen their position on the market. Being defined as traditional, the British travel agent could brand itself as being in the industry for a long period, they also prefer long-term connections with their clients and (sub) contractors, also they can mention that they are reliable. With the positioning in the industry they can claim in opposition against just established agents, who might leave you behind on the other side of the globe when the passenger stranded. A comparable encounter comes into challenge to an American consulting company which is established in London. Once, example given, strategies are utilized to become more international, the consulting company ought to help its British customers to identify what the weak spot and strong points are (culture is also included) (Schneider, 2003).

Simultaneous, this company needs to do self-analyse and speculate what its own added value (culturally) is to the British customer. What extra does the American company bring towards the British? In what perspective the Americans could be seen as undesirably by possible customers? So, what are the positive and negative points for the Americans and their clients? In this regard, it is important to know how we see our self (national identity) and how we are being seen (image), this has impact on the role of the country in the worldwide economy and in the political playing field (Schneider, 2003).

The goal is to warn managers for possible dangers, or missed chances, when the effect of culture has not been taken into consideration. In every contact crossing a variety of cultures, there are signals which warns for strong underlying interactions, which can become a hick-up or which can boost the given endeavours. Very frequently our first response and way of stereotyping others can give us with significant warnings to bridge the difference amongst the cultures. To make it possible to openly discuss the differences amongst the cultures, a deeper perception can be given, instead of just collecting weak points of the other. The effect is that we start to appreciate the culture of the other person, beside that we also start to understand our own culture. When one is conscious to these signals, the effect of culture can be foreseen, and this can become an unusual way to manage the company (Schneider, 2003).

2.3.2 Expert vs. Novice Global Managers

Experts differ from novices, but not only due to the fact that experts can execute better. When entering into a new situation the notice more and different types of cues, experts have a different way of thinking, containing a wider perspective of doing things than novices do. Also, the execution and implementation are from a higher and better level than novice managers. In the issue of global managers, the differences between these two levels of managers are more visible as it is being magnified (Bird, 2006, p. 58).

Dreyfus as cited in Lane (2006) points out that novices begin by following rules; then, as they gain practical experience, they begin to understand general patterns. Once they become more competent, they recognize complexity and a larger set of cues. They can discern which cues are the most important and are able to move beyond strict adherence to rules and to9 think in terms of trade-offs. On attaining the expert stage, they can read situations without rational though – they diagnose the situation unconsciously and respond intuitively because, over the years, they have developed the holistic recognition or mental maps that allow for effortless framing and reframing of strategies and quick adaptation. Intuition is thus a “cognitive conclusion based on a decision-maker’s previous experiences and emotion inputs” and therefore a form of “compressed expertise”. This “recognition-primed decision-making”: experts enter situations seeking cues that enable them to “recognize” the familiar from past experiences, thereby evoking expectations, goals, and responses (Bird, 2006, pp. 58-59) cited in (Lane, 2006, pp. 58-59).

At the most basic level, no matter what the task, the place or the people involved, what managers do can be broken down into a three phase process; 1) Perceive, analyse, diagnose – decode the situation; 2) Posses the behavioural repertoire and flexibility to act appropriately, then do so; and 3). Accurately identify what managerial action would be most effective in the situation. It is called the Effectiveness Cycle: What effective managers do because expert managers consistently perform at a high level in all three phases of the cycle. Conversely, novices may struggle with one or more of the phases, or encounter difficulty in performing the cycle consistently (Bird, 2006, p. 59).

Table The evolution of mastery (Bird, 2006, p. 59)

Stage	Level of mastery
Stage 1 Novice	Rules are learned as absolutes.

Stage 2 Advanced Beginner	Experience produces understanding that exceeds stated facts and rules.
Stage 3 Competence	Greater appreciation for task complexity. Recognition of larger set of cues and ability to focus on most important cues. Reliance on absolute rules begins to disappear; risk-taking and complex trade-offs occur.
Stage 4 Proficiency	Calculation and rational analysis seem to disappear, and unconscious, fluid, effortless performance begins to emerge.
Stage 5 Expert	Holistic recognition ad intuition rather than rules. Framing and reframing strategies as they read; changing cues that others do not perceive or read.

Global competencies. The Building Blocks of global competencies (Bird, 2006, p. 66):

Level 1: Traits
Foundation / Global knowledge
Integrity → Humility → Inquisitiveness → Hardiness
Threshold traits

Level 2: Attitudes and orientations (that influence how managers perceive and interpret the world)
Cognitive complexity → Cosmopolitanism
Attitudes and orientations
Global mindset

Level 3: Interpersonal skills (with a particular focus on relationships within and among individuals and/or groups)
Mindful communication → Creating and building trust
Interpersonal skills

Level 4: System skills (organizational and/or sociocultural)
Span boundaries → Build community through change
Make ethical decisions
System skills (the central focus at this level is the ability to manage people and the systems in which they work)

Source: Own illustration based on (Bird, 2006)

The Building Blocks of global competencies			
level 1	**level 2**	**level 3**	**level 4**

Traits	Attitudes and orientations	Interpersonal skills	System skills
Foundation/global knowledge	Cognitive complexity → Cosmopolitanism	Mindful communication → creating and building trust	Span boundaries → Build community through change
Integrity → Humility → Inquisitiveness → Hardiness	Attitudes and orientations		Make ethical decisions
Thresholds traits	Global mindset	Interpersonal skills	System skills

Source: Own illustration based on (Bird, 2006, p. 66)

However, it is recognised that the pyramid of global competencies is both dynamic and interrelated. The building blocks metaphor is appropriate for initial description but does not capture the dynamic way the global competencies interrelate in the process of managing. In reality, the competencies may be more accurately conceived of as being like a set of concentric circles (Bird, 2006, pp. 75-76).

An individuals' mental capacity, traits and abilities, which can be referred as their own framework of capabilities is an intrinsic value of the manager inside them, but it also extends outwards (due his actions to others). In other words, traits and behaviours are fostered and comprehended internally, but they come out in action outwards. People managing skills result from influences by involving others at the personal or group levels. The influence of the manager is being extended due to the system skills, which makes his authority to reach outside the organization and further, this system mirrors the authority people have from a certain distance. Making use of this system skills, can have a great impact on a very large number of people. This impact can only be reached by the manager when he is backed with an outstanding interpersonal skill, which is strengthened with good behaviour and a proper mix of traits (Bird, 2006, p. 76).

For a wider understanding it is important to have a closer look at a variety of topics which are described in the literature like; global strategy, global marketing, global operations management and global human resource management. In this regard an outline is provided with the essential skills an effective global executive need to poses (Beamish, 2003, p. 199):

1. Ability to develop and use global strategic skills;
2. Ability to manage change and transition;
3. Ability to manage cultural diversity;
4. Ability to design and function in flexible organization structures;
5. Ability to work with others and in teams;
6. Ability to communicate;
7. Ability to learn and transfer knowledge in an organization.

To improve oneself and to have a better understanding of what a growing world needs of global managers, all skills are needed, but to master all these skills it takes a lifetime to learn and it is very unlikely that one manager will able to master all skills (Beamish, 2003, p. 199).

2.3.3 A Guide to Managing Complexity (Hartog D. , 2006, p. 182)

Transformational leadership can be defined as leaders who have the concept, and encourage and stimulate followers to achieve more than what was expected; when the leaders motivate followers in an intellectual way, so they can observe difficulties in another perspective and use personalised thought and supervise to help single assistants to improve their maximum ability. Single thoughts indicate to treat each single person as treasured and exclusive, not as just an ordinary person of the team. This also contains building trust and conveying trust in the capacities of the followers, to let them join the (future) assessments, so they can give their input and convey the needs of the single individuals towards the mission of the organization. It is important for renewal and change to encourage the intellectual development of followers. A leader who inspires intellectually, delegates tasks to assistants containing new ideas which can inform by past performances and applicable to new tasks. This includes improving awareness of difficulties, finding assistants individual way of thinking and creativity and acknowledge their way of believing in dogma’s or values and norms. Intellectual inspiration is proven by the way assistants makes models, their way of understanding, and the method the analyse is being made when difficulties are come in to counter and the level of solutions they generate (Hartog D. , 2006, p. 182).

2.3.4 Executing the vision: Another core competency of a global leader

Not only expanding and expressing a thrilling perspective for future possibilities, other performances of leaders exists in targeting the desired results. Depending on their level of expertise, leaders also have important tasks in multiple activities, like making the translation of a certain future target or goal into concrete tactical orders and job necessities, supervising proceedings and results of groups or bigger units, to make decisions concerning the use of materials and finance, familiarising tactics and targets, to give encouragement and to develop each single supporter, preserving high-quality relations in the team and encourage critical way of thinking and novelties (Hartog D. , 2006, p. 182).

A leader stimulates his followers by proposing an appealing perspective and at the proceeding to execute these ideas (and comply to other significant targets, like the education of followers), commonly needs to make use of a variety of jobs and behaviour which is related to relationships (Hartog D. , 2006).

2.3.5 The importance of intercultural understanding for global management

Once people first consider about culture, it is commonly concerning the obvious attributes like behavior, traditions and customs. French people carrying baguettes, African people in colorful caftans and the formal bows in Japanese greetings – all these assessments shape our view of culture. But these assessments (stereotypes) form only the tip of the (cultural) iceberg. The notorious cultural iceberg, metaphor (commonly ascribed to Edward T. Hall from his book published 1976, even though he does not utilize the term) illustrates that the crucial cultural differences lie beneath the visible spectrum. Differences in beliefs, values and thought forms are far more pertinent for intercultural misinterpretations than different traditions that are more notably displayed and consequently create awareness more effortlessly (Adam, 2015).

Understanding cultural caused behavior is a necessity for fruitful business operations in any international context. A shortage of cross-cultural competence provides rise to a level of faults in information retrieval, decision making, negotiating and leading that might become catastrophic for the origination's long-term accomplishments. For instance, leaders can barely perform as role models if their suggestions of how to perform with integrity and how to pursue high-level standards of ethical behavior are in relation with the corresponding expectations of all of their team members. As these expectations differ from culture to culture, acceptance can only be guaranteed by a comprehensive investigation of potential misinterpretations. In dealing with customers and stakeholders, cultural misinterpretations can have even more extraordinary effects. A misinterpretation of customer needs might cause in the development of non-marketable products. Similarly, a violation of implicit negotiations regulations might damage a bid for a long-term agreement (Adam, 2015, p. 42).

The development of intercultural sensitivity is the greatest effective countermeasure for this sort of intercultural conflicts. Intercultural sensitive individuals are able to utilize proficiencies of empathy and adaptation to any cultural context with differing degrees of complexity. Regrettably, this capability does not take place naturally. It is somewhat that has to be learned and develops each time an individual is subjected to foreign cultures with an open mind. Milton Bennett expresses typical phases in this extraordinarily individual development process from first refusal to final interpretation in his Development Model of Intercultural Sensitivity (Adam, 2015, p. 43). People growing up in a monoculture situation agree that culture as the merely one existing. Exposure to other cultures leads initially to refusal of divergences. Once refusal is no longer feasible, individuals begin facing their particular culture as more complex and "better" than the other, recognized as the defense stage (Adam, 2015, p. 43). This stage is frequently come with the usage of stereotypes in order to verify preconceptions. Both initial stages of cultural development could take amplified shapes of forcefully removing foreign cultures and their representatives or – on the opposite – sentimentalizing them. After understanding prevailing similarities between their owned and the foreign culture (frequently in superficial features like customs or food), people have a tendency to reduce the major differences, trusting that they are commonly identified forms of human behavior that enable easy and effective communication (Adam, 2015, p. 43). With the following action, the ethnocentric stages are affected, and people enter the nonrelative stages of intercultural development. These beginning with a legitimate approval of variations in cultures and of the right to make use of various resolutions a particular culture shows which are repeatedly studied in order to collect more knowledge (Adam, 2015). Developing the viewpoint of the word indicates to the capability to understand other cultures and to perform properly in their cultural contexts. In this adaptation stage, people are able to change their form of reference and make use of empathy for the advantage of good communication. The final stage “integration” allocates an individual to step in and out of various worldviews at wish. For these people, a particular culture is no longer a constitutive element of their description of self (Adam, 2015, p. 43).

Certain people will never be capable to overcome internal anxieties and will continue their prejudices, remaining trapped in the defense stage (Adam, 2015). Nevertheless, for a flourishing career in the globalized economy, it is necessary to accomplish at least the initial ethno-relative stage of approval. The finest approach to achieve the upper ethno-relative stage in the personal development are intensive meets with people from foreign cultures in acceptable and constructive situations. This could be guaranteed by a high-level degree of open-mindedness as well as delicate preparation. Knowledge about foreign cultures can be acquired through many resources like travel and culture guides, internet study and reviews of people from the corresponding nation or of travelers with experience in the territory needed. It is critical to note that these resources have to be utilized with a critical viewpoint on their cultural background and possible prejudices. Occasionally, a book authored from a country concerning a various country culture can be extremely misleading. Consequently, the most critical resource of comparative intercultural information is presented by scientific research (Adam, 2015, pp. 43-44).

The significance of top executive boards or top management teams in global dynamic networks shows when leadership is related to organizational culture (Mouta, 2017, p. 142). Anderson et. al, (1994) argue that, top management leadership is critical to establish and communicate a vision for continual improvement in order to boost the feasibility of the organization. Finkelstein and Hambrick (1990) cited in Mouta (2017) argue that it is important to understand the background, the experiences, and values of top managers in order to explain the choices they make. The values, behaviors and experiences of the top management team, following Schein's (1992) cited in Mouta (2017) concept of culture will shape the culture of the organization, as organizational strategy, actions and decisions will reflect the visible layer of the organizational culture (Mouta, 2017, p. 149).

Culture represents a combined social structure throughout which the Top Management Teams (TMTs) have a related influence on. In reality, Schneider (1987) cited in Mouta (2017) claims that the styles of people establish the organizational behavior, in other words, *people define the way the places look, feel, and conduct themselves*. Consequently, leaders distinguish the culture of the organization (Mouta, 2017, p. 149).

Whilst trust within global relationships results mainly from context and/relationship, according to Kiessling and Harvey (2004) cited in (Mouta, 2017), if managers adopt an appropriate behavior or have knowledge on how to effectively interact and communicate (context), and/or are aware of the consequences of their interpersonal interactions (relationship), then a favorable atmosphere is created within which trust can be developed in an organization. In fact, these authors defend the idea that the top management team is crucial in the development of trust among organizations in particular, because personal interactions are highly important for building strong bonds of trust (Mouta, 2017, pp. 149-150)

Trust grows with repeated use over time so it is usually studied and observed in long-term relationships; therefore, it is most likely to create commitment which molds people's attitudes and maintains their behavior even when possible tangible rewards or a positive feedback is absent, so there is a commitment when one is bounded and a subtle form of co-opting the individual to the point of view of the organization" (1977, p. 80) in (Mouta, 2017, p. 150) Morgan and Hut (1994) argue that when both commitment and trust are present, they produce outcomes that promote efficiency, productivity, and effectiveness. In short, commitment and trust lead directly to cooperative behaviors, the kind of behaviors firms should possess when they are members of a network (Mouta, 2017, p. 150).

A firm is nothing more than a complex network of internal and external relationships among people, functions, and departments that constitute the starting point to develop and implement strategies (Ritter 2004). Moreover, Davies *et.al.* (1995) argue that, managing a network is understanding of the totality of these relationships. Therefore, top management team (TMT) characteristics may have an impact on the network business relationships (Mouta, 2017, p. 150).

Managers who can combine these two sources of critical contingencies: environment and strategy, are likely to have greater influence within their management teams (Hambrick, 1981 cited in (Mouta, 2017)). The dynamic process of adjusting to the environmental change and uncertainty involves a wide range of decisions and behaviors (Miles and Snow, 1978) cited in (Mouta, 2017). Usually, managers make their strategic decisions based on their views of the environment and of the resources of their organizations. This implies that, if managers perceive the network approach as being a competitive advantage then they will make all the necessary efforts to configure the organizational structure and resources to meet the new environmental challenges (Miles and Snow, 1986) in (Mouta, 2017, p. 150).

If, according to Schneider (1987) cited in (Mouta, 2017), top managers shape the culture of an organization through their beliefs, actions, values, and behaviors, and if they understand the network approach as a possible competitive advantage, once the organization gain access to other members' resources (tangible and intangible), then when taking decisions and configuring the organizational structure, top managers will also consider the resources available in the network into their actions and behaviors (Miles and Snow, 1986) cited in (Mouta, 2017, pp. 150-151). These actions and behaviors help influence the organizational culture.

Global managers are required to master the skills such as communication. In the past two decades, the ability to communicate effectively became an important aspect of social interaction among people from different cultures. In today's world, international business practices, projects, immigration and intercountry adoptions which interacts with various cultures have been increasing. In this context, still, there are some concerns in cross-cultural management including negotiation style, management style and conflict resolution etc. Consequently, many authors believe that cross-cultural difficulties can be solved or avoided through awareness of the components of intercultural communication. Thus, in these studies, the term intercultural communication is defined as: “the dialogue between two or more interlocutors from different cultures or co-cultures exchanging verbal and nonverbal messages" (Neuliep 2006; Wiggins 2012, p. 552 cited in Rosa, 2018 (Rosa, 2018, p. 51). In our days, intercultural communication skills are not just as an asset, but they are necessities. Looking back to 19-20th centuries, business practices and projects, we can discover how much more intercultural projects have become. In addition, at present, the use of new technology has vastly increased cross-cultural project management, which allows moving fast and easily across long distance both physically and virtually. Thus, researchers have highlighted noticeable changes in the use technology for distance communication like e-mails, telephones, internet, teleconferencing etc. The surveys showed that in the past fifty years the US's projects have become much more multicultural, therefore, project managers have been facing more cultural difficulties which they relate to higher levels of migration (Rosa, 2018, p. 51).

In order to effectively work with global teams which have a diversity challenges or difficulties, global managers are obligate to conduct themselves effectively in their business practices, for example, how to communicate effectively in person and virtually, as well as know how to cope with another challenging issues such as how to transfer global controlling easily. Consequently, it is possible to minimize the risk of errors and overcome some challenging issues in relation with diversity globally within the organization's business and management practices. The diversity of people and cultures impacts communication. Team members from different cultural backgrounds may have different rules and expectations in communication. People interacting with those coming from unfamiliar cultures may have difficulties in communication. All international communication is influenced by cultural differences (Dekker, 2016).

Furthermore, Mitchell and Benyon (2018) cited by (Heller, 2019) adduce that to cultivate a global competence can be achieved throughout intercultural communication. They asserted that intercultural communication is a skill that is becoming gradually more valuable in an ever-increasing globalized world. Intercultural communication is a proficiency setting that is frequently viewed in an individual who is cross-culturally competent. (Heller, 2019) indicated that a cross-culturally competent individual does not carry a bias in relation to his or her cultural group and a bias opposed to other cultural groups. Instead, a cross-culturally competent individual is open-minded and demonstrates constructive attitudes on various cultures. A cross-culturally skilled individual is also capable to adjust to unaccustomed cultural contexts. An individual with robust intercultural communication abilities is also expected to be a culturally knowledgeable individual. A culturally knowledgeable individual as somebody who is "skilled and flexible about understanding a culture, learning more about it from interactions with it, and gradually reshaping their thinking to be more sympathetic to the culture" (Heller, 2019).

As illustrated in former chapter of Global Management requirements, global managers need to communicate effectively with cultural sensitivity (Dekker, 2016). Communication skills as global competences is required as part of a strategies for effective global communication. These include; allowing everyone to listen and show empathy (which demonstrates openness to everyone's differences), in order to understand all points of view and still being able to voice opinions and absorb ideas whilst respectfully showing curiosity and eager to learn about other's cultures and traditions, as well as being sensitive to other language. Communication in general involves receiving and expressing meanings in a variety of contexts and with different audiences and purpose. In the process a variety of media is used, and it is important to select the appropriate digital tools according to purpose and audience. Understanding the local and global perspectives as well as societal and cultural contexts is also crucial (Dekker, 2016).

Effective communication can be achieved through several processes such as asking effective questions to acquire knowledge, using a variety of media, selecting appropriate digital tools listens and shows empathy to understand and all points of view, voices opinions and advocates for ideas, gains knowledge about a variety of circumstances. Skills such as effective communication, problem solving and negotiating are also required in conflict management or in avoiding and handling conflicts in a sensible, fair and efficient manner and can be used as well as a part of strategies to move parties toward a resolution that avoids further escalation and relationship destruction. Within organizations, the harmony enhancement respectively the value perspective is considered to be able to drive up the overall performance (Dekker, 2016).

Improving effective communication skills in this master thesis is both intercultural and cross-cultural communication and are used interchangeably. It is not necessarily that they have are identical in meaning however but as they commonly applied interchangeably some definitions are presented below for clarity (Tuleja, 2017).

Intercultural communication is the communication exchange amongst people or individuals or groups who are different culturally, either linguistic or cultural origins it observes how the definite cultural differences impact the interactions of the people involved. For instance, if you are from Indonesia and your coworker is from Japan, the interaction would be intercultural because the communication strategies each individual uses are different formed upon their cultural background. The emphasis is on the individual as the unit of assessment (Tuleja, 2017).

Cross-cultural communication is not about the interaction of people from various cultures communicating, but the assessment of their differentiation's crossways culture. Subsequently, if we examine our communicators from Indonesia and Japan, and compare their communication methods, we would be talking about a cross-cultural comparison. The study of cross-cultural communication comes from anthropology and is generally comparative in nature (Tuleja, 2017).

The terms ‘‘intercultural’’ and ‘‘cross-cultural’’ are commonly viewed as interchangeably. One anthropologist, William Gudykunst (2002) referred by Tuleja (2017), has completed this distinction: intercultural-involves communication among people or individuals or groups from different cultures (investigating the specific cultural characteristics of the people engaging in interaction). Cross-cultural encompasses comparisons of communication across cultures (investigating the behavior of multiple cultures). The difference is between interactions and comparisons (Gudykunst & Mody, 2002, p. 34 cited in (Tuleja, 2017).

2.4 The importance of A Global Mindset

2.4.1 Understanding of Global Mindset

To think globally really requires a change of our mind-set in which to think in a global term it is necessary to develop concept and models from a one-to-one relationship to a variation of associations and truths in one’s viewpoint, this needs to overcome at the same time while acting agile in this reality which is filled of complexity (Beamish, 2003, p. 198). A global mindset means to have ability to develop and define concepts for personal and professional achievements without being fixated on the norms and practices of one single country, culture or context ,and then being able to communicate these ideas and methods in a clear and concise way to diverse countries, cultures and contexts (Lane, 2006, p. 4).

Dekker (2016) defines global mindset as follows. Global mindset is *"a multidimensional set of cognitive attitudes of an individual towards globalization processes that is positively related to balancing (1) global and local developments in the business environment; (2) organizational processes; (3) cultural differences; and (4) time zones"*.

This quality is essential and indispensable for effective global leaders. A global mindset also indicates a certain method of thinking, attitude, view to the world, general point of view, curiosity or behaviour. It can be argued that a global mindset can be seen as a toolkit of attitudes of managers to tackle globalization processes, which are related positively to balance between global and local developments in the environment of business, organizational processes, differences in culture and time zones (Dekker, 2016, p. 39).

One element of global mindset is culture. Cultural aspects of globalization have been identified as a unique dimension in the perspective of the wider global mindset concept which also involves the capability to combine the knowledge of a variety of cultures, intercultural interaction and the ability to motivate and persuade followers to create a toolbox full of attitudes related to cross-cultural behaviour. It also consists of the ability to oversee cross-cultural leadership behaviour, so that manager stays effective in the context of the global business. A cross-cultural way of thinking indicates the ability to work in a wider cultural environment and possess the ability to understand the intricacies of interaction among cultures, as well as to gain knowledge to empower followers from another cultural contexts. A manager will increase their own proficiency through this process and be able to project a positive vibe to people from other cultures as becoming part of a worldwide whole, when his knowledge comes from certain knowledge structures (or thinking in the ways of attitude theory) (Dekker, 2016, p. 5).

Some writers' comment that, even if a global leader acquires of all necessary skills, but lack the global mindset, then the global leader is not effective. For global leadership way of acting, global mindset is a precondition, due to some factors like (Dekker, 2016, pp. 39-41):

1) A global way of thinking provides the global leader with a wider perspective concerning chances in doing business and events in the social context. While global leaders are active in the area of global business, they need to have the capability to have a helicopter view of what is going on at the globe, which might be applicable to their firm. A certain thought or novelty which have been invented in a part of the world, will be in the long- or short-term effect the commercial activities on other regions of the globe;

2) A global mindset settles the perspective to define global strategies, which have their basis on the worldwide and national expansion and arrangement of local administrative units. To define a strategy for the firm that includes worldwide course and contains assets from the worldwide head office and its branches it is needed that managers have the capability of a global mindset. Tactics can only work well when there is a pure vision concerning the function of persons and their position at the head office related to foreign capitals. Last but not least, global leaders communicate worldwide and national parts of the globally organization to adapt effective worldwide tactics;

3) A global mindset provides to the configuring of the global organization in a symbiotic network of worldwide and national corporate units, as a result of symbioses of the business marketed and the difficulty of the worldwide and national trade environment, global leaders need to have the competence concerning in-depth knowledge of assets the firm can provide. They also need to have an in-depth understanding of the most relevant structure, formation and relevant process of the firm. Without the knowledge of the global firm, managers are not capable to organise people and resources to support business opportunities. They are required to have a wide and dynamic network of people who have the final say in the firm and the network also should exists out of special gifted persons who are agile and react effectively to possibilities or occasions everywhere on the globe. This is the difficulty to bridge physical and administrative distance;

4) As a guidance for appropriate cross-cultural conduct, a global mindset encourages the global leader to acclimatise with norms of different cultures and to settle disputes concerning culture. Connecting and getting involved with other cultures becomes more significance when firms are doing business all around the world. As a result of hire more employees from all over the world the culture of a firm has become more and more diverse. On open mindset is thus essential for a good cooperation and collaboration with individuals from all kind of varieties of cultures. Global leaders need to be capable to combine their cultural knowledge and perspectives, so that this reflects in the interaction amongst culturally different individuals within the firm. Further, the global leader should be experienced in understanding the values of the culture of their followers, so the expectation of them are being fulfilled, so the global leader is being their leader. Managers need to be capable to expand their skills in the field of exchanges with other cultures, so they can build good and satisfactory relationships. Having a global mindset results in the increased awareness of managers when working in an environment which exists of a variety of cultures, this strengthens their cognitive proceedings in giving significance to events and will guide them in decent communication replies. This is a mixing of a variety of global perspectives and a settlement of different views in intercultural communication;

5) The global mindset broadens the consciousness of the leader that he or she is being active in many time zones of the globe at once as current commercial activities are conducted in a global 24 hours, seven days a week economy. Particularly, when the manager is working the other side of the globe, his employees on the other part of the globe are still working, so the business never sleeps. When organising meetings or conference calls and motivating their work force, leaders need to be conscious to the fact, and value the fact that people are labouring in a variety of time zones.

2.4.2 Global Clustering and global mindset for Strategy and International Business

In terms of international business and the need of global clustering study provided by Ronen and Shenkar (2017) where the culture is a major construct, in strategy it is more variable, typically a control. Previous research in the field of strategy (e.g., Schneider, 1988; Schneider & Demeter, 1991 cited in (Ronen, 2017) looked at the effects of a how the home-culture impacted strategy and decision making. Subsequently, the research focused changed to differences in culture, which was ignited by the publication of Kogut and Singh (1988) about the measuring "cultural distance", which was a misleading, easy blueprint, which provided a concrete and reliable instrument to avoid the difficulties and complexity of the cultural aspect, which resulted in a measurable tools which could be used in a combination with other real data, but one that distorted the meaning of the concept of culture and undermined the validity and reliability of cultural differences (Ronen, 2017, p. 18).

In the field of international business, one of the basic causes which led to a variety of problems is the cultural aspect. While international business scholars or academics are generally more careful in the treatment of culture, they share an already mentioned tendency to look at cultural differences as fundamentally detrimental. Although there is a grow of sensibility that diversity can be seen as an additional and beneficial asset (Ronen, 2017, p. 19).

Most subjects in the field of international business and scholars in this field, argue that the approach of strategy taken Multinational Enterprises (MNE), needs to have a harmony amongst globalization and localization, so the benefits of scale and standardization embedded in a global approach are counterbalanced by the need to adapt to local variations. At the same time there is a discussion that MNE's also use a global mindset which is displayed in the manners which firms manage their businesses at the global and local levels in its orientation. This so-called Global mindset can be described as a mindset that is a combination of the openness to and the awareness of diversity amongst all kind of cultures and places with the inclination to synthesize across this diversity (Ronen, 2017, p. 19).The "transnational enterprise" as a firm that knows which value chain activities to centralize and standardize and in which to permit local variation and adaptation. However, seeking a balance between globalization and localization without knowing the similarities and dissimilarities or differences across geographies is akin to navigating the oceans without a map. Cultural similarity is an essential layer of this map, facilitating the demarcation of balance points in the global and local topography in which management is formulated and practiced (Ronen, 2017, p. 19).

The importance of global clustering study in which provides a map, comes with the phenomenon of the transnational enterprise as a value chain activity which is centralized and have the same standard of principle, but which is allowed to have local differences and adaptation. In this regard, trying to find a balance between globalization and localization, while not having any comparative knowledge of how the other side operates both similarities and differences is like finding the way at the seas without any navigation tools, the map. Cultural similarity is an important aspect of the navigation tool (the map provided by the study of global clusters), providing the boundary of the balancing amongst the worldwide and local geography where management have been defined and come into reality (Ronen, 2017, p. 19). As an outcome of the globalization, individuals have become more aware of what is happening in the world. This is also called “global consciousness”, which is arguably the initial description for “world mindedness” and “global mindset” (Dekker, 2016, p. 37).

A fundamental difference between local and global managers is the drive of global managers to handle substantially bigger and intricate issues and to have a welcoming attitude to the global. This global mindset is based and maintained on four pillars that is essential to becoming a competent manager, which have been described at the Global Competency Model: integrity, humility, inquisitiveness and hardiness (Lane, 2006).

To be an engaged an active global leader, managers need to become familiar with and recognized in the multiple worldview of individuals with different cultures. The global manager needs to have the flexibility to change his way of thinking from a more ethnocentric way to a mindset which is open to other principles and standards than their own. Moreover, as an acknowledgement of a variety of culture and to integrate dissimilar views on culture, managers need to show their useful cross-cultural leadership abilities and to have the competence to empower and stimulate followers from a variety of cultural background. To be successful as a manager with responsibilities on global level, it is key to have an intercultural global mindset (Dekker, 2016, p. 6).

The effect of globalization cannot be taken as lightly, it influences national cultures, to varying degrees around the globe. A factor that differentiates people from other people is the shared and learned culture. Culture is often communicated via intangible layers and is being expressed through language, via symbols, literature, art, sciences, food, clothing, attitudes and so on. Culture also is illustrated in firms, like office designs, for special groups of people, communications, decision-making process, working together and so on. A major difference in cultures, is the group versus the individual. People from individualistic cultures aims to help the whole team the utmost to be successful with their best individual characteristics. On the other hand, people who belong to a culture based on collectivism, have a need for connection and conformity. Managers are expected to consult people who are affected by a business decision, and consensus is made prior to the final decision. Cultures around the world also have different viewpoints on the importance of relationships within business (Dekker, 2016, p. 37).

It is essential that managers have a certain number of aptitudes which are connected to cognitive ability, personality, abilities and ways of thinking. An essential skill for leadership is cultural sensitivity that results in the sensibility to a variety in culture in global business, knowledge of cultures, the ability to listen and conduct mindful communication. Managers who have far reaching worldwide responsibilities are often referred to as global leaders. Global leadership points to the way to influence the way of thinking, behaviour and attitudes of people with other dissimilar cultural background from all over the globe. There is a growing acceptance that having the global mindset is an essential element of effective leadership. Other than managers with an ethnocentric or regional way of thinking, managers with a worldwide way of thinking see the commercial environment from a much wider view than their own nations perspective. These managers can define more than a single world perspective when they are involved in multi-cultural interaction and create relationships with persons from another culture. There is an increasing awareness in the global leadership's types, to reach an effective leadership, global mindset is being said to be a key ability for leadership. Unlike managers with ethnocentric or local mindsets, managers with global mindsets perceive the business environment from a broader perspective than only their home country. They are able to draw on more than one cultural worldview when engaging in cross-cultural interaction and building relationships with people with other cultural backgrounds (Dekker, 2016, pp. 37-38).

Gradually, in global leadership models, global mindset is included as an essential leadership quality as a part of leadership effectiveness. Effectiveness here means to be tactful, or mindful in sending messages to people with other cultural backgrounds (Dekker, 2016).

Dekker (Dekker, 2016), identified 4 different types that determine of leadership effectiveness: 1) factors determined the expectations of the superiors of the manager, 2) the followers of the managers, 3) his peers, and 4) other factors related to themselves. The manager’s peers are the most valuable stakeholders in assessing the effectiveness of the leadership of the manager, however the expectations of the leader’s followers, seems to be the most precise way to measure the effectiveness of his or hers leadership (Dekker, 2016, p. 38).

The global mindset is part of the global leadership as it is seen as a fundamental tool for managers who work in the worldwide business environment. Managers with global mindset are regarded as more sensible to multiculturalism, they value diverse global perspectives of people and as a result of their diverse culture and they seek harmony in the dissimilarities in cross-cultural contact. In cases where managers lack this mindset, they tend to be less effective in navigating intercultural communications and contacts, as they do not adapt to the customs and values of those with different views and global perspectives (Dekker, 2016). Managers with narrow, and local mindsets, who’s worldly perspective is determined and reinforced by their own closed or limited world view are at higher risk of culture shock or coming involved in argues and conflict than managers on the other side with a more worldly way of thinking (Dekker, 2016, p. 32).

Most leadership theories do not have a culture component of culture, as these theories are mostly based on the American culture, which is not always transferable or fitting to other situation in other cultures. Therefore, models of leadership need to be compatible with the culture they are active in, otherwise there is a chance of partiality and incorrectly interpreting the results of the research. The term transformational leadership which is still in use in multiple countries. These kinds of leaders, regardless of culture, have a clear vision and can inspire followers to achieve their collective visions, whilst at the same time having the competence to motivate and followers maintain the focus of the vision. It refers to formulating and communicating an appealing vision, overcoming the resistance to change, and aligning people with many different cultural backgrounds across a company operating worldwide. Transformational leadership can be defined as a benchmark of global leadership as the term also incorporates components which are supported by culture (Dekker, 2016, p. 31).

In the field of marketing and strategy, cultural differences were linked to decision making like entry mode, but at the same time the observations on culture have not been consistent this can be linked to the before mentioned issues concerning the measuring of cultural distance of differences. At the same time, there is some work related to strategy, which is not specific to the country's unit, which is similar as the lumping together of EU companies into a single unit or group.

In the field of strategy and marketing, cultural differences have been linked with key decisions such as entry mode, and while findings have been inconsistent, this may be attributed to the aforementioned conceptualization and measurement issues. Also, some work in strategy is insensitive to the national unit, as in the lumping of European firms into a single group (Ronen, 2017, p. 18).

Even when national affiliation is properly denoted; strategy studies rarely use cultural clusters to predict strategic behaviour. For instance, firms embedded in cultures that are tolerant of uncertainty and ambiguity are likely to be late entrants into a market. Likewise, firms hailing from cultures that legitimize hierarchy tend to maintain tight control over local subsidiaries. Similar findings are reported for other cultural dimensions; individualism and time orientation (Ronen, 2017, p. 19).

2.4.3 Relationship of global mindset as a part of cultural competencies and strategy in global management

For a few scholars, the root cause of multiple problems in international business has been linked to cultural identity (Ronen, 2017). While international business scholars are generally more careful in the treatment of culture, they share tendency to look at cultural differences as fundamentally detrimental. This is argued despite evidence that cultural diversity can contribute to the implementation and success of cross border alliances and mergers and acquisitions (M&As) (Ronen, 2017).

Most international business and strategy scholars believe MNEs must balance globalization and localization, so the benefits of scale and standardization embedded in a global approach are be counterbalanced by the need to adapt to local variations. It has been argued that MNEs adopt a global mindset, reflected in management that is "both local and global in its orientation" (Evans et al., 2002, p. 85 cited in (Ronen, 2017, p. 19). As described earlier, global mindset was defined as an individual that "combines an openness to and awareness of diversity across cultures and markets with propensity and ability to synthesize across this diversity". Bartlett and Ghoshal (1992) views the "transnational enterprise" as a firm that knows which value chain activities to centralize and standardize and in which to permit local variation and adaptation. However, seeking a balance between globalization and localization without knowing the similarities and dissimilarities across geographies is akin to navigating the ocean without a map. Cultural similarity is an essential layer of this map, facilitating the demarcation of balance points in the global and local topography in which management is formulated and practiced (Ronen, 2017, p. 19).

3 Business and management practices in a global context

This chapter introduces business and management practices in complexity including the challenges related, concerning the defined concepts of leadership, decision-making and negotiation in a diverse and complex environment, the measurement of culture "per se", the dimensions utilized used and the applied methodology by cross-cultural scientists, its relevance to management studies as well as the profound criticisms that are subjected by other scientists to the cross-cultural theories introduced here.

3.1 Business and management practices in a complex environment

To successfully compete globally today, businesspeople and employees need to understand the rules of effective business and management practices and behaviors around the world.

Managerial work is inherently frantic, varied, fragmented, reactive, and disorderly (Tengblad, 2012, p. 323) The complexity and diversity of managerial behavior and acknowledge that leaders are often prompted into action by various different factors (various termed problems, fires, disturbances, crises, or events). If reactive behaviors are the rule rather than the exception, it follows that theory building and research need to give more attention to the important effects of the stimulus environment around the manager. It is noted how elements of the task, and social, physical, and cultural context shape the managerial work role. Context can have far-reaching effects on managerial behavior and is likely to make some managerial behaviors more or less effective. In essence, certain managerial behaviors are likely to better ‘fit’ certain contexts. This could manifest itself in a variety of ways. For example, it might reflect matching leader’s behavior to broader work climates. As Tengblad (2012) argued, the impact of leader-member exchange (LMX) on subordinate role definitions was greater in a positive safety climate. Or it might reflect tailoring leader behavior to very specific events in the work environment. The novelty and disruptiveness of events in a team’s context have significant implications for the effectiveness of different leaders’ behaviors. Taken together, the contextual contingencies on leader behavior can provide insight into the effectiveness of leader relationships and actions (Tengblad, 2012, p. 324).

In a globalized world, it is crucial to advance the management of business practices, across boundaries. The aim of global management or cross-cultural is to ‘define organizational behavior inside countries and cultures; compare organizational behavior across cultures and countries and possibly most importantly seeks to understand and develop the interactions of co-workers, clients, suppliers and alliance partners from diverse countries or cultures’ (Iken, 2014). The organizational behavior itself in a cross-cultural or global context is the learning of cross-cultural similarities and differences in processes and behavior at work and the dynamics of cross-cultural interfaces in multicultural domestic and international contexts. It integrates in the ways culture is associated to micro organizational phenomena, meso and macro organizational phenomena, and the interrelationships between these levels (Iken, 2014).

Cross-cultural or global context creates uncertainty. However, in order to conduct business effectively, global managers need to deal with uncertainty behaviors in business practices anywhere in the world. Uncertainty affects everyday lives, and a wide range of situations. How do individuals and indeed organizations respond to uncertainty and how does it impact their management system and actions? To manage uncertainty in every-day life, bringing a new perspective to above mentioned issues and extrapolating this to offer implications for an organizational, company and managerial context. In global managerial context will be significantly more complex, uncertain and wider range of situations. Advancing understanding their own behavior and own approach will help global managers in reducing (mis) perceptions and biases in managerial life (Kreye, 2016).

Therefore, general understanding of management and business practices in complexity is essential to be captured. Management styles in a complex environment with regard to leadership, decision-making and negotiation will be presented in the following sections.

3.1.1 Leadership Definition

Although leadership has been a topic of study for social scientists for much of the 20th century, there is no universally agreed-upon definition of leadership. A vast number of definitions have been advanced by scholars. Nobody has a good all-purpose definition of leadership (Bjerke B. , 1999, p. 58). Even if, for most of us, the word conjures up an image of one leader with followers, understanding leadership can be confusing cities one study with 130 definitions of the term. Another book (Bass, 1981) notes over 5000 research studies and monographs on the subject, concluding that there is no common set of factors, traits or processes that identifies the qualities of effective leadership (Bjerke B. , 1999, p. 58).

The term *leadership* is a word taken from the common vocabulary and incorporated into the technical vocabulary of a specific discipline without being precisely redefined (Yuki, 2013, p. 18). As a consequence, it carries extraneous connotations that create ambiguity of meaning (Janda, 1960). Additional confusion is caused by the use of other imprecise terms such as *power, authority, management, administration, control*, and *supervision* to describe similar phenomena (Yuki, 2013, p. 18). An observation by Bennis (1959, p. 259) is as true as when he made it long time ago: *"Always, it seems, the concept of leadership eludes us or turns up in another form to taunt us again with its slipperiness and complexity. So, we have invented an endless proliferation of terms to deal with it... and still the concept is not sufficiently defined."*
Researchers usually define leadership according to their individual perspectives and the aspects of the phenomenon of most interest to them (Yuki, 2013, p. 18). After a comprehensive review of the leadership literature, Stogdill (1974, p. 259) confirmed that "there are almost as many definitions of leadership as there are persons who have attempted to define the concept." The stream of new definitions has continued unbated since Stodgil made his observation (Yuki, 2013, p. 18). Leadership has been defined in terms of traits, behaviors, influence, interaction patterns, role relationships, and occupation of an administrative position (Yuki, 2013, p. 18).

Definitions of Leadership. Source: (Yuki, 2013, p. 19)

- *Leadership is "the behavior of an individual... directing the activities of a group toward a shared goal" (Hemphill & Coons, 1957, p. 7).*
- *Leadership is "the influential increment over and above mechanical compliance with the routine directives of the organization" (Katz & Kahn, 1978, p. 528).*
- *Leadership is "the process of influencing the activities of an organized group toward goal achievement" (Rauch & Behling, 1984, p. 46).*
- *"Leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished" (Richards 7 Engle, 1986, p. 206).*
- *"Leadership is a process of giving purpose (meaningful direction) to collective effort and causing willing effort to be expended to achieve purpose" (Jacobs & Jaques, 1990, p. 281).*
- *Leadership "is the ability to step outside the culture to start evolutionarychange processes that are more adaptive" (Schein, 1992, p. 2).*
- *"Leadership is the process of making sense of what people are doing together so that people will understand and be committed" (Drath & Palus, 1994, p. 4).*
- *Leadership is "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization " (House et al., 1999, p. 184).*

Most definitions of leadership reflect the assumption that it involves a process whereby intentional influence is exerted over other people to guide, structure, and facilitate activities and relationships in a group or organization (Yuki, 2013, p. 18). The numerous definitions of leadership appear to have little else in common. They differ in many respects, including who exerted, and the outcome of the influence attempt. The differences are not just a case of scholarly nit-picking; they reflect deep disagreement about identification of leaders and leadership processes. Researchers who differ in their notion of leadership select different phenomena to investigate and interpret the results in their conception of leadership select different phenomena to investigate and interpret the results in different ways. Researchers who have a very narrow definition of leadership are less likely to discover things that are unrelated to or inconsistent with their initial assumptions about effective leadership (Yuki, 2013, p. 18).

Because leadership has so many different meanings to people, some theorists question whether it is even useful as a scientific construct (e.g., Alvesson & Sveningsson, 2003; Miner, 1975; (Yuki, 2013, p. 19). Nevertheless, most behavioral scientists and practitioners seem to believe leadership is a real phenomenon that is important for the effectiveness of organizations. Interest in the subject continues to increase, and the deluge of articles and books about leadership shows no sign of abating (Yuki, 2013, p. 18).

The core concept of almost all such definition concerns influence-leaders influence others to support accomplish group or organizational objectives. The variety definitions are appropriate, as the degree of specificity of the definition of leadership should be driven by the intentions of the research. Smith and Bond (1993, p. 58) and revisited by House et al. (2004, p. 5) revealed: *"If we wish to make statements about universal or etic aspects of social behaviour, they need to be phrased in highly abstract ways. Conversely, if we wish to highlight the meaning of these generalizations in specific or emic ways, then we need to refer to more precisely specified events or behaviors"* (House e. a., 2004, p. 5)

3.2 Leadership in a Global Context

3.2.1 Vision in complexity

Leading in a global context requires vision in complexity. The growing importance of world business creates a strong demand for leaders who are sophisticated in international management and skilled at working with people from other countries. A high level of complexity is inherent in this global business arena. Leaders in the global context need to be able to effectively deal with such complexity. Many different stakeholders from vastly different backgrounds play a role in the global arena. Ambiguity is common because words, intentions, and behaviors may be interpreted differently by different groups; and because conflicting interests may exist. Dealing with such high levels of complexity requires that leaders have an overarching and appealing vision that allows for the integration of different perspectives. Global leaders need the skills that allow them to develop such a vision and derive concrete strategic objectives and plans from it. Leaders are also faced with the difficult challenge of convincingly presenting their vision to multicultural and highly diverse workforce and implementing it in an uncertain environment. This requires the ability to decide, communicate, and interact in a culturally sensitive and appropriate manner (Hartog D. , 2006, p. 175).

Although visionary leadership is necessary it is not often studied (Hartog D. , 2006, p. 176). Traditionally, leadership performance studies focused on how leaders can facilitate group maintenance and what they must do to ensure task accomplishment. Both task- and relationship-oriented behaviors are highly important for effective group leadership. However, another important leadership function is providing a vision or overarching goal. However, for leaders, this sense of direction, of knowing where one is going, is crucial to integrate and align followers' efforts. Through formulating a vision, a leader interprets reality for listeners and gives meaning to events. Thus, for followers, the ideas expressed in the vision can act as a compass, guiding them in the daily decisions they make. The sense of purpose that an attractive vision of the future inspires acts as a powerful motivating force for those who share the vision (Hartog D. , 2006, p. 176). Visionary leadership is highly important for leaders in an increasingly global context. The increasingly global business world "demands an unwavering commitment to change and a clear sense of direction. Visionary leadership is the mechanism for such change, providing the ideals to shape strategy and the energy to make it happen" (Hartog D. , 2006, p. 176).

Vision is seen as highly relevant in today's global strategic context. The dynamics of visionary leadership are therefore of interest here. How does vision relate to strategy in a global context? What constitutes an effective vision? Beyond forecasting a better future, a visionary leader also needs to articulate, communicate, and implement ideas. In order to achieve goals following from the vision, different leader behaviors are needed, depending on the context. Thus, besides visionary and strategic leadership at the top of the organization, we will also briefly look at team leadership at lower hierarchical levels. Here, leadership generally has a more operational and relational focus, thereby ensuring task performance and social integration. First, we look at to global strategy and vision (Hartog D. , 2006, p. 176).

Vision and global strategies are interconnected. For most businesses the question is no longer whether to do business abroad, but to determine the desired degree of international involvement. Many hold that corporations nowadays must develop “global strategies” to succeed. But what is a global strategy? Hartog (2006) p. 177 describes three separate processes for developing what he calls a “total global strategy”. The first step is developing the *core strategy*, in other words, the basis of a sustainable strategic advantage. The core strategy includes elements such as types of products, services, investments, and customers. The second step is *internationalizing* the core strategy through international expansion of activities and adaptation of the core strategy. *Globalizing* the international strategy occurs through integrating the strategy across countries. Organization can be in different stages of this strategy process and the fit between strategy and organizational structure has received much attention (Hartog D. , 2006, p. 177). What type of international involvement exist? Many factors complicate the relations between strategy, structure, and the degree of international involvement of organizations. An example is that large internationally operating firms can pursue different types of worldwide strategies for each of their business or products. Also, many researchers question whether strategy development is indeed such a rational and sequential process. Strategies are often emergent and reactive rather than planned well in advance (Hartog D. , 2006, p. 177).

Different strategies may lead to variations in the kind and degree of international involvement of firms. Based on their nature and degree of international involvement, different types of firms can be distinguished. For instance, Bartlett and Goshal cited in Hartog (2006) describe the multinational, global, and international firm and add a fourth type, the “transnational”. The latter is most interesting from a global management perspective. “Companies following a transnational strategy recognize they should pay attention to global efficiency, national responsiveness and worldwide learning at the same time. In order to do this their strategy must be very flexible. From the early 1990s, some convergence was seen among the leading multinationals from the different continents toward global operating divisions and a transnational perspective. The transnational is not so much a specific strategic posture or a particular organizational form; rather, it describes a mode of management or management mentality in which flexibility and shared organizational purpose play key roles (Hartog D. , 2006, p. 177).

There are some aspects of strategy related to visionary and strategic leadership. Vision and leadership are highly important in transnational firms. The transnational perspective implies a rejection of the notion of a clear fit between strategy and structure in favor of the idea of seeking the strategic and organizational flexibility needed to face complex and dynamic environments. In such dynamics and complex environments, leadership processes and management attitudes are the key to the successful implementation of strategy. The large potential for fragmentation and dissipation, which inevitably comes with increased flexibility, is the greatest problem of this type of organization. A strong force of unification is needed in such a context. A strong, attractive, and shared corporate vision may provide such a force. Bartlett and Goshal cited in Hartog (2006) noted that, the most successful firms they studied had developed a common understanding of a clear and consistent corporate vision. The understanding and acceptance of the vision, and the increased identification and commitment that follows from this can act as a kind of “global glue” in these diverse environments. “At its most effective, a carefully crafted and well-articulated corporate vision could become a beacon of strategic direction and … an anchor of organizational stability” (Hartog D. , 2006, p. 177). The role of the top management team and especially the CEO in crafting and propagating this corporate vision is crucial. As Fombrum points out cited in Hartog (2006), “effective leadership at the corporate level increasingly calls for personable executives skilled in the fine art of communicating across boundaries” (Hartog D. , 2006, p. 177). The CEO’s or top management team’s vision is the starting point of strategic thinking and articulates basic organizational values. The management mentality and attitudes toward internationalization are examples of such basic values where doing business in a global context is concerned. Basic attitudes toward international involvement can vary. Perlmutter’s classic work describes different states of mind regarding attitudes toward “foreign people, ideas and resources, in headquarters and subsidiaries, and in host and home environments. The three states of mind he distinguished are “ethnocentric” (home country-oriented), “polycentric” (host country-oriented) and “geocentric” (world-oriented) (Hartog D. , 2006, pp. 177-178).

Rephrasing such attitudes, one could say that the strategic assumption following from the ethnocentric perspective implies believing there is one best way to manage and do things. A polycentric perspective implies the company holds there are many good ways, leading to local responsiveness dependent on the nation involved. A geocentric attitude combines local responsiveness with global integration and fits the ideas of transnational corporation. One would expect such basic perspectives and values to be reflected in organizational visions (Hartog D. , 2006, p. 178).

Jordahl *et al* (2014, p. 31) presents two concepts of viewpoints on leadership in a global context, one individualized and the other contextualized, and connects them to the challenges of globalized contexts. The initial conception, an individualized viewpoint, where leadership is seen as instrumental activities of formal managers in the direction predefined results, a tendency to describe leadership practices as mainly individual and as universal across national and institutional differences and considers leadership as an evolving social process. By applying to the individualized and instrumental concept of leadership in the globalized context of MNCs is filled with big risk as it tends to disregard the diversity and complexity of MNCs and their environments. Jordahl, et al (2014, p. 31) suggests that contextualized concept of leadership represents, in which leadership is considered a social process deeply rooted, and evolving from, local contexts, at the least, a flattering, feasible and extremely appropriate alternative.

Jordahl, et al (2014, p. 31) pointed out that the number of MNCs has risen significantly over the past three decades. During the last 20-30 years scholars have recognized that increasing globalization offers MNCs with increasingly diversified and complex context and subsequent challenges to the leadership in MNCs. Traditional leadership and organization theory, nonetheless, appears to have had trouble in addressing the particular challenges of MNCs. The Majority of the theories presume that the leadership requirements are universal across national, institutional and cultural boundaries. To the extent that this assumption is erroneous, there is a risk that traditional management and leadership conceptions may prove inadequate for a globalized context. In other words, applying traditional management and leadership practices inappropriate in a globalized context (Jordahl, 2014, pp. 31-32).

Mendenhall (2008) quoted in (Jordahl, 2014, p. 42), a leading scholar in the research area of global leadership, has argued that the field arose in response to MNCs' urgent needs in order to manage growing globalization. We would add up that the challenge of accomplishing integration between inter-organizational, national and cultural boundaries would also have made a significant contribution to MNCs to concentrate on global leadership. Jordahl (2014, p. 42) relate to a growing consensus that the MNC environment is marked by a high level of diversity and dynamic complexity in comparison to the purely domestic contexts.

Lane & Hartog *et al.* (2004) quoted in Jordahl (2014) prescription for organizations seeking to attain successful learning of this complex globalizing context is that they need to identify, hire and develop managers who can cope with this diversity and complexity in the search for global integrated action (Jordahl, 2014, p. 43). Thus, in this point of view it would seem that all the complexity of the environment of MNCs is intended to be "absorbed" and dealt with by the managers, and that these managers are also required to take the lead by encouraging followers to go alongside with these integration attempts. This obviously indicates an individualized logic of an instrumental viewpoint. And Mendenhall *et al.* (2008, p. 17) cited in Jordahl (2014, p. 44) deliver a definition of global leadership which clearly does not distinguish amongst leaders and leadership, and which follows this sense*: "Global leaders are individuals who effect significant positive change in organizations by building communities through the development of trust and the arrangement of organizational structures and processes in a context involving multiple cross-boundary stakeholders, multiple sources of external cross-boundary authority, and multiple cultures under conditions of temporal, geographical and cultural complexity."* Effective leadership in globalized contexts would seem to depend on finding, employing or developing the right individuals (Jordahl, 2014, p. 44).

Bird and Osland (2004) cited in Jordahl (2014) have introduced what they call the "Pyramid Model" of global leadership. Basically, the model is divided into three parts:

1) Personal attributes of the global leader ("global knowledge", traits and attitudes, as well as qualities such as "global mindset", "cognitive complexity" and "cosmopolitanism");
2) Social skills of the global leader ("mindful communication", "create and build trust" and "multicultural teaming");
3) System skills of the global leader ("creating ethical decisions", "influencing stakeholders", "leading changes and boundaries spanning", "designing" and "building community");

Osland's quoted in Jordahl (2014) own assessment of global leadership: [T]here is no consensus on the build definition of global leadership (...) [C]onceptual misunderstanding continues to occur, as do questions as to whether there is a big difference (...) among global and domestic leaders. The global leadership research has, in most cases (...) has concentrated on determining competence (...) [I]t is a rising field. (Osland, 2008, p. 61).

Jordahl *et al.* (2014, p. 46) recognize that the two concepts, even though logically different, are more difficult to distinguish in practical terms. This is definitely not the case that managerial actions do not result in leadership processes, nor is it the case that managers do not take into account the context in their daily practice. Additionally, even if it is viewed as an inline process, leadership may be beneficial in the sense of being geared toward the meeting results. Offering direction is certainly a feature of leadership, as Jordahl (2014) indicated Day and Antonakis (2012), in other terms, leadership is per the majority defined terms that are associated with the results. Nevertheless, permanent division between practical and theoretical, that gives the reasons for having to worry. Broad application of instrumental logic represents a very strong ideology that pervades modern organizations, and this suggests that behaving appropriately – and legitimately– frequently means showing explicitly that the leader is acting by the logic of instrumentality. The most frequently quoted *question "Is management in control?"* may illustrate this. Most managerial control can be a delusion (Jordahl, 2014). Jordahl (2014, p. 46) concluded that the various environments of an MNC, in a form of diverse institutional drags and the pressures concerning which is appropriate, is being felt and taken many geographically and culturally scattered individual players in the field of the organization. Such a framework, combined with the contextualized concept of leadership, has been both closer to practice and more informative than dominant in the individualized approach to leadership.

Reason this is important to realize how team's behaviors are influenced by leaders or top management levels, is the fact that it highly has an impact on a company's outcomes. In fact, the expected strategies and its performance reflects management characteristics.

3.3 Theories of Cross-Cultural Research

3.3.1 Hofstede's Model of National Culture (Theory)

To describe national cultures, Hofstede (1991) (Hofstede G. , 1991) uses five dimensions of basic cultural values which in later research Hofstede added into seven dimensions. These five values address issues of:

1. Expectations regarding equality among people, called "power distance";
2. The relationship between the individual and the group in society, called "individualism";
3. Expectations regarding gender roles, called "masculinity";
4. Typical reactions to what are different and dangerous, called "uncertainty avoidance";
5. A basic orientation toward time, called "long-term orientation."

Hofstede identified four of these cultural value dimensions in a study of thirty-nine IBM subsidiaries throughout the world (Hofstede 1980). Later research by Hofstede and others added to the number of countries studied and introduced the fifth dimension, long-term orientation (Hofstede 1991; Hofstede and Bond 1988). These five dimensions were added again into seven dimensions (see Appendix 1).

Research on the long-term orientation dimension was unique at the time. Rather than using survey questions developed by Western researchers, Michael Bond and several Chinese colleagues developed a new survey based on questions developed by Asian researchers reflecting Confucian values. Hofstede and Bond have related the long-term orientation to the recent economic growth in the mini dragons of the rising Asian economies (Hofstede and Bond 1988).

3.3.1.1 Hofstede's Cultural Model Relevance to Organizations and Management

Managers and management researchers find Hofstede's value dimensions particularly useful because of his concern for how cultural values relate to organizations and work (Cullen, 1999). As such, considerably more applications of the Hofstede cultural model to organizations and management are available than for the value orientations model.

For this reason, throughout the text, there are examples of how Hofstede's work influences our knowledge on comparative and multinational management (Cullen, 1999, pp. 63-71).

At this point, for a better understanding of the intersection of national and business cultures, the following section adapts and extends Hofstede's (Hofstede 1980, 1991) (Hofstede G. , 1980) (Hofstede G. , 1991) to show cultural values can affect numerous management practices in different cultures. The management practices considered include (Cullen, 1999):

1. Human resources management;
2. Leadership styles (how leaders behave);
3. Motivational assumptions (beliefs regarding how people respond to work);
4. Decision making and organizational design (how managers structure their organizations and make decision);
5. Strategy (effects of culture on selecting and implementing strategies) (See Appendix 1).

3.3.2 The GLOBE-Study theory

The GLOBE-Study approaches to understanding leadership exist with the goals are concerned with both aspects of leadership and organizational practices that are comparable across cultures and culture-specific differences in leadership and organizational practices and their effectiveness (House R. J., 2004, p. 5). It was logical in the first GLOBE-Study meeting in Calgary, Canada that the assessment and semantic explanation of the term *leadership*, and the ways in which leadership and organizational processes are enacted, vary across cultures, and that features/aspects of leadership are universally/commonly valid/justifiable/rational. The focus of the GLOBE-Study was on *organizational* leadership, not leadership in general, Simonton (1994, p. 411) cited in House *et al.* (2004) revealed that in terms of leadership in general, defines a leader as a *"group member whose influence on group attitudes, performances, or decision making greatly exceeds that of the average member of the group"*. The GLOBE-Study project covers the phenomenon of organizational leadership and not leadership in general. GLOBE-Study as a research program is concerned with leadership, organizational practices, and national culture that was conceived in 1991 (House R. J., 2004, p. 5). With the support of their Country Co-Investigators (CCIs) that are experts and most of the CCIs are natives of the culture from which they were to collect data, they were collecting quantitative and qualitative data, ensuring the accuracy of questionnaire translations, writing country-specific descriptions of their cultures in which they interpreted the results of the quantitative data analyses in their own cultural context, and contributing insights from their unique cultural perspective to the ongoing GLOBE- Study research (House R. J., 2004, p. 5).

Culture "As it is now" and Culture "As it Should Be (Ideally)". Culture is often manifested in two distinct ways (House et al., 2008, p. 4). The first is as values, beliefs, schemas, and implicit theories commonly held among members of a collectivity (society or organization), and these are variously called the *attributes* of culture. Culture is commonly observed and reported as *practices* of entities such as families, schools, work organizations, economic and legal systems, political institutions, and the like. The GLOBE-Study program measured all of the nine cultural dimensions of culture in both these manifestations (House et al., 2008, p. 4). The former is expressed as response to questionnaire items in the form of judgements of what *as it should be (ideally)*, and the latter as assessments of what *it is now* with regard to common behaviors, institutional practices, prescriptions, and proscriptions (House et al., 2008, p. 4). The GLOBE-Study was designed to assess the impact of societal culture and organizational culture on perceptions of effective leadership, society and organizations within society were considered as separate units of analysis. Therefore, culture has been measured in GLOBE at both *societal and organizational culture* levels (House et al., 2008, p. 4) (House R. J., 2004).

3.3.2.1 The nine cultural dimensions identified by the GLOBE-Study

Before dealing with the cultural dimensions applied by House et al., the GLOBE-Study definition of culture is provided. As defined by House et al. (2004, p. 15), culture consist of "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations".

The cultural dimensions are defined to be independent variables in the GLOBE-Study framework, while the leadership styles are defined to be dependent variables. This means that differences and specialties of cultures predict the components of leadership. All of the cultural dimensions that the GLOBE-Study evaluated the practices (“As it is now”) and the values (“As it should be”) while applying a scale from 1 to 7, where 7 means that the respondent found this cultural dimensions as highly relevant in actual practices within his or her culture or thinks such behavior should be applied in the future (House R. J., 2004).

Nine cultural dimensions as defined by House *et al.* (2004):

1. Future Orientation, is the extent to which individuals are oriented towards the future. This can be reflected in systematic planning or making future-oriented investments;

2. Gender Egalitarianism, is the degree to which an organization aims at minimizing gender role differences and thus promotes gender equality;

3. Assertiveness, is the extent to which individuals in organizations act aggressive and confrontational in their relationships to others;

4. Humane Orientation, describes whether organizations encourage individuals to act fair, friendly, caring and kind to others;

5. The In-Group Collectivism, describes the degree to which an individual shows pride and loyalty to its organization;

6. Institutional Collectivism, describes to which extent an organization encourages the collective distribution of resources and collective actions;

7. Performance Orientation, is the degree to which extent an organization encourages the collective distribution of resources and collective actions;

8. Power Distance, is the extent to which an organization assumes that power should be concentrated and stratified on higher ranks of the organization;

9. Uncertainty Avoidance, is the dimension that reflects to which extent individuals are willing to accept uncertainty. Individuals with high uncertainty avoidance will rely on established norms and practices in order to lower the probability of

unforeseeable events in the future.

3.3.2.2 The Six leadership styles (House et al.)

House et al. (2004, p. 15) define leadership as *"the ability of an individual to influence, motivate, and enable others to contribute towards the effectiveness and success of the organizations of which they are member".* The leadership styles that were identified by the GLOBE-Study (House R. J., 2004, p. 15) are as follows:

1. Charismatic/Value-Based Leadership is a leadership style that focuses on motivation and inspiration of subordinates and emphasizes high performance outcomes;

2. Team-Oriented Leadership highlights the team building of an organization and establishes a common purpose for all members of an organization;

3. Participative Leadership describes the frequent inclusion of all team members into decision processes;

4. Humane-Oriented Leadership reflects supportive behavior as well as generosity and being concerned for others;

5. Autonomous Leadership describes an independent leadership style that focuses on the individual

6. Self-Protective Leadership predominantly applies face-saving and status-enhancing behavior. By such behavior, the security of each individual and the group is assured.

Both Indonesians and the Japanese have tendency of more Charismatic-Based, Team-Oriented, Participative and Humane-Oriented leadership.

3.3.2.3 The Strengths of the GLOBE-Study's Research Design

Before we are going to the next sections of critical interpretations or analysis, conclusions and recommendations, it is essential to have a deeper understanding of how valid and strong the evidence. It is one of two leadership frameworks that has been used in this master thesis, the GLOBE-Study.

Project GLOBE varies from former cross-cultural research in several approaches. The fundamental strength of this research is that they have not produced assumptions concerning how best to assess cultural phenomena. Instead, they use numerous measurement methods to empirically assess which methods are extremely important. This is most apparent in the development of four sets of measures assessing culture: (a) those based on common values of organizational or society members, (b) those based on informed recent organizational and societal practices, (c) unassuming measures, and (d) those based on scales obtained from the World Value Survey (House R. J., 2004, p. 24).

The GLOBE-Study established new methods and gathered original data for their independent variables rather than depending on measures established at other occasions in other locations from other samples. Because the organizational culture, societal culture, and leadership measures used were accomplished by various respondents, they were able to remove the commonly confronted problem of common source bias. The psychometric properties of the GLOBE scales and tests of their authenticity go beyond normal empirical research requirements (House R. J., 2004, p. 24).

As revealed earlier in chapter 3 about “as it is now” and “as should be”, the core cultural dimensions specified above are measured in terms of two indications of cultures: modal practices and modal values of collectives. Modal practices are measured by the responses of middle managers to survey items regarding "What Is," or "What Are," shared behaviours, institutional practices, proscriptions, and treatments. This approach to the evaluation of culture develops out of a psychological and behavioural tradition in which it is presumed that cultures should be examined as they are understood by their members and that shared values are endorsed in, policies, and practices (House, 2004).

Values are articulated in response to survey items regarding judgments or opinions of "What Should Be," which are expected as a measure of the respondents' values relating to the practices informed by the respondents. These may be referred to as contextualized values as opposed to more abstract or intangible values such as values relating to justice; independence; freedom; and a world of order, attractiveness, and harmony. Emphasis on values. escalates out of an anthropological tradition or ritual of culture evaluation. GLOBE researchers examined and given both assumptions and outcomes (House R. J., 2004, p. 16).

Value-Belief Theory

Corresponding to value-belief theory (House, 2004) the values and beliefs held by members of cultures affect the extent to which the behaviours of individuals, groups, and institutions within cultures are endorsed, and the extent to which they are perceived as legitimate, acceptable, and effective. Jointly, the core GLOBE cultural dimensions reflect not merely the dimensions of Hofstede's and Grandis's theories nonetheless also McClelland's theory of human motivation and economic growth. The humane, power distance, and performance orientation of cultures are theoretically equivalent to the affiliative, power, and achievement motivations in McClelland's theory of human motivation (House e. a., 2004).

3.3.2.4 Use of GLOBE-Study for managers Use of GLOBE-Study for managers

GLOBE-Study presents a framework for managers that facilitates to discover similarities and differences of cultures and leadership styles and thus boosts the awareness for such differences and similarities (Fenske, 2014):

- Such awareness delivers an initial awareness for possible conflicts;
- GLOBE-Study delivers a framework for adapting the leadership style suitably to the subordinate's cultural values, so an effective leadership can be implemented;
- Additionally, organizations can take benefit from GLOBE-Study as they can adapt their choice and training activities by utilizing the results of the GLOBE-Study.

The GLOBE-Study authors critic of Hofstede was precisely the contradictory train of thought: the correlation shows that cultural peculiarities influence the national welfare: consequently, the correlations of the varying aspects are of extraordinary concern for scholars (Adam, 2015, p. 76).

The objection of the growth of the number of countries examined instead of comprehensive evaluations of single countries was joined with the publication of the second GLOBE-Study volume regarding the in-depth analysis of 25 countries by Chokar, Brodbeck and House in 2008 (Adam, 2015, pp. 76-77).

Due to the open publication of the accumulated data and the number of researchers and research institutes participating, GLOBE-Study could be projected to produce supplementary cultural study over the next decade. As its results represent a unique basis for country and (intercultural) leadership development their further attachment into management theory and practice can be forecasted (Adam, 2015, p. 77).

Generalizability Across Cultures. The cross-cultural literature frequently struggles in dealing with culturally specific (indigenous) and culturally generalizable (universal) aspects (House R. J., 2004). A phenomena can be so categorized if all cultures can be assessed in terms of a shared metric relating to the phenomena and thus can be associated in that particular phenomena. In contrast, culturally specific phenomena take place in only a subcategory of cultures (House R. J., 2004, p. 10).

3.3.3 Global Clustering (Cultural Compass) by Ronen and Shenkar (2017)

Given the fact that culture and cultural similarity or dissimilarity matter, and that cultural differences (even though they were to flourish) are here in order to remain at least for the foreseeable future, turn to the issue of how to deal with cultural differences. How to make use of national culture rather than being overwhelmed by it. How to find the golden road between treating the entire planet as a unified entity of world-wide shared values, beliefs, and behaviors or one side, and the impossibly of addressing each individual country as their unique universe at the other. One way to respond to the question is to explore how countries group together depending on its relative similarity in connection with such nominal value as history, religion, or legal origin, or, more directly and manifestly, based on the work-related variables. This is when the notion of cultural clustering is delivered in (Ronen, 2017, pp. 33-34).

Clustering is as old as the human thought, engaged in work in various fields such as biology, medicine, zoology, botany, meteorology and climatology, psychology and psychiatry, sociology, anthropology, marketing, artificial intelligence, and information retrieval, amongst others. Origins of cultural grouping can be traced back to the century-old concept of “families of nations” which was all the rage a hundred years ago in political science, sociology, and law, and which stirred the heated debate in social circles or the mass media of the time. Purpose behind identifying such families was *“to trace back their roots to commonalities shared by group of nations in virtue of a shared history, culture, legal tradition and language”*; its practical application was *“to comprehend the variety of policy outcomes to be found in modern states”* (House R. J., 2004) (Ronen, 2017). Unfortunately, with the intention recalibrated in order to demonstrate *“that cross- national variation is substantially attributable to the impact of structural variables, whether of a social, economic, demographic or political nature, historical continuities and their attached cultural and legal dimensions”* came to be neglected (Ronen, 2017, p. 35).

Across time, cross-national clustering evolved through legal system commonalities, social histories, consumer preferences, and government policies, amongst others. These were being used in a wide variety of fields though their correlation to culture has been rarely addressed. In organizational behavior, Ronen (2017) recognizes the clustering studies began with Haire et al. (1996), followed up with Sirota and Greenwood (1971), Ronen and Kraut (1977), Hofstede (1980a), and project GLOBE-Study (House R. J., 2004), amongst others, who categorized countries based on relative to the similarity of the worker's attitude and behavior (Ronen, 2017, p. 35).

Clustering analysis is mainly prudent instrument to help the human mind in addressing the infinite universe in view of its data processing limitations. It is basically utilitarian, designed to reduce the complexity and help data and information management capability. Clustering analysis may gather many variables; in the analysis gathered data relating to an object as a whole, it contains information that separate variables do not. This simplified is principle also at the heart of the interpretation order relations between data (Ronen et al., 1979 quoted in Ronen, 2017). At the price of losing some information, clustering offers a way to sum up similarities and differences. Minimizing the inside- group variance and maximization of between-group variance is particularly relevant for their purpose that is given the fact that the cross-national variance in individual values is bigger than within-nation variance (Ronen, 2017, pp. 35-36).

As noted by Ronen (2017), clustering has a number of purposes, including to name, display, summarize, predict, and require explanation. Naming, or labeling, of groups renders the members of each cluster easily discernable, understood, and differentiated. It is especially important where the similarity/dissimilarity continuum is blurred, as in the case of countries, and where cultures are linked, as is increasingly the case because of migration, trade, FDI, and other variables (Ronen, 2017, p. 36) (Ronen, 2017, p. 36).

Labelling is making the members of each cluster easily recognized, memorable, understood, and differentiated from non-members. It also enhances the simplicity of the forecast, as inference can be made for a wide variety of information generally are missing from the single attribute measurement. Cluster labels stand up for behavior and attitudes effects that go beyond the corporate and individual variations and in which the similarity has performance implications (Ronen, 2017, p. 36).

The display function means the identification of patterns not unearthed before, for instance, that the "big five" personality dimensions are replicable amongst non-US samples. By grouping the cultures on a geographical basis, scientists *"uncovered several distinctive patterns and geographic regularities in personality traits across cultures"* (Ronen, 2017). Display to the function is of special significance considering their experience with the widely quoted 1985 map, now enhanced by further information, e.g., in connection with the cluster contiguous (Ronen, 2017, p. 36).

3.3.3.1 Conclusion of Global Clustering (Cultural Compass)

Ronen (2017) found that the majority MNEs are "regional", which is to say, their sales are concentrated in the single world region, affirming the enduring strength of local variety. While on the assumption that each of the "triad" regions (the Americas, Asia, and Europe/Middle East/Africa) is a fairly culturally homogenous, no attempt was made to provide support for the assumption. This is the place where the cluster may come in. The MNE stands to gain should it distinguish from the clustering map like it should be a significant input in determining which value chain activities intended standardized and which to have adapted to local conditions in each location (Ronen, 2017, p. 20).

3.3.3.2 Country clusters (Groups of countries with similar cultural patterns)

To simplify generalizations from Hofstede's data, countries are clustered and developed as cultural compass (Ronen, 2017). Country clusters are groups of countries, such as North American, Latin American, and Latin European, with broadly similar cultural patterns. Despite The Fact That cultures vary within these broad categories, such overviews are helpful to condensing cultural knowledge (Ronen, 2017). They are also helpful to forecast likely cultural characteristics when certain information is unavailable in a national culture (Hofstede, 1980) (Hofstede G. , 1991).

3.4 Critical Acclaim of cross-cultural research

3.4.1 Typical Problems of Cross-Cultural Research

When examining business cultures, it is essential to avoid stereotypes, which are lazy ways of explaining people and behavior. It is crucial to keep in mind that no two people of any culture are precisely the same, thus critical to carefully noticed cultural tendencies when explaining similarities and differences in international business (Gesteland, 2005, p. 21).

However, all models of cultural study are subject to intense criticism in relation to the well-defined concepts of culture, the measurement of culture "per se", the dimensions applied in comparison to alternative elements applied by other scientists and the applied method (Adam, 2015, p. 73).

All cross-cultural research is subject to various criticisms based on typical challenges arising from the extremely complicated and unclear research topic itself (Adam, 2015, pp. 73-74). These include:

1. Definition problems of all terms that are used. These are related to the definition of "culture" itself as well as all terminology used in surveys or interviews. Specific problem is the translation of the well-defined concepts used in some other languages (Adam, 2015, p. 73).

2. Assuming incorrect equivalents regarding functions, concepts, instruments, and measurement. People from various cultures may have a different view of specific (business) functions, of concepts like loyalty or may interpret the scales in surveys in different ways (Adam, 2015, p. 73).

3. Choosing non-representative participants. If all the participants of the survey are from the same background, for instance one organization or one profession or one company level, it is likely that these do not represent a fair sample of the countries studied. Their views might be influenced by a very distinct (sub-)culture (Adam, 2015, p. 73).

4. Methodological simplicity, as the methodology is for instance often rely on one ethnicity patterns and one-time frame, delivering bias, misinterpretation and errors. For this reason, many critics argue the fundamental principle that a cultural research should be based on a multi-disciplinary approach (Adam, 2015, p. 73).

Many scholars, notably psychologists and sociologists, argue that the cross-cultural research that provides the country scores produce only stereotypes, that is not the appropriate way to address cultural issues (Adam, 2015, p. 73). Fons Trompenaars cited in Adam (2015) upholds the usability of cross-cultural models claiming that all models classify and therefore indeed stereotypes. Using models for cultures may be acceptable if the people deal with this kind of stereotype encounter two conditions. The first is that they are aware about that and the second is that they postpone the judgment. For instance, the sixth dilemma demonstrates that Asians are more polychronic and Westerners are more monochronic. This is apparently overstated (Adam, 2015, pp. 73-74). There are most certainly polychronic Westerners and sequential Asians. This stereotype primarily warns the probability that some people with other inclination are higher when meeting with people from a different culture. Such a warning could lead to negative consequences if people instantly put up a critical judgment over it. Once they are able to postpone judgment and handle this issue as reminder to accept various solutions open-minded, the knowledge on this stereotype may make it easier for all types of cross-border encounters (Adam, 2015, p. 74).

3.4.2 Critical Acclaim of Hofstede's Dimensions

The criticism concerning the Hofstede model relies on certain points (Adam, 2015, p. 74):

To 1.: The level of culture examined is not explicitly defined, as Hofstede attempting to get closer values through questioning behavior. There is a controversy with regard to legitimacy of such approach, as the underlying assumptions which are viewed form the most significant (and hidden) parts of culture are not touched on (Adam, 2015, p. 74);

To 3.: All participants of the research were employees or managers of IBM. Some would argue that strong company culture of IBM leads into the homogeneity of its staff in some respects, that gives a bias in the study (Adam, 2015). Hofstede claims to have the contrary and describes that since such a homogeneity he can describe observed differences in each country cultures. Additionally, the IBM background allows him to help avoid the equivalence problems (as defined in 2. on the section of typical problem of cross-cultural research quoted in (Adam, 2015, pp. 73-74);

To 4.: Hofstede's methodology has been criticized in various aspects. His dimensions are not considered to be adequately selective and their nominal value as not entirely accurate (Adam, 2015, p. 74). His comparison of different cultures is viewed as shallow as it is not based on the comprehensive analysis of the culture that is discussed. Particularly the equalization of culture and countries has been criticized, because many countries have within their boundaries several (sub) cultures that should be investigated on an individual basis. Another crucial aspect (also referred to by Trompenaars & Hamden Turner in 1997 cited in Adam, 2015, p. 74) relates to questions that he hired that were considered primarily imitations of queries used in different US-based psychological profiling tests. The very existence of a cultural bias in the setting of its original study has been proven remarkably in the conclusions of the Chinese Value survey. Nevertheless, Hofstede admitted these results voluntarily and he added them in his framework. Naturally study on the issues that corrections and additions arise over the time, bearing in mind the willingness of additional researchers around the world contributing to initial findings in this regard Hofstede has been able to give rise to many following studies (Adam, 2015, p. 74).

Entirely, Hofstede's framework and the scope of his data gathering for these days more than 90 countries has an excellent influence on academics and practitioners handle cultural issues throughout the world (Adam, 2015, p. 74). As his model was first to make it possible to not only in the classification of countries based on various criteria but also with sound contrast of them, it extremely has contributed to the integration of intercultural issues in the research of strategy, leadership, organization, marketing and finance. It also played an important role in the application of business systems for international companies, for instance under the definition of remuneration practices, training design, leadership styles and managerial control systems (Adam, 2015, p. 74).

3.4.3 Limitations and critical acclaims of the GLOBE-Study

Several limitations of the GLOBE-Study in general (Fenske, 2014) are as follows:

1) Very western view on leadership and culture;
2) Subcultures of individuals and organizations are not considered;
3) Relying too much on framework can lead to overgeneralization.

Constructors of the GLOBE-Study take into account many of the above-mentioned points of criticisms in their research method (Adam, 2015, p. 76) are as follows:

1) The definitions have been discussed broadly with an international research team; The questionnaire has been carefully tested through translation service and retranslation as well as the content analyses documents, thereby minimizing definition problems (Adam, 2015, p. 76);

2) To achieve certain equivalents, entire respondents were middle managers. This is supposed to ensure that there is a certain ability to compare outcomes for various cultures. In a test of terms is also helping prevent the distinctions of knowledge of terms used (Adam, 2015, p. 76);
3) The respondents were coming from more than 900 various companies and 3 various business sectors of more than 60 diverse cultures, thereby avoiding the influences of a distinguished company or business culture (Adam, 2015, p. 76);

4) The concept contains a clear difference of two cultural levels: the value level (how it should be or what would be or as should be) and the behaviour level (how it is or as it is or as practiced or as in practice), reflecting the state-of-the-art variation of principle level and concept level which are not always in harmony. As the approach was defined by 170 researches from various nations and regions and from various professional backgrounds, the GLOBE-Study represents a remarkable multicultural endeavour. Predominance of an ethnicity pattern can therefore be abolished entirely. Applied studies and analytical methodology were very sophisticated and comprehensively challenged (Adam, 2015, p. 76).

Despite these efforts, a few points of criticism continue to stay. Certain critics emphasize for instance potential biases given the exclusive use of middle managers as respondents. The equalization of countries and cultures remains a certain point for heated debates, although GLOBE-Study made some provision for relevant sub-cultures such as separation of South Africa in a black sample and a white sample (Adam, 2015, p. 76).

Hofstede criticized the large number of inter-correlated dimensions which could have been compressed to fewer meta-dimensions. As almost all the dimensions demonstrate positive correlations of national welfare, these dimensions are affected by national welfare itself and should not be explained through cultural characteristics (Adam, 2015, p. 76).

3.5 Decision-Making in a Global Context

When decisions needs to be made by the potential employee or managers, this will exists of a variety of factors, which depends on the existing competences level of the corporation, which are integrated in a complicated matter and which can have the impact of hesitation concerning the success in bidding and the corporations strategy in optimal bidding (Kreye, 2016, p. 103).

Decision making in a moral way is a very complex action in the global management. Due to the fact that there is an intention to make and implement decisions based on moral values, it can be typed as a system skill, not only the global manager needs to have the sensitivity to be conscious of the situation, the manager also needs to be sensible of the situation in a multidimensional intensity system (McNett, 2004, p. 153).

The manager who just started in this position still have less skills in the global competences, this manager will most likely do not understand the impact and convincing ethical content of decisions which have been made in the international or global environment, this kind of decision and certain other less important decisions which are a regular part of an ordinary day at the office for a global manager (McNett, 2004, p. 153).

Styles of leadership are being affected by values of cultures, which comes of a certain cultural background, these factors also influence the behavior in the decision making process. The value and viability of corporations are on a routine base being influenced by the managers, whom task is to make decisions. These managers have the heavy task to make decision which are being the most optimal (e.g. expected utility theory, game theory) these theories are generally known and accepted as legit models to make well thought choices (Fishburn, 1988 cited in (Rode, 1997). It can be thought that these kind of decisions made by managers, is nothing more or less than a calculated decision, which have been made based on the output of these aforementioned models (Rode, 1997).

Several numbers of abnormalities from flawless reasonable behavior have been recorded in the literature by the behavioral decision theory and the cognitive psychology (Rode, 1997). Abnormalities in the process of rational decision making have been noticed in almost all aspects of economic activity.

These observations can be put in an entertaining theoretical question, one can wonder what the impact might be of this suboptimal decisions will have on the economy and the value of the firms. There are 2 possible outcomes: firstly, managers do not care about the fact that suboptimal decisions have been made and secondly managers are not conscious of the fact that the decision they have made was suboptimal. Most probably the second option will be the reality. Managers need to have the competence to identify and to analyze what might be the optimal decision in a certain environment. What is also essential is to monitor what might be the outcome, and if this outcomes complies the expectations. Managers who effectively use options theory to analyze strategic decisions, need to have a thorough understanding of the biases and errors in their way of making choices in their decision making process, which can mispresent the impact of the actual options (Rode, 1997).

The way how the environment is being scanned and interpreted to make decisions is mainly being affected by the characteristics of the top team. This aspect can be strengthened, by the fact that the principles and characters of the executives have a major impact in the manner how the situations they come across is being understand and how this will have influence in their way to make decisions.

The Upper Echelons Theory (Hambrick, 1984 cited in Mouta, 2017) states that the concept of organizational results, which are exposed in choices of strategy and performance levels of the firm are partly being influenced by the background of the top managements personalities, like their values, cognitive way of acting and their social capital,

A crucial matter to have business stability, is to have business practice in the wordings of corporate behaviour, this is not only for the firm itself, but serves also organizations which are corporate citizens whose activities as well will have an influence on additional stakeholders. The decisions and activities from corporate citizens in the end will also have their influence on a broader society, who actually provides the corporation a social license to operate. Business which focusses on the sustainability have to scope to ensure that entities have their participation for a positive social, environmental and economic results. This so called corporate sustainability can be said to be closely associated with terms like business behaviour, corporate governance and sustainable market structures (Aras, 2017, p. 1).

McNett and Søndergaard (2004), mention that ethical decision making is a very complex process in the global management. It is said to be a system skill, as when ethical decisions needs to be made and to be implemented, it is a surplus that the global manager manages to comprehend the environment where he is operating and to make it understandable at a certain complicated system level. A certain matter to understand the practicality of this complicated matter is to assess the competence of individual managers at the process of ethical decision making as a global management capability (McNett, 2004, p. 153).

A single manager is regularly confronted with a series of large and small decisions, which moral or ethical element does not have a direct impact or exposure, but which effect has meaning for persons who are outside the circle of the normal stakeholders. The manager with less experience, also has a low level capabilities in the global competences, this type of manager will most likely not understand the deeper and persistence ethical matter of main decisions as well as a lot of irrelevant decisions, which have been made in the global environment and are a regular part of the job of a global manager.

The existence of international codes of conducts, like the Caux Round Table Principles, the CERES, and the ILO Standards (see Appendix), have an substantial input at the wider, organizational standards and level of practice, instead of operating at the managers level. Managers at the mid-level would do a good job when they are sensible of the limitations of the ethical decision making as their existence is based on routine and widely acknowledged practices in the organization (McNett, 2004).

It must be admitted that our wide understanding of ethics is founded on our assumptions and believes in culture, these factors have been affecting our view and our understandings of certain occurrences in our world (McNett, 2004). Due to our understanding we may not understand and define the world precisely. The way we look at things is an outcome of our own cultural perception and due to that fact it is ethnocentric and referring to oneself.

We need to recap that cultures which are different than ours can be both subtle and can be markedly in another way than our own ethical standards, it can even be conflicting, but still justifiable and unique and broadly acknowledged within their culture. The complexity for global managers is to refer ethical matters in a global environment, which is often a matter at the way of looking at things instead of an action level issue.

“Making ethical decisions is the skill at the pinnacle of the global competency model, building as it does on the model’s traits of integrity, humility, inquisitiveness, and hardiness; the attitudes and orientations of cognitive complexity and cosmopolitanism captured in the Global Mindset; the interpersonal skills of mindful communication and creating and building trust; and the systems skills of boundary spanning and building community through change (Rode, 1997)”

Regularly, from a distance one can see that the dimensions in the ethics and the decisions which have been made by global managers are the ones which are the seen features of the global enterprise, being representative for the complicatedness which is the essence of globalization (McNett, 2004).

“Ethical decision-making in the global context, sitting as it does at the top of the global competencies model, is increasingly the acid test applied by a multiplicity of stakeholders to judge global management competency (McNett, 2004).”

Global competence is needed when ethical decision making wants to be proceeded. Regularly, in the global playing field, a certain manager comes across a certain situation which requires to make a decision which have a causality amongst ethical norms between cultures, for example, to pay a certain informal fee, which will accelerate the process of importing into a developing nation (McNett, 2004, p. 156).

Difficulties which have a link with ethical decision-making in the global context comes from broad differences amongst the standards in ethics in the variety of cultures. When a decision needs to be made involving two or more different cultures, this can be a quite hard process to come to a certain outcome, which covers the similarity amongst those cultures, even when the cultures have a certain level of resemblance in their ethical business practice. As Donaldson (1996), p. 52 referred by McNett and Søndergaard (2004) p.156 suggest that there is “no international standard of business conduct.” Instead, ethical decision-making skills at the global playing field are complicated and depending on the situation.

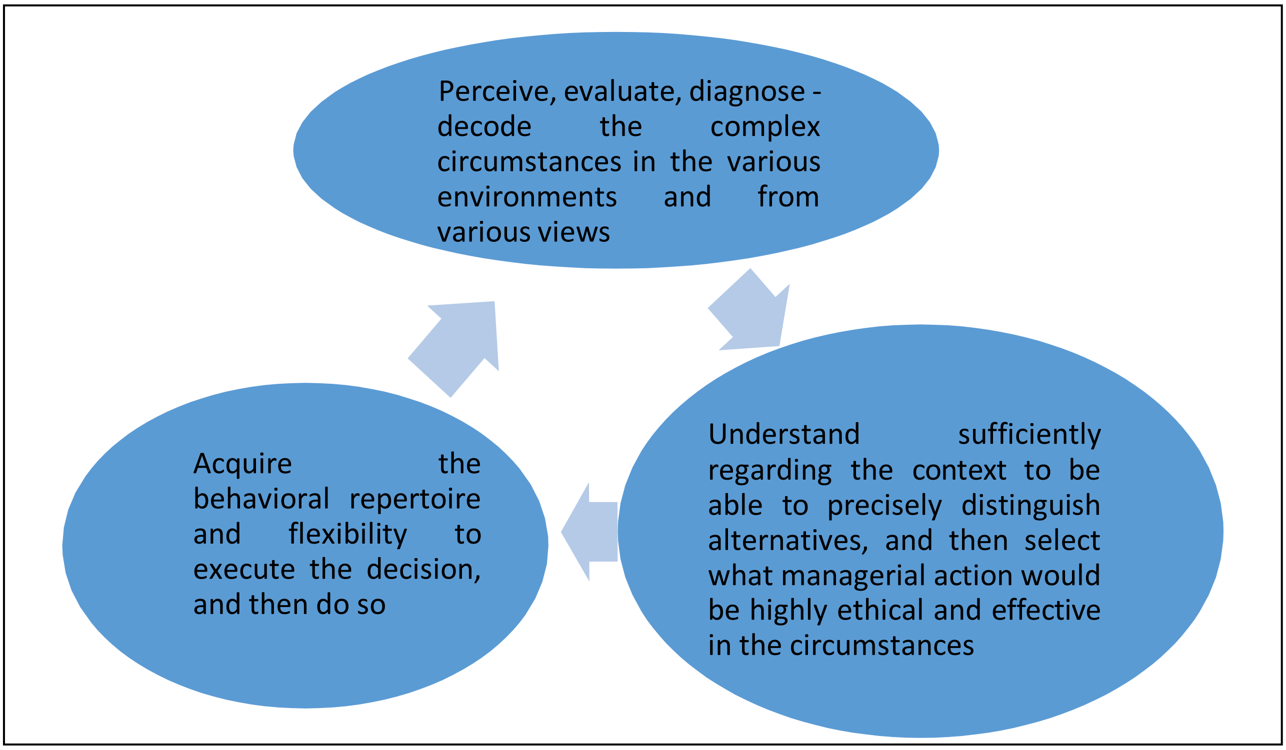
The competence of a single global manager to be able to make ethical decisions depends on the beliefs of the decision maker related to the world (how markets and organizations work), beliefs about other persons (their ability, motivation, believe in ethics) and beliefs concerning themselves (capabilities, motivation, believe in ethics) ,as McNett and Søndergaard (2004) refer to Messick and Bazerman (2001).

In the aforementioned process interpersonal capabilities have a major role. Conscious communication and the capability for trust building will likely have a great impact for the global manager to get the knowledge and data which is needed to oversee or understand the situation in the local environment with a certain degree of preciseness.

These interpersonal capabilities assists open communication channels, and are supportive to make sure that there is an truthful, two-way flow of information that ensures that the manager remains connected to the understandings in the local- and larger environment. When a local manager have certain capabilities of global understanding, the manager turns out to be an effective boundary spanner, whose decisions may consists of expertise of local ethical practices, and whose expertise can contain ethical concerns and responses regarding the larger community (McNett, 2004).

The way how decision-makers interpreter the environment is affected by their levels of complexity, i.e. their global mindset. A just appointed expatriate manager with a low level competence, could be interpreting practice of a local culture in a manner such behavior would be seen in the own culture, this manager would not try to understand the meaning of such practice in these certain local culture, to widen the range of understandings and making the analysis much more complicated (McNett, 2004, p. 156).

Figure. Ethical decision-making in a global context (McNett, 2004, p. 157)



As an example, when women covering their heads and faces like in conservative Muslim cultures, the interpretation in the Western context would have another meaning than the meaning given to the certain local culture or Muslim context. Still, a majority of the global managers ,will based on their gender not permitted to interact with the women who is covered (McNett, 2004, p. 157). Certain limitation on the interpretation might limit the level of difficulty at which analysis take place. When there are high levels of cognitive difficulties, a certain manager will make questions to assist several meaning giving and to give meaning in a more tentative matter (McNett, 2004, p. 157).

The way how decision makers understands, analyzes and makes diagnoses in a relevant business condition influences the decision making in the global context. When a beginning global decision-maker have not practiced by reading or make the local environment understandable for oneself than the outcome might be that the decision maker is not able to produce ethical choices, which can be selected to be an outcome to meet with the local, the organizations and the home culture and the greater stakeholders communities ethical standards.

The last step to be taken is to have a certain flexibility which ought to be able to be implemented. Having a lock of local knowledge, will result in the fact that the decision maker will miss necessary input which is required to analyze the possible meaning of consumers and stakeholders. Certain complexity of multilevel and consciousness lowers the possibility of decisions which have an outcome which was not anticipated as this was not aligned with the local ethical norms of any of the numerous stakeholders' communities.

Table 1. Ethical development of international managers: Stages and characteristics

Manager stage	General characteristics	Operational approach to ethics
Stage 5 Expert	Able to read situation intuitively, understands purpose (what the business stands for)	The framing of an ethical approach happens automatically, based on values and knowledge of the local situation derived from experience. It is seemingly effortless.
Stage 4 Proficient	Calculation and rational analysis seem to disappear, fluid, seemingly effortless performance begins to emerge.	Ethical analysis is less mechanistic and increasingly more intuitive.
Stage 3 Competent manager	Recognizes the complexity of business situations.	Begins to think in terms of trade-offs and deeper-level values.
Stage 2 Advanced beginner	Can detect patterns	Builds knowledge of local environment's underlying values. May see disconnect/gap between corporate codes and local needs.
Stage 1 Novice	May not be able to decode environment or to foresee potential issues. Relies on organizational codes and guidelines.	Follows the rules, local events are fit to corporate codes.

Manager's values: personal, organizational, and home culture. Source: Hosmer (1996) cited in (McNett, 2004, p. 159)

In the aforementioned table, the stages describe ethical developments which can be found at global managers, based on common characteristics of the stage and the way ethics have been approached in that certain stage. As mentioned by McNett (2004) (McNett, 2004, p. 159): *"This development typology describes the potential for development of ethical decision-making ability and, in that way, helps the manager appreciate alternatives and potentials."* These typologies also serve as a notice to remind us of the possible varieties and at simultaneously suggests a matter to make a discussion possible not only within the organization but also with external communities (McNett, 2004, p. 159).

"These developmental stages illustrate the important role of experience and how it can build tacit knowledge, that is, a subtle, experiential, and not easily transmittable knowledge, about ethical decision-making. That novice managers realize that ethical decision-making rests on a complex model of global competency, some of whose aspects they are still building, is important because such awareness may help them avoid misperceptions and other errors in the processes of giving meaning, exploring options, and implementing (McNett, 2004, pp. 159-160).

The Stage 1 novice global manager can be encouraged to build mentor relationships with expert managers in the local environment, both within the organization and beyond the organization's borders, from whom they might seek advice as they develop their decision options. Local input into the discussion would also be a good option. Such boundary-spanning approaches help novices appreciate the local environment's complexity and anticipate some of its potential ethical issues (McNett, 2004).

Stage 2 and 3 global managers increasingly know that they may not know. This realization is a difficult step for novice managers who, after all, have been trained to analyze an environment, make decisions and, in a sense, impose their certainty on the environment. Once the manager realizes that complexity includes them, they can take precautions as they process their decisions and make efforts to understand the values of multiple environments, not simply their won, home headquarters' environment or the local one (McNett, 2004, p. 160).

Stage 4 global managers increasingly operate from their tacit knowledge of the environment and their stakeholders. They have built trusting relationships in the local environment that have helped them learn how to read it with some accuracy. In a sense, the progression from Stage 1 to Stage 4 is the accumulation of tacit knowledge and the building of confidence to use it (McNett, 2004, p. 160)."

3.6 Negotiations in a Global Context

Good communication is very essential, this comes to outing when a company have to make deals with others like suppliers and customers. Negotiations can be best described as an attempt of a manager to make a deal amongst persons, with a transaction back and forward (Sanyal, 2001, p. 66).

A good preparations to negotiate is necessary, especially in business, but when the negotiation is cross-cultural, one needs to be more careful and conscious about possible problems that can occur, due to the fact that people from a different cultural background have a different way to negotiate.

People act like this, because their perspective have been nurtured by a certain local culture, were they are part of. In this regard, managers with a cultural background in the collectivist culture come to table with a different mindset, attitude and norms than a manager of a individualistic cultural background. Negotiating amongst two different cultures is already a challenge, but it is even more challenging when the negotiations is with multiple people with a variety of cultural backgrounds (Sanyal, 2001, p. 66).

These so-called multilateral negotiations have become a more normalized phenomenon, as a prove, strategic alliances or partnerships have been founded, e.g. in the airline industry with the Star Alliance, existing out of airlines from the United States, Germany, Brazil, Thailand and Scandinavia. Another example comes from consortiums like the Airbus Industry, furthermore the International trade treaties like the NAFTA, EU and WTO, and as a last example, certain global projects like the International Space Station (ISS) (Sanyal, 2001, p. 66).

One needs to be careful, the differences or dissimilarities amongst the variety of cultures can cause four possible difficulties in negotiating at the international playing field: language, non-verbal behaviors, values and decision-making process.

An often-heard complaint comes from American managers concerning their foreign counterparts, who while still negotiating, starts another discussion aside in their own language. Americans really dislike this kind of practice and think that it is rude and become suspicious towards their counterpart, thinking that the topic discussed in the other language is not sincere, perhaps plotting or even discussing secrets.

The understanding of the Americans is normally wrong. When the side conversation has been recorded and translated, it is proven that the side conversation was started to overcome problems in the translation or to clarify terminology, also the recordings show that the foreign team was not at the same page. Due to the fact that the Americans do not know another language, they are not capable to appreciate the motives why the counterpart was speaking in their native language (Sanyal, 2001, p. 66).

Research results prove that non-US negotiators have the intention to adjust their way of negotiating to the counterpart, which makes them more attractive than their American colleagues who have not this sensitivity to adapt. When negotiating, managers have the tension to not use their local style of negotiating when facing their foreign counterparts. Another reason may be that managers adapt their style of negotiating to be more in line with their counterpart, in the desire to have a better result. Also, managers will most likely start every foreign negotiations in a different way.

Therefore, at the time that Italian managers negotiate with Italian suppliers, their negotiation style will probably be differently than the style which is being used when come into counter with US suppliers.

The Americans have a different style of negotiation than the French. Certain cultures respect their buyer more and are willing to provide them some profits, this is the case in Japan, where the customer is more valued than in countries with a different culture.

There is often a discrepancy in the understanding between, on one side the managers from high-context cultures, where ambiguity, face-saving and between the line or indirect communication is important, and on the other side the managers originated from a low-context culture. In the view from Hall`s it is stated that plenty of time and endeavors are needed to deepen the trust and to build up a reliable (longstanding) relationship before any transaction deal can be sealed. In contrary to the low-context cultures, which have a more direct approach in their way of negotiating, they go (almost) directly to their target and the personal dimension or a personal relationship is just a minor side-factor when doing business (Sanyal, 2001, pp. 66-67).

A research concerning the inter- and intracultural negotiations amongst the US and

Japanese managers concluded that the negotiations between the US and Japan (intercultural) showed lower shared benefits than the results of the negotiations done by the Americans and the Japanese themselves (intracultural). The differences in the outcomes of the research, on one side is due to the fact that one comprehends the own culture and the values on a more deeper level than from another culture, and on the other side due to the fact that the US and Japanese culture differ too much from each other’s.

Another research in the field of negotiating was executed amongst Canadian and Chinese managers, it was concluded that the so-called home culture orientation has a big influence in their behavior. The Chinese managers desired to avoid conflicts before they were present, this is due to the fact that the Chinese community believes that collectivism and group harmony are very important. In the case that Chinese managers are confronted with conflicts, they tend to use a more negative way of dealing. They try to delay or stop the process or even abort the negotiations, this in contrary to their Canadian colleagues .

From a negotiation simulation amongst the US and Hong Kong, it could be concluded that the US negotiators had a way of negotiating which maximized their own profit and integrative results. In contrary to the negotiators from Hong Kong, who had a negotiation strategy which aims to an evenly distributed outcome for both parties. This difference can be explained due to the fact that both countries have a different cultural profile.

On one hand, the American culture, which appreciates individualism and leads to negotiating norms where the self-interest is the most important element. This culture has an open attitude towards change and out of the box solutions for difficulties. On the other hand, the Chinese Culture in Hong Kong, which emphasizes collectivism and conservatism, and which looks for a balanced results when there is a conflict at work. Another research concluded that the Chinese managers have the tension to divert conflicts when they are negotiating, this in contrary to US managers who have a assertive self-focusing style emphasizing their self-interest.

In the situation that US managers had to negotiate with colleagues from a different and more “distant” culture, they tend to make use of harsh tactics like threats, demands and punishments. There was no dissimilarity in their style of negotiating, when their counterpart originated from West-Europe or Japan, probably this happens due to the fact that the cultures are known to each other due to the long and widespread contacts (Sanyal, 2001, pp. 67-68).

3.6.1 Preparing for international negotiations

To be conscious to the fact that aspects of culture have an influence on the negotiations in the field of international business, managers should take in to account the following matters (Sanyal, 2001, pp. 68-69):

1) *Know the culture of the opposing side.* A team that took the effort to study about the culture of the counterpart and who have adopted this knowledge in their strategy of negotiating is more likely to be successful to get a deal than a team who haven't take this effort. Elements of culture do not need to be generalized. So for example, Mexicans do not talk about business when they are lunching, but when a negotiator from Mexico had studied international business in New York, US and who understands the US culture, than this negotiator will be open to talk about business during lunch (Sanyal, 2001, p. 68).
2) *When to negotiate?* To determine when to negotiate it is important to know when the national and religious holidays are. Beside that it is good to know when the anniversaries are, how the climate is, when the working hours are and how the financial calendar looks like (Sanyal, 2001, p. 68).
3) How much time to devote to negotiations? In a lot of countries, the negotiations may consume more time than expected, as the negotiators are not in the possession to close major deals and offers or are delegated to sign a contract. To contact managers higher in the hierarchy can be time consuming. In the cultures based on high context a lot of time is spent in the begin the find out how the counterpart is.

   Plenty of gatherings are being arranged as well as conversations discussing the

   general point, but there are no meetings discussing the core. In contrary to low-context cultures, where the pace of negotiating is high, as time is money, managers with a certain cultural background are more task-oriented during meetings. They have set a goal for the meeting and are very precise. High context cultures take their time to build on personal relations, as they believe that this is of great importance.

In countries where one cannot rely on their judicial and legal system to settle disputes in a fair way and expeditiously, the need to build a long-lasting trustworthy relationship is quite strong (Sanyal, 2001, p. 68).

4) *How to greet and address?* The initial meetings are full of common greetings. A right handshake might be seen as normal, but other cultures embrace each other, kiss or even slapping or grabbing of the hands, there are even cultures where there is no touch at all. For example, in the Japanese culture people greet each other by bowing. In India, Nepal, Thailand and Sri Lanka people greet by placing the palms of the hands together at eye level. Every culture has its own way. (Sanyal, 2001, p. 68).

5) *Gift giving and entertainment.* In some cultures, like the Japanese, it is expected to provide gifts, whereas in other cultures this might be seen as inappropriate or even considered as bribe, like in the United Kingdom. It is not rare that negotiators in the international field will eat and drink together with their counterpart after office hours. It can even occur that dining with the counterpart is like a feast meal, this is quite common in Asia. Some food might be considered as unnormal, but when the foreign manager refuses to eat this food, this will embarrass the host when it is not eaten at all. It is good to adapt to the host country, but this does not necessarily mean that one needs to eat food or join entertainment activities, which discomforts.
6) *Composition of the negotiating team.* Economic reasons can prevent to send a large delegation abroad. But when a team goes abroad, one needs to be aware that a large delegation will welcome them. Thus, Americans have the tension to include a lawyer in their team to arrange the legal aspects of the contract. It is recommended for teams to have a member who is known with the language of the counterpart. Asian countries find it important to have an older manager to be in charge of the team, as the Asians give great weight to age. In this regard, it is needed to be conscious of the rank and status of the counterpart, so in negotiating the two individuals are from the same rank and have the same authority. In many countries it is likely that the team is being led by a male, although it is by law

prohibited to exclude women or minorities, like in the US and Canada (Sanyal, 2001, p. 68).

7) *Preparations for the negotiations.* At the begin of the negotiations it is important to determine that the negotiations have a goal and is potential to achieve this goal. Each party should determine what they have as a goal from the contract. It is recommended that they have find out the facts, specific cultural information and way of doing business in a certain country. When composing the team, the team should exist of competent, well-informed and influential team members. When it is needed, an interpreter should also be included in the team, to prevent to be depending on the interpreter from the counterpart. Sufficient time needs to be reserved to do the negotiations, without telling the counterpart the time schedule (Sanyal, 2001, p. 69).
8) *Beginning the negotiations.* It is important that the parties know the meeting place, how the arrangements of the rooms are, besides that, it is also important that the agenda have been provided in advance, so both parties are known with the agenda. Before the formal meetings begin, there is an informal meeting, where informal relations can find their opposing counterpart, this is very common practice in many Ibero-American countries (Sanyal, 2001, p. 69).
9) Bargaining, some of the following tips needs to be kept: (Sanyal, 2001, p. 69)

- Keep in control of the provided information to the counterparts
- Be very careful and conscious to use idiomatic, slang and other verbal and non-verbal communication
- Try to put oneself in the position of the counterpart, to understand the way of thinking
- Try to adapt oneself in the way of life in the host country (such as eating, gift, giving, and entertaining)
- Try to save the face of all persons
- Do not accept a poor deal and be prepared to walk out
- Sign the contract before everyone have left and be sure that all parties have understood the contract well.
- Be flexible in ones understanding of a contract.

10) *Post-contract.* Contracts will have articles how to settle disputes, but it is recommended to discuss the differences and settle the dispute without using legal options. The way to settle disputes via legal options should be seen as a last

resort. A good relationship exists of open communication and regular contact of personal and information amongst the parties. To establish a long-term relationship, long term contracts are being closed with the possibility to extend continuously (Sanyal, 2001, p. 69).

11) *The negotiating partners.* It would be recommended if parties know the personality of the persons whom they will negotiate with. To have contacts abroad can be beneficial for a firm to create good basic work for formal negotiations when this occurs. A lot of international corporations have established a representative office to grasp the local environment and culture, besides that, the key activities are being cultivated as well as the relations with the government. These steps are being taken before any formal business is being initiated. For example in China, business can profit for having connections or guanxi, as showed in Management Focus 2-4 (Sanyal, 2001, p. 69).

By making use of the previous guidelines, to do thorough planning and to treat people as personalities instead of stereotyping them, one will make a proper start to develop into a successful negotiator in the field of cross-culture. For a negotiator it is very crucial to be very respectful to each other's. The method that suits well is to be taught well to understand and to respect differences in culture, while maintaining the own home culture (Sanyal, 2001, p. 69).

4 Indonesian Business and Management Practice

This chapter observes the Indonesian business and management practices regarding leadership, decision-making and negotiation styles or behaviors.

4.1 Introduction of Indonesia and Indonesian Business Practice

Firstly, there are some reasons regarding the upbringing of Indonesia business and management practices in this research:

- Indonesia is complex in view of her multi-ethnicity and multicultural society and extensive in terms of its geography, religion and population across the country. Geographically, Indonesia has 17,000 islands and has 700 different dialects. Despite of complexity, Indonesia is guided by its constitutional principles i.e. unity in diversity;

- At present, Indonesia is becoming more open to the world for international trade and business and the interest to engage business with Indonesia is increasing. Hence it would be significant to observe Indonesia and necessary in order to gain deep understanding and the way to interact with the Indonesian society;

- In terms of its local and global economic integration, promoting and sustaining a rapid and inclusive growth can be made by reducing economic distance and diminishing barriers to trade and exchange. In Indonesia, transport system can be improved through public policy. However, this will require bold infrastructural and logistical investments such as ports, roads, railways, bridges, airports, ferries, freighters, telecommunication linkages, and electrification. It will also require the removal of anti-competitive regulations in order to encourage cost efficiency throughout the entire country. Policy makers an expert believe that Indonesia would be the following a direction similar to that of upper middle- income countries if the aforesaid investments are being made. Comparatively, the upper middle-income economies in building a modern transport system (Saich, 2013, p. xxvii);

- In terms of culture and management, Ashar Munandar (2003) asserted that nationalism is embedded by the extensive use of the Indonesian language as well as the core values of various religion (primarily Islam) through Indonesia's national curriculum during the primary and secondary school levels. The nationalism, strong culture and the Indonesian economy is also being influenced via external forces at play. One example is the monetary crisis in 1997 that almost led to Indonesia’s economic collapse. The surviving SMEs and their managers struggled for the business to remain in existence. Munandar also asserted in his literature that managers should play the role as “perpetual learners” and assist the executive management in the everyday challenges of the business that they represent (Munandar, 2003, pp. 13, 82).

In today’s business environment, global managers today’s are required to effectively manage global complexity, design and form global teams, team processes and be fully in charge to the performance management in global teams when working in multinational companies or international organizations (Jordahl, 2014, p. 31). By understanding Indonesian and Japanese business behaviors, global managers working with teams comprised of Indonesians and Japanese be better informed and can work more effectively and efficiently as well as they have to tools to extract the full potential of their employees and colleagues.

4.2 Indonesian Leadership styles

Despite of a limited reviews on Indonesia's leadership styles, there is a common denominator emphasizing cultural specificity on Indonesian values and management styles (e.g., Brandt, 1997; Pareek, 1988 cited in (Suryani, 2014)). This information is particularly useful for any global managers working with Indonesians or foreign managers working in Indonesia or with Indonesians. Suryani (2014) noted that there should be a balance between common and unique aspect to gain a proper perspective the way Indonesia distinctively identify itself elsewhere and to orient the Indonesian managers on the approaches and ways that are done differently outside Indonesia. (Suryani, 2014).

It should be noted that Indonesia is a fledgling country that arise as a nation from post-World War II.(Widyahartono, 1991, pp. 130-131).

Ki Hadjar Dewantara, founder of the Indonesian educational system formulated the important characteristic of the Indonesian style of leadership in quotation "... Ing ngarso sung tulodo, Ing madya mangun karso, Tut wuri handayani..". The quotation is translated and literally explained as follows (Widyahartono, 1991, pp. 130-131):

a. Ing ngarso sung tulodo: a leader must be able to build himself up by changing his attitudes and practices to become an exemplary model for his subordinate.
b. Ing madya mangun karso: a leader must be able to motivate and generate a spirit of self-help and creativity among his subordinates.
c. Tut wuri handayani: a leader must be able to persuade his subordinates and have the courage to become the forerunner in bearing responsibilities.

Although Ki Hadjar Dewantara did not earn a management degree, the philosophical values remain significant and influential amongst Indonesians in a quest for local style of management (Widyahartono, 1991, p. 131).

In a growing society, executives as well as managers in all sectors felt the need to cooperate with their respective colleagues and subordinates from different cultural backgrounds. Such endeavour is manifested in order to avoid misunderstanding and to be made aware of the social differences and perceptions respectively on how the way organizations should work (Widyahartono, 1991, p. 131).

In discussing cultural values and practices in management, a description of the development of management theories in Indonesia since the 1950s would be proven useful (see appendix).

Philosophy of the Indonesian Nation

The Indonesian state of philosophy is clearly stated in the preamble of its 1945 constitution. It comprises Five Pillars (Principles) known as “Pancasila” (also pronounced as pancha sila: Pancha means five; and Sila means principles). These are:

(1) Belief in God the Almighty, hence communism is totally rejected. There is no one state religion. All religions (Islam, Christianity, Buddhism, and Hinduism) are fostered on an equal basis. Communism is totally rejected.
(2) Humanism, that is treating people as human beings, being kind to them, and respecting and helping each other.
(3) Nationalism, that is putting the nation above all self-interest. The country’s welfare and progress are the primary goals of individuals, institutions and organizations.
(4) Sovereignty, that is, the rights of the people are cared for and respected; and
(5) Justice, that is, fairness in rendering justice to all regardless of status differences

In addition, the organizational hierarchy in an Indonesian company is comparable to a paternal relationship. Yudianti supported this principle and according to his studies the head of the company or the senior executive plays a crucial role as an initiator, manager and internal consultant. The Sahid Group is one of the typical examples of a corporate culture in Indonesia (Yudianti, 1997, p. 104).

In this very large company, the role of the leader is paramount. The Sahid Group’s corporate philosophy is derived from the nationalist educational teaching of Ki Hajar Dewantoro on what is called Tri Pakarti Utama or the “Three Pre-eminent Attitudes’.

The Sahid Group’s corporate philosophy is derived from the nationalist educational teaching of Ki Hajar Dewantoro on what is called Tri Pakarti Utama or the “Three Pre-eminent Attitudes’.

Understanding this principle is deemed important if one wants to understand the innate character of any Indonesian corporations. These principles include:

1) That every leader should be a good example to their subordinates through their positive attitude, measured, provide wise words, and has an exemplary behaviour;
2) That every leader should be disciplined, independent and creative in their relationship with employees;
3) That every leader should be known by their achievements and has the sense of responsibility towards their employees.

Basically, the core philosophy of the Sahid Group eembodies the superiority of the leader combining the character with strong personal attachment and self-sufficiency of a corporate family. Consistent with Indonesian culture and government policy, the Sahid Group practices musyawarah dan mufakat or ‘consensus not confrontation’ as a way to resolve corporate conflicts and to maintain a balance and formal relationship yet with humane considerations.(Yudianti, 1997).

Based from explanation above, it is clearly important to recognize the leader of the organization since paternalism is a strong practice as well as recognizing the importance of the chain of command or hierarchical structure. (Yudianti N. G., 1997, p. 104).

This is supported by a literature by Schneider (Schneider, 2003) in which managers were asked to best describe the managerial approach in their countries. The descriptions of Indonesian managers are best fit in the following order: i) Respect for hierarchy and elders; ii) Family oriented; iii) Group- versus individual- oriented; iv) Friendly and helpful, hospitable; v) Tolerant; vi) Decisions based on compromise – ‘keep everyone happy’; vii) Importance of religion (Islam); viii) Five Principles; ix) Bhinneka Tunggal Ika (unity through diversity). Another publication by Gesteland (Gesteland, 2005, p. 175), supports the theoretical review and mentions that relationship orientation and hierarchical values are paramount in the social sphere of the Indonesian society despite of the diversity and cultural differences.

4.2.1 Indonesian Cultural Dimension

A study by Irawanto (Irawanto, 2009, p. 43) revealed Indonesian cultural preferences resulted from national culture dimensions score proposed by Hofstede and GLOBE-Study and how it affected leadership practices. Secondary data resulted from those two studies are used for analytical discussion in this topic (Table).

As mentioned previously, the rational assumption is to investigate the culture differences by observing the national culture dimensions. Socio-cultural dimensions identified by Hofstede from the research in the early 1980's and the nine dimensions of GLOBE-Study from the research in the 1990's are the most cultural dimensions used in the management studies. These are described in table above as well as tables n figures below. The dimensions proposed GLOBE-Study, in a way, appears to imitate Hofstede's findings (Irawanto D. W., 2009). However, the GLOBE-Study seems to continue Hofstede research findings which are more relevant or closer to reality with the two types of scores; "as is" and "as should be".

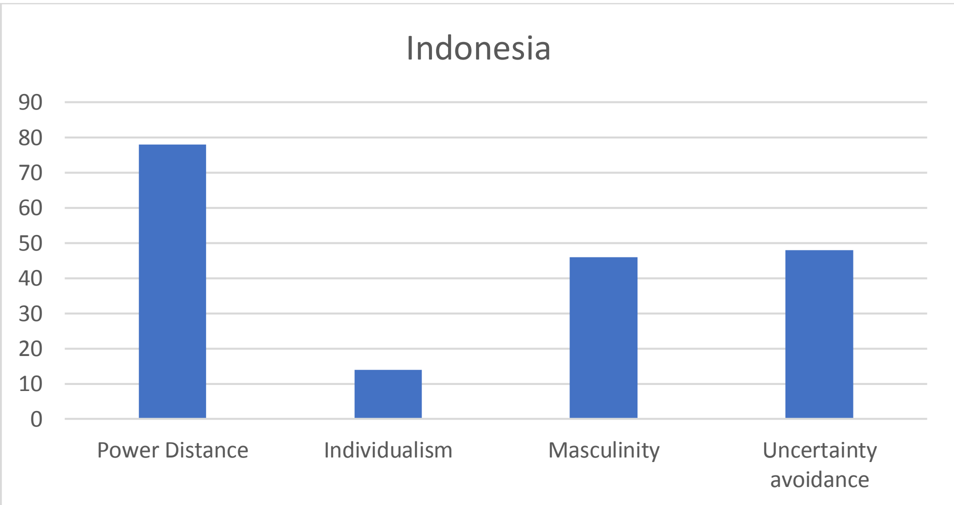


Figure. Own Illustration based on Hofstede National Culture of Indonesia (Hofstede, 1983, p. 298) (Hofstede, 1980)
Note. Hofstede Score: The Score is in Hofstede scale (0-100) measurement

As can be seen from table above, the GLOBE scores are only in the real business practices "as it is now" in real situation based on the respondent's feedbacks from the GLOBE observations. However, GLOBE-Study was also looked closely based on their own analysis of what is ideal "as it should be" with theoretical basis in which the results are not necessarily same between these two perspectives; as is and as should be.

With reference to the table below, the number of items of the cultural dimensions are fewer than the GLOBE cultural dimensions. Moreover, the weaknesses of Hofstede as mentioned earlier (Hofstede limitations) is that it only observed IBM in which it was the one and only company to be scrutinized with and also IBM is an American (not Indonesian) multinational company. Most of the scholars argue and suggest that the result of his observation is either bias or invalid. However, summarizing cultural aspects are very abstract in meaning and thus it still applies to our basic overviews as shown on the table and figure below.

The GLOBE scores for Indonesian cultural values in reality “practice score” or “as it is now” and the scores in terms of GLOBE’s conceptualization or theoretical basis “as should be” are illustrated below on the tables as shown in numerical overviews and also on the figures as shown in graphical overviews; combination of both numbers and graphics can be beneficial to have easier and clearer pictures.

GLOBE-Study of 62 societies Dimensions	Practice Score (As It Is)		Society Values Score (As Should Be)	
	IDN	World Average	IDN	World Average
Group collectivism	5.68	3.53-6.36	5.67	4.94-6.52
Power distance	5.18	3.89-5.80	2.69	2.04-3.65
Humane orientation	4.69	3.18-5.23	5.16	4.49-6.09
Uncertainty avoidance	4.17	2.88-5.37	5.23	3.16-5.61
Institutional collectivism	4.54	3.25-5.22	5.18	3.83-5.65
Future orientation	3.86	2.88-5.07	5.70	4.33-6.20
Performance orientation	4.41	3.20-4.94	5.73	4.92-6.58
Assertiveness	3.86	3.38-4.89	4.72	2.66-5.56
Gender egalitarianism	3.26	2.50-4.08	3.89	3.18-5.17

Source: Own ilustration based on the GLOBE-Study (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004)
Note: Above Globe scores are “as is” or “practice score” or “as it is” and “society score” or “as should be”.

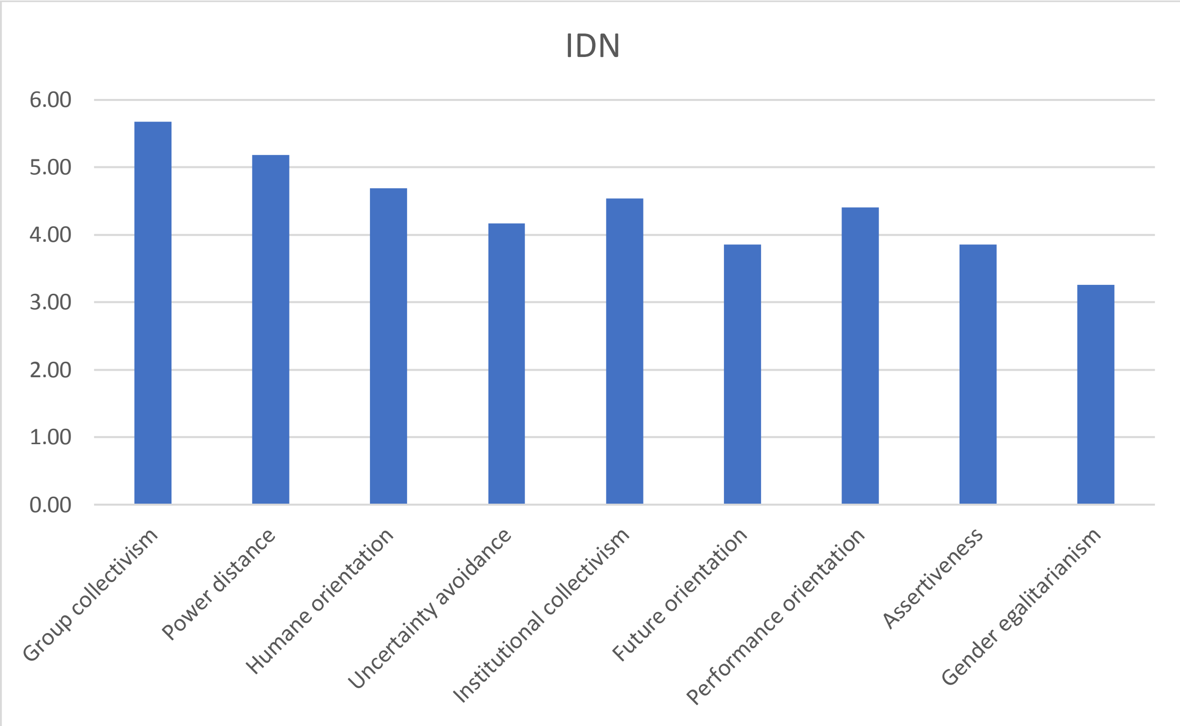


Figure. Own Illustration based on The Globe-Study National culture of Indonesia (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004)
Note. GLOBE Score: The Score is in Globe scale (0-6) measurement

As can be seen from table above, from the Hofstede study, the score of Indonesia's cultural dimensions is below the average of other Asians nations, where it is in contrast to say that, many scholars in the area of organizational studies believe that Asian people perhaps share similar values. The Hofstede study (1980) supported by GLOBE-Study (2006) findings, which are more than 10 years later, the values of Indonesians' remain the same.

Considering that Hofstede and GLOBE findings are only facts in numbers or numerical in which cultural dimensions are considerably abstract which cannot simply be described with numbers; in order to get stronger evidences to support their findings; the combination with other perspectives from internationally various scholars discussing about reality of business and management practices in Japan are provided here.

Hofstede Dimensions	Score of Indonesian (Compared with Asian and World Average)			GLOBE-Study of 62 societies Dimensions	Practice Score (As It Is)		Society Values Score (Should Be)	
	Indonesia	Asia	World		IDN	World Average	IDN	World Average
Power Distance	78	71	n/a	Group collectivism	5.68	3.53-6.36	5.67	4.94-6.52
Individualism	14	23	43	Power distance	5.18	3.89-5.80	2.69	2.04-3.65
Masculinity	46	58	n/a	Humane orientation	4.69	3.18-5.23	5.16	4.49-6.09
Uncertainty avoidance	48	58	64	Uncertainty avoidance	4.17	2.88-5.37	5.23	3.16-5.61
Notes. 1. Hofstede Score: The score is in Hofstede scale (0-100) measurement 2. Globe Score: The score is in Globe scale (0-6) measurement				Institutional collectivism	4.54	3.25-5.22	5.18	3.83-5.65
				Future orientation	3.86	2.88-5.07	5.70	4.33-6.20
				Performance orientation	4.41	3.20-4.94	5.73	4.92-6.58
				Assertiveness	3.86	3.38-4.89	4.72	2.66-5.56
				Gender egalitarianism	3.26	2.50-4.08	3.89	3.18-5.17

Source: (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004) (Hofstede, 1980) (Irawanto D. W., 2009)
Note: Above Globe scores are “as is” or “practice score” or “as it is” and “society score” or “as should be”.

Despite of the efforts by Hofstede and GLOBE-Study in summarizing cultural elements remain very abstract in meaning and definition, one can nevertheless enhance our understanding in getting a glimpse of the corporate culture aspects within organization boundaries.

The level of Indonesia on, Individualism, Masculinity and Uncertainty Avoidance is low compared with other Asian countries except Power Distance, which is considerably high. In Indonesia, where the Individualism score is considerably low, 14 out of 43 of the world average, it can also be referred to as collectivist. Furthermore, the GLOBE-Study found that although this dimension was introduced 25 years ago by Hofstede, the meaning of collectivism has remained the same. In particular this team describes it as in group collectivism (score 4.41 of the world averages of 4.52-6.36).

Power Distance

Power Distance, in the most literal definition, is the extent to which an organization assumes that power should be concentrated and stratified on higher ranks of the organization (Hofstede, 1980). Hence, power distance relates to a set of parameters in which the degree of inequality is well-accepted. A long power distance in a given culture would only mean that inequalities are clear. The more stratified a society is, the greater are the sentiments of inequality and the lesser the social interaction is amongst the people in different strata (House R. J., 2004).

Indonesians' level on Power Distance, is high compared to their Asian nation counterparts, where it scores of Hofstede at 78 of the Asian average at 71 and the GLOBE score (as it is or in practice) at 5.18 of the average of the world 3.89-5.80.

There are other reports that suggests in which clear differences and similarities emerge in terms of the nature of relationships (hierarchy) and the relationship with nature (uncertainty and control). An example is being provided by Schneider , (Schneider, 2003, p. 99), in which status and power or respect for elders is emphasize. Gesteland (Gesteland, 2005, p. 176), further suggests that in business practice, younger business visitors concede to senior Indonesians, particularly when the senior plays role as a buyer or potential customer.

Hofstede (1980) found in his research that Indonesians scored high on power distance: "People in Large Power Distance societies accept a hierarchical order in which everybody hashis/her place and which needs no further justification (Hofstede, 1980, p. 10).

However, Hosftede and House *et al.* did not distinguish the ethnic groups in the Indonesian respondents. His findings are valid for several ethnic groups, like the Javanese, the Sundanese, and the Balinese.

The Javanese society accepts the power of an influential figure with a higher status (Widyahartono, 1991). They express blind obedience to their superiors and their parents, Other ethnic groups however, like the 'Batak, would most probably score low on the power distance scale. Batak society is an egalitarian society. A Batak colleague informed the author that he and other Batak people have different difficulties adjusting to and accepting the power and authority of their superiors. The same is true from the Minangkabau ethnic group. it is also an egalitarian society (Widyahartono, 1991).

In the Indonesian business organization, hierarchy is strictly observed. The hierarchy is so apparent and can be seen by the location of the executives on one floor and the lower ranks on the other floor. (Foster, 2000, p. 155).

Hierarchy-oriented or egality-oriented? Structure and hierarchy are critical at all levels in Indonesian society. Indonesian partly adopt a caste system that aid them to identify a person to whom they may contact in which place that same person belongs to what social hierarchy. Therefore, a strong formality has developed in which people are treated according to their rank and status. Hierarchy is honored through humility and making face; this is done by “lowering”, or minimizing, oneself. In fact, one makes more of oneself, and raises one’s esteem in the eyes of others, by not causing others to lose face or feel embarass. Emphasis on hierarchy also normalizes unequal relationships to define a leader from the follower. (Foster, 2000, p. 135).

Because of the rigid rank and hierarchy orientation, titles and positions are very important most especially those who are holding public offices, which is quite different from the Western country such as the United States (Foster, 2000, p. 155). Social behaviors are observed and measured in accordance to social strata and, as in the case with many bureaucracies, the social aim is the preservation of self-pride without losing a face), rather than to get immediate goals accomplished (Foster, 2000, p. 155).

In Indonesia, organizational type and formality set important expectations around working conditions. While Indonesian business leaders recognize the benefits of increasing autonomy and the capacity for self-management amongst their employees, they must at the same time retain strategic control over their employees and over their organization’s resources. Indonesian managers practice top-down management campaign to standardize work and increase control (Buckingham, 2019, p. 190).

More evidence regarding this dimension in Indonesia could be found on the way Indonesian management perceive power and status as well as high perceived control over the environs i.e more emphasis on power and authority and less perceived control – more efforts to delegate decision-making and to encourage individual responsibility and accountability. For the Indonesian managers, the frustration arise over the questions of, for example, ‘who is the boss?, ‘why is not the boss making resolute decisions?’ and ‘how can one be held responsible in absence of any control of what is truly happening?’ (Schneider, 2003, p. 100).

In the political point of view, the events of the past years have shown that it is not always the established figure with the most financial capacity and biggest political influence who wins. In the current environment, a charismatic candidate with new approaches and ideas, as well as people and media skills can attract enough support to outwit more fancied opponents. As the electorate becomes more critically minded and less beholden to large parties and institutions, it has considerable power to defeat seemingly entrenched forces. Thus, bottom-up processes are not always trumped by top-down ones. Voters tend to sympathize to those political leaders who are passive on or countenancing of religious intolerance or the winding back of democratic rights, or they can choose leaders who insist on substantive pluralism and the fostering of democratic values. (Fealy, 2013, p. 117).

Uncertainty avoidance (tolerance for ambiguity)

As clearly defined by House R.J. and Hofstede, (House R. J., 2004) (Hofstede, 1980) uncertainty avoidance is the dimension that reflects to which extent indivduals are willing to accept uncertainty and individuals with high uncertainty avoidance will rely on established norms and practices in order to lower the probability of unforseeable events in the future.

Uncertainty avoidance is dependent on people’s need for structure. The higher such avoidance, the more there is a need in culture for a structured life. In an uncertainty-avoiding organization there are many rituals / procedures, for example, certain memos and reports, some parts of accounting, much of planning, a considerable part of control systems and occasional reliance on experts (Hofstede, 1980).

The Indonesian uncertainty avoidance (ambiguity tolerant) is low compared to their Asian counterparts, its Hofstede score is 48 of the average Asia is 58 and average world is 64. However, its GLOBE-Study (as it is now or in practice) score is considerably high 4.17 of the average world is 2.88-5.37.

The GLOBE-Study conclude that Indonesian society is considered high in tolerant of ambiguity (uncertainty avoidance). It is true with the fact that one of the main obstacles need to be solved properly according to Hendro (2016) (Hendro, 2016) is to clear-up the ambiguity of the decision makers' roles in order to break the feedback symptom of the low production of effective decision making. More detail explanations will e described in the section of Indonesian decision-making style.

Uncertainty Avoidance may impact on the degree of formalization and decentralization in organizational structures such as selection practices (Irawanto D. W., 2009, pp. 43-44). It is plausible that appropriate Uncertainty Avoidance practices make it possible for decentralization of operations rather than management by personal control.

Based on global cluster or cultural compass contrived by Ronen and Shenkar, Indonesian is the member of the South Asian Global Cluster, this cluster is fairly tolerant of ambiguity. When financing their activities, countries low on uncertainty avoidance (ambiguity tolerant) are more likely tend to rely on bank financing of their asset allocation (Kwok & Tadesse, 2006) cited in (Ronen, 2017, p. 21).

Humane or Social orientation

Humane Orientation describes whether organizations encourage individuals to act fair, friendly, caring and kind to others (House R. J., 2004). It is measured to which individuals in organization encourage and reward individuals for acts of positive attributes or favorable characters.

The level of Humane or Social Orientation in Indonesia is relatively high, where it scores at 4.69 of the average of the world 3.18-5.23. This dimension proposed by the GLOBE-Study project somehow has the opposite behavior to the Individualism dimension proposed by Hofstede where Indonesia score is low at 14 of the average Asia 23 and of the average world 43.

Some cultures are definitely focused on the individual and on individual free choice; other cultures consist of people who do not even identify themselves as individuals but rather as members of a group, as the Indonesians.

Indonesia as one of the member of South Asian global cluster according to Ronen and Shenkar, is characterized by high humane-oriented leadership and medium to high on team-oriented leadership. However, the great variance and wide range of scores in the other leadership styles does not allow for any conclusive deduction (Ronen, 2017, p. 325).

In most Indonesian organizations, management has to find its way in a conflict of cultures, between modernity and tradition (Widyahartono, 1991, p. 137). It is a difficult task, but a most challenging one, particularly for scientists and practitioners who have could be said that Indonesian society is still a rather traditional, hierarchical and honour-oriented society. Harmony *(keselarasan)* and honour *(kehormatan)* play a central role in this society. They prescribe the way relations between people should be structured and maintained as a matter of conflict prevention (Widyahartono, 1991, p. 137). From an organizational point of view, one can see the collectivistic or fellow-men orientation and the meaning of work in the Indonesian context. Contrary to most Western value systems, Indonesian society in general is not oriented toward things, but toward smooth relations with one's fellowmen (Widyahartono, 1991, p. 137). People work with the expectation of achieving the objectives of the organization but in harmonious way. Indonesian society is traditionally characterized by concepts such as *musywarah, mufakat dan gotong royong* ("consultation, agreement and solidarity"), with a strong hierarchical orientation.

Management researchers Dwiarmadja *et al.* (1997) cited in Munandar (2003) (Munandar, 2003) made a comparative study of Japanese and American joint ventures in Indonesia. They found among other things that Indonesian managers are more directive, Japanese more participative, American managers more democratic. They also found that Japanese managers are more able to motivate Indonesian employees than American managers. Another finding is that Indonesian employees managed by American managers have significantly experienced less stress than that of supervised by either Japanese or Indonesian managers (Munandar, 2003, p. 91).

Future orientation

Future Orientation is the extent to which individuals are oriented towards the future. It is the degree to which individuals in organization engage in future-oriented behavior (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004).

This can be reflected in systematic planning or making future-oriented investments. A culture can have a shorter or a longer time orientation (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004).

Indonesia, that is included the South Asian Cluster based on Ronen and Shenker, is high on future orientation. The level of future orientation in Indonesia is relatively high, where its GLOBE scores (as it is or in practice) at 3.86 of the world average at 2.88-5.07.

Working conditions vary with the size and sophistication of the corporation or enterprise but generally large private companies offer the best working conditions, secondary benefits and opportunities as well as career advancement (Buckingham, 2019, p. 190).

Assertiveness

Assertiveness is the extent to which individulas in organizations act aggressive and confrontational in their relationships to others. It is the degree to which individuals in organizations exhibit and accept assertive confrontational and aggressive behavior in social relationship (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004).

The level of Masculinity by Hofstede in Indonesia is significantly low, where it scores at 46 of the average of Asia 58. This dimension is related to the Assertive dimension proposed by the GLOBE-Study project where Indonesia score (as it is now or in practice) is 3.86 of the average world 3.38-4.49.

Although in general, the finding above could be true that Indonesian score for Assertiveness is very low, but to some extent, it mostly describes the Javanese people, while the ethnic groups such as Bataknese and Minangkabaunese show high scores since these groups would most probably tend to be more assertive and spontaneous in expressing their feelings (Munandar, 2003, p. 94).

Nevertheless, it is also worthwhile to deeply understand the dynamic of the pivotal role of a leader in a paternal relationship as commonly practice in Indonesia.

For detail illustrations regarding several Indonesian different ethnics influencing Indonesian management styles and business practices (Javanese, Bataks or Bataknese,and Chinese), see appendix.

“Follow the leader” or *bapak*ism is a well-known expression for this behaviour since socio-logically people find the necessity to honour older people and those of higher status because they are considered to have the role of “fathers” in the organization. How can someone move up in the ladder of *bapak* in the organization? *Bapak*ism is based on certain ascriptive considerations: age, class and loyalty toward superiors. Within organizations, loyalties seem to be more important than the common Western concept of efficiency. If an organization is made up of people from different backgrounds (culturally and geographically), there is a continuous effort among subordinates to take sides with their respective managers (Widyahartono, 1991, p. 137).

To people within organizations, work is not solely a means to achieve objectives, but also to establish and guarantee harmony. It is the role of the “*bapak* manager” to maintain this harmony, thereby accumulating all authority or power. But one should bear in mind that power in this context does not have the typical Western connotation of being based on contract or appointment (Widyahartono, 1991, p. 137).

The main interest of the *bapak* manager is to maintain harmony. He feels free to use organizational assets to achieve this goal. Because of the strong emphasis on hierarchy, some interesting consequences as far as decision making is concerned can be seen. For example, nobody in a lower level dares to make decisions openly without referring these decisions to their respective superiors. Subordinates tend to assess the mood of their respective managers before taking any action. Subordinates prefer to adopt a “wait and see” attitude which could best be described as waiting for the surat keputusan (letter containing a decision made by top management) or a formal “go or no-go decision” made by top management in an open meeting. Thus, to Westerners the decision-making process in the Indonesian context takes a much longer time (Widyahartono, 1991, p. 138).

The In-Group Collectivism

The In-Group Collectivism defines the degree to which an individual shows pride and loyalty to its organization (House J. A., 2013). The Group/Family Collectivism is the degree to which individuals express pride, loyalty, and cohesiveness in their organizational. Collectivistic is very likely to share same perception of an event and will find it difficult to suggest a way around an obstacle, will not make emotional individual responses openly, will try to restore personal calmness and thereby try to achieve harmony. As earlier pointed, to people within organizations, work is not solely a means to achieve objectives, but also to establish and guarantee harmony. With this type of group, potential problems will be in a way that emotions can worsen the conflict while one side tries to force a joint solution while the other one withdraws from any interaction (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004).

In Indonesia, where the Individualism score is considerably low, 14 out of 43 of the world average, it can also be referred to as collectivist. Furthermore, the GLOBE-Study found that although this dimension was introduced 25 years ago by Hofstede, the meaning of collectivism has remained the same. In particular this team describes it as in-group collectivism., The Indonesian GLOBE (as it is or in practice) score of in-group collectivism dimension is significantly high 5.68 of the world average 3.53-6.36.

Above findings are closely related to the fact that the Indonesian society's best way for people to relate to one another is emphasize more to other-dependent behavior. There is a strong need for all involved in or affected by an action or decision to be consulted. The group orientation is very strong; individuals typically will not do things, say things, or make decisions until they are sure that those who are affected by a program or proposal have already bought into it. Family, clan, and other membership groups that define an individual (such as work and religion) are primary considerations for all action. Individual initiative, while important, must be justified as producing results that will benefit others, and must ultimately involve others if it is to succeed (Foster, 2000, p. 134).

Another evidence in terms of culture and HRM (Compensation and rewards), Vans C. M, *et al.* (1992) cited in Schneider (2003) asserts that Indonesians manage their culture by a group of process, and everybody is linked together as a team. Unequal distribution of any incentive such as pay for performance amongst the team did not produce a desired outcomel; it is therefore concluded that pay for performance is not suitable for Indonesia. Pay for performance, as an incentive, is co-related with individual performance. (Schneider, 2003, p. 167).

However, there is another finding that Indonesian society demonsttates both individualistic and in-group based logics at the same time (Buckingham, 2019, p. 182). Understanding when and why individualism or collectivistic take precedence and how they shape identitymay be understood by considering incentives to alter social relations. The long-term downward pressure on rural incomes, relative to urban areas, and higher costs for agricultural land have driven Indonesia's rural youth to seek opportunities in urban areas. This migration from rural towards urban institutions has profound implications for the strength and duration of group membership (Buckingham, 2019, p. 183).

Dewey (1962) cited in Buckingham (2019) (Buckingham E. , 2019) presented independence, or individualism driven by market forces, as a prerequisite for "efficient trading behaviors". She argued that Javanese who have migrated awayfrom rural to urban areas will, for example, treattransactions as discrete events and rarely offer credit to one another even if they are long-term acquintances. Once "beyond the reach of his [or her] effective social unit and its supporting sanctions" the aspiring trader "must start to deal with people who are not from his [or her] village' who have no obligation to reciprocate or behave in a collective fashion. In general, migration from all over Indonesia to urban centers – especially Jakarta – encourages transient and intermittent relations with out-of-group parties which provides scope for individualism: anonymous, independent, and self-reliant behaviors. The disruption in social capital associated with this migration has a lawless aspect which demands new reference groups of people and institutions to provide social security (Buckingham, 2019, pp. 182-183).

Most Indonesians are uncomfortable talking business with people they are unfamiliar with. Trade shows and official trade missions are good ways to enrich networking. Another form of acceptable social norm is to be introduce by someone, preferably a high-status person or organization known to both you and the Indonesian party you wish to contact with. Most formal avenues are through a bank, law firm, consulting firm or embassy official to introduce you (Gesteland, 2005, p. 175).

Institutional Collectivism

According to House R.J. (House R. J., 2004), institutional Collectivism describes to which extent an organization encourages the collective distribution of resources and collective actions. It is the degree to which institutional practices encourage and reward collective distribution of resources and collective action.

In Indonesia, where the Hofstede's Individualism score is considerably low, 14 out of 23 of Asian average and out of 43 of the world average, it can also be referred to as collectivist (Hofstede, 1980). Furthermore, the GLOBE-Study found that although this dimension was introduced around 25 years ago by Hofstede, the meaning of collectivism has remained the same. In particular this team describes it as institutional collectivism; score (as is or in practice) 4.54 of the world averages of 3.25-5.22.

Rule-oriented or relationship-oriented? There is much less concern for abstract moralizing, and more concern for doing what is best given the situation and the people involved. Systems and processes are questioned, and generally not seen as benefiting only those who create them. Subjective relationships and whom you know determine the outcome of things (along with forces that are beyond your control). This is revealed in a "here-and-now" attitude: what is best for all involved in the immediate given situation, after considering all factors, is usually, what determines the chosen action (Foster, 2000, p. 135).

In public sector organizations, which administer collective assets on a large scale, rely on markedly different mechanisms for establishing authority. Government officials, for instance, can expect career progression to be dependent on favourable decisions made by senior colleagues, and while this system of patronage contributes to insular management practices, it also rewards loyalty. Salaries in the public sector are typically low but job security and social status through the association of office are generally high, which with the passage of time may provide perks and benefits to an employee (Buckingham, 2019, p. 190).

As discussed above in the dimension of in-group collectivism, the disruption in social capital associated with the migration from rural towards urban institution has a lawless aspect which demands new reference groups of people and institutions to provide social security (Buckingham, 2019, pp. 182-183).

The notion of a “company-man” dedicated to the firm and beyond all other reference groups is not an Indonesian phenomenon. For a society transformed by rapid urbanization but without the institutions to support the creation of a modern capitalist society, collective order requires a solution to fragmented individualism. Amongst Indonesia’s larger organizations significant energies are spent in the pursuit of establishing “company culture” by drawing on and co-opting institutional frameworks endemic to Indonesian society to create commitments to professionalism. The advantage of such references, for example religious principles, is that shared expectations of conduct tend to enhance resource control. However, this homogeneity also dissuades out-of-group participation and restricts access to human capital (Buckingham, 2019, p. 183).

Indonesian corporate culture, like corporate culture everywhere, is characterised by an enterprise’s efforts, thoughts, and activities. These are combined together in order to reduce risk, control variables, manage growth and produce profit. The character of a particular corporation is closely related to the value which is attached to individual members of the particular corporate community. A different social environment will create a different value. There is a paticular type of relationship between individuals has come to characterise most Indonesian companies (Yudianti N. G., 1997, p. 95).

The life of a company is like the personal growth of an individual. New values are absorbed, traditional values are maintained, reincorporated or discarded. Like the value system of individuals, the core values that characterise a particular business culture are very difficult to modify in ashort time. There may be the appearance of progress, but beliefs about how to work, and how to work together, stubbornly persist, for good or for bad (Yudianti N. G., 1997).

The managers and employees of large Indonesian companies are now highly exposed to Western corporate culture, to the network of international business and to the modern world. However, often these same Indonesian corporate players have little or no insight into the fact that certain values strongly influence the way they think or the way they act when facing a situation or making a decision. They believe themselves to be modern. Indeed their physical environment may be outstanding, their factories may be technologically advanced, their products may be internationally priced and quality competitive, but their efforts, thoughts, and activities are still confined with the cultural terms of reference (Yudianti N. G., 1997).

In this, for the purpose of learning to deal with Indonesian companies, Yudianti (Yudianti N. G., 1997), identifies the challenges in defining a general Indonesian model of corporate culture. The fact that Indonesia is a multi-ethnic and multi-cultural society, it adds a degree of difficulty in finding the exactness and definition of corporate culture since multi-ethnic groups has different managerial / leadership approaches. Thus, the Indonesian national motto reflects this situation – *Bhinneka Tunggal Ika* or ‘Unity in Diversity’.

The culture of the national capital and business centre, Jakarta, for instance, is a complex blending of the sum total of the influences of almost all of Indonesia’s ethnic groups, not excluding the influence of the various Jakarta based expatriate communities. Many of Indonesia’s multinational corporations have in fact been profoundly influenced by their exposure to international business. Essentially, then, this means that some Indonesian companies will be indistinguishable from European or American companiesin terms of efforts, thoughts (Yudianti N. G., 1997), and activities-but most will be different. Understanding some of the differences is necessary as one of the objective of this research (Yudianti N. G., 1997).

Performance Orientation

Performance Orientation is the degree to which extent an organization encourages the collective distribution of resources and collective actions. It is the the extent to which and organization encourages and rewards members for performance improvement and excellence (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004).

The level performance orientation in Indonesia is relatively high, where its GLOBE scores (as it is or in practice) at 4.41 of the world average at 3.20-4.94.

Traditionally, Yudianti (1997) asserts that seniority is very important in an Indonesian corporation, most probably regardless their performance. Indonesians highly esteem their company seniors in a way that is difficult for Westerners to understand or appreciate. In Indonesia, seniority is measured not only by position or length of service but by age, status and title, authority structure and education, and by family, political and corporate connections (Yudianti N. G., 1997, p. 108). Thus, can be interpreted that to her perspective, the performance orientation could be low because of rewarding system by seniority instead of by performance. However, this perspective may lead to a different interpretation if the reward system based on performance through this seniority.

In contrast, there is a finding contrasting to Yudianti finding, which in line with the GLOBE score although doubted a strong evidence, the changing behaviour could be helpful to have a look. This finding has a positive correlation with the dimension of performance orientation in which both findings adduce the high importance of this culture dimensions perceived by Indonesians. The finding is about how importance is performance in today's business practice in Indonesia. Most of the Indonesians who work in the industry for 5 to 15 years which have a bachelor's degree, which the majority work in private firms that most of the firms where they work for had been established from 11 to 15 years, indicates that architecs in Indonesia regarded the critical importance of performance by achieving the client's objectives in the project for architecs by communicating effectively (Lubis, 2016, p. 228).

Incentives for Indonesian organizations to foster human capital development would transform Indonesia's productivity. However, even with the offer of modest salaries, managers have little difficulty in attracting labor but struggles to make labor productive. The creation of standards and frameworks to incentivize career progression offers some promise to drive productivity (Buckingham, 2019, pp. 189-190).

Indonesian management practice, especially in the state sector which riddled with Bizantine rules and regulations, tends to rely on relationships, rather than performance, to get things done, which is a huge drain on its capacity (Buckingham, 2019, p. 189).

Indonesia as the member of the South Asian global cluster by Ronen and Shenkar, is characterized by low reliance on specialists and co-workers. Because the South Asian cluster is characterized by high deference, it is only logical that there would be high reliance on vertical sources of guidance (Ronen, 2017, p. 325).

Gender Egalitarianism

Gender Egalitarianism is the degree to which an organization aims at minimizing gender role differences and thus promotes gender equality. It is the extent to which an organization minimizes gender differences (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004). This is somehow in line with masculinity of Hofstede's cultural model (Hofstede G. , 1980).

When it comes to women emancipation, the level of Gender egalitarianism of Indonesians is an average of the world rank. This is particularly true, of which the findings of the GLOBE-Study (as is or in practice) illustrated Indonesia's score i.e. 3.26 which is in the middle level of the world's average scores at 2.50-4.08.

In terms of women empowerment and female images in Indonesia, women in Indonesia have an equal role with men, not only legally, but culturally; their traditional role as homemaker and nurturer for the home is not seen as subordinate to the male provider role, and, in fact, Indonesian women do have opportunities in business and work (although perhaps not as great as men, in general). Outside of the home and the traditionally female professions such as medicine and teaching, there are many women holding high-level positions in the ministries and teaching, there are many women holding high-level positions inthe ministries and government in Indonesia. It should not be difficult, therefore, for non-Indonesian businesswomen, as long as their authority is established, clear, and maintained, and as long as they follow the necessary cultural customes described in this chapter, to be successful in Indonesia. Indonesia is also demographically a very young country, with the bulk of its population under the age of thirty (Foster, 2000).

Grant Thornton's research referred by Ariyanto *et al.* (2018) (Ariyanto e. a., 2018) shows that 36% of senior managers in Indonesia are women, and the reasons many women advance themselves as leaders are their willingness to make a difference (47%) and to influence others (32%) (Priherdityo, 2016). It seems that women, those aspiring for leadership roles, at least in big cities in Indonesia, are increasingly susceptible of reaching leadership positions and building a positive image as leaders. Arguably, the results may not have shown similar trends if the research had been conducted in small cities, given the higher power distance culture of smaller cities in Indonesia. A comprehensive investigation of positive identity as leaders in smaller cities in Indonesia would be of value. It would also be interesting to see whether, in big cities, people are more ready to accept male leaders who tend to be more people-oriented than task-oriented (i.e. do not inhabit such stereotypical masculine roles). The emerging nature of this phenomenon and termed it ‘the backlash effect’. Future research may want to address this phenomenon in big cities in Indonesia (Ariyanto, 2018, p. 393). A study by Ariyanto *et al.* (2018) (Ariyanto e. a., 2018) showed that neuroticism has no relationship with positive identity as leaders with one of some reasons that neurotic people in Indonesia have effectively been trained to hide their emotions, given that the majority of Indonesian people tend to have neutral affect.

In order to cope with the dynamic environment continuous research work toward a firmer definition of the Indonesian style of management is required. Continuous research will justify whether management is a cultural process, not primarily a matter of techniques and strictly rational methods, but of finding ways to reach objectives within an existing socio-cultural environment, particularly the Indonesian cultural setting (Widyahartono, 1991, p. 144).

4.3 Indonesian Decision-Making

The need to compete – as private firms must – for capital, resource control and market access means that management is frequently authoritarian by necessity. In the archetypal entrepreneur-led family business, even key employees have limited decision-making power. Such structures encourage employees to administer rather than manage (Buckingham, 2019, p. 189). This type of management structure is unsuitable to businesses requiring distributed decision-making. The management benefits of the digital revolution, such as Industry 4.0 and/or further, Industry 5.0, may lead to subsequent deferment in Indonesia.

It is important to draw distinction between management decision-making in businesses, which is generally top down, versus consensual (consensus) decision-making in community groups. The formation of these groups is generally voluntary; there is little hierarchy and, while the costs f coordination are high, they do provide scope for autonomous decision-making. Nevertheless, as the power to coerce other member to act is limited, these organizations are slow, relative to entrepreneurial ventures (Buckingham, 2019).

In terms of superior-subordinate relations, Alan Dean Foster (2000) (Foster, 2000) conveys that the decision-making system usually works from the top on down, with key decisions often coming from individuals in high positions of authority. There are formal and informal networking opportunities available in order for the decision maker to build a consensus, but generally, access to power is what determines action.

At meetings of peers, there can be open communication and sharing of ideas: however, most meetings are formalities at which information is exchanged, or decisions that have already been made are confirmed. Meetings are too risky for open problem solving and decision making, given the group and hierarchy orientation in Indonesia. (Foster, 2000, p. 155).

A specific Indonesian aspect of decision-making behavior that has been noted by foreign researchers is *musyawarah-mufakat* (discussion and consultation-consensus) (Suryani A. , 2014). The ideal is that everyone is given the opportunity to speak out, every difference negotiated, and adjustments made until consensus is reached. Voting is discouraged; as this may pave the way for the majority but will overrule the interests of the minority. This method of decision-making takes time, but in the end, the result should satisfy all parties (Suryani A. , 2014).

Musyawarah-mufakat as a principle demonstrates a democratic way of problem solving and decision-making. However, in practice, adjustments hardly change the original proposal, especially when it has been initiated by a powerful person (Suryani A. , 2014). It is frequently observed that a leader in a group is controlling the way musyawarah (discussion), is being conducted and with skillful communication techniques manipulates subordinates to accept his (rarely "her") opinions. Here, sensitivity about avoiding conflict plays a role. Conflicts may be primarily about differences of opinion between parties, but there are also emotions accompanying conflicts. The differences of opinion can be solved by compromising but the emotions involved have to be handled in another way. There are strong norms on control of emotion expression. A person is seen as virtuous if he or she can control emotions in a conflict situation.

Suryani (2014) p. 10 (Suryani A. , 2014, p. 10) conveys that "face" is a very sensitive issue in Indonesia. Face is an intrinsic value which represents one's reputation and pride. Criticism may be acceptable under four eyes, but reputation matters in front of others. When someone is criticized in front of others, he or she will feel *malu*, a feeling of deep shame and humiliation or a loss of face. This leads to specific ways of communication. The way of speaking should be *alus*, which is polite, low voice, low pitch, slow in pace, calm, unemotional, and indirect. Sensitivity to non-verbal behavior is important, because in order to maintain someone's face, Indonesians should avoid saying "no" or other expressions of direct rejection. Rather, they should say "yes" even if there is no true agreement or intention to act. Voting also creates winners and losers which may create problems in cultures where consensus is valued and saving face is more important (Schneider, 2003).

As described earlier in the topic of Indonesian cultural dimension values on in-group collectivism which their GLOBE score 4.41 of the world averages of 4.52-6.36 as the best way for people to relate to one another is other-dependent? There is a strong need for all involved in or affected by an action or decision to be consulted. The group orientation is very strong; individuals typically will not do things, say things, or make decisions until they are sure that those who are affected by a program or proposal have already bought into it. Family, clan, and other membership groups that define an individual (such as work and religion) are primary considerations for all action. Individual initiative, while important, must be justified as producing results that will benefit others, and must ultimately involve others if it is to succeed (Foster, 2000, p. 134).

Indonesians are collectivistic community which formed collective decision-making in their co-engagement of organization leadership. Co-engagement of organization leadership in collective decision-making is recognized as a key modality for encouragement of collective creativity and responsible and sustainable business practices (Van der Westhuizen, 2017, p. 106). In case of public enterprise (PE) communication and collective decision-making regarding organizational policy comes to the importance of organization leadership into co-engage with the key decision-makers in government to ensure responsible and sustainable execution of policy. Often policy-making and implementation allows little scope for innovation and creativity, little scope, in other words, for flexibility, with direct consequences for success or failure of collaboration (Van der Westhuizen, 2017, pp. 106-107).

Debate around the level of compensation for executive teams and senior management in PEs has reached fever pitch in recent years. Governments, shareholders, boards of directors, academics, the business community in general and employee representative bodies have all demanded a say in how senior leaders are compensated and rewarded for their performance and input in organizations. The debate has centred on two key questions: who should set appropriate pay policy and how superior performance can be rewarded as organization leadership of PEs feel they have a strong claim to co-engage in collective decision-making (Van der Westhuizen, 2017, p. 107).

According to Filatotchev and Allock (2010) referred by Van der Westhuizen (2017) (Van der Westhuizen, 2017), executive compensation has recently seen a move from fixed pay structures to remuneration schemes that are predominantly linked to performance and share ownership structures, and the role of shareholders (as principals) and boards of directors in determining the structure and shape of executive compensation has become a key issue in the debate on what constitutes fair and value-adding compensation and on the need for greater accountability in responsible and sustainable business practice (Van der Westhuizen, 2017, p. 107).

Leadership is especially important in an Indonesian corporation, because most subordinates lack an appreciation of basic initiative. This is compounded by a pervading spirit of passivity which manifests itself as a lack of self-confidence. It is a dominant theme across most of Indonesian society, and is believed to result from a strong tradition of patternalism and feudalism, particularly in Java and Bali (Yudianti N. G., 1997).

In most Indonesian families, a paternal figure is dominant. The father makes decisions, and servants (in most Indonesian business families, servants assist in the running of the houshold) do the work (Yudianti N. G., 1997). This combination of paternalism and the abrogation of actual practical work produces a particular type of indivudual. This only lead for the offspring's to be overindulged. (Yudianti N. G., 1997).

Given this situation, and because the father figure makes unilateral decisions without consulting his nuclear family, and because servants will always do what the children ask, many Indonesians do not have the social, psychological and personal character foundations required to automatically assume prductiive roles in modern business. They are rather equipped to follow (Yudianti N. G., 1997, p. 107). Even in the workforce, there is seldom an opportunity for ordinary employees to prove that they could accomplish themselves. Consequently the struggle to achieve assumes a low profile. Competitiveness is not as fierce as it is in the West, Japan or China. Rather, life and buisness are characterised by the Javanese equivalent of the motto 'slow but sure' or *alon-alon asal kelakon.* This is not to say that Indonesian are not hard workers. Far from it. However, in the near past, achieving a better position, gaining a higher status, or earning a more affluent salary was based on networks, reciprocal obligation relationships and priviledge rather than just on puremerit, ambition or experience. Thus these later qualities are still not regarded as highly as the former (Yudianti N. G., 1997).

Significantly, this whole cultural scenarion is changing rapidly. The new generation of Indonesian corporate citizens will benefit from the contemporary, more democratic relationship between father and children. This will lead to more self-confident, motivated and ambitious employees who are better able to appreciate the importance of demonstrating initiative in the corporate decision-making and problem-solving process (Yudianti N. G., 1997).

4.3.1 The Indonesian Decision-Making Process and Execution

The decision-making process and execution in Indonesia is considerably contextual. It is possible it would be depend on the type of enterprise whether public (government) or private (non-government).

4.3.1.1 Indonesian government institution decision-making

Public sector organizations rely on markedly different mechanisms for establishing authority. Government officials, for instance, can expect career progression to be dependent on favourable decisions made by senior colleagues, and while this system of patronage contributes to insular management practices, it also rewards loyalty. Salaries in the public sector are typically meager but job security and social status through the association of office are generally high, which with the passage of time may provide perks and benefits to an employee (Buckingham, 2019, p. 190).

In traditional (classic) way, as conveyed by Santoso (1961), the process of decision-making of governmental state administration institution (Presidential Decision) in Indonesia, is a rational and systematic process. There are four points to be observed in decision making; they are considering the problem, going over all possibilities for the solution of the problem, then joint discussion and making the decision (Santoso, 1961, p. 5).

Santoso (1961) (Santoso, 1961) also conveys that the Indonesian society develops and moves fast which leads a need of spirit which is practical, fast and real. In facing a rapidly developing society.

Indonesia as a former colonialized country, which have had no opportunity to develop by itself, is only now training itself for the task of self-development and is experiencing a significant number of labour shortage both skilled and unskilled. In order to address these shortages in the shortest possible time the state administration institute plays a very important role. The person who has to make a decision must dynamically have the courage to arrive at a decision on something, or to express a different opinion, if he thinks that the framework of thought of others does not truly reflect with the norms and values (Santoso, 1961).

The ideal situation for Indonesians is a prosperous society without sacrificing Indonesian identity. This may be reached through a development process, which sets as an absolute condition the state of order and discipline in any facets of life and living of the society and order and discipline needs a set of regulations and quick as well as accurate decisions. A highly civilized people must understand supposedly such regulations. This understanding gives rise to civilized behaviour and consciousness and both will result in order and discipline (Presidential message on Development) (Santoso, 1961).

4.3.1.2 Indonesian non-government institution (private) decision-making

In private sector, there was a study about the challenges of the decision-making in terms of the project completion which should seriously be considered as a legal uncertainty (Hendro, 2016, p. 239). The root cause of this problem is the ambiguity of decision makers' roles, bounded-awareness occurrence, and the influence of the hidden factors on decision-making. Therefore, he suggests that solutions are proposed to solve the situation and transform it into the ideal system situation: decision makers roles are clarified, every sector or stakeholder is able to see, seek, use, and share integrated information properly, and every efficient decision made is implemented appropriately into actions.

Hendro (2016) (Hendro, 2016) shows that there are some aspects that will not be happening before decision makers' capability of making efficient decisions which the low productivity of efficient decision-making increases the complication of legal uncertainty. Those aspects that determine the project's completion rate is the frequency of successful power plant establishment (both by PLN and IPPs sides). Besides how qualified the contractors are, establishing power plant involves many other aspects such as capital injection, land acquisition, administrative and management process (Hendro, 2016).

There is a gap between the current system situation and the ideal system situation, therefore it is necessary adopt cultural transformation on decision-making in view of the fact that culture is actually learned and not genetically natural. In an organization, leaders are the ones who should create a healthy culture including the productivity and effeiciency of decision-making. As we might have noticed that culture can be changed, when a current culture is no longer adaptable for the future achievement, which no decision making is produced and efficient, top leaders must agree to a critical issue: a change is needed and thus at the very start before anything begins, the leaders should act as one because they are the main keys of the change (Hendro, 2016).

Too many organizations, departments or units on the case found by Hendro (2016) (Hendro, 2016) struggle with critical decisions when nobody agrees. Some very few are able to agree on the less “inefficient” decisions while most agree on “bad” decisions which are followed by the worst possible outcomes. Moreover in the end, no one can implement the decisions made (should there be any) into proper actions. When leaders fail in decision-making, organizations crumble to the bottom. However, the ones who create should be the ones who understand best to ‘re-create’ for the better. Complex unproductive and inefficient decision-making situation can only be broken by leaders. Subordinates may be able to “contribute” some to change the situation, however their role limitations unable them to make decisions – making the change. A change must be done in the way things are going currently in the system not just partially, but a whole transformation on evvery level of the system, the true change of organizational of decision-making, nation-wide (Hendro, 2016).

The first to notice about cultural transformation in decision-making according to Hendro (2016) (Hendro, 2016). is to know what exactly should be transformed. The current situation of the project he observed does not demonstrate the probability to be sucessfully achieved. The aspects described earlier such as difficulties of involving qualified contractors, the discoordination between sectors, the problematic implementation of supproting rules and regulations etc are all so devious until the project completion rate is put in jeopardy. According to Hendro, leaders are the changers from inside who are thinking as outsiders that will influence more insiders to think as outsiders. (Hendro, 2016).

Aformentioned findings by the GLOBE-Study conclude that Indonesian society is considered high in tolerant of ambiguity (uncertainty avoidance). According to Hendro (Hendro, 2016), it is true that one of the main obstacles that need to be solved properly is to clear-up the ambiguity of the decision makers’ roles in order to break the feedback symptom of the low production of effective decision making. He suggests that the solution of the ambiguity, being one obstacles in the effective decision making, is by first understanding what can clear up the ambiguity that can make a decision be stated explicitly. Leaders or managers between sectors should understand each role and capability on every level, for instance with a coordination meeting in order the decision maker to state the clear purpose of the meeting to enable everyone to know what to discuss and what to decide by setting up the “what” of an issue so that the problem will be determined clearly.

4.4 Indonesian Negotiation

Bargain: Expect few decisions from Indonesians at the table, and be willing to provide copious amounts of information, to the degree that you can, in response to their questions and in anticipation of their needs. Presentations should be well prepared and simply propounded. Details are best left to questions and backup material, which should be translated into Bahasa Indonesia and left behind. Ideally, you should present your material to the Indonesians for study, along with a proposed agenda, prior to the meeting. Have extra copies available, as you will meet more people than you will expect. You should come with a well-organized team, whose roles have been clearly thought out and defined. Never disagree with each other in front of the Indonesians, or appear uncertain, unsure, not authorized to make a decision, or out of control in any way (Foster, 2000, p. 156).

Indonesians generally do not like to bargain, but when they do, they approach it as a win/win possibility (something should be in it for both sides). Although the contract must be legal written down, remember that for the Indonesians, it is a piece of paper that merely signifies an agreement that has been reached and which will be followed because of the trust and commitment that has been built around. Remember, the deal should be finalized with a celebratory meal or round of drinks, and the actual signing might be delayed until an auspicious or lucky day: this might affect your schedule. Keep communications open, especially when at a distance, and stayin touch often with your Indonesian associates: share more information than you normally would, not less; and, because business is so intimately connected with the government and because the political situation is so fluid, try to have a contact on the ground in Indonesia who can always keep you informed of what is really going on, if you can (Foster, 2000, p. 156).

In contrast from above findings as illustrated by Foster (2000) (Foster, 2000), Indonesians love to bargain. Since you may run into unanticipated cost factors, remember to build some extra margin into your opening bid or quotation. With negotiations often dragging on for months, your counterparts have time to keep chipping away at your initial position. So anticipate this and keep some “bargaining chips” in reserve (Gesteland, 2005, pp. 178-179).

In terms of sales and marketing, for example, it is essential to adapting sales presentation: Visuals and handouts are helpful, especially with numbers. The “soft sell” approach works best in this culture (Gesteland, 2005, p. 178).

Decision-making: the decision-making process usually takes much longer than in deal-focused cultures. Westerners should bring patience when in this part of the world (Gesteland, 2005, p. 179).

Contracts: Indonesians tend to regard their relationship with you as more important than the contract they signed. They prefer to sort out problems or disagreements in face-to-face meetings rather than calling a lawyer or referring to the fine print in the written agreement. Get everything in writing to avoid later misunderstandings, but don’t be surprised if your Indonesian partner wants to renegotiate some of the contract terms not long after signing the agreement (Gesteland, 2005, p. 179).

The issue noted by the Former Minister of Finance of the Republic of Indonesia Dr. M. Chatib Basri (Basri, 2019) is to create the corporations first before going into the negotiation.

Verbal communication: Local business people maintain harmony during vigorous negotiations by using indirect, “polite” language. There are at least a dozen ways of saying “no” in Bahasa without actually saying it. Because your local counterpart is accustomed to roundabout language to avoid insulting others, he may take offense if you are overly frank and direct. But beware of stereotyping in this complex culture. If you happen to be doing business with a Western-educated Javanese or an ethnic Batak of Sumatra, for example, you may well encounter a more direct approach to verbal communication. Indonesians tend to be embarassed by elaborate expressions of gratitude, responding best to a simple “thank you” (Gesteland, 2005, pp. 176-177).

Paraverbal communication: Most Indonesians speak softly and rarely interrupt another speaker. They may be startled by loud talk and are offended if interrupted in mid-sentence. Visitors should avoid raising their voice or engaging in conversational overlap.Indonesians sometimes laugh or giggle when they are nervous or embarassed. Be careful not to join in the merriment until you know exatly what the laughter is all about (Gesteland, 2005, p. 177).

Indonesian Nonverbal Behavior: When meeting someone for the first time, expect a gentle handshake accompanied by moderate eye contact. If in doubt, just do as your counterpart does. Except for the handshake Indonesians avoid physical contact with people they do not know very well. The intense eye contact which would be appropriate in southern Europe or the Middle East is considered “staring” in Southeast Asia, and makes Indonesians uncomfortable. If you wear sunglasses in Indonesia, remember to remove them when meeting a local person. Talking to someone from behind dark glasses is very rude in this society (Gesteland, 2005, p. 177).

In Indonesia most people regard the left hand as unclean. Avoid touching people, passing food or offering your business card with your left hand. It’s okay to sign a document with your left hand if you are left-handed, but remember to give it to someone with your right hand. Pointing at people or objects with your index finger is impolite. If you need to point, close your (right) first and aim it thumb-first in the direction indicated (Gesteland, 2005, pp. 176-177).

5 Japanese Business and Management Practice

This chapter observes the Japanese business and management practices regarding leadership, decision-making and negotiation styles or behaviors.

5.1 Introduction of Japan and Japanese Business Practice

Firstly, there are some reasons regarding the upbringing of Japanese business and management practices in this research:

- Japan is an Asian country with homogenous society and are peace loving citizens despite of some issues with regards to mixed generation between Japanese and other foreign group.
- The people of Japan are relatively conservative and, in some ways as perceived by the outside world, is socially isolated despite of the fact that Japan contributed significantly to the world economy and international trade. As Japan is opening more to the world, it is important to note and deeply understand the best way possible to approach the Japanese society and hope to learn a number of lessons in terms of Japanese management style.
- Despite of the historical fallout during the World War II, especially in places like Hiroshima and Nagasaki, the Japanese economic development since that time is very impressing. The degree of development is beyond comparison and it is important to deeply learn the Japanese behavior and its management discipline.
- Although one might argue that there is a changing phenomenon, the Japanese became known as 'the world's most prominent borrowers, everything from management to technology' (Bjerke B. , 1999, p. 169). Additionally, it is possible to argue that they are leaders in technological advancement and their management styles is being copied by or at least studied by the West e.g. the 4-day week and *Kaizen* continuous improvement including the 5S *(Seiri, Seiton, Seiso, Seiketsu and Shitsuke).*

There are some summaries from Witt (2019) as follows:

- *Japan is Asia's most developed economy.*
- *Japanese firms are controlled by their employees and run for the benefit of employees and society as a whole. Cooperation within and across firms and with other organizations is pervasive. This sets Japanese business apart from firms in Anglo-Saxon and other Asian nations but is similar to business in Northern Continental Europe.*
- *Japanese firms are world leaders in industries featuring incremental innovation as well as standardization and attendant high quality. They are at a disadvantage in industries with radical innovation and non-standard processes.*
- *Government plays an important role in ensuring order and guiding the economy. Liberalization is considered tantamount to chaos.*
- *Change in Japan is typically slow because of high levels of societal coordination However, once change is agreed on, implementation can be quick and universal.*
- *Japanese firms are major players in international trade and investment*. (Witt, 2019, p. 204)

International activities of Japanese enterprises

"Japanese firms are active players in the world economy. One main avenue of Japanese involvement is international trade. In 2017, Japan was the world's fourth largest merchandise exporter (4.0 per cent share by value) and importer (3.8 per cent). It was further the world's eighth-largest commercial services exporter (3.5 per cent) and importer (3.7 per cent). Counter to perception abroad, the Japanese economy is not highly dependent on exports, with 2016 exports accounting for about 11 percent of GDP. This is more than the United States (5 per cent) but low compared with China (20 per cent in 2017) and Germany (47 per cent in 2017)" (Witt, 2019, p. 202).

"The main destination for Japanese merchandise exports is East Asia, which in 2017 received a little more than half of Japan's exports. Within that region, most trade went to China, Korea, Taiwan, and Hong Kong. The United States was the largest

individual export destination at about 21 per cent, followed by China (19 per cent) and the European Union (EU) (11 per cent). As mentioned earlier, the greatest strengths in Japanese exports are automobiles and machinery" (Witt, 2019, p. 202).

"The second main avenue of international activity is foreign direct investments (FDI), In 2016, Japan accounted for about 10.0 per cent of new FDI worldwide and held about 5.4 per cent of the existing worldwide stock of FDI. While this looks substantial, Japan's present position is fairly minor, especially considering its economic size. By comparison, the United States and Germany held 24.4 percent and 5.2 per cent of the existing FDI stock. Among the East Asian economies" (Witt, 2019, p. 202).

"Japan was second to tiny Hong Kong, which held a slightly larger proportion of worldwide FDI stock (5.8 per cent) than Japan" (Witt, 2019, p. 203).

"Major areas of Japanese investment are the United States, Western Europe, and East Asia. Of the 2017 stock of Japanese outward FDI, 33 per cent was in the United States, 28 per cent, in Asia, and 27 per cent, in Western Europe (especially the UK and the Netherlands). In terms of new Japanese FDI during 2017, Western Europe (especially the UK and the Netherlands) received about 35 per cent, the United States, 31 per cent, and Asia, 23 per cent. Manufacturing accounted for about half of new investments, with a focus on chemicals and pharmaceuticals as well as transportation equipment. Services accounted for the other half, with an emphasis on finance and insurance" (Witt, 2019, p. 203).

"Some of Japan's FDI has occurred to reduce or forestall trade frictions. For Japanese car makers have made major investments in the United States from the 1980s onwards. A major reason for doing so was to reduce Japanese car exports to the United States, which threatened to trigger US protectionism. Similarity Japanese firms invested in the EU, especially in the UK, in the 1990s, as they feared that the completion of the European Common Market might lead to a protectionist "Fortress Europe" shutting out others. The recent global trend towards protectionism may revive this investment pattern" (Witt, 2019, p. 203).

"A significant part of Japanese trade involves shipments to and from subsidiaries abroad. For instance, Japanese firms investing in China often source their equipment, and ship components and subassemblies, from Japan. And a substantial part of the

finished products of Japanese subsidiaries in China is exported back to Japan. Higher trade barriers in the world would attenuate this investment pattern" (Witt, 2019, p. 203).

"Counter to expectations that firms everywhere converge on the same "best practices," Japanese multinational enterprises (MNES) maintain distinct characteristics in their overseas investments. In particular, they tend to implement Japanese-style organizational patterns abroad and employ relatively high proportions of Japanese expatriate managers. In addition, Japanese MNES often take many of the suppliers in their existing Japanese keiretsu with them to new markets" (Witt M. A., 2019, p. 204).

"Japan can look back on a proud economic history and still remains world's most powerful economies. At the same time, as the above statistics suggest, potential for improvement remains, especially in the area of productivity – both Germany and the United States have higher per capita GDPS (PPP) despite shorter working hours. Whether Japan can capture this potential remains an open question. The ossification of its business system over the past decades suggests that much of it is likely to persist into the future" (Witt, 2019, p. 204).

5.2 Japanese Leadership

Global managers must be aware of specific influence to remain effective and at the same time, they must realize the needs and wants of an internationally diverse society in connection with their respective values. Thus managers must lead their teams in charting a shared perspectives through collective action in order to achieve a common goal. It is critically important for managers especially global managers to have deep understandings of different values by investigating indicators how to treat their employees regarding fair practices whilst fulfilling employee’s basic needs and demands (wants). This proper treatment is somehow related to our previous chapters regarding global mindsets and cross-cultural competencies that are required to be an effective global manager.

When talking about leadership, it is important to capture the organizational and national culture aspects (dimensions) within organization and national boundaries. The global managers, who work with Japanese people, must be aware of some cultural dimensions that are commonly practiced in business and management studies particularly, leadership research.

Nevertheless, there is a striking lack of academic research on leadership. Contrary to many English-language journals, none of Japanese journals dedicated to the topic of leadership. Once surveyed all of published articles over the past 10 years in four of the leading Japanese-language management journals, the findings were even lower than already low expectations. There were only 22 out of 639 articles (3.4%) that had leadership in their title or as keyword (Hattori, 2018, p. 106).

Still, despite all this obvious shortage of academic research, Japanese management scholars and business practitioners are probably fast to recognize the leadership as an important topic. Like the rest of the world, Japan has a flourishing leadership development industry, Japanese business schools typically offer leadership courses, numerous business books on leadership are published every year, and one can effortlessly search for seminars and training programmes in Japan with leadership topic (Hattori, 2018, p. 106).

There is an enduring interest in leadership in Japan, but the very real lack of scholarly research on the topic. The source lies right at the heart of the present volume, namely that management literature tends to look at the subject of leadership from a highly Western-orientated industrial/organizational perspective.

Leadership as it is generally practised in Japan simply does not fit well into the “individual behaviours and traits” box which dominates academic examination of leadership (Hattori, 2018, p. 106).

Japan has approached issues embodied in leadership differently than in the West. While the word leadership may not have been used, the Japanese have long been concerned with questions such as: How to create a thriving and productive community? How can a group of people be managed efficiently and effectively? How should a person be legally or morally responsible for an organization? (Hattori, 2018, p. 106).

Japanese people understand leadership as social relationships or bonds, not traits/ behaviours. The leader-follower relationship and how leader and follower communicate with each other within a specific social context create the standards of leadership in Japan. Such understanding clearly fits in with the apparent fact that a leader may be only one if there are other people (Hattori, 2018, p. 106).

5.2.1 Japanese cultural dimensions

This study aimed at looking Japanese cultural preferences resulted from national culture dimension score by Hofstede and GLOBE-Study and how it affected business and management practices. Secondary data resulted from those two studies are used in order to give critical analysis in this topic.

The logical assumption has been that culture differences can be investigated by observing the national culture dimensions. Socio-cultural dimensions, identified by Hofstede from the research in the early 1980's and the nine dimensions of GLOBE-Study from the research in the 1990's are the most cultural dimensions used in the management studies, which are described in table above as well as tables n figures below. The dimensions proposed by GLOBE-Study in some sense seem to replicate Hofstede's findings (Irawanto D. W., 2009). However, the GLOBE-Study seems to continue Hofstede research findings which are more relevant or closer to reality with the two types of scores; "as is" and "as should be".

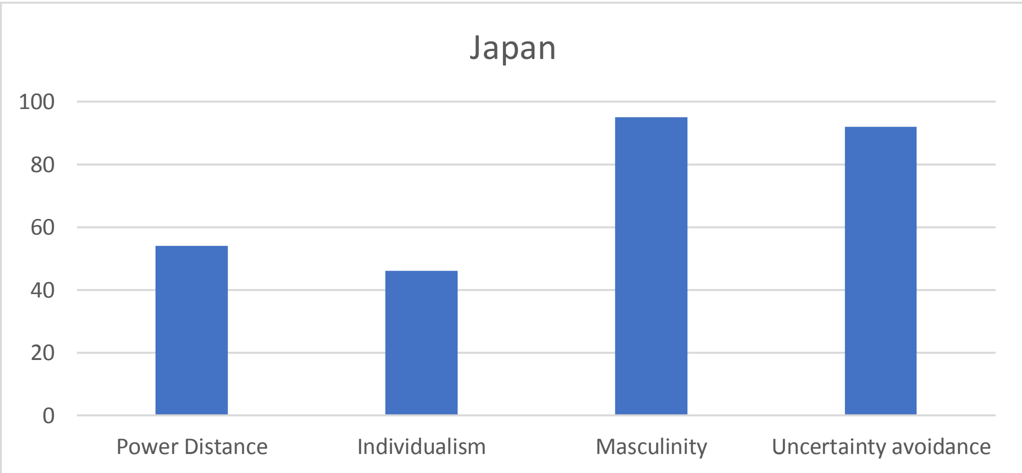


Figure. Own illustration based on Hofstede National Culture of Japan (Hofstede, 1983, p. 298) (Hofstede, 1980)

As can be seen from table below, the GLOBE scores are only in the real business practices "as it is now" in real situation based on the respondent's feedbacks from the GLOBE observations. However, GLOBE-Study was deeply investigated based on their own analysis of what is ideal "as it should be" compared with theoretical basis in which the results are not necessarily same between these two perspectives; as is and as should be.

The GLOBE scores for Japanese cultural values in reality “practice score” or “as it is now” and the scores in terms of GLOBE’s conceptualization or theoretical basis “as should be” are illustrated below on the tables as shown in numerical overviews and also on the figures as shown in graphical overviews; combination of both numbers and graphics can be helpful in order to have easier and clearer pictures.

GLOBE-Study of 62 societies Dimensions	Practice Score (As It Is)		Society Values Score (Should Be)	
	JPN	World Average	JPN	World Average
Group collectivism	4.63	3.53-6.36	5.26	4.94-6.52
Power distance	5.11	3.89-5.80	2.86	2.04-3.65
Humane orientation	4.30	3.18-5.23	5.41	4.49-6.09
Uncertainty avoidance	4.07	2.88-5.37	4.33	3.16-5.61
Institutional collectivism	5.19	3.25-5.22	3.99	3.83-5.65
Future orientation	4.29	2.88-5.07	5.25	4.33-6.20
Performance orientation	4.22	3.20-4.94	5.17	4.92-6.58
Assertiveness	3.59	3.38-4.89	5.56	2.66-5.56
Gender egalitarianism	3.19	2.50-4.08	4.33	3.18-5.17

Note: Above Globe scores are “as is” or “practice score” or “as it is” and “as should be” or “society values”.

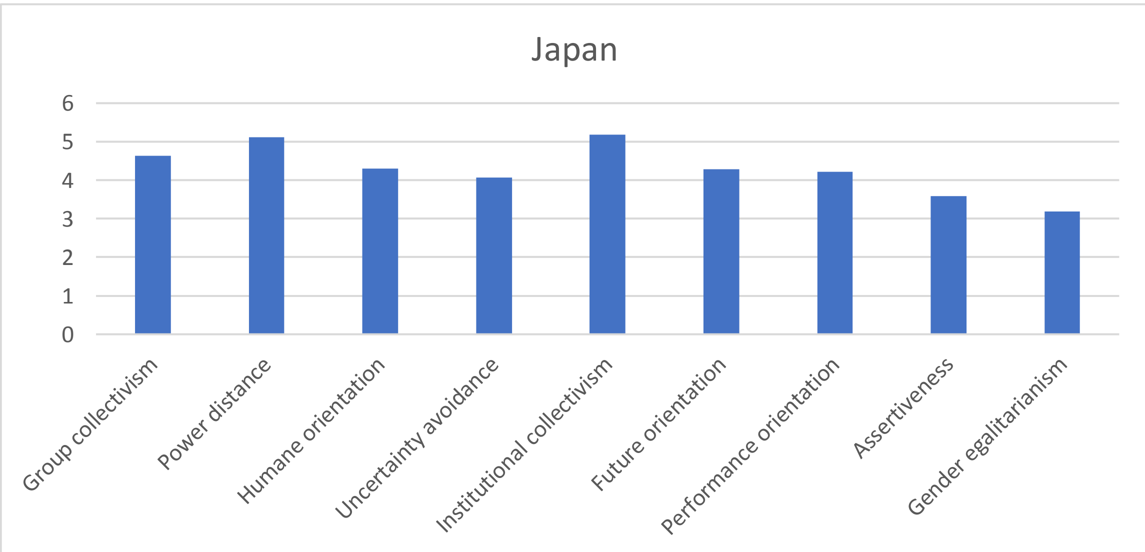


Figure. Own Illustration based on The Globe-Study National culture of Japan (2004). Note. GLOBE Score: The Score is in Globe scale (0-6) measurement (House R. J., 2004)

Considering that Hofstede and GLOBE findings are quantitatively generated by which cultural dimensions are considerably abstract; it needs stronger evidences to support their findings. The combination with other perspectives from internationally various scholars to which it discuss about the reality of business and management practices in Japan are provided here.

<table>
<tr><th rowspan="2">Hofstede Dimensions</th><th colspan="3">Score of Japan (Compared with Asian and World Average)</th><th rowspan="2">GLOBE-Study of 62 societies Dimensions</th><th colspan="2">Practice Score (As It Is)</th><th colspan="2">Society Values Score (As Should Be)</th></tr>
<tr><th>Japan</th><th>Asia</th><th>World</th><th>JPN</th><th>World Average</th><th>JPN</th><th>World Average</th></tr>
<tr><td>Power Distance</td><td>54</td><td>71</td><td>n/a</td><td>Group collectivism</td><td>4.63</td><td>3.53-6.36</td><td>5.26</td><td>4.94-6.52</td></tr>
<tr><td>Individualism</td><td>46</td><td>23</td><td>43</td><td>Power distance</td><td>5.11</td><td>3.89-5.80</td><td>2.86</td><td>2.04-3.65</td></tr>
<tr><td>Masculinity</td><td>95</td><td>58</td><td>n/a</td><td>Humane orientation</td><td>4.30</td><td>3.18-5.23</td><td>5.41</td><td>4.49-6.09</td></tr>
<tr><td>Uncertainty avoidance</td><td>92</td><td>58</td><td>64</td><td>Uncertainty avoidance</td><td>4.07</td><td>2.88-5.37</td><td>4.33</td><td>3.16-5.61</td></tr>
<tr><td colspan="4" rowspan="5">Notes.
1. Hofstede Score: The score is in Hofstede scale (0-100) measurement
2. Globe Score: The score is in Globe scale (0-6) measurement</td><td>Institutional collectivism</td><td>5.19</td><td>3.25-5.22</td><td>3.99</td><td>3.83-5.65</td></tr>
<tr><td>Future orientation</td><td>4.29</td><td>2.88-5.07</td><td>5.25</td><td>4.33-6.20</td></tr>
<tr><td>Performance orientation</td><td>4.22</td><td>3.20-4.94</td><td>5.17</td><td>4.92-6.58</td></tr>
<tr><td>Assertiveness</td><td>3.59</td><td>3.38-4.89</td><td>5.56</td><td>2.66-5.56</td></tr>
<tr><td>Gender egalitarianism</td><td>3.19</td><td>2.50-4.08</td><td>4.33</td><td>3.18-5.17</td></tr>
</table>

Source: (House R. J., 2004) (Hofstede, 1980) (Irawanto D. W., 2009)
Note: Above Globe scores are “as is” or “practice score” or “as it is” and “as should be” or “society values”.

As we can observe from table above, the number of items of the cultural dimensions are fewer than the GLOBE cultural dimensions. Moreover, the weaknesses of Hofstede as mentioned earlier (Hofstede limitations) that it only observed a single company i.e. IBM in which it is an American (not Japanese) multinational company. Most scholars doubt the validity of his observation. However, summarizing cultural aspects are very abstract in meaning and definition thus we can still use it as our basic overviews as shown on the table and figure below.

Power Distance

Power Distance is the extent to which an organization assumes that power should be concentrated and stratified on higher ranks of the organization (Hofstede G. , 1980) (House et al, 2004). Power distance relates to what extent inequalities are accepted, even taken as natural, in a culture. A long power distance in a culture means that such inequalities are clear and obvious. The more stratified a society is, the greater are the feelings of inequality and the lesser are social interactions between people in different strata (Hofstede G. , 1980) (House R. J., 2004).

Japanese level on Power Distance is low compared to their Asian counterparts, where Hofstede's score is 54 compare with the Asian average score at 71. However, its score of the GLOBE (as is or in practice) is high at 5.11 compared that of the average worlds 3.89-5.80.

This is true with the fact that Japanese society is fairly (moderate) hierarchical, with authority relations structured along Confucian lines, which leads to discrepancy or different results from Hofstede and GLOBE-Study findings as mentioned above. Traditionally, Confucian hierarchies have a strong paternalistic element, with subordinates owing unconditional obedience in exchange for help and protection from their superiors. In Japan, a strong sense of community, a desire for harmony, and consensual decision-making combine to soften this element. It is rare for superiors to impose their views (Witt, 2019, p. 197).

Japanese culture leans towards the short power distance, but it not easy to place this culture along this scale. Even if Japan is at the heart of a feudal society and even if the Japanese are highly rank-conscious and shows a deep respect for hierarchical position and seniority, there is a limited pronouncement of class, ethnic and religious divisions in Japan. There is also a high degree of participation among subordinates in decision-making in Japanese firms (Bjerke B. , 1999, p. 224).

Uncertainty avoidance (tolerance for ambiguity)

Uncertainty Avoidance is the dimension that reflects to which extent indivduals are willing to accept uncertainty. Individuals with high uncertainty avoidance will rely on established norms and practices in order to lower the probability of unforseeable events in the future (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004) (Hofstede, 1980).

In Bjerk (2001) (Bjerke B. , 2001) opinion, the Japanese culture is the highest avoider of uncertainty among American, Arabian, Scandinavian and Chinese. The Japanese basically hate uncertainty, and feel it as a threat to be challenged. There are also many steps taen in the Japanese culture to reduce uncertainty, for example, lifetime employment, seniority-based wages and promotions and consensus rituals.

Japanese level on Uncertainty Avoidance is quite high compared to their Asian counterparts, where it scores of Hofstede at 92 of the Asian average at 58 and of the World average at 64 and its GLOBE score (as it is) at 4.07 of the average of the world 2.88-5.37.

When financing their activities, in contrast with the Japanese, countries low on uncertainty avoidance (ambiguity tolerant) tend to rely on stock markets of their asset allocation (Ronen, 2017, p. 21). As a consequence, Hurry et al. (1992) cited in Ronen 2017) (Ronen, 2017) find that compared to their US counterparts, Japanese venture capital firms prefer investing smaller amounts in more ventures, which would be consistent with differences in (in)tolerance for ambiguity between the two cultures. Ronen (2017) (Ronen, 2017) also found societal institutional collectivism practices (having the group as the focal actor) to be negatively associated with entrepreneurial growth aspiration

Humane or Social orientation

Humane Orientation describes whether organizations encourage individuals to act fair, friendly, caring and kind to others. It is the degree to which individuals in organization encourage and reward individuals for acts of fairness, altruism, friendliness, generosity, caring, etc (House R. J., 2004).

The level humane orientation in Japan is relatively high, where its GLOBE scores (as it is or in practice) at 4.30 of the world average at 3.18-5.23.

This is true with the fact that like Indonesians, Japanese values the harmony in their society. Harmony is a key element in Japan's ability to preserve its existence. The maintenance of harmony is more important than abstract concepts of truth and right. This lead only leads to a great deal of deliberate ambiguity. Ambiguity is 'a weapon which enables one to co-exist harmoniously with others and to enjoy the benefits of insider status', according to the Japanese commentator Hiroshi Kagawa. 'Ambiguity avoids or smoothen conflicts and promotes teamwork, allowing one to modestly blend into the group'. This statement presupposes a common definition of 'teamwork' but the maintenance of harmony is the overriding rule of the Japanese workplace. Conflict – on a personal level or within the team – is taboo (Rice, 2004, p. 72).

Some cultures are definitely focused on the individual and on individual's free choice; other cultures consist of people who do not even identify themselves as individuals but rather as members of a group, as the Japanese. Japan, is run by dedicated collectives, wherein individualism is repressed, whilst harmony, cooperation and consensus are stressed in Japanese firms (Rice, 2004).

Future orientation

Future Orientation is the extent to which individuals are oriented towards the future. It is the degree to which individuals in organization engage in future-oriented behavior. This can be reflected in systematic planning or making future-oriented investments (House R. J., 2004).

The level future orientation in Japan is considerably high, where its GLOBE scores (as it is or in practice) at 4.29 of the worlds average at 2.88-5.07.

A culture can have a shorter or a longer time orientation. Bjerke found that the Japanese has the longest time orientation among the American, Chinese, Scandinavian and Arabic cultures. They have many procedures, such as slow evaluation and promotion, in business (Bjerke B. , 2001).

Promotion and wage increase are given not in accordance to job performance but to the length of service *(nenko)* in the company. In Japan, those with the same level of education and seniority are paid comparably regardless of their duties. The *nenko* system means that the organization has total discretion over non-entry level wage rates. Only forth entry jobs, outside economic factors affect the determination of wage rates since firms only compete for workers recruited immediately after graduation. This system seems, at first glance, unfair to young and able people. But to some extent they are compensated psychologically by being assigned with challenging tasks and to a position which everybody in the company knows to be an important step toward a future managerial position (Hanada, 1991).

Assertiveness

Assertiveness is the extent to which individulas in organizations act aggressive and confrontational in their relationships to others. It is the degree to which individuals in organizations exhibit and accept assertive confrontational and aggressive behavior in social relationship (House R. J., 2004).

The level assertiveness in Japan is relatively low, where its GLOBE scores (as it is or in practice) at 3.59 of the worlds average at 3.38-4.89. This is true with the fact that Japanese values the harmony in their society.

However, Japanese GLOBE's (as is or in practice) low score for assertiveness is in contrast with its masculinity score proposed by Hofstede (Hofstede G. , 1980) at 95 which is quite high in comparison to its Asian counterparts' score at 58. Traditionally, the two dimensions; assertiveness and masculinity have a positive correlation which has similar patterns, when assertiveness is high then masculinity would also be high.

The leadership without a silver tongue – the silent leader in Japan (Hattori, 2018, p. 109). Since the 1980's, there has been much discussion in the English-language literature on transformational and visionary leadership, where a powerful leader uses his or her words to inspire people to follow. We have seen that Japan is already quite different by tending to avoid power concentrating solely to one person. In addition, it is relatively rare for people in a Japanese organization to seek a leader who is particularly skilled with using words for persuasion (Hattori, 2018, p. 109).

By acknowledging that words can also frequently be a source of misunderstanding, a Japanese leader is being asked to demonstrate his or her attitude without using any words. This is partly about speaking through the actions, but more crucially a leader or future leader is assessed by how consistent his or her efforts have been over an extended period. It is true that the words are occasionally more critical and effective tools of persuasion in Japan, too. However, a silver tongue is usually insufficient to win over others. The silent leader is often considered the best leader (Hattori, 2018, p. 109).

The so-called Hirschman's exit-voice-loyalty in Japan (Hattori, 2018, p. 109) in which the single and most defining characteristic of a Japanese organization is the high value that is paced on the long-term relationships. This value is enshrined in traditional fundamental pillar of Japanese management: lifetime employment. The idea that a company should look after an employee until retirement is under serious financial pressure for the particular company but remains prevalent in many large organizations in Japan. We can view long-term ties between people and between a company and its employees, relationships that often span decades, as operating software of Japanese organizations. Hiring, performance evaluation, promotion and job assignments are the application software running on top of this operating system (Hattori, 2018, pp. 109-110).

The typical Western organization, contracts are the operating system. People are continuously aware that there exists a formal agreement between an employee and his or her employer. The need to keep the contract provides a continuous incentive for both parties to make a contribution to realizing individual and organizational objectives. In Japan, there are no such clear guidance by which the behaviour of the employee and the employees is under control. This ambiguity is embodied bearing the fact that newly hired university graduates Japan will be awarded anything more than a simple job description. In fact, explicit detailed job descriptions rarely even exist (Hattori, 2018, p. 110).

In Japanese organizations, both leaders and followers can rarely choose the exit option in Hirschman's (1970) cited in Hattori (2018) (Hattori, 2018) exit-voice-loyalty model. For better or worse, the two sides are more or less stuck with each other. Where such long-term relationships are the norm, it makes sense to choose a relatively weak form of leadership that will be less likely to strain ties. It also helps to explain why many Japanese actively avoid taking leadership positions: there is not much to be gained personally (or financially) from becoming a leader (Hattori, 2018, p. 110).

When a task requires that a leader must be chosen, ideally the choice will be made based on careful considerations of how individuals have expressed themselves over a long period of time in a variety of situations. Frequently, leadership positions will be rotated periodically among the available members of the organization. It is considered equitable to select a leader in this manner, and dispersed leadership means that even people who are not particularly suited to the job can still do it. When a leader is chosen in this way, he or she[1] will seldom become authocratic. If something new is needed, the leader will try to introduce without totally disrupting what was there before. Indeed, achieving an optimal marriage between the new and old may be considered the essence of Japanese management (Hattori, 2018, p. 110).

Perhaps the most difficult thing for a foreigner to come to terms with in dealing with the Japanese is the issue of loss of face. It has been exaggerated to an extent that many people become over sensitive, but the issue is still very real. In essence, nobody – Eastern or Western – likes losing face, being made to look small or foolish in front of others. In Japan, however, this is taken to a greater extreme, so that nobody is ever put in a position where face might be lost (Rice, 2004, pp. 128-129).

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We might have noticed the Japanese avoid saying the word 'no', and indeed get the message across by saying 'yes' or 'you may be right'. In a group, the result of this reluctance to express a contrary opinion means that no controversial or even vaguely difficult issues can be discussed. Nobody is going to speak out about an issue for fear of causing unexpected difficulties for somebody else in the meeting (Rice, 2004, pp. 128-129). If a man causes another to lose face, then he loses face as well. And by extension, if others are present when a loss of face occurs, then they lose face too for having been powerless to stop the situation arising in the first place. So, the situation

[1] Even though leadership positions in Japan are overwhelmingly male dominated, we intentionally wrote "he or she" instead of just "he" to bring to the surface the pressing need to change attitudes and corporate systems (i.e. greater childcare support) in Japanese organizations to follow more women to take leadership positions.

does not arise. Things just do not get discussed in the way we discuss them in the West. Japanese meetings are to pass on information, not to reach decisions. They are for getting to know people and exchanging pleasantries, but they are not for raising difficult subjects. Visitors to Japan forget that at their peril (Rice, 2004, p. 129).

The In-Group Collectivism

The In-Group Collectivism describes the degree to which an individual shows pride and loyalty to its organization. The Group/Family Collectivism is the degree to which individuals express pride, loyalty, and cohesiveness in their organizational (House R. J., 2004).

The level in-group collectivism in Japan is relatively high, whereas its GLOBE scores (as it is or in practice) at 4.63 of the worlds average at 3.53-6.36.

Some cultures are definitely focused on the individual and on individual free choice; other cultures consist of people who do not even identify themselves as individuals but rather as members of a group, as the Japanese.

The Japanese have a relatively collectivist sense of identity that puts the interests of the group above those of the individual. Counter to what Westerners tend to expect, the available data show no clear trend towards individualism over time. For instance, the Survey on Social Consciousness by the Prime Minister's Office shows people putting national over personal benefit, with the proportion of people doing so practically unchanged in recent decades. With collectivism comes conformity pressure; as the Japanese say, "the nail that stands out gets hammered in." Consequently, few Japanese insist on doing things their way, which contributes to low levels of entrepreneurship in Japan (Witt, 2019, p. 196).Different Asian societies emphasize different kinds of collectives (groups). The most important group for Japanese males, and in Japanese economic life generally, is the firm. This is to be interpreted in the context of lifetime or long-term employment, with many employees spending more hours with their colleagues than with their families. Even outside work, employees tend to socialize with co-workers. Besides the company, school ties represent an important source of identity. Graduates from the same schools are expected to help one another for the rest of their lives. (Witt, 2019, p. 197).

Another item on the Japanese list of typical business systems is 'vague job descriptions' in Japan, with explicit job descriptions being the norm in the West. That is another reason why we have people called 'Relationship Managers': everybody has a precise role in the organization, and everybody needs to know what they are supposed to do. In the UK, a company cannot expect to qualify for the 'Investors In People' certification unless it has a comprehensive system of job descriptions and assessment programmes for all employees. In Japan, the nearest most companies get to a job description is 'Do whatever the company asks you to do'. Even that is unlikely to be written down, but providing that what the company asks you to do is legal, nobody seems to mind. There are almost no labour unions in Japan, with strict demarcation lines over who should do what. Unions are companywide. Every employee of a company is a member of the union, but no outsider is a member (Kono T. C., 2001).

In most cases, there is a task emphasizing on group work in which it is not assigned to an individual. Several tasks are assigned to a group which consists of a small number of people. At first, group members get together around a section chief or *kacho* to identify the tasks and measures to be taken, then work for their completion as a team. QCC activities and the so-called *jishu kanri* or autonomous work group are some examples of small group activities popularly used in Japan (Hanada, 1991, p. 39).

The Japanese tend to be over reliance on groups. One argument has it that government business alliances (Japan Inc.), cross-shareholding and the existence of business groups such as the zaibatsu tend to foster reliance on the group, like a ship in a convoy. In relying on the group, a company may lose its focus, neglecting opportunities to carry out restructuring. The one-set principle means that each group has a similar mix of industries and thus there are many companies in the same industry (Kono T. C., 2001, p. 73).

This argument is open to discussion, as there are evident merits and drawbacks to the criticism. Group-oriented companies can move swiftly into growth areas, resulting in a strongly competitive environment. Those companies that survive domestic conditions thus develop world-wide competitive power. The disadvantage is that divestment tends to be slow and inefficient companies survive longer than they should (Kono T. C., 2001, p. 74).

In an exercise a few years ago, Japanese businessmen were asked to compile a list of the basic values of their society and western society, and of the typical management systems in each culture. The results were revealing, not only in what they say about their own culture, but also in the way they contrast it with ‘western culture’ (if such a thing exists) (Rice, 2004, p. 112).

Their list of the basic values of the cultures included such obvious points as an ‘us’ culture in Japan, contrasted with a ‘me’ culture in the West, with its natural corollaries such as community spirit as against individualism; the concept that talents belong to society in Japan, while they belong to the individual in the West; and the concept that personal promotion is not advisable in Japan but ‘always the best’ in the West. the Japanese are a homogeneous group while Western societies are heterogeneous individuals trying to outdo each other (Rice, 2004, p. 112).

Institutional Collectivism

Institutional Collectivism describes to which extent an organization encourages the collective distribution of resources and collective actions. It is the degree to which institutional practices encourage and reward collective distribution of resources and collective action (House R. J., 2004).

The level institutional collectivism in Japan is dramatically high, whereas its GLOBE scores (as it is or in practice) at 5.19 of the worlds average at 3.25-5.22, which is true in my perspective, that the Japanese tend to give their full loyalty or high dedication to their institution or organization they are working with.

In dealing with Japanese people, it follows that if lifetime employment (institutional collectivism) is the ideal, then loyalty dedication and professional pride of working with the company are key attributes in being successful. Japanese companies want to forge long-lasting business relationships, and these must be based around the people who represent the companies within the relationship. If they are given the impression by a potential partner that a particular individual is the only person to deal with, or that key members of the relationship teams are always moving on, then they will be very reluctant to enter into any sort of worthwhile business projects (Rice, 2004, p. 112).

In an organization, the missions, goals and policies are clearly shown, and the company member identifies with these missions and thus with the organization. The employee is willing to do any related jobs, to present new ideas, to produce goods of quality in every detail, seen or unseen. It is necessary to have a detail job description. This model is similar to Japanese organization (Kono T. , 1984, p. 64).

There is a strong relationship between philosophy and strategy. The philosophy not only motivates the employee, but also gives direction to the strategy. The philosophy is roughly stated in the business creed. Its contents include an outline of the mission, the goal, the basic direction of strategy and structure, and the code of behaviour (Kono T. , 1984, p. 64).

The mutual benefits reflected in the basic policy of market-orienteers also in the multinational management and the efforts of the company to contribute to the host country. It has faith in the meaning of profit, so it does not sell its products at dumped prices (Kono T. , 1984, p. 65).

Goals have a hierarchy and the corporate philosophy is the essence of the basic goals, goals for product-market strategy and structure, and the code of behaviour. the Japanese corporation puts emphasis on the public interest and its own mission in the environment. This has a tone of nationalism. It also emphasizes the growth of the company rather than its short-term profit. It respects its workforce and looks on it as a community organization. It states its philosophy of management clearly and indoctrinates its employees with this philosophy (Kono T. , 1984, p. 68).

The reason for these characteristics is as follows. The goals are set by those who hold the key resources and by their values. There is a clear separation of management from ownership; the management has stronger power and the values of management are public- and growth- oriented. Their employees want to work for life, and they require top management to take a long-term view. The business philosophy is clearly stated, because the employee wants to identify with his lifetime source of employment. The employee is organization-oriented and wants to know the mission and goals of the organization, and a clear orienteer. Thus there is a mutual relationship (Kono T. , 1984, p. 68).

These characteristics lead to aggressive strategies and innovative decisions. With these characteristics the successful Japanese corporation can be classified as an innovative Gemeinschaft (community organization). The other type of organization is the conservative Gesellschaft, where short-range profit and economic performance are important, and managers and workers are viewed as interchangeable parts, and where they are motivated not by the mission but by the economic rewards. The leadership behaviour pattern may be conservatively analytical or conservatively intuitive (Kono T. , 1984, p. 68).

There are some dysfunctions connected with clearly stated philosophies and goals. It is sometimes better to be practical, opportunistic and flexible. There can be a conflict between the principles and there is a danger of clinging to obsolete philosophy (p. 68) (Kono T. , 1984, p. 68).

Performance Orientation

Performance Orientation is the degree to which extent an organization encourages the collective distribution of resources and collective actions. It is the the extent to which and organization encourages and rewards members for performance improvement and excellence (House R. J., 2004).

The level of Japanese performance orientation is significantly high, whereas its GLOBE scores (as it is or in practice) at 4.22 of the worlds average at 3.20-4.94.

The GLOBE findings match the situation conveyed by Rice (2004). Instead of performance based, the Japanese has a rewarding management system based on seniority (Rice, 2004, p. 117). The issue of rewarding seniority as opposed to rewarding performance is another key difference between Japan and the West. The extremes of disparity between East and West are beginning to disappear as companies all over the world take on multinational values, but the Confucian ethic of respect for age is still firmly embedded in the Japanese psyche. This means not only that, for instance, there is a national holiday on Respect For The Aged Day (15 September), but also of the virtues, the wisdom or wealth of experience are highly valued. (Rice, 2004).

By contrast of above aformentioned, the Japanese found to have a concern on performance orientation which also puts a pressure on performance (Rice, 2004, pp. 121-122).

The final item on that list compiled by Japanese managers is the workers, but ‘intense pressure on current performance’ for Japanese Westerners. This is utterly untrue. The reason that the Japanese perceive the difference is that in the West we are all set individual targets, and the sales figures, production graphs and whether or not any particular person is on target to succeed or fail, and to the Japanese, this is intense pressure. It is intense because it puts individuals in the spotlight, a place where most Japanese do not like to be (Rice, 2004, pp. 121-122).

In Japan, the individual acts as a subordinate to the group, and it is the group’s achievements that are measured. The individual within the group has two pressures: the first is to ensure that he does not bring down the group by failing to perform his duties to the highest level (and this is a very strong moral pressure indeed); and the second is to help anybody in the group who for whatever reason is not performing well, so that the group still achieve its target. That in anybody’s book (or in anybody from the West’s book) is pressure. Suicide in Japan among median age office workers is higher than in the West, and in Japan they have been even had to invent a new word: karoshi meaning ‘death from overwork’ (Rice, 2004, pp. 121-122).

In terms of performance evaluation, profitability has come to play a more important role, particularly in the case of current business. However, unprofitable businesses are not easily discontinued or divested, because employment has to be maintained. If a plant has to be closed, this is done over a period of two or three years and the employers are either transferred to other departments, or are offered early retirement or voluntary redundancy with an increased retirement allowance (Kono T. C., 2001, pp. 216-217).

The evaluation of new businesses is based not only on profitability but also on estimates of future demand. To evaluate new ventures, large investments in development and production based on net present value and return on investment` is not popular among Japanese firms (Kono T. C., 2001, p. 217).

Established businesses rather than new ventures carry out the aggressive search for new opportunities in high technology areas where large investments are required. Project teams play an important role. Internal development, rather than the acquisition of other companies, remains the most popular method of new product development. Hence, initiative and creative ideas contributed by middle managers are encouraged and new personnel management systems introduced to recognise these skills (Kono T. C., 2001, p. 217).

Gender Egalitarianism

Gender Egalitarianism is the degree to which an organization aims at minimizing gender role differences and thus promotes gender equality. It is the extent to which an organization minimizes gender differences (House R. J., 2004).

Equal treatment, with only a small differentiation to reflect merit, is one of the characteristics of a Japanese management. The equal treatment of blue-collar workers and white-collar workers is one of the salient characteristics. Both wear the same salary schedule by monthly payment (Kono T. , 1984, p. 174). This equal treatment does not mean absolute equality, but rather a fair difference of promotion and wage increase reflecting employees' performance. The recording of performance is carefully designed for this purpose (Kono T. , 1984, p. 175).

The Confucian influence is evident in the determinants of the hierarchy, along with other factors such as sex, age, and education. Today, both sexes enjoy equal status under the law. However, the notion of a division of labour between the sexes persists, with women in charge of household and taking care of her children whilst men are left in charge of providing an income. In reality, the role of women in the workplace is considerable, though mostly in non-management positions. Career women have become more common but remain rare in middle and upper management. Minimal age differences are sufficient to establish hierarchy. (Witt, 2019, p. 197)

5.2.2 Japanese Leadership today and in the future

Meyer (2014) cited in Hattori (2018) (Hattori, 2018) has brought Hall's (1976) classic work on communication patterns and culture back to the attention of the business world. We can interpret Japanese leadership and its lack of silver tongue as being a good fit with the high-context culture that is Japan. In a high context culture people are expected to have sufficient background knowledge and use it to read between the lines (Hattori, 2018, p. 110).

In a culture like Japan, it is considered a norm to assume that people will already share a lot of common knowledge and understanding, even before a conversation is held. Since the shared context embeds deep meaning in each word, fewer words are needed. In a low-context culture, it is quite risky to assume that people already know something before anything is said. The most important aspect of communication in a low-context culture is to impart clarity (Hattori, 2018, pp. 110-111).

Of course, even in a high-context culture there are times when the lack of a clear message will lead to misunderstanding. Someone to whom a task is delegated may underestimate the span of his or her responsibility. Or, a leader will not be able to get his or her intention communicated to someone with whom there is insufficient shared context. As long as relationships have stayed within the relatively closed sphere in which Japan has tended to operate throughout its history, these issues have not surfaced as major problems (Hattori, 2018, p. 111).

At present, however new challenges of globalization are putting strains on Japan's ability to keep such problems under control. Many young Japanese are reluctant to go abroad: in 2010's the number of Japanese students studying oversees has declined by more than 25% compared with the peak that occurred around the year 2000. This trend coupled with a rapidly aging society meant there are fewer Japanese people who are able to support the growing international operations of Japanese companies and who also share a common context (Hattori, 2018, p. 111).

At the same time, non-Japanese leaders such as Carlos Ghosn at Nissan, are also increasingly called upon to lead Japanese organizations. If the common language changes to English, basic communication patterns will be severely disrupted. Subtle words spoken in Japanese will be replaced with blunt expressions in English. New forms of Japanese-style leadership that will work outside of the Japanese language are desperately needed (Hattori, 2018, p. 111).

Thus, there is a pressing need for Japanese leadership practices to be adjusted so that they will function in different and often low-context cultures. Not only on the methods of communication that need to be changed, but also the basic assumption of long term-relationships is also being challenged. It is typically quite hard to find employees overseas who have ever seen a company that is genuinely interested in building long-term relationship with them. A change in the operating software from long-term relationship to contract-based relationships requires a major re-write of a company's management practices (Hattori, 2018, p. 111).

We find that the paradox described at the beginning of this chapter is hardly academic. The enduring interest in Japanese leadership must be met with robust scholarly research that reveals how Japanese leadership can function outside the traditional Japanese context. One hopes that success shown in the global achievements of other forms of Japanese management, such as kaizen and lean production, can be replicated for Japanese leadership as well (Hattori, 2018, p. 111).

5.3 Japanese Decision-Making

5.3.1 Implications for global managers (Japanese decision-making)

Decision-making in Japanese firms is collective. Especially major decisions, such as a fundamental strategy change, involve extensive consultations with the various stakeholders of the company- including, where appropriate, production workers- until an overall consensus emerges. This process can be extremely time-intensive, and in recent years, some Japanese firms have sought to streamline and centralize these processes. However, once everyone agrees on what to do, implementation is usually quick and thorough (Witt, 2019, p. 201).

In summary, the interaction between *keiei-sha*, *kanri-sha* and *ippan sha-in* in the circular process of decision-making that characterizes the organic organization, typical of Japanese corporations. The process involves the three levels of corporate structure, but not to the same extent at each phase of the process (Ballon R. J., 1988, pp. 30-31).

Decision-making involves choosing between alternatives courses of action, while planning involves goal setting, information collection, idea generation, evaluation and preparation for implementation, as shown in Table 8.1. the process of planning is usually synonymous with that of decision-making (Kono T. C., 2001, p. 203).

Decision-making relates to many areas, but most typically concerns product-market strategy, structural design (for example capital investment and change of organizational structure) and operational planning (for example production and sales planning). Depending on the extent of change, planning may be classified as directed at innovation, improvement or maintenance. In this chapter we shall focus mainly on strategic decision-making by Japanese firms (Kono T. C., 2001, p. 203).

Regarding the group decision-making style in successful companies, leadership by top management is particularly important. Top management initiative is evident in the concrete presentation of ideas, the ways in which policy decisions are made, the encouragement of data and information collection; through organising for innovation, and the evaluation of new ideas. Long-term planning replaces detailed planning. Company policy has developed corporate creeds that emphasise the initiatives of employees (Kono T. C., 2001, pp. 215-216).

5.4 Japanese Negotiation

Japanese managers are often being criticised due to the fact that during negotiations with their counterpart, no decision is made on the spot, as they have to bring the decision making process back to the head office. The reason is that the decision-making will be done by consensus at the headquarters, there where the centre of power and decision making is. Managers who focus on the consensus for the decision making are very effective at the negotiation process and the protocols (Kono T. C., 2001, p. 214).

For sure, decision done with a group takes more time than decisions made by single persons, although this process is more time consuming it does not necessarily means that certain way of decision making is too late (Kono T. C., 2001, p. 214).

In a countries like Japan, the centre of power and authority is tended not to be put at one person. Due to this situation, it is usual at decision making process to make use of the available space of negotiation amongst the several persons who have the shared responsibility to make a decision. *Nemawashi* originated as an Japanese business term which means to work carefully behind the curtains to get support from key factors in the corporation before the actual decision is being made.

6 Critical Analysis and Interpretation

This study aimed at looking at Indonesian and Japanese cultural preferences resulting from national culture dimension score by Hofstede and GLOBE-Study and how it affected business and management practices. Secondary data resulted from those two studies are used in order to give critical analysis in this topic.

Considering that Hofstede and GLOBE findings are not enough whereas cultural dimensions are considerably abstract cannot simply be described only with two theories; in order to get stronger evidence to support their findings, the combination with other perspectives from internationally different scholars discussing about reality of business and management practices in Indonesia and Japan are provided here as well as deeper investigations were provided in previous chapters.

Table National culture score of Indonesia and Japan

Hofstede Dimensions	Score of Indonesian and Japanese (Compared with Asian and World Average)				GLOBE-Study of 62 societies Dimensions	GLOBE-Study Score		
	IDN	JPN	Asia	World		IDN	JPN	World Average
Power Distance	78	54	71	n/a	Group collectivism	5.68	4.63	3.53-6.36
Individualism	14	46	23	43	Power distance	5.18	5.11	3.89-5.80
Masculinity	46	95	58	n/a	Humane orientation	4.69	4.30	3.18-5.23
Uncertainty avoidance	48	92	58	64	Uncertainty avoidance	4.17	4.07	2.88-5.37
Notes. 1. Hofstede Score: The score is in Hofstede scale (0-100) measurement 2. Globe Score: The score is in Globe scale (0-6) measurement					Institutional collectivism	4.54	5.19	3.25-5.22
					Future orientation	3.86	4.29	2.88-5.07
					Performance orientation	4.41	4.22	3.20-4.94
					Assertiveness	3.86	3.59	3.38-4.89
					Gender egalitarianism	3.26	3.19	2.50-4.08

Source: Combination of own illustration based on Hofstede and GLOBE-Study as well as continuing research illustration from (Irawanto D. W., 2009). (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004) (Hofstede, 1980).
Note: Above Globe scores are “as is” or “practice score” or “as it is”.

As shown from table 1, from the Hofstede study, the score of Indonesian's cultural dimensions in general is below the average of other Asian counterparts, while the score of Japanese cultural dimensions in general is above the average of other Asian counterparts. These results contrast the perception of many academics in the area of organizational behaviour, management and business studies who often believe Asian's people share similar values. These findings are supported by GLOBE findings from several years later, the values of Indonesians and Japanese remain considerably the same. Ronen study of global clustering as a cultural compass are supporting the findings of GLOBE and Hofstede as well.

Japanese level on Uncertainty Avoidance is significantly high above average their Asian counterparts including Indonesia, where its Hofstede score at 92 of the Asian average at 58 and of the World average at 64 and its GLOBE score (as it is) at 4.07 of the average of the world 2.88-5.37. In contrast the Indonesian counterpart is very low scored at 48 (Hofstede) and 4.17 (GLOBE-as it is). Although their basic values are similar which is maintaining harmony, the tendency of how they behave are quite different in context.

Most people in the community in high uncertainty avoidance cultures have a strong tendency toward formalizing their interactions with others, documenting agreements in legal contracts, being orderly keeping meticulous records, documenting conclusions drawn in meetings, formalizing policies and procedures, establishing and following rules, verifying verbal communications in writing and taking moderate calculated risks (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004).

In contrast, most people in low uncertainty avoidance cultures tend to exhibit the following traits and practices: they are more informal,; rely on the word of others they trust rather than contractual arrangements; are less concerned with orderliness and the maintenance of records; do not document the conclusions drawn in meetings; rely on informal interactions and informal norms rather than formalized policies, procedures, and rules; and tend to be less calculating when taking risks. This is true, for example, nobody in a lower level dares to make decisions openly without referring these decisions to their respective superiors. Subordinates tend to assess the mood of their respective managers before taking any action. Subordinates prefer to adopt a “wait and see” attitude which could best be described as waiting for the *surat keputusan* (letter containing a decision made by top management) or a formal “go or no-go decision” made by top management in an open meeting (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004).

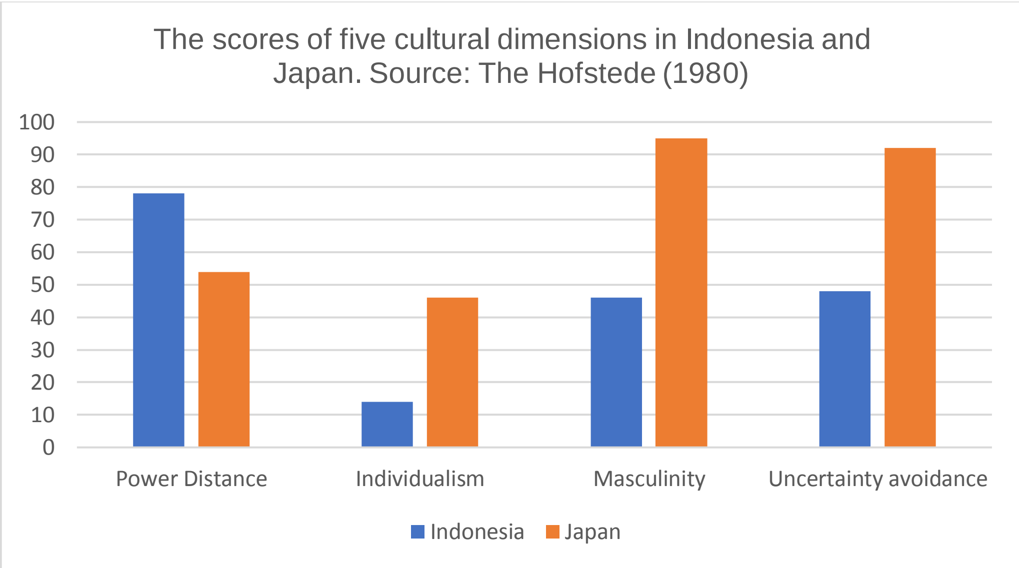
“Culture is a powerful force” as “it shapes people’s perceptions, dispositions and behaviors” and can influence the success or failure of an endeavor (Ronen, 2017, p. xvii) thus crucial to have a cultural map and compass, means by which to decipher real but unspoken aspects of our daily work. A better cultural understanding can make our working relationships clearer and more comfortable, can aid us in becoming more effective and further can help us to anticipate and overcome obstacles and dissimilarities and to avoid cultural “landmines” and “booby traps” (Ronen, 2017, p. xvii).

Ronen and Shenkar produced cultural maps that can be used as cultural direction finders by looking deeply at an accummulation of cross-cultural studies and distilled them in a way that provide new and useful maps of countries based on work-related value and behaviors (Ronen, 2017, p. xvii).

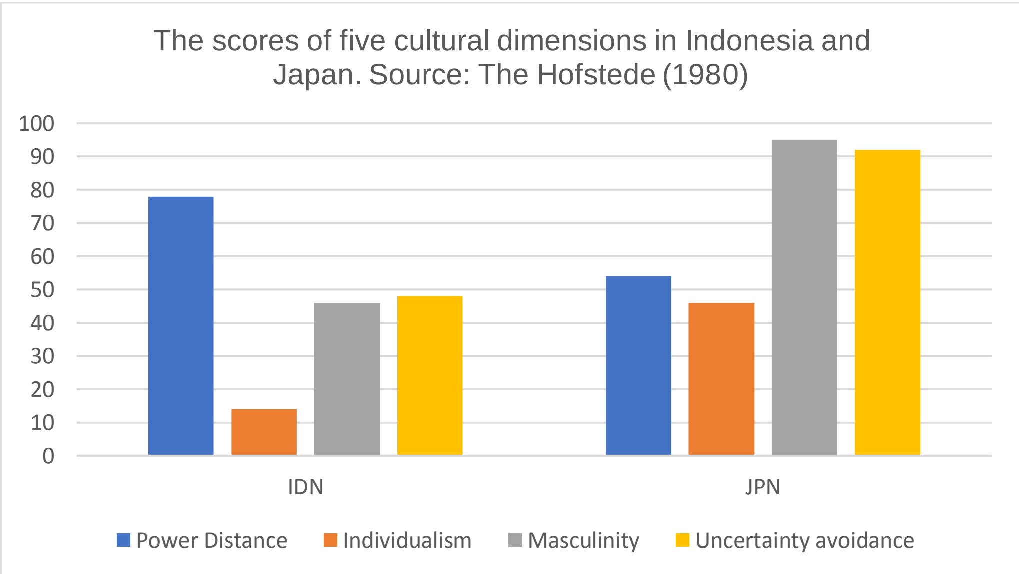
As discussed in earlier chapter about Hofstede’s research limitations, we can see from table below the number of items of the cultural dimensions are fewer than the GLOBE cultural dimensions. Furthermore, Hofstede research was only in one company (IBM) with the fact that it is an American multinational company which leads to more bias overviews to the real situations of shared values in organizations, businesses and management practices in Indonesia and Japan.

However, with the full awareness of his research findings’ weaknesses, Hofstede framework can be used as one of many other fundamental tools to distinguish the preferences toward organizational culture and leadership practices by investigating the relationship between national cultures and organizational cultures by analyzing shared values of many different countries across the globe; particularly Indonesia and Japan.

Figure: Own illustration based on Hofstede National culture score of Indonesia and Japan



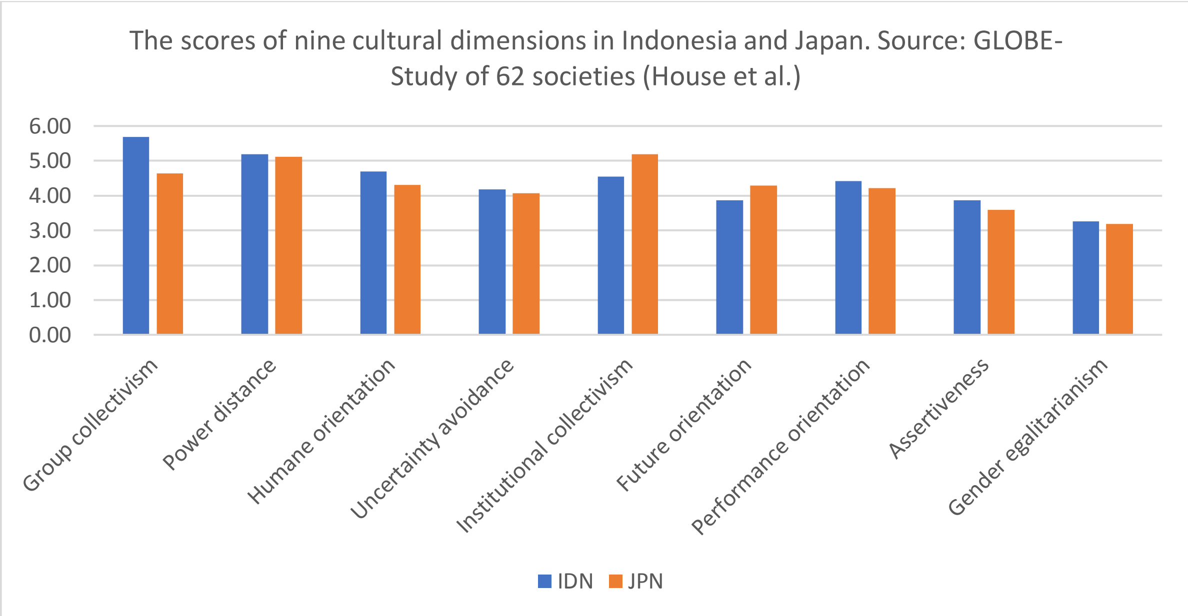
Note. Hofstede Score: The Score is in Hofstede scale (0-100) measurement (Hofstede, 1980)



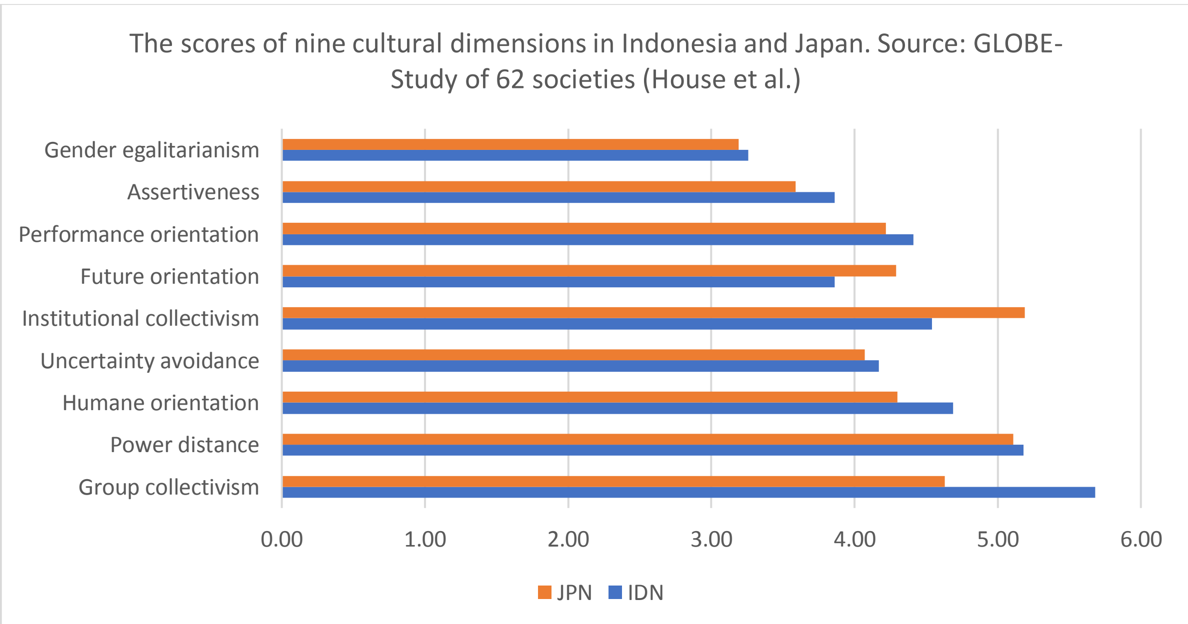
Note. Hofstede Score: The Score is in Hofstede scale (0-100) measurement (Hofstede, 1980)

As shown from Figures above, to give easier and clearer pictures than only a table, from the Hofstede study, the score of Indonesian's and Japanese cultural dimensions are not necessarily the same or similar, although they are often called as Asian nations. To support that arguments, Ronen and Shenkar (2017) (Ronen, 2017) argues that Indonesian and Japanese clusters are located differently in their cultural map/compass, whereas Indonesia is a part of Southeast Asia while Japan is clustered as Confucian that is not necessarily Asian.

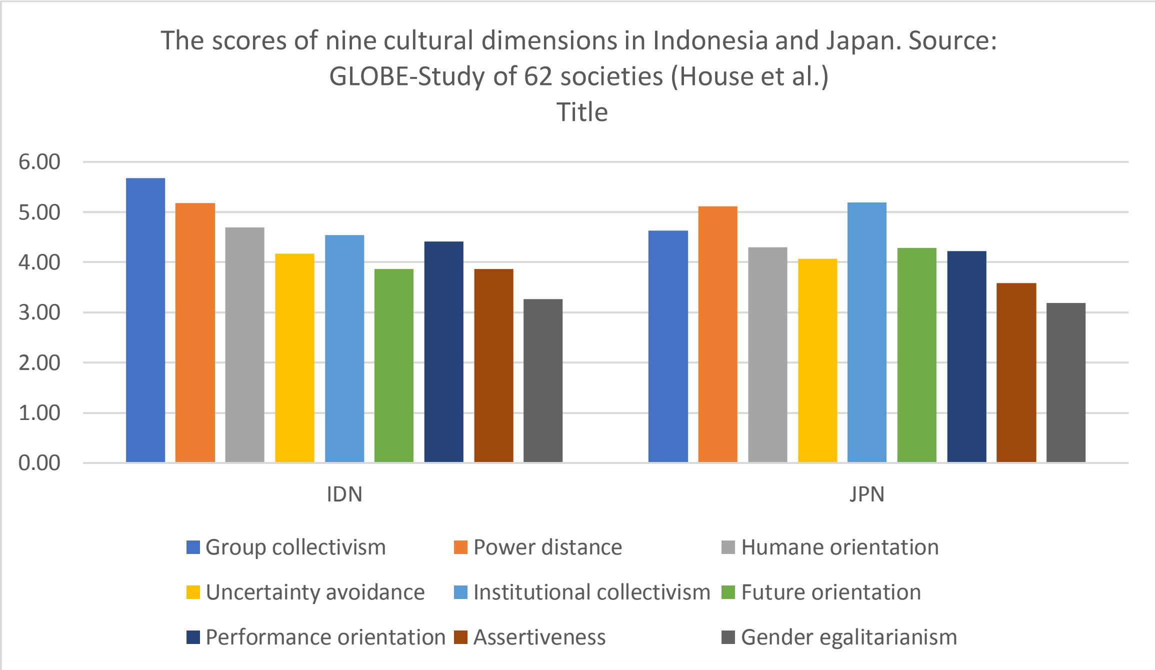
Figure Own Illustration based on The GLOBE-Study National culture score of Indonesia and Japan (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004)



Note. GLOBE Score: The Score is in Globe scale (0-6) measurement (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004)



Note. GLOBE Score: The Score is in Globe scale (0-6) measurement (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004)



Note. GLOBE Score: The Score is in Globe scale (0-6) measurement (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004)

To support Hofstede findings, above figures of GLOBE-Study scores are also supporting table above to have clearer viewpoints in easier way than numbers about Indonesian and Japanese cultural dimensions that more than 10 years later, the cultural values are considerably remain the same, although some changing behaviors were found recently in both countries' cultural values.

The data from GLOBE (2004), demonstrates the continuations and changes a decade after Hofstede' finding (1980). As can be seen on above tables and figures, the cultural values have remained relatively the same from around 1980 until 2004 (Irawanto D. W., 2009), although some behavioral changes were found recently in the cultural values of both countries.

One interesting findings regarding similarities and dissimilarities in cultural values perceived in Indonesia and Japan is that, both countries strongest value is harmony. However, Japanese score for uncertainty avoidance is significantly high in comparison with Indonesians that is considerably low/weak. This fact is contradictory to each other even though one their basic values in their society ''harmony" is similarly high.

In terms of financing, when financing their activities, in contrast of Japanese, countries low on uncertainty avoidance (ambiguity tolerant) like Indonesia, tend to rely on stock markets of their asset allocation (Ronen, 2017, p. 21).

6.1 Indonesian and Japanese business practices analysis and interpretation

Based on above explanations of business practice in terms of leadership in the context of global management and within the framework from Hofstede and the GLOBE-Study of House et al., both frameworks have reliable data very close to the real situation with strong arguments. Although we can not fully rely on these Western frameworks which are not always applicable to Asian cultures and systems, however, these frameworks are very good foundations for general applicability that can likely to be implemented any place in the world. Because the GLOBE-Study focused on leadership. Further, GLOBE-Study was also trying to avoid some weaknesses of Hofstede's research findings by having more cultural dimensions as well as by looking at how they look deeper into their research of what is ideal "as it should be" and what it is not ideal "as it is now".

The data presented here as well as deeper explanations illustrated earlier about how business and management practices in both Indonesian and Japanese function in real situations, shows us there are some changing behavior although for many years it had remained the same.

There are so many leaderhsip styles within small, medium, and large enterprises, as well as those in multinational companies. As such, it would be bias to only discuss Indonesian leardership styles. Other than that there are some other factors might influence the leadership such as personalities, experience and context. However, according to the figures by House et al, they established that some patterns of 'as it should be' and 'as it is', can potentially be used as our focus or guideline. Although, this master thesis has had the tendency in generalizing cultural styles and practices of leadership(it), which means that stereotyping the general patterns of cultural values that affecting the organizational behaviour of how the real situation of management and business practices is considerably not true, it is fully aware of the issues and risks associated with such mindsets. Not many scholars argue whether cultures are indigenous or mixed, however, culture can be influenced, mixed and changed.

Business leadership will rarely, if ever, appear in such pure forms in reality (Bjerke B. , 1999, p. 78).

Although strong evidence have not been found, the old and the new-established, culturally based ‘traditional; ways of managing Indonesian companies and the need to be internationally competitive-has changed and will continue to change the way things are done in Indonesia and ways of managing and way things are done in Japan will continue to change as well.

6.2 Conclusions and implications for global managers

This master thesis looked at the similarities and differences between Japanese and Indonesian business practices. The main theroetical approaches considered here were by Hofstede and House et al. Only by using theoretical approach, other academics might argue or critic this thesis with the question whether it is still valid or not to use this thesis to get the closer pictures about real situations of business and management practices in Indonesia and Japan. However, this research is with a high awareness that the Hofstede’s data is very old or outdated so that we have to be careful about making these judgements or arguments even though there are some indications so that their findings can be used as an orientation. Generally speaking, in Japan and Indonesia, business management practices such as leadership, decision-making and negotiation patterns in both countries are illustrated in this master thesis. However, other patterns also exist with some influencing factors. According to the figures by House et al, the patterns of ‘as it should be’ which are the ideal ones which the society values by the respondents’ judgments of the tendency of real practices through their (GLOBE-Study project) observations in 62 countries, can likely be used as our orientation. In other words, means that the respondent found these cultural dimensions as highly relevant in actual practices within his culture or thinks such behaviour should be applied in the future.

It would be logical to assume that, Indonesian national culture influences the management behaviours, styles and practices of Indonesians in business and it could then be argued that there is a stereotypical or generalized “typical Indonesian style’. What this paper has found is that there is no real typical Indonesian or Japanese style, rather highly relevant in actual practices within this culture or in which closers to the real behaviour of their leadership styles and this behaviour, style and practice should be applied in the future.

These findings were based on strong cultural frameworks; Hofstede and especially GLOBE-Study by its “What Should Be” or “As Should Be” or “Ideally”; showing the major tendency in certain community/society to their general behaviors or most patterns’ behaviors as real practices. In other words, this argument of generalizing is supported by these GLOBE-Study findings in terms of what is ideal “as should be” or "What Should Be" value scores. The meaning of “as should be” is basically the values that are expressed in response to questionnaire items concerning judgments of which are intended as a measure of the respondents' values concerning the practices reported by the respondents themselves.

However, because of the diversity of its demographic makeup, Indonesia’s business culture is complex as well. Its 200 million-plus inhabitants include Javanese, Bataks, Balinese, ethnic Chinese and 300 other ethnic groups. People cannot say the tendency of all Indonesian people’s behaviour are identical.

Furthermore, there is often a gap between the current system situation (as current practice) and the ideal system situation (ideal practice) in anywhere across the earth, in which these concept of “as should be” or “what should be” or “ideally” may be referred to as contextualized values as contrasting to more abstract values such as values regarding justice; independence; freedom; and a world of order, attractiveness, and harmony. Emphasis on values. grows out of an anthropological tradition of culture assessment. GLOBE researchers tested and presented both assumptions and results (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004, p. 16).

So that my position whether to generalized it or not, is with full awareness of both sides of perspectives, in which to consider balancing the two. In addition to above analysis and interpretations, there are also some findings of changing behaviors with regard to business and management practices in Indonesia and Japan; although strong evidence has not been found; lead to a need for further research.

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Appendix 1

"HOFSTEDE'S MODEL OF NATIONAL CULTURE

Hofstede named four of these cultural value dimensions in a study of thirty-nine IBM subsidiaries throughout the world ((Hofstede G. , 1980)). Later research by Hofstede and others added to the number of countries studied and presented the fifth dimension, long-term orientation (Hofstede G. , 1991). These five dimensions being re-added into seven dimensions.

Research on the long-term orientation dimension was unique. Rather than using survey queries established by Western researchers, Michael Bond and several Chinese colleagues created a new survey based on queries created by Asian researchers reflecting Confucian values. Hofstede and Bond have connected the long-term orientation to the latest economic growth in the mini dragons of the rising Asian economies (Hofstede and Bond 1988) cited in (Cullen, 1999).

1. Power Distance > Expectations regarding equality among people.

Power distance concerns how cultures deal with inequality. It focuses on (1) the norms that tell superiors (bosses, leaders, etc.) how much they can determine the behavior of their subordinates and (2) the values and beliefs that superiors and subordinates are fundamentally different kinds of people (Hofstede G. , 1980, p. 94).

High power distance countries have norms, values and beliefs such as (Hofstede G. , 1980, p. 94):

- *Inequality is fundamentally good*
- *Everyone has a place; some are high, some are low*
- *Most people should be dependent on a leader*
- *The powerful are entitled to privileges*
- *The powerful should not hide their power*

2. Individualism > The relationship between the individual and the group in society

The values, norms, and beliefs associated with individualism focus on the relationship between the individual and the group. individualistic cultures view people as unique. People are valued in terms of their own achievements, status, and other unique characteristics (Hofstede, 1980) (Hofstede G. , 1991).

3. Masculinity > The tendency of a society to emphasize traditional gender roles

As a cultural dimension, masculinity represents the overall tendency of a culture to support the traditional masculine orientation. That is, higher masculinity means that the business culture of a society takes on more traditional masculine values, such as emphases on advancement and earnings. However, within each culture there remain gender differences in values and attitudes (Hofstede, 1980, p. 205).

High masculinity countries have norms, values, and beliefs such as (Hofstede, 1980, p. 205):

- *Gender roles should be clearly distinguished*
- *Men are assertive and dominant*
- *Machismo or exaggerated maleness in men is good*
- *People-especially men-should be decisive*
- *Advancement, success, and money are important*

4. Uncertainty Avoidance > How people react to what is different and dangerous

Uncertainty avoidance relates to norms, and beliefs regarding a tolerance for ambiguity. A higher uncertainty avoidance culture seeks to structure social systems (political, educational, business) where order and predictability are paramount. Rules and regulations predominate. In such a culture, risky situations stress and upset people. As a result, they avoid behaviors such as changing jobs (Hofstede, 1980, p. 141) (Hofstede G. , 1991).

High uncertainty avoidance countries have norms, values, and beliefs such as (Hofstede, 1980, p. 141) (Hofstede G. , 1991):

- *Conflict should be avoided*

- *Deviant people and ideas should not be tolerated*
- *Laws are very important and should be followed*
- *Experts and authorities are usually correct*
- *Consensus is important*

5. Long-term orientation > A basic orientation toward time that values patience

Countries with long-term (Confucian) orientations have norms, values, and beliefs such as (Hofstede G. , 1991, p. 164):

- *Savings should be substantial*
- *Thrift is important*
- *Willingness to invest for the future*
- *Acceptance of slow results*
- *Persistence to achieve goals*
- *Sensitivity to social relationships and hierarchies*
- *Pragmatic adaptation of traditions and norms to the modern context*

Because of Hofstede's important research, it is possible to compare numerous countries on the basis of these cultural values (Hofstede G. , 1991, p. 164).

6. Collectivism > A set of cultural values that views people largely in terms of the groups to which they belong

The cultural values associated with individualism are often discussed with the opposing set of values, called collectivism. Collectivist cultures view people largely in terms of the groups to which they belong. Social groups such as family, social class, organization, and team all take precedence over the individual (Hofstede, 1980, p. 171)

Countries high on individualism have norms, values, and beliefs such as (Hofstede, 1980, p. 171):

- *People are responsible for themselves*
- *Individual achievement is ideal*
- *People need not be emotionally dependent on organizations or groups*

In contrast, more collectivist countries have norms, values, and beliefs such as (Hofstede, 1980, p. 171):

- *One's identity is based on group membership*
- *Group decision making is best*
- *Groups protect individuals in exchange for their loyalty to the group*

Different cultural expectations for men and women occur in all societies. In all cultures, men and women receive different socialization and usually perform different roles. A variety of studies show that, in most (but certainly not all) cultures, male socialization has a greater emphasis on achievement motivation and self-reliance. In contrast, the socialization of women emphasizes more nurturance and responsibility (Hofstede, 1980).

Hofstede's Cultural Model Applied to Organizations and Management

Managers and management researchers find Hofstede's value dimensions particularly useful because Hofstede's concern for how cultural values relate to organizations and work. As such, considerably more applications of the Hofstede cultural model to organizations and management are available than for the value orientations model. Hofstede's work influences our knowledge on comparative and multinational management (Cullen, 1999, pp. 63-71).

Hofstede and the GLOBE-Study House *et al*.

Figure 1: National Culture Dimensions Definitions

HOFSTEDE DIMENSIONS	GLOBE-STUDY CULTURAL DIMENSIONS
Power Distance: The extent to which the less powerful members of organizations accept and expect that power to be distributed equally **Individualism and collectivism**: The extent to which individuals prefer to act as individual rather than as members of groups **Masculinity and Femininity**: The degree of assertiveness and comprehensiveness versus modesty and caring **Uncertainty avoidance**: The degree to which people prefer structured over unstructured situations **Long term orientation and short-term orientation**: Thrift and perseverance versus (short term) respect to tradition, fulfillment of social obligations, and protection of one's "face".	**Group/Family Collectivism**: The degree to which individuals express pride, loyalty, and cohesiveness in their organizational **Power distance**: The degree to which members of a collective expert power to be distributed equally **Humane Orientation**: The degree to which individuals in organization encourage and reward individuals for acts of fairness, altruism, friendliness, generosity, caring, etc. **Uncertainty avoidance**: The extent to which a collective relies on social norms, rules, and procedures to alleviate unpredictability of future events **Institutional collectivism**: The degree to which institutional practices encourage and reward collective distribution of resources and collective action **Future orientation**: The degree to which individuals in organization engage in future-oriented behavior **Performance orientation**: The extent to which and organization encourages and rewards members for performance improvement and excellence. **Assertiveness**: The degree to which individuals in organizations exhibit and accept assertive confrontational and aggressive behavior in social relationship **Gender egalitarianism**: The extent to which an organization minimizes gender differences
Source: Hofstede, G. H., & Hofstede, G, J. (2005). *Cultures and organizations: software of the mind* (2nd ed.), NY, USA: McGraw-Hill (Hofstede G. H., 2005)	Source : House, R. J. *et al*. (2004). *Culture, Leadership, and Organizations – The GLOBE-Study of 62 Societies.* Thousand Oaks: Sage Publications, Inc. (House e. a., Culture, Leadership and Organizations: The GLOBE-Study of 62 Societies, 2004)

Appendix 2

International code of conducts

"A set of international rules about how to behave and do business with other people"

(Online Cambridge dictionary as of 05 January 2020: https://dictionary.cambridge.org/dictionary/english/code-of-conduct)

International Labour Organization (ILO)

Since 1919, the International Labour Organization has maintained and developed a system of international labour standards aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity. In today's globalized economy, international labour standards are an essential component in the international framework for ensuring that the growth of the global economy provides benefits to all.

(www.ilo.org/global/standards/introduction-to-international-labour-standards/lang--en/index.htm)

The Caux Round Table Principles

The Caux Round Table for Moral Capitalism is an international network of experienced business leaders who work with business and political leaders to design the intellectual strategies, management tools, and practices to strengthen private enterprise and public governance to improve our global community.

(www.cauxroundtable.org/)

Coalition for Environmentally Responsible Economies (CERES)

Ceres is a sustainability non-profit organization working with the most influential investors and companies to build leadership and drive solutions throughout the economy. Through powerful networks and advocacy, Ceres tackles the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and inequitable workplaces. Ceres is transforming the economy to build a sustainable future for people and the planet.

(www.ceres.org/about-us)

Appendix

Transformational versus Transactional Leadership

Since the Charismatic/Value-Based Leadership and Transformational Leadership have similar overview which contains some integrated aspects, although it is not necessarily the same, it can be seen as interchangeably.

***Transformational leadership** is the process by which a leader fosters group or organizational performance beyond expectation by virtue of the strong emotional attachment with his or her followers combined with the collective commitment to a higher moral cause (Roe, 2017). Daft and Lengel (1998) cited in Roe (2017) claimed that transformational leadership is the only one adequate during times of environmental turbulence, whereas **transactional leadership** is more suitable for stable environments (Diaz-Saenz, 2011).*

The most highly celebrated reciprocal exchange leading to the satisfaction of both leader's and followers' self-interests: and transformational leadership, which was practiced by those political leaders who were able to engage their followers not only to achieve something significance but also to morally uplift them. Transformational leaders both influence and are influenced by followers to rise to higher levels of motivation and morality (Burns, 1978. P.20).

They not only lead but also develop leaders. Their value is not measured by newspaper clippings but by the degree of positive social change that is promoted as a result of their leadership.

Focusing on the transformational leader factors, leaders with idealized influence become role models that followers want to identify with and emulate. These leaders are admired, respected and trusted and are perceived to have extraordinary capabilities, persistence and determination. Leaders who possess these qualities are frequently described as having charisma. Leaders who create inspirational motivation paint a clear vision for their follower's future state as well as provide the momentum to reach that vision through the arousal of team spirit. These leaders also provide *meaning, challenge, clearly communicated expectations, and a commitment to set goals. Leaders who exhibit intellectual stimulation encourage follows to be innovative and creative in redressing old problems in a new way and regularly examining old assumptions to see it they are still viable.*

Finally, leaders showing individual consideration treat each follower as an individual and consider their individual needs, abilities and aspirations. They help individuals to develop their strengths and spend time coaching and guiding people.

***Transactional leadership** involves an exchange wherein the leader offers rewards in return for compliance and performance by his or her followers. The transaction usually takes form of contracts, employment agreements, performance management systems and service-led agreements. Waldman and his colleagues, in a 1990 paper, drew attention to the importance of the augmentation effect of transformational leadership over and above the effect of transactional leadership. Indeed, the distinction that is drawn between transactional leadership and transformational leadership, as well the crucial role that transformational leadership plays in generating optimal performance, parallels the widely discussed distinction that has been drawn between management and leadership, most notably by Zalenik and Kotter in 1990 (Diaz-Saenz, 2011).*

Burns (1978) cited in Roe (2017) placed transactional and transformational leaders on a continuum, with transformational at one end and transactional at the other, whilst Bass (1985) cited in Roe (2017) originally had these concepts as separate dimensions – you could be either a transactional leader or a transformational leader. However, in subsequent models, Bass and his collaborators, such as Avolio, have developed the Full Range Leadership model (FRL), which as nine different factors that contribute towards a leader´s approach. This means an effective leader may employ transformational, transactional, and a laissez-faire approach depending on the requirements of the followers (Roe, 2017).

Clearly, there is overlap between the transactional approach and the charismatic leader. The distinction between the two approaches is subtle and there is significant overlap, 'there is far more overlap between the two than there are differences'. Some researchers placed charisma as an important personal attribute for challenge agents, whereas others suggested transformational leaders should aspire to charismatic *leadership. Perhaps one way of considering if these two ideas are different is to look on charismatic leadership as focusing on the attributes of the leader, whereas transactional leadership considers how the leader intrinsically motivates the followers. Now the two types of leadership can be explored (Roe, 2017).*

Transformational leadership

1. *Individualized consideration: here the leader focuses on the individual and treats each team member according to their specific needs. The leader coaches each individual to higher performance by creating a supportive environment based on what the individual needs to flourish. Personal conversations are remembered, and the employee is seen as a whole person' rather than as a piece of a larger machine. An example would be a managing director who personally hands an employee a card on the occasion of their birthday (Roe, 2017).*

2. *Inspirational motivation: this factor requires the leader to inspire their followers by communicating a compelling vision of the future and getting the team involved in its creation and delivery. This has real echoes of the charismatic leader with the vision forming an essential part of the leader's message. Team spirit is also key here, with the leader arousing this and convincing the team they can achieve more by working together as one coherent unit (Roe, 2017).*

3. *Intellectual stimulation: in this element, the leader will encourage and reward followers to be creative and innovative. If a mistake is made, there will be no public admonishment and followers will be asked to challenge the status quo. An example would be a manager who states and delivers a 'no blame policy' and encourages his team to try out new ideas (Roe, 2017).*

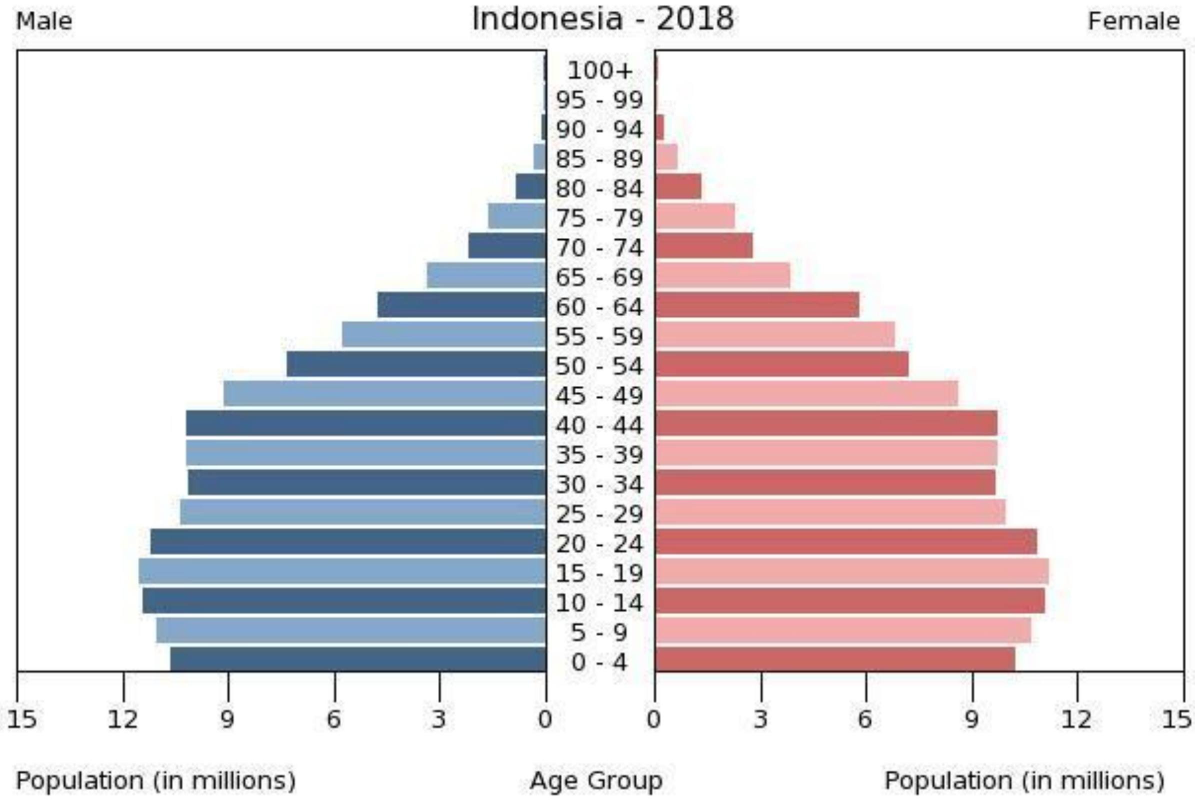
4. *Idealized influence: this factor is probably the closest to the definitions of charisma examined earlier in the chapter, with leaders with this ability acting and behaving as role models for their followers. They are admired and respected as individuals with a high moral code and can be relied upon to 'do the right thing. Because of these characteristics, followers attribute other positive capabilities to the leader and the leader gains further trust from the group as a result. Collectively, these four factors are known as the 'Four I's' and form the basis for transformational leaders. The FRL model is also closely associated with the MLQ, which, when a*

sufficient sample is available, is suggested to be a validated indication of leadership performance (Humphreys 2001 cited in Roe 2017). The FRL model extends to cover aspects of transactional leadership, which, according to the model, are still legitimate approaches capable of achieving results because it is in the best interests of followers to acquiesce to the leader's demands (Roe, 2017).

Transactional leadership

1. *Contingent reward: here the leader negotiates with the followers a suitable reward for delivery of a set objective. The exchange can be physical in terms of cash or promotion; however, it can be psychological as well-for example, praise or recognition. The basic formula is that by achieving X the follower will receive Y (Roe, 2017).*

2. *Management by exception: there are two forms to this leadership pattern, active and passive. In the active version, a leader will monitor deviations from a selected path or objective. If there is any deviation detected, then corrective action will be taken to return the individual or team to the correct point. For example, a production manager may monitor the quality of units produced by his workforce to ensure they are of the right standard. With the passive version, the manager will sharply wait for an exception to be flagged up-perhaps a customer complaint, for example-before taking any action. It is usual in both of these variants to use punitive or negative measures to reinforce the required behaviour or task outcome. So, it is likely that any deviation from the desired path will result in punishment rather than reward (Roe, 2017).*



Source: www.cia.gov/library/publications/the-world-factbook/geos/id.html

Appendix 5

"Understanding and Learning from other countries

Culture, work an motivation (Prof. Dr. A. Iken)

Examples of vacation policies:

Country: Indonesia

Typical annual vacation policy: 12 days paid leave after 12 months of full service

Country: Japan

Typical annual vacation policy: 10 days paid leave following 12 months of continuous service, providing that employee has worked at least 80% of this time."

Source: Based on V. Frazee, "Vacation Policies Around the World," *Personnel Journal*, 1997, 75, p. 9; and A. Phatak, R. Bhagat, and R. Kashlak, *International Management*, New York: McGraw-Hill/Irwin, 2004, p. 125 cited in Prof. Dr. A. Iken (2014) (Iken, 2014)

Appendix 6 (direct quotes from Widyahartono, 1991, pp. 132-135)

"Indonesian management style in political overview

Development of Management Theories

The notion of management may have different meanings to different people. The following definition is used here (Widyahartono, 1991, pp. 132-135).

Management is a process to obtain and coordinate several inputs in a system with the purpose of producing an output which is relevant to the system (Widyahartono, 1991, p. 135).

The development of management in Indonesia can be examined under different periods: 1950-57, 1957-60, 1960-65, 1965-70 to the present *(Widyahartono, 1991, pp. 132-135)*

1950-57

During this period, the concept of management in Indonesia was strongly influenced by Dutch scientists who were lecturing at universities in Indonesia. Thus, the prevailing concept during this period was in line with the development of business economics (bedrijfs ecconomie) in Holland during the same period. Management was considered as part of business economics whose main focus during that period was price and value theories, cost-price, and theories on administration and control systems within the business organizations (Widyahartono, 1991, p. 132).

The Dutch-influenced system scientists was known as the continental system. It focused on the formation of revenue within the enterprise. Cost-price theories and financing theory were the focus of business economies. Management as a notion was not known as a field of study but more or less subsumed within business economics (Widyahartono, 1991, pp. 132-133).

1957 – 1960

This period was characterized by the heightened struggle to regain West Irian/Irian Jaya (now Papua) from the Dutch. Everything which was Dutch or resembled them was rejected by the Indonesian society in a campaign launched by the late President Soekarno. Dutch professors were thus sent home and consequently business economics was abandoned (Widyahartono, 1991, p. 133).

During this period, no private universities were in existence. So it was the state universities that had to cope with the consequences of the struggle to regain West Irian one of which was a lack of teaching staff. To solve this problem the University of Indonesia invited American professors as a joint effort with the University of California. These professors included Professors Leon A. Mears, Don Blake and Rossal Johnson. To them business administration was a discipline separate from economics (Widyahartono, 1991, p. 133).

The concept of management was thus introduced comprising general principles which could be applied in managing an organization to achieve its objectives. The prevailing thinking at that time was certain managerial functions could be applied universally. The works introduced in support of this approach were Koontz and O'Donnell's Principles of Management and Terry's and Stoner's books on management. A multi-disciplinary approach to the study of management was introduced. This approach broadens the scope of management as a science which analyses and seeks solutions for problems facing the firm (Widyahartono, 1991, p. 133).

Within this context there were several specialized fields of study such as marketing, financing, and production and human resource management. These fields became the major subjects for students in the Management Department within the Faculty of Economics. Cross-cultural approaches were not yet introduced, and a start was made to gather Indonesian business cases (Widyahartono, 1991, p. 133).

During this period, several teaching staff were sent for further studies in the United States. This, of course, strengthened the Anglo-Saxon, though not as a regular part of the course (Widyahartono, 1991, p. 133).

1960-65

This period was characterized by political instability. The late President Soekarno launched the slogan of socialisme a la Indonesia or "Indonesian socialism". American *inspired social, political or scientific ideas were heavily criticized and even branded as "new colonialism or capitalism". The prevailing thinking and writing during this period searched for specific Indonesian characteristics. Some writers refer to the gotong royong as the Indonesian style of management. (Gotong royong refers to group solidarity within the traditional or village society) (Widyahartono, 1991, p. 134).*

Although strongly anti-Western concepts, scholars did not blindly accept the socialist management system. The alternative they preferred was looking for a management system that was relevant to the socio-cultural conditions of the country. Of course, Western educated scholars found it a futile exercise to dig into the socio-cultural background in management which they considered as universal (although its origin was from the Western world). Only in the past 15 years have efforts been made to search for an Indonesian management style (Widyahartono, 1991, p. 134).

1965-70

This period was a period of political and social reform known as the New Order. At this time several efforts were made to hasten the development of the country which was destroyed during the Old Order (pre-1965). Economic rehabilitation and stabilization were the passwords of the New Order government. De-nationalization and de-concentration in economic development were the strategic issues (Widyahartono, 1991, p. 134).

During this period produced attempts to solve the managerial problems faced by the State Trading Enterprises were hampered. Thus, there developed an awareness to approach the problems of the enterprises more scientifically (Widyahartono, 1991, p. 134).

De-nationalization was necessary to provide opportunities for foreign enterprises to invest in Indonesia. Local enterprises were faced with stuff competition from foreign firms investing in Indonesia. Local firms (private as well as state-owned) were not well prepared to face the competition. Development of modern management techniques was sorely needed so that business organizations could be managed efficiently and effectively (Widyahartono, 1991, p. 134).

During this period Indonesian scholars again looked toward American and North European management concepts, theories and assumptions when undertaking scientific studies required by the initial stage of the New Order (Widyahartono, 1991, pp. 134-135).

1970 to the Present

The changes in the early 1970s had an important impact on the growth or management in Indonesia. The need for new approaches in management was characterized by the emergence of management consultancy firms. This decade was also characterized by the sudden changes in the international as well as national spheres. The energy crisis was both a burden and a challenge to improve the management systems within firms. In the field of management theories more stress was laid upon strategic planning and control. Some used strategic management while others stuck to the concept of strategic or corporate planning (Widyahartono, 1991, p. 135).

During this decade the state as well as private universities started to produce needed manpower for business and industry. Lembaga Pembinaan dan Pengembangan Manajemen (LPPM) was the first private management institute to offer short courses in management. The University of Indonesia also founded the Lembaga Manajemen Fakultas Ekonomi I.I. (LMFEUI) (Widyahartono, 1991, p. 135).

It was during this period that the writing of cases on Indonesian managerial problems was encouraged. It was not an easy endeavour to write cases since not every firm was amenable to the idea. But 1975 the firms have assumed a more open attitude since they too realized the benefit of case studies. They also gradually realized the importance of accurate and up to date information in decision making. The statistical approach became more popular as one of the tools for decision making (Widyahartono, 1991, p. 135).

Facing the Challenge

One of the problems faced in the development of management in Indonesia is ow to increase the relevance of management to the practical problems of Indonesian society. The particular question is then: will organizations in different parts of the country and *in different socio-cultural settings have similar structures and processes, or will a distinctive cultural flavour still pervade? (Widyahartono, 1991, p. 135).*

To date, many scientists as well as Indonesian practitioners in the field of management still have a strong inclination to use American and North European management models in the Indonesian setting. They are still of the opinion that only Western methods are universally valid. Fortunately, the number of lectures, writers and practitioners who admit the inadequacy of the American and North European is growing (Widyahartono, 1991, pp. 135-136).

Indonesia is normally characterized as a developing nation. It has a 46-year long history as an independent nation, but a much longer one in terms of cultural traditions. It might be rather difficult to write about a distinct Indonesian way of thinking, if we take into account the multiplicity of cultures in the archipelago. But it is very important to state that Indonesian organizations bear only a superficial resemblance to their Western counterparts. The question then arises as to whether Indonesian organizations bear more resemblance to the Japanese or Chinese organizations (Widyahartono, 1991, p. 136).

It must be noted that 1979 studies on the Indonesian style of management were conducted for the first time by the LPPM (Lembaga Pembinaan dan Pengembangan Manajemen or Institute of Management Development). One could consider this effort as an important milestone. The result of this study was compiled and later on published. The publication entitled Konsep Manajemen Indonesia was favourably growing awareness among management lectures and practitioners on the need for further research was definitely encouraging (Widyahartono, 1991, p. 136).

Some questions often posed are: Are Western concepts effective in the Indonesian setting or do they have to be adapted to the prevailing Indonesian situation, culture and values? Is it true that in areas such as production and finance, Western management systems have been adapted without much resistance? How about in the human resource field? If one makes a study of organizations, one could say with assurance that in areas such as production and financial management, Western management systems have indeed been introduced penetrated while in the field of human resources most organizations still face problems (Widyahartono, 1991, p. 136).

As was pointed out by Hofstede (1982), management is a cultural process. It is not primarily a matter of techniques and/or strictly rational methods, but of finding ways to reach objectives within an existing socio-cultural environment. In the Indonesian case it is the heterogeneity of the Indonesian cultural setting. Cultural differences, which include differences in value judgements, have a strong impact on the development of organizations, particularly on the behaviour of people and how they cooperate with each other within the organization (Widyahartono, 1991, p. 136).

In most Indonesian organizations, management has to find its way in a conflict of cultures, between modernity and tradition (Widyahartono, 1991, p. 137). It is a difficult task, but a most challenging one, particularly for scientists and practitioners who have a positive attitude towards development and growth. Sociologically, it could be said that Indonesian society is still a rather traditional, hierarchical and honour-oriented society. Harmony (keselarasan) and honour (kehormatan) play a central role in this society. They prescribe the way relations between people should be structured and maintained. Everything is done in order to prevent conflict. From an organizational point of view, one can see the collectivistic or fellow-men orientation and the meaning of work in the Indonesian context. Contrary to most Western value systems, Indonesian society in general is not oriented toward things, but toward smooth relations with one's fellowmen. This is true even in modern business organizations: which on the surface appear to follow the Western style of management. People work with the expectation of achieving the objectives of the organization but in harmonious way. Indonesian society is traditionally characterized by concepts such as musywarah, mufakat dan gotong royong ("consultation, agreement and solidarity"), with a strong hierarchical orientation. "Follow the leader" or Bapakism is a well-known expression for this behaviour since socio-logically people find the necessity to honour older people and those of higher status because they are considered to have the role of "fathers" in the organization. How can someone move up in the ladder of bapak in the organization? (Widyahartono, 1991, p. 137).

Bapakism is based on certain ascriptive considerations: age, class and loyalty toward superiors. Within organizations, loyalties seem to be more important than the common Western concept of efficiency. If an organization is made up of people from different backgrounds (culturally and geographically), there is a continuous effort among *subordinates to take sides with their respective managers (Widyahartono, 1991, p. 137).*

To people within organizations, work is not solely a means to achieve objectives, but also to establish and guarantee harmony. It is the role of the "bapak manager" to maintain this harmony, thereby accumulating all authority or power. But one should bear in mind that power in this context does not have the typical Western connotation of being based on contract or appointment (Widyahartono, 1991, p. 137).

The main interest of the bapak manager is to maintain harmony. He feels free to use organizational assets to achieve this goal (Widyahartono, 1991, p. 137). Because of the strong emphasis on hierarchy, some interesting consequences as far as decision making is concerned can be seen (Widyahartono, 1991, pp. 137-138). For example, nobody in a lower level dares to make decisions openly without referring these decisions to their respective superiors. Subordinates tend to assess the mood of their respective managers before taking any action. Subordinates prefer to adopt a "wait and see" attitude which could best be described as waiting for the surat keputusan (letter containing a decision made by top management) or a formal "go or no-go decision" made by top management in an open meeting. Thus, to Westerners the decision-making process in the Indonesian context takes a much longer time (Widyahartono, 1991, p. 138).

The Batak (North Sumatran) Model *(Widyahartono, 1991, p. 138)*

Most of the descriptions presented so far refer to Javanese examples. Are there distinct differences in value judgement between the Javanese and the Batak? How has business been conducted in the Batak society since 1950s and how do they manage their businesses? (Widyahartono, 1991, p. 138)

Traditionally (Marbun, 1984) the Batak culture was not closely related with business life. Their value system did not include accumulating wealth by doing business. The Batak's scale of priorities in life, is as follows:

a) Inasangapon (status symbol, honour);
b) Hagabeon (many children and a large family); and
c) Hamaraon (wealth, possession of basic needs and some valuable goods)

Since the transfer of sovereignty in 1949, new opportunities arose. But tradition kept the Batak community from taking over the Dutch enterprises. Some well-known Batak businessmen did become successful, but this was due to their courage, sheer luck and a favourable business environment. Many Batak-owned firms started well and became quite successful, but in a very short time they faltered and eventually shut down. Most Batak firms were managed by the family members or close relatives. Non-relatives were employed only as assistants. To date not many Batak intellectuals have entered the business world or become entrepreneurs. Generally business organizations become old with the owner, and no regeneration in ownership occurs. Most firms close down eventually as the owners age. Some companies became quite well known (Widyahartono, 1991, p. 138). These included P.T. Piola, P.T. Pardede, P.T. Sayur Mayur, P.U. Sudaranta, P.U. Arion (P.T. stands for private limited, and P.U. stands for bus transportation company). Most of these companies operated in North Sumatra. Why were they successful and what style of management did they follow? What were the reasons for the abrupt downward trend and the eventual shutdown of their operations? (Widyahartono, 1991, pp. 138-139).

Besides the facilities provided by the government such as bank credit: easily obtained licence of trade, import and export: and opportunities, the other main factors that led to the short-lived success of these companies were the cultural traits of the Bataks. Some of these were (Widyahartono, 1991, p. 139):

(a) Exogamy, i.e. Batak youngsters have to marry non-Bataks thus opening the gate to cross-cultural interaction;

(b) Relatively higher level of education compared with other Sumatran communities;

(c) Courage to migrate out of their community. In fact, there is a saying ndang marimbar tani hameteon which means "it makes no difference in which ground (where) we will be buried";

(d) Adaptability to a new environment, situation and condition, because of the old saying: sidapot solup do naro meaning "wherever you go you must immediately adapt yourself to the local conditions";

(e) Regarding any legally or morally permitted (halal) work as an honorable assignment;

(f) Cultural interactions with foreigners and Christian missionaries which provided Bataks with anew mental attitude and self-confidence; and

(g) Relatively strong ability to anticipate and plan their work.

It seems therefore that the Bataks are basically sensitive to new opportunities and ventures. They adapt easily and have a strong will to learn. They managed their businesses as heads of families. Everyone listened to the Bapak tua manager who was democratic toward his subordinates and gave the staff opportunities to participate in business decision making. The Bataks have been able to do this because of their cross-cultural interactions with foreigners and willingness to learn from the outside world (Widyahartono, 1991, p. 139).

However, Batak entrepreneurs also had weaknesses, and these were (Widyahartono, 1991, pp. 139-140):

(a) They easily became satisfied with their performance and consequently less sensitive to information from subordinates and suggestions from colleagues in business
(b) Members of the family, although not qualified, frequently participated in the decision-making process
(c) Generally, owners of Batak enterprises did not have a very high level of education
(d) They were not familiar with modern management techniques
(e) Innovation and planned diversification as part of strategic management were ignored
(f) They preferred to employ people from within the family and gave a lower priority to human resource management and development
(g) They did not wholeheartedly encourage the children to take over their business operations, since they preferred the children to become well-known bureaucrats and academicians
(h) They were quick to imitate others regardless of proper strategic planning

To summarize, Batak entrepreneurs generally do not want even their most brilliant children to become entrepreneurs. Instead they wanted their children to become bureaucrats. Batak enterprises are managed like most Indonesian enterprises where the bapak tua managers have to approve all decisions; thus the saying "You propose to decide, but I (owner) must approve" (Widyahartono, 1991, p. 140).

The Indonesian Chinese Model

Do Indonesian Chinese manage their businesses in a distinct way? How do they deal with their subordinates? Although not all Indonesian Chinese are entrepreneurs, since World War II most of them have been linked with business in one way or another. Does it mean that they had learnt the skill (in the Western perceptions) of management or doing business? Or were they businessmen because circumstances have forced them to engage in the distribution channels of trade? (Widyahartono, 1991, p. 140).

Generally speaking, most Indonesian Chinese origin (J.L. Vleming Jr., 1925) referred by (Widyahartono, 1991, p. 140) during the Dutch colonial period were forced to engage in the distribution trade, mostly in retail business. Only a few were engaged in the import and export business. They did not have a high level of education. They only valued education because it helped them communicate with then Dutch and calculate their cost and sales prices. They were much more integrated with the local community since the local people were their major customers (Widyahartono, 1991, pp. 140-141).

Management as a modern notion was unknown to the Indonesian Chinese. They managed their business as a father did his family. Every family member listened to the father's instructions. Non-family members were employed as assistants and had not much to say in business decisions such as determining sales price, where to store the merchandise, how to display the merchandise, fixing the opening hours of the shops (toko or warung) and so on. It was like a big family participating in the shop. This approach also applied to restaurants and coffee shops. Even children had to work as shop assistants after school hours. Even some lowly educated one would not become a good entrepreneur. Fortunately, this kind of attitude diminished gradually. After the transfer of sovereignty in 1949, more and more young Indonesian Chinese became staff workers of big enterprises, government bureaucrats and civil servants. In the field of education, they became schoolteachers, lecturers and professors in universities (Widyahartono, 1991, p. 141).

Beautiful proverbs in Chinese characters were frequently displayed during the Dutch colonial regime. In essence, they reminded the younger generation of certain traditional teachings such as "Without hard work you will never be as wealthy as Tau Yu" (Tau Yu was an ex Minister of China in the olden times. He became a successful businessman after resigning as Minister) (Widyahartono, 1991, p. 141).

Beginning in 1949 and particularly since the New Order Government in 1965, the Indonesian Chinese have become fully integrated into Indonesian society with the same rights and responsibilities as the indigenous Indonesians. The Indonesian Chinese have diligently grasped business opportunities since 1949 and more actively since 1957 when the Dutch entrepreneurs were forced to leave Indonesia. However, their knowledge of modern management techniques was still very inadequate. They persisted in using the old style of doing business where everything centered around the family. Even after 1957 they did not emerge as big businesses since during that period, the old order regime was more interested in political slogans and did not pay much attention to economic development (Widyahartono, 1991, p. 141).

When the New Order came into power in 1965, more opportunities were made available for the business community at large (Widyahartono, 1991, p. 141). The transition from the old to the modern way of doing business had been difficult and still remains so. Entrepreneurs had to adapt themselves and become more aware of the need for professionalism. Generally speaking, their management philosophy was patterned after the ideal Confucian ethics. They perceived the teachings of Confucianism as universal and consciously or unconsciously applied these teachings in their business and social life. In Confucian ethics, the ideal family is one that follows the five principles of filial piety, fidelity, obedience, kindness and loyalty to one's superior (Widyahartono, 1991, p. 142).

Thus, it can be seen that as in the case of other Indonesian communities, the basis of enterprise is the family whereby every member of the family feels obliged to follow the leader or bapak because of his age, class, authority and integrity. (Age and class now formulate into skills and capital) (Widyahartono, 1991, p. 142).

Transition from Family Business to Professionally Managed Firm

Most business organizations in Indonesia started from a small family business. Some of them became big businesses while most of them remained small ad gradually grew into medium-size enterprises (Widyahartono, 1991, p. 142).

Just like a plant that thrives in its natural environment, the big organizations while thriving, also experienced certain problems. As the organizations grew, the ability to manage and control its operations consequently became difficult for the founders. They *found themselves coping with people who had been lined because of their family connections rather than their qualifications. Thus organizations did not try to evaluate people on their performance since it had not been a criteria in their recruitment. Management assigned no clearly defined roles and spheres of authority. Confusion over responsibility hampered many tasks and the company faced constraints because of indecisiveness or the "wait and see" attitude for the bapak owner/manager to make the decisions. No one was really in charge. By Western standards the process of decision making was not very effective.* ***Important decisions*** *tended to be centralized in the hands of one or two people who belonged to their inner circle of the family and who were close to the bapak during office hours as well as in daily life (Widyahartono, 1991, p. 142).*

There was no systematic planning since there were no professionals to do this. If there was a plan, then it was mostly done on an ad-hoc basis. ***Management was reactive rather than proactive.*** *Most of the companies were run on the basis of individual needs rather than on organizational ones. Performance review was only done incidentally. Those who were in charge tended to avoid conflicts by covering up poor performance. They only attempted to make a situational analysis of the organization when there was rapid growth and the situation became critical and professionals were only invited when the situation became critical. They had to develop the ability to manage the company professionally while keeping harmony within the company and achieving its objectives (Widyahartono, 1991, p. 142).*

Indonesian Management in the Public Sector

As discussed earlier, there was and still is a strong emphasis on hierarchy within the public sector which includes the state enterprises known as Badan Usaha Milik Negara (BUMN) (Widyahartono, 1991, p. 142). Some interesting consequences always occur as far as decisions openly without first consulting his superiors or their recent regulations. This is called asking for restu and it is a reflection of the unwillingness to take risks to safeguard one's position. Sometimes subordinates flatter their superiors by giving them gifts and holding ceremonies that show respect to superiors whenever they come to inspect. These may be in the form of a meeting praising the superiors and even a traditional ceremony with folk dances. By doing so, the subordinates distract the attention of their superiors by showing only their good points and hiding *their weaknesses. This phenomenon called “up to the Bapak” is incomprehensible to the Western mind but it is the prevailing management style within the Indonesian bureaucracy. In this system the subordinates are expected to be grateful for the wisdom and insights of their superiors, thus strengthening their harmonious social relations and mutual dependency. Whether this reflects some similarity to the Confucian ethics is debatable (Widyahartono, 1991, pp. 142-143).*

Through this tradition people learn to respect authority and to work cooperatively. In return they are guaranteed a livelihood and protection. The system is held together by a bond of personal obligations. The focal points of the various controlling obligations were the Central and Provincial government, the family and finally the individual (Widyahartono, 1991, p. 143).

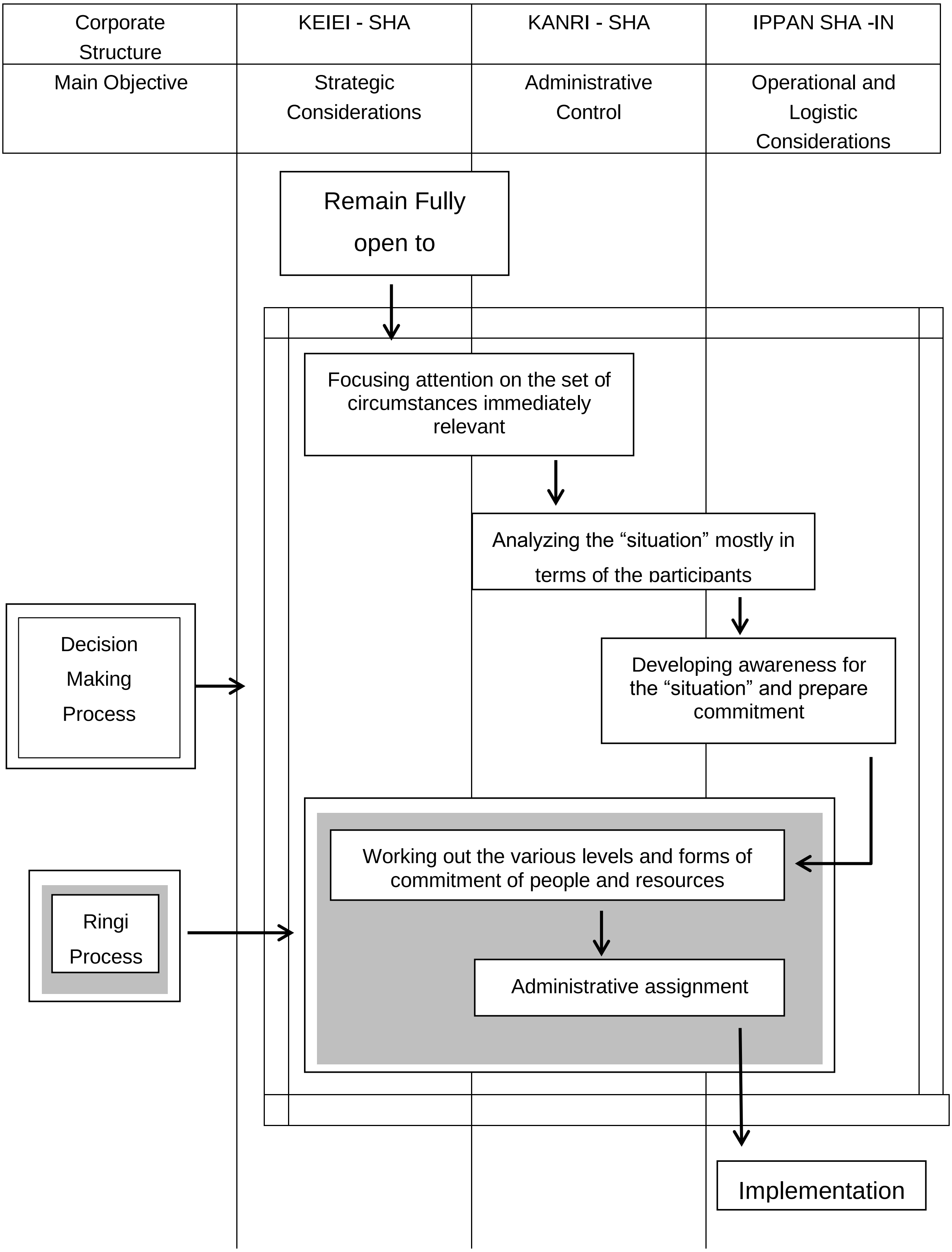
This feeling of mutual obligation is repeated in almost every level of the bureaucratic hierarchy, with each person doing his best to take care of his subordinates, thereby safeguarding his own position. Without this personal obligation it will be difficult for a bureaucrat to advance his career in the public sector (Widyahartono, 1991, pp. 143-144).

Future Trends

Professionalism will be needed by business organizations as well as the public sector. This means that efforts should be made to have proper planning in the development of professional human resources while upholding the cultural values in management (Widyahartono, 1991, p. 144).

Sources: Direct quotes from Widyahartono, 1991, pp. 132-135

Appendix ***"JAPANESE DECISION – MAKING PROCESS"*** *(Ballon R. J., 1988)*



Japanese Decision-Making

"Japanese decision-making: a circular process

Business executives and administrators are evaluated by their superiors, if not also by peers and subordinates, on the quality of their decisions. This is also the measure they use for themselves. One problem is that such a judgment is possible only post factum, because the soundness of a decision cannot be determined at the moment it is being made; it surfaces only at the time of execution (Ballon, 1988, p. 2). Admittedly, many managers believe that their decision is the correct one, and blames their subordinates for the faulty execution. The dichotomy of decision and execution is at the heart of the Western style of corporate organization. To bridge the gap, there is authority, whatever form it may take, be it on the basis of a division or labor between those who "think" and those who "do", between the better informed and the less informed, or more simply on the basis of a labor contract whereby one is the employer who decides and the other employee who executes. Whatever the bridge is, the gap is there. It often finds its expression in a conflict ridden relationship of entrenched interests on both sides, and the bridge makes sure that these interests remain separate! Apparently, Japanese managers adopt a different approach, an easier one. They do not consider decision-making a management prerogative. Hence the style of organization is more organic and less prone to conflict (Ballon, 1988, p. 2).

Linear vs Circular

Management is not only a science that can be learned in business schools; it is primarily an art, a combination of intuition and experience, exercised by managers in the industrial context (Robert J. Ballon, 1998, p. 3) (Ballon R. J., 1990) (Ballon R. J., 1988) Mau yg mana? 88 / 90?. What the science has not taught, will soon be learned in practice. Managers may well reach a decisiom correctly, i.e. according to the precepts of the science, only to discover that its execution is a different matter altogether. What practice uncovers is that it is not the decision that changes reality; only execution does! Experience teaches that the decision in itself is purely a mental exercise, mostly a choice between alternative courses of action, resting on the manager's conviction that one course is better than the other(s). But he must wait that *the actual execution demonstrates the validity of his assumption. If his authority was not a stake, he might well look at his decision as neutral, neither correct nor false, until it would have passed the test of execution. And there is one more thing that experience teaches, namely that no decision, once taken, can be changed; to "change" a decision means in practice is to make another decision. If execution reveals that the decision was a wrong one, the only recourse for the manager is to decide that the first one was not good and that another one has to be made, or that the former one has to be modified. If the only way to "change" a decision is by making another decision, there is no doubt about the importance of the decision-making process itself (Ballon, 1988, p. 3). See Appendix.*

The Linear Approach

This approach is rooted under a persistent conviction that a possibility of choice exists (Ballon, 1988, p. 3). At its simplest, the choice is between two alternatives. Consider the possibilities of moving to the right or to the left. Of course, other alternatives have already been eliminated, say, to move forward or backward. But of all these possibilitties, two were retained, and now the decision is taken to move to the right, meaning that the move to the left has been excluded mentally, though this possibility remains real (but not practical it seems), and so do the other two possibilities previously excluded. If "to the righ" means an investment in a particular region, the possibility of investing in other region is thereby excluded. The importance of the decision does not come only from what it selects, but also from what it excludes (Ballon, 1988, pp. 3-4).

What the manager or group of managers puts on the line is the responsibility they shoulder in the management of assets entrusted to them by the owners. The context is the business organization largely conceived in a mechanistic fashion, namely as an artifact constructed for that specific purpose, the management of assets, be it exploitation of a mine, manufacturing of automobiles, provisionn of financial services, etc. The purpose of the organization is a specific set of business operations: the organization is the cause whose effect will be a given activity. Hence the "decisive" role of management rest upon the result of the operations. Without decision, it is assumed that nothing valid would happen, that no execution would be forthcoming (Ballon, 1988, p. 4).

Thus

Decision + Execution

The decision-making process can then be described as linear. 1) The point of origin is the decision-maker or the decision-making body, namely those empowered by the organization to decide which action should be taken into account. 2) Alternative courses of action were open; all but one has been eliminated. 3) Within the organizational frame, the process concludes with the decision. The next step will be execution, brought about on the basis of the responsibility and authority of the decision maker(s). In terms of corporate structure, authority is delegated downward with a progressively reduced scope. The consequence is a nagging imbalance: progressively restricted authority (in decision), but progressively greater responsibility (in execution)! This imbalance is somehow institutionalized by the compensation system: full responsibility, i.e. for the execution that makes the decision "real", earns the lower salary. The mechanistic organization, in a sense, institutionalizes the gap between decision and execution. Attempts at bridging it are countless: collective bargaining, human relations, management by participation, industrial democracy, job enlargement, etc., etc. Obviously, no panacea has yet been found (Ballon, 1988, pp. 4-5).

The Circular Approach

In the Japanese case, the process is circular: rather than successive elimination of alternatives, integration takes place. Action does not start from some mental choice; it starts by an acceptance of the full complexity of reality. Returning to our earlier example, to the left, to the right, forward, and backward, whereas the linear process consisted in reducing possibilities to a 90˚ angle (of the four possibilities, "to the right" is decided), the circular process encompasses 360˚. If the execuction then consists in going, say, to the right, it is not as the outcome of a decision, but as a necessity imposed by reality.

Basically, what we have here is "Learning by doing". It does not matter how much the Japanese child should learn to write a few thousand ideographs as he/she must master this in adult life. How to remember them? Through constant practice. It is agreed among Japanese that the original meaning of their term manabu (to learn) was manebu *(to imitate). The same method was applied to learn Western industry and technology: to reproduce, to imitate. In the process, however, the Japanese learn “pattern recognition”, i.e. the capacity to seize reality not so much through comprehension (“to understand it”) than through appehension (“to take it for what it is”), where the mind and the body as well have to adjust to reality or otherwise be forgotten (Ballon, 1988, p. 6).*

As a consequence, the Japanese manager is not primarily interested in the “rationality” of his decision; his concern is with execution. In other words, he apparently does not seek to determine what action, if executed by the organization, would change reality; he wants the organization to be ready for the re-action that the impact of reality will force upon it (Ballon, 1988, p. 6).

The organizational context of the circular process of decision-making has to be organic. The Japanese corporation is an organism and, like any other organism, is concerned about life, about survival. What makes it significantly different is not by the flow of authority (decision), but by the flow of work (execution). It is not management that gives form to the organization; management is not the a priori repository of decision-making and the origin of decisions. On a circle, any given point may be the point of origin. The organic organization capitalizes on experience, a value that Japanese corporations have institutionalized in their practice of nenkô (seniority, literally “merit of years”). It stands for incremental as well as evolutionary accumulation of experience, the experience of life, of survival (Ballon, 1988).

The contrast of Linear vs. Circular should not be exaggerated; it is not a black-or-white proposition. Any decision-making consists in the interaction of four factors: decision, execution, decision-maker (individual) and organization. Their interaction being dynamic, the center of gravity shifts. Of the various possible combinations, two would appear relevant:

1) *Greater weight to decision and the individual (the decision-maker) tips the center of gravity of the overall combination toward the higher right. This we call the linear approach in the context of a mechanistic style of organization.*
2) *Greater weight to execution and the organization (the execution-“makers”) tips the center of gravity toward the lower left. This we call the circular approach in the context of an organic style of organization*

Dimensions of Japanese decision-making (Ballon, 1988, p. 8)

The dimensions of decision-making highlight the characteristics of both approaches. In both cases, the decision may well be formulated in identical terms, the process whereby the decision is reached, differs, and so may well be the outcome. Several questions must be answered: What? When? Who? And How? (Ballon, 1988, p. 8).

Contents (What?)

The linear approach concentrates on the problem. It is mentally arduous because at some abstract level any problem may have many possible solutions, though only some make sense. Next, one must consider the reasonable alternatives and their justification. Then, these alternatives have to be reduced to one. Since it is likely that each reasonable alternative has at least some supporters (maybe this is why it is "reasonable" after all) and unanimity is seldom expected, any choice raises some advocates to the status of winners. A question then remains about the losers, because their non-participation may harm the execution of the decided choice. Furthermore, there is always the danger that, when faced with a problem, the manager may start to look for "the" solution well before he fully understands the problem itself (Ballon, 1988).

The circular approach, on the other hand, gets involved in what we call a situation. It does not use reductionism in regard to reality and remains fully aware of the variety of possible courses of action (Robert J. Ballon, 1998, p. 8) Mau 88 atau 90?. It does not look for the "one best fit", preoccupied as it is with remaining receptive to the situation as it is, not as it seen, in the hope that the required re-action will emerge (Ballon, 1988, pp. 8-9).

The linear process of pursuing a problem and its possible solutions is a conceptual exercise mush as a traveler who studies a map in order to reach his destination. Before starting on his journey, he conceptualizes getting from point A to point B, hopefully selecting the right road to his destination. On the other hand, the circular process is specifically concerned with the journey with regards to the territory itself; real *dimensions are part of the exercise. The map can show the traveler how to reach his destination but it cannot take him there; he reaches his destination by crossing the given terrain and surviving its conditions. The circular process emphasizes performance, with destination automatically implying geography (Ballon R. J., 1990, p. 21).*

Both approaches may have the same outcome, the same one feasible or rational execution (Ballon R. J., 1988, p. 9). But the linear one is active in the sense that a decision has to be taken; the circular one is re-active in the sense that it is compelled by the situation. An image of the latter is the Japanese proverb, "Bend with the wind" and, as a consequence, be as strong as bamboo. The re-active stance results from 1) to be open and ready for what the territory has in store, and 2) to be flexible in order to adjust to the terrain. There is no choice; necessity prevails. More than a problem could, the situation embraces the full complexity of reality that cannot be overcome by some single-handed decision. As execution must be a matter for the entire organization, it is the entire organization that must be receptive to reality. An adequate re-action requires that "all" be informed (Ballon R. J., 1988, p. 9).

The meaning of information is different in a linear and in a circular process. A well-known characteristic of the Japanese organization is its hunger for information, though admittedly equal weight appears to be given to its quality as to its quantity (Ballon R. J., 1988, p. 9).

The collection and spreading of information is thus not passive. The Japanese manager knows very well that the effective way to get informedis to listen. Information is transmitted; what makes the difference is the reception. In any debate, the Japanese view appears to be that the one who listen sends up ahead of the one who speaks. No doubt, this attitude favors the flow of information: it is equally determined by the sender as well as the receiver. In addition, it must be noted here that the Japanese workforce in its totality, not necessarily at each and every level, has been for many decades the most educated industrial nations. And thus the most apt receiver (Ballon R. J., 1988, p. 9).

The circular approach is tricky. Ambiguity, especially of a verbal nature, appears unavoidable, because whereas a decision can be clearly stated in words, execution is expressed by deeds., which are re-active in nature (Ballon R. J., 1988, p. 10). This is *especially true in the case of some entirely new issue, where experience (based on past known cases) is of no direct help. Much time may then be spent on formulating first some substitute for past experience with the hope that it will somehow fit reality. Another common problem is how to distinguish between small and big issues. Usually, "small" issues are by-pass because it would be too cumbersome to establish the desired consensus. If, however, there is need to pinpoint responsibilty, the "small" issue is made a "big" one. On the other hand, as will be explained below, an issue is "big" because of the heavy dose of emotional involvement it carries. For example, when a joint venture agreement is negotiated, it is not so much of its contractual terms (capital participation, division of labor, etc.) that are matter of concern, but how the joint venture would affect the parent organization in organic and human terms (Ballon R. J., 1988, p. 10).*

Timing (When?)

The Japanese manager behaves as if time were at his disposal, he is reluctant to foreclose any aspect of the situation at hand. Time cannot be shortened or lengthened; it remains part and parcel of the situation (Ballon R. J., 1988, p. 11).

The Japanese time is circular: it is all in the "Here and Now." For convenience sake, one may verbalize it as "Past - Present - Future." But experientally, however, time has but one dimension, the "Here and Now," where survial makes the difference. Nobody survives in the future nor in the past. For the Japanese, or for anybody as a matter of fact, survival is neither short nor long; it can only be here and now (Ballon R. J., 1988, p. 11).

As an illustration of time, perception is found in business planning and its use for the evaluation of performance (Robert J. Ballon, 1998, p. 11). A goal set twelve months from now is not so much, in Japanese eyes, a goal against which fulfilment of the plan will be checked, than a stimulus that raises performance here and now (Ballon R. J., 1988, p. 11).

Goal setting is a common practice in Japanese industry, but not in the form of a decision (Ballon R. J., 1988, p. 12). Corporate goals are merely a compilation of *particular goals set by the various functions that were discussed with those involved and formulated as "best-effort goals" (doryoku mokuhyô).*

Japanese executives seemingly appear to be concerned to collapse in practice the dimensions of time. The past is made the present by insisting on the merit of experience so eloquently expressed in the value of nenkô. The "merit of years" central to promotion (Ballon R. J., 1990, p. 19). On the other hand, the future is not expressed so much as a near or distant goal, but it is directly incorporated into the present. An example is provided by Honda Motor. In 1974, in the immediate wake of the oil crisis, it built a new motorcycle factory in Southern Japan with the global market in mind (Ballon R. J., 1990, p. 19).

Time is then not the number of days or months needed to complete performance or the period for which a contract is valid (Ballon R. J., 1990, p. 20). Even though Western businessmen complain about the long time it takes the Japanese to reach a decision, eventually they have to acknowledge that the execution is rapid (Ballon R. J., 1988, p. 13). On the other hand, Japanese businessmen are puzzled at the speed with which Westerners reach "a decision" but more often than not get impatient about the long wait for its execution, if it follows at all. in both cases, the actual time span may be the same, say six weeks of six months, in one case to get a decision with immediate execution, and in the other case to finally get the execution of an immediate decision (Ballon R. J., 1988, p. 13).

In Japanese business activities, time is not some external measure applied to reality; it is part and parcel of the ever changing reality and is managed as such. Survival is not tomorrow's problem; survival is her and now (Ballon R. J., 1990, p. 20).

One more aspect of "When?", in anticipating other considerations to come, is that the primacy of execution over decision reduces considerably the need for a decision. This may provide the Japanese manager with a foolproof formula for taking the "right" decision: he takes it after execution! (Ballon R. J., 1988, p. 13).

Actors (Who?)

In Japanese organization, the pattern for a decision at the mental level, the decision-maker suffices; the "situation" on the other hand embraces equally the one who *decides and the one who executes (Ballon R. J., 1988, p. 13). They are like the two sides of the same coin. Each side is different, but only the coin is reality. What, then, happens to authority? It does not say much to state that itis diffused. An often heard statement is "Decision-making by consensus." But consensus is not of prime importance; more important is the fact to be present! (Ballon R. J., 1988, p. 13). (Even when the labor union has decided a work stoppage, it expects its members to be on premises; to go one's own way would deny the collective action staged). In Japan, consensus is not in the realm of ideas, it is real only when expressed in action. Consensus is about the actual recognition of a necessity, the re-action to reality (Ballon R. J., 1988, p. 14). To approve of this in a conceptual sense, or not approve of it, does not change reality. What consensus means is not some sort of collective approval: an addition of the yes-votes of the participants in the decision process. Consensus means execution itself (Ballon R. J., 1990, p. 23).*

"Real" consensus is expressed in deeds, not words: the same work uniform for managers, technicians and operators; engineers heldd on call by Quality Control (QC) circles; the open-office system in administrative units whereby desks, including that of the immediate superior, are grouped connecting each other and telephones are used in common; if the payroll has to be squeezed, the squeeze starts with top management, etc. Etc. It may go as far as symbolic responsibility taken by superiors in regard to subordinates' mindeeds (Ballon R. J., 1988, p. 14).

Consensus does not exclude dissent (Ballon R. J., 1988, p. 14). The circular process is no less political than the linear one: differences of interest are present in both. But dissent is approached in a different way. In the conceptual expression of differences there is a strong tendency to call on some universal principles, such as "What is right should be recognized as such!" Interests tend to polarize in formal statements. On the other hand, at the level of re-action to necessity, universal principles have to be adjusted, probably left out altogether, if the organization is to survive at all. That is why the interdependence of decision and execution, not the dependence of the latter on the former, is given primacy. As a result, consensus is highly dynamic: it is in a constant state of flux, evolving and changing with the execution itself. It makes it extremeley difficult to define the locus of power (Ballon R. J., 1988, pp. 14-15).

In this context, an often heard expression is "Initiative from below" (gekokujô, literally "rule of the higher by the lower." Consensus remains flexible so as to stick to the situation on hand. The danger is that it be misused. There is constant need to be alert to the factions (habatsu) and their rivalries, without which there is no Japanese organization; they are an essential component of corporate dynamism (Ballon R. J., 1988, p. 15).

Another explicit difference with the linear process is the motivation that supports execution. Although the Western manager stresses that there is no responsibility without authority, he turns around and blames subordinates for failure in execution, even though they did not participate in the decision. Motivation, of course, is not an attitude to be decided (Ballon R. J., 1988, p. 15). It results from participation "Management by participation" may promote the motivation of lower managers through some access to decision-making; it motivates the individual. In the Japanese organization, motivation results from participation in "execution-making" in the necessity of survival and is no different for supervisory and non-supervisory personnel; motivation is a collective phenomenon. This is inculcated in the Japenese by their educational system (Ballon R. J., 1988, p. 15) or from childhood (Ballon R. J., 1990, p. 24).

Conditions (How?)

The circular process tries to get around these difficulties by its down-to-earth approach to execution as imposed by necessity (Ballon R. J., 1988, p. 16). It may generate an atmosphere of crisis. Politics, as we have seen above, is not excluded; it tends to be taken in a positive way. The factions should and do contribute to the general mobilization of corporate energies. A monolith reaction to a dynamic situation could be counterproductive; the variety in views and insights contributes to the readiness and capacity to re-act to a constantly chnaging reality. Effective commitment is required. If it all turns out to be a failure, the true responsibility is with the entire organization, though symbolic responsibility may relieve the lower levels (Ballon R. J., 1988, p. 16).

In summary, the differences between the linear and the circular decision process seem, in essence, to result from a different view point on the labor component (execution). The linear (Western) decision process view is that, among the several *resources at the disposal of management, the human resource is but one, and the coordination of all these resources, their management, is the manager's prerogative. A mechanistic style of organization ensues. For the Japanese manager, the human resource is the decisive one in what matters most: corporate survival. The workforce is not there to be "managed"; it is looked at in terms of potential, a potential to be developed. In this organic context, survival is not expected from a management decision, but from corporate execution (Ballon R. J., 1988, p. 17).*

The circular process has much greater intensity and density than the linear one. This is to be expected from circularity. It is due essentially to the fact that the Japanese organization from top to bottom tends explicitly to put survival on the line. Learning by doing is then brought to bear with the consequence that "trial and error" is more readily an accepted method. But another consequence may be harmful: outside, third party opinions that could contribute additional knowledge (as opposed to experience) are not much sought out and may well not be welcome. Survival is not really expected from knowledge, but from experience. The density of the circular process is strikingly manifest in its mechanics (Ballon R. J., 1988, p. 17).

The mechanics of Japanese decision-making

It was customary to refer to the Japanese process of decision-making as ringi. In the technical literature, the term carries a definite archaic connotation (Ballon R. J., 1988, p. 18). The ringi decision-making technique is used for dealing with conscious topics that allows the group to deal with the conflict while avoiding face to face confrontation. In many Asian cultures, face to face confrontation with other parties with results in lose of face areto be avoided. In postwar Japan, the English expression, decision-making, has been translated by ishi-kettei; it continues to this day to carry a foreign flavor and is used mostly in academic translations. Ringi in the compound ringi-seido (system) refers to the circulation of a document (ringi-sho) whereby the appropriate series of individual seal imprints (in-kan) is collected horizontally and vertically throughout the organization, each seal indicating that the contents of the document have been taken into account (Ballon R. J., 1988, p. 18). In the ringi approach, the written document presenting the issue and its proposed resolution that develop anonymously, is then circulated among group members who individually write comments, added the *document and forward it to other group members. After completing the circle, the comments are used to write the document and it is recirculated through the group. the process continued until the group members stop making comments to the “draft”. The ringi approach can be a slow process, and there is no guarantee that the group will come to agreement, however, it avoid confrontation in the laws. The practice is a Standard Operating Procedure (SOP) in government offices. Many companies, in particular in the early 1960s, went on public record that they had abandoned ringi altogether, but 20 years later, it is not yet clear what has actually replaced it. The Japanese system has its own weak points: it is cumbersome and slow, and dilutes responsibility. A “modern” system should be quick and efficient. But what appears as efficient is not necessarily effective (Ballon R. J., 1988, p. 18).*

Japanese decision-making has noteworthy intrinsic features: initiative from below, explicit attention to human factors including internal politics, an extensive and intensive network of communication, and a wide opening to reality, all contributing to its complex nature. The well-known point, “The message is a massage,” appears most appropriate. The message is conceptual (linear), but its transmission and reception is a massgae (circular). Decision-making unfolds in various stages, not in chronological order, but incrementally, in ever widening ripples, the last ripple obtaining its strength from the first, and so with all intermediary ripples. (The fearsommes of a tidal wave results not so much from the tectonic shift than from the masses of water put into motion!) Each facet of the process remains open-ended and may come in need of being started all over again. The complexity of life itself (Ballon R. J., 1988, p. 18).

For clarity sake, several terms commonly used in corporate life, though often in a very imprecise manner and constantly overlapping, are reviewed separately as if they were clearly distinguishable (Ballon R. J., 1988, p. 19).

Nemawashi

The most frequently used term is nemawashi, a technical term in gardening. The succesful transplanting of a tree depends on, first binding its roots so as to sever the branch roots from the surrounding soil one or two years in advance to allow time for the main root to strengthen (Ballon R. J., 1988, p. 19). This could be translated as “spadework”, a universal practice preceding any effective change in interdependence *of persons or institutions. In Japanese organizational practice, however, where group-orientation tends to predominate, such preparation is essential, not as advance notice, but explicitly as a sort of psychological preparation that pays attention to the realm of emotions, even more tricky to manage with groups than with individuals. Nemawashi does not address directly the formal content of the information; it does not really seek explicit approval of the idea (Ballon R. J., 1988, p. 19). It is concerned with personal relations of which it is the lubricant. This is especially needed when, as is to be expected in a vibrant organization, the issue may be controversial. The purpose is more empathy among persons than sympathy for the idea. At its most effective stage it recognizes mutual trust in one another without regard to personal interest, because it calls on some transcendent purpose, in particular, "for the sake of the company" (Ballon R. J., 1988, p. 19).*

When a decision fizzles, in the sense that execution does not take place (this happens also in Japanese companies), the blame is laid at the door of insufficient nemawashi (Ballon R. J., 1988, p. 19). If one of the expected participants refuses in fact to participate (breach of consensus), it will almost never be traced back to some objective reason, but always to insufficient nemawashi. It is not surprising then that the supreme test for promotion to supervisory levels is not some technical capacity or that elusive quality of leadership so much sought after in the West, in Japan, it is simply the ability at nemawashi (Ballon R. J., 1988, p. 19).

Nemawashi takes place behind the scene. It is the initial phase of the decision process, but it remains active throughout (Ballon R. J., 1988, p. 19). It is of a very informal nature and supposes direct contact, mostly one to one. In the initial stages, the initiator and other protagonists of the project establish preliminary contacts with potentially interested parties not a kind of "ideological" mobilization of support, but rather to cultivate goodwill and to experience the common bod of an organic organization (Ballon R. J., 1988, pp. 19-20). It is a matter of determining "Which way the wind is blowing". The circumlocutions of the Japanese language are extremely helpful: a grammar without clearly defined subject and object allows endless detours! Since, as mentioned earlier, consensus is not static but dynamic, even after it has apparently been obtained, repeated reconfirmations by nemawashi are made to remind each and all of the consensus! Depending on the importance of the project, nemawashi may take a considerable amount of time (Ballon R. J., 1988, p. 20).

Kondan-kai

Not only are individuals approached one by one, an attempt must also be made at capturing the mood of each clique and between cliques (Ballon R. J., 1988, p. 20). This is sometimes called kondan-kai, a kind of "shooting the breeze together". The ideal circumstances for this exercise are after hours in some drinking place where beer or alcohol adds a welcome lubricant. This is a common enough occurrence, but when it takes place in the context of decision-making, the participants are usually limited to one particular clique. They either joined the company in the same year, or went to the same school, or come from the same region, or work at the same task. Some senior (under whatever title) was involved in the initial nemawashi and takes it upon himself to involve his clique. Again, the purpose is not as yet to seek approval, but to close ranks for whatever may come, largely because it is felt that other cliques are doing the same. Maybe nemawashi has revealed that there could be some cloud over the horizon; this should be cleared up in the intimate circle of the clique. In final analysis, kondan-kai wants to make sure that the clique will be part of the action, whatever the action. Meanwhile, what started out as some airy idea slowly builds up momentum and practical consistency. So far, everything has been most informal and few technical questions specific to the project have been raised (Ballon R. J., 1988, p. 20).

Uchi-awase

As awareness of the scheme keeps building up by more nemawashi and kondan-kai, the time may have come for some alignment of the forces at work (Ballon R. J., 1988). A commonly used term is uchi-awase which otherwise means also to close, to button a garment (Ballon R. J., 1988, pp. 20-21). In daily life, it often stands for some political arrangement or a compromise to be negotiated not on a matter of principles or the theoretical validity of some proposition, but for a practical adjustment among parties concerned. In the decision-making process, uchi-awase makes clear that one (individual or clique) does not stand alone. By this time, the general lines of the project have taken form and there is now the repeated need for bringing together and adjusting the pieces of the execution puzzle and thus lay the groundwork for some division of labor. This is also how the consensus (not in terms of decision, but in terms of *execution) begins to congeal. A more specific purpose of uchi-awase is also to forestall objections to be vented too openly, for example at formal meetings, and thereby as the result of an open confrontation damage the kind of single-minded acquiescene that characterizes operations in a Japanese organization. Though remaining largely informal, uchi-awase may then be of vital importance to the rest of the process (Ballon R. J., 1988, p. 21).*

Kaigi

With kaigi (meeting), decision-making becomes formal. The Japanese meeting gets its sense as a result of previous nemawashi (the conditioning to participation) and uchi-awase (the ironing out of differences). Kaigi are of two types, working meetings and regular meetings (Ballon R. J., 1988, p. 21).

Working meetings (sometimes also called uchi-awase) aim at the coordination of all practical elements required for execution, (to put it bluntly) excluding principles but including feelings (Ballon R. J., 1988, p. 21). They remain embedded in the flow of work, the life of the organic organization, and display a great deal of spontaneity. (Remember that nemawashi continues unhindered). It is not necessarily expected, though they are sometimes named that way, that working meetings are assigned a specific task, or that the project under consideration has been broken up in essential components and each component assigned to some ad hoc committee (Robert J. Ballon, 1998, p. 21). 88 atau 90? The purpose is rather to increase overall familiarity with the project now taking shape openly, by discussing and adjusting its technical details. It could be compared to brain-storming sessions about the specifics of the project. Later, this will account for the fact that execution can be immediate (Robert J. Ballon, 1998, p. 21). 88 atau 90?

The other type of kaigi has a definite official character: its participants represent their own functional units (Ballon R. J., 1988, p. 22). These are managers who earned their positions primarily on the basis of their skill at nemawashi. The politics of corporate life no less than the corporate policies themselves (rather than the technicalities to which working meetings have to attend) require a stage. The regular meetings of supervisory *personnel (quite similar to the “morning meetings” for non-supervisory personnel) are vital ceremonies: they may not be that efficient, but they certainly are effective! They are the form, more than the substance. They are not considering the proper forum for personal, individual opinions, and certainly not the place for holding forth open disagreement (thereby revealing that nemawashi was not done properly). The purpose of regular meetings is, in the mouth of managers, to matomeru (to bundle together already available strands). The consensus as readiness for execution is made “official”. No need is felt to express this verbally or to vote on it; attendance is enough. The chair will not close the meeting with some “We have decided!” but more simply with an equivalent of “We are familiar with the necessity at hand!” it will then appoint some participant to start the administrative process of ringi. If some reservations are still felt, the meeting will be adjourned to a later date, so as to allow more time for nemawashi (Ballon R. J., 1988, p. 22).*

Ringi-sho

As discussed earlier, the ringi-sho is an administrative document that originates in its physical form at some lower level of the corporate hierarchy, and is circulated horizontally and vertically to the parties concerned, collecting on the way the seal imprint of each and sometimes additional comments. It cannot be compared to the Western practice of office memos diretcly written by the manager or his secretary. The ringi-sho is not written by the manager himself, but by some subordinate instructed to that effect and familiar with the complexities of Japanese composition and ideographs (Ballon R. J., 1988, p. 22).

The purposes are varied and often combined:

1) *Approval. For example, the formal approval of some expenditure, such as travel expenses, that then will also justify it in the eyes of auditors and tax eaminers.*
2) *Information. For example, the purchase of some item already approved in the budget.*
3) *Coordination. For example, when a given action requires the cooperation of other units*
4) *Administrative assignment, namely the official notification that for a given action all required procedures, techniques and means are to be carried out in specific detail*

by each party to whom the ringi-sho is circulated, as soon as the final seal has been affixed.

This last purpose often in conjunction with others is characteristic of the ringi-sho as the final stage of the decision process. For some, it symbolizes the entire process as it standsfor an accumulation of expert contributions in a "bottom up" fashion (to use an expression dear to Japanese scholars who contrast this to the "top down" method that in their eyes characterizes Western practice). What it means is that now all concerned with the execution have been informed in writing about the project and state their readiness for action. In major instances where the last seal on the ringi-sho is that of the chief executive officer, his function is then not "to decide" but to endorese by affixing his seal. Execution can follow without delay (Ballon R. J., 1988, p. 23).

It may still happen that one of the participants in the ringi-sho circuit does not "approve". Plain obstruction will be expressed by withholding the document from further circulation. This calls for a new round of nemawashi and the rest, either to gain participation by recalcitrant, or to include some changes in the document itself so as to incorporate his objection (Ballon R. J., 1988, p. 23).

The structure of executing a decision

For an organization to survive, it is not the result of a decision (although "not to survive" may well be!); it is the result of a reaction to a situation, i.e. execution. No less, however, than decision, execution depends on people, i.e. the organization. This is where the style of organization, that includes superiors and subordinates, rather than merely the style of management, a prerogative of superiors, makes all the difference. Repeated reference has been made to the Japanese organization as being organic and the Western organization as being mechanistic. These are, of course, stereotypes, but they are helpful in understanding the differences in decision-making. The fact is that the Japanese style stresses the flow of work rather than the flow of authority (Ballon R. J., 1988, p. 24).

When inquiring about the organizational structure of a corporation, the distinction is commonly made in the West between the levels of management, top, middle, and lower. This is a management structure (Ballon R. J., 1988, p. 24). The Western style *of organization is dualistic, managers on one side and “managed” on the other. In that sense the organization style is mechanistic. The organization is open to external circumstances only at the top where it is filtered by top management for decision. The rest of the corporate structure is practically closed to the environment. All it has to do is to execute what was decided above, wherefrom delegation takes place. As a matter of fact, as one moves down the hierarcy, the lesser the authority to decide and the larger the responsibility to execute. Conversely, at least in graphic form, as one moves up the hierarchy, the greater the authority (or its delegation) and thus the lesser the direct involvement in execution. At the top, notwithstanding the term “executive” in his title, the Chief Execuitve Officer is not involved at all in “execution”, devoting all his time and energies to “decision” (Ballon R. J., 1988, p. 24).*

In Japan, the corporate structure is commonly described as having three levels:

Keiei-sha (corporate directors),
Kanri-sha (managers), and
Ippan sha-in (non-supervisory employees).

What is remarkable in this terminology is the holistic approach to organization: it includes explicitly all sha-in (corporate members) and is thus not only a structure for decision, but also and in essence a structure for execution. In that sense, the Japanese organization style is organic (Ballon R. J., 1988, p. 26). The organization is open to external circumstances all along the hierarchy. The vital role of the manager is to coordinate activities so that overall execution takes place and corporate survival is ensured. At the top of the corportae hierarchy, keiei-sha do not monopolize the opening to external circumstances. In a sense, they are not the “top managers”: management is entrusted to kanri-sha. A particular feature of Japanese corporations is that the major responsibility of management, coordination, is heavily concentrated at the middle level (Ballon R. J., 1988, p. 26).

Keiei-sha

With the possible exception of the company founder, keiei-sha are not expected to be and rarely are charismatic leaders (an exceptional occurence in Japanese political history as well). As expressed by a Japanese commentator using the English terms in his Japanese text: “The less brilliant, the better!”. Actually, they are participants in the *process of execution, more than decision-makers, because they are to provide the corporate organism with experience, precisely the experience of how to ensure that the organism survives within the changing environment, an experience accumulated through long years or service in the company and by the numerous external contacts they must cultivate. Most corporate directors have come up through the ranks (Ballon R. J., 1988, p. 26).*

Their function is externally to remain alert to the environment, the "situation" in which the corporation is immersed, and internally to nurture the human dynamics that will adequately respond to the demands of the environment. Consequently, their prime responsibility is not toward stakeholders, nor is it the management of shareholders' assets (return on investment). They are responsible to the organization: that it survives and grows in the environment in which it operates. This responsibility finds its expression not in "results" (that is what kanri-sha are responsible for) but in the "process" that, if handled properly, brings about the results. Hence, the overwhelming importance of market share and its increase by new product development. Directors are to be sha-in (corporate mebers) par excellence (Ballon R. J., 1988, pp. 26-28).

Their duty (rather than "prerogative"!) is to see it that, by their own active participation, the entire organization reacts organically to necessity imposed from outside, namely the market. This implies that they contribute to and participate in the required flow of information, generated from without and within the company (Ballon R. J., 1988, p. 28). Keiei-sha are the factors determining whether the organism is truly open to reality, is truly ready for change and adaptation. It is not enough that they manifest this function in terms of corporate policy (with the danger that words would come to stand for deeds!), but that operational criteria, including nemawashi and the rest, be present at all times. This purpose is enhanced by the presence among keiei-sha of directors who are concomitantly kanri-sha. On the other hand, there are few outside directors. But it is quite common to find among directors former bank officials and, in particular, former government officials (joining thorugh amakudari, "descent from heaven") who are helpful in cultivating contacts with the autorities (Ballon R. J., 1988, p. 28).

The typical representative of keiei-sha is the president. In regard to decision-making specifically, he comes to the foreground in case of a major crisis or some abrupt change in direction. Even in such extreme cases, his "decision" is communicated "in *the form of institutional messages rather than personal mandates" (Ballon R. J., 1988, p. 28).*

Kanri-sha

The key position titles of kanri-sha are bu-chô (department head), ka-chô (section chief), and kakari-chô (sub-section chief), with many intermediary positions and variations in title. As mentioned above, several bu-chô or some equivalent will also carry the title and responsibility of keiei-sha, with the result that on the board of directors operations (i.e. execution) tend to be given priority over policy. It is viewed as exceptional (exception that confirms the rule) that a kanri-sha be brought in from outside, though this is often the rule in related companies where managers and directors as wellare sent over by the parent company. Their function is not so much a reflection of their individual capacities than of corporate needs. In other words, their leadership is not only to be recognized by superiors; it is also bestowed in a more effective way by peers and subordinates. Kanri is then more than a delegation of authority from above; it manifests itself as coordination execution is more "real" than decision, promotion up the hierarchical ladder does not mean greater decision-making capacity. In fact, the greatest intensity of coordination that leads to execution is at the middle level. The section chief is the man who, at the head of a handful of subordinates, keeps them so to speak "at attention". He acts as a vital switchboard of the flow of work (Ballon R. J., 1988, p. 29).

The main skill expected from kanri-sha is thus coordination, i.e. nemawashi, uchi-awase, and kaigi whereby they thrash out all human and technical modalities of a project, before it reaches the more official recognition embodied in the ringi-sho. In the process, theirs is a direct concern for training and development (the readiness for re-action) of subordinates who, in turn, depend on them. Job rotation among kanri-sha is frequent so as to maintain inner flexibility, broaden the outlook and strengthen familiarity with the entire organization (Ballon R. J., 1988, p. 30).

Although not as well documented in business history as in political history, gekokujô (rule of the higher by the lower), refered to earlier, has been for centuries a feature of Japanese society (Ballon R. J., 1988, p. 30).

Ippan Sha-in

Ippan sha-in include all regular (thus excluding temporary or part-time) non-supervisory employees, blue- as well as white collar (Ballon R. J., 1988, p. 30). Their relationship to kanri-sha is predicated on the trite fact that there is no manager without "managed" are as much the organization as the managers. In practice, both are equally affected by the fate of the organization, corporate survival in the face of a changing "situation" (Ballon R. J., 1988, p. 30). To a meaningful extent, these ordinary employees are involved in the working meeitngs and what they presuppose, if for no other reason that such meetings are mostly held on the worksite itself. The distinction between "thinkers" and "doers" is purposely played down. Much "initiative from below" is expected by subordinates, and nurtured by superiors. It includes the shopfloor as well; to wit, the remarkable impact of QC circles (Ballon R. J., 1988, p. 30).

Declaration of originality

I hereby declare that this master thesis and the work reported herein was composed by and originated entirely from me. Information derived from published and unpublished work of others has been acknowledged in the text and references are given in the list of references.

Hamburg, 24 February 2020

Limyda Tetra Octora