

**The cross-culture impact on managing business: an evidence from culture,
performance evaluation practices, and trust in a Western Multinational
Company's subsidiary in Indonesia**

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ABSTRACT

The purpose of this study is to investigate the cross-cultural influence on organizational practices, performance evaluation process and trust on supervisors in a Multinational Company (MNC) in Indonesia. Amongst studies of national culture and MNCs there appears to have been no studies investigating the interaction between cross-culture, performance evaluation, and trust. Therefore, I conducted a case study research in one French MNC in Indonesia to understand this process. I interviewed 13 staff from the country president down to front-line employees. I used Leximancer V3.5 to help identify a number of emerging themes and concepts. The people theme is the most important and comprises concepts such as trust, review, relationship, and performance. In addition, I found four cultural issues between expatriates and local subordinates: sense of belonging, hierarchy, performance evaluation, and trust. Furthermore, in order to understand the specific area, I did analysis across the strategic business units, functions, and organization level in our case study company.

Key Words: Cross-culture, Multinational company, Performance evaluation, Trust.

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Introduction

Multinational companies (MNC) sometimes consider how their organization could adapt to the local country context, in particularly the culture (Dietz, Gillespie, & Chao, 2010). This adaptation process, has been captured by many management control scholars, and includes how national culture influences the perceived management control system in a multinational company (Chow, Shields, & Wu, 1999), how national culture may take effect on the preference of performance measurement methods (Jansen, Merchant, & Van der Stede, 2009), and how the national culture difference influences audit decisions (O'Donnell & Prather-Kinsey, 2010). Research has expanded our understanding about national culture and organizational culture interactions in the MNC's contributes to existence of some job related issues, such as organizational commitment and job satisfaction (Chow, Harrison, McKinnon, & Wu, 2002). However, to my best of knowledge, there is still no studies which have investigated the important interaction between accounting, cross culture influences, and job related issues such as trust.

In this paper, I propose a more systematic investigation of how a MNC manages their business in one of their overseas operations in South-East Asia, specifically

Indonesia. From the internal organization perspective, MNCs may perform more effectively if they understand the impact of local culture on their operations. Since they have to interact and do business with local people which may embrace different paradigm as they had, or how they can evaluate the effectiveness of their expatriate deployment, or just to obtain a better understanding about the local regulation. These sorts of things then will decide what is the most appropriate of action or method in their management accounting practices which in line with local culture context. Since, it is inevitably, that most of their operation in their subsidiary is driven by local people, thus MNC have to modify their management accounting practices to be fit with their local people. Moreover, the outcome from this adaptation process is the trust between employer and the employees. Since, prior literatures revealed Asian subordinates have different opinion about their expatriate bosses. Their perceptions are split. Some of them think that they are more comfortable with their expat bosses since their supervisors are more transparent, objective and straight forward in communicating. But, some of the Asian subordinates are also more reluctant to carry out their job as the results of their supervisor 'unfit' styles

with their local culture. However (Banai & D.Reisel, 1999). Therefore, by conducting this study we aim to investigate how the cross culture may impact to the MNC subsidiary's operation in Indonesia.

My focus is to investigate the application of cross-culture in MNC subsidiary, and how this aspect has an impact to the performance evaluation preference and the interpersonal trust building in the end. Moreover, in order to address a different opinion about Asian subordinates on their bosses, I provide a multi analyses based on different levels in the organization. I divided our unit analysis into three groups, expatriate directors, their direct report local managers, and local managers direct subordinates. This method, I hope, will allow us to look a deeper figure, on how the cross culture influence is perceived differently by those different levels of hierarchy.

As a prelude to a more detailed discussion on our case study, the following sections of paper provide an overview of doing business in Asia and our research methods.

Culture: an Indonesia context

Indonesia as the biggest country in south East Asia region plays important role in the development and stability in its region. Its biggest population and the rich of natural sources have attracted lots of

MNCs to do business in that country. The region is predominantly inhabited by Malay, Chinese, and some influence from Indian and Arabic people. Indonesia has more than 400 ethnic groups, with a wide variety in local culture. However, the regional development is still concentrated on Java and Javanese have been the main players in Indonesia history since most of the Indonesian presidents and ministers originated from Java. Therefore, in terms of governance, Javanese values have shaped the behavior of most government officials which is reflected in the bureaucratic processes and the implementation of regulations. The patriarchy mindset, collectivism, and the implementation of such social order, such as *andap-asor* and *bapakism*, social harmony (*rukun*), and mysticism, are part of the main Javanese values (Efferin & Hopper, 2007). On the other hand, most Indonesian business practices come from Chinese people with some different values from Javanese. Efferin and Hopper (2007) found that Chinese values are similar to Javanese values such as *jen* (loving others as oneself), personal trust, reputation, face and family reliance, and social ties.

Culture is dynamic and can change overtime in line with the development of countries (Fernandez, Carlson, Stepina, & Nicholson, 1997) while Hostede (2001)

argued that cultural values is framed within a general model of forces on cultural patterns, beginning with exogenous influences that affect cultural origins. Hofstede's national culture dimensions are well known although highly contentious. His dimensions has been widely used for the effect of national culture to accounting studies (Awasthi, Chow, & Wu, 1998; Chow et al., 2002; Chow, Kato, & Merchant, 1996; Chow, Kato, & Shields, 1994; Chow, Shields, & Chan, 1991; G. Harrison & Mckinnon, 1998; G. L. Harrison, 1993; G. L. Harrison & Mckinnon, 1986; Jansen et al., 2009; Merchant, Chow, & Wu, 1995; O'Connor, 1995; O'Donnell & Prather-Kinsey, 2010; Pratt & Beaulieu, 1992; Pratt, Mohrweis, & Beaulieu, 1993; Soeters & Schreuder, 1988).

Heuer, Cummings, & Hutabarat (1999) used Hofstede's dimensions to investigate cultural stability in Indonesia and compared Indonesian subjects with US subjects in 1999 and compared them with Hofstede Indices (1991) for both countries. Their study used VSM 94 as the survey instrument to Indonesian MBA students and The Coca-Cola Company in US as their counterpart. The findings were surprising. There was a reduction of the power distance difference between Indonesia and the United States, from a

statistically significant factor in Hofstede's (1991) sample to no significant difference, which means that Indonesia power distance score was getting similar with US. There was a reduction of the individualism-collectivism difference from 77 (in 1991) to 16 (in 1999) points of difference. In the concluding section, they argued that based on the interviews with Indonesian managers, the proliferation of westernized management programs might be justified as the factors of these changes. Their study provides an insightful lesson that the every further study which includes national culture should considered the current condition of Indonesia culture. However, Hofstede (2001, p36) found that culture index based on IBM data set in 1970 still relevant and consistent with the current condition as these indices have strong correlations with numerous national variables such as national life satisfaction. He described

Studies in the 1990s correlating the national culture index data, collected in IBM around 1970, with related variables available on a year-by-year basis find no weakening of correlations.....Culture change basic enough to invalidate the country dimension index scores will need either a much longer

period—say, 50 to 100 years—or extremely dramatic outside events

Research method

A qualitative approach can provide of well-grounded, rich descriptions and explanations of process in identifiable contexts and preserve chronological flow (Miles & Huberman, 1994). After much negotiation, I had full permission from a MNC (hereafter Delta Power Indonesia) to conduct a series of interviews in their two major offices in two different locations in Indonesia.

Delta Company (the parent company of Delta Power Indonesia) is French owned with electricity businesses in 100 countries with sales of over €20 billion and more than 90,000 employees. The Indonesian subsidiary has a small Jakarta sales office of around 30 employees and a Surabaya manufacturing and operations centre with 600 employees. Delta Power Indonesia has been owned by US and Swiss Company and two local companies. Due to financial difficulties during the Indonesian economic crisis it was sold to Delta but two local companies have ownership in line with government regulations. It has five Strategic Business Units (SBUs) which led by expatriate directors respectively with a country president who coordinates the local operation, communicates with top level Indonesian

officials and accelerates the business in Indonesia. His contribution and influence in Delta Power Indonesia is significant, due to his close relationship with Indonesia government officials and business leaders.

Delta Power Indonesia focuses on the supply of electricity in Indonesia. They have a good relationship with PLN (State Electricity Company) as one of the major contractors for electricity supply in Java, Borneo and Sulawesi Island. One of the major successes of Delta Power Indonesia is the steam coal power plant in East Java. While the five SBUs are supposedly led by a President Director of Delta Power Indonesia, the reality is that each SBU directly reports to their regional office, as well as the functional managers in the local SBU. For instance, the engineering manager in SBU 2 is under his local director but his functional manager is in New Delhi, India. This kind of global organization enables Delta Power Indonesia to play a bigger role in regional operations, so it's not really depend on the local demand. SBUs 3, 4 and 5 are fully local operated; managers directly report to their local director. Yet each director in SBU does not directly report to the country president and the Delta Power Indonesia President Director, but each of them has a regional office in overseas. As a supplier

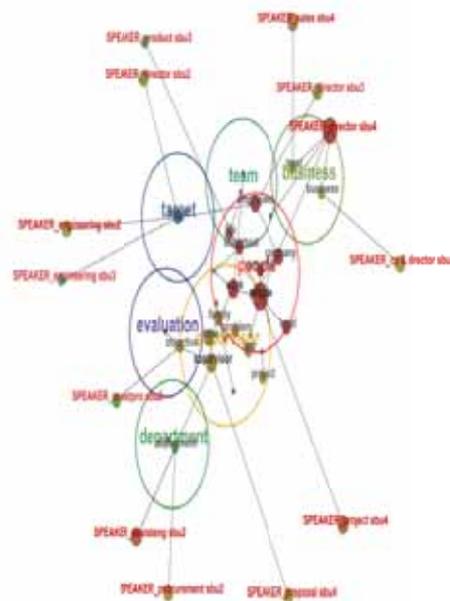
and contractor for electricity, Delta Power Indonesia is a project based company. Operations depend on the level of projects vary from overloading with high projects to a more relaxed approach with less projects where they can focus on other things such as an employee empowerment program.

I interviewed 13 organization members in Delta Power Indonesia, the Country President (and Director of SBU 5), 3 Managing Directors, 5 local direct managers, and 4 local direct reporting employees; the country president and all the managing directors are expatriates. I conducted semi-structured interview which covered the issues of the national culture, organizational culture practices, performance evaluation, and interpersonal trust. In particular, in terms of interpersonal trust, I analyzed the trust relationship between subordinates and their supervisors. Interviews were conducted in Jakarta and Surabaya and took an average of 1 hour. Interviews were recorded, transcribed and translated. I used Leximancer V3.5 software to analyze some emerging issues. Specifically I explored differences between levels in the hierarchy and between Indonesian and expat managers.

Findings: People as the central issue

According to Figure 1, I analyzed our interview transcripts for all 13 participants to discover the conceptual map of themes in our study. By conducting Leximancer, people has emerged as the most important theme.

Figure 1 Themes for Delta Power Indonesia



Based on Figure 1, my analysis shows the critical role of “people” since in an engineering business, the capability and the knowledge of their organization members become the first priority. They are concerned about the empowerment of the manager and employee. They also concern about the safety at the work places and they also highly regarded for the implementation of business ethics in their company. Within the people theme boundary, there is a simultaneous

connection among people, work, and company. Therefore, the company also concerns to manage those people to work as a team; critical in a project situation. There was a concept labeled 'different' which contains ideas about different treatment for different people (subordinates) in terms of evaluation, control and delegation.

The analysis shows the importance of the evaluation concept. Delta Power Indonesia has an established system which includes a face to face review at the beginning of the year with an agreement on objectives or targets as the basis for subsequent evaluation of performance during the year. In figure 1, the objective concept becomes a central concept within the evaluation theme. Through discussion the subordinate may disagree with the top down objectives and provide alternatives. Otherwise, they accept the target for next six months in the mid year review and the minutes are put into the HR systems and can be read from company's internal website. In the mid year, the supervisor will give their opinion about the achievement of the subordinates, and the subordinate can provide an argument about unachieved targets. Some targets could be deleted due to some unpredictable conditions, such as the work loaded and market demand. As a manager in the SBU 2 described:

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Well in mid-year, that is my chance to negotiate with him. For example, I already expected about the workload in the future, then, I will negotiate with him. Giving him the reason why I cannot do this.

Or the other manager in SBU 2 usually makes an initial indication before the mid-year review regarding his inability to achieve targets.

Usually ... I've indicated that these targets cannot be reached ... a few months earlier ... So, when the review process is being done via teleconference, he would read it. So he was not surprised, because I've introduced the condition earlier.

At the end of the year, the supervisors will decide the ultimate score for their subordinates, based on their key performance indicators (KPI) achievement. They will grade the score from 1 to 5 from poor to outstanding achievement. The results are linked to the bonus decision to each person in the company. However, most directors and managers consider subjective factors in their evaluation beside objective evaluation. On this point, one expatriate director commented:

I don't think they're really structured...oh they may have all these stuffs and then if you have

HR lady in front of you..seems structured. That's a bullshit...Human resources is not a warehouse. .dealing with part numbers..you know ..personnel sounds dealing people. Why they changed the name? I know some MBA guru about 1985 come up about ...I still prefer with personnel

Initially, we expected that this subjective evaluation would relate primarily to sales which is more unstructured than functional areas such as engineering and procurement department. However, this type of evaluation also happened there:

I think yes, because that is exist in the evaluation... because there are several items on the evaluation which intend to see how we respond. So, he could give me feedback whether I always respond on time and that is not included in the target. But he usually and he always consider it. So, I think he also noticed that.

And her supervisor's opinion:

Yes..obviously I need to, I mean there's always judgment, as well from other people, judgment or opinion which also leads judgment for that people which I take that judgment and maybe listen to them, but at the end when it comes

down you need to make your own judgment because nobody else will evaluate them who work closely together with them, so you need so from that point of view yes

On the other hand, some in the employee level for some reason do not realize that their manager applies the subjectivity for their performance evaluation. One possible reason is because the supervisor keep the objective evaluation as the main part for the evaluation so they can avoid the bad perception from their subordinates about the negative effect of subjective evaluation. According to this point, the manager's subordinate in SBU 2 stated:

If this problem related to allow or may not allow. For me, I still tend to be more objective. If it's a subjective, we cannot measure, because I believe each person has a little bit of subjectivity in the evaluation. But I am more happy to be objectively evaluated.

Returning to Figure 1, most directors are concerned about the business which consists of business and trust concepts. The "business" concept refers to company, objective, and risks. Company includes the directors' responsibilities to keep Delta Power in business to ensure order availability and deal with clients. In terms of objectives, the business has targets

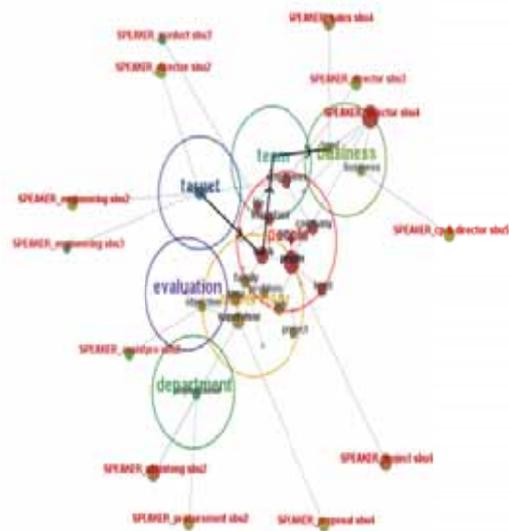
broken down into organizational, managerial, and employee levels.

Directors are conscious about the business and make any changes to ensure that their business in Indonesia is running smoothly despite problems in the business environment, such as corruption and other unethical behavior. Despite this, directors have a positive expectation about Indonesia since this country has a large population and rich in its natural sources and there are many opportunities to expand the business. The generosity of Indonesian people makes the business a lot easier to do.

Another concept inside the business theme is trust. Importantly, trust and business are in the same place within the “business” concept. In Leximancer the trust concept is related to team, relationship, authority, problem, environment and value. Some directors saw trust as a mutual relationship between two parties. To some extent this is built on confidence of their subordinates accomplishing an assignment and meeting a target. They try to cultivate trust through transparency and not lying. In general, directors presume that they can trust their subordinates until they find some reasons not to. On the other hand, managers and employees need to understand their supervisor’s behavior. Understanding includes providing suggestions to

subordinates to solve problems and promote the subordinates interest e.g. in promotion or salary decision. In the following figure 2, I linked the target with trust to understand how the target could interact or may be influenced trust. I used the pathway tool on Leximancer to obtain this relationship.

Figure 2 Pathway from target to trust In Delta Power Indonesia



According to figure 2, in their daily activities, organizational members focus on achieving the target, they work based on the target. So it is important to know how the target can be as a mean to build the trust. Based on our pathway analysis in figure 2, target initially is related to the work then team and finally trust concept. I found that in order to achieve the target, supervisor needs to breakdown these targets into a several work actions. During the implementation of those actions,

supervisor then will collaborate with other as a team. Thus, as the results they have to perform a good communication, sharing skill, and delegation in their team which is a process of trust building. According to this point, the director of SBU 3 explained:

I depend of course but in my work here systematically I cannot reach any target without active involvement of some people in my team, so it requires a part of delegation, a part of trust with people who will report information who will be achieve the target it self, what I do is that I explain to the employees what I expect from them, after depending on the trust of my knowledege of the employees' abilities,

Therefore it is important to work with others as a team to achieve the target. Most of the interviewee in our study express that they need a good relationship with their environment whether in their home or at the workplace. The tight relationship with communities is one of the indicators of collectivist countries. A subordinate in SBU 2 expresses her feelings:

Yes I am more comfortable with people who trust me, wherever people work thereshould be a trust.If there is no trust to each other, it means not normal relationship. I

assume because the team and the environment is greatly influenced my work, so I concerned about trust.

According to Figure 2, trust is a means to achieve the target at the time as the result of target itself. Supervisors understand that trust is essential for business success in Indonesia. Since, they are dealing with people with different cultural backgrounds they must settle this issue in the first place.

Cross-cultural impacts

As Delta Power Indonesia has been through US, Swiss company and French ownership, many locals have experienced three different types of culture. In general they feel that during US and Swiss period the control is looser than in the French era. In terms of leadership, the previous period was perceived as better as the Indonesian office had full authority for local operations; Indonesia had the power to run their operation and it was led by an Indonesian General Manager. He was a figure head who had the ability to solve and provide a win-win solution when some of the department had disputes. He had an authority to execute planning by pulling out all the company resources across the division. Most of the employees felt that they worked for a single entity; all departments were more integrated in one

single system, and are not separated by several strategic business units currently.

The French brought a new perspective as at the end of 2000, the Delta Power President in France reorganized away from the structural horizontal organization to organize by resources, or what they called by 'fuel'. Delta power sector was reshaped based on the power fuel, such as hydro, wind, nuclear and gas. The goal was to focus on its respective business fuel. For instance, the gas people can claim to their clients that they have solution for all clients' gas problems. Fuels also provide geographic organization - the coal team market is clearly located in India and China for nuclear energy.

Sense of belonging

During my discussion with expat directors, I found that they have several cultural constraints which make them take a certain decision when doing business in Indonesia. Amongst our interviewees were four ex-pat directors from Canada, Germany, France and USA. They had been living in Indonesia between 1 to 4 years; a short time to socialize and adapt to Indonesian culture and values. Some of them felt they could not build further relationships in their companies because of the expat attributes attributed to them.

They felt like strangers, so it is better not to get involved in social activities. A Director of SBU 4 expressed his feelings:

I am a stranger in Indonesia, while I am an outsider, and I am here to work. I might socialize with people I have relationship with people at work that might be work might be a little bit personal, but I am not involved in the communities activities, cause I think, I feel that I don't fit, I don't speak language very well, and I am just foreigner, I don't feel I will be accepted in Indonesian social group for example.

The country president felt similarly and observed a different culture between his previous assignment in Malaysia and in Indonesia. In Malaysia, there were more social activities after office hours whereas in Indonesia, people are rushing to go home due to commitments to family life. Therefore there is an initial barrier for expats to build a further relationship with Indonesian people, and this mindset also has an impact on their attitude at the work place.

On the other hand, there was mixed responses from Indonesians regarding director's active involvement in social activities. Indonesian managers are comfortable enough with this situation,

since they keep a professional not personal relationship with their supervisor. However, most lower level employees would prefer a more personal relationship which would increase productivity. They observe the director's style and are influenced by it. Local managers are more flexible about his director preference to be not really closed in the relationship, such as the statement from a manager in SBU 4:

I am usually proactive as well... We're proactive, we have monthly reports, monthly review, etc. During those events, we used to get close to him. I also think that they also don't enough time for us since he must think of organization in general. ...Also his interaction with external is more frequent than with internal. “

On the opposite side, employees feel that a director can have a close relationship with all levels in his SBU. Directors may not have a personal relationship with their employees since they are not his direct reports but it does not mean that they cannot put some extra effort to get closer to their employees. An officer in SBU 4 compared his previous expat director with the current one:

He is very welcome as well. ... in his office in other city. But once he was in here, he will interact with

the rest of his subordinates. Although, he does not know the name but he will interact by saying how are you? or just say hello.

Sometimes employees feel that the directors are only close to their managers which is not productive as employees need a good understanding about the macro condition of the business and the big issues in their head office or regional office. That sort of information can only be provided by directors not managers. The director in SBU 3 gives a good example, as has been told by one of his engineers:

Communicating yes, mostly by the meeting, he delivered such an organization up date, the reform of the global organizations. Certainly before his presentation, he knows it first, so we can ask him. If he does not know the answer he will tell us. If he knows, then he will explain it.

Hierarchy

Expatriates had a major concern about Indonesian's perspective on hierarchy. There is a contrast with western culture, where people can discuss with their supervisors freely. In contrast, Indonesians have very high respect to their supervisors and their culture sometimes makes them uncomfortable. Director of SBU 3 has an opinion:

Indonesia is a country where the distance between the hierarchical levels are huge, meaning the boss is always right, you cannot discuss with him, or only let's say in the way to show that everybody is okay with the boss, agree with the boss, or really slight modification ... For me its quite frustrating. Because, I like when people can say what they want to say, can argue, can provide added value ...

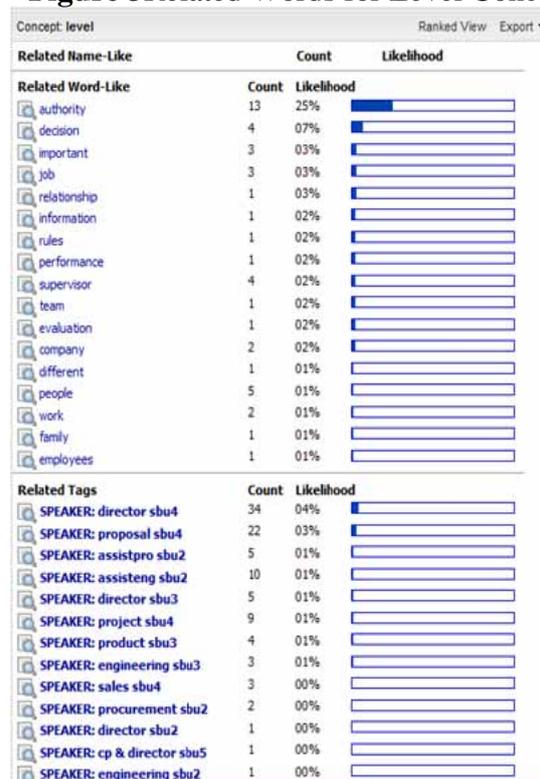
Moreover director of SBU 4 also pointed out:

... hereit is not likely for someone to make a complaint to the boss, in the US you can discuss, you can disagree, you can argue, but even in the US at the end somebody has to make a decision, usually the boss. In indonesia the problem is people don't give you their opinion, because they think okay you are next level up so you know everything I know,

In terms of hierarchy (figure 3) the concept of level is related to words like authority, decision, important, job and relationship. Local managers and employees think that hierarchy is needed in the Indonesian context; the hierarchy will decide on the decision-maker during disputes. Discussion might lead to a better solution,

but in the face of a deadlock the leader would take the responsibility. Expatriate directors are the most concerned about the excessive role of hierarchy in Indonesia. According to Figure 3, the director of SBU 4 is the most concerned about this issue, since he found that in many meetings with his Indonesian clients, his client cannot make a substantial decision at that time; many Indonesians need to get approval from their boss before signing an agreement. This is inefficient.

Figure 3 Related Words for Level Concept



Performance evaluation

In terms of evaluation, figure 4 shows that the word evaluation is related to performance, objective, job, employees,

and position. In other words, the performance evaluation process is mostly based on the objective that has been set before. As aforementioned the evaluation process is held three times a year. The subordinate is free to give a comment or an objection to the proposed target by the supervisor with some reasons. Thus, the subordinate have been involved in the target setting process and not only in the evaluation process. This process is also important to evaluate the appropriateness of someone's position. Usually the manager will observe his employee achievement for a year, then use this performance evaluation results to decide whether his subordinates are qualify or not to be promoted. However, during my interview I discover some local managers perceived that their director is only using the formal procedure to evaluate their performance, but in fact they are not. The expatriate director also put his subjective consideration as one of his performance evaluation criteria. In this point, director SBU 3 assured:

Of course yes, I don't think I know any body who can says that without subjective judgment, I always use subjectivity. But I try to make sure that I only follow on professional criteria. I always explain to my employees, why and

how I judge them. And they can explain that I don't agree with me, for instance they didn't reporting what I actually did, this case we can share, discuss and we can see, explain what I expecting, and to follow up the implement of request.

However, his subordinate believes that he evaluated only objectively:

No, he does not, he is based on existing data in current year matched with the agreed target in front. Because most of my targets already has a clear numbers. For example, within a year no one employee leave the company, on time delivery percentage, and the data is not from me. He gets on time indicator from project manager. Formal report usually can be obtained from the project, and Human Resources.

These different perceptions also happened in other SBU's. Employees do not think that their managers uses subjective judgment and treat it as a lack of performance evaluation system implementation. Employees argue that in the evaluation sheet there is a field or space for some subjective evaluation such as other manager's comment and attitude. However, most managers do not fill out

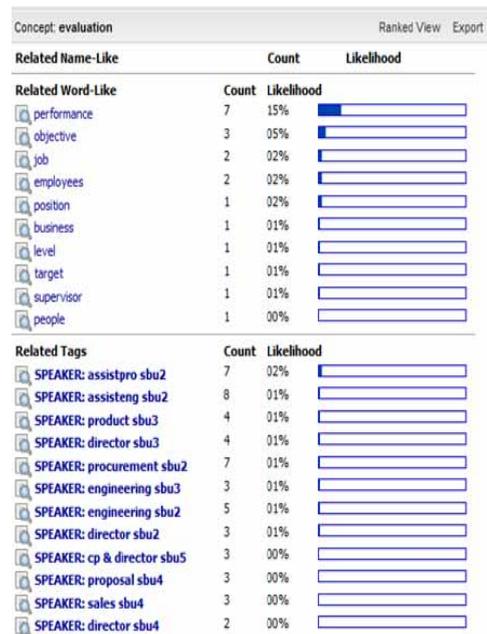
this field. Since it is common for employee to work as team with other departments or be part of a project so their performance should be evaluated from the other manager's perspective. Performance evaluation will be more comprehensive and reliable. Some managers have done a subjective evaluation, including comments from other colleagues. Some of them do it transparently which is accepted by employees for improvement. Sometimes the problem is not in the evaluation process, but in the manager's ability to communicate the process.

Moreover, another consequence of Indonesia culture is Indonesian people avoiding the risk of being truthful or transparent to their supervisor. The local managers tend to maintain the harmony with their subordinate in terms of evaluation. They always put a good mark on their subordinate's evaluation although in fact it is not. Director SBU 3 has an explanation about this:

Indonesia is a society where people show high solidarity between them and don't like rules... I dont think that written rules in Indonesia make an effect, you have to explain it, repeat it..repeat it..repeat it.. In indonesia really what I see if there is no objective of bad evaluation, everybody is very well weighted,

because there is strong system of sodlidity. If we know after later we know that he wasn't good because bla..bla..but this year we explained him what is not nice,

Figure 4 Related Word-Like for Evaluation Concept



In line with that, Indonesian people have been perceived to provide only good news to their supervisor because they will not have to worry about any major issues which are raised. On the other hand, expats think differently, as director SBU 4 clarified:

so in Indonesia, I think maybe it is part of the culture, they usually come and tell you something in positive way, they don't tell you there is a disaster coming. So with this again

it is not question of trust or not trust, I dont think I understand for most people they are worried to give you the bad news because, they are responsible for that.. Maybe it is just a news , so..

Expats deal with their Indonesian subordinates in the actual situation in the field whether it's bad or good. They explain that the bad news also good to take a corrective actions, so the earlier they get the new the better it is for the company.

Trust

In terms of trust, generally I found that all the directors attempted transparent communication with their managers. They struggled to keep a good communication with their subordinates through meetings or a personal conversation. They aim to keep their subordinate sup to date with the latest information that might have a benefit to their subordinates, such as training opportunities, news or even a promotion. They expressed the idea that trust is a mutual process between two parties with give and take. Expat directors presume that all their subordinates are trusted, unless some very major circumstances violate their trust, which is rare. In SBU 4 I found a different story with a problem of trust between SBU managers and employees and their director. During the interviews with sales manager and the project

manager in this SBU they are not enthusiastic when explaining their relationship with the director. The same feeling is found from employees. The director in some occasions shows that he does not have confidence in his direct reports. On the one hand, he asks his manager to make an appointment with the clients, but in the same time he also ask his secretary to check whether his manager already done what he has been asked to. This is happened for several times. One of the managers in SBU 4 described this situation as follows:

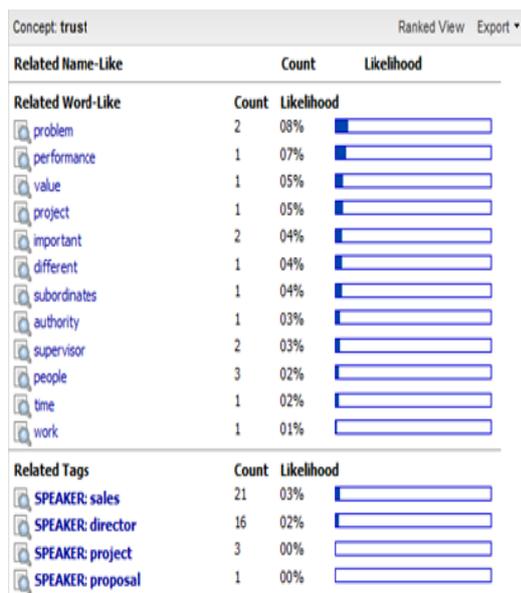
For example, he asked me to arrange the meeting with the Director of Customer A. Then, I arrange the appointment. On the other hand, he asked his secretary to confirm with Customer A whether it is true or not that I make the appointment. For me, at the first time, it is strange why he would do something like that, but again it is his style, what can we do? In the beginning, I was shocked, if he does not believe me why he asked me. Moreover, this kind of behavior also has been recognized at the employee level:

Perhaps because he feels, he is an expat, Indonesian people are less trustworthy, is it like that? For instance, a person A is called and he will say that person B has talked as

such about A. Then in the other time, a person B is called and he will say that person A has talked about person B.... Finally, person A and B meet together. Well, what does our director want? Does he want to provoke or to find a solution or truth? It's common knowledge under our SBU.

As a consequence, the manager becomes indifferent to this condition and feels that this is happened because of a different style. Yet this is unfavorable for him, since trust is a main principle. He tries to trust his subordinates, but in the same time he lost his trust from his supervisor. When I refer to Figure 5, I also noted that according to trust concept I found that the highest related word is problem.

Figure 5 Related Word-Like for Trust Concept in SBU 4



According to figure 5, we also can see that sales managers and directors addressed this problem. Since the manager is frequently mentioned about his problem in trust building with his supervisor (director SBU 4) and the director also underlined several times that he is very concerned about the problem in trust with his subordinates. The director during interview expressed his concern about trust because once it is lost it is hard to put it back.

Discussion and Conclusions

People emerge as the main theme. Most directors focus on business and trust; local managers focus more on targets, people and departments; lower level employees are more concerned about the evaluation process, since they have a lot of interest in it. Organizational development action at the end of 2011 has a focus on effectiveness but clashes with Indonesian culture as Indonesians look for harmony, collectivism, and figure head, which only can be provided in a local entity structure. There are some cultural issues among expatriate and local subordinates in four major issues there is a sense of belonging, hierarchy, performance evaluation, and trust. In terms of sense of belonging, some expatriate feel like strangers which impacts on their relationships with local subordinates. In terms of hierarchy,

expatriate directors perceived that the hierarchy is too high in Indonesia creating a lack of flexibility where subordinates are concerned about making their own decisions. As to performance evaluation, expatriates use subjective (personal) judgment beside the formal procedure; Indonesian managers vary with some heavily reliant on formal procedures, but some of them also considered the subjective evaluation. Indonesian managers tend to give only good news to their supervisor, and try and be positive about their subordinates' evaluation. In terms of trust building, culture differences have both a positive and negative impact. For the positive side, expatriates culture brings a better attitude for Indonesian such as transparent, professional, and fair treatment. However, in SBU 4, I found that local managers and subordinates have a problem with trust in their director. Since, the director has an unfit approach to the subordinates' culture.

My study contributes to empirical evidence on how cross-culture issues are managed in practice. Our findings are consistent with Hofstede's dimensions of Indonesian national culture as the country with large power distance, collectivism orientation and uncertainty avoidance country. These orientations can be observed by local people practices such as

how they relate with others, their opinion about hierarchy, and how they maintain the harmony with their colleagues. Finally, this study also enhanced our understanding about how managing a business in Asia especially Indonesia from a MNC perspective. However, my study has a several limitations such as the number of MNC, qualitative methods based solely, and short period of observation. I therefore support continued research by extending the number of MNC based on different country of origin to obtain more understanding from a broader national culture dimensions. I also encourage a mixed method research to address this issue as well as longitudinal study to capture a possible transition in culture adaptation.

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