The Workforce in Indonesian Organizations: An Analysis Based Upon the Cultural Dimensions of Hofstede's Model

Bella Santya Artina[1], Dita Desnasari[2], Fita Fitriyah[3], Rainda Goesti Rizkita[4]
Master of Management, Faculty of Economics and Business, Diponegoro
University, Semarang, 50241, Indonesia[1,2,3,4]
Correspondence Email: bellasantya96@gmail.com

ABSTRACT

Culture has been understood as one of the factors that has a strong component in influencing all management activities. This study was aimed to study the role of six cultural dimensions of Hofstede's model and its impact on the workforce in Indonesian organizations. This study is qualitative research and using the meta-analysis method. Indonesia has a high power distance and collectivism, moderately in masculine, low preference for avoiding uncertainty, long-term oriented, and restraint which has an impact on the workforce. Results of this study showed that practical understanding of cultural dimensions of Hofstede's model and its impact on the workforce in Indonesian organizations.

Keywords: Indonesia, workforce, organizational performance, cultural dimensions, hofstede's model

INTRODUCTION

In 2019, Indonesia ranked fourth out of 67 countries as the best country to invest or do business (CEOWORLD Magazine, 2019). Indonesia is also the only country in Southeast Asia to be a member of the G20. Indonesia ranks third as the country with the largest economic growth among the G20 countries in the first quarter of 2019 at 5.07 percent, behind only China at 6.4 percent and India at 5.8 percent. Indonesia has the potential for economic growth in the future because of the golden opportunity in the form of a demographic bonus until 2045 which if properly utilized can drive the economy in Indonesia (Arieza, 2019). This is the reason why Indonesia is made as a destination country for investment or business for several foreign countries.

In order for management practices to run effectively, it is necessary to understand the cultural characteristics of each country. Culture plays an important role in shaping an employee's ethics (Yousef, 2001) and has a strong component to being able to influence all management activities (Solomon, 1995). Lack of the adaptability of a manager or employee can cause conflict. Conflict can be triggered by differences in cultural backgrounds, such as language differences, environmental conditions, and interactions in work relationships (Jassawalla et al., 2004).

Hofstede's theory can be used to motivate employees (Boyer, 2009). Within understanding index scores to this country, it is evident that Indonesian employees have a low tolerance for uncertainty, thus relying on strict controls as a motivator. As well, Indonesians tolerate a balance of non-performance reward systems between superior and subordinate, primarily given as an increase of status, position,

age, and seniority. Incentive-oriented reward systems have an uncertainty of placing the employee's future income or advancement within the firm.

Based on this, deeper research needs to be done about the workforce motivation in Indonesian organizations. Using the meta-analysis method, this study aims to identify the roles of the cultural dimensions of the Hofstede's model and its impact on the workforce in Indonesian organizations.

RESEARCH METHOD

This study uses qualitative research and meta-analysis based on the results of Hofstede's model cultural dimensions in Indonesia. This meta-analysis is research that uses secondary data in the form of data from the results of previous studies such as books, journals, and relevant research articles. Data analysis technique used is descriptive analysis and to assess whether a meta-analysis needs to be tested for sensitivity, namely by comparing the results of research. If the results are the same or almost the same, it can be concluded that variations between studies are not so important in the data set. Analysis in the meta-analysis is based on the availability of information from each research result. Because the makers of meta-analysis generally do not have basic research data, the practical dimensions of the effect sizes combined in the meta-analysis are the same as those reported in the combined article (Anshor, 2017). Meanwhile, to find out the conclusions of qualitative research, it can be done by calculating the same percentage of findings for the same problem. The conclusion of the analysis is found by examining the results of research by examining the method and data analysis in each study so that it can be known the strengths and weaknesses of previous research.

RESULTS AND DISCUSSIONS

The Six Dimensions Of Hofstede's Model
The cultural dimension is used to distinguish characteristics between national cultures. The majority of the population of a country will have the same national character. One of the most widely used dimensions of national culture is the model developed by Geert Hofstede. Hofstede (2011) identified six dimensions of national culture namely power distance, individualism-collectivism, masculinity-feminity, uncertainty avoidance, long-term-short-term orientation, and indulgence-restraint.

1. *Power Distance.* The first dimension of national culture is called Power Distance. Power Distance defines the extent to which a person can accept the difference in power between followers and leaders (Hofstede, 2011). This dimension relates to the extent of tolerance possessed by the community to accept differences in power and status at the organizational and community level (Spector, 2012). Power distance is related to hierarchy and egalitarianism (Graf *et al.*, 2012). Egalitarianism is a doctrine or view that explains that humans are destined to have the same degree. Inversely proportional to the hierarchy, the hierarchy is a system of levels that is more clearly visible (rank).

2. *Individualism-Collectivism.* The second dimension of national culture includes Individualism and its opposite, Collectivism. Individualism-Collectivism is defined as community characteristics not individual characteristics or in other words the extent to which people in a society are integrated into a group (Hofstede, 2011). Individualism refers to the extent to which a person sees himself focused on the interests and needs of individuals rather than others, individualism is different

from egoism. Individualism implies a loose social framework, where individuals focus on their own personalities (Hofstede, 1980). Hofstede also said that the national environment which has collectivism values tends to have loyal individuals, collectivist culture leads to the extent to which a person sees himself as interconnected with others and focuses on group interests (Spector, 2012).

3. *Masculinity-Feminity*. The third dimension of national culture is called Masculinity and its opposite, Femininity. Masculinity-Femininity is also defined as the characteristics of society rather than individual characteristics that refer to the spread of values between genders which is a fundamental problem for society. The value of Masculinity consists of competitiveness, individual assertiveness, materialism, ambition, and power. Unlike the value of Feminism, placing values are related to ambition and relationships and the quality of life (Hofstede, 2011). Masculinity leads to the extent to which an organization focuses on achievement and performance that is contrary to the health and well-being of employees (Spector, 2012).

4. *Uncertainty Avoidance*. The fourth dimension of national culture is Uncertainty Avoidance. This dimension is related to the level of comfort or inconvenience of the community in facing future situations that cannot be known (Spector, 2012). This culture tries to minimize the likelihood of the situation by applying strict codes of conduct, rules and laws, rejection of distorted opinions, and belief in absolute truth "there is only one truth and we have it" (Hofstede, 2011). The strong dimensions of Uncertainty Avoidance will influence the level of anxiety and aggressiveness of individuals (Hofstede, 1980).

5. *Long or Short Term Orientation*. The fifth dimension of national culture is called the Long-Term Orientation and the opposite is the Short-Term Orientation. This dimension is related to choosing one's focus for future, present, and past efforts. Long-Term Orientation has the characteristics that society is future-oriented and more dynamic. In contrast, Short-Term Orientation has the characteristics that society is oriented to the past and present, and is more static (Browaeys & Price, 2015)

6. *Indulgence-Restraint*. The sixth dimension of national culture is Indulgence-Restraint. Indulgence-Restraint is a new national cultural dimension that emerged in 2010 (Hofstede *et al.*, 2010). This dimension is related to basic human desires related to enjoying life. Indulgence has the characteristics of satisfying the basic and natural desires associated with enjoying life and having fun. In contrast, the Restraint has the characteristics of a community controlling satisfaction of needs with applicable social norms (Hofstede, 2011).

Hofstede's Dimensions In Indonesia
At present, Indonesia is the fourth most populous country in the world with a population of around 264 people ("The World Bank," 2019). Abundant population should be utilized properly by Indonesia to support the country's economy. But in reality, Indonesia still lacks skilled and qualified workers because there is still a mismatch between the educational background and demands from the world of work ("Tempo," 2017). Stehle & Erwee (2007) also said that Indonesia has an abundance of cheap but unskilled labor supply due to lack of training provided. Based on "Hofstede Insights" (2019), Indonesia has the characteristics of a national culture that is high power distance, low uncertainty avoidance, collectivist, masculine, long-term oriented, and restraint.

Figure 1.
Hofstede's Dimensions in Indonesia
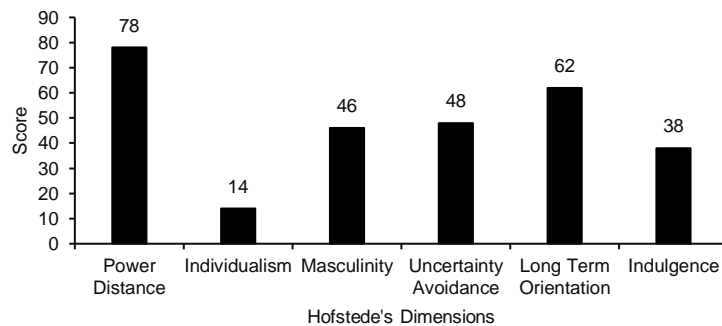
Sumber: "Hofstede Insights" (2019)

Power Distance. Indonesia has a high power distance score of 78. This score shows that seniority and status or rank play a role in society or a community. Orientation hierarchy in Indonesia tends to status, power, and age (Wong-Mingji *et al.*, 2014). Older people are usually more respected and valued in their environment (Mangundjaya, 2013). Indonesian people are accustomed to calling their office partners beginning with the mention "*Pak*" or "*Bu*" then followed by the first name (Irawan, 2017). As a country with a high power distance culture, Indonesian workers look forward to clear directions from their superiors like teachers and students (Wahjudi *et al.*, 2014). According to Sulastini (2016), the characteristics of high power distance possessed by Indonesians include inequality of rights between power holders and non-power holders, hierarchical orientation, superiors that cannot be accessed, and leaders are directives.

High power distance also means the power doesn't distribute well. It shows an individual or group of people who on the top level, process decision making by centralizing, and using autocratic. Indonesian workers would expect to be clearly directed by the boss or manager that applies in Indonesia. Indonesian workers characteristics are visible, socially acceptable, wide, and unequal disparity between rich and poor (Novianti, 2018). Power is centralized and managers count on the obedience of their team members. Employees or inferiors expect to be told what to do and when (Hidasi, 2017). They must follow the instruction or order from the boss without any refutations, although sometimes the instruction is not appropriate in the employee's mind. Employees can refuse the instruction, but it rarely occurred. But all of the decisions depend on the boss. Dependency on the boss is relatively high (Rahmawati, 2015). With a high power distance culture is also less suitable participatory applied in Indonesian society, because they tend to be afraid to express opinions (Stehle, 2012).

Individualism-Collectivism. Indonesia has a relatively low individualism score of 14. This score shows that Indonesia is very thick with a collectivist culture. Depending on whether people's self-image is defined in terms of "I" or "We", cultures can be classified as individualist or collectivist.There was correlation between members and their group (Hidasi, 2017). "We" characteristics identify on one social group, decisions are primarily made according to what is the best for the group, focus on belonging to an organization, visible clearly of family in the role of relationship

(Novianti, 2018). Low score in individualism show the attitude of self-interest and family as a common interest in a group. Most of it is made jointly to the group, which needs high emotional dependence to each other. It relates with loyalty, which everyone has responsibility to develop strong relationship with fellow members in the group (Rahmawati, 2015).

Indonesians have a tight social framework. It aims to maintain their relationship. Indonesians are also accustomed to helping each other in their work (Irawan, 2017). They believe that they live in a world not alone and will always need the help of others, so they maintain mutual relations with their relatives (Mangundjaya, 2013). These collectivist values will ultimately affect work relations between leaders and family-oriented employees (Wong-Mingji *et al.*, 2014). For example, when an employee has a family who dies on a workday it is incumbent on the employee to attend the funeral service. In Indonesia, obligations to the family in ritual ceremonies such as marriage, funerals, or *mitoni* (celebrating seven months of pregnancy) are very important actions. Indonesians maintain family relationships for their emotional well-being (Irawanto, 2009). Group interest up above self-interest, focus peer on peer. System evaluation is being prepared well by organizations that include the culture of organisational and their direct impact of. The main purpose of their system evaluation is to achieve the group's goals (Armia, 2002).

Masculinity-Feminity. Indonesia has a moderate masculinity score of 46. This score shows that the status and symbols of success are very important in Indonesia. In frequently, the position held by someone becomes more important than everything. This is due to the prestige owned by Indonesians (Irawan, 2017). Hidasi (2017) also shows that status and visible symbols of success are important but it is not always material gain that is the motivating force, but rather the position that a person may be holding. This prestige is part of status and dignity that so important to Indonesians.

Indonesian workers is now in transition to minimize gender differences in workplaces, improved that women's participation in the labor force has increased significantly compared with men (Suharnomo, 2009). Cultivating friendships will improve our success in the business world in Indonesia (Goodfellow, 2020).

Uncertainty Avoidance. Indonesia has a low uncertainty avoidance score of 48. This score means that maintaining workplace and harmony in a relationship is very important in Indonesia, and no one wishes to be the transmitter of bad or negative news or feedback (Hidasi, 2017). The characteristics of countries with weak uncertainty avoidance usually work slowly and with less initiative (Suharnomo, 2009). Indonesians are used to not showing negative emotions when they are upset or angry and they will keep smiling and polite. Harmony of relations has become a very important thing in Indonesia (Irawan, 2017). There is a phrase that illustrates the workings of Indonesians namely "*Asal Bapak Senang*" or Keep the Boss Happy, meaning that if he can keep the boss happy then employees who do such things will be valued and considered as valuable employees (Sulastini, 2016).

The law, rules and regulation is used to assist in defending themselves from uncertainty of the other's behavior. That's why there are many rules and regulation in Indonesia to control attitude and behavior of society, particularly for employee in working place. It makes the monitoring system on employee is more complex and

rigorous (Rahmawati, 2015). Monitoring system is used to controlling process organizational. Simplicity of monitoring system is used by Indonesia. For example, creating and planning a simple budgeting system (Armia, 2002).

Long or Short Term Orientation. Indonesia has a high long-term orientation score of 62. This score shows that Indonesia has a long-term oriented culture. It can also be said that Indonesia has a pragmatic culture, where people believe that truth really depends on the situation, context, and time. They are able to adapt traditions to changing situations, have a strong tendency to save and invest, make savings, and persevere in achieving results (Irawan, 2017). Hidasi (2017) shows that the long-term orientation interpreted that the extent to which a society shows a pragmatic future-oriented perspective rather than a conventional historical short-term point of view. This dimension measures how society response of long-term devotion about Indonesia customize (*tradisi*), visionary, and relationship between society and benevolence. According to Rinuastuti *et al.* (2014), Indonesia's long-term oriented culture has the characteristics of having perseverance, always being careful, prioritizing efforts to build market share rather than pursuing short-term profits, respecting tradition, fulfilling social responsibility, and maintaining the honor of others in do business.

Indulgence-Restraint. Indonesia has a relatively low Indulgence score of 38. This score shows that Indonesia has a restraint culture. Restraint culture tends to lead to cynicism and pessimism. This cultural orientation has a perception that their actions are controlled by social norms, and they assume that pampering themselves is wrong (Irawan, 2017). Society from a restraint culture may more often engage in negative word of mouth communication, be more cynical and may express more negative feelings (Erdogan, 2017).

CONCLUSIONS

This study shows the fact between Hofstede's cultural dimensions and workforce in Indonesia, it can be concluded that Indonesia has a high power distance and collectivism, is quite masculine, has a low preference to avoid uncertainty, has a long-term orientation, and restrictions that affect the workforce. This finding is consistent with Hofstede's research. Indonesia has a high score of 78 in power distance based on Hofstede Research. Each dimension was interpreted and generalized to the impact on the workforce in Indonesian organizations.

The results of this study showed that the practical understanding of Hofstede's cultural dimensions of the model and its impact on the workforce in Indonesian organizations. The value of high power distance also shows the community that tends to be afraid to argue, because of dependence with superiors they respect. High collectivism values are influenced by the cultural value of "*gotong royong*" also affects Indonesian employees. Indonesian employees prefer collaborative culture rather than individualism, and tend to maintain relationships with fellow colleagues. The cultural dimension of uncertainty avoidance shows the correlation between facing uncertainty avoidance and how the level of organizational reaction. Furthermore, Indonesia has a long-term orientation, identifying that Indonesia be able to adapt traditions to changing situations.

Hofstede's dimension of national culture gives more attention to relationships in society or relationships between parties. It doesn't concern the factors inside the individual, such as motivation, mental toughness, painstaking, competence, and maturity. In the workplace, different people represent different values, different values represent different behavior patterns. One of the biggest challenges of working in a multicultural country is learning how to engage and fit in a multicultural setting.

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