The Comparison of Ethics Code in the Business Negotiation of Taiwan and Indonesia

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ABSTRACT

Nowadays, many successful companies not only see the importance of making profits but also value the education of business ethics among their employees. With good ethics can help a business to grow and remain in healthy competition. Ethical issues not only will arise from inside of the company but also the business activities between companies. This article explores the differences of ethics codes in business activities especially in the business negotiations between Taiwanese and Indonesians.

Keywords: Education of Business Ethics, Ethics Code, Negotiation, Taiwan, Indonesia

INTRODUCTION

Relationship Between Taiwan and Indonesia

The civil economic collaboration conference between Taiwan and Indonesia had been held from 1986 to 2001, and for 15 years this platform served as an important bridge between private and governmental entities between the two countries and contributed much to the economies and trades. The economic/trade relationship between the two countries is very tight; the Taiwanese government’s investment in Indonesia has increased from USD$161,000,000 in 1991 to $6,130,000 in 2001, totaling USD$17 billion (Investment Commission, MOEA, 2001).

According to the Taipei Economic and Cultural Office in Indonesia, the total amount of trade between Taiwan and Indonesia in 2003 was USD$4.44 billion, which has grown by 9.5% compared to that of 2002.

The amount of goods exported from Taiwan to Indonesia was USD$1.52 billion, and the Indonesia-to-Taiwan counterpart was USD$2.92 billion, giving Indonesia a surplus of USD$1.4 billion, which is approximately the amount of natural gas and energy purchase from Indonesia by Taiwan. CPC of Taiwan has signed a long-term natural gas contract with Pertamina of Indonesia (state-owned petroleum enterprise), and the total amount of purchase made from 1990 to 2003 is USD$5.7 billion. As for economic collaborations, since 1985 the countries have been regularly holding investment collaboration conferences. In terms of Taiwan providing Indonesia with technical training, there are plans of trade promotion, small/medium business management, the saving-and-loan system for farming villages, and youth entrepreneurship.

Approximately 300,000 tourists visit Indonesia every year, and 250,000 of whom visit Bali Island. In Taiwan, the number of Indonesian labors working in Taiwan once reached as many as 100,000, and is currently at the level of around 40,000.
LITERATURE REVIEW

Education of Business Ethics

Although the concept of business ethics has come to mean various things to various people, but generally it's coming to know what it right or wrong in the workplace and doing what's right. Hartman (2004) mentions business ethics need to be taught to all the members in a company. If a company can provide ethics programs to its employee continuously, it will support employee growth and meaning. Many researchers (Baue, 2001; Carroll & Buchholz, 2005; Perry, 2005) state that since profit is above everything, the importance of business ethics education has largely been undermined over the years. Sales deal with customers, and managers make several decisions every work day. Often, different pressures may force the sales or the managers to make decisions that conflict with personal or organizational ethics. Thus, there are four aspects to follow which can help companies to manage ethics in the workplace.

1. Communicate the company's ethics policy clearly to the employees.
2. Make it easy for employees to seek guidance when they need help making a decision.
3. Create an atmosphere in which employees can trust their supervisors and know they can report violators of the ethics policy.
4. Employees will respect their supervisors more and will likely follow their example.

The Ethics Code of Business Negotiations in Indonesia

The culture of business negotiations in Indonesia has been influenced by local customs and backgrounds. Therefore, the interactions and exchange in the business field are quite unique in South-east Asia. Therefore, the business negotiations carried out by the Chinese in Indonesia are unique being cultivated and interacted with local businessmen, customs and culture.

1. Customs and habitual behavior: Indonesia has the largest number of Islamic population in the world. The Muslims pay religious homage five times a day, which acts as their fixed arrangement in their daily lives. Indonesians are with strong self-respect. They are reluctant to admit mistakes in public. The cultural characteristic of caring about “face” should be fully understood while interacting with Indonesians. Indonesians are less punctual. It is normal for them to be late for half an hour or one hour due to traffic jams while having an appointment or meals with them. Such condition is called “rubber time” with which a metaphor of “flexibility” is given to ease the atmosphere. The traditional Indonesian costumes are called Batik. The costumes are made of silk or cotton with vivid colors and beautiful patterns. Their costumes feature their national styles. People wear Batik for formal occasions and dinner party. They usually shake hands with guests under a social occasion. Therefore, Chinese follow their customs and treat them with courtesy. Muslims consider “right hand as respect and left hand as humbleness”. They use right hands to give their business cards, tips or presents. Shaking hands and presenting business cards are the normal procedure to start interactions. Though these are international etiquettes, the Chinese in Indonesia have been demanding themselves particularly in manners by being influenced by the traditional customs in Indonesia. (Bureau of Consular Affairs, Ministry of Foreign Affairs, 2005)

2. Deportment: according to the information provided by China-Asean Technology and Economic Cooperation Network (2008), we learn that people are not allowed to sit in a cross-legged position. If it is compelled to do so, then the knee of one leg shall be placed on the knee of the other leg. In Bali Island, both feet are placed on the ground while sitting down. It is considered an insult to others if tiptoe or shoe bottom is pointing at them. The public servants wear safari with short sleeves.
They wear Batik or business suits only on important occasions. Indonesians do not like foreigners kissing in public. People can use hands to call kids or tricycle drivers. However, people should have their palm downward and fingers moving inwards to call others under other conditions. Indonesians do not like yawning in front of others. If it is hard to suppress yawning, then use right hand to cover your mouth. It is considered disrespectful or impolite by placing hand on the bottoms while talking to others. Indonesians often cover up shocking feelings with laughter. They feel bad about laughing at other people’s mistakes or imitating others’ actions. Otherwise, they may feel hurtful. It is thought impolite to eat on the street or while walking. They don’t shake hands or touch others with left hands. In Indonesia, sunglasses have to be taken off while talking to others or entering into someone else’s home. Indonesians are used to grasp food with right hands while they are using knives and forks on official occasions. They drink cold water while having meals. In Indonesian culture, guests do not talk much while having meals. Being a guest, it is not proper to make extra requests. Being influenced by Islam, Indonesians do not drink spirits. Therefore, the Chinese in Indonesia behave more politely without continuously offering a drink while negotiating or socializing.

3. Friendship oriented in business negotiation: China-Asean Technology and Economic Cooperation Network (2008) indicated that Indonesians had strong demands in feelings. One of the apparent features that Indonesians possessed was valuing friendship and long-term relationships. Old friends could put every trust in each other. Indonesians treated customers or common friends politely and sometimes they even had congenial conversations with customers and common friends. However, it was just a matter of form. They didn’t easily speak up what they really thought in their minds. Consequently, you’d better not to hope too much if you only meet an Indonesian once or twice. By considering a long-term perspective, you should treat an Indonesian businessman as your friend and fully show your sincerity so as to further obtain his or her trust. The Chinese in Indonesia are fully aware of this, so they are used to fulfill such demand by Indonesians. The above condition can be found from the ways which Chinese in Indonesia use to make business negotiations with local Indonesians. In addition, the best condition is to have business talks at Indonesians’ homes. Such arrangement helps eliminate the barriers between the host and the guest. By understanding Indonesians’ preferences and thoughts well, the Chinese in Indonesia are aware of the best policies for business negotiations while making choices and preparations.

4. Humble, friendly and hospitable attitude: Indonesians like peaceful tones, humble gestures and good wishes for seeking consistence. Therefore, the Chinese in Indonesia act humbly and lower down their voices while negotiating with Indonesians. The Chinese in Indonesia are good at giving presents and offering gifts in return. The Chinese tradition of “you can never be too polite by present a gift” is fully developed under the influence of Indonesia. (China-Asean Technology and Economic Cooperation Network, 2008)

5. Euphemistic Communications: people have a general impression that Chinese always stick to their own stance. However, Indonesians have strong self-esteem and are reluctant to admit their mistakes in public. Therefore, Chinese fully understand Indonesians’ culture of caring about “face”. Chinese always talk to Indonesians in a highly tactful and technical way. They are good at and prudent choosing the topics. Chinese try to avoid talking about politics, socialism and foreign supports in order not to embarrass them. (China-Asean Technology and Economic Cooperation Network, 2008)
6. Good cooperation: according to the information offered by CAEXPO website (2006), it is quite common for the local people to be late for half an hour or one hour while having an appointment or dinner due to frequent traffic jams. People joke about the condition as “rubber time”, which means “flexibility” and acts a term to alleviate the atmosphere. The Chinese in Indonesia are deeply influenced by the above culture. They are highly cooperative either in time or in business terms. Thus, the Chinese in Indonesia are somehow different from those in other countries who stick to their own thoughts.

7. Humorous and talkative: the people from South-east Asian countries are generally friendly and easy to get along with. The policy to get along with Indonesians is to avoid sad and worried looks. Indonesians like laughing. They laugh when they feel good, when they accomplish something successfully. Laughing is another language they speak. They also consider “laughing” as being courteous in social lives. In Indonesia, a well-cultivated businessman should present his own business card to the other while they meet for the first time or the other will treat him coldly. Many Indonesians are humorous and like joking. It is not necessary to get angry when jokes go a little bit far if they are not meant to be malicious. (CAEXPO website, 2006)

8. Good patience during negotiations: the CAEXPO website (2006) pointed out that it takes a long time for Indonesian businessmen to make a decision during business negotiations. Therefore, the Chinese in Indonesia often have to be very patient to prepare for the negotiations and wait for the results. The language used during a negotiation by Chinese is also pretty wise and brilliant so as to smoothly complete the talks and achieve cooperative relationships.

The Ethics Code of Business Negotiations in Taiwan

Jen (2007) believes the island-nation characteristic and sensitive political stands in Taiwan’s economy are something that the world pays attention to. Although Taiwan inherits the Chinese culture, the “Chinese” there are defined rather differently. Most Taiwanese are hard-working, patient, humble, friendly, and respectful. The following are some of the characteristics of Taiwanese merchants’ business negotiation (Chang, 2006):

1. The Taiwanese are followers of “Realpolitik” in the sense that they have no illusions in their economic standpoint. If they are the buyer, they take the tough approach; if they are the seller, they are prepared to be pushed around by the buyers to a certain degree.

2. Taiwanese merchants are adventurers who go where opportunities are. With a suitcase at hand and broken English, they are still able to do business around the world.

3. Taiwanese merchants’ value “efficiency” and can perform different kinds of task on their own. They are also keen on calculating numbers.

4. “Building the relationship” is a key to success in Taiwanese business activities. Therefore, most Taiwanese merchants bring a gift at the first visit, and they would like to know more about your personal background before doing business with you. They would be highly impressed if you could speak a few sentences in Chinese.

5. Taiwanese merchants believe the most important thing is “sincerity.” The more sincerity, friendship, patience, and professionalism you demonstrate when negotiating with a Taiwanese, the more likely you are to be rewarded with the contract.

6. Taiwanese merchants follow the saying of “know thyself; know thy enemy” and believe the key to successful negotiation is to know about the opponent’s background and preferences.
7. In order to gain the upper hand in negotiation, Taiwanese merchants often “butter up” their opponents with free, exquisite wine, dining, and boarding as these behaviors make the opponent feel the Taiwanese merchant is extremely friendly, thus turning the negotiation to the latter’s favor.
8. Taiwanese merchants prefer being smooth and do not say “no” directly, often making simple things complicated.
9. At the initial stage of a negotiation, Taiwanese merchants often focus on trivial issues yet yield significantly at the final stage for the sake of closing the deal.
10. To Taiwanese merchants, “work” has priority over everything else; they do overtime work frequently and keep their mobile phones on for work-related purposes even after business hours.
11. Taiwanese merchants are flexible; as long as a deal is profitable, the approach and conditions of a negotiation can be adjusted.
12. Taiwanese merchants often try to get the deal first, solve problems later. The quality of their work may not be the best, but is often good enough, and this is a skill developed due to fierce competition.

All in all, Taiwanese merchants are a difficult bunch to hand. You have to be patient and avoid pushing too hard or too fast. If possible, take a team of 2 ~ 4 people to Taiwan (and let the eldest member make the decision), as both parties can get better acquainted in a more official meeting. Also, a lawyer does not have to be included in the negotiation team as disputes are typically handed by an arbiter rather than at a court of law.

Collectivistic individuals are more likely to avoid than the individualistic counterpart, and this is because collectivism stresses cooperation, compliance, and interdependence, and their followers are more likely to surrender to group pressure and maintain harmony.

CONCLUSIONS

Advocacy acts are needed as consideration for the consumer (public), acculturation in education, establishing a professional ethics for businessmen in Taiwan and Indonesia, negotiation code of ethics and clear legal rules for somebody who violates the rules.

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