

MANAGEMENT STYLE OF CHINESE OVERSEAS COMPANIES AND INDONESIA COMPANIES

Yie Ke Feliana

Faculty of Business and Economics-Universitas Surabaya

yiekefeliana@ubaya.ac.id

ABSTRACT

Chinese overseas companies have dominated business in Asia and most of them were successful. Thus, it is interesting to be analysed whether this type of companies have uniqueness in managing their companies, considering there is a relationship between management and culture. This study provides a literature review on Chinese overseas management. Then, based on those previous studies the strength and weakness of this style of management are concluded. This study also points out management style of Indonesia companies based on literature review, and then provides a comparison between Chinese overseas and Indonesia company management style. The analysis is based on some theories of culture. The contribution of this study is providing insight for future study to define effective management style.

1. Introduction

Christiananta (1994) argued that management functions, i.e. *planning, organizing, leading, and controlling* (Fayol, 1925), are universal. This argument is consistent to Gullick's statement (1993) that is "*management as a universal activity*", and Davis's statement (1986) that is "fundamental functions and principles of factory management were universal in their application and..." and "management organic functions (planning, organizing, controlling) as universally applicable to all types of enterprises".

However, mostly the theories and techniques of management are originated from Western Countries, especially United States of America, as stated by Wren (1994: 418), "Management theories, typically developed 'by Americans for Americans.'" Then, we tried to apply all of the theories and techniques in all companies around the world within assumption that the management theories and

concepts are universal. We find that in some cases companies that applied the theories or concepts were successful, but in other cases were failed. If the companies were failed, we tend to blame the executing people or the current environment, but the theories or techniques were remotely refuted. This possibility of bias has been stated by Hofstede (2007).

A management theory or construct may be quite valid in Western companies setting, where majority of the theory or concept was developed and tested. However, it may require different implementation approach to realize the desired performance outcome. The differences are argued because of differences in culture. Wren (1994) stated that manager should know how to manage a company in different cultures.

Basically, management is mostly about human. Mary Parker Follett stated that management is “an art of getting things done through other people”. In more details definition, C. Canby Balderston stated that managements are “the art and science of organizing, preparing, and directing human effort applied to control the forces and to utilize the materials of nature for the benefit of man”. The people include employee, employer, client, customer, supplier, etc.

Human is a unique creature that is different one to another. Therefore, there is possibility that management theories or concepts should be adjusted to the human. A group of human usually have similar values and behaviours, as we know as culture. Specifically culture is ‘the collective programming of the mind which distinguishes one category of people from another’ Hofstede (2007:413). Indonesia is a rich culture country due to a lot of ethnicity, religion and race, as stated in *Bhinneka Tunggal Ika*. This paper focuses only on one culture in Indonesia, namely Chinese Overseas (in Indonesia, the people is known as Tionghoa). The reason is Chinese Overseas people were proven successful in managing their companies, not only in Indonesia, but also in other countries, especially in East Asia countries (Robertson, 1986; Hefner, 1998; Lasserr and Schütte, 1995; Naisbitt, 1995; Seagrave, 1996; Drucker, 1995; Rohwer, 1995). Limlingan (1992) has stressed the importance of Chinese Overseas culture in particular as a key explanation for the success.

The purpose of this paper is to define the management style of Chinese overseas business based on literature review. In addition, it is compared to Indonesia management style that was discussed on some paper. Then, the strength and weakness of the Chinese overseas management style are concluded. The contribution of this paper is to enhance our knowledge in order to define effective management style. As Limlingan (1992) said the management practice of Chinese Overseas could be adapted (not adopted) without to be Chinese Overseas people.

2. The Relation between Culture and Management

Management is about people. Wren (1994) said that human is major input for management process, and the output of management for fulfil the human needs. Because of management is always about people, so management is a part of society culture where people are the subject. Management skills and techniques are specific for each culture (Hofstede, 1984).

The key element of culture is value. Value is propensity to like more one condition than to the other condition. This value is about what they think one is good or bad, moral or immoral, rational or irrational. Relation between people in a society is influenced by the values in the society. The culture value is different between societies, but in a society the culture values is relatively constant all the time. As a result, Hofstede (2007) argue that management, that is a part of culture, is different between societies, but in a society is relatively constant all the time.

Sustainability of the effect of nationality culture on the management practices is shown by a French anthropologist, D'Iribarne (1989). He interviewed employees in three aluminium factory that owned by a French. The three factories were located in three different countries, i.e. France, USA and Netherland. These factories are technically same, but the interaction between people was different. D'Iribarne identified three different philosophies that determined local management, namely honour in France, fair contract USA, and consensus in Netherland. The three philosophies showed different framework of thinking, as represented in the history of the three societies for centuries. D'Iribarne argued that France is related to *the Ancient Regime* (monarchy in 17th and 18th century before Napoleon), USA is related to *the Pilgrim Father* and immigration in 17th

and 18th century, and Netherland is related to Dutch Republic in 17th century. Therefore, technically management process develops continuously until now, but the value does not change. According to Hofstede (2007), technology influence culture in general and management in particular, but it does not influence the fundamental value of culture.

Management activities are not isolated, because manager run an organization and make decision in cultural values and existing institution (Wren, 1994). Therefore, management has characteristics as open system, it can be effected and effect the environment. Thus, different environment can have different management style.

The effect culture on management is supported by the study of Bass (1990) and England and team (MOW, 1987). Based on comprehensive literature review, Bass (1990) concluded different leadership in different culture or countries. He found groups of values that influence on the relation between a leader and its followers, such as conventional vs. modern, collectivism vs. individualism. England and team (MOW, 1987) found that there are different meanings of work among employees in different countries, such as work is an obligation to do, work is an activity to create value for society. Specifically in Chinese Overseas context, Sheh (1993) provides evidence that there was a significant correlation between Chinese cultural values and management and organizational practices in Singapore and Malaysia.

In sum, management activities are influenced by culture where the management would be applied. Although management functions are universal, to some extent, the implementation of management function should be adjusted to the culture that we know as management style.

3. Chinese Overseas Management Style

Chinese Overseas management style is identified from ten previous studies that are published in some international journals from 1987 to 2011.

a. Redding's study (1987)

Redding (1987) interviewed 72 Chinese Overseas who were an owner/manager of companies where located in Indonesia, Hong Kong, Taiwan,

and Singapore. They were from the south part of mainland China, namely from Cantonese, Chiu Chow, Hokkien and Hakka.

According to Redding (1987), the inherited culture that influenced the management practices of Chinese Overseas are *paternalism*, *personalism*, and *insecurity*. The three inherited cultures influence managerial ideology at 4 level, i.e. self perception, relationship, organization, and society as whole. In addition, the inherited culture influences the organization culture. The full descriptions are presented on Table 1 and 2.

b. Limlingan's study (1992)

According to Limlingan (1992), the characteristics of Chinese Overseas management are as follows:

- a. Flexible and opportunist
- b. Risk taker (this characteristic is contradict to Bjerke (2000)'s finding)
- c. Improve the weakness fast
- d. Have access to funding sources
- e. Tend to be generalize than to specialize
- f. Skilful to manage resources but not well organize
- g. Build strong networking, including to the government
- h. Succession programme to the next generation

Table 1. The Chinese Overseas Business: Ideological Determinants of Managerial Functioning

Key influence in the surrounding and inherited culture	Managerial Ideology			Other societal, political, and economic influences	Organizational outcomes structures
	At the level of self	At the level of relationships and kin	At the level of organization		
Paternalism	Notions of civilized conduct and confidence	Family and lineage coalitions	Patrimonialism: Paternalistic ethos Clear hierarchy Reciprocal vertical obligations Power & Ownership	Stability due to strong vertical management and cultivation of values. Insecurity result on values of pragmatic, materialism, work ethos, to build horizontal cooperation in society.	Main managerial function: Planning and control: closed, personal, centralized Financial management: tight control, concentration on fundamentals Personnel management: sparse, pragmatic, informal Production management: tight control, detailed monitoring Marketing management (in manufacturing industry): commonly vestigial and not normally own-brand based
Personalism	Personal control	Personalistic networking	Personalistic relation of patronage and obligation: Benevolent autocracy Personalistic relations Reciprocity		
Insecurity	Defensiveness	Insider/outsider perspective	Limited and Bounded trust: Nepotism and compromise over skill Nontrust of employees Strategic and Financial Caution		

Source: Redding (1987)

Table 2. The Chinese Family Business: Ideological Determinants of Organizational Structure

Key influence in the surrounding and inherited culture	Managerial Ideology			Other societal, political, and economic influences	Organizational outcomes structures
	At the level of self	At the level of relationships and kin	At the level of organization		
Paternalism	Notions of civilized conduct and confidence	Family and lineage coalitions	Patrimonialism: Paternalistic ethos Clear hierarchy Reciprocal vertical obligations Power & Ownership		Relation with environment: Extensive networking Relational contracting Interlocking directorships Business groups/strategic alliances
Personalism	Personal control	Personalistic networking	Personalistic relation of patronage and obligation: Benevolent autocracy Personalistic relations Reciprocity		Organization structure: Small scale Product/market specialization Low role specialization Low standardization Strong workflow formalization (otherwise weak) Centralization of authority Emphasis on line-not staff
Insecurity	Defensiveness	Insider/outsider perspective	Limited and Bounded trust: Nepotism and compromise over skill Nontrust of employees Strategic and Financial Caution		

Source: Redding (1987)

c. Tanoto's study (1992)

Using case study approach in an Indonesia company that owned and managed by Chinese Overseas, PT Raja Garuda Mas, Tanoto (1992) stated that the management style of the Chinese Overseas companies develop as long as the company's growth. There are at least three phase of company growth, i.e. local, national and regional. PT Raja Garuda Mas was classified at the local phase. Tanoto is the owner of the company.

At the local phase, management style of company is unstructured and informal, which family has dominant role in the company management. There is centralization on the owner who is also the CEO of the company. Financial information about the company can only be accessed by the owner and his/her family. Hardworking is the main characteristic of owner.

At the next phase, national phase, management style of company is more professional by employing professional managers from non-family member. The company management is more transparent in term of information. The final phase is regional, the management style of company adapted western-management style due to increasing company international transactions.

Evaluating Tanoto's findings (1992), only at the local phase, the management of Chinese Overseas company is identified as using the Chine Overseas management style. After that phase, the management style of company is influenced by other cultures. This is consistent to argument of Bjerke (2000).

d. Mackie's study (1992)

Mackie (1992) examined management of Chinese Overseas companies at some large private companies In Indonesia. Mackie (1992) summarizes the characteristics of Chinese Overseas management.

First, most of the sampled companies show dominant family control. Second, there is propensity to be conglomeration. Each company sets up some other companies that are diversified in industry sector in order to spread the risk. This may occur to anticipate the instability of economic and politic environment during that time. However, the diversification makes the company loses its focus, so it make them weak in strategic long term investment. Third, major source of financing is from banking

sectors, besides the affiliated companies or relative. The companies rarely use capital market as a source of financing. The reason of debt-financing is to prevent lost control on company. Lastly, investment strategic tends to be short term because the companies put emphasis on safety. This happens due to instability condition in Indonesia during that time periods. It also makes them to build political connection to the ruling party at that time.

e. Carney's Study (1998)

Carney (1998) examines strategic management of 50 Hong Kong manufacturing companies. In part of his research, some characteristics of Chinese Overseas management style were identified. These identified characteristics, to some extent, were consistent to previous studies.

First, there is centralization of decision making and management on the hand of family member or other trusted organization member (Whitley, 1992; Chen, 1995). Key decision making and resource allocation rarely were delegated to professional manager. Professional manager was under tight controlled family member or trusted organization member (Redding, 1990; Whitley, 1992). Second, there was rarely formal organization structure and written standard operating procedure (Chen, 1995). In order to direct people, they used paternalistic leadership (Westwood, 1997). As a result, comparing to other family companies in UK and Japan, Chinese Overseas company has lower specialization and standardization of work. Informal organization structure was found not only in small scale companies, but also in large scale companies (Kao, 1993)

Third, precautionary principle was applied in resource allocation for business development. Minimum investment was done for saving; they do this by utilizing available capital good intensively (Redding, 1994). Profit of major business was invested in unrelated business, and often in form of liquid assets. Further, the reason to invest in liquid assets is flexibility to use (in the next study of Carney and Gedajlovic, 2003) and preventing from insecurity (Kao, 1993).

Fourth, most of Chinese Overseas companies have a holding company, with many affiliated companies. Expansion trend of Chinese Overseas companies is after they developed to specific size, company preferred to split to some smaller companies which

have different type of business; this is consistent to Bjerke (2000). Conglomeration is needed for companies in developing countries as substitution of weak institutional environment. Khanna and Palepu (1997) said that conglomeration is substitution of inexistence of some function in market, especially in India and Indonesia. For example, undeveloped capital market makes companies to provide their financial resources from internal market (borrowing and lending among affiliated companies). Business group/conglomerate name build reputation for product quality, in order to substitute weak protection of trade name and copyright. Besides, splitting to smaller companies makes easier to manage and control by owner (Redding, 1990).

Fifth, more recent study of Carney in Chinese Overseas management, i.e. Carney and Gedajlovic (2003), concluded competitive strategy of Chine Overseas companies was mainly cost leadership. They rarely used differentiation strategy, under Porter's type of competitive strategies (1993).

f. Bjerke's study (2000)

Bjerke (2000) studies management of Chinese Overseas business (Chinese who lived outside mainland China) in seven South East Asia countries, i.e. Indonesia, Singapore, Malaysia, Thailand, Hong Kong, Taiwan and Philippines. His sample includes all of small-medium enterprises (SMEs). The reason to use SMEs is the culture in that kind of companies are generally more genuine than the large size companies. Large companies are usually more mature and higher possibility to have international business, which both of them may influence its cultural values.

In summary, characteristics of management practices of Chinese overseas companies are as follows (Bjerke, 2000):

- a. The owner or manager is dominant in company decision making.
- b. The entrepreneur generally is not risk taker, but he/she tries to find opportunities in supply chain of other established companies. Therefore, technical competence and ability to fill order on time is more important than to invent new products or technology.
- c. Initial capital to start business usually comes from informal sources.

- d. Produce or resell products to fill the local demand, so it has narrow horizon of market.
- e. Marketing function is less important than finance and operation; however there is an indication that marketing gains more intention in the future. In marketing function, pricing is the most important aspects, while promotion usually does by salesman.
- f. There is limited human resource management and employee must be supervised continuously
- g. Financial management is the most important function, especially cash management. Source of financing is mainly from informal sources.

According to Bjerke (2000), Chinese Overseas cultures that effect the management of companies are as follows.

- a. Power and autocracy. Chinese overseas management tends to be centralized on one person who is responsible for all management functions or autocracy leadership (Hofstede, 1984; Chee, 1992; Sheh, 1995; Naisbitt, 1995). Power is important and power is shown in many different ways. One of them is in form of lack of communication across position (Samovar et al., 1981; Chu, 1991; Hodgerts and Luthans, 1991).
- b. Familism. Asian tradition puts group interest above individual interest (Hofstede, 1984; Hoon-Halbauer, 1994; Lasserre and Schütte, 1995; Seagrave, 1996). Specifically, Chinese tradition puts family as the most important group (Harris and Moran, 1979; Chau, 1991; Chu, 1991; Hoon-Halbauer, 1994; Lasserre and Schütte, 1995). One reason why familism is important for Chinese overseas entrepreneur is for security (Jansson, 1987). For Chinese who left their homeland, and tried to settle abroad, the new environment is not always welcome and supported them. In all 7 East Asia countries, except Singapore, the local society often outright hostile and the local government discriminates them. As a result, they make stronger and maintain family ties to face the threats (Redding, 1993). Family business of Chinese Overseas is specific compare to the other family business (Braadbaart, 1995). First, family in Chinese Overseas is not only from blood ties, but expanded to other ties, such as clan, shared surname, home village, region or education. Second, family and non-family members in Chinese overseas firms differ both in attitude and behaviour.

Third, growth in Chinese Overseas business is commonly done not by expanding company, so the owner will lose control, but by set up a new firm that is managed by the family member. As a result, it will make a group of affiliated company like a mushroom.

- c. *Quanxi*. Business environment in Asia is frequently described as an interlocked network (Lasserre and Schütte, 1995). The network is the key success of Chinese Overseas business (Hoon-Halbauer, 1994; Rohwer, 1995), which is called by *Quanxi*. If the western company generally sets up a new company first, then make a network; otherwise for Chinese Overseas company (The Economist, 1997).
- d. Face and Prestige. The important things to be maintain for Chinese Overseas is “face” (Hoon-Halbauer, 1994). For Chinese Overseas, losing face means losing egos and deflating prestige. In general, Chinese will losing face if he/she is unable or unwilling to satisfy the claims imposed upon him by friends or subordinate (Sherriff, 1989; Chu, 1991). Chinese culture put emphasis on shame, but western culture put emphasis on guilty (Lasserr and Schütte, 1995). The importance for not losing the face frequently prevents them to admit guilty, ask help, and tell other do the right things on public (Jansson, 1987; Yang, 1991; Lasserre and Schütte, 1995).
- e. Flexibility and Endurance. Chinese overseas companies commonly do not have long term plan (Redding, 1993; Sheh, 1995). They are good in tactic plan, but weak in strategic plan. Therefore, they are flexible, adaptive and pragmatic (Jansson, 1987; Rohwer, 1995; Seagrave, 1996).

Management functions in Chinese Overseas business are as follows.

- a. Planning. Planning is informal; tend to be opportunistic and intuitive. Flexible tactics are common in planning. This happens because senior manager spends much time to control daily operation.
- b. Organizing. Owner/manager is responsible on all management functions because there is less job delegation. Subordinate initiative is not expected. Promotion is based on seniority in family. Organizational structure tends to have a lot of layer than flat.
- c. Directing. Manager directs employee by personal approach. The leader who has high commitment to company, hard worker, and care to the subordinates becomes a role

model. The leadership style is autocracy. The subordinates are expected to be loyal, obedient and respect to superior.

- d. Controlling. Entrepreneur does tight control on subordinate. Usually, there is no system to record, store and control company resources. Feedback from control will be responded if there is a financial benefit.

g. Weggel's study (2001)

Weggel (2001) explains some characteristics of Chinese Overseas management.

- a. Company is managed and controlled by family. The key management positions are hold by family members.
- b. Leadership style of owner and founder are autocracy and patriarchal.
- c. Networking is important to do business and access information.
- d. Company expands to unrelated industries.
- e. Subordinate is expected to be loyal, hard working, long-term relation, and low ambition to the company.
- f. Informal working system, so it frequently mixes personal resources and company resources.
- g. Financial management technique that is used commonly is cost benefit.
- h. Accounting is only for tax purpose.
- i. Expenditure for intangible assets is frequently considered as waste. This expenditure includes advertising, consultation fee, patent, research and development. Consequently, their products are low in innovation and unbranded.
- j. The owner is hardworking and thrifty. They do this to accumulate their wealth, and then bequeath it to the next generation.

h. Ahlstrom et al.'s study (2004)

Ahlstrom et al. (2004) examined Chinese Overseas management practices in order to identify the characteristics that are contributed to faster company growth. They collected data from in-depth interview 41 entrepreneurs, venture capitalists and government officials who work with Chinese Overseas in three South East Asia

countries, i.e. Hong Kong, Singapore and Taiwan. They found some characteristics of Chinese Overseas managed companies.

First characteristic is family control. Family control is dominant in most companies, even in listed companies. Key management position is occupied by family member. The founder decided all important company decisions by top down approach. The owner intends to maintain this family control.

Second characteristic is simple organizational structures, networks, and information control. Chinese Overseas management has tight control by simple organization structure. The structure of organization tends to be flat. Organization members were reluctant to share information or skill to other members.

Third characteristic is centralized governance and decision making. Decision making is centralized on the owner. There is little delegation of authority.

Fourth characteristic is internal financing. Company financial resource is from company's retained earnings or family savings. The entrepreneurs were reluctant to use funding from creditors or new investors, even during the company growth. This reluctance was caused by anxiety to lose company control by admitting outside investors.

Fifth, lack of advertising and branding. Mostly Chinese Overseas companies did not build their own trade mark or trade name. Generally, they made component of other company products or assembled other company products, so they were only suppliers or retailer. This was influenced by low profile culture and propensity to change products and industries quickly. Consequently, their product advertisement was limited, even none.

Sixth characteristic is little or no research and development. Chinese Overseas company spend little on research and development activities, even in technology industry companies. It related to the fifth characteristic.

i. Efferin and Hopper's study (2007)

Using qualitative approach, Efferin and Hopper (2007) examine management control, culture and ethnic in an Indonesia Chinese Overseas company. Business of the

company is manufacturing. In that company, they find some management characteristics that were influenced by Chinese Overseas culture as follows.

- a. Business network is developed from owner network or *Quanxi*. Each business and each family group owns networking. The networking is a source to circulate information among the members.
- b. Trust is important in every business transaction. Reputation must be maintained. Losing trust will cause difficulty to make business.
- c. Subordinate must be respect, obey, and loyal to the superior, consistent to the Confucius value “*li*” and “*hsiao*”.
- d. Leadership style is autocratic, but paternalistic. A leader should listen and care to the subordinate for all of the subordinate problems in working and individual life.
- e. Family members hold key management positions.
- f. Horizontal relationship in decision making only involve people who have family ties.
- g. Vertical decision making tends to be based on friendship, trust, emotional ties and loyalty, rather than on result and efficiency.
- h. Although they stress on trust in the relationship, there is still values of prudent (*jing shen*).
- i. Financial information is secret, only owner has access to the information.
- j. The owner runs business by some values, i.e. diligent (*qin fen*), frugality (*qin jian*), prudent and foresight (*jing shen*) and ascetics (*ke ji*).
- k. There is no long run planning. The owner does not avoid the long run planning, but he/she thinks the long run plan is not practical.
- m. Control tend to be subjective than objective.

j. Wah’ study (2011)

Wah’s study (2011) about Chinese Overseas management was based on field research and consultancy work with Chinese Overseas companies in Singapore, Malaysia and Indonesia over 10 years. Wah (2011) discusses about Chinese Overseas management in four topics, i.e. human resources management, organizational structure, leadership style, and business orientation and strategy.

Human resources management practices in Chinese Overseas companies emphasize more on relationship. Subordinate does not expect to show off. Indicator for job promotion emphasis more on the seniority and good conduct of behaviour (obedience, reliability and trustworthiness) than performance. However, the larger Chinese Overseas companies the higher probability to use performance as promotion criteria. In the recruitment process, priority is given to the family member or relative, particularly in small-medium size companies. Thus, nepotism is common in the Chinese Overseas companies

Organizational structure of Chinese Overseas companies resembles family hierarchy. They usually do not have formal organisation structure. There is low task specialization and there is no clear job description and written work procedure.

Leadership style of Chinese Overseas companies is paternalistic. This type of leadership is reinforced by emphasis on familism and relationship. Family welfare is source of power, self esteem, and status for Chinese Overseas entrepreneurs, therefore they are usually hardworking, persistence and frugal people. In addition, the Chinese Overseas entrepreneurs are good in identifying and exploiting business opportunities.

Business orientation of Chinese Overseas companies is improving productivity by optimalization of usage existing resources. Strategy of Chinese Overseas companies are building business networking (*quanxi*). In addition, Chinese Overseas companies will not easily to wind up the business even it has been proven not profit making. The reasons is protecting the name of family and business (face).

Summary of the ten previous studies in Chinese Overseas Management is presented on Table 3. In sum, from the ten previous studies above, Chinese Overseas Management style is as follows. First, management function of planning is focus on short term plan and the plan is informal. Second, management function of control is tight and informal. Third, management function of decision making is centralized on the owner or family members. Fourth, management function of directing is autocracy and paternalistic. Fifth, finance management practices are short term investment, internal financing, and secrecy of financial information. Sixth, human resources management practices are sparse and informal. Seventh, production management practices are excel in managing resources. Eighth, marketing management practices are limited, lack of

branding and advertising, and use personal promotion. Ninth, type of industries are diversified. Tenth, the specific characteristics are dominance family ownership and control, and extensive networking between companies.

4. Strength and Weakness of Chinese Overseas Management Style

Based on the ten previous studies, Chinese Overseas management style has some strength and weakness in order to achieve desired performance at nowadays companies. The strength can be identified as follows. First, short term plan make company more flexible in term of quickly taking advantage opportunity (Ahlstrom et al., 2004). Second, centralized decision making make goal congruence in company (Efferin and Hopper, 2007). Third, tight control and duality manager and owner reduce agency problem type I between manager and owner (Braadbart, 1995). Fourth, *quanxi* and business group provide internal market that is more secure and low transaction cost, when the external market is undeveloped (Landa, 1983; Whitley, 1992; Lazerson, 1995; Khanna and Palepu, 1997).

The weakness of Chinese Overseas management style can be identified as follows. First, aversion to external financing may hinder growth prospect (Ahlstrom et al., 2004). Second, the mixed family matters and business matters make company more vulnerable to the conflict of interest between family and business interest, it will influence the going concern of the company. Third, lack of sharing knowledge and information between employees and lack of written standard, operating and procedure may hamper tacit knowledge codification (Ahlstrom et al., 2004).

Table 3. Chinese Overseas Management Style

Management	Redding (1987)	Limlingan (1992)	Tanoto (1992)	Mackie (1992)	Carney (1998)	Bjerke (2000)	Weggel (2001)	Ahlstrom et al. (2004)	Efferin & Hopper (2007)	Wah (2011)
Planning	Closed	Short term	Unstructured			Short term Informal			Short term	
Organizing	Centralized on owner/ family member		Centralized on owner/ family member	Centralized on owner/ family member	Centralized on owner/ family member No Written SOP No formal organization structure	Centralized on owner/ family member No Written SOP	Centralized on owner/ family member	Centralized on owner/ family member	Centralized on owner/ family member	Centralized on owner/ family member No Written SOP No formal organization structure
Directing	Autocracy Paternalistic				Paternalistic	Autocracy	Autocracy & Patriarchal	Patriarchal	Autocracy Paternalistic	Paternalistic
Controlling	Tight		Informal		Tight	Tight		Tight	Informal	
Financial Management Practice	Concentration on fundamentals	Have access to source of funding	Access restrictions on financial information	Debt financing Short term investment	Short term investment	Informal financing sources Cash management	Cost benefit analysis Accounting only for tax purpose Limited expenditure for intangible assets	Internal and informal financing sources Limited expenditure for intangible assets Access restrictions on financial information Short term investment	Access restrictions on financial information	Personal and business finance are mixed
HR Management Practice	Sparse Pragmatic Informal					Sparse Informal	Informal			Informal

Production Management Practice	detailed monitoring	Skilful managing resources						Access restrictions on production information		Emphasis on productivity
Marketing Management Practice	Limited Lack of branding					Lack of branding Pricing Promotion by salesman	Lack of branding	Lack of branding Lack of advertising		
Type of Industry	Generalized	Generalized		Generalized	Generalized		Generalized			
Strategy					Cost Leadership					
Special Characteristic	Family ownership & control	Family ownership & control	Family ownership & control	Family ownership & control	Family ownership & control	Family ownership & control	Family ownership & control	Family ownership & control	Family ownership & control	Family ownership & control
	Extensive Networking	Extensive Networking				Extensive Networking			Extensive Networking	Extensive Networking

Fourth, autocracy leadership by owner and family will reduce initiative and creativity of employees (Haley, et al., 1998; Fukuyama, 1995; Ahlstrom et al., 2004). Fifth, limitation authority and promotion of non-family manager makes company lack of skilful human resources (Efferin and Hopper, 2007). Sixth, core business development is limited due to preference of investment to unrelated business (Carney, 1998). The low development of core business emerges in low research and development activity, lack of brand building.

5. Indonesia Management Style

Indonesia management style is identified from four previous studies that can be accessed. These studies assumed that Indonesia cultures are homogen, although more detail studies could find variety inside Indonesia cultures. This becomes limitation of these studies and this study as well.

a. Christiananta's study (1986)

Christiananta (1986) studies management style of Indonesia companies during 1980s. He concludes that the management style of Indonesia companies show paternalistic and patrimonial. Paternalistic is relation between agents in economic organization based on father and child relation. The paternalistic management style is dominance in Indonesia companies due to three major reasons. First, culture and social structure in Indonesia at that time were still influenced by feudalism, so society accepts high power distance between superior and subordinate. Second, labour union bargaining power is weak, so subordinates have no power to bargain management decision. Third, government provided limited social service, so social service mainly provided by employer as a reward for employee loyalty.

Patrimonial management style is decision making centralized on a person or a group of person. In Indonesia companies decision making were centralized on owner and family member. Patrimonial management style leads to nepotism practice, a preference to family or relative of management.

b. Paramita's study (1989)

Paramita (1989) examines harmonization between Indonesia culture and management style of Indonesia companies. Paramita (1989) concludes that the management style of Indonesia companies is paternalistic and autocracy, consistent to Christiananta (1986).

Paramita (1989) defines Indonesia cultures based on some relations. 1980s Indonesia is an agriculture country; 80% of Indonesia people are farmers and live in villages. In the relationship between person and nature, Indonesia people tend to resign and keep harmony with nature. In relationship between person and time, Indonesia people view time as a cycle and lack ability in managing time (known as 'rubber time'). In relationship between person and goal of life, life goal of Indonesia people is happiness. The happiness means wealthy, having a good position at society, and having power. In order to have good position and power, Indonesia people will build good relationship with important people in the society, instead of increase their performance. As a result, there is vertical orientation in an employee-employer relationship; company employees expect the employer to nurture them. In relationship between person and person, Indonesia people have horizontal orientation, i.e. collectivism. They try to show performance in average, not exceeding the other's performance. In relationship between person and career, career is only routine duty in order to fulfil their needs. Paramita findings (1989) of Indonesia culture is consistent to Koentjaraningrat (1976).

Indonesia management style is influenced by the cultures. Indonesia companies show centralization of authority on owner. The owner nurtures his/her employees, while at the same time the owner distrusts the employees. So, information about company's profitability and other confidential information cannot be accessed by the employees. Employees are considered as member of owner family, therefore they should be nurtured their needs. As a return, the employees are expected to show loyalty, obedience, be indebted, and work hard.

Company goal is to obtain much profit in short term and speculative ways. There is large power distance between superiors and subordinates. Subordinates are not expected to take initiative, they are only executor. While superiors are

expected to know everything, they are expected to give instruction to the subordinates. There is tight and personal control by superior.

c. Young' study (1994)

Young (1994) examines culture values of Indonesia managers, in order to evaluate the harmonization to the USA culture. Young surveys MBA (Master of Business Administration) students of Prasetya Mulya Institute in Jakarta from 1992 to 1994. Indonesian managers show some values that related to managerial activities. In general, the result shows that traditional culture values still influence management practice even among relatively high educated manager.

First, Indonesian managers emphasize more on group interest than individual interest. Indonesian managers prefer group accountability in all decision and result to individual accountability. Indonesian managers provide input to decision making as a group, than the decision should be made by their supervisor, not by consensus as in Japan (Z theory by Ouchi, 1985). Second, group interest and affiliation need of Indonesian manager reduce ambition to be promoted. Promotion should be based not only on performance, but also on social acceptance in the organization. Feedback to Indonesia manager should be given privately in order to maintain their reputation among their colleagues. Third, Indonesia managers tend to avoid conflict. Fourth, there is mixed of business and personal matters.

d. Asia Pacific Management Forum' study (1997)

Asia Pacific Management Forum (1997) surveys Indonesia manager at middle up companies. Generally, they show relationship oriented, family priority, reputation, cooperation, harmonization to group interest, and high spiritual values. On the other hand, they also show weak in risk taking, openness, independency, and planning. Specifically, in planning, Asia Pacific Management Forum (1997) argues people who live in two seasons countries usually show weak in planning skill, compare to four seasons countries.

6. Comparison of Indonesia Management Style and Chinese Overseas Management Style

Based on available previous studies, the comparison between Indonesia and Chinese Overseas management style can be done. Generally, Indonesia and Chinese Overseas have a lot of similarity in term of their management style.

First similarity between them is in term of relationship emphasis. Koentjaraningrat (1976, 1993) and Paramita (1989) find that Indonesia culture emphasize on relationship or collectivism, and so does Chinese Overseas culture (known as Guangxi). Focus on relationship influences management function of directing and company human resource management practice. Secondly, familism is important in both cultures. A lot of Indonesia and Chinese Overseas companies are managed and controlled by family. As a result, the management style of directing people in a company is paternalistic and autocracy. Company decision making is centralized on the owner/family member. Employer nurtures the employees, and the employees are expected to be indebted, loyal, obedient, and hard working. Thirdly, there is large power distance between subordinates and superiors in both cultures. Consequently, the subordinates tend to be passive, while superiors communicate less to subordinates. The controlling function in both cultures is tight and personal. Fourthly, management function of planning is weak in both cultures.

7. Conclusion

Based on ten previous studies, generally Chinese Overseas management style is autocracy and paternalistic. This style is consistent to Indonesia management style that is identified from four previous studies. Further, this study provides general conclusion that is supported Bjerke statement (2000) that business management is a universal phenomenon, but the way it is done is not universal.

The origins of the Overseas Chinese are within China and the particular local cultural, social and economic environment shaped the principles and business practices of the Overseas Chinese. But when they immigrate to many countries, then it is difficult to speak of one homogenous Overseas Chinese

culture. On the other hand, Indonesia has lot subcultures, which show differences in some aspects and similarity in other aspects. It is also difficult to speak of Indonesia as one homogenous culture. In awareness of this limitation, this study defines the management style in both culture, Chinese Overseas and Indonesia, based on some previous studies. Second limitation of this study is identification of management style in both culture based on limited studies, especially lack of studies that discussed Indonesia management style.

This paper contributes to future research in identifying some indigenous constructs that may be overlooked in the mainstream research of management. Therefore, it may refine the theory or concept in implementation level in order to realize the desired performance outcome. In addition, this paper provides understanding to stakeholders of Chinese Overseas firms in doing business with them.

References

- Ahlstrom, David; Young, Michael N.; Chan, Eunice S.; and Bruton, Garry D., 2004, Facing Constraints to Growth? Overseas Chinese Entrepreneurs and Traditional Business Practices in East Asia, **Asia Pacific Journal of Management**, 21, pp. 263-285.
- Ahlstrom, David; Chen, Shyh-jer; and Yeh, Kuang S., 2010, Managing in ethnic Chinese communities: Culture, institutions, and context, **Asia Pacific Journal of Management**, 27, pp. 341-354.
- Asia Pacific Management Forum, 1997, **Is There an Indonesian Management Style?**, Team *Building Seminar* 29 March 1997 in Jakarta, <http://www.apmforum.com/news/apmn54.html>.
- Backman, M., 1999, **Asian Eclipse: Exposing the Dark Side of Business in Asia**, John Wiley and Sons, Singapore.
- Bass, M. Bernard, 1990, **Bass and Stogdill's Handbook of Leadership**, 3rd edition, Free Press, New York.
- Braadbaart, O., 1995, A Comparison of Chinese and *Pribumi*-Managed Engineering Firms in Indonesia, in Brown, R.A. (editor) **Chinese Business in Asia**, Routledge, London, pp. 177-196

- Bjerke, Björn Vidar, 2000, A Typied, Culture-Based, Interpretation of management of SMEs in Southeast Asia, **Asia Pacific Journal of Management**, Vol. 17, pp. 103-132.
- Boeke, J.H., 1953, **Economic Policy of Dual Societies as Exemplified by Indonesia**, H.D. Tjeenk Willink and Zoon N.V., Haarlan.
- Boyer, R., and Hollingsworth, J.r., 1997, From National Embeddedness to Spatial and Institutional Nestedness, in Hollingsworth, J.R. and Boyer, R. (editor), **Contemporary Capitalism: The Embeddedness of Institutions**, Cambridge University Press, Cambridge.
- Blusse, L., 1990, **The Role of Indonesian Chinese in Shaping Modern Indonesian Life: a Conference in Retrospect**, in Proceedings of the Symposium the Role of the Indonesian Chinese in Shaping Modern Indonesian Life, 13 – 15 July 1990, Cornell University and Southeast Asian Studies Summer Institute.
- Brown, C., 1998, Overseas Chinese Business in Southeast Asia, in Sheridan, K. (editor), **Chinese Business Enterprise in Asia**, Routledge, London.
- Carney, Michael, 1998, A Management Capacity Constraint? Obstacles to the Development of the Overseas Chinese Family Business, **Asia Pacific Journal of Management**, Vol. 15, pp. 137-162.
- Carney, Michael, and Gedajlovic, Eric, 2003, Strategic Innovation and the Administrative Heritage of East Asian Family Business Group, **Asia Pacific Journal of Management**, 20, pp. 5-26.
- Chalmer, I, 1997, Introduction, in Chalmers, I., and Hadiz, V.R. (editor), **The Politics of Economic Development in Indonesia: Contending Perspectives**, Routledge, London, pp. 1-35.
- Chau, T.T., 1991, Approaches to Succession in East Asian Business Organizations, **Family Business Review**, Vol. IV, No. 2, pp. 161-179.
- Chee, P.L., 1992, Potential and Problems of SMI. In Kim, S.J., and Suh, J.W., (editor) Cooperation in Small and Medium Scale Industries in ASEAN, **Asia and Pacific Development Centre**, Kuala Lumpur, pp. 29-51.
- Choi, Frederick D.S. and Meek, Gary K., 2008, **International Accounting**, 6th edition, Pearson International Edition.

- Christiananta, Budiman, 1986, **Human Resources Development in Indonesia, Policies and Practices in East Java Manufacture Industries**, PhD Dissertation, Edinburgh University.
- Christiananta, Budiman 1994, **The Effect of Culture Value System on Management in Indonesia**, paper on Seminar at University of Airlangga.
- Claessens, S., 1998, **Systematic Bank and Corporate Restructuring: Experience and Lessons for East Asia**, World Bank, Washington.
- Chu, C.N., 1991, **The Asian Mind Game**, MacMillan Publishing Company, New York.
- Crawford, D., 2000, Chinese Capitalism: Cultures, the Southeast Asian Region and Economic Globalization, **Third World Quarterly**, Vol. 21, No. 1, pp. 69-86.
- Dieleman, Marleen and Sachs, Wladimir, 2006, Oscillating between a Relationship-Based and a Market-Based Model: The Salim Group, **Asia Pacific Journal of Management**, 25, pp. 521-536.
- d'Iribarne, Philippe, 1989, *La logique de l'honneur: Gestion des entreprises et traditions nationales*, Paris.
- Drucker, P., 1995, **Managing in a Time of Great Change**, Butterworth-Heinemann, Oxford, Great Britain.
- Drucker, P., and Nakauchi, I., 1997, **Drucker on Asia**, Butterworth-Heinemann, London.
- Efferin, Sujoko, and Hopper, Trevor, 2007, Management Control, Culture and Ethnicity in a Chinese Indonesian Company, **Accounting, Organizations and Society**, 32, pp. 223-262.
- Fryer, D.W., and Jackson, J.C., 1977, **Indonesia**, Ernest Benn Ltd., London
- Fukuyama, F., 1995, **Trust: The Social Virtues and the Creation of Prosperity**, Penguin Books, London.
- Haley, G.T., Tan, C.T. and Haley, C.V., 1998, **New Asian Emperors: the Overseas Chinese, Their Strategies and Competitive Advantage**, Butterworth-Heinemann, Oxford.
- Hampden-Turner, Charles and Trompenaars, Alfons, 1993, **The Seven Cultures of Capitalism**, Double Day Dell Publishing, New York.

- Harris, P.R. and Moran, R.I., 1979, **Managing Cultural Differences**, Gulf Publishing Company, Houston, Texas.
- Hefner, Robert, 1998, Introduction: Society and Morality in the New Asian Capitalism, in Hofner, Robert, **Market Cultures, Society, and Morality in the New Asian Capitalism**, Westview Press, Boulder Colorado,
- Heryanto, A., 1997, Silence in Indonesian Literacy Discourse: The Case of the Indonesian Chinese, **Sojourn**, 12, pp. 26-45.
- Heryanto, A., 1998, Ethnic Identities and Erasure: Chinese Indonesians in Public Culture, in **Southeast Asian Identities: Culture, and the Politics of Representation in Indonesia, Malaysia, Singapore, and Thailand**, Institute of Southeast Asian Studies, Singapore, pp. 95-114.
- Hill, H., 1996, **The Indonesian Economy since 1966: Southeast Asia's Emerging Giant**, Cambridge University Press, Cambridge
- Hill, H. and Mackie, J., 1994, Introduction, in Hill, H. (editor) **Indonesia's New Order: The Dynamics of Socio-economic Transformation**, Allen and Unwin, St. Leonards, pp. xxii-xxxv.
- Hodder, R., 1996, **Merchant Princess of the East: Cultural Delusions, Economic Success and the Overseas Chinese in Southeast Asia**, John Wiley and Sons, Chichester.
- Hodgetts, R.M. and Luthans, F., 1991, **International Management**, McGraw-Hill, Singapore.
- Hofstede, G., 1991, **Cultures and Organizations: Software of the Mind**, 1st edition, McGraw-Hill
- Hofstede, G., 2007, **Asian Management in the 21st Century**, Asia Pacific Journal of Management, 24, pp. 411-420.
- Hofstede, G. and Hofstede, G.J., 2005, **Cultures and Organizations: Software of the Mind**, 2nd edition, McGraw-Hill, New York.
- Hofstede, G., and Bond, M.H., 1988, The Confucius Connection: from Cultural Roots to Economic Growth, **Organizational Dynamics**, Vol. 16, No. 4, pp. 4-21.
- Hofstede, G, 1980, **Culture's Consequences: International Differences in Work-Related Values**, Sage, Beverly Hills, California.

- Hoon-Halbauer, S.K., 1994, **Management of Sino-Foreign Joint Venture**, Lund University Press, Lund, Sweden.
- Hoon, Chang-Yau, 2006, **Assimilation, Multiculturalism, Hybridity: The Dilemmas of the Ethnic Chinese in Post-Suharto Indonesian**.
- James, K., 1988, Marketing Factors Affecting Small and Medium Business in the ASEAN Region, in James, K., and Akrasanee, N. (editor) **Small and Medium Business Improvement in the ASEAN Region: Marketing Factors**, Field Report Series, No. 20, ASEAN Economic Research Unit, Institute of South East Asean Studies, Singapore, pp. 1-18.
- Jansson, H., 1987, **Affärskulturer Och Relationer Sydötasien (Business Cultures and Relations in South East Asia)**, Marknadstekniskt Centrum, Stockholm, No. 29.
- Kao, J., 1993, The Worldwide Web of Chinese Business, **Harvard Business Review**, Vol. 71, No. 2, pp. 24-36.
- Kartajaya, Hermawan, 1994, Z Theory-an Alternative for Indonesia Management, paper on Seminar at University of Airlangga.
- Khanna, T., and Palepu, K., 1999, The Right Way to Restructure Conglomerates in Emerging Markets, **Harvard Business Review**, 77, pp. 125-134.
- Koentjaraningrat, 1976, Multi Colour of Indonesia Human and Culture during Development Period, in Koentjaraningrat, **Human and Culture in Indonesia**, 2nd edition, Djambatan, Jakarta
- Koentjaraningrat, 1993, **Culture, Mentality and Development**, Gramedia Pustaka Utama, Jakarta.
- Kompas, 22 Mei 2004.
- Koning, Juliette, 2007, Chineseness and Chinese Indonesian Business Practices: a Generational and Discursive Enquiry, **East Asia**, 24, pp. 129-152.
- Kuo, E.C.Y., 1986, Confucianism and the Family in an Urban-Industrial Society, in Slote, W. (editor), **The Psycho-Cultural Dynamics of the Confucian Family: Past and Present**, International Cultural Society of Korea, Seoul.
- Landa, J.T., 1983, The Political Economy of the Ethnically Homogeneous Chinese Middleman Group in Southeast Asia: Ethnicity and Entrepreneurship in Plural Society, in Lim, L.Y.C. and Gosling, L.A.P.

- (editor), **The Chinese in Southeast Asia**, Vol. 1: Ethnicity and economic Activity, Maruzen Asia, Singapore, pp. 89-104.
- Lasserre, P., and Schütte, H., 1995, **Strategies for Asia Pacific**, MacMillan Press Ltd., London.
- Liang, S., 1974, **The Basics of Chinese Culture**, Zhicheng Books, Hong Kong.
- Lien, Diao Ai, and Mely Tan, 2004, Indonesia, in Gomez, E. T. and Hsiao, H-H. M. (editor), **Chinese Business in Southeast Asia: Contesting Cultural Explanations**, Researching Entrepreneurship, Routledge Curzon, London.
- Lim, L.Y.C., 2000, Southeast Asian Chinese Business: Past Success, Recent Crisis, and Future Evolution, **Journal of Asian Business**, Vol. 16, No. 1, pp. 1-14.
- Limlingan, V.S., 1986, **The Overseas Chinese in ASEAN: Business Strategies and Management Practices**, Vita Development Corporation, Manila.
- Limlingan, V.S., 1992, Chinese Ethnic Entrepreneurs in South East Asia: a Reliable Business Actor, in Marbun, B.N., **Pusparagam Manajemen Indonesia dan Bisnis Cina di Asia Tenggara**, Pustaka Binaman Pressindo, Jakarta.
- Jones, G. and Rose, M.B., 1996, **Family Capitalism**, Business History, Vol. 35, No. 4, pp. 1-16.
- Mackie, J., 1998, Business Success among Southeast Asian Chinese: The Role of Culture, values, and Social Structures, in Hefner, R., W. (editor), **Market Cultures: Society and Morality in the New Asian Capitalism**, West view Press, Boulder.
- Mackie, J., 1992, Changing Patterns of Chinese Big Business in Southeast Asia, in Mcvey R. (editor), **Southeast Asian Capitalists**, Ithaca, Southeast Asia Programme, Cornell University, New York.
- MOW International Research Team, 1987, **The Meaning of Working**, Academic Press, New York.
- Naisbitt, J., 1995, **Megatrend Asia**, Nicholas Brealey Publishing, London.
- Paramita, Budhi, 1989, **Masalah Keselarasan Budaya dan Manajemen di Indonesia**, Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia.

- Peng, M.W., 2003, Institutional Transition and Strategic Choices, **Academy of Management Review**, Vol. 28, No. 2, pp. 275-296.
- Porter, Michael E., 1993, **Competitive Advantage**, MacMillan Publisher.
- Prior, A, and Kirby, M., 1993, The Society of Friends and the Family Firm 1700-1830, **Business History**, Vol. 35, No. 4, pp. 66-85
- Prowse, S., 1998, Corporate Governance: Emerging Issues and Lessons from East Asia, World Bank, Washington.
- Read, R., 1993, **Politics and Policies of National Economic Growth**, unpublished PhD dissertation, Stanford University.
- Redding, S.G., 1993, **The Spirit of Chinese Capitalism**, Walter de Gruyter, Berlin.
- Redding, S.G., 1987, The study of managerial ideology among overseas Chinese owner — Managers, **Asia Pacific Journal of Management**, May 1987, Volume 4, Issue 3, pp 167-177
- Kebudayaan dan Perilaku Kewirausahaan di Kalangan Cina Perantauan, dalam Marbun, B.N., **Pusparagam Manajemen Indonesia dan Bisnis Cina di Asia Tenggara**, Pustaka Binaman Pressindo, Jakarta.
- Rickleffs, M.C., 1993, **A History of Modern Indonesia since century 1300**, 2nd edition, Macmillan, London
- Robison, R., 1986, **Indonesia: the Rise of Capital**, Allen and Unwin, North Sydney, Australia
- Rohwer, J., 1995, **Asia Rising**, Butterworth: Heinemann Asia, Singapore.
- Samovar, L.A., Porter, R.E., and Jain, N.C., 1981, **Understanding Intercultural Communication**, Wadsworth Publishing Company, Belmont, California.
- Sarwono, Slamet S., and Armstrong, Robert W., 2001, Microcultural Differences and Perceived Ethical Problems: an International Business Practices, **Journal of Business Ethics**, March, Vol. 30, No. 1, pp. 41-56.
- Schwartz, A., 1994, **A Nation in Waiting: Indonesia in 1990s**, Allen and Unwin, St. Leonard.
- Seagrave, S., 1996, **Lords of the Rim**, Corgi Books, London.

- Sheh, S.W., 1993, **Chinese Values and Organizational Practices: Singapore and Malaysia**, Thesis for completion Maste of Science (Management) in National University of Singapore, Singapore.
- Sheh, S.W., 1995, **Chinese Management**, MPH Distributors, Selangor, Malaysia.
- Sherriff, T.K.L., 1989, **Culture, Manipulative Power and Channel Management: the Chinese Experience**, paper on the 2nd International Conference on Comparative Management, National Sun Yat-Sen University, Taiwan, 4-6 June.
- Simatupang, T.B., 1992, Manajemen dalam Negara Pancasila yang Membangun: Perumusan dan Pemikiran, dalam Marbun, B.N., **Pusparagam Manajemen Indonesia dan Bisnis Cina di Asia Tenggara**, Pustaka Binaman Pressindo, Jakarta.
- Skinner, G.W., 1963, The Chinese Minority, in McVey, R.T. (editor), **Indonesia**, New Heaven: Southeast Asia Studies, Yale University.
- Suryadinata, L., 2002, **Negara dan Etnis Tionghoa: Kasus Indonesia**, LP3S, Jakarta
- Tanaka, Y., Mori, M., and Mori, Y., 1992, **Overseas Chinese Business Community in Asia: Present Conditions and Future Prospects**, Pacific Business and Industries, II, pp. 2-24.
- Tanoto, Sukanto, 1992, Akuisisi Manajemen Pengalaman Seorang Pengusaha, dalam Marbun, B.N., **Pusparagam Manajemen Indonesia dan Bisnis Cina di Asia Tenggara**, Pustaka Binaman Pressindo, Jakarta.
- The Economist, 1997, **And Never the Twain Shall Meet**, 29 March, p. 73-74.
- The Economist, 1996, **Fissiparous Fortunes and Family Feuds**, 30 November, pp. 69-70.
- Vasanty, Puspa, 1976, Kebudayaan Orang Tionghoa Indonesia, dalam Koentjaraningrat (editor), **Manusia dan Kebudayaan di Indonesia**, 2nd edition, Djambatan, Jakarta.
- Wah, Sheh Seow, 2011. Chinese cultural values and their implication to Chinese management. **Singapore Management Review**, pp. 75-83.
- Wang, G., 1992, **China and the Chinese Overseas**, Times Economic Press, Singapore.

- Weggel, Oskar, 2001, **Das Auslandschinesentrum, Wirtschaftsmotor und Inspirationsquelle**, Institut für Asienkunde, Hamburg.
- Weidenbaum, M., 1996, The Chinese Family Business Enterprise, **California Management Review**, Vol. 38, No. 4, pp. 141-155.
- Westwood, R., 1997, Harmony and Patriarchy: the Cultural Basis for Paternalistic Headship among the Overseas, **Chinese Organization Studies**, Vo. 18, No. 3, pp. 445-480.
- Whitley, R., 1999, **Divergent Capitalisms: The Social Structuring and Change of Business Systems**, Oxford University Press, Oxford.
- Wijaya, Yahya, 2007, The Prospect of Familism in the Global Era: A Study on the Recent Development of the Ethnic-Chinese Business, with Particular Attention to the Indonesian Context, **Journal of Business Ethics**, 79, Spring, pp. 311-317.
- Willet, Roger; Baydoun, Nabil; dan Nishimura, Akira, 1997, Environmental Considerations in Studying Accounting in the Asia-Pacific Region, in Baydoun, Nabil; Nishimura, Akira; dan Willet, Roger (editor), **Accounting in the Asia-Pacific Region**, John Wiley and Sons (Asia) Pte Ltd., Singapore.
- Wong, S., 1995, Business Networks, Cultural Values and the State in Hong Kong and Singapore, in Brown, R.A., (editor) **Chinese Business Enterprise in Asia**, Routledge, London, pp. 136-153.
- Wong, S.L., 2000, Transplanting Enterprise in Hong Kong, in Yeung H.W.C. and Olds, K. (editor), **Globalization of Chinese Business Networks**, De Gruyter, Berlin.
- Wren, Daniel A., 1994, **The Evolution of Management Thought**, 4th edition, John Wiley and Sons, Inc., Canada.
- Yang, B., 1991, **The Ugly Chinaman and the Crisis of Chinese Culture**, Allen and Unwin, St. Leonard, Australia.
- Yen, Ching Hwang, 1995, Studies in Modern Overseas Chinese History, **Times Academic Press**, Singapore
- Yeung, H.W.C., 2000, Strategic Control and Coordination in Chinese Business Firms, **Journal of Asian Business**, Vol. 16., No. 1, pp. 95-120.

Young, Kathryn, 1994, **American and Indonesian Management: Creating Cultural Synergy**, working papers, Japan Policy Research Institute

Department of Management Faculty Of Business and Economics Universitas Surabaya

CHALLENGES AND OPPORTUNITIES OF THE LEADING EDGE IN WORLD CLASS SUPPLY CHAIN MANAGEMENT



PROCEEDING

THE 10th INTERNATIONAL ANNUAL SYMPOSIUM
ON MANAGEMENT

**CHALLENGES AND
OPPORTUNITIES OF THE
LEADING EDGE IN WORLD CLASS
SUPPLY CHAIN MANAGEMENT**

Bali, March 16th, 2013

Department Of Management
Faculty of Business and Economics
Universitas Surabaya

FOREWORD

This proceeding is a compilation of papers submitted for **The 10th International Annual Symposium on Management** (Insyma) conducted by the Department of Management, Faculty of Business and Economics, Universitas Surabaya. This year's theme of the symposium is **Challenges and Opportunities of the Leading Edge in World Class Supply Chain Management**.

In this opportunity, we would like to share our grateful to the institutions (National and abroad) who send their lecturer or researcher to our symposium. This symposium is to provide a sharing forum for researcher, academics, and practitioners engaged in basic and applied research in Supply Chain Management. This theme represents an emerging and highly challenging and opportunities area of research and practice. One of the most significant paradigm shifts of modern business management is that individual business no longer compete as solely autonomous entities, but rather as supply chains. Business management has entered the era of internetwork competition. In this emerging competitive environment, the ultimate success of the single business will depend on management's ability to integrate the company's intricate network of business relationships. The supply chain is not a chain of businesses with one-to-one, business-to-business relationships, but a network of multiple business and relationships. SCM deals with total business process excellence and represents a new way of managing the business and relationships with other members of the supply chain. Successful supply chain Management requires cross-functional integration must play a critical role. The challenge is to determine how to successfully accomplish this integration.

This symposium aims to bring together different points of view from academics, business practitioners, government agencies, and international institutions with the ultimate goal to share and disseminate various ideas and practices in Supply Chain Management.

Finally, we hope that this compilation of papers, ranging from a conceptual work to an empirical research, can enrich our perspective in supply chain management and its application in creating higher level of competitiveness.

Bali, March 16th, 2013

Proceeding

The 10th UBAYA International Annual Symposium on Management

CHALLENGES AND OPPORTUNITIES OF THE LEADING EDGE IN WORLD CLASS SUPPLY CHAIN MANAGEMENT

Editors:

Werner R. Murhadi, Dr
Prita Ayu, MM

Reviewers:

Candra S. Chayadi, Ph.D. (School of Business, Eastern Illinois University)
Dudy Anandya, Dr (Universitas Surabaya)
Joniarto Parung, Ph.D, Prof. (Universitas Surabaya)
Ning Gao, Ph.D. (Manchester Business School)
Wahyu Soedarmono, Ph.D. (Research Analyst, The World Bank, Jakarta)
Yuanto Kusnadi, Ph.D. (City of Hongkong University)

Published by:

Department of Management, faculty of Business & Economics
Universitas Surabaya
Jl. Raya Kalirungkut
Surabaya, Indonesia 60293
Phone : +62-31-2981139
Fax : +62-31-2981239

ISBN: 978-979-99365-7-8

Copyright © 2013 Department of Management, faculty of Business & Economics, Universitas Surabaya

TABLE OF CONTENTS

FOREWORD.....	iii
TABLE OF CONTENTS.....	iv
1. THE EFFECT OF FINANCIAL RATIOS TO STOCK PRICE IN SEVERAL COMPANIES LISTED IN SRIKEHATI GROUP IN INDONESIA STOCK EXCHANGE Rosemarie Sutjiati Njotoprajitno.....	1
2. HIERARCHICAL INNOVATION MODEL DEVELOPMENT IN INDONESIAN PHARMACEUTICAL INDUSTRI Syuhada Sufian.....	2
3. PLACEMENT EFFECTIVENESS OF AUTOMATIC TELLER MACHINE ON INDONESIAN PRIVATE BANKING Victor Wianto, Agus Zainul Arifin.....	3
4. FACTORS INFLUENCING THE SUPPLY CHAIN PERFORMANCE (A STUDY OF MANUFACTURING FIRMS IN INDONESIA) Lina Anatan.....	4
5. CONSUMER BEHAVIOR AND INDONESIAN VALUES SCALE: VALIDATION AND SHORT-FORM SCALE DEVELOPMENT Sabrina O. Sihombing.....	5
6. CONTRASTING REFLECTIVE AND FORMATIVE MODELS ON E-SERVICE QUALITY: AN EMPIRICAL STUDY Jessica Adelaide Gusti, Sabrina O. Sihombing.....	6
7. THE PREDICTIVE MODEL OF RELATIONSHIP BETWEEN ROLE STRESS, PERSONALITY, AND SALES PERFORMANCE IN SERVICES MARKETING Verina H. Secapramana.....	7

8. EFFECT OF COMPETENCE, TRAINING, MOTIVATION EMPLOYEE PERFORMANCE AGAINST PT THIESS CONTRACTORS INDONESIA AT BALIKPAPAN Didik Hadiyatno, Misna Ariani.....	8
9. POLICY INTEGRATION FOR HOUSEHOLD WASTE MANAGEMENT THROUGH ESTABLISHMENT OF WASTE BANK Etty Soesilowati, Sri Utami.....	9
10. THE ROLE OF EVENT SPONSORSHIP IN PROMOTING TOURIST ENTHUSIASM (STUDIES IN SEMARANG GREAT SALE EVENT) Yudi Pramudiana, Arinda Ike Wardhani.....	10
11. DEVELOPING A CONCEPTUAL MODEL OF HOTEL'S NETWORK OF BUSINESS RELATIONSHIPS IN THE HOTEL INDUSTRY: THE CASE OF HOTELS IN BALI, INDONESIA Nyoman Indah Kusuma Dewi.....	11
12. THE EXISTING MODEL IDENTIFICATION OF <i>CUCURBITA Sp</i> (YELLOW PUMPKIN) AGRO INDUSTRY SUPPLY CHAIN MANAGEMENT IN GETASAN SUB-DISTRICT, SEMARANG REGENCY Agustine Eva Maria Soekesi, Meniek Srining Prapti, Inneke Hantoro, Alberta Rika Pratiwi.....	13
13. THE ANALYSIS OF INTERNAL AND EXTERNAL FACTORS IN FORMULATING COMPETITIVE STRATEGIES ON SKULL-CAP AND TAMBOURINE INDUSTRIES IN BUNGAH VILLAGE - GRESIK Sri Setyo Iriani, Monika Tiarawati.....	15
14. MOTIVATIONAL FACTORS, ENTREPRENEURSHIP, ETHNICITY, AND PARENTAL BACKGROUND: EVIDENCE FROM THE BLOK M SQUARE ELECTRONIC CENTER, JAKARTA, INDONESIA Agung Wahyu Handaru, Widya Parimita, Inna Hadza Sabila	17
15. THE INFLUENCE OF TOTAL QUALITY MANAGEMENT (TQM) APPLICATIONS TO SALES RAISING AT PT. KERETA API	

INDONESIA (PERSERO) BANDUNG THE 2 ND OPERATIONS AREA R. Ait Novatiani, Pondang.....	18
16. INFLUENCE OF PARTNERSHIP STRATEGIC TO PERFORMANCE OF PRIVATE COLLEGE IN BANDUNG Dini Arwati, Dini Verdania.....	19
17. EFFECT OF RELATIONAL QUALITY AND ENTREPRENEUR ORIENTATION TOWARD FRANCHISEE PERFORMANCE IN INDONESIA Lim Sanny.....	20
18. INFLUENCE OF TRUST IN SUPPLIER AND TRUST IN BRAND ON THE PURCHASE AND ATTITUDINAL LOYALTY FOR RETAILER AT PT SINAR SOSRO IN SURABAYA Christina Esti Susanti.....	21
19. EFFECT CAPITAL ADEQUANCY RATIO (CAR) AND NON PERFORMING LOAN (NPL) ON RETURN ON ASSET (ROA) BANKING IN INDONESIA (SURVEY ON INDONESIA STOCK EXCHANGE /IDX) Rima Rachmawati, Priska Amelia.....	23
20. CASE STUDY: A PROJECT OF IMPROVEMENT ON THE DESIGN OF JOBS/WORKS FOR PROFESSIONAL WORKERS AT PT. BUKIT BATUBARA TBK – THE YEAR OF 2011/2012 WITH RECOMMENDATION: IMPLEMENTATION OF A CONTRIBUTOR MODEL IN CAREER MANAGEMENT FOR PROFESSIONAL WORKERS T. Soemarman.....	24
21. IMPACT OF INTELLECTUAL CAPITAL ON THE FIRM'S MARKET VALUE: THE MEDIATION ROLE OF FINANCIAL PERFORMANCE (EMPIRICAL STUDY FROM THE INDONESIAN BANKING COMPANIES SINCE 2007-2011) Sri Harryani, Bagus Nurcahyo, Renny Nur'aini.....	26

22. THE EFFECT OF ECONOMIC GROWTH ON THE NUMBER OF POOR PEOPLE IN INDONESIA, PERIOD 1994-2010 Sugiartiningsih.....	28
23. CLUSTER BUSINESS DEVELOPMENT AT THE MICRO, SMALL AND MEDIUM ENTERPRISES Wasifah Hanim.....	29
24. PRODUCT QUALITY CONTROL PROFILE ON LASEM <i>BATIK</i> CENTRE Agustine Eva Maria Soekesi.....	30
25. BETTER INVESTMENT CHOICE IN CRISIS AND AFTER CRISIS: STOCK VERSUS GOLD Eka Darmadi Lim, Liliana Inggrit Wijaya.....	32
26. CAN INNOVATION OF TIME DRIVEN ABC SYSTEM REPLACE CONVENTIONAL ABC SYSTEM? Tan Ming Kuang.....	33
27. COST EFFECTIVENESS ANALYSIS OF DIURETICS THERAPY FOR ASCITES IN HEPATIC CIRRHOSIS PATIENTS AT ADI HUSADA UNDAAN WETAN HOSPITAL IN SURABAYA Doddy de Queljoe, Amelia Lorensia, Indri purnama Putri	34
28. EXAMINING VIRTUAL RECRUITING ENVIRONMENT FEATURES OF INDONESIA CORPORATE WEB SITE Yenny Purwati, Rosaly Franksiska, Eristia Lidia Paramita	36
29. THE EFFECTS OF INTERPERSONAL COMMUNICATION AND MOTIVATION TO PRODUCTIVITY OF EMPLOYEES AT HOTEL MULIA JAKARTA I Gede Adiputra.....	38
30. THE SURVIVAL OF SMALL RESTAURANTS: MICRO ANALYSIS OF NON CLASSIFIED RESTAURANTS IN KUTA SELATAN, BALI Ida Bagus Made Wiyasha, Ni Luh Suastuti.....	39

31.	SUPPLY CHAIN MANAGEMENT: STRATEGY IN INFORMATION TECHNOLOGY TO REDUCE COST Meythi, Riki Martusa.....	40
32.	EVALUATING THE FINANCIAL PERFORMANCE USING THE GROWTH OF EPS, CFO, AND EVA AND THEIR IMPACT TO THE STOCK RETURN OF LISTED TELECOMMUNICATION INDUSTRY IN BEI Suskim Riantani, Harry Setyo Negoro, Alfiah Hasanah.....	41
33.	EFFECT OF APPLICATION CORPORATE SOCIAL RESPONSIBILITY ON IMAGE PT . ANTAM UNIT PASCATAMBANG KIJANG Sutama Wisnu D, Budi Astuti.....	42
34.	LEADERSHIP AND FIVE STAGE MODEL OF ORGANIZATION GROWTH AT UD "RAMA JAYA" May Eka Saputri, Liliana Inggrit Wijaya.....	43
35.	VALUE CHAIN CONCEPT ON STRATEGIC CSR PROGRAM: A CASE STUDY OF MARTHA TILAAAR GROUP Dianne Frisko.....	44
36.	DEFINE THE CRITERIA TO IDENTIFY CORE AND NON-CORE ACTIVITIES TO LEVERAGE THE COMPANY'S COMPETITIVENESS AND STRENGTHENING THE PARTNERSHIP WITH OTHERS Alain Widjanarka.....	45
37.	DETERMINANTS OF THE DECISION TO BUY AND SELL MUTUAL FUNDS IN INDONESIA Irene Rini Demi Pangestuti.....	46
38.	A COMPARATIVE STUDY ON RETURN STOCKS BETWEEN VALUE STOCKS AND GROWTH STOCKS IN THE GO PUBLIC COMPANIES AT THE INDONESIAN STOCK EXCHANGE (PERIOD OF 2006-2010) Panji Aditya Evindo, Nadia Asandimitra Haryono.....	47

39.	FOREIGN DIRECT INVESTMENT IN ASEAN, 1994-2010: DOES THE CHINA EFFECT EXIST? Yulius Pratomo.....	48
40.	THE RELATIONSHIP BETWEEN THE LEVEL OF THE USE OF ERP SYSTEM, SCM, STRATEGIC ALIGNMENT, AND FIRM PERFORMANCE USING BALANCED SCORECARD APPROACH Weli Imbri.....	49
41.	INTERNAL AUDIT QUALITY ROLE IN IMPROVING EFFECTIVENESS OF QUALITY MANAGEMENT SYSTEM ISO 9001:2000 (Case Study PT INTI Bandung) Christine Dwi K.S., Sondang M.R., Adriana Oktarina Sembiring.....	50
42.	THE IMPACT OF RELATED PARTIES' TRANSACTIONS TO MARKET VALUATION OF FIRMS Niki Jayanthi, Felizia Arni Rudiawarni.....	52
43.	TRANSITION OF IFRS IN INDONESIA: FINANCIAL POSITION, FINANCIAL PERFORMANCE AND KEY FINANCIAL INDICATORS EFFECTS Stephanie Susilo, Felizia Arni Rudiawarni.....	53
44.	INFLUENCE OF JOB MOTIVATION AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE IN ASURANSI JIWA BERSAMA (AJB) BUMIPUTERA 1912 SURABAYA REGIONAL OFFICE Agus Frianto, Ayu Septirini.....	55
45.	INNOVATION SUCCESS IN SMALL BUSINESS CONTEXT: AN EMPIRICAL EVIDENT FROM INDONESIA Aluisius Hery Pratono, Suyanto.....	56
46.	FACTORS INFLUENCE INDONESIAN YOUNG CONSUMERS' ONLINE PURCHASE INTENTION IN SOCIAL MEDIA WEBSITES Levina Rolanda Tjia, Christina R. Honantha.....	57
47.	CAREER DEVELOPMENT OF CREATIVITY REVIEWED, AND COURAGE IN BUSINESS INNOVATIVE MULTI-LEVEL	

MARKETING (MLM) DISTRIBUTOR ORIFLAME DENPASAR Luh Kadek Budi Martini.....	58
48. ANALYSIS OF THE MACRO ECONOMIC INFLUENCE FACTORS FINANCIAL AND PERFORMANCE COMPANY TO BUILD A MODEL PREDICTION BANKRUPTCY (STUDY AT LISTED COMPANIES IN IDX FOR YEAR 1999-2010) M. Sienly Veronica.....	59
49. EARNINGS MANAGEMENT TREND TOWARD COAL COMPANY LISTED IN THE INDONESIA STOCK EXCHANGE WHICH EXPECTED TO BANKRUPTCY BY USE THE ALTMAN Z-SCORE MODEL, SPRINGATE MODEL AND ZMIWISKY MODEL IN PERIOD 2009-2011 Suciaty Debora Ridwan, M.Sienly Veronica.....	61
50. FIRM CHARACTERISTICS, INTELLECTUAL CAPITAL, AND ENVIRONMENTAL PERFORMANCE (EMPIRICAL EVIDENCE FROM LISTED COMPANIES IN INDONESIA) Ni Wayan Rustiarini.....	62
51. IMPROVING COMPANY'S COMPETITIVE ADVANTAGES BY IDENTIFYING WASTE IN THE PRODUCTION PROCESS CASE STUDY AT WATOETOELIS SUGAR MANUFACTURER IN SIDOARJO Tuwanku Aria Auliandri.....	63
52. GAUGING THE FINANCIAL PERFORMANCE OF BANKING USING CAMEL MODEL: THE PROSPECT OF ISLAMIC BANK IN INDONESIA ACCORDING TO PUBLIC TRUST COMPARED WITH CONVENTIONAL BANK Yohanna Handjaja, Deddy Marciano, Liliana Inggrit Wijaya	65
53. THE INFLUENCE OF MANAGEMENT PERFORMANCE AND INTELLECTUAL CAPITAL TOWARD THE FIRM VALUE Agus Wahyudi Salasa Gama, Ni Wayan Eka Mitariani.....	66

54. THE ROLE OF POWER AND CONFLICT RESOLUTION IN SUPPLY CHAIN RELATIONSHIPS: SMALL AND MEDIUM-SIZED ENTERPRISES CONTEXT Amak Mohamad Yaqoub, Indri Apriani Rahma Pratama...	67
55. THE INFLUENCE OF PROSPECTOR AND DEFENDER STRATEGIES ON PERFORMANCE WITH DIMENSIONS OF SOCIAL CAPITAL AS MODERATING VARIABLES Bambang Suko Priyono.....	68
56. ACTIVITY PERFORMANCE ANALYSIS OF SUPPLY CHAIN PERFORMANCE OF ACTIVITY MODEL APPROACH STUDY AT UKM KRIPIK BUAH KEBONSARI Choirum Rindah Istiqaroh, Saraswati Budi Utami.....	69
57. THE INFLUENCE OF FINANCIAL PERFORMANCE {EPS (EARNING PER SHARE), PER (PRICE EQUITY) AND ROA (RETURN ON ASSETS)} TO SHARE PRICE INDEX EARNING RATIO), DPR (DEVIDENT PAYOUT RATIO), ROE (RETURN ON EQUITY) AND ROA (RETURN ON ASSETS)} TO SHARE PRICE INDEX Dheo Rimbano, Sardiyo, Maulana.....	71
58. THE RELEVANCY OF USING WEBSITE FOR PROMOTING HEALTH CARE PRODUCT AND SERVICES Edo Sri Harsanto, Naafilah Lailatirrohman.....	73
59. EMOTIONAL ATTACHMENT AS A MEDIATOR OF THE RELATIONSHIP BETWEEN SERVICE QUALITY AND EMOTIONAL BRAND Rendy May Fandi, Efendi.....	74
60. MALMI AND BROWN'S MANAGEMENT CONTROL SYSTEM IN PRODUCTION AREA: A CASE STUDY IN PT DS SURABAYA Fandy San Kartawidjaja, Fidelis Arastyo Andono.....	75
61. THE EFFECT OF FINANCIAL CONDITION, THE FAILURE OF DEBT RATIO, FIRM SIZE AND PUBLIC ACCOUNTING	

REPUTATION ON ACCEPTANCE OF GOING CONCERN OPINION Hendro Lukman, Stevanus Adree Cipto Setiawan.....	76	69. TOTAL QUALITY MANAGEMENT IN EDUCATION (TQME): PROSPECTIVE STRATEGY FOR HIGHER EDUCATION INSTITUTION Ratna Widiastuti.....	84
62. EFFECT OF INVESTMENT OPPORTUNITY SET ON CASH DIVIDEND POLICY WITH AVERAGE OF SALES GROWTH ON EVERY LIFE CYCLE AS A MODERATING VARIABLE (STUDIES ON MANUFACTURING COMPANIES IN INDONESIA STOCK EXCHANGE) I Dewa Made Endiana.....	77	70. THE ROLE OF ENVIRONMENTAL UNCERTAINTY AND IMPLEMENTATION SUPPLY CHAIN FOR INCREASING COMPETITIVE ADVANTAGE MANUFACTURING INDUSTRIES IN EAST JAVA Sahnaz Ubud.....	85
63. THE EFFECT OF AGE, LEVEL OF EDUCATION, AUDITORS WORK EXPERIENCE AND TYPE OF BUSINESS CLIENT ON THE AUDIT DELAY PUBLIC ACCOUNTANT IN BALI I Gede Cahyadi Putra.....	78	71. INCREASING WHOLESALE CENTERS ROLE AS PART OF SUPPLY CHAIN MANAGEMENT OF SMES Kabul Wahyu Utomo, Ludwina Harahap, Lely Dahlia...	86
64. GOOGLE SEARCH TRAFFIC AND IT'S INFLUENCE ON RETURN, LIQUIDITY AND VOLATILITY OF STOCK RETURN EMPIRICAL STUDY: MANUFACTURING FIRMS IN INDONESIA STOCK EXCHANGE Berto Usman, Eduardus Tandelilin.....	79	72. COLLECTIVE ENTREPRENEURSHIP PARADIGM AS A PATTERNSFOR COOPERATIVE DEVELOPMENT IN KULONPROGO REGENCY, 2013 Lely Dahlia.....	87
65. PENETRATING INDONESIAN BANK ASSURANCE MARKET: STRATEGIC MANAGEMENT, PT. ASURANSI CIGNA – INDONESIA STYLE Suresh Kumar, Randy Prasetyo.....	80	73. THE EVALUATION OF USING IMPORTANCE PERFORMANCE ANALYSIS (IPA) TO DESIGN SERVICE EXCELENCE PROGRAM Mudiantono, Rizal Hari Magnadi.....	89
66. COLLABORATION STRATEGY ON INDUSTRIAL CLUSTER (THE NEW STRATEGY OF THE NEW ERA) Noviaty Kresna Darmasetiawan.....	81	74. IMPROVEMENT BANK CUSTOMER SATISFACTION WITH SERVICE QUALITY ABSTRACT Yetty Dwi Lestari.....	90
67. FISH DISTRIBUTION SYSTEM DESIGN (CASE STUDY: FISH AUCTION PLACE SIDOARJO) Verani Hartati, Wiwik Sulistiyowati.....	82	75. STRATEGIES TO IMPLEMENT THE CHANGES IN THE BASIS OF CASH TRANSFER FROM A HOUSEHOLD-BASE TO A FAMILY- BASE: THE CASE OF PKH IN INDONESIA Muhammad Nashihin.....	91
68. SELF-CONCEPT AND SELF-EFFICACY FOR BUILDING AN ACADEMIC PERFORMANCE: SISTEMATIC REVIEW APPROACH Jun Surjanti, Dwiarko Nugrohoseno, Sanaji.....	83	76. CORPORATE GOVERNANCE, SUSTAINABILITY, AND ISLAMIC BANKING PERFORMANCE Rohmawati Kusumaningtias.....	92

77.	THE ROLE OF INSURANCE AGREEMENT AS PART OF RISK MANAGEMENT IN INDONESIA BUSINESS ACTIVITY Aris Armuninggar.....	93
78.	THE IMPACT OF THE USE OF OUTSOURCING EMPLOYEE AGAINST PRODUCTIVITY COMPANIES IN PT.PINDAD BANDUNG Sri Wiludjeng S. P., Muhammad Madyosa Ibrahim...	94
79.	SUSTAINABLE BUSINESS INNOVATION TO WIN THE COMPETITION A CASE STUDY OF INNOVATION BY WAYAN IN BULLFROG FARMING IN BALI Liliana Inggrit Widjaya, Dudi Anandya, Fitri Novika Wijaya	95
80.	SYSTEMATIC RISK AS MODERATOR OR MEDIATOR OF THE INFLUENCE BETWEEN MACROECONOMIC FUNDAMENTAL FACTORS AND STOCK RETURN Yeye Susilowati.....	96
81.	MANAGING GLOBAL BUSINESS BY MINIMIZING THE EFFECTS OF RUPIAH'S VOLATILITY Christina Yanita Setyawati.....	97
82.	THE PERCEPTION OF ADOPTING AN INFORMATION TECHNOLOGY INNOVATION ON THE RURAL BANKS OWNED BY LOCAL GOVERNMENT Elen Puspitasari, Ceacilia Srimindarti.....	98
83.	MODEL APPLICATION SERVICE LEVEL WITH SERVICE UNITS PER DEMANDED TYPE ON GRESIK CEMENT AND TONASA CEMENT STOCKS IN UD "TJ" DALUNG-DENPASAR-BALI Pertiwi Surya Negara, Juliani Dyah Tresnawati, Budhiman Setyawan.....	99
84.	THE EFFECTIVENESS OF INDEPENDENT COMMISSIONER IN IMPLEMENTING GOOD CORPORATE GOVERNANCE AT INDONESIA STATE-OWNED ENTERPRISES Synthia A. Sari.....	100

85.	INDONESIAN READERS' MOTIVATIONS AND ATTITUDE TOWARDS DIGITAL PRESS Christina Rahardja Honantha, Dudi Anandya, Indarini	101
86.	MANAGEMENT STYLE OF CHINESE OVERSEAS COMPANIES AND INDONESIA COMPANIES Yie Ke Feliana.....	102
87.	IMPLEMENTATION OF VALUE CHAIN ANALYSIS IN THE BROILER SUPPLY CHAIN AGRIBUSSINESS Rini Oktavera, Erna Andjani.....	103
88.	IMPACT OF DIVERGENCE BETWEEN VOTING AND CASH FLOW RIGHTS ON PEROMANCE: ULTIMATE OWNERSHIP IN INDONESIA I Putu Sugiarta Sanjaya.....	105
89.	ACTIVITY COMPLAINT HANDLING THE ENGINEERING DEPARTMENT NOVOTEL SURABAYA HOTEL & SUITES Anita Wongso, Fitri Novika Widjaja.....	106
90.	IMPLEMENTATION OF FIVE FORCES ANALYSIS IN BUSINESS START UP: CASE STUDY OF HERY FARM Maria Assumpta Evi Marlina.....	107
91.	IMPACT OF ACQUISITION OF PT. INDOSIAR KARYA MEDIA, TBK BY PT. ELANG MAHKOTA TEKNOLOGI, TBK Kazia Laturette.....	108
92.	THE INFLUENCE OF MONETARY POLICY (BI RATE) ON PROFITABILITY OF COMMERCIAL BANKS IN INDONESIA Lia Amaliawati, Edi Winarso.....	110
93.	OUTSOURCING OR INSOURCING? AN EMPIRICAL INVESTIGATION FOR CATERING OPERATION AT "NH AQIQAH" BUSINESS FIRM, SURABAYA H. Johnny Rusdiyanto.....	112

94. FACTORS THAT INFLUENCED SYNDICATED LOANS DECISIONS IN THE ASEAN OVER THE PERIOD 2006-2010
Anthony Kevin Bandonó, Deddy Marciano..... 113
95. THE APPLICATION OF FAMA AND FRENCH THREE FACTORS MODEL AND CAPITAL ASSET PRICING MODEL AT INDONESIA STOCK EXCHANGE
Mudji Utami..... 114
96. THE EFFECTS OF LOGISTICS SERVICE QUALITY AND CUSTOMER SATISFACTION TO CUSTOMER LOYALTY OF DELIVERY ORDER SERVICE IN FAST FOOD RESTAURANTS IN SURABAYA
Juliani Dyah Trisnawati, Veny Megawati, Prita Ayu Kusumawardhany..... 115
97. THE STUDY OF DYNAMIC TRADE-OFF CAPITAL STRUCTURE EXISTENCE TO THE NONFINANCIAL BUSINESS ENTITIES LISTED ON INDONESIA STOCK EXCHANGE DURING PERIOD 2007-2011
Endang Ernawati, Werner R. Murhadi..... 116
98. SCALE DEVELOPMENT AND VALIDATION OF PROCEDURAL JUSTICE CLIMATE
Joseph L. Eko Nugroho..... 117
99. LOGISTIC SERVICE QUALITY IN PT MENTARI SEJATI PERKASA (MSP) SURABAYA
Siti Rahayu, Fitri Novika, Anthony Soenardi Sudartan..... 118
100. PERCEPTION OF ACCEPTANCE KOMMUTER TRAIN SIDOARJO-SURABAYA ROUTE TO WORK PLACE AS ALTERNATIVE CHOICE ON PUBLIC TRANSPORTATION WITH PLANNED BEHAVIOR THEORY
Moh. Rofik, Nindria Untarini, Yessy Artanti..... 119
101. THE FACTORS AFFECTING THE COMPANIES CAPITAL STRUCTURE IN THE SECTOR OF INFRASTRUCTURE,

- UTILITIES, AND TRANSPORTATION LISTED ON INDO STOCK EXCHANGE DURING PERIOD 2006-2010
Julius Irianto Gunawan, Endang Ernawati.....
102. ANALYSIS EFFECT OF INCENTIVE AND COMPETENCY THE WORKING PERFORMANCE OF EMPLOYEES AT S MANAGEMENT CONSULTANT PALEMBANG
Maulana, Sardiyo.....
103. ANALYSIS OF FACTORS THAT INFLUENCE CA STRUCTURE AND TEST DIFFERENT CAPITAL STRUCTU FINANCIALLY CONSTRAINED (FC) AND NON FINANCI CONSTRAINED (NFC) (CASE STUDY MANUFACTU COMPANY IN THE STOCK EXCHANGE ON THE PERIOD 2007 TO 2009)
Siti Puryandani, Dewi Mayasari.....
104. REVEALING THE PREFERENCES IN CONVEYING I INFORMATION
Budhi Purwandaya, Eko Kusmurtanto.....
105. EFFECTIVENESS OF IT GOVERNANCE IN BANKING SECTO
Samuel David Lee, Pandam Rukmi Wulandari, Aris Budi Setyawan.....
106. THE ROLE OF LEVERAGE IN THE EFFECT OF G CORPORATE GOVERNANCE ON CORPORATE PERFORMAN
Andrea Widiyanti Maris, Samuel David Lee, Renny Nur'ainy
107. COMPETITIVE BUSINESS ENVIRONMENT, MAR ORIENTATION, STRATEGIC ORIENTATION PERFORMANCE OF SMES (EMPIRICAL STUDY ON SMALL MEDIUM INDUSTRIES PEKANBARU CITY)
Susi Hendriani, Machasin, Budi Trianto.....
108. THE EFFECT OF MACRO ECONOMIC TOWARD THE CHAN OF STOCK PRICE INDEX IN JAKARTA ISLAMIC INDEX
Lely Fera Triani, Ety Puji Lestari.....

109. DETERMINANTS OF INVESTMENT IN INDONESIA
(MACROECONOMIC ASSESSMENT WITH VAR MODEL)
Etty Puji Lestari, Lely Fera Triani..... 131
110. COMMUNICATION EFFECTIVENESS IN PT. SALIM BROTHERS
PERKASA, SIDOARJO
Elsye Tandelilin, Christina..... 132

THE EFFECT OF FINANCIAL RATIOS TO STOCK PRICE IN SEVERAL COMPANIES LISTED IN SRIKEHATI GROUP IN INDONESIA STOCK EXCHANGE

Rosemarie Sutjiati Njotoprajitno
Maranatha Christian University
email: rosemarie.sutjiati@yahoo.com

Abstract

Nowadays most or maybe all company's goal is to improve their values which are shown in stock prices. This paper tries to examine the effects of factors which affect the stock price. This paper tries to study the effect of profitability (ROE), liquidity (CR), leverage (DER, DAR), EPS, and dividend policy (DPR) to stock price in the selected group of Indonesia stock market. The group of companies examined selected from the SRIKEHATI group in Indonesian stock market. This group is formed to adopt the sustainability issues that nowadays become public concern. About how the companies in the groups attain these criteria is not discussed in the paper. The study used quantitative approach. When the statistical process was executed, CR and DER variables have to be expelled since they didn't pass the statistical test. The result shows that ROE didn't have significant effect to price while DAR, DPR, and EPS have significant effect to stock price which suggested that improvement in these financial ratios can be used as the media to improve stock price in SRIKEHATI listed companies.

Keywords: Profitability, liquidity, leverage, dividend policy, stock price

MANAGEMENT STYLE OF CHINESE OVERSEAS COMPANIES AND INDONESIA COMPANIES

Yie Ke Feliana

Department of Accounting, Faculty of Business and Economics, Universitas Surabaya
email: yiekefeliana@ubaya.ac.id

Abstract

Chinese overseas companies have dominated business in Asia and most of them were successful. Thus, it is interesting to be analysed whether this type of companies have uniqueness in managing their companies, considering there is a relationship between management and culture. This study provides a literature review on Chinese overseas management. Then, based on those previous studies the strength and weakness of this style of management are concluded. This study also points out management style of Indonesia companies based on literature review, and then provides a comparison between Chinese overseas and Indonesia company management style. The analysis is based on some theories of culture. The contribution of this study is providing insight for future study to define effective management style.

Keywords: Chinese Overseas Companies, Management Style, Culture.

<https://fbe.ubaya.ac.id>

Department of Management
Faculty of Business and Economics
Universitas Surabaya

Jl. Raya Kalirungkut, Surabaya, 60293
Ph: +62 31 298 1139 | Fax: +62 31 298 1131
email: ubayainsyma@gmail.com | managementsymposium@ubaya.ac.id

ISBN 978-979-99365-7-8



9 789799 993657

Certification of Participation

Yie Ke Feliana

Paper Presenter

in the International Annual Symposium on Management

CHALLENGES AND OPPORTUNITIES OF THE LEADING EDGE IN WORLD CLASS SUPPLY CHAIN MANAGEMENT

Bali, March 16th, 2013



**Dra. ec. Liliana Inggrit Wijaya, M.M., RFP-I.,
CFP., AEPP., QWP™**
Head of the Department of Management

Drs. ec. A. Budhiman Setyawan, M.SIE.
Chairman of the Committee

