

NATIONAL CULTURE AND PATERNALISTIC LEADERSHIP: INDONESIAN BUSINESS CONTEXT

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Examining the generalizability of leadership theories that are mainly developed in Western countries in different cultural contexts is an important inquiry in the cross-culture leadership field. A study of 198 subordinates in leading telecommunication and banking companies confirms the applicability of paternalistic leadership in Indonesian context. Result also finds that significant differences are not found among participating companies.

Keywords: national culture, cultural dimensions, cultural framework (GLOBE), paternalistic leadership; leading companies

Meneliti generalisasi teori-teori kepemimpinan yang terutama dikembangkan di negara-negara Barat dalam konteks budaya yang berbeda adalah penyelidikan penting dalam bidang kepemimpinan lintas budaya. Sebuah studi terhadap 198 bawahan di perusahaan telekomunikasi dan perbankan terkemuka mengkonfirmasi penerapan kepemimpinan paternalistik dalam konteks Indonesia. Hasil juga menemukan bahwa perbedaan signifikan tidak ditemukan di antara perusahaan yang berpartisipasi.

Kata Kunci: budaya bangsa, dimensi kebudayaan, kerangka kebudayaan (GLOBE), kepemimpinan paternalistic, perusahaan terkemuka

INTRODUCTION

Globalization has forced leaders to interact and collaborate with people from various cultural backgrounds. This implies that understanding the local cultural values in which the leaders operate is vital to effective leadership and hence to achieving outstanding organizational outcomes. Consequently, leaders should understand and be adaptive to different cultures so that they are able to lead followers in their organizations effectively.

National culture is an important lens through which effective leadership in a local context can be accurately understood. The behaviors of leaders and employees in organizations are clearly influenced by their cultural backgrounds. Since leadership theories are predominantly products of Western cultures (Shahin & Wright, 2004), many are developed on key underlying assumptions which are partially or entirely irrelevant to other parts of the world

(Pellegrini & Scandura, 2008). Hence, leadership approach that is effective in Western countries may be inappropriate (Blunt & Jones, 1997; Shahin & Wright, 2004) and even counterproductive in other cultures (Beyer, 1999).

Additionally, culture is a dynamic and complex construct (Kwok, Bhagat, Buchan, Erez, & Gibson, 2005; Tung, 2008). Research on culture should not be limited by superficial assumptions of *cultural homogeneity* (Javidan & House, 2002; Kwok et al., 2005; Smith & Bond, 1998). Furthermore, research on specific culture particularly in Asia, South America and other developing countries is highly recommended for future research of management studies (Tsui, Nifadkar, & Ou, 2007).

The current study examines whether paternalistic leadership in particular fits to the Indonesian business contexts. This study is conducted in four leading telecommunication and banking firms in Indonesia.

LITERATURE REVIEW

National culture has been empirically tested and associated with leadership behaviors (House, Hanges, Javidan, Dorfman, & Gupta, 2004). House and Aditya (1997) have argued that effective leadership is determined by cultural norms applicable where leaders take up their leadership role. Most leadership theories, however, originate from models derived from Western culture such as transformational leadership (Bass, 1985). The Western paradigms on leadership often encounter a number of constraints when applied in non-Western countries, and hence are limited in their effectiveness (Blunt & Jones, 1997).

In the current leadership literature, a number of formal leadership theories have been developed by scholars. Among these theories, transformational, servant and paternalistic leadership have recently gained significant attention from leadership scholars. The Global Leadership and Organizational Behavior Effectiveness (GLOBE) Study reported that transformational leadership is universally associated with effective leadership (Ashkanasy, 2002; House et al., 2004). Servant leadership has currently drawn more attention from leadership scholars (Sendjaya & Sarros, 2002; Stone, Russell, & Patterson, 2004). Meanwhile, limited studies indicated that paternalistic leadership is identified as a cultural fit for non-Western cultures (e.g., Farh & Cheng, 2000; Uhl-Bien, Tierney, Graen, & Wakabayashi, 1990).

In particular, few empirical studies identified that paternalistic leadership is effective in Asian, Middle Eastern, African and Latin American cultures (Lee, 2001; Low, 2006; Martinez & Dorfman, 1998; Pellegrini & Scandura, 2006; Shahin & Wright, 2004; Uhl-Bien et al., 1990). For instance, paternalistic approach is highly recommended for leader and follower relationships in Malaysian organizations (Abdullah, 1996). Paternalistic leadership is commonly practiced in Chinese organizations (Cheng, Chou, Wu, Huang, & Farh, 2004; Liang, Ling, & Hsieh, 2007) and it is also found to be compatible with Japanese culture (Uhl-Bien et al., 1990).

Indonesian Culture

The GLOBE Study (House et al., 2004) is recognized as the most comprehensive cross-cultural research to date (Blyton, 2001; House, Javidan, Hanges, & Dorfman, 2002; Javidan, House, Dorfman, Hanges, & De Luquet, 2006; Smith, 2006). The GLOBE has conducted study in 62 participating countries including Indonesia. The study employed nine dimensions of culture: *power distance*, *family collectivism*, *institutional collectivism*, *uncertainty avoidance*, *gender egalitarianism*, *future orientation*, *human orientation*, *performance orientation* and *assertiveness*. The study also distinguished the value (or *As should be*) and the practice (or *As is*).

The Indonesian culture of GLOBE Study is presented in Figure 1. High *power distance* is a hallmark of Indonesian culture. In a culture where power distance is rated as high, the distant relationship between leaders and followers is relatively wide and it is managed through a highly hierarchical structure (Offermann & Hellmann, 1997). The national culture of Indonesia is also identified as a group-orientated society. The country is also marked by its considerable *spirit-of-collectivism* and *humane orientation* (Gupta, Surie, Javidan, & Chhokar, 2002).

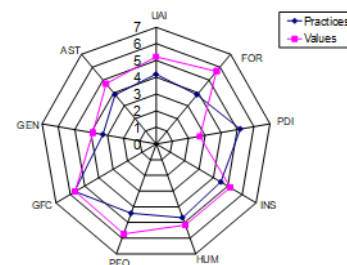


Figure 1. Indonesian Culture on the GLOBE Study Report

Source: GLOBE Study (2004)

Paternalistic Leadership

Paternalistic leadership is identified primarily by the followers' total loyalty and obedience to their paternalistic leaders (Osland, de Franco, & Osland, 1999; Pellegrini & Scandura, 2008). In paternalistic organizations, leaders provide care and attention for the sake of their followers' welfare (Pellegrini & Scandura, 2006). In addition, the relationship between leaders and followers in the organization is depicted in a similar way to parent-children relationships or master-servant relationships (Fleming, 2005). Leaders treat their subordinates like family members (Low, 2006), and provide them with benevolence, guidance and nurturing. In return, followers display loyalty, compliance and respect (Blunt & Jones, 1997; Gelfand, Erez, & Aycan, 2007; Liang et al., 2007).

Maccoby (2004) has reported that paternalistic leadership is clearly applied in *traditional* organizations. Followers in paternalistic organizations have less autonomy in the workplace (Aycan, Kanungo, & Sinha, 1999). For instance in Egyptian organizations, employees expect clear guidance from their supervisors rather than performing their jobs independently (Shahin & Wright, 2004). In the case of Latin America, a culture of *paternalism* contributes to typical organizational practices such as top-down communication, followers' submissiveness toward higher authority, a one-way communication approach and competition among employees at the same level (Osland et al., 1999).

In South Korean organizations, a paternalistic approach causes positive impacts on organizations. Paternalism fosters commitment and cooperation among people in the organization due to the feeling of being one big family and a spirit of collectivism. The paternalistic style also enables managers to rotate employees according to job requirements or to undertake necessary changes in more flexible way, since there is an unclear task-based division within organization. People, as a group, are more likely to share risks faced by organizations, particularly in time of crisis (Lee, 2001).

Furthermore, Pellegrini and Scandura (2006) argued that paternalistic leadership is more likely to be applicable in a culture of high *power distance*, a collectivistic, more hierarchical social system and in countries where economic conditions are unstable. Other scholars (Aycan et al., 1999) have argued that societies with high *uncertainty avoidance* tend to apply a paternalistic approach since it can be reflected in individuals' reactive and risk-avoiding behaviors.

In this study, therefore, the hypothesis is that paternalistic leadership is applicable in Indonesia. It is also expected that state-owned companies will have higher level of paternalism compared to private ones. In Indonesian context, state-owned organizations tend to be more traditional in their day-to-day business practices.

METHODOLOGY

Surveys have been conducted for 198 employees of four leading companies from telecommunication and banking sectors listed on the Indonesian Stock Exchange (IDX). In particular, the firms are identified as the *LQ-45* companies. They are members of top 45 companies in the IDX which had the most liquid shares and highest market capitalization in 2009. Participated companies are owned by government and private. The survey participants worked for banking industry (65.2%), and around fifty-five percent of the participants are employed by private companies. The surveys used Paternalistic Leadership Scale (PLS) (Pellegrini & Scandura, 2006).

A back-to-back translation procedure was implemented. PLS was translated into Bahasa Indonesia by scholars who have expertise in English and Bahasa Indonesia and in the national culture of Indonesia. Following that procedure, the translated PLS then was retranslated into English in order to confirm its accuracy.

RESULTS AND DISCUSSION

Consistent with current leadership studies in other Asian organizations, the study supports the existence of paternalistic leadership in the context of Indonesia (*p-value* 0.00 < 0.05). Following that finding, current study found that the practice of

paternalistic leadership has no significant differences in all surveyed companies regardless their types of ownership that are state-owned companies ($M = 3.47$; $SD = 0.54$) and private ($M = 3.34$; $SD = 0.46$) ($p\text{-value } 0.08 > 0.05$). Additionally, this study examined level of paternalism among surveyed companies with the Levene's Test and found that differences are not found between telecommunication industry ($M = 3.41$; $SD = 0.51$) and banking ($M = 3.39$; $SD = 0.50$) ($p\text{-value } 0.75 > 0.05$).

CONCLUSION

To some scholars, paternalistic leadership is perceived as an 'unwanted' approach, whereas others perceive it as an effective approach in other contexts (Pellegrini & Scandura, 2008). In addition, because of the syndrome of 'unbalanced' power between leaders and followers (e.g., Fleming, 2005), paternalistic leadership has been perceived negatively in the Western point of view (Aycan et al., 1999; Pellegrini & Scandura, 2008). Some researchers even highlight paternalistic leadership as a 'new' type of *authoritarianism* and hence is perceived as a negative approach in the leaders and followers relationship (Aycan et al., 1999). Despite critics on paternalistic leadership, this study confirms that this type of leadership is workable in Indonesian business culture.

Despite the growing use of the paternalistic leadership approach in organizations, particularly in non-Western countries, Pellegrini and Scandura (2008) argued that current gaps are found in their recent research regarding the concept of paternalistic leadership due to different emphases on this leadership approach. To examine its universal applicability, both authors also posited further validation of paternalistic leadership in other cultures. This is an important attempt to address the disparity among leadership scholars in relation to the definition and effectiveness of paternalistic leadership. The practices and effectiveness of paternalistic leadership are also largely unexamined (Liang et al., 2007). The preliminary finding of this study supports effectiveness of leadership study in leading companies in Indonesia.

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