

The Ministry of Labour noted that the number of expatriates in Indonesia at the end of February 2016 was 5,339 people (detik.com). The entry of expatriates to Indonesia is a consequence of implementation of Asean Economic Community (AEC). An agreement started in 2016 perceived mutual benefit between two sides. Foreign worker who working in Indonesia or we call them Expatriates, they will stay here to working for several years. Expatriates who come to Indonesia should be included in a sector which is determined by Indonesian government such as trade and services, industry and agriculture.

Research by Tung (1982) showed the failure of expatriates on overseas assignments, the proportion of US managers who return home early are higher than managers from Europe and Japan, so the literature of international business continues to investigate the phenomenon of expatriate failure. More than 10,000 expatriates send each year (Baruch and Altman, 2002), but the failure rate of expats is estimated between 40 to 55% (Black et al., 1999), such failure will reduce the cost of additional significant for the company, inhibits opportunities and productivity, and damage the relationship in the long term (Storti, 2001).

Research by James W, Stephanie, and McCroskey (p. 43, 2005) found that the failure is caused by ethnocentrism that will damage social relationships, including the relationship between individuals, groups and working environment. According to Matsumono (1996) ethnocentrism is a tendency to see the world only by their own culture. Berry and Kalin (1995) shows that the concept of ethnocentrism tend to be seen as "a synonym for a general antipathy against all outside groups". This means that the beliefs, behaviors, and values of their own

group more positively than outgroup. Ethnocentrism disrupt the communication between managers and subordinates (James W p. 46, 2005) and both parties must have a very interactive relations (Goldhaber, 1993). This means that managers and subordinates should have a good relationship in the workplace and social environments because it will influence the effectiveness and productivity of both parties. (salah)

Ethnocentrism also interfere the perception, managers ethnocentric suggested that subordinate out-group is not attractive and subordinate ethnocentric assume that managers have no credibility (James W, Stephanie, and McCroskey, 2005). According to Li and Karakowsky (2001) and Arvey and Murphy (1998), the differences of race and culture between managers and subordinates is a consequence of the work in multicultural environment, for example, research by Landy and Farr (1980) and Kraiger and Ford (1985) found that African nations - American and white managers give positive value to the employee who have same identity. On the contrary ethnocentrism also serves as patriotism and willingness to sacrifice for central group (Neulip and McCroskey, 1997) and helps to build and maintain cultural identity of a person (Chen and Starosta, 2004) although ethnocentrism lead to misunderstandings and reduce level of willingness of intercultural communication (Lin and Rancer, 2003). Several studies have concluded that a person tends not comfortable working with outgroup peoples, but they have higher productivity if in homogeneous culture environment.

According Qingwen Dong (2015), communication skills are very important to help expatriat to working in a new environment and make easily the

process of adaptation and cooperation among employees. Manage and eliminate the ethnocentrism through cross-cultural competence and knowledge is a solution to help expatriates survive in host country.

Based on several research data above shows a faulty and losses of international organizations especially Asean Economic Community. As a developing countries, uncertainty of expatriates will influences the economic and politic dynamics of Indonesia, there are the fluctuation of foreign invesment, employment crisis, and the relationship between Indonesia and other countries. The faulty must be avoided by expatriates and institutions, so authors suggest to do research in order to reduce the risk of failure in carrying out the goal of economic integration of Southeast Asia countries.

Research by Rebecca (2013) on Multinational Companies in Singapore indicated that employees succeeded in creating a harmonious multicultural environment and influences their productivities. Most of employees believed that multiculturalism is a strategic asset for organization. Cultural diversity is a reality of today's business world. The emergence of supranational company is a response to globalization that has been posing a big challenge of culture and public administration state (Bhasa, 2004). Based on this problem authors offer solutions for expatriates and companies through cross cultural competence and experience, supported by a global oriented leadership.

Cross cultural competence is an essential skill for expatriates to deal with different organizational structure and policies. Flexibility culture, another dynamic competence, defined as "the capacity to enjoy activities in the country of

origin and different activity in the host country" (Shaffer et al. 2006). Cross cultural competencies is expected to reduce ethnocentrism, facilitate the adaptation process and increased the tolerance level, so as to improve the effectiveness while living and working internationally for a long time.

Two theories, namely, social learning theory (Bandura, 1997) and contact hypothesis (Allport, 1954) provides a conceptual basis for understanding the mechanisms of cross-cultural experience in order to support social activities and employment of expatriates. Essential elements of these two theories are in common learning occurs through interaction with people from different cultures. Social learning theory (Bandura, 1997) noted that environment is a key to individuals learn and develop an experiences and then applied to global oriented leadership competencies, learning occurs when leaders meet and understand the new behavior in the context of cross-cultural or multicultural. Research by Paula (2016) proved that cross cultural competence and experience give a positive effect on global leaders. Cross cultural competence and experiences and global oriented leadership have a mutually support in relationship between variables to solve the problem of ethnocentrism of expatriates.

According to Lewis A. Golberg, personality characteristics (1) extraversion, (2) openness, (3) conscientiousness, (4) neuroticism, (5)agreeable shows that four of this five characters except neuroticisme are give a positively affects the effectiveness of leaders in a global environment (eg, Caliguiri 1997, Gupta & Govindarajan, 2002; Morrison, 2000). Reduce ethnocentrism of expatriates is not only about social skills, but also about the ability of work. As a

neuroticism persons, they are tend to be make a people happy and keep an affection of others but as an aggressive person, they are trying to get recognition from other, also avoid emotional problem and conflict between interpersonal relationship. A comparing program between organization and neuroticism employees expected to improve their capability to achieve a goal of organization and reduce the ethnocentrism.

Sloan, Hazucha, and Van Katwyk (2003) asserts that global leadership development should be part of the strategic plan of global organizations (Joana, 2011). In global leadership competency development, business leaders could interact with people from different cultures to get a positive values of other cultures, as well as to identify, study and implement the right business.

Based on the above framework, authors suspect that the global oriented leadership can moderate the 3 variables there are, cross cultural competencies, cross cultural experience, and character neuroitisme to control and eliminate ethnocentrism on ekspariat. Accordingly the title of research "Cross Cultural Competence, Cross Cultural Experiences and Global Oriented Leadership to Manage Ethnocentrism".

## 1.2. Problem Statement

Some studies have showed that one of the factors of expatriate failure is ethnocentrism. Ethnocentrism proven to negatively impact to expatriates performance and reduce opportunity and productivities of company. The large number of expatriates in Indonesia is a consequences of ASEAN Economic Community. In order to prevent and minimize losses of the failure of expatriates, company must create a multicultural system that can help all of employers to work optimally. So based on the background, the problem in this research is "how to eliminate ethnocentrism of expatriates through global oriented leadership" and study questions in this study are:

1. What extent the influence of cross cultural competence toward ethnocentrism of expatriates?
2. What extent the influence of cross cultural experiences toward ethnocentrism of expatriates?
3. What extent the influence of neuroticism characters toward ethnocentrism of expatriates?
4. How global oriented leadership moderate the relationship between cross cultural competence and ethnocentrism?
5. How global oriented leadership moderate the relationship between cross cultural experiences and ethnocentrism?
6. How global oriented leadership moderate the relationship between neuroticism characters and ethnocentrism?

### **1.3. Research Objectives**

The purpose of this research is to know how to reduce ethnocentrism expatriate residing in Indonesia. To achieve the objectives, the research should know a few things are:

1. Describes and analyze the effects of cross cultural competencies with ethnocentrism of expatriates.
2. Describes and analyze the effects of cross cultural experiences with ethnocentrism of expatriates.
3. Describes and analyze the effects of neuroticism characters with ethnocentrism of expatriates.
4. Describes and analyze the moderating of global oriented leadership between cross cultural competence and ethnocentrism?
5. Describes and analyze moderating of global oriented leadership between cross cultural experiences and ethnocentrism?
6. Describes and analyze the moderating of global oriented leadership between neuroticism characters and ethnocentrism?

### **1.4. Contribution of the Research**

#### **1.4.1. Theoritic Contribution**

The results of this study are expected to contribute to the development of the science of international human resource management, especially the management of cultural diversity in organization.

### **1.4.2. Practice Contribution**

Giving a source of reference and information for organizations in managing human resources through conduct policies, especially in the context of reducing ethnocentrism concept through global oriented leadership.