

CHAPTER I

INTRODUCTION

Chapter one outlines the background of the problem that summarizes the author's reason for choosing this topic for the report, and the internship execution, including the purpose of the internship and scope and limitation. SAMJIN Logistics Indonesia was one of the most popular logistics companies in Korea. Therefore, it is a great opportunity and experience to learn about and contribute to the company.

I.1. Background

Corporate globalization and overseas expansion are currently some of the most important strategies for companies. Through globalization, they can seize growth opportunities. Companies belonging to various industries have been successful by pioneering overseas markets. Whether the industry is maturing, declining, or growing, new growth opportunities abroad are significant. Because there are differences in resources between regions and countries, successful companies also use these differences. Another factor to consider is pursuing economies of scale. Advances in technology have led to reduced telecom and logistics costs, making it easier for companies to target a broader market. Simultaneously, with manufacturing technology development, products such as mass customize are emerging, allowing companies to profit while meeting customer needs in many different markets. Lastly, some overseas expansions are used to defend against global companies entering their markets.

According to Hofstede (1994), “the collective programming of the mind that distinguishes the members of one category people from another”(p.5.). A particular "category

of people" can include nationality, ethnicity, organization, family, or other units. Hofstede proposes that the cultures of different parts of the world may be compared in five dimensions; power distance, individualism, masculinity, uncertainty avoidance, and long-term orientation.

Cross-cultural management is the management of people and things that involve different cultural backgrounds. Cross-culture management studies are about "handling conflicts of the heterogeneity culture and actualize effective management" (Li, 2000). Its goal is to design a viable organizational structure and management mechanism across different cultural backgrounds. It also means "to use enterprises' resources, especially exert potential value of enterprises efficiently and effectively."

Besides, according to Holden (2001), culture is "a form of organizational knowledge that can be converted into a resource for supporting core talents, instead of being a source of difference and resentment. Cross-cultural management is a knowledge management perspective that breaks the concept of culture that affects management thinking, education, and research for several decades."

According to Holden (2001), the financial economy is the core of the economy. Therefore, the economy that supports the financial economy can be considered as the "real economy." If this is true, the real economy can determine the financial economy fundamentally. The real economy makes actual products for transactions such as buying and selling goods using currency, and by nature, it strongly correlates with the distribution of the finished products.

From the early 19th century, countries worldwide have had to face rapid globalization's pros and cons. Due to the expansion of globalization, people started to study how to maximize profit-generation. One of the outcomes of these studies was logistics.

In the early ages of logistics, it was a production-oriented business environment. Therefore, the concept of delivering products was the core of product production, and logistics was considered as a minor element that delivers goods. At that time, the concept of logistics is called 'physical distribution' by comparing it with today's logistics concept, meaning work and orders such as transportation, storage, inventory management, inspection, packaging, and return.

Industrialization, globalization, and distribution are inseparable. Despite the narrow concept of logistics in the early ages, as globalization progressed rapidly, the concept of logistics expanded accordingly. As the global economy developed, people invented ways to make products more efficiently. This increase in the number of productions meant that delivered goods' capacity should increase to match industrialization. As a result, people also developed transportation routes through land, sea, and air to buy and sell more goods. These innovative developments became the global economy's driving forces. Nowadays, logistics' definition evolved to manage a 'series of material flows, and information flows delivered to end consumers through raw material suppliers, manufacturers, and distributors through land, sea, air, and digital products, even online.

Unfortunately, advanced methods to deliver finished goods to where they are needed were often quite costly. However, the purpose of corporate management is about profit creation, production, and manufacturing. Due to the high logistics costs, companies could no longer focus on increasing profits by increasing efficiency in the production and manufacturing sectors and connecting them to sales. They naturally became more interested in logistics costs than before.

As time passed, people also noticed that logistics is closely related to planning, management, manufacturing, purchasing, and sales of information systems and logistics

businesses. Simply optimizing one function cannot achieve the goal of creating profits through cost reduction. The main area is to manage the flow of goods and information, but it is closely involved in the manufacturing process and manufacturing materials procurement. Various actors must cooperate in responding to the demand for reduction of commercial production costs, diversification of items, and reflecting individual customer requirements. Therefore, modern logistics management has a complex structure like 'Supply Chain Management' and requires real-time sharing and cooperation.

I.2. Purpose of The Internship

Purpose of the author's internship at PT. Samjin Logistics Indonesia is to learn the implementation of cross-cultural management that is applicable at PT. Samjin Logistics Indonesia.

I.3. Scope and Limitation

During the internship at P.T. Samjin Logistics Indonesia, the author works under the management support division as inter under the CFO's direct supervision. As a business management support intern, the role varied from the HR/Training team, General Affair team, Accounting/Finance IT team, and legal/labor team. The management support division's roles are to implement cross-cultural management in Samjin Logistics Indonesia based on Headquarter's market research and analysis.

Activities that have been done by the author in the internship program as a management support intern in Management Support Division are supporting the communication between the management support division in Indonesia and Headquarter in

South Korea in terms of human resources, legal, tax, finance/accounting, and GA to implement the efficient management system in SAMJIN Logistics Indonesia. In planning until the execution of a cross-cultural management system in SAMJIN Logistics Indonesia, the author has to research the Indonesian market, such as expected growth rate and trend of logistics industries and economies, so that SAMJIM Logistics could build a business and operation management plan for the upcoming year.

I.4. Period and Location of Internship

The author had done the internship for six months, from the 6th of July 2020 until the 11th of December 2020. The working hours starts from 8.30 A.M. until 06.00 P.M. every Monday to Friday. The internship location is located in Kelapa Gading, North Jakarta, in the Republic of Indonesia. And the location of branch offices Jakarta, Surabaya and so on. The office that the author participated in the internship program in Kelapa Gading. The full address is Jl. Boulevard Raya No. Kav.1, Klp. Gading, Tim., Kec. Klp. Gading, Kota Jkt Utara, Daerah Khusus Ibukota Jakarta 14240.

