

The Study on Business Negotiations Made by the Chinese in Indonesia

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ABSTRACT

Less literature has been focused on studying the subjects, for example, how overseas Chinese fit in the cultures in their residential countries, how they successfully expand their territory in a business field and whether they adopt different ways to make business negotiations from those used by the local Chinese. Whereas there are multiple races and diverse religious beliefs in Indonesia and specific characteristics possessed by the Chinese in Indonesia, the importance of the skills applied to business negotiations is thus particularly highlighted while the Chinese are engaged in business activities in Indonesia. Therefore, this study will further explore and discuss if the patterns of business negotiations applied by the Chinese in Indonesia have already fitted in local cultures.

INTRODUCTION

Chinese are all over the world. The Chinese in different countries have mostly established solid and firm economic foundations through hard operations with the national nature of persistence, diligence and endurance. Such foundations have also formed great influences in the international society. In 2005, the country which had the highest number of Chinese population in the world was Indonesia. The Chinese population there was 7,566,200, with an annual growth at 1.38% (<http://www.ocac.gov.tw>). The ratio of the number of Chinese in Indonesia to that of Indonesians was 3.5%. However, the Chinese population has controlled 80% of the economy. In Indonesia, “Chinese” is a pronoun for businessmen. Most Chinese in Indonesia were economically above the medium level. Most shops and stores were operated by Chinese. Based on the analysis of 1993 total assets made by the department engaged in the affairs of East Asian diplomatic and trade affairs in Australia in 1994, 9 out of 10 top business groups were operated by Chinese-Indonesians while 204 (80.1%) out of 300 Indonesian business groups were owned by Chinese-Indonesian citizens (Man, 2006).

The development of national economy in Indonesia was unbalanced. Most big business groups operated by Chinese chose technical experts and retired military officers as partners for cooperation. In the past thirty years, the Indonesian government has fully taken the advantage of the economic strength possessed by Chinese-Indonesian citizens under the policies of economic development and introduction of foreign capital. Meanwhile, it has also encouraged direct investments made by or technical cooperation with overseas Chinese in South-east Asia and Taiwan. The items available for cooperation and development are concentrated on exploring its natural resources, export-oriented economy and industrial cooperation (Huang, 2005). Up to this moment, the willingness in making investments and substantial economic and trade relationships between the Chinese in Indonesia and the businessmen in Taiwan have been increasing gradually. Taipei Economic and Trade Office, Jakarta, Indonesia pointed out (2004) that Taiwan, next to Japan, UK, Singapore and Hongkong, was ranked the fifth investing country in Indonesia.

THE CHINESE IN INDONESIA

The background of the Chinese in Indonesia

The two major Chinese immigrations to Indonesia occurred after the Lugou Bridge Even on July 7, 1937, in which China completely started fighting against Japan. During the wartime, the people living along the seashore escaped from the war and emigrated from China to Indonesia. According to the statistics recorded in Indonesia, the total number of overseas Chinese immigrating to Indonesia from 1932 to 1938 was 97,860. Another Chinese

immigration happened after the establishment of the Republic of Indonesia (1945) when the ruling power in mainland China was switched and the government of the Republic of China moved to Taiwan. Many people who were against communism fled to Indonesia. Therefore, the number of overseas Chinese in Indonesia grew dramatically. Most Chinese-Indonesians were Min-nan people and Hakkas. The Hakka immigrants to South-east Asia came later than Min-nan immigrants. However, the Hakkas staying in the mine areas had established one of the models for Chinese immigrants to South-east Asia. In the earlier period, the Hakka immigrants to Indonesia were mainly engaged in gold and tin mining. The Hakkas made a living by mines while the Min-nan people by business. Both of them controlled the economy there.

According to the 2006 statistics offered by Overseas Compatriot Affairs Commission, Indonesia had the highest number of overseas Chinese population all over the world. The Chinese population reached up to 12 million, which accounted for 5% of the total population in Indonesia. Chang (2008) pointed out in his study that the Chinese in Indonesia mostly stayed in the islands such as Java, Sumatra, Madura, Kalimantan, Sulawesi and Irian Jaya. Many people lived in farm villages. However, being influenced by Article 10, Nov. 18, 1959, foreign residents were confined to live in the cities instead of towns. Nowadays, Chinese mainly aggregate in the urban areas such as Jakarta, Surabaya, Bandung, Medan, Semarang, etc.

Overseas Compatriot Affairs Commission revealed that the Indonesian government once prohibited Chinese stores from using Chinese signboards in 1960. In the meantime, the government also prohibited Chinese books and newspapers from being imported. For further eliminating the use of Chinese in Indonesia, the government banned publication of all Chinese newspapers and periodicals in 1965. During the Suharto period, the policy of promoting Chinese' registration as Indonesian was intensively carried out so as to assimilate Chinese. Moreover, the Indonesian government took the advantage of the enterprises and capital owned by Chinese who had made their registration as Indonesian to develop the economy in Indonesia. Hsueh (2007) showed in his study that the Chinese population in Indonesia had already been decreasing and the influence of Chinese on Indonesia was no longer as strong as ever. The reasons are as follows: 1. No qualified successors have been found or seen in the later generations of either the "top-level" Chinese leaders in Indonesia, like Wang Yiu-Shan, or numerous "middle-level" Chinese leaders in Indonesia. 2. It has been hundreds of years since the Chinese immigration to Indonesia. In the modern Chinese history, the phenomenon of Chinese immigration to South-east Asian countries at larger numbers has no longer existed. Therefore, there are no younger and new Chinese generations after the older ones in Indonesia vanish. 3. Nationalism and patriotism have taken the first place since Indonesia obtained its independence. Tens of thousands of Indonesian students studying abroad took up important positions in governmental departments, banks, international commercial organizations, the society or even the political parties after they returned back to Indonesia. They relied less on the talents of Chinese. 4. The Indonesian leader, Suharto, successfully promoted the policy of nationalist education: he popularized Indonesian elementary schools, junior and senior high schools. He prohibited Chinese-Indonesian from going to Chinese schools established by Chinese. He also banned Chinese from establishing schools and newspapers and being engaged in culture and associations. As a result, many Chinese left Indonesia. There were also many youngsters going to China, Hongkong and Taiwan without coming back. 5. Now, most of the younger Chinese generations in Indonesia consider them as Indonesian. They don't admit that they are Chinese. 6. The policy of nationalist education promoted by Suharto and the international and domestic rise of modern Islamism marginalized Chinese. Although the newly stipulated international laws have corrected some articles discriminating Chinese, local Indonesians are still reluctant to accept Chinese taking on the important positions in the Indonesian government.

The economic conditions for the Chinese in Indonesia

Yang (2004) concluded the economic activities done by the Chinese in Indonesia as follows: 1. Commerce: commerce was the major economic activity for the Chinese in Indonesia. They were primarily wholesalers and retailers. Chinese enterprises invested in and operated large-scale department stores, shopping centers, chain stores and supermarkets. Such investments still grew even there was pressure brought by the great invasion of foreign chain stores. 2. Financial industry: the Chinese in Indonesia have been playing an important role in the financial industry. Many Chinese business groups had their own banks. The one with the greatest historical scale was Bank Central Asia owned by Lin Shao-liang family. In addition, there were banks and holdings companies owned by the families of

Huang Yi-Tsung, Li Wen-Cheng, Rao Yao-Wu, Li Tung-Ching, Wu Chia-Hsiung and Liu Cheng-Ho. 3. Industry and mining industry: the Chinese in Indonesia have been endeavoring to develop the industry since 1970. They mostly adopted domestic machines, facilities, artificial raw materials; employed local technicians or cooperated with domestic suppliers or the Chinese suppliers from Hongkong, Singapore, Malaysia, Philippines, etc. Therefore, rapid growth was shown in various industries. Wood processing, steel refining, electrical appliances, paper and pulp, cement, textile and clothing, food processing and so on were some of the fields the Chinese were engaged. The mining industry has been operated by the public sector though there are rich minerals in Indonesia. In the 1980s, the government had gradually opened the operation to the private sector. This industry featured huge investments and slower return, so less Chinese enterprises made investments in it. 4. Agriculture, forestry and livestock farming: it has been a long history since Chinese started running agriculture. They have made great contributions to the development of agriculture. In mid 1980s, the Indonesian government encouraged farming of economic plants as the materials for the industries and exports under the policy of expanding the exportation of non-oil products. As a result, the Chinese enterprises were engaged in farming at a large-scale.

The characteristics of the Chinese in Indonesia

1. Diligent and thrifty: this was the foundation for the Chinese to rise in Indonesia. The firm and persistent spirit for establishing their careers directly enabled them to survive in a bad environment. Such phenomenon was supposed to relate to the environment in the society in China. This was an advantage for the Chinese in Indonesia to survive. The unyielding spirit had been the excellent tradition possessed by the Chinese in Indonesia. (Liu, 1997)
2. Credit: this was a unique trading method possessed by the Chinese in Indonesia. Doing business all depended on good reputation and oral promises instead of issuing any receipts. It wouldn't take long for people to accept the Chinese in Indonesia as long as they kept their words. Thus their reputation was getting better and better. (Liu, 1997)
3. Primitive and hospitable: Most Chinese in Indonesia came from Mei County, Wu Hua, Chiaoling, etc. in Meichou, Guangtong Province. They were miners with honest, frank and straightforward personality. The language, culture and customs are similar to those originated from their hometowns hundreds of years ago. Therefore, the elegant and scholarly climate popular among Hakkas from Meichou still exists. The Chinese in Indonesia still keep their cultivated, cultured, passionate and hospitable styles. (The Overseas Chinese News Agency, 2008)
4. Good management of human relationships in the Chinese circle: the ties of blood, the connections of origins as well as common dialects formed great power which deeply influenced the lives of Chinese at different levels. Such influence still apparently embodies in the interactions in traditional families and businesses. The Chinese in Indonesia have learned how to use and expand the human relationships in the Chinese circle for their careers due to having limited resources and being edged out by local Indonesians. (Kung, 2004)

The styles of business negotiations in Indonesia

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

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

procedure to start interactions. Though these are international etiquettes, the Chinese in Indonesia have been demanding themselves particularly in manners by being influenced by the traditional customs in Indonesia. (Bureau of Consular Affairs, Ministry of Foreign Affairs, 2005)

2. Department: according to the information provided by China-Asean Technology and Economic Cooperation Network (2008), we learn that people are not allowed to sit in a cross-legged position. If it is compelled to do so, then the knee of one leg shall be placed on the knee of the other leg. In Bali Island, both feet are placed on the ground while sitting down. It is considered an insult to others if tiptoe or shoe bottom is pointing at them. The public servants wear safari with short sleeves. They wear Batik or business suits only on important occasions. Indonesians do not like foreigners kissing in public. People can use hands to call kids or tricycle drivers. However, people should have their palm downward and fingers moving inwards to call others under other conditions. Indonesians do not like yawning in front of others. If it is hard to suppress yawning, then use right hand to cover your mouth. It is considered disrespectful or impolite by placing hand on the bottoms while talking to others. Indonesians often cover up shocking feelings with laughter. They feel bad about laughing at other people's mistakes or imitating others' actions. Otherwise, they may feel hurtful. It is thought impolite to eat on the street or while walking. They don't shake hands or touch others with left hands. In Indonesia, sunglasses have to be taken off while talking to others or entering into someone else's home. Indonesians are used to grasp food with right hands while they are using knives and forks on official occasions. They drink cold water while having meals. In Indonesian culture, guests do not talk much while having meals. Being a guest, it is not proper to make extra requests. Being influenced by Islam, Indonesians do not drink spirits. Therefore, the Chinese in Indonesia behave more politely without continuously offering a drink while negotiating or socializing.
3. Friendship oriented in business negotiation: China-Asean Technology and Economic Cooperation Network (2008) indicated that Indonesians had strong demands in feelings. One of the apparent features that Indonesians possessed was valuing friendship and long-term relationships. Old friends could put every trust in each other. Indonesians treated customers or common friends politely and sometimes they even had congenial conversations with customers and common friends. However, it was just a matter of form. They didn't easily speak up what they really thought in their minds. Consequently, you'd better not to hope too much if you only meet an Indonesian once or twice. By considering a long-term perspective, you should treat an Indonesian businessman as your friend and fully show your sincerity so as to further obtain his or her trust. The Chinese in Indonesia are fully aware of this, so they are used to fulfill such demand by Indonesians. The above condition can be found from the ways which Chinese in Indonesia use to make business negotiations with local Indonesians. In addition, the best condition is to have business talks at Indonesians' homes. Such arrangement helps eliminate the barriers between the host and the guest. By understanding Indonesians' preferences and thoughts well, the Chinese in Indonesia are aware of the best policies for business negotiations while making choices and preparations.
4. Humble, friendly and hospitable attitude: Indonesians like peaceful tones, humble gestures and good wishes for seeking consistence. Therefore, the Chinese in Indonesia act humbly and lower down their voices while negotiating with Indonesians. The Chinese in Indonesia are good at giving presents and offering gifts in return. The Chinese tradition of "you can never be too polite by present a gift" is fully developed under the influence of Indonesia. (China-Asean Technology and Economic Cooperation Network, 2008)
5. Euphemistic Communications: people have a general impression that Chinese always stick to their own stance. However, Indonesians have strong self-esteem and are reluctant to admit their mistakes in public. Therefore, Chinese fully understand Indonesians' culture of caring about "face". Chinese always talk to Indonesians in a highly tactful and technical way. They are good at and prudent choosing the topics. Chinese try to avoid talking about politics, socialism and foreign supports in order not to embarrass them. (China-Asean Technology and Economic Cooperation Network, 2008)
6. Good cooperation: according to the information offered by CAEXPO website(2006), it is quite common for the local people to be late for half an hour or one hour while having an appointment or dinner due to frequent traffic jams. People joke about the condition as "rubber time", which means "flexibility" and acts a term to alleviate the atmosphere. The Chinese in Indonesia are deeply influenced by the above culture. They are highly cooperative either in time or in business terms. Thus, the Chinese in Indonesia are somehow different from those in other countries who stick to their own thoughts.

7. Humorous and talkative: the people from South-east Asian countries are generally friendly and easy to get along with. The policy to get along with Indonesians is to avoid sad and worried looks. Indonesians like laughing. They laugh when they feel good, when they accomplish something successfully. Laughing is another language they speak. They also consider “laughing” as being courteous in social lives. In Indonesia, a well-cultivated businessman should present his own business card to the other while they meet for the first time or the other will treat him coldly. Many Indonesians are humorous and like joking. It is not necessary to get angry when jokes go a little bit far if they are not meant to be malicious. (CAEXPO website, 2006)
8. Good patience during negotiations: the CAEXPO website (2006) pointed out that it takes a long time for Indonesian businessmen to make a decision during business negotiations. Therefore, the Chinese in Indonesia often have to be very patient to prepare for the negotiations and wait for the results. The language used during a negotiation by Chinese is also pretty wise and brilliant so as to smoothly complete the talks and achieve cooperative relationships.

CONCLUSION

The migrants inevitably have to face environmental and racial differences while moving to residential countries. Acceptance of Assimilation and rejection against assimilation may occur while adapting themselves to new environments. Yiu (1984) thought that the new generations of Chinese migrants were far away from their original country and they could not speak Chinese, so they had gradually lost the characteristics which Chinese particularly possessed. The new generations received local education and were assimilated with local national characteristics. Such condition exactly explains what the Chinese in Indonesia is through. The first and second Chinese generations were mostly familiar with Chinese, Taiwanese or Hakka language. The majority of new Chinese generation cannot speak Chinese. This study has learned that the Chinese in Indonesia create new ways through taking the advantage of their culture by combining local Indonesian culture and customs to communicate and negotiate while doing business since they have been deeply influenced by local culture and habitual customs either in daily lives or language communications for a long time.

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