Family Business Generation in Medan, Indonesia with Efforts to Adapt to the Changes in Government System

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Abstract: This research paper will focus on family business from generation to generation in Medan which passed several reigns in Indonesia, from colonial times to nowadays. The first generations are Tjong brothers, Tjong Yong Hian and Tjong Fu Nan (Tjong A Fie), which came to Indonesia in the Dutch colonial period. The second generation faced the Indonesian independence revolution, and the third generation faced the independence of Indonesia. Enterprises and their way of doing business should be able to adjust to the political circumstances at the time. Search on the challenges of doing business and their challenges in the face of an economic and political situation are different, requiring a very high adaptability. This research adapted descriptive method by collecting data from interviews and available bibliography. The results showed that the existence of a generation which is able to adapt and the generation that failed to overcome situations that arise. Constraints in this study are the lack of information and knowledge of the next generation about the state of the first generation, and less complete data is available from libraries. Hopefully, this research can be continued by other researchers, and also as a material for subsequent research.

Keywords: Generation Business, Government System, Adaptation, Family Business Generation in Indonesia, Government system change

1. Introduction

The Family Businesses are companies that have long contributed most to the national economic development and are the key economic drivers of all economies. They also represented in all industry sectors in their country. Therefore it is very important to maintain the viability of each of the family business so that development can proceed smoothly, and prosperity of the nation can be helped.

In Medan, Indonesia, there is a family company that generations faced a turbulent situation of government to look at the third generation and begin to disappear slowly at the third generation. Many Large Companies world level that still survives (sustain) started from a successful family company carrying out the succession of leadership in the company. Several world-class companies such as Motorola, Nordstrom, Bakrie, Gudang Garam, until now remained a family company although they have become a company that has been listed as a public company in the stock market mode (Sentot Imam Wahjono, 2004).

The expertise of Tjong brothers in fostering good relations with the authorities became one of the most decisive factors of their success in trying to build a good relationship with the family of Sultan Deli and also establish a good relationship with the Dutch colony at that time. Tjong Yong Hian and Tjong A Fie had served as a lieutenant and promoted from lieutenant to major by the Dutch authorities.

The second generation of Tjong brothers also close to government authorities, they followed in the footsteps of his parents, and even the second generation of Tjong Yong Hian served as ambassador of China. While the third-generation descendant of the brothers Tjong arguably was not good at adapting to changes or even maintain good relations with the authorities at the time of the independence of Indonesia, especially during the Orde Baru government.
And unfortunately, the business of the brothers suffered a setback at the hands of next generations, especially in the hands of the third generation. It is because his successors are not as smart as Tjong brothers in running and controlling the business, and like any child of wealthy families whose lives just know to spend the legacies of their parents. One of the other causes is the malaise (economic depression), which hit the world at that time that eventually destroys all family business legacy of Tjong brothers.

In accordance with the background issues that have been described above, it can be seen that the family business of Tjong brothers had their ups and downs and ended up in the third generation that could be caused by the inability to manage the inheritance received. Also because of the economic downturn and the most affecting factor, the system changes in government, especially in Medan and in Indonesia in general, it becomes a quite necessary field to study, among other things, due to the economic turmoil, it becomes a very necessary to study about;

1. How did the first generation of Tjong brothers who live in poverty are capable and successful on the Dutch colonial period?

2. How is the second generation tenacity of Tjong brothers in control of the business that is inherited and how they adapt to the political turmoil of the world?

3. How does the ability of the third generation of Tjong brothers in control of the business that is inherited and how they adapt to the new rules after the independence of Indonesia?

2. Discussion

The first generation Tjong brothers came to Indonesia around 1868, during the time they arrived, the system of government in Indonesia was a kingdom under Dutch Colony, then proceeded with the economic situation began to deteriorate because of the First World War, 1914-1918.

At that time Tjong Yong Hian (1850-1911), the elder brother of Tjong A Fie which arrived in Indonesia ten years earlier than his brother Tjong A Fie (1860-1921). Tjong Yong Hian started to work as a construction worker in Indonesia and then try to start a business as a seller of spices. They get used to in business, trying to establish good relations with the Sultan of Deli and colonial Dutch. (BudiHarjo Chandra and Familu, 2011), With a philanthropic spirit, where a sense of affection towards fellow nomads and friends and the surrounding environment. Shoal along with everyone, of all nationalities, from the Netherlands, Arab, Indian and Malay. Tjong Yong Hian quickly became a successful entrepreneur.

Tjong Yong Hian built NV. Wan Yun Chong. His efforts to invest in the rapidly growing sugar cane, tobacco, rubber and other agriculture. He worked closely with the former employer in Batavia; namely, Tjong Fatt Tze started plantations in Yogyakarta. Plamrubber, coconut, coffee, and tea. They have a land area of hundreds of square kilometers, covering eight rubber plantations and tea processing plant, so as to provide employment for thousands of people. Then open the bank of Jogja with Tjong Fatt Tze. With the help of his brother Tjong A Fie, the business has grown increasingly Tjong Yong Hian forward, started a business in the field of real estate development, in the location known as Kesawan. In 1907 founded the Bank Deli with his brother Tjong A Fie, which seeks to eliminate monopoly Dutch Hindies Bank, where the Dutch Hindies Bank have a complicated procedure in sending money to the state of China by overseas Chinese people in Sumatra. His efforts to spread across the world, with the largest capital capitalization in Southeast Asia at that time. Tjong brothers returned to work with Tjong Fatt Tze and set up two shipping companies, in Batavia and Medan named Yi Chong and Fuk Guang.

Tjong Yong Hian appointed by the Dutch became the major and his brother Tjong A Fie was appointed as captain. Major is the rank of middle-ranking officers, the lowest rank in the army, one level below the level of lieutenant colonel and above captain. Tjong Yong Hian and Tjong A Fie is highly respected by the Chinese community and appreciated from the Dutch government.

Tjong Yong Hian started its business as a supplier of goods in various tobacco plantations, and palm oil belonged to the Dutch people. Besides that, he also supplied labor imported from Mainland China (now probably some sort of Distributors Company of TKI (Indonesian Labor)), he also sent labor to various countries who need it.
In 1904, Tjong Yong Hian received the highest award of the Netherlands, for the dedication of the sacrifice of energy, thought and time, for the sake of the success of a noble purpose: devotion implement lofty ideals for humanity.

Brother of Tjong Yong Hian, Tjong Fung Nam (thus the original name of Tjong A Fie) since childhood helped his father who has a small grocery shop. With his brother Tjong Yong Hian, he had to leave school because they had to help in the shop of his father. In every trade affairs, he required his brother first consider a decision carefully.

Since childhood, he has been accustomed to live frugally and simply, because the family always avoided being wasteful, they only spent money as effectively as possible. Although he studied in a modest school, he was smart enough and quickly picked up tips of merchant family businesses that managed to make progress. But Tjong A Fie was not satisfied with the school program, he had an aspiration, wanted to go abroad and try his luck overseas to look for human wealth and privileged position. A determination that brought him migrated to Indonesia. In the age of 18 and armed with ten pieces of Manchu silver money strapped around his waist, he set his heart after his brother Tjong Yong Hian who already had lived five years in Sumatra. After months of sailing with Jung, he finally arrived in the port Deli, when it turned out that his brother had succeeded into the local Chinese community leader with a degree of Lieutenant der Chinezen. Tjong A Fie did not want to depend on his brother who had managed to cultivate wealth and became a respected leader of the Chinese people. Since the spirit was so strong, he eventually decided to work odd jobs in stores belonging to Tjong Sui Fo, ranging from holding the book, serving customers store and collecting debts and other stores’ tasks. He was sociable and always did a good job; a collection was smooth in his hand so that the employer was satisfied with his work. His friends were not only Chinese, but there were also friends with nationalities as Malay, Arab, India, and the Netherlands. Finally, he was fluent in Malay which is widely used in daily life there. Tjong Sui Fo also became a supplier of prisoner needs and Tjong A Fie often ordered to deliver goods there; this opportunity is used by Tjong A Fie for talking with the inmates there. It turns out that a lot of Chinese people who were detained there were not for evil but for being members of a secret organization that was forbidden, he sympathized with them even though he knew that being a member of the organization is illegal. With brown skin who Tjong A Fie who grew into a formidable figure, he was away from gambling, Opium, Prostitutes, and Drunkenness. He grew into a role model for the character of a very strong leader and prominent person, in various disputes between the Chinese or those of others he is often appointed as arbitrator. Plantation areas often riots and bloodshed, is due to tribal and ethnic backgrounds different from the laborers, and this is very troublesome for the Dutch. Tjong A Fie was trusted and frequently asked by the Dutch to help overcome this problem, and it turns out all that went wrong in his hands until he eventually became a highly respected and gained a lot of confidence of the various parties in Labuhan Deli.

Finally, Tjong A Fie asked to stop working from Tjong Sui Fo (which still includes his uncle), because different parties called him to the Netherlands to appoint him as Wijkmeester. So the Dutch agreed and adopted Lieutenant Chinese, but he did not forget the merits of the former employer Tjong Sui Fo and keep in touch, ultimately he had to move to Medan for the tasks and work, in a short time his rank was increased to the Captian. In Medan, Tjong A Fie Hang is widely known as a merchant supple and very generous person, he fostered a good relationship with the Sultan of Deli, Makmoen Al Rashid Perkasa Alam, and Tunku Raja Muda. Tjong A Fie, trusted by the Sultan of Deli to represent him in various business dealings, and trust is guarded. All businesses performed well, thanks to its reputation the name became increasingly famous throughout Deli, besides being a trusted Sultan, Tjong A Fie established a relationship with other trading parties, including traders from Europe and other local government officials. Being the trust of the Sultan of Deli that is the initial success of Tjong A Fie, until the emperor gave him concession Nipah roofs provision to make the wards in tobacco plantations. Tjong A Fie finally managed to monopolize the opium trade for local delis, and from there he began to develop his business. By using his intuitions, he bought a rubber plantation, Si Boelan, that finally gave him a lot of advantages. However, while the tobacco was so excellent, Tobacco Deli was very well known in foreign countries as America. In 1891, the price of tobacco decreased sharply due to the harvest which is plentiful in many countries. Naturally, the price to drop dramatically especially overwritten taxes by a system of "Mc Kinley" that raise tobacco duty, and then people started turning to the rubber business, events which gave Tjong A Fie tremendous advantage. Tjong A Fie became the first Chinese man who had a tobacco plantation, and he also opened a tea plantation in Bandar Baru besides the Si Boelan plantation, he also invests money on the palm plantations that are very extensive, in West Sumatra, he also invests its capital in the field of mining. In conducting its business, Tjong A Fie always practices three things namely, honest, loyal and union. He was always principled "where the earth is where the Romans do". He also allotted five percent of its profits to its workers.
Pin Pin
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Similar to Taipan from Semarang Oei Tiong Ham, Tjong A Fie also used professional personnel of various races. There were Chinese, Malay, and a Dutchman named Adolf Kemerlingh Onnes used as a sort of consultants and carers of the bookkeeping of all his companies. Onnes was a descendant of Dutch entrepreneurs, but Onnes liked to do mischief in his family. His family is a respected and honored family in the Netherlands, until then he was sent to the Dutch East Indies to work on plantations, but many times he was fired. One day he was found by Tjong A Fie in a hotel in Medan when he faced an empty liquor glass. Tjong A Fie had never seen Dutch people who look ragged with broken shoes, he became very impressed with the honesty of the story of Onnes and offered him to become the administrator of the estate of Tjong A Fie. When the businesses of Tjong A Fie was growing, Adolf Kemerlingh Onnes was named a person of trust. Tjong A Fie took care of all its plantations including a job of a supervisor and consultant for all Banks. In developing his business, Tjong A Fie was also working with entrepreneurs from Medan, Penang, Singapore, China, and Batavia to work on various projects. Together with his brother Tjong Yong Hian, Tjong A Fie cooperated with Siauw Tio alias Siat Chang Pi Shih, Chinese consul in Singapore and established a railroad company The Chao-Chow and Swatow Railway Co.Ltd. in southern China to connect between the two areas. For his services, Tjong Yong Hian awarded this title as Honoured of Train Minister, as a gift by Emperor Manchu and he was facing the Grand Empress Tsu Shi. To honor his work, the Tjong brothers face immortalized in a denomination of 20 cents. Tjong trading partner in China is Nee Lim Kar, a wealthy businessman who lives in Pulai Kualango near the town of Amoy. Later daughter Tjong A Fie named Tjong alias Queeny Chang Yin Foek marry King Jin Lim, son of Lim Nee Kar. In 1907 Tjong A Fie venture with his brother and Tio Siauw Sit, they establish Deli Bank which will play an important role in the development of group-owned businesses Tjong A Fie. His son in law King Jin Lim was appointed as manager of the Bank. In 1916 in Batavia, he joined with Major, Captain Khouw Kiem, Tjoen Tjian Lie and his companions founded Batavia Bank. Tjong A Fie master 200 sheets of all 600 existing shares.

When Tjong Yong Hian died in 1911, Tjong A Fie was appointed as his successor, and his rank was raised to Major, throughout his life he did a lot of social activities and love to help those in need as well as the poor. It may stem from the belief that wealth comes from “the hot money “, i.e., from the sale of opium monopoly, in part to be returned to society. So he did a lot of social activities and help the poor without distinction of origin offspring, religion or skin color. Tjong A Fie was known to be a very instrumental inbuilt city of Medan at that time still called Deli Tua. Especially ethnic Chinese neighborhoods (Chinatown). Some of his work is an effort to develop the city of Medan is the development Maimoon, Church Archbishop Sugiopranoto, Buddhist Temple in Brayan, Hindu temples to the people of India, Batavia Bank, Deli Bank, Bridge Virtue in Jalan Zainul Arifin and set up a hospital first Chinese in Medan named Tjie on Jie Jan. He is also known as the plantation industry pioneer and the first rail transportation in North Sumatra, the Railway Deli, which connects the city of Medan Belawan port.

Tjong A Fie built facilities in Klingenstraat Worship Temple (now is kampong keeling) and in Pulo Brayan. He also provides burial ground in Pulo Brayan and establishes community for taking care of the grave TSB. He also founded the Special Hospital Lepra (Leprosy) in Sicanang Island. Great respect from Sultan of Deli Ma’mun Al Rashid and the Muslim population in Medan realized in the construction of Masjid Raya Medan accounted for a third of the construction costs.

Tjong A Fie also built a mosque near his home in the Bengkong road, Kesawan road (now is Jend A. Yani road), except for land which is Waqf land of Datuk Haji M. Ali. Across the city of Medan and even almost throughout East Sumatra, Tjong A Fie was very well known for his philanthropy. There are so many schools that got good help from Chinese schools, Christian or Islamic school; he also provided a ground for the Methodist school in Medan. He was not only contributed to various temples but also the Church of the mosque, and even Hindu temples were also helped. In Berlin bridge, he bore the name of Tjong A Fie as grantor, as well as at the Great Clock at the top of the old City Hall building which was a donation from him. At the Kek Lok Si Temple in Ayer Hitam - Penang is still standing as a statue of Tjong A Fie, so famously Tjong A Fie as a Benefactor so that at that time the area of Medan and Tebing Tinggi there is a street named Tjong A Fie. As the leader of the Chinese community at that time, Tjong A Fie was highly respected and honored because he is very good at integrating the economic power and political forces. Its business included various plantations, mills, Bank, Sugar Factory and Railway Company. At that time there were more than 10,000 people employed by different companies. Upon the recommendation of the Sultan of Deli, he was appointed as Gemeenteraad (City Council) and Cultuurraad (Cultural Council), he was also appointed as an adviser by the Dutch government for Chinese affairs.
Pin Pin

Family Business Generation in Medan, Indonesia with Efforts to Adapt to the Changes in Government System

The most surprising thing is that he, as the owner of various plantations was against Regulation Ponale Sanctieie a legislation to protect the plantation owners who get fired before the expiration of the contract the first 3 years. The workers who escaped would be returned or sentenced to prison since he understood the Ponale Sanctie. The workers were no more than slaves, for his attitude he was accused of being a traitor by plantation owners - who else but Tjong A Fie did not care.

From all the children just Tjong Foek Yin / Queeny Chang who is famous for her age that has been classified as twilight, he wrote his autobiography Memories of a Nonya. He also wrote a book called Ancient Custom and tradition of China.

On January 8, 1921, Tjong A Fie died due to the stroke (apoplexy) at his residence in Jalan Kesawan Medan. The entire city of Medan was in an uproar and mourn, thousands of mourners came from various regions and cities in Sumatra, Aceh, Padang, and Penang, Singapore and from the island of Java. Funeral ceremony conducted by a magnificent and full of pomp and grandeur in accordance with his position at that time. His name is remembered by residents of Medan and surrounding areas and legendary thanks to his kindness that helps people regardless of race, ancestry, religion, and origins.

The vision of Tjong brothers was already far ahead and true but with the passing of the time, all the possessions of Tjong A Fie, whether it be the plantation, Banks, Mining and house number, covers more than two thousand pieces all gone largely unnoticed. It was caused by his successors not as smart as Tjong A Fie in running and controlling the business. Like any child of wealthy families, many children only knew extravagance and riotous spending legacy of his father, other causes are the maleise (economic depression ) which hit the world at that time that eventually destroys all family business heritage of Tjong brothers.

Tjong A Fie residence building located at Jalan Ahmad Yani (Kesawan), Medan, founded in 1900, is currently used as Tjong A Fie Memorial Institute and also known by the name of Tjong A Fie Mansion. The house was opened to the public on June 18, 2009, to commemorate the anniversary of Tjong A Fie 150th.

This house is a building designed with style of Chinese, European, Malay and art-deco and become historic sights in Medan. In this house, visitors can find out the history of Tjong A Fie's life through photographs, paintings, and furniture used by the family and learned the culture of the Malay-Chinese.

Tjong A Fie managed to monopolize the opium trade For Deli area, and from there he began to develop his business. By using his intuition he bought a rubber plantation of Si Boelan that finally gave him a lot of advantages, but what is so excellent is the tobacco, Tobacco Deli is very well known in foreign countries as America. In 1891 the price of tobacco has decreased sharply due to the harvest which is plentiful in many countries. Naturally, the price dropped dramatically, especially overwitten by a system of tariffs "Mc Kinley" that raised tobacco duty. Afterward, people started turning to the rubber business and events which gave Tjong A Fie a tremendous advantage.

The positive thing we can learn from Mayor Tjong A Fie is that of the many Officers Chinese who was raised by the Netherlands and managed to accumulate a wealth of monopolies sale of opium, salt, House gambling, pawn shops. There was a man named Tjong A Fie with such high social concern and heart to beat.

Four months before he died, Tjong A Fie already made his wills before to Notary Dirk Johan Focquin de Grave. Its content is about him bequeathing his entire fortune to the Foundation of Toen Moek Tong. The foundations of Toen Moek Tong should be established in Medan and Sungkow at the time he died. The Foundation is in Medan and was asked to do five things, three things of which is to provide financial assistance to young people who are talented, have good character and want to complete their education (a kind of scholarships foundation) regardless of race, descent, and nationality. The Foundation should also help those with a disability, who cannot work well. The Foundation must help victims of natural disasters regardless of nationality, ethnicity, and origins which he suggested.

Two things more special is related to family matters, all the offspring gets his legacy, as well as adopted children and grandchildren of the adoptive, his wife was appointed as executrix testamentary (trustee) for children who are still minors. Descendants of boys who have been named in the will of the heirs of the foundation, but all the wealth of the Foundation could not be sold, shared, and cannot be dissolved by his grandchildren, all the descendants of Tjong A Fie
only entitled to enjoy the benefits of the foundation for their life. There are also advantages of foundation to be set aside for the purposes of a big family affair Tjong A Fie and charity (Benny Setiono, 2008, p 291).

The legacy was made by Tjong A Fie, is to anticipate the confiscation of his estate after his death, because at this time in 1917, Indonesia under Dutch colonial rule. The subject to the laws of the Netherlands who on the pretext of securing a legacy asset is not obvious to the owner for which no preparing wills, then for a while inheritance parties do not have a will for forwarding the inheritance will be controlled by the State (the Code of Civil Code article 833). It is a reaction of Tjong A Fie on a Dutch colonial rule will be felt next generation disrupt business continuity. Such measures have also been carried out by the sugar king Semarang. Oei Tiong Ham left Semarang in 1921 and moved to Singapore in order to avoid double taxation and inheritance laws, because the displacement to Singapore a British colony, where the British and Americans have in common is giving freedom in the inheritance that follows the flow of the Anglo-Saxon. This is different from the Civil Code and is not possible to give the inheritance to all children, the same as that currently prevailing in Europe (Benny Setiono, 2008, p 268).

The second generation of Tjong brothers is the generation that knows how his parents' efforts in fighting for their lives and they are also the generation who enjoyed hard-earned first generation is very abundant. Wealth which brings strength is received by the second generation, which is reaching into the political with the strength that exceeds the first generation, to become ambassador to China.

This second-generation entry in the colonial rule to the struggle for Indonesian independence. Having a difficult time of struggle for independence and the Second World War (1939-1945). So the conditions at that time were the political and economic conditions that were difficult. The world experienced a malaise in 1929, where the trade volume plummeted, and the malaise is the longest economic depression in the world at that time. After malaise followed again by the Second World War. Both great history and great taxation on entrepreneurs and the political and security conditions are very unstable, such things that make the second generation brothers Tjong to maintain a family business that they inherited. But at this time, the second generation of this relationship is still fairly close to the Sultan of Deli, and the relationship with the Dutch colonial government is still ongoing as well as the descendants of this second generation who became consul of China.

Tjong A Fie's third generation entered the independence of Indonesia, where at the time of the old order, Indonesia experienced very severe economic conditions, a monopoly that cannot be passed without a good relationship with the authorities. In the new order, more business monopoly controlled by the authorities. Then habit grandchildren Tjong brothers who used to live happily and pleasure-loving, cannot be avoided even more extravagant lifestyle more modern and expensive ones. The inability of the third generation is to establish a good relationship with the new ruling power, is also a major factor of deterioration of business, thus little by little inheritance championed by the first generation, exhausted by the hand of the third generation.

In the third generation, initially, there was an effort by selling Fiat brand car sales in the area near the palace Maimun. (Results by interviewing with the third generation of Tjong A Fie, in October 2016 in Medan with Bp. HuniTjonadi, who was visiting Medan from his home in Penang)

3. Conclusion
From the discussion above, we can conclude that the man constantly trying to adapt to the environment, situations and conditions are experienced. It can be seen from the efforts Tjong brothers were tenacious in business and the success of magnitude businesses rely more on the monopoly of relations good cooperation with the colonial authorities and good relations with the Sultan of Deli.

And in anticipation of his estate to the legislation in force at the time, unfortunately, he could not anticipate legislation economic and political conditions after they died. Wills that Tjong A Fie made so neat and felt very safe at the time of Tjong A Fie was still alive, it turns out his belongings can be traded and is nearly sold all of its assets that are protected in the foundation Toen Moek Tong, whereas wills Tjong Yong Hian yet has been published to the public, according to the author observed, there may be an interest among the heirs themselves.
The second generation is still strong enough to continue the family business of Tjong brothers and has enough power in dealing with government leaders at the time of Sultan Deli and colonial Dutch. The third generation simply cannot be adapted to the new government, namely the displacement of the old order and the new order. And finally, the inheritance of family business cannot be maintained properly.

4. Suggestions
The writing of the history of a family requires patience in collecting data from the next generation Tjong brothers were still alive, could be caused by ignorance of the next generation and a non-desire to open a family disgrace. Therefore, a portion of this paper relies on matching results reference data and comparative data in this study. The author expects the future, and there is awareness in the next generation reveals the history so that research results can be perfect.

And to the reader, the author apologizes if there is a content that you were not searching for since the author must write the history as it is. Nevertheless, criticisms and suggestions are welcomed for the perfection of this research data.

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