

The Existence of Tjong Yong Hian Family Business in Development Dynamics of Medan City

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Abstract—This paper examines how the existence of Tjong Yong Hian family business. Tjong Yong Hian is a colonial Chinese businessman who has achieved great success and success at a young age. His business developed not only in the field of the plantation but also the field of banking, real estate, and railways. In addition to success, Tjong Yong Hian is known to be a benefactor in social activities not limited to his own group, but for the benefit of everyone. His wealth is certainly inherited to the next generation. However, the inheritance wealth is unproductive and thrives so that it will be destroyed until the third generation. The struggle for the reopening of the company's business was initiated by Budihardjo Chandra who is a great-grandchild of Tjong Yong Hian. Under the leadership and struggle of the fourth generation of family business Tjong, Yong Hian achieves success and can contribute to the development of Medan City. This research uses qualitative research methods through field research, document studies, and in-depth interviews.

Keywords: *Tjong Yong Hian; Budihardjo Tjandra; Family Business; Development*

INTRODUCTION

The economic position of the Chinese in Indonesia currently occupies the top position as the group that controls the economic sector. The group controls the trade, finance and industry sectors. Historically traceable how their economic strengths are built, and how adaptations and approaches are carried out in sustaining the existence of family businesses from one generation to another generation in different times and systems? Thus, the rise of the Chinese business world can be explained in this paper.

From several studies, it was found that the elite Tionghoa group in Indonesia covered 3% (about 6 million people) of the Indonesian population. The Chinese economic elite group is often referred to as the *cukong* (bookie/croupier). They collaborate with the local ruling elite (native). And up to this time, they have developed a business to become a multinational company [1]. In Indonesia, 96% of companies are family companies and based on data from Central Statistics Bureau, a family company in Indonesia is a private company with a large contribution to Gross Domestic Product of 82.44% [2]. It is estimated that about 85 percent of businesses in the EU and 90 percent of businesses in the United States are controlled by families. Family businesses around the world

reach about 75 percent of 100 well-known companies.

Tjong Yong Hian is one of the pioneers of China's birth family business, Tjong Yong Hian is a pioneer of Multinational Enterprises (MNCs) [1]. Thus, the data presented in this paper focuses on the attention of the development of the Tionghoa family business especially the Tjong Yong Hian period which is the first generation of the fourth generation.

From some sources, it is explained that Tjong Yong Hian is a successful Medan Chinese in the economic field. Success in the economic field resulted in the development of a business empire that had developed since the colonial period. In addition to Tjong Yong Hian, his sister named Tjong A Fie is also a successful Chinese figure both economically and socially. They are both known as Tjong brothers who are on the list of names of Chinese elites who master the leading business in Deli (currently Medan City).

Tjong Yong Hian was born in China in 1850. After completing his traditional education, he came to Jakarta and made various efforts, at one time, he became a licensed pawnbroker. In 1880, he left Jakarta for Sumatra and a few years later was appointed a Chinese Lieutenant in Medan. In the 1890s, he was promoted to Captain (Captain) and eventually became Major. He owns rich property in Sumatra and Bank Deli (Medan). And

also the main shareholder of Swatow Railway Company (Tiongkok). On the initiative, Siang Hwee (Chinese Chamber of Commerce) Deli (Medan) was established. He became his first president. The second President is his younger brother, Tjong A Fie [1].

In many sources, it is said that the success of Tjong brothers business is driven by tenacity and persistence and high work ethic. However, few reveal that their business succession due to their proximity to local rulers (Sultan Deli) and the colonial government which at that time gave privilege to Chinese merchants to monopolize opium trade and become the leading "collectors" the monopoly [1]. In the colonial system of the 19th century, in general, both in Java and outside Java, Chinese merchants paid dearly for privileges to administer opium trade. Monopoly is given by the state to those who agree with the state to sell opium. In addition to opium, taxes or duties at several Buddhist monasteries, the Malay sultans and the governors of the colonial provinces granted the Chinese packers the privilege of buying all the betel nuts, gums and rattan [3]. Through this explanation, the monopoly of trade and excise gave exclusively to the Chinese made Chinese merchants managed to collect huge profits from the result.

The colonial political system in Deli aims to form social classes that place the indigenous as the lowest class and the Chinese group as the middle class. While the Europeans occupy the highest class. The purpose of the classification is to perpetuate the colonial power. The Chinese were used as buffers between Europe and the natives. So the position of the Chinese people in East Sumatra (Deli) increased strongly with the support of the colonial government [4]. In a political perspective, the development of policies that are created and implemented is one way or effort undertaken by the actors to legitimize the program of development policy and the sustainability of power. Warjio states that development politics is a "space" or arena in which many actors fill the space or arena of development politics [5]. Since Medan was declared its status as Capital (gementee) in 1886 affecting the transfer of administrators and Sultan of Deli. This transfer and determination have had an impact on the construction of large offices and administrative buildings of estates and trading companies. Development in the city of Medan is inseparable from the Tjong brothers Tjong Yong Hian and Tjong A Fie. Since the removal of the administrative center and the

removal of the Deli Maatschappij plantation office in Medan, Medan City has developed into an elite area.

Through the above description shows that the development of family business pioneered by Tjong Yong Hian can not be separated from the involvement of Tjong Yong Hian in the development of Medan since colonia Through the proximity and involvement of Tjong Yong Hian with the local government (Sultan Deli) and the colonial ruler. The political practices undertaken affect the processes of development and the implementation of development.

HISTORY TJONG YONG HIAN

A. Tjong Yong Hian in Deli

Tjong Yong Hian was the first Chinese major to be appointed by the Dutch Colonial government in Deli in the late 19th century. Tjong Yong Hian was born in China in 1850. Historically, Tjong Yong Hian was a Hakka and a nomadite from Sungkou City of Meixian County of Guandong Province, Southern China. He is the second of six brothers and one sister.

In his place of origin he experienced economic difficulties due to post-war that occurred in China. This resulted in the continuity of Tjong Yong Hian school who was forced to cut off because he had to help his father earn a living for the family by selling grain, rice and groceries in Songkou traditional market. Due to the difficult economic situation in his country, the way to achieve success is to take the royal exams, but this is not passable by Tjong Yong Hian because he has dropped out of school. The only way to get out of the trouble faced is to go abroad for success. His intention was sanctioned by his father named Tjong Hie Lang. After getting permission from his father, he went with a trader to the Dutch East Indies. He left the village in 1867 through the port of Shantou, China by boat and sailed for twenty days, and landed in Batavia [6].

Tjong Yong Hian fought his fortune in Batavia for 3 years, he worked with a merchant who was also a Hakka named Tjong Bi Shi. He works diligently and diligently by following the trading principles he has learned from his place of origin. His diligence and responsibility are appreciated and he is entrusted with starting to slowly take care of some of the company's business dealings. According to Suryadinata [1] while in Batavia, he became a licensed pawnbroker. Through this work, and while in Batavia 3 years, he has had

savings that are used as initial capital of his business. So with his accumulated capital, he left Batavia and began to see opportunities and a bright future in the Land of Deli. Deli land in the 19th century is a growing area due to the opening of large-scale plantations. Deli Land at that time was known as "Negeri Dolar".

After settling in Deli, Tjong Yong Hian started his business by opening a shop to supply various needs of the Dutch tobacco and palm plantations. He also supplies plantation workers from mainland China. From a number of his efforts, he benefited most from the opium trade and gambling house. Because, at that time, plantation workers were heavily dependent on opiate. If they do not get opium, they lose their spirit of work [7].

B. Proximity to the Colonial Government and the Local Authority

Since the beginning of the 20th century, the Chinese community in Deli has been given political protection, encouragement and means to control middle-class trade and to make it possible for indigenous groups with trade trends such as Minangkabau, Aceh, Batak and Karo to settle themselves as lower-class merchants [4]. This resulted in a socio-economic, economic position of the Chinese descendants. Historically, the economic position was originated from the policy of the Dutch East Indies government that made the Chinese as a middle class (go-between) or middle class. The same applies to the Chinese in East Sumatra, the Chinese workers who came in waves were treated as assistants by the garden resident assistants who were given the legal power over the inhabitants of the outside. Since the plantation period, it has also been seen that the Chinese have been used as subjects and middle-class through a system of working relationships with garden masters during the Nienhuys period. In this system of working relations, the Chinese were appointed as foremen in the shared system (*kongsi*) as contractors. This *kongsi* system gives authority to the mandor to cultivate a plot of land and seedlings that at the end of the growing season should be sold back as a finished crop to the contractor [8]. This political policy was created as a strategy of perpetuating colonial rule. The power relations established by the colonial government caused unequal status and status based on race and ethnicity. The Dutch/ Europeans are at the top of the society structure, the foreign East/ Chinese are placed in the middle, while the natives are in the lowest strata.

In the employment system, the Chinese are appointed as foremen in the *kongsi* system (contractor). This *kongsi* system authorizes the foreman to cultivate a plot of land and seedlings that at the end of the season should be resold as a finished crop to the contractor [8]. Since then, in the system of plantation society began to be known as the class system and the worker strata as the terms used such as the big lord, the foreman, the center, the clerk, the assistant and the coolies [9].

While Tjong brothers are Tjong Yong Hian and Tjong A Fie who are Chinese people who are not included in the workers' (coolie) group of plantations, they are involved in the administration of colonial government as Chinesees. The position as an officer gave them the privilege and space for them to develop and expand their business under the approval of the colonial government.

The position given to the Tjong brothers is a representation of the Chinese class in the Deli area. The Dutch East Indies government appointed officers from the rank of lieutenant to the major. They are chosen because they are successful people and have the respect and status in their community. Until in 1918, the Dutch East Indies sold a monopoly to the highest bidder. Mostly to the Chinese rich businessmen. Tjong A Fie gets the opium monopoly that brings many advantages. As a Chinese officer, they knew in advance the plan on the development of Medan city. And they bought the land and built the Chinese-style shophouses. In 1886 they built a meat market and a year later in 1887 built a fish market. And in 1906 they built a market selling vegetables. The profit from this market is stored in the Tjie On Djie Jan foundation. From this foundation, Tjong brothers financed the construction of Tjie On Djie Jan Chinese hospital in Medan [10].

From the success of his business, Tjong Yong Hian became the owner of wealthy property in Sumatra and became the owner of Bank Deli (Medan), and also the main shareholder of Shatow Railway Company (Tiongkok). And on his initiative, Siang Hwee (Chamber of Chinese Tionghoa) Deli established. He became his first president, the second president was his younger brother Tjong A Fie. The Tjong brothers diversify their business into the field of copra and banking processing [1].

In addition, Tjong Yong Hian's career expanded to the outside of the country by

showing him as a consular vice in Pulau Penang Malaysia. His contribution is not only seen through the buildings erected in Deli such as schools, houses of worship, hospitals, burial places. But he also built the largest worship house in Asia Tenggara namely Buddhist temple Kek Lo Si.

C. Inheritance System

Bisnis The family business of Tjong brothers after Tjong Yong Hian died, followed by Tjong A Fie and he succeeded in further developing the business for a while. When Tio Tauw Set (shareholder of Bank of Deli) died, Tjong A Fie bought Tio bonds and Deli Bank shares from Tio's concubine cheaply and became the bank's principal shareholder. But the sustainability of his business faced difficulties as the recession hit the Dutch and British colonies, his efforts, such as plantations, tin mines, shipping, and banks began to decline and affect his bank reserves [1]. Furthermore, according to Suryadinata, the end of the Tjong family empire is at this time.

The result of the business and business of Tjong brothers, especially Tjong Yong Hian, is manifested in two forms of wills namely Tjie On Djie Jan's will (the will of Tjie On Hospital) given to his wife Tjie On Yong. Then the second will is Cit Pe Mei Chang, who is a will which contains the results of the rental house or property owned by Tjong Yong Hian. From the success of his business he built many shophouses in the style of Tionghoa Kesawan, and part of the house located on Jalan Bengkalis (around Sambu Medan market).

Not a lot of data found related to the system of inheritance of property and business of this Tjong family. The second generation of the Tjong Yong Hian family is Chang Pu Cing who is the son of Tjong Yong Hian. From several generations of Tjong brothers who have now reached the fourth generation, who participated or engaged in the administrative system of just Chang Pu Ching. Chang Pu Ching is a consul of the Chinese republic, the second generation of the Tjong family. He became the main character in the society of Medan. Chang Pu Ching served as general director of the Swatow railway company, head of Ching Shi School, and one of the founders of Su Tung Junior High School. He is also involved in housing and plantations through his company, Chong Lee & Co. He was appointed consul for the Chinese republic from 1915 to 1930 [10].

Chang Pu Ching left no data to show the success of the next generation of Tjong brothers

who succeeded in developing the family business or even rebuilding the business slump. Successors spend wealth and family inheritance for unproductive activities and to finance their lifestyles.

ITS SUCCESSFUL COMPANIES

After the independence of many Dutch people who left Indonesia and the vacancy in the economic sector was largely filled by the Chinese [1]. But not so with the next generation of the Tjong family facing the post-Second World War II economic situation. The dynamics of the transition of power structures result in a change of power relations between the Chinese and the rulers. After independence, the government tried to issue a number of regulations to foster economic nationalism by reducing or taking over Chinese economic power. However, this effort was not entirely successful because Chinese entrepreneurs were able to maintain their position through a new alliance of "Ali Baba". Efforts to reduce the economic power of Tionghoa also determined through Presidential Decree no. 10 (PP.10) aimed at prohibiting foreign Chinese from engaging in retail trade in the countryside. Then in the New Order with a more liberal economic policy that accommodated large-scale foreign investments had woke up big business in the Soeharto era [1].

Although after independence, the role of the Chinese as a member of the entrepreneurial class continues and that is able to exist and maintain its status has accumulated wealth and experience in the modern economic sector. But not followed by the next generation Tjong brothers. Luxurious lifestyles and consumptive make their wealth resources continue to decrease. The inability of the next generation, especially the third generation in building relationships with the new ruler, makes them only able to manage income from inheritance alone.

Tjong family business search can be found again in the fourth generation of Budiharjo Chandra which is the fourth generation Tjong Yong Hian. Based on the findings of the data, he started his business from scratch, with minimal remaining capital. Budiharjo Chandra is currently the holder of Tjong Yong Hian's will and also Chang Pu Ching's will. The descendants of Tjong Hian have earned the right to inheritance in the form of shop houses (shophouses) and homes. However, who can maximize the estate and also the management of testament Tjong Yong Hian is Budiharjo Chandra. Pioneered as an ordinary

employee of PT. Industri Pembungkus Indonesia (IPI), the company was established in 1972. Budiharjo is an IPI employee with the smallest capital in the shareholder arrangement of 7%, Budiharjo 51% sibling, Budiharjo 30%, and 12 % is another party. This composition still shows the involvement of the family in starting his business trip, though not entirely, but Budiharjo's brother remains the largest shareholder from PT Industri Pembungkus Indonesia. While other compositions show the usual form of partnership and mostly done by Chinese entrepreneurs during the New Order era. This partnership system is done due to the fact that the business environment in Indonesia requires that Chinese businessmen have native partners. It is considered to result in good cooperation to achieve profitable business [1].

CONCLUSION

Through the data that has been described, shows how the existence of family business from the colonial period to the present. the continuity of family business developed by the first generation to the fourth generation continues to experience dynamics in accordance with the economic situation and government of its time. The colonial government reinforced the Chinese position as a buffer between the big traders and the indigenous people, thus separating the interaction between Chinese and indigenous peoples. While in the post-independence period until now there was a pattern of partnerships that conditioned the relations of Chinese and indigenous entrepreneurs. This pattern is constructed based on the response to the political situation and power relations that took place in

his time. Politically, the economic situation and such power have had an impact on the sustainability of development since the colonial period until the present day of independence.

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